

# **Solano County Water Agency**

**Vacaville, California**

**Annual Comprehensive Financial Report**

**For the Year Ended  
June 30, 2022**





# **SOLANO COUNTY WATER AGENCY**

## **Annual Comprehensive Financial Report For the year ended June 30, 2022**

Prepared by the Finance Department



**Solano County Water Agency**  
**Annual Comprehensive Financial Report**  
**For the year ended June 30, 2022**

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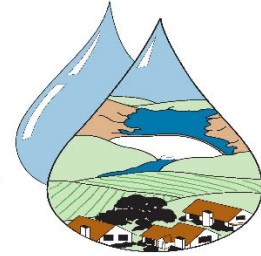
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# SOLANO COUNTY WATER AGENCY



December 30, 2022

Dear Board President and Members of the Board of Directors:

Please find the submittal of the Annual Comprehensive Financial Report (ACFR) of the Solano County Water Agency, for fiscal year ended June 30<sup>th</sup>, 2022, in accordance with California Government Code section 25253. The ACFR provides an overview of the Agency's finances. Responsibility for the accuracy of this data and the completeness and fairness of the presentation, including all disclosures, rests with the agency.

In the opinion of management, the enclosed data is accurate in all material respects and reported in a manner designed to fairly set forth the financial position and results of operations of the Agency and contains all disclosures necessary to enable the reader to understand the Agency's financial affairs. The ACFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the Agency, and management assumes full responsibility for the accuracy and the completeness of all the information presented in this report.

To provide a reasonable basis for making these representations, management of the Agency has established a comprehensive internal control framework designed both to protect the Agency's assets from loss, theft, or misuse, and to compile sufficient and reliable information in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Agency's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Agency's financial statements have been audited by Badawi and Associates, a public accounting firm licensed and qualified to perform audits of local governments within the State of California.

The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unmodified opinion that the Agency's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

## Profile of the Agency

On November 11, 1948, the Monticello Dam was authorized by the Secretary of the Interior, under the Reclamation Project Act of 1939, and was built by the Bureau of Reclamation from 1953-1957, located on Putah Creek, Solano County, in the Vaca Mountains, on the Eastern side of Napa County. The Dam regulates the flows along the reaches of Lower Putah Creek and stores surplus water for Solano County. Lake Berryessa has a storage capacity of 1,602,000-acre feet, which is 522,013,986,054 gallons of water, and was built to provide a secure and reliable water source for local farmers and city residents. Solano County Water Agency (SCWA) was founded by Assembly Bill No. 2069, September 1989, by the California State Legislature, sometimes referred to as the Solano County Water Agency Act. The Legislature found it necessary for the conservation, development, control, and use of water for the public good and for the protection of life and property. This Act defines the boundaries of the Agency and ties the boundaries to the boundaries of the County which it serves.

As an independent Special District, it operates as a separate local government that has no reporting responsibility to the County or to the Cities within the county. SCWA reports to a Board of Directors consisting of the mayors of the 7 cities in the County, a representative from 3 Irrigation/Agricultural agencies within the county, and members of the County Board of Supervisors. The Board contains publicly elected officials and serves terms equal to their elected terms. The Board appoints the General Manager, who is the chief executive and is responsible for the Agency's operations and to administer the programs in accordance with the policies.



Overhead view of Monticello Dam and Powerhouse



## **Habitat Conservation**

As lead Agency for the Solano Habitat Conservation program (HCP), the agency's role is to develop the HCP in a coordinated effort with Plan Participants, public stakeholders, and the Resource Agencies (Department of Fish and Game, US Fish and Wildlife, National Marine Fisheries Service). Within the Plan Area, Solano County plus 8,000 acres of Yolo County, the HCP will permit new urban development, ongoing Operations and Maintenance of Plan Participant facilities, construction of new irrigation and flood control facilities; and Solano Irrigation District annexations. To offset these impacts, the HCP will prescribe a Conservation Strategy for the Covered Species, and an HCP Reserve System will be established for the benefit of the Covered Species and the habitat that they and many other species in the region depend on.

## **Groundwater**

Currently ground water plays a small role of water resources for the county. There is a potential for increased use. SCWA has been designated by the county groundwater agencies as the reporting authority for the Putah Fan/Tehema groundwater basin for groundwater information under a new state law.

SCWA is working with Member Agencies and other stakeholders on collecting groundwater data in Solano County and compiling into the groundwater database, for developing groundwater reports for state reporting requirements and for future decisions on management of Solano County's groundwater.

## **Water Conservation**

State law and regulation encourage water conservation efforts and our Solano Project contract requires water management plans that address water conservation. The USBR Water Management Plans, Urban Water Management Plans, and Agricultural Water Management Plans, provide a framework for implementing appropriate water conservation measures. Good water management dictates implementing such water conservation measures. SCWA defers to our cities and districts to determine an appropriate level of water conservation and technically, administratively, and financially assists our member agencies on water conservation efforts.

## **Administration and Finance**

The Administration and Finance division facilitate business and financial services of the Agency, to provide support to staff in their roles at the Agency, and to develop the human and organizational potential of the Agency in support of the Agency missions of water resource planning, and management, flood control, habitat conservation, and water conservation. Administration and Finance is committed to the values of excellence, mutual respect, diversity, cooperation and communication, integrity, ethics, and accountability.

## **Annual Budget**

The Agency adopts an annual budget and makes decisions on the efficient use of its resources. The financial plan includes the operating and capital programs, sets levels of related operating and capital expenditures that may be made during the budget period. The Board of Directors approves the annual

budget, via Action item, prior to the beginning of the new fiscal year (July 1<sup>st</sup> through June 30<sup>th</sup>) and is implemented and monitored throughout the year by project managers and executive management, responding to unforeseen emergency circumstances. The budget for fiscal year 2022-23 was approved on June 9, 2022, and supports the mission, value, and goals, and objectives of the strategic plan. The budget for fiscal year 2022-23 included an operating budget of \$40,004,629 in revenues, and \$39,492,896 of expenses. The approved capital budget is \$4,969,000 and the Rehab & Betterment budget for \$1,300,000.

### **Year-End Projections and Annual Audit**

Every year, in addition to the annual budget, the Agency goes through the exercise of a mid-year budget, or a year-end projection. During the spring, in addition to the completion of Budget to Actual reporting, the informal process of modifying the annual budget leads into the next fiscal period formal budget. The year-end projection assists management in assessing where they stand for the current year, and the upcoming year, to reassess current year goals, and the goals and priorities of the upcoming year.

### **Strategic Plan and Long-Term Plan**

The Strategic Plan provides guidance to the Board and Agency staff in directing SCWA policy and resources to address current and future issues within the Agency purview. The current strategic plan was approved in 2016 and covers the period through 2025. An important element of the strategic plan, as well as the Budgets, is the recognition that conditions change. Wet or dry years affect water supply, state regulations can affect water deliveries, and funding drives SCWA's ability to achieve objectives of the strategic plan. Climate and political changes can affect the goals and priorities of the Agency, strategically and financially.

### **Water Supply and Mission Statement**

SCWA was established to provide an adequate water supply to the cities within Solano County and is responsible for the conservation, development, control and use of water for the public good. It is the Agency's responsibility to maintain the infrastructure to deliver raw water to the cities within the county, work in conjunction with the county on soil erosion projects and public flood control projects.

The Solano Project provides about half the municipal water supply and a majority of the agricultural water supply in Solano County. It is our most important water supply, providing reliable high-quality water stored and controlled locally. Our primary mission is to protect and maintain the reliability and quality of the water supply.

The North Bay Aqueduct provides about half the municipal water supply in Solano County. It is a critical water supply that will provide most of the water for future growth in Solano County. Since the North Bay Aqueduct (NBA) is owned and operated by the Department of Water Resources (DWR), a state agency, SCWA's role is limited. Our goal is to improve NBA water supply reliability and water quality. The Solano Project provides about half the municipal water supply and much of the agricultural water supply in Solano

County. It is our most important water supply, providing reliable high-quality water stored and controlled locally. Our primary mission is to protect and maintain the reliability and quality of the water supply.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Agency for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the first time that the Agency has applied for and received the prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easy to read and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its continued eligibility for a certificate.



Signed: \_\_\_\_\_

Dated: 12/30/2022 \_\_\_\_\_

General Manager; Solano County Water Agency

## **Solano County Water Agency Board of Directors**

### **Chairman of the Board**

Supervisor Jim Spering; Solano County District 3

### **Vice Chairman**

Mayor Ron Rowlett; City of Vacaville

### **General Members**

Mayor Steve Young; City of Benicia

Mayor Steve Bird; City of Dixon

Mayor Harry Price; City of Fairfield

Director Sean Favero; Maine Prairie Water District

Director Dale Crossley; Reclamation District No. 2068

Mayor Ron Kott; City of Rio Vista

Supervisor Erin Hannigan; Solano County District 1

Supervisor Monica Brown; Solano County District 2

Supervisor John Vasquez; Solano County District 4

Supervisor Mitch Mashburn; Solano County District 5

Director John Kluge; Solano County Irrigation District

Mayor Pro Tem Alma Hernandez; City of Suisun City

Mayor Robert McConnell; City of Vallejo

## **Other Committees**

### **Executive Committee**

Supervisor Jim Spering

Director John Kluge

Supervisor John Vasquez

Mayor Ron Kott

Mayor Ron Rowlett

### **Legislative Committee**

Director Dale Crossley

Supervisor John Vasquez

Director John Kluge

Mayor Pro Tem Alma Hernandez

Mayor Ron Kott

### **Water Policy Committee**

Director Dale Crossley

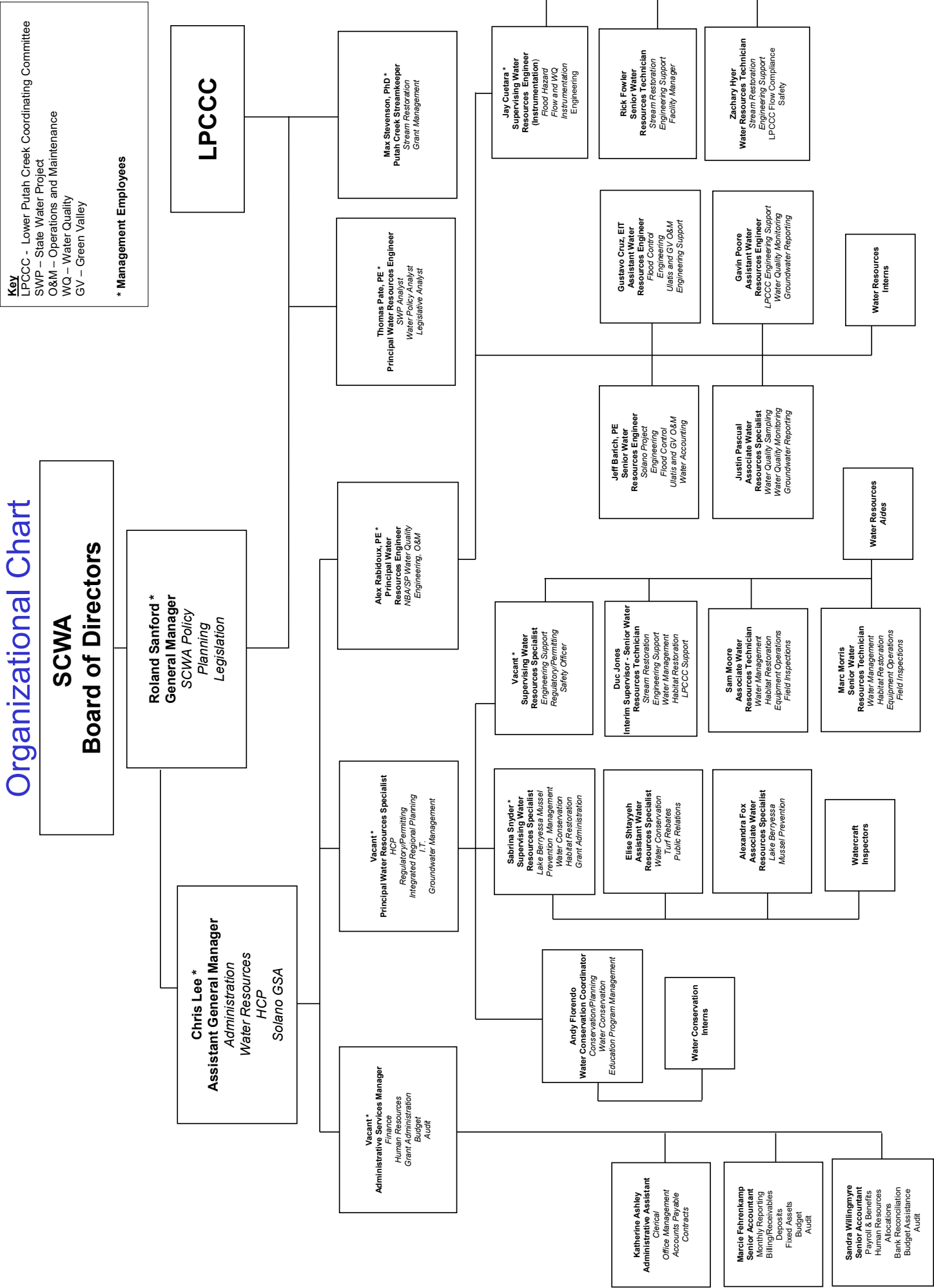
Director John Kluge

Supervisor John Vasquez

Supervisor Mitch Mashburn

Mayor Robert McConnell

Solano County Water Agency  
Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Solano County Water Agency  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of the Solano County Water Agency  
Vacaville, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and major funds of the Solano County Water Agency (Agency), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Solano County Water Agency 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 opinions.

