



SCOTTS VALLEY WATER DISTRICT

AGENDA PACKET

REGULAR BOARD MEETING

12/08/22 at 6:00 p.m.

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

This meeting is 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

Ruth Stiles, President

Chris Perri, Vice President

Bill Ekwall, Director

Wade Leishman, Director

Danny Reber, Director

Vacant, Associate Director

Piret Harmon, General Manager

David McNair, 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 Ruth Stiles
VICE PRESIDENT Chris Perri
Bill Ekwall
Wade Leishman
Danny Reber
ASSOCIATE DIRECTOR
Vacant

GENERAL MANAGER
Piret Harmon
David McNair

Board of Directors
Regular Meeting
12/08/22 at 6:00 p.m.
Santa Margarita Community Room
2 Civic Center Drive, Scotts Valley, California

Agenda

This meeting is 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, 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 (none)
- 1.4. Additions/Deletions to the Agenda
- 1.5. Oral Communications

2. Presentation (none)

3. Administrative

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

3.1. [Committee and Other Agency Meeting Reports](#)

Engineering and Water Resources Committee 11/28/22
Finance & Personnel Committee (none)
Executive & Public Affairs Committee (none)
Santa Margarita Groundwater Agency Board (none)

3.2. Master Meter Inventory and Report on Billing Adjustment Appeal (oral)

4. Consent

Items are routine in nature, may include agenda reports and be approved by one motion.

4.1. [Approval of Minutes – Regular Board Meeting 11/10/22](#)

Recommendation: Approve the minutes of the 11/10/22 Board Meeting.

4.2. [Leak Adjustment Program Sunset](#)

Recommendation: Approve ending the Leak Adjustment Program, effective 12/31/2022.

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, 2022 and June 30, 2021.

6.2. Sustainable Groundwater Management Implementation Round 2 Grant Program

Recommendation: Adopt Resolution No 10-22 authorizing an application by the Santa Margarita Groundwater Agency to the California Department of Water Resources for grant funding to support Santa Margarita Basin Groundwater Sustainability Plan implementation.

7. Staff Reports

7.1. Legal

District Counsel - oral

7.2. Administrative

General Manager – oral

7.3. Finance

Financial Reports 07/01/22 through 10/31/22

7.4. Operations

Operations Report - oral

Production, Demand and Rainfall Data through 11/30/22

Leak Adjustment Program Report 07/01/22 through 10/31/22

8. Directors Reports

Travel and Meetings

Election of Officers

9. Written Correspondence

Certificate of Achievement for Excellence in Financial Reporting
ACWA JPIA President’s Special Recognition Award

10. Community Relations

November Newsletter

11. Closed Session (none)

12. Report on Closed Session and Additional Items

13. Future Items

Update on Junior Associate Board Member Outreach (Reber)

14. Meetings and Event Calendar

Board Meetings

01/12/23

02/09/23

03/09/23

Committee Meetings

Engineering & Water Resources TBD

Executive & Public Affairs TBD

Finance & Personnel TBD

Santa Margarita Groundwater Agency

Board Meeting TBD

Events

ACWA Spring Conference 05/09/23 – 05/11/23 Monterey

15. Adjourn

The next regular meeting of the Scotts Valley Board of Directors is scheduled for 01/12/23.

AVAILABILITY OF PUBLIC RECORDS PROVIDED TO THE BOARD OF DIRECTORS: THE DISTRICT MAKES ANY PUBLIC RECORD PROVIDED TO THE BOARD OF DIRECTORS AVAILABLE FOR PUBLIC REVIEW AT WWW.SVWD.ORG AND AT THE DISTRICT OFFICE DURING NORMAL BUSINESS HOURS AT THE SAME TIME IT IS PROVIDED TO THE BOARD OF DIRECTORS.

PUBLIC ACCESS – ACCOMMODATIONS UNDER THE ADA: PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT OF 1990, THE DISTRICT REQUESTS THAT ANY PERSON IN NEED OF ANY TYPE OF SPECIAL EQUIPMENT, ASSISTANCE OR ACCOMMODATION(S) IN ORDER TO EFFECTIVELY COMMUNICATE AT THIS MEETING MAKE A REQUEST AT THE ABOVE ADDRESS OR BY CALLING (831) 438-2363 AT LEAST OF THREE (3) WORKING DAYS BEFORE THE MEETING TO ALLOW TIME TO MAKE ARRANGEMENTS.



SCOTTS VALLEY WATER DISTRICT

svwd.org  svwater

Engineering and Water Resources Committee
District Conference Room
2 Civic Center Drive, Scotts Valley, California
11/28/22 1:00 p.m.
Meeting Report

1. Convene

The meeting convened at 1:12 p.m. in a hybrid format.

Present: Director Reber, Director Ekwall, Committee Member Shulman and Committee Member Violante (remote).

Staff: Operations Manager Gillespie, Finance and Customer Service Manager Kurns, Operations Manager McNair and Assistant to General Manager Paul.

Guests: Director Stiles (observer).

2. Business Items (none)

3. Discussion Items

3.1 Master Meter Inventory

The Committee received and discussed the update on account billing for multi-family with master meters.

The update will be provided to the Board at its next meeting.

3.2 Leak Adjustment Program Report 07/01/22 through 09/30/22

The committee reviewed and discussed the report.

4. Oral Communications

The Committee briefly discussed the Junior Associate Board Member vacancy.

5. Adjourn

The meeting adjourned at 1:53 p.m.

Board of Directors

Regular Meeting

11/10/22 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

President Stiles called the meeting to order at 6:00 p.m. in the Santa Margarita Community Room. The meeting was conducted in a hybrid setting.

Directors

Bill Ekwall

Wade Leishman

Chris Perri

Danny Reber

Ruth Stiles

Staff

Bob Bosso, Legal Counsel

Piret Harmon, General Manager (remote)

Nick Kurns, Finance & Customer Service Manager

David McNair, General Manager

Donna Paul, Assistant to General Manager

Associate Directors

Noelle Downing

1.2. Pledge of Allegiance and Invocation

Director Ekwall led the pledge and Director Leishman the invocation.

1.3. Closed Session Report (none)

1.4. Additions/Deletions to the Agenda

None.

1.5. Oral Communications

None.

2. Presentation (none)

3. Administrative

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

3.1. Committee and Other Agency Meeting Reports

Engineering and Water Resources Committee 10/24/22

There was nothing further to add to the written report.

Finance & Personnel Committee 10/26/22

There was nothing further to add to the written report.

Executive & Public Affairs Committee (none)

Santa Margarita Groundwater Agency Board 10/27/22

Director Perri reported that the City of Santa Cruz presented a summary of its aquifer storage and recovery investigations.

3.2. Appointment in Lieu of Election

President Stiles reported that she along with Director Ekwall and Director Leishman have been appointed in lieu of an election and will assume office in early December once the election has been certified.

3.3. ACWA General Session Membership Meeting at 2022 Fall Conference

The Board selected Director Perri to serve as the District's authorized voting representative and alternate and General Manager Harmon as alternate at the ACWA General Session Membership Meeting during the 2022 Fall Conference in Indian Wells.

4. Consent

Items are routine in nature, may include agenda reports and be approved by one motion.

4.1. Approval of Minutes – Regular Board Meeting 10/13/22

Recommendation: Approve the minutes of the 10/13/22 Board Meeting.

4.2. Annual Reimbursements Disclosure

Recommendation: Accept the Fiscal Year (FY) 2022 Reimbursements Disclosure Report.

4.3. Labor Negotiator Appointment

Recommendation: Designate General Manager Harmon and General Manager McNair as the District's labor negotiators for upcoming contract negotiations with the District Employees Union AFSCME Local 101 AFL-CIO.

MOTION carried to approve the consent agenda as submitted by unanimous voice vote.

5. Public Hearings (none)

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. Property Acquisition APN 022-031-13

General Manager Harmon provided the staff report and responded to Board question.

MOTION carried to approve and authorize the General Manager to execute an agreement with James J. Lee and Rella S. Lee, Trustees, under the Lee Family Living Trust, in the amount of \$869,000 for purchase of real property designated as Assessor's Parcel No 022-031-13 by unanimous voice vote.

MOTION carried to amend the FY 2023 Projects Budget transferring \$900,000 from the reserves to project c15007 by unanimous voice vote.

6.2. Collaboration Strategies for Soquel Creek Water District (SqCWD) and Scotts Valley Water District (SVWD)

General Manager Harmon provided the staff report and responded to Board questions.

MOTION carried to in partnership with Soquel Creek Water District conduct a competitive selection process and hire a consultant to evaluate what type of an enhanced strategic partnership, if any, would be beneficial to both agencies and produce value to their respective customers and the environment by unanimous voice vote.

6.3. Junior Associate Board Members

General Manager Harmon provided the staff report and requested the Board provide direction.

The Board discussed the program and its future. Director Reber volunteered to organize additional Board outreach activities.

6.4. Urban Community Drought Relief 2022 Grant Program

General Manager Harmon provided the staff report and responded to Board questions.

MOTION carried to adopt Resolution 09-22 authorizing the 2022 Urban Community Drought Relief Grant application, acceptance and execution for the Scotts Valley Transit Center Low Impact Development Retrofit Phase 2, Well 3B Replacement and Turf Rebate Program by unanimous roll call vote.

6.5. Water Rate Increase Consideration

Finance and Customer Service Manager Kurns provided the staff report

The Board reviewed and discussed the rate implementation program scenarios and will continue to conduct an annual review prior to implementation.

MOTION carried to implement the next rate increase as established by Resolution 08-21

7. Staff Reports

7.1. Legal

District Counsel Bosso reported on a Pre-1914 water rights case and water supply available for large development in Lincoln California.

7.2. Administrative

General Manager

None.

7.3. Finance

Financial 07/01/22 through 09/30/22

The Board concurred with a request from the Finance and Customer Service Manager Kurns to provide the Annual Comprehensive Finance Report (ACFR) for approval at the December Board meeting without review by the Finance and Personnel Committee due to holiday scheduling.

7.4. Water Use Efficiency 11/01/21 through 10/31/22

The report was accepted without comment.

7.5. Operations

Operations Report - oral

Production, Demand and Rainfall Data through 10/31/22

Leak Adjustment Program Report 07/01/22 through 09/30/22

Operations Manager Gillespie reported that he is getting to know the staff, facilities and District policies. Staff is performing annual maintenance at Well 10 treatment plant.

8. Directors Reports

None.

9. Written Correspondence

Green Business Recertification

Approved SVWD Conflict of Interest Code

10. Community Relations

October Newsletter

11. Closed Session (none)

12. Report on Closed Session and Additional Items (none)

13. Future Items

Annual Comprehensive Financial Report

Election of Officers

Leak Adjustment Program Sunset

14. Meetings and Event Calendar

Board Meetings

12/08/22

01/12/23

02/09/23

Committee Meetings

Engineering & Water Resources TBD

Executive & Public Affairs TBD

Finance & Personnel TBD

Santa Margarita Groundwater Agency

Board Meeting 11/14/22 tentative

Events

ACWA and ACWA JPIA Fall Conference 11/29/22 – 12/01/22 Indian Wells

15. Adjourn

The meeting adjourned at 7:22 p.m.

Approved:

Attest:

Ruth Stiles, Board President

Piret Harmon, Board Secretary

AGENDA REPORT

Scotts Valley Water District

Date: 12/08/22

To: Board of Directors

Item: Business 4.2

Subject: **Leak Adjustment Program Sunset**

Reason: Supports District's Strategic Goal – Water Resource Management

SUMMARY

Recommendation: Approve ending the Leak Adjustment Program, effective 12/31/2022.

Fiscal Impact: Direct cost of the Leak Adjustment program in Fiscal Year 2022 was \$23,878.

Previous Related Action: On 03/10/11, the Board approved Resolution 05-11 adopting Leak Adjustment Policy Guidelines. On 02/11/16, the Board rescinded Resolution 05-11 and established the Leak Adjustment program.

On 09/26/22 the Engineering and Water Resources Committee provided input on the activities to sunset the leak adjustment program on 12/31/2022.

BACKGROUND

The Leak Adjustment Program was established at a time when the District billed bi-monthly and provided customers with consumption information every sixty days. The District has invested significantly in resources that provide customers with daily information about their water usage, including alerts for continuous water use.

DISCUSSION

With smart meters and WaterSmart software now fully deployed, the District has been striving to leverage the technology. Part of that effort has been to increase customer awareness about WaterSmart. 44% of District accounts have registered and WaterSmart has email addresses for 3,800 customers. In addition, staff resources have been reallocated to ensure that all customers are notified of continuous water use, which includes follow-up communication from District staff when leaks continue, or leak rates increase.

The Leak Adjustment program has been reviewed annually. District staff has evaluated various alternatives to the leak adjustment program, including working with a third-party service as well as amending the credit calculation methodology. None of the alternatives evaluated were considered improvements to the program.

By ending the leak adjustment program effective 12/31/2022, the District will accept leak adjustment applications through 2/28/2023 for water loss up to 12/31/2022.

Submitted,

David McNair
General Manager

Enclosed: Leak Adjustment Program



Type:	Water Use Efficiency		
Title:	Leak Adjustment		
Description:	Establishes procedures for water bill adjustment due to the leaks		
Review Date:	01/13/22	Initial Date:	02/11/16
Review Cycle:	TBD	End Date:	12/31/22

Leaks occasionally occur that are outside of the customer's control resulting in an unusually high water bill. Water bill adjustments due to leaks (leak adjustment credits) are granted on a case by case basis.

To request a leak adjustment credit, the customer must submit a leak adjustment form to the District at 2 Civic Center Drive, Scotts Valley, CA 95066 or by email to contact@svwd.org.

Leak adjustment credit:

- May be requested only for the most recent billing period(s)
- May be granted for up to two billing periods depending on the time and circumstances of the leak
- Is granted not more than once in any five year period for each account that has i-Meter and access to WaterSmart
- Is granted not more than once in a year for each account that does not have i-Meter and access to WaterSmart
- Is applied as a credit on the customer's water bill.

During a pending leak adjustment request, the customer must continue to make timely water bill payments to avoid late fees and penalties. The minimum payment during such period is based on the average water bill for the account.

Customers who submit proof of repair are eligible for a credit in the amount of seventy five percent (75%) of the cost of excess water used (excluding the basic service charge). The following documents are accepted as a proof of repairs: 1) repair bill, or 2) receipt for repair parts and photo depicting the repair.

Customers who do not submit proof of repair are eligible for a credit in the amount of fifty percent (50%) credit of the cost of excess water used (excluding the basic service charge).

AGENDA REPORT

Scotts Valley Water District

Date: 12/08/22

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, 2022 and June 30, 2021.

Fiscal Impact: None from this action.

Previous Related Action: On December 09, 2021 the Board received the Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2021 and June 30, 2020.

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, and certain required supplementary information. The District's Annual Financial Report complies with GAAP, and 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, 2022 and June 30, 2021. 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, 2022 and June 30, 2021



SCOTTS VALLEY
WATER DISTRICT

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Fiscal Years Ended June 30, 2022 and 2021



**Orchard Run Water Treatment Plant
Scotts Valley, California**

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, 2022

Name	Title	Elected / Appointed	Current Term
Ruth Stiles	President	Elected	12/18 - 11/22
Chris Perri	Vice President	Elected	12/20 - 11/24
Bill Ekwall	Director	Elected	12/18 - 11/22
Wade Leishman	Director	Elected	12/18 - 11/22
Danny Reber	Director	Elected	12/20 - 11/24
Noelle Downing	Junior Associate	Appointed	01/20 - 12/22
Annie Finch	Junior Associate	Appointed	01/20 - 12/22

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

SCOTTS VALLEY WATER DISTRICT
For the Fiscal Years Ended June 30, 2022 and 2021
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SCOTTS VALLEY WATER DISTRICT

For the Fiscal Years Ended June 30, 2022 and 2021

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SCOTTS VALLEY WATER DISTRICT

2 Civic Center
Scotts Valley, California 95066
831-438-2363
December 8, 2022

The Honorable Board of Directors of the Scotts Valley Water District & 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, 2022 (FY 2022). 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, 2022 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 a reasonable basis for rendering an unmodified opinion that states that the District's financial statements for the fiscal year ended June 30, 2022 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.

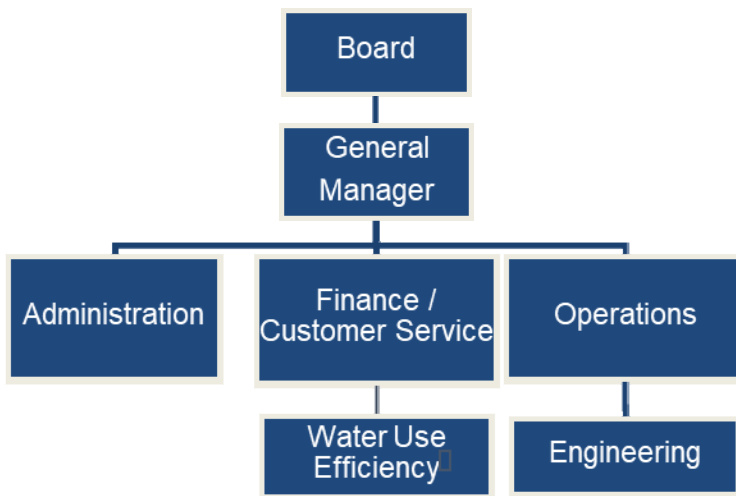
This report is organized into three sections: (1) Introductory, (2) Financial, and (3) Statistical. The Introductory section offers general information about the District's organizational structure and water system, the economic environment, as well as the District's major initiatives and accomplishments. 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 report's 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 were two changes to the organization chart in FY 2022 in the Administration and Finance divisions.

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 91% of the District’s customer base and consume approximately 62% 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 recycled water from the Tertiary Treatment Plant of the City of Scotts Valley.

The District’s potable water connection portfolio increased by 18 accounts in FY 2022.

