



# SCOTTS VALLEY WATER DISTRICT

## **AGENDA PACKET**

### **REGULAR BOARD MEETING**

**12/09/21 at 6:00 p.m.**

Santa Margarita Community Room  
2 Civic Center Drive, Scotts Valley, California

This meeting is being conducted in a hybrid setting. Public participation is encouraged. Members of the public may attend in person or remotely through this link <https://us06web.zoom.us/j/86757235890> or by phone: 253-215-8782 Meeting ID: 867 5723 5890.

The public has opportunities to make comments throughout the meeting: to comment online, use the raise hand option, by phone press \*9.

#### **BOARD OF DIRECTORS**

**Bill Ekwall, President**

**Ruth Stiles, Vice President**

**Wade Leishman, Director**

**Chris Perri, Director**

**Danny Reber, Director**

**Noelle Downing, Associate Director**

**Annie Finch, Associate Director**

**Piret Harmon, General Manager**

## Water Industry Acronyms

AF – Acre Foot

AFY – Acre Foot per Year

ACWA – Association of California Water Agencies

ACWA JPIA – ACWA Joint Powers Insurance Authority

AWWA – American Water Works Association

BMP – Best Management Practices

CCR – Consumer Confidence Report

CD – Certificate of Deposit

CEQA - California Environmental Quality Act

CSDA – California Special District Association

DHS – Department of Health Services

DWR – Department of Water Resources

EIR – Environmental Impact Report

EPA – Environmental Protection Agency

FY – Fiscal Year

GASB – Governmental Accounting Standards Board

IRWM – Integrated Regional Water Management

JPA – Joint Powers Agreement

LAIF – Local Agency Investment Fund

LAFCO – Local Agency Formation Commission

LID – Low Impact Development

MCL – Maximum Containment Level

MGD – Million Gallons per Day

MGY – Million Gallons per Year

MOU – Memorandum of Understanding

O&M – Operations and Maintenance

PERS – Public Employees Retirement System

PHG – Public Health Goal

PPB – Parts Per Billion

PRV – Pressure Relief Valve

PVC Pipe – Polyvinyl Chloride Pipe

RWMF – Regional Water Management Foundation

RFP – Request for Proposals

ROW – Right-of-way

RWQCB – Regional Water Quality Control Board

SCWD – Santa Cruz Water Department (City of)

SDWA – Safe Drinking Water Act

SGMA – Sustainable Groundwater Management Act

SLVWD – San Lorenzo Valley Water District

SMGWA – Santa Margarita Groundwater Agency

SqCWD – Soquel Creek Water District

SWRCB – State Water Resources Control Board

TP – Treatment Plant

WY – Water Year



# SCOTTS VALLEY WATER DISTRICT

BOARD OF DIRECTORS  
PRESIDENT Bill Ekwall  
VICE PRESIDENT Ruth Stiles  
Wade Leishman  
Chris Perri  
Danny Reber

ASSOCIATE DIRECTORS  
Noelle Downing  
Annie Finch

GENERAL MANAGER  
Piret Harmon

Board of Directors  
**Regular Meeting**  
**12/09/21 at 6:00 p.m.**  
Santa Margarita Community Room  
2 Civic Center Drive, Scotts Valley, California

## Agenda

This meeting is being conducted in a hybrid setting.

Public participation is encouraged, members of the public may attend in person, remotely through this link <https://us06web.zoom.us/j/86757235890> or by phone: 253-215-8782 Meeting ID: 867 5723 5890. The public has opportunities to make comments throughout the meeting. To comment online, use the raise hand option, by phone press \*9. If experiencing technological difficulties online, then join the meeting via phone.

### 1. Convene

- 1.1. Call to Order and Roll Call
- 1.2. Pledge of Allegiance and Invocation
- 1.3. Closed Session Report - 11/09/21
- 1.4. Additions/Deletions to the Agenda
- 1.5. Oral Communications

### 2. Presentations (none)

### 3. Administrative

*Items are informational in nature and do not include an agenda report.*

- 3.1. [Approval of Minutes Regular Board Meeting 11/10/21](#)
- 3.2. [Committee and other Agency Meeting Reports](#)
  - Engineering and Water Resources Committee (none)
  - Finance & Personnel Committee 11/23/21
  - Executive & Public Affairs Committee (none)
  - Santa Margarita Groundwater Agency (SMGWA) Board 11/17/21

### 4. Consent (none)

*Items are routine in nature, may be approved by one motion and each item includes an agenda report.*

**5. Public Hearings (none)**

*Items include an agenda report with recommendation, an oral staff report or presentation.*

**6. Business**

*Items are complex in nature, considered individually, and each item includes an agenda report with recommendation and an oral staff report or presentation.*

6.1. [Annual Comprehensive Financial Report](#)

Recommendation: Accept the Scotts Valley Water District Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2021 and June 30, 2020.

6.2. [Potable Water Mains Replacement Project - Award Contract](#)

Recommendation: Authorize the General Manager to execute an agreement with Durden Construction, Inc. in the amount of \$299,800 for the potable water mains replacement project.

**7. Staff Reports**

7.1. Legal

District Counsel - oral

7.2. Administrative

General Manager - oral

7.3. [Finance](#)

Financial Reports 07/01/21 through 10/31/21

7.4. [Operations](#)

Operations Report - oral

Production, Demand and Rainfall Data through 11/30/21

Leak Adjustment Program Report 07/01/21 through 10/31/21

**8. Directors Reports**

8.1. Travel and Meetings

ACWA and ACWA/JPIA Updates

Other

8.2. Election of Officers

**9. Written Correspondence (none)**

**10. [Community Relations](#)**

After successful pilot program, Scotts Valley Water District Board votes to make Community

Advisory Positions permanent and seeks applicants 11/29/21

Groundwater Sustainability Plan adopted by Santa Margarita Groundwater Agency 11/18/21

**11. Closed Session**

11.1. Pursuant to Government Code Section §54957

Public Employee Appointment

Title: General Manager

**12. Report on Closed Session and Additional Items**

**13. Future Items**

City-District Recycled Water Allocation

Committee Assignments

District Projects Status Report

Initial Water Supply Outlook

**Meetings and Event Calendar**

Board Meetings

01/13/22

02/10/22

03/10/22

Committee Meetings

12/13/21 Engineering & Water Resources

12/13/21 Executive & Public Affairs

12/15/21 Finance & Personnel

**Santa Margarita Groundwater Agency**

Board Meeting TBD

**Association of California Water Agencies (ACWA) Events**

2022 Spring Conference and Exhibition 05/03/22 – 05/06/22 Sacramento

**14. Adjourn**

The next regular meeting of the Scotts Valley Board of Directors is scheduled for 01/13/22.

AVAILABILITY OF PUBLIC RECORDS PROVIDED TO THE BOARD OF DIRECTORS: THE DISTRICT WILL MAKE AVAILABLE FOR PUBLIC REVIEW ANY PUBLIC RECORDS FURNISHED TO THE BOARD OF DIRECTORS AT THE SAME TIME SUCH RECORDS ARE FURNISHED TO THE BOARD OF DIRECTORS. **SUCH RECORDS SHALL BE AVAILABLE AT [WWW.SVWD.ORG](http://WWW.SVWD.ORG) AND AT THE DISTRICT OFFICE DURING NORMAL BUSINESS HOURS.**

PUBLIC ACCESS – ACCOMMODATIONS UNDER THE ADA: PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT OF 1990, THE SCOTTS VALLEY WATER DISTRICT REQUESTS THAT ANY PERSON IN NEED OF ANY TYPE OF SPECIAL EQUIPMENT, ASSISTANCE OR ACCOMMODATION(S) IN ORDER TO EFFECTIVELY COMMUNICATE AT THE DISTRICT’S PUBLIC MEETING PLEASE MAKE SUCH A REQUEST TO THE DISTRICT OFFICE AT THE ABOVE ADDRESS OR BY CALLING (831) 438-2363 A MINIMUM OF THREE (3) WORKING DAYS PRIOR TO THE SCHEDULED MEETING. ADVANCE NOTIFICATION WITHIN THIS GUIDELINE WILL ENABLE THE DISTRICT TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY.

Board of Directors

**Regular Meeting**

**11/10/21 at 6:00 p.m.**

Santa Margarita Community Room  
2 Civic Center Drive, Scotts Valley, California

**Minutes**

**1. Convene**

1.1. Call to Order and Roll Call

Vice President Stiles called the meeting to order. The meeting was conducted in a hybrid setting.

Directors

Bill Ekwall (remote)  
Wade Leishman  
Chris Perri  
Danny Reber (arrived 6:35 p.m.)  
Ruth Stiles

Staff

Bob Bosso, Legal Counsel  
Piret Harmon, General Manager  
Nick Kurns, Finance & Customer Service Mgr.  
David McNair, Operations Manager  
Donna Paul, Assistant to General Manager  
Nick Wallace, Administrative Office Assistant

Associate Directors

Noelle Downing  
Annie Finch (absent)

Guests

2 Guests

1.2. Pledge of Allegiance and Invocation

Director Perri led the pledge and Director Leishman the invocation.

1.3. Closed Session Report

Vice President Stiles reported that public employee appointment of the General Manager was discussed, and no action was taken.

1.4. Additions/Deletions to the Agenda

General Manager Harmon introduced Kevin King who joined the District as Utility Service Technician on 11/02/21.

1.5. Oral Communications

Sharon Medler and Dan Medler made oral communications.

**2. Presentations**

Nick Wallace, Interim Water Use Efficiency Coordinator presented the Biannual Water Use Efficiency Report.

**3. Administrative**

3.1. Approval of Minutes Regular Board Meeting 10/14/21

MOTION carried to approve the minutes of 10/14/21 Board Meeting by unanimous roll call vote.

3.2. Committee and other Agency Meeting Reports

Engineering and Water Resources Committee (none)

Finance & Personnel Committee 10/26/21

There was nothing further to add to the written report.

Executive & Public Affairs Committee 10/25/21

There was nothing further to add to the written report.

Santa Margarita Groundwater Agency (SMGWA) Board 10/28/21

In addition to the written report, Director Perri reported that the Groundwater Sustainability Plan will be approved at the November Board meeting.

**4. Consent**

MOTION carried to approve the consent items by unanimous roll call vote.

4.1. Annual Reimbursements Disclosure

To accept the Fiscal Year (FY) 2021 Reimbursements Disclosure Report.

4.2. Identity Theft Prevention Program

To approve the revised Identity Theft Prevention Program and rescind Resolution No. 13-09.

**5. Public Hearings (none)**

**6. Business**

6.1. Public Involvement in Board Activities

General Manager Harmon provided the staff report.

MOTION carried to approve the Junior Associate Board Member Program and the Community Members on Board Committees Program by unanimous roll call vote.

6.2. Drought Relief Grant Program

General Manager Harmon provided the staff report.

MOTION carried to adopt Resolution No 09-21 authorizing the 2021 Urban and Multibenefit Drought Relief Grant application, acceptance and execution for the system intertie and new production well project by unanimous roll call vote.

**7. Staff Reports**

7.1. Legal

District Counsel Bosso reported that following bills passed: AB 36 allows the town of Paradise build a water project using design-build; SB 323 allows water rates to be subject to challenge for 100 days rather than one year; and SB 427 allows water districts to adopt ordinances that prevent water theft and levy fines for violation.

7.2. Administrative

The General Managers report is appended

7.3. Finance

Financial Reports 07/01/21 through 09/30/21

Customer Service and Finance Manager Kurns added that water consumption was reduced 13.7% during the water savings challenge while revenues remained flat due the drought surcharge.

7.4. Operations

Operations Manager McNair reported on October production, Orchard Run Water Treatment Plant and the proposed intertie project.

Production, Demand and Rainfall Data through 10/31/21

Leak Adjustment Program Report 07/01/21 through 09/30/21

7.5. Water Use Efficiency

Biennial Water Use Efficiency Report 05/01/21 through 10/31/21

**8. Directors Reports**

Director Perri and Director Leishman reported that they will be attending the ACWA Fall Conference in Pasadena at the end of the month.

**9. Written Correspondence**

ACWA 2021 Regional Outreach Recognition Awards 10/12/21

Support Letter for City of Santa Cruz Grant Application for WaterSmart Meter Replacement Program 10/18/21

**10. Community Relations**

Scotts Valley Water District Approves Planned Rate Increase Press Banner 10/22/21

October Newsletter

**11. Closed Session**

Vice President Stiles announced the closed session item Public Employee Appointment: General Manager and recessed open session at 7:30 p.m.

Closed session convened at 7:33 p.m. and adjourned at 7:39 p.m.

**12. Report on Closed Session and Additional Items**

At 7:39 p.m. open session was reconvened. Vice President Stiles reported that appointment strategy/approach for General Manager was discussed and no action was taken.

**13. Future Items**

City-District Recycled Water Allocation  
Comprehensive Annual Financial Reports  
Elections of Officers  
Award Contract Water Main Improvements Project

**14. Meetings and Event Calendar**

Board Meetings

12/09/21

01/13/22

02/10/22

Committee Meetings

11/22/21 Engineering & Water Resources

11/22/21 Executive & Public Affairs

11/23/21 Finance & Personnel

**Santa Margarita Groundwater Agency**

11/17/21 Board Meeting

**Association of California Water Agencies (ACWA) Events**

2021 Fall Conference and Exhibition 11/30/21 – 12/03/21 Pasadena

**15. Adjourn**

The meeting adjourned at 7:44 p.m.

Approved:

Attest:

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Bill Ekwall, Board President

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Piret Harmon, Board Secretary

## **STAFF REPORT – General Items**

Scotts Valley Water District

**Date:** 11/10/21

**To:** Board of Directors

**From:** General Manager

1. Kevin King started as the Utility Service Technician on November 2<sup>nd</sup>.
2. We executed an agreement with Kennedy Jenks for \$31,252 (not to exceed) to prepare the application for DWR Urban and Multibenefit Drought Relief Program.
3. We did a change order with CSE in the amount of \$51,205 for additional paving at the ORWTP. The total of the contract is now \$2.94 million for the ORWTP Improvements Project.
4. ACWA announced that Scotts Valley Water District is the 2021 Outreach winner in Region 5. All regional winners will be acknowledged, and the overall winner announced at the ACWA Fall Conference in Pasadena on December 2<sup>nd</sup>.
5. Billions of dollars could flow into California when Biden signs the \$1.2 trillion infrastructure package Congress passed on 11/5 after months of negotiation and deadlock. It would mark the latest cash infusion for the Golden State, which is still riding waves of money from multiple federal pandemic relief packages and its own record-breaking budget surplus. Here's a look at what the White House says California can expect to receive over the next five years:
  - a. \$25.3 billion for federal-aid highway apportioned programs.
  - b. \$9.45 billion to improve and expand public transportation.
  - c. \$4.2 billion for bridge replacement and repairs.
  - d. \$3.5 billion to improve access to clean, safe drinking water.
  - e. \$1.5 billion for airport infrastructure development.
  - f. \$384 million to expand the state's network of electric vehicle chargers.
  - g. At least \$100 million to help connect Californians to high-speed internet.
  - h. \$84 million to protect against wildfires.
  - i. \$40 million for defense against cyberattacks.

In each of the next five years, the federal government will now spend the equivalent of about 1% of GDP on roads, bridges, rail, public transit, water systems, broadband, power systems and more. It is the largest such investment in more than a generation



# SCOTTS VALLEY WATER DISTRICT

svwd.org  svwater

Finance and Personnel Committee  
District Conference Room  
2 Civic Center Drive, Scotts Valley, California

11/23/21 4:00 p.m.

## Meeting Report

On 11/23/21 at 4:15 p.m. the Finance and Personnel Committee failed to reach a quorum and the meeting was cancelled without rescheduling due to time constraints. The agenda items have been placed directly on the 12/09/21 Board Meeting agenda.

## Board Meeting Recap: November 2021

### Groundwater Sustainability Plan adopted

Santa Margarita Groundwater Agency held a board meeting Wednesday, Nov. 17, via all-remote, web- and phone-based access due to the coronavirus prevention guidelines. At the meeting, the Board of Directors adopted the [Groundwater Sustainability Plan \(GSP\)](#) and will submit the GSP to the state Department of Water Resources for review and approval.

A key responsibility of the [Santa Margarita Groundwater Agency](#) is to develop, adopt and submit a GSP for the Santa Margarita Groundwater Basin (Basin), as required by California’s Sustainable Groundwater Management Act. SMGWA member agency staff, with support from technical experts and input from Basin stakeholders, prepared the draft GSP, which was first presented at the SMGWA’s Board of Directors meeting in July and subsequently opened for a two-month public comment period to solicit feedback from Basin stakeholders and the general public. A total of 39 public comments were received.

“All the hard work, long meetings and late nights paid off with a great plan for water sustainability,” said SMGWA Board Chair Chris Perri. “But the real win was bringing together all these different communities, cooperating with good hearts and minds for the greater good!”

Informed by the public comments, the final GSP will guide long-term management of the groundwater basin to ensure a reliable and resilient water supply for community needs and the environment. The plan provides the basis for ongoing management of the Basin by SMGWA to achieve sustainability in a 20-year planning horizon and maintain sustainability over a 50-year implementation horizon, as specified by the Sustainable Groundwater Management Act.

The Basin forms a roughly triangular area between Felton, Ben Lomond and Scotts Valley. This Basin is a source of drinking water for Scotts Valley Water District, San Lorenzo Valley Water District, over a dozen small water systems and approximately 1,100 parcels served by private wells. Additionally, the groundwater table influences the surface water in the San Lorenzo River, a primary drinking water source for the city of Santa Cruz and home to endangered species.

SMGWA’s effort on groundwater sustainability is increasingly important as the region, similarly to the whole state, experiences another drought. The Basin’s GSP must be submitted to the California Department of Water Resources by Jan. 31, 2022.

The December SMGWA board meeting has been canceled. The board will next meet in January 2022. To learn more about the Santa Margarita Groundwater Agency and upcoming events, visit our website at [www.smgwa.org](http://www.smgwa.org).



SCOTTS VALLEY  
WATER DISTRICT

## **AGENDA REPORT**

Scotts Valley Water District

**Date:** 12/09/21

**To:** Board of Directors

**Item:** Business 6.1

**Subject:** **Annual Comprehensive Financial Report**

**Reason:** Complies with Government Auditing Standards

### **SUMMARY**

**Recommendation:** Accept the Scotts Valley Water District Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2021 and June 30, 2020.

**Fiscal Impact:** None from this action.

**Previous Related Action:** On December 10, 2020 the Board received the Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2020 and June 30, 2019.

### **BACKGROUND**

Generally accepted accounting principles (GAAP) provide the criteria for the development of annual financial reports. GAAP mandates that annual financial reports include a complete set of basic financial statements, including accompanying note disclosures, as well as certain required supplementary information. The District's Annual Financial Report complies with GAAP, as well as accounting requirements set by the Governmental Accounting Standards Board. This report was prepared by District staff and audited by an external firm certified by the American Institute of Certified Public Accountants.

### **DISCUSSION**

Enclosed is the Annual Comprehensive Financial Report which includes the Independent Auditors' Report for the fiscal years ended June 30, 2021 and June 30, 2020. Nigro & Nigro PC, the District's auditor, is presenting the report. In the opinion of the Independent Auditor, the financial statements present fairly the financial position, the respective changes in financial position, and cash flows for the subject year in accordance with GAAP.

Submitted,

Piret Harmon  
General Manager

Enclosed: Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2021 and June 30, 2020



SCOTTS VALLEY  
WATER DISTRICT

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**For the Fiscal Years Ended June 30, 2021 and 2020**



Construction of new backwash tank at Orchard Run Water Treatment Plant

**Scotts Valley, California**

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### **Mission Statement**

*The mission of the Scotts Valley Water District is to deliver a sustainable, high quality water supply in an environmentally responsible and sound financial manner while providing outstanding customer service.*

## **Scotts Valley Water District**

**Board of Directors as of June 30, 2021**

<u>Name</u>	<u>Title</u>	<u>Elected / Appointed</u>	<u>Current Term</u>
Bill Ekwall	President	Elected	12/18 - 11/22
Ruth Stiles	Vice President	Elected	12/18 - 11/22
Wade Leishman	Director	Elected	12/18 - 11/22
Chris Perri	Director	Elected	12/20 - 11/24
Danny Reber	Director	Elected	12/20 - 11/24

**Scotts Valley Water District  
Piret Harmon, General Manager  
2 Civic Center Drive  
Scotts Valley, California 95066  
(831) 438-2363 – [www.svwd.org](http://www.svwd.org)**

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**SCOTTS VALLEY WATER DISTRICT**  
*For the Fiscal Years Ended June 30, 2021 and 2020*  
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**SCOTTS VALLEY WATER DISTRICT**

*For the Fiscal Years Ended June 30, 2021 and 2020*

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# SCOTTS VALLEY WATER DISTRICT

2 Civic Center  
Scotts Valley, California 95066  
831-438-2363  
December 9, 2021

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***To the Honorable Board of Directors of the Scotts Valley Water District and Members of the Community***

It is my pleasure to submit the Scotts Valley Water District's (District) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021 (FY 2021). The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited with generally accepted auditing standards.

The District is ultimately responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures in this financial report. I believe that the data presented is accurate in all material respects. This report is designed in a manner that helps to enhance the understanding of the District's financial position and activities. The management of the District has established an internal controls framework that is designed to protect the District's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP.

The District's financial statements have been audited by Nigro and Nigro, PC, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, the 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. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unmodified opinion which states that the District's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

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

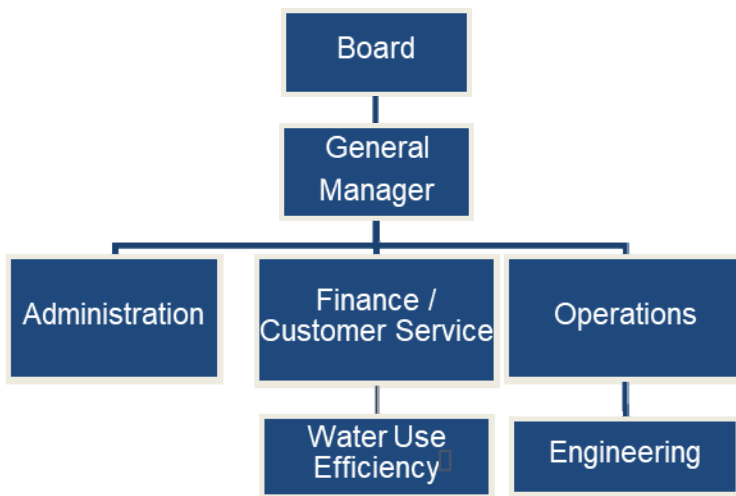
This report is organized into three sections: (1) Introductory, (2) Financial, and (3) Statistical. The Introductory section offers general information about the District's organizational structure and water system, the economic environment, as well as the District's major initiatives and accomplishments. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis, and the financial statements with accompanying notes including required supplementary reports. The supplementary reports segment contains selected financial information in greater detail than presented in the financial statements in accordance with the District's internal fund structure. The Statistical section includes additional tables of unaudited data depicting select information about the District.

### District Organizational Structure and Leadership

The Scotts Valley Water District is an independent special district, which operates under the authority of Division 12: County Water District Act of the California Water Code. The District was formed in 1961 and is governed by a five-member Board of Directors, elected at-large from within the District’s service area. The District’s Board of Directors meets on the second Thursday of each month. The public is notified of these meetings and is encouraged to attend.

The General Manager administers the day-to-day operations of the District in accordance with policies established by the Board of Directors. The District employs 19 regular employees organized in three divisions: Administration, Operations, and Finance. There was one change to the organization chart in FY 2021.

The District’s organization chart is presented by position at the end of this letter. The organization’s department structure is presented below:



The District provides water service to approximately 4,400 connections, covering most of the City of Scotts Valley and several unincorporated neighborhoods.

The City of Scotts Valley, which covers approximately six square miles, is located north of the City of Santa Cruz on Highway 17 in Santa Cruz County.

### District Services

Residential customers represent approximately 92% of the District’s customer base and consume approximately 66% of the potable water produced annually by the District. The District currently has a total of six groundwater wells with a maximum production capacity of 1,400 gallons per minute. Additionally, the District is the sole permitted distributor of the recycled water from the Tertiary Treatment Plant of the City of Scotts Valley.

The District’s potable water connection portfolio increased by 48 accounts in FY 2021.