#### ***Responsibility of Management for the Financial Statements***

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

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

***Auditor's Responsibility 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements

In performing an audit in accordance with GAAS, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, defined benefit pension plan information, and OPEB plan information on pages 5-12 and 53-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

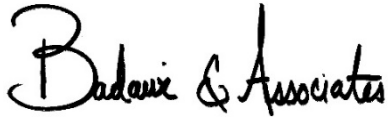


***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs  
Berkeley, California  
December 30, 2022

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

SOLANO COUNTY WATER AGENCY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

The following discussion and analysis of the section of the Solano County Water Agency's (Agency) financial performance provides an overview of the Agency's financial activities for the fiscal year ending June 30, 2022. This information is presented in conjunction with the audited financial statements.

### **FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of resources of the Agency exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$78,291,628 (net position). Of this amount, \$22,310,927 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

- The Agency's total net position increased \$7,341,060.
- At the close of the fiscal year, the Agency's governmental funds reported combined fund balances of \$58,567,598, an increase of \$3,046,623, in comparison with the prior year.

### **OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

The financial section of this report consists of four parts: Government-wide financial statements, fund financial statements, the notes to the financial statements, and required supplementary information.

The government-wide financial statements are prepared using the accrual basis of accounting. They present all the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Agency, with the difference reported as net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The fund financial statements are prepared using the modified accrual basis of accounting. They present the assets and liabilities of the Agency that are expected to be generated by or used for near-term inflows or outflows, with the difference reported as fund balance. Changes in fund balance are reported if they have an effect on the near-term cash flow of the Agency.

The notes provide additional information that is essential to the reader for a full understanding of the data provided in the government-wide and fund financial statements.

The required supplementary information presents the Agency's progress in funding its obligations to provide pension and health benefits to its employees as well as the Agency's budgetary comparison schedules.

### **NET POSITION**

The Statement of Net Position presents the financial position of the Agency on a full accrual basis and provides information about the nature and amount of resources and obligations at year-end. It also provides the basis for computing rate of return, evaluating the capital structure of the Agency, and assessing the liquidity and financial flexibility of the Agency.

SOLANO COUNTY WATER AGENCY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

The following Table A-1 summarizes the Statement of Net Position as of June 30, 2022 and June 30, 2021 follows:

TABLE A-1  
STATEMENT OF NET POSITION

	2022	2021	\$Change	%Change
<b>ASSETS</b>				
Current and other assets	\$ 61,017,501	\$ 57,820,574	\$ 3,196,927	6%
Noncurrent assets	1,931,066	534,496	1,396,570	261%
Capital assets	17,146,516	15,433,468	1,713,048	11%
Total Assets	80,095,083	73,788,538	6,306,545	9%
Deferred Outflows of Resources	2,026,912	1,238,953	787,959	64%
<b>LIABILITIES</b>				
Current liabilities	2,404,729	2,531,556	(126,827)	-5%
Noncurrent liabilities	218,406	357,796	(139,390)	-39%
Total Liabilities	2,623,135	2,889,352	(266,217)	-9%
Deferred Inflows of Resources	1,207,232	1,187,571	19,661	2%
<b>NET POSITION</b>				
Net investment in capital assets	17,062,051	15,335,356	1,726,695	11%
Restricted	38,918,650	36,330,420	2,588,230	7%
Unrestricted	22,310,927	19,284,792	3,026,135	16%
Total Net Position	\$ 78,291,628	\$ 70,950,568	\$ 7,341,060	10%

Table A-1 summarizes the net position of the Agency and reflects the net position increase of \$7,341,060 from \$70,950,568 in fiscal year 2021 to \$78,291,628 in fiscal year 2022. Net investment in capital assets increased \$1,713,048, reflecting the net of assets additions and depreciation on capital assets. Approximately 22% of the Agency's net position reflects its investment in capital assets (e.g., land, building, machinery, and equipment). The Agency uses these capital assets to provide services to the Agency; consequently, these assets are not available for future spending. The restricted net position totals \$38,918,650 at June 30, 2022 representing funds that are obligated to be spent within State Water Project, Ulati, and Green Valley. The increase in restricted net position of \$2,588,230 mainly consists of the revenues exceeding expenses in all the funds. The unrestricted net position is a resource that can be used for transactions relating to the general operations of the Agency and increased by \$3,026,135, primarily due to the revenues exceeding the expenses in all of the funds.

SOLANO COUNTY WATER AGENCY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

## CHANGES IN NET POSITION

The Statement of Net Position is a snapshot that shows assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at a specific point in time. The Statements of Activities provide information on the nature and source of these assets and liabilities represented on the Statement of Net Position. This statement shows that revenues exceeded expenses by \$7,341,060 for fiscal year 2022.

The following Table A-2 summarizes the Statement of Activities for the fiscal years ending June 30, 2022 and June 30, 2021:

TABLE A-2  
STATEMENT OF ACTIVITIES

	2022	2021	\$Change	%Change
<b>REVENUES</b>				
Program Revenues				
Charges for services	\$ 3,734,756	\$ 3,355,698	\$ 379,058	11%
Operating grants and contributions	141,947	286,925	(144,978)	-51%
Capital grants and contributions	123,550	-	123,550	#DIV/0!
General Revenues				
Property taxes	29,309,581	27,478,627	1,830,954	7%
Investment earnings	(418,318)	171,005	(589,323)	-345%
Other	72,503	286,124	(213,621)	-75%
Total Revenue	32,964,019	31,578,379	1,385,640	4%
<b>EXPENSES</b>				
Solano Project	9,303,386	11,422,473	\$ (2,119,087)	-19%
State Water Project	15,162,798	14,202,526	960,272	7%
Ulati Flood Control	1,008,619	883,497	125,122	14%
Green Valley Flood Control	145,859	67,854	78,005	115%
Interest and fiscal charges	2,297	416	1,881	452%
Total Expenses	25,622,959	26,576,766	(953,807)	-4%
Change in net position	7,341,060	5,001,613	2,339,447	47%
Net position - beginning	70,950,568	65,948,955	5,001,613	8%
Net position - ending	\$ 78,291,628	\$ 70,950,568	\$ 7,341,060	10%

Ending net position totaled \$78,291,628 at June 30, 2022, an increase in net position of \$7,341,060 or 10% from June 30, 2021. Total revenues increased by \$1,385,640 or 4% during the fiscal year 2022 compared to 2021. Property tax revenue increased in fiscal year 2022 compared to 2021 by \$1,830,954 or 7%, reflecting the increase in property and home values in Solano County. Grant revenues decreased by \$21,428 or 7%, from June 30, 2021, due to the completion of remaining grant work. Total expenses decreased by \$953,807 or 4% to \$25,627,441 in 2022. The Solano Project expenses decreased by \$2,119,087 from 2021 to 2022,

SOLANO COUNTY WATER AGENCY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

significantly lower and most of the decrease can be attributed mainly due negative pension expense in the current year and supplies on Putah Creek Watershed management. The State Water Project expenses increased by \$960,272 from 2021 to 2022, primarily due to the increase in Operations & Maintenance expenses. Ulati had a modest increase in Operations & Maintenance expenditures over the prior year and Green Valley also had modest increase in Operations & Maintenance, around \$78,000 in Rehab & Betterment. Ulati and Green Valley have fluctuations in maintenance costs depending on the dry/wet annual cycles.

**COMPARISON OF BUDGETED TO ACTUAL REVENUES AND EXPENDITURES - GENERAL FUND**

The Table below compares Actual Revenues and Expenditures to those budgeted.

TABLE A-3  
GENERAL FUND - SOLANO PROJECT BUDGET TO ACTUAL ANALYSIS

	Final	Actual	Variance with Final Budget
	Amended Budget	Amounts	Positive (Negative)
<b>REVENUES:</b>			
Property taxes	\$ 11,547,415	\$ 11,795,163	\$ 247,748
Charges for services	93,000	236,756	143,756
Investment earnings	42,285	(143,787)	(186,072)
Intergovernmental	145,000	52,179	(92,821)
Other revenues	47,646	46,610	(1,036)
<b>Total revenues</b>	<b>11,875,346</b>	<b>11,986,921</b>	<b>111,575</b>
<b>EXPENDITURES:</b>			
Current:			
Water purchases	156,885	156,885	-
Operations and maintenance	4,598,232	4,504,347	93,885
Administration and general	4,527,748	4,072,860	454,888
Conservation and flood control	757,026	810,779	(53,753)
Engineering	1,343,420	1,307,244	36,176
Capital outlay	1,359,380	555,333	804,047
Debt service:			
Principal	-	13,647	(13,647)
Interest and fiscal charges	-	2,297	(2,297)
<b>Total expenditures</b>	<b>12,742,691</b>	<b>11,423,392</b>	<b>1,319,299</b>
<b>Net change in fund balances</b>	<b>\$ (867,345)</b>	<b>\$ 563,529</b>	<b>\$ 1,430,874</b>

Revenues during the year were \$111,575 above the amount included in the amended budget for FY2021-22. Grant Revenues decreased from prior years and during the current year due to either completion during prior year or timing. Property taxes were slightly higher than anticipated.

SOLANO COUNTY WATER AGENCY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

## CAPITAL ASSETS

The Agency's capital assets, net of accumulated depreciation, consist mainly of land purchases (Petersen Ranch, Sackett Ranch, and Lang-Tule property) and land improvements (Cement Hill Bypass). The Agency continues to add new water monitoring equipment and field equipment as part of its water supply and flood control operations. In addition, SCWA invested in new field vehicles for property maintenance staff, new field trucks for Solano Project operations, a John Deere backhoe, a gooseneck trailer, and flail mower. SCWA also purchased the Lang Tule Ranch, 252 acres, for environmental restoration and conservation purposes. SCWA also shared the cost of Boardroom AV upgrades.

	2022	2021
Land	10,529,214	8,746,401
Construction-in-progress	151,837	259,286
Buildings	2,732,716	2,732,716
Cement Hill Bypass land improvements	2,535,494	2,535,494
Water monitoring equipment	2,451,516	2,374,428
Machinery and field equipment	3,690,060	3,152,049
Furniture, fixtures, and office equipment	425,575	364,136
Subtotal	22,516,412	20,164,510
Less accumulated depreciation	(5,369,896)	(4,731,042)
Total net capital assets	17,146,516	15,433,468

Additional information about the Agency's capital assets can be found in Note 4 in the Notes to the Basic Financial Statements.

## LONG TERM DEBT

The Agency's long-term debt consists one 5 year Lease-purchase agreement of heavy equipment as follows:

TABLE A-5  
LONG-TERM DEBT

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Equipment Finance Purchase	\$ 98,112	\$ -	\$ (13,647)	\$ 84,465

Additional Information about the Agency's long-term debt can be found in Note 5 in the Notes to the Basic Financial Statements.



SOLANO COUNTY WATER AGENCY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

**FINANCIAL ANALYSIS OF AGENCY FUNDS**

The following Table A-5 summarizes the changes in fund balances for the governmental funds:

TABLE A-5  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

	Solano Project	State Water Project	Ulatis Flood Control	Green Valley Flood Control	Total
<b>REVENUES</b>					
Property taxes	11,795,163	15,570,024	1,813,796	130,597	29,309,580
Charges for services	236,756	3,467,620	-	-	3,704,376
Investment earnings	(143,787)	(206,913)	(65,132)	(2,485)	(418,317)
Grant revenues	52,179	-	-	-	52,179
Other income	46,610	18,241	7,652	-	72,503
<b>Total Revenues</b>	<b>11,986,921</b>	<b>18,848,972</b>	<b>1,756,316</b>	<b>128,112</b>	<b>32,720,321</b>
<b>EXPENDITURES</b>					
Water purchase	156,885	12,982,683	-	-	13,139,568
Operations and maintenance	4,504,347	533,439	838,737	146,651	6,023,174
Administration and general	4,072,860	1,329,233	80,231	2,157	5,484,481
Conservation and flood control	810,779	390,127	-	-	1,200,906
Engineering	1,307,244	150,479	-	-	1,457,723
Capital outlay	555,333	1,796,569	-	-	2,351,902
Debt Service:				-	-
Principal	13,647	-	-	-	13,647
Interest & Fiscal Charges	2,297	-	-	-	2,297
<b>Total Expenditures</b>	<b>11,423,392</b>	<b>17,182,530</b>	<b>918,968</b>	<b>148,808</b>	<b>29,673,698</b>
<b>Net Change in Fund Balance</b>	<b>563,529</b>	<b>1,666,442</b>	<b>837,348</b>	<b>(20,696)</b>	<b>3,046,623</b>
<b>Fund balance, beginning</b>	<b>19,085,419</b>	<b>27,617,678</b>	<b>8,459,061</b>	<b>358,817</b>	<b>55,520,975</b>
<b>Fund balance, ending</b>	<b>19,648,948</b>	<b>29,284,120</b>	<b>9,296,409</b>	<b>338,121</b>	<b>58,567,598</b>

**Solano Project** - As of June 30, 2022, the Solano Project reported an ending fund balance of \$19,648,948, an increase of \$563,529 from 2021. Expenditures were under budget mainly due to LPCCC Grants and service projects either being completed or postponed, several Rehab & Betterment projects were postponed, the HCP Conservation easement with PG&E was delayed, and the Office expansion was also delayed until FY2023.

**State Water Project** -As of June 30, 2022, the State Water Project reported ending fund balance of \$29,284,120, an increase from 2021 of \$1,666,442. This increase in fund balance is due primarily to delayed implementation of North Bay Aqueduct projects and studies, delay of Office Expansion, and higher than anticipated property tax revenues, reflecting the increase in property values in Solano County.

SOLANO COUNTY WATER AGENCY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

Ulatis Flood Control Zone 1 - As of June 30, 2022 the Ulatis Flood Control reported an ending fund balance of \$9,296,409, an increase of \$837,348 from 2021. Actual property tax revenues exceeded revenue projections by 13%, reflecting the rise in home values in Solano County. Planned expenditures for grade control and culvert replacement were postponed until FY 2023. These costs fluctuate every year depending on dry/wet annual cycles.

Green Valley Flood Control Zone 2 - As of June 30, 2022, the Green Valley Flood Control reported an ending fund balance of \$338,121. Expenditures fluctuate every year depending on weather and timing.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

During 2003, the Agency developed a Capital Project Funding Plan that forecasts capital project needs over a five- year horizon. There are a few major projects that have uncertainties regarding if and when they will be funded and at what level. The Capital Project Funding Plan, portions of which are scheduled for revision in 2022-2023 fiscal year, is helpful in budgeting capital projects.