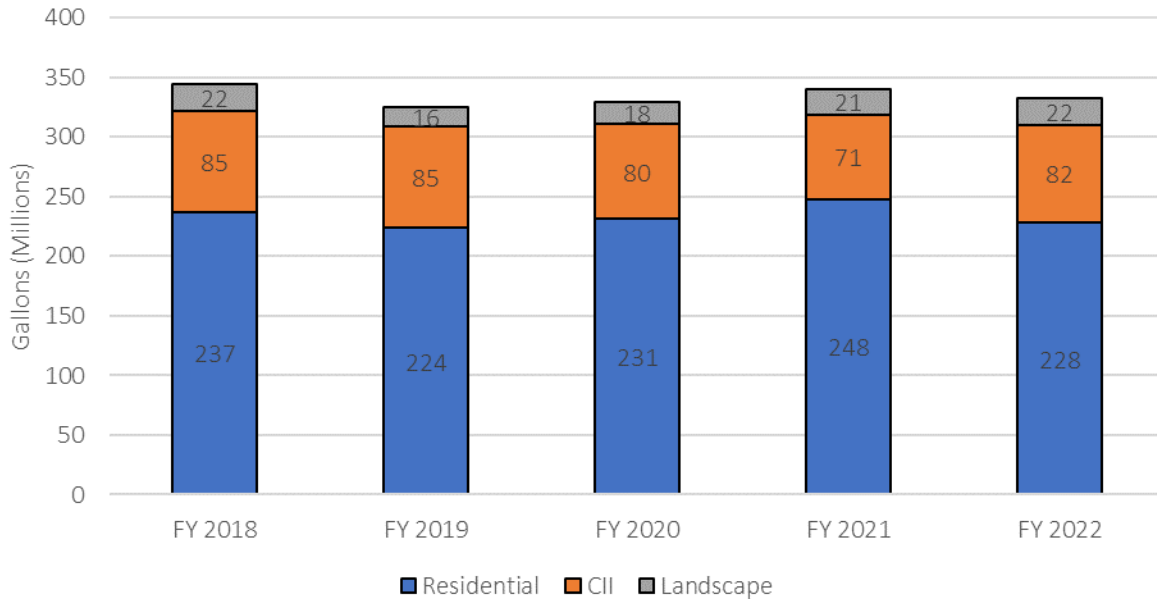
Potable Domestic Water Connections (excludes Fire Service Connections)

	6/30/2021	6/30/2022	Incr/(Decr)
Residential	3,488	3,505	17
CII*	298	298	0
Landscape	81	82	1
	3,867	3,885	18

* CII: Commercial, Industrial and Institution

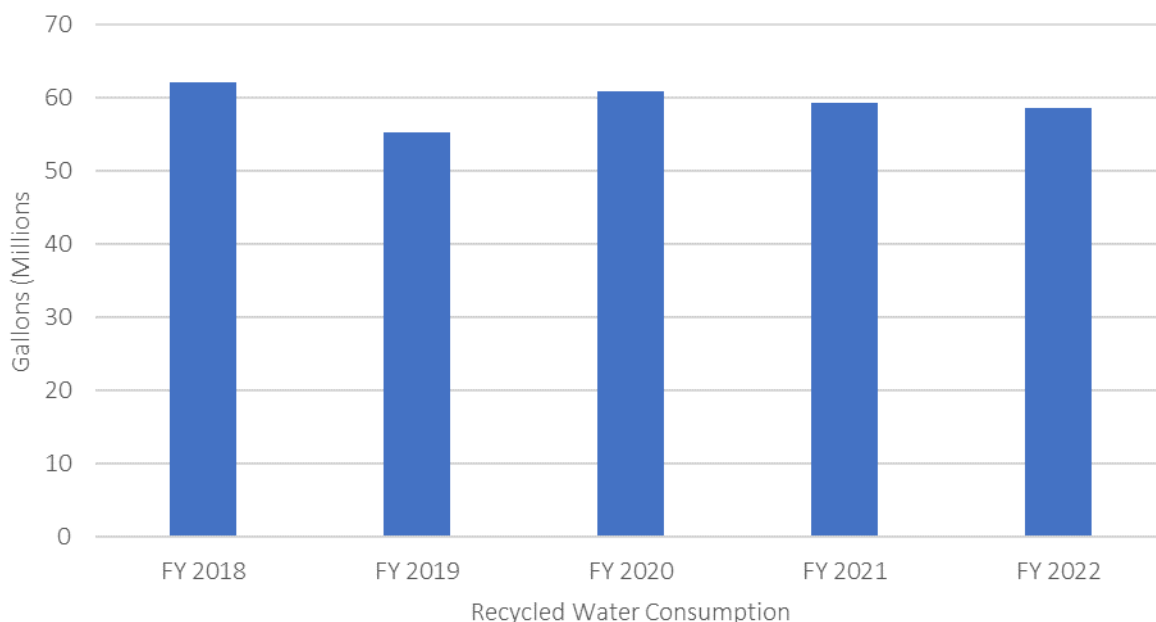
Total potable water consumption decreased by 8 million gallons (MG) from FY 2021, equal to 2.3%, with residential customers as the primary driver for the change. Residential consumption decreased by 20 MG (8.1%), while landscape consumption increased by 1 MG (4.8%), and CII consumption increased by 11 MG (15.5%).

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 17% of the total annual system demand is fulfilled using recycled water. As of June 30, 2022, there were 72 recycled water connections with an annual demand of 58.7 MG. Total recycled water consumption decreased by 0.6 MG from FY 2021, or 1.0%.

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



Water Rates

In the Prop 218 public hearing on October 14, 2021, the Board established a new rate structure, setting rates and fees for potable and recycled water for a five-year period (2021-2026). The rate increase in December 2021 was the first year of the five-year schedule. With the new rate schedule, the District converted from billing bi-monthly to billing every month.

Water Use Efficiency Programs

The District is committed to promoting and supporting efficient water use by its customers and demonstrates this commitment by offering digital resources such as WaterSmart, a tool that helps customers monitor their water use. The District also provides ongoing education and offers rebates and free devices. The District has utilized WaterSmart to notify any customers that have continuous water use 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 automated notifications with phone calls and letters to ensure that all customers receive notification in the event of continuous water use. 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.

In FY 2022 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 2022. According to data from the State Employment Development Division, the unemployment rate for Santa Cruz County in June 2022 was 3.6%, which represents a 3% decrease from the same period last year. The County’s unemployment rate was slightly lower than the statewide average of 3.7% for June 2022.

The number of new service connections is partially impacted by the local economy and driven by the City of Scotts Valley’s economic development policies, especially it’s land use policy.

The city has a population of 12,049 according to a May 2022 news release by the State Department of Finance, a decrease of 1.9% from 12,288 per the 2020 census. The number of households decreased from 4,690 in the 2020 census to an estimated 4,686 in 2022, a decrease of 0.1%. As the city's remaining buildable space is limited, growth in population is likely to remain moderate.

The City's Planning Department has approved several commercial and residential developments in the past few years which have or will result in new connections. Development projects resulted in 19 new connections to the system in FY 2022 generating Capacity Buy-In fee revenue of approximately \$745,659. The Polo Ranch subdivision and the Target 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.

In FY 2022 the District completed 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 the installation of granular activated carbon (GAC) and odor scrubber equipment.

The District replaced over 1,000 feet of potable water main at several key locations. In addition, the District completed significant upgrades at the Hacienda Pump Station and procured a new portable generator for use in public safety shut-off events.

FY 2022 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. Active participant and business agent for the groundwater sustainability agency Santa Margarita Groundwater Agency (SMGWA).
2. Assisted with the implementation of regional conjunctive use projects included in the near-term implementation of the SMGWA Groundwater Sustainability Plan (GSP).
3. Hosted a meeting with the City of Scotts Valley City Manager and Public Works staff, and City of Santa Cruz Public Works and Water Department staff with a focus on informing each other about potential synergies and conflicts in future Recycled Water planning in Scotts Valley.
4. Operated the Recycled Water Fill Station program which offered free recycled water to District customers.
5. Completed a leak detection audit of the distribution system.
6. Developed and implemented a leak notification framework utilizing WaterSmart to ensure that all customers are informed if they have continuous water use.

Infrastructure Integrity:

1. Replaced over 1,200 feet of potable water main at four locations.
2. Completed recoating and inspection as part of the Bethany Tank Rehabilitation project.
3. Design work was completed, and contractor hired to replace Well 3B.
4. Installed a backup power generation system at Polo Ranch Booster Station.
5. Upgraded the software and server for SCADA alarm (Win911)
6. Received grant funding through the Urban and Multi-benefit Drought Relief Grant to fund construction of a new production well. Developed an Implementation Agreement with City of Santa Cruz for construction of the two components in the grant (intertie and well).

Financial Stewardship:

1. Completed the 2021 Water and Recycled Water Rate Study and Prop 218 process. A new rate schedule was approved; new rates and billing structure changes were implemented.
2. Secured debt financing of \$6.1 million for capital projects with a twenty-year term and interest rate of 2.43 percent.
3. Received the Government Finance Officers Association (GFOA) Excellence in Financial Reporting award for the FY 2020 Audited Comprehensive Financial Report (ACFR). Completed the FY 2021 ACFR and submitted the application for the award.
4. Reached 40% registration rate on WaterSmart customer engagement portal.
5. Reviewed and updated customer forms; utilized online forms for Start Service and Stop Service; used WaterSmart forms to conduct the successful Water Saving Challenge conservation program and raffle.

Community Engagement:

1. Participated in the Scotts Valley Art Wine and Beer Festival
2. Provided leadership and active participation in SMGWA
3. Coordinated the administrative activities required to complete and submit the Groundwater Sustainability Plan ahead of the deadline; developed a work plan for the next phase of the agency; provided Treasury services.
4. Reviewed and revised the Junior Associate Board Member and Community Members on Board Committees program. Recruited two community members to serve on advisory Committees.
5. Made continuous improvements to maximize the value of the District website as a platform for delivering messages that are informative, compelling and easy to access.

Organizational Vitality:

1. Made changes to the Customer Service / Water Use Efficiency section by establishing new, alternatively staffed Utility Service Technician / Utility Service Specialist job classifications.
2. Supported employee career development by seeking opportunities to provide employees with assignments to perform higher-level tasks.
3. All recent new hires attended a tour of the District water system.
4. Identified relevant opportunities for each employee and Director to attend at minimum 1 training and/or professional event annually.
5. Developed and began implementation of an updated Records Retention policy.

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.

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.

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 the 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 increases 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 \$9.73 million. As of June 30, 2022, the District's cash balance was \$9.7 million, or 200.3% of the target. The year-end cash balance was designated as follows:

Operating	\$	3,011,900
Rate Stabilization		2,017,300
Emergency		1,090,600
Capital		2,142,200
Debt Service		1,467,000
Total	\$	<u>9,729,000</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 2022. Their unmodified Independent Auditor's Report appears in the Financial Section.

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.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* (Certificate) to the District for its Annual Comprehensive Financial Report for the fiscal year ending June 30, 2021. This was the second year that the District has received this prestigious award. To be awarded a Certificate, a governmental entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements. As such, we are submitting the Annual Comprehensive Financial Report to the GFOA to determine the District's eligibility for another Certificate.

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,

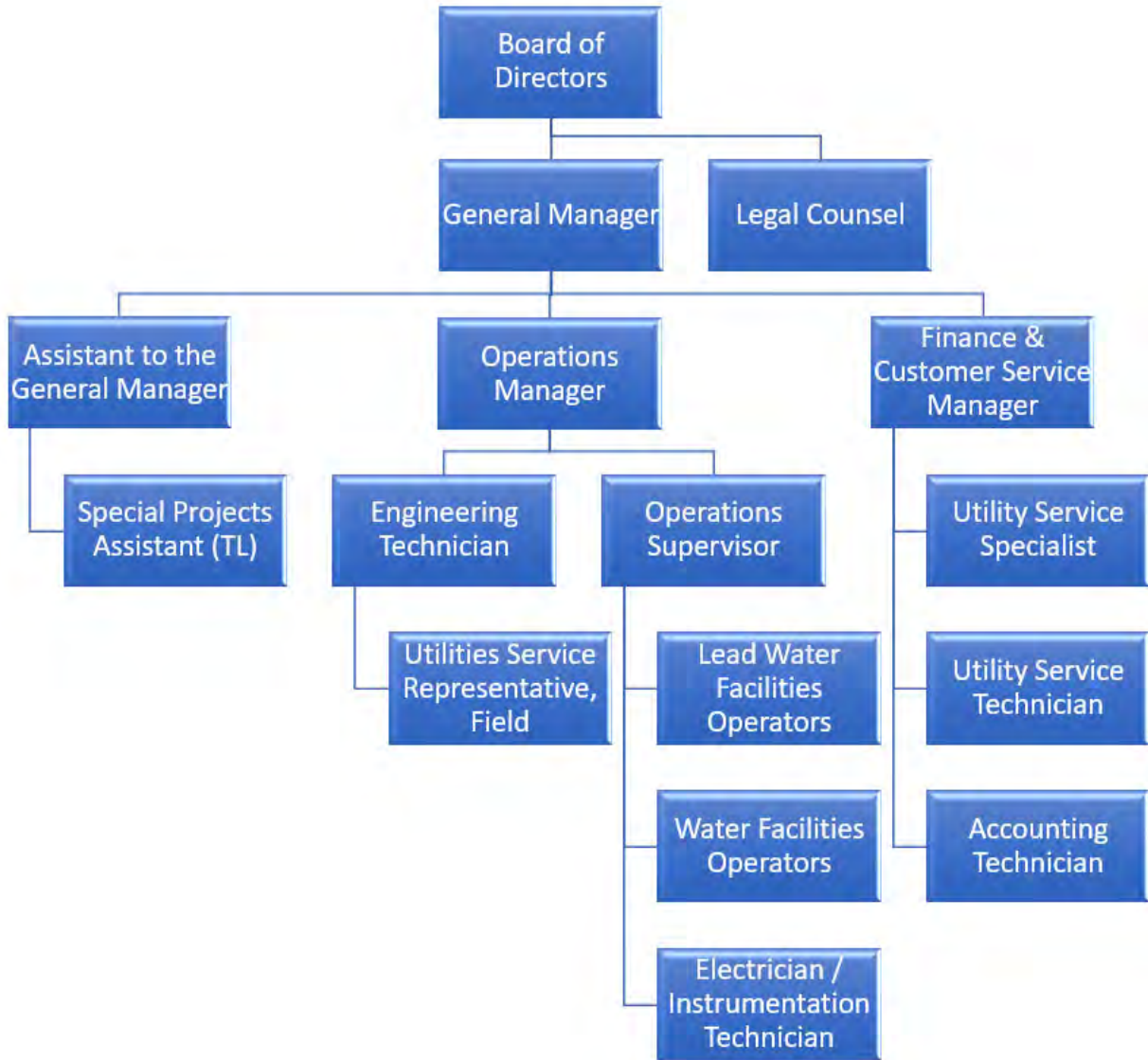


Piret Harmon
General Manager

SCOTTS VALLEY WATER DISTRICT

Organizational Chart

For the Year Ended June 30, 2022



SCOTTS VALLEY WATER DISTRICT

GFOA Award

For the Year Ended June 30, 2022



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Scotts Valley Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Scotts Valley Water District
Scotts Valley, California

Opinion

We have audited the accompanying financial statements of the Scotts Valley Water District (District), which comprise the balance sheets as of June 30, 2022 and 2021, and related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2022 and 2021, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Plan's 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 OPEB 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Schedules of Balance Sheets and Combining Schedules 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole

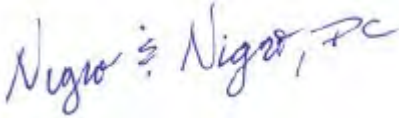
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 8, 2022, 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Walnut Creek, California
December 8, 2022

Management's Discussion and Analysis

SCOTTS VALLEY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2022 and 2021

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, 2022 and 2021. 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 2022, the District's net position increased 11.8% or \$2,420,641 from \$20,579,445 to \$23,000,086, primarily due to a \$1,110,996 increase in operating income before depreciation expense.
- 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 2022, the District's total operating and non-operating revenues increased 7.51% or \$610,168 from \$8,128,370 to \$8,738,538, 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 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 2022, the District's total expenses decreased 8.0% or \$593,391 from \$7,445,970 to \$6,852,579, primarily from a decrease of \$641,779 in overall operating expenses.
- 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.

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 the funds came 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, 2022 and 2021

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, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	<u>June 30, 2020</u>	<u>Change</u>
Assets:					
Current assets	\$ 5,225,582	\$ 5,700,151	\$ (474,569)	\$ 6,058,799	\$ (358,648)
Non-current assets	6,212,721	481,905	5,730,816	1,095,922	(614,017)
Capital assets, net	<u>24,641,893</u>	<u>24,492,236</u>	<u>149,657</u>	<u>21,785,200</u>	<u>2,707,036</u>
Total assets	<u>36,080,196</u>	<u>30,674,292</u>	<u>5,405,904</u>	<u>28,939,921</u>	<u>1,734,371</u>
Deferred outflows of resources	<u>2,563,537</u>	<u>831,530</u>	<u>1,732,007</u>	<u>837,369</u>	<u>(5,839)</u>
Total assets and deferred outflows of resources	<u>\$ 38,643,733</u>	<u>\$ 31,505,822</u>	<u>\$ 7,137,911</u>	<u>\$ 29,777,290</u>	<u>\$ 1,728,532</u>
Liabilities:					
Current liabilities	\$ 2,136,957	\$ 2,176,750	\$ (39,793)	\$ 1,461,151	\$ 715,599
Non-current liabilities	<u>12,243,360</u>	<u>8,633,147</u>	<u>3,610,213</u>	<u>8,773,238</u>	<u>(140,091)</u>
Total liabilities	<u>14,380,317</u>	<u>10,809,897</u>	<u>3,570,420</u>	<u>10,234,389</u>	<u>575,508</u>
Deferred inflows of resources	<u>1,263,330</u>	<u>116,480</u>	<u>1,146,850</u>	<u>215,460</u>	<u>(98,980)</u>
Net position:					
Net investment in capital assets	15,089,011	20,391,522	(5,302,511)	17,117,188	3,274,334
Restricted	5,995,465	-	5,995,465	-	-
Unrestricted	<u>1,915,610</u>	<u>187,923</u>	<u>1,727,687</u>	<u>2,210,253</u>	<u>(2,022,330)</u>
Total net position	<u>23,000,086</u>	<u>20,579,445</u>	<u>2,420,641</u>	<u>19,327,441</u>	<u>1,252,004</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 38,643,733</u>	<u>\$ 31,505,822</u>	<u>\$ 7,137,911</u>	<u>\$ 29,777,290</u>	<u>\$ 1,728,532</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 \$23,000,086 and \$20,579,445 as of June 30, 2022 and 2021, respectfully.

SCOTTS VALLEY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2022 and 2021

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (65% as of June 30, 2022) 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 2022, the District showed a positive balance in its unrestricted net position of \$1,915,610.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	<u>June 30, 2020</u>	<u>Change</u>
Total operating revenues	\$ 7,454,898	\$ 6,985,681	\$ 469,217	\$ 6,674,839	\$ 310,842
Total operating expenses	<u>(5,251,268)</u>	<u>(5,893,047)</u>	<u>641,779</u>	<u>(5,019,304)</u>	<u>(873,743)</u>
Operating income before depreciation	2,203,630	1,092,634	1,110,996	1,655,535	(562,901)
Depreciation expense	<u>(1,159,097)</u>	<u>(1,119,609)</u>	<u>(39,488)</u>	<u>(1,069,751)</u>	<u>(49,858)</u>
Operating income (loss)	1,044,533	(26,975)	1,071,508	585,784	(612,759)
Total non-operating revenues(expenses), net	744,397	709,375	35,022	889,433	(180,058)
Capital contributions	<u>631,711</u>	<u>569,604</u>	<u>62,107</u>	<u>761,665</u>	<u>(192,061)</u>
Change in net position	2,420,641	1,252,004	1,168,637	2,236,882	(984,878)
Net position:					
Beginning of year	<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>
End of year	<u>\$ 23,000,086</u>	<u>\$ 20,579,445</u>	<u>\$ 2,420,641</u>	<u>\$ 19,327,441</u>	<u>\$ 1,252,004</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 2022, the District's net position increased 11.8% or \$2,420,641 from \$20,579,445 to \$23,000,086, primarily due to a \$1,110,996 increase in operating income before depreciation expense.

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.

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, 2022 and 2021

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Operating revenues:					
Water sales	\$ 4,913,827	\$ 4,727,234	\$ 186,593	\$ 4,566,923	\$ 160,311
Water service	2,509,412	2,230,855	278,557	2,076,643	154,212
Other fees and charges	31,659	27,592	4,067	31,273	(3,681)
Total operating revenues	<u>7,454,898</u>	<u>6,985,681</u>	<u>469,217</u>	<u>6,674,839</u>	<u>310,842</u>
Non-operating:					
Property taxes	1,241,664	1,057,540	184,124	1,030,321	27,219
Investment earnings	(29,611)	6,936	(36,547)	66,477	(59,541)
Other non-operating revenues	71,587	78,213	(6,626)	119,616	(41,403)
Total non-operating	<u>1,283,640</u>	<u>1,142,689</u>	<u>140,951</u>	<u>1,216,414</u>	<u>(73,725)</u>
Total revenues	<u>\$ 8,738,538</u>	<u>\$ 8,128,370</u>	<u>\$ 610,168</u>	<u>\$ 7,891,253</u>	<u>\$ 237,117</u>

In 2022, the District's total operating and non-operating revenues increased 7.51% or \$610,168 from \$8,128,370 to \$8,738,538, 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 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.