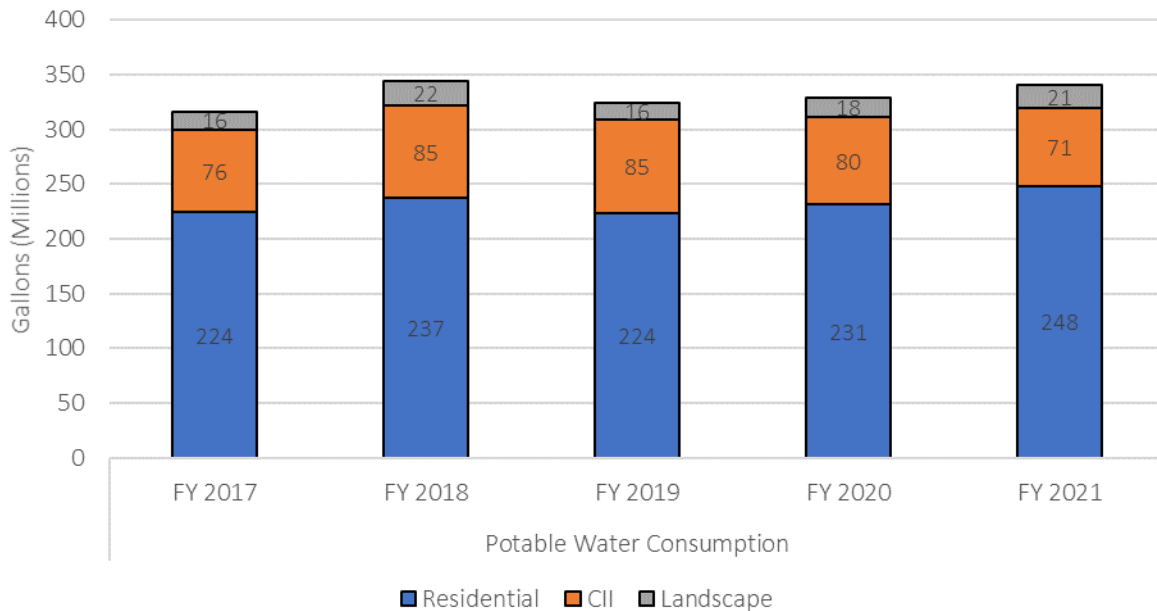
Potable Domestic Water Connections (excludes Fire Service Connections)

	6/30/2020	6/30/2021	Incr/(Decr)
Residential	3,450	3,488	38
CII*	287	298	11
Landscape	82	81	(1)
	<b>3,819</b>	<b>3,867</b>	<b>48</b>

\* CII: Commercial, Industrial and Institution

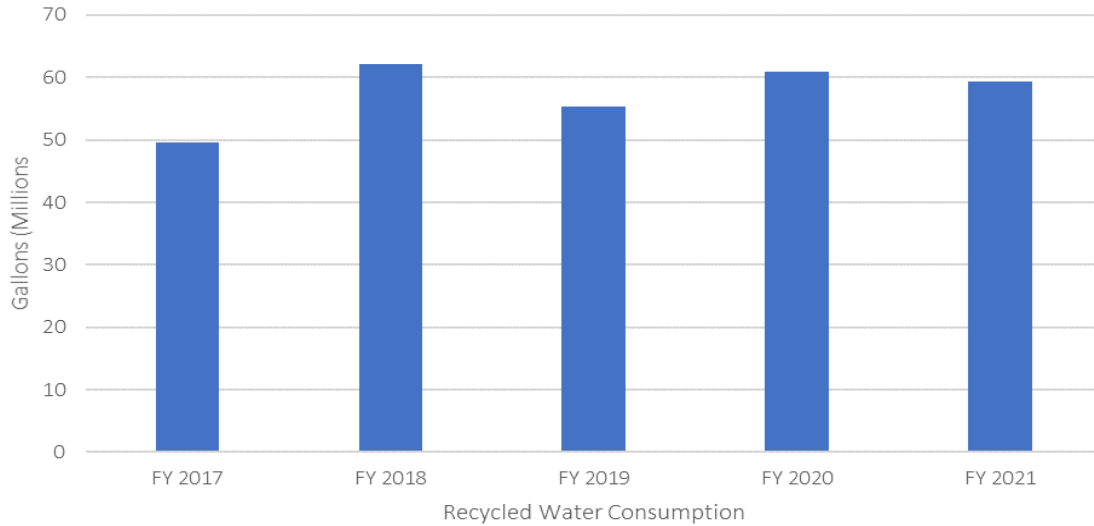
Total potable water consumption increased by 11 million gallons (MG) from FY 2020, equal to 3.3%, with residential and landscape customers as the primary drivers for the change. Residential consumption increased by 17 MG (7.4%), landscape consumption increased by 3 MG (16.7%), while CII consumption decreased by 9 MG (11.3%).

Five-year history of potable water consumption (in million gallons) is presented below:



Scotts Valley boasts the only recycled water treatment plant (Tertiary Treatment Plant) in the North Santa Cruz County area. The District’s goal is to maximize the potential use of recycled water wherever feasible by installing recycled irrigation services at new development projects and converting existing potable landscape connections to recycled water. About 15% of the total annual system demand is fulfilled using recycled water. As of June 30, 2021, there were 71 recycled water connections with an annual demand of 59.3 MG. Total recycled water consumption decreased by 1.5 MG from FY 2020, or 2.5%.

The five-year history of recycled water consumption is presented below:



### Water Rates

In the Prop 218 public hearing on December 12, 2016, the Board established a new rate structure, setting rates and fees for potable and recycled water as well as fees for new connections for a five-year period (2016-2020). The rate increase in December of 2020 was the fifth and final year of the rate schedule. The District implemented a 10% increase for potable water rates which was 7% below the originally adopted rate.

### Water Use Efficiency Programs

The District is committed to promoting and supporting efficient water use by its customers and demonstrates this commitment by reducing water waste, providing ongoing education, offering rebates, and performing water use consultations. In dealing with the COVID-19 pandemic, the District has placed added emphasis on enhancing digital services. The District has utilized WaterSmart, a software platform for customers to access and manage their consumption data, to notify all customers of active leaks that reach a threshold of 3 gallons per hour (gph). In addition to the notification, the software offers guidance on how to address the underlying issues. District staff augments these notifications by ensuring that all customers receive notification in the event of a water leak. The implementation of these notifications has resulted in the volume and duration of customer water leaks and requests for bill adjustments due to leaks significantly decreasing.

Other accomplishments in FY 2021 include the following: incentivized retrofitting of 70,300 square feet of turf; provided information and rebates for pressure regulators and smart irrigation controllers; introduced a new rebate for pool covers; and coordinated the recycled water fill station program.

### Local Economic Condition and Outlook

COVID-19 continued to impact the local and global economy throughout FY 2021. According to data from the State Employment Development Division, the unemployment rate for Santa Cruz County in June 2021 was 6.6%, which represents a 4% decrease from the same period last year. The County's unemployment rate was lower than the statewide average of 10.6% for June 2020.

The number of new service connections is partially impacted by the local economy and driven by the City of Scotts Valley economic development policies, especially its land use policy. The city has a population of 11,755 according to a May 2021 news release by the State Department of Finance, an increase of 1.5% from 11,580 per the 2010 census. The number of households grew from 4,426 in the 2010 census to an estimated 4,566 in 2021, an increase of 3.2%. As the city's remaining buildable space is limited, growth in population is likely to remain moderate.

The City's Planning Department approved several large commercial and residential developments. Development projects resulted in 31 new connections to the system in FY 2021 generating Capacity Buy-In fee revenue of approximately \$703,635. The Terrace at Scotts Valley, the Hanger at Skypark and Kaiser projects accounted for the majority of new connection revenue.

### **Major Planned Initiatives and Significant Projects**

Water supply reliability, water quality enhancement, and infrastructure repair and replacement remain the focus of the District's capital improvement program.

The major project in FY 2021 was the Orchard Run Water Treatment Plant Water Quality Improvements project. The District completed a series of upgrades to the facility including a new backwash tank and installation of granular activated carbon (GAC) and odor scrubber equipment.

In FY 2021 the District also completed a multi-year initiative to modernize its meter technology. Over 800 accounts received upgrades to their water meters through the District's Automated Metering Infrastructure (AMI) technology project.

### **FY 2021 Accomplishments**

The activities of the District are driven by its Mission, Vision, and Strategic Goals. Notable accomplishments within each Strategic Goal area are presented below:

#### Water Resource Management:

1. Coordinated with the City of Scotts Valley to establish regular lines of communication between staff regarding operational issues at the Tertiary Treatment Plant (TTP).
2. Worked with the City of Santa Cruz to evaluate regional projects that benefit the Scotts Valley Water District service area.
3. Completed the Recycled Water Alternatives Study
4. Restarted the Recycled Water Fill Station program which offered free recycled water to District customers.
5. Developed and implemented a leak notification framework utilizing WaterSmart reports to ensure that customers are informed if they have a leak.
6. Leveraged WaterSmart leak alert process to reduce the water lost due to leaks by 27% from the prior year.

#### Infrastructure Integrity:

1. Completed construction of Orchard Run Water Treatment Plant upgrades.
2. Completed the meter changeout program by replacing 800 meters with Automated Metering Infrastructure equipment now on all meters.
3. Installed four temporary tanks as part of the Bethany Tank Rehabilitation project.
4. Completed the Risk and Resilience Assessment and submitted to the Environmental Protection Agency (EPA) for certification.
5. Presented the Consolidated Capital Improvement Plan to the Board; which will be used to develop 5-year and 10-year capital asset replacement schedules.

6. Completed an evaluation of website platforms with an emphasis on local government that will support a modern digital experience. Entered into an agreement for FY 2022 implementation.

#### Financial Stewardship:

1. Reached 35% registration rate on WaterSmart customer engagement portal.
2. Completed a Financial Plan and Cost of Service study to develop a proposed rate schedule for consideration in FY 2022. Significant changes in the proposed rate schedule include transitioning to monthly billing and changing the billing units to 100 gallons.
3. Coordinated debt financing for capital projects, securing an interest rate 2.43 percent for a twenty-year term.
4. Completed the FY 2020 Audited Financial Report and applied for the Government Finance Officers Association (GFOA) Excellence in Financial Reporting award.
5. Reviewed and updated Accounts Payable and Payroll processing procedures.

#### Community Engagement:

1. Provided improved digital access to Board Meetings by transitioning to Zoom webinars; streamlining the process for conducting remote public meetings.
2. Conducted a customer survey focusing on the District's digital footprint; received 350 responses that provided valuable insight
3. Managed and coordinated District participation in Santa Margarita Groundwater Agency activities; managed the SMGWA youth outreach program.
4. Coordinated Interagency Committee activities.
5. Conducted a review of the Junior Associate Board Member program.
6. Made continuous improvements to the maximize the value of the District website as a platform for delivering messages that are informative, compelling and easy to access.

#### Organizational Vitality:

1. Implemented a comprehensive COVID-19 Prevention Plan and other safety policies to meet the requirements of Cal/OSHA (Division of Occupational Safety and Health) Emergency Orders.
2. Supported employee career development by seeking opportunities to provide employees with assignments to perform higher-level tasks.
3. Completed revisions of job descriptions to more accurately reflect the current working environment.
4. Identified relevant opportunities for each employee and Director to attend at minimum 1 training and/or professional event annually.
5. Continued to carry out the records management action plan; including digital file organization; completed draft Records Retention Schedule to be completed in FY 2022.

#### **Internal Control Structure**

District management is responsible for the establishment and maintenance of an internal control structure that ensures that District assets are protected from loss, theft, or misuse. The internal control structure also warrants that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

## Budgetary Control

The Board of Directors approves an operating and capital budget annually, prior to each new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's activities. The budget and reporting treatment applied to the District are consistent with the accrual basis of accounting and the financial statement basis.

Each division manager is responsible for his/her division budget. The General Manager is responsible for the overall District budget.

## Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law and prudent money management. The objectives of the Investment Policy are safety, liquidity, and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund (LAIF) and checking accounts.

## Reserve Policy

The Board of Directors has established a policy setting guidelines on cash reserves that support the District's long-term financial health and operational stability. The Board authorized the target cash reserve level to be the aggregate total of the targets for the following individual reserve categories:

- 1) Operating Reserve: to provide working capital to support the operation, maintenance, and administration of the District ensuring that cash flow needs of normal operations are met.
- 2) Rate Stabilization Reserve: to bridge the temporary revenue shortfall resulting from reduced consumption associated with declining water sales or unexpected increase in short-term operation and maintenance expenses.
- 3) Emergency Reserve: to allow the District to provide uninterrupted service in the event of a fiscal emergency, natural disaster, or major facility failure.
- 4) Capital Reserve: to provide funds for repair, replacement, or improvement of District's infrastructure assets.
- 5) Debt Service Reserve: to ensure adequate funds for full and timely payment of debt obligations.

Following the established criteria, the District's reserve target for this fiscal year was calculated to be \$4.53 million. As of June 30, 2021, the District's cash balance was \$3.5 million, or 77.5% of the target. The year-end balance was designated as follows:

Operating	\$	1,169,500
Rate Stabilization		661,500
Emergency		408,300
Capital		773,700
Debt Service		498,600
Total	\$	<u>3,511,600</u>

## Independent Audit and Financial Reporting

The State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Nigro & Nigro, PC has conducted the audit of the District's financial statements for FY 2021. Their unmodified Independent Auditor's Report appears in the Financial Section.

### **Risk Management**

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Authority). The purpose of the Authority is to arrange and administer insurance programs for the pooling of self-insured losses and to purchase excess insurance coverage, as necessary.

### **Other References**

More information is contained in the Management's Discussion and Analysis and in the Notes to the Basic Financial Statements found in the Financial Section of the report.

### **Acknowledgement**

Preparation of this report was accomplished by the combined efforts of the District staff. I appreciate the dedication and professionalism that our staff members bring to the District. I would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Scotts Valley Water District's fiscal policies.

Respectfully submitted,



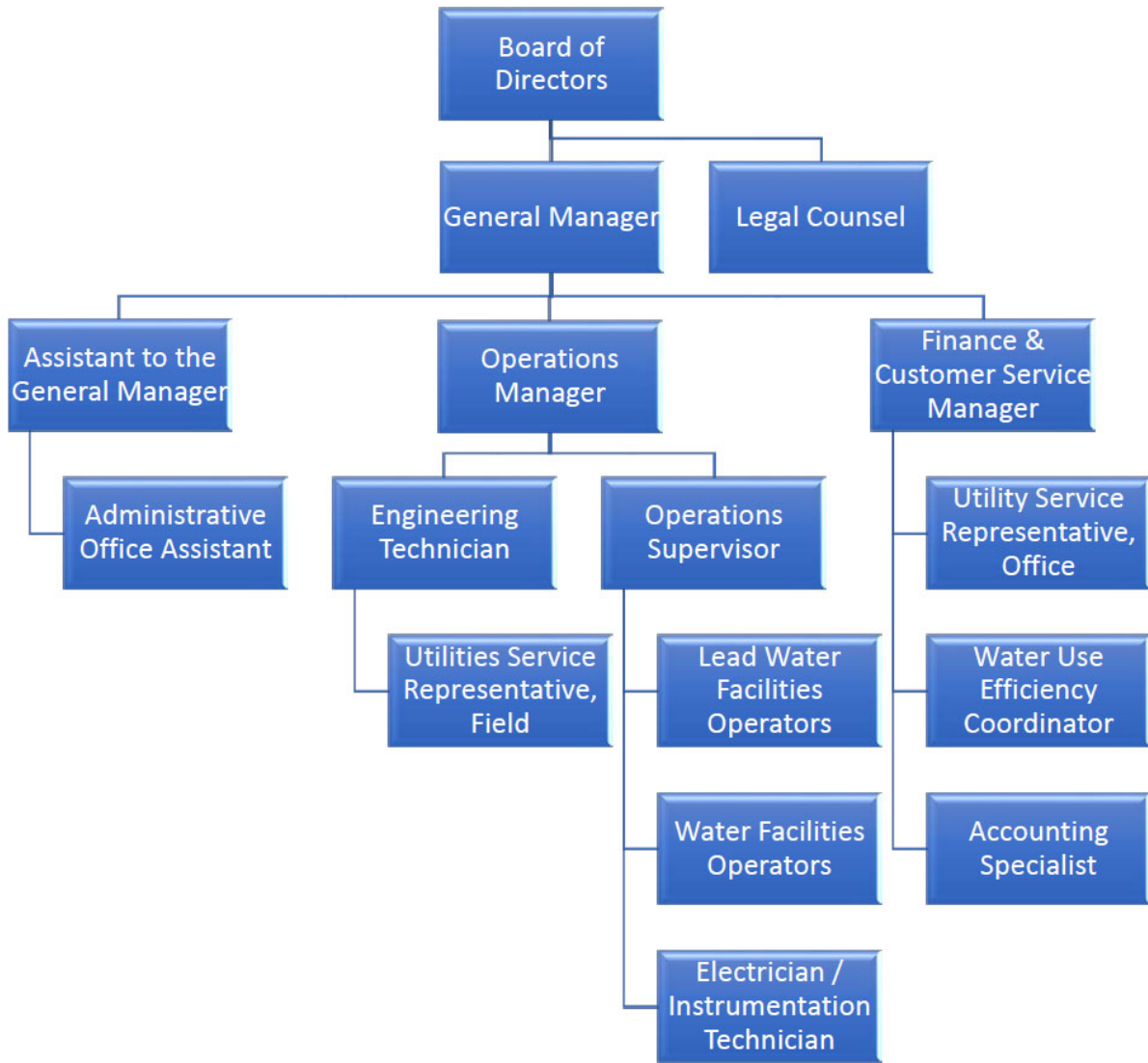
Piret Harmon  
General Manager

**SCOTTS VALLEY WATER DISTRICT**

*Organizational Chart*

*For the Year Ended June 30, 2021*

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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Scotts Valley Water District  
Scotts Valley, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Scotts Valley Water District (District), which comprise the balance sheets as of June 30, 2021 and 2020, the related statements of revenues, expenses and changes in net position and statements of cash flows for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, and Schedule of the District's Contributions to the Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 9, 2021 on our consideration of the District'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 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 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 District's internal control over financial reporting and compliance.

Walnut Creek, California  
December 9, 2021

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***Management's Discussion and Analysis***

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**SCOTTS VALLEY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2021 and 2020*

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Management's Discussion and Analysis (MD&A) offers readers of Scotts Valley Water District's financial statements a narrative overview of the District's financial activities for the years ended June 30, 2021 and 2020. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- In 2021, the District's net position increased 6.5% or \$1,252,004 from \$19,327,441 to \$20,579,445, primarily due to a \$310,842 increase in total operating revenues.
- In 2020, the District's net position increased 13.1% or \$2,236,882 from \$17,090,559 to \$19,327,441, primarily due to a \$791,700 increase in total operating and non-operating revenues along with \$761,665 increase in capital contributions from capacity fees.
- In 2021, the District's total operating and non-operating revenues increased 3.0% or \$237,117 from \$7,891,253 to \$8,128,370, primarily from increases in water sales and water service charges due to the rate increase for the fiscal period.
- In 2020, the District's total operating and non-operating revenues increased 11.1% or \$791,700 from \$7,099,553 to \$7,891,253, primarily from increases in water sales and water service charges due to the rate increase for the fiscal period.
- In 2021, the District's total expenses increased 16.1% or \$1,029,934 from \$6,416,036 to \$7,445,970, primarily from an \$873,743 increase in overall operating expenses and a \$116,761 change in investment in SMGA-JPA.
- In 2020, the District's total expenses increased 10.4% or \$605,819 from \$5,810,217 to \$6,416,036, primarily from an increase in meter and building maintenance costs and a \$240,719 change in investment in SMGA-JPA.

**REQUIRED FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial stability of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate net position and credit worthiness. The other required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments for the fiscal period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did the funds come from, what were the funds used for, and what were the changes in funds balance during the reporting period.

**SCOTTS VALLEY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2021 and 2020*

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**FINANCIAL ANALYSIS OF THE DISTRICT**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes to it. The District's net position is the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, non-financial factors such as changes in economic conditions, population growth, zoning and the regulatory landscape need to be taken into consideration when measuring the District's financial health.

**Condensed Balance Sheets**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>June 30, 2019</u>	<u>Change</u>
<b>Assets:</b>					
Current assets	\$ 5,700,151	\$ 6,058,799	\$ (358,648)	\$ 4,507,120	\$ 1,551,679
Non-current assets	481,905	1,095,922	(614,017)	1,115,847	(19,925)
Capital assets, net	<u>24,492,236</u>	<u>21,785,200</u>	<u>2,707,036</u>	<u>21,642,425</u>	<u>142,775</u>
<b>Total assets</b>	<u>30,674,292</u>	<u>28,939,921</u>	<u>1,734,371</u>	<u>27,265,392</u>	<u>1,674,529</u>
<b>Deferred outflows of resources</b>	<u>831,530</u>	<u>837,369</u>	<u>(5,839)</u>	<u>834,538</u>	<u>2,831</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 31,505,822</u>	<u>\$ 29,777,290</u>	<u>\$ 1,728,532</u>	<u>\$ 28,099,930</u>	<u>\$ 1,677,360</u>
<b>Liabilities:</b>					
Current liabilities	\$ 2,176,750	\$ 1,461,151	\$ 715,599	\$ 1,208,084	\$ 253,067
Non-current liabilities	<u>8,633,147</u>	<u>8,773,238</u>	<u>(140,091)</u>	<u>9,589,006</u>	<u>(815,768)</u>
<b>Total liabilities</b>	<u>10,809,897</u>	<u>10,234,389</u>	<u>575,508</u>	<u>10,797,090</u>	<u>(562,701)</u>
<b>Deferred inflows of resources</b>	<u>116,480</u>	<u>215,460</u>	<u>(98,980)</u>	<u>212,281</u>	<u>3,179</u>
<b>Net position:</b>					
Net investment in capital assets	21,054,354	17,684,486	3,369,868	16,974,413	710,073
Unrestricted (Deficit)	<u>(474,909)</u>	<u>1,642,955</u>	<u>(2,117,864)</u>	<u>116,146</u>	<u>1,526,809</u>
<b>Total net position</b>	<u>20,579,445</u>	<u>19,327,441</u>	<u>1,252,004</u>	<u>17,090,559</u>	<u>2,236,882</u>
<b>Total liabilities, deferred outflows of resources and net position</b>	<u>\$ 31,505,822</u>	<u>\$ 29,777,290</u>	<u>\$ 1,728,532</u>	<u>\$ 28,099,930</u>	<u>\$ 1,677,360</u>

As noted earlier, net position may serve over time as a useful indicator of an agency's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$20,579,445 and \$19,327,441 as of June 30, 2021 and 2020, respectfully.

**SCOTTS VALLEY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2021 and 2020*

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Condensed Balance Sheets (continued)**

By far the largest portion of the District's net position (102% as of June 30, 2021) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal year 2021, the District showed a deficit balance in its unrestricted net position of (\$474,909).

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>June 30, 2019</u>	<u>Change</u>
Total operating revenues	\$ 6,985,681	\$ 6,674,839	\$ 310,842	\$ 6,025,665	\$ 649,174
Total operating expenses	<u>(5,893,047)</u>	<u>(5,019,304)</u>	<u>(873,743)</u>	<u>(4,630,007)</u>	<u>(389,297)</u>
<b>Operating income before depreciation</b>	1,092,634	1,655,535	(562,901)	1,395,658	259,877
Depreciation expense	<u>(1,119,609)</u>	<u>(1,069,751)</u>	<u>(49,858)</u>	<u>(1,085,254)</u>	<u>15,503</u>
<b>Operating income (loss)</b>	(26,975)	585,784	(612,759)	310,404	275,380
Total non-operating revenues(expenses), net	709,375	889,433	(180,058)	978,932	(89,499)
Capital contributions	<u>569,604</u>	<u>761,665</u>	<u>(192,061)</u>	<u>434,636</u>	<u>327,029</u>
<b>Change in net position</b>	1,252,004	2,236,882	(984,878)	1,723,972	512,910
Net position:					
<b>Beginning of year</b>	<u>19,327,441</u>	<u>17,090,559</u>	<u>2,236,882</u>	<u>15,366,587</u>	<u>1,723,972</u>
<b>End of year</b>	<u>\$ 20,579,445</u>	<u>\$ 19,327,441</u>	<u>\$ 1,252,004</u>	<u>\$ 17,090,559</u>	<u>\$ 2,236,882</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years.

A closer examination of the sources of changes in net position reveals that:

In 2021, the District's net position increased 6.5% or \$1,252,004 from \$19,327,441 to \$20,579,445, primarily due to a \$310,842 increase in total operating revenues.

In 2020, the District's net position increased 13.1% or \$2,236,882 from \$17,090,559 to \$19,327,441, primarily due to a \$791,700 in total operating and non-operating revenues along with \$761,665 in capital contributions from capacity fees.

The following table presents the detailed breakdown of the information presented in the condensed summary.

**SCOTTS VALLEY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
For the Years Ended June 30, 2021 and 2020

**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Total Revenues**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
<b>Operating revenues:</b>					
Water sales	\$ 4,727,234	\$ 4,566,923	\$ 160,311	\$ 4,052,051	\$ 514,872
Water service	2,230,855	2,076,643	154,212	1,927,303	149,340
Other fees and charges	27,592	31,273	(3,681)	46,311	(15,038)
<b>Total operating revenues</b>	<u>6,985,681</u>	<u>6,674,839</u>	<u>310,842</u>	<u>6,025,665</u>	<u>649,174</u>
<b>Non-operating:</b>					
Property taxes	1,057,540	1,030,321	27,219	975,085	55,236
Investment earnings	6,936	66,477	(59,541)	35,893	30,584
Other non-operating revenues	78,213	119,616	(41,403)	62,910	56,706
<b>Total non-operating</b>	<u>1,142,689</u>	<u>1,216,414</u>	<u>(73,725)</u>	<u>1,073,888</u>	<u>142,526</u>
<b>Total revenues</b>	<u>\$ 8,128,370</u>	<u>\$ 7,891,253</u>	<u>\$ 237,117</u>	<u>\$ 7,099,553</u>	<u>\$ 791,700</u>

In 2021, the District's total operating and non-operating revenues increased 3.0% or \$237,117 from \$7,891,253 to \$8,128,370, primarily from increases in water sales and water service charges due to the rate increase for the fiscal period.

In 2020, the District's total operating and non-operating revenues increased 11.1% or \$791,700 from \$7,099,553 to \$7,891,253, primarily from increases in water sales and water service charges due to the rate increase for the fiscal period.

**Total Expenses**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
<b>Operating expenses:</b>					
Source of supply	111,200	182,735	(71,535)	99,307	83,428
Pumping	464,519	480,655	(16,136)	466,512	14,143
Water treatment	284,701	239,722	44,979	293,069	(53,347)
Recycled water	590,898	472,247	118,651	434,404	37,843
Transmission and distribution	2,213,808	1,990,814	222,994	1,849,596	141,218
Finance, customer service and conservation	1,064,016	659,450	404,566	649,335	10,115
General and administrative	1,163,905	993,681	170,224	837,784	155,897
<b>Total operating expenses</b>	<u>5,893,047</u>	<u>5,019,304</u>	<u>873,743</u>	<u>4,630,007</u>	<u>389,297</u>
Depreciation expense	1,119,609	1,069,751	49,858	1,085,254	(15,503)
<b>Non-operating expenses:</b>					
Change in investment in SMGA-JPA	357,480	240,719	116,761	-	240,719
Interest expense	75,834	86,262	(10,428)	94,956	(8,694)
<b>Total non-operating</b>	<u>433,314</u>	<u>326,981</u>	<u>106,333</u>	<u>94,956</u>	<u>232,025</u>
<b>Total expenses</b>	<u>\$ 7,445,970</u>	<u>\$ 6,416,036</u>	<u>\$ 1,029,934</u>	<u>\$ 5,810,217</u>	<u>\$ 605,819</u>

In 2021, the District's total expenses increased 16.1% or \$1,029,934 from \$6,416,036 to \$7,445,970, primarily from an \$873,743 increase in overall operating expenses and a \$116,761 change in investment in SMGA-JPA.

In 2020, the District's total expenses increased 10.4% or \$605,819 from \$5,810,217 to \$6,416,036, primarily from an increase in meter and building maintenance costs and a \$240,719 change in investment in SMGA-JPA.

**SCOTTS VALLEY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2021 and 2020*

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Capital Assets**

The following provides a summary comparison of the District's capital assets at year end.