Water rates charged by the Agency to cities, districts, and agencies are fixed by contract and do not change in relationship to the Agency's expenditures or revenues. Capital costs for the Solano Project have been paid off; therefore, Solano County Water Agency does not make payments to the United States Bureau of Reclamation for Solano Project water and, therefore, does not charge for Solano Project water supply for most of its contracting agencies.

During this current fiscal year, we are still experiencing the effects of the COVID-19 pandemic, which has crossed multiple fiscal years. The pandemic hit during March 2022, during the 20/21 budget process, however, due to the unknown nature, the Agency did not modify the fiscal year 2020-2021 budget, and subsequent budgets. During August of 2020, Solano County suffered from a terrible fire season with the LNU Complex Fire. The Agency has continued doing remediation and erosion control work to mitigate possible damage during the subsequent rainy season, which hopefully arrives this year.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the finances for the Agency. Questions concerning any information provided in this report or requests for additional information should be addressed to the General Manager, 810 Vaca Valley Parkway, Suite 203, Vacaville, CA 95688.

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# **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**Solano County Water Agency**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 59,926,628
Accounts receivable	973,665
Interest receivable	43,556
Prepaid expenses and other assets	73,652
Net OPEB asset	659,281
Net pension asset	1,271,785
Capital assets:	
Nondepreciable	10,681,051
Depreciable	11,835,361
Less accumulated depreciation	(5,369,896)
Total capital assets, net	17,146,516
<b>Total assets</b>	<b>80,095,083</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to the net pension asset	1,887,717
Deferred outflows of resources related to the net OPEB asset	139,195
<b>Total deferred outflows of resources</b>	<b>2,026,912</b>
<b>LIABILITIES</b>	
Accounts payable	1,576,656
Accrued payroll	60,990
Deposits	111,919
Unearned revenues	456,640
Compensated absences:	
Due within one year	184,561
Due in more than one year	147,904
Long-term debt	
Due within one year	13,963
Due in more than one year	70,502
<b>Total liabilities</b>	<b>2,623,135</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to the net pension asset	472,325
Deferred inflows of resources related to the net OPEB asset	734,907
<b>Total deferred inflows of resources</b>	<b>1,207,232</b>
<b>NET POSITION</b>	
Net investment in capital assets	17,062,051
Restricted for:	
State Water Project	29,284,120
Ulati Project	9,296,409
Green Valley Flood Control	338,121
Total restricted	38,918,650
Unrestricted	22,310,927
<b>Total net position</b>	<b>\$ 78,291,628</b>

See accompanying Notes to Basic Financial Statements

**Solano County Water Agency**  
**Statement of Activities**  
**For the year ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues				Net (Expense)
		Charges for	Operating	Capital	Total	Revenue and
		Services	Grants and	Grants and		Changes in
			Contributions	Contributions		Net Position
						Governmental
						Activities
<b>Primary government:</b>						
<b>Governmental activities:</b>						
Solano Project	\$ 9,303,386	\$ 267,136	\$ 141,947	\$ 123,550	\$ 532,633	\$ (8,770,753)
State Water Project	15,162,798	3,467,620	-	-	3,467,620	(11,695,178)
Ulati Project	1,008,619	-	-	-	-	(1,008,619)
Green Valley Flood Control	145,859	-	-	-	-	(145,859)
Interest and fiscal charges	2,297	-	-	-	-	(2,297)
Total primary government	<u>\$25,622,959</u>	<u>\$3,734,756</u>	<u>\$ 141,947</u>	<u>\$ 123,550</u>	<u>\$4,000,253</u>	<u>(21,622,706)</u>
<b>General Revenues:</b>						
						29,309,581
						(418,318)
						72,503
						<u>28,963,766</u>
						7,341,060
						70,950,568
						<u>\$ 78,291,628</u>



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# **FUND FINANCIAL STATEMENTS**

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# Solano County Water Agency

## Balance Sheet

### Governmental Funds

June 30, 2022

	General Fund	Special Revenue Funds			Total
	Solano Project	State Water Project	Ulati Flood Control	Green Valley Flood Control	Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$20,031,703	\$29,890,436	\$ 9,567,733	\$ 436,756	\$59,926,628
Accounts receivable	873,430	100,235	-	-	973,665
Interest receivable	14,972	21,666	6,636	282	43,556
Prepaid and other other assets	73,652	-	-	-	73,652
<b>Total assets</b>	<b>\$20,993,757</b>	<b>\$30,012,337</b>	<b>\$ 9,574,369</b>	<b>\$ 437,038</b>	<b>\$61,017,501</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 902,062	\$ 297,717	\$ 277,960	\$ 98,917	\$ 1,576,656
Accrued payroll	60,990	-	-	-	60,990
Deposits	111,919	-	-	-	111,919
Unearned revenue	26,140	430,500	-	-	456,640
<b>Total liabilities</b>	<b>1,101,111</b>	<b>728,217</b>	<b>277,960</b>	<b>98,917</b>	<b>2,206,205</b>
<b>Deferred inflows of resources:</b>					
Deferred inflows - unavailable revenue	243,698	-	-	-	243,698
<b>Total deferred inflows of resources</b>	<b>243,698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,698</b>
<b>Fund Balances:</b>					
Nonspendable	73,652	-	-	-	73,652
Restricted	-	29,284,120	9,296,409	338,121	38,918,650
Assigned	3,250,000	-	-	-	3,250,000
Unassigned	16,325,296	-	-	-	16,325,296
<b>Total fund balances</b>	<b>19,648,948</b>	<b>29,284,120</b>	<b>9,296,409</b>	<b>338,121</b>	<b>58,567,598</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$20,993,757</b>	<b>\$30,012,337</b>	<b>\$ 9,574,369</b>	<b>\$ 437,038</b>	<b>\$61,017,501</b>

**Solano County Water Agency**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2022**

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<b>Total Fund Balances of Governmental Funds</b>	<b>\$58,567,598</b>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Nondepreciable	10,681,051
Depreciable, net of accumulated depreciation	6,465,465

Unavailable revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds	243,698
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In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year:

Deferred outflows of resources related to pension	1,887,717
Deferred outflows of resources related to OPEB	139,195
Deferred inflows of resources related to pension	(472,325)
Deferred inflows of resources related to OPEB	(734,907)

Long-term (liabilities)/assets were not due and payable in the current period, and other long-term assets were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet:

Net OPEB asset	659,281
Compensated absences - due within one year	(184,561)
Compensated absences - due in more than one year	(147,904)
Long-term debt - due within one year	(13,963)
Long-term debt - due in more than one year	(70,502)
Net pension asset	1,271,785

<b>Net Position of Governmental Activities</b>	<b>\$78,291,628</b>
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**Solano County Water Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2022**

	<b>General Fund</b>	<b>Special Revenue Funds</b>			
	<b>Solano Project</b>	<b>State Water Project</b>	<b>Ulati Flood Control</b>	<b>Green Valley Flood Control</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>					
Property taxes	\$ 11,795,163	\$ 15,570,024	\$ 1,813,796	\$ 130,597	\$ 29,309,580
Charges for services	236,756	3,467,620	-	-	3,704,376
Investment earnings	(143,787)	(206,913)	(65,132)	(2,485)	(418,317)
Intergovernmental	52,179	-	-	-	52,179
Other revenues	46,610	18,241	7,652	-	72,503
<b>Total revenues</b>	<b>11,986,921</b>	<b>18,848,972</b>	<b>1,756,316</b>	<b>128,112</b>	<b>32,720,321</b>
<b>EXPENDITURES:</b>					
Current:					
Water purchases	156,885	12,982,683	-	-	13,139,568
Operations and maintenance	4,504,347	533,439	838,737	146,651	6,023,174
Administration and general	4,072,860	1,329,233	80,231	2,157	5,484,481
Conservation and flood control	810,779	390,127	-	-	1,200,906
Engineering	1,307,244	150,479	-	-	1,457,723
Capital outlay	555,333	1,796,569	-	-	2,351,902
Debt Service:					
Principal	13,647	-	-	-	13,647
Interest and fiscal charges	2,297	-	-	-	2,297
<b>Total expenditures</b>	<b>11,423,392</b>	<b>17,182,530</b>	<b>918,968</b>	<b>148,808</b>	<b>29,673,698</b>
<b>Net change in fund balances</b>	<b>563,529</b>	<b>1,666,442</b>	<b>837,348</b>	<b>(20,696)</b>	<b>3,046,623</b>
<b>FUND BALANCES:</b>					
Beginning of year	19,085,419	27,617,678	8,459,061	358,817	55,520,975
End of year	<u>\$ 19,648,948</u>	<u>\$ 29,284,120</u>	<u>\$ 9,296,409</u>	<u>\$ 338,121</u>	<u>\$ 58,567,598</u>

See accompanying Notes to Basic Financial Statements

# Solano County Water Agency

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2022

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 3,046,623</b>
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Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental funds reported asset acquisitions as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current year.	2,351,902
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Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental funds.	(638,854)
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Accrued compensated absences were reported as an expenditure in the governmental funds, but the accrual increased compensated absences payable in the Government-Wide Statement of Net	38,771
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Governmental fund revenues deferred at year end due to unavailability, and therefore, deferred under the modified accrual basis method of accounting, were recognized as revenue on the full accrual method of accounting.	243,698
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position	13,647
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OPEB income/(expense) reported in the Government-Wide Statement of Activities are not current financial resources and therefore is not reported in the governmental funds.	7,366
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Current year pension and OPEB contributions are recorded as expenditures in the governmental funds, however these amounts are reported as deferred outflows of resources in the Government-Wide Statement of Net Position.

Deferred outflows related to current year pension contributions	232,617
Deferred outflows related to current year OPEB contributions	23,279

Pension expense reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as an expenditure in the governmental funds.	2,022,011
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 7,341,060</b>
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# NOTES TO BASIC FINANCIAL STATEMENTS

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**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Solano County Water Agency (Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America. The more significant of the Agency's accounting policies are described below:

**A. *Financial Reporting Entity***

The Solano County Water Agency (the Agency) was created in 1951 by an act of the California Legislature as the "Solano County Flood Control and Water Conservation District." In 1988, the legislative act was changed to modify the governing board and the name was changed to Solano County Water Agency in 1989. The governing board is made up of five members of the Solano County Board of Supervisors, the mayors from the seven cities in the county and three representatives from three agricultural irrigation districts. The Agency provides wholesale water services to cities, districts, and state agencies and lead efforts to protect rights to existing sources of water and participates in efforts to secure new sources of projects and is involved in countywide flood control planning. As required by accounting principles generally accepted in the United States of America, these financial statements present the Agency alone as the Agency has no component units, related organizations, or jointly governed organizations.

**B. *Basis of Accounting and Measurement Focus***

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, revenues, and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions, or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government-Wide Financial Statements**

The Agency's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the Agency's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changed in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liabilities are incurred.

Certain types of transactions reported as program revenues for the Agency are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position. In the Statement of Activities, internal fund transactions have been eliminated. There were no interfund activities requiring elimination for the year ended June 30, 2022.

The Agency applies all GASB pronouncements and interpretations currently in effect.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

**Fund Financial Statements**

Governmental funds are accounted for on a spending, or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis accounting, revenues are recognized in the accounting period in which they become both “measurable and available” to finance expenditures of the current period.

The Agency’s funds, all of which are considered to be major governmental funds, are reported as separate columns in the fund financial statements. The funds of the Agency are described below:

**General Fund:**

*Solano Project* – This fund accounts for the Agency's water supply contract with the U.S. Bureau of Reclamation for the water supply provided by contract cities, districts, and State agencies. Property tax revenues are used to pay for operations, maintenance, rehabilitation, and betterment. Operations and maintenance are performed by contract with the Solano Irrigation District. Included in this fund are costs associated with a water master to monitor water use in the Upper Putah Creek Watershed and development of a Habitat Conservation Plan. Other functions include the flood control program and water conservation program.

**Special Revenue Funds:**

*State Water Project* - This fund accounts for the Agency's water supply contract with the California Department of Water Resources for the repayment of construction, operations, and maintenance costs of the North Bay Aqueduct, and the contracts with member agencies for the purchase of this water.

*Ulati Flood Control* - This fund accounts for the costs of operating and maintaining the Ulati Flood Control Facilities, which were built by the Federal Soil Conservation Service. The Agency contracts with the Solano County Resource Management Department for the maintenance of this project.

*Green Valley Flood Control* - This fund accounts for the costs of operating and maintaining the Green Valley Flood Control Facilities, which were built by the U.S. Army Corps of Engineers. The Agency contracts with the Solano County Resource Management Department for the maintenance of this project.

**Governmental Fund Financial Statements, Continued**

Revenues are recorded when received in cash, except that revenues subject to accrual (generally those received within 90 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the Agency include taxes, intergovernmental revenues, interest and charges for services.

The Reconciliation of the Governmental Fund Financial Statements to the Government-Wide Financial Statements is provided.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. *Cash, Cash Equivalents and Investments***

Cash and cash equivalents are defined as demand deposit account balances, pooled investments in the State of California Local Agency Investment Fund (LAIF), and money market funds with California Asset Management Program (CAMP).

The Agency categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency does not have any investments that are measured using Level 3 inputs.

**D. *Accounts Receivable***

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. No allowance for losses has been reflected at June 30, 2022 as management believes all receivables to be collectible. Major receivable balances for the governmental activities consist of grants. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund statements, but are also recorded as deferred inflows of resources to indicate they do not represent current financial resources.

**E. *Prepays and Inventory***

Inventories are stated at cost (average cost per unit) for governmental funds. The cost is recorded as an expenditure/expense in the funds at the time individual inventory items are consumed, rather than purchased. Inventories of governmental funds are offset by nonspendable fund balance to indicate they do not constitute resources available for future appropriation.

