PAJARO VALLEY WATER MANAGEMENT AGENCY

36 BRENNAN STREET • WATSONVILLE, CA. 95076
TEL: 831) 722-9292 FAX: 831) 722-3139
email: info@pvwater.org • https://www.pvwater.org

ADMINISTRATION & FINANCE COMMITTEE MEETING
PV Water, 36 Brennan Street, Watsonville
Tuesday, January 7, 2025, 3:00 p.m.

MEETING AGENDA

1. Call to Order and Roll Call:
   Committee members: Bob Culbertson (Chair), Amy Newell, Stephen Rider

2. Director Comments

3. Public Comments
   This time is set aside for members of the general public to address the Committee on any item not on the agenda, and that is within the subject matter jurisdiction of the Committee. Each speaker is allotted up to 3 minutes.

4. Election of Officers for 2025: Chair, Vice Chair

5. Consider Approval of December 10, 2024, Administration & Finance Committee Meeting Minutes
   i. Introduction by staff
   ii. Questions from Committee
   iii. Public comment
   iv. Committee discussion and deliberation
   v. Committee action

6. Receive Presentation on Draft Annual Financial Reports for Fiscal Year ended June 30, 2024
   i. Introduction by staff
   ii. Questions from Committee
   iii. Public comment
   iv. Committee discussion and deliberation
   v. Committee action

7. Conduct Annual Review of Administration & Finance Committee Bylaws
   i. Introduction by staff
   ii. Questions from Committee
   iii. Public comment
   iv. Committee discussion and deliberation
   v. Committee action

PV Water is a state-chartered local Agency formed "to efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft and to provide and insure sufficient water supplies for present and anticipated needs within the boundaries of the Agency. It is anticipated that long-term overdraft problems may not be solved unless supplemental water supplies are provided. The water management Agency should, in an efficient and economically feasible manner, utilize supplemental water and available underground storage and should manage the groundwater supplies to meet the future needs of the basin." This agenda is subject to revision and may be amended prior to the scheduled meeting. If amended, a Final Agenda will be posted at the PV Water offices at 36 Brennan Street, Watsonville, 72 hours prior to the meeting. Copies of the Final Agenda will be available at the Board Meeting. This Agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132) and the Ralph M. Brown Act (Cal. Govt. Code Sec. 54954.2). Persons requesting a disability-related modification or accommodation should contact PV Water at (831) 722-9292 during regular business hours, at least 24 hours prior to the time of the meeting.

8. Review Check Signing Policy
    i. Introduction by staff
    ii. Questions from Committee
    iii. Public comment
    iv. Committee discussion and deliberation
    v. Committee action

9. Consider Accepting Financial Reports
    a. Activity Report
    b. Investment Report
    C. Quarterly Billing Report
        i. Introduction by staff
        ii. Questions from Committee
        iii. Public comment
        iv. Committee discussion and deliberation
        v. Committee action

10. Consider Accepting Cash Flow Reports
    a. A/R Aging Update
    b. A/P Check Report
        i. Introduction by staff
        ii. Questions from Committee
        iii. Public comment
        iv. Committee discussion and deliberation
        v. Committee action

11. Discuss future agenda items and next meeting date – Tuesday, February 11, 2025, 3:00 p.m.

Adjournment

Remote Access for Meeting

Join the Administration & Finance Committee meeting from your computer, tablet or smartphone.
https://www.gotomeet.me/PVWater/pv-water-administration-finance-committee

You can also dial in using your phone.
United States (Toll Free): 1 877 309 2073
Access Code: 392-853-285

PV Water is a state-chartered local Agency formed "to efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft and to provide and insure sufficient water supplies for present and anticipated needs within the boundaries of the Agency. It is anticipated that long-term overdraft problems may not be solved unless supplemental water supplies are provided. The water management Agency should, in an efficient and economically feasible manner, utilize supplemental water and available underground storage and should manage the groundwater supplies to meet the future needs of the basin." This agenda is subject to revision and may be amended prior to the scheduled meeting. If amended, a Final Agenda will be posted at the PV Water offices at 36 Brennan Street, Watsonville, 72 hours prior to the meeting. Copies of the Final Agenda will be available at the Board Meeting. This Agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132) and the Ralph M. Brown Act (Cal. Govt. Code Sec. 54954.2). Persons requesting a disability-related modification or accommodation should contact PV Water at (831) 722-9292 during regular business hours, at least 24 hours prior to the time of the meeting.