<b>Capital assets:</b>	<b>Balance</b> <b>June 30, 2021</b>	<b>Balance</b> <b>June 30, 2020</b>	<b>Balance</b> <b>June 30, 2019</b>
Non-depreciable assets	\$ 1,327,578	\$ 1,213,219	\$ 1,078,608
Depreciable assets	47,840,545	44,399,273	43,321,358
Accumulated depreciation	<u>(24,675,887)</u>	<u>(23,827,292)</u>	<u>(22,757,541)</u>
<b>Total capital assets, net</b>	<b><u>\$ 24,492,236</u></b>	<b><u>\$ 21,785,200</u></b>	<b><u>\$ 21,642,425</u></b>

At June 30, 2021 and 2020, the District's investment in capital assets amounted to \$24,492,236 and \$21,785,200, (net of accumulated depreciation), respectively. The District's investment in capital assets includes land, transmission and distribution systems, tanks, pumps, buildings, equipment, vehicles and construction-in-process. See Note 8 for further capital asset information.

**Debt Administration**

The following provides a summary comparison of the District's long-term debt at year end.

<b>Long-term debt:</b>	<b>Balance</b> <b>June 30, 2021</b>	<b>Balance</b> <b>June 30, 2020</b>	<b>Balance</b> <b>June 30, 2019</b>
Loan payable	<u>\$ 4,100,714</u>	<u>\$ 4,668,012</u>	<u>\$ 5,136,591</u>

For the years ended June 30, 2021 and 2020, long-term debt decreased by \$567,298 and \$468,579, respectively, due to regular principal payments on the District's loan payable. See Note 10 for further information.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**FACTORS AFFECTING CURRENT FINANCIAL POSITION**

Management is unaware of any item that would affect the current financial position.

**CONTACTING THE DISTRICT**

This financial report is designed to provide the District's customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Contact the District's General Manager, Piret Harmon ([pharmon@svwd.org](mailto:pharmon@svwd.org) or 831-600-1902) with any questions.

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## ***Basic Financial Statements***

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# SCOTTS VALLEY WATER DISTRICT

## Balance Sheets

June 30, 2021 and 2020

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>Current assets:</b>		
Cash and cash equivalents (Note 2)	\$ 3,511,535	\$ 3,791,756
Accrued interest receivable	4,548	14,245
Accounts receivable, net (Note 4)	1,805,650	1,645,176
Property taxes receivable	50,887	84,758
Other receivables	15,060	15,291
Notes receivable (Note 5)	15,000	169,412
Inventory – materials and supplies	229,228	271,380
Prepaid expenses	68,243	66,781
<b>Total current assets</b>	<u>5,700,151</u>	<u>6,058,799</u>
<b>Non-current assets:</b>		
Restricted – cash and cash equivalents (Note 2 and 3)	-	610,477
Notes receivable (Note 5)	83,333	98,333
Investment in Santa Margarita Groundwater Agency – JPA (Note 6)	29,632	91,291
Prepaid contribution to the Santa Margarita Groundwater Agency – JPA (Note 7)	368,940	295,821
Capital assets – not being depreciated (Note 8)	1,327,578	1,213,219
Capital assets – being depreciated, net (Note 8)	23,164,658	20,571,981
<b>Total non-current assets</b>	<u>24,974,141</u>	<u>22,881,122</u>
<b>Total assets</b>	<u>30,674,292</u>	<u>28,939,921</u>
<b>Deferred outflows of resources:</b>		
Deferred amounts related to net OPEB obligation (Note 12)	140,200	142,970
Deferred amounts related to net pension liability (Note 11)	691,330	694,399
<b>Total deferred outflows of resources</b>	<u>831,530</u>	<u>837,369</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 31,505,822</u>	<u>\$ 29,777,290</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,296,516	\$ 683,344
Customer deposits for services	141,219	126,332
Accrued interest payable (Note 3)	37,932	43,179
Long-term liabilities – due within one year:		
Compensated absences (Note 9)	38,251	40,998
Loan payable (Note 3 and 10)	662,832	567,298
<b>Total current liabilities</b>	<u>2,176,750</u>	<u>1,461,151</u>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 9)	114,752	122,992
Loan payable (Note 10)	3,437,882	4,100,714
Net OPEB obligation (Note 12)	2,539,285	2,245,495
Net pension liability (Note 11)	2,541,228	2,304,037
<b>Total non-current liabilities</b>	<u>8,633,147</u>	<u>8,773,238</u>
<b>Total liabilities</b>	<u>10,809,897</u>	<u>10,234,389</u>
<b>Deferred inflows of resources:</b>		
Deferred amounts related to net pension liability (Note 11)	116,480	215,460
<b>Total deferred inflows of resources</b>	<u>116,480</u>	<u>215,460</u>
<b>Net position:</b>		
Net investment in capital assets (Note 13)	21,054,354	17,684,486
Unrestricted (Deficit)	(474,909)	1,642,955
<b>Total net position</b>	<u>20,579,445</u>	<u>19,327,441</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 31,505,822</u>	<u>\$ 29,777,290</u>

The notes to financial statements are an integral part of this statement.

**SCOTTS VALLEY WATER DISTRICT***Statements of Revenues, Expenses and Changes in Net Position  
For the Fiscal Years Ended June 30, 2021 and 2020*

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>Operating revenues:</b>		
Water sales	\$ 4,727,234	\$ 4,566,923
Water service	2,230,855	2,076,643
Other fees and charges	27,592	31,273
<b>Total operating revenues</b>	<u>6,985,681</u>	<u>6,674,839</u>
<b>Operating expenses:</b>		
Source of supply	111,200	182,735
Pumping	464,519	480,655
Water treatment	284,701	239,722
Recycled water	590,898	472,247
Transmission and distribution	2,213,808	1,990,814
Finance, customer service and conservation	1,064,016	659,450
General and administrative	1,163,905	993,681
<b>Total operating expenses</b>	<u>5,893,047</u>	<u>5,019,304</u>
<b>Operating income before depreciation</b>	1,092,634	1,655,535
Depreciation expense	<u>(1,119,609)</u>	<u>(1,069,751)</u>
<b>Operating income</b>	<u>(26,975)</u>	<u>585,784</u>
<b>Non-operating revenues(expenses):</b>		
Property taxes	1,057,540	1,030,321
Change in investment in Santa Margarita Groundwater Agency-JPA (Note 6)	(357,480)	(240,719)
Investment earnings	6,936	66,477
Interest expense	(75,834)	(86,262)
Other non-operating revenues	78,213	119,616
<b>Total non-operating income</b>	<u>709,375</u>	<u>889,433</u>
<b>Change in net position before capital contributions</b>	<u>682,400</u>	<u>1,475,217</u>
<b>Capital contributions:</b>		
Capacity buy-in fee	703,635	783,284
Capacity buy-back	(144,541)	(21,619)
Local capital grant	10,510	-
<b>Total capital contributions</b>	<u>569,604</u>	<u>761,665</u>
<b>Change in net position</b>	<u>1,252,004</u>	<u>2,236,882</u>
<b>Net position:</b>		
Beginning of year	<u>19,327,441</u>	<u>17,090,559</u>
End of year	<u>\$ 20,579,445</u>	<u>\$ 19,327,441</u>

**SCOTTS VALLEY WATER DISTRICT**  
*Statements of Cash Flows*  
*For the Fiscal Years Ended June 30, 2021 and 2020*

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	\$ 6,918,538	\$ 6,550,435
Cash paid to employees for salaries and wages	(1,753,518)	(1,726,184)
Cash paid to vendors and suppliers for materials and services	<u>(3,058,814)</u>	<u>(3,379,117)</u>
<b>Net cash provided by operating activities</b>	<u>2,106,206</u>	<u>1,445,134</u>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes	<u>1,091,411</u>	<u>995,387</u>
<b>Net cash provided by non-capital financing activities</b>	<u>1,091,411</u>	<u>995,387</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(3,826,645)	(1,212,526)
Proceeds from capacity buy-in fee	703,635	783,284
Payments for capacity buy-back	(144,541)	(21,619)
Proceeds from local capital grant	10,510	-
Proceeds from notes receivable	169,412	173,019
Principal paid on long-term debt	(567,298)	(468,579)
Interest paid on long-term debt	<u>(81,081)</u>	<u>(90,596)</u>
<b>Net cash (used in) capital and related financing activities</b>	<u>(3,736,008)</u>	<u>(837,017)</u>
<b>Cash flows from investing activities:</b>		
Prepaid contribution to the Santa Margarita Groundwater Agency – JPA	(368,940)	(295,821)
Investment earnings	<u>16,633</u>	<u>59,330</u>
<b>Net cash (used in) investing activities</b>	<u>(352,307)</u>	<u>(236,491)</u>
<b>Net increase in cash and cash equivalents</b>	(890,698)	1,367,013
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>4,402,233</u>	<u>3,035,220</u>
End of year	<u>\$ 3,511,535</u>	<u>\$ 4,402,233</u>
<b>Reconciliation of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 3,511,535	\$ 3,791,756
Restricted – cash and cash equivalents	<u>-</u>	<u>610,477</u>
<b>Total cash and cash equivalents</b>	<u>\$ 3,511,535</u>	<u>\$ 4,402,233</u>

**SCOTTS VALLEY WATER DISTRICT**  
*Statements of Cash Flows (continued)*  
*For the Fiscal Years Ended June 30, 2021 and 2020*

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income(loss)	\$ (26,975)	\$ 585,784
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation	1,119,609	1,069,751
Other non-operating revenues	78,213	119,616
<b>Change in assets - (increase)decrease:</b>		
Accounts receivable, net	(160,474)	(240,209)
Other receivables	231	36,762
Inventory - materials and supplies	42,152	(38,779)
Prepaid expenses	(1,462)	1,649
<b>Change in deferred outflows of resources - (increase)decrease</b>		
Deferred amounts related to net OPEB obligation	2,770	10,579
Deferred amounts related to net pension liability	3,069	(13,410)
<b>Change in liabilities - increase(decrease):</b>		
Accounts payable and accrued expenses	613,172	188,765
Customer deposits for services	14,887	(40,573)
Compensated absences	(10,987)	41,960
Net OPEB obligation	293,790	(513,319)
Net pension liability	237,191	233,379
<b>Change in deferred inflows of resources - increase(decrease)</b>		
Deferred amounts related to net pension liability	(98,980)	3,179
<b>Total adjustments</b>	<u>2,133,181</u>	<u>859,350</u>
<b>Net cash provided by operating activities</b>	<u>\$ 2,106,206</u>	<u>\$ 1,445,134</u>

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***Notes to the Financial Statements***

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## SCOTTS VALLEY WATER DISTRICT

### *Notes to Financial Statements*

*June 30, 2021 and 2020*

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#### **NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Description of Organization**

Scotts Valley Water District (District) was created in 1961 by a vote of the people within the proposed District. It was formed under the County Water District Act with the purpose of providing water for domestic, commercial, municipal, and firefighting purposes. Beginning in 1962, the District acquired and consolidated several small mutual water supply systems. The District is located six miles north of the City of Santa Cruz, along State Highway 17, and covers approximately six square miles including most of the incorporated area of the City of Scotts Valley (City) and a portion of the unincorporated area north of the City.

The financial statements of the District include the financial activities of the District as well as transactions made by the fiscal agent under authority granted by the District in various resolutions authorizing the issuance of revenue bonds, and the Scotts Valley Water District Public Facilities Corporation, a component unit. The District is incorporated as a water district in the State of California and is exempt from federal income and state franchise taxes under Internal Revenue Code Section 115 and corresponding California Revenue and Taxation Code provisions.

The Scotts Valley Water District Public Facilities Corporation (Public Facilities Corporation), a California nonprofit corporation, was formed in April 1997, to finance the construction of a one million gallon per day reclaimed water treatment plant and related distribution system. The Public Facilities Corporation was dissolved on June 8, 2019. As of June 30, 2020, the assets and liabilities of the Public Facilities Corporation were distributed properly, resulting in a zero balance.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

##### **B. Basis of Presentation, Basis of Accounting**

The District reports its activities as an enterprise fund, where the intent of the District is that the costs of providing goods and services (including depreciation expense) on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### B. Basis of Presentation, Basis of Accounting (continued)

Operating revenues are those revenues that are generated from the primary operating activities of the District. The District reports the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operating activities of the District. All other expenses are reported as non-operating expenses.

##### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

###### 1. Cash and Cash Equivalents

For purposes of the balance sheet and statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

###### 2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Investments recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

###### 3. Receivables and Allowance for Doubtful Accounts

Accounts receivable consist of amounts owed by customers for goods provided and services rendered. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

###### 4. Inventory – Materials and Supplies

These items consist of pipes, meters, and other items that are used for the repairs and maintenance of the District's transmission and distribution system. These items are stated at the lower of cost or net realizable value, using the first-in first-out method for inventory valuation.

###### 5. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

###### 6. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of contribution. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

###### 7. Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. Also, the statement of net position reports a separate section for deferred inflows of resources. This element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time.

###### 8. Compensated Absences

The District's employee benefits provide for accumulation of vacation and sick leave. Liabilities for vacation leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination.

###### 9. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2019

Measurement Date June 30, 2020

Measurement Period July 1, 2019 to June 30, 2020

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

###### 10. Postemployment 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 Scotts Valley Water District Retiree Benefits Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the 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.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2019

Measurement Date June 30, 2020

Measurement Period July 1, 2019 to June 30, 2020

###### 11. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Unrestricted** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

##### D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

##### E. Capital Contributions

Capital contributions represent cash and/or capital asset additions contributed to the District by outside parties.

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

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#### NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents were classified on the balance sheet as follows:

<u>Description</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash and cash equivalents	\$ 3,511,535	\$ 3,791,756
Restricted – cash and cash equivalents	-	610,477
<b>Total cash and cash equivalents</b>	<b>\$ 3,511,535</b>	<b>\$ 4,402,233</b>

Cash and cash equivalents as of June 30<sup>th</sup> consisted of the following:

<u>Description</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Petty cash	\$ 400	\$ 400
Demand deposits held with financial institutions	1,489,854	1,191,071
Local Agency Investment Fund (LAIF)	2,021,281	3,210,762
<b>Total cash and cash equivalents</b>	<b>\$ 3,511,535</b>	<b>\$ 4,402,233</b>

#### Demand Deposits with Financial Institutions

At June 30, 2021 and 2020, the carrying amount of the District's demand deposits were \$1,489,854 and \$1,191,071, respectively, and the financial institution's balances were \$1,629,633 and \$1,297,074, respectively. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

#### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secures deposits made by public agencies by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

#### Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). LAIF allows cities, counties, and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

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#### NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

##### Local Agency Investment Fund (LAIF) (continued)

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2021, and 2020, the District held \$2,021,281 and \$3,210,762 in LAIF, respectively.

#### NOTE 3 – RESTRICTED – CASH AND CASH EQUIVALENTS

Restricted – cash and cash equivalents as of June 30<sup>th</sup> consisted of the following:

<u>Description</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Restricted – cash and cash equivalents	\$ -	\$ 610,477
Accrued interest payable	\$ -	\$ (43,179)
Loan payable – current portion	-	(567,298)
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>

The restricted – cash and cash equivalents balance on the balance sheet at June 30, 2020 was cash holdings by the District's financial institution for the July 1, 2020 loan payment.

#### NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net of an allowance for doubtful accounts consisted of the following:

<u>Description</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Accounts receivable	\$ 1,845,650	\$ 1,645,176
Allowance for doubtful accounts	(40,000)	-
<b>Total accounts receivable, net</b>	<u>\$ 1,805,650</u>	<u>\$ 1,645,176</u>

For the fiscal year ended June 30, 2020, the District changed its method of customer account write-off from the allowance method to the direct-write-off method.

For the fiscal year ended June 30, 2021, the District changed its method of customer account write-off back to the allowance method from the direct-write-off method due to the outstanding customer receivables attributed to the COVID-19 global pandemic.

**SCOTTS VALLEY WATER DISTRICT**  
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**NOTE 5 – NOTES RECEIVABLE**

Changes in notes receivable amounts for the fiscal year ended June 30, 2021, were as follows:

<b>Notes Receivable</b>	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance June 30, 2021</b>	<b>Current Portion</b>	<b>Long-term Portion</b>
City of Scotts Valley – Recycled Water System	\$ 154,412	\$ -	\$ (154,412)	\$ -	\$ -	\$ -
City of Scotts Valley – Installment Note	75,000	-	(5,000)	70,000	5,000	65,000
Vineyards HOA – Installment Note	38,333	-	(10,000)	28,333	10,000	18,333
<b>Total notes receivable</b>	<b>\$ 267,745</b>	<b>\$ -</b>	<b>\$ (169,412)</b>	<b>\$ 98,333</b>	<b>\$ 15,000</b>	<b>\$ 83,333</b>

Changes in notes receivable amounts for the fiscal year ended June 30, 2020, were as follows:

<b>Notes Receivable</b>	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance June 30, 2020</b>	<b>Current Portion</b>	<b>Long-term Portion</b>
City of Scotts Valley – Recycled Water System	\$ 307,431	\$ -	\$ (153,019)	\$ 154,412	\$ 154,412	\$ -
City of Scotts Valley – Installment Note	85,000	-	(10,000)	75,000	5,000	70,000
Vineyards HOA – Installment Note	48,333	-	(10,000)	38,333	10,000	28,333
<b>Total notes receivable</b>	<b>\$ 440,764</b>	<b>\$ -</b>	<b>\$ (173,019)</b>	<b>\$ 267,745</b>	<b>\$ 169,412</b>	<b>\$ 98,333</b>

**City of Scotts Valley – Recycled Water System**

On September 4, 2013, the District entered into a Recycled Water Supply Use, Maintenance and Operation Agreement (Agreement) setting forth terms and conditions for the Recycled Water System in Scotts Valley. The Agreement was amended on April 20, 2016, reducing the District’s entitlement to recycled water produced by the City. In exchange, the City agreed to pay the District \$758,169 over five (5) annual payments with annual interest rate of 0.91% each year commencing on June 1, 2017. At June 30, 2021 and 2020, the balance of the City’s obligation to the District amounted to \$0 and \$154,412, respectively.

**City of Scotts Valley – Installment Note**

The City of Scotts Valley (City) entered into an agreement with the District on June 4, 1997, for the construction of the water main extension into the Gateway South Assessment District (Project). Total cost of the extension amounted to \$277,000. The owner of the Project contributed \$112,000 and the City contributed, as a result of the District’s bond issuance, \$165,000.

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

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#### NOTE 5 – NOTES RECEIVABLE (continued)

##### City of Scotts Valley – Installment Note (continued)

Terms of the installment note call for principal payable semi-annually on January 1st and July 1st of each year maturing in 2027, with variable annual interest rates ranging from 5.3% to 7%. At June 30, 2021 and 2020, the balance of the note with the City regarding the Installment Note amounted to \$70,000 and \$75,000, respectively. Future principal and interest payments on the note are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	5,000	4,050	9,050
2023	10,000	3,600	13,600
2024	10,000	3,000	13,000
2025	10,000	2,400	12,400
2026	10,000	1,800	11,800
2027	10,000	1,200	11,200
2028	15,000	450	15,450
Total	70,000	<u>\$ 16,500</u>	<u>\$ 86,500</u>
Current	<u>(5,000)</u>		
Long-term	<u>\$ 65,000</u>		

##### Vineyards HOA – Installment Note

On May 15, 2020, the District entered into a Memorandum of Understanding with the Vineyards Homeowners Association (Association) where the District agreed to loan the Association \$50,000 for installation of backflow protection devices on the Association's premises. The Association will make 60 monthly payments of \$833.33 plus interest at the LAIF rate of return. At June 30, 2021 and 2020, the balance of the note with the Association amounted to \$28,333 and \$38,333, respectively. Future principal and estimated interest payments on the note are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	10,000	525	10,525
2023	10,000	275	10,275
2024	8,333	55	8,388
Total	28,333	<u>\$ 855</u>	<u>\$ 29,188</u>
Current	<u>(10,000)</u>		
Long-term	<u>\$ 18,333</u>		

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

#### NOTE 6 – INVESTMENT IN SANTA MARGARITA GROUNDWATER AGENCY – JPA

On June 1, 2017, the Scotts Valley Water District, San Lorenzo Valley Water District, and the County of Santa Cruz (Members) entered into a joint powers agreement creating the Santa Margarita Groundwater Agency (Agency). The purpose of the Agency is to prepare a Groundwater Sustainability Plan (Plan) by January 31, 2022 and continue implementing the Plan over the next 20-year period.

The term of the agreement with the Members shall remain in effect until terminated by unanimous written consent of all Members, except during the outstanding term of any Agency indebtedness. Upon termination of the agreement, the assets shall be distributed in proportion to the contributions of each Member agency.

For the fiscal year ended June 30, 2020 and 2019, the District contributed \$295,821 and \$291,256, respectfully, to the Agency and held a \$29,632 and \$91,291, respectfully, net position investment in the Agency after operations concluded for those years.

<b>A. Entity</b>	Santa Margarita Groundwater Agency		
<b>B. Purpose</b>	To pool member resources and realize the advantages of local groundwater sustainability through an agency		
<b>C. Participants</b>	3 member agencies		
<b>D. Governing board</b>	Eleven representatives appointed by members		
<b>E. District payments for FY 2020:</b>			
<b>Contribution</b>	\$295,821		
<b>F. Condensed financial information</b>	June 30, 2020		
<b>Audit dated</b>	January 28, 2021		
<b>Statement of net position:</b>		<b>June 30, 2020</b>	<b>District Share</b>
<b>Total assets</b>		\$ 154,566	\$ 92,740
<b>Total liabilities</b>		105,179	63,108
<b>Net position</b>		\$ 49,387	\$ 29,632
<b>Statement of revenues, expenses and changes in net position:</b>			
<b>Total revenues</b>		\$ 704,585	\$ 422,751
<b>Total expenses</b>		(807,350)	(484,410)
<b>Change in net position</b>		(102,765)	(61,659)
<b>Beginning - net position</b>		152,152	91,291
<b>Ending - net position</b>		\$ 49,387	\$ 29,632
<b>G. District's share of year-end financial position</b>		100.00%	60.00%

#### NOTE 7 – PREPAID CONTRIBUTION TO THE SANTA MARGARITA GROUNDWATER AGENCY – JPA

For the fiscal years ended June 30, 2021 and 2020, the District contributed \$368,940 and \$295,821, respectfully, to the Agency; however, the annual audit of 2021 for the Agency had not been completed as of the date of this report. Therefore, the District is recording the contribution of \$368,940 as a prepaid contribution to the Agency on the balance sheet.

**SCOTTS VALLEY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2021 and 2020*

**NOTE 8 – CAPITAL ASSETS AND DEPRECIATION**

Changes in capital assets for the fiscal year ended June 30, 2021, were as follows:

Description	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
<b>Non-depreciable assets:</b>				
Land	\$ 650,697	\$ -	\$ -	\$ 650,697
Construction-in-process	562,522	3,826,645	(3,712,286)	676,881
<b>Total non-depreciable assets</b>	<b>1,213,219</b>	<b>3,826,645</b>	<b>(3,712,286)</b>	<b>1,327,578</b>
<b>Depreciable assets:</b>				
Water rights – recycled water	5,267,834	-	-	5,267,834
Water treatment	5,521,874	-	3,177,581	8,699,455
Recycled water system	2,654,867	-	-	2,654,867
Source of supply – wells	6,677,359	-	-	6,677,359
Transmission and distribution system	8,921,321	-	-	8,921,321
Reservoirs and tanks	7,266,344	-	20,170	7,286,514
Pumping	1,866,860	-	-	1,866,860
Buildings and improvements	1,605,999	-	-	1,605,999
Infrastructure	2,680,967	-	43,953	2,724,920
Equipment and tools	982,199	-	154,181	1,136,380
Office equipment	257,207	-	-	257,207
Transportation	696,442	-	45,387	741,829
<b>Total depreciable assets</b>	<b>44,399,273</b>	<b>-</b>	<b>3,441,272</b>	<b>47,840,545</b>
<b>Accumulated depreciation:</b>				
Water rights – recycled water	(1,904,623)	(102,004)	-	(2,006,627)
Water treatment	(4,754,743)	(69,469)	271,014	(4,553,198)
Recycled water system	(874,161)	(66,718)	-	(940,879)
Source of supply – wells	(3,446,038)	(155,061)	-	(3,601,099)
Transmission and distribution system	(5,969,274)	(180,644)	-	(6,149,918)
Reservoirs and tanks	(3,318,960)	(191,690)	-	(3,510,650)
Pumping	(1,115,754)	(82,718)	-	(1,198,472)
Buildings and improvements	(669,185)	(45,633)	-	(714,818)
Infrastructure	(297,615)	(113,527)	-	(411,142)
Equipment and tools	(824,464)	(33,175)	-	(857,639)
Office equipment	(188,477)	(36,737)	-	(225,214)
Transportation	(463,998)	(42,233)	-	(506,231)
<b>Total accumulated depreciation</b>	<b>(23,827,292)</b>	<b>(1,119,609)</b>	<b>271,014</b>	<b>(24,675,887)</b>
<b>Total depreciable assets, net</b>	<b>20,571,981</b>	<b>(1,119,609)</b>	<b>3,712,286</b>	<b>23,164,658</b>
<b>Total capital assets, net</b>	<b>\$ 21,785,200</b>	<b>\$ 2,707,036</b>	<b>\$ -</b>	<b>\$ 24,492,236</b>

In fiscal year 2021, major capital assets additions amounted to \$3,826,645, and depreciation expense amounted to \$1,119,609.

**SCOTTS VALLEY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2021 and 2020*

**NOTE 8 – CAPITAL ASSETS AND DEPRECIATION (continued)**

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

Description	Balance July 1, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020
<b>Non-depreciable assets:</b>				
Land	\$ 650,697	\$ -	\$ -	\$ 650,697
Construction-in-process	427,911	1,212,526	(1,077,915)	562,522
<b>Total non-depreciable assets</b>	<b>1,078,608</b>	<b>1,212,526</b>	<b>(1,077,915)</b>	<b>1,213,219</b>
<b>Depreciable assets:</b>				
Water rights – recycled water	5,267,834	-	-	5,267,834
Water treatment	5,521,874	-	-	5,521,874
Recycled water system	2,654,867	-	-	2,654,867
Source of supply – wells	6,677,359	-	-	6,677,359
Transmission and distribution system	8,868,055	-	53,266	8,921,321
Reservoirs and tanks	6,358,503	-	907,841	7,266,344
Pumping	1,848,229	-	18,631	1,866,860
Buildings and improvements	1,608,060	-	(2,061)	1,605,999
Infrastructure	2,564,159	-	116,808	2,680,967
Equipment and tools	982,199	-	-	982,199
Office equipment	255,146	-	2,061	257,207
Transportation	715,073	-	(18,631)	696,442
<b>Total depreciable assets</b>	<b>43,321,358</b>	<b>-</b>	<b>1,077,915</b>	<b>44,399,273</b>
<b>Accumulated depreciation:</b>				
Water rights – recycled water	(1,802,619)	(102,004)	-	(1,904,623)
Water treatment	(4,691,546)	(63,197)	-	(4,754,743)
Recycled water system	(807,443)	(66,718)	-	(874,161)
Source of supply – wells	(3,290,977)	(155,061)	-	(3,446,038)
Transmission and distribution system	(5,786,586)	(182,688)	-	(5,969,274)
Reservoirs and tanks	(3,150,470)	(168,490)	-	(3,318,960)
Pumping	(1,031,394)	(84,360)	-	(1,115,754)
Buildings and improvements	(622,516)	(46,669)	-	(669,185)
Infrastructure	(188,226)	(109,389)	-	(297,615)
Equipment and tools	(807,644)	(16,820)	-	(824,464)
Office equipment	(150,804)	(37,673)	-	(188,477)
Transportation	(427,316)	(36,682)	-	(463,998)
<b>Total accumulated depreciation</b>	<b>(22,757,541)</b>	<b>(1,069,751)</b>	<b>-</b>	<b>(23,827,292)</b>
<b>Total depreciable assets, net</b>	<b>20,563,817</b>	<b>(1,069,751)</b>	<b>1,077,915</b>	<b>20,571,981</b>
<b>Total capital assets, net</b>	<b>\$ 21,642,425</b>	<b>\$ 142,775</b>	<b>\$ -</b>	<b>\$ 21,785,200</b>

In fiscal year 2020, major capital assets additions amounted to \$1,212,526, and depreciation expense amounted to \$1,069,751.