Prepaid items are also recognized under the consumption method. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

**F. *Capital Assets***

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Provision is made for depreciation using the straight-line method over the estimated useful lives of the assets, which range from three to forty years. It is the Agency's policy to capitalize all capital assets with an initial cost of more than \$5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the statement of activities.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***F. Capital Assets, Continued***

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The Agency has assigned the useful lives listed below to capital assets:

Type	Useful Life
Buildings and improvements	40 years
Land improvements	25 - 30 years
Water monitoring equipment	5 - 10 years
Machinery and field equipment	5 - 15 years
Furniture, fixtures, and office equipment	3 - 10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

***G. Unearned Revenues***

Unearned revenues arise when resources are received by the Agency before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Agency has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

***H. Compensated Absences***

The Agency's policy allows employees to accumulate earned but unused vacation and administrative leave which will be paid to employees upon separation of service from the Agency. The policy also allows employees to receive payment for one-half of their accumulated sick leave upon retirement. Vested or accumulated vacation and sick leave are accrued in the government-wide statements as the benefits accrue to employees. However, a liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

***I. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**J. Net Position and Fund Balance**

**Government-Wide Financial Statements**

Net position is the excess of all the Agency's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined at the government-wide level, and are described below:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints place on the use either by (1) external groups such as creditors, granters, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - Unrestricted net position represents resources derived from taxes, grants, and charges for services. These resources are used for transactions relating to the general operations of the Agency, and may be used at the discretion of the Board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Agency's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

**Fund Financial Statements**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, granters, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - Amounts representing the residual classification for the general fund and residual negative fund balance of special revenue and capital project funds.

Detail about the Agency's fund balance classifications at June 30, 2022 is described in Note 6.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**K. Property Taxes**

Property taxes are assessed and collected by Solano County (the County). The County remits the property taxes to the Agency when the taxes are collected and the allocation has been determined. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, are payable in two installments, and become delinquent if not paid by December 10 or April 10. The Agency has elected to receive the property taxes from the County under the Teeter Program. Under this program, the Agency receives 100% of the levied property taxes in periodic payments with the County assuming responsibility for delinquencies.

**L. Pension**

For purposes of measuring the net pension (asset) liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**M. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles required that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

**N. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**O. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

In 2022, the Agency adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

**GASB Statement No. 87 – Leases** – The objective of this statement is to recognize in the financial statements certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement did not apply to the Agency for the current fiscal year.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***O. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements, Continued***

**GASB Statement No. 89** – Construction-Period Interest – The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement did not apply to the Agency for the current fiscal year.

**GASB Statement No. 92** – Omnibus 2020 – The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement did not apply to the Agency for the current fiscal year.

**GASB Statement No. 93** – LIBOR removal and lease modifications – The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement did not apply to the Agency for the current fiscal year.

**GASB Statement No. 97** - Certain Component Unit Criteria, And Accounting And Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment Of GASB Statements No. 14 And No. 84, And A Supersession Of GASB Statement No. 32 - The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Agency has elected to early implement the provisions of this Statement during last fiscal year.

**GASB Statement No. 98** – The Annual Comprehensive Financial Report – This statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in the generally accepted accounting principles for state and local governments. The Agency has elected to early implement the provisions of this Statement during last fiscal year.

**GASB Statement No. 99** – Omnibus - 2022 – The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement did not apply to the Agency for the current fiscal year.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**2. CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

Cash and investments consisted of the following at June 30, 2022:

Deposits with financial institutions	\$ 304,860
Petty cash	461
Total cash on hand and deposits	305,321
Local Agency Investment Fund (LAIF)	22,964,840
California Asset Management Program (CAMP)	30,232,628
Certificates of deposit	6,417,943
Money market funds	5,896
Total investments	59,621,307
Total Cash and Investments	\$ 59,926,628

**B. Deposits**

The carrying amount of the Agency's cash deposit was \$304,860 as of June 30, 2022. Bank balances before reconciling items were a positive amount of \$ 917,185 at June 30, 2022. The Agency's cash deposit was fully insured up to \$250,000 by the Federal Deposit Insurance Commission. The remaining amount was collateralized with securities held by the pledging financial institutions.

The California Government Code (Code) Section 53652 requires California banks and savings and loan associations to secure the Agency's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor.

Fair value of pledged securities must equal at least 110% of the Agency's cash deposits. California law also allows institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the Agency's total cash deposits.

The Agency follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**C. Investments Authorized by the Code and the Agency's Investment Policy**

California statutes authorize agencies to invest in idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The Agency is authorized, by its Board of Directors, to invest its cash in the State of California's Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), the Solano County Investment Pool, or Federal Depository Insurance Corporation (FDIC) insured accounts in a bank or savings and loan association. The Agency's investment policy does not contain any specific provisions intended to limit the Agency's exposure to interest rate risk, credit risk, concentration of credit risk, or custodial credit risk.



**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**2. CASH AND INVESTMENTS, Continued**

**C. *Investments Authorized by the Code and the Agency's Investment Policy, Continued***

The Agency's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally, the Agency's practice is to buy and hold investments until maturity dates. Consequently, the Agency's investments are carried at fair value.

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. The Agency's investments with LAIF at June 30, 2022 include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as collateralized mortgage obligations) or credit card receivables.

At June 30, 2022, the Agency had \$22,964,840 invested in LAIF, which had invested 1.88% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.31% in the previous year. The LAIF fair value factor of 0.987125414 was used to calculate the fair value of the investments in LAIF.

The Agency is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Section 6500 et Seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The Agency reports its investments in CAMP at the amortized cost provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2022 the fair value was approximate to the Agency's cost.

The Agency, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the Agency may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

At June 30, 2022, the Agency's investment with CAMP were \$30,232,628.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

**2. CASH AND INVESTMENTS, Continued**

**D. Risk Disclosures**

**Interest Rate Risk:** Interest rate risk is the market value fluctuation due to overall changes in the interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency had no investments that were highly sensitive to interest rate fluctuations at June 30, 2022.

Information held by the Agency grouped by maturity date at June 30, 2022 are shown below:

Investment Type	Total	Remaining Maturity	
		1 Year or Less	1-5 Years
Local Agency Investment Fund (LAIF)	\$ 22,964,840	\$ 22,964,840	\$ -
California Asset Management Program (CAMP)	30,232,628	30,232,628	-
Certificates of deposit	6,417,943	1,706,524	4,711,419
Money market funds	5,896	5,896	-
Total Investments	<u>\$ 59,621,307</u>	<u>\$ 54,909,888</u>	<u>\$ 4,711,419</u>

**Credit Risk:** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF and CAMP do not have a rating provided by a nationally recognized rating organization. The Agency's certificates of deposit and money market funds are not rated.

**Concentration Risk:** The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

**Custodial Credit Risk:** Custodial credit risk for deposits is the risk that, in the event of a failure of the depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

**2. CASH AND INVESTMENTS, Continued**

**E. Investment Valuation**

Investments (except for money and market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2022 are described below.

Investment Type	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Certificates of deposits (negotiable)	\$ 6,417,943	\$ -	\$ 6,417,943	\$ -
Total investments subject to fair value	6,417,943	\$ -	\$ 6,417,943	\$ -

**Investments not subject to levelling disclosure:**

Money market funds	5,896
Local Agency Investment Fund (LAIF)	22,964,840
California Asset Management Program (CAMP)	30,232,628
Total Investments	<u>\$ 59,621,307</u>

Level 2 inputs are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means.

**3. ACCOUNTS AND GRANTS RECEIVABLE**

The Agency's receivables at June 30, 2022 consisted of the following:

Water sales receivable	\$ 369,130
Miscellaneous receivable	55,337
Grants receivable	<u>549,198</u>
Total receivables	<u>\$ 973,665</u>

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

**4. CAPITAL ASSETS**

The Agency's capital asset activity for the year ended June 30, 2022 as follows:

	Balance at June 30, 2021	Additions	Retirements	Transfers	Balance at June 30, 2022
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 8,746,401	\$ 1,572,313		\$ 210,500	\$10,529,214
Construction-in-progress	259,286	103,051	-	(210,500)	151,837
Total capital assets not being depreciated	9,005,687	1,675,364	-	-	10,681,051
Capital assets being depreciated					
Land improvements	2,535,494	-	-	-	2,535,494
Buildings	2,732,716	-	-	-	2,732,716
Water monitoring equipment	2,374,427	77,089	-	-	2,451,516
Machinery and field equipment	3,152,050	538,010	-	-	3,690,060
Furniture, fixtures, and office equipment	364,136	61,439	-	-	425,575
Total capital assets being depreciated	11,158,823	676,538	-	-	11,835,361
Accumulated depreciation					
Land improvements	966,680	50,710	-	-	1,017,390
Buildings	469,777	97,122	-	-	566,899
Water monitoring equipment	1,274,282	115,263	-	-	1,389,545
Machinery and field equipment	1,901,158	330,620	-	-	2,231,778
Furniture, fixtures, and office equipment	119,145	45,139	-	-	164,284
Total accumulated depreciation	4,731,042	638,854	-	-	5,369,896
Net depreciable assets	6,427,781	37,684	-	-	6,465,465
Total capital assets, net	\$15,433,468	\$ 1,713,048	\$ -	\$ -	\$17,146,516

Depreciation expense for the year ended June 30, 2022 was charged to functions as follows:

Governmental activities:	
Solano Project	\$ 520,753
State Water Project	10,005
Ulati Flood Control Project	108,096
Total depreciation expense	\$ 638,854

**5. LONG-TERM DEBT**

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

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due in One Year	Due in More Than One Year
Equipment Finance Purchase	\$ 98,112	\$ -	\$ (13,647)	\$ 84,465	\$ 13,963	\$ 70,502

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

**5. LONG-TERM DEBT, Continued**

**Equipment Finance Purchase:**

On May 14, 2021, The Solano Irrigation District entered into an equipment finance purchase agreement in the amount of \$358,402 at 2.50% interest with Deere Credit, INC, to finance the purchase of a grader. Monthly principal and interest payments of \$4,745 are due starting June 2021 through June 2025. The Agency has agreed to a 28% cost share agreement of the lease obligation.

Debt service requirements are shown below:

Fiscal Year	Principal	Interest	Total
2023	\$ 13,963	\$ 1,953	\$ 15,916
2024	14,316	1,628	15,944
2025	56,186	1,266	57,452
Total	<u>\$ 84,465</u>	<u>\$ 4,847</u>	<u>\$ 89,312</u>
Due in one year	<u>\$ 13,963</u>		
Due in more than one year	<u>\$ 70,502</u>		

**6. COMPENSATED ABSENCES**

The following is a summary of the changes in the Agency's compensated absences for the year ended June 30, 2022:

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Current Portion
Governmental activities:					
Compensated absences	<u>\$ 371,236</u>	<u>\$ 201,298</u>	<u>\$ (240,069)</u>	<u>\$ 332,465</u>	<u>\$ 184,561</u>

**7. FUND BALANCE**

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The Board of Directors, as the Agency's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal action. Committing fund balance is accomplished by approval of an action item by the Board of Directors. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use through the same type of formal action taken to establish the commitment.

Assigned fund balances are amounts that are constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed. The Agency has delegated the authority to assign fund balance to the General Manager.

The accounting policies of the Agency consider restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Agency considers committed amounts to be reduced first, followed by assigned amounts, and unassigned amounts.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

**7. FUND BALANCE, Continued**

As of June 30, 2022, fund balances were comprised of the following:

	Solano Project	State Water Project	Ulati Flood Control	Green Valley Flood Control	Total Governmental Funds
Nonspendable:					
Prepays	\$ 49,469	\$ -	\$ -	\$ -	\$ 49,469
Inventory	24,183	-	-	-	24,183
Total nonspendable	73,652	-	-	-	73,652
Restricted:					
Special projects	-	29,284,120	9,296,409	338,121	38,918,650
Assigned:					
Capital projects	3,250,000	-	-	-	3,250,000
Unassigned	16,325,296	-	-	-	16,325,296
Total fund balance	\$ 19,648,948	\$ 29,284,120	\$ 9,296,409	\$ 338,121	\$ 58,567,598

**8. ADMINISTRATIVE AND GENERAL EXPENDITURES**

The following is a summary of administration and general expenditures of the fund financial statements by natural classification for the year ended June 30, 2022:

Salaries and benefits	\$ 3,507,340
Professional services	713,781
Dues and memberships	164,351
Public education	413,976
Property tax administration fee	154,105
Governmental advocacy	156,000
Office equipment	77,210
Office expense	75,163
Telephone	40,314
Insurance	78,309
Watermaster services	26,980
Fuel	33,284
Board expense	21,071
Talent decision monitoring	15,804
Miscellaneous	38,948
Overhead reallocation	(32,155)
Total	\$ 5,484,481

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**9. DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

All qualified permanent full and part-time Agency employees working at least 1,000 hours per year are eligible to participate in the Agency's cost-sharing multiple-employer defined benefit pension plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Agency sponsors two rate plans (both miscellaneous). Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**B. Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Active members belonging to the Classic Plan are required to contribute 7% of their annual covered salary. Active members belonging to the PEPRA plan are required to contribute 6.25% of their annual covered salary. The Agency makes the contributions required of the Classic employees on their behalf and for their account.

The rate plan provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous - Classic	Miscellaneous - PEPRA
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	6.910%	6.750%
Required employer contribution rates	10.880%	7.590%
Required UAL payment	\$22,351	\$4,208

**C. Contributions**

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

The Agency's required contributions to the Plan for the measurement period ended June 30, 2021 were \$408,211.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

**9. DEFINED BENEFIT PENSION PLAN, Continued**

***D. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions***

As of June 30, 2022, the Agency reported a net pension asset of \$1,271,785 for its proportionate share of the net pension (asset) liability of the Plan.

