

Solano County Water Agency, California

Annual Comprehensive
Financial Report

For the Year Ended
June 30, 2023



SOLANO COUNTY WATER AGENCY

**Annual Comprehensive Financial Report
For the year ended June 30, 2023**

Prepared by the Finance Department

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**Solano County Water Agency
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For the year ended June 30, 2023**

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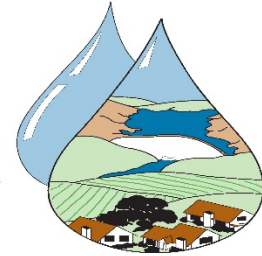
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SOLANO COUNTY WATER AGENCY



December 29, 2023

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 30th, 2023, 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, 2023, 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 1st through June 30th) and is implemented and monitored throughout the year by project managers and executive management, responding to unforeseen emergency circumstances. The budget for fiscal year 2023-24 was approved on June 8, 2023, and supports the mission, value, and goals, and objectives of the strategic plan. During the Fiscal Year, modifications may be presented to the Board for approval. The budget for fiscal year 2023-24 included an operating budget of \$40,004,629 in revenues, and \$44,549,799 of expenses. The approved capital budget is \$3,050,000 and the Rehab & Betterment budget for \$1,325,000.

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. The Agency has again applied, and been awarded, the Certificate of Achievement for Excellence in Financial Reporting for fiscal year-ended June 30, 2022. 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: 12/29/23

General Manager; Solano County Water Agency

Solano County Water Agency Board of Directors

Chairman of the Board

Mayor Ronald Kott; City of Rio Vista

Vice Chairman

Director Sean Favero; Maine Prairie Water District

General Members

Mayor Steve Young; City of Benicia

Mayor Steve Bird; City of Dixon

Mayor Catherine Moy; City of Fairfield

Director Dale Crossley; Reclamation District No. 2068

Supervisor Erin Hannigan; Solano County District 1

Supervisor Monica Brown; Solano County District 2

Supervisor Wanda Williams; Solano County District 3

Supervisor John Vasquez; Solano County District 4

Supervisor Mitch Mashburn; Solano County District 5

Director John Kluge; Solano Irrigation District

Mayor Alma Hernandez; City of Suisun City

Mayor John Carlie; City of Vacaville

Mayer Robert McConnell; City of Vallejo

Other Committees

Executive Committee

Ronald Kott

Mitch Mashburn

Dale Crossley

Sean Favero

Robert McConnel

Legislative Committee

Director Dale Crossley

Supervisor John Vasquez

Director John Kluge

Mayor Alma Hernandez

Mayor Ronald Kott

Water Policy Committee

Director Dale Crossley

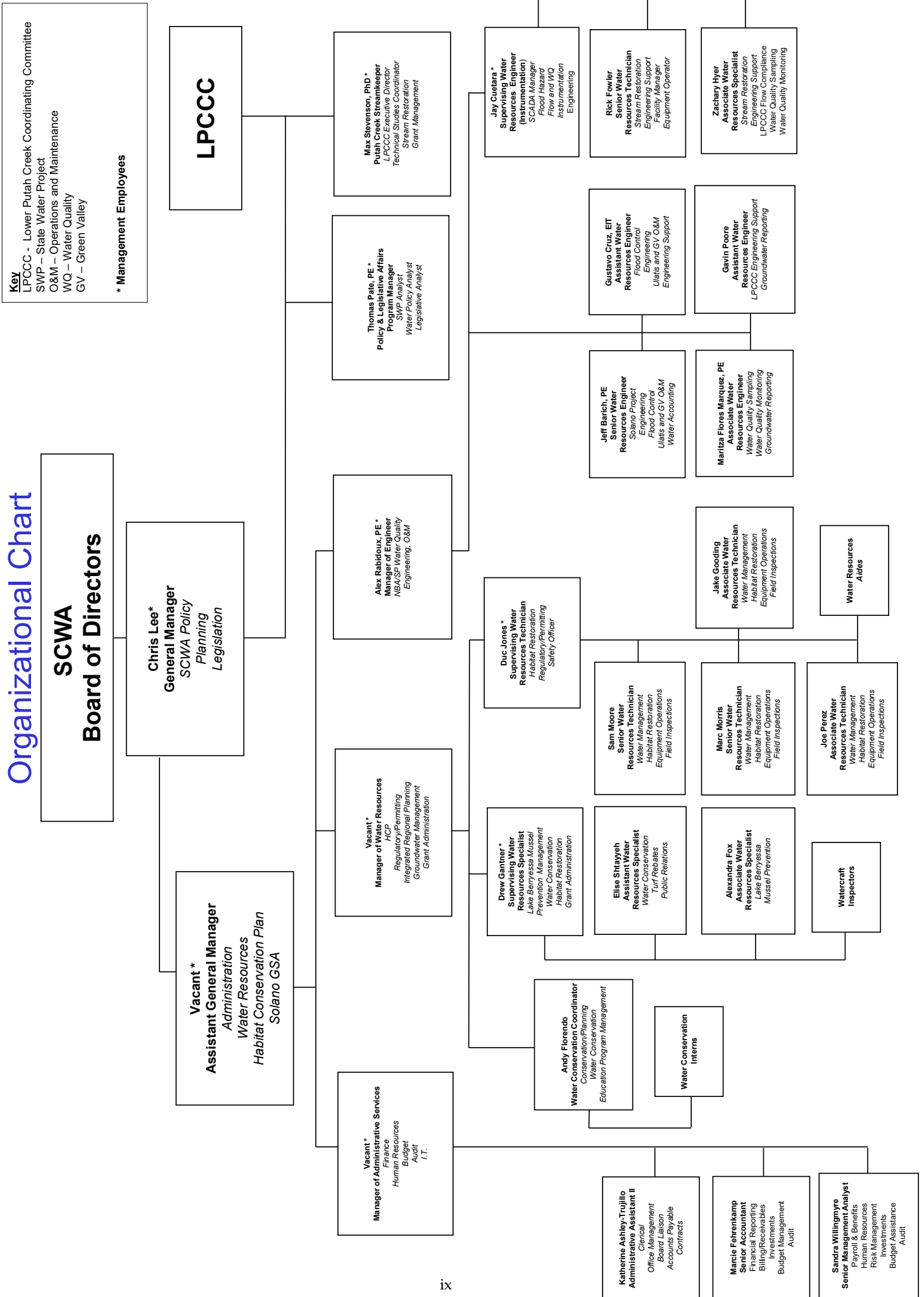
Director John Kluge

Supervisor John Vasquez

Supervisor Mitch Mashburn

Mayor Robert McConnell

Solano County Water Agency Organizational Chart



Key
 LPCCC - Lower Putah Creek Coordinating Committee
 SWP - State Water Project
 O&M - Operations and Maintenance
 WQ - Water Quality
 GV - Green Valley
 * Management Employees

LPCCC



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, 2022

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, 2023, 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, 2023, 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

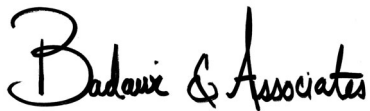
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, defined benefit pension plan information, and OPEB plan information on pages 5-13 and 55-61 be presented to supplement the basic financial 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 29, 2023 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.



Badawi & Associates, CPAs
Berkeley, California
December 29, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

SOLANO COUNTY WATER AGENCY
MANAGEMENTS DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023. 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 \$83,106,051 (net position). Of this amount, \$16,045,424 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 \$4,814,423.
- At the close of the fiscal year, the Agency's governmental funds reported combined fund balances of \$59,361,742, an increase of \$794,144, 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, 2023

The following Table A-1 summarizes the Statement of Net Position as of June 30, 2023 and June 30, 2022 follows:

TABLE A-1
STATEMENT OF NET POSITION

	2023	2022	\$Change	%Change
ASSETS				
Current and other assets	\$ 62,593,331	\$ 61,017,501	\$ 1,575,830	3%
Noncurrent assets	501,132	1,931,066	(1,429,934)	-74%
Capital assets	23,107,072	17,146,516	5,960,556	35%
Total Assets	86,201,535	80,095,083	6,106,452	8%
Deferred Outflows of Resources	1,936,766	2,026,912	(90,146)	-4%
LIABILITIES				
Current liabilities	3,448,616	2,404,729	1,043,887	43%
Noncurrent liabilities	495,239	218,406	276,833	127%
Total Liabilities	3,943,855	2,623,135	1,320,720	50%
Deferred Inflows of Resources	1,088,395	1,207,232	(118,837)	-10%
NET POSITION				
Net investment in capital assets	23,036,599	17,062,051	5,974,548	35%
Restricted	44,024,028	38,918,650	5,105,378	13%
Unrestricted	16,045,424	22,310,927	(6,265,503)	-28%
Total Net Position	\$ 83,106,051	\$ 78,291,628	\$ 4,814,423	6%

Table A-1 summarizes the net position of the Agency and reflects the net position increase of \$4,814,423 from \$78,291,628 in fiscal year 2022 to \$83,106,051 in fiscal year 2023. Net investment in capital assets increased \$5,974,548, reflecting the net of assets additions and depreciation on capital assets. Approximately 28% 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 \$44,024,028 at June 30, 2023 representing funds that are obligated to be spent within State Water Project, Ulatis, and Green Valley. The increase in restricted net position of \$5,105,378 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 decreased by \$6,265,503, primarily due to the increased investment in Capital assets.