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

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#### NOTE 9 – COMPENSATED ABSENCES

Changes in compensated absences amounts for the fiscal year ended June 30, 2021, were as follows:

<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 163,990	\$ 142,371	\$ (153,358)	\$ 153,003	\$ 38,251	\$ 114,752

Changes in compensated absences amounts for the fiscal year ended June 30, 2020, were as follows:

<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 122,030	\$ 153,824	\$ (111,864)	\$ 163,990	\$ 40,998	\$ 122,992

#### NOTE 10 – LOAN PAYABLE

Changes in loan payable for the year ended June 30, 2021, were as follows:

<u>Loan Payable</u>	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
2016 Loan Payable	\$ 4,668,012	\$ -	\$ (567,298)	\$ 4,100,714	\$ 662,832	\$ 3,437,882

Changes in loan payable for the year ended June 30, 2020, were as follows:

<u>Loan Payable</u>	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
2016 Loan Payable	\$ 5,136,591	\$ -	\$ (468,479)	\$ 4,668,012	\$ 567,298	\$ 4,100,714

#### 2016 – Loan Payable

In December 2016, the District entered into a loan payable agreement of \$6,049,548 with JPMorgan Chase Bank to provide funds to prepay the 2004 and 2011 outstanding debt balances. Terms of the agreement provide for principal payable semi-annually on January 1st and July 1st at the rate of 1.85% per annum.

**SCOTTS VALLEY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2021 and 2020*

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**NOTE 10 – LOAN PAYABLE (continued)**

**2016 – Loan Payable (continued)**

Future principal and interest payments on the loan payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	662,832	69,732	732,564
2023	671,991	57,385	729,376
2024	685,320	44,830	730,150
2025	697,811	32,036	729,847
2026	714,404	18,973	733,377
2027	467,752	8,038	475,790
2028	200,604	1,855	202,459
<b>Total</b>	4,100,714	<u>\$ 232,849</u>	<u>\$ 4,333,563</u>
<b>Current</b>	<u>(662,832)</u>		
<b>Long-term</b>	<u>\$ 3,437,882</u>		

**NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY**

**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Pension related deferred outflows	\$ 691,330	\$ 694,399
Net pension liability	2,541,228	2,304,037
Pension related deferred inflows	116,480	215,460

Qualified employees of the District are covered under a multiple-employer defined benefit pension plan maintained by the California Public Employees' Retirement System (CalPERS), or "The Plan".

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2021 and 2020*

**NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)**

**A. General Information about the Pension Plan**

**The Plan**

The District contracts with CalPERS to provide retirement benefits for its employees in the following Plans:

	<b>Miscellaneous Plans</b>		
	<b>Classic Tier 1</b>	<b>Classic Tier 2</b>	<b>PEPRA Tier 3</b>
Hire date	Prior to July 1, 2011	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50+	50+	52+
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.5%
Required member contribution rates	8.000%	7.000%	6.750%
Required employer contribution rates – FY 2020	13.473%	9.680%	6.985%
Required employer contribution rates – FY 2019	12.556%	8.892%	6.842%

**Plan Description, Benefits Provided, and Employees Covered**

The District participates in a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2019 and 2018 Annual Actuarial Valuation Reports. The Annual Actuarial Valuation Reports and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2020 (measurement date), the following members were covered by the benefit terms:

<b>Plan Members</b>	<b>Miscellaneous Plans</b>			<b>Total</b>
	<b>Classic Tier 1</b>	<b>Classic Tier 2</b>	<b>PEPRA Tier 3</b>	
Active members	2	10	5	17
Transferred and terminated members	9	1	6	16
Retired members and beneficiaries	20	2	-	22
<b>Total plan members</b>	<b>31</b>	<b>13</b>	<b>11</b>	<b>55</b>

At June 30, 2019 (measurement date), the following members were covered by the benefit terms:

<b>Plan Members</b>	<b>Miscellaneous Plans</b>			<b>Total</b>
	<b>Classic Tier 1</b>	<b>Classic Tier 2</b>	<b>PEPRA Tier 3</b>	
Active members	2	10	7	19
Transferred and terminated members	9	2	4	15
Retired members and beneficiaries	20	1	-	21
<b>Total plan members</b>	<b>31</b>	<b>13</b>	<b>11</b>	<b>55</b>

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

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#### NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)

##### A. General Information about the Pension Plan (continued)

###### Plan Description, Benefits Provided, and Employees Covered (continued)

CalPERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for retirement upon attainment of age 50 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for retirement upon attainment of age 52 with at least 5 years of service. The retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the highest average pay rate during any consecutive three-year period.

Members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.15% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

###### Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ending June 30, 2020 and 2019 (Measurement Dates), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2021 and 2020*

**NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)**

**A. General Information about the Pension Plan (continued)**

**Contribution Description (continued)**

Contributions for the year ended June 30, 2021, were as follows:

Contribution Type	Miscellaneous Plans		PEPRA Tier 3	Total
	Classic Tier 1	Classic Tier 2		
Contributions – employer	\$ 182,099	\$ 120,641	\$ 47,034	\$ 349,774

Contributions for the year ended June 30, 2020, were as follows:

Contribution Type	Miscellaneous Plans		PEPRA Tier 3	Total
	Classic Tier 1	Classic Tier 2		
Contributions – employer	\$ 159,225	\$ 116,268	\$ 37,899	\$ 313,392

Employer contributions rates may change if Plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any employer paid member contributions or situations where members are paying a portion of the employer contribution.

**Proportionate Share of Net Pension Liability and Pension Expense**

The following tables show the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan:

Changes in the net pension liability for the fiscal year ended June 30, 2021, are as follows:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2019 (Measurement Date)	\$ 10,429,031	\$ 8,124,994	\$ 2,304,037
Balance as of June 30, 2020 (Measurement Date)	\$ 10,765,729	\$ 8,224,501	\$ 2,541,228
<b>Change in Plan Net Pension Liability</b>	<b>\$ 336,698</b>	<b>\$ 99,507</b>	<b>\$ 237,191</b>

Changes in the net pension liability for the fiscal year ended June 30, 2020, are as follows:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2018 (Measurement Date)	\$ 9,715,791	\$ 7,645,134	\$ 2,070,657
Balance as of June 30, 2019 (Measurement Date)	\$ 10,429,031	\$ 8,124,994	\$ 2,304,037
<b>Change in Plan Net Pension Liability</b>	<b>\$ 713,240</b>	<b>\$ 479,860</b>	<b>\$ 233,380</b>

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

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#### NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)

##### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

###### Proportionate Share of Net Pension Liability and Pension Expense (continued)

For the years ended June 30, 2021 and 2020 pension expense was \$491,054 and \$536,540, respectively.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2019 and 2018). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2020 and 2019). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2020 and 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2020 fiscal year and the 2019 fiscal year).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

As of June 30, 2021 and 2020, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$2,541,228 and \$2,304,037, respectively.

The District'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, 2020, 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, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2021 and 2020*

**NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

**Proportionate Share of Net Pension Liability and Pension Expense (continued)**

The District’s proportionate share percentage of the net pension liability for the June 30, 2020, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year</u>	<u>Fiscal Year</u>	
	<u>Ending June 30, 2021</u>	<u>Ending June 30, 2020</u>	
Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Percentage of Risk Pool Net Pension Liability	0.060246%	0.057536%	0.002710%
Percentage of Plan (PERF C) Net Pension Liability	0.023356%	0.022485%	0.000871%

The District’s proportionate share percentage of the net pension liability for the June 30, 2019, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year</u>	<u>Fiscal Year</u>	
	<u>Ending June 30, 2020</u>	<u>Ending June 30, 2019</u>	
Measurement Date	<u>June 30, 2019</u>	<u>June 30, 2018</u>	
Percentage of Risk Pool Net Pension Liability	0.057536%	0.054943%	0.002593%
Percentage of Plan (PERF C) Net Pension Liability	0.022485%	0.021488%	0.000997%

The total amount of \$349,774 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 349,774	\$ -
Difference between actual and proportionate share of employer contributions	-	(98,355)
Adjustment due to differences in proportions	135,107	-
Differences between expected and actual experience	130,957	-
Differences between projected and actual earnings on pension plan investments	75,492	-
Changes in assumptions	-	(18,125)
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 691,330</b>	<b>\$ (116,480)</b>

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2021 and 2020*

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**NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

**Proportionate Share of Net Pension Liability and Pension Expense (continued)**

The total amount of \$313,392 reported as deferred outflows of resources related to contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2020. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 313,392	\$ -
Difference between actual and proportionate share of employer contributions	-	(123,833)
Adjustment due to differences in proportions	111,115	-
Differences between expected and actual experience	160,025	(12,399)
Differences between projected and actual earnings on pension plan investments	-	(40,281)
Changes in assumptions	109,867	(38,947)
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<u>\$ 694,399</u>	<u>\$ (215,460)</u>

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended June 30, 2021, will be amortized to pension expense in future periods as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 43,917
2023	80,668
2024	64,284
2025	36,207
<b>Total</b>	<u>\$ 225,076</u>

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2021 and 2020*

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**NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

**Proportionate Share of Net Pension Liability and Pension Expense (continued)**

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended June 30, 2020, will be amortized to pension expense in future periods as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2021	\$ 154,148
2022	(15,861)
2023	19,120
2024	8,140
<b>Total</b>	<b>\$ 165,547</b>

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement period ending June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019, total pension liability. The June 30, 2020, total pension liability and the June 30, 2019, total pension liability were based on the following actuarial methods and assumptions:

<p>Actuarial Cost Method</p> <p>Actuarial Assumptions:</p> <p style="padding-left: 20px;">Discount Rate</p> <p style="padding-left: 20px;">Inflation</p> <p style="padding-left: 20px;">Salary Increases</p> <p style="padding-left: 20px;">Mortality Rate Table</p> <p style="padding-left: 20px;">Post Retirement Benefit Increase</p>	<p>Entry Age Normal in accordance with the requirement of GASB Statement No. 68</p> <p>7.15%</p> <p>2.50%</p> <p>Varies by Entry Age and Service</p> <p>Derived using CalPERS' Membership Data for all Funds.</p> <p>Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter</p>
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All other actuarial assumptions used in the June 30, 2019 and 2018, valuations were based on the results of an actuarial experience study for the years 1997 to 2011.

**Discount Rate**

The discount rate used to measure the total pension liability for PERF B was 7.15%. A projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF B. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained on CalPERS' website.

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2021 and 2020*

**NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

**Discount Rate (continued)**

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

The table below reflects 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. These geometric rates of return are net of administrative expenses.

<b>Investment Type</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10<sup>1</sup></b>	<b>Real Return Years 11+<sup>2</sup></b>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

<sup>1</sup> An expected inflation of 2.5% is used for years 1-10.

<sup>2</sup> An expected inflation of 3.0% is used for years 11+.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Changes in the discount rate for the year ended June 30, 2021, was as follows:

<b>Plan Type</b>	<b>Plan's Net Pension Liability/(Asset)</b>		
	<b>Discount Rate -</b>	<b>Current</b>	<b>Discount Rate +</b>
	<b>1%</b>	<b>Discount</b>	<b>1%</b>
	<b>6.15%</b>	<b>Rate 7.15%</b>	<b>8.15%</b>
CalPERS – Miscellaneous Plan	3,973,884	\$ 2,541,228	\$ 1,357,470

Changes in the discount rate for the year ended June 30, 2020, was as follows:

<b>Plan Type</b>	<b>Plan's Net Pension Liability/(Asset)</b>		
	<b>Discount Rate -</b>	<b>Current</b>	<b>Discount Rate +</b>
	<b>1%</b>	<b>Discount</b>	<b>1%</b>
	<b>6.15%</b>	<b>Rate 7.15%</b>	<b>8.15%</b>
CalPERS – Miscellaneous Plan	3,706,773	\$ 2,304,037	\$ 1,146,177

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2021 and 2020*

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**NOTE 11 – PENSION PLAN AND NET PENSION LIABILITY (continued)**

**C. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.

**D. Payable to the Pension Plans**

At June 30, 2021 and 2020, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2021 or 2020, respectively.

**NOTE 12 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY**

**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
OPEB related deferred outflows	\$ 140,200	\$ 142,970
Net other post-employment benefits obligation	2,539,285	2,245,495

**A. General Information about the OPEB Plan**

**Plan description**

The District’s defined benefit Other Post-Employment Benefit (OPEB) Plan (Plan) provides benefits for all employees covered by the Plan as listed below. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District’s Board has the authority to establish and amend the benefit terms and financing requirements of the Plan. Effective January 1, 2015, the District participates in a retiree benefits program through Association of California Water Agencies (ACWA/JPIA). The District does not have an OPEB trust established and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Benefits provided**

The District offers medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the District’s Plan provider. The contribution requirements of Plan members and the District are established in the Memorandum of Understanding with Scotts Valley Water District Employees Union AFSCME Local 101 AFL-CIO (Union).

The District pays 100% of the premiums for employee only or employee plus one coverage up to the non-Medicare rates for the High Deductible Health Plan (HDHP) and similar Medicare rates for post-65 coverage. Mixed two-party contracts where either the retiree or other covered party is on Medicare will also be subject to the non-Medicare maximum. The benefits include medical, dental, and vision. The District pays 100% of the cost for dental and vision coverage.

# SCOTTS VALLEY WATER DISTRICT

## Notes to Financial Statements

June 30, 2021 and 2020

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### NOTE 12 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

#### A. General Information about the OPEB Plan (continued)

##### Employees covered by benefit terms

At June 30, 2020 and 2019 (Measurement Dates), the following employees were covered by the benefit terms:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inactive plan members or spouses currently receiving benefits	18	18
Inactive plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>1</u>	<u>1</u>
Total	<u><u>19</u></u>	<u><u>19</u></u>

##### Total OPEB Liability

The District's total OPEB liability of \$2,539,285 and \$2,245,495 were measured as of June 30, 2020 and 2019, respectively, and were determined by an actuarial valuation as of that date. These amounts were reported as of June 30, 2021 and 2020, respectively.

##### Payable to the OPEB Plan

At June 30, 2020 and 2019, respectively, the District had no outstanding amount of contributions required to the OPEB plan.

#### B. Net OPEB Liability

##### Actuarial assumptions

The total OPEB liability in the June 30, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation/Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Experience Study	N/A	N/A
Discount rate	2.20%	3.50%
Inflation	2.75%	2.75%
Salary increases	2.75%	3.00%
Investment rate of return	2.20%	3.50%
Healthcare cost trend rates	4.0 percent	4.0 percent

The mortality assumptions are based on the 2017 CalPERS Active and Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

The retirement assumptions are based on the 2014 CalPERS 2.7%@55 Rates for Miscellaneous Employees table and the 2009 CalPERS 2.0%@55 Rates for Miscellaneous Employees.

# SCOTTS VALLEY WATER DISTRICT

## Notes to Financial Statements

June 30, 2021 and 2020

### NOTE 12 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

#### B. Net OPEB Liability (continued)

##### Actuarial assumptions (continued)

The turnover assumptions are based on the 2017 CalPERS Turnover for Miscellaneous Employees table. CalPERS periodically studies the mortality, retirement and turnover assumptions for participating agencies and establishes tables that are appropriate for each pool.

##### Discount Rate

The discount rate used to measure the total OPEB liability was 2.20% and 3.50% for the fiscal years ended June 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. The discount rate used historic 27-year real rates of return for each asset class along with an assumed long-term inflation assumption to set the discount rate. The expected investment return was offset by investment expenses of 25 basis points. The Bond Buyer 20 Bond Index was used.

#### C. Changes in the Net OPEB Liability

Changes in the Net OPEB Liability for June 30, 2021, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at July 1, 2020 (Measurement date July 1, 2019)</b>	\$ 2,245,495	\$ -	\$ 2,245,495
<b>Changes for the year:</b>			
Service cost	11,702	-	11,702
Interest	76,448	-	76,448
Changes in assumptions	339,880	-	339,880
Changes in experience	11,205	-	11,205
Employer contributions	-	145,445	(145,445)
Benefit payments	(145,445)	(145,445)	-
Net changes	293,790	-	293,790
<b>Balance at June 30, 2021 (Measurement date June 30, 2020)</b>	<b>\$ 2,539,285</b>	<b>\$ -</b>	<b>\$ 2,539,285</b>

Changes in the Net OPEB Obligation for June 30, 2020, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at July 1, 2019 (Measurement date July 1, 2018)</b>	\$ 2,758,814	\$ -	\$ 2,758,814
<b>Changes for the year:</b>			
Service cost	19,190	-	19,190
Interest	94,207	-	94,207
Changes in assumptions	(257,933)	-	(257,933)
Changes in experience	(215,234)	-	(215,234)
Employer contributions	-	153,549	(153,549)
Benefit payments	(153,549)	(153,549)	-
Net changes	(513,319)	-	(513,319)
<b>Balance at June 30, 2020 (Measurement date June 30, 2019)</b>	<b>\$ 2,245,495</b>	<b>\$ -</b>	<b>\$ 2,245,495</b>

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2021 and 2020*

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)**

**C. Changes in the Net OPEB Liability (continued)**

**Sensitivity of the Net OPEB Liability to changes in the discount rate**

The following presents the Net OPEB Liability of the District, as well as what the District’s net OPEB 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 discount rate:

Sensitivity of the Net OPEB liability to changes in the discount rate for the fiscal year ended June 30, 2020:

<b>Plan's Net OPEB Liability/(Asset)</b>		
<b>Discount Rate</b>	<b>Current</b>	<b>Discount Rate</b>
<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<b>2.5%</b>	<b>2.2%</b>	<b>3.2%</b>
<b>\$ 2,819,158</b>	<b>\$ 2,539,285</b>	<b>\$ 2,266,769</b>

Sensitivity of the Net OPEB liability to changes in the discount rate for the fiscal year ended June 30, 2019:

<b>Plan's Net OPEB Liability/(Asset)</b>		
<b>Discount Rate</b>	<b>Current</b>	<b>Discount Rate</b>
<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<b>2.5%</b>	<b>3.5%</b>	<b>4.5%</b>
<b>\$ 2,496,219</b>	<b>\$ 2,245,495</b>	<b>\$ 2,034,237</b>

**Sensitivity of the Net OPEB liability to changes in the healthcare cost trend rates**

The following presents the Net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates for June 30, 2020:

<b>Trend Rate</b>	<b>Healthcare Cost</b>	<b>Trend Rate</b>
<b>1% Decrease</b>	<b>Trend Rates</b>	<b>1% Increase</b>
<b>3.0%</b>	<b>4.0%</b>	<b>5.0%</b>
<b>\$ 2,266,070</b>	<b>\$ 2,539,285</b>	<b>\$ 2,889,710</b>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates for June 30, 2019:

<b>Trend Rate</b>	<b>Healthcare Cost</b>	<b>Trend Rate</b>
<b>1% Decrease</b>	<b>Trend Rates</b>	<b>1% Increase</b>
<b>5.0%</b>	<b>6.0%</b>	<b>7.0%</b>
<b>\$ 2,026,089</b>	<b>\$ 2,245,495</b>	<b>\$ 2,503,424</b>

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

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#### NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

##### D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal years ended June 30, 2021 and 2020, the District recognized OPEB expense of \$296,560 and (\$359,770), respectively. At June 30, 2021 and 2020, the District reported deferred outflows of resources related to OPEB for plan contributions subsequent to the measurement date of \$140,200 and \$142,970. The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date of the net OPEB liability will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021 and 2020, respectively.

#### NOTE 13 – NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

The net investment in capital assets component of net position was calculated at June 30<sup>th</sup> as follows:

<u>Description</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>Net investment in capital assets:</b>		
Capital assets – not being depreciated	\$ 1,327,578	\$ 1,213,219
Capital assets – being depreciated, net	23,164,658	20,571,981
Note payable – non-current portion	<u>(3,437,882)</u>	<u>(4,100,714)</u>
<b>Total net investment in capital assets</b>	<u>\$ 21,054,354</u>	<u>\$ 17,684,486</u>

#### NOTE 14 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in an Internal Revenue Code §457 Deferred Compensation Program. The purpose of this program is to provide deferred compensation for public employees that elect to participate in the program. 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 District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little involvement and does not perform the investing function for this program, the assets and related liabilities are not shown on the accompanying financial statements.

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2021 and 2020

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#### NOTE 15 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing pool that provides insurance coverage and related services.

<b>A. Entity</b>	ACWA-JPIA
<b>B. Purpose</b>	To pool member contributions and realize the advantages of self-insurance
<b>C. Participants</b>	As of June 30, 2020 – 396 member districts
<b>D. Governance</b>	Nine representatives employed by members
<b>E. District payments for FY 2021:</b>	
Property/Liability policy	\$65,490
Workers' compensation policy	\$27,152
<b>F. Condensed financial information</b>	September 30, 2020
<b>Audit dated</b>	April 7, 2021

<b>Statement of financial position:</b>		<b>Sept 30, 2020</b>
Total assets		\$ 237,525,073
Deferred outflows		1,054,750
Total liabilities		113,075,164
Deferred inflows		1,817,452
Net position		\$ 123,687,207
<b>Statement of revenues, expenses and changes in net position:</b>		
Total revenues		\$ 197,639,443
Total expenses		(172,886,738)
Change in net position		24,752,705
Beginning – net position		98,934,502
Ending – net position		\$ 123,687,207
<b>G. Member agencies share of year-end financial position</b>		Not Calculated

## **SCOTTS VALLEY WATER DISTRICT**

### *Notes to Financial Statements*

*June 30, 2021 and 2020*

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#### **NOTE 15 – RISK MANAGEMENT POOL (continued)**

The District 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. At June 30, 2021, the District participated in the liability, property, and workers compensation programs of the ACWA/JPIA as follows:

- Property coverage of \$150 million, per occurrence, with liability limits varying by property. Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$150 million, subject to a deductible between \$500 and \$5,000 depending on the type of property. Property coverage includes flood coverage with various deductibles and earthquake coverage with deductibles of 5% per unit of insurance, \$75,000 minimum.
- Liability coverage of \$5 million, per occurrence, with self-insurance and additional excess coverage layers up to \$60 million.
- Crime coverage: Limit of coverage \$100,000 with a deductible of \$1,000.
- Workers Compensation of \$2 million each accident or each employee.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2021, 2020, and 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2021, 2020, and 2019.

#### **NOTE 16 – COMMITMENTS AND CONTINGENCIES**

##### **Grant Awards**

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

##### **Litigation**

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

#### **NOTE 17 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through December 9, 2021, the date which the financial statements were available to be issued.

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***Required Supplementary Information***

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**SCOTTS VALLEY WATER DISTRICT**

*Schedule of the District's Proportionate Share of the Plan's Net Pension Liability  
For the Year Ended June 30, 2021 and 2020*

**Last Ten Fiscal Years\***

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Measurement Date</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</b>	<b>Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability</b>
June 30, 2014	0.021380%	\$ 1,329,971	\$ 1,135,330	117.14%	83.03%
June 30, 2015	0.017960%	1,435,475	1,332,329	107.74%	82.98%
June 30, 2016	0.020598%	1,782,379	1,272,122	140.11%	79.61%
June 30, 2017	0.021237%	2,106,130	1,458,545	144.40%	77.49%
June 30, 2018	0.021488%	2,070,657	1,591,177	130.13%	78.69%
June 30, 2019	0.022485%	2,304,037	1,703,662	135.24%	77.91%
June 30, 2020	0.023356%	2,541,228	1,726,184	147.22%	76.40%

**Notes to Schedule:**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

**From fiscal year June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

**From fiscal year June 30, 2016 to June 30, 2017:**

There were no changes in assumptions.

**From fiscal year June 30, 2017 to June 30, 2018:**

The discount rate was reduced from 7.65% to 7.15%.

**From fiscal year June 30, 2018 to June 30, 2019:**

There were no significant changes in assumptions.

**From fiscal year June 30, 2019 to June 30, 2020:**

There were no significant changes in assumptions.

**From fiscal year June 30, 2020 to June 30, 2021:**

There were no significant changes in assumptions.

\*Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown.

**SCOTTS VALLEY WATER DISTRICT**

*Schedule of the District's Contributions to the Pension Plan  
For the Year Ended June 30, 2021 and 2020*

**Last Ten Fiscal Years\***

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
June 30, 2015	\$ 73,314	\$ (573,314)	\$ (500,000)	1,332,329	5.50%
June 30, 2016	157,182	(157,182)	-	1,272,122	12.36%
June 30, 2017	176,792	(176,792)	-	1,458,545	12.12%
June 30, 2018	207,207	(207,207)	-	1,591,177	13.02%
June 30, 2019	250,483	(250,483)	-	1,703,662	14.70%
June 30, 2020	313,392	(313,392)	-	1,726,184	18.16%
June 30, 2021	349,774	(349,774)	-	1,753,518	19.95%

**Notes to Schedule:**

<b>Fiscal Year</b>	<b>Valuation Date</b>	<b>Actuarial Cost Method</b>	<b>Asset Valuation Method</b>	<b>Inflation</b>	<b>Investment Rate of Return</b>
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%

<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Salary Increases</b>	Depending on age, service, and type of employment
<b>Investment Rate of Return</b>	Net of pension plan investment expense, including inflation
<b>Retirement Age</b>	50 years (2.7%@55), 50 years (2.0%@55), 52 years (2.0%@62)
<b>Mortality</b>	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\*Fiscal year 2015 was the first implementation year; therefore, only seven years are shown.