The Agency's net pension (asset) liability for the Plan is measured as the proportionate share of the net pension (asset) liability. The net pension (asset) liability of the Plan is measured as of June 30, 2021, and the total pension (asset) liability for the Plan used to calculate the net pension (asset) liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The Agency's proportion of the net pension(asset) liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension (asset) liability of the Plan as of June 30, 2020 and 2021 was as follows:

Proportion - June 30, 2020	0.00111%
Proportion - June 30, 2021	-0.02352%
Change - Increase (Decrease)	<u>-0.02463%</u>

For the year ended June 30, 2022, the Agency recognized pension expense (income) of \$(2,022,011) which included employer paid member contributions for the Classic Plan. At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 232,617	\$ -
Differences between expected and actual experience	-	142,617
Changes in employer's proportion	127,136	329,708
Differences between the employer's contribution and the employer's proportionate share of contributions	417,763	-
Net differences between projected and actual earnings on plan investments	1,110,201	-
Total	<u>\$ 1,887,717</u>	<u>\$ 472,325</u>



**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

**9. DEFINED BENEFIT PENSION PLAN, Continued**

**D. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued**

The amount of \$232,617 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset) liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2023	\$ 303,151
2024	288,739
2025	284,083
2026	306,802

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2020 valuations were determined using the following actuarial assumptions:

Valuation Date	Jun 30, 2020
Measurement Date	Jun 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

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

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

**9. DEFINED BENEFIT PENSION PLAN, Continued**

**D. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued**

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class <sup>(1)</sup>	Asset Class Allocation	Real Return Years 1 - 10 <sup>(2)</sup>	Real Return Years 11+ <sup>(3)</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)

(1) In the system's ACFR, Fixed Income is included in Global Debt Securities;

Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

**E. Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to Changes in the Discount Rate**

The following presents the Agency's proportionate share of the net pension (asset) liability for the Plan, calculated using the discount rate for the Plan, as well as what the Agency's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Net Pension (Asset) Liability	\$ (175,760)	\$ (1,271,785)	\$ (2,177,853)

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**9. DEFINED BENEFIT PENSION PLAN, Continued**

**F. Plan Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**G. Payable to the Pension Plan**

At June 30, 2022 the Agency reported a payable of \$0 for outstanding amount of contributions to the pension plan.

**10. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

The Agency provides postemployment healthcare benefits for retired employees in accordance with their published employee handbook.

**A. Description of the Plan**

The Solano County Water Agency Retirement Health Plan (the Health Plan) provides healthcare benefits for retired employees in accordance with the Agency's published employee handbook. The Health Plan is part of the California Employers' Retiree Benefit Trust (CERBT) plan, an agent multiple-employer plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating entities within the State of California. The Agency provides certain medical insurance coverage to all employees who retire from the Agency and meet the age and service requirement for eligibility. The Agency pays 100% of the eligible retirees' medical plan premiums up to \$12,500 per year. There are no separate financial statements issued for the Health Plan.

**B. Employees Covered**

As of the June 30, 2021 measurement date, the following current and former employees were covered by the benefit terms under the Health Plan:

	Number of Covered Participants
Inactives currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	-
Active employees	21
Total	23

**C. Contributions**

The contribution requirements of plan members and the Agency are based on a pay-as-you-go basis. For the measurement period ended June 30, 2021, the Agency paid \$15,237 on behalf of its retirees, administrative expenses of \$42, and the estimated implied subsidy was \$8,000. In addition, in fiscal year 2019, the Agency's Board approved to participate in CalPERS' California Employer's Retiree Benefit Trust (CERBT). Contributions made to the CERBT trust for the measurement period ended June 30, 2021 totaled \$54,119. Total payments for the measurement period ended June 30, 2021 were \$78,391.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

**10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

**D. Net OPEB Asset**

The Agency's net OPEB asset was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2020 to determine the June 30, 2021 total OPEB liability, based on the following actuarial assumptions:

Valuation Date	Jun 30, 2020
Measurement Date	Jun 30, 2021
Contribution Policy	Agency contributes full ADC
Discount Rate	5.75% at June 30, 2021 6.25% at June 30, 2020
Expected Long-Term Rate of Return on Investments	Expected Agency contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.75% annually
Mortality, Retirement, Disability,	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Salary Increases	Aggregate - 3% annually Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4% in 2076 Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4% in 2076
Healthcare Participation	100%
Cap Increases	2% increase annually commencing in 2021

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class Component	Target Allocation * CERBT - Strategy 2	Expected Real Rate of Return
Global Equity	40.00%	4.82%
Fixed Income	43.00%	1.47%
TIPS	5.00%	1.29%
Commodities	4.00%	0.84%
REITs	8.00%	3.76%
Assume Long-term Rate of Inflation		2.75%
Expected Long-term Net Rate of Return, Rounded		5.75%

\*CalPERS approved new CERBT asset allocations in March 2022. Estimated impact is an increase to the expected long-term rate of return assumption for CERBT Strategy 2 of 0.25%

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

**10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

**E. Discount Rate**

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the Agency's contributions are projected to keep sufficient plan assets to pay all benefits from the trust.

**F. Changes in the Net OPEB Asset**

The changes in the net OPEB asset for the Health Plan are as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset) Liability
Balance at June 30, 2021 (Measurement date of June 30, 2020)	\$ 1,429,869	\$ 1,964,365	\$ (534,496)
Changes recognized for the measurement period:			
Service cost	118,917	-	118,917
Interest	96,041	-	96,041
Actual versus expected experience	-	-	-
Assumption changes	127,170	-	127,170
Contributions - employer	-	78,391	(78,391)
Net investment income	-	389,272	(389,272)
Benefit payments	(24,243)	(24,243)	-
Administrative expenses	-	(750)	750
Net changes	317,885	442,670	(124,785)
Balance at June 30, 2022 (Measurement date of June 30, 2021)	\$ 1,747,754	\$ 2,407,035	\$ (659,281)

**G. Sensitivity of the Net OPEB Asset to Changes in the Discount Rate**

The following table presents the net OPEB asset of the Agency if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2021:

	Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
Net OPEB (Asset) Liability	\$ (358,490)	\$ (659,281)	\$ (900,670)

**H. Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate**

The following table presents the net OPEB asset of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2021:

	1% Decrease	Current Trend	1% Increase
Net OPEB (Asset) Liability	\$ (827,826)	\$ (659,281)	\$ (516,076)

**I. OPEB Plan Fiduciary Net Position**

CERBT issues a publicly available financial report that may be obtained from the California Public Employees' Retirement System at 400 Q Street, Sacramento, CA 95811.

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

**10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

**J. Recognition of Deferred Outflows/Inflows of Resources**

Gains and losses related to changes in the total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5.0 years
Straight line amortization over the expected average remaining service lifetime (EARSL) of all members as of the beginning of the measurement period	11.3 years

**K. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2022, the Agency recognized OPEB income of \$7,366. As of the June 30, 2022, the Agency reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 23,279	\$ -
Differences between expected and actual experience	-	329,200
Changes in assumptions	115,916	207,076
Net differences between projected and actual earnings on plan investments	-	198,631
Total	<u>\$ 139,195</u>	<u>\$ 734,907</u>

\$23,279 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset during the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2023	\$ (99,471)
2024	(107,431)
2025	(104,166)
2026	(108,255)
2027	(55,173)
Thereafter	(144,495)

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**11. DEFERRED COMPENSATION PLAN**

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Agency is in compliance with this legislation. Therefore, these assets are not the legal property of the Agency and are not subject to claims of the Agency's general creditors.

In the year 2021, The Agency has evaluated the requirements of GASB Statement No. 84, Fiduciary Activities and GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans and determined that plan didn't meet the criteria to be reported as a fiduciary activity, as required by the above mentioned Statements. Moreover, the plan is classified as other employee benefits for financial reporting purposes.

**12. RISK MANAGEMENT**

The Agency participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a public entity risk pool of water agencies in California, for general, automobile, public officials' errors and omissions, property, fidelity, workers' compensation liability, and employers' liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group-purchases commercial excess insurance is obtained. Loss contingency reserves established by the JPIA are funded by contributions from member agencies. The Agency pays an annual premium to the JPIA that includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the JPIA.

The Agency's maximum coverage under the JPIA is as follows

	Pool Coverage	Commercial Coverage
General and auto liability	\$ 5,000,000	\$ 55,000,000
Public officials and omissions liability	5,000,000	55,000,000
Cyber liability	3,000,000	3,000,000
Property	100,000	500,000,000
Crime	100,000	None
Workers' compensation liability	2,000,000	Statutory

**Solano County Water Agency**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2022**

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**13. CONTINGENCIES AND COMMITMENTS**

The Agency periodically enters into commitments which are funded primarily through state grants. The grants are typically for various projects such as rehabilitation, betterment, and maintenance. At June 30, 2022, the Agency had no commitments on unfinished contracts.

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Agency expects such amounts, if any, to be immaterial.

The Agency has been named a real party in interest in two actions filed in 2010 against the California Department of Water Resources. The actions allege violation of the California Environmental Quality Act. No estimates of liability or conclusions have been or can be reached relative to the impact of this action; however, there can be no assurance that this matter will not adversely affect the Agency's financial position.

**14. SUBSEQUENT EVENT**

***Acquisition of capital assets:***

On December 19th, 2022, SCWA purchased Office Condo Suite 202, at 810 Vaca Valley Parkway, Solano Irrigation District, per Board Action Items of September 2021, February 2022, April 2022, and November 10th, 2022, for an additional investment of \$2,154,000.00. After exchanging the original Office Condo Suite, 203, within the purchase, SCWA spent \$1,127,001 from Reserves. SCWA will take ownership of the Suite soon, building and Tennant improvements will commence, and we should be able to move in by the end of fiscal year 2023, at which time SCWA will relinquish ownership of Office Condo Suite 203.

In addition to having more needed space, the purchase of the new Office Condo Space, SWA will no longer be "owner in common" with Solano Irrigation District.



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# **REQUIRED SUPPLEMENTARY INFORMATION**

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# Solano County Water Agency

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### Solano Project

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Property taxes	\$ 11,470,000	11,547,415	\$ 11,795,163	\$ 247,748
Charges for services	225,500	93,000	236,756	143,756
Investment earnings	75,290	42,285	(143,787)	(186,072)
Intergovernmental	473,000	145,000	52,179	(92,821)
Other revenues	781,446	47,646	46,610	(1,036)
<b>Total revenues</b>	<b>13,025,236</b>	<b>11,875,346</b>	<b>11,986,921</b>	<b>111,575</b>
<b>EXPENDITURES:</b>				
Current:				
Water purchases	174,000	156,885	156,885	-
Operations and maintenance	6,393,836	4,598,232	4,504,347	93,885
Administration and general	4,754,324	4,527,748	4,072,860	454,888
Conservation and flood control	1,291,500	757,026	810,779	(53,753)
Engineering	2,232,863	1,343,420	1,307,244	36,176
Capital outlay	3,587,674	1,359,380	555,333	804,047
Debt service:				
Principal	-	-	13,647	(13,647)
Interest and fiscal charges	-	-	2,297	(2,297)
<b>Total expenditures</b>	<b>18,434,197</b>	<b>12,742,691</b>	<b>11,423,392</b>	<b>1,319,299</b>
<b>Net change in fund balances</b>	<b>\$ (5,408,961)</b>	<b>\$ (867,345)</b>	<b>563,529</b>	<b>\$ 1,430,874</b>
<b>FUND BALANCE:</b>				
Beginning of year			19,085,419	
End of year			<u>\$ 19,648,948</u>	

# Solano County Water Agency

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual State Water Project For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Property taxes	\$ 15,374,810	\$ 15,489,780	\$ 15,570,024	\$ 80,244
Charges for services	2,278,100	2,295,037	3,467,620	1,172,583
Investment earnings	93,000	63,695	(206,913)	(270,608)
Other revenues	23,242	23,000	18,241	(4,759)
<b>Total revenues</b>	<b>17,769,152</b>	<b>17,871,512</b>	<b>18,848,972</b>	<b>977,460</b>
<b>EXPENDITURES:</b>				
Current:				
Water purchases	12,725,577	12,773,785	12,982,683	(208,898)
Operations and maintenance	1,527,000	723,500	533,439	190,061
Administration and general	1,855,460	1,532,473	1,329,233	203,240
Conservation and flood control	456,000	340,000	390,127	(50,127)
Engineering	444,000	132,700	150,479	(17,779)
Capital outlay	2,376,097	1,582,847	1,796,569	(213,722)
<b>Total expenditures</b>	<b>19,384,134</b>	<b>17,085,305</b>	<b>17,182,530</b>	<b>(97,225)</b>
<b>Net change in fund balances</b>	<b>\$ (1,614,982)</b>	<b>\$ 786,207</b>	<b>1,666,442</b>	<b>\$ 880,235</b>
<b>FUND BALANCE:</b>				
Beginning of year			27,617,678	
End of year			<u>\$ 29,284,120</u>	

# Solano County Water Agency

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### Ulatis Flood Control

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Property taxes	\$ 1,607,700	\$ 1,780,550	\$ 1,813,796	\$ 33,246
Investment earnings	23,411	20,100	(65,132)	(85,232)
Other revenues	8,000	7,651	7,652	1
<b>Total revenues</b>	<b>1,639,111</b>	<b>1,808,301</b>	<b>1,756,316</b>	<b>(51,985)</b>
<b>EXPENDITURES:</b>				
Current:				
Operations and maintenance	1,308,500	809,000	838,737	(29,737)
Administration and general	199,327	152,582	80,231	72,351
Capital outlay	73,480	-	-	-
<b>Total expenditures</b>	<b>1,581,307</b>	<b>961,582</b>	<b>918,968</b>	<b>42,614</b>
<b>Net change in fund balances</b>	<b>\$ 57,804</b>	<b>\$ 846,719</b>	<b>837,348</b>	<b>\$ (9,371)</b>
<b>FUND BALANCE:</b>				
Beginning of year			8,459,061	
End of year			<b>\$ 9,296,409</b>	

# Solano County Water Agency

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### Green Valley Flood Control

