



# SCOTTS VALLEY WATER DISTRICT

## **AGENDA PACKET**

### **REGULAR BOARD MEETING**

**12/14/23 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**

**Chris Perri, President**

**Wade Leishman, Vice President**

**Bill Ekwall, Director**

**Danny Reber, Director**

**Ruth Stiles, Director**

**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 Chris Perri  
VICE PRESIDENT Wade Leishman  
Bill Ekwall  
Danny Reber  
Ruth Stiles  
GENERAL MANAGER  
David McNair

Board of Directors

## **Board Workshop**

**12/14/23 at 4:00 p.m.**

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

### **Notice**

#### **0. Pre-Meeting Workshop**

Self-Evaluation Workshop with DeLoach Associates

#### **Regular Meeting**

**12/14/23 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 – None.

[Finance & Personnel Committee - 11/15/23](#)

Executive & Public Affairs Committee – None.

Santa Margarita Groundwater Agency Board - None.

**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 11/09/23](#)**

Recommendation: Approve the minutes of the 11/09/23 Regular Board Meeting.

**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 Reports](#)**

Recommendation: Accept the Scotts Valley Water District Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2023 as presented.

**7. Staff Reports**

**7.1. Legal**

District Counsel - oral

**7.2. Administrative**

General Manager – oral

**7.3. Finance**

[Financial Reports 07/01/23 through 10/31/23](#)

**7.4. Operations**

Operations Report - oral

[Production, Demand and Rainfall Data through 11/30/23](#)

**8. Directors Reports**

Travel and Meetings

Election of Officers

**9. Written Correspondence**

[ACWA JPIA Low Claims to Premium Ratio for Liability, and Property Program Awards](#)

**10. Community Relations**

[November Newsletter](#)

**11. Closed Session (none)**

**12. Report on Closed Session and Additional Items (None)**

**13. Future Items**

Junior Board and Community Committee Member Review (January)

Committee Appointments for 2024 – 2025

Sucinto Well

Grace Way Well Borehole

Water Main Replacement Contract

**14. Meetings and Event Calendar**

Board Meetings

01/11/24

02/08/24

03/14/24

Committee Meetings

01/24/24 Finance and Personnel

01/22/24 Engineering and Water Resources

01/24/24 Executive and Public Affairs

**Santa Margarita Groundwater Agency**

Board Meeting 02/29/24

**15. Events**

**16. Adjourn**

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](http://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 THREE (3) WORKING DAYS BEFORE THE MEETING TO ALLOW TIME TO MAKE ARRANGEMENTS.



# SCOTTS VALLEY WATER DISTRICT

svwd.org  svwater

Finance and Personnel Committee  
District Conference Room  
2 Civic Center Drive, Scotts Valley, California  
**11/15/23 4:00 p.m.**  
Meeting Report

1. Convene  
The meeting convened at 3:59 p.m. in the District Conference Room. It was conducted in a hybrid setting.  
  
Present: Committee Members Leishman, Ekwall, and Callahan.  
  
Staff: Finance and Customer Service Manager Kurns, General Manager McNair, Accounting Technician Dillon, and Executive Assistant/Board Clerk Jensen.
2. Oral Communications  
Committee Member Callahan reported on service line repairs completed at 6011 Scotts Valley Drive, General Manager McNair will forward details to Operations Manager Gillespie.
3. Action Items  
None.
4. Discussion Items
  - 4.1 Draft Audited Financial Statements  
Customer Service and Finance Manager Kurns presented the draft Audited Financial Statements. The Committee members discussed.
  - 4.2 Financial Reports 07/01/23 through 10/31/23  
Customer Service and Finance Manager Kurns presented the 07/01/23 through 10/31/23 financial reports.
- 4 District Updates  
None.
6. Reports or Information from Committee Members  
None.
7. Future Agenda Items
  - 7.1 Misc. Fee Schedule
8. Adjourn  
The meeting adjourned at 5:00 p.m.

Board of Directors

**Regular Meeting**

**11/09/23 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 Perri 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

Robert Bosso, Legal Counsel

Nate Gillespie, Operations Manager

Rahni Jensen, Executive Assistant / Board Clerk

Nick Kurns, Finance and Customer Service Manager

David McNair, General Manager

Donna Paul, Assistant to General Manager

Guests

None

1.2. Pledge of Allegiance and Invocation

President Perri led the pledge, and Director Reber led 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 10/23/23

There was nothing further to add to the written report.

Finance & Personnel Committee 10/25/23

There was nothing further to add to the written report.

Executive & Public Affairs Committee 10/25/23

There was nothing further to add to the written report.

Santa Margarita Groundwater Agency 10/26/23

President Perri reported that staff has met, and the Board continues to meet quarterly to cut administrative costs.

**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 10/12/23

Approved the minutes of the 10/12/23 Regular Board Meeting.

Public Involvement in Board Activities Agenda Report

Approved the Junior Associate Board Member Program and the Community Members on the Board Committees Program.

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

**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. Water Rate Increase Consideration

Finance and Customer Service Manager Kurns presented two water rate increase options. The Board discussed each option.

MOTION Reber/Ekwall carried to adopt Resolution No. 05-23 approving the rate increase less than established by Resolution 08-21 effective 01/01/24 as submitted by unanimous roll call.

6.2. Phase 2 Transit Center Low Impact Development Contract

General Manager David McNair presented the proposal from Kennedy/Jenks Consultants. The Board discussed.

MOTION Leishman/Stiles carried to approve and authorize the General Manager to

execute an agreement with Kenedy/Jenks Consultants, in the amount of \$350,270 for Engineering Services for Construction Design Updates, CEQA Updates, Bid Award Services, and Engineering Support Services during the construction of the Transit Center Low Impact Demand (LID) Retrofit Phase 2 Project by unanimous voice vote.

**7. Staff Reports**

**7.1. Legal**

District Counsel Bosso discussed upcoming legislation for the California Environmental Quality Act regarding environmental review for water storage.

**7.2. Administrative**

General Manager McNair reported that no bids were received for a main replacement project and in accordance to the Admin Code the District will procure a proposal. Rahni Jensen has been promoted to Executive Assistant / Board Clerk, and Claudia DuVernois has accepted the position of Utility Service Technician. Donna Paul is retiring, her last day in the office is December 11th, 2023. Zoom bombing of local special district Board Meetings was also discussed.

**7.3. Finance**

Financial Reports 07/01/23 through 09/30/23

There was nothing further to add to the written report.

**7.4. Operations**

Operations Report

Production, Demand and Rainfall Data

Operations Manager Gillespie reported on the vendor for the Sucinto well demobilizing, Well 3B to be destroyed, and going out to bid. Grace Way well status update. UCMR 5 study sample update.

**8. Directors Reports (none).**

**9. Written Correspondence (none).**

**10. Community Relations**

October Newsletter

**11. Closed Session (none).**

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

**13. Future Items**

Annul Comprehensive Financial Report (December)  
Election of Officers (December)  
Ratify Contract Award 2023 Water Main Replacement (December)

**14. Meetings and Event Calendar**

Board Meetings	Committee Meetings
12/14/23	11/15/23 Finance & Personal
01/11/24	11/27/23 Engineering & Water Resource
02/08/24	01/24/24 Executive & Public Affairs

**Santa Margarita Groundwater Agency**

Board Meeting 02/29/24

**15. Events**

ACWA Fall Conference 11/28/23 – 11/30/23, Indian Wells

**16. Adjourn**

The meeting adjourned at 6:52 p.m.

Approved:

Attest:

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Chris Perri, Board President

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David McNair, Board Secretary

## **AGENDA REPORT**

Scotts Valley Water District

**Date:** 12/14/23

**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, 2023 and June 30, 2022.

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

**Previous Related Action:** On December 08, 2022 the Board received the Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2022 and June 30, 2021.

### **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, 2023 and June 30, 2022. 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,

David McNair  
General Manager

Enclosed: Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2023 and June 30, 2022

**Scotts Valley Water District**  
**Dashboard – Audited Financial Statements**

**June 30, 2023 vs 2022**

Revenues & Expenses	2023	2022	Variance
<b>Operating Revenues:</b>			
Water sales	\$ 4,896,862	\$ 4,913,827	\$ (16,965)
Water service	2,666,947	2,509,412	157,535
Other fees and charges	42,055	31,659	10,396
<b>Non-Operating Revenues:</b>			
Property taxes	1,398,325	1,241,664	156,661
Change in investment in SMGA-JPA	(224,364)	(328,729)	104,365
Investment earnings	90,570	(29,611)	120,181
Other non-operating revenues	153,318	71,587	81,731
<b>Capital Contributions</b>			
Capacity buy-in fee	1,281,338	631,711	649,627
State capital grant	799,104	-	799,104
<b>Total Revenues</b>	<u>11,104,155</u>	<u>9,041,520</u>	<u>2,062,635</u>
<b>Operating Expenses:</b>			
Source of supply	104,053	104,454	(401)
Pumping	488,373	469,102	19,271
Water treatment	310,960	439,819	(128,859)
Recycled water	847,463	536,090	311,373
Transmission and distribution	2,253,229	1,877,505	375,724
Finance, customer service and conserv	1,433,076	816,887	616,189
General and administrative	1,321,955	1,007,411	314,544
<b>Operating expenses before depr.</b>	<u>6,759,109</u>	<u>5,251,268</u>	<u>1,507,841</u>
Depreciation expense	1,208,395	1,159,097	49,298
<b>Total Operating Expenses</b>	<u>7,967,504</u>	<u>6,410,365</u>	<u>1,557,139</u>
<b>Non-Operating Expenses:</b>			
Interest expense	193,897	113,485	80,412
Cost of debt issuance	-	97,029	(97,029)
<b>Total Expenses</b>	<u>8,161,401</u>	<u>6,620,879</u>	<u>1,540,522</u>
<b>Change in Revenues &amp; Expenses</b>	<u>\$ 2,942,754</u>	<u>\$ 2,420,641</u>	<u>\$ 522,113</u>
<b>Capital Outlay:</b>			
<b>Capital Asset Additions</b>	\$ (1,741,679)	\$ (1,308,754)	\$ (432,925)
<b>Depreciation Expense</b>	<u>1,208,395</u>	<u>1,159,097</u>	<u>49,298</u>
<b>Change in Capital Expense</b>	<u>\$ (533,284)</u>	<u>\$ (149,657)</u>	<u>\$ (383,627)</u>
<b>Cash &amp; Investments</b>	<u>\$ 10,935,438</u>	<u>\$ 9,728,984</u>	<u>\$ 1,206,454</u>
<b>Quick Summary:</b>			
<b>Change in Revenues &amp; Expenses</b>	\$ 2,942,754		
<b>Change in Capital Expense</b>	(533,284)		
<b>Debt Service – Principal Payments</b>	(911,991)		
<b>Contribution to SMGA-JPA</b>	(219,786)		
<b>Change in Cash &amp; Investments</b>	<u>\$ 1,277,693</u>	<b>Approximately</b>	<u>\$ 71,239</u>
<b>Investment Earnings to Portfolio</b>	<u>0.88%</u>		



SCOTTS VALLEY  
WATER DISTRICT

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**For the Fiscal Years Ended June 30, 2023 and 2022**



**Grace Way Well  
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, 2023**

<u>Name</u>	<u>Title</u>	<u>Elected / Appointed</u>	<u>Current Term</u>
Chris Perri	President	Elected	12/20 - 11/24
Wade Leishman	Vice President	Elected	12/22 - 11/26
Bill Ekwall	Director	Elected	12/22 - 11/26
Danny Reber	Director	Elected	12/20 - 11/24
Ruth Stiles	Director	Elected	12/22 - 11/26
vacant	Junior Associate	-	-
vacant	Junior Associate	-	-

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

**SCOTTS VALLEY WATER DISTRICT**  
*For the Fiscal Years Ended June 30, 2023 and 2022*  
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**SCOTTS VALLEY WATER DISTRICT**  
*For the Fiscal Years Ended June 30, 2023 and 2022*  
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# SCOTTS VALLEY WATER DISTRICT

2 Civic Center  
Scotts Valley, California 95066  
831-438-2363  
**December 14, 2023**

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

It is my pleasure to submit the Scotts Valley Water District's (District) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023 (FY 2023). 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 responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures in this 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, 2023 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, 2023 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.

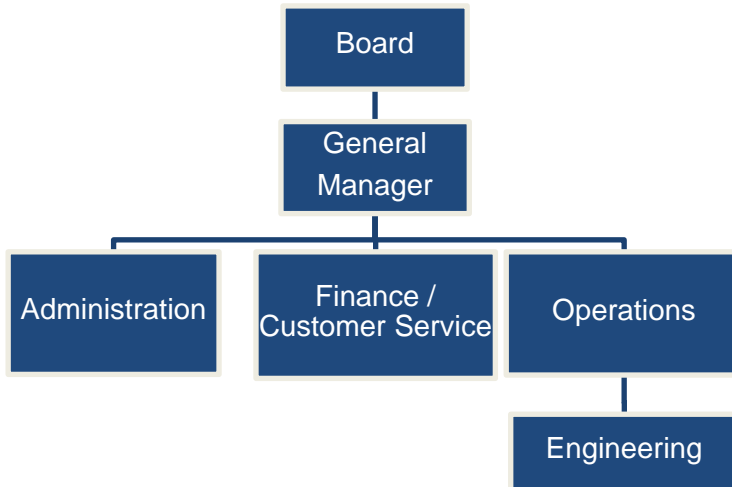
This report is organized into three sections: (1) Introductory, (2) Financial, and (3) Statistical. The Introductory section offers general information about the District's organizational structure and water system, the economic environment, as well as the District's major initiatives and accomplishments. 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 20 employees organized in three divisions: Administration, Operations, and Finance. There was one change to the organization chart in FY 2023; the addition of a Special Projects Manager (0.5 FTE).

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 4,500 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 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 46 accounts in FY 2023.

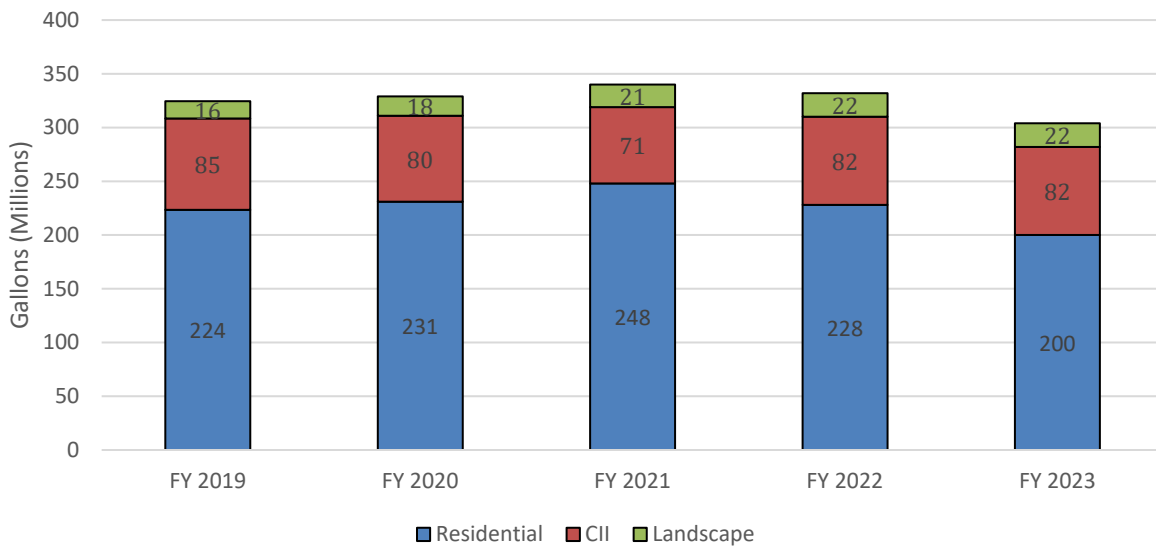
Potable Domestic Water Connections (excludes Fire Service Connections)

	6/30/2022	6/30/2023	Incr/(Decr)
Residential	3,505	3,554	49
CII*	298	299	1
Landscape	82	78	(4)
	<u>3,885</u>	<u>3,931</u>	<u>46</u>

\* CII: Commercial, Industrial and Institution

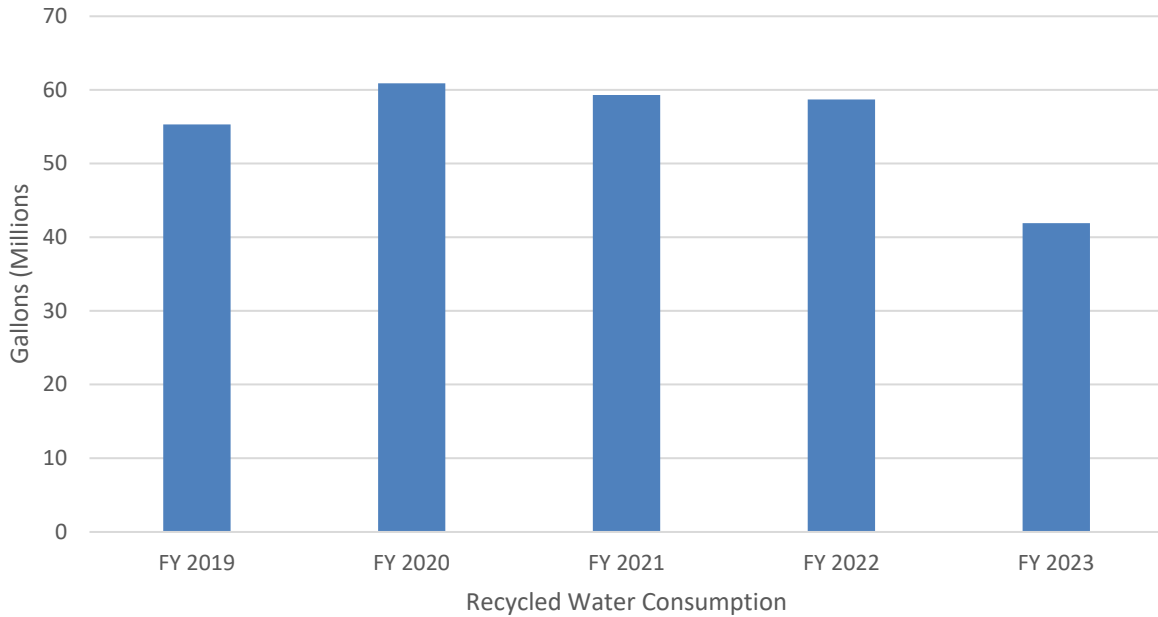
Total potable water consumption decreased by 28 million gallons (MG) from FY 2022, equal to 8.2%, with residential customers as the primary driver for the change. Residential consumption decreased by 28 MG (11.3%), while landscape consumption and CII consumption were flat.

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 12% of the total annual system demand is fulfilled using recycled water. As of June 30, 2023, there were 70 recycled water connections with an annual demand of 41.9 MG. Total recycled water consumption decreased by 66 MG from FY 2022, or 16.4%.

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). Water rates increased five percent in January 2023. This was the second year of the approved five-year rate schedule.

**Water Use Efficiency Programs**

The District promotes the efficient use of water use by through a range of efforts, with the recent focus on offering customers digital resources to monitor and manage their water use. Forty-five percent of District customers are registered for WaterSmart, a digital platform that provides timely notifications and access to detailed water usage data. The District utilizes WaterSmart to notify customers that have continuous water use of 3 gallons per hour (gph). In addition to the notification, the customer engagement portal 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 significant decreases to the volume and duration of customer water leaks. Consequently, the District ended it's leak adjustment program in January of 2023.

The District also offers rebates and free devices to promote water use efficiency. The FY 2023 rebate program funded and additional resources for "Turf's Up" which is a \$2/square foot rebate for replacing lawns. The rebate program accomplished the following in FY 2023: incentivized retrofitting of 24,900 square feet of turf; provided \$2,110 for toilet replacements, installation of pressure regulators, and smart irrigation controllers.

## **Local Economic Condition and Outlook**

The major issues for the local and global economy during FY 2023 were inflation, the labor market and economic growth. According to data from the State Employment Development Division, the unemployment rate for Santa Cruz County in June 2023 was 5.3%, which represents a 1.1% increase from the same period last year. The County's unemployment rate was slightly lower than the statewide average of 4.9% for June 2023.

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 its land use policy. The city has a population of 11,859 according to a May 2023 news release by the State Department of Finance, a decrease of 3.5% from 12,288 per the 2020 census. The number of households increased from 4,690 in the 2020 census to an estimated 4,703 in 2022, a decrease of 0.4%. 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 38 new connections to the system in FY 2023 generating New Connection Fee revenue of approximately \$1,281,338. The Polo Ranch subdivision 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 2023 the District replaced 1,545 feet of potable water main across various locations, including Sunset Terrace, Scott Court, Johnston Rd, Technology Circle, Canham Rd and Janis Way. The Hacienda Pump Station improvement project was completed. In addition, the District began work on two major well projects. Work began on the Sucinto well (formerly identified as Well 3B) replacement project. Sucinto well supplies water to the Orchard Run Water Treatment Plant and is a key source of supply for the District. In addition, work commenced on the new Grace Way Well project. Funding for this project included the acquisition of property on Scotts Valley Drive. The project is grant funded through the 2021 Urban and Multibenefit Drought Relief Grant that the District was awarded in November of 2021.

## **FY 2023 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. Participated in meetings with the City of Scotts Valley, and City of Santa Cruz Public Works and Water Department staff with a focus on informing each other about wastewater utilization and potential synergies and conflicts in future recycled water planning.

4. Coordinated the intertie project with the Santa Cruz Water Department in support of conjunctive use 70 percent design completion.
5. Operated the Recycled Water Fill Station program which offered free recycled water to District customers.
6. Improved our leak notifications by procedures, utilizing a combination WaterSmart and staff resources, 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. Placed temporary tanks online as part of the Bethany Tank Rehabilitation project.
3. Construction commenced to replace Well 3B.
4. Installed upgraded communication technology at Polo Ranch Booster Station.
5. Upgraded the fire service at the District's administrative headquarters building.
6. Initiated work on the Grace Way Well project, including acquisition of the property, engaging contractors for CEQA and design, and soliciting proposals to drill an exploratory borehole.