SOLANO COUNTY WATER AGENCY
MANAGEMENTS DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

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 provides 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 \$4,814,423 for fiscal year 2023.

The following Table A-2 summarizes the Statement of Activities for the fiscal years ending June 30, 2023 and June 30, 2022:

TABLE A-2
STATEMENT OF ACTIVITIES

	2023	2022	\$Change	%Change
REVENUES				
Program Revenues				
Charges for services	\$ 4,150,735	\$ 3,734,756	\$ 415,979	11%
Operating grants and contributions	371,420	265,497	105,923	40%
General Revenues				
Property taxes	30,881,903	29,309,581	1,572,322	5%
Investment earnings	1,490,418	(418,318)	1,908,736	-456%
Other	560,068	72,503	487,565	672%
Total Revenue	<u>37,454,544</u>	<u>32,964,019</u>	<u>4,490,525</u>	<u>14%</u>
EXPENSES				
Solano Project	14,837,635	9,303,386	\$ 5,534,249	59%
State Water Project	16,549,517	15,162,798	1,386,719	9%
Ulatis Flood Control	1,226,300	1,008,619	217,681	22%
Green Valley Flood Control	24,717	145,859	(121,142)	-83%
Interest and fiscal charges	1,952	2,297	(345)	-15%
Total Expenses	<u>32,640,121</u>	<u>25,622,959</u>	<u>7,017,162</u>	<u>27%</u>
Change in net position	<u>4,814,423</u>	<u>7,341,060</u>	<u>(2,526,637)</u>	<u>-34%</u>
Net position - beginning	<u>78,291,628</u>	<u>70,950,568</u>	<u>7,341,060</u>	<u>10%</u>
Net position - ending	<u>\$ 83,106,051</u>	<u>\$ 78,291,628</u>	<u>\$ 4,814,423</u>	<u>6%</u>

Ending net position totaled \$83,106,051 at June 30, 2023, an increase in net position of \$4,814,423 or 6% from June 30, 2022. Total revenues increased by \$4,490,525 or 14% during the fiscal year 2023 compared to 2022. Property tax revenue increased in fiscal year 2023 compared to 2022 by \$1,572,322 or 5%. Grant revenues increased by \$105,923 or 40%, from June 30, 2022. Total expenses increased by \$7,017,162 or 27% to \$32,640,150 in 2023. The Solano Project expenses increased by \$5,534,249 from 2022 to 2023, due to increased current year pension expense, increased efforts in

SOLANO COUNTY WATER AGENCY
MANAGEMENTS DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

habitat and water conservation projects, Rehab & Betterment projects along the Putah South Canal, increased expenses for Solano Project Operations and Maintenance, and continued work on the Putah Creek Watershed management program. The State Water Project expenses increased by \$1,386,719 from 2022 to 2023 primarily due to an increase in water conservation efforts, habitat conservation efforts, and the yolo bypass/cache slough complex project. Ulatis had a modest increase in Operations & Maintenance and Culvert Replacement projects. Green Valley had modest decreases in Operations & Maintenance costs, and Rehab & Betterment costs. Ulatis 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 Amended Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 12,556,302	\$ 12,456,374	\$ (99,928)
Charges for services	332,682	646,917	314,235
Investment earnings	395,513	501,520	106,007
Intergovernmental	523,000	634,109	111,109
Other revenues	44,258	49,927	5,669
Total revenues	13,851,755	14,288,847	437,092
EXPENDITURES:			
Current:			
Water purchases	176,106	226,894	(50,788)
Operations and maintenance	5,007,014	5,223,432	(216,418)
Administration and general	5,038,588	4,514,246	524,342
Conservation and flood control	905,421	1,102,204	(196,783)
Engineering	1,276,359	1,297,312	(20,953)
Capital outlay	5,625,152	7,748,995	(2,123,843)
Debt service:			
Principal	-	13,992	(13,992)
Interest and fiscal charges	-	1,952	(1,952)
Total expenditures	18,028,640	20,129,027	(2,100,387)
REVENUES OVER (UNDER) EXPENDITURES	(4,176,885)	(5,840,180)	(1,663,295)
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of assets	-	1,528,946	1,528,946
Total other financing sources (uses)	-	1,528,946	1,528,946
Net change in fund balances	\$ (4,176,885)	\$ (4,311,234)	\$ (134,349)

SOLANO COUNTY WATER AGENCY
MANAGEMENTS DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

Revenues during the year were \$437,092 higher than the final amended budget for FY2022-23. Grant Revenues increased from prior years due to increased effort on the Nishikawa grant project, along Lower Putah Creek. The reimbursement of Shared costs for Water Conservation were higher than expected.

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 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, and a Cat Excavator and a Kenworth Water Truck were purchased. Construction I Progress continues on the Office Expansion, which should reach completion during FY2023/2024.

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

TABLE A-4
CAPITAL ASSETS

	2023	2022
Land	10,529,214	10,529,214
Construction-in-progress	6,843,946	151,837
Buildings	1,747,262	2,732,716
Cement Hill Bypass land improvements	2,535,494	2,535,494
Water monitoring equipment	2,451,516	2,451,516
Machinery and field equipment	4,198,467	3,690,060
Furniture, fixtures, and office equipment	408,865	425,575
Subtotal	28,714,764	22,516,412
Less accumulated depreciation	(5,607,692)	(5,369,896)
Total net capital assets	23,107,072	17,146,516

SOLANO COUNTY WATER AGENCY
MANAGEMENTS DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

LONG TERM DEBT

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

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

TABLE A-5
LONG-TERM DEBT

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Due in One Year	Due in More Than One Year
Equipment Finance Purchase	\$ 84,465	\$ -	\$ (13,992)	\$ 70,473	\$ 13,346	\$ 57,127

SOLANO COUNTY WATER AGENCY
MANAGEMENTS DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF AGENCY FUNDS

The following Table A-6 summarizes the changes in fund balances for the governmental funds:

TABLE A-6
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

	Solano Project	State Water Project	Ulati Flood Control	Green Valley Flood Control	Total
REVENUES					
Property taxes	12,456,374	16,549,417	1,748,616	127,496	30,881,903
Charges for services	646,917	3,484,827	-	-	4,131,744
Investment earnings	501,520	744,235	236,042	8,621	1,490,418
Grant revenues	634,109	-	-	-	634,109
Other income	49,926	23,074	9,105	-	82,105
Total Revenues	14,288,846	20,801,553	1,993,763	136,117	37,220,279
EXPENDITURES					
Water purchase	-	13,513,866	-	-	13,513,866
Operations and maintenance	5,198,953	979,121	1,006,340	19,429	7,203,843
Administration and general	5,044,801	1,477,417	221,831	5,288	6,749,337
Conservation and flood control	1,102,204	479,688	-	-	1,581,892
Engineering	1,018,129	123,075	-	-	1,141,204
Capital outlay	7,748,995	-	-	-	7,748,995
Debt Service:					-
Principal	13,992	-	-	-	13,992
Interest & Fiscal Charges	1,952	-	-	-	1,952
Total Expenditures	20,129,026	16,573,167	1,228,171	24,717	37,955,081
REVENUES OVER (UNDER) EXPENDITURES	(5,840,180)	4,228,386	765,592	111,400	(734,802)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	1,528,946	-	-	-	1,528,946
Total Other financing sources (uses)	1,528,946	-	-	-	1,528,946
Net Change in Fund Balance	(4,311,234)	4,228,386	765,592	111,400	794,144
Fund balance, beginning	19,648,948	29,284,120	9,296,409	338,121	58,567,598
Fund balance, ending	<u>15,337,714</u>	<u>33,512,506</u>	<u>10,062,001</u>	<u>449,521</u>	<u>59,361,742</u>

Solano Project - As of June 30, 2023, the Solano Project reported an ending fund balance of \$15,337,714, a decrease of \$4,554,933 from 2022. Expenditures were slightly over budget mainly due to increased effort with Habitat and Water Conservation projects, and continued Rehab & Betterment projects for the Putah Diversion Dam and Putah South Canal.

SOLANO COUNTY WATER AGENCY
MANAGEMENTS DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

State Water Project -As of June 30, 2023, the State Water Project reported ending fund balance of \$33,512,506, an increase from 2022 of \$4,228,386. This increase in fund balance is due primarily to delayed implementation of North Bay Aqueduct projects and studies, and higher than anticipated property tax revenues and interest earnings, reflecting the increase in property values in Solano County and the increased interest rates.

Ulati Flood Control Zone 1 - As of June 30, 2023 the Ulati Flood Control reported an ending fund balance of \$10,062,001, an increase of \$765,593 from 2022. Actual property tax revenues were below projections by 4%. Planned expenditures for grade control and additional culvert replacement projects were postponed until FY 2024. These costs fluctuate every year depending on dry/wet annual cycles.