## SCOTTS VALLEY WATER DISTRICT

### Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2021 and 2020

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB liability:</b>				
Service cost	\$ 11,702	\$ 19,190	\$ 18,631	\$ 18,018
Interest	76,448	94,207	94,606	96,029
Changes in assumptions	339,880	(257,933)	(33,754)	-
Differences between expected and actual experience	11,205	(215,234)	-	-
Benefit payments	(145,445)	(153,549)	(169,107)	(143,918)
<b>Net change in total OPEB liability</b>	<b>293,790</b>	<b>(513,319)</b>	<b>(89,624)</b>	<b>(29,871)</b>
<b>Total OPEB liability - beginning</b>	<b>2,245,495</b>	<b>2,758,814</b>	<b>2,848,438</b>	<b>2,878,309</b>
<b>Total OPEB liability - ending</b>	<b>2,539,285</b>	<b>2,245,495</b>	<b>2,758,814</b>	<b>2,848,438</b>
<b>Plan fiduciary net position:</b>				
Contributions - employer	145,445	153,549	169,107	143,918
Benefit payments	(145,445)	(153,549)	(169,107)	(143,918)
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>District's net OPEB liability</b>	<b>\$ 2,539,285</b>	<b>\$ 2,245,495</b>	<b>\$ 2,758,814</b>	<b>\$ 2,848,438</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered-employee payroll</b>	<b>\$ 1,726,184</b>	<b>\$ 1,703,662</b>	<b>\$ 1,591,177</b>	<b>\$ 1,458,545</b>
<b>District's net OPEB liability as a percentage of covered-employee payroll</b>	<b>147.10%</b>	<b>131.80%</b>	<b>173.38%</b>	<b>195.29%</b>

#### Notes to Schedule:

##### Benefit Changes:

Measurement Date June 30, 2017 – There were no changes of benefits terms  
 Measurement Date June 30, 2018 – There were no changes of benefits terms  
 Measurement Date June 30, 2019 – There were no changes of benefits terms  
 Measurement Date June 30, 2020 – There were no changes of benefits terms

##### Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions  
 Measurement Date June 30, 2018 – There were no changes in assumptions except change in discount rate  
 Measurement Date June 30, 2019 – Change in projected payroll growth to 2.75% and long-term medical trend rate to 4.00%  
 Measurement Date June 30, 2020 – Change in discount rate to 2.20%

\* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

**SCOTTS VALLEY WATER DISTRICT**  
*Schedule of the District's Contributions to the OPEB Plan*  
*For the Year Ended June 30, 2021 and 2020*

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution* (Pay-as-you-go funding with No Plan Assets)	\$ 140,200	\$ 145,445	\$ 153,549	\$ 169,107
Contributions in relation to the actuarially determined contributions	(140,200)	(145,445)	(153,549)	(169,107)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,726,184	\$ 1,703,662	\$ 1,591,177	\$ 1,458,545
Contributions as a percentage of covered payroll	8.12%	8.54%	9.65%	11.59%

**Notes to Schedule:**

Valuation Date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>				
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Discount rate	2.20%	3.50%	3.50%	3.40%
Inflation	2.75%	2.75%	2.75%	2.75%
Payroll increases	2.75%	2.75%	3.00%	3.00%
Mortality	(2)	(2)	(2)	(2)
Morbidity	Not Valued	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(3)	(3)	(3)	(3)
Percent Married - Spouse Support	80%	80%	80%	80%
Healthcare trend rates	4.00%	4.00%	6.50% to 5.00%	6.50% to 5.00%

(1) Closed period, level percent of pay

(2) SOA Pub-2010 using Scale MP-2017

(3) CalPERS Public Agency Miscellaneous 2.7% @55, 2.0% @55 and 2.0% @62

\* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

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***Supplementary Information***

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**SCOTTS VALLEY WATER DISTRICT**  
*Combining Balance Sheets*  
*For the Year Ended June 30, 2021*

	<b>Water Fund</b>	<b>Recycled Water Fund</b>	<b>Total</b>
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 3,186,718	\$ 324,817	\$ 3,511,535
Accrued interest receivable	2,437	2,111	4,548
Accounts receivable, net	1,713,083	92,567	1,805,650
Property taxes receivable	50,887	-	50,887
Other receivables	14,227	833	15,060
Notes receivable	-	15,000	15,000
Inventory – materials and supplies	229,228	-	229,228
Prepaid expenses	68,243	-	68,243
<b>Total current assets</b>	<b>5,264,823</b>	<b>435,328</b>	<b>5,700,151</b>
<b>Non-current assets:</b>			
Notes receivable	-	83,333	83,333
Interagency due (to)/from	888,040	(888,040)	-
Investment in SMGA – JPA	29,632	-	29,632
Prepaid contribution to the SMGA – JPA	368,940	-	368,940
Capital assets – not being depreciated	1,327,578	-	1,327,578
Capital assets – being depreciated, net	18,029,268	5,135,390	23,164,658
<b>Total non-current assets</b>	<b>20,643,458</b>	<b>4,330,683</b>	<b>24,974,141</b>
<b>Total assets</b>	<b>25,908,281</b>	<b>4,766,011</b>	<b>30,674,292</b>
<b>Deferred outflows of resources:</b>			
Deferred amounts related to net OPEB obligation	126,180	14,020	140,200
Deferred amounts related to net pension liability	622,197	69,133	691,330
<b>Total deferred outflows of resources</b>	<b>748,377</b>	<b>83,153</b>	<b>831,530</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 26,656,658</b>	<b>\$ 4,849,164</b>	<b>\$ 31,505,822</b>

**SCOTTS VALLEY WATER DISTRICT**  
*Combining Balance Sheets (continued)*  
*For the Year Ended June 30, 2021*

	<u>Water Fund</u>	<u>Recycled Water Fund</u>	<u>Total</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 1,157,641	\$ 138,875	\$ 1,296,516
Customer deposits for services	135,463	5,756	141,219
Accrued interest payable	23,017	14,915	37,932
Long-term liabilities – due within one year:			
Compensated absences	34,426	3,825	38,251
Loan payable	402,206	260,626	662,832
<b>Total current liabilities</b>	<u>1,752,753</u>	<u>423,997</u>	<u>2,176,750</u>
<b>Non-current liabilities:</b>			
Long-term liabilities – due in more than one year:			
Compensated absences	103,277	11,475	114,752
Loan payable	2,086,106	1,351,776	3,437,882
Net OPEB obligation	2,285,356	253,929	2,539,285
Net pension liability	2,287,105	254,123	2,541,228
<b>Total non-current liabilities</b>	<u>6,761,844</u>	<u>1,871,303</u>	<u>8,633,147</u>
<b>Total liabilities</b>	<u>8,514,597</u>	<u>2,295,300</u>	<u>10,809,897</u>
<b>Deferred inflows of resources:</b>			
Deferred amounts related to net pension liability	104,832	11,648	116,480
<b>Total deferred inflows of resources</b>	<u>104,832</u>	<u>11,648</u>	<u>116,480</u>
<b>Net position:</b>			
Net investment in capital assets	17,270,740	3,783,614	21,054,354
Unrestricted (Deficit)	766,489	(1,241,398)	(474,909)
<b>Total net position</b>	<u>18,037,229</u>	<u>2,542,216</u>	<u>20,579,445</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 26,656,658</u>	<u>\$ 4,849,164</u>	<u>\$ 31,505,822</u>

## SCOTTS VALLEY WATER DISTRICT

### Combining Statements of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2021

	Water Fund	Recycled Water Fund	Total
<b>Operating revenues:</b>			
Water sales	\$ 4,183,900	\$ 543,334	\$ 4,727,234
Water service	2,167,161	63,694	2,230,855
Other fees and charges	27,467	125	27,592
<b>Total operating revenues</b>	<b>6,378,528</b>	<b>607,153</b>	<b>6,985,681</b>
<b>Operating expenses:</b>			
Source of supply	111,200	-	111,200
Pumping	464,519	-	464,519
Water treatment	284,701	-	284,701
Recycled water	-	590,898	590,898
Transmission and distribution	2,213,808	-	2,213,808
Finance, customer service and conservation	1,064,016	-	1,064,016
General and administrative	1,163,905	-	1,163,905
<b>Total operating expenses</b>	<b>5,302,149</b>	<b>590,898</b>	<b>5,893,047</b>
<b>Operating income before depreciation</b>	<b>1,076,379</b>	<b>16,255</b>	<b>1,092,634</b>
Depreciation expense	(926,998)	(192,611)	(1,119,609)
<b>Operating income (loss)</b>	<b>149,381</b>	<b>(176,356)</b>	<b>(26,975)</b>
<b>Non-operating revenues(expenses):</b>			
Property taxes	1,057,540	-	1,057,540
Change in investment in SMGA-JPA	(357,480)	-	(357,480)
Investment earnings	2,562	4,374	6,936
Interest expense	(46,016)	(29,818)	(75,834)
Other non-operating revenues	77,793	420	78,213
<b>Total non-operating income (loss)</b>	<b>734,399</b>	<b>(25,024)</b>	<b>709,375</b>
<b>Change in net position before capital contributions</b>	<b>883,780</b>	<b>(201,380)</b>	<b>682,400</b>
<b>Capital contributions:</b>			
Capacity buy-in fee	703,635	-	703,635
Capacity buy-back	(144,541)	-	(144,541)
Local capital grant	10,510	-	10,510
<b>Total capital contributions</b>	<b>569,604</b>	<b>-</b>	<b>569,604</b>
<b>Change in net position</b>	<b>1,453,384</b>	<b>(201,380)</b>	<b>1,252,004</b>
<b>Net position:</b>			
Beginning of year	16,583,845	2,743,596	19,327,441
End of year	<b>\$ 18,037,229</b>	<b>\$ 2,542,216</b>	<b>\$ 20,579,445</b>

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***Other Independent Auditors' Reports***

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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**

Board of Directors  
Scotts Valley Water District  
Scotts Valley, 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 Scotts Valley Water District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Scotts Valley Water District's basic financial statements, and have issued our report thereon dated December 9, 2021.

**Internal Control Over Financial Reporting**

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

**Compliance and Other Matters**

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

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

Walnut Creek, California  
December 9, 2021

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***Statistical Section***

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**SCOTTS VALLEY WATER DISTRICT**  
*Changes in Net Position and Net Position by Component*  
*Last Ten Fiscal Years*

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Changes in net position:</b>					
Operating revenues	\$4,259,848	\$4,938,212	\$5,144,598	\$4,499,859	\$4,048,964
Operating expenses	(4,988,127)	(5,631,438)	(6,468,628)	(5,067,252)	(5,692,368)
Operating income (loss)	(728,279)	(693,226)	(1,324,030)	(567,393)	(1,643,404)
Non-Operating revenues (expenses)					
Property Taxes Ad-Valorem	671,550	752,395	710,237	724,433	775,679
Investment earnings	23,755	27,119	13,336	24,848	39,106
Interest expense	(448,525)	(394,049)	(378,240)	(361,513)	(417,796)
Other non-operating revenues	61,262	0	20,025	40,610	498,070
Other non-operating expenses	0	(166,319)	0	0	0
Total non-operating revenues(expenses), net	308,042	219,146	365,358	428,378	895,059
Net income before capital contributions	(420,237)	(474,080)	(958,672)	(139,015)	(748,345)
Capital contributions	222,608	363,956	435,964	399,554	335,704
<b>Changes in net position</b>	(197,629)	(110,124)	(522,708)	260,539	(412,641)
Net position, beginning of period	16,626,644	15,737,555	15,773,481	13,609,506	13,870,045
Prior period adjustments	(691,460)	146,050	(1,641,267)	0	0
Net position, end of period	15,737,555	15,773,481	13,609,506	13,870,045	13,457,404

<b>Net position by component</b>					
Net investment in capital assets	12,417,790	12,539,862	11,822,421	12,154,452	13,665,884
Debt service (restricted):	923,723	924,515	918,709	932,329	749,404
Unrestricted	5,152,641	5,065,703	3,624,975	3,539,863	1,798,715
<b>Total net position</b>	18,494,154	18,530,080	16,366,105	16,626,644	16,214,003

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Changes in net position:</b>					
Operating revenues	\$4,549,738	\$5,647,160	\$6,025,665	\$6,674,839	\$6,985,681
Operating expenses	(5,613,137)	(6,242,979)	(5,715,261)	(6,089,055)	(7,012,656)
Operating income (loss)	(1,063,399)	(595,819)	310,404	585,784	(26,975)
Non-Operating revenues (expenses)					
Property Taxes Ad-Valorem	839,095	923,894	975,085	1,030,321	1,057,540
Investment earnings	25,159	22,574	35,893	66,477	6,936
Interest expense	(703,031)	(143,774)	(94,956)	(86,262)	(75,834)
Other non-operating revenues	8,468	81,241	62,910	119,616	78,213
Other non-operating expenses	0	0	0	(240,719)	(357,480)
Total non-operating revenues(expenses), net	169,691	883,935	978,932	889,433	709,375
Net income before capital contributions	(893,708)	288,116	1,289,336	1,475,217	682,400
Capital contributions	803,279	515,963	434,636	761,665	569,604
<b>Changes in net position</b>	(90,429)	804,079	1,723,972	2,236,882	1,252,004
Net position, beginning of period	16,214,003	14,562,508	15,366,587	17,090,559	19,327,441
Prior period adjustments	(1,561,066)	0	0	0	0
Net position, end of period	14,562,508	15,366,587	17,090,559	19,327,441	20,579,445

<b>Net position by component</b>					
Net investment in capital assets	14,790,579	16,664,117	16,974,413	17,684,486	21,054,354
Unrestricted	(228,071)	(1,297,530)	116,146	1,642,955	(474,909)
<b>Total net position</b>	14,562,508	15,366,587	17,090,559	19,327,441	20,579,445

**SCOTTS VALLEY WATER DISTRICT***Operating Revenues by Sources**Last Ten Fiscal Years*

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<b>Fiscal Year</b>	<b>Water Sales (Potable Water)</b>	<b>Water Sales (Recycled Water)</b>	<b>Service Charges (Potable &amp; Recycled Water)</b>	<b>Other</b>	<b>Total Operating Revenue</b>
2012	3,785,723	375,404	*	98,721	4,259,848
2013	4,014,392	496,296	*	427,524	4,938,212
2014	4,295,924	205,584	306,189	336,901	5,144,598
2015	2,350,163	317,926	1,566,851	264,919	4,499,859
2016	2,242,642	382,366	1,348,590	75,366	4,048,964
2017	2,646,488	352,298	1,497,782	53,170	4,549,738
2018	3,478,119	455,073	1,671,070	42,898	5,647,160
2019	3,605,178	446,873	1,927,303	46,311	6,025,665
2020	4,057,953	508,970	2,076,643	31,273	6,674,839
2021	4,183,900	543,334	2,230,855	27,592	6,985,681

\* FY 2012 & 2013 : Service Charges revenue included in Water Sales

**SCOTTS VALLEY WATER DISTRICT***Non-Operating Revenues**Last Ten Fiscal Years*

---

<b>Fiscal Year</b>	<b>Investment Income</b>	<b>Property Taxes</b>	<b>Interest Expense</b>	<b>Other Income &amp; Expenses, net</b>	<b>Net Non- Operating Revenue / (Expense)</b>
2012	23,755	671,550	(448,525)	61,262	308,042
2013	27,119	752,395	(394,049)	(166,319)	219,146
2014	13,336	710,237	(378,240)	20,025	365,358
2015	24,848	724,433	(361,513)	40,610	428,378
2016	39,106	775,679	(417,796)	498,070	895,059
2017	25,159	839,095	(703,031)	8,468	169,691
2018	22,574	923,894	(143,774)	81,241	883,935
2019	35,893	975,085	(94,956)	62,910	978,932
2020	66,477	1,030,321	(86,262)	(121,103)	889,433
2021	6,936	1,057,540	(75,834)	(279,267)	709,375

**SCOTTS VALLEY WATER DISTRICT**  
*Operating Expenses by Activity*  
*Last Ten Fiscal Years*

---

<b>Fiscal Year</b>	<b>Source of Supply</b>	<b>Pumping</b>	<b>Water Treatment</b>	<b>Recycled Water</b>	<b>Transmission &amp; Distribution</b>	<b>Water Use Efficiency</b>	<b>Finance &amp; Customer Service*</b>	<b>General &amp; Admin*</b>	<b>Total Operating Expenses</b>
2012	129,253	491,664	298,334	174,198	505,509	61,644	97,550	2,151,340	3,909,492
2013	121,208	430,450	276,543	194,924	457,427	79,150	92,089	2,811,993	4,463,784
2014	666,853	602,886	588,134	76,682	1,082,962	430,989	217,062	1,780,005	5,445,573
2015	1,638	478,911	558,991	102,152	1,129,053	202,521	188,335	1,522,036	4,183,637
2016	97,655	524,177	688,601	546,568	776,096	241,892	207,833	1,695,591	4,778,413
2017	150,614	536,653	660,704	472,105	797,494	158,507	192,925	1,706,288	4,675,290
2018	163,709	445,655	304,122	480,855	1,917,154	**	713,891	871,541	4,896,927
2019	99,307	466,512	293,069	434,404	1,849,596	**	649,335	837,784	4,630,007
2020	182,735	480,655	239,722	472,247	1,990,814	**	659,450	993,681	5,019,304
2021	111,200	464,519	284,701	590,898	2,213,808	**	1,064,016	1,163,905	5,893,047

\* Finance included in General & Admin for the period FY 2012 through FY 2017

\*\* Water Use Efficiency included in Finance & Customer Service for the period FY 2018 through FY 2021

**SCOTTS VALLEY WATER DISTRICT**

*Revenue Base*

*Last Ten Fiscal Years*

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<b>Fiscal Year</b>	<b>Portable Water Consumption (Million Gallons)</b>
2012	*
2013	338
2014	363
2015	326
2016	312
2017	316
2018	344
2019	325
2020	329
2021	340

**\* Consumption data not available**

**SCOTTS VALLEY WATER DISTRICT**

*Customers by Type*

*Last Ten Fiscal Years*

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<b>As of June 30</b>	<b>Single Family Residential</b>	<b>Multi Family Residential</b>	<b>Commercial / Institutional</b>	<b>Fire Service</b>	<b>Landscape - Potable</b>	<b>Landscape - Recycled</b>	<b>Bulk Water</b>	<b>Total</b>
2012	3,177	118	289	381	82	60	1	4,108
2013	3,192	118	289	399	82	62	1	4,143
2014	3,193	118	289	400	82	62	1	4,145
2015	3,240	118	291	400	82	62	2	4,195
2016	3,239	117	284	403	81	62	6	4,192
2017	3,244	117	287	412	84	63	18	4,225
2018	3,262	117	290	419	84	64	20	4,256
2019	3,300	117	290	442	83	67	17	4,316
2020	3,333	117	287	453	82	65	12	4,349
2021	3,372	116	298	467	81	60	11	4,405

**SCOTTS VALLEY WATER DISTRICT***Outstanding Debt by Type**Last Ten Fiscal Years*

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<b>Fiscal Year</b>	<b>Refunding Bonds</b>	<b>Certificates of Participation</b>	<b>Notes Payable</b>	<b>Private Placement</b>	<b>Total Debt</b>	<b>Total Debt per Capita</b>
2012	1,195,000	3,125,000	5,120,000	0	9,440,000	\$807.04
2013	1,060,000	2,980,000	4,935,000	0	8,975,000	\$760.85
2014	925,000	2,830,000	4,740,000	0	8,495,000	\$711.24
2015	785,000	2,680,000	4,535,000	0	8,000,000	\$659.14
2016	0	2,520,000	4,325,000	0	6,845,000	\$561.30
2017	0	0	0	6,049,548	6,049,548	\$496.03
2018	0	0	0	5,596,621	5,596,621	\$458.93
2019	0	0	0	5,136,591	5,136,591	\$425.14
2020	0	0	0	4,668,012	4,668,012	\$399.21
2021	0	0	0	4,100,714	4,100,714	\$348.85

**SCOTTS VALLEY WATER DISTRICT**  
*Debt Service Coverage*  
*Last Ten Fiscal Years*

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<b>Fiscal Year</b>	<b>Total Revenues</b>	<b>Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Coverage Ratio</b>
2012	5,016,415	3,909,492	1,106,923	477,025	448,525	925,550	1.19596
2013	5,717,726	4,463,784	1,253,942	480,000	394,049	874,049	1.43464
2014	5,888,196	5,445,573	442,623	480,000	378,240	858,240	0.51573
2015	5,289,750	4,183,637	1,106,113	495,000	361,513	856,513	1.29141
2016 *	5,361,819	4,778,413	583,406	788,351	268,352	1,056,703	0.55210
2017 *	5,422,460	4,675,290	747,170	445,881	175,881	621,762	1.20170
2018	6,674,869	4,896,927	1,777,942	452,927	143,774	596,701	2.97962
2019	7,099,553	4,630,007	2,469,546	460,030	94,956	554,986	4.44974
2020	7,891,253	5,019,304	2,871,949	468,579	86,262	554,841	5.17617
2021	8,128,370	5,893,047	2,235,323	567,298	75,834	643,132	3.47568

\* Does not include principal and interest related to the defeasance of the 2004 Refunding Certificates of Participation and 2011 Wells Fargo Bank Loan.

**SCOTTS VALLEY WATER DISTRICT**  
*Population Estimates – City of Scotts  
 Valley 2011-2021 with 2010 Benchmark\**

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	<b>Santa Cruz County Scotts Valley**</b>
<b>April 1, 2010</b>	11,580
<b>January 1, 2011</b>	11,598
<b>January 1, 2012</b>	11,697
<b>January 1, 2013</b>	11,796
<b>January 1, 2014</b>	11,944
<b>January 1, 2015</b>	12,137
<b>January 1, 2016</b>	12,195
<b>January 1, 2017</b>	12,196
<b>January 1, 2018</b>	12,195
<b>January 1, 2019</b>	12,082
<b>January 1, 2020</b>	11,693
<b>January 1, 2021</b>	11,755

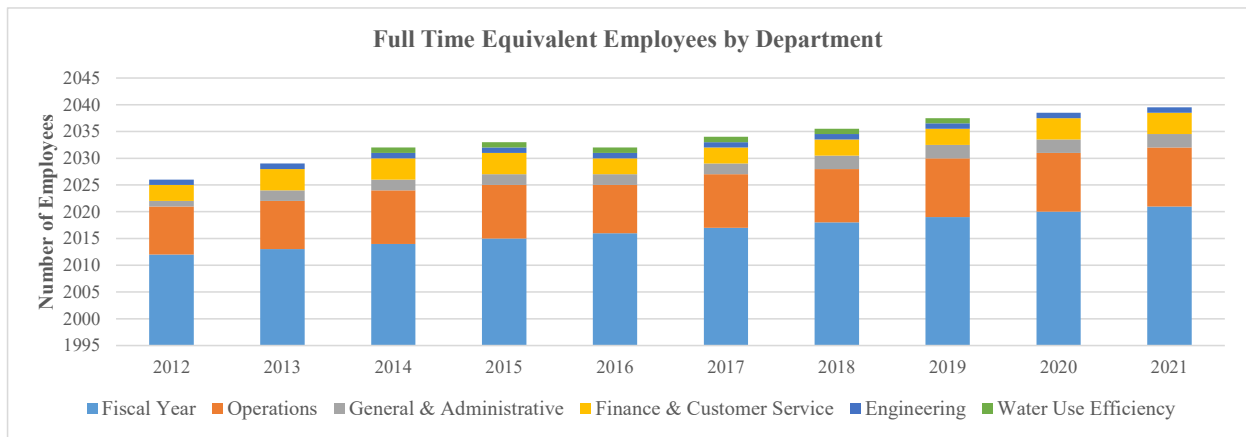
\* Data source for 2010 is the 2010 U.S. Census, while data for 2011-2020 are from California Department of Finance.

\*\* The District Service Area includes most of the incorporated area of the City of Scotts Valley as well as a portion of the unincorporated area north of the City.

**SCOTTS VALLEY WATER DISTRICT**  
*Full Time Equivalent Employees by Department*  
*Last Ten Fiscal Years*

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Fiscal Year	Operations	General & Administrative	Finance & Customer Service	Engineering	Water Use Efficiency	Total
2012	9	1	3	1	0	14
2013	9	2	4	1	0	16
2014	10	2	4	1	1	18
2015	10	2	4	1	1	18
2016	9	2	3	1	1	16
2017	10	2	3	1	1	17
2018	10	2.5	3	1	1	17.5
2019	11	2.5	3	1	1	18.5
2020	11	2.5	4	1	0	18.5
2021	11	2.5	4	1	0	18.5



**SCOTTS VALLEY WATER DISTRICT**  
*Direct and Overlapping Debt*  
*As of June 30, 2021*

	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>(1)</sup></b>	<b>Estimated Share of Direct and Overlapping Debt</b>
<b>Direct and Overlapping Tax and Assessment Debt:</b>			
Cabrillo Joint Community College District	\$ 109,958,214	5.277%	5,802,495
Scotts Valley Unified School District	37,220,000	56.515%	21,034,883
Scotts Valley Water District	-	100.000%	-
Santa Cruz Library Facilities Community Facilities District No. 2016-1	38,630,000	5.879%	2,271,058
City of Scotts Valley Community Facilities District No. 97-1	2,595,000	81.675%	2,119,466
<b>Total Direct and Overlapping Tax and Assessment Debt</b>			<b>31,227,902</b>
<b>Overlapping General Fund Debt:</b>			
Santa Cruz County General Fund Obligations	65,060,193	5.318%	3,459,901
Santa Cruz County Office of Education Certificates of Participation	7,790,192	5.318%	414,282
Scotts Valley Unified School District Certificates of Participation	9,670,000	56.515%	5,465,001
City of Scotts Valley Certificates of Participation	8,510,000	81.675%	6,950,543
City of Scotts Valley Pension Obligation Bonds	1,615,000	81.675%	1,319,051
<b>Total Overlapping General Fund Debt</b>			<b>17,608,778</b>
<b>Overlapping Tax Increment Debt (Successor Agency)</b>	11,000,000	99.653%	10,961,830
<b>Total Direct Debt</b>			<b>-</b>
<b>Total Overlapping Debt</b>			<b>59,798,510</b>
<b>Combined Total Debt</b>			<b>59,798,510<sup>(2)</sup></b>
<b>2020-21 Assessed Valuation:</b>	2,682,487,124		
<b>Ratios to 2020-21 Assessed Valuation:</b>			
Total Overlapping Tax and Assessment Debt		1.16%	
Total Direct Debt		0.00%	
Combined Total Debt		2.23%	
<b>Ratios to Redevelopment Successor Agency Incremental Valuation</b>		894,760,139	
Total Overlapping Tax Increment Debt		1.23%	

(1) The percentage of overlapping debt applicable to the District is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the District divided by the District's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage and non-bonded capital lease obligations.