#### Financial Stewardship:

1. Received the Government Finance Officers Association (GFOA) Excellence in Financial Reporting award for the FY 2020 Audited Comprehensive Financial Report (ACFR). Completed the FY 2022 ACFR and submitted the application for the award.
2. Coordinated the Think Twice program to encourage overall demand reduction of 15 percent to meet state requirements by completing the following activities: operation of the recycled water fill station, running the Water Saving Challenge raffle, offering the enhance turf replacement rebate, and implementing drought surcharge rates through October of 2022.
3. Reached 45% registration rate on WaterSmart customer engagement portal.
4. Implemented online forms for rebate requests utilizing WaterSmart.

#### Community Engagement:

1. Participated in the Scotts Valley Art Wine and Beer Festival and Independence Day parade.
2. Provided leadership and active participation in SMGWA
3. Coordinated the transfer of administrative activities from the District to the Regional Water Management Foundation; implemented the work plan for the next phase of the agency; provided Treasury services.
4. 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.
5. Explored collaborative activities and shared resources to provide additional value for customers through an enhanced strategic partnership with Soquel Creek Water District.

#### Organizational Vitality:

1. Completed updates to the Memorandum of Understanding (MOU) resulting in mutually beneficial terms, including implementation of new MOU elements and a review and update of the Employee Handbook and Employment Policies.
2. Completed a study of Human Resources workflows and processes to ensure successful transition.

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 one training and/or professional event annually.
5. Began implementation of the recently 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.

### **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

\$5.4 million. As of June 30, 2023, the District’s cash balance was \$10.9 million, or 201.1% of the target. The year-end cash balance was designated as follows:

Operating	\$	3,174,800
Rate Stabilization		2,030,400
Emergency		1,231,100
Capital		2,251,100
Debt Service		2,248,000
Total	\$	<u>10,935,400</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 2023. Their unmodified Independent Auditor’s Report appears in the Financial Section.

### **Risk Management**

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

### **Other References**

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

### **Awards and Acknowledgment**

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, 2023. This was the 3rd 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,

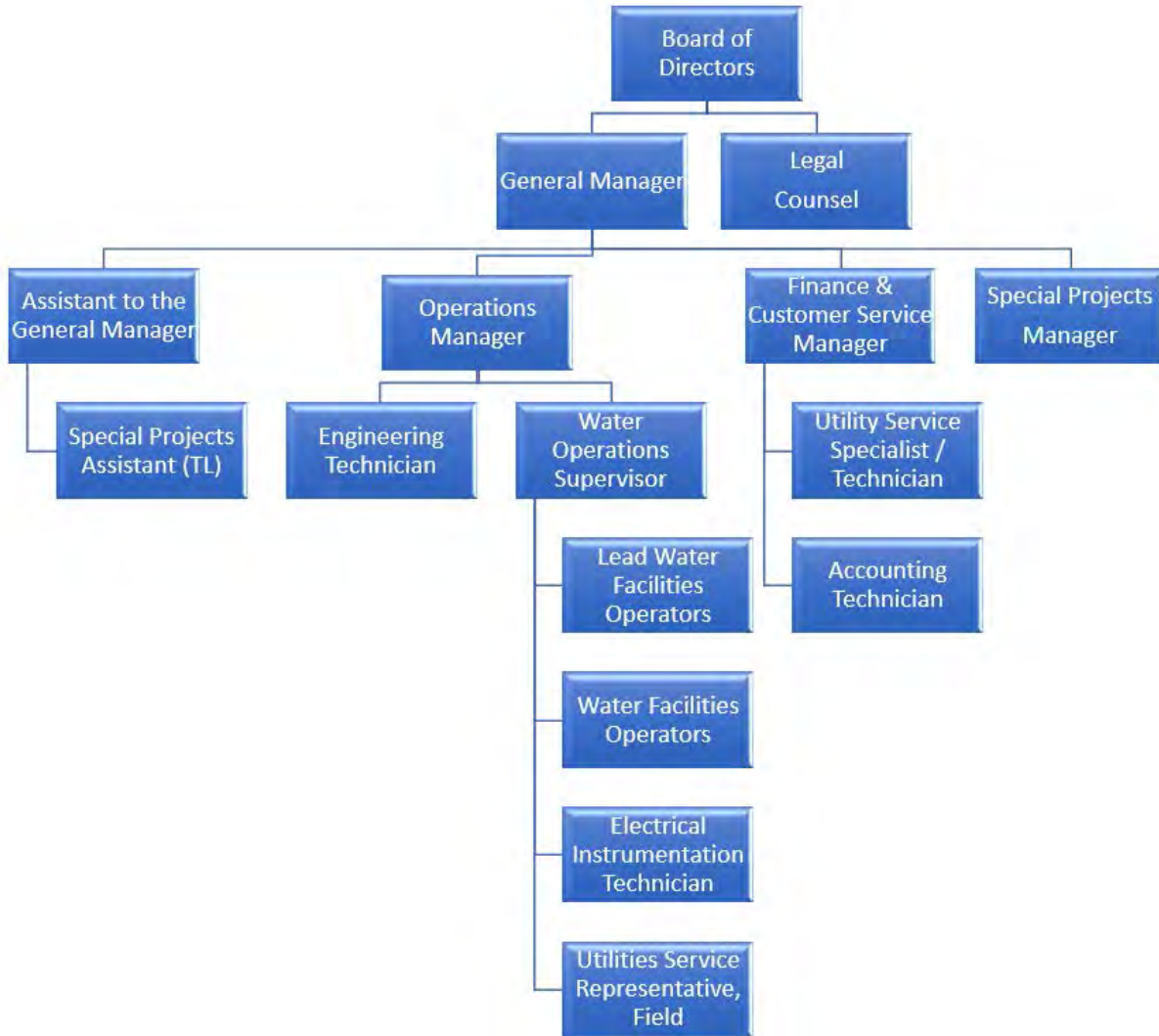
David McNair  
General Manager

**SCOTTS VALLEY WATER DISTRICT**

*Organizational Chart*

*For the Year Ended June 30, 2023*

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**SCOTTS VALLEY WATER DISTRICT**

*GFOA Award*

*For the Year Ended June 30, 2023*

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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, 2022

*Christopher P. Morrill*

Executive Director/CEO

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***Financial Section***

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## 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023, 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 14, 2023

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

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**SCOTTS VALLEY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2023 and 2022*

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Management's Discussion and Analysis (MD&A) offers readers of Scotts Valley Water District's financial statements a narrative overview of the District's financial activities for the years ended June 30, 2023 and 2022. 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 2023, the District's net position increased 12.8% or \$2,942,754 from \$23,000,086 to \$25,942,840, primarily due to a \$1,448,731 increase in capital contributions from Capacity buy-in fees and a state grant.
- 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 2023, the District's total operating and non-operating revenues increased 5.83% or \$509,539 from \$8,738,538 to \$9,248,077, primarily from increases in water service charges due to the rate increase for the fiscal period, as well as increases in property tax revenue and investment earnings.
- 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 2023, the District's total expenses increased 22.4% or \$1,533,186 from \$6,852,579 to \$8,385,765, primarily from general price increases impacting overall operating expenses.
- 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.

**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, 2023 and 2022*

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**FINANCIAL ANALYSIS OF THE DISTRICT**

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

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

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

**Condensed Balance Sheets**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>	<u>June 30, 2021</u>	<u>Change</u>
<b>Assets:</b>					
Current assets	\$ 10,902,719	\$ 5,225,582	\$ 5,677,137	\$ 5,700,151	\$ (474,569)
Non-current assets	2,549,358	6,212,721	(3,663,363)	481,905	5,730,816
Capital assets, net	25,175,177	24,641,893	533,284	24,492,236	149,657
<b>Total assets</b>	<u>38,627,254</u>	<u>36,080,196</u>	<u>2,547,058</u>	<u>30,674,292</u>	<u>5,405,904</u>
<b>Deferred outflows of resources</b>	<u>2,135,688</u>	<u>2,563,537</u>	<u>(427,849)</u>	<u>831,530</u>	<u>1,732,007</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 40,762,942</u>	<u>\$ 38,643,733</u>	<u>\$ 2,119,209</u>	<u>\$ 31,505,822</u>	<u>\$ 7,137,911</u>
<b>Liabilities:</b>					
Current liabilities	\$ 2,068,177	\$ 2,136,957	\$ (68,780)	\$ 2,176,750	\$ (39,793)
Non-current liabilities	11,039,576	12,243,360	(1,203,784)	8,633,147	3,610,213
<b>Total liabilities</b>	<u>13,107,753</u>	<u>14,380,317</u>	<u>(1,272,564)</u>	<u>10,809,897</u>	<u>3,570,420</u>
<b>Deferred inflows of resources</b>	<u>1,712,349</u>	<u>1,263,330</u>	<u>449,019</u>	<u>116,480</u>	<u>1,146,850</u>
<b>Net position:</b>					
Net investment in capital assets	18,889,299	21,084,476	(2,195,177)	20,391,522	692,954
Restricted	-	-	-	-	-
Unrestricted	7,053,541	1,915,610	5,137,931	187,923	1,727,687
<b>Total net position</b>	<u>25,942,840</u>	<u>23,000,086</u>	<u>2,942,754</u>	<u>20,579,445</u>	<u>2,420,641</u>
<b>Total liabilities, deferred outflows of resources and net position</b>	<u>\$ 40,762,942</u>	<u>\$ 38,643,733</u>	<u>\$ 2,119,209</u>	<u>\$ 31,505,822</u>	<u>\$ 7,137,911</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 \$25,942,840 and \$23,000,086 as of June 30, 2023 and 2022, respectfully.

**SCOTTS VALLEY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2023 and 2022*

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

**Condensed Balance Sheets (continued)**

By far the largest portion of the District's net position (73% and 92% as of June 30, 2023 and 2022, respectively) 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 2023 and 2022, the District showed a positive balance in its unrestricted net position of \$7,053,541 and \$1,915,610, respectively.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>	<u>June 30, 2021</u>	<u>Change</u>
Total operating revenues	\$ 7,605,864	\$ 7,454,898	\$ 150,966	\$ 6,985,681	\$ 469,217
Total operating expenses	<u>(6,759,109)</u>	<u>(5,251,268)</u>	<u>(1,507,841)</u>	<u>(5,893,047)</u>	<u>641,779</u>
<b>Operating income before depreciation</b>	846,755	2,203,630	(1,356,875)	1,092,634	1,110,996
Depreciation expense	<u>(1,208,395)</u>	<u>(1,159,097)</u>	<u>(49,298)</u>	<u>(1,119,609)</u>	<u>(39,488)</u>
<b>Operating income (loss)</b>	(361,640)	1,044,533	(1,406,173)	(26,975)	1,071,508
Total non-operating revenues(expenses), net	1,223,952	744,397	479,555	709,375	35,022
Capital contributions	<u>2,080,442</u>	<u>631,711</u>	<u>1,448,731</u>	<u>569,604</u>	<u>62,107</u>
<b>Change in net position</b>	2,942,754	2,420,641	522,113	1,252,004	1,168,637
Net position:					
<b>Beginning of year</b>	<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>
<b>End of year</b>	<u>\$ 25,942,840</u>	<u>\$ 23,000,086</u>	<u>\$ 2,942,754</u>	<u>\$ 20,579,445</u>	<u>\$ 2,420,641</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 2023, the District's net position increased 12.8% or \$2,942,754 from \$23,000,086 to \$25,942,840, primarily due to a \$1,448,731 increase in capital contributions from Capacity buy-in fees and a state grant.

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.

**SCOTTS VALLEY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
For the Years Ended June 30, 2023 and 2022

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

The following tables present the detailed breakdown of the information presented in the condensed summary.

**Total Revenues**

	June 30, 2023	June 30, 2022	Increase (Decrease)	June 30, 2021	Increase (Decrease)
<b>Operating revenues:</b>					
Water sales	\$ 4,896,862	\$ 4,913,827	\$ (16,965)	\$ 4,727,234	\$ 186,593
Water service	2,666,947	2,509,412	157,535	2,230,855	278,557
Other fees and charges	42,055	31,659	10,396	27,592	4,067
<b>Total operating revenues</b>	<b>7,605,864</b>	<b>7,454,898</b>	<b>150,966</b>	<b>6,985,681</b>	<b>469,217</b>
<b>Non-operating:</b>					
Property taxes	1,398,325	1,241,664	156,661	1,057,540	184,124
Investment earnings	90,570	(29,611)	120,181	6,936	(36,547)
Other non-operating revenues	153,318	71,587	81,731	78,213	(6,626)
<b>Total non-operating</b>	<b>1,642,213</b>	<b>1,283,640</b>	<b>358,573</b>	<b>1,142,689</b>	<b>140,951</b>
<b>Total revenues</b>	<b>\$ 9,248,077</b>	<b>\$ 8,738,538</b>	<b>\$ 509,539</b>	<b>\$ 8,128,370</b>	<b>\$ 610,168</b>

In 2023, the District's total operating and non-operating revenues increased 5.83% or \$509,539 from \$8,738,538 to \$9,248,077, primarily from increases in water service charges due to the rate increase for the fiscal period, as well as increases in property tax revenue and investment earnings.

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.

**Total Expenses**

	June 30, 2023	June 30, 2022	Increase (Decrease)	June 30, 2021	Increase (Decrease)
<b>Operating expenses:</b>					
Source of supply	104,053	104,454	(401)	111,200	(6,746)
Pumping	488,373	469,102	19,271	464,519	4,583
Water treatment	310,960	439,819	(128,859)	284,701	155,118
Recycled water	847,463	536,090	311,373	590,898	(54,808)
Transmission and distribution	2,253,229	1,877,505	375,724	2,213,808	(336,303)
Finance, customer service and conservation	1,433,076	816,887	616,189	1,064,016	(247,129)
General and administrative	1,321,955	1,007,411	314,544	1,163,905	(156,494)
<b>Total operating expenses</b>	<b>6,759,109</b>	<b>5,251,268</b>	<b>1,507,841</b>	<b>5,893,047</b>	<b>(641,779)</b>
Depreciation expense	1,208,395	1,159,097	49,298	1,119,609	39,488
<b>Non-operating expenses:</b>					
Change in investment in SMGA-JPA	224,364	328,729	(104,365)	357,480	(28,751)
Interest expense	193,897	113,485	80,412	75,834	37,651
<b>Total non-operating</b>	<b>418,261</b>	<b>442,214</b>	<b>(23,953)</b>	<b>433,314</b>	<b>8,900</b>
<b>Total expenses</b>	<b>\$ 8,385,765</b>	<b>\$ 6,852,579</b>	<b>\$ 1,533,186</b>	<b>\$ 7,445,970</b>	<b>\$ (593,391)</b>

In 2023, the District's total expenses increased 22.4% or \$1,533,186 from \$6,852,579 to \$8,385,765, primarily from general price increases impacting overall operating expenses.

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.

**SCOTTS VALLEY WATER DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2023 and 2022*

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

**Capital Assets**

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

	<b>Balance</b>	<b>Balance</b>	<b>Balance</b>
<b>Capital assets:</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Non-depreciable assets	\$ 1,555,380	\$ 1,106,059	\$ 1,327,578
Depreciable assets	50,663,176	49,370,818	47,840,545
Accumulated depreciation	<u>(27,043,379)</u>	<u>(25,834,984)</u>	<u>(24,675,887)</u>
<b>Total capital assets, net</b>	<b><u>\$ 25,175,177</u></b>	<b><u>\$ 24,641,893</u></b>	<b><u>\$ 24,492,236</u></b>

At June 30, 2023 and 2022, the District's investment in capital assets amounted to \$25,175,177 and \$24,641,893, (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 7 for further capital asset information.

**Debt Administration**

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

	<b>Balance</b>	<b>Balance</b>	<b>Balance</b>
<b>Long-term debt:</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Loan payable	<u>\$ 8,640,891</u>	<u>\$ 9,552,882</u>	<u>\$ 4,100,714</u>

For the years ended June 30, 2023 and 2022, 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 9 for further information.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

**FACTORS AFFECTING CURRENT FINANCIAL POSITION**

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

**CONTACTING THE DISTRICT**

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

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## ***Basic Financial Statements***

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**SCOTTS VALLEY WATER DISTRICT**  
*Balance Sheets*  
*June 30, 2023 and 2022*

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Current assets:</b>		
Cash and cash equivalents (Note 2)	\$ 8,580,425	\$ 3,733,519
Accrued interest receivable	49,730	8,562
Accounts receivable, net (Note 4)	1,078,476	1,056,046
Property taxes receivable	77,352	99,760
Grant receivable	784,669	-
Other receivables	16,097	18,288
Notes receivable (Note 5)	18,334	20,000
Inventory – materials and supplies	227,243	213,404
Prepaid expenses	70,393	76,003
<b>Total current assets</b>	<u>10,902,719</u>	<u>5,225,582</u>
<b>Non-current assets:</b>		
Restricted – cash and cash equivalents (Note 2 and 3)	2,355,013	5,995,465
Notes receivable (Note 5)	45,000	63,333
Investment in Santa Margarita Groundwater Agency – JPA (Note 6)	149,345	153,923
Capital assets – not being depreciated (Note 7)	1,555,380	1,106,059
Capital assets – being depreciated, net (Note 7)	23,619,797	23,535,834
<b>Total non-current assets</b>	<u>27,724,535</u>	<u>30,854,614</u>
<b>Total assets</b>	<u>38,627,254</u>	<u>36,080,196</u>
<b>Deferred outflows of resources:</b>		
Deferred amounts related to net OPEB liability (Note 11)	115,583	121,850
Deferred amounts related to net pension liability (Note 10)	2,020,105	2,441,687
<b>Total deferred outflows of resources</b>	<u>2,135,688</u>	<u>2,563,537</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 40,762,942</u>	<u>\$ 38,643,733</u>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 868,140	\$ 652,151
Customer deposits for services	127,356	474,799
Accrued interest payable (Note 3)	96,966	59,178
Long-term liabilities – due within one year:		
Compensated absences (Note 8)	44,395	38,838
Loans payable (Note 3 and 9)	931,320	911,991
<b>Total current liabilities</b>	<u>2,068,177</u>	<u>2,136,957</u>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 8)	133,185	116,513
Loans payable (Note 9)	7,709,571	8,640,891
Net OPEB liability (Note 11)	1,797,142	2,123,895
Net pension liability (Note 10)	1,399,678	1,362,061
<b>Total non-current liabilities</b>	<u>11,039,576</u>	<u>12,243,360</u>
<b>Total liabilities</b>	<u>13,107,753</u>	<u>14,380,317</u>
<b>Deferred inflows of resources:</b>		
Deferred amounts related to net pension liability (Note 10)	1,712,349	1,263,330
<b>Total deferred inflows of resources</b>	<u>1,712,349</u>	<u>1,263,330</u>
<b>Net position:</b>		
Net investment in capital assets (Note 12)	18,889,299	21,084,476
Unrestricted	7,053,541	1,915,610
<b>Total net position</b>	<u>25,942,840</u>	<u>23,000,086</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 40,762,942</u>	<u>\$ 38,643,733</u>

## SCOTTS VALLEY WATER DISTRICT

### Statements of Revenues, Expenses and Changes in Net Position For the Fiscal Years Ended June 30, 2023 and 2022

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Operating revenues:</b>		
Water sales	\$ 4,896,862	\$ 4,913,827
Water service	2,666,947	2,509,412
Other fees and charges	42,055	31,659
<b>Total operating revenues</b>	<u>7,605,864</u>	<u>7,454,898</u>
<b>Operating expenses:</b>		
Source of supply	104,053	104,454
Pumping	488,373	469,102
Water treatment	310,960	439,819
Recycled water	847,463	536,090
Transmission and distribution	2,253,229	1,877,505
Finance, customer service and conservation	1,433,076	816,887
General and administrative	1,321,955	1,007,411
<b>Total operating expenses</b>	<u>6,759,109</u>	<u>5,251,268</u>
<b>Operating income before depreciation</b>	846,755	2,203,630
Depreciation expense	<u>(1,208,395)</u>	<u>(1,159,097)</u>
<b>Operating income (loss)</b>	<u>(361,640)</u>	<u>1,044,533</u>
<b>Non-operating revenues(expenses):</b>		
Property taxes	1,398,325	1,241,664
Change in investment in Santa Margarita Groundwater Agency-JPA (Note 6)	(224,364)	(328,729)
Investment earnings	90,570	(29,611)
Interest expense	(193,897)	(113,485)
Other non-operating revenues	153,318	71,587
Cost of debt issuance	-	(97,029)
<b>Total non-operating income</b>	<u>1,223,952</u>	<u>744,397</u>
<b>Change in net position before capital contributions</b>	<u>862,312</u>	<u>1,788,930</u>
<b>Capital contributions:</b>		
Capacity buy-in fee	1,281,338	631,711
State capital grant	799,104	-
<b>Total capital contributions</b>	<u>2,080,442</u>	<u>631,711</u>
<b>Change in net position</b>	2,942,754	2,420,641
<b>Net position:</b>		
Beginning of year	<u>23,000,086</u>	<u>20,579,445</u>
End of year	<u>\$ 25,942,840</u>	<u>\$ 23,000,086</u>

**SCOTTS VALLEY WATER DISTRICT**  
*Statements of Cash Flows*  
*For the Fiscal Years Ended June 30, 2023 and 2022*

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	\$ 7,391,500	\$ 8,606,441
Cash paid to employees for salaries and wages	(2,169,894)	(1,954,214)
Cash paid to vendors and suppliers for materials and services	(3,771,494)	(6,110,721)
<b>Net cash provided by operating activities</b>	<u>1,450,112</u>	<u>541,506</u>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes	<u>1,420,733</u>	<u>1,192,791</u>
<b>Net cash provided by non-capital financing activities</b>	<u>1,420,733</u>	<u>1,192,791</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(1,741,679)	(1,308,754)
Proceeds from capacity buy-in fee	1,281,338	631,711
Payments for capacity buy-back	-	-
Proceeds from state capital grant	14,435	-
Proceeds from notes receivable	20,000	15,000
Proceeds from loan payable	-	6,017,971
Principal paid on long-term debt	(911,991)	(662,832)
Interest paid on long-term debt	(156,110)	(92,239)
<b>Net cash provided by(used in) capital and related financing activities</b>	<u>(1,494,007)</u>	<u>4,600,857</u>
<b>Cash flows from investing activities:</b>		
Contribution to the Santa Margarita Groundwater Agency – JPA	(219,786)	(84,080)
Investment earnings	49,402	(33,625)
<b>Net cash used in investing activities</b>	<u>(170,384)</u>	<u>(117,705)</u>
<b>Net increase in cash and cash equivalents</b>	1,206,454	6,217,449
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>9,728,984</u>	<u>3,511,535</u>
End of year	<u>\$ 10,935,438</u>	<u>\$ 9,728,984</u>
<b>Reconciliation of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 8,580,425	\$ 3,733,519
Restricted – cash and cash equivalents	<u>2,355,013</u>	<u>5,995,465</u>
<b>Total cash and cash equivalents</b>	<u>\$ 10,935,438</u>	<u>\$ 9,728,984</u>