Green Valley Flood Control Zone 2 - As of June 30, 2023, the Green Valley Flood Control reported an ending fund balance of \$449,522. 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 2023-2024 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, The Agency has continued doing remediation and erosion control work to mitigate possible damage during the subsequent rainy season, due to the LNU Complex Fire.

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, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 61,043,238
Accounts receivable	1,181,382
Interest receivable	146,469
Prepaid expenses and other assets	222,242
Net OPEB asset	501,132
Capital assets:	
Nondepreciable	17,373,160
Depreciable	11,341,604
Less accumulated depreciation	<u>(5,607,692)</u>
Total capital assets, net	<u>23,107,072</u>
Total assets	<u>86,201,535</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to the net pension liability	1,447,499
Deferred outflows of resources related to the net OPEB asset	<u>489,267</u>
Total deferred outflows of resources	<u>1,936,766</u>
LIABILITIES	
Accounts payable	2,538,783
Accrued payroll	87,146
Deposits	133,212
Unearned revenues	472,448
Compensated absences:	
Due within one year	202,711
Due in more than one year	157,528
Long-term debt	
Due within one year	13,346
Due in more than one year	57,127
Net pension liability:	
Due in more than one year	<u>281,554</u>
Total liabilities	<u>3,943,855</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to the net pension asset	285,778
Deferred inflows of resources related to the net OPEB asset	<u>802,617</u>
Total deferred inflows of resources	<u>1,088,395</u>
NET POSITION	
Net investment in capital assets	23,036,599
Restricted for:	
State Water Project	33,512,506
Ulatis Project	10,062,001
Green Valley Flood Control	<u>449,521</u>
Total restricted	<u>44,024,028</u>
Unrestricted	<u>16,045,424</u>
Total net position	<u>\$ 83,106,051</u>

See accompanying Notes to Basic Financial Statements

Solano County Water Agency
Statement of Activities
For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Total	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary government:						
Governmental activities:						
Solano Project	\$14,837,634	\$ 665,908	\$ 83,235	\$ 288,185	\$1,037,328	\$(13,800,306)
State Water Project	16,549,517	3,484,827	-	-	3,484,827	(13,064,690)
Ulatiis Project	1,226,300	-	-	-	-	(1,226,300)
Green Valley Flood Control	24,717	-	-	-	-	(24,717)
Interest and fiscal charges	1,952	-	-	-	-	(1,952)
Total primary government	\$32,640,120	\$4,150,735	\$ 83,235	\$ 288,185	\$4,522,155	(28,117,965)
General Revenues:						
						30,881,903
						1,490,418
						82,105
						477,962
						32,932,388
						4,814,423
						\$ 78,291,628
						\$ 83,106,051

See accompanying Notes to Basic Financial Statements

FUND FINANCIAL STATEMENTS

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Solano County Water Agency
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Special Revenue Fund			Total Governmental Funds
	Solano Project	State Water Project	Ulatis Flood Control	Green Valley Flood Control	
ASSETS					
Cash and cash equivalents	\$ 16,502,242	\$ 33,830,837	\$ 10,257,605	\$ 452,554	\$ 61,043,238
Accounts receivable	1,029,359	152,023	-	-	1,181,382
Interest receivable	49,139	73,235	23,249	846	146,469
Prepaid and other other assets	222,242	-	-	-	222,242
Total assets	\$ 17,802,982	\$ 34,056,095	\$ 10,280,854	\$ 453,400	\$ 62,593,331
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,207,129	\$ 108,922	\$ 218,853	\$ 3,879	\$ 2,538,783
Accrued payroll	87,146	-	-	-	87,146
Deposits	133,212	-	-	-	133,212
Unearned revenue	37,781	434,667	-	-	472,448
Total liabilities	2,465,268	543,589	218,853	3,879	3,231,589
Deferred inflows of resources:					
Deferred inflows - unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	222,242	-	-	-	222,242
Restricted	-	33,512,506	10,062,001	449,521	44,024,028
Unassigned	15,115,472	-	-	-	15,115,472
Total fund balances	15,337,714	33,512,506	10,062,001	449,521	59,361,742
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,802,982	\$ 34,056,095	\$ 10,280,854	\$ 453,400	\$ 62,593,331

See accompanying Notes to Basic Financial Statements

Solano County Water Agency
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances of Governmental Funds \$ 59,361,742

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	17,373,160
Depreciable, net of accumulated depreciation	5,733,912

Unavailable revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds -

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	1,447,499
Deferred outflows of resources related to OPEB	489,267
Deferred inflows of resources related to pension	(285,778)
Deferred inflows of resources related to OPEB	(802,617)

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	501,132
Compensated absences - due within one year	(202,711)
Compensated absences - due in more than one year	(157,528)
Long-term debt - due within one year	(13,346)
Long-term debt - due in more than one year	(57,127)
Net pension liability	(281,554)

Net Position of Governmental Activities \$ 83,106,051

Solano County Water Agency
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023

	General Fund	Special Revenue Fund			Total Governmental Funds
	Solano Project	State Water Project	Ulatris Flood Control	Green Valley Flood Control	
REVENUES:					
Property taxes	\$ 12,456,374	\$ 16,549,417	\$ 1,748,616	\$ 127,496	\$ 30,881,903
Charges for services	646,917	3,484,827	-	-	4,131,744
Investment earnings	501,520	744,235	236,042	8,621	1,490,418
Intergovernmental	634,109	-	-	-	634,109
Other revenues	49,926	23,074	9,105	-	82,105
Total revenues	14,288,846	20,801,553	1,993,763	136,117	37,220,279
EXPENDITURES:					
Current:					
Water purchases	-	13,513,866	-	-	13,513,866
Operations and maintenance	5,198,953	979,121	1,006,340	19,429	7,203,843
Administration and general	5,044,801	1,477,417	221,831	5,288	6,749,337
Conservation and flood control	1,102,204	479,688	-	-	1,581,892
Engineering	1,018,129	123,075	-	-	1,141,204
Capital outlay	7,748,995	-	-	-	7,748,995
Debt Service:					
Principal	13,992	-	-	-	13,992
Interest and fiscal charges	1,952	-	-	-	1,952
Total expenditures	20,129,026	16,573,167	1,228,171	24,717	37,955,081
REVENUES OVER (UNDER) EXPENDITURES	(5,840,180)	4,228,386	765,592	111,400	(734,802)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	1,528,946	-	-	-	1,528,946
Total other financing sources (uses)	1,528,946	-	-	-	1,528,946
Net change in fund balances	(4,311,234)	4,228,386	765,592	111,400	794,144
FUND BALANCES:					
Beginning of year	\$ 19,648,948	\$ 29,284,120	\$ 9,296,409	\$ 338,121	\$ 58,567,598
End of year	\$ 15,337,714	\$ 33,512,506	\$ 10,062,001	\$ 449,521	\$ 59,361,742

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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 794,144
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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.

Capital Outlay	7,748,995
Proceeds from sale of capital assets	(1,528,946)
Gain on Sale of Capital Assets	477,962

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.	(737,455)
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the accrual increased compensated absences payable in the Government-Wide Statement of Net Position.	(27,774)
--	----------

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)
--	-----------

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	13,992
---	--------

OPEB expense reported in the Government-Wide Statement of Activities are not current financial resources and therefore is not reported in the governmental funds.	(61,843)
---	----------

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	249,838
Deferred outflows related to current year OPEB contributions	186,056

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.	(2,056,848)
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Change in Net Position of Governmental Activities	\$ 4,814,423
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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, 2023

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, 2023.

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

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.

Ulatis Flood Control - This fund accounts for the costs of operating and maintaining the Ulatis 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, 2023

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, 2023 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. Prepaids 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, 2023

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. The General Fund is used liquidate the liability for compensated absences.

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, 2023

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 amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

Detail about the Agency's fund balance classifications at June 30, 2023 is described in Note 6.

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

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

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 2023, the Agency adopted new accounting standards in order to conform to the following page Governmental Accounting Standards Board Statements:

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

GASB Statement No. 91 – Conduit Debt Obligation – The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligation, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. The requirements of this statement did not apply to the Agency during current fiscal year.

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The requirements of this statement did not apply to the Agency during current fiscal year.

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

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The requirements of this statement did not apply to the Agency during current fiscal year

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

2. CASH AND INVESTMENTS

A. Summary of Cash and Investments

Cash and investments consisted of the following at June 30, 2023:

Deposits with financial institutions	\$ 10,258,985
Petty cash	462
	<hr/>
Total cash on hand and deposits	10,259,447
Local Agency Investment Fund (LAIF)	18,375,402
California Asset Management Program (CAMP)	23,601,465
Certificates of deposit	8,801,014
Money market funds	5,910
	<hr/>
Total investments	50,783,791
	<hr/>
Total Cash and Investments	<u>\$ 61,043,238</u>

B. Deposits

The carrying amount of the Agency's cash deposit was \$10,258,985 as of June 30, 2023. Bank balances before reconciling items were a positive amount of \$11,600,228 at June 30, 2023. 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, 2023

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, 2023 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, 2023, the Agency had \$18,375,402 invested in LAIF, which had invested 2.78% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.88 in the previous year. The LAIF fair value factor of 0.984828499 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, 2023 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, 2023, the Agency's investment with CAMP were \$23,601,465.