Total Expenses

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Operating expenses:					
Source of supply	104,454	111,200	(6,746)	182,735	(71,535)
Pumping	469,102	464,519	4,583	480,655	(16,136)
Water treatment	439,819	284,701	155,118	239,722	44,979
Recycled water	536,090	590,898	(54,808)	472,247	118,651
Transmission and distribution	1,877,505	2,213,808	(336,303)	1,990,814	222,994
Finance, customer service and conservation	816,887	1,064,016	(247,129)	659,450	404,566
General and administrative	1,007,411	1,163,905	(156,494)	993,681	170,224
Total operating expenses	<u>5,251,268</u>	<u>5,893,047</u>	<u>(641,779)</u>	<u>5,019,304</u>	<u>873,743</u>
Depreciation expense	1,159,097	1,119,609	39,488	1,069,751	49,858
Non-operating expenses:					
Change in investment in SMGA-JPA	328,729	357,480	(28,751)	240,719	116,761
Interest expense	113,485	75,834	37,651	86,262	(10,428)
Total non-operating	<u>442,214</u>	<u>433,314</u>	<u>8,900</u>	<u>326,981</u>	<u>106,333</u>
Total expenses	<u>\$ 6,852,579</u>	<u>\$ 7,445,970</u>	<u>\$ (593,391)</u>	<u>\$ 6,416,036</u>	<u>\$ 1,029,934</u>

In 2022, the District's total expenses decreased 8.0% or \$593,391 from \$7,445,970 to \$6,852,579, primarily from a decrease of \$641,779 in overall operating expenses.

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.

SCOTTS VALLEY WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2022 and 2021

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Capital Assets

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

Capital assets:	Balance June 30, 2022	Balance June 30, 2021	Balance June 30, 2020
Non-depreciable assets	\$ 1,106,059	\$ 1,327,578	\$ 1,213,219
Depreciable assets	49,370,818	47,840,545	44,399,273
Accumulated depreciation	<u>(25,834,984)</u>	<u>(24,675,887)</u>	<u>(23,827,292)</u>
Total capital assets, net	<u>\$ 24,641,893</u>	<u>\$ 24,492,236</u>	<u>\$ 21,785,200</u>

At June 30, 2022 and 2021, the District's investment in capital assets amounted to \$24,641,893 and \$24,492,236, (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.

Long-term debt:	Balance June 30, 2022	Balance June 30, 2021	Balance June 30, 2020
Loan payable	<u>\$ 9,552,882</u>	<u>\$ 4,100,714</u>	<u>\$ 4,668,012</u>

For the years ended June 30, 2022 and 2021, long-term debt increased by \$5,422,168 and decreased by \$567,298 and \$468,579, respectively, due to the District taking out new debt, and 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 or 831-600-1902) with any questions.

Basic Financial Statements

SCOTTS VALLEY WATER DISTRICT

Balance Sheets

June 30, 2022 and 2021

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Current assets:		
Cash and cash equivalents (Note 2)	\$ 3,733,519	\$ 3,511,535
Accrued interest receivable	8,562	4,548
Accounts receivable, net (Note 4)	1,056,046	1,805,650
Property taxes receivable	99,760	50,887
Other receivables	18,288	15,060
Notes receivable (Note 5)	20,000	15,000
Inventory – materials and supplies	213,404	229,228
Prepaid expenses	76,003	68,243
Total current assets	<u>5,225,582</u>	<u>5,700,151</u>
Non-current assets:		
Restricted – cash and cash equivalents (Note 2 and 3)	5,995,465	-
Notes receivable (Note 5)	63,333	83,333
Investment in Santa Margarita Groundwater Agency – JPA (Note 6)	153,923	29,632
Prepaid contribution to the Santa Margarita Groundwater Agency – JPA (Note 7)	-	368,940
Capital assets – not being depreciated (Note 8)	1,106,059	1,327,578
Capital assets – being depreciated, net (Note 8)	23,535,834	23,164,658
Total non-current assets	<u>30,854,614</u>	<u>24,974,141</u>
Total assets	<u>36,080,196</u>	<u>30,674,292</u>
Deferred outflows of resources:		
Deferred amounts related to net OPEB obligation (Note 12)	121,850	140,200
Deferred amounts related to net pension liability (Note 11)	2,441,687	691,330
Total deferred outflows of resources	<u>2,563,537</u>	<u>831,530</u>
Total assets and deferred outflows of resources	<u>\$ 38,643,733</u>	<u>\$ 31,505,822</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 652,151	\$ 1,296,516
Customer deposits for services	474,799	141,219
Accrued interest payable (Note 3)	59,178	37,932
Long-term liabilities – due within one year:		
Compensated absences (Note 9)	38,838	38,251
Loans payable (Note 3 and 10)	911,991	662,832
Total current liabilities	<u>2,136,957</u>	<u>2,176,750</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 9)	116,513	114,752
Loans payable (Note 10)	8,640,891	3,437,882
Net OPEB obligation (Note 12)	2,123,895	2,539,285
Net pension liability (Note 11)	1,362,061	2,541,228
Total non-current liabilities	<u>12,243,360</u>	<u>8,633,147</u>
Total liabilities	<u>14,380,317</u>	<u>10,809,897</u>
Deferred inflows of resources:		
Deferred amounts related to net pension liability (Note 11)	1,263,330	116,480
Total deferred inflows of resources	<u>1,263,330</u>	<u>116,480</u>
Net position:		
Net investment in capital assets (Note 13)	15,089,011	20,391,522
Restricted (Note 3)	5,995,465	-
Unrestricted	1,915,610	187,923
Total net position	<u>23,000,086</u>	<u>20,579,445</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 38,643,733</u>	<u>\$ 31,505,822</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, 2022 and 2021*

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Operating revenues:		
Water sales	\$ 4,913,827	\$ 4,727,234
Water service	2,509,412	2,230,855
Other fees and charges	31,659	27,592
Total operating revenues	<u>7,454,898</u>	<u>6,985,681</u>
Operating expenses:		
Source of supply	104,454	111,200
Pumping	469,102	464,519
Water treatment	439,819	284,701
Recycled water	536,090	590,898
Transmission and distribution	1,877,505	2,213,808
Finance, customer service and conservation	816,887	1,064,016
General and administrative	1,007,411	1,163,905
Total operating expenses	<u>5,251,268</u>	<u>5,893,047</u>
Operating income before depreciation	2,203,630	1,092,634
Depreciation expense	<u>(1,159,097)</u>	<u>(1,119,609)</u>
Operating income (loss)	<u>1,044,533</u>	<u>(26,975)</u>
Non-operating revenues(expenses):		
Property taxes	1,241,664	1,057,540
Change in investment in Santa Margarita Groundwater Agency-JPA (Note 6)	(328,729)	(357,480)
Investment earnings	(29,611)	6,936
Interest expense	(113,485)	(75,834)
Other non-operating revenues	71,587	78,213
Cost of debt issuance	<u>(97,029)</u>	<u>-</u>
Total non-operating income	<u>744,397</u>	<u>709,375</u>
Change in net position before capital contributions	<u>1,788,930</u>	<u>682,400</u>
Capital contributions:		
Capacity buy-in fee	757,142	703,635
Capacity buy-back	(125,431)	(144,541)
Local capital grant	-	10,510
Total capital contributions	<u>631,711</u>	<u>569,604</u>
Change in net position	2,420,641	1,252,004
Net position:		
Beginning of year	<u>20,579,445</u>	<u>19,327,441</u>
End of year	<u>\$ 23,000,086</u>	<u>\$ 20,579,445</u>

SCOTTS VALLEY WATER DISTRICT
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2022 and 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 8,606,441	\$ 6,918,538
Cash paid to employees for salaries and wages	(1,954,214)	(1,753,518)
Cash paid to vendors and suppliers for materials and services	<u>(6,110,721)</u>	<u>(3,058,814)</u>
Net cash provided by operating activities	<u>541,506</u>	<u>2,106,206</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	<u>1,192,791</u>	<u>1,091,411</u>
Net cash provided by non-capital financing activities	<u>1,192,791</u>	<u>1,091,411</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,308,754)	(3,826,645)
Proceeds from capacity buy-in fee	757,142	703,635
Payments for capacity buy-back	(125,431)	(144,541)
Proceeds from local capital grant	-	10,510
Proceeds from notes receivable	15,000	169,412
Proceeds from loan payable	6,017,971	-
Principal paid on long-term debt	(662,832)	(567,298)
Interest paid on long-term debt	<u>(92,239)</u>	<u>(81,081)</u>
Net cash provided by(used in) capital and related financing activities	<u>4,600,857</u>	<u>(3,736,008)</u>
Cash flows from investing activities:		
Contribution to the Santa Margarita Groundwater Agency – JPA	(84,080)	(368,940)
Investment earnings	<u>(33,625)</u>	<u>16,633</u>
Net cash used in investing activities	<u>(117,705)</u>	<u>(352,307)</u>
Net increase(decrease) in cash and cash equivalents	6,217,449	(890,698)
Cash and cash equivalents:		
Beginning of year	<u>3,511,535</u>	<u>4,402,233</u>
End of year	<u>\$ 9,728,984</u>	<u>\$ 3,511,535</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 3,733,519	\$ 3,511,535
Restricted – cash and cash equivalents	<u>5,995,465</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 9,728,984</u>	<u>\$ 3,511,535</u>

SCOTTS VALLEY WATER DISTRICT
Statements of Cash Flows (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income(loss)	\$ 1,044,533	\$ (26,975)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,159,097	1,119,609
Other non-operating revenues	71,587	78,213
Change in assets - (increase)decrease:		
Accounts receivable, net	749,604	(160,474)
Other receivables	(3,228)	231
Inventory - materials and supplies	15,824	42,152
Prepaid expenses	(7,760)	(1,462)
Change in deferred outflows of resources - (increase)decrease		
Deferred amounts related to net OPEB obligation	18,350	2,770
Deferred amounts related to net pension liability	(1,750,357)	3,069
Change in liabilities - increase(decrease):		
Accounts payable and accrued expenses	(644,365)	613,172
Customer deposits for services	333,580	14,887
Compensated absences	2,348	(10,987)
Net OPEB obligation	(415,390)	293,790
Net pension liability	(1,179,167)	237,191
Change in deferred inflows of resources - increase(decrease)		
Deferred amounts related to net pension liability	1,146,850	(98,980)
Total adjustments	<u>(503,027)</u>	<u>2,133,181</u>
Net cash provided by operating activities	<u>\$ 541,506</u>	<u>\$ 2,106,206</u>

Notes to the Financial Statements

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

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, 2020. As of June 30, 2021, 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, 2022 and 2021

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, 2022 and 2021

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 cost 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 acquisition 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.

<u>Description</u>	<u>Estimated Lives</u>
Water rights – recycled water	50 years
Water treatment	7-40 years
Recycled water system	10-40 years
Source of supply – wells	15-40 years
Transmission and distribution system	15-40 years
Reservoirs and tanks	20-40 years
Pumping	5-20 years
Buildings and improvements	12-33 years
Infrastructure	25-50 years
Equipment and tools	7 years
Office equipment	5-10 years
Transportation	5-10 years

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

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

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

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

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)

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, loans, 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.
- **Restricted** - This component of net position is restricted by external creditors, grantors, contributors or laws or regulations of other governments.
- **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. Property Taxes

The Santa Cruz County Assessor's Office assesses all real and personal property within the County each year. The Santa Cruz County Tax Collector's Office bills and collects the District's share of property taxes. The Santa Cruz County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Santa Cruz County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

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

F. 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, 2022 and 2021

NOTE 2 – CASH AND CASH EQUIVALENTS

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

<u>Description</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash and cash equivalents	\$ 3,733,519	\$ 3,511,535
Restricted – cash and cash equivalents	5,995,465	-
Total cash and cash equivalents	\$ 9,728,984	\$ 3,511,535

Cash and cash equivalents as of June 30th consisted of the following:

<u>Description</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Petty cash	\$ 400	\$ 400
Demand deposits held with financial institutions	6,245,144	1,489,854
Local Agency Investment Fund (LAIF)	3,483,440	2,021,281
Total cash and cash equivalents	\$ 9,728,984	\$ 3,511,535

Demand Deposits with Financial Institutions

At June 30, 2022 and 2021, the carrying amount of the District's demand deposits were \$6,245,144 and \$1,489,854, respectively, and the financial institution's balances were \$6,246,006 and \$1,629,633, 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, 2022 and 2021

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, 2022, and 2021, the District held \$3,483,440 and \$2,021,281 in LAIF, respectively.

NOTE 3 – RESTRICTED – CASH AND CASH EQUIVALENTS

Restricted – cash and cash equivalents as of June 30th consisted of the following:

<u>Description</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Restricted – cash and cash equivalents	\$ 5,995,465	\$ -
Total	<u>\$ 5,995,465</u>	<u>\$ -</u>

The restricted – cash and cash equivalents balance on the balance sheet at June 30, 2022 was cash holdings by the District's financial institution from the remaining unused proceeds from the new loan payable – 2021.

NOTE 4 – ACCOUNTS RECEIVABLE, NET

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

<u>Description</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Accounts receivable	\$ 1,069,045	\$ 1,845,650
Allowance for doubtful accounts	<u>(13,000)</u>	<u>(40,000)</u>
Total accounts receivable, net	<u>\$ 1,056,046</u>	<u>\$ 1,805,650</u>

SCOTTS VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 5 – NOTES RECEIVABLE

Changes in notes receivable amounts for the fiscal year ended June 30, 2022, were as follows:

Notes Receivable	Balance July 1, 2021	Additions	Payments	Balance June 30, 2022	Current Portion	Long-term Portion
City of Scotts Valley – Installment Note	\$ 70,000	\$ -	\$ (5,000)	\$ 65,000	\$ 10,000	\$ 55,000
Vineyards HOA – Installment Note	28,333	-	(10,000)	18,333	10,000	8,333
Total notes receivable	\$ 98,333	\$ -	\$ (15,000)	\$ 83,333	\$ 20,000	\$ 63,333

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

Notes Receivable	Balance July 1, 2020	Additions	Payments	Balance June 30, 2021	Current Portion	Long-term Portion
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
Total notes receivable	\$ 267,745	\$ -	\$ (169,412)	\$ 98,333	\$ 15,000	\$ 83,333

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. In fiscal year 2021, the City paid off its obligation to the District.

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, 2022 and 2021

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, 2022 and 2021, the balance of the note with the City regarding the Installment Note amounted to \$65,000 and \$70,000, respectively. Future principal and interest payments on the note are as follows:

Fiscal Year	Principal	Interest	Total
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	65,000	\$ 12,450	\$ 77,450
Current	(10,000)		
Long-term	\$ 55,000		

Vineyards HOA – Installment Note

On May 15, 2021, 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, 2022 and 2021, the balance of the note with the Association amounted to \$18,333 and \$28,333, respectively. Future principal and estimated interest payments on the note are as follows:

Fiscal Year	Principal	Estimated Interest	Total
2023	10,000	275	10,275
2024	8,333	55	8,388
Total	18,333	\$ 330	\$ 18,663
Current	(10,000)		
Long-term	\$ 8,333		

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

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, 2021 and 2020, 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.

A. Entity	Santa Margarita Groundwater Agency		
B. Purpose	To pool member resources and realize the advantages of local groundwater sustainability through an agency		
C. Participants	3 member agencies		
D. Governing board	Eleven representatives appointed by members		
E. District payments for FY 2022:			
Contribution	\$84,080		
F. Condensed financial information	June 30, 2022		
Audit dated	December 8, 2022		
Statement of net position:		June 30, 2022	District Share
Total assets		\$ 357,085	\$ 214,251
Total liabilities		100,547	60,328
Net position		<u>\$ 256,538</u>	<u>\$ 153,923</u>
Statement of revenues, expenses and changes in net position:			
Total revenues		\$ 557,277	\$ 334,366
Total expenses		<u>(474,702)</u>	<u>(284,821)</u>
Change in net position		82,575	49,545
Beginning - net position		173,963	104,378
Ending - net position		<u>\$ 256,538</u>	<u>\$ 153,923</u>
G. District's share of year-end financial position		<u>100.00%</u>	<u>60.00%</u>

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

For the fiscal years ended June 30, 2022 and 2021, the District contributed \$84,080 and \$368,940, respectfully, to the Agency; however, the annual audit of 2021 for the Agency had not been completed as of the date of the 2021 report. Therefore, the District recorded the contribution of \$368,940 as a prepaid contribution to the Agency on the balance sheet. The annual audit of 2022 has been completed as of the date of the 2022 report. Therefore, the contribution is reflected in the District's investment in the Agency on the balance sheet.

SCOTTS VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 8 – CAPITAL ASSETS AND DEPRECIATION

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

Description	Balance July 1, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Non-depreciable assets:				
Land	\$ 650,697	\$ -	\$ -	\$ 650,697
Construction-in-process	676,881	1,308,754	(1,530,273)	455,362
Total non-depreciable assets	1,327,578	1,308,754	(1,530,273)	1,106,059
Depreciable assets:				
Water rights – recycled water	5,267,834	-	-	5,267,834
Water treatment	8,699,455	747,155	-	9,446,610
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	438,899	-	9,360,220
Reservoirs and tanks	7,286,514	-	-	7,286,514
Pumping	1,866,860	157,948	-	2,024,808
Buildings and improvements	1,605,999	-	-	1,605,999
Infrastructure	2,724,920	32,342	-	2,757,262
Equipment and tools	1,136,380	111,116	-	1,247,496
Office equipment	257,207	-	-	257,207
Transportation	741,829	42,813	-	784,642
Total depreciable assets	47,840,545	1,530,273	-	49,370,818
Accumulated depreciation:				
Water rights – recycled water	(2,006,627)	(102,004)	-	(2,108,631)
Water treatment	(4,553,198)	(144,148)	-	(4,697,346)
Recycled water system	(940,879)	(66,718)	-	(1,007,597)
Source of supply – wells	(3,601,099)	(155,061)	-	(3,756,160)
Transmission and distribution system	(6,149,918)	(175,220)	-	(6,325,138)
Reservoirs and tanks	(3,510,650)	(191,690)	-	(3,702,340)
Pumping	(1,198,472)	(62,298)	-	(1,260,770)
Buildings and improvements	(714,818)	(44,743)	-	(759,561)
Infrastructure	(411,142)	(117,923)	-	(529,065)
Equipment and tools	(857,639)	(43,723)	-	(901,362)
Office equipment	(225,214)	(13,358)	-	(238,572)
Transportation	(506,231)	(42,211)	-	(548,442)
Total accumulated depreciation	(24,675,887)	(1,159,097)	-	(25,834,984)
Total depreciable assets, net	23,164,658	371,176	-	23,535,834
Total capital assets, net	\$ 24,492,236	\$ 1,679,930	\$ (1,530,273)	\$ 24,641,893

In fiscal year 2022, major capital assets additions amounted to \$1,308,754, and depreciation expense amounted to \$1,159,097.

SCOTTS VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 8 – CAPITAL ASSETS AND DEPRECIATION (continued)

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
Non-depreciable assets:				
Land	\$ 650,697	\$ -	\$ -	\$ 650,697
Construction-in-process	562,522	3,826,645	(3,712,286)	676,881
Total non-depreciable assets	1,213,219	3,826,645	(3,712,286)	1,327,578
Depreciable assets:				
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
Total depreciable assets	44,399,273	-	3,441,272	47,840,545
Accumulated depreciation:				
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)
Total accumulated depreciation	(23,827,292)	(1,119,609)	271,014	(24,675,887)
Total depreciable assets, net	20,571,981	(1,119,609)	3,712,286	23,164,658
Total capital assets, net	\$ 21,785,200	\$ 2,707,036	\$ -	\$ 24,492,236

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, 2022 and 2021

NOTE 9 – COMPENSATED ABSENCES

Changes in compensated absences amounts for the fiscal year ended June 30, 2022, were as follows:

Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Current Portion	Long-term Portion
\$ 153,003	\$ 173,222	\$ (170,874)	\$ 155,351	\$ 38,838	\$ 116,513

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

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

NOTE 10 – LOAN PAYABLE

Changes in loan payable for the year ended June 30, 2022, were as follows:

Loan Payable	Balance July 1, 2021	Additions	Payments	Balance June 30, 2022	Current Portion	Long-term Portion
2016 Loan Payable	\$ 4,100,714	\$ -	\$ (662,832)	\$ 3,437,882	\$ 671,991	\$ 2,765,891
2021 Loan Payable	-	6,115,000	-	6,115,000	240,000	5,875,000
Total notes payable	\$ 4,100,714	\$ 6,115,000	\$ (662,832)	\$ 9,552,882	\$ 911,991	\$ 8,640,891

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

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

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

Fiscal Year	Principal	Interest	Total
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
Total	3,437,882	\$ 163,117	\$ 3,600,999
Current	(671,991)		
Long-term	\$ 2,765,891		

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 10 – LOAN PAYABLE (continued)

2021 – Loan Payable

On July 1, 2021, the District entered into an installment sale agreement of \$6,115,000 with First Foundation Public Finance to provide funds for financing certain public water facilities. The terms of the agreement provide for principal payable semi-annually on January 1st and July 1st at the rate of 2.43% per annum.