**SCOTTS VALLEY WATER DISTRICT**  
*Statements of Cash Flows (continued)*  
*For the Fiscal Years Ended June 30, 2023 and 2022*

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Reconciliation of operating income(loss) to net cash provided by operating activities:</b>		
Operating income(loss)	\$ (361,640)	\$ 1,044,533
<b>Adjustments to reconcile operating income(loss) to net cash provided by operating activities:</b>		
Depreciation	1,208,395	1,159,097
Other non-operating revenues	153,318	71,587
<b>Change in assets - (increase)decrease:</b>		
Accounts receivable, net	(22,430)	749,604
Other receivables	2,191	(3,228)
Inventory - materials and supplies	(13,839)	15,824
Prepaid expenses	5,610	(7,760)
<b>Change in deferred outflows of resources - (increase)decrease</b>		
Deferred amounts related to net OPEB liability	6,267	18,350
Deferred amounts related to net pension liability	421,582	(1,750,357)
<b>Change in liabilities - increase(decrease):</b>		
Accounts payable and accrued expenses	215,989	(644,365)
Customer deposits for services	(347,443)	333,580
Compensated absences	22,229	2,348
Net OPEB liability	(326,753)	(415,390)
Net pension liability	37,617	(1,179,167)
<b>Change in deferred inflows of resources - increase(decrease)</b>		
Deferred amounts related to net pension liability	449,019	1,146,850
<b>Total adjustments</b>	<u>1,811,752</u>	<u>(503,027)</u>
<b>Net cash provided by operating activities</b>	<u>\$ 1,450,112</u>	<u>\$ 541,506</u>

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***Notes to the Financial Statements***

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# SCOTTS VALLEY WATER DISTRICT

## *Notes to Financial Statements*

*June 30, 2023 and 2022*

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

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

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

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

The Scotts Valley Water District Public Facilities Corporation (Public Facilities Corporation), a California nonprofit corporation, was formed in April 1997, to finance the construction of a one million gallon per day reclaimed water treatment plant and related distribution system. The Public Facilities Corporation was dissolved on June 8, 2021. As of June 30, 2022, 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, 2023 and 2022

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

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

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

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

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

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

###### 2. Investments

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

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

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

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

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

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

# SCOTTS VALLEY WATER DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

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

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

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

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

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

These items consist of pipes, meters, and other items that are used for the repairs and maintenance of the District’s transmission and distribution system. These items are stated at 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, 2023 and 2022

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

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

###### 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 assets 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 assets 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, 2021  
Measurement Date June 30, 2022  
Measurement Period July 1, 2021 to June 30, 2022

###### 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, 2021  
Measurement Date June 30, 2022  
Measurement Period July 1, 2021 to June 30, 2022

# SCOTTS VALLEY WATER DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

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

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

##### 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, 2023 and 2022

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#### NOTE 2 – CASH AND CASH EQUIVALENTS

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

<u>Description</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash and cash equivalents	\$ 8,580,425	\$ 3,733,519
Restricted – cash and cash equivalents	2,355,013	5,995,465
<b>Total cash and cash equivalents</b>	<b>\$ 10,935,438</b>	<b>\$ 9,728,984</b>

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

<u>Description</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Petty cash	\$ 400	\$ 400
Demand deposits held with financial institutions	4,906,824	6,245,144
Local Agency Investment Fund (LAIF)	6,028,214	3,483,440
<b>Total cash and cash equivalents</b>	<b>\$ 10,935,438</b>	<b>\$ 9,728,984</b>

#### Demand Deposits with Financial Institutions

At June 30, 2023 and 2022, the carrying amount of the District's demand deposits were \$4,906,824 and \$6,245,144, respectively, and the financial institution's balances were \$3,922,143 and \$6,246,006, 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 fair 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, 2023 and 2022

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

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

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2023, and 2022, the District held \$6,028,214 and \$3,483,440 in LAIF, respectively.

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

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

<u>Description</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Unspent proceeds from loan issuance	\$ 2,355,013	\$ 5,995,465
Less: Unspent proceeds from loan issuance	<u>(2,355,013)</u>	<u>(5,995,465)</u>
<b>Total restricted – net position</b>	<u>\$ -</u>	<u>\$ -</u>

The restricted – cash and cash equivalents balance on the balance sheet at June 30, 2023 was cash holdings by the District's financial institution from the remaining unused proceeds from the loan payable – 2021. This amount is then used in the calculation of net investment in capital assets. (See Note 12)

#### NOTE 4 – ACCOUNTS RECEIVABLE, NET

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

<u>Description</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Accounts receivable	\$ 1,091,476	\$ 1,069,045
Allowance for doubtful accounts	<u>(13,000)</u>	<u>(13,000)</u>
<b>Total accounts receivable, net</b>	<u>\$ 1,078,476</u>	<u>\$ 1,056,045</u>

**SCOTTS VALLEY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2023 and 2022*

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**NOTE 5 – NOTES RECEIVABLE**

Changes in notes receivable amounts for the fiscal year ended June 30, 2023, 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	\$ 65,000	\$ -	\$ (10,000)	\$ 55,000	\$ 10,000	\$ 45,000
Vineyards HOA – Installment Note	18,333	-	(10,000)	8,333	8,333	-
<b>Total notes receivable</b>	<u>\$ 83,333</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ 63,333</u>	<u>\$ 18,333</u>	<u>\$ 45,000</u>

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
<b>Total notes receivable</b>	<u>\$ 98,333</u>	<u>\$ -</u>	<u>\$ (15,000)</u>	<u>\$ 83,333</u>	<u>\$ 20,000</u>	<u>\$ 63,333</u>

**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.

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, 2023 and 2022, 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
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	55,000	<u>\$ 8,850</u>	<u>\$ 63,850</u>
Current	<u>(10,000)</u>		
Long-term	<u>\$ 45,000</u>		

**SCOTTS VALLEY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2023 and 2022*

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

**Vineyards HOA – Installment Note**

On May 15, 2022, 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, 2023 and 2022, 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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Estimated Interest</u>	<u>Total</u>
2024	\$ 8,333	\$ 55	\$ 8,388
Total	8,333	<u>55</u>	<u>8,388</u>
Current	<u>(8,333)</u>		
Long-term	<u>\$ -</u>		

**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, 2023 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, 2023 and 2022, the District contributed \$219,786 and \$84,040, respectfully, to the Agency and held a \$149,345 and \$153,923, respectfully, net position investment in the Agency after operations concluded for those years.

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2023 and 2022

#### NOTE 6 – INVESTMENT IN SANTA MARGARITA GROUNDWATER AGENCY – JPA (continued)

The following table presents the summary breakdown of the information presented in the condensed financial statements as well as the District’s calculated share:

<b>A. Entity</b>	Santa Margarita Groundwater Agency		
<b>B. Purpose</b>	To pool member resources and realize the advantages of local groundwater sustainability through an agency		
<b>C. Participants</b>	3 member agencies, 2 non-member agencies		
<b>D. Governing board</b>	Eleven representatives appointed by members		
<b>E. District payments for FY 2023:</b>			
<b>Contribution</b>	\$219,786		
<b>F. Condensed financial information</b>	June 30, 2023		
<b>Audit dated</b>	September 30, 2023		
<b>Statement of net position:</b>		<b>June 30, 2023</b>	<b>District Share</b>
<b>Total assets</b>		\$ 602,716	\$ 284,610
<b>Total liabilities</b>		287,992	135,265
<b>Net position</b>		<u>\$ 314,724</u>	<u>\$ 149,345</u>
<b>Statement of revenues, expenses and changes in net position:</b>			
<b>Total revenues</b>		\$ 825,783	\$ 456,002
<b>Total expenses</b>		<u>(767,597)</u>	<u>(460,580)</u>
<b>Change in net position</b>		58,186	(4,578)
<b>Beginning – net position</b>		314,724	153,923
<b>Ending – net position</b>		<u>\$ 372,910</u>	<u>\$ 149,345</u>
<b>G. District’s share of year-end financial position, as calculated</b>		<u>100.00%</u>	<u>47.45%</u>

**SCOTTS VALLEY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2023 and 2022*

**NOTE 7 – CAPITAL ASSETS AND DEPRECIATION**

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

Description	Balance July 1, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
<b>Non-depreciable assets:</b>				
Land	\$ 650,697	\$ 568,000	\$ -	\$ 1,218,697
Construction-in-process	455,362	1,173,680	(1,292,359)	336,683
<b>Total non-depreciable assets</b>	<b>1,106,059</b>	<b>1,741,680</b>	<b>(1,292,359)</b>	<b>1,555,380</b>
<b>Depreciable assets:</b>				
Water rights – recycled water	5,267,834	-	-	5,267,834
Water treatment	9,446,610	-	-	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	9,360,220	597,552	-	9,957,772
Reservoirs and tanks	7,286,514	-	-	7,286,514
Pumping	2,024,808	315,830	-	2,340,638
Buildings and improvements	1,605,999	307,491	-	1,913,490
Infrastructure	2,757,262	-	-	2,757,262
Equipment and tools	1,247,496	8,914	-	1,256,410
Office equipment	257,207	-	-	257,207
Transportation	784,642	62,571	-	847,213
<b>Total depreciable assets</b>	<b>49,370,818</b>	<b>1,292,358</b>	<b>-</b>	<b>50,663,176</b>
<b>Accumulated depreciation:</b>				
Water rights – recycled water	(2,108,631)	(102,004)	-	(2,210,635)
Water treatment	(4,697,346)	(153,189)	-	(4,850,535)
Recycled water system	(1,007,597)	(66,718)	-	(1,074,315)
Source of supply – wells	(3,756,160)	(150,169)	-	(3,906,329)
Transmission and distribution system	(6,325,138)	(191,928)	-	(6,517,066)
Reservoirs and tanks	(3,702,340)	(177,425)	-	(3,879,765)
Pumping	(1,260,770)	(85,781)	-	(1,346,551)
Buildings and improvements	(759,561)	(48,413)	-	(807,974)
Infrastructure	(529,065)	(121,156)	-	(650,221)
Equipment and tools	(901,362)	(59,028)	-	(960,390)
Office equipment	(238,572)	(4,681)	-	(243,253)
Transportation	(548,442)	(47,903)	-	(596,345)
<b>Total accumulated depreciation</b>	<b>(25,834,984)</b>	<b>(1,208,395)</b>	<b>-</b>	<b>(27,043,379)</b>
<b>Total depreciable assets, net</b>	<b>23,535,834</b>	<b>83,963</b>	<b>-</b>	<b>23,619,797</b>
<b>Total capital assets, net</b>	<b>\$ 24,641,893</b>	<b>\$ 1,825,643</b>	<b>\$ (1,292,359)</b>	<b>\$ 25,175,177</b>

In fiscal year 2023, major capital assets additions amounted to \$1,741,679, and depreciation expense amounted to \$1,206,454.

**SCOTTS VALLEY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2023 and 2022*

**NOTE 7 – CAPITAL ASSETS AND DEPRECIATION (continued)**

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
<b>Non-depreciable assets:</b>				
Land	\$ 650,697	\$ -	\$ -	\$ 650,697
Construction-in-process	676,881	1,308,754	(1,530,273)	455,362
<b>Total non-depreciable assets</b>	<u>1,327,578</u>	<u>1,308,754</u>	<u>(1,530,273)</u>	<u>1,106,059</u>
<b>Depreciable assets:</b>				
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
<b>Total depreciable assets</b>	<u>47,840,545</u>	<u>1,530,273</u>	<u>-</u>	<u>49,370,818</u>
<b>Accumulated depreciation:</b>				
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)
<b>Total accumulated depreciation</b>	<u>(24,675,887)</u>	<u>(1,159,097)</u>	<u>-</u>	<u>(25,834,984)</u>
<b>Total depreciable assets, net</b>	<u>23,164,658</u>	<u>371,176</u>	<u>-</u>	<u>23,535,834</u>
<b>Total capital assets, net</b>	<u>\$ 24,492,236</u>	<u>\$ 1,679,930</u>	<u>\$ (1,530,273)</u>	<u>\$ 24,641,893</u>

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, 2023 and 2022*

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**NOTE 8 – COMPENSATED ABSENCES**

Changes in compensated absences amounts for the fiscal year ended June 30, 2023, were as follows:

<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 155,351	\$ 175,477	\$ (153,248)	\$ 177,580	\$ 44,395	\$ 133,185

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

<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 153,003	\$ 173,222	\$ (170,874)	\$ 155,351	\$ 38,251	\$ 114,752

**NOTE 9 – LOAN PAYABLE**

Changes in loan payable for the year ended June 30, 2023, were as follows:

<u>Loan Payable</u>	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
2016 Loan Payable	\$ 3,437,882	\$ -	\$ (671,991)	\$ 2,765,891	\$ 685,320	\$ 2,080,571
2021 Loan Payable	6,115,000	-	(240,000)	5,875,000	246,000	5,629,000
<b>Total notes payable</b>	<b>\$ 9,552,882</b>	<b>\$ -</b>	<b>\$ (911,991)</b>	<b>\$ 8,640,891</b>	<b>\$ 931,320</b>	<b>\$ 7,709,571</b>

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

<u>Loan Payable</u>	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
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
<b>Total notes payable</b>	<b>\$ 4,100,714</b>	<b>\$ 6,115,000</b>	<b>\$ (662,832)</b>	<b>\$ 9,552,882</b>	<b>\$ 911,991</b>	<b>\$ 8,640,891</b>

**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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 685,320	\$ 44,830	\$ 730,150
2025	697,811	32,036	729,847
2026	714,404	18,973	733,377
2027	467,752	8,038	475,790
2028	200,604	1,855	202,459
<b>Total</b>	<b>2,765,891</b>	<b>\$ 105,732</b>	<b>\$ 2,871,623</b>
<b>Current</b>	<b>(685,320)</b>		
<b>Long-term</b>	<b>\$ 2,080,571</b>		

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2023 and 2022

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#### NOTE 9 – 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>
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	271,000	114,635	385,635
2029 - 2033	1,461,000	469,707	1,930,707
2034 - 2038	1,650,000	280,908	1,930,908
2039 - 2042	1,471,000	72,548	1,543,548
<b>Total</b>	<b>5,875,000</b>	<b>\$ 1,459,957</b>	<b>\$ 7,334,957</b>
<b>Current</b>	<b>(246,000)</b>		
<b>Long-term</b>	<b>\$ 5,629,000</b>		

#### NOTE 10 – 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, 2023</u>	<u>June 30, 2022</u>
Pension related deferred outflows	\$ 2,020,105	\$ 2,441,687
Net pension liability	1,399,678	1,362,061
Pension related deferred inflows	1,712,349	1,263,330

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, 2023 and 2022

### NOTE 10 – 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 2022	14.330%	10.340%	7.590%
Required employer contribution rates – FY 2021	14.508%	10.484%	7.732%

##### 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, 2021 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, 2022 (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	8	18
Transferred and terminated members	8	1	8	17
Retired members and beneficiaries	20	4	-	24
<b>Total plan members</b>	<b>30</b>	<b>13</b>	<b>16</b>	<b>59</b>

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
<b>Total plan members</b>	<b>31</b>	<b>13</b>	<b>12</b>	<b>56</b>

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2023 and 2022

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#### NOTE 10 – 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 are determined on an annual basis by the actuary and shall be effective on the 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 the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2023 and 2022*

**NOTE 10 – 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, 2023, 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	\$ 171,367	\$ 134,201	\$ 64,000	\$ 369,568

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

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, 2023, 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>
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2021 (Measurement Date)	\$ 11,319,925	\$ 9,957,864	\$ 1,362,061
Balance as of June 30, 2022 (Measurement Date)	\$ 12,428,071	\$ 11,028,393	\$ 1,399,678
<b>Change in Plan Net Pension Liability</b>	<b>\$ 1,108,146</b>	<b>\$ 1,070,529</b>	<b>\$ 37,617</b>

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>
<b>CalPERS – Miscellaneous Plan:</b>			
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
<b>Change in Plan Net Pension Liability</b>	<b>\$ 554,196</b>	<b>\$ 1,733,363</b>	<b>\$ (1,179,167)</b>

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2023 and 2022

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#### NOTE 10 – 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, 2023 and 2022 pension expense was \$1,277,785 and \$406,397, 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, 2021 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, 2022 and 2021). 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, 2022 and 2021 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2022 fiscal year and the 2021 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, 2023 and 2022, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$1,399,678 and \$1,362,061, 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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2023 and 2022*

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**NOTE 10 – 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, 2022, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2023</u>	<u>Fiscal Year Ending June 30, 2022</u>	
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	
Percentage of Risk Pool Net Pension Liability	2.991300%	0.071733%	2.919567%
Percentage of Plan (PERF C) Net Pension Liability	0.012118%	0.025185%	-0.013067%

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 total amount of \$369,568 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, 2024. At June 30, 2023, 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	\$ 369,568	\$ -
Difference between actual and proportionate share of employer contributions	1,179,987	(30,629)
Adjustment due to differences in proportions	42,631	(1,662,894)
Differences between expected and actual experience	28,108	(18,826)
Differences between projected and actual earnings on pension plan investments	256,384	-
Changes in assumptions	143,427	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 2,020,105</b>	<b>\$ (1,712,349)</b>

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2023 and 2022*

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**NOTE 10 – 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 \$2,189,071 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, 2023. 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)
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 2,441,686</b>	<b>\$ (1,263,330)</b>

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended June 30, 2023, 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>
2024	\$ (61,091)
2025	(84,434)
2026	(73,100)
2027	156,813
<b>Total</b>	<b>\$ (61,812)</b>

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2023 and 2022*

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**NOTE 10 – 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, 2022, 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>
2023	\$ (200,753)
2024	(219,789)
2025	(261,593)
2026	(328,580)
<b>Total</b>	<b>\$ (1,010,715)</b>

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

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2022, total pension liability and the June 30, 2021, 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>6.90%</p> <p>2.30%</p> <p>Varies by Entry Age and Service</p> <p>Derived using CalPERS' Membership Data for all Funds.</p> <p>Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter</p>
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**Long-term Expected Rate of Return**

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

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2023 and 2022

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#### NOTE 10 – PENSION PLAN AND NET PENSION LIABILITY (continued)

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

###### Long-term Expected Rate of Return (continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

The table below reflects the long-term expected real rate of return by asset class.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return</u> <sup>1,2</sup>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Estate	15.0%	3.21%
Leverage	-5.0%	-0.59%
	<u>100.0%</u>	

<sup>1</sup> An expected inflation of 2.3% is used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study.

###### Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

###### Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020 - 21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

**SCOTTS VALLEY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2023 and 2022*

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**NOTE 10 – PENSION PLAN AND NET PENSION LIABILITY (continued)**

**Subsequent Events (continued)**

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

**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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Changes in the discount rate for the year ended June 30, 2023, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current	Discount Rate +
	1% 5.90%	Discount Rate 6.90%	1% 7.90%
CalPERS – Miscellaneous Plan	\$ 3,093,848	\$ 1,399,678	\$ 5,796

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% 6.15%	Discount Rate 7.15%	1% 8.15%
CalPERS – Miscellaneous Plan	\$ 2,856,640	\$ 1,362,061	\$ 126,513

**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.

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2023 and 2022

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#### NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY

##### Summary

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

Description	June 30, 2022	June 30, 2021
OPEB related deferred outflows	\$ 115,583	\$ 121,850
Net OPEB liability	1,797,142	2,123,895

##### 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, 2023 and 2022

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### NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

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

##### Employees covered by benefit terms

At June 30, 2022 and 2021 (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>19</u>	<u>19</u>

##### Total OPEB Liability

The District's total OPEB liability of \$1,797,142 and \$2,123,895 were measured as of June 30, 2022 and 2021, respectively, and were determined by an actuarial valuation as of that date. These amounts were reported as of June 30, 2023 and 2022, respectively.

##### Payable to the OPEB Plan

At June 30, 2022 and 2021, 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, 2022 and 2021 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, 2022</u>	<u>June 30, 2021</u>
Experience Study	N/A	N/A
Discount rate	3.54%	2.16%
Inflation	2.50%	2.50%
Salary increases	2.75%	2.75%
Investment rate of return	2.16%	2.16%
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, 2023 and 2022*

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**NOTE 11 – 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 3.54% and 2.16% for the fiscal years ended June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the liability 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, 2023, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at July 1, 2022 (Measurement date July 1, 2021)</b>	\$ 2,123,895	\$ -	\$ 2,123,895
<b>Changes for the year:</b>			
Service cost	16,167	-	16,167
Interest	44,844	-	44,844
Changes in assumptions	(276,050)	-	(276,050)
Changes in experience	10,136	-	10,136
Changes in benefit terms	-	-	-
Employer contributions	-	121,850	(121,850)
Benefit payments	(121,850)	(121,850)	-
Net changes	(326,753)	-	(326,753)
<b>Balance at June 30, 2023 (Measurement date June 30, 2022)</b>	<b>\$ 1,797,142</b>	<b>\$ -</b>	<b>\$ 1,797,142</b>

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
<b>Balance at July 1, 2021 (Measurement date July 1, 2020)</b>	\$ 2,539,285	\$ -	\$ 2,539,285
<b>Changes for the year:</b>			
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)
<b>Balance at June 30, 2021 (Measurement date June 30, 2021)</b>	<b>\$ 2,123,895</b>	<b>\$ -</b>	<b>\$ 2,123,895</b>

**SCOTTS VALLEY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2023 and 2022*

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**NOTE 11 – 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, 2022:

<b>Plan's Net OPEB Liability/(Asset)</b>		
<b>Discount Rate</b>	<b>Current</b>	<b>Discount Rate</b>
<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<b>2.54%</b>	<b>3.54%</b>	<b>4.54%</b>
<b>\$ 1,996,467</b>	<b>\$ 1,797,142</b>	<b>\$ 1,662,319</b>

Sensitivity of the Net OPEB liability to changes in the discount rate for the fiscal year ended June 30, 2021:

<b>Plan's Net OPEB Liability/(Asset)</b>		
<b>Discount Rate</b>	<b>Current</b>	<b>Discount Rate</b>
<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<b>1.16%</b>	<b>2.16%</b>	<b>3.16%</b>
<b>\$ 2,364,354</b>	<b>\$ 2,123,895</b>	<b>\$ 1,921,260</b>

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

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

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates for June 30, 2022:

<b>Trend Rate</b>	<b>Healthcare Cost</b>	<b>Trend Rate</b>
<b>1% Decrease</b>	<b>Trend Rates</b>	<b>1% Increase</b>
<b>3.0%</b>	<b>4.0%</b>	<b>5.0%</b>
<b>\$ 1,616,553</b>	<b>\$ 1,797,142</b>	<b>\$ 1,994,691</b>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates for June 30, 2021:

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

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2023 and 2022

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#### NOTE 11 – 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, 2023 and 2022, the District recognized OPEB expense of (\$204,903) and (\$275,190), respectively. At June 30, 2023 and 2022, the District reported deferred outflows of resources related to OPEB for plan contributions subsequent to the measurement date of \$115,583 and \$121,850, respectively. 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, 2024 and 2023, respectively.