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023.

Information held by the Agency grouped by maturity date at June 30, 2023 are shown below:

Investment Type	Total	Remaining Maturity	
		1 Year or Less	1-5 Years
Local Agency Investment Fund (LAIF)	\$ 18,375,402	\$ 18,375,402	\$ -
California Asset Management Program (CAMP)	23,601,465	23,601,465	-
Certificates of deposit	8,801,014	3,649,441	5,151,573
Money market funds	5,910	5,910	-
Total Investments	\$ 50,783,791	\$ 45,632,218	\$ 5,151,573

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, 2023

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, 2023 are described below.

Investment Type	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Certificates of deposits (negotiable)	\$ 8,801,014	\$ -	\$ 8,801,014	\$ -
Total investments subject to fair value	8,801,014	\$ -	\$ 8,801,014	\$ -

Investments not subject to levelling disclosure:

Money market funds	5,910
Local Agency Investment Fund (LAIF)	18,375,402
California Asset Management Program (CAMP)	23,601,465
Total Investments	<u>\$ 50,783,791</u>

3. ACCOUNTS AND GRANTS RECEIVABLE

The Agency's receivables at June 30, 2023 consisted of the following:

Water sales receivable	\$ 517,322
Miscellaneous receivable	152,023
Grants receivable	512,037
Total receivables	<u>\$ 1,181,382</u>

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

4. CAPITAL ASSETS

The Agency's capital asset activity for the year ended June 30, 2023 as follows:

	Balance at 30-Jun-22	Additions	Retirements	Transfers	Balance at June 30, 2023
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 10,529,214	\$ -	\$ -	\$ -	\$ 10,529,214
Construction-in-progress	151,837	6,692,109	-	-	6,843,946
Total capital assets not being depreciated	10,681,051	6,692,109	-	-	17,373,160
Capital assets being depreciated					
Land improvements	2,535,494	-	-	-	2,535,494
Buildings	2,732,716	524,475	(1,509,929)	-	1,747,262
Water monitoring equipment	2,451,516	-	-	-	2,451,516
Machinery and field equipment	3,690,060	508,407	-	-	4,198,467
Furniture, fixtures, and office equipment	425,575	24,004	(40,714)	-	408,865
Total capital assets being depreciated	11,835,361	1,056,886	(1,550,643)	-	11,341,604
Accumulated depreciation					
Land improvements	1,017,390	50,710	-	-	1,068,100
Buildings	566,899	107,088	(459,157)	-	214,830
Water monitoring equipment	1,389,545	119,182	-	-	1,508,727
Machinery and field equipment	2,231,778	362,354	-	-	2,594,132
Furniture, fixtures, and office equipment	164,284	98,121	(40,502)	-	221,903
Total accumulated depreciation	5,369,896	737,455	(499,659)	-	5,607,692
Net depreciable assets	6,465,465	319,431	(1,050,984)	-	5,733,912
Total capital assets, net	\$ 17,146,516	\$ 7,011,540	\$ (1,050,984)	\$ -	\$ 23,107,072

Depreciation expense for the year ended June 30, 2023 was charged to functions as follows:

Governmental activities:

Solano Project	\$ 628,836
State Water Project	9,505
Ulatis Flood Control Project	99,114
Total depreciation expense	\$ 737,455

5. LONG-TERM DEBT

Changes in long-term debt amounts for the year ended June 30, 2023 were as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Due in One Year	Due in More Than One Year
Equipment Finance Purchase	\$ 84,465	\$ -	\$ (13,992)	\$ 70,473	\$ 13,346	\$ 57,127

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

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
2024	\$ 13,346	\$ 1,628	\$ 14,974
2025	57,127	1,266	58,393
Total	<u>\$ 70,473</u>	<u>\$ 2,894</u>	<u>\$ 73,367</u>
Due in one year	<u>\$ 13,346</u>		
Due in more than one year	<u>\$ 57,127</u>		

6. COMPENSATED ABSENCES

The following is a summary of the changes in the Agency's compensated absences for the year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Current Portion
Governmental activities:					
Compensated absences	<u>\$ 332,465</u>	<u>\$ 211,192</u>	<u>\$ (183,418)</u>	<u>\$ 360,239</u>	<u>\$ 202,711</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, 2023

7. FUND BALANCE, Continued

As of June 30, 2023, fund balances were comprised of the following:

	Solano Project	State Water Project	Ulatis Flood Control	Green Valley Flood Control	Total Governmental Funds
Nonspendable:					
Prepays	\$ 196,619	\$ -	\$ -	\$ -	\$ 196,619
Inventory	25,623	-	-	-	25,623
Total nonspendable	<u>222,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,242</u>
Restricted:					
Special projects	-	33,512,506	10,062,001	449,521	44,024,028
Unassigned	15,115,472	-	-	-	15,115,472
Total fund balance	<u>\$ 15,337,714</u>	<u>\$ 33,512,506</u>	<u>\$ 10,062,001</u>	<u>\$ 449,521</u>	<u>\$ 59,361,742</u>

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, 2023:

Salaries and benefits	\$ 4,095,193
Professional services	1,079,172
Dues and memberships	194,958
Public education	451,296
Property tax administration fee	132,929
Governmental advocacy	123,500
Office equipment	86,596
Office expense	124,573
Telephone	37,704
Insurance	98,699
Watermaster services	40,152
Fuel	51,323
Board expense	23,724
Talent decision monitoring	11,895
Miscellaneous	67,319
USBR administration	114,316
Water rights fee	112,578
Car maintenance	24,479
Overhead reallocation	(121,069)
Total	<u>\$ 6,749,337</u>

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

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 6.92% of their annual covered salary. Active members belonging to the PEPRA plan are required to contribute 7.75% 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, 2023 are summarized as follows:

	<u>Miscellaneous - Classic</u>	<u>Miscellaneous - PEPRA</u>
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 compensator	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	6.920%	7.750%
Required employer contribution rates	10.870%	7.470%
Required UAL payment	\$6,922	\$2,065

The Agency's net pension liability is generally liquidated by the General Fund.

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, 2022 were \$232,617.

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

9. DEFINED BENEFIT PENSION PLAN, Continued

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

As of June 30, 2023, the Agency reported a net pension liability of \$281,554 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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

Proportion - June 30, 2021	-0.02352%
Proportion - June 30, 2022	0.00244%
Change - Increase (Decrease)	<u>0.02596%</u>

For the year ended June 30, 2023, the Agency recognized pension expense (income) of \$2,056,848 which included employer paid member contributions for the Classic Plan. At June 30, 2023, 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
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 249,838	\$ -
Changes in assumptions	28,851	-
Differences between expected and actual experience	5,654	(3,787)
Changes in employer's proportion	978,481	(101,013)
Differences between the employer's contribution and the employer's proportionate share of contributions	133,102	(180,978)
Net differences between projected and actual earnings on plan investments	<u>51,573</u>	<u>-</u>
Total	<u>\$ 1,447,499</u>	<u>\$ (285,778)</u>

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

9. DEFINED BENEFIT PENSION PLAN, Continued

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

The amount of \$249,838 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, 2024. 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
2024	\$ 360,366
2025	323,486
2026	196,486
2027	31,545

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 valuations were determined using the following actuarial assumptions:

Valuation Date	Jun 30, 2021
Measurement Date	Jun 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90%
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 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

Discount Rate – The discount rate used to measure the total pension liability was 6.90 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 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 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, 2023

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 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

Asset Class	Asset Class Allocation	Real Return Years 1 - 10 ^{(1) (2)}
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(2) An expected inflation of 2.30% used for this period.

(3) Figures are based on the 2021-22 Asset Liability Management Study

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% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Net Pension (Asset) Liability	\$ 1,583,030	\$ 281,554	\$ (789,238)

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023 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 the Board approval resolution 2023-01 and 2023-02.

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 Board approved resolution 2023-01 and 2023-02. 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’s contribution for each annuitant hired before March 1, 2023 shall be the amount necessary to pay full cost of his/her enrollment, including the enrollment of family members, in health benefits plan up to a maximum of 80% of Kaiser Region 1 Family Basic (Party Rate 3) per month. The Agency’s contributions for each annuitant hired March 1, 2023 and later shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in the health benefits plan up to a maximum of the amounts prescribed by Government Code Section 22893(a)(1). There are no separate financial statements issued for the Health Plan.

B. Employees Covered

As of the June 30, 2022 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	22
Total	24

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, 2022, the Agency paid \$27,995 on behalf of its retirees, administrative expenses of \$103, and the estimated implied subsidy was \$792. 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, 2022 totaled \$0. Total payments for the measurement period ended June 30, 2022 were \$23,279.