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ADMINISTRATION & FINANCE COMMITTEE MEETING MINUTES of Tuesday, December 10, 2024, 3:00 p.m. PV Water, 36 Brennan Street, Watsonville

Director Culbertson called the meeting to order at 3:00 p.m.

1. **Roll Call of Committee Members**:

   Committee Members Present: Bob Culbertson (Chair), Amy Newell
   Committee Members Absent: None (One Vacant Seat To Be Filled by Board Action on December 18, 2024)
   Staff Present: Brian Lockwood, General Manager (GM), Nancy Trevino (FASM), Priscilla Sanchez (FA)
   Others Present: None

2. **Director Comments:** Director Culbertson attended the PFRMA meeting where he mentioned the PV Watershed Resiliency Grant that was recently awarded to PVWMA.

3. **Public Comments:** None

4. **Consider Approving Minutes of November 12, 2024, Committee Meeting:**
   Action: Director Newell moved to approve the November 12, 2024, meeting minutes; seconded by Director Culbertson.

   The motion carried following vote:

   Ayes: **Newell, Culbertson**
   Noes: **None**
   Abstain: **None**
   Absent: **None**

5. **Consider First Amendment to Agreement with Tanner Pacific, Inc., for College Lake Integrated Resources Management Project, Construction Management & Inspection Services, in an Amount Not to Exceed $1,453,131:**
   GM Lockwood explained that construction of the College Lake Project is proceeding beyond the substantial completion date of November 1, 2024, due to numerous factors including several locations with differing site conditions than what was anticipated, design changes, and long lead times on certain electrical equipment. Tanner Pacific, Inc. (TPI) staff have been providing construction management and construction inspection services. TPI's agreement anticipated the project to be completed by December 31, 2024. With the additional time needed to complete the Project, PV

Water will need to augment TPI's budget. Director Newell inquired with staff if there are sufficient funds available in the budget to accommodate the increase, and staff responded that sufficient funds are in the adopted budget.

Action: Director Newell moved to recommend the Board approve the First Amendment to Agreement with Tanner Pacific, Inc., for College Lake Integrated Resources Management Project, Construction Management & Inspection Services, in an Amount Not to Exceed $1,453,131; seconded by Director Culbertson.

The motion carried following vote:

Ayes: **Newell, Culbertson**
Noes: **None**
Abstain: **None**
Absent: **None**

6. **Consider First Amendment to Agreement with Strategy Driver Inc., for Supplemental Water Workshop & Water User Handbook Update Support Services in an Amount not to Exceed $64,136:**
GM Lockwood summarized how Strategy Driver, Inc. (SDI) assisted PV Water staff in planning and facilitating two recent delivered water customer workshops focused on soliciting ideas to update the Water User Handbook and discussing supplemental water supply and demand. With two workshops completed, staff desire to continue working with SDI to incorporate customer feedback into the Water User's Handbook, host a third workshop to review the updated Handbook, and develop graphics and a User's Guide for the Delivered Water Customer Portal that will be developed in 2025. Director Newell stated she was impressed with SDI's tone and knowledge during the workshops. Director Culbertson asked where the source of funds would come from to pay for this increase to which GM Lockwood stated the operations budget, noting a budget amendment may be necessary.

Action: Director Newell moved to recommend the Board approve the First Amendment to the Agreement with Strategy Driver, Inc., for Supplemental Water Workshop & Water User Handbook Update Support Services in an Amount not to Exceed $64,136; seconded by Director Culbertson.

The motion carried following vote:

Ayes: **Newell, Culbertson**
Noes: **None**
Abstain: **None**
Absent: **None**

7. **Consider 2025 Board and Committee Meeting Dates:**
GM Lockwood presented the proposed 2025 meeting dates and explained the cadence for such meetings. A proposed change is to move the Administration & Finance

Committee meeting scheduled on November 11, 2025, Veteran's Day, to November 12, 2025, due to the holiday.