#### NOTE 12 – NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

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

<u>Description</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Net investment in capital assets:</b>		
Capital assets – not being depreciated	\$ 1,555,380	\$ 1,106,059
Capital assets – being depreciated, net	23,619,797	23,535,834
Loans payable – current portion	(931,320)	(911,991)
Loans payable – non-current portion	(7,709,571)	(8,640,891)
Unspent proceeds from loan issuance (Note 3)	2,355,013	5,995,465
<b>Total net investment in capital assets</b>	<b><u>\$ 18,889,299</u></b>	<b><u>\$ 21,084,476</u></b>

#### NOTE 13 – 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, 2023 and 2022

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#### NOTE 14 – RISK MANAGEMENT POOL

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

<b>A. Entity</b>	ACWA-JPIA	
<b>B. Purpose</b>	To pool member contributions and realize the advantages of self-insurance	
<b>C. Participants</b>	As of September 30, 2022 – 396 member districts	
<b>D. Governance</b>	Nine representatives employed by members	
<b>E. District payments for FY 2023:</b>		
Property/Liability policy	\$84,700	
Workers' compensation policy	\$60,648	
<b>F. Condensed financial information</b>	September 30, 2022	
Audit dated	February 7, 2023	
<b>Statement of financial position:</b>		<b>Sept 30, 2022</b>
Total assets		<u>\$ 246,615,214</u>
Deferred outflows		<u>6,108,562</u>
Total liabilities		<u>137,126,606</u>
Deferred inflows		<u>2,813,249</u>
Net position		<u>\$ 112,783,921</u>
<b>Statement of revenues, expenses and changes in net position:</b>		
Total revenues		\$ 175,619,417
Total expenses		<u>(212,646,028)</u>
Change in net position		(37,026,611)
Beginning – net position		<u>149,810,532</u>
Ending – net position		<u>\$ 112,783,921</u>
<b>G. Member agencies share of year-end financial position</b>		Not Calculated

## SCOTTS VALLEY WATER DISTRICT

### Notes to Financial Statements

June 30, 2023 and 2022

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#### NOTE 14 – 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, 2023, 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, 2023, 2022, and 2021. 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, 2023, 2022, and 2021.

#### NOTE 15 – COMMITMENTS AND CONTINGENCIES

##### Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

##### 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 16 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 14, 2023, the date which the financial statements were available to be issued.

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***Required Supplementary Information***

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**SCOTTS VALLEY WATER DISTRICT**

*Schedule of the District's Proportionate Share of the Plan's Net Pension Liability  
For the Year Ended June 30, 2023 and 2022*

**Last Ten Fiscal Years\***

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

<b>Measurement Date</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</b>	<b>Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability</b>
June 30, 2014	0.021380%	\$ 1,329,971	\$ 1,135,330	117.14%	83.03%
June 30, 2015	0.017960%	1,435,475	1,332,329	107.74%	82.98%
June 30, 2016	0.020598%	1,782,379	1,272,122	140.11%	79.61%
June 30, 2017	0.021237%	2,106,130	1,458,545	144.40%	77.49%
June 30, 2018	0.021488%	2,070,657	1,591,177	130.13%	78.69%
June 30, 2019	0.022485%	2,304,037	1,703,662	135.24%	77.91%
June 30, 2020	0.023356%	2,541,228	1,726,184	147.22%	76.40%
June 30, 2021	0.025185%	1,362,061	1,753,518	77.68%	87.97%
June 30, 2022	0.012118%	1,399,678	1,994,705	70.17%	88.74%

**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.

**From fiscal year June 30, 2022 to June 30, 2023:**

The discount rate was reduced from 7.15% to 6.90% and the inflation rate from 2.50% to 2.30%.

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

**SCOTTS VALLEY WATER DISTRICT**

*Schedule of the District's Contributions to the Pension Plan  
For the Year Ended June 30, 2023 and 2022*

**Last Ten Fiscal Years\***

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

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
June 30, 2015	\$ 73,314	\$ (573,314)	\$ (500,000)	1,332,329	5.50%
June 30, 2016	157,182	(157,182)	-	1,272,122	12.36%
June 30, 2017	176,792	(176,792)	-	1,458,545	12.12%
June 30, 2018	207,207	(207,207)	-	1,591,177	13.02%
June 30, 2019	250,483	(250,483)	-	1,703,662	14.70%
June 30, 2020	313,392	(313,392)	-	1,726,184	18.16%
June 30, 2021	349,774	(349,774)	-	1,753,518	19.95%
June 30, 2022	388,682	(2,189,071)	(1,800,389)	1,838,826	21.14%
June 30, 2023	369,568	(369,568)	-	1,994,705	18.53%

**Notes to Schedule:**

<b>Fiscal Year</b>	<b>Valuation Date</b>	<b>Actuarial Cost Method</b>	<b>Asset Valuation Method</b>	<b>Inflation</b>	<b>Investment Rate of Return</b>
June 30, 2015	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%

**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 nine 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, 2023 and 2022

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*					
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB liability:</b>						
Service cost	\$ 16,167	\$ 17,015	\$ 11,702	\$ 19,190	\$ 18,631	\$ 18,018
Interest	44,844	54,646	76,448	94,207	94,606	96,029
Changes in assumptions	(276,050)	8,778	339,880	(257,933)	(33,754)	-
Differences between expected and actual experience	10,136	85,297	11,205	(215,234)	-	-
Changes of benefit terms	-	(440,821)	-	-	-	-
Benefit payments	(121,850)	(140,305)	(145,445)	(153,549)	(169,107)	(143,918)
<b>Net change in total OPEB liability</b>	<b>(326,753)</b>	<b>(415,390)</b>	<b>293,790</b>	<b>(513,319)</b>	<b>(89,624)</b>	<b>(29,871)</b>
<b>Total OPEB liability - beginning</b>	<b>2,123,895</b>	<b>2,539,285</b>	<b>2,245,495</b>	<b>2,758,814</b>	<b>2,848,438</b>	<b>2,878,309</b>
<b>Total OPEB liability - ending</b>	<b>1,797,142</b>	<b>2,123,895</b>	<b>2,539,285</b>	<b>2,245,495</b>	<b>2,758,814</b>	<b>2,848,438</b>
<b>Plan fiduciary net position:</b>						
Contributions - employer	121,850	140,305	145,445	153,549	169,107	143,918
Benefit payments	(121,850)	(140,305)	(145,445)	(153,549)	(169,107)	(143,918)
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>District's net OPEB liability</b>	<b>\$ 1,797,142</b>	<b>\$ 2,123,895</b>	<b>\$ 2,539,285</b>	<b>\$ 2,245,495</b>	<b>\$ 2,758,814</b>	<b>\$ 2,848,438</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered payroll</b>	<b>\$ 1,838,826</b>	<b>\$ 1,753,518</b>	<b>\$ 1,726,184</b>	<b>\$ 1,703,662</b>	<b>\$ 1,591,177</b>	<b>\$ 1,458,545</b>
<b>District's net OPEB liability as a percentage of covered payroll</b>	<b>97.73%</b>	<b>121.12%</b>	<b>147.10%</b>	<b>131.80%</b>	<b>173.38%</b>	<b>195.29%</b>

### Notes to Schedule:

#### Benefit Changes:

Measurement Date June 30, 2017 – There were no changes of benefits terms  
 Measurement Date June 30, 2018 – There were no changes of benefits terms  
 Measurement Date June 30, 2019 – There were no changes of benefits terms  
 Measurement Date June 30, 2020 – There were no changes of benefits terms  
 Measurement Date June 30, 2021 – Change in census  
 Measurement Date June 30, 2022 – There were no changes of benefits terms

#### Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions  
 Measurement Date June 30, 2018 – There were no changes in assumptions except change in discount rate  
 Measurement Date June 30, 2019 – Change in projected payroll growth to 2.75% and long-term medical trend rate to 4.00%  
 Measurement Date June 30, 2020 – Change in discount rate to 2.20%  
 Measurement Date June 30, 2021 – Change in discount rate to 2.16%  
 Measurement Date June 30, 2021 – Change in discount rate to 3.54%

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

**SCOTTS VALLEY WATER DISTRICT**  
*Schedule of the District's Contributions to the OPEB Plan*  
*For the Year Ended June 30, 2023 and 2022*

Fiscal Year Ended	Last Ten Fiscal Years*					
	June 30, 2023	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)	\$ 115,583	\$ 121,850	\$ 140,200	\$ 145,445	\$ 153,549	\$ 169,107
Contributions in relation to the actuarially determined contributions	(115,583)	(121,850)	(140,200)	(145,445)	(153,549)	(169,107)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,838,826	\$ 1,753,518	\$ 1,726,184	\$ 1,703,662	\$ 1,591,177	\$ 1,458,545
Contributions as a percentage of covered-employee payroll	6.29%	6.95%	8.12%	8.54%	9.65%	11.59%

**Notes to Schedule:**

Valuation Date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>						
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Discount rate	3.54%	2.16%	2.20%	3.50%	3.50%	3.40%
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Payroll increases	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Mortality	(2)	(2)	(2)	(2)	(2)	(2)
Morbidity	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(3)	(3)	(3)	(3)	(3)	(3)
Percent Married - Spouse Support	80%	80%	80%	80%	80%	80%
Healthcare trend rates	4.00%	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 six years are shown.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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***Supplementary Information***

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**SCOTTS VALLEY WATER DISTRICT**  
*Combining Schedules of Balance Sheets*  
*For the Year Ended June 30, 2023*

	<u>Water Fund</u>	<u>Recycled Water Fund</u>	<u>Total</u>
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 8,667,603	\$ (87,178)	\$ 8,580,425
Accrued interest receivable	48,059	1,671	49,730
Accounts receivable, net	990,912	87,564	1,078,476
Property taxes receivable	77,352	-	77,352
Grant receivable	784,669	-	784,669
Other receivables	15,264	833	16,097
Notes receivable	-	18,334	18,334
Inventory – materials and supplies	227,243	-	227,243
Prepaid expenses	70,393	-	70,393
<b>Total current assets</b>	<b>10,881,495</b>	<b>21,224</b>	<b>10,902,719</b>
<b>Non-current assets:</b>			
Restricted – cash and cash equivalents	2,075,485	279,528	2,355,013
Notes receivable	-	45,000	45,000
Interagency due (to)/from	888,040	(888,040)	-
Investment in SMGA – JPA	149,345	-	149,345
Capital assets – not being depreciated	1,555,380	-	1,555,380
Capital assets – being depreciated, net	18,840,608	4,779,189	23,619,797
<b>Total non-current assets</b>	<b>23,508,858</b>	<b>4,215,677</b>	<b>27,724,535</b>
<b>Total assets</b>	<b>34,390,353</b>	<b>4,236,901</b>	<b>38,627,254</b>
<b>Deferred outflows of resources:</b>			
Deferred amounts related to net OPEB liability	104,025	11,558	115,583
Deferred amounts related to net pension liability	1,818,094	202,011	2,020,105
<b>Total deferred outflows of resources</b>	<b>1,922,119</b>	<b>213,569</b>	<b>2,135,688</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 36,312,472</b>	<b>\$ 4,450,470</b>	<b>\$ 40,762,942</b>

**SCOTTS VALLEY WATER DISTRICT**  
*Combining Schedules of Balance Sheets (continued)*  
*For the Year Ended June 30, 2023*

	<u>Water Fund</u>	<u>Recycled Water Fund</u>	<u>Total</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 723,208	\$ 144,932	\$ 868,140
Customer deposits for services	118,156	9,200	127,356
Accrued interest payable	86,906	10,060	96,966
Long-term liabilities – due within one year:			
Compensated absences	39,955	4,440	44,395
Loan payable	661,852	269,468	931,320
<b>Total current liabilities</b>	<u>1,630,077</u>	<u>438,100</u>	<u>2,068,177</u>
<b>Non-current liabilities:</b>			
Long-term liabilities – due in more than one year:			
Compensated absences	119,867	13,318	133,185
Loan payable	6,891,490	818,081	7,709,571
Net OPEB liability	1,617,428	179,714	1,797,142
Net pension liability	1,259,710	139,968	1,399,678
<b>Total non-current liabilities</b>	<u>9,888,495</u>	<u>1,151,081</u>	<u>11,039,576</u>
<b>Total liabilities</b>	<u>11,518,572</u>	<u>1,589,181</u>	<u>13,107,753</u>
<b>Deferred inflows of resources:</b>			
Deferred amounts related to net pension liability	1,541,114	171,235	1,712,349
<b>Total deferred inflows of resources</b>	<u>1,541,114</u>	<u>171,235</u>	<u>1,712,349</u>
<b>Net position:</b>			
Net investment in capital assets	15,197,659	3,691,640	18,889,299
Unrestricted	8,055,127	(1,001,586)	7,053,541
<b>Total net position</b>	<u>23,252,786</u>	<u>2,690,054</u>	<u>25,942,840</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 36,312,472</u>	<u>\$ 4,450,470</u>	<u>\$ 40,762,942</u>

## SCOTTS VALLEY WATER DISTRICT

### Combining Schedules of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2023

	Water Fund	Recycled Water Fund	Total
<b>Operating revenues:</b>			
Water sales	\$ 4,478,040	\$ 418,822	\$ 4,896,862
Water service	2,574,058	92,889	2,666,947
Other fees and charges	42,030	25	42,055
<b>Total operating revenues</b>	<b>7,094,128</b>	<b>511,736</b>	<b>7,605,864</b>
<b>Operating expenses:</b>			
Source of supply	104,053	-	104,053
Pumping	488,373	-	488,373
Water treatment	310,960	-	310,960
Recycled water	-	847,463	847,463
Transmission and distribution	2,253,229	-	2,253,229
Finance, customer service and conservation	1,433,076	-	1,433,076
General and administrative	1,321,955	-	1,321,955
<b>Total operating expenses</b>	<b>5,911,646</b>	<b>847,463</b>	<b>6,759,109</b>
<b>Operating income before depreciation</b>	<b>1,182,482</b>	<b>(335,727)</b>	<b>846,755</b>
Depreciation expense	(1,020,657)	(187,738)	(1,208,395)
<b>Operating income (loss)</b>	<b>161,825</b>	<b>(523,465)</b>	<b>(361,640)</b>
<b>Non-operating revenues(expenses):</b>			
Property taxes	1,398,325	-	1,398,325
Change in investment in SMGA-JPA	(224,364)	-	(224,364)
Investment earnings	87,053	3,517	90,570
Interest expense	(173,791)	(20,106)	(193,897)
Other non-operating revenues	153,318	-	153,318
Transfers In/(Out)	(556,258)	556,258	-
<b>Total non-operating income (loss)</b>	<b>684,283</b>	<b>539,669</b>	<b>1,223,952</b>
<b>Change in net position before capital contributions</b>	<b>846,108</b>	<b>16,204</b>	<b>862,312</b>
<b>Capital contributions:</b>			
Capacity buy-in fee	1,271,283	10,055	1,281,338
State capital grant	799,104	-	799,104
<b>Total capital contributions</b>	<b>2,070,387</b>	<b>10,055</b>	<b>2,080,442</b>
<b>Change in net position</b>	<b>2,916,495</b>	<b>26,259</b>	<b>2,942,754</b>
<b>Net position:</b>			
Beginning of year	20,336,291	2,663,795	23,000,086
End of year	<b>\$ 23,252,786</b>	<b>\$ 2,690,054</b>	<b>\$ 25,942,840</b>

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***Other Independent Auditors' Reports***

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

Board of Directors  
Scotts Valley Water District  
Scotts Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Scotts Valley Water District as of and for the year ended June 30, 2023, 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 14, 2023.

**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 14, 2023

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***Statistical Section***

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

	Fiscal Year				
	2014	2015	2016	2017	2018
<b>Changes in net position:</b>					
Operating revenues	\$5,144,598	\$4,499,859	\$4,048,964	\$4,549,738	\$5,647,160
Operating expenses	(6,468,628)	(5,067,252)	(5,692,368)	(5,613,137)	(6,242,979)
Operating income (loss)	(1,324,030)	(567,393)	(1,643,404)	(1,063,399)	(595,819)
Non-Operating revenues (expenses)					
Property Taxes Ad-Valorem	710,237	724,433	775,679	839,095	923,894
Investment earnings	13,336	24,848	39,106	25,159	22,574
Interest expense	(378,240)	(361,513)	(417,796)	(703,031)	(143,774)
Other non-operating revenues	20,025	40,610	498,070	8,468	81,241
Other non-operating expenses	-	-	-	-	-
Total non-operating revenues(expenses), net	365,358	428,378	895,059	169,691	883,935
Net income before capital contributions	(958,672)	(139,015)	(748,345)	(893,708)	288,116
Capital contributions	435,964	399,554	335,704	803,279	515,963
<b>Changes in net position</b>	<b>(522,708)</b>	<b>260,539</b>	<b>(412,641)</b>	<b>(90,429)</b>	<b>804,079</b>
Net position, beginning of period	18,530,080	16,366,105	16,626,644	16,214,003	14,562,508
Prior period adjustments	(1,641,267)	-	-	(1,561,066)	-
Net position, end of period	16,366,105	16,626,644	16,214,003	14,562,508	15,366,587
<b>Net position by component</b>					
Net investment in capital assets	11,822,421	12,154,452	13,665,884	14,790,579	16,664,117
Debt service (restricted):	918,709	932,329	749,404	-	-
Unrestricted	3,624,975	3,539,863	1,798,715	(228,071)	(1,297,530)
<b>Total net position</b>	<b>\$ 16,366,105</b>	<b>\$ 16,626,644</b>	<b>\$ 16,214,003</b>	<b>\$ 14,562,508</b>	<b>\$ 15,366,587</b>

	Fiscal Year				
	2019	2020	2021	2022	2023
<b>Changes in net position:</b>					
Operating revenues	\$6,025,665	\$6,674,839	\$6,985,681	\$7,454,898	\$7,605,864
Operating expenses	(5,715,261)	(6,089,055)	(7,012,656)	(6,410,365)	(7,967,504)
Operating income (loss)	310,404	585,784	(26,975)	1,044,533	(361,640)
Non-Operating revenues (expenses)					
Property Taxes Ad-Valorem	975,085	1,030,321	1,057,540	1,241,664	1,398,325
Investment earnings	35,893	66,477	6,936	(29,611)	90,570
Interest expense	(94,956)	(86,262)	(75,834)	(113,485)	(193,897)
Other non-operating revenues	62,910	119,616	78,213	71,587	153,318
Other non-operating expenses	-	(240,719)	(357,480)	(425,758)	(224,364)
Total non-operating revenues(expenses), net	978,932	889,433	709,375	744,397	1,223,952
Net income before capital contributions	1,289,336	1,475,217	682,400	1,788,930	862,312
Capital contributions	434,636	761,665	569,604	631,711	2,080,442
<b>Changes in net position</b>	<b>1,723,972</b>	<b>2,236,882</b>	<b>1,252,004</b>	<b>2,420,641</b>	<b>2,942,754</b>
Net position, beginning of period	15,366,587	17,090,559	19,327,441	20,579,445	23,000,086
Prior period adjustments	-	-	-	-	-
Net position, end of period	17,090,559	19,327,441	20,579,445	23,000,086	25,942,840
<b>Net position by component</b>					
Net investment in capital assets	16,974,413	17,684,486	20,391,522	21,084,476	18,889,299
Debt service (restricted):	-	-	-	-	-
Unrestricted	116,146	1,642,955	187,923	1,915,610	7,053,541
<b>Total net position</b>	<b>\$ 17,090,559</b>	<b>\$ 19,327,441</b>	<b>\$ 20,579,445</b>	<b>\$ 23,000,086</b>	<b>\$ 25,942,840</b>

Source: Provided by District

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

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<b>Fiscal Year</b>	<b>Water Sales (Potable Water)</b>	<b>Water Sales (Recycled Water)</b>	<b>Service Charges (Potable &amp; Recycled Water)</b>	<b>Other</b>	<b>Total Operating Revenue</b>
2010	\$3,742,524	\$222,611	*	\$935,964	\$4,901,099
2011	3,627,572	247,454	*	375,634	4,250,660
2012	3,785,723	375,404	*	98,721	4,259,848
2013	4,014,392	496,296	*	427,524	4,938,212
2014	4,295,924	205,584	\$ 306,189	336,901	5,144,598
2015	2,350,163	317,926	1,566,851	264,919	4,499,859
2016	2,242,642	382,366	1,348,590	75,366	4,048,964
2017	2,646,488	352,298	1,497,782	53,170	4,549,738
2018	3,478,119	455,073	1,671,070	42,898	5,647,160
2019	3,605,178	446,873	1,927,303	46,311	6,025,665
2020	4,057,953	508,970	2,076,643	31,273	6,674,839
2021	4,183,900	543,334	2,230,855	27,592	6,985,681
2022	4,358,136	555,691	2,509,412	31,659	7,454,898
2023	4,478,040	418,822	2,666,947	42,055	7,605,864

Source: Provided by District

## SCOTTS VALLEY WATER DISTRICT

### Non-Operating Revenues

#### Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Investment Income *</b>	<b>Property Taxes</b>	<b>Interest Expense</b>	<b>Other Income &amp; Expenses, net</b>	<b>Net Non- Operating Revenue / (Expense)</b>
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
2023	90,570	1,398,325	(193,897)	(71,046)	1,223,952