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>
2023	240,000	98,759	338,759
2024	246,000	139,774	385,774
2025	252,000	133,723	385,723
2026	259,000	127,514	386,514
2027	265,000	121,148	386,148
2028 - 2032	1,425,000	504,772	1,929,772
2033 - 2037	1,611,000	320,529	1,931,529
2038 - 2042	1,817,000	112,497	1,929,497
Total	6,115,000	<u>\$ 1,558,716</u>	<u>\$ 7,673,716</u>
Current	<u>(240,000)</u>		
Long-term	<u>\$ 5,875,000</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, 2022</u>	<u>June 30, 2021</u>
Pension related deferred outflows	\$ 2,441,687	\$ 691,330
Net pension liability	1,362,061	2,541,228
Pension related deferred inflows	1,263,330	116,480

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, 2022 and 2021

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:

	Miscellaneous Plans		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
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 2021	14.508%	10.484%	7.732%
Required employer contribution rates – FY 2020	13.473%	9.680%	6.985%

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, 2020 and 2019 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, 2021 (measurement date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans			Total
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	
Active members	2	8	7	17
Transferred and terminated members	8	2	5	15
Retired members and beneficiaries	21	3	-	24
Total plan members	31	13	12	56

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

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

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

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, 2021 and 2020 (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, 2022 and 2021

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, 2022, were as follows:

<u>Contribution Type</u>	<u>Miscellaneous Plans</u>		<u>PEPRA Tier 3</u>	<u>Total</u>
	<u>Classic Tier 1</u>	<u>Classic Tier 2</u>		
Contributions – employer	\$ 2,009,638	\$ 118,276	\$ 61,157	\$ 2,189,071

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

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

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, 2022, are as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2020 (Measurement Date)	\$ 10,765,729	\$ 8,224,501	\$ 2,541,228
Balance as of June 30, 2021 (Measurement Date)	\$ 11,319,925	\$ 9,957,864	\$ 1,362,061
Change in Plan Net Pension Liability	\$ 554,196	\$ 1,733,363	\$ (1,179,167)

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

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
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
Change in Plan Net Pension Liability	\$ 336,698	\$ 99,507	\$ 237,191

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 and 2021 pension expense was \$406,397 and \$491,054, 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, 2020 and 2019). 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, 2021 and 2020). 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, 2021 and 2020 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021 fiscal year and the 2020 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, 2022 and 2021, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$1,362,061 and \$2,541,228, 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, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2022 and 2021

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, 2021, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2022</u>	<u>Fiscal Year Ending June 30, 2021</u>	
Measurement Date	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Percentage of Risk Pool Net Pension Liability	0.071733%	0.060246%	0.011487%
Percentage of Plan (PERF C) Net Pension Liability	0.025185%	0.023356%	0.001829%

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 Ending June 30, 2021</u>	<u>Fiscal Year 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 total amount of \$2,189,071 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, 2022. At June 30, 2022, 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	\$ 2,189,071	\$ -
Difference between actual and proportionate share of employer contributions	-	(74,323)
Adjustment due to differences in proportions	99,875	-
Differences between expected and actual experience	152,740	-
Differences between projected and actual earnings on pension plan investments	-	(1,189,007)
Changes in assumptions	-	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 2,441,686</u>	<u>\$ (1,263,330)</u>

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

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 \$349,774 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, 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)
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 691,330</u>	<u>\$ (116,480)</u>

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended June 30, 2022, 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>
2023	\$ (200,753)
2024	(219,789)
2025	(261,593)
2026	(328,580)
Total	<u>\$ (1,010,715)</u>

SCOTTS VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2022 and 2021

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, 2021, 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>
2022	\$ 43,917
2023	80,668
2024	64,284
2025	36,207
Total	\$ 225,076

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020, total pension liability. The June 30, 2021, total pension liability and the June 30, 2020, total pension liability were based on the following actuarial methods and assumptions:

<p>Actuarial Cost Method</p> <p>Actuarial Assumptions:</p> <p>Discount Rate</p> <p>Inflation</p> <p>Salary Increases</p> <p>Mortality Rate Table</p> <p>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, 2020 and 2019, 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, 2022 and 2021

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.

Investment Type	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
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>		

¹ An expected inflation of 2.5% is used for years 1-10.

² 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, 2022, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current	Discount Rate +
	1%	Discount	1%
	6.15%	Rate 7.15%	8.15%
CalPERS – Miscellaneous Plan	<u>2,856,640</u>	<u>\$ 1,362,061</u>	<u>\$ 126,513</u>

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

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

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 and 2021, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2022 or 2021, 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, 2022</u>	<u>June 30, 2021</u>
OPEB related deferred outflows	\$ 121,850	\$ 140,200
Net other post-employment benefits obligation	2,123,895	2,539,285

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, 2022 and 2021

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, 2021 and 2020 (Measurement Dates), the following employees were covered by the benefit terms:

	<u>June 30, 2021</u>	<u>June 30, 2020</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 \$2,123,895 and \$2,539,285 were measured as of June 30, 2021 and 2020, respectively, and were determined by an actuarial valuation as of that date. These amounts were reported as of June 30, 2022 and 2021, respectively.

Payable to the OPEB Plan

At June 30, 2021 and 2020, 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, 2021 and 2020 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, 2021</u>	<u>June 30, 2020</u>
Experience Study	N/A	N/A
Discount rate	2.16%	2.20%
Inflation	2.50%	2.75%
Salary increases	2.75%	2.75%
Investment rate of return	2.16%	2.20%
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, 2022 and 2021

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, 2021 and 2020, 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, 2022, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2021 (Measurement date July 1, 2020)	\$ 2,539,285	\$ -	\$ 2,539,285
Changes for the year:			
Service cost	17,015	-	17,015
Interest	54,646	-	54,646
Changes in assumptions	8,778	-	8,778
Changes in experience	85,297	-	85,297
Changes in benefit terms	(440,821)	-	(440,821)
Employer contributions	-	140,305	(140,305)
Benefit payments	(140,305)	(140,305)	-
Net changes	(415,390)	-	(415,390)
Balance at June 30, 2022 (Measurement date June 30, 2021)	\$ 2,123,895	\$ -	\$ 2,123,895

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2020 (Measurement date July 1, 2019)	\$ 2,245,495	\$ -	\$ 2,245,495
Changes for the year:			
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
Balance at June 30, 2021 (Measurement date June 30, 2020)	\$ 2,539,285	\$ -	\$ 2,539,285

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

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, 2021:

Plan's Net OPEB Liability/(Asset)		
Discount Rate	Current	Discount Rate
1% Decrease	Discount Rate	1% Increase
2.5%	2.2%	3.2%
\$ 2,364,354	\$ 2,123,895	\$ 1,921,260

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

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

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, 2021:

Trend Rate	Healthcare Cost	Trend Rate
1% Decrease	Trend Rates	1% Increase
3.0%	4.0%	5.0%
\$ 1,913,338	\$ 2,123,895	\$ 2,371,425

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

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

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 and 2021, the District recognized OPEB expense of (\$275,190) and \$439,235, respectively. At June 30, 2022 and 2021, the District reported deferred outflows of resources related to OPEB for plan contributions subsequent to the measurement date of \$121,850 and \$140,200. 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, 2023 and 2022, respectively.

NOTE 13 – NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

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

<u>Description</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 1,106,059	\$ 1,327,578
Capital assets – being depreciated, net	23,535,834	23,164,658
Loans payable – current portion	(911,991)	(662,832)
Loans payable – non-current portion	<u>(8,640,891)</u>	<u>(3,437,882)</u>
Total net investment in capital assets	<u>\$ 15,089,011</u>	<u>\$ 20,391,522</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, 2022 and 2021

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.

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of September 30, 2021 – 396 member districts
D. Governance	Nine representatives employed by members
E. District payments for FY 2022:	
Property/Liability policy	\$70,120
Workers' compensation policy	\$37,234
F. Condensed financial information	September 30, 2021
Audit dated	March 30, 2022

Statement of financial position:		Sept 30, 2021
Total assets		\$ 271,770,359
Deferred outflows		1,189,142
Total liabilities		123,558,690
Deferred inflows		(409,721)
Net position		\$ 149,810,532
Statement of revenues, expenses and changes in net position:		
Total revenues		\$ 200,883,781
Total expenses		(174,760,456)
Change in net position		26,123,325
Beginning - net position		123,687,207
Ending - net position		\$ 149,810,532
G. Member agencies share of year-end financial position		Not Calculated

SCOTTS VALLEY WATER DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022, 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, 2022, 2021, and 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2022, 2021, and 2020.

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 8, 2022, the date which the financial statements were available to be issued.

Required Supplementary Information

SCOTTS VALLEY WATER DISTRICT

*Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2022 and 2021*

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
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%
June 30, 2021	0.025185%	1,362,061	1,753,518	77.68%	87.97%

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.

From fiscal year June 30, 2021 to June 30, 2022:

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, 2022 and 2021*

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
June 30, 2022	388,682	(2,189,071)	(1,800,389)	1,838,826	21.14%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
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%
June 30, 2022	June 30, 2020	Entry Age	Market Value	2.50%	7.15%

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment expense, including inflation

Retirement Age

50 years (2.7%@55), 50 years (2.0%@55), 52 years (2.0%@62)

Mortality

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, 2022 and 2021

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability:					
Service cost	\$ 17,015	\$ 11,702	\$ 19,190	\$ 18,631	\$ 18,018
Interest	54,646	76,448	94,207	94,606	96,029
Changes in assumptions	8,778	339,880	(257,933)	(33,754)	-
Differences between expected and actual experience	85,297	11,205	(215,234)	-	-
Changes of benefit terms	(440,821)	-	-	-	-
Benefit payments	(140,305)	(145,445)	(153,549)	(169,107)	(143,918)
Net change in total OPEB liability	(415,390)	293,790	(513,319)	(89,624)	(29,871)
Total OPEB liability - beginning	2,539,285	2,245,495	2,758,814	2,848,438	2,878,309
Total OPEB liability - ending	2,123,895	2,539,285	2,245,495	2,758,814	2,848,438
Plan fiduciary net position:					
Contributions - employer	140,305	145,445	153,549	169,107	143,918
Benefit payments	(140,305)	(145,445)	(153,549)	(169,107)	(143,918)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-
District's net OPEB liability	\$ 2,123,895	\$ 2,539,285	\$ 2,245,495	\$ 2,758,814	\$ 2,848,438
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 1,753,518	\$ 1,726,184	\$ 1,703,662	\$ 1,591,177	\$ 1,458,545
District's net OPEB liability as a percentage of covered-employee payroll	121.12%	147.10%	131.80%	173.38%	195.29%

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
 Measurement Date June 30, 2021 – Change in census

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%
 Measurement Date June 30, 2021 – Change in discount rate to 2.16%

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

SCOTTS VALLEY WATER DISTRICT
Schedule of the District's Contributions to the OPEB Plan
For the Year Ended June 30, 2022 and 2021

Fiscal Year Ended	Last Ten Fiscal Years*				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution* (Pay-as-you-go funding with No Plan Assets)	\$ 121,850	\$ 140,200	\$ 145,445	\$ 153,549	\$ 169,107
Contributions in relation to the actuarially determined contributions	(121,850)	(140,200)	(145,445)	(153,549)	(169,107)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,753,518	\$ 1,726,184	\$ 1,703,662	\$ 1,591,177	\$ 1,458,545
Contributions as a percentage of covered payroll	6.95%	8.12%	8.54%	9.65%	11.59%

Notes to Schedule:

Valuation Date	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Discount rate	2.16%	2.20%	3.50%	3.50%	3.40%
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%
Payroll increases	2.75%	2.75%	2.75%	3.00%	3.00%
Mortality	(2)	(2)	(2)	(2)	(2)
Morbidity	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(3)	(3)	(3)	(3)	(3)
Percent Married - Spouse Support	80%	80%	80%	80%	80%
Healthcare trend rates	4.00%	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 five years are shown.

Supplementary Information

SCOTTS VALLEY WATER DISTRICT
Combining Schedules of Balance Sheets
For the Year Ended June 30, 2022

	<u>Water Fund</u>	<u>Recycled Water Fund</u>	<u>Total</u>
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets:			
Cash and cash equivalents	\$ 3,563,261	\$ 170,258	\$ 3,733,519
Accrued interest receivable	6,607	1,955	8,562
Accounts receivable, net	947,378	108,668	1,056,046
Property taxes receivable	99,760	-	99,760
Other receivables	17,455	833	18,288
Notes receivable	-	20,000	20,000
Inventory – materials and supplies	213,404	-	213,404
Prepaid expenses	76,003	-	76,003
Total current assets	4,923,868	301,714	5,225,582
Non-current assets:			
Notes receivable	-	63,333	63,333
Interagency due (to)/from	888,040	(888,040)	-
Investment in SMGA – JPA	153,923	-	153,923
Capital assets – not being depreciated	1,106,059	-	1,106,059
Capital assets – being depreciated, net	18,576,055	4,959,779	23,535,834
Total non-current assets	26,719,542	4,135,072	30,854,614
Total assets	31,643,410	4,436,786	36,080,196
Deferred outflows of resources:			
Deferred amounts related to net OPEB obligation	109,665	12,185	121,850
Deferred amounts related to net pension liability	2,197,518	244,169	2,441,687
Total deferred outflows of resources	2,307,183	256,354	2,563,537
Total assets and deferred outflows of resources	\$ 33,950,593	\$ 4,693,140	\$ 38,643,733

SCOTTS VALLEY WATER DISTRICT
Combining Schedules of Balance Sheets (continued)
For the Year Ended June 30, 2022

	<u>Water Fund</u>	<u>Recycled Water Fund</u>	<u>Total</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 485,182	\$ 166,969	\$ 652,151
Customer deposits for services	467,167	7,632	474,799
Accrued interest payable	46,674	12,504	59,178
Long-term liabilities – due within one year:			
Compensated absences	34,954	3,884	38,838
Loan payable	647,764	264,227	911,991
Total current liabilities	<u>1,681,741</u>	<u>455,216</u>	<u>2,136,957</u>
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	104,862	11,651	116,513
Loan payable	7,553,342	1,087,549	8,640,891
Net OPEB obligation	1,911,505	212,390	2,123,895
Net pension liability	1,225,855	136,206	1,362,061
Total non-current liabilities	<u>10,795,564</u>	<u>1,447,796</u>	<u>12,243,360</u>
Total liabilities	<u>12,477,305</u>	<u>1,903,012</u>	<u>14,380,317</u>
Deferred inflows of resources:			
Deferred amounts related to net pension liability	1,136,997	126,333	1,263,330
Total deferred inflows of resources	<u>1,136,997</u>	<u>126,333</u>	<u>1,263,330</u>
Net position:			
Net investment in capital assets	11,481,008	3,608,003	15,089,011
Restricted	5,995,465	-	5,995,465
Unrestricted	2,859,818	(944,208)	1,915,610
Total net position	<u>20,336,291</u>	<u>2,663,795</u>	<u>23,000,086</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 33,950,593</u>	<u>\$ 4,693,140</u>	<u>\$ 38,643,733</u>

SCOTTS VALLEY WATER DISTRICT

Combining Schedules of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2022

	Water Fund	Recycled Water Fund	Total
Operating revenues:			
Water sales	\$ 4,358,136	\$ 555,691	\$ 4,913,827
Water service	2,426,417	82,995	2,509,412
Other fees and charges	31,559	100	31,659
Total operating revenues	6,816,112	638,786	7,454,898
Operating expenses:			
Source of supply	104,454	-	104,454
Pumping	469,102	-	469,102
Water treatment	439,819	-	439,819
Recycled water	-	536,090	536,090
Transmission and distribution	1,877,505	-	1,877,505
Finance, customer service and conservation	816,887	-	816,887
General and administrative	1,007,411	-	1,007,411
Total operating expenses	4,715,178	536,090	5,251,268
Operating income before depreciation	2,100,934	102,696	2,203,630
Depreciation expense	(968,092)	(191,005)	(1,159,097)
Operating income (loss)	1,132,842	(88,309)	1,044,533
Non-operating revenues(expenses):			
Property taxes	1,241,664	-	1,241,664
Change in investment in SMGA-JPA	(328,729)	-	(328,729)
Investment earnings	(33,578)	3,967	(29,611)
Interest expense	(88,477)	(25,008)	(113,485)
Other non-operating revenues	71,587	-	71,587
Cost of debt issuance	(97,029)	-	(97,029)
Total non-operating income (loss)	765,438	(21,041)	744,397
Change in net position before capital contributions	1,898,280	(109,350)	1,788,930
Capital contributions:			
Capacity buy-in fee	706,255	50,887	757,142
Capacity buy-back	(125,431)	-	(125,431)
Total capital contributions	580,824	50,887	631,711
Change in net position	2,479,104	(58,463)	2,420,641
Net position:			
Beginning of year	18,037,229	2,542,216	20,579,445
End of year	\$ 20,516,333	\$ 2,483,753	\$ 23,000,086

Other Independent Auditors' Reports



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, 2022, 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 8, 2022.

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.