Action: Director Newell moved to accept the 2025 Board and Committee Meeting Dates with the one meeting date change and recommend the Board approve them; seconded by Director Culbertson.

The motion carried following vote:

Ayes: **Newell, Culbertson**
Noes: **None**
Abstain: **None**
Absent: **None**

8. **Consider Fiserv Credit Card Agreement:**
FASM Trevino explained efforts to communicate and improve the credit card payment platform for receipt of customer payments since there have been numerous challenges with the current provider for the past several months. The proposed credit card agreement minimizes and simplifies the fee structure to the Agency's advantage. The proposal would reduce total fees from approximately ~4.29% to 3.25%, based on total transaction volume.

Action: Director Newell moved to accept the Fiserv Credit Card Agreement and recommend the Board approve it; seconded by Director Culbertson.

The motion carried following vote:

Ayes: **Newell, Culbertson**
Noes: **None**
Abstain: **None**
Absent: **None**

9. **Consider Accepting Financial Reports:**
FASM Trevino reported the Agency's cash position at the end of October showing nearly $22 million.

Action: Director Newell moved to accept the financial reports and recommend the Board approve them; seconded by Director Culbertson.

The motion carried following vote:

Ayes: **Newell, Culbertson**
Noes: **None**
Abstain: **None**
Absent: **None**

10. **Consider Accepting Cash Flow Reports:**
    FASM Trevino reported the Agency's AR aging balance of almost $1 million still outstanding as of November 30th. This is reflective of approximately $777,000 still owing on the September billing for which Agency staff is actively pursuing internal collection efforts.

    Action: Director Newell moved to accept the cash flow reports and recommend the Board approve them; seconded by Director Culbertson.

    The motion carried following vote:

    Ayes: **Newell, Culbertson**
    Noes: **None**
    Abstain: **None**
    Absent: **None**

11. **Discuss Future Agenda Items and Next Meeting Date:** Future agenda items include the considering the draft audited financial statements from fiscal year 2023-2024 by C. J. Brown & Company CPAs. The next regular meeting date is set for Tuesday, January 7, 2025, 3:00 p.m.

    Adjournment: 3:30 p.m.

MEMORANDUM

DATE: January 2, 2025
MEETING OF: January 7, 2025
TO: Administration & Finance Committee
FROM: General Manager
RE: **ITEM 6:** Review Annual Financial Reports for Fiscal Year ended June 30, 2024

BACKGROUND

C.J. Brown & Company CPAs has audited the financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Pajaro Valley Water Management Agency (PV Water) as of and for the fiscal year ended June 30, 2024.

The draft Financial Report results in an unqualified opinion, revealing that the PV Water's financial statements are presented fairly and are found to be in conformity with generally accepted accounting principles and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

C.J. Brown & Company CPAs also conducted a Single Audit of PV Water's financial statements. The Code of Federal Regulations (CFR) Section 200.501 requires a Single Audit for recipients who expend $750,000 or more in federal awards. PV Water's WIFIA loan disbursements trigger this requirement.

Jonathan Abadesco, CPA, with C.J. Brown & Company CPAs will present the Financial Statements at the meeting and answer questions.

FISCAL IMPACT

There is no new fiscal impact associated with accepting and filing the annual Financial Report for Fiscal Year ended June 30, 2024. During its May 2024 meeting, the Board approved a Letter of Engagement with C.J. Brown & Company CPAs in an amount not to exceed agreement in the amount of $32,853 "with financial statement audit fee of $22,884, single audit fee of $7,844, out of pocket expenses not exceeding $1,500, and preparation of the Agency's annual State Controller's Report for $625).

STAFF RECOMMENDATION

That Committee review the Financial Report and consider making a recommendation to the Board of Directors.