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Property taxes	\$ 148,000	\$ 128,672	\$ 130,597	\$ 1,925
Investment earnings	1,150	820	(2,485)	(3,305)
<b>Total revenues</b>	<u>149,150</u>	<u>129,492</u>	<u>128,112</u>	<u>(1,380)</u>
<b>EXPENDITURES:</b>				
Current:				
Operations and maintenance	93,000	46,000	146,651	(100,651)
Administration and general	53,840	17,302	2,157	15,145
<b>Total expenditures</b>	<u>183,580</u>	<u>63,302</u>	<u>148,808</u>	<u>(85,506)</u>
<b>Net change in fund balances</b>	<u>\$ (34,430)</u>	<u>\$ 66,190</u>	<u>(20,696)</u>	<u>\$ (86,886)</u>
<b>FUND BALANCE:</b>				
Beginning of year			358,817	
End of year			<u>\$ 338,121</u>	

**Solano County Water Agency**  
**Required Supplementary Information**  
**For the year ended June 30, 2022**

**1. DEFINED BENEFIT PENSION PLAN**

***Schedule of the Agency's Proportionate Changes in the Net Pension Liability - Last 10 Years\****

Fiscal year	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	-0.02352%	0.00111%	0.00617%	0.01191%	0.01260%	0.01160%	0.01076%	0.01200%
Proportionate share of the net pension liability	\$ (1,271,785)	\$ 120,405	\$ 631,837	\$ 1,147,699	\$ 1,205,732	\$ 1,003,309	\$ 738,680	\$ 751,756
Covered payroll	\$ 2,228,391	\$ 2,070,399	\$ 1,957,657	\$ 1,720,043	\$ 1,430,395	\$ 1,297,221	\$ 1,274,487	\$ 1,165,322
Proportionate Share of the net pension liability as a percentage of covered payroll	-57.07%	5.82%	32.28%	66.73%	84.29%	77.34%	57.96%	64.51%
Plan fiduciary net position as a percentage of the total pension liability	88.29%	75.26%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

***Schedule of Contributions - Last 10 Years\****

Fiscal year	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 232,617	\$ 234,042	\$ 269,459	\$ 247,357	\$ 206,719	\$ 174,564	\$ 155,648	\$ 169,520
Contribution in relation to the actuarially determined contributions	232,617	408,211	897,112	867,061	206,719	174,564	155,648	169,520
Contribution deficiency (excess)	\$ -	\$ (174,169)	\$ (627,653)	\$ (619,704)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,403,151	\$ 2,228,391	\$ 2,070,399	\$ 1,957,657	\$ 1,720,043	\$ 1,430,395	\$ 1,297,221	\$ 1,274,487
Contributions as a percentage of covered payroll	9.68%	18.32%	43.33%	44.29%	12.02%	12.20%	12.00%	13.30%

**Notes to Schedule of Employer Contribution:**

Methods and Assumptions for 2020/21 ADC:

Valuation Date	June 30, 2019
Actuarial cost method	Entry Age Normal, cost method
Amortization method	Varies by date established and source
Remaining amortization period	Differs by employer rate plan but not more than 29 years
Asset valuation method	Market Value of Assets
Discount rate	7% (net of administrative expenses)
General Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

\* Fiscal year 2015 was the 1st year of implementation.

**Solano County Water Agency**  
**Required Supplementary Information**  
**For the year ended June 30, 2022**

**2. OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES**

***Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Years\****

<b>Fiscal year</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Measurement Period:</b>	<b>6/30/2021</b>	<b>6/30/2020</b>	<b>6/30/2019</b>	<b>6/30/2018</b>	<b>6/30/2017</b>
<b>Total OPEB Liability</b>					
Service cost	\$ 118,917	\$ 156,836	\$ 152,268	\$ 158,962	\$ 153,958
Interest	96,041	107,879	93,449	100,328	86,953
Actual versus expected experience	-	(169,906)	-	(300,000)	-
Assumption changes	127,170	(223,339)	-	(37,883)	-
Benefit payments	(24,243)	(21,657)	(17,149)	(32,435)	(31,389)
<b>Net change in the total OPEB liability</b>	<b>317,885</b>	<b>(150,187)</b>	<b>228,568</b>	<b>(111,028)</b>	<b>209,522</b>
<b>Total OPEB liability - beginning</b>	<b>1,429,869</b>	<b>1,580,056</b>	<b>1,351,488</b>	<b>1,462,516</b>	<b>1,252,994</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 1,747,754</b>	<b>\$ 1,429,869</b>	<b>\$ 1,580,056</b>	<b>\$ 1,351,488</b>	<b>\$ 1,462,516</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 78,391	\$ 144,037	\$ 147,479	\$ 782,435	\$ 761,389
Contributions - employee	-	-	-	-	-
Net investment income	389,272	91,952	113,156	26,139	3,246
Benefit payments	(24,243)	(21,657)	(17,149)	(32,435)	(31,389)
Administrative expense	(750)	(918)	(368)	(1,514)	(38)
<b>Net change in the total OPEB liability</b>	<b>442,670</b>	<b>213,414</b>	<b>243,118</b>	<b>774,625</b>	<b>733,208</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,964,365</b>	<b>1,750,951</b>	<b>1,507,833</b>	<b>733,208</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 2,407,035</b>	<b>\$ 1,964,365</b>	<b>\$ 1,750,951</b>	<b>\$ 1,507,833</b>	<b>\$ 733,208</b>
<b>Net OPEB (asset) liability - ending (a) - (b)</b>	<b>\$ (659,281)</b>	<b>\$ (534,496)</b>	<b>\$ (170,895)</b>	<b>\$ (156,345)</b>	<b>\$ 729,308</b>
<b>Plan fiduciary net position as a percentage of percentage of the total OPEB liability</b>	<b>137.72%</b>	<b>137.38%</b>	<b>110.82%</b>	<b>111.57%</b>	<b>50.13%</b>
<b>Covered employee payroll</b>	<b>\$ 2,335,366</b>	<b>\$ 2,138,043</b>	<b>\$ 1,983,872</b>	<b>\$ 1,709,111</b>	<b>\$ 1,479,245</b>
<b>Net OPEB (asset) liability as a percentage of covered employee payroll</b>	<b>-28.23%</b>	<b>-25.00%</b>	<b>-8.61%</b>	<b>-9.15%</b>	<b>49.30%</b>

**Notes to Schedule:**

Changes in assumptions:

For the measurement period ended June 30, 2019, there were no changes actuarial assumptions.

For the measurement period ended June 30, 2020, there were the following changes in assumptions:

Reduced cap increase to 2% annually commencing in 2021

Removed ACA Excise Tax

Mortality improvement scale was updated to scale MP-2019

For the measurement period ended June 30, 2021 discount rate was updated based on newer capital market assumptions. CalPERS approved new CERBT asset allocations in March 2022. Estimated impact is an increase to the expected long-term rate of return assumption for CERBT Strategy 2 of 0.25%.

\* Fiscal year 2018 was the 1st year of implementation.



**Solano County Water Agency**  
**Required Supplementary Information**  
**For the year ended June 30, 2022**

**2. OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES, Continued**

***Schedule of Plan Contributions - Last 10 Years\****

<b>Fiscal Year Ended June 30</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution (ADC)	\$ 86,566	\$ 83,961	\$ 156,236	\$ 151,562	\$ 32,435
Contributions in relation to the ADC	23,279	78,391	144,037	147,479	782,435
Contribution deficiency (excess)	<u>\$ 63,287</u>	<u>\$ 5,570</u>	<u>\$ 12,199</u>	<u>\$ 4,083</u>	<u>\$ (750,000)</u>
Covered employee payroll	\$ 2,538,874	\$ 2,335,366	\$ 2,138,043	\$ 1,983,872	\$ 1,709,111
Contributions as a percentage of covered employee payroll	0.92%	3.36%	6.74%	7.43%	45.78%

**Notes to Schedule of Employer Contribution:**

Methods and Assumptions for 2020/21 ADC:

Valuation Date	June 30, 2020
Actuarial cost method	Entry Age Normal, Level % of pay
Amortization method	Level % of pay
Amortization period	17-year fixed period for 2020/21
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount rate	6.25%
General Inflation	2.75%
Medical trend	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4% in 2076 Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4% in 2076
Motility	CalPERS 1997-2015 experience study
Mortality improvement	Mortality projected fully generational with Scale MP-2019

\* Fiscal year 2018 was the 1st year of implementation.

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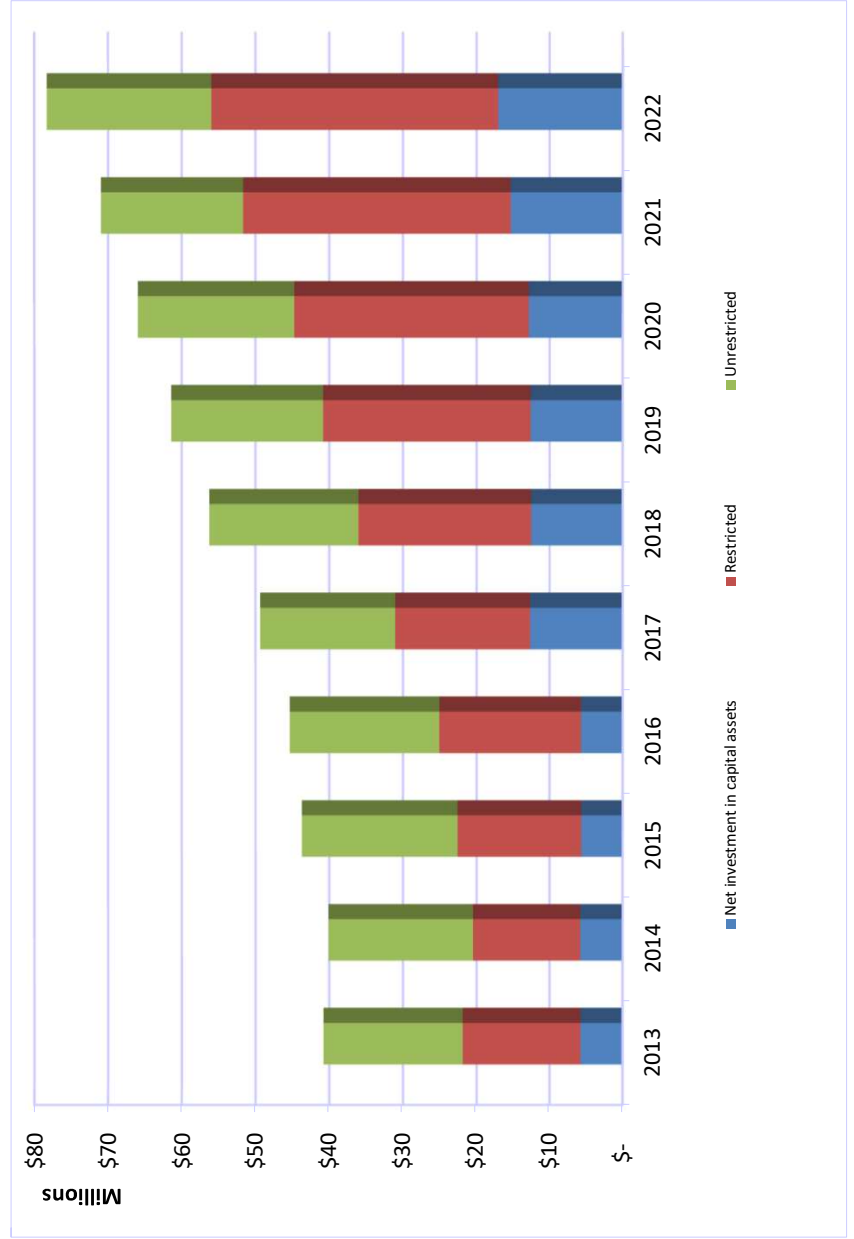
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## **STATISTICAL SECTION (Unaudited)**

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**SOLANO COUNTY WATER AGENCY**  
**TEN YEAR SUMMARY OF NET POSITION**  
Year ended June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>NET POSITION:</b>										
Net investment in capital assets	\$ 5,748,772	\$ 5,784,350	\$ 5,645,142	\$ 5,695,633	\$ 12,663,240	\$ 12,527,416	\$ 12,609,847	\$ 12,858,997	\$ 15,335,356	\$ 17,062,051
Restricted	16,125,338	14,708,627	16,940,933	19,372,547	18,375,277	23,489,894	28,224,034	31,878,555	36,330,420	38,918,650
Unrestricted	18,885,636	19,600,365	21,118,722	20,277,935	18,322,201	20,253,097	20,588,902	21,211,403	19,284,792	22,310,927
<b>TOTAL NET POSITION</b>	<b>\$ 40,759,746</b>	<b>\$ 40,093,342</b>	<b>\$ 43,704,797</b>	<b>\$ 45,346,115</b>	<b>\$ 49,360,718</b>	<b>\$ 56,270,407</b>	<b>\$ 61,422,783</b>	<b>\$ 65,948,955</b>	<b>\$ 70,950,568</b>	<b>\$ 78,291,628</b>