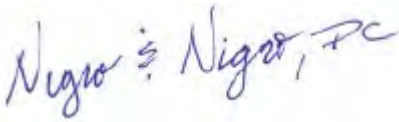
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 8, 2022

Statistical Section

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Changes in net position:					
Operating revenues	\$4,938,212	\$5,144,598	\$4,499,859	\$4,048,964	\$4,549,738
Operating expenses	(5,631,438)	(6,468,628)	(5,067,252)	(5,692,368)	(5,613,137)
Operating income (loss)	(693,226)	(1,324,030)	(567,393)	(1,643,404)	(1,063,399)
Non-Operating revenues (expenses)					
Property Taxes Ad-Valorem	752,395	710,237	724,433	775,679	839,095
Investment earnings	27,119	13,336	24,848	39,106	25,159
Interest expense	(394,049)	(378,240)	(361,513)	(417,796)	(703,031)
Other non-operating revenues	0	20,025	40,610	498,070	8,468
Other non-operating expenses	(166,319)	0	0	0	0
Total non-operating revenues(expenses), net	219,146	365,358	428,378	895,059	169,691
Net income before capital contributions	(474,080)	(958,672)	(139,015)	(748,345)	(893,708)
Capital contributions	363,956	435,964	399,554	335,704	803,279
Changes in net position	(110,124)	(522,708)	260,539	(412,641)	(90,429)
Net position, beginning of period	18,494,154	18,530,080	16,366,105	16,626,644	16,214,003
Prior period adjustments	146,050	(1,641,267)	0	0	(1,561,066)
Net position, end of period	18,530,080	16,366,105	16,626,644	16,214,003	14,562,508
Net position by component					
Net investment in capital assets	12,539,862	11,822,421	12,154,452	13,665,884	14,790,579
Debt service (restricted):	924,515	918,709	932,329	749,404	0
Unrestricted	5,065,703	3,624,975	3,539,863	1,798,715	(228,071)
Total net position	18,530,080	16,366,105	16,626,644	16,214,003	14,562,508

	Fiscal Year				
	2018	2019	2020	2021	2022
Changes in net position:					
Operating revenues	\$5,647,160	\$6,025,665	\$6,674,839	\$6,985,681	\$7,454,898
Operating expenses	(6,242,979)	(5,715,261)	(6,089,055)	(7,012,656)	(6,410,365)
Operating income (loss)	(595,819)	310,404	585,784	(26,975)	1,044,533
Non-Operating revenues (expenses)					
Property Taxes Ad-Valorem	923,894	975,085	1,030,321	1,057,540	1,241,664
Investment earnings	22,574	35,893	66,477	6,936	(29,611)
Interest expense	(143,774)	(94,956)	(86,262)	(75,834)	(113,485)
Other non-operating revenues	81,241	62,910	119,616	78,213	71,587
Other non-operating expenses	0	0	(240,719)	(357,480)	(425,758)
Total non-operating revenues(expenses), net	883,935	978,932	889,433	709,375	744,397
Net income before capital contributions	288,116	1,289,336	1,475,217	682,400	1,788,930
Capital contributions	515,963	434,636	761,665	569,604	631,711
Changes in net position	804,079	1,723,972	2,236,882	1,252,004	2,420,641
Net position, beginning of period	14,562,508	15,366,587	17,090,559	19,327,441	20,579,445
Prior period adjustments	0	0	0	0	0
Net position, end of period	15,366,587	17,090,559	19,327,441	20,579,445	23,000,086
Net position by component					
Net investment in capital assets	16,664,117	16,974,413	17,684,486	20,391,522	15,089,011
Debt service (restricted):	0	0	0	0	5,995,465
Unrestricted	(1,297,530)	116,146	1,642,955	187,923	1,915,610
Total net position	15,366,587	17,090,559	19,327,441	20,579,445	23,000,086

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

Fiscal Year	Water Sales (Potable Water)	Water Sales (Recycled Water)	Service Charges (Potable & Recycled Water)	Other	Total Operating Revenue
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
2022	4,358,136	555,691	2,509,412	31,659	7,454,898

* FY 2013 : Service Charges revenue included in Water Sales

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

Fiscal Year	Investment Income	Property Taxes	Interest Expense	Other Income & Expenses, net	Net Non- Operating Revenue / (Expense)
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
2022 *	(29,611)	1,241,664	(113,485)	(354,171)	744,397

* Includes mark-to-market valuation adjustment of LAIF holdings

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

Fiscal Year	Source of Supply	Pumping	Water Treatment	Recycled Water	Transmission & Distribution	Water Use Efficiency	Finance & Customer Service*	General & Admin*	Total Operating Expenses
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
2022	104,454	469,102	439,819	536,090	1,877,505	**	816,887	1,007,411	5,251,268

* Finance included in General & Admin for the period FY 2013 through FY 2017

** Water Use Efficiency included in Finance & Customer Service for the period FY 2018 through FY 2022

SCOTTS VALLEY WATER DISTRICT
Revenue Base
Last Ten Fiscal Years

Fiscal Year	Portable Water Consumption (Million Gallons)
2013	338
2014	363
2015	326
2016	312
2017	316
2018	344
2019	325
2020	329
2021	340
2022	332

SCOTTS VALLEY WATER DISTRICT

Customers by Type

Last Ten Fiscal Years

As of June 30	Single Family Residential	Multi Family Residential	Commercial / Institutional	Fire Service	Landscape - Potable	Landscape - Recycled	Bulk Water	Total
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
2022	3,388	117	298	479	79	61	21	4,443

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

Fiscal Year	Refunding Bonds	Certificates of Participation	Notes Payable	Private Placement	Total Debt	Total Debt per Capita
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	\$330.52
2022	0	0	0	9,552,882	9,552,882	\$792.84

SCOTTS VALLEY WATER DISTRICT

Debt Service Coverage

Last Ten Fiscal Years

Fiscal Year	Total Revenues	Operating Expenses	Net Available Revenues	Principal	Interest	Total Debt Service	Coverage Ratio
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
2022	8,768,149	5,251,268	3,516,881	662,832	113,485	776,317	4.53021

* 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
2011-2022 with 2010 Benchmark

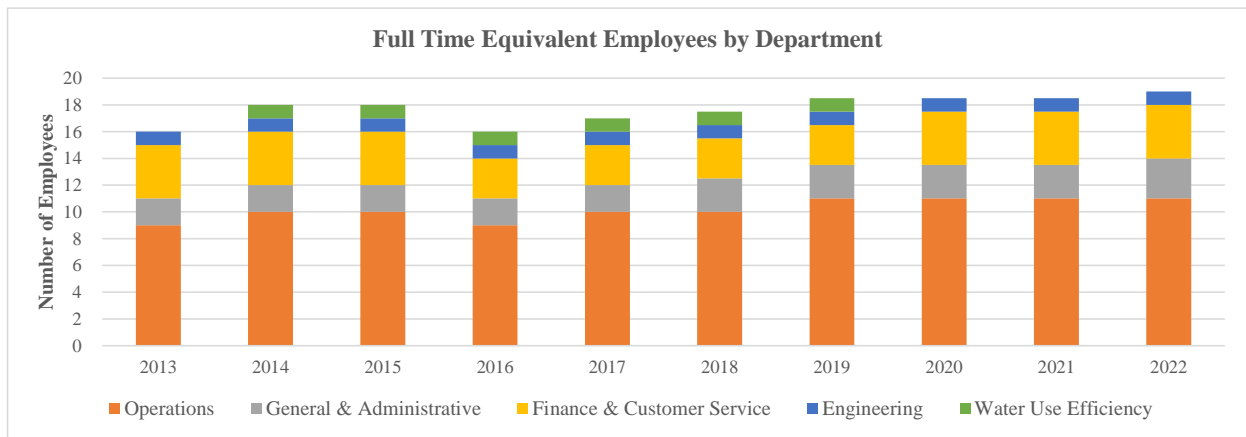
	Santa Cruz County Scotts Valley**
April 1, 2010	11,580
January 1, 2013	11,796
January 1, 2014	11,944
January 1, 2015	12,137
January 1, 2016	12,195
January 1, 2017	12,196
January 1, 2018	12,195
January 1, 2019	12,082
April 1, 2020	12,288
January 1, 2021	12,407
January 1, 2022	12,049

* Data source for 2010 is the 2010 U.S. Census. Data for 2020 is the 2020 U.S. Census. All other data 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

Fiscal Year	Operations	General & Administrative	Finance & Customer Service	Engineering	Water Use Efficiency	Total
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
2022	11	3.0	4	1	0	19.0



SCOTTS VALLEY WATER DISTRICT
Direct and Overlapping Debt
As of June 30, 2022

	Debt Outstanding	Estimated Percentage Applicable⁽¹⁾	Estimated Share of Direct and Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:			
Cabrillo Joint Community College District	\$ 104,214,571	5.434%	5,663,020
Scotts Valley Unified School District	34,925,000	58.015%	20,261,739
Scotts Valley Water District	-	100.000%	-
Santa Cruz Library Facilities Community Facilities District No. 2016-1	37,725,000	6.062%	2,286,890
City of Scotts Valley Community Facilities District No. 97-1	<u>2,305,000</u>	<u>83.990%</u>	<u>1,935,970</u>
Total Direct and Overlapping Tax and Assessment Debt			<u>30,147,619</u>
Overlapping General Fund Debt:			
Santa Cruz County General Fund Obligations	87,894,145	5.480%	4,816,599
Santa Cruz County Office of Education Certificates of Participation	7,409,779	5.480%	406,056
Scotts Valley Unified School District Certificates of Participation	9,335,000	58.015%	5,415,700
City of Scotts Valley Certificates of Participation	8,035,000	83.996%	6,749,079
City of Scotts Valley Pension Obligation Bonds	1,235,000	83.996%	<u>1,037,351</u>
Total Overlapping General Fund Debt			<u>18,424,785</u>
Overlapping Tax Increment Debt (Successor Agency)	10,455,000	98.906%	<u>10,340,622</u>
Total Direct Debt			<u>-</u>
Total Overlapping Debt			<u>58,913,026</u>
Combined Total Debt			<u>58,913,026</u> ⁽²⁾
2021-22 Assessed Valuation:	2,860,570,262		
Ratios to 2021-22 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt	1.05%		
Total Direct Debt	0.00%		
Combined Total Debt	2.06%		
Ratios to Redevelopment Successor Agency Incremental Valuation		970,090,314	
Total Overlapping Tax Increment Debt		1.07%	

(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
 2013-2022

<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
2022	2,749,227,175	-	111,343,087	2,860,570,262

2021-22 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>
\$ 2,312,035,664	\$ 287,566,195	\$ 121,884,577	\$ 27,740,739	\$ 2,749,227,175

2021-22 Assessed Valuation of Redevelopment Agency Project Area Within the District

<u>Project Area</u>	<u>Total Assessed Valuation</u>	<u>Base Year Valuation</u>	<u>Incremental Valuation</u>
Scotts Valley	1,386,502,468	416,412,154	970,090,314

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 004-053)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General	1.000000	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	0.076107
Cabrillo Community College District	0.040482	0.040468	0.036941	0.036693	0.032597	0.024250	0.021023	0.021172	0.024746	0.023703
Total All Property	<u>1.088971</u>	<u>1.086343</u>	<u>1.077968</u>	<u>1.111917</u>	<u>1.083797</u>	<u>1.107907</u>	<u>1.089711</u>	<u>1.107609</u>	<u>1.102418</u>	<u>1.099810</u>

AGENDA REPORT

Scotts Valley Water District

Date: 12/08/22

To: Board of Directors

Item: Business 6.2

Subject: **Sustainable Groundwater Management Implementation Round 2 Grant Program**

Reason: Supports Strategic Goal No. 3 Financial Stewardship

SUMMARY

Recommendation: Adopt Resolution No 10-22 authorizing an application by the Santa Margarita Groundwater Agency to the California Department of Water Resources for grant funding to support Santa Margarita Basin Groundwater Sustainability Plan implementation.

Fiscal Impact: Not determined at this time.

BACKGROUND

On 10/04/22, the Department of Water Resources' (DWR) Sustainable Groundwater Management (SGM) Implementation Round 2 Grant solicitation opened with the application deadline of 12/16/22. About \$231 million was appropriated for applicants in eligible high and medium priority groundwater basins (> 70 basins), including critically over drafted basins (21). Accounting for funding already designated to specific intended uses, there is slightly less than \$200 million available in this round. If awarded, the grant agreement execution is not anticipated until fall 2023. Costs incurred after 10/04/22 are eligible for reimbursement and there is no required local cost share.

DISCUSSION

Staff from the Santa Margarita Groundwater Agency (SMGWA), member and partner agencies, Regional Water Management Foundation staff, and SMGWA technical consultants evaluated the near-term activities that would result in the most competitive application. Staff focused on securing funds for project components that will help carry out SMGWA's Groundwater Sustainability Plan (GSP) elements and directly offset future committed expenses by SMGWA and its member agencies.

While the grant application is still under development, grant-funded components include: Grant Administration; Evaluate, Prioritize, and Refine GSP Projects; GSP Implementation (annual reports, surface water monitoring, deep monitoring well construction); and Private Well Assistance (installation of potable water filling stations and mapping of vulnerable areas to distribution mains).

SMGWA Board of Directors adopted a resolution authorizing the submittal of an application and, if awarded, execution of a funding agreement with DWR on 10/27/22. Implementing agencies, including agencies that will lead activities to be reimbursed by the grant, must also adopt a resolution authorizing SMGWA to apply for funds on their behalf.

Submitted,

David McNair
General Manager

Enclosed: Resolution No 10-22

RESOLUTION No. 10-22

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SCOTTS VALLEY WATER DISTRICT AUTHORIZING AN APPLICATION BY THE SANTA
MARGARITA GROUNDWATER AGENCY TO THE CALIFORNIA DEPARTMENT OF WATER
RESOURCES FOR GRANT FUNDING TO SUPPORT SANTA MARGARITA BASIN GROUNDWATER
SUSTAINABILITY PLAN IMPLEMENTATION

WHEREAS:

1. Scotts Valley Water District is a member agency of the Santa Margarita Groundwater Agency (SMGWA).
2. In January 2022, SMGWA completed and submitted a required Groundwater Sustainability Plan (GSP) for the Santa Margarita Groundwater Basin (Basin) to the California Department of Water Resources (DWR).
3. The SMGWA's GSP lays out an action plan to achieve sustainability of the Basin by 2042.
4. Achieving sustainability requires SMGWA and its member agencies to plan and implement an expansive suite of programs and projects.

AND WHEREAS:

1. To support groundwater sustainability agencies in their work, the State of California has established the 2021 Sustainable Groundwater Management (SGM) Implementation Round 2 Implementation Grant (Round 2 Grant) pursuant to the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 (Pub. Resource Code, § 80000 et seq.), and provided additional funds for this grant program through the California Budget Acts of 2021 and 2022.
2. The Round 2 Grant is a competitive grant open to medium-priority basins such as the Basin.
3. In partnership with other public agencies, Scotts Valley Water District has identified projects and activities to be included in the grant.
4. DWR requires that all entities, which have activities included in the Round 2 Grant, authorize the submittal of an application by SMGWA.

RESOLUTION No. 10-22

THEREFORE, BE IT RESOLVED by the Board of Directors of the Scotts Valley Water District that it authorizes SMGWA's application for the Round 2 Grant for the Santa Margarita Groundwater Basin GSP Implementation.

PASSED AND ADOPTED this 8th day of December 2022, by the following vote:

AYES:

NOES:

ABSENT:

Ruth Stiles, President
Board of Directors

Attest: _____
David McNair, General Manager

STAFF REPORT - Finance

Scotts Valley Water District

Date: 12/08/22
To: Board of Directors
From: General Manager
Item: Staff Reports 7.3
Subject: **Financial Reports 07/01/22 through 10/31/22**

Summary

Fiscal Year-to-Date (YTD) preliminary figures reflect the period of 07/01/22 through 10/31/22. YTD revenues total \$3.9M and expenses total \$2.8M.

Revenue

October is the fourth month of the fiscal year. YTD potable water sales revenue is \$2.0M, water services revenue is \$0.8M and new connections revenue is \$727K. Total YTD revenue in the potable water fund is \$3.6M, equal to 40% of the budget and 27% higher than the same period last year due to significant one-time revenue from new connections.

YTD recycled water sales revenue is \$264K, water services revenue is \$30K, and \$10K in revenue from new connections for the period. Total YTD revenue of \$304K in the recycled water fund equals 47% of the budget, which is 23% lower than for the same period of last fiscal year.

Expenses

Combined YTD operating expenses are in-line with the budget, with expenses of \$1.9M representing 30% of the budget. Project expenditures total \$0.26M and the debt service principal payments of \$567K have been made.

Fund Balance

Cash reserves at the end of October were approximately \$9.9M with another \$1.2M booked in Accounts Receivable.

Enclosed

Budget Status Balance 07/01/22 – 10/31/22
Budget Status Revenue 07/01/22 – 10/31/22
Budget Status Expense 07/01/22 – 10/31/22
Projects Expense 07/01/22 – 10/31/22
Balance Sheet 10/31/22
Check Register 10/01/22 – 10/31/22

Budget Status - Balance



Period: 07/01/22 - 10/31/22

FY Remain: 67%

	FY 2022 YTD Actual	FY 2023 YTD Actual	FY 2023 vs. FY 2022	YOY % change	FY 2023 Budget	FY 2023 Remaining Balance	%
Period: 07/01/22 - 10/31/22 (4 months)							
Potable Water - Fund 01							
Water Sales & Services (R10, R20)	\$ 2,658,212	\$ 2,884,963	\$ 226,752	9%	\$ 7,167,900	\$ 4,282,937	60%
New Connections (R25)	\$ 136,601	\$ 727,059	\$ 590,458	432%	\$ 720,200	\$ (6,859)	-1%
Other Revenue (R30, R40)	\$ 31,965	\$ (8,161)	\$ (40,126)	-126%	\$ 1,161,994	\$ 1,170,155	101%
Potable Water Total	\$ 2,826,778	\$ 3,603,861	\$ 777,083	27%	\$ 9,050,094	\$ 5,446,233	60%
Recycled Water - Fund 02							
Water Sales & Services (R10, R20)	\$ 343,336	\$ 294,351	\$ (48,985)	-14%	\$ 621,600	\$ 327,249	53%
New Connections (R25)	\$ 51,684	\$ 10,321	\$ (41,363)	-80%	\$ -	\$ (10,321)	#DIV/0!
Other Revenue (R30, R40)	\$ 28	\$ 51	\$ 23	82%	\$ 21,800	\$ 21,749	100%
Recycled Water Total	\$ 395,048	\$ 304,723	\$ (90,325)	-23%	\$ 643,400	\$ 338,677	53%
TOTAL REVENUE	\$ 3,221,826	\$ 3,908,584	\$ 686,758	21%	\$ 9,693,494	\$ 5,784,910	60%
Expenses - Fund 01 and Fund 02 Combined							
Salaries & Benefits (E01)	\$ 947,129	\$ 973,966	\$ 26,837	3%	\$ 3,142,082	\$ 2,168,116	69%
Services & Supplies (E03-E80)	\$ 1,017,008	\$ 965,208	\$ (51,801)	-5%	\$ 3,063,775	\$ 2,098,567	68%
Project Expenses	\$ 198,113	\$ 262,896	\$ 64,783	33%	\$ 2,603,968	\$ 2,341,072	90%
Debt Service - Principal	\$ 460,030	\$ 567,298	\$ 107,268	23%	\$ 567,298	\$ -	0%
TOTAL EXPENSES *	\$ 2,622,281	\$ 2,769,368	\$ 147,088	6%	\$ 9,377,123	\$ 6,607,755	70%
NET REVENUE	\$ 599,545	\$ 1,139,216	\$ 539,671		\$ 316,371	\$ (822,845)	
Period: 07/01/22 - 10/31/22 (4 months)							
Total Revenue	\$ 3,221,826	\$ 3,908,584	\$ 686,758	21%	\$ 9,693,494	\$ 5,784,910	60%
Total Expenses *	\$ 2,622,281	\$ 2,769,368	\$ 147,088	6%	\$ 9,377,123	\$ 6,607,755	70%
Net Revenue	\$ 599,545	\$ 1,139,216	\$ 539,671		\$ 316,371		
Period: 07/01/22 - 09/30/22 (3 months)							
Total Revenue	\$ 2,429,309	\$ 3,016,312	\$ 587,002	24%	\$ 9,693,494	\$ 6,677,182	69%
Total Expenses *	\$ 2,054,694	\$ 2,407,635	\$ 352,941	17%	\$ 9,377,123	\$ 6,969,488	74%
Net Revenue	\$ 374,615	\$ 608,676	\$ 234,061		\$ 316,371		