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

Source: Provided by District

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

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<b>Fiscal Year</b>	<b>Source of Supply</b>	<b>Pumping</b>	<b>Water Treatment</b>	<b>Recycled Water</b>	<b>Transmission &amp; Distribution</b>	<b>Water Use Efficiency</b>	<b>Finance &amp; Customer Service*</b>	<b>General &amp; Admin*</b>	<b>Total Operating Expenses</b>
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
2023	104,053	488,373	310,960	847,463	2,253,229	**	1,433,076	1,321,955	6,759,109

\* Finance included in General & Admin for the period FY 2014 through FY 2017

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

Source: Provided by District

**SCOTTS VALLEY WATER DISTRICT**

*Revenue Base*

*Last Ten Fiscal Years*

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<b>Fiscal Year</b>	<b>Portable Water Consumption (Million Gallons)</b>
2014	363
2015	326
2016	312
2017	316
2018	344
2019	325
2020	329
2021	340
2022	332
2023	332

Source: Provided by District

**SCOTTS VALLEY WATER DISTRICT**

*Customers by Type*

*Last Ten Fiscal Years*

<b>As of June 30</b>	<b>Single Family Residential</b>	<b>Multi Family Residential</b>	<b>Commercial / Institutional</b>	<b>Fire Service</b>	<b>Landscape - Potable</b>	<b>Landscape - Recycled</b>	<b>Bulk Water</b>	<b>Total</b>
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
2023	3,436	118	299	501	78	59	7	4,498

Source: Provided by District

**SCOTTS VALLEY WATER DISTRICT**

*Outstanding Debt by Type*

*Last Ten Fiscal Years*

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<b>Fiscal Year</b>	<b>Refunding Bonds</b>	<b>Certificates of Participation</b>	<b>Notes Payable</b>	<b>Private Placement</b>	<b>Total Debt</b>	<b>Total Debt per Capita</b>
2014	\$ 925,000	\$ 2,830,000	\$ 4,740,000	\$ -	\$ 8,495,000	\$711.24
2015	785,000	2,680,000	4,535,000	-	8,000,000	\$659.14
2016	-	2,520,000	4,325,000	-	6,845,000	\$561.30
2017	-	-	-	6,049,548	6,049,548	\$496.03
2018	-	-	-	5,596,621	5,596,621	\$458.93
2019	-	-	-	5,136,591	5,136,591	\$425.14
2020	-	-	-	4,668,012	4,668,012	\$379.88
2021	-	-	-	4,100,714	4,100,714	\$330.44
2022	-	-	-	9,552,882	9,552,882	\$795.41
2023	-	-	-	8,640,891	8,640,891	\$728.64

Source: Provided by District

## SCOTTS VALLEY WATER DISTRICT

### Debt Service Coverage

#### Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Total Revenues</b>	<b>Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Coverage Ratio</b>
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
2023	9,248,077	6,759,109	2,488,968	911,991	193,897	1,105,888	2.25065

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

Source: Provided by District

**SCOTTS VALLEY WATER DISTRICT**

*Population Estimates – City of Scotts Valley*

*2014-2019 with 2010 Benchmark and 2020-2023 with 2020 Benchmark*

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<b>Year</b>	<b>Santa Cruz County Scotts Valley**</b>
<b>April 1, 2010</b>	11,580
<b>January 1, 2014</b>	11,944
<b>January 1, 2015</b>	12,137
<b>January 1, 2016</b>	12,195
<b>January 1, 2017</b>	12,196
<b>January 1, 2018</b>	12,195
<b>January 1, 2019</b>	12,082
<b>April 1, 2020</b>	12,288
<b>January 1, 2021</b>	12,410
<b>January 1, 2022</b>	12,010
<b>January 1, 2023</b>	11,859

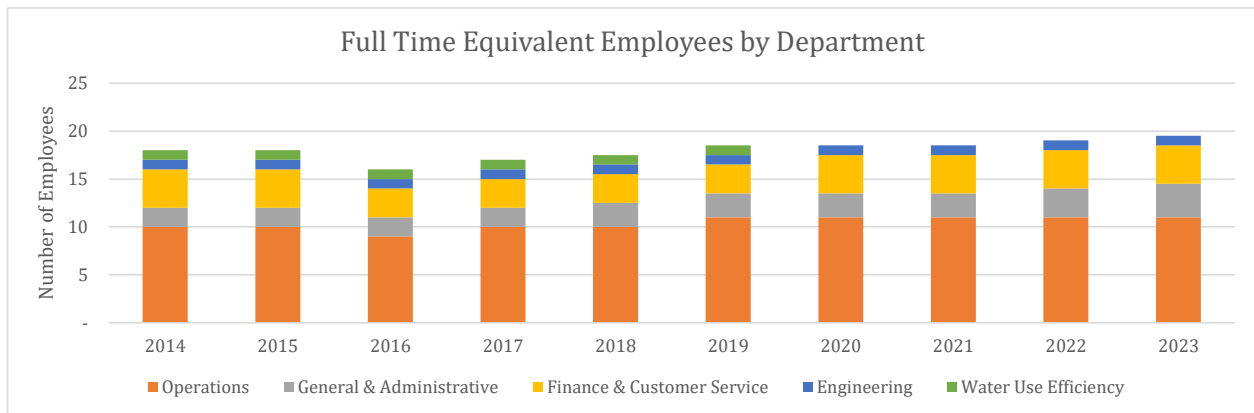
\* Data source for 2010 is the 2010 U.S. Census. Data for 2020 is the 2020 U.S. Census. All other data from California Department of Finance.

\*\* 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.

Source: Provided by Santa Cruz County

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

<b>Fiscal Year</b>	<b>Operations</b>	<b>General &amp; Administrative</b>	<b>Finance &amp; Customer Service</b>	<b>Engineering</b>	<b>Water Use Efficiency</b>	<b>Total</b>
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	3	3	1	1	18
2019	11	3	3	1	1	19
2020	11	3	4	1	-	19
2021	11	3	4	1	-	19
2022	11	3	4	1	-	19
2023	11	3.5	4	1	-	19.5



Source: Provided by District

**SCOTTS VALLEY WATER DISTRICT**  
*Direct and Overlapping Debt*  
*As of June 30, 2023*

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>(1)</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Direct and Overlapping Tax and Assessment Debt:</b>			
Cabrillo Joint Community College District	\$ 98,100,393	5.627%	\$ 5,520,109
Scotts Valley Unified School District	32,475,000	60.160%	19,536,960
Scotts Valley Water District	-	100.000%	-
Santa Cruz Library Facilities Community Facilities District No. 2016-1	36,780,000	6.271%	2,306,474
City of Scotts Valley Community Facilities District No. 97-1	<u>2,035,000</u>	<u>87.272%</u>	<u>1,775,985</u>
<b>Total Direct and Overlapping Tax and Assessment Debt</b>			<u>\$ 29,139,528</u>
<b>Overlapping General Fund Debt:</b>			
Santa Cruz County General Fund Obligations	\$ 99,248,719	5.675%	\$ 5,632,365
Santa Cruz County Office of Education Certificates of Participation	7,017,192	5.675%	398,226
Scotts Valley Unified School District Certificates of Participation	2,620,000	60.160%	1,576,192
City of Scotts Valley Certificates of Participation	7,525,000	87.272%	6,567,218
City of Scotts Valley Pension Obligation Bonds	840,000	87.272%	<u>733,085</u>
<b>Total Overlapping General Fund Debt</b>			<u>\$ 14,907,086</u>
<b>Overlapping Tax Increment Debt (Successor Agency)</b>	\$ 9,900,000	98.964%	<u>\$ 9,797,436</u>
<b>Total Direct Debt</b>			<u>-</u>
<b>Total Overlapping Debt</b>			<u>53,844,050</u>
<b>Combined Total Debt</b>			<u>\$ 53,844,050</u> <sup>(2)</sup>
<b>2022-23 Assessed Valuation:</b>	\$ 3,150,148,855		
<b>Ratios to 2022-23 Assessed Valuation:</b>			
Total Overlapping Tax and Assessment Debt		0.93%	
Total Direct Debt		0.00%	
Combined Total Debt		1.71%	
<b>Ratios to Redevelopment Successor Agency Incremental Valuation</b>		\$ 1,051,694,273	
Total Overlapping Tax Increment Debt		0.93%	

(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.

Source: Provided by Santa Cruz County

**SCOTTS VALLEY WATER DISTRICT**  
*Assessed Valuations – Santa Cruz County*  
 2014-2023

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
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
2023	3,019,130,440	-	131,013,415	3,150,143,855

**2022-23 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>
\$ 2,573,149,556	\$ 296,678,476	\$ 130,436,561	\$ 18,865,847	\$ 3,019,130,440

**2022-23 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	\$ 1,468,106,427	\$ 416,412,154	\$ 1,051,694,273

Source: Provided by Santa Cruz County

**SCOTTS VALLEY WATER DISTRICT**

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

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	<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>	<u>2023</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	0.045875	0.041027	0.075224	0.051200	0.083657	0.068688	0.086437	0.077672	0.076107	0.071282
Cabrillo Community College District	0.040468	0.036941	0.036693	0.032597	0.024250	0.021023	0.021172	0.024746	0.023703	0.024048
<b>Total All Property</b>	<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>	<u>1.095330</u>

Source: Provided by Santa Cruz County

**SCOTTS VALLEY WATER DISTRICT**  
**Report to the Board of Directors**  
**For the Fiscal Year Ended**  
**June 30, 2023**

**NIGRO & NIGRO<sup>PC</sup>**

**SCOTTS VALLEY WATER DISTRICT**  
*Table of Contents*  
*For the Fiscal Year Ended June 30, 2023*

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Board of Directors  
Scotts Valley Water District  
Scotts Valley, California

We are pleased to present this report related to our audit of the financial statements of the Scotts Valley Water District (District) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

A handwritten signature in blue ink that reads 'Nigro &amp; Nigro, PC'. The signature is written in a cursive, flowing style.

Walnut Creek, California  
December 14, 2023

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## ***Required Communications***

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**SCOTTS VALLEY WATER DISTRICT**  
*Required Communications*  
*For the Fiscal Year Ended June 30, 2023*

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Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<b>Our Responsibilities with Regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated June 1, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.
<b>Accounting Policies and Practices</b>	<p><b>Accounting Policies and Practices</b>            Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted.</p> <p><b>Adoption of, or Change in, Significant Accounting Policies or Their Application</b>            Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p><b>Significant or Unusual Transactions</b>            We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Management's Judgments and Accounting Estimates</b>            Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.</p>
<b>Audit Adjustments</b>	Audit adjustments are summarized in the attached <b>Summary of Adjusting Journal Entries</b> .
<b>Uncorrected Misstatements</b>	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

**SCOTTS VALLEY WATER DISTRICT**  
*Required Communications*  
*For the Fiscal Year Ended June 30, 2023*

Area	Comments
<b>Discussions With Management</b>	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
<b>Disagreements With Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
<b>Consultations With Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed With Management</b>	No significant issues arising from the audit were discussed or the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	No significant difficulties were encountered in performing our audit.
<b>Required Supplementary Information</b>	<p>We applied certain limited procedures to the:</p> <ol style="list-style-type: none"> <li>1. Management's Discussion and Analysis</li> <li>2. Required Pension Plan Disclosures</li> <li>3. Required OPEB Plan Disclosures</li> </ol> <p>Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>

Area	Comments
<b>Supplementary Information</b>	<p>We were engaged to report on the, Supplementary Information:</p> <ol style="list-style-type: none"> <li>1. Combining Schedules of Balance Sheets</li> <li>2. Combining Schedules of Revenues, Expenses and Changes in Net Position</li> </ol> <p>Which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>
<b>Other Information</b>	<p>We were not engaged to report on the Introductory and Statistical Sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.</p>

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

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***Summary of Adjusting Journal Entries***

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**SCOTTS VALLEY WATER DISTRICT**  
*Summary of Adjusting Journal Entries*  
*For the Fiscal Year Ended June 30, 2023*

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
True up Depreciation expense and Accumulated Depreciation			
01-000-15007	Services	4.36	
01-000-15999	Accumulated Depreciation	33,359.44	
02-000-16998	Accum Amort - Water Rights	106,809.66	
01-000-15999	Accumulated Depreciation		4.36
01-200-59500	Depreciation		33,359.44
02-200-59500	Depreciation		106,809.66
<b>Total</b>		<b>140,173.46</b>	<b>140,173.46</b>
<b>Adjusting Journal Entries JE # 2</b>			
To Accrue Property Taxes			
01-000-12300	Receivable - Property Tax	8,746.97	
01-000-46000	Property Tax - Current		5,661.31
01-000-46010	Pass-through Property Taxes		2,704.72
01-000-46020	Property Tax - Prior Year		335.51
01-000-46030	Prop Tax Penalties & Delinq.		45.43
<b>Total</b>		<b>8,746.97</b>	<b>8,746.97</b>
<b>Adjusting Journal Entries JE # 3</b>			
To Reclass Property Taxes			
01-000-46000	Property Tax - Current	144,784.73	
01-000-46010	Pass-through Property Taxes		140,770.60
01-000-46020	Property Tax - Prior Year		3,742.56
01-000-46030	Prop Tax Penalties & Delinq.		271.57
<b>Total</b>		<b>144,784.73</b>	<b>144,784.73</b>
<b>Adjusting Journal Entries JE # 4</b>			
To Adjust Investment in SMGWA			
01-100-52211	Professional Svcs - SMGWA	4,578.00	
01-100-14000	Investment in SMGWA JPA		4,578.00
<b>Total</b>		<b>4,578.00</b>	<b>4,578.00</b>
<b>Adjusting Journal Entries JE # 5</b>			
To true up beginning fund balances and get balance funds.			
01-000-30900	Unrestricted Capital	180,040.00	
02-100-51861	GASB 68 Retirement Alloc-G&A	180,040.00	
01-100-51861	GASB 68 Retirement Alloc-G&A		90,020.00
01-200-51861	GASB 68 Deferred Contributions		21,605.00
01-300-51863	GASB 68 Retirement Alloc-Pump		64,814.00
01-400-51861	GASB 68 Retirement Alloc Eng		3,601.00
02-000-30900	Unrestricted Capital		180,040.00
<b>Total</b>		<b>360,080.00</b>	<b>360,080.00</b>
	<b>Total Adjusting Journal Entries</b>	<b>658,363.16</b>	<b>658,363.16</b>

## **STAFF REPORT - Finance**

Scotts Valley Water District

**Date:** 12/14/2023

**To:** Board of Directors

**From:** General Manager

**Item:** Staff Reports 7.3

**Subject:** **Preliminary Financial Reports 07/01/23 through 10/31/23**

### **Summary**

Fiscal Year-to-Date (YTD) preliminary figures reflect the period of 07/01/23 through 10/31/23. YTD revenues total \$3.25M and expenses total \$3.99M.

### **Revenue**

October is the fourth month of the fiscal year. YTD potable water sales revenue is \$1.9M, water services revenue is \$0.9M and new connections revenue is \$76K. Property tax revenue is \$14K and grant revenue for the period has not yet been recorded. Total YTD revenue in the potable water fund is \$2.9M, equal to 23% of the budget and 19% lower than the same period last year due to a decline in one-time revenue from new connections.

YTD recycled water sales revenue is \$290K, water services revenue is \$32K, and no revenue from new connections for the period. Total YTD revenue of \$322K in the recycled water fund equals 49% of the budget, which is 6% higher than for the same period of last fiscal year.

### **Expenses**

Combined YTD operating expenses are in-line with the budget, with expenses of \$2.1M representing 33% of the budget. Net project expenditures total \$1.0M and the debt service principal payments of \$931K have been made.

### **Fund Balance**

At the end of October, cash reserves were approximately \$10.4M with another \$1.2M booked in Accounts Receivable.

### **Enclosed**

Budget Status Balance 07/01/23 – 10/31/23

Budget Status Revenue 07/01/23 – 10/31/23

Budget Status Expense 07/01/23 – 10/31/23

Projects Expense 07/01/23 – 10/31/23

Balance Sheet 10/31/23

Check Register 10/01/23 – 10/31/23

# Budget Status - Balance



Period: 07/01/23 - 10/31/2023

FY Remain: 67%

	FY 2023 YTD Actual	FY 2024 YTD Actual	FY 2024 vs. FY 2023	YOY % change	FY 2024 Budget	FY 2024 Remaining Balance	%
<b>Period: 07/01/22 - 10/31/23 (4 months)</b>							
<b>Potable Water - Fund 01</b>							
Water Sales & Services (R10, R20)	\$ 2,884,963	\$ 2,768,748	\$ (116,215)	-4%	\$ 7,352,100	\$ 4,583,352	62%
New Connections (R25)	\$ 727,059	\$ 78,812	\$ (648,247)	-89%	\$ 180,000	\$ 101,188	56%
Other Revenue (R30, R40)	\$ 4,888	\$ 80,249	\$ 75,361	1542%	\$ 5,167,318	\$ 5,087,069	98%
<b>Potable Water Total</b>	<b>\$ 3,616,910</b>	<b>\$ 2,927,809</b>	<b>\$ (689,101)</b>	<b>-19%</b>	<b>\$ 12,699,418</b>	<b>\$ 9,771,609</b>	<b>77%</b>
<b>Recycled Water - Fund 02</b>							
Water Sales & Services (R10, R20)	\$ 294,351	\$ 322,462	\$ 28,111	10%	\$ 630,700	\$ 308,238	49%
New Connections (R25)	\$ 10,321	\$ -	\$ (10,321)	-100%	\$ -	\$ -	#DIV/0!
Other Revenue (R30, R40)	\$ 51	\$ 59	\$ 8	17%	\$ 21,600	\$ 21,541	100%
<b>Recycled Water Total</b>	<b>\$ 304,723</b>	<b>\$ 322,521</b>	<b>\$ 17,798</b>	<b>6%</b>	<b>\$ 652,300</b>	<b>\$ 329,779</b>	<b>51%</b>
<b>TOTAL REVENUE</b>	<b>\$ 3,921,633</b>	<b>\$ 3,250,330</b>	<b>\$ (671,303)</b>	<b>-17%</b>	<b>\$ 13,351,718</b>	<b>\$ 10,101,388</b>	<b>76%</b>
<b>Expenses - Fund 01 and Fund 02 Combined</b>							
Salaries & Benefits (E01)	\$ 973,966	\$ 1,027,603	\$ 53,636	6%	\$ 3,413,259	\$ 2,385,657	70%
Services & Supplies (E03-E80)	\$ 965,208	\$ 1,068,190	\$ 102,982	11%	\$ 3,584,909	\$ 2,516,719	70%
Project Expenses	\$ 262,896	\$ 963,004	\$ 700,108	266%	\$ 5,199,643	\$ 4,236,639	81%
Debt Service - Principal	\$ 976,991	\$ 931,320	\$ (45,671)	-5%	\$ 931,320	\$ -	0%
<b>TOTAL EXPENSES *</b>	<b>\$ 3,179,061</b>	<b>\$ 3,990,116</b>	<b>\$ 811,055</b>	<b>26%</b>	<b>\$ 13,129,131</b>	<b>\$ 9,139,015</b>	<b>70%</b>
<b>NET REVENUE</b>	<b>\$ 742,572</b>	<b>\$ (739,785)</b>	<b>\$ (1,482,358)</b>		<b>\$ 222,587</b>	<b>\$ 962,372</b>	
<b>Period: 07/01/23 - 10/31/23 (4 months)</b>							
Total Revenue	\$ 3,921,633	\$ 3,250,330	\$ (671,303)	-17%	\$ 13,351,718	\$ 10,101,388	76%
Total Expenses *	\$ 3,179,061	\$ 3,990,116	\$ 811,055	26%	\$ 13,129,131	\$ 9,139,015	70%
<b>Net Revenue</b>	<b>\$ 742,572</b>	<b>\$ (739,785)</b>	<b>\$ (1,482,358)</b>		<b>\$ 222,587</b>		
<b>Period: 07/01/23 - 09/30/23 (3 months)</b>							
Total Revenue	\$ 3,025,411	\$ 2,530,747	\$ (494,664)	-16%	\$ 13,351,718	\$ 10,820,971	81%
Total Expenses *	\$ 2,853,019	\$ 2,806,654	\$ (46,365)	-2%	\$ 11,358,488	\$ 8,551,834	75%
<b>Net Revenue</b>	<b>\$ 172,392</b>	<b>\$ (275,907)</b>	<b>\$ (448,299)</b>		<b>\$ 1,993,230</b>		