**SCOTTS VALLEY WATER DISTRICT**  
*Assessed Valuations – Santa Cruz County*  
**2013-2021**

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<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2013	\$ 1,690,236,305	-	\$ 69,943,436	\$ 1,760,179,741
2014	1,741,335,638	-	65,219,381	1,806,555,019
2015	1,850,583,702	-	69,765,255	1,920,348,957
2016	1,977,106,591	-	74,898,080	2,052,004,671
2017	2,078,152,308	-	84,632,026	2,162,784,334
2018	2,196,063,260	-	87,973,799	2,284,037,059
2019	2,340,152,176	-	103,841,992	2,443,994,168
2020	2,453,773,705	-	99,809,951	2,553,583,656
2021	2,579,219,859	-	103,267,265	2,682,487,124

**2020-21 Total Local Secured Assessed Valuation Breakdown**

<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other Property</u>	<u>Total Local Secured Property</u>
\$ 2,159,275,602	\$ 282,857,144	\$ 117,007,051	\$ 20,080,062	\$ 2,579,219,859

**2020-21 Assessed Valuation of Redevelopment Agency Project Area Within the**

<u>Project Area</u>	<u>Total Assessed Valuation</u>	<u>Base Year Valuation</u>	<u>Incremental Valuation</u>
Scotts Valley	1,311,172,293	416,412,154	894,760,139

**SCOTTS VALLEY WATER DISTRICT**

*Typical Total Tax Rate Per \$100 of Assessed Valuation  
(TRA 08117)*

Typical Total Tax Rate per \$100 of Assessed Valuation (TRA 08117)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021
General	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Scotts Valley Unified School District	0.048489	0.045875	0.041027	0.075224	0.051200	0.083657	0.068688	0.086437	0.077672
Cabrillo Community College District	0.040482	0.040468	0.036941	0.036693	0.032597	0.024250	0.021023	0.021172	0.024746
<b>Total All Property</b>	<b>1.088971</b>	<b>1.086343</b>	<b>1.077968</b>	<b>1.111917</b>	<b>1.083797</b>	<b>1.107907</b>	<b>1.089711</b>	<b>1.107609</b>	<b>1.102418</b>

## **AGENDA REPORT**

Scotts Valley Water District

**Date:** 12/09/21

**To:** Board of Directors

**Item:** Business 6.2

**Subject:** **Potable Water Mains Replacement Project - Award Contract**

**Reason:** Complies with District Administrative Code, Chapter 3.20 Public Works Projects

### **SUMMARY**

**Recommendation:** Authorize the General Manager to execute an agreement with Durden Construction, Inc. in the amount of \$299,800 for the Potable Water Mains Replacement Project.

**Fiscal Impact:** The total amount of this contact is \$299,800. Funds are available in the FY 2022 Capital and Maintenance Projects Program budget.

**Previous Related Action:** On 06/10/21 the Board approved the FY 2022 Budget that included funding for the Potable Water Mains Replacement Project.

### **BACKGROUND**

Engineering and design for the Potable Water Mains Replacement Project was completed in September of 2021. The design included the replacement of 220' of 8" main on Vine Hill School Road, 400' of 6" main on Johnston Way, 175' of 6" main on Scott Court, and a 6" tee and valve removal on Grace Way.

### **DISCUSSION**

The request for bids for this project was advertised with a close date of 11/29/21. The District received seven qualified bids ranging from \$299,800 to \$505,100. Durden Construction, Inc. provided the lowest qualified bid at \$299,800. This project is scheduled to be completed by the end of April 2022.

Submitted,

David McNair  
Operations Manager

Enclosed: Bid Results

**2021 Water Mains Replacement Project**

<u>Company</u>	<b>Date and Time Bid Received</b>	<b>Proposal</b>
Pacific Underground Construction		
Don Chapin	11/29/21 1:20 pm	\$405,437.00
Anderson Pacific Engineering	11/29/21 1:10 pm	\$305,390.00
Con-Quest Contractors	11/29/21 1:50 pm	\$374,400.00
Monterey Peninsula Engineering	11/29/21 1:45 pm	\$505,100.00
Durden Construction	11/29/21 1:40 pm	\$299,799.73
Precision Grade	11/29/21 1:50 pm	\$375,976.00
Golden Bay Construction, Inc.	11/29/21 1:30 pm	\$379,205.00

## **STAFF REPORT - Finance**

Scotts Valley Water District

**Date:** 12/9/21  
**To:** Board of Directors  
**From:** General Manager  
**Item:** Staff Reports 7.3  
**Subject:** **Preliminary Financial Reports 07/01/21 through 10/31/21**

### **Summary**

Fiscal Year-to-Date (YTD) preliminary figures reflect the period of 07/01/21 through 10/31/21. YTD revenues total \$2.4M and expenses total \$2.2M.

### **Revenue**

October is the fourth month of the fiscal year and the second month of the September-October potable water billing period. Preliminary YTD potable water sales revenue is \$1.8M, water services revenue is \$0.8M and new connections revenue is \$106K. Total YTD revenue in the potable water fund is \$2.8M, equal to 32% of the budget and 8% higher than the same period last year.

YTD recycled water sales revenue is \$318K, water services revenue is \$25K, and \$52K in revenue from new connections for the period. Total YTD revenue of \$395K in the recycled water fund equals 65% of the budget, which is 42% higher than for the same period of last fiscal year.

### **Expenses**

Preliminary combined operating expenses YTD are below budget, with expenses of \$1.9M representing 31% of the budget. Project expenditures total \$198K and the debt service principal payment of \$567K was made.

### **Fund Balance**

Cash reserves at the end of October were approximately \$4.8M with another \$1.9M booked in Accounts Receivable.

### **Enclosed**

Budget Status Balance 07/01/21 – 10/31/21  
Budget Status Revenue 07/01/21 – 10/31/21  
Budget Status Expense 07/01/21 – 10/31/21  
Projects Expense 07/01/21 – 10/31/21  
Balance Sheet 10/31/21  
Check Register 10/01/21 – 10/31/21

# Budget Status - Balance



Period: 07/01/21 - 10/31/21

FY Remain: 67%

	FY 2021 YTD Actual	FY 2022 YTD Actual	FY 2022 vs. FY 2021	YOY % change	FY 2022 Budget	FY 2022 Remaining Balance	%
<b>Period: 07/01/21 - 10/31/21 (4 months)</b>							
<b>Potable Water - Fund 01</b>							
Water Sales & Services (R10, R20)	\$ 2,352,028	\$ 2,658,212	\$ 306,183	13%	\$ 6,984,185	\$ 4,325,973	62%
New Connections (R25)	\$ 229,869	\$ 106,601	\$ (123,268)	-54%	\$ 528,322	\$ 421,721	80%
Other Revenue (R30, R40)	\$ 19,322	\$ 31,965	\$ 12,643	65%	\$ 1,133,340	\$ 1,101,375	97%
<b>Potable Water Total</b>	<b>\$ 2,601,219</b>	<b>\$ 2,796,778</b>	<b>\$ 195,559</b>	<b>8%</b>	<b>\$ 8,645,847</b>	<b>\$ 5,849,069</b>	<b>68%</b>
<b>Recycled Water - Fund 02</b>							
Water Sales & Services (R10, R20)	\$ 277,834	\$ 343,336	\$ 65,502	24%	\$ 568,600	\$ 225,264	40%
New Connections (R25)	\$ -	\$ 51,684	\$ 51,684	-	\$ 19,083	\$ (32,601)	-171%
Other Revenue (R30, R40)	\$ 578	\$ 28	\$ (550)	-95%	\$ 19,575	\$ 19,547	100%
<b>Recycled Water Total</b>	<b>\$ 278,412</b>	<b>\$ 395,048</b>	<b>\$ 116,636</b>	<b>42%</b>	<b>\$ 607,258</b>	<b>\$ 212,210</b>	<b>35%</b>
<b>TOTAL REVENUE</b>	<b>\$ 2,879,631</b>	<b>\$ 3,191,826</b>	<b>\$ 312,195</b>	<b>11%</b>	<b>\$ 9,253,105</b>	<b>\$ 6,061,279</b>	<b>66%</b>
<b>Expenses - Fund 01 and Fund 02 Combined</b>							
Salaries & Benefits (E01)	\$ 970,564	\$ 947,129	\$ (23,435)	-2%	\$ 3,142,082	\$ 2,194,953	70%
Services & Supplies (E03-E80)	\$ 697,742	\$ 958,111	\$ 260,368	37%	\$ 3,063,775	\$ 2,105,664	69%
Project Expenses	\$ 338,099	\$ 198,113	\$ (139,986)	-41%	\$ 2,678,934	\$ 2,480,821	93%
Debt Service - Principal	\$ 460,030	\$ 567,298	\$ 107,268	23%	\$ 567,298	\$ -	0%
<b>TOTAL EXPENSES *</b>	<b>\$ 2,466,436</b>	<b>\$ 2,670,651</b>	<b>\$ 204,215</b>	<b>8%</b>	<b>\$ 9,452,089</b>	<b>\$ 6,781,438</b>	<b>72%</b>
<b>NET REVENUE</b>	<b>\$ 413,196</b>	<b>\$ 521,175</b>	<b>\$ 107,980</b>		<b>\$ (198,984)</b>	<b>\$ (720,159)</b>	
<b>Period: 07/01/21 - 10/31/21 (4 months)</b>							
Total Revenue	\$ 2,879,631	\$ 3,191,826	\$ 312,195	11%	\$ 9,253,105	\$ 6,061,279	66%
Total Expenses *	\$ 2,466,436	\$ 2,670,651	\$ 204,215	8%	\$ 9,452,089	\$ 6,781,438	72%
<b>Net Revenue</b>	<b>\$ 413,196</b>	<b>\$ 521,175</b>	<b>\$ 107,980</b>		<b>\$ (198,984)</b>		
<b>Period: 07/01/21 - 09/30/21 (3 months)</b>							
Total Revenue	\$ 2,240,345	\$ 2,431,426	\$ 191,081	9%	\$ 9,253,105	\$ 6,821,679	74%
Total Expenses *	\$ 1,921,665	\$ 2,206,621	\$ 284,956	15%	\$ 9,452,089	\$ 7,245,468	77%
<b>Net Revenue</b>	<b>\$ 318,680</b>	<b>\$ 224,805</b>	<b>\$ (93,875)</b>		<b>\$ (198,984)</b>		

\* Expense totals do not include depreciation expense

# Budget Status - Revenue



Period: 07/01/21 - 10/31/21

FY Remain: 67%

		FY 2021 YTD Actual	FY 2022 YTD Actual	FY 2022 vs. FY 2021	YOY % change	FY 2022 Budget	FY 2022 Remaining Balance	%
<b>Fund 01</b>	<b>Potable Water</b>							
R10	Operating Revenue - Water Sales							
01-000-41101	Residential Consumption - SF	\$ 1,028,296	\$ 1,093,178	\$ 64,882	6%	\$ 2,594,087	\$ 1,500,909	58%
01-000-41102	Residential Consumption - MF	\$ 61,459	\$ 62,718	\$ 1,259	2%	\$ 200,886	\$ 138,168	69%
01-000-41103	CII Consumption	\$ 336,644	\$ 425,530	\$ 88,886	26%	\$ 1,343,116	\$ 917,586	68%
01-000-41106	CII Consumption - Other	\$ 32,725	\$ 39,427	\$ 6,703	20%	\$ -	\$ (39,427)	
01-000-41105	Irrigation Consumption	\$ 185,555	\$ 220,194	\$ 34,639	19%	\$ 374,031	\$ 153,837	41%
01-000-41200	Other - Bulk Water	\$ 12,907	\$ 8,115	\$ (4,793)	-37%	\$ 23,090	\$ 14,975	65%
	R10 Sub Totals:	\$ 1,657,585	\$ 1,849,162	\$ 191,577	12%	\$ 4,535,210	\$ 2,686,048	59%
R20	Operating Revenue - Water Services							
01-000-41300	Other - Late Penalty	\$ 5,348	\$ 4,340	\$ (1,008)	-19%	\$ 9,000	\$ 4,660	52%
01-000-42100	Standby Basic Meter Charge	\$ 666,482	\$ 778,850	\$ 112,367	17%	\$ 2,370,833	\$ 1,591,983	67%
01-000-42121	Standby FP Basic Meter Charge	\$ 19,637	\$ 23,260	\$ 3,623	18%	\$ 62,342	\$ 39,082	63%
01-000-43300	Other Operating Revenue	\$ 2,975	\$ 2,600	\$ (375)	-13%	\$ 6,800	\$ 4,200	62%
	R20 Sub Totals:	\$ 694,443	\$ 809,050	\$ 114,607	17%	\$ 2,448,975	\$ 1,639,925	67%
R25	Operating Revenue - New Connections							
01-000-42101	Other Meter Fee	\$ 4,471	\$ 1,064	\$ (3,407)	-76%	\$ 12,500	\$ 11,436	91%
01-000-42102	Other Capacity Fee	\$ 225,148	\$ 104,576	\$ (120,572)	-54%	\$ 508,022	\$ 403,446	79%
01-000-42120	Other FP Meter Fee		\$ 711	\$ 711		\$ 800	\$ 89	11%
01-000-43100	Other Will Serve	\$ 250	\$ 250	\$ -	0%	\$ 1,000	\$ 750	75%
01-000-43200	Other Dev Proj Review	\$ -	\$ -	\$ -		\$ 6,000	\$ 6,000	100%
	R25 Sub Totals:	\$ 229,869	\$ 106,601	\$ (123,268)	-54%	\$ 528,322	\$ 421,721	80%
R30	Non-Operating Revenue - Other							
01-000-46000	Property Taxes	\$ 1,699	\$ 23,969	\$ 22,270	1311%	\$ 1,071,830	\$ 1,047,861	98%
01-000-47110	Interest & Dividend	\$ 4	\$ 4	\$ 0	7%	\$ 10	\$ 6	58%
01-000-47120	Interest - LAIF	\$ 7,302	\$ 1,232	\$ (6,070)	-83%	\$ 21,700	\$ 20,468	94%
01-000-47520	Misc. Non-Operating Revenue	\$ (883)	\$ 311	\$ 1,194	-135%	\$ 39,800	\$ 39,489	99%
01-000-47540	Third-Party Reimbursements	\$ 10,691	\$ 6,450	\$ (4,241)	-40%	\$ -	\$ (6,450)	
	R30 Sub Totals:	\$ 18,812	\$ 31,965	\$ 17,395	70%	\$ 1,133,340	\$ 1,107,824	98%
R40	Non-Operating Revenue - Grants							
01-000-45260	Local Grant - ACWA JPIA	\$ 510	\$ -	\$ (510)	-100%	\$ -	\$ -	
	R40 Sub Totals:	\$ 510	\$ -	\$ (510)	-100%	\$ -	\$ -	
	<b>Fund 01 Revenue:</b>	<b>\$ 2,601,219</b>	<b>\$ 2,796,778</b>	<b>\$ 199,800</b>	<b>8%</b>	<b>\$ 8,645,847</b>	<b>\$ 5,855,519</b>	<b>68%</b>
	Fund 01 Rev Excl Grants & Cap Contributions	\$ 2,600,709	\$ 2,796,778	\$ 200,310	8%	\$ 8,645,847	\$ 5,855,519	68%

# Budget Status - Revenue



Period: 07/01/21 - 10/31/21

FY Remain: 67%

		FY 2021 YTD Actual	FY 2022 YTD Actual	FY 2022 vs. FY 2021	YOY % change	FY 2022 Budget	FY 2022 Remaining Balance	%
<b>Fund 02</b>	<b>Recycled Water</b>							
R10	Operating Revenue - Water Sales							
02-000-41105	Irrigation Consumption	\$ 256,242	\$ 285,943	\$ 29,701	12%	\$ 501,700	\$ 215,757	43%
02-000-41200	Other - Bulk Water	\$ 4,067	\$ 32,658	\$ 28,591	703%	\$ -	\$ (32,658)	
	R10 Sub Totals:	\$ 260,309	\$ 318,601	\$ 58,293	22%	\$ 501,700	\$ 183,099	36%
R20	Operating Revenue - Water Services							
02-000-42100	Standby Basic Meter Charge	\$ 17,475	\$ 24,685	\$ 7,209	41%	\$ 66,900	\$ 42,215	63%
02-000-43300	Other Operating Revenue	\$ 50	\$ 50	\$ -	0%	\$ -	\$ (50)	
	R20 Sub Totals:	\$ 17,525	\$ 24,735	\$ 7,209	41%	\$ 66,900	\$ 42,165	63%
R25	Operating Revenue - New Connections							
02-000-42101	Other Meter Fee	\$ -	\$ 797	\$ 797		\$ 19,083	\$ 18,286	96%
02-000-42102	Other Capacity Fee	\$ -	\$ 50,887	\$ 50,887		\$ -	\$ (50,887)	
	R25 Sub Totals:	\$ -	\$ 51,684	\$ 51,684		\$ 19,083	\$ (32,601)	-171%
R30	Non-Operating Revenue - Other							
02-000-47110	Interest & Dividend	\$ 158	\$ 28	\$ (130)	-82%	\$ 4,575	\$ 4,547	99%
02-000-47520	Other Non-Operating Revenue	\$ 420	\$ -	\$ (420)	-100%	\$ -	\$ -	
	R30 Sub Totals:	\$ 578	\$ 28	\$ (550)	-95%	\$ 19,575	\$ 19,547	100%
	<b>Fund 02 Revenue:</b>	<b>\$ 278,412</b>	<b>\$ 395,048</b>	<b>\$ 116,636</b>	<b>42%</b>	<b>\$ 607,258</b>	<b>\$ 212,210</b>	<b>35%</b>
	Fund 02 Rev Excl Grants & Cap Contributions	\$ 278,412	\$ 395,048	\$ 116,636	42%	\$ 607,258	\$ 212,210	35%
	<b>Revenue Totals:</b>	<b>\$ 2,879,631</b>	<b>\$ 3,191,826</b>	<b>\$ 316,436</b>	<b>11%</b>	<b>\$ 9,253,105</b>	<b>\$ 6,067,729</b>	<b>66%</b>
	Revenue Total Excl Grants & Cap Contributions	\$ 2,879,121	\$ 3,191,826	\$ 316,946	11%	\$ 9,253,105	\$ 6,067,729	66%

# Budget Status - Expense



Period: 07/01/21 - 10/31/21

FY Remain: 67%

		FY 2021	FY 2022	FY 2022	YOY	FY 2022	FY 2022	
		YTD Actual	YTD Actual	vs. FY 2021	% change	Budget	Remaining	%
							Balance	
<b>Fund 01 and Fund 02 Combined</b>								
<b>Dept</b>	<b>Administration</b>							
E01	Salaries & Benefits	\$ 229,692	\$ 229,305	\$ (386)	0%	\$ 702,412	\$ 473,107	67%
E03	General & Admin - Services	\$ 101,731	\$ 139,996	\$ 38,265	38%	\$ 384,950	\$ 244,954	64%
E05	General & Admin - Supplies	\$ 1,696	\$ 10,977	\$ 9,281	547%	\$ 16,000	\$ 5,023	31%
E10	Source of Supply	\$ 145,510	\$ 86,825	\$ (58,685)	-40%	\$ 140,000	\$ 53,175	38%
E70	Other	\$ -	\$ -	\$ -		\$ 5,000	\$ 5,000	100%
	<b>Dept 100 Sub Totals:</b>	<b>\$ 478,629</b>	<b>\$ 467,103</b>	<b>\$ (11,526)</b>	<b>-2%</b>	<b>\$ 1,248,362</b>	<b>\$ 781,259</b>	<b>63%</b>
<b>Dept</b>	<b>Finance/Customer Service</b>							
E01	Salaries & Benefits	\$ 182,642	\$ 181,559	\$ (1,084)	-1%	\$ 590,976	\$ 409,417	69%
E03	General & Admin - Services	\$ 86,751	\$ 105,787	\$ 19,037	22%	\$ 207,557	\$ 101,770	49%
E05	General & Admin - Supplies	\$ -	\$ 1,855	\$ 1,855		\$ 4,000	\$ 2,145	54%
E35	Customer Accounts	\$ 71,884	\$ 114,071	\$ 42,187	59%	\$ 229,936	\$ 115,865	50%
E70	Other	\$ 984	\$ 657	\$ (327)	-33%	\$ 1,100	\$ 443	40%
E80	Debt Service - Interest	\$ 18,966	\$ 15,900	\$ (3,066)	-16%	\$ 174,732	\$ 158,832	91%
	<b>Dept 200 Sub Totals:</b>	<b>\$ 361,227</b>	<b>\$ 419,829</b>	<b>\$ 58,603</b>	<b>16%</b>	<b>\$ 1,208,301</b>	<b>\$ 788,472</b>	<b>65%</b>
<b>Dept</b>	<b>Operations</b>							
E01	Salaries & Benefits	\$ 484,861	\$ 482,265	\$ (2,595)	-1%	\$ 1,612,579	\$ 1,130,314	70%
E03	General & Admin - Services	\$ 29,657	\$ 69,509	\$ 39,852	134%	\$ 233,900	\$ 164,391	70%
E05	General & Admin - Supplies	\$ 9,200	\$ 10,904	\$ 1,704	19%	\$ 37,500	\$ 26,596	71%
E07	General Production	\$ 38,401	\$ 32,105	\$ (6,296)	-16%	\$ 114,100	\$ 81,995	72%
E10	Source of Supply	\$ 10,454	\$ 43,479	\$ 33,025	316%	\$ 120,000	\$ 76,521	64%
E15	Pumping	\$ 71,480	\$ 154,793	\$ 83,313	117%	\$ 526,500	\$ 371,707	71%
E20	Water Treatment	\$ 52,249	\$ 129,644	\$ 77,395	148%	\$ 518,100	\$ 388,456	75%
E25	Transmission & Distribution	\$ 49,269	\$ 13,974	\$ (35,295)	-72%	\$ 142,600	\$ 128,626	90%
E35	Conservation	\$ -	\$ 1,117	\$ 1,117		\$ -	\$ (1,117)	
E70	Other	\$ -	\$ 22,428	\$ 22,428		\$ -	\$ (22,428)	
	<b>Dept 300 Sub Totals:</b>	<b>\$ 745,571</b>	<b>\$ 960,218</b>	<b>\$ 214,647</b>	<b>29%</b>	<b>\$ 3,305,279</b>	<b>\$ 2,345,061</b>	<b>71%</b>
<b>Dept</b>	<b>Engineering</b>							
E01	Salaries & Benefits	\$ 31,494	\$ 32,898	\$ 1,403	4%	\$ 112,059	\$ 79,161	71%
E03	General & Admin - Services	\$ 9,340	\$ 3,435	\$ (5,906)	-63%	\$ 176,400	\$ 172,966	98%
E05	General & Admin - Supplies	\$ -	\$ -	\$ -		\$ 600	\$ 600	100%
	<b>Dept 400 Sub Totals:</b>	<b>\$ 40,834</b>	<b>\$ 36,332</b>	<b>\$ (4,502)</b>	<b>-11%</b>	<b>\$ 289,059</b>	<b>\$ 252,727</b>	<b>87%</b>
<b>Dept</b>	<b>Board of Directors</b>							
E01	Salaries & Benefits	\$ 41,876	\$ 21,102	\$ (20,774)	-50%	\$ 124,056	\$ 102,954	83%
E03	General & Admin - Services	\$ 170	\$ 655	\$ 485	285%	\$ 15,000	\$ 14,345	96%
E05	General & Admin - Supplies	\$ -	\$ -	\$ -		\$ 800	\$ 800	100%
	<b>Dept 900 Sub Totals:</b>	<b>\$ 42,046</b>	<b>\$ 21,757</b>	<b>\$ (20,289)</b>	<b>-48%</b>	<b>\$ 139,856</b>	<b>\$ 118,099</b>	<b>84%</b>

# Budget Status - Expense



Period: 07/01/21 - 10/31/21

FY Remain: 67%

		FY 2021 YTD Actual	FY 2022 YTD Actual	FY 2022 vs. FY 2021	YOY % change	FY 2022 Budget	FY 2022 Remaining Balance	%
<b>Summary</b>								
E01	Salaries & Benefits	\$ 970,564	\$ 947,129	\$ (23,435)	-2%	\$ 3,142,082	\$ 2,194,953	70%
E03	General & Admin - Services	\$ 227,649	\$ 319,382	\$ 91,733	40%	\$ 1,017,807	\$ 698,425	69%
E05	General & Admin - Supplies	\$ 10,896	\$ 23,736	\$ 12,840	118%	\$ 58,900	\$ 35,164	60%
E07	General Production	\$ 38,401	\$ 32,105	\$ (6,296)	-16%	\$ 114,100	\$ 81,995	72%
E10	Source of Supply	\$ 155,964	\$ 130,304	\$ (25,661)	-16%	\$ 260,000	\$ 129,696	50%
E15	Pumping	\$ 71,480	\$ 154,793	\$ 83,313	117%	\$ 526,500	\$ 371,707	71%
E20	Water Treatment	\$ 52,249	\$ 129,644	\$ 77,395	148%	\$ 518,100	\$ 388,456	75%
E25	Transmission & Distribution	\$ 49,269	\$ 13,974	\$ (35,295)	-72%	\$ 142,600	\$ 128,626	90%
E35	Customer Accounts	\$ 71,884	\$ 115,188	\$ 43,304	60%	\$ 231,036	\$ 116,308	50%
E70	Other	\$ 984	\$ 23,085	\$ 22,101	2245%	\$ 6,100	\$ (22,428)	-368%
E80	Debt Service - Interest	\$ 18,966	\$ 15,900	\$ (3,066)	-16%	\$ 174,732	\$ 158,832	91%
	Purchase Order Carryover					\$ 14,000		
<b>District Expense Total:</b>		<b>\$ 1,668,307</b>	<b>\$ 1,905,240</b>	<b>\$ 236,933</b>	<b>14%</b>	<b>\$ 6,205,957</b>	<b>\$ 4,281,734</b>	<b>69%</b>
<b>Fund 01 and 02 Combined</b>								
E01	Salaries & Benefits	\$ 970,564	\$ 947,129	\$ (23,435)	-2%	\$ 3,142,082	\$ 2,194,953	70%
E03-E80	Services & Supplies	\$ 697,742	\$ 958,111	\$ 260,368	37%	\$ 3,049,875	\$ 2,091,764	69%
	Purchase Order Carryover					\$ 20,000		
<b>District Expense Total:</b>		<b>\$ 1,668,307</b>	<b>\$ 1,905,240</b>	<b>\$ 236,933</b>	<b>14%</b>	<b>\$ 6,211,957</b>	<b>\$ 4,286,717</b>	<b>69%</b>