* Expense totals do not include depreciation expense

Budget Status - Revenue



Period: 07/01/22 - 10/31/22

FY Remain: 67%

Fund 01	Potable Water	FY 2022 YTD Actual	FY 2023 YTD Actual	FY 2023 vs. FY 2022	YOY % change	FY 2023 Budget	FY 2023 Remaining Balance	%
R10	Operating Revenue - Water Sales							
01-000-41101	Residential Consumption - SF	\$ 1,093,178	\$ 1,272,549	\$ 179,371	16%	\$ 2,500,200	\$ 1,227,651	49%
01-000-41102	Residential Consumption - MF	\$ 62,718	\$ 79,590	\$ 16,872	27%	\$ 196,300	\$ 116,710	59%
01-000-41103	CII Consumption	\$ 425,530	\$ 413,952	\$ (11,578)	-3%	\$ 1,392,000	\$ 978,048	70%
01-000-41106	CII Consumption - Other	\$ 39,427	\$ 41,722	\$ 2,294	6%	\$ 408,200	\$ 366,478	90%
01-000-41105	Irrigation Consumption	\$ 220,194	\$ 228,134	\$ 7,940	4%	\$ -	\$ (228,134)	
01-000-41200	Other - Bulk Water	\$ 8,115	\$ 8,267	\$ 152	2%	\$ 17,600	\$ 9,333	53%
	R10 Sub Totals:	\$ 1,849,162	\$ 2,044,214	\$ 195,052	11%	\$ 4,514,300	\$ 2,470,086	55%
R20	Operating Revenue - Water Services							
01-000-41300	Other - Late Penalty	\$ 4,340	\$ 11,777	\$ 7,437	171%	\$ 18,100	\$ 6,323	35%
01-000-42100	Standby Basic Meter Charge	\$ 778,850	\$ 803,566	\$ 24,716	3%	\$ 2,555,700	\$ 1,752,134	69%
01-000-42121	Standby FP Basic Meter Charge	\$ 23,260	\$ 22,981	\$ (279)	-1%	\$ 71,800	\$ 48,819	68%
01-000-43300	Other Operating Revenue	\$ 2,600	\$ 2,425	\$ (175)	-7%	\$ 8,000	\$ 5,575	70%
	R20 Sub Totals:	\$ 809,050	\$ 840,749	\$ 31,699	4%	\$ 2,653,600	\$ 1,812,851	68%
R25	Operating Revenue - New Connections							
01-000-42101	Other Meter Fee	\$ 1,064	\$ 6,858	\$ 5,794	545%	\$ 6,900	\$ 42	1%
01-000-42102	Other Capacity Fee	\$ 134,576	\$ 713,281	\$ 578,705	430%	\$ 704,400	\$ (8,881)	-1%
01-000-42120	Other FP Meter Fee	\$ 711	\$ 5,925	\$ 5,214	733%	\$ 1,900	\$ (4,025)	-212%
01-000-43100	Other Will Serve	\$ 250	\$ 375	\$ 125	50%	\$ 1,000	\$ 625	63%
01-000-43200	Other Dev Proj Review	\$ -	\$ 620	\$ 620		\$ 6,000	\$ 5,380	90%
	R25 Sub Totals:	\$ 136,601	\$ 727,059	\$ 590,458	432%	\$ 720,200	\$ (6,859)	-1%
R30	Non-Operating Revenue - Other							
01-000-46000	Property Taxes	\$ 23,969	\$ 25,445	\$ 1,476	6%	\$ 1,134,538	\$ 1,109,093	98%
01-000-47110	Interest & Dividend	\$ 4	\$ 182	\$ 177	4264%	\$ 56	\$ (126)	-224%
01-000-47120	Interest - LAIF	\$ 1,232	\$ 15,951	\$ 14,719	1195%	\$ 5,300	\$ (10,651)	-201%
01-000-47520	Misc. Non-Operating Revenue	\$ 310	\$ (59,739)	\$ (60,050)	-19356%	\$ 22,100	\$ 81,839	370%
01-000-47540	Third-Party Reimbursements	\$ 6,450	\$ 10,000	\$ 3,550	55%	\$ -	\$ (10,000)	
	R30 Sub Totals:	\$ 31,965	\$ (8,161)	\$ (43,677)	-126%	\$ 1,161,994	\$ 1,180,155	102%
				LAIF Valuation Adjustment (Mark-to-market)				
R40	Non-Operating Revenue - Grants							
01-000-45260	Local Grant - ACWA JPIA	\$ -	\$ -	\$ -		\$ -	\$ -	
	R40 Sub Totals:	\$ -	\$ -	\$ -		\$ -	\$ -	
	Fund 01 Revenue:	\$ 2,826,778	\$ 3,603,861	\$ 773,533	27%	\$ 9,050,094	\$ 5,456,233	60%
	Fund 01 Rev Excl Grants & Cap Contributions	\$ 2,826,778	\$ 3,603,861	\$ 773,533	27%	\$ 9,050,094	\$ 5,456,233	60%

Budget Status - Revenue



Period: 07/01/22 - 10/31/22

FY Remain: 67%

		FY 2022 YTD Actual	FY 2023 YTD Actual	FY 2023 vs. FY 2022	YOY % change	FY 2023 Budget	FY 2023 Remaining Balance	%
Fund 02	Recycled Water							
R10	Operating Revenue - Water Sales							
02-000-41105	Irrigation Consumption	\$ 285,943	\$ 260,803	\$ (25,140)	-9%	\$ 534,900	\$ 274,097	51%
02-000-41200	Other - Bulk Water	\$ 32,658	\$ 3,527	\$ (29,131)	-89%	\$ -	\$ (3,527)	
	R10 Sub Totals:	\$ 318,601	\$ 264,330	\$ (54,271)	-17%	\$ 534,900	\$ 270,570	51%
R20	Operating Revenue - Water Services							
02-000-42100	Standby Basic Meter Charge	\$ 24,685	\$ 30,021	\$ 5,336	22%	\$ 86,700	\$ 56,679	65%
02-000-43300	Other Operating Revenue	\$ 50	\$ -	\$ (50)	-100%	\$ -	\$ -	
	R20 Sub Totals:	\$ 24,735	\$ 30,021	\$ 5,286	21%	\$ 86,700	\$ 56,679	65%
R25	Operating Revenue - New Connections							
02-000-42101	Other Meter Fee	\$ 797	\$ 266	\$ (531)	33%	\$ -	\$ (266)	
02-000-42102	Other Capacity Fee	\$ 50,887	\$ 10,055	\$ (40,832)	-80%	\$ -	\$ (10,055)	
	R25 Sub Totals:	\$ 51,684	\$ 10,321	\$ (41,363)	-80%	\$ -	\$ (10,321)	
R30	Non-Operating Revenue - Other							
02-000-47110	Interest & Dividend	\$ 28	\$ 51	\$ 23	82%	\$ 6,800	\$ 6,749	99%
02-000-47560	Notes Receivable Payments	\$ -	\$ -	\$ -		\$ 15,000	\$ 15,000	100%
	R30 Sub Totals:	\$ 28	\$ 51	\$ 23	82%	\$ 21,800	\$ 21,749	100%
	Fund 02 Revenue:	\$ 395,048	\$ 304,723	\$ (90,325)	-23%	\$ 643,400	\$ 338,677	53%
	Fund 02 Rev Excl Grants & Cap Contributions	\$ 395,048	\$ 304,723	\$ (90,325)	-23%	\$ 643,400	\$ 338,677	53%
	Revenue Totals:	\$ 3,221,826	\$ 3,908,584	\$ 683,208	21%	\$ 9,693,494	\$ 5,794,910	60%
	Revenue Total Excl Grants & Cap Contributions	\$ 3,221,826	\$ 3,908,584	\$ 683,208	21%	\$ 9,693,494	\$ 5,794,910	60%

Budget Status - Expense



Period: 07/01/22 - 10/31/22

FY Remain: 67%

		FY 2022 YTD Actual	FY 2023 YTD Actual	FY 2023 vs. FY 2022	YOY % change	FY 2023 Budget	FY 2023 Remaining Balance	%
Fund 01 and Fund 02 Combined								
Dept	Administration							
SMGWA Contribution								
E01	Salaries & Benefits	\$ 229,305	\$ 190,366	\$ (38,939)	-17%	\$ 816,906	\$ 626,540	77%
E03	General & Admin - Services	\$ 139,996	\$ 103,372	\$ (36,624)	-26%	\$ 414,770	\$ 311,398	75%
E05	General & Admin - Supplies	\$ 10,977	\$ 3,548	\$ (7,429)	-68%	\$ 16,900	\$ 13,352	79%
E10	Source of Supply	\$ 86,825	\$ 3,179	\$ (83,646)	-96%	\$ 250,000	\$ 246,821	99%
E70	Other	\$ -	\$ -	\$ -		\$ 5,000	\$ 5,000	100%
	Dept 100 Sub Totals:	\$ 467,103	\$ 300,465	\$ (166,638)	-36%	\$ 1,503,576	\$ 1,203,111	80%
Dept	Finance/Customer Service							
2x payment processing								
E01	Salaries & Benefits	\$ 181,559	\$ 182,819	\$ 1,260	1%	\$ 553,829	\$ 371,010	67%
E03	General & Admin - Services	\$ 105,787	\$ 67,327	\$ (38,460)	-36%	\$ 150,242	\$ 82,915	55%
E05	General & Admin - Supplies	\$ 1,855	\$ 900	\$ (955)	-51%	\$ 4,000	\$ 3,100	78%
E35	Customer Accounts	\$ 114,071	\$ 95,284	\$ (18,787)	-16%	\$ 291,764	\$ 196,480	67%
E70	Other	\$ 97,686	\$ 15	\$ (97,671)	-100%	\$ 1,100	\$ 1,085	99%
E80	Debt Service - Interest	\$ 15,900	\$ 48,483	\$ 32,583	205%	\$ 141,100	\$ 92,617	66%
	Dept 200 Sub Totals:	\$ 516,858	\$ 394,828	\$ (122,030)	-24%	\$ 1,142,035	\$ 747,207	65%
Dept	Operations							
		COI - \$97,028	New Loan	\$96k - Well 11b repair				
E01	Salaries & Benefits	\$ 482,265	\$ 542,402	\$ 60,137	12%	\$ 1,680,391	\$ 1,137,989	68%
E03	General & Admin - Services	\$ 69,509	\$ 59,830	\$ (9,679)	-14%	\$ 269,200	\$ 209,370	78%
E05	General & Admin - Supplies	\$ 10,904	\$ 12,149	\$ 1,245	11%	\$ 40,000	\$ 27,851	70%
E07	General Production	\$ 32,105	\$ 36,458	\$ 4,353	14%	\$ 129,300	\$ 92,842	72%
E10	Source of Supply	\$ 43,479	\$ 104,248	\$ 60,769	140%	\$ 120,000	\$ 15,752	13%
E15	Pumping	\$ 154,793	\$ 159,869	\$ 5,076	3%	\$ 542,300	\$ 382,431	71%
E20	Water Treatment	\$ 91,513	\$ 115,515	\$ 24,002	26%	\$ 510,700	\$ 395,185	77%
E25	Transmission & Distribution	\$ 13,974	\$ 149,697	\$ 135,723	971%	\$ 146,600	\$ (3,097)	-2%
E35	Conservation	\$ 1,117	\$ 1,007	\$ (110)	-10%	\$ 5,000	\$ 3,993	80%
E70	Other	\$ 22,428	\$ -	\$ (22,428)	-100%	\$ -	\$ -	
	Dept 300 Sub Totals:	\$ 922,087	\$ 1,181,176	\$ 259,089	28%	\$ 3,443,491	\$ 2,262,315	66%
Dept	Engineering							
Canham repair, Tree clearing								
E01	Salaries & Benefits	\$ 32,898	\$ 35,008	\$ 2,111	6%	\$ 120,368	\$ 85,360	71%
E03	General & Admin - Services	\$ 3,435	\$ 2,721	\$ (714)	-21%	\$ 116,400	\$ 113,679	98%
E05	General & Admin - Supplies	\$ -	\$ -	\$ -		\$ 600	\$ 600	100%
	Dept 400 Sub Totals:	\$ 36,332	\$ 37,729	\$ 1,397	4%	\$ 237,368	\$ 199,639	84%
Dept	Board of Directors							
E01	Salaries & Benefits	\$ 21,102	\$ 23,371	\$ 2,269	11%	\$ 101,623	\$ 78,252	77%
E03	General & Admin - Services	\$ 655	\$ 1,605	\$ 950	145%	\$ 28,300	\$ 26,695	94%
E05	General & Admin - Supplies	\$ -	\$ -	\$ -		\$ 800	\$ 800	100%
	Dept 900 Sub Totals:	\$ 21,757	\$ 24,976	\$ 3,219	15%	\$ 130,723	\$ 105,747	81%

Budget Status - Expense



Period: 07/01/22 - 10/31/22

FY Remain: 67%

		FY 2022 YTD Actual	FY 2023 YTD Actual	FY 2023 vs. FY 2022	YOY % change	FY 2023 Budget	FY 2023 Remaining Balance	%
Summary								
E01	Salaries & Benefits	\$ 947,129	\$ 973,966	\$ 26,837	3%	\$ 3,273,117	\$ 2,299,151	70%
E03	General & Admin - Services	\$ 319,382	\$ 234,855	\$ (84,527)	-26%	\$ 978,912	\$ 744,057	76%
E05	General & Admin - Supplies	\$ 23,736	\$ 16,597	\$ (7,139)	-30%	\$ 62,300	\$ 45,703	73%
E07	General Production	\$ 32,105	\$ 36,458	\$ 4,353	14%	\$ 129,300	\$ 92,842	72%
E10	Source of Supply	\$ 130,304	\$ 107,427	\$ (22,877)	-18%	\$ 370,000	\$ 262,573	71%
E15	Pumping	\$ 154,793	\$ 159,869	\$ 5,076	3%	\$ 542,300	\$ 382,431	71%
E20	Water Treatment	\$ 91,513	\$ 115,515	\$ 24,002	26%	\$ 510,700	\$ 395,185	77%
E25	Transmission & Distribution	\$ 13,974	\$ 149,697	\$ 135,723	971%	\$ 146,600	\$ (3,097)	-2%
E35	Customer Accounts	\$ 137,616	\$ 96,291	\$ (41,325)	-30%	\$ 292,864	\$ 197,565	67%
E70	Other	\$ 97,686	\$ 15	\$ (97,671)	-100%	\$ 6,100	\$ -	0%
E80	Debt Service - Interest	\$ 15,900	\$ 48,483	\$ 32,583	205%	\$ 141,100	\$ 92,617	66%
	Purchase Order Carryover					\$ 14,000		
District Expense Total:		\$ 1,964,138	\$ 1,939,174	\$ (24,964)	-1%	\$ 6,467,293	\$ 4,509,026	70%
Fund 01 and 02 Combined								
E01	Salaries & Benefits	\$ 947,129	\$ 973,966	\$ 26,837	3%	\$ 3,273,117	\$ 2,299,151	70%
E03-E80	Services & Supplies	\$ 1,017,008	\$ 965,208	\$ (51,801)	-5%	\$ 3,180,176	\$ 2,214,968	70%
	Purchase Order Carryover					\$ 20,000		
District Expense Total:		\$ 1,964,138	\$ 1,939,174	\$ (24,964)	-1%	\$ 6,473,293	\$ 4,514,119	70%

Projects - Expense



Period: 07/01/22 - 10/31/22

FY Remain: 67%

		FY 2023 YTD Actual	FY 2023 Budget *	FY 2023 Remaining Balance	%
Fund 01 and Fund 02 Combined					
Project	Description				
C15007	Lompico Formation Production Well (Well 9)	\$ 565	\$ 286,488	\$ 285,923	100%
---	<i>SVWD Production Well- Grant Reimb</i>		\$ (286,488)	\$ (286,488)	100%
C16024	Bethany Tank Rehabilitation	\$ 2,005	\$ 192,925	\$ 190,920	99%
M17011	Meters with AMI	\$ 16,209	\$ 25,000	\$ 8,791	35%
C17011	AMI Technology for Meters		\$ 5,000	\$ 5,000	100%
C17018	Specialized Operations Vehicle		\$ 50,000	\$ 50,000	100%
C19020	El Pueblo WTP Improvements		\$ 150,000	\$ 150,000	100%
C19030	Hacienda Pump Station Improvements	\$ 31,190	\$ 54,035	\$ 22,845	42%
C20010	Main Replacement Program - PW	\$ 209,278	\$ 289,867	\$ 80,589	28%
C20040	Administrative Building Improvements		\$ 90,290	\$ 90,290	100%
C22010	Well 3B Replacement	\$ 3,650	\$ 1,431,851	\$ 1,428,201	100%
TBD	SCWD-SVWD System Intertie		\$ 500,000	\$ 500,000	100%
TBD	<i>SCWD-SVWD System Intertie - Grant Reimb</i>		\$ (500,000)	\$ (500,000)	100%
TBD	Monte Fiore Pump Station Rehab		\$ 75,000	\$ 75,000	100%
TBD	Purified Recycled Water Recharge		\$ 50,000	\$ 50,000	100%
TBD	Pressure Regulator Station - Granite Creek		\$ 15,000	\$ 15,000	100%
TBD	Service Line Replacement - Motevalle		\$ 150,000	\$ 150,000	100%
TBD	Corp Yard Improvements		\$ 25,000	\$ 25,000	100%
Projects Expense Totals:		\$ 262,896	\$ 2,603,968	\$ 2,341,072	90%

Balance Sheet



Fund 01, Fund 02 and Fund 03 Combined

	10/31/21	10/31/22
Assets		
Cash	\$4,807,212	\$9,918,842
Accrued Interest	\$8,122	\$29
A/R Customer-Water	\$1,907,641	\$1,163,099
A/R - Other	\$98,672	\$29,635
Interfund Loan Receivable	\$888,040	\$888,040
Inventory	\$229,228	\$213,404
Prepaid Expense	\$131,107	\$7,472
Note Receivable	\$0	\$55,000
JPA Investment	\$387,112	\$398,572
Land & Right-of-ways	\$650,697	\$650,697
Construction-in-progress	\$874,994	\$704,257
Water Rights / Intangible Assets	\$5,267,833	\$5,267,833
Plant & Equipment	\$42,572,708	\$44,102,981
Depreciation/Amortization	(\$24,663,015)	(\$25,834,981)
Deferred Pension Outflows	\$691,330	\$2,441,687
Unfunded OPEB Liability	\$140,200	\$121,850
	\$33,991,880	\$40,128,417
Liabilities		
A/P & Accrued Expenses	\$259,405	\$72,766
Accrued Interest Payable	\$15,900	\$48,483
Customer Deposits	\$79,610	\$307,610
Interfund Loans	\$888,040	\$888,040
LT Liabilities Due in 1 Yr	\$38,251	\$38,838
Unearned Revenue	\$55,478	\$78,845
Long-term Liabilities	\$10,633,147	\$12,243,360
Deferred Pension Inflows	\$116,480	\$1,263,330
	\$12,086,311	\$14,941,272
Fund Balance		
Investment in Capital Assets	\$17,684,486	\$20,391,522
Unrestricted Net Position	\$2,934,267	\$2,826,213
	\$20,618,753	\$23,217,735
Total Liabilities and Fund Balance:	\$32,705,064	\$38,159,006
Total Retained Earnings:	\$1,286,817	\$1,969,410
Total Fund Balance and Retained Earnings:	\$21,905,570	\$25,187,145
Total Liabilities, Fund Balance, and Retained Earnings:	\$33,991,880	\$40,128,416