\* Expense totals do not include depreciation expense

# Budget Status - Revenue



Period: 07/01/23 - 10/31/2023

FY Remain: 67%

Fund 01	Potable Water	FY 2023 YTD Actual	FY 2024 YTD Actual	FY 2024 vs. FY 2023	YOY % change	FY 2024 Budget	FY 2024 Remaining Balance	%
R10	Operating Revenue - Water Sales							
01-000-41101	Residential Consumption - SF	\$ 1,272,549	\$ 1,123,853	\$ (148,696)	-12%	\$ 2,845,300	\$ 1,721,447	61%
01-000-41102	Residential Consumption - MF	\$ 79,590	\$ 80,030	\$ 440	1%	\$ 240,200	\$ 160,170	67%
01-000-41103	CII Consumption	\$ 413,952	\$ 361,804	\$ (52,149)	-13%	\$ 1,106,700	\$ 744,896	67%
01-000-41105	Irrigation Consumption	\$ 228,134	\$ 221,191	\$ (6,942)	-3%	\$ 398,600	\$ 177,409	45%
01-000-41106	CII Consumption - Other	\$ 41,722	\$ 36,643	\$ (5,079)	-12%	\$ -	\$ (36,643)	
01-000-41200	Other - Bulk Water	\$ 8,267	\$ 55,901	\$ 47,634	576%	\$ 21,900	\$ (34,001)	-155%
	R10 Sub Totals:	\$ 2,044,214	\$ 1,879,423	\$ (164,791)	-8%	\$ 4,612,700	\$ 2,733,277	59%
R20	Operating Revenue - Water Services							
01-000-41300	Other - Late Penalty	\$ 11,777	\$ 10,542	\$ (1,235)	-10%	\$ 18,100	\$ 7,558	42%
01-000-42100	Standby Basic Meter Charge	\$ 803,566	\$ 850,598	\$ 47,033	6%	\$ 2,639,400	\$ 1,788,802	68%
01-000-42121	Standby FP Basic Meter Charge	\$ 22,981	\$ 25,484	\$ 2,503	11%	\$ 75,000	\$ 49,516	66%
01-000-43300	Other Operating Revenue	\$ 2,425	\$ 2,700	\$ 275	11%	\$ 6,900	\$ 4,200	61%
	R20 Sub Totals:	\$ 840,749	\$ 889,325	\$ 48,576	6%	\$ 2,739,400	\$ 1,850,075	68%
R25	Operating Revenue - New Connections							
01-000-42101	Other Meter Fee	\$ 6,858	\$ 2,166	\$ (4,692)	-68%	\$ 1,700	\$ (466)	-27%
01-000-42102	Other Capacity Fee	\$ 713,281	\$ 76,146	\$ (637,135)	-89%	\$ 160,700	\$ 84,554	53%
01-000-42120	Other FP Meter Fee	\$ 5,925	\$ -	\$ (5,925)	-100%	\$ 10,600	\$ 10,600	100%
01-000-43100	Other Will Serve	\$ 375	\$ 500	\$ 125	33%	\$ 1,000	\$ 500	50%
01-000-43200	Other Dev Proj Review	\$ 620	\$ -	\$ (620)	-100%	\$ 6,000	\$ 6,000	100%
	R25 Sub Totals:	\$ 727,059	\$ 78,812	\$ (648,247)	-89%	\$ 180,000	\$ 101,188	56%
R30	Non-Operating Revenue - Other							
01-000-46000	Property Taxes	\$ 25,445	\$ 14,330	\$ (11,115)	-44%	\$ 1,361,456	\$ 1,347,126	99%
01-000-47110	Interest & Dividend	\$ 182	\$ 776	\$ 595	328%	\$ 718	\$ (58)	-8%
01-000-47120	Interest - LAIF	\$ 15,951	\$ 55,631	\$ 39,679	249%	\$ 91,700	\$ 36,069	39%
01-000-47520	Misc. Non-Operating Revenue	\$ 11,325	\$ 1,115	\$ (10,210)	-90%	\$ 20,200	\$ 19,085	94%
01-000-47530	Unrealized Gain/Loss on Invest	\$ (61,065)	\$ 8,397	\$ 69,461	-114%	\$ -	\$ (8,397)	
	R30 Sub Totals:	\$ (8,161)	\$ 80,249	\$ 18,949	-1083%	\$ 1,474,074	\$ 1,402,221	95%
01-000-45230	State Grant - DWR 2021	\$ 13,049	\$ -	\$ (13,049)	0%	\$ 3,693,244	\$ 3,693,244	100%
	R40 Sub Totals:	\$ 13,049	\$ -	\$ (13,049)	-100%	\$ 3,693,244	\$ 3,693,244	100%
	<b>Fund 01 Revenue:</b>	<b>\$ 3,616,910</b>	<b>\$ 2,927,809</b>	<b>\$ (758,562)</b>	<b>-19%</b>	<b>\$ 12,699,418</b>	<b>\$ 9,780,005</b>	<b>77%</b>
	Fund 01 Rev Excl Grants & Cap	\$ 3,603,861	\$ 2,927,809	\$ (745,513)	-19%	\$ 9,006,174	\$ 6,086,761	68%

# Budget Status - Revenue



Period: 07/01/23 - 10/31/2023

FY Remain: 67%

		FY 2023 YTD Actual	FY 2024 YTD Actual	FY 2024 vs. FY 2023	YOY % change	FY 2024 Budget	FY 2024 Remaining Balance	%
<b>Fund 02</b>	<b>Recycled Water</b>							
R10	Operating Revenue - Water Sales							
02-000-41105	Irrigation Consumption	\$ 260,803	\$ 289,167	\$ 28,364	11%	\$ 534,900	\$ 245,733	46%
02-000-41200	Other - Bulk Water	\$ 3,527	\$ 1,388	\$ (2,140)	-61%	\$ -	\$ (1,388)	
	R10 Sub Totals:	\$ 264,330	\$ 290,554	\$ 26,224	10%	\$ 534,900	\$ 244,346	46%
02-000-41300	Other - Late Penalty							
02-000-42100	Standby Basic Meter Charge	\$ 30,021	\$ 31,683	\$ 1,662	6%	\$ 95,800	\$ 64,117	67%
02-000-43300	Other Operating Revenue	\$ -	\$ 225	\$ 225		\$ -	\$ (225)	
	R20 Sub Totals:	\$ 30,021	\$ 31,908	\$ 1,887	6%	\$ 95,800	\$ 63,892	67%
R25	Operating Revenue - New Connections							
02-000-42101	Other Meter Fee	\$ 266	\$ -	\$ (266)	0%	\$ -	\$ -	
02-000-42102	Other Capacity Fee	\$ 10,055	\$ -	\$ (10,055)	-100%	\$ -	\$ -	
02-000-42130	GW Rep-Impact Fees	\$ -	\$ -	\$ -		\$ -	\$ -	
	R25 Sub Totals:	\$ 10,321	\$ -	\$ (10,321)	-100%	\$ -	\$ -	
R30	Non-Operating Revenue - Other							
02-000-47110	Interest & Dividend	\$ 51	\$ 59	\$ 8	17%	\$ 6,600	\$ 6,541	99%
02-000-47560	Notes Receivable Payments	\$ -	\$ -	\$ -		\$ 15,000	\$ 15,000	100%
	<b>Fund 02 Revenue:</b>	<b>\$ 304,723</b>	<b>\$ 322,521</b>	<b>\$ 17,798</b>	<b>6%</b>	<b>\$ 652,300</b>	<b>\$ 329,779</b>	<b>51%</b>
	Fund 02 Rev Excl Grants & Cap	\$ 304,723	\$ 322,521	\$ 17,798	6%	\$ 652,300	\$ 329,779	51%
	<b>Revenue Totals:</b>	<b>\$ 3,921,633</b>	<b>\$ 3,250,330</b>	<b>\$ (740,764)</b>	<b>-17%</b>	<b>\$ 13,351,718</b>	<b>\$ 10,109,784</b>	<b>76%</b>
	Revenue Total Excl Grants & Cap Contributions	\$ 3,908,584	\$ 3,250,330	\$ (727,715)	-17%	\$ 9,658,474	\$ 6,416,540	66%

# Budget Status - Expense



Period: 07/01/23 - 10/31/2023

FY Remain: 67%

		FY 2023 YTD Actual	FY 2024 YTD Actual	FY 2024 vs. FY 2023	YOY % change	FY 2024 Budget	FY 2024 Remaining Balance	%
<b>Fund 01 and Fund 02 Combined</b>								
<b>Dept</b>	<b>Administration</b>							
E01	Salaries & Benefits	\$ 190,366	\$ 197,172	\$ 6,806	4%	\$ 816,906	\$ 619,734	76%
E03	General & Admin - Services	\$ 103,372	\$ 92,155	\$ (11,216)	-11%	\$ 414,770	\$ 322,615	78%
E05	General & Admin - Supplies	\$ 3,548	\$ 2,104	\$ (1,444)	-41%	\$ 16,900	\$ 14,796	88%
E10	Source of Supply	\$ 3,179	\$ 240,127	\$ 236,948	7454%	\$ 250,000	\$ 9,873	4%
E70	Other	\$ -	\$ -	\$ -	-	\$ 5,000	\$ 5,000	100%
	<b>Dept 100 Sub Totals:</b>	<b>\$ 300,465</b>	<b>\$ 531,558</b>	<b>\$ 231,093</b>	<b>77%</b>	<b>\$ 1,503,576</b>	<b>\$ 972,018</b>	<b>65%</b>
		SMGWA Contribution						
<b>Dept</b>	<b>Finance/Customer Service</b>							
E01	Salaries & Benefits	\$ 182,819	\$ 203,789	\$ 20,970	11%	\$ 553,829	\$ 350,040	63%
E03	General & Admin - Services	\$ 67,327	\$ 79,252	\$ 11,925	18%	\$ 150,242	\$ 70,990	47%
E05	General & Admin - Supplies	\$ 900	\$ -	\$ (900)	-100%	\$ 4,000	\$ 4,000	100%
E35	Customer Accounts	\$ 95,284	\$ 131,527	\$ 36,243	38%	\$ 291,764	\$ 160,237	55%
E70	Other	\$ 15	\$ 1,630	\$ 1,615	10466%	\$ 1,100	\$ (530)	-48%
E80	Debt Service - Interest	\$ 48,483	\$ 43,819	\$ (4,664)	-10%	\$ 141,100	\$ 97,281	69%
	<b>Dept 200 Sub Totals:</b>	<b>\$ 394,828</b>	<b>\$ 460,017</b>	<b>\$ 65,189</b>	<b>17%</b>	<b>\$ 1,142,035</b>	<b>\$ 682,018</b>	<b>60%</b>
<b>Dept</b>	<b>Operations</b>							
E01	Salaries & Benefits	\$ 542,402	\$ 581,192	\$ 38,789	7%	\$ 1,680,391	\$ 1,099,199	65%
E03	General & Admin - Services	\$ 59,830	\$ 73,392	\$ 13,562	23%	\$ 269,200	\$ 195,808	73%
E05	General & Admin - Supplies	\$ 12,149	\$ 20,072	\$ 7,923	65%	\$ 40,000	\$ 19,928	50%
E07	General Production	\$ 36,458	\$ 21,241	\$ (15,217)	-42%	\$ 129,300	\$ 108,059	84%
E10	Source of Supply	\$ 104,248	\$ 550	\$ (103,698)	-99%	\$ 120,000	\$ 119,450	100%
E15	Pumping	\$ 159,869	\$ 181,470	\$ 21,601	14%	\$ 542,300	\$ 360,830	67%
E20	Water Treatment	\$ 115,515	\$ 107,389	\$ (8,126)	-7%	\$ 510,700	\$ 403,311	79%
E25	Transmission & Distribution	\$ 149,697	\$ 69,472	\$ (80,225)	-54%	\$ 146,600	\$ 77,128	53%
E35	Conservation	\$ 1,007	\$ -	\$ (1,007)	-100%	\$ 5,000	\$ 5,000	100%
E70	Other	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
	<b>Dept 300 Sub Totals:</b>	<b>\$ 1,181,176</b>	<b>\$ 1,054,778</b>	<b>\$ (126,398)</b>	<b>-11%</b>	<b>\$ 3,443,491</b>	<b>\$ 2,388,713</b>	<b>69%</b>
<b>Dept</b>	<b>Engineering</b>							
E01	Salaries & Benefits	\$ 35,008	\$ 27,835	\$ (7,173)	-20%	\$ 120,368	\$ 92,533	77%
E03	General & Admin - Services	\$ 2,721	\$ 3,829	\$ 1,108	41%	\$ 116,400	\$ 112,571	97%
E05	General & Admin - Supplies	\$ -	\$ -	\$ -	-	\$ 600	\$ 600	100%
	<b>Dept 400 Sub Totals:</b>	<b>\$ 37,729</b>	<b>\$ 31,664</b>	<b>\$ (6,065)</b>	<b>-16%</b>	<b>\$ 237,368</b>	<b>\$ 205,704</b>	<b>87%</b>
<b>Dept</b>	<b>Board of Directors</b>							
E01	Salaries & Benefits	\$ 23,371	\$ 17,615	\$ (5,756)	-25%	\$ 101,623	\$ 84,008	83%
E03	General & Admin - Services	\$ 1,605	\$ 160	\$ (1,445)	-90%	\$ 28,300	\$ 28,140	99%
E05	General & Admin - Supplies	\$ -	\$ -	\$ -	-	\$ 800	\$ 800	100%
	<b>Dept 900 Sub Totals:</b>	<b>\$ 24,976</b>	<b>\$ 17,775</b>	<b>\$ (7,202)</b>	<b>-29%</b>	<b>\$ 130,723</b>	<b>\$ 112,948</b>	<b>86%</b>

# Budget Status - Expense



Period: 07/01/23 - 10/31/2023

FY Remain: 67%

		FY 2023 YTD Actual	FY 2024 YTD Actual	FY 2024 vs. FY 2023	YOY % change	FY 2024 Budget	FY 2024 Remaining Balance	%
<b>Summary</b>								
E01	Salaries & Benefits	\$ 973,966	\$ 1,027,603	\$ 53,636	6%	\$ 3,273,117	\$ 2,245,515	69%
E03	General & Admin - Services	\$ 234,855	\$ 248,788	\$ 13,933	6%	\$ 978,912	\$ 730,124	75%
E05	General & Admin - Supplies	\$ 16,597	\$ 22,176	\$ 5,579	34%	\$ 62,300	\$ 40,124	64%
E07	General Production	\$ 36,458	\$ 21,241	\$ (15,217)	-42%	\$ 129,300	\$ 108,059	84%
E10	Source of Supply	\$ 107,427	\$ 240,677	\$ 133,250	124%	\$ 370,000	\$ 129,323	35%
E15	Pumping	\$ 159,869	\$ 181,470	\$ 21,601	14%	\$ 542,300	\$ 360,830	67%
E20	Water Treatment	\$ 115,515	\$ 107,389	\$ (8,126)	-7%	\$ 510,700	\$ 403,311	79%
E25	Transmission & Distribution	\$ 149,697	\$ 69,472	\$ (80,225)	-54%	\$ 146,600	\$ 77,128	53%
E35	Customer Accounts	\$ 96,291	\$ 131,527	\$ 35,236	37%	\$ 292,864	\$ 159,707	55%
E70	Other	\$ 15	\$ 1,630	\$ 1,615	10466%	\$ 6,100	\$ -	0%
E80	Debt Service - Interest	\$ 48,483	\$ 43,819	\$ (4,664)	-10%	\$ 141,100	\$ 97,281	69%
	Purchase Order Carryover					\$ 14,000		
<b>District Expense Total:</b>		<b>\$ 1,939,174</b>	<b>\$ 2,095,792</b>	<b>\$ 156,618</b>	<b>8%</b>	<b>\$ 6,467,293</b>	<b>\$ 4,351,401</b>	<b>67%</b>
<b>Fund 01 and 02 Combined</b>								
E01	Salaries & Benefits	\$ 973,966	\$ 1,027,603	\$ 53,636	6%	\$ 3,273,117	\$ 2,245,515	69%
E03-E80	Services & Supplies	\$ 965,208	\$ 1,068,190	\$ 102,982	11%	\$ 3,180,176	\$ 2,111,986	66%
	Purchase Order Carryover					\$ 20,000		
<b>District Expense Total:</b>		<b>\$ 1,939,174</b>	<b>\$ 2,095,792</b>	<b>\$ 156,618</b>	<b>8%</b>	<b>\$ 6,473,293</b>	<b>\$ 4,357,501</b>	<b>67%</b>

# Projects - Expense



Period: 07/01/23 - 10/31/2023

FY Remain: 67%

		FY 2024 YTD Actual	FY 2024 Budget	FY 2024 Remaining Balance	%
<b>Fund 01 and Fund 02 Combined</b>					
<b>Project</b>	<b>Description</b>				
C15007	Grace Way Well	\$ 233,311	\$ 2,400,000	\$ 2,166,689	90%
---	<i>Grace Way Well- Grant Reimb</i>		\$ (1,200,000)	\$ (1,200,000)	100%
C15021	Purified Recycled Water Recharge		\$ 100,000	\$ 100,000	100%
C16024	Bethany Tank Rehabilitation		\$ 139,258	\$ 139,258	100%
M17011	Meters with AMI	\$ 24,896	\$ 42,000	\$ 17,104	41%
C17011	AMI Technology for Meters		\$ 5,000	\$ 5,000	100%
C19020	El Pueblo WTP Improvements	\$ 436	\$ 206,008	\$ 205,572	100%
C19030	Hacienda Pump Station	\$ 9,933	\$ 15,000	\$ 5,067	34%
C19070	Vehicle Replacement Program		\$ 75,000	\$ 75,000	100%
C20010	Main Replacement Program - PW	\$ 20,000	\$ 200,000	\$ 180,000	90%
C20040	Admin Building Improvements	\$ 2,323	\$ 5,000	\$ 2,677	54%
C21010	Well 10 Water Quality Improvements	\$ 14,710	\$ 300,000	\$ 285,290	95%
C22010	Well 3B Replacement	\$ 649,913	\$ 1,398,410	\$ 748,497	54%
C22020	Specialized Operations Equipment		\$ 163,967	\$ 163,967	100%
C23010	SCWD-SVWD System Intertie		\$ 2,350,000	\$ 2,350,000	100%
---	<i>SCWD-SVWD System Intertie - Grant Reimb</i>		\$ (2,350,000)	\$ (2,350,000)	100%
C24000	SV Transit Center LID Retrofit - Phase 2		\$ 500,000	\$ 500,000	100%
C24010	Glenwood Tank Landslide Evaluation & Repair	\$ 4,705	\$ 500,000	\$ 495,295	99%
C24020	Monte Fiore Pump Station Rehab		\$ 75,000	\$ 75,000	100%
C24030	System-Wide Pressure Reduction Program	\$ 2,776	\$ 75,000	\$ 72,224	96%
C24040	Service Line Replacement - Montevalle		\$ 150,000	\$ 150,000	100%
C24050	Corp Yard Improvements		\$ 25,000	\$ 25,000	100%
C24060	Solar Installation		\$ 25,000	\$ 25,000	100%
<b>Projects Expense Totals:</b>		<b>\$ 963,004</b>	<b>\$ 5,199,643</b>	<b>\$ 4,211,639</b>	<b>81%</b>

\* Budget does not include carryover from FY 2023

# Balance Sheet



## Fund 01, Fund 02 and Fund 03 Combined

	<b>10/31/22</b>	<b>10/31/23</b>
<b>Assets</b>		
Cash	\$9,918,842	\$10,441,281
Accrued Interest	\$29	\$0
A/R Customer-Water	\$1,163,099	\$1,187,302
A/R - Other	\$29,635	(\$758)
Interfund Loan Receivable	\$888,040	\$888,040
Inventory	\$213,404	\$227,243
Prepaid Expense	\$7,472	\$6,799
Note Receivable	\$55,000	\$50,834
JPA Investment	\$398,572	\$153,923
Land & Right-of-ways	\$650,697	\$1,218,697
Construction-in-progress	\$704,257	\$1,274,784
Water Rights / Intangible Assets	\$5,267,833	\$5,267,833
Plant & Equipment	\$44,102,981	\$45,395,340
Depreciation/Amortization	(\$25,834,982)	(\$27,183,545)
Deferred Pension Outflows	\$2,441,687	\$2,020,105
Unfunded OPEB Liability	\$121,850	\$115,583
	<b>\$40,128,416</b>	<b>\$41,063,460</b>
<b>Liabilities</b>		
A/P & Accrued Expenses	\$72,766	\$214,672
Accrued Salaries & Wages	\$0	\$0
Accrued Interest Payable	\$48,483	\$43,819
Customer Deposits	\$307,610	\$90,878
Interfund Loans	\$888,040	\$888,040
LT Liabilities Due in 1 Yr	\$38,838	\$994,207
Unearned Revenue	\$78,845	\$76,694
Long-term Liabilities	\$12,243,360	\$10,089,764
Deferred Pension Inflows	\$1,263,330	\$1,712,349
	<b>\$14,941,272</b>	<b>\$14,110,421</b>
<b>Fund Balance</b>		
Investment in Capital Assets	\$20,391,522	\$20,391,522
Unrestricted Net Position	\$2,826,213	\$5,406,979
	<b>\$23,217,735</b>	<b>\$25,798,501</b>
Total Liabilities and Fund Balance:	\$38,159,007	\$39,908,922
Total Retained Earnings:	\$1,969,409	\$1,154,538
Total Fund Balance and Retained Earnings:	\$25,187,144	\$26,953,039
<b>Total Liabilities, Fund Balance, and Retained Earnings:</b>	<b>\$40,128,416</b>	<b>\$41,063,460</b>