# Projects - Expense



Period: 07/01/21 - 10/31/21

FY Remain: 67%

		FY 2022 YTD Actual	FY 2022 Budget *	FY 2022 Remaining Balance	%
<b>Fund 01 and Fund 02 Combined</b>					
<b>Project</b>	<b>Description</b>				
C15007	Lompico Formation Production Well (Well 9)	\$ 1,988	\$ 45,000	\$ 43,013	96%
C16023	Orchard Run WTP Water Quality Improvements	\$ 178,614	\$ -	\$ (178,614)	
C16024	Bethany Tank Rehabilitation	\$ 487	\$ 94,509	\$ 94,022	99%
M17011	Meters with AMI	\$ 4,680	\$ 20,000	\$ 15,320	77%
C17011	AMI Technology for Meters	\$ -	\$ 5,000	\$ 5,000	100%
C17018	Specialized Operations Vehicle	\$ -	\$ 87,566	\$ 87,566	100%
C18026	Main Replacement Program - PW	\$ 500	\$ 606,944	\$ 606,444	100%
C18033	Polo Ranch Booster Station Rehab	\$ 9,386	\$ -	\$ (9,386)	
C19020	El Pueblo WTP Improvements	\$ -	\$ 100,000	\$ 100,000	100%
C19030	Hacienda Pump Station Improvements	\$ -	\$ 100,000	\$ 100,000	100%
C19070	Vehicle Replacement Program	\$ -	\$ 55,000	\$ 55,000	100%
C20020	Treatment Facility for New Formation Well	\$ -	\$ 49,625	\$ 49,625	100%
C20040	Administrative Building Improvements	\$ -	\$ 15,290	\$ 15,290	100%
C22010	Well 3B Replacement	\$ 2,458	\$ 1,500,000	\$ 1,497,543	100%
<b>Projects Expense Totals:</b>		<b>\$ 198,113</b>	<b>\$ 2,678,934</b>	<b>\$ 2,480,821</b>	<b>93%</b>

# Balance Sheet



## Fund 01 and Fund 02 Combined

	<b>10/31/20</b>	<b>10/31/21</b>
<b>Assets</b>		
Cash	\$3,885,662	\$4,807,212
Accrued Interest	\$11,064	\$8,122
A/R Customer-Water	\$1,805,169	\$1,907,641
A/R - Other	\$206,988	\$98,672
Interfund Loan Receivable	\$888,040	\$888,040
Inventory	\$271,380	\$229,228
Prepaid Expense	\$155,303	\$131,107
Note Receivable	\$70,000	\$0
JPA Investment	\$387,112	\$387,112
Land & Right-of-ways	\$650,697	\$650,697
Construction-in-progress	\$877,305	\$874,994
Water Rights / Intangible Assets	\$5,267,833	\$5,267,833
Plant & Equipment	\$39,131,437	\$42,572,708
Depreciation/Amortization	(\$23,827,288)	(\$24,663,015)
Deferred Pension Outflows	\$694,399	\$691,330
Unfunded OPEB Liability	\$142,970	\$140,200
	<b>\$30,618,070</b>	<b>\$33,991,881</b>
<b>Liabilities</b>		
A/P & Accrued Expenses	\$118	\$259,405
Accrued Salaries & Wages	\$0	\$0
Accrued Interest Payable	\$18,966	\$15,900
Customer Deposits	\$45,210	\$79,610
Interfund Loans	\$888,040	\$888,040
LT Liabilities Due in 1 Yr	\$40,998	\$38,251
Unearned Revenue	\$58,829	\$55,478
Long-term Liabilities	\$8,773,238	\$10,633,147
Deferred Pension Inflows	\$215,460	\$116,480
	<b>\$10,040,859</b>	<b>\$12,086,311</b>
<b>Fund Balance</b>		
Investment in Capital Assets	\$16,974,413	\$17,684,486
Unrestricted Net Position	\$2,359,627	\$2,934,267
	<b>\$19,334,040</b>	<b>\$20,618,753</b>
Total Liabilities and Fund Balance:	\$29,374,899	\$32,705,063
Total Retained Earnings:	\$1,243,171	\$1,286,817
Total Fund Balance and Retained Earnings:	\$20,577,211	\$21,905,570
<b>Total Liabilities, Fund Balance, and Retained Earnings:</b>	<b>\$30,618,070</b>	<b>\$33,991,881</b>

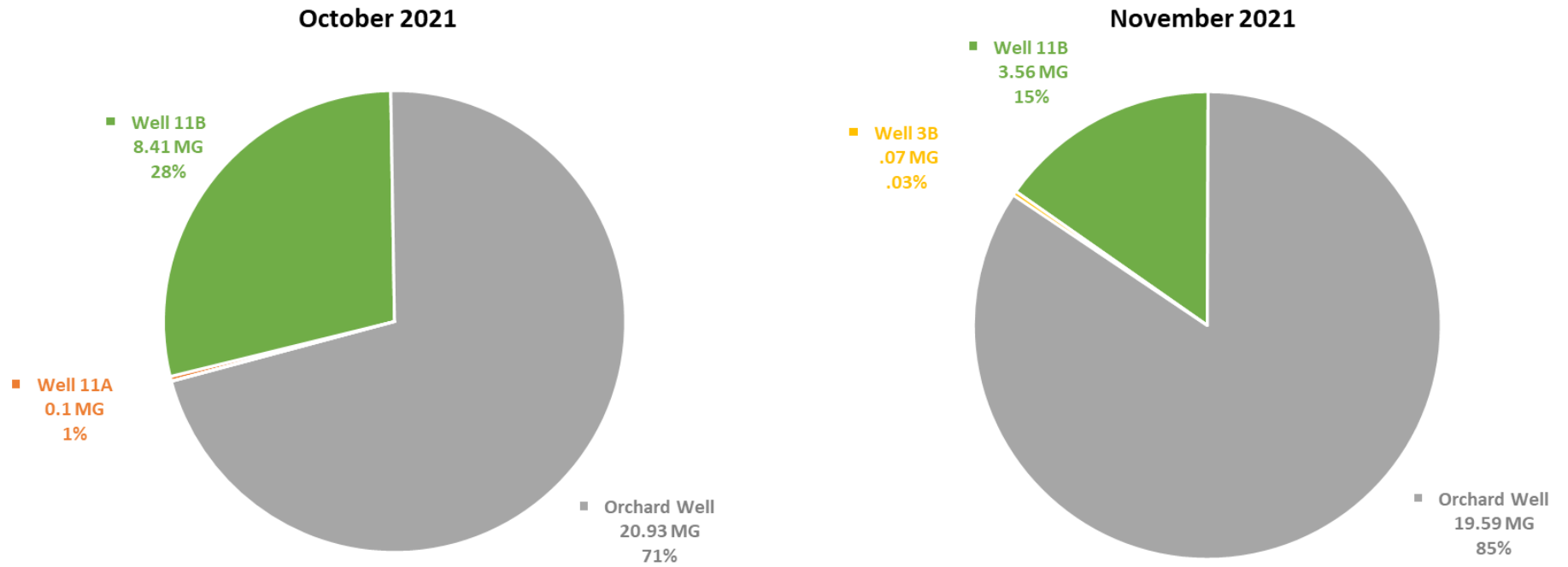
Scotts Valley Water District  
AP Check Register  
October 2021

Vendor Name	Check Date	Check No.	Check Amount	Description
ACWA	10/18/2021	30361	\$ 8,667.50	Annual ACWA Agency Dues - FY 2022
ACWA	10/18/2021	30361	\$ 8,667.50	Annual ACWA Agency Dues - FY 2023 Prepaid
ACWA/JPIA	10/18/2021	30362	\$ 36,241.68	Auto & General Liability Insurance 10/1/21 - 6/30/22
ACWA/JPIA	10/18/2021	30362	\$ 12,213.32	Auto & General Liability Insurance 7/1/22 - 9/30/22
AMERICAN WATER WORKS ASSOCIATION	10/18/2021	30363	\$ 459.00	Annual AWWA Membership 12/1/21 - 11/30/22
BADGER METER	10/18/2021	30364	\$ 63.19	Cell Charge for RW Meter Reads - Sep 2021
BADGER METER	10/18/2021	30364	\$ 3,975.63	Cell Charge for PW Meter Reads - Sep 2021
BAYSIDE EQUIPMENT COMPANY	10/18/2021	30365	\$ 1,550.00	Generator Rental - Bethany PS - Sep 2021
BAYSIDE EQUIPMENT COMPANY	10/18/2021	30365	\$ 2,025.00	Generator Rental - Well 11b
BAYSIDE EQUIPMENT COMPANY	10/18/2021	30365	\$ 1,058.00	Generator Rental - Hacienda Booster (New) - Sep 2021
BRENNTAG PACIFIC, INC	10/18/2021	30366	\$ 2,618.93	Water Treatment Chemicals
BRIGHTMAN DESIGN	10/18/2021	30367	\$ 250.00	Meeting Room Lighting Upgrade
CITY OF SCOTTS VALLEY	10/18/2021	30368	\$ 92.98	Bi-Monthly Sewer Service - 2 Civic Ctr
CITY OF SCOTTS VALLEY	10/18/2021	30368	\$ 2,187.90	Bi-Monthly Treatment Disposal - ORWTP
CITY OF SCOTTS VALLEY	10/18/2021	30368	\$ 5,511.22	Bi-Monthly Treatment Disposal - El Pueblo WTP
CITY OF SCOTTS VALLEY	10/18/2021	30368	\$ 2,980.12	Bi-Monthly Treatment Disposal - Well 10
CIVIL CONSULTANTS GROUP, INC	10/18/2021	30369	\$ 515.00	General Engineering Services - Sep 2021
DASSELLS PETROLEUM	10/18/2021	30370	\$ 1,811.70	Vehicle Fuel, Propane
DYNAMIC FUEL SOLUTIONS	10/18/2021	30371	\$ 2,583.11	Fuel Polishing - PS Generators
DYNAMIC FUEL SOLUTIONS	10/18/2021	30371	\$ 2,198.76	Fuel Polishing - WTP Generators
DYNAMIC FUEL SOLUTIONS	10/18/2021	30371	\$ 228.90	OPS Supplies - Fuel Drums
E & S TRUCKING	10/18/2021	30372	\$ 2,940.00	Orchard Run Wastewater - Sep 2021
EMPLOYEE RELATIONS, INC	10/18/2021	30373	\$ 14.00	Pre-Employment Background Check
EUROFINS EATON ANALYTICAL	10/18/2021	30374	\$ 480.00	Lab Testing for Water Quality
EVO STUDIOS INC.	10/18/2021	30375	\$ 2,400.00	Website Development - First Installment
FASTENAL COMPANY	10/18/2021	30376	\$ 28.81	Safety Supplies - Face Masks
FASTENAL COMPANY	10/18/2021	30376	\$ 778.15	OPS Tools - Wrench, Driver
FASTENAL COMPANY	10/18/2021	30376	\$ 103.87	OPS Supplies - Washers, Blades
JAMES GEIST	10/18/2021	30377	\$ 7.00	Refund Check 008606-000, 303 GRACE WAY
GRAINGER	10/18/2021	30378	\$ 467.68	TP Maint - Backflow Repairs
GRANITE CONSTRUCTION CO	10/18/2021	30379	\$ 158.31	Meter Maint - Agg Base
ICONIX WATERWORKS (US), INC	10/18/2021	30380	\$ 1,540.89	Meter Maint - Resetters
INDEPENDENT ELECTRIC SUPPLY	10/18/2021	30381	\$ 713.07	Polo Ranch Booster Rehab - Wire, Light Fixt
JACKSON LANDSCAPE	10/18/2021	30382	\$ 845.00	Landscape Maint - Sep 2021
LAW OFFICE OF ROBERT E BOSSO	10/18/2021	30383	\$ 3,500.00	Legal Counsel Services - Sep 2021
MBH PAINTING	10/18/2021	30384	\$ 1,400.00	ORWTP Improvements - Painting
MBH PAINTING	10/18/2021	30384	\$ 3,750.00	Polo Ranch PS Upgrades - Painting
NATIONWIDE RETIREMENT SOLUTIONS	10/18/2021	30385	\$ 2,408.86	IRS 457 Plan - Payroll Date 10/8/2021
PACIFIC GAS & ELECTRIC	10/18/2021	30386	\$ 69.60	Electricity - Polo Ranch
PACIFIC GAS & ELECTRIC	10/18/2021	30387	\$ 10.25	Electricity - Santas Village Rd
PACIFIC GAS & ELECTRIC	10/18/2021	30388	\$ 41.35	Electricity - Skypark
PALACE BUSINESS SOLUTIONS	10/18/2021	30389	\$ 202.93	Office Supplies - Wall Calendars
PALACE BUSINESS SOLUTIONS	10/18/2021	30389	\$ 28.96	Office Supplies - Name Cards
PALACE BUSINESS SOLUTIONS	10/18/2021	30389	\$ 47.17	Office Supplies - Notebooks
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/18/2021	30390	\$ 98.97	Polo Ranch PS Upgrades - Misc Antenna Hardware
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/18/2021	30390	\$ 43.44	Facilities Maint - Shop Rack Supports
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/18/2021	30390	\$ 26.76	Kitchen Supplies - Paper Towels, Forks, Cleaning Wipes
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/18/2021	30390	\$ 156.88	Small Tools - Wrenches, Sockets, Trash Bags
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/18/2021	30390	\$ 140.68	Safety Supplies - Masks
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/18/2021	30390	\$ 198.72	OPS Supplies - Gloves, Pwr Strips, Flashlights, Screws
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/18/2021	30390	\$ 154.44	Treatment Plant Maint - Pipe Fittings, Conduit, Anode Rod
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/18/2021	30390	\$ 21.03	Main Maint - Concrete
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/18/2021	30390	\$ 115.06	Meter Maint - Pressure Treated Lumber
SCOTTS VALLEY SPRINKLER	10/18/2021	30391	\$ 169.47	ORWTP Improvements - Chem Feed Room
SWRCB-DWOC	10/18/2021	30392	\$ 60.00	D2 Cert Renewal - Locatelli
SYCAL ENGINEERING, INC	10/18/2021	30393	\$ 510.00	Engineering Services for SCADA - Sep 2021
SYCAL ENGINEERING, INC	10/18/2021	30393	\$ 3,187.90	Engineering Services for SCADA - Win911 Upgrade
U.S. BANK EQUIPMENT FINANCE	10/18/2021	30394	\$ 372.14	Copier Lease - Oct 2021
UNIVERSAL BUILDING SERVICES	10/18/2021	30395	\$ 497.00	Janitorial Service - 2 Civic Ctr - Sep 2021
UNIVERSAL BUILDING SERVICES	10/18/2021	30395	\$ 403.00	Janitorial Service - El Pueblo - Sep 2021
USABLUBOOK	10/18/2021	30396	\$ 70.39	Safety Supplies - Labels, Signs
USABLUBOOK	10/18/2021	30396	\$ (51.27)	Return - Helmet
WATER AMERICA LLC	10/18/2021	30397	\$ 1,394.41	ORWTP Improvements - Chemical Transfer Pump
WATEREUSE FOUNDATION	10/18/2021	30398	\$ 892.50	Annual WateReuse Membership
AFLAC	10/5/2021	30330	\$ 222.72	EE Self-Funded Supplemental Benefits - Sep 2021
APPLIED INDUSTRIAL TECHNOLOGIES - CA LLC	10/5/2021	30331	\$ 1,975.29	WTP Maint - Valve Actuators
CHADY ASAAD	10/5/2021	30332	\$ 100.00	Customer Rebate - Smart Irrigation Controller
BATTERIES PLUS BULBS #314	10/5/2021	30333	\$ 324.22	Vehicle Maint - Battery Replacement - Truck 21
JAMES BELL	10/5/2021	30334	\$ 48.75	Customer Rebate - Pool Cover

Scotts Valley Water District  
AP Check Register  
October 2021

Vendor Name	Check Date	Check No.	Check Amount	Description
BRENNTAG PACIFIC, INC	10/5/2021	30335	\$ 11,256.75	Water Treatment Chemicals
MARY BUGNA	10/5/2021	30336	\$ 1,320.00	Customer Rebate - Lawn Replacement
CITY OF SCOTTS VALLEY	10/5/2021	30337	\$ 480.00	Bacti Samples - Aug 2021
EMPLOYEE RELATIONS, INC	10/5/2021	30338	\$ 93.72	Pre-employment Background Check
EUROFINS EATON ANALYTICAL	10/5/2021	30339	\$ 20.00	Lab Testing for Water Quality
EXCEEDIO	10/5/2021	30340	\$ 1,014.00	Monthly Managed Services: SCADA - Oct 2021
EXCEEDIO	10/5/2021	30340	\$ 5,279.15	Monthly Managed Services: HaaS/SaaS/ITaaS - Oct 2021
JUDY FELDMAN	10/5/2021	30341	\$ 103.00	Customer Rebate - Pool Cover
JEFFREY FRASER	10/5/2021	30342	\$ 1,822.00	Customer Rebate - Lawn Replacement
GRAINGER	10/5/2021	30343	\$ 306.01	Safety Supplies - Signage
GRAINGER	10/5/2021	30343	\$ 604.46	Pilot Lights - Sandhill PS
GRAINGER	10/5/2021	30343	\$ 225.36	Polo Ranch PS Upgrades - Chain Hoist
GRAINGER	10/5/2021	30343	\$ 35.77	Kitchen Supplies - OPS
GRAINGER	10/5/2021	30343	\$ 197.09	Polo Ranch PS Upgrades - Trolley
ICONIX WATERWORKS (US), INC	10/5/2021	30344	\$ 35.23	Main Maint - Gaskets
ICONIX WATERWORKS (US), INC	10/5/2021	30344	\$ 36.71	WTP Maint - Ball Valves
ICONIX WATERWORKS (US), INC	10/5/2021	30344	\$ 1,287.86	Meter Maint - Misc Supplies
ICONIX WATERWORKS (US), INC	10/5/2021	30344	\$ 12.50	WTP Maint - Misc Supplies
ICONIX WATERWORKS (US), INC	10/5/2021	30344	\$ 3,106.31	Main Maint - Valve Boxes & Fittings
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 998.75	ORWTP Improvements Task 3.2 - OPS MGMT & MAINT (OM&M) Plan
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 1,586.25	ORWTP Improvements Task 3.3 - Permitting Support
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 1,410.00	ORWTP Improvements Task 4.1 - Bidding Support Addenda
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 1,175.00	ORWTP Improvements Task 4.2 - Pre-Bid Conference
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 117.50	ORWTP Improvements Task 4.3 - Ph 4 Project Mgmt
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 10,586.25	ORWTP Improvements Task 2.5 - 100% Plan Submittal
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 470.00	ORWTP Improvements Task 2.6 - Phase 2 Project Management
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 293.75	ORWTP Improvements Task 3.4 - CEQA Support
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 292.50	ORWTP Improvements Task 3.5 - Phase 3 Project Mgmt
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 21,951.25	Orchard Run WTP Improvements - Submittal & Review
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 1,020.00	Orchard Run WTP Improvements - RFI Support
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 2,782.50	Orchard Run WTP Improvements - Site Visits
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 11,048.75	Orchard Run WTP Improvements - Project Mgmt
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 280.00	Orchard Run WTP Improvements - Assistance at Completion
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 7,521.25	Orchard Run WTP Improvements - Construx Meeting Participation
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 9,849.36	Orchard Run WTP Improvements - Startup & Testing Support
KENNEDY/JENKS CONSULTANTS	10/5/2021	30345	\$ 5,312.50	Orchard Run WTP Improvements - Change Order Support
JULIE KRAFT	10/5/2021	30346	\$ 644.00	Customer Rebate - Lawn Replacement
NATIONWIDE RETIREMENT SOLUTIONS	10/5/2021	30347	\$ 2,408.86	IRS 457 Plan - Payroll Date 9/24/2021
OLIVE SPRINGS QUARRY	10/5/2021	30348	\$ 111.27	Meter Maint - Asphalt
PACIFIC GAS & ELECTRIC	10/5/2021	30349	\$ 1,013.37	Electricity 2 Civic Ctr - Aug 2021
PACIFIC GAS & ELECTRIC	10/5/2021	30349	\$ 43,868.81	Electricity - PW - Aug 2021
PACIFIC GAS & ELECTRIC	10/5/2021	30349	\$ 243.84	Electricity - RW - Aug 2021
PALACE BUSINESS SOLUTIONS	10/5/2021	30350	\$ 193.56	Office Supplies - Misc
PAUL REDA	10/5/2021	30351	\$ 200.00	Customer Rebate - Toilets
REGIONAL WATER MGMNT FOUNDATION	10/5/2021	30352	\$ 10,000.00	IRWM Coord & Support Services - FY2022
REGIONAL WATER MGMNT FOUNDATION	10/5/2021	30352	\$ 5,000.00	Water Affordability Assessment Cost Share
KATHY ROUHIER	10/5/2021	30353	\$ 2,885.00	Customer Rebate - Special Lawn Replacement
KATHY ROUHIER	10/5/2021	30353	\$ 540.94	Customer Rebate - Low Volume Irrigation
SOIL CONTROL LAB	10/5/2021	30354	\$ 25.00	Water Quality Testing
SPRINGBROOK HOLDING COMPANY, LLC	10/5/2021	30355	\$ 6,245.00	Annual Springbrook Maint & Support - Prepaid Portion
SPRINGBROOK HOLDING COMPANY, LLC	10/5/2021	30355	\$ 12,490.15	Annual Springbrook Maint & Support - FY2022
STEVENSON LANDSCAPING	10/5/2021	30356	\$ 650.00	Landscaping @ Misc Locations - Sep 2021
SYCAL ENGINEERING, INC	10/5/2021	30357	\$ 642.50	Engineering Services for SCADA - Win911 Upgrade - Sep 2021
TOTAL COMPENSATION SYSTEMS, INC	10/5/2021	30358	\$ 1,395.00	GASB 75 Full Valuation - 1st Installment
UNITED SITE SERVICES	10/5/2021	30359	\$ 121.84	Bethany 2nd Tank Addition - Temp Fence Rental - Sep 2021
UNITED SITE SERVICES	10/5/2021	30359	\$ 250.39	Portable Toilet Rental - ORWTP - Sep 2021
UNITED SITE SERVICES	10/5/2021	30359	\$ 250.68	Portable Toilet Rental - Well 10 - Oct 2021
UNITED SITE SERVICES	10/5/2021	30359	\$ 222.16	Portable Toilet Rental - RW Fill Station - Oct 2021
USABUEBOOK	10/5/2021	30360	\$ 145.40	Safety Supplies - Signage & Visors
USABUEBOOK	10/5/2021	30360	\$ 29.94	Special OPS Supplies - Inspection Labels
USABUEBOOK	10/5/2021	30360	\$ 213.84	WTP Maint - Connectors
			<b>\$ 314,023.42</b>	

## Well Production

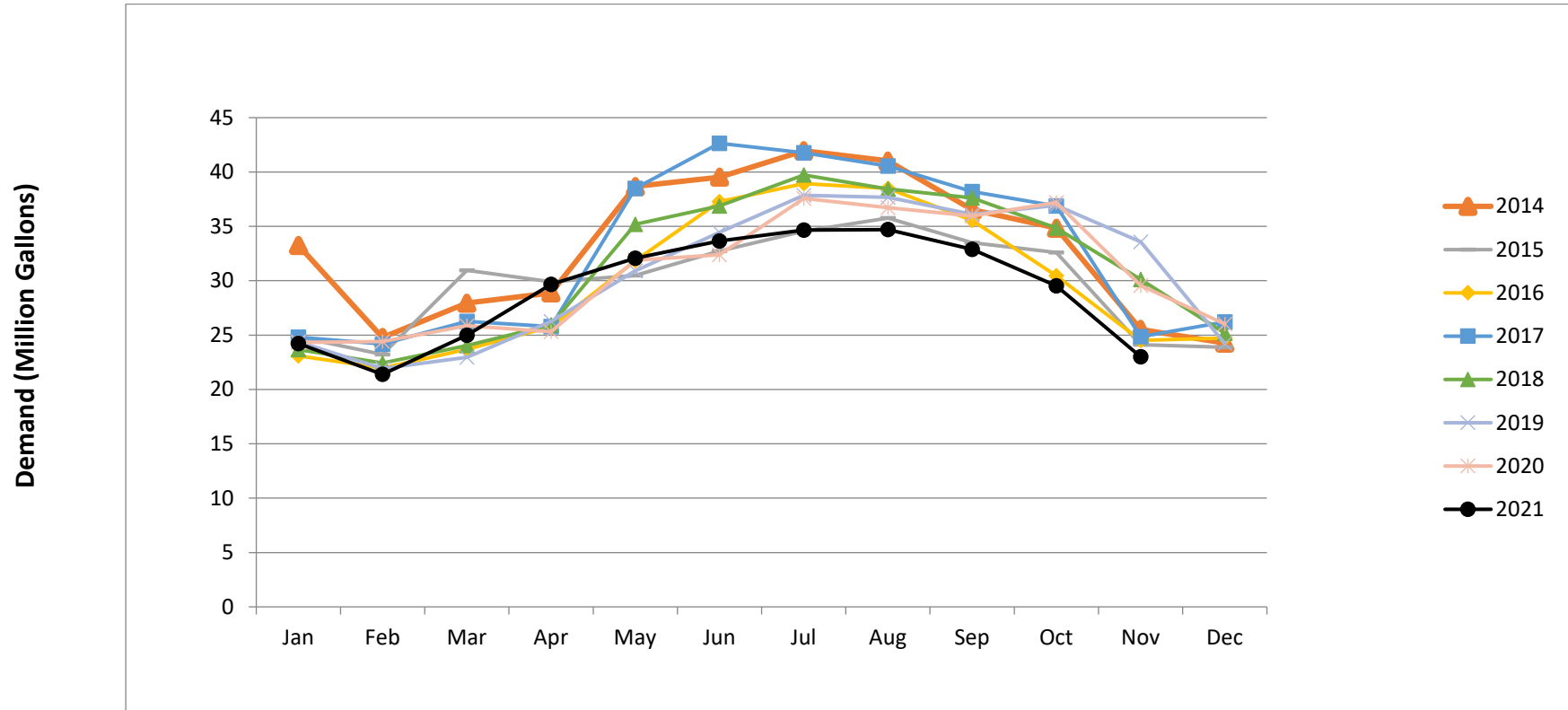


### Total Production (Million Gallons)

October 2021	29.44 MG	10.11 % decrease from September
November 2021	23.22 MG	21.08 % decrease from October