**SOLANO COUNTY WATER AGENCY**  
**TEN YEAR SUMMARY OF CHANGE IN NET POSITION**  
**Year ended June 30,**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses:</b>										
Solano Project	\$ 6,878,631	\$ 7,947,771	\$ 7,842,334	\$ 10,873,927	\$ 8,791,655	\$ 9,990,085	\$ 11,591,271	\$ 11,114,866	\$ 11,422,473	\$ 9,303,386
State Water Project	12,948,693	13,316,883	11,267,198	11,740,362	13,059,922	12,619,932	13,180,546	14,849,962	14,202,526	15,162,798
Ulatits Project	475,218	526,128	492,856	569,902	749,195	845,659	839,993	922,970	883,497	1,008,619
Green Valley Flood Control	75,645	48,738	82,593	51,106	38,131	46,853	162,824	106,279	67,854	145,859
Interest and fiscal charges	-	-	-	-	-	-	-	-	416	2,297
<b>TOTAL EXPENSES</b>	\$ 20,378,187	\$ 21,839,520	\$ 19,684,981	\$ 23,235,297	\$ 22,638,903	\$ 23,502,529	\$ 25,774,634	\$ 26,994,077	\$ 26,576,766	\$ 25,622,959
<b>Program Revenues:</b>										
Charges for Services	\$ 2,276,588	\$ 2,856,623	\$ 2,857,106	\$ 3,051,764	\$ 2,949,358	\$ 2,919,415	\$ 2,951,229	\$ 2,786,476	\$ 3,355,698	\$ 3,734,756
Operating Grants and Contributions	\$ 1,418,063	\$ 1,379,384	\$ 1,916,190	\$ 1,110,799	\$ 1,043,419	\$ 1,104,179	\$ 999,765	959,082	286,925	141,947
Capital Grants and Contribution								-	-	123,550
<b>General Revenues:</b>										
Property Taxes	16,752,464	16,905,773	19,211,278	20,592,430	22,454,976	25,607,346	25,745,116	26,752,979	27,478,627	29,309,581
Investment Earnings	59,423	31,336	33,942	121,622	205,753	415,234	1,069,972	897,398	171,005	(418,318)
Other revenues						53,590	160,928	124,314	286,124	72,503
<b>TOTAL REVENUES</b>	20,506,538	21,173,116	24,018,516	24,876,615	26,653,506	30,099,764	30,927,010	31,520,249	31,578,379	32,964,019
<b>CHANGE IN NET POSITION</b>	\$ 128,351	\$ (666,404)	\$ 4,333,535	\$ 1,641,318	\$ 4,014,603	\$ 6,597,235	\$ 5,152,376	\$ 4,526,172	\$ 5,001,613	\$ 7,341,060

**SOLANO COUNTY WATER AGENCY  
FUND BALANCE - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

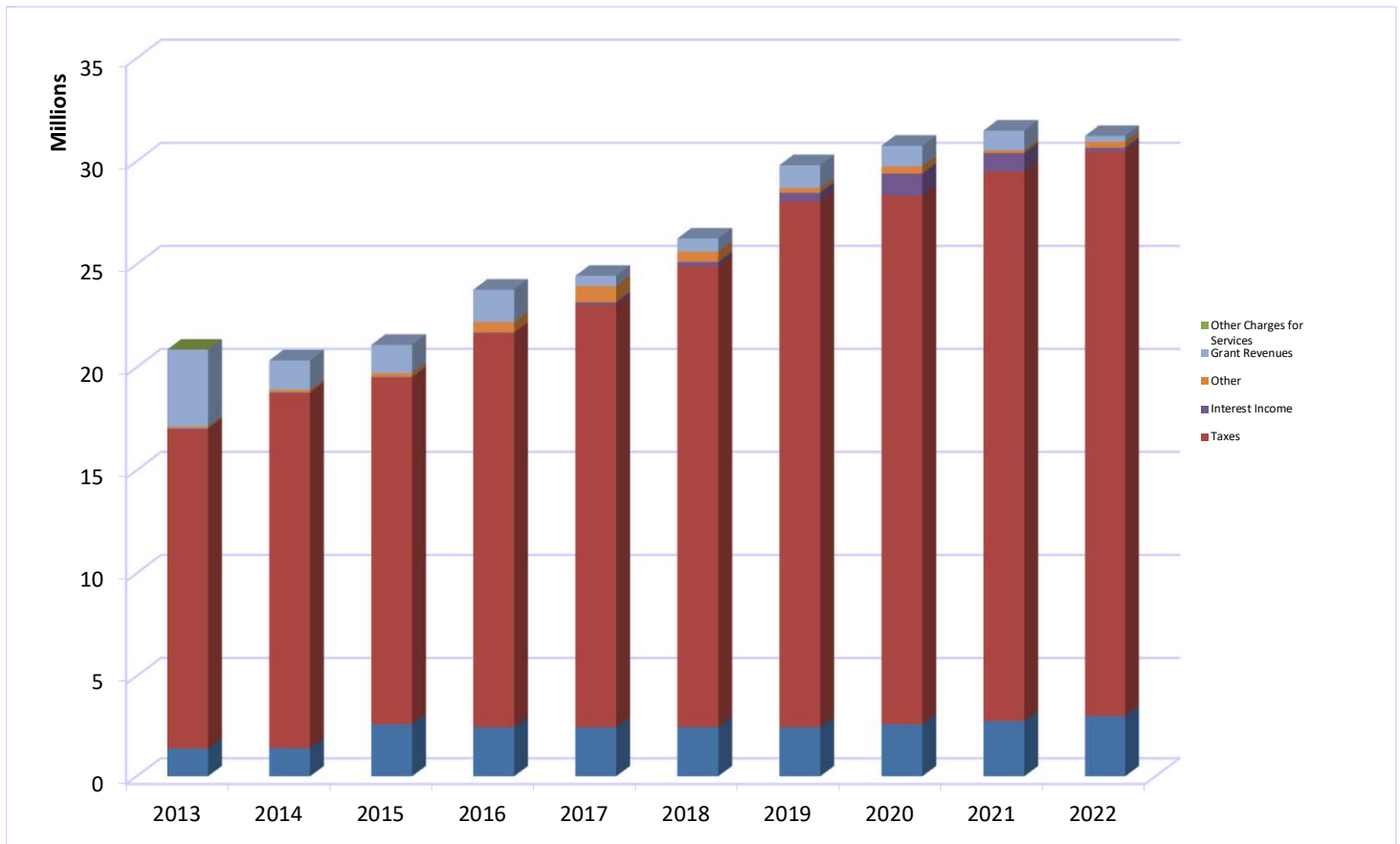
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund (Solano Project)</b>										
Nonspendable	\$ 687,250	\$ 538,870	\$ 688,117	\$ 695,188	\$ 612,965	\$ 247,685	\$ 77,066	\$ 62,378	\$ 63,600	\$ 73,652
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	14,464,013	15,407,055	8,880,454	8,880,454	340,426	3,165,000	3,250,000	3,250,000	3,250,000	3,250,000
Unassigned	4,549,371	4,807,479	12,862,550	12,155,515	18,510,292	17,465,429	17,539,198	17,716,205	15,771,819	16,325,296
<b>Total General Fund</b>	<b>\$ 19,700,634</b>	<b>\$ 20,753,404</b>	<b>\$ 22,431,121</b>	<b>\$ 21,731,157</b>	<b>\$ 19,463,683</b>	<b>\$ 20,878,114</b>	<b>\$ 20,866,264</b>	<b>\$ 21,028,583</b>	<b>\$ 19,085,419</b>	<b>\$ 19,648,948</b>
<b>All Other Governmental Funds:</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ 174,000	\$ -	\$ -	\$ 77,066	\$ -	\$ 105,136	\$ -
Restricted	16,155,442	14,494,223	16,940,933	19,372,547	18,375,277	23,489,894	-	31,878,555	36,330,420	38,918,650
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(52,735)	(7,384)	-	-	-	-	-	-	-	-
<b>Total Other Governmental Funds</b>	<b>\$ 16,102,707</b>	<b>\$ 14,486,839</b>	<b>\$ 16,940,933</b>	<b>\$ 19,546,547</b>	<b>\$ 18,375,277</b>	<b>\$ 23,489,894</b>	<b>\$ 77,066</b>	<b>\$ 31,878,555</b>	<b>\$ 36,435,556</b>	<b>\$ 38,918,650</b>
<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	<b>\$ 35,803,341</b>	<b>\$ 35,240,243</b>	<b>\$ 39,372,054</b>	<b>\$ 41,277,704</b>	<b>\$ 37,838,960</b>	<b>\$ 44,368,008</b>	<b>\$ 20,943,330</b>	<b>\$ 52,907,138</b>	<b>\$ 55,520,975</b>	<b>\$ 58,567,598</b>

**SOLANO COUNTY WATER AGENCY**  
**TEN YEAR SUMMARY OF CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
Year ended June 30,

<b>REVENUES:</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Taxes	17,319,710	16,905,774	19,211,277	20,592,430	22,454,977	25,607,346	25,745,117	26,752,979	27,478,626	29,309,580
Charges for services:										
Water Sales	1,398,952	2,594,108	2,444,535	2,443,675	2,451,389	2,452,701	2,588,338	2,759,430	3,011,233	3,560,828
Other charges for services	736,000	0	412,384	518,692	397,786	466,714	362,891	27,046	344,465	143,548
Grant Revenues	1,418,062	1,379,384	1,565,801	506,528	641,470	1,104,179	999,765	959,082	286,925	52,179
Investment Income	59,423	31,336	33,943	121,622	205,753	415,234	1,069,972	897,398	171,004	-418,317
Other operating revenue	141,657	179,715	514,614	778,159	502,132	232,845	354,810	124,314	286,126	72,503
Total revenues	21,073,804	21,090,317	24,182,554	24,961,106	26,653,508	30,279,019	31,120,893	31,520,249	31,578,379	32,720,321
<b>EXPENDITURES:</b>										
Salaries and Employee Benefits	1,714,063	1,862,271	2,186,190	2,170,678	3,099,414	3,447,128	3,850,069	3,990,229	3,499,176	3,507,340
Services and Supplies	748,347	773,405	681,606	819,576	786,125	834,637	999,124	1,058,703	916,790	1,314,259
Operations & Maintenance	2,781,724	2,001,933	2,395,978	2,808,756	3,111,607	3,275,489	3,861,414	3,948,207	2,837,840	2,880,916
LPCCC Operations	250,369	650,639	261,360	268,988	254,008	348,891	346,304	370,105	369,671	445,694
Pulask Creek Watershed Management							992,361	1,020,547	1,475,426	867,185
Rehab & Betterment	290,184	761,550	304,693	2,699,108	19,500	247,787	174,651	231,836	252,646	189,323
Water Purchases	11,179,540	11,639,635	9,069,737	10,112,942	11,508,929	11,115,387	11,150,619	12,117,028	12,292,000	12,982,683
Grant Expenditures	1,084,212	1,479,384	1,740,027	534,146	610,689	575,972	546,482	141,396	166,798	466,442
Flood Control	105,145	32,480	55,670	59,763	79,698	96,636	237,190	92,043	542,082	381,233
HCP Planning	406,686	431,181	421,134	372,337	387,888	438,018	532,134	550,679	533,999	698,466
Water Conservation	690,288	1,191,034	1,299,942	1,572,774	1,227,928	1,118,950	1,439,640	993,849	893,095	1,412,783
Consultants	1,121,917	872,800	888,800	1,212,424	1,582,067	1,948,936	1,735,694	2,406,373	2,123,773	2,159,527
Capital assets	155,264	372,598	206,735	423,943	7,424,398	302,139	532,919	782,415	3,158,942	2,351,902
Debt Service	-	-	-	-	-	-	-	-	2,657	15,944
Total operating expenditures	20,527,739	22,068,910	19,511,873	23,055,435	30,092,252	23,749,972	26,398,601	27,703,411	29,064,895	29,673,698
<b>OTHER FINANCING SOURCES (USES)</b>										
Capital lease financing	-	-	-	-	-	-	-	-	100,353	-
<b>NET CHANGE IN FUND BALANCE</b>	546,065	-978,593	4,670,681	1,905,670	-3,438,744	6,529,047	4,722,292	3,816,838	2,613,837	3,046,623
Debt service as a percentage of noncapital expenditure	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%

**SOLANO COUNTY WATER AGENCY  
REVENUE BY SOURCE LAST TEN FISCAL YEARS**

Year Ended June 30,	Total	Charges for Services		Taxes	Grant Revenues	Interest Income	Other
		Water Sales	Other Charges for Services				
2013	\$ 21,073,784	2,373,203	(238,271)	17,319,710	1,418,062	59,423	141,657
2014	\$ 21,090,317	2,594,108	-	16,905,774	1,379,384	31,336	179,715
2015	\$ 24,182,555	2,444,535	412,384	19,211,277	1,565,801	33,943	514,615
2016	\$ 24,961,106	2,443,782	518,585	20,592,430	506,528	121,622	778,159
2017	\$ 26,653,506	2,451,389	397,786	22,454,976	641,470	205,753	502,132
2018	\$ 30,279,019	2,452,701	466,714	25,607,346	1,104,179	415,234	232,845
2019	\$ 31,120,893	2,588,338	362,891	25,745,117	999,765	1,069,972	354,810
2020	\$ 31,520,249	2,759,430	27,046	26,752,979	959,082	897,398	124,314
2021	\$ 31,578,379	3,011,233	344,465	27,478,626	286,925	171,004	286,126
2022	\$ 32,720,321	3,560,828	143,548	29,309,580	52,179	(418,317)	72,503





**SOLANO COUNTY WATER AGENCY**  
**TEN YEAR SUMMARY OF WATER SALES AND DELIVERIES**  
Year ended June 30,

**ANNUAL ALLOCATED WATER DELIVERIES**

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Acre feet per City										
Benicia	17,200	17,200	17,200	17,200	17,200	17,200	17,200	17,200	17,200	17,200
Fairfield	11,800	11,800	11,800	11,800	11,800	11,800	11,800	11,800	11,800	11,800
Suisun City	1,175	1,225	1,275	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Vacaville	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100
Vallejo	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600
UC Davis	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
CSP Solano	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
	47,075	47,125	47,175	47,200	47,200	47,200	47,200	47,200	47,200	47,200

**ANNUAL ALLOCATED WATER DELIVERIES**

Annual Contracted Amount \$										
Benicia	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600
Fairfield	241,900	241,900	241,900	241,900	241,900	241,900	241,900	241,900	241,900	241,900
Suisun City	24,088	25,113	26,138	26,650	26,650	26,650	26,650	26,650	26,650	26,650
Vacaville	125,050	125,050	125,050	125,157	125,050	125,050	125,050	125,050	125,050	125,050
Vallejo	229,014	265,982	131,506	59,401	138,546	114,800	114,800	114,800	253,026	384,078
UC Davis	39,480	35,660	34,720	35,420	36,120	36,840	37,580	38,349	39,100	39,880
CSP Solano	28,050	31,758	29,448	33,426	31,614	46,908	56,064	53,316	43,962	53,328
	\$1,040,182	\$1,078,063	\$941,362	\$874,554	\$952,480	\$944,748	\$954,644	\$952,665	\$1,082,288	\$1,223,486