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

D. Net OPEB Asset

The Agency's net OPEB asset was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2022 to determine the June 30, 2022 total OPEB liability, based on the following actuarial assumptions:

Valuation Date	Jun 30, 2022
Measurement Date	Jun 30, 2022
Contribution Policy	Agency contributes full ADC
Discount Rate	5.75% at June 30, 2022 5.75% at June 30, 2021
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	2.50% annually
Mortality, Retirement, Disability,	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Salary Increases	Aggregate - 2.75% annually Merit - CalPERS 2000-2019 Experience Study
Medical Trend	Non-Medicare - 8.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076
Healthcare Participation	100%
Cap Increases	2% increase annually commencing in 2022

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	34.00%	4.56%
Fixed Income	41.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	17.00%	4.06%
Assume Long-term Rate of Inflation		2.50%
Expected Long-term Net Rate of Return, Rounded		5.75%

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2022 (Measurement date of June 30, 2021)	\$ 1,747,754	\$ 2,407,035	\$ (659,281)
Changes recognized for the measurement period:			
Service cost	136,122	-	136,122
Interest	107,655	-	107,655
Actual versus expected experience	(323,528)	-	(323,528)
Assumption changes	(42,188)	-	(42,188)
Contributions - employer	-	23,279	(23,279)
Net investment income	-	(302,716)	302,716
Benefit payments	(23,237)	(23,237)	-
Administrative expenses	-	(651)	651
Net changes	(145,176)	(303,325)	158,149
Balance at June 30, 2023 (Measurement date of June 30, 2022)	\$ 1,602,578	\$ 2,103,710	\$ (501,132)

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, 2022:

	Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
Net OPEB (Asset) Liability	\$ (242,113)	\$ (501,132)	\$ (712,130)

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	\$ (659,497)	\$ (501,132)	\$ (364,050)

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, 2023

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	10.9 years

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

For the fiscal year ended June 30, 2023, the Agency recognized OPEB expense of \$61,843. As of the June 30, 2023, 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
	<u> </u>	<u> </u>
OPEB contributions subsequent to the measurement date	\$ 186,056	\$ -
Differences between expected and actual experience	-	580,751
Changes in assumptions	104,662	221,866
Net differences between projected and actual earnings on plan investments	198,549	-
Total	<u>\$ 489,267</u>	<u>\$ 802,617</u>

\$186,056 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, 2024. 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
<u> </u>	<u> </u>
2024	\$ (52,158)
2025	(48,893)
2026	(52,982)
2027	98
2028	(88,121)
Thereafter	(257,350)

Solano County Water Agency
Notes to Basic Financial Statements
For the year ended June 30, 2023

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, 2023

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, 2023, 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.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 12,020,000	12,556,302	\$ 12,456,374	\$ (99,928)
Charges for services	333,000	332,682	646,917	314,235
Investment earnings	42,315	395,513	501,520	106,007
Intergovernmental	432,666	523,000	634,109	111,109
Other revenues	46,841	44,258	49,926	5,668
Total revenues	12,874,822	13,851,755	14,288,846	437,091
EXPENDITURES:				
Current:				
Water purchases	-	-	-	-
Operations and maintenance	5,507,334	4,976,214	5,198,953	(222,739)
Administration and general	5,345,318	5,501,994	5,044,801	457,193
Conservation and flood control	1,608,500	905,421	1,102,204	(196,783)
Engineering	1,656,308	1,019,859	1,018,129	1,730
Capital outlay	4,206,000	5,625,152	7,748,995	(2,123,843)
Debt service:				
Principal	-	-	13,992	(13,992)
Interest and fiscal charges	-	-	1,952	(1,952)
Total expenditures	18,323,460	18,028,640	20,129,026	(2,100,386)
REVENUES OVER (UNDER) EXPENDITURES	(5,448,638)	(4,176,885)	(5,840,180)	(1,663,295)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	1,528,946	1,528,946
Total other financing sources (uses)	-	-	1,528,946	1,528,946
Net change in fund balances	\$ (5,448,638)	\$ (4,176,885)	(4,311,234)	\$ (134,349)
FUND BALANCE:				
Beginning of year			19,648,948	
End of year			<u>\$ 15,337,714</u>	

Note: The budgetary basis is the same as GAAP

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 15,825,500	\$ 16,238,095	\$ 16,549,417	\$ 311,322
Charges for services	2,319,893	2,995,436	3,484,827	489,391
Investment earnings	63,526	654,189	744,235	90,046
Other revenues	17,241	28,241	23,074	(5,167)
Total revenues	18,226,160	19,915,961	20,801,553	885,592
EXPENDITURES:				
Current:				
Water purchases	14,043,090	14,429,965	13,513,866	916,099
Operations and maintenance	1,584,500	1,035,000	979,121	55,879
Administration and general	2,330,910	1,590,075	1,477,417	112,658
Conservation and flood control	456,000	442,075	479,688	(37,613)
Engineering	359,000	125,000	123,075	1,925
Capital outlay	640,000	919,625	-	919,625
Total expenditures	19,413,500	18,541,740	16,573,167	1,968,573
Net change in fund balances	\$ (1,187,340)	\$ 1,374,221	4,228,386	\$ 2,854,165
FUND BALANCE:				
Beginning of year			29,284,120	
End of year			<u>\$ 33,512,506</u>	

Note: The budgetary basis is the same as GAAP

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,912,900	\$ 1,829,664	\$ 1,748,616	\$ (81,048)
Investment earnings	20,500	207,200	236,042	28,842
Other revenues	8,000	9,106	9,105	(1)
Total revenues	1,941,400	2,045,970	1,993,763	(52,207)
EXPENDITURES:				
Current:				
Operations and maintenance	1,153,500	1,129,007	1,006,340	122,667
Administration and general	246,378	243,897	221,831	22,066
Capital outlay	82,000	130,600	-	130,600
Total expenditures	1,481,878	1,503,504	1,228,171	275,333
Net change in fund balances	\$ 459,522	\$ 542,466	765,592	\$ 223,126
FUND BALANCE:				
Beginning of year			9,296,409	
End of year			<u>\$ 10,062,001</u>	

Note: The budgetary basis is the same as GAAP

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 131,850	\$ 142,670	\$ 127,496	\$ (15,174)
Investment earnings	1,000	7,575	8,621	1,046
Total revenues	132,850	150,245	136,117	(14,128)
EXPENDITURES:				
Current:				
Operations and maintenance	81,000	69,000	19,429	49,571
Administration and general	58,311	39,225	5,288	33,937
Total expenditures	180,311	173,525	24,717	148,808
Net change in fund balances	\$ (47,461)	\$ (23,280)	111,400	\$ 134,680
FUND BALANCE:				
Beginning of year			338,121	
End of year			\$ 449,521	

Note: The budgetary basis is the same as GAAP

Solano County Water Agency
Required Supplementary Information
For the year ended June 30, 2023

1. DEFINED BENEFIT PENSION PLAN

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

Fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2022	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	0.00244%	-0.02352%	0.00111%	0.00617%	0.01191%	0.01260%	0.01160%	0.01076%	0.01200%
Proportionate share of the net pension liability (asset)	\$ 281,554	\$ (1,271,785)	\$ 120,405	\$ 631,837	\$ 1,147,699	\$ 1,205,732	\$ 1,003,309	\$ 738,680	\$ 751,756
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	\$ 1,165,322
Proportionate Share of the net pension liability as a percentage of covered payroll	11.72%	-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	76.68%	88.29%	75.26%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Schedule of Contributions - Last 10 Years*

Fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 249,838	\$ 232,617	\$ 234,042	\$ 269,459	\$ 247,357	\$ 206,719	\$ 174,564	\$ 155,648	\$ 169,520
Contribution in relation to the actuarially determined contributions	249,838	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	\$ 2,626,230	\$ 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	9.51%	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 the actuarially determined contributions

Valuation Date	June 30, 2020
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	7.00% (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 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, 2023

2. OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES

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

Fiscal year	2023	2022	2021	2020	2019	2018
Measurement Period:	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability						
Service cost	\$ 136,122	\$ 118,917	\$ 156,836	\$ 152,268	\$ 158,962	\$ 153,958
Interest	107,655	96,041	107,879	93,449	100,328	86,953
Actual versus expected experience	(323,528)	-	(169,906)	-	(300,000)	-
Assumption changes	(42,188)	127,170	(223,339)	-	(37,883)	-
Benefit payments	(23,237)	(24,243)	(21,657)	(17,149)	(32,435)	(31,389)
Net change in the total OPEB liability	(145,176)	317,885	(150,187)	228,568	(111,028)	209,522
Total OPEB liability - beginning	1,747,754	1,429,869	1,580,056	1,351,488	1,462,516	1,252,994
Total OPEB liability - ending (a)	\$ 1,602,578	\$ 1,747,754	\$ 1,429,869	\$ 1,580,056	\$ 1,351,488	\$ 1,462,516
Plan Fiduciary Net Position						
Contributions - employer	\$ 23,279	\$ 78,391	\$ 144,037	\$ 147,479	\$ 782,435	\$ 761,389
Contributions - employee	-	-	-	-	-	-
Net investment income	(302,716)	389,272	91,952	113,156	26,139	3,246
Benefit payments	(23,237)	(24,243)	(21,657)	(17,149)	(32,435)	(31,389)
Administrative expense	(651)	(750)	(918)	(368)	(1,514)	(38)
Net change in the total OPEB liability	(303,325)	442,670	213,414	243,118	774,625	733,208
Plan fiduciary net position - beginning	2,407,035	1,964,365	1,750,951	1,507,833	733,208	-
Plan fiduciary net position - ending (b)	\$ 2,103,710	\$ 2,407,035	\$ 1,964,365	\$ 1,750,951	\$ 1,507,833	\$ 733,208
Net OPEB (asset) liability - ending (a) - (b)	\$ (501,132)	\$ (659,281)	\$ (534,496)	\$ (170,895)	\$ (156,345)	\$ 729,308
Plan fiduciary net position as a percentage of the total OPEB liability	131.27%	137.72%	137.38%	110.82%	111.57%	50.13%
Covered employee payroll	\$ 2,693,063	\$ 2,335,366	\$ 2,138,043	\$ 1,983,872	\$ 1,709,111	\$ 1,479,245
Net OPEB (asset) liability as a percentage of covered employee payroll	-18.61%	-28.23%	-25.00%	-8.61%	-9.15%	49.30%

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%.

Solano County Water Agency
Required Supplementary Information
For the year ended June 30, 2023

2. OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES, Continued

Schedule of Plan Contributions - Last 10 Years*

Fiscal Year Ended June 30	2023	2022	2021	2020	2019	2018
Actuarially determined contribution (ADC)	\$ 177,518	\$ 86,566	\$ 83,961	\$ 156,236	\$ 151,562	\$ 32,435
Contributions in relation to the ADC	186,056	23,279	78,391	144,037	147,479	782,435
Contribution deficiency (excess)	<u>\$ (8,538)</u>	<u>\$ 63,287</u>	<u>\$ 5,570</u>	<u>\$ 12,199</u>	<u>\$ 4,083</u>	<u>\$ (750,000)</u>
Covered employee payroll	\$ 2,693,063	\$ 2,538,874	\$ 2,335,366	\$ 2,138,043	\$ 1,983,872	\$ 1,709,111
Contributions as a percentage of covered employee payroll	6.91%	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	6/30/2022
Actuarial cost method	Entry Age Normal, Level % of pay
Amortization method	Level % of pay
Amortization period	16-year fixed period for 2020/21
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount rate	5.75%
General Inflation	2.50%
Medical trend	Non-Medicare - 8.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare - 7.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076
Mortality	CalPERS 2000-2019 experience study
Mortality improvement	Mortality projected fully generational with Scale MP-2021

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

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STATISTICAL SECTION (Unaudited)

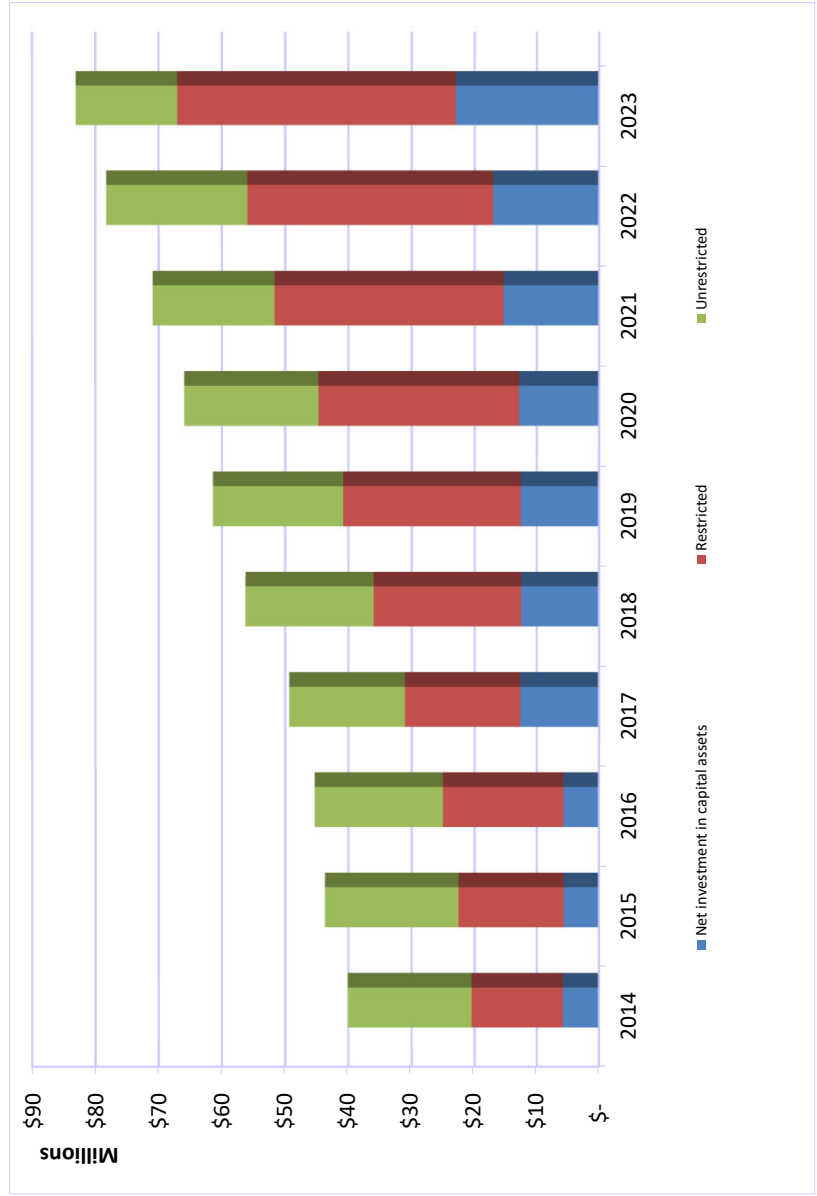
Solano county Water Agency
Statistical Section

This part of the Solano County Water Agency's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's overall financial health.

Contents	Schedule
Financial Trends <i>These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time.</i>	1, 2, 3, 4, 5
Revenue Capacity <i>These schedules contain trend information to help the reader assess the factors affecting the Agency's ability to generate its property taxes.</i>	6, 7, 8
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place and to help make comparisons over time and with other governments.</i>	9,10
Operating Information <i>These schedules contain information about the Agency's operations and resources to help the reader understand how the Agency's financial information relates to the services the Agency provides and the activities it performs.</i>	11,12

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NET POSITION:										
Net investment in capital assets	\$ 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	\$ 23,036,599
Restricted	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	44,024,028
Unrestricted	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	16,045,424
TOTAL NET POSITION	\$ 40,093,342	\$ 43,704,797	\$ 45,346,115	\$ 49,360,718	\$ 56,270,407	\$ 61,422,783	\$ 65,948,955	\$ 70,950,568	\$ 78,291,628	\$ 83,106,051



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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Solano Project	\$ 7,947,771	\$ 7,842,334	\$ 10,873,927	\$ 8,791,655	\$ 9,990,085	\$ 11,591,271	\$ 11,114,866	\$ 11,422,473	\$ 7,506,817	\$ 14,837,635
State Water Project	13,316,883	11,267,198	11,740,362	13,059,922	12,619,932	13,180,546	14,849,962	14,202,526	16,959,367	16,549,517
Ulatis Project	526,128	492,856	569,902	749,195	845,659	839,993	922,970	883,497	1,008,619	1,226,300
Green Valley Flood Control	48,738	82,593	51,106	38,131	46,853	162,824	106,279	67,854	145,859	24,717
Interest and fiscal charges	-	-	-	-	-	-	-	416	2,297	1,952
TOTAL EXPENSES	\$ 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	\$ 32,640,121
Program Revenues:										
Charges for Services	\$ 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	\$ 4,150,735
Operating Grants and Contributions	\$ 1,379,384	\$ 1,916,190	\$ 1,110,799	\$ 1,043,419	\$ 1,104,179	\$ 999,765	\$ 959,082	\$ 286,925	\$ 141,947	\$ 83,235
Capital Grants and Contribution										288,185
General Revenues:										
Property Taxes	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	30,881,903
Investment Earnings	31,336	33,942	121,622	205,753	415,234	1,069,972	897,398	171,005	(418,318)	1,490,418
Other revenues					53,590	160,928	124,314	286,124	72,503	560,068
TOTAL REVENUES	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	37,454,544
CHANGE IN NET POSITION	\$ (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	\$ 4,814,423