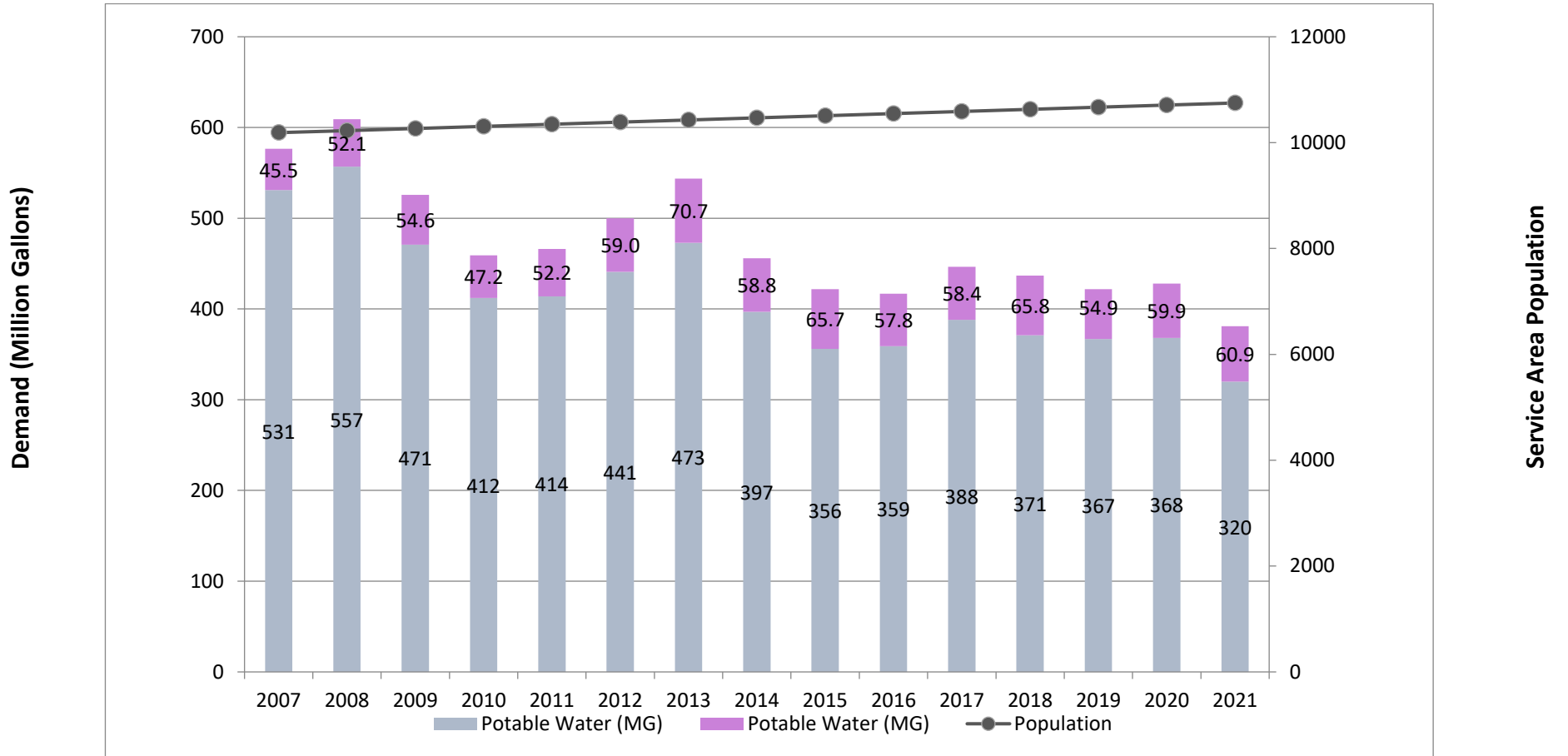
**Production is Water Pumped +/- Water used for Well Maintenance Activities**

### Potable Water Demand



Demand is Production +/- Change in Storage

### Potable and Recycled Water Demand vs. Population



Demand is Production +/- the Change in Storage

## Potable and Recycled Water Demand

<b>Potable</b>												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Jan.	23,129,510	31,165,560	27,764,580	33,252,872	24,822,615	23,085,736	24,789,618	23,674,051	24,378,894	24,319,853	24,231,996	25,983,820
Feb.	25,004,280	26,813,840	26,124,132	24,779,862	23,217,640	21,968,896	23,490,314	22,427,754	21,923,206	24,323,667	21,387,258	23,865,470
March	26,079,310	29,752,014	31,559,240	27,946,154	30,953,420	23,910,892	25,837,232	24,042,754	22,954,225	25,855,924	24,995,557	26,901,462
April	30,993,238	29,234,622	35,621,370	28,875,831	29,909,260	28,400,861	25,477,561	25,992,670	26,027,391	25,297,107	29,671,141	28,583,694
May	40,456,736	43,581,989	49,525,756	38,675,936	30,478,823	31,995,591	38,043,826	33,751,004	30,912,986	31,885,131	32,077,872	36,590,864
June	38,237,371	46,553,850	47,432,970	39,525,236	32,726,825	36,842,416	42,310,983	36,786,677	34,451,155	32,393,746	33,647,606	39,021,090
July	46,417,190	48,634,940	49,192,762	41,957,386	34,544,613	38,892,200	41,757,891	39,648,922	37,857,926	38,411,455	34,662,207	41,800,222
Aug.	45,665,550	48,939,190	50,820,800	41,020,790	35,765,167	38,541,952	39,982,246	38,720,060	37,666,598	36,637,898	34,701,240	41,510,843
Sept.	43,700,350	42,936,210	45,489,360	36,533,116	33,498,030	35,653,167	38,190,535	35,202,216	36,106,611	35,968,389	32,885,092	38,578,676
Oct.	34,771,130	37,982,466	42,248,672	34,840,142	32,589,534	30,517,556	36,888,905	34,746,760	36,940,853	37,193,525	29,533,005	35,511,859
Nov.	28,853,908	28,714,236	34,868,300	25,524,197	24,110,286	24,388,656	24,864,436	30,389,575	33,566,905	29,565,349	23,000,320	27,204,257
Dec.	30,451,180	26,428,050	32,013,140	24,261,522	23,866,862	24,379,124	26,194,926	25,160,789	24,225,007	26,013,773		25,341,544
<b>Total</b>	<b>413,759,753</b>	<b>440,736,967</b>	<b>472,661,082</b>	<b>397,193,044</b>	<b>356,483,075</b>	<b>358,577,047</b>	<b>387,828,472</b>	<b>370,543,233</b>	<b>367,011,756</b>	<b>367,865,818</b>	<b>320,793,294</b>	<b>394,962,796</b>

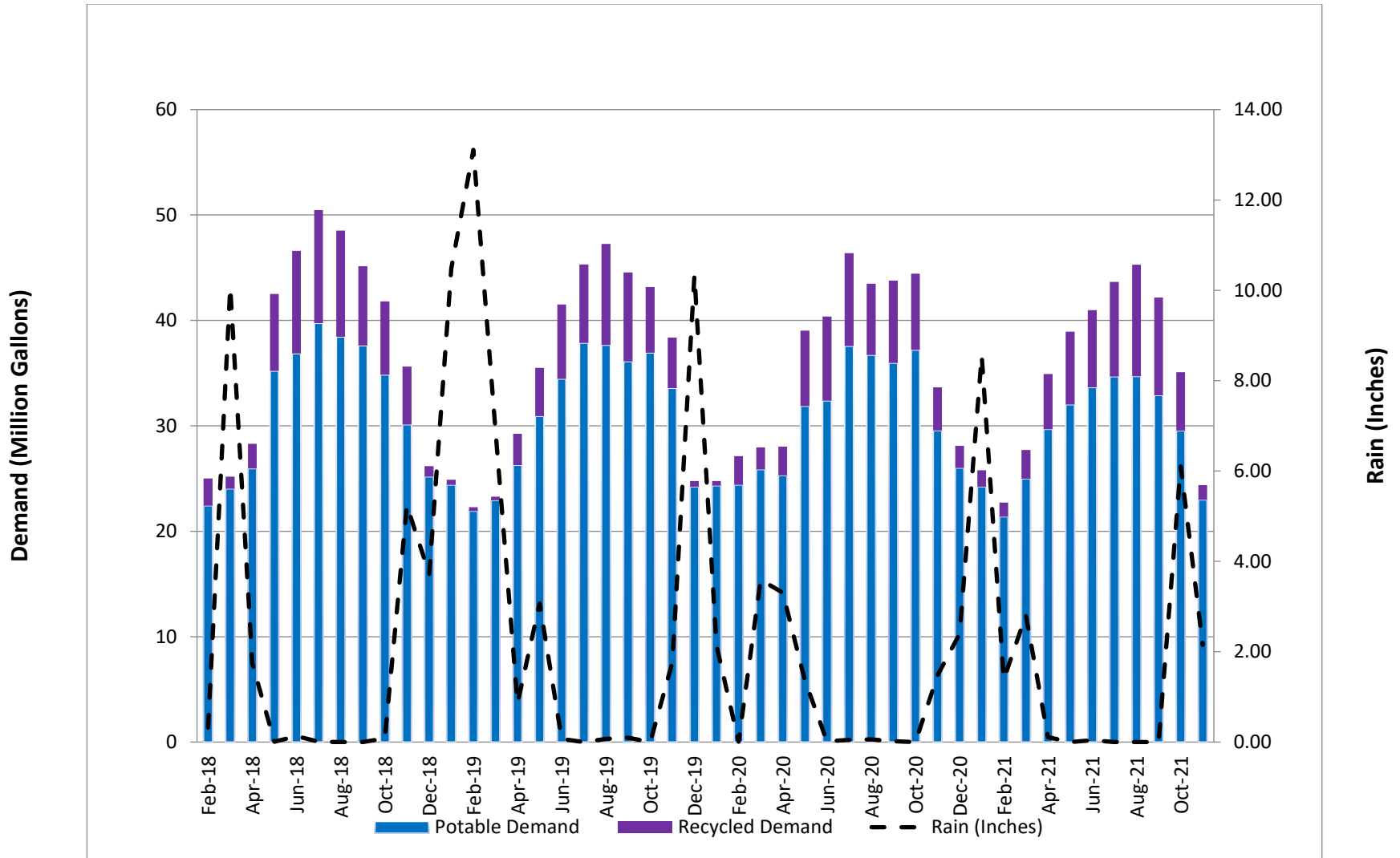
<b>Potable Water added through Intertie Two</b>	
<u>Month</u>	<u>Gallons</u>
February	971,002
April	583,501
May	1,740,798
<b>Total</b>	<b>3,295,301</b>

<b>Recycled</b>												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Jan.	496,000	2,139,000	620,000	3,019,613	635,420	862,984	156,267	838,172	493,100	450,147	1,560,234	944,411
Feb.	1,120,000	2,352,000	2,268,000	1,248,862	1,545,957	1,813,868	94,521	2,589,717	366,055	2,714,767	1,331,033	1,453,732
March	620,000	1,054,000	2,723,665	1,579,882	4,231,231	972,360	544,666	1,141,831	322,464	2,109,739	2,709,295	1,447,258
April	3,450,000	1,470,000	5,436,705	4,163,175	4,720,887	4,381,911	713,802	2,333,176	2,969,672	2,737,245	5,249,782	2,995,143
May	6,448,000	7,843,000	9,248,455	8,409,175	6,686,359	6,909,436	7,908,386	7,306,666	4,584,239	7,142,605	6,914,742	7,071,575
June	6,150,000	9,420,000	9,801,903	9,135,056	7,488,534	9,639,221	8,940,094	9,739,276	7,067,867	7,971,453	7,319,935	8,410,278
July	4,936,000	9,610,000	9,394,766	9,911,697	9,935,422	10,841,389	10,981,309	10,744,706	9,461,005	8,810,329	8,995,659	9,469,607
Aug.	9,207,000	10,199,000	9,875,446	8,542,111	10,471,389	8,767,020	9,618,897	10,078,073	9,594,307	6,760,659	10,595,314	9,365,768
Sept.	8,610,000	7,680,000	8,288,391	6,176,224	9,092,727	8,287,511	7,957,562	7,522,571	8,451,961	7,814,358	9,281,685	8,102,749
Oct.	4,185,000	4,960,000	6,537,840	5,282,253	7,233,408	3,956,097	7,557,695	6,967,548	6,228,883	7,236,784	5,554,683	5,865,099
Nov.	1,740,000	1,920,000	4,029,769	1,131,988	2,817,778	1,053,779	2,234,592	5,514,338	4,805,871	4,087,453	1,364,789	2,605,863
Dec.	2,201,000	341,000	2,453,395	236,228	1,119,017	529,158	1,670,966	994,336	544,650	2,075,116		1,142,533
<b>Total</b>	<b>49,163,000</b>	<b>58,988,000</b>	<b>70,678,335</b>	<b>58,836,264</b>	<b>65,978,129</b>	<b>58,014,734</b>	<b>58,378,757</b>	<b>65,770,410</b>	<b>54,890,074</b>	<b>59,910,655</b>	<b>60,877,150</b>	<b>59,294,851</b>

**Demand is Production +/- the Change in Storage**

### Potable and Recycled Water Demand vs. Rainfall



Demand is Production +/- the Change in Storage

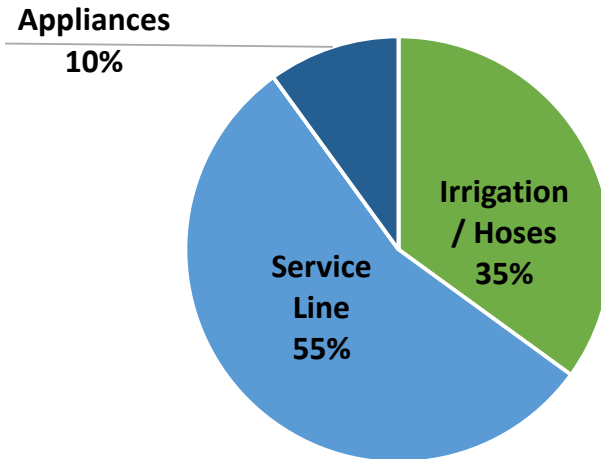
**Rainfall**  
El Pueblo Weather Station

WATER YEAR		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	TOTAL	% of Avg.
	1981-82	0.14	11.20	5.90	28.80	6.88	8.26	8.40	0.03	0.00	0.00	0.04	1.28	70.93	173%
<b>High Year</b>	<b>1982-83</b>	<b>5.35</b>	<b>10.50</b>	<b>7.74</b>	<b>13.90</b>	<b>18.00</b>	<b>19.90</b>	<b>7.80</b>	<b>0.98</b>	<b>0.00</b>	<b>0.00</b>	<b>0.17</b>	<b>1.91</b>	<b>86.25</b>	<b>210%</b>
	1983-84	1.70	12.70	12.90	0.54	2.49	2.62	1.13	0.02	0.18	0.01	0.00	0.25	34.54	84%
	1984-85	2.80	13.80	2.95	1.72	4.20	7.92	0.73	0.11	0.15	0.09	0.02	0.54	35.03	85%
	1985-86	1.12	7.14	2.62	7.38	22.40	15.00	0.48	0.83	0.00	0.00	0.00	1.30	58.27	142%
	1986-87	0.03	0.05	2.47	4.51	9.06	6.31	0.70	0.00	0.02	0.00	0.00	0.00	23.15	56%
	1987-88	1.19	2.30	10.70	4.58	0.68	0.00	3.13	1.07	0.16	0.00	0.00	0.00	23.81	58%
	1988-89	0.19	5.90	8.89	2.06	1.39	10.60	0.67	0.08	0.03	0.00	0.03	0.83	30.67	75%
	1989-90	3.53	1.58	0.01	3.42	3.69	2.13	0.16	5.79	0.00	0.00	0.12	0.15	20.58	50%
	1990-91	0.50	0.24	1.65	0.61	5.39	17.19	0.51	0.06	0.40	0.00	0.02	0.07	26.64	65%
	1991-92	2.37	1.46	5.42	3.03	15.30	4.65	0.45	0.00	0.82	0.00	0.05	0.00	33.55	82%
	1992-93	3.41	0.20	11.54	18.51	10.22	3.17	1.37	0.96	0.68	0.00	0.00	0.00	50.06	122%
	1993-94	0.73	2.74	5.52	3.51	9.72	0.68	2.75	2.10	0.01	0.00	0.00	0.05	27.81	68%
	1994-95	1.79	8.29	4.78	23.88	0.65	13.62	3.79	0.89	1.04	0.01	0.00	0.00	58.74	143%
	1995-96	0.00	0.32	10.03	13.52	11.35	5.14	2.38	4.31	0.03	0.00	0.00	0.00	47.08	115%
	1996-97	2.89	6.95	22.43	12.33	0.17	1.50	0.58	0.16	0.12	0.00	0.54	0.00	47.67	116%
	1997-98	0.68	10.12	4.06	14.21	21.81	6.17	2.85	3.65	0.01	0.00	0.01	0.17	63.74	155%
	1998-99	1.02	9.11	1.85	9.25	11.08	5.22	2.58	0.03	0.36	0.00	0.02	0.14	40.66	99%
	1999-00	0.35	5.69	0.53	18.02	17.57	2.77	2.69	1.01	0.18	0.00	0.20	0.40	49.41	120%
	2000-01	5.14	1.38	0.94	8.68	10.65	4.05	2.67	0.00	0.07	0.00	0.00	0.16	33.74	82%
	2001-02	1.13	9.93	16.45	4.97	2.69	4.66	0.52	0.90	0.00	0.00	0.05	0.00	41.30	101%
	2002-03	0.00	5.80	21.40	2.77	2.95	2.54	5.75	1.09	0.16	0.00	0.00	0.00	42.46	103%
	2003-04	0.19	3.93	17.55	4.44	9.69	1.19	0.65	0.07	0.00	0.06	0.00	0.11	37.88	92%
	2004-05	7.24	3.25	14.39	8.30	7.20	10.01	3.79	2.13	0.94	0.02	0.00	0.08	57.35	140%
	2005-06	0.19	2.84	21.73	6.55	5.26	15.29	10.44	1.01	0.01	0.00	0.01	0.00	63.33	154%
	2006-07	0.25	3.30	5.67	0.89	9.24	0.30	2.17	0.46	0.00	0.10	0.01	0.33	22.72	55%
	2007-08	1.93	0.52	5.50	17.59	6.96	0.36	0.35	0.00	0.00	0.01	0.00	0.04	33.26	81%
	2008-09	1.59	4.80	4.38	1.80	15.28	3.47	0.52	1.42	0.01	0.00	0.00	0.26	33.53	82%
	2009-10	9.70	0.33	5.21	11.37	8.66	4.35	5.41	1.17	0.00	0.01	0.07	0.00	46.28	113%
	2010-11	3.92	5.13	15.36	1.97	10.59	13.40	0.75	3.42	3.40	0.00	0.04	0.02	58.00	141%
	2011-12	2.93	3.41	0.15	6.80	2.75	11.97	4.09	0.02	0.20	0.02	0.00	0.02	32.36	79%
	2012-13	1.61	11.32	13.25	1.31	0.47	2.66	0.43	0.01	0.11	0.00	0.00	0.70	31.87	78%
	2013-14	0.01	0.87	0.78	0.05	11.52	4.02	2.02	0.01	0.02	0.09	0.01	0.92	20.32	50%
	2014-15	0.44	4.36	16.52	0.00	4.69	0.47	2.13	0.19	0.04	0.00	0.03	0.02	28.89	70%
	2015-16	0.07	2.54	6.67	16.20	1.16	14.26	1.18	0.35	0.00	0.00	0.00	0.22	42.65	104%
	2016-17	8.66	3.29	10.77	26.13	19.56	7.09	4.47	0.06	0.07	0.00	0.00	0.04	80.14	195%
	2017-18	0.10	4.02	0.08	6.43	0.56	10.07	2.85	0.01	0.13	0.01	0.00	0.00	24.26	59%
	2018-19	0.08	5.24	3.72	10.49	13.11	6.91	0.86	3.07	0.07	0.00	0.07	0.10	43.72	107%
	2019-20	0.00	1.76	8.57	2.14	0.01	3.59	3.31	1.37	0.02	0.05	0.06	0.02	20.90	51%
<b>Low Year</b>	<b>2020-21</b>	<b>0.00</b>	<b>1.48</b>	<b>2.40</b>	<b>8.55</b>	<b>1.39</b>	<b>2.81</b>	<b>0.11</b>	<b>0.00</b>	<b>0.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16.78</b>	<b>41%</b>
	2021-22	6.10	2.15	-	-	-	-	-	-	-	-	-	-	8.25	20%
Cumulative 2021-2022		<b>6.10</b>	<b>8.25</b>	-	-	-	-	-	-	-	-	-	-	<b>14.35</b>	
Monthly Average 1981-2021		1.98	4.68	7.84	8.28	7.91	6.41	2.44	0.97	0.24	0.01	0.04	0.25	41.05	
Cumulative Ave 1981-2021		1.98	6.66	14.50	22.78	30.69	37.10	39.54	40.51	40.74	40.76	40.79	41.05	41.05	

## Leak Adjustment Program Report FY 2022

	RES Requests	CII Requests	Approved	Denied	Appeals	Reason Denied	Total Adjust Credit	Total Excess Use (gallons)
JUL	4	1	5	0	0		\$1,903	115,447
AUG	2	0	1	1	1	< 5 Yrs	\$147	17,363
SEPT	9	1	10	0	0		\$5,156	313,396
OCT	3	0	3	0	0		\$1,256	72,336
NOV								
DEC								
JAN								
FEB								
MAR								
APR								
MAY								
JUN								
<b>Total</b>	<b>18</b>	<b>2</b>	<b>19</b>	<b>1</b>	<b>1</b>		<b>\$8,462</b>	<b>518,542</b>
Prior Year	42	0	35	7	0		\$12,596	884,106

### Sources of Leaks



FOR IMMEDIATE RELEASE

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SCOTTS VALLEY  
WATER DISTRICT

## **AFTER SUCCESSFUL PILOT PROGRAM, SCOTTS VALLEY WATER DISTRICT BOARD VOTES TO MAKE COMMUNITY ADVISORY POSITIONS PERMANENT AND SEEKS APPLICANTS**

### ***APPLY NOW TO SERVE!***

(NOV. 29, 2021) SCOTTS VALLEY, CA – The Scotts Valley Water District (SVWD) today announced that the District’s Board of Directors made its community advisory positions within the board and its committees permanent roles and is actively recruiting for community members to serve on board committees.

The SVWD Board of Directors launched two pilot programs in fall 2019 to increase community engagement —Junior Associate board members and public members of committees positions. At its November meeting, the board made the programs permanent.

Applications are being accepted for four positions: two each on the Finance and Personnel Committee and the Engineering and Water Resources Committee. The committee positions are ideal for those interested in local government and civic service, or those who want to learn more about the local water supply and how a water agency operates. Stipends are available.

#### **Requirements for Public Members of Committees:**

- Two-year commitment, January 2022-December 2023
- Attend monthly afternoon or evening meetings
- Reside or work in the SVWD service area
- Age 18 or over

The application window closes Dec. 27. Past participants may reapply. Learn more and apply online:

<http://www.svwd.org>.

Applications to join the board as a Junior Associate member, who serve as non-voting advisors, will open in late 2022. Junior Associate Board Members can be ages 16-30 and also will serve 2-year terms.

#### **ABOUT SCOTTS VALLEY WATER DISTRICT**

Scotts Valley Water District is a public agency providing water service over six square miles including most of the City of Scotts Valley and a portion of the unincorporated areas north of the city limits. The community of Scotts Valley places a high value on livability, innovation and planning for the future. Scotts Valley Water District is proud to play a vital role in supporting those efforts by providing a reliable, sustainable, high-quality water supply. Through partnership with our community, strategic investment in resources and pursuit of new ideas, Scotts Valley Water District is redefining its historic role in order to meet future challenges and turn them into opportunities. Learn more at [www.svwd.org](http://www.svwd.org), [Facebook](#) or on [Instagram](#).

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## FOR IMMEDIATE RELEASE



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## GROUNDWATER SUSTAINABILITY PLAN ADOPTED BY SANTA MARGARITA GROUNDWATER AGENCY

**(Nov 18, 2021) SCOTTS VALLEY, CA** – The Santa Margarita Groundwater Agency (SMGWA) announced today the agency’s Board of Directors adopted the [Groundwater Sustainability Plan \(GSP\)](#) during its Wednesday, Nov. 17, 2021, board meeting and will submit the GSP to the state Department of Water Resources for their review and approval.

A key responsibility of the [Santa Margarita Groundwater Agency](#) is to develop, adopt and submit a GSP for the Santa Margarita Groundwater Basin (Basin), as required by California’s Sustainable Groundwater Management Act. SMGWA member agency staff, with support from technical experts and input from Basin stakeholders, prepared the draft GSP, which was first presented at the SMGWA’s Board of Directors meeting in July and subsequently opened for a two-month public comment period to solicit feedback from Basin stakeholders and the general public.

“All the hard work, long meetings and late nights paid off with a great plan for water sustainability,” said SMGWA Board Chair Chris Perri. “But the real win was bringing together all these different communities, cooperating with good hearts and minds for the greater good!”

Informed by the public comments, the final GSP will guide long-term management of the groundwater basin to ensure a reliable and resilient water supply for community needs and the environment. The plan provides the basis for ongoing management of the Basin by SMGWA to achieve sustainability in a 20-year planning horizon and maintain sustainability over a 50-year implementation horizon, as specified by the Sustainable Groundwater Management Act.

The Basin forms a roughly triangular area between Felton, Ben Lomond and Scotts Valley. This Basin is a source of drinking water for Scotts Valley Water District, San Lorenzo Valley Water District, over a dozen small water systems and approximately 1,100 parcels served by private wells. Additionally, the groundwater table influences the surface water in the San Lorenzo River, a primary drinking water source for the city of Santa Cruz and home to endangered species.

SMGWA’s effort on groundwater sustainability is increasingly important as the region, similarly to the whole state, experiences another drought. The Basin’s GSP must be submitted to the California Department of Water Resources by January 31, 2022.

### ABOUT SANTA MARGARITA GROUNDWATER AGENCY

The Santa Margarita Groundwater Agency (SMGWA) is a joint powers authority comprised of the San Lorenzo Valley Water District, Scotts Valley Water District and the County of Santa Cruz, to oversee the groundwater management activities in the Santa Margarita Groundwater Basin in Santa Cruz County, California. The agency was established in 2017. The Board of Directors of the SMGWA includes two board members from each of the member agencies, one from the City of Scotts Valley, one from the City of Santa Cruz, one from the Mount Hermon Association Community Water System and two well owner representatives. Learn more at [www.smgwa.org](http://www.smgwa.org), on [Facebook](#) and on [Instagram](#).

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