Scotts Valley Water District  
AP Check Register  
October 2023

Vendor Name	Check Date	Check No.	Check Amount	Description
A T & T	10/26/2023	32436	99.77	SCADA Auto Modem Dialer
ABERNETHY SCHWARTZ PARTNERS LLC	10/12/2023	32384	29,200.00	Machine Learning Platform Service - LCRR Service Line Inventory
ACWA/JPIA	10/12/2023	32385	33,410.17	EE & Retiree Benefits - Nov 2023
ACWA/JPIA	10/26/2023	32437	13,855.86	WC Insurance - Qtr ending 09/30/2023
AFLAC	10/12/2023	32386	222.72	EE Self Funded Benefits - Sep 2023
AFLAC	10/26/2023	32438	222.72	EE Self Funded Benefits - Oct 2023
AFSCME COUNCIL 57	10/12/2023	32387	976.23	Union Dues - August 2023
AFSCME COUNCIL 57	10/12/2023	32387	1,006.39	Union Dues - September 2023
AFSCME COUNCIL 57	10/26/2023	32439	1,009.19	Union Dues - Oct 2023
AQUA-METRIC SALES CO	10/26/2023	32440	(357.24)	Meter Return
AQUA-METRIC SALES CO	10/26/2023	32440	489.36	Meters: Qty 1
AT&T MOBILITY	10/26/2023	32441	95.16	SCADA 4 G Modem
BADGER METER	10/12/2023	32388	4,196.36	Cell Charge for PW/RW Meter Reads - Sep 2023
BADGER METER	10/26/2023	32442	887.30	Meters: Qty 10
BADGER METER	10/26/2023	32442	1,213.72	Meters: Qty 15
BADGER METER	10/26/2023	32442	13,883.59	Meters: Qty 90
BATTERIES PLUS BULBS #314	10/12/2023	32389	77.26	Batteries
BATTERIES PLUS BULBS #314	10/12/2023	32389	421.23	Battery
BATTERIES PLUS BULBS #314	10/12/2023	32389	52.30	El Pueblo Gate Battery
BAYMONTE CHRISTIAN PRESCHOOL	10/12/2023	32390	46.29	Refund Check 006966-000, 4901 SCOTTS VALLEY DR
BAYMONTE CHRISTIAN SCHOOL	10/12/2023	32391	69.10	Refund Check 007337-000, 4901 SCOTTS VALLEY DR
BRASS KEY LOCKSMITH	10/26/2023	32443	130.00	Truck #12 - Lockout
BRASS KEY LOCKSMITH	10/26/2023	32443	35.11	Truck #24 Keys
BRENNTAG PACIFIC, INC	10/12/2023	32392	3,639.57	Water Treatment Chemicals
BRENNTAG PACIFIC, INC	10/26/2023	32444	3,863.71	Water Treatment Chemicals
BURT RENEE	10/12/2023	32393	55.57	Refund Check 007123-000, 3005 GRANITE CREEK RD
CITY OF SANTA CRUZ WATER DEPT	10/12/2023	32394	218,342.62	DWR 2021 Grant Funds to City of Santa Cruz - Per Ended 06/30/23
CITY OF SCOTTS VALLEY	10/12/2023	32395	7,484.58	Bi Monthly Treatment Plant Disposal - ORWTP
CITY OF SCOTTS VALLEY	10/12/2023	32395	16,845.07	Bi Monthly Treatment Plant Disposal - Well 10
CITY OF SCOTTS VALLEY	10/12/2023	32395	230.88	BiMonthly Sewer Service - 2 Civic Center
CITY OF SCOTTS VALLEY	10/12/2023	32395	3,363.08	BiMonthly Treatment Plant Disposal - El Pueblo
CITY OF SCOTTS VALLEY	10/12/2023	32396	1.64	Special Tax Charges - APN: 022-451-07 Installment 1&2
CITY OF SCOTTS VALLEY	10/12/2023	32396	2.94	Special Tax Charges - APN: 022-451-14 Installment 1&2
CIVIL CONSULTANTS GROUP, INC	10/26/2023	32445	12,812.50	C20010 - 2023 Watermain Improvements - Piping Plan
CIVIL CONSULTANTS GROUP, INC	10/26/2023	32445	515.00	General Engineering - Sept 2023
COUNTY OF SANTA CRUZ	10/26/2023	32446	1,991.00	Health Permit - El Pueblo
COUNTY OF SANTA CRUZ	10/26/2023	32446	1,537.00	Health Permit - ORWTP
COUNTY OF SANTA CRUZ	10/26/2023	32446	938.00	Health Permit - Well 9
COUNTY OF SANTA CRUZ	10/26/2023	32446	938.00	Health Permit - Well 10
DASSELS PETROLEUM	10/12/2023	32397	1,637.04	Vehicle Fuel - September 2023
DP NICOLI, INC	10/12/2023	32398	194.94	Shore Release Tool
EUROFINS EATON ANALYTICAL	10/12/2023	32399	615.00	Lab Testing for Water Quality
EXCEEDIO	10/26/2023	32447	5,993.50	Monthly Managed Services - ITaaS; HaaS; SaaS - November 2023
EXCEEDIO	10/26/2023	32447	1,398.55	Monthly Managed Services - SCADA - November 2023
GRAINER	10/12/2023	32400	52.62	Couplings
GRAINER	10/12/2023	32400	383.68	Iron Pipe Fittings
GRAINER	10/12/2023	32400	308.45	Steel Bars
GRANITE CONSTRUCTION CO	10/26/2023	32448	222.54	Agg Base
GRANITE ROCK COMPANY	10/12/2023	32401	199.47	Utility Trench Sand
GRANITE ROCK COMPANY	10/26/2023	32449	159.52	Utility Trench Sand
GREENWASTE RECOVERY, LLC	10/12/2023	32402	421.63	Monthly - Trash Service - El Pueblo
GREENWASTE RECOVERY, LLC	10/12/2023	32402	171.21	Quarterly - Trash Service - 2 Civic Ctr
GUTTERPATROL & WINDOWSHINE	10/12/2023	32403	675.00	2 Civic Ctr - Rain Gutter Cleaning/Repair
HAIGHT JUANELLA	10/12/2023	32404	404.70	Retiree Medical - Sep 2023
HEALTHQUITY, INC	10/12/2023	32405	41.30	HSA Admin Fees - Oct 2023
ICONIX WATERWORKS (US), INC	10/26/2023	32450	328.67	Concrete Boxes
ICONIX WATERWORKS (US), INC	10/26/2023	32450	23.31	Pipe Inserts
INDEPENDENT ELECTRIC SUPPLY	10/12/2023	32406	2,124.54	Crescent Transfer Switch - Electrical Parts
INDEPENDENT ELECTRIC SUPPLY	10/12/2023	32406	28.60	Pipe Clamp
INFOSEND	10/26/2023	32451	1,769.01	PW/RW UB Statements Printing / Mailing - Sep 2023
KASSIS JANETTE	10/12/2023	32407	373.15	Retiree Medical - Sep 2023
LAW OFFICE OF ROBERT E BOSSO	10/12/2023	32408	3,500.00	Reissue Check #32370 - Legal Counsel Services - August 2023
LAW OFFICE OF ROBERT E BOSSO	10/26/2023	32452	3,500.00	Legal Counsel - September 2023
LEISHMAN WADE	10/12/2023	32409	196.63	Director Medical - Sep 2023
LENNAR HOMES	10/12/2023	32410	7.00	Refund Check 013318-000, 413 POLO RANCH RD
LINDCO, INC	10/12/2023	32411	2,000.00	Reissue Check #32313 - Bulk Water Meter Deposit Refund

AP Check Register cont.  
October 2023

Vendor Name	Check Date	Check No.	Check Amount	Description
MAGGIORA BROS DRILLING, INC	10/12/2023	32412	132,050.00	Grace Way Well - Exploratory Borehole
MAGGIORA BROS DRILLING, INC	10/26/2023	32453	6,950.00	Grace Way Well Exploratory Borehole - Retention
MCLAUGHLIN KENNETH	10/12/2023	32413	425.00	Customer Reimbursement - Leak Detection Service
MISSION UNIFORM SERVICE	10/12/2023	32414	540.58	Uniform Laundering / Rental Service - September 2023
MONRO, INC	10/12/2023	32415	431.60	Tire Replacement - Truck #30
MONRO, INC	10/12/2023	32415	179.12	Trailer Tire Replacement
MONTEREY BAY ANALYTICAL SERVICES	10/12/2023	32416	636.00	Lab Testing for Water Quality
MONTEREY BAY ANALYTICAL SERVICES	10/26/2023	32454	194.00	Lab Testing for Water Quality
MONTEREY BAY PROPERTY	10/12/2023	32417	538.00	Refund Check 005211-000, 75 MT HERMON RD
MONTGOMERY & ASSOCIATES, INC	10/26/2023	32455	1,596.00	Grace Way - Task #8 - Additional Modeling of Well Impacts
MONTGOMERY & ASSOCIATES, INC	10/26/2023	32455	1,585.25	Grace Way Well - Task #1 - CEQA Documentation
MONTGOMERY & ASSOCIATES, INC	10/26/2023	32455	182.00	Grace Way Well - Task #2 - Technical Specifications
MONTGOMERY & ASSOCIATES, INC	10/26/2023	32455	18,816.51	Grace Way Well - Task #7 - Borehole Construction Management
MONTGOMERY & ASSOCIATES, INC	10/26/2023	32455	684.00	SGMA Support - FY2024
MONTGOMERY & ASSOCIATES, INC	10/26/2023	32455	1,416.00	Sucinto Well - Task 2 : Data Analysis & Reporting
MONTGOMERY & ASSOCIATES, INC	10/26/2023	32455	24,596.86	Sucinto Well - Task1 : Construction Management
NAPA AUTO PARTS	10/26/2023	32456	25.93	Meter Truck Supplies - Towels, Hand Sani
NOBEL SYSTEMS	10/12/2023	32418	2,500.00	Water Audit Validation
NORTON PATRICIA	10/12/2023	32419	456.98	Retiree Medical - Sep 2023
O'REILLY AUTOMOTIVE, INC	10/12/2023	32420	43.31	Car Wash Supplies
OLIVE SPRINGS QUARRY	10/26/2023	32457	232.67	Asphalt
PACIFIC GAS & ELECTRIC	10/12/2023	32421	139.81	Electricity - SkyPark - September 2023
PACIFIC GAS & ELECTRIC	10/12/2023	32421	73.00	Electricity - ORWTP - Sep 2023
PACIFIC GAS & ELECTRIC	10/26/2023	32458	1,118.82	Electricity - 2 Civic - Oct 2023
PACIFIC GAS & ELECTRIC	10/26/2023	32458	42,510.82	PW Electricity - Oct 2023
PACIFIC GAS & ELECTRIC	10/26/2023	32458	255.40	RW Electricity - Oct 2023
PACIFIC TRUCK & TRACTOR	10/26/2023	32459	2,261.15	Reissue Check #32319 - Excavator / Backhoe Annual Maint
PALACE BUSINESS SOLUTIONS	10/12/2023	32422	90.42	OPS Office Supplies - Pens, Tape, Staples
PASO ROBLES TANK, INC.	10/26/2023	32460	1,500.00	Measur and Photograph Tank Vents
PERRI CHRISTOPHER	10/12/2023	32423	920.25	Director Medical - Sep 2023
PIED PIPER EXTERMINATORS	10/12/2023	32424	270.00	Pest Control @ Pump Buildings
PRESS BANNER	10/26/2023	32461	322.00	Monthly Advdvertising
REBER DANIEL	10/12/2023	32425	1,279.88	Director Medical - Sep 2023
SANTA CRUZ COUNTY TAX COLLECTOR	10/26/2023	32462	272.50	FY 2024 Property Tax - Parcel #09512114
SANTA CRUZ COUNTY TAX COLLECTOR	10/26/2023	32462	1,016.48	FY 2024 Property Tax - Parcel #09712112
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/12/2023	32426	53.64	Concrete, Lumber, PVC Fittings
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/12/2023	32426	436.13	El Pueblo WTP Improvements - Insulation for Storage Boxes
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/12/2023	32426	76.79	Facilities Maint - Cat 5 Cable, Padlock
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/12/2023	32426	195.14	Hacienda PS Improvements - Concrete, Sono Tube, Fittings
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/12/2023	32426	10.96	OPS Office Supplies - Tape
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/12/2023	32426	44.18	Pipe Fittings, Wire Connectors, Cable Ties, Distilled Water
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/12/2023	32426	31.39	Stakes for RW Signage
SCARBOROUGH LUMBER & BUILDING SUPPLY	10/12/2023	32426	311.89	Tools - Tubing Cutter, Tie Downs, Measuring Wheel, Socket Set, +
SCOTTS VALLEY SPRINKLER	10/12/2023	32427	102.03	Pipe Fittings
SPRINGBROOK HOLDING COMPANY, LLC	10/12/2023	32428	601.00	CC Payment Transaction Fees - Sep 2023
STEVENSON LANDSCAPING	10/26/2023	32463	128.00	Replace Plants @ 2 Civic Ctr
STILES RUTH	10/12/2023	32429	372.22	Director Medical - Sep 2023
SYCAL ENGINEERING, INC	10/12/2023	32430	1,900.00	Engineering for SCADA - Sep 2023
THE VINEYARDS RESIDENTIAL ASSOCIATION	10/12/2023	32434	1,125.00	Customer Reimbursement - Leak Detection, Landscape Repair
THE VINEYARDS RESIDENTIAL ASSOCIATION	10/26/2023	32464	1,135.00	Reissue Check #32434 - Customer Reimbursement - Leak Detection
U.S. BANK EQUIPMENT FINANCE	10/12/2023	32431	57.60	Copier Lease - Oct 2023
UNITED SITE SERVICES	10/12/2023	32432	297.40	Portable Toilet Rental - ORWTP - Oct 2023
UNITED SITE SERVICES	10/26/2023	32465	297.40	Portable Toilet Rental - ORWTP - Sep 2023
UNITED SITE SERVICES	10/26/2023	32465	325.48	Portable Toilet Rental - Well 10
UNIVERSAL BUILDING SERVICES	10/12/2023	32433	561.00	Janitorial Service - 2 Civic Ctr - Sep 2023
UNIVERSAL BUILDING SERVICES	10/12/2023	32433	456.00	Janitorial Service - El Pueblo - Sep 2023
USABLUEBOOK	10/26/2023	32466	474.80	OPS Supplies - Cyanide Reagent Tests, Ascorbic Acid Powder Pillo
USABLUEBOOK	10/26/2023	32466	689.11	Pipeline Marker Posts, Flags, Decals
USABLUEBOOK	10/26/2023	32466	533.06	Squeeze Off Tool
USABLUEBOOK	10/26/2023	32466	64.27	WTP Maint - Beakers
WATER SYSTEMS CONSULTING, INC	10/12/2023	32435	2,776.25	System Wide Pressure Reduction - Project Mgmt; System Eval
YEE PETER	10/26/2023	32467	1,000.00	Customer Rebate - Pool Cover
			<b>660,699.89</b>	

**Wire / ACH Payments**

**October 2023**

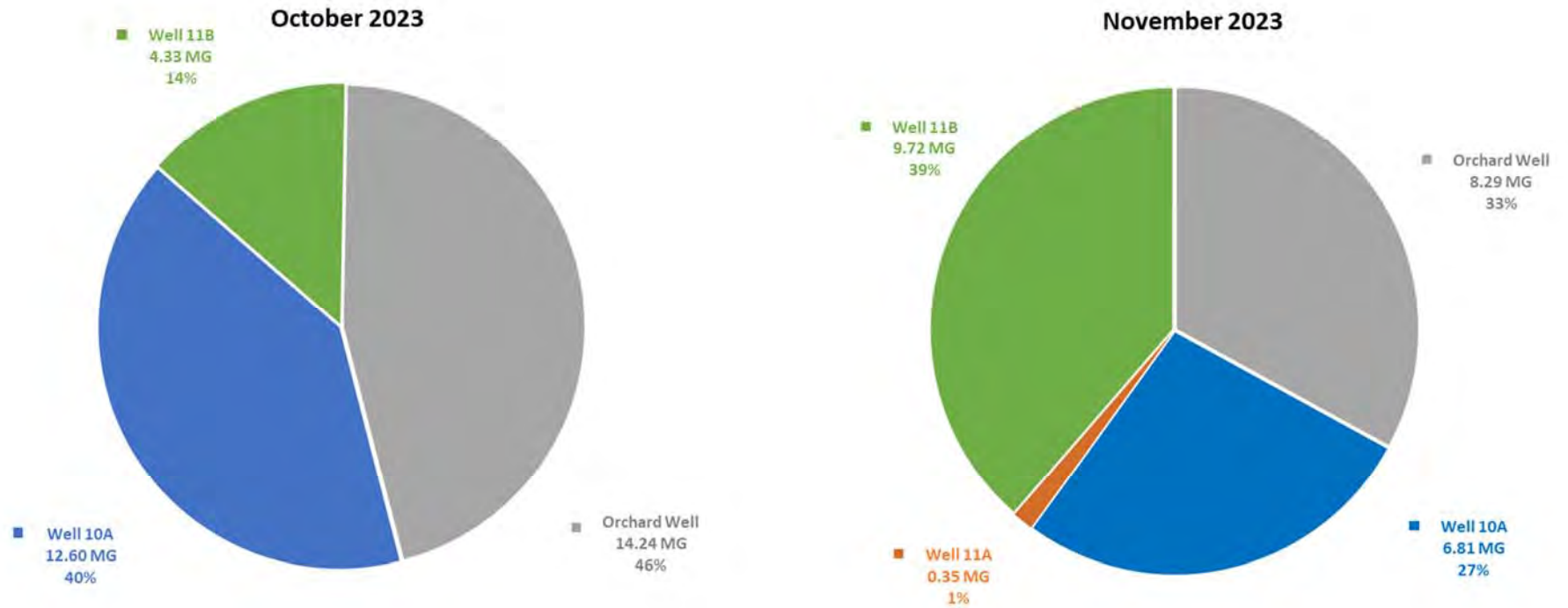
Vendor Name	Trans Date	Check No.	Trans Amount	Description
ADP	10/6/2023	n/a	337.70	ADP Workforce Now / Time & Attendance Fees - Sep 2023
ADP	10/6/2023	n/a	432.94	ADP PW36, PW38 Fees
BlueFin	10/2/2023	n/a	88.25	Bluefin Civic PayPad Fees - Sep 2023
BlueFin	10/2/2023	n/a	5,943.33	Bluefin CC Processing Fees - Sep 2023
BlueFin	10/2/2023	n/a	71.85	Bluefin - Municipal Pay Fee - Sep 2023
CalPERS	10/5/2023	n/a	15,156.72	CalPERS Retirement PW 40
CalPERS	10/19/2023	n/a	15,128.86	CalPERS Retirement PW 42
Nationwide	10/11/2023	n/a	2,978.47	IRS 457 Plan - Payroll Dates 10/06/2023
Nationwide	10/23/2023	n/a	2,978.47	IRS 457 Plan - Payroll Dates 10/20/2023
Wells Fargo CC	10/28/2023	n/a	8,024.81	WFB CC Payment - Oct 2023
			<b>51,141.40</b>	

**WFB Credit Card Payment**

**October 2023**

Vendor Name	Trans Date	Check No.	Trans Amount	Description
ACWA	9/11/2023		85.00	Training - CLE Workshop - Stiles
ACWA	9/18/2023		(125.00)	Guest Registration Refund - Perri
AMAZON	9/5/2023		16.45	Amazon Prime Subscription
AMAZON	9/12/2023		14.08	Office Name Plate
AMAZON	9/13/2023		65.84	(Meters) GPS Receiver
AMAZON	9/27/2023		19.52	Drinking Water Filters
AUTO MOTIVES	9/6/2023		695.63	Truck #20 - Oil Change; Brakes
COMCAST	9/6/2023		448.12	Internet - 2 Civic Ctr
COMCAST	9/23/2023		448.12	Internet - El Pueblo
DOMAINPEOPLE.COM	9/12/2023		59.90	Website Domain Registration Renewal
EVO STUDIOS INC.	9/22/2023		124.00	Website Hosting/ Maint
GRAMMARLY.COM	9/27/2023		60.00	3 Month Subscription
HILTON - SCOTTS VALLEY, CA	9/8/2023		2,178.60	Sucinto Well - Customer Lodging
HILTON - SCOTTS VALLEY, CA	9/13/2023		1,058.34	Sucinto Well - Customer Lodging
HILTON - SCOTTS VALLEY, CA	9/14/2023		1,234.73	Sucinto Well - Customer Lodging
ICON CLOUD SOLUTIONS, LLC	9/4/2023		120.45	Phone Service - El Pueblo
ICON CLOUD SOLUTIONS, LLC	9/4/2023		361.32	Phone Service - 2 Civic Center
MAILCHIMP	9/4/2023		80.00	Digital Marketing
NOB HILL SCOTTS VALLEY CA	9/27/2023		17.56	Event Supplies - Watersmart Training @ Senior Center
PLANET ORANGE	9/14/2023		69.00	Pest Control - El Pueblo
PLANET ORANGE	9/14/2023		104.00	Pest Control - 2 Civic Ctr
RITCHIE RYAN	9/4/2023		10.00	Personal Charge - Repaid
SANTA CRUZ SENTINEL	10/2/2023		12.00	Monthly Subscription
SHOPLET.COM	9/12/2023		115.04	Copier Paper
TARGET - SCOTTS VALLEY	9/27/2023		10.20	OPS Office Supplies - Sheet Protectors
TIMES PUBLISHING GROUP, INC	10/2/2023		178.50	Monthly Advertising
VERIZON WIRELESS	10/1/2023		373.51	Cell Phones / Tablets
ZOOM	9/25/2023		40.00	Zoom Cloud Recording
ZOOM	9/30/2023		149.90	Zoom Annual Subscription
			<b>8,024.81</b>	

## Well Production

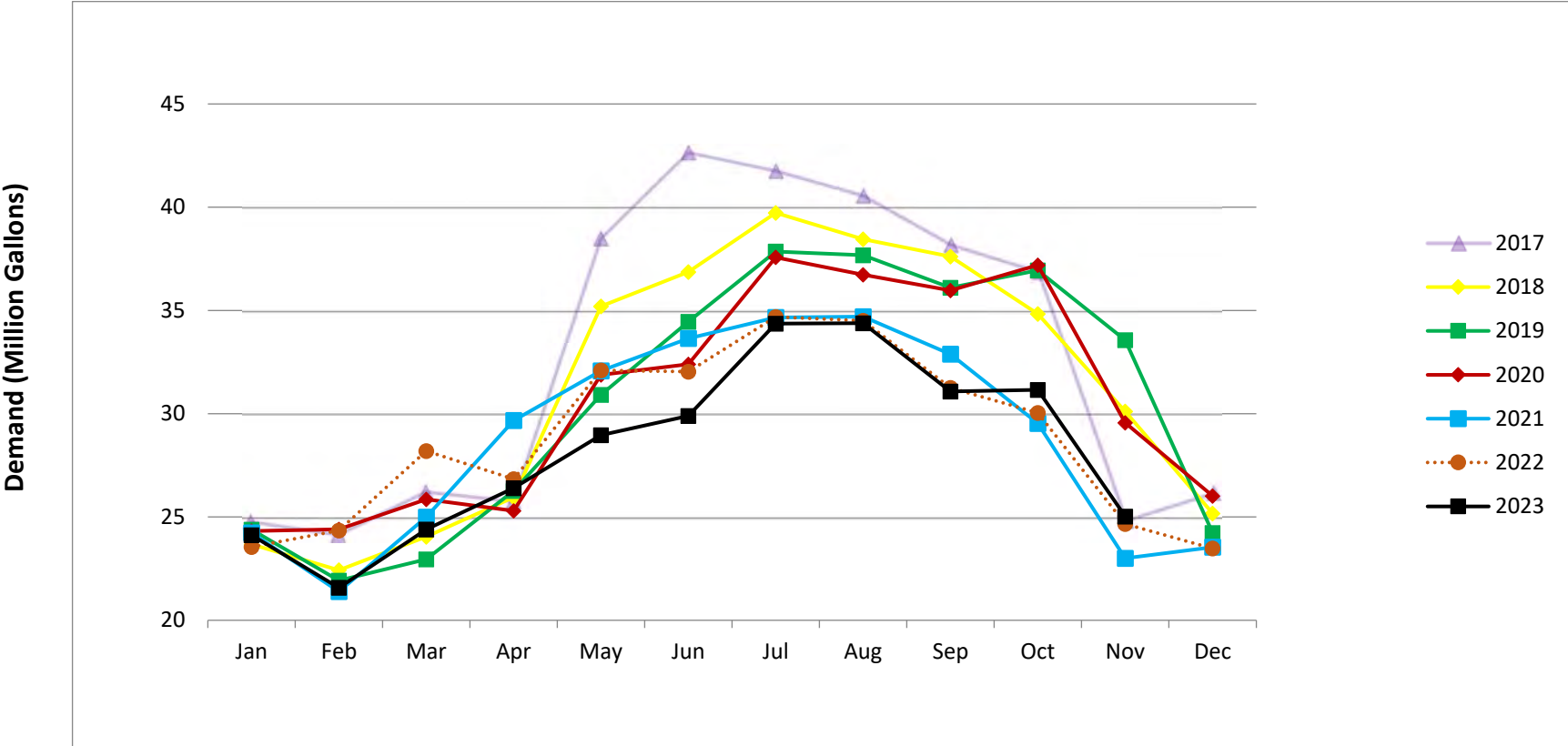


### Total Production (Million Gallons)

October 2023	31.17 MG	1.66 % increase from September
November 2023	25.17 MG	19.25 % decrease from October