ATTACHMENTS

- Draft Financial Reports for Fiscal Year ended June 30, 2024

Pajaro Valley
Water Management Agency

Pajaro Valley Water Management Agency

Annual Financial Report

For the Fiscal Year Ended June 30, 2024

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Mission Statement

"Pajaro Valley Water Management Agency mission is to achieve sustainable groundwater resources in the Pajaro Valley for our vibrant agricultural, commercial, industrial, and residential communities for today and future generations."

"Pajaro Valley Water Management Agency is a state-chartered water management district formed to efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft. We also work to provide and ensure sufficient water supplies for present and future anticipated needs within our boundaries, generally the greater coastal Pajaro Valley."

Pajaro Valley Water Management Agency

Board of Directors as of June 30, 2024

Name	Title	Elected/ Appointed	Area Served
Amy Newell	Chair	Elected	Division C
Stephen Rider	Vice Chair	Elected	Division B
Bob Culbertson	Treasurer	Elected	Division D
Mary Bannister	Director	Elected	Division A
Javier Zamora	Director	Appointed	County of Monterey
Tom Broz	Director	Appointed	County of Santa Cruz
Abel Sanchez	Director	Appointed	City of Watsonville

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Pajaro Valley Water Management Agency
Brian Lockwood, General Manager
36 Brennan Street
Watsonville, California 95076-4303
(831) 722-9292 – www.pvwater.org

Pajaro Valley Water Management Agency

Annual Financial Report

For the Fiscal Year Ended June 30, 2024

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Pajaro Valley Water Management Agency
Annual Financial Report
For the Fiscal Year Ended June 30, 2024

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Financial Section

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Independent Auditor's Report

Board of Directors
Pajaro Valley Water Management Agency
Watsonville, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each of the major funds of the Pajaro Valley Water Management Agency (Agency), as of and for the year ended June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each of the major funds of the Agency, as of June 30, 2024, and the respective changes in financial position 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 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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.

Report on Summarized Comparative Information

We have previously audited the Agency's fiscal year ended June 30, 2023, financial statements, and we expressed on unmodified audit opinion on those audited financial statements in our report dated January 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the required supplementary information on pages 42 through 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2025, 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.

C.J. Brown & Company, CPAs
Cypress, California
January 15, 2025

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Pajaro Valley Water Management Agency (Agency) provides an introduction to the financial statements of the Agency for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- The Agency's net position increased 9.47% or $8,216,158 to $94,974,806 from ongoing operations.
- The Agency's total revenues increased 29.98% or $4,899,279 to $21,240,096.
- The Agency's total expenses increased 29.41%, or $2,959,690 to $13,023,938.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the Agency's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency, and assessing the liquidity and financial flexibility of the Agency. All of the year's revenues and expenses are accounted for in the Statement of Activities. This statement can be used to determine the Agency's net operating reserves and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the Agency in a way that helps answer this question. These statements use the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid. These two statements report the Agency's *net position* and changes in it. Think of the Agency's net position – assets and deferred outflows of resources, less liabilities and deferred inflows of resources – as one way to measure the Agency's financial health or *financial position*. Over time, *increases or decreases* in the Agency's net position is one indicator of whether its *financial health* is improving or deteriorating; however, one will need to consider other non-financial factors to assess the *overall health* of the Agency.

Governmental Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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Governmental Fund Financial Statements, continued

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, continued

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains four individual governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance for the General, Special Revenue, Capital Projects, and Debt Service funds.

The fund financial statements can be found on pages 13 through 16 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 17 through 41.

Government-wide Financial Analysis

A summary of the Statements of Net Position is as follows:

Condensed Statements of Net Position

	2024	2023	Change
Assets:			
Current assets	$ 25,322,520	61,368,768	(36,046,248)
Non-current assets	256,327	303,406	(47,079)
Capital assets, net	147,547,062	94,114,914	53,432,148
Total assets	173,125,909	155,787,088	17,338,821
Deferred outflows of resources	927,751	933,080	(5,329)
Liabilities:			
Current liabilities	11,439,164	9,634,435	1,804,729
Non-current liabilities	67,292,351	59,859,274	7,433,077
Total liabilities	78,731,515	69,493,709	9,237,806
Deferred inflows of resources	347,339	467,811	(120,472)
Net position:			
Net investment in capital assets	80,670,991	74,798,359	5,872,632
Restricted	348,259	335,191	13,068
Unrestricted	13,955,556	11,625,098	2,330,458
Total net position	$ 94,974,806	86,758,648	8,216,158