**Kern Water Transfers**

Fairfield	\$ 236,492	\$ 386,830	\$ 366,567	\$ 424,275	\$ 327,117	\$ 313,050	\$ 332,296	\$ 349,041	\$ 371,085	\$ 412,222
Vacaville	236,492	386,830	366,567	424,275	327,117	313,050	332,296	349,041	371,085	412,222
	\$472,984	\$773,660	\$733,133	\$848,549	\$654,233	\$626,100	\$664,591	\$698,082	\$742,170	\$824,444

**Make Napa Whole Adjustment**

Fairfield	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990
Suisun City	51,090	51,090	51,090	51,090	51,090	51,090	51,090	51,090	51,090	51,090
Vacaville	80,920	80,920	80,920	80,920	80,920	80,920	80,920	80,920	80,920	80,920
	\$312,000	\$312,000	\$312,000	\$312,000	\$312,000	\$312,000	\$312,000	\$312,000	\$312,000	\$312,000

**Department of Water Resources - Prior**

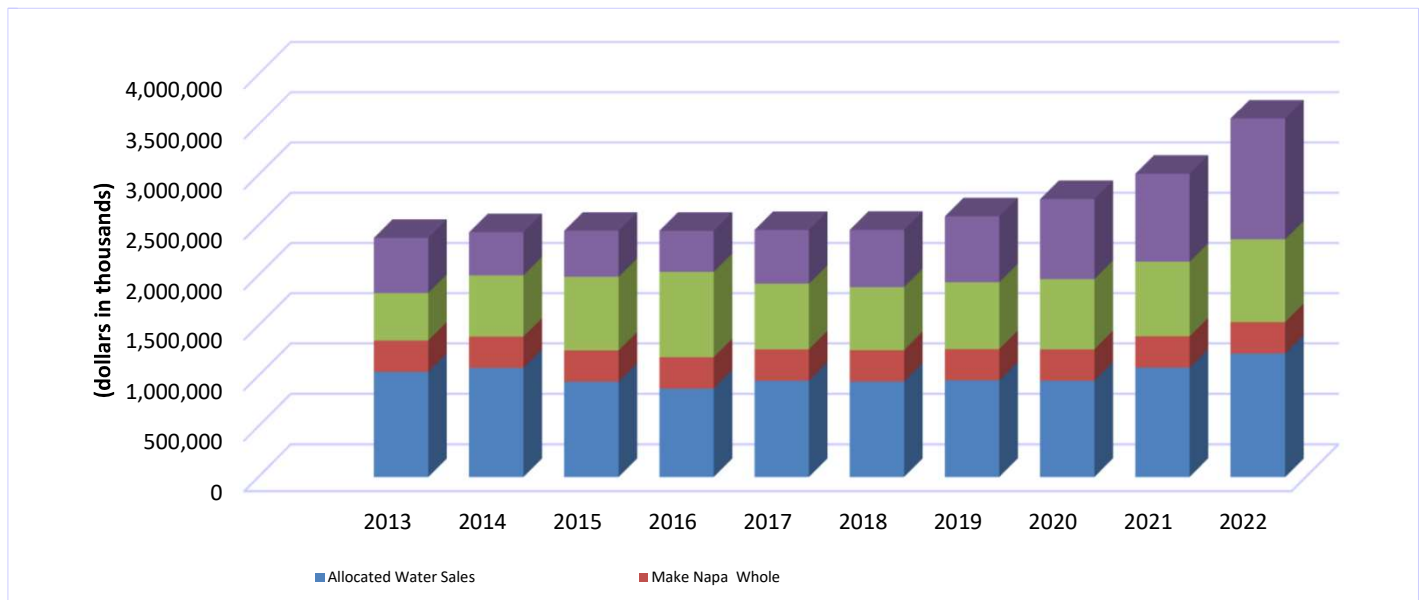
Year Adjustments	\$548,037	\$430,385	\$458,039	\$408,679	\$532,676	\$569,853	\$657,103	\$796,692	\$874,776	\$1,200,898
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**Total water sales**

	\$2,373,203	\$2,594,108	\$2,444,534	\$2,443,782	\$2,451,389	\$2,452,701	\$2,588,338	\$2,759,439	\$3,011,234	\$3,560,828
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**SOLANO COUNTY WATER AGENCY**  
**TEN YEAR SUMMARY OF WATER SALES BY CATEGORY**  
Year ended June 30,  
(dollars in thousands)

Fiscal Year		Allocated Water Sales		Make Napa Whole		Kern Water Transfers		Dept of Water Resources Prior Year Adjustments		Total
2013	\$	1,040,182	\$	312,000	\$	472,984	\$	548,037	\$	2,373,203
2014		1,078,063		312,000		609,238		430,385		2,429,686
2015		941,363		312,000		733,133		458,039		2,444,535
2016		874,447		312,000		848,549		408,679		2,443,675
2017		952,480		312,000		654,233		532,676		2,451,389
2018		944,748		312,000		626,100		569,853		2,452,701
2019		954,644		312,000		664,591		657,103		2,588,338
2020		952,656		312,000		698,082		796,692		2,759,430
2021		1,082,287		312,000		742,170		874,776		3,011,233
2022		1,223,486		312,000		824,444		1,200,898		3,560,828



**SOLANO COUNTY WATER AGENCY**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS - Solano County**  
**Year ended June 30,**

Fiscal Year	Population(1)	Personal Income(1)	Per Capita Personal Income(1)	Unemployment Rate (2)
2021	438,527	27,631,045,977	63,009	7.80%
2020	440,224	23,117,657,791	52,513	13.70%
2019	441,307	22,335,602,540	50,612	3.90%
2018	439,793	21,395,947,591	48,650	4.20%
2017	436,023	20,749,942,201	47,589	4.60%
2016	431,498	19,778,909,530	45,838	6.00%
2015	429,552	19,223,389,084	44,752	5.90%
2014	425,169	18,631,142,897	42,073	8.10%
2013	418,387	18,057,143,000	42,509	8.90%
2012	413,786	17,820,859,000	43,068	11.10%

Detail of estimated population, as of May 7, 2021

Incorporated Cities

Benicia	27,111
Dixon	20,197
Fairfield	118,005
Rio Vista	10,080
Suisun City	28,882
Vacaville	98,041
Vallejo	117,846
Total of Incorporated	420,162
Total of Unincorporated	18,365
Total Population	438,527

Population obtained from U.S. Census Bureau

Personal Income obtained from US Department of Commerce-Bureau of Economic Analysis, updated November 2017

Unemployment Rate obtained from State of California Employment Development Department

**SOLANO COUNTY WATER AGENCY**  
**PRINCIPAL EMPLOYERS IN SOLANO COUNTY**  
Year ended June 30,

2021			2012		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Travis AFB	12,864	6.81%	Travis AFB	14,353	7.40%
Kaiser Foundation Hospital & Rehab Cer	5,400	2.86%	Kaiser Foundation Hospital & Rehab C	5,131	2.65%
Fairfield-Suisun Unified School District	3,168	1.68%	Fairfield-Suisun Unified School District	2,000	1.03%
County of Solano	3,106	1.65%	County of Solano	2,401	1.24%
Vallejo Unified School District	1,873	0.99%	Vallejo Unified School District	1,600	
Vacaville Unified School District	1,312	0.69%	Vacaville Unified School District	1,100	0.57%
Northbay Healthcare System	1,200	0.64%	Northbay Healthcare System	1,115	0.58%
Amazon.com, Inc.	1,026	0.54%	Amazon.com, Inc.		
California Department of Corrections &	1,000	0.53%	California State Prison Solano		
The Boeing Company	996	0.53%	The Boeing Company		
	31,945	16.92%		27,700	13.47%
Total County Employment		176,200	Total County Employment		175,800

Source:

[County of Solano: 2020/21 Comprehensive Annual Financial Report \(CAFR\)](#)

**Monthly Labor Force Data for Cities and Census Designated Places (CDP)  
August 2022 - Preliminary  
Data Not Seasonally Adjusted**

Area Name	Labor Force	Employment	Unemployment Number	Unemployment Rate	Census Emp Ratio	Census Unemp Ratio
Solano County	201,500	193,100	8,500	4.20%	1	1
Benicia city	14,200	13,700	500	3.30%	N/A	N/A
Dixon city	9,600	9,200	400	4.20%	0.047671	0.047113
Elmira CDP	200	100	0	4.00%	0.000745	0.000688
Fairfield city	51,900	49,800	2,100	4.00%	N/A	N/A
Green Valley CDP	700	700	0	0.00%	0.003782	0
Rio Vista city	3,200	2,900	200	7.80%	0.015117	0.029216
Suisun City city	13,700	13,100	600	4.10%	N/A	N/A
Vacaville city	44,900	43,200	1,700	3.90%	N/A	N/A
Vallejo city	54,200	51,600	2,600	4.90%	N/A	N/A

CDP is "Census Designated Place" - a recognized community that was unincorporated at the time of the 2017-2021 5-Year American Community Survey (ACS).

**Notes:**

- 1) Data may not add due to rounding. All unemployment rates shown are calculated on unrounded data.
- 2) These data are not seasonally adjusted.
- 3) N/A = Estimate created by Bureau of Labor Statistics

**Methodology:**

Monthly city labor force data are derived by multiplying current estimates of county employment and unemployment by the relative employment and unemployment shares (ratios) of each city at the time of the 2017-2021 American Community Survey. Ratios for cities were developed from special tabulations based on ACS employment, unemployment, and population and Census population from the Bureau of Labor Statistics. For smaller cities and CDPs, ratios were calculated from published census data.

Monthly CDP's labor force data are derived by multiplying current estimates of county employment and unemployment by the relative employment and unemployment shares (ratios) of each CDP at the time of the 2017-2021 ACS survey. Ratios for CDPs' were developed from special tabulations based on ACS employment and unemployment from the Bureau of Labor Statistics.

This method assumes that the rates of change in employment and unemployment since the 2017-2021 American Community Survey are exactly the same in each city and CDP as at the county level (i.e., that the shares are still accurate). If this assumption is not true for a specific city or CDP, then the estimates for that area may not represent the current economic conditions. Since this assumption is untested, caution should be employed when using these data.

**SOLANO COUNTY WATER AGENCY**  
**FULL-TIME EMPLOYEES BY FUNCTION**  
Year ended June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GENERAL MANAGER SERIES	1	1	1	1	1	1	1	2	2	2
STREAMKEEPER	1	1	1	1	1	1	1	1	1	1
WATER RESOURCE ENGINEERING SERIES	2	2	4	4	4	5	5	5	6	6
WATER RESOURCE SPECIALIST SERIES	4	4	4	5	6	7	7	6	4	5
WATER RESOURCES TECHNICIAN SERIES	2	2	2	2	2	3	4	4	3	5
ADMINISTRATIVE SERVICES MANAGER	1	1	1	1						
ACCOUNTANT SERIES	1	1	1	2	2	2	2	2	2	2
ADMINISTRATIVE ASSISTANT SERIES	1	1	1	1	1	1	1	1	1	1
	13	13	15	17	17	20	21	21	19	22

Note: The numbers represent filled positions only.

SOLANO COUNTY WATER AGENCY  
TEN YEAR SUMMARY OF CAPITAL ASSETS AND ACCUMULATED DEPRECIATION  
Year ended June 30,

Description	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cement Hill Bypass Land	\$ 148,898	\$ 148,898	\$ 148,898	\$ 148,898	\$ 148,898	\$ 148,898	\$ 148,898	\$ 148,898	\$ 148,898	\$ 148,898
Land	-	-	-	-	-	-	-	-	-	-
Buildings	1,661,323	1,661,323	1,661,323	1,661,323	1,661,323	1,661,323	1,700,109	1,700,109	2,732,716	2,732,716
Cement Hill Bypass Improvements	2,535,494	2,535,494	2,535,494	2,535,494	2,535,494	2,535,494	2,535,494	2,535,494	2,535,494	2,535,494
Water Monitoring Equipment	2,090,591	2,101,442	2,101,442	2,134,634	2,164,101	2,204,109	2,300,466	2,310,371	2,374,425	2,451,516
Machinery & Field Equipment	819,017	1,155,301	1,253,527	1,705,315	2,130,175	2,392,306	2,613,440	3,073,995	3,152,049	36,900,560
Furniture, Fixtures & Office Equipment	347,684	373,152	391,479	328,787	217,439	217,439	114,364	364,134	364,134	425,575
Construction in Progress	-	-	90,183	-	-	-	7,302	36,482	259,286	151,837
Total In-Service	7,603,007	7,975,610	8,182,346	8,514,451	15,772,001	16,074,140	16,334,644	17,084,054	20,164,505	55,726,912
Less Accumulated Depreciation	(1,854,239)	(2,191,261)	(2,537,204)	(2,818,818)	(3,108,761)	(3,546,724)	(3,724,797)	(4,225,062)	(4,731,042)	(5,369,896)
<b>Net Capital Assets</b>	<b>\$ 5,748,768</b>	<b>\$ 5,784,349</b>	<b>\$ 5,645,142</b>	<b>\$ 5,695,633</b>	<b>\$ 12,663,240</b>	<b>\$ 12,527,416</b>	<b>\$ 12,609,847</b>	<b>\$ 12,858,993</b>	<b>\$ 15,433,464</b>	<b>\$ 50,357,016</b>

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**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**

**Independent Auditor's Report**

To the Board of Directors  
of the Solano County Water Agency  
Vacaville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major funds of the Solano County Water Agency, (Agency), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 30, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

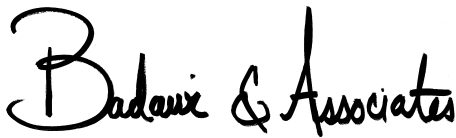
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

### **Report on Compliance and Other Matters**

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

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

A stylized, handwritten signature in black ink that reads "Badawi & Associates". The signature is fluid and cursive, with the first letter of "Badawi" being a large, prominent capital 'B'.

Badawi & Associates, CPAs  
Berkeley, California  
December 30, 2022