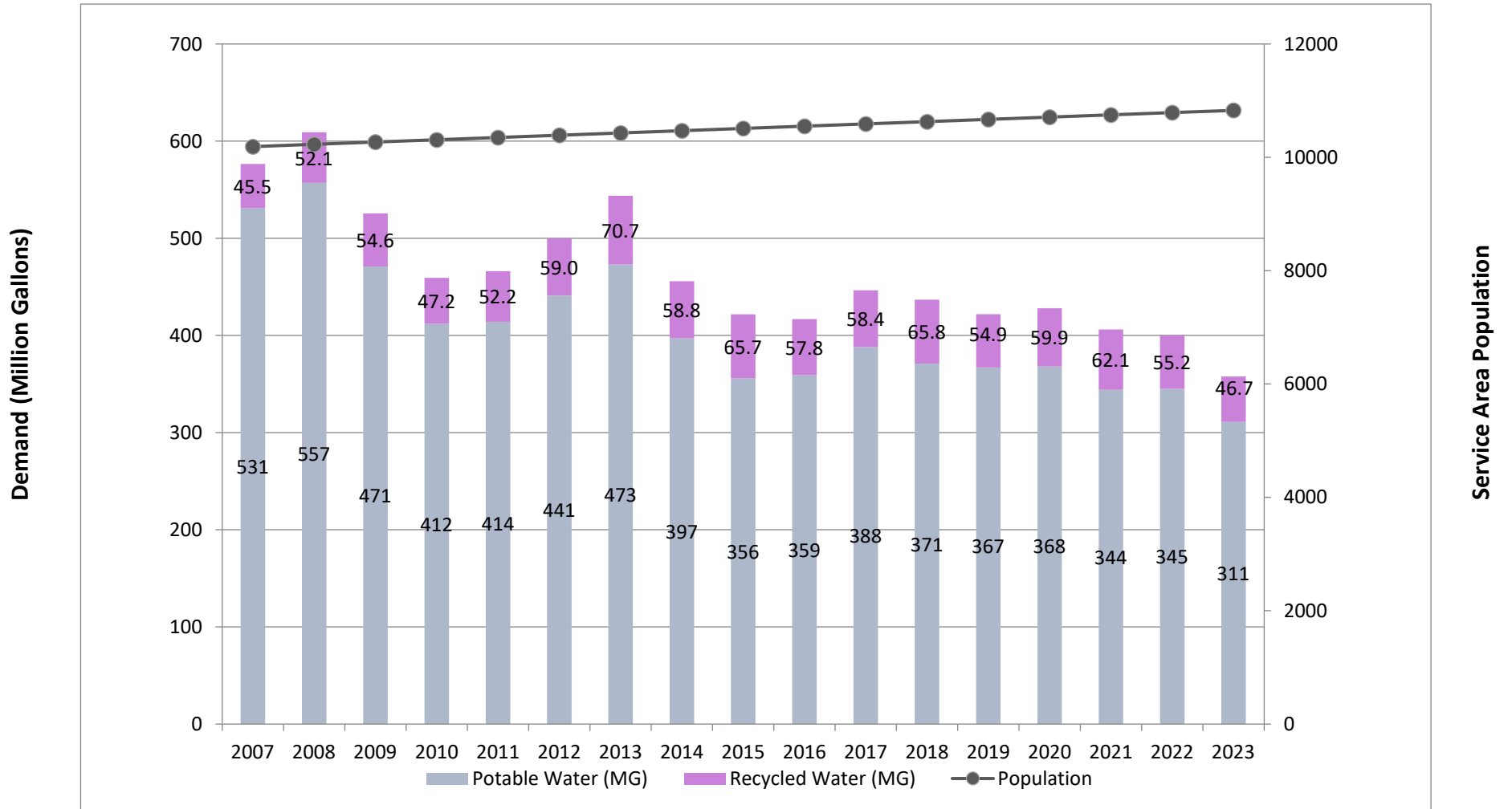
**Production is Water Pumped +/- Water used for Well Maintenance Activities**

### Potable Water Demand



Demand is Production +/- Change in Storage

### Potable and Recycled Water Demand vs. Population



Demand is Production +/- the Change in Storage

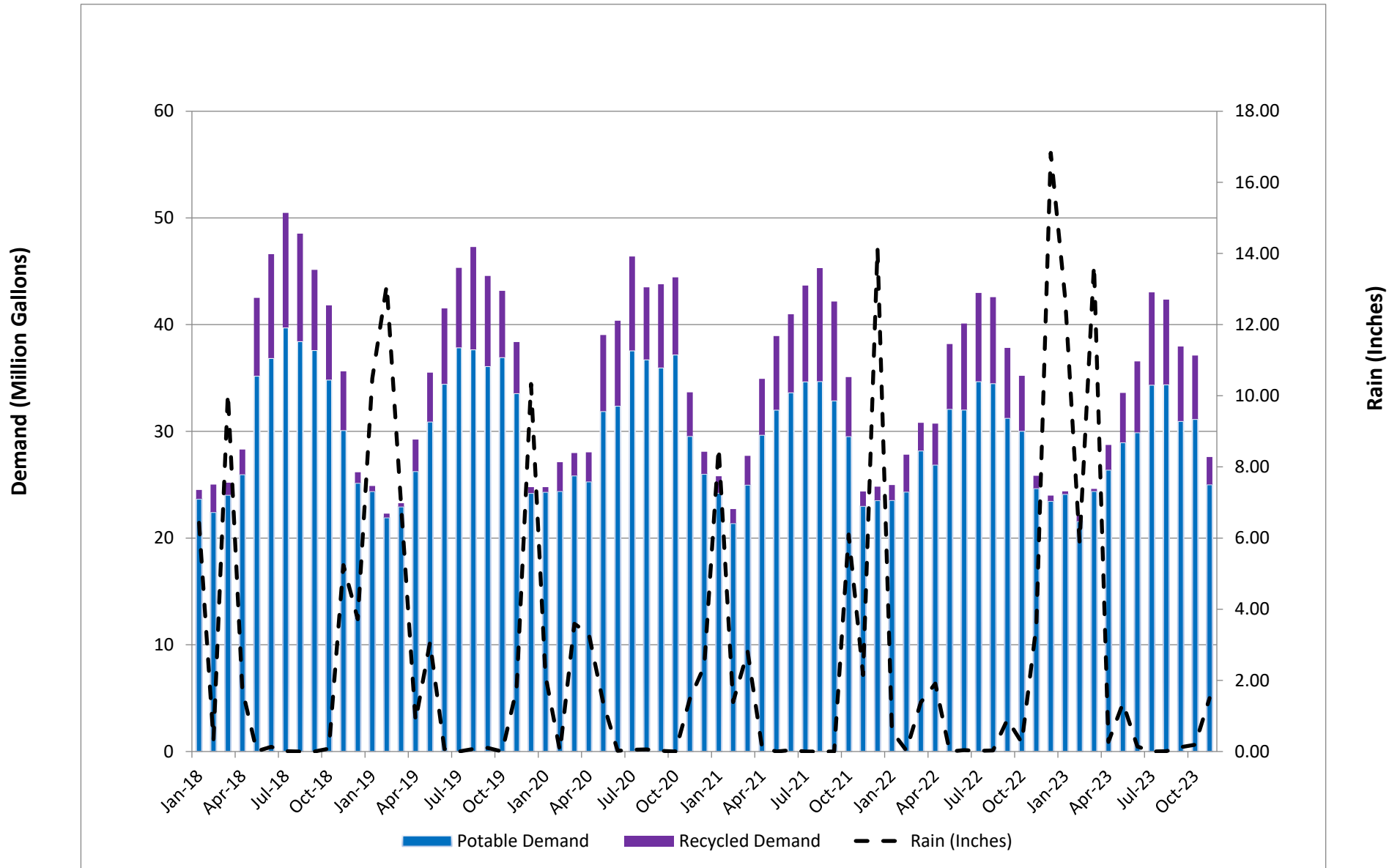
## Potable and Recycled Water Demand

Potable Water Demand												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average
Jan.	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	24,119,305	25,762,915
Feb.	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	21,575,598	23,531,731
March	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	24,399,552	26,700,239
April	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	26,400,163	28,145,577
May	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	28,966,291	35,166,199
June	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	29,896,397	37,050,333
July	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	34,363,749	39,551,100
Aug.	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	34,386,798	39,754,306
Sept.	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	31,079,985	36,701,517
Oct.	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	31,153,726	34,866,103
Nov.	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	25,025,140	27,605,357
Dec.	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	23,479,712		25,414,676
<b>Total</b>	<b>472,661,082</b>	<b>397,193,044</b>	<b>356,483,075</b>	<b>358,577,047</b>	<b>387,828,472</b>	<b>370,543,233</b>	<b>367,011,756</b>	<b>367,865,818</b>	<b>344,331,827</b>	<b>345,705,288</b>	<b>311,366,704</b>	<b>382,630,692</b>

Recycled Water Demand												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average
Jan.	620,000	3,019,613	635,420	862,984	156,267	838,172	493,100	450,147	1,560,234	1,416,939	257,000	1,037,406
Feb.	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	556,474	1,695,131
March	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	211,737	1,683,426
April	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	2,324,685	3,363,095
May	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	4,632,368	6,972,210
June	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	6,663,896	8,437,827
July	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	8,655,000	9,634,927
Aug.	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	7,955,736	9,325,001
Sept.	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	6,989,264	7,920,203
Oct.	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	5,948,841	6,060,998
Nov.	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	2,567,105	2,739,253
Dec.	2,453,395	236,228	1,119,017	529,158	1,670,966	994,336	544,650	2,075,116	1,282,474	504,442		1,068,253
<b>Total</b>	<b>70,678,335</b>	<b>58,836,264</b>	<b>65,978,129</b>	<b>58,014,734</b>	<b>58,378,757</b>	<b>65,770,410</b>	<b>54,890,074</b>	<b>59,910,655</b>	<b>62,159,624</b>	<b>55,232,913</b>	<b>46,762,106</b>	<b>60,803,445</b>

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

# Potable and Recycled Water Demand vs. Rainfall



Demand is Production +/- the Change in Storage

**Rainfall**  
El Pueblo Weather Station

WATER YEAR		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	TOTAL	% of Avg.
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	173%
	<b>1982-83</b>	<b>5.35</b>	<b>10.50</b>	<b>7.74</b>	<b>13.90</b>	<b>18.00</b>	<b>19.90</b>	<b>7.80</b>	<b>0.98</b>	<b>0.00</b>	<b>0.00</b>	<b>0.17</b>	<b>1.91</b>	<b>86.25</b>	<b>210%</b>
	1983-84	1.70	12.70	12.90	0.54	2.49	2.62	1.13	0.02	0.18	0.01	0.00	0.25	34.54	84%
	1984-85	2.80	13.80	2.95	1.72	4.20	7.92	0.73	0.11	0.15	0.09	0.02	0.54	35.03	85%
	1985-86	1.12	7.14	2.62	7.38	22.40	15.00	0.48	0.83	0.00	0.00	0.00	1.30	58.27	142%
	1986-87	0.03	0.05	2.47	4.51	9.06	6.31	0.70	0.00	0.02	0.00	0.00	0.00	23.15	56%
	1987-88	1.19	2.30	10.70	4.58	0.68	0.00	3.13	1.07	0.16	0.00	0.00	0.00	23.81	58%
	1988-89	0.19	5.90	8.89	2.06	1.39	10.60	0.67	0.08	0.03	0.00	0.03	0.83	30.67	75%
	1989-90	3.53	1.58	0.01	3.42	3.69	2.13	0.16	5.79	0.00	0.00	0.12	0.15	20.58	50%
	1990-91	0.50	0.24	1.65	0.61	5.39	17.19	0.51	0.06	0.40	0.00	0.02	0.07	26.64	65%
	1991-92	2.37	1.46	5.42	3.03	15.30	4.65	0.45	0.00	0.82	0.00	0.05	0.00	33.55	82%
	1992-93	3.41	0.20	11.54	18.51	10.22	3.17	1.37	0.96	0.68	0.00	0.00	0.00	50.06	122%
	1993-94	0.73	2.74	5.52	3.51	9.72	0.68	2.75	2.10	0.01	0.00	0.00	0.05	27.81	68%
	1994-95	1.79	8.29	4.78	23.88	0.65	13.62	3.79	0.89	1.04	0.01	0.00	0.00	58.74	143%
	1995-96	0.00	0.32	10.03	13.52	11.35	5.14	2.38	4.31	0.03	0.00	0.00	0.00	47.08	115%
	1996-97	2.89	6.95	22.43	12.33	0.17	1.50	0.58	0.16	0.12	0.00	0.54	0.00	47.67	116%
	1997-98	0.68	10.12	4.06	14.21	21.81	6.17	2.85	3.65	0.01	0.00	0.01	0.17	63.74	155%
	1998-99	1.02	9.11	1.85	9.25	11.08	5.22	2.58	0.03	0.36	0.00	0.02	0.14	40.66	99%
	1999-00	0.35	5.69	0.53	18.02	17.57	2.77	2.69	1.01	0.18	0.00	0.20	0.40	49.41	120%
	2000-01	5.14	1.38	0.94	8.68	10.65	4.05	2.67	0.00	0.07	0.00	0.00	0.16	33.74	82%
	2001-02	1.13	9.93	16.45	4.97	2.69	4.66	0.52	0.90	0.00	0.00	0.05	0.00	41.30	101%
	2002-03	0.00	5.80	21.40	2.77	2.95	2.54	5.75	1.09	0.16	0.00	0.00	0.00	42.46	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	92%
	2004-05	7.24	3.25	14.39	8.30	7.20	10.01	3.79	2.13	0.94	0.02	0.00	0.08	57.35	140%
	2005-06	0.19	2.84	21.73	6.55	5.26	15.29	10.44	1.01	0.01	0.00	0.01	0.00	63.33	154%
	2006-07	0.25	3.30	5.67	0.89	9.24	0.30	2.17	0.46	0.00	0.10	0.01	0.33	22.72	55%
	2007-08	1.93	0.52	5.50	17.59	6.96	0.36	0.35	0.00	0.01	0.01	0.00	0.04	33.26	81%
	2008-09	1.59	4.80	4.38	1.80	15.28	3.47	0.52	1.42	0.01	0.00	0.00	0.26	33.53	82%
	2009-10	9.70	0.33	5.21	11.37	8.66	4.35	5.41	1.17	0.00	0.01	0.07	0.00	46.28	113%
	2010-11	3.92	5.13	15.36	1.97	10.59	13.40	0.75	3.42	3.40	0.00	0.04	0.02	58.00	141%
	2011-12	2.93	3.41	0.15	6.80	2.75	11.97	4.09	0.02	0.20	0.02	0.00	0.02	32.36	79%
	2012-13	1.61	11.32	13.25	1.31	0.47	2.66	0.43	0.01	0.11	0.00	0.00	0.70	31.87	78%
	2013-14	0.01	0.87	0.78	0.05	11.52	4.02	2.02	0.01	0.02	0.09	0.01	0.92	20.32	50%
	2014-15	0.44	4.36	16.52	0.00	4.69	0.47	2.13	0.19	0.04	0.00	0.03	0.02	28.89	70%
	2015-16	0.07	2.54	6.67	16.20	1.16	14.26	1.18	0.35	0.00	0.00	0.00	0.22	42.65	104%
	2016-17	8.66	3.29	10.77	26.13	19.56	7.09	4.47	0.06	0.07	0.00	0.00	0.04	80.14	195%
	2017-18	0.10	4.02	0.08	6.43	0.56	10.07	2.85	0.01	0.13	0.01	0.00	0.00	24.26	59%
	2018-19	0.08	5.24	3.72	10.49	13.11	6.91	0.86	3.07	0.07	0.00	0.07	0.10	43.72	107%
Low Year	2019-20	0.00	1.76	8.57	2.14	0.01	3.59	3.31	1.37	0.02	0.05	0.06	0.02	20.90	51%
	<b>2020-21</b>	<b>0.00</b>	<b>1.48</b>	<b>2.40</b>	<b>8.55</b>	<b>1.39</b>	<b>2.81</b>	<b>0.11</b>	<b>0.00</b>	<b>0.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16.78</b>	<b>41%</b>
	2021-22	6.10	2.15	14.15	0.57	0.03	1.37	1.91	0.00	0.04	0.02	0.03	0.90	27.27	66%
	2022-23	0.25	3.53	16.83	12.74	5.87	13.68	0.27	1.36	0.14	0.00	0.01	0.12	54.80	134%
	2023-24	0.19	1.50											1.69	4%
Cumulative 2023-2024		<b>0.19</b>	<b>1.69</b>												
Monthly Avg. 1981-2024		1.94	4.65	8.20	8.20	7.67	6.46	2.38	0.96	0.23	0.01	0.04	0.27	41.01	
Cumulative Avg. 1981-2024		1.94	6.59	14.79	22.99	30.67	37.13	39.51	40.46	40.69	40.71	40.74	41.01	41.01	



YOUR BEST PROTECTION

## ACWA JPIA

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

phone  
916.786.5742  
800.231.5742

[www.acwajpia.com](http://www.acwajpia.com)

### Core Values

- People
- Service
- Integrity
- Innovation

11/27/2023

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 2024.

Sincerely,

Melody McDonald  
President

Enclosure: President's Special Recognition Award(s)

# *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 10/01/2019 - 09/30/2022  
announced at the Board of Directors' Meeting in Indian Wells.*



*Melody McDonald, President*



*November 27, 2023*

# *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 07/01/2019 - 06/30/2022  
announced at the Board of Directors' Meeting in Indian Wells.*



*Melody McDonald, President*



*November 27, 2023*



## **Board of Directors Cuts Scheduled 2024 Rate Increase by 2% at November Board Meeting**

Following a rate study eight years ago, the Board made a commitment to the District's customers to evaluate the need for rate increases each year prior to the scheduled January 1 effective date.

Continuing with its commitment the Board of Directors selected a lower-than-planned for water rate adjustment at its November board meeting.

Fiscal year 2023 finished with operational expenses slightly below budget while

revenue was higher than expected. The Board followed a Staff recommendation to implement a 3% rate increase at the end of the year instead of the planned 5% increase. [Water rates can be found here](#) on the District website. The new water rates will take effect January 1, 2024.

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## Applications Open for Public Members on Committees and Junior Associate Board Members

The District's Board of Directors is accepting applications for four [Public Member on Committee](#) positions as well as two [Junior Associate Board Members](#).

The deadline to apply for both positions is Jan. 10, 2024. Stipends are available.

**Public member positions** on Scotts Valley Water District committees are ideal for those interested in local government and civic service, or local water supply and how a water agency operates.

### Eligibility and Term:

- Reside or work in the District service area
- Age 18 or over

- Attend monthly afternoon or evening meetings
- Two-year commitment, January 2024-December 2025

The District is recruiting two people each for the Finance & Personnel Committee and Engineering & Water Resources Committee. [Apply here.](#)

**Junior Associate Board Members** is a first-of-its-kind program among water districts in California, creating an opportunity for the District to increase awareness about its activities, engage the community and include a diversity of opinions in the decision-making process.

**Eligibility and Term:**

- Reside, work or attend school in the District service area
- Age 16 to 30
- Interest in local government and civic service
- Availability to attend monthly board meetings and review meeting materials in advance
- No more than one member from a household
- Two-year commitment, January 2024-December 2025
- Eligible individuals may serve multiple terms but must re-apply

As non-voting advisors, Junior Associate Board Members attend monthly Board meetings and participate in Board discussions to provide additional input and perspectives. Two are selected for each term. [Apply here.](#)



**District Office Closed**



**Time to Adjust Irrigation**

## for Thanksgiving

The Scotts Valley Water District's office will be closed from Thursday, Nov. 23 to Friday, Nov. 24 in observance of Thanksgiving.

Most services can be accessed [online](#) at [www.svwd.org](http://www.svwd.org).

Remember, if you'll be away from home over the holidays, consider turning your shut-off valve to the "off" position to help prevent unexpected leaks. Turn valves slowly and smoothly to prevent a jolt to your pipes. Need help finding the shut-off valve? Email [contact@svwd.org](mailto:contact@svwd.org) for assistance.

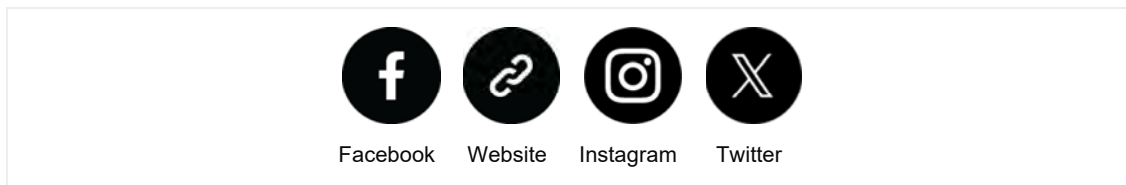
## Practices

As temperatures drop, it's time to adjust irrigation practices.

Keep a close eye on rainfall patterns, temperature fluctuations and the moisture content of the soil. Regularly monitor your garden's water requirements to strike the right balance between supplementing rainfall and providing adequate hydration.

Consider installing a drip irrigation system to deliver water directly to the plant's root zone, minimizing evaporation and ensuring efficient water usage. Additionally, applying a layer of mulch around your plants helps conserve moisture, regulate soil temperature and reduce weed growth.

Explore more with [landscape resources online](#).



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You are receiving this email because you opted in at our website to "Stay Connected With Us".

**Our mailing address is:**  
Scotts Valley Water District  
2 Civic Center Dr.  
Scotts Valley, Ca 95066