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Government-wide Financial Analysis, continued

The Agency's current assets decreased by 58.74% or $36,046,248 due to the utilization of cash proceeds from the 2023 Water Revenue Certificate of Participation (COP) for the purpose of financing the Agency's College Lake Project.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $94,974,806 as of June 30, 2024. A large portion of the Agency's net position ($80,670,991 or 84.94%) reflects its investment in capital assets (net of accumulated depreciation); less any related debt used to acquire those assets that are still outstanding. The Agency uses these capital assets for operations; consequently, these assets are *not* available for future spending. At the end of fiscal year 2024, the Agency reflected a positive balance in its unrestricted net position of $13,955,556 that may be utilized in future years. See note 12 to the financial statements for further information.

A summary of the Statements of Activities is as follows:

Condensed Statements of Activities

	2024	2023	Change
Revenues:			
Program revenues:			
Charge for services	$ 13,822,188	12,939,454	882,734
Capital grants and contributions	5,073,853	2,525,638	2,548,215
Total program revenues	18,896,041	15,465,092	3,430,949
General revenues:			
Management fees	370,642	371,975	(1,333)
Investment earnings	1,852,509	403,547	1,448,962
Other revenues	120,904	100,203	20,701
Total general revenues	2,344,055	875,725	1,468,330
Total revenues	21,240,096	16,340,817	4,899,279
Expenses:			
Water basin management	10,854,334	9,542,006	1,312,328
Interest on long-term debt	2,169,604	522,242	1,647,362
Total expenses	13,023,938	10,064,248	2,959,690
Changes in net position	8,216,158	6,276,569	1,939,589
Net position, beginning of year	86,758,648	80,482,079	6,276,569
Net position, end of year	$ 94,974,806	86,758,648	8,216,158

The Statement of Activities shows how the Agency's net position changed during the fiscal year. In the case of the Agency, net position increased 9.47% or $8,216,158 to $94,974,806, as a result of ongoing operations.

The Agency's total revenues from all sources increased 29.98% or $4,899,279 to $21,240,096. Program revenues increased $3,430,949 due primarily to increases of $2,548,215 in capital grants and contributions, and $882,734 in charge for services.

Government-wide Financial Analysis, continued

General revenues increased $1,468,330 due primarily to increases of $1,448,962 in investment returns, $20,701 in other revenues; which were offset by a decrease of $1,333 in management fees. The Agency's total expenses increased 29.41% or $2,959,690 to $13,023,938 due primarily to increases of $1,312,328 in water basin management and $1,647,362 in interest on long-term debt.

Governmental Fund Financial Analysis

The following table is a summary of the changes in fund balance for all governmental funds for the year ended June 30, 2024:

Condensed Changes in Fund Balance - Governmental Fund

		General	Special Revenue	Capital Projects	Debt Service	Total Fund Balance
Fund balance, beginning of year	$	3,800,696	16,532,778	33,406,065	340,512	54,080,051
Changes in fund balance		412,684	1,914,248	(39,928,904)	14,108	(37,587,864)
Fund balance, end of year	$	4,213,380	18,447,026	(6,522,839)	354,620	16,492,187

In 2024, total fund balance decreased by 69.50% or $37,587,864 to $16,492,187, largely due to expenditures for construction of capital projects. The General fund increased by 10.86% or $412,684 to $4,213,380; the Special Revenue fund increased by 11.58% or $1,914,248 to $18,447,026; the Capital Projects fund decreased by 119.53% or $39,928,904 to a deficit of $(6,522,839); and the Debt Service fund increased by 4.14% or $14,108 to $354,620.

Budgetary Highlights

The budget for fiscal year 2023-2024 is based on the following economic factors and assumptions:

From July 1, 2023, through November 30, 2023, groundwater augmentation charges were $282 per acre-foot (AF) of pumped groundwater outside the delivered water zone. Within the delivered water zone, the groundwater augmentation charge was $391/AF, and the delivered water charge was $432/AF Rural residential users with unmetered wells paid an estimated 0.5 AF/year of water usage at a rate of $132 per residence.