Scotts Valley Water District
AP Check Register
October 2022

Vendor Name	Check Date	Check No.	Check Amount	Description
ACWA	10/13/2022	31416	85.00	2022 ACWA CLE Workshop - Paul
ACWA/JPIA	10/13/2022	31417	36,229.78	EE & Retiree Benefits - Nov 2022
ACWA/JPIA	10/13/2022	31418	13,460.55	WC Insurance - Qtr ending 09/30/22
AUTOMATIONDIRECT.COM INC	10/13/2022	31419	1,762.59	Hacienda PS Improvements - DuraPulse AC Drive
AUTOMATIONDIRECT.COM INC	10/13/2022	31419	475.22	Hacienda PS Improvements - Wire; Ethernet Cable; Filter Fan
AUTOMATIONDIRECT.COM INC	10/13/2022	31419	81.22	Hacienda PS Improvements - Wire
BADGER METER	10/13/2022	31420	3,369.18	Endpoints - Qty: 60
BADGER METER	10/13/2022	31420	64.08	Cell Charge for RW Meter Reads - Sep 2022
BADGER METER	10/13/2022	31420	4,053.51	Cell Charge for PW Meter Reads - Sep 2022
BALLINGER KATHY	10/13/2022	31421	33.75	Springbrook Annual User Conference - Mileage - Ballinger
BATTERIES PLUS BULBS #314	10/13/2022	31422	57.04	WTP Maint - Well 10 RTU Back Up Battery
BENDER ROSENTHAL INC	10/13/2022	31423	565.00	C15007 - ROW Services for New Well
BRASS KEY LOCKSMITH	10/13/2022	31424	131.72	Keys
BRENNTAG PACIFIC INC	10/13/2022	31425	3,360.31	Water Treatment Chemicals
CHUAN BOON CHOONG	10/13/2022	31426	55.75	Refund Check 013999-000 237 BLUE BONNET # 801
CITY OF SCOTTS VALLEY	10/13/2022	31427	1,406.63	Bi-Monthly Treatment Disposal - El Pueblo
CITY OF SCOTTS VALLEY	10/13/2022	31427	4,190.08	Bi-Monthly Treatment Disposal - ORWTP
CITY OF SCOTTS VALLEY	10/13/2022	31427	101.34	Bi-Monthly Sewer Service - 2 Civic Center
CITY OF SCOTTS VALLEY	10/13/2022	31427	11,564.55	Bi-Monthly Treatment Disposal - Well 10
CONTRACTOR COMPLIANCE & MONITORING	10/13/2022	31428	67.50	PW Main Replacement - Labor Compliance Monitoring - Sep 2022
COUNTY OF SANTA CRUZ	10/13/2022	31429	1,653.52	Landfill Fees - Sep 2022
DASSELS PETROLEUM	10/13/2022	31430	1,976.80	Vehicle Fuel - Sep 2022
DON CHAPIN COMPANY	10/13/2022	31431	54,700.16	Water Main Repair - Canham Rd
EMPLOYEE RELATIONS INC	10/13/2022	31432	113.22	Pre-Employment Background Check
EXCEEDIO	10/13/2022	31433	5,915.75	Monthly Managed Services: HaaS/SaaS/ITaaS - Oct 2022
EXCEEDIO	10/13/2022	31433	1,390.80	Monthly Managed Services: SCADA - Oct 2022
EXCEEDIO	10/13/2022	31433	540.00	Project - Transfer Ownership of SMGWA.ORG from SLVWD to SVWD
GRAINGER	10/13/2022	31434	112.62	Office Supplies - Label Cartridge
GRAINGER	10/13/2022	31434	116.63	Bulkhead Tank Fitting
GRANITE CONSTRUCTION	10/13/2022	31435	120.55	Dump Charge
GRANITE ROCK COMPANY	10/13/2022	31436	167.43	Main Maint - Sand
GREEN WASTE RECOVERY INC	10/13/2022	31437	162.24	Quarterl - Trash Service - 2 Civic Center
GREEN WASTE RECOVERY INC	10/13/2022	31437	400.19	Monthly Trash Service - El Pueblo - Sep 2022
HARMON PIRET	10/13/2022	31438	32.50	World Water Tech North America Conference - Mileage - Harmon
HARMON PIRET	10/13/2022	31438	30.48	World Water Tech North America Conference - Parking - Harmon
HARMON PIRET	10/13/2022	31438	118.00	World Water Tech North America Conference - Per Diem - Harmon
HEALTHQUITY INC	10/13/2022	31439	35.40	HSA Admin Fees - Sep 2022
HEALTHQUITY INC	10/13/2022	31439	35.40	HSA Admin Fees - Oct 2022
ICONIX WATERWORKS (US) INC	10/13/2022	31440	546.66	Adapter
ICONIX WATERWORKS (US) INC	10/13/2022	31440	827.87	Adapters
ICONIX WATERWORKS (US) INC	10/13/2022	31440	266.89	Repair Clamp
INDEPENDENT ELECTRIC SUPPLY	10/13/2022	31441	32.23	Hacienda PS Improvements - Couplings
INDEPENDENT ELECTRIC SUPPLY	10/13/2022	31441	412.16	Hacienda PS Improvements - Conduit; Couplings
JACKSON LANDSCAPE	10/13/2022	31442	455.00	Landscape Maint - 2 Civic Center
LAW OFFICE OF ROBERT E BOSSO	10/13/2022	31443	3,500.00	Legal Counsel Services - Sep 2022
MILLER MAXFIELD INC	10/13/2022	31444	6,551.25	Communication & Public Outreach Services - Sep 2022
MISSION UNIFORM SERVICE	10/13/2022	31445	486.84	Uniform Laundering / Rental Service - Sep 2022
MONTEREY BAY AIR RESOURCES DISTRICT	10/13/2022	31446	1,717.00	New Application Fee - Portable Generac
MONTEREY BAY AIR RESOURCES DISTRICT	10/13/2022	31446	1,717.00	New Application Fee - Polo Ranch Generac
NATIONWIDE RETIREMENT SOLUTIONS	10/13/2022	31447	2,704.18	IRS 457 Plan - Payroll Date 10/07/2022
NOBEL SYSTEMS	10/13/2022	31448	2,500.00	Water Audit Validation
OLIVE SPRINGS QUARRY	10/13/2022	31449	82.43	Main Maint - Asphalt
O'REILLY AUTOMOTIVE INC	10/13/2022	31450	33.78	Vehicle Maint - Wiper Fluid; Sun Shade
O'REILLY AUTOMOTIVE INC	10/13/2022	31450	167.85	Vehicle Maint - Wiper Blades; Seat Covers; Wiper Fluid
O'REILLY AUTOMOTIVE INC	10/13/2022	31450	97.07	Vehicle Maint - Wiper Blades; WD40; Cleaning Supplies
PACIFIC GAS & ELECTRIC	10/13/2022	31451	141.50	Electricity - Skypark
PALACE BUSINESS SOLUTIONS	10/13/2022	31452	100.76	Office Supplies - Paper Pens Staples Tape
PALACE BUSINESS SOLUTIONS	10/13/2022	31452	37.23	Office Supplies - Pens
PETERSON POWER SYSTEMS INC	10/13/2022	31453	1,866.44	Generator Maint - Crescent Generac
PIED PIPER EXTERMINATORS	10/13/2022	31454	270.00	Pest Control @ Pump Buildings - Oct 2022
PLATT ELECTRIC SUPPLY	10/13/2022	31455	421.30	Hacienda PS Improvements - Electrical Box Covers
SALINAS PUMP CO	10/13/2022	31456	7,700.00	Labor to Attempt to Retrieve Pump @ Well 11
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/13/2022	31457	34.64	Bio Air Supplies - Screens; Funnels; Zipties
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/13/2022	31457	43.72	OPS Office Kitchen Supplies
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/13/2022	31457	64.19	Main Maint - Tarp
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/13/2022	31457	134.93	WTP Maint - Painting Supplies; Bins
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/13/2022	31457	311.10	Tools - Wrenches; Sockets; Sprayers
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/13/2022	31457	389.33	OPS Supplies - Cleaning Supplies; Tarp; Shovels

AP Check Register cont.
October 2022

Vendor Name	Check Date	Check No.	Check Amount	Description
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/13/2022	31457	83.38	Hacienda PS Improvements - Unistrut; Screws; Cord
SCOTTS VALLEY SPRINKLER	10/13/2022	31458	65.84	Bethany Tanks - Adapter
SCOTTS VALLEY SPRINKLER	10/13/2022	31458	210.46	Bethany Tanks - PVC Fittings
SCOTTS VALLEY SPRINKLER	10/13/2022	31458	12.93	El Pueblo Drainage - Grate; Glue
SCOTTS VALLEY SPRINKLER	10/13/2022	31458	65.83	El Pueblo Drainage - Drain Pipe; Filter Fabric
SCOTTS VALLEY SPRINKLER	10/13/2022	31458	252.56	Bethany Portable Tanks - PVC Fittings
SCOTTS VALLEY SPRINKLER	10/13/2022	31458	44.94	Bethany Portable Tanks - Sample Tap
SPRINGBROOK HOLDING COMPANY LLC	10/13/2022	31459	2,387.00	Civic Pay Transaction Fees - Sep 2022
STEVENSON LANDSCAPING	10/13/2022	31460	2,160.00	Erosion Control and Bank Stabilization - Canham Rd
STILES RUTH	10/13/2022	31461	104.00	2022 CA WateReuse Conference - Per Diem - Stiles
STILES RUTH	10/13/2022	31461	86.58	2022 CA WateReuse Conference - Mileage - Stiles
STILES RUTH	10/13/2022	31461	649.76	2022 CA WateReuse Conference - Lodging - Stiles
STILES RUTH	10/13/2022	31461	70.00	2022 CA WateReuse Conference - Parking - Stiles
STRAUSS LINDA	10/13/2022	31462	634.00	Customer Rebates - Special Lawn/Turf Rebate
SYCAL ENGINEERING INC	10/13/2022	31463	348.79	Hacienda PS Improvements - Materials
U.S. BANK EQUIPMENT FINANCE	10/13/2022	31464	400.94	Copier Lease - Oct 2022
UNITED SITE SERVICES	10/13/2022	31465	251.71	Portable Toilet Rental - RW Fill Station - Sep 2022
UNIVERSAL BUILDING SERVICES	10/13/2022	31466	532.00	Janitorial Service - 2 Civic Center - Sep 2022
UNIVERSAL BUILDING SERVICES	10/13/2022	31466	432.00	Janitorial Service - El Pueblo - Sep 2022
USABLUBOOK	10/13/2022	31467	1,463.26	Service Line Puller Kit
USABLUBOOK	10/13/2022	31467	533.84	Safety Clothing
USABLUBOOK	10/13/2022	31467	123.20	Safety Clothing
USABLUBOOK	10/13/2022	31467	1,627.00	WTP Maint - Testing Supplies
USABLUBOOK	10/13/2022	31467	740.86	Pipe Wrenches
WATEREUSE FOUNDATION	10/13/2022	31468	1,050.00	Annual WateReuse Membership

196,680.72 \$

Wire / ACH Payments
October 2022

Vendor Name	Trans Date	Check No.	Trans Amount	Description
ADP	10/7/2022	n/a	230.40	ADP Workforce Now HR Fees - Sep 2022
ADP	10/7/2022	n/a	201.55	ADP Time & Attendance Fees - Sep 2022
ADP	10/7/2022	n/a	420.50	ADP PW36, PW38 Fees
BlueFin	10/3/2022	n/a	75.80	Bluefin Civic PayPad Fees - Sep 2022
CalPERS	10/7/2022	n/a	14,620.92	CalPERS Unfunded Liability Payment - Oct 2022
CalPERS	10/7/2022	n/a	12,732.27	CalPERS Retirement PW 40
CalPERS	10/20/2022	n/a	12,732.27	CalPERS Retirement PW 42
Wells Fargo CC	11/9/2022	n/a	13,224.93	WFB CC Payment - Oct 2022

54,238.64

WFB Credit Card Payment
October 2022

Vendor Name	Trans Date	Check No.	Trans Amount	Description
Virgin Hotels Las Vegas	9/19/2022		300.46	Travel - Springbrook Conference - Lodging - Ballinger
Desert Cab - Las Vegas	9/16/2022		26.09	Travel - Springbrook Conference - Taxi Service - Ballinger
Continental Utility Solutions	9/14/2022		249.00	UB Update
Amazon	9/12/2022		248.21	Office Supplies - Envelopes
Virgin Hotels Las Vegas	9/11/2022		103.18	Travel - Springbrook Conference - Lodging - Ballinger
Southwest Airlines	9/11/2022		341.96	Travel - Springbrook Conference -Flight - Ballinger
Southwest Airlines	9/11/2022		20.00	Travel - Springbrook Conference -Flight - Ballinger
Southwest Airlines	9/11/2022		20.00	Travel - Springbrook Conference -Flight - Ballinger
Springbrook	9/9/2022		695.00	Travel - Springbrook Conference Registration - Ballinger
Marriott - Torrance	10/2/2022		423.46	Travel - World Water Tech Conference - Lodging - Harmon
Super Shuttle	9/27/2022		50.67	Travel - World Water Tech Conference - Gound Transportation - Harmon
Press Banner	9/4/2022		293.00	Monthly Advertising
Times Publishing Group	9/4/2022		178.50	Monthly Advertising
Zoom	10/2/2022		149.90	Annual Fee
American Waterworks Association	9/21/2022		634.00	Travel - AWWA Conference Registration - Beatton
American Waterworks Association	9/21/2022		634.00	Travel - AWWA Conference Registration - Bainbridge
Hotel Griffon - San Francisco	9/15/2022		373.72	Travel - WaterReuse Conference - Lodging - McNair
Hyatt Regency Hotel - San Francisco	9/14/2022		324.34	Travel - WaterReuse Conference - Lodging - Cancelled
Hotel Griffon - San Francisco	9/13/2022		350.44	Travel - WaterReuse Conference - Lodging - McNair
SpotHero	9/11/2022		86.99	Travel - WaterReuse Conference - Parking - McNair
Santa Cruz Sentinel	10/2/2022		12.00	Monthly Subscription
Amazon	10/2/2022		54.06	Office Supplies - Coffee
Verizon	10/2/2022		321.74	Cell Phones/Tablets - Sep 2022
Santa Cruz Records Management	9/30/2022		145.00	Document Destruction
1-800-Got-Junk	9/30/2022		344.00	Junk Removal

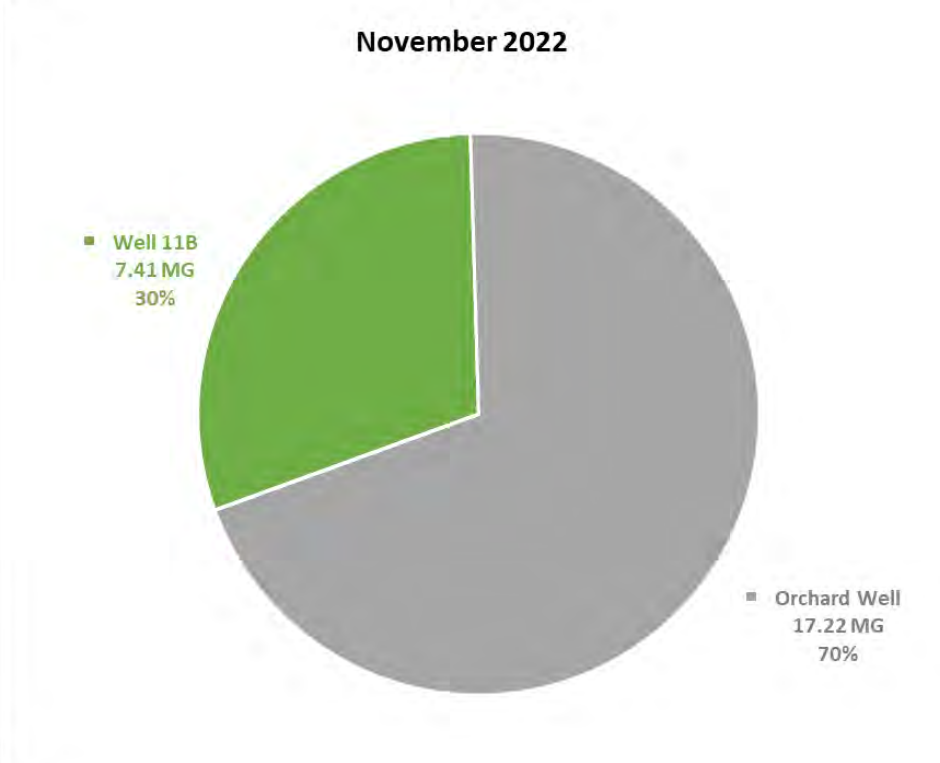
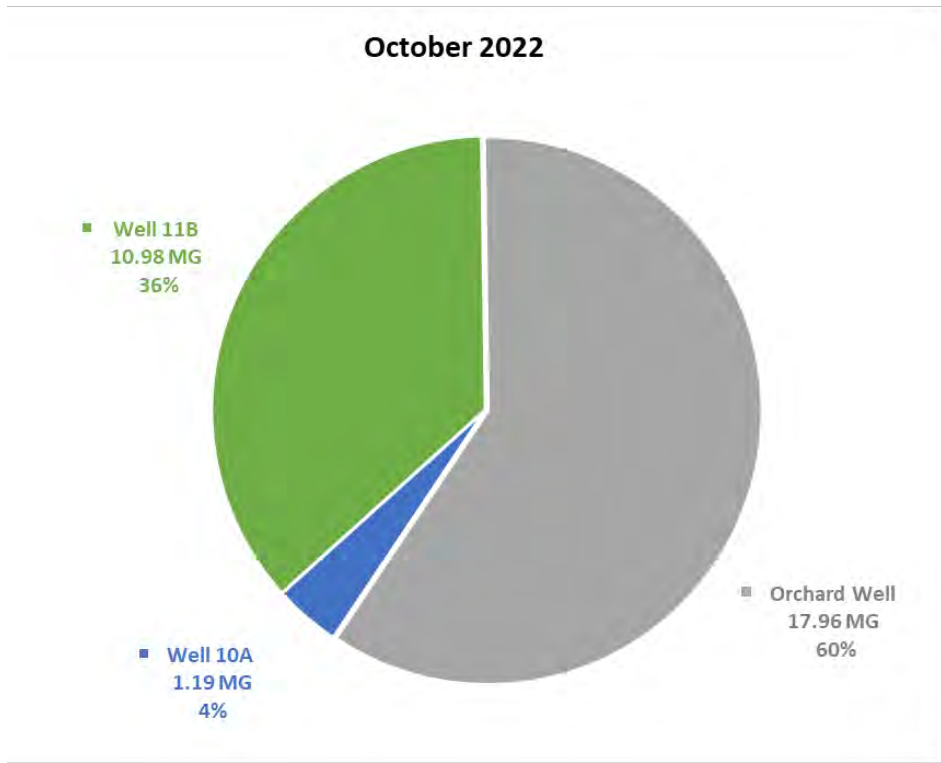
WFB Credit Card Payment cont.

ACWA/JPIA

Vendor Name	Trans Date	Check No.	Trans Amount	Description
Amazon	9/29/2022		48.02	Event Supplies - Cookie Boxes
Zoom	9/26/2022		40.00	Zoom Cloud Recording Fee
EvoGov	9/23/2022		75.00	Website Hosting & Support
Amazon	9/23/2022		50.39	Office Supplies - Coffee Supplies
Amazon	9/23/2022		8.77	Office Supplies - Coffee Supplies
Comcast	9/23/2022		435.80	Internet - El Pueblo
Amazon	9/22/2022		31.39	Office Supplies - Coffee
Amazon	9/22/2022		(84.50)	Return - Keyboard
Amazon	9/22/2022		31.39	Office Supplies - Coffee
Amazon	9/22/2022		27.70	Office Supplies - Forks
Planet Orange	9/15/2022		104.00	Pest Control - 2 Civic Center
AT&T	9/14/2022		484.46	SCADA Auto Dialer Modem / Alarm - Sep 2022
DocuSign	9/12/2022		300.00	Annual DocuSign Subscription
AT&T	9/8/2022		33.97	AT&T Circuits - Sep 2022
Association Of California Water Agencies	9/7/2022		695.00	Travel - ACWA Conference Registration - Perri
AT&T	9/6/2022		69.55	Backup Internet - El Pueblo
AT&T	9/6/2022		85.60	Backup Internet - 2 Civic Center
Comcast	9/6/2022		435.80	Internet - 2 Civic Center
Icon Cloud Solutions	9/4/2022		344.22	Phone Service - 2 Civic Ctr - Aug 2022
Icon Cloud Solutions	9/4/2022		121.43	Phone Service - El Pueblo - Aug 2022
First Alarm	9/4/2022		285.21	Alarm Service - 2 Civic Center
Mail Chimp	9/4/2022		69.99	Monthly Mail Chimp Subscription
Marshall Wolf Automation	9/29/2022		1,882.84	Bethany Tank Rehab - Sandhill VFD
Ebay	9/21/2022		977.73	SCADA - Stock Parts for RTUs
atyourpaceonline.com	9/7/2022		275.00	36 Hour CE Program - Rivera
Amazon	9/6/2022		16.45	Monthly - Prime Membership Fee