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

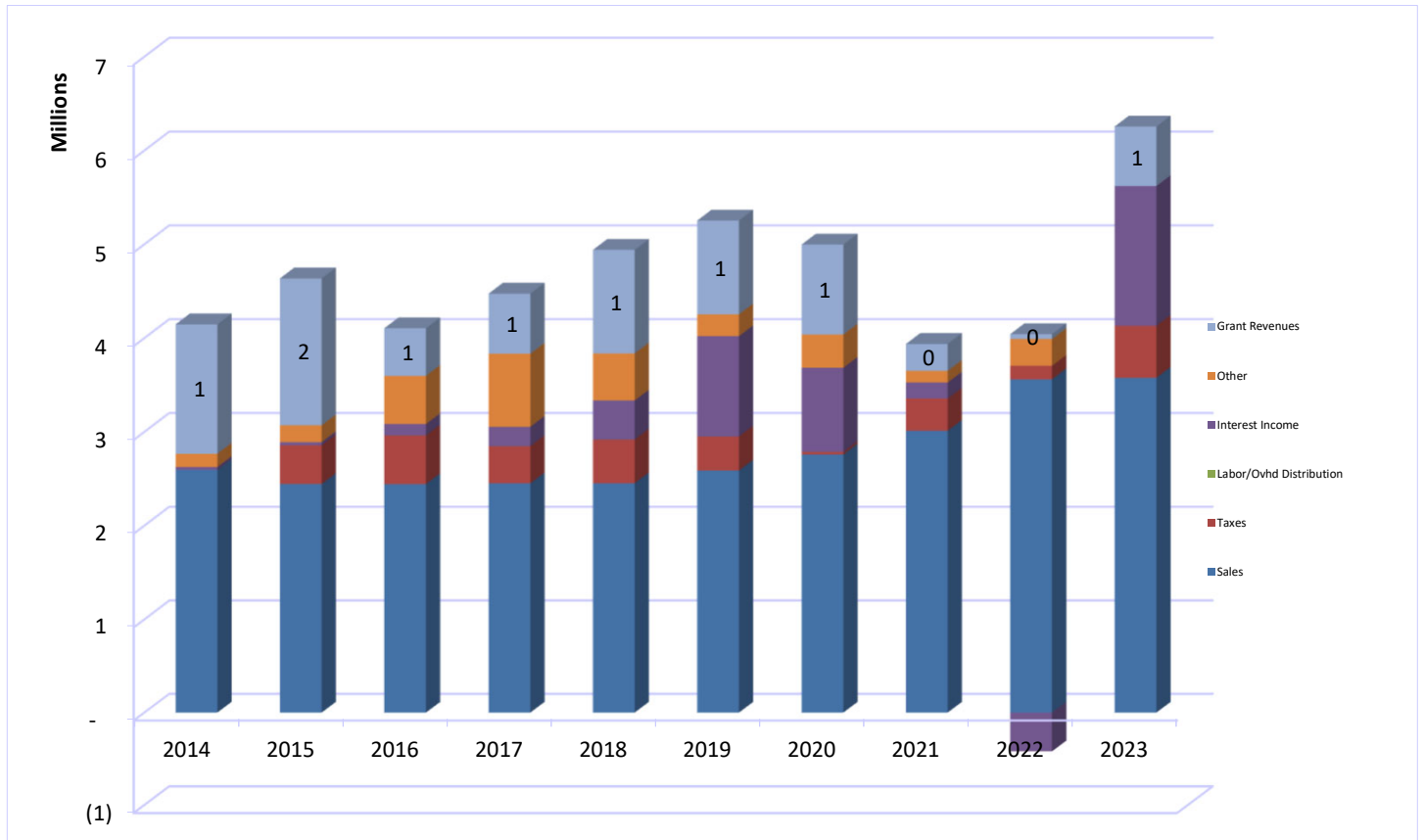
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund (Solano Project)										
Nonspendable	\$ 538,870	\$ 688,117	\$ 695,188	\$ 612,965	\$ 247,685	\$ 77,066	\$ 62,378	\$ 63,600	\$ 73,652	\$ 222,242
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	15,407,055	8,880,454	8,880,454	340,426	3,165,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000
Unassigned	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	15,115,472
Total General Fund	\$ 20,753,404	\$ 22,431,121	\$ 21,731,157	\$ 19,463,683	\$ 20,878,114	\$ 20,866,264	\$ 21,028,583	\$ 19,085,419	\$ 19,648,948	\$ 15,337,714
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ 174,000	\$ -	\$ -	\$ 77,066	\$ -	\$ 105,136	\$ -	\$ -
Restricted	14,494,223	16,940,933	19,372,547	18,375,277	23,489,894	-	31,878,555	36,330,420	38,918,650	44,024,028
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(7,384)	-	-	-	-	-	-	-	-	-
Total Other Governmental Funds	\$ 14,486,839	\$ 16,940,933	\$ 19,546,547	\$ 18,375,277	\$ 23,489,894	\$ 77,066	\$ 31,878,555	\$ 36,435,556	\$ 38,918,650	\$ 44,024,028
TOTAL GOVERNMENTAL FUND BALANCES	\$ 35,240,243	\$ 39,372,054	\$ 41,277,704	\$ 37,838,960	\$ 44,368,008	\$ 20,943,330	\$ 52,907,138	\$ 55,520,975	\$ 58,567,598	\$ 59,361,742

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES:										
Taxes	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	30,881,903
Charges for services:										
Water Sales	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	3,577,509
Other charges for services	0	412,384	518,692	397,786	466,714	362,891	27,046	344,465	143,548	554,235
Grant Revenues	1,379,384	1,565,801	506,528	641,470	1,104,179	999,765	959,082	286,925	52,179	634,109
Investment Income	31,336	33,943	121,622	205,753	415,234	1,069,972	897,398	171,004	(418,317)	1,490,418
Other operating revenue	179,715	514,614	778,159	502,132	232,845	354,810	124,314	286,126	72,503	82,105
Total revenues	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	37,220,279
EXPENDITURES:										
Salaries and Employee Benefits	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	4,095,194
Services and Supplies	773,405	681,606	819,576	786,125	834,637	999,124	1,058,703	916,790	1,314,259	1,578,821
Operations & Maintenance	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	3,509,494
LPCCC Operations	650,639	261,360	268,988	254,008	348,891	346,304	370,105	369,671	445,694	373,241
Putah Creek Watershed Management						992,361	1,020,547	1,475,426	867,185	934,037
Rehab & Betterment	761,550	304,693	2,699,108	19,500	247,787	174,651	231,836	252,646	189,323	505,749
Water Purchases	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	13,513,866
Grant Expenditures	1,479,384	1,740,027	534,146	610,689	575,972	546,482	141,396	166,798	466,442	612,968
Flood Control	32,480	55,670	59,763	79,698	96,636	237,190	92,043	542,082	381,233	264,909
HCP Planning	431,181	421,134	372,337	387,888	438,018	532,134	550,679	533,999	698,466	848,194
Water Conservation	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	1,621,680
Consultants	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	2,331,991
Capital assets	372,598	206,735	423,943	7,424,398	302,139	532,919	782,415	3,158,942	2,351,902	7,748,996
Debt Service	-	-	-	-	-	-	-	2,657	15,944	15,944
Total operating expenditures	22,068,910	19,511,873	23,055,435	30,092,252	23,749,972	26,398,601	27,703,411	29,064,895	29,673,697	37,955,081
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	1,528,946
Capital lease financing	-	-	-	-	-	-	-	100,353	-	-
NET CHANGE IN FUND BALANCE	-978,593	4,670,681	1,905,670	-3,438,744	6,529,047	4,722,292	3,816,838	2,613,837	3,046,624	794,144
Debt service as a percentage of non-capital expenditures									0.06%	0.05%

**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
2023	\$ 37,220,279	3,577,509	554,235	30,881,903	634,109	1,490,418	82,105



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

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
ANNUAL ALLOCATED WATER DELIVERIES										
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	1,225	1,275	1,300	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
	47,125	47,175	47,200	47,200	47,200	47,200	47,200	47,200	47,200	47,200

ANNUAL ALLOCATED WATER DELIVERIES

Annual Contracted Amount \$	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600	\$ 352,600
Benicia	241,900	241,900	241,900	241,900	241,900	241,900	241,900	241,900	241,900	241,900
Fairfield	25,113	26,138	26,650	26,650	26,650	26,650	26,650	26,650	26,650	26,650
Suisun City	125,050	125,050	125,157	125,050	125,050	125,050	125,050	125,050	125,050	125,050
Vacaville	265,982	131,506	59,401	138,546	114,800	114,800	114,800	253,026	384,078	199,648
Vallejo	35,660	34,720	35,420	36,120	36,840	37,580	38,349	39,100	39,880	40,680
UC Davis	31,758	29,448	33,426	31,614	46,908	56,064	53,316	43,962	53,328	52,002
CSP Solano	\$1,078,063	\$941,362	\$874,554	\$952,480	\$944,748	\$954,644	\$952,665	\$1,082,288	\$1,223,486	\$1,038,530

Kern Water Transfers

Fairfield	\$ 386,830	\$ 366,567	\$ 424,275	\$ 327,117	\$ 313,050	\$ 332,296	\$ 349,041	\$ 371,085	\$ 412,222	\$ 445,399
Vacaville	386,830	366,567	424,275	327,117	313,050	332,296	349,041	371,085	412,222	445,399
	\$773,660	\$733,133	\$848,549	\$654,233	\$626,100	\$664,591	\$698,082	\$742,170	\$824,444	\$890,797

Make Napa Whole Adjustment

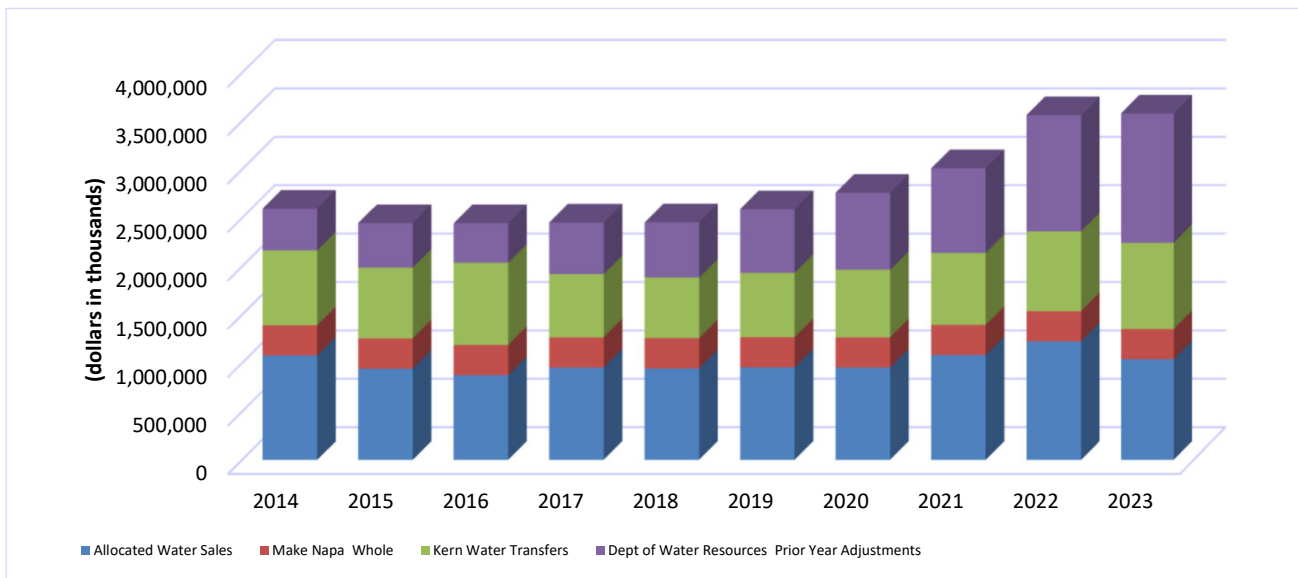
Fairfield	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990	\$ 179,990
Suisun City	51,090	51,090	51,090	51,090	51,090	51,090	51,090	51,090	51,090	51,090
Vacaville	80,920	80,920	80,920	80,920	80,920	80,920	80,920	80,920	80,920	80,920
	\$312,000	\$312,000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

Department of Water Resources - Prior Year Adjustments

Conveyance and Purchase Adjustments	\$430,385	\$458,039	\$408,679	\$532,676	\$569,853	\$657,103	\$796,692	\$874,776	\$1,200,898	\$1,336,182
Total water sales	\$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	\$3,577,509

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
2014	1,078,063	312,000	773,660	430,385	2,594,108
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
2023	1,038,530	312,000	890,797	1,336,182	3,577,509



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)
2022	447,241	31,359,472,890	70,118	4.60%
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%

Detail of estimated population, as of May 2, 2022

Incorporated Cities

Benicia	26,656
Dixon	19,083
Fairfield	119,897
Rio Vista	9,925
Suisun City	28,896
Vacaville	101,257
Vallejo	123,190
Total of Incorporated	428,904
Total of Unincorporated	18,337
Total Population	447,241

Population obtained from U.S. Census Bureau

Personal Income obtained from US Department of Commerce-Bureau of Economic Analysis, updated November 2020

Unemployment Rate obtained from State of California Employment Development Department

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

2022		2013			
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Travis AFB	13,100	6.57%	Travis AFB	14,353	7.14%
County of Solano	3,127	1.57%	County of Solano	2,445	1.22%
Fairfield-Suisun Unified School District	2,779	1.39%	Fairfield-Suisun Unified School District	2,707	1.35%
Northbay Healthcare System	2,210	1.11%	Northbay Healthcare System	1,982	0.99%
Kaiser Foundation Hospitals	2,000	1.00%	Kaiser Foundation Hospitals	4,155	2.07%
Vallejo Unified School District	1,694	0.85%	Vallejo Unified School District	1,600	0.80%
California Medical Facility	1,557	0.78%	California Medical Facility	1,953	0.97%
Vacaville Unified School District	1,312	0.66%	Vacaville Unified School District	1,100	0.55%
Genentech	1,100	0.55%	Genentech		
Westrust-nut tree	1,100	0.55%	Westrust-nut tree		
California Department of Corrections & Rehabilitation	1,000	0.53%	California Department of Corrections & Rehabilitation	1,300	0.65%
Six Flags Discovery Kingdom			Six Flags Discovery Kingdom	1,591	0.79%
	<u>30,979</u>	<u>15.56%</u>		<u>33,186</u>	<u>16.53%</u>

Source:

[County of Solano; 2021/22 Comprehensive Annual Financial Report \(CAFR\)](https://labormarketinfo.edd.ca.gov/cgi/dataanalysis)
<https://labormarketinfo.edd.ca.gov/cgi/dataanalysis>

**Monthly Labor Force Data for Cities and Census Designated Places (CDP)
 September 2023 - Preliminary
 Data Not Seasonally Adjusted**

Area Name	Labor Force	Employment	Unemployment Number	Unemployment Rate	Census Ratios Emp	Census Ratios Unemp
Solano County	203,700	194,300	9,300	4.60%	1	1
Benicia city	14,400	13,800	600	3.90%	N/A	N/A
Dixon city	9,300	8,900	300	3.40%	0.046024	0.033656
Elmira CDP	100	100	0	5.60%	0.000688	0.000894
Fairfield city	52,600	50,100	2,500	4.80%	N/A	N/A
Green Valley CDP	700	700	0	0.00%	0.003761	0
Rio Vista city	3,400	3,000	400	11.60%	0.015263	0.041772
Suisun City city	13,800	13,200	600	4.30%	N/A	N/A
Vacaville city	45,300	43,500	1,900	4.10%	N/A	N/A
Vallejo city	54,700	51,900	2,800	5.10%	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,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GENERAL MANAGER SERIES	1	1	1	1	1	1	2	2	2	1
STREAMKEEPER	1	1	1	1	1	1	1	1	1	1
WATER RESOURCE ENGINEERING SERIES	2	4	4	4	5	5	5	6	6	5
WATER RESOURCE SPECIALIST SERIES	4	4	5	6	7	7	6	4	5	3
WATER RESOURCES TECHNICIAN SERIES	2	2	2	2	3	4	4	3	5	8
LEGISLATIVE POLICY ANALYST SERIES										1
ADMINISTRATIVE SERVICES MANAGER	1	1	1							
ACCOUNTANT SERIES	1	1	2	2	2	2	2	2	2	1
ANALYST SERIES										1
ADMINISTRATIVE ASSISTANT SERIES	1	1	1	1	1	1	1	1	1	1
	13	15	17	17	20	21	21	19	22	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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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				6,914,571	6,914,571	6,914,571	6,914,571	8,597,503	10,380,316	10,380,316
Buildings	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	1,747,262
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	2,101,442	2,101,442	2,134,634	2,164,101	2,204,109	2,300,466	2,310,371	2,374,425	2,451,516	2,451,516
Machinery & Field Equipment	1,155,301	1,253,527	1,705,315	2,130,175	2,392,306	2,613,440	3,073,995	3,152,049	3,690,560	4,198,467
Furniture, Fixtures & Office Equipment	373,152	391,479	328,787	217,439	217,439	114,364	364,134	364,134	425,575	408,865
Construction in Progress	-	90,183	-	-	-	7,302	36,482	259,286	151,837	6,843,946
Total In-Service	7,975,610	8,182,346	8,514,451	15,772,001	16,074,140	16,334,644	17,084,054	20,164,505	22,516,912	28,714,764
Less Accumulated Depreciation	(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)	(5,607,692)
Net Capital Assets	\$ 5,784,349	\$ 5,645,142	\$ 5,695,633	\$ 12,663,240	\$ 12,527,416	\$ 12,609,847	\$ 12,858,993	\$ 15,433,464	\$ 17,147,016	\$ 23,107,072



**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, 2023, 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 29, 2023.

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.

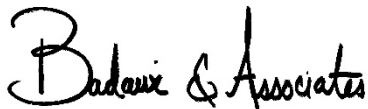
To the Board of Directors
of the Solano County Water Agency
Vacaville, California
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Compliance and Other Matters

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.



Badawi & Associates, CPA's
Berkeley, California
December 29, 2023