13,224.93

Well Production

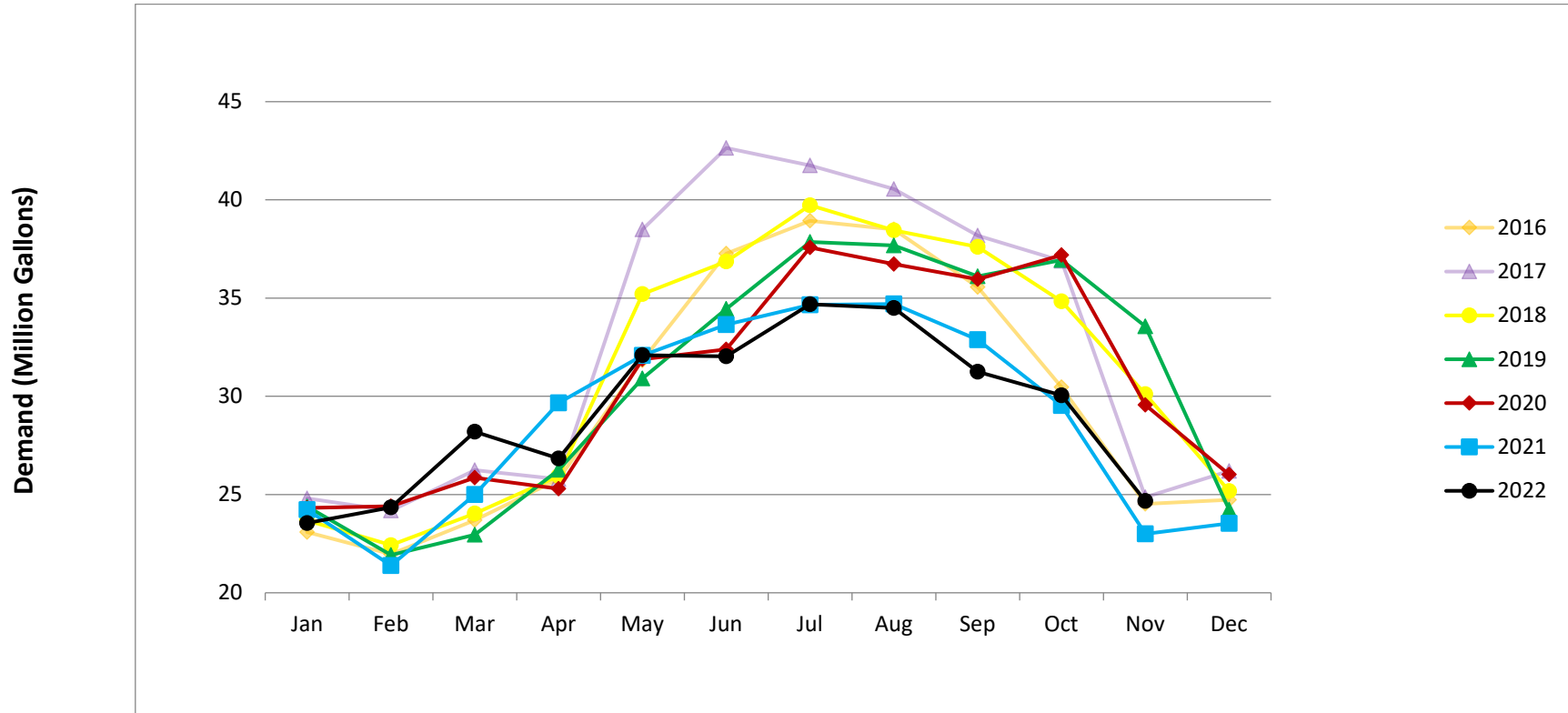


Total Production (Million Gallons)

October 2022	30.13 MG	3.57 % decrease from September
November 2022	24.63 MG	22.35 % decrease from October

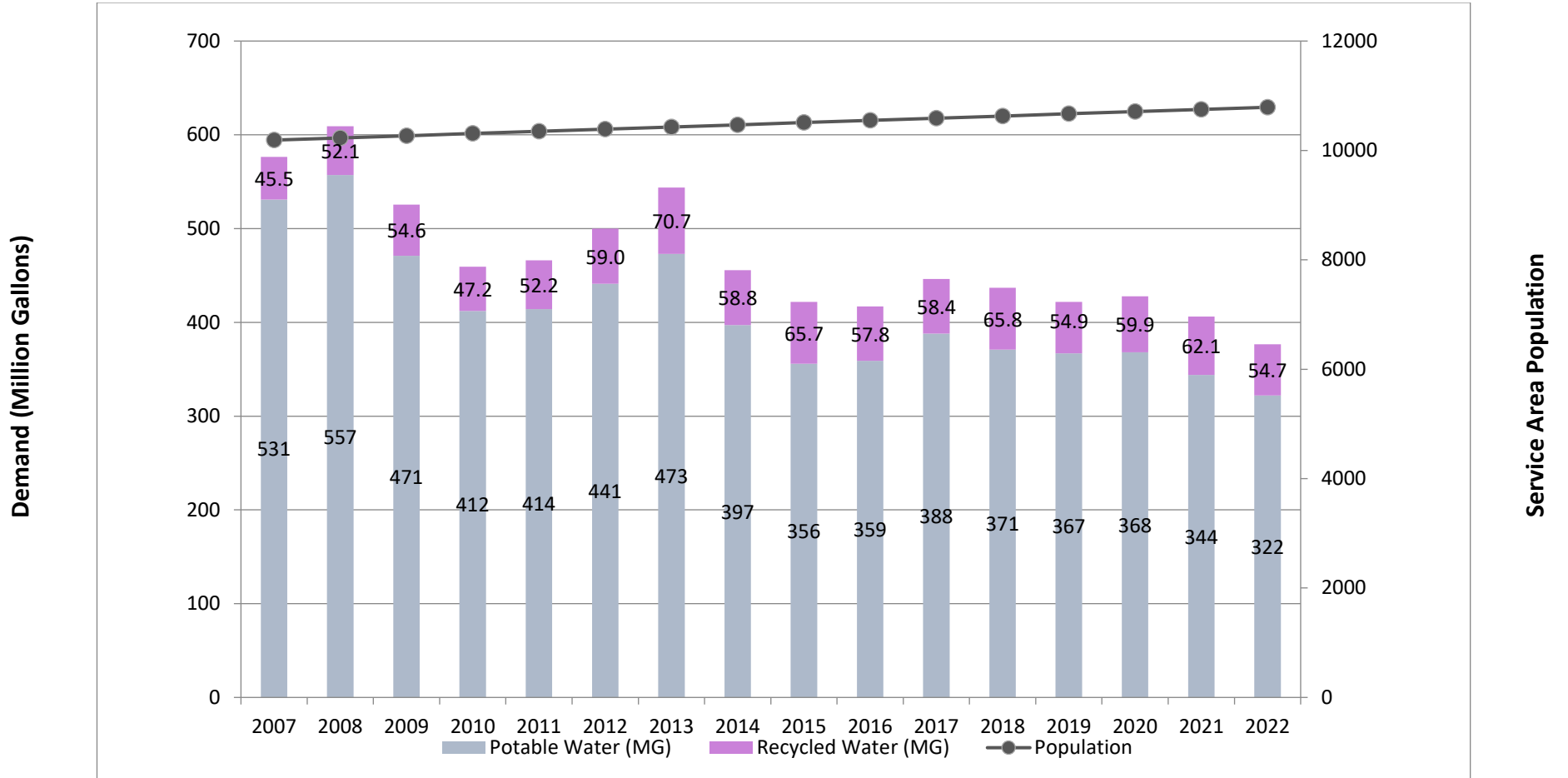
Production is Water Pumped +/- Water used for Well Maintenance Activities

Potable Water Demand



Demand is Production +/- Change in Storage

Potable and Recycled Water Demand vs. Population



Demand is Production +/- the Change in Storage

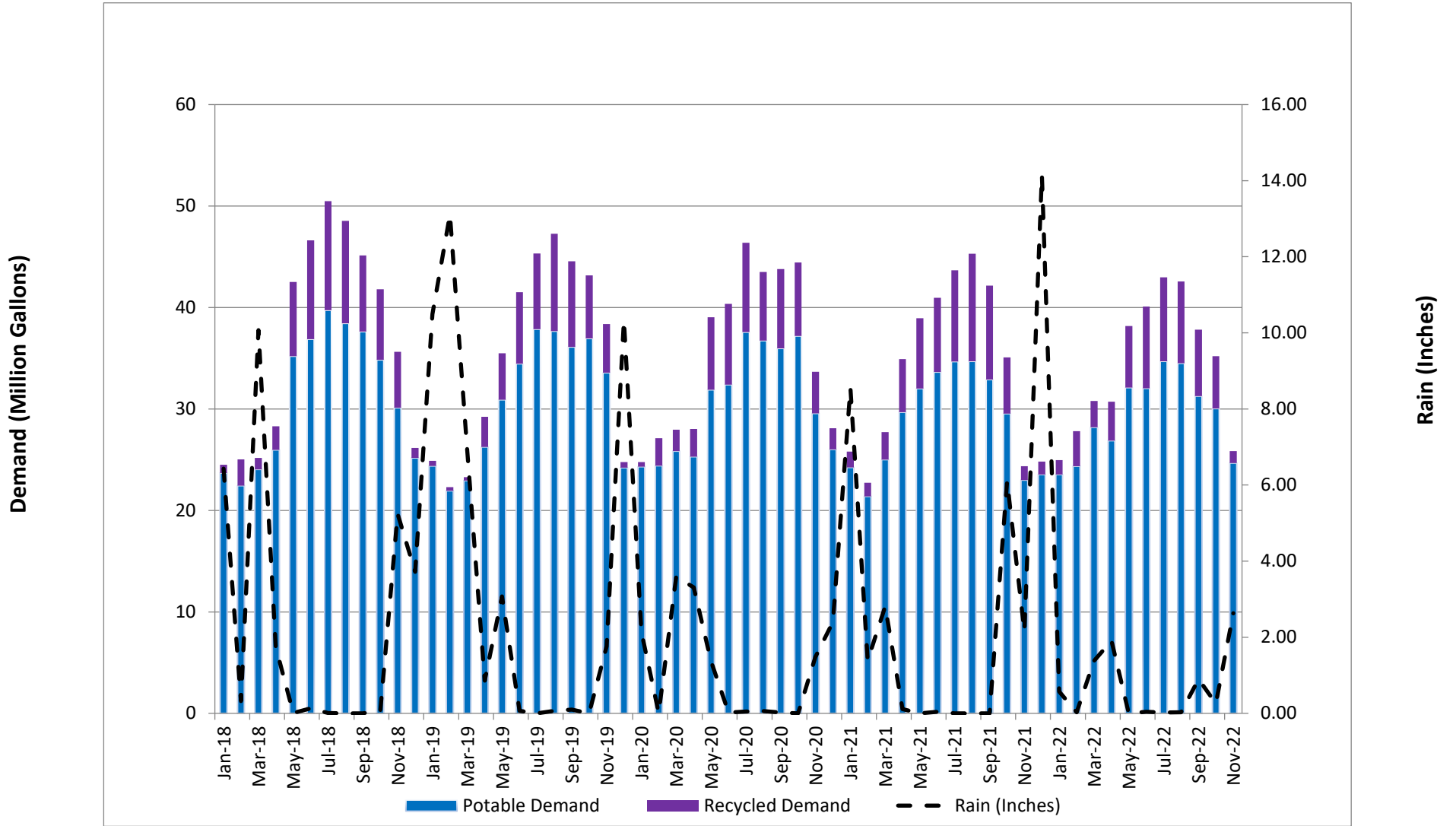
Potable and Recycled Water Demand

Potable												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average
Jan.	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	23,549,899	25,912,334
Feb.	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	24,348,603	23,709,561
March	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	28,195,901	26,909,392
April	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	26,838,945	28,304,251
May	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	32,099,180	35,729,827
June	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	32,036,135	37,700,691
July	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	34,689,147	40,022,677
Aug.	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	34,501,423	39,754,306
Sept.	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	31,253,961	36,701,517
Oct.	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	30,045,717	34,866,103
Nov.	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	24,666,665	27,605,357
Dec.	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	23,538,533		25,608,173
Total	440,736,967	472,661,082	397,193,044	356,483,075	358,577,047	387,828,472	370,543,233	367,011,756	367,865,818	344,331,827	322,225,576	386,323,232

Recycled												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average
Jan.	2,139,000	620,000	3,019,613	635,420	862,984	156,267	838,172	493,100	450,147	1,560,234	1,416,939	1,108,352
Feb.	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	3,460,316	1,798,645
March	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	2,600,242	1,817,216
April	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	3,856,106	3,457,496
May	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	6,081,095	7,184,923
June	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	8,066,685	8,599,093
July	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	8,277,840	9,724,011
Aug.	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	8,072,792	9,325,001
Sept.	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	6,569,246	7,920,203
Oct.	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	5,155,789	6,060,998
Nov.	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	1,171,421	2,896,036
Dec.	341,000	2,453,395	236,228	1,119,017	529,158	1,670,966	994,336	544,650	2,075,116	1,282,474		1,124,634
Total	58,988,000	70,678,335	58,836,264	65,978,129	58,014,734	58,378,757	65,770,410	54,890,074	59,910,655	62,159,624	54,728,471	61,360,498

Demand is Production +/- the Change in Storage

Potable and Recycled Water Demand vs. Rainfall



Demand is Production +/- the Change in Storage

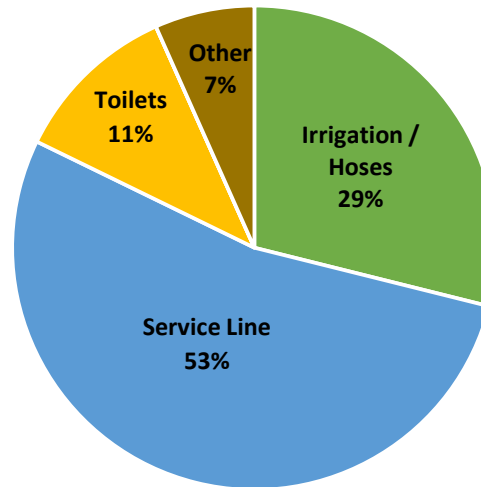
Rainfall
El Pueblo Weather Station

WATER YEAR		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	TOTAL	% of Avg.
High Year	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	175%
	1982-83	5.35	10.50	7.74	13.90	18.00	19.90	7.80	0.98	0.00	0.00	0.17	1.91	86.25	212%
	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	85%
	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	86%
	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	143%
	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	57%
	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	59%
	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	51%
	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	66%
	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	83%
	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	123%
	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	145%
	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	116%
	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	117%
	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	157%
	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	100%
	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	122%
	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	83%
	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	102%
	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	104%
	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	93%
	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	141%
	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	156%
	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	56%
	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	82%
	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	83%
	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	114%
	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	143%
	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	80%
	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	71%
	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	105%
	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	197%
	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	60%
	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	108%
	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%
Low Year	2020-21	0.00	1.48	2.40	8.55	1.39	2.81	0.11	0.00	0.04	0.00	0.00	0.00	16.78	41%
	2021-22	6.10	2.15	14.15	0.57	0.03	1.37	1.91	0.00	0.04	0.02	0.03	0.90	27.27	67%
	2022-23	0.26	2.63	-	-	-	-	-	-	-	-	-	-	2.89	7%
Cumulative 2022-2023		0.26	2.89	-	-	-	-	-	-	-	-	-	-		
Monthly Avg. 1981-2023		1.94	4.68	7.99	8.09	7.72	6.29	2.43	0.95	0.23	0.01	0.04	0.27	40.63	
Cumulative Avg. 1981-2023		1.94	6.62	14.61	22.70	30.42	36.70	39.13	40.08	40.31	40.32	40.36	40.63	40.63	

Leak Adjustment Program Report FY 2023

	RES Requests	CII Requests	Approved	Denied	Appeals	Reason Denied	Total Adjust Credit	Total Excess Use (gallons)
JUL	4	0	3	1	0	5 years, Declined	\$233	51,578
AUG	12	3	14	1	0	5 years, Declined	\$4,827	300,938
SEPT	14	0	13	1	1	Less use this year	\$5,258	228,323
OCT	10	2	12	0	0	N/A	\$6,105	283,031
NOV								
DEC								
JAN								
FEB								
MAR								
APR								
MAY								
JUN								
FY 2023 YTD	40	5	42	3	1		\$16,422	863,870
FY 2022	18	2	19	1	1		\$8,462	518,542
FY 2021	42	0	35	7	0		\$12,597	884,106
FY 2020	36	7	39	4	2		\$14,180	1,030,230

Sources of Leaks





Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

11/18/2022

Piret Harmon
General Manager
Scotts Valley Water District, California

Dear Ms. Harmon:

We are pleased to notify you that your annual comprehensive financial report for the fiscal year ended June 30, 2021 qualifies for GFOA's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

When a Certificate of Achievement is awarded to a government, an Award of Financial Reporting Achievement (AFRA) is also presented to the individual(s) or department designated by the government as primarily responsible for its having earned the Certificate. This award has been sent to the submitter as designated on the application.

We hope that you will arrange for a formal presentation of the Certificate and Award of Financial Reporting Achievement, and give appropriate publicity to this notable achievement. A sample news release is included to assist with this effort.

We hope that your example will encourage other government officials in their efforts to achieve and maintain an appropriate standard of excellence in financial reporting.

Sincerely,

A handwritten signature in black ink that reads "Michele Mark Levine". The signature is written in a cursive, flowing style.

Michele Mark Levine
Director, Technical Services



YOUR BEST PROTECTION

11/28/2022

ACWA JPIA

P. O. Box 619082
Roseville, CA 95661-9082

phone
916.786.5742
800.231.5742

www.acwajpia.com

President

E.G. "Jerry" Gladbach

Vice President

Melody A. McDonald

Chief Executive Officer

Walter "Andy" Sells

Executive Committee

Fred Bockmiller

David Drake

E.G. "Jerry" Gladbach

Cathy Green

Brent Hastey

Chris Kapheim

Melody A. McDonald

Randall Reed

J. Bruce Rupp

Scotts Valley Water District (S027)
2 Civic Center Drive
Scotts Valley, CA 95066-4159

General Manager:

Each year at Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20% or less in either of the Liability, Property or Workers' Compensation programs (loss ratio = total losses / total premiums).

The members with this distinction receive the "**President's Special Recognition Award**" certificate for each Program that they qualify in.

The JPIA is extremely pleased to present Scotts Valley Water District (S027) with this special recognition and commends the District on the hard work in reducing claims.

Congratulations to you, your staff, Board, and District. Keep up the good work!

The JPIA wishes you the best in 2023.

Sincerely,

Melody McDonald
President

Enclosure: President's Special Recognition Award(s)

Core Values

- People
- Service
- Integrity
- Innovation

President's Special Recognition Award

*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Scotts Valley Water District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Property Program for the period 07/01/2018 - 06/30/2021
announced at the Board of Directors' Meeting in Indian Wells.*



Melody McDonald, President



November 28, 2022

9.3

President's Special Recognition Award

*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Scotts Valley Water District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Liability Program for the period 10/01/2018 - 09/30/2021
announced at the Board of Directors' Meeting in Indian Wells.*



Melody McDonald, President



November 28, 2022

9.4



Check for household leaks to avoid costly bills

Starting in 2023, the District will no longer offer bill adjustments for leaks. This means that cost of the water lost due to a leak will now have to be paid in full.

Customers need to be proactive and check for leaks regularly around the house. The most common places where leaks occur are:

- service line between the meter and the building
- toilets
- shower heads
- outdoor irrigation systems



With the new WaterSmart customer service portal, identifying leaks promptly has never been easier! Enrolling in [WaterSmart](#), allows customers to set alerts for high or unusual water use, access money-saving actions and find personalized tips on how to save water.

If you cannot find the location of the leak, it's recommended you reach out to a plumber, irrigation specialist or leak detection company to help locate hard-to-find leaks (note: the District is not able to give referrals for private companies).



State uses AEM to survey local groundwater aquifers

This month, the [California Department of Water Resources](#) is conducting airborne electromagnetic surveys in high and medium-priority groundwater basins along the Central Coast.

This survey is comparable to an MRI of the ground subsurface. A helicopter tows electronic equipment that sends signals into the ground. The data collected is used to create continuous images that provide information about aquifer structures and geology. Learn more about this work [online](#).

Apply and make a difference as a Junior Associate

Scotts Valley Water District extended the application period for two Junior Associate Board Member positions. Junior Associate Board Members serve as non-voting advisors, attending meetings and participating in Board deliberations. Junior Associate Board Member eligibility requirements include:

- Live, work or attend school within the District service area
- Be 16 to 30 years old
- Have an interest in local government or civic service
- Be available to attend monthly board meetings
- Be willing to commit to a two-year term starting January 2023

The application is open. [Learn more and apply](#).

NOW RECRUITING!
Junior Associate Board Members

INTERESTED IN LOCAL GOVERNMENT & CIVIC SERVICE?
Become a non-voting advisor to the Scotts Valley Water District Board of Directors

Requirements:

- 2-year term, December 2022-December 2024
- Attend monthly evening meetings
- Live, work or attend school in the Scotts Valley Water District Service Area

Other requirements apply. Stipend available.



District office will be closed for Thanksgiving

The District office will be closed Thursday and Friday, Nov. 24 and 25.

Customers can access most services [online](#).

Scotts Valley Water District is a certified green business!

The District was recently re-certified as a green business! Here are a few examples of the District's environmental stewardship:

- Switched to non-toxic cleaning products
- Installed energy-efficient lighting
- Uses energy-efficient appliances and electronics
- Purchases 100% recycled content paper products
- Installed low-flow water fixtures

Check out how you can make a difference [online](#).