From December 1, 2023, through June 30, 2024, groundwater augmentation charges were $302/AF of pumped groundwater outside the delivered water zone. Within the delivered water zone, the pumped ground water charge was $420/AF, and the delivered water charge was $454/AF. Rural residential users with unmetered wells paid an estimated 0.5 AF/year of water usage at a rate of $142 per residence.

The final actual expenditures for the year ended June 30, 2024 was less than budgeted by $96,927 for the General Fund, less than budgeted by $1,259,774 for the Special Revenue fund, less than budgeted by $6,580,424 for the Capital Projects fund. Actual revenues for the year ended June 30, 2024, were more than the anticipated budget by $36,807 for the General Fund, more than the anticipated budget by $425,737 for the Special Revenue fund, less than the anticipated budget by $177,955 for the Capital Projects fund. and more than the anticipated budget by $14,108 for the Debt Service fund.

For the year ended June 30, 2024, the final amended budgeted expenditures were reduced by $76,050 for the General Fund, reduced by $506,868 for Special Revenue Fund, and reduced by $17,793,002 for the Capital Projects Fund. For the year ended June 30, 2024, the final amended budgeted revenues were increased by $75,000 for General Fund, increased by $512,000 for the Special Revenue Fund and increased by $1,000,000 for the Capital Projects Fund. (See Budgetary Comparison Schedule under the Required Supplementary Information section on pages 42 through 46).

Capital Asset Administration

The change in capital asset amounts for the year was as follows:

		Balance 2023	Additions	Deletions	Balance 2024
Non-depreciable assets	$	30,186,755	56,717,575	-	86,904,330
Depreciable assets		106,655,601	80,005	(15,000)	106,720,606
Accumulated depreciation		(42,727,442)	(3,365,432)	15,000	(46,077,874)
Total capital assets, net	$	94,114,914	53,432,148	-	147,547,062

At the end of fiscal year 2024, the Agency's investment in capital assets (net of accumulated depreciation) amounted to $147,547,062. The investment in capital assets includes Harkins Slough project, Accelerated Pipeline project, Coastal distribution system, Buildings and improvements, Vehicle, Office and field equipment, Furniture and fixtures, Capacity rights – Recycled Water Facility, Right to use asset, and Other assets. See note 4 to the financial statements for further information.

Debt Administration

		Balance 2023	Additions	Principal Payment	Balance 2024
Note payable	$	2,861,727	-	(285,379)	2,576,348
Loan payable		-	9,281,567	-	9,281,567
Certificate of participation		40,612,948	-	-	40,612,948
Bond payable		16,295,681	-	(1,998,948)	14,296,733
Total long-term debt	$	59,770,356	9,281,567	(2,284,327)	66,767,596

In 2024, long-term debt increased by $9,281,567, due to the proceeds received from the WIFIA credit agreement and decreased by $2,284,327 due to principal payments on outstanding debt. See note 8 to the financial statements for further information.

Lease Payable

		Balance 2023	Additions	Principal Payment	Balance 2024
Lease payable	$	159,147	-	(50,672)	108,475
Total lease payable	$	159,147	-	(50,672)	108,475

In 2022, the Agency implemented Government Accounting Standards Board (GASB) Statement No. 87 – *Leases*. During the year, lease payable decreased due to principal payments on lease payable of $50,672. See note 7 to the financial statements for further information.

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Conditions Affecting Current Financial Position

Management is unaware of any other conditions, which could have a significant impact on the Agency's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the Agency's funding sources, customers, and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's Finance & Administrative Services Manager, Nancy Trevino, at Pajaro Valley Water Management Agency, 36 Brennan Street, Watsonville California 95076 or (831) 722-9292.

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Basic Financial Statements

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Pajaro Valley Water Management Agency
Statement of Net Position
June 30, 2024

		2024
Current assets:		
Cash and cash equivalents (note 2)	$	20,248,523
Cash and cash equivalents – restricted (note 2)		348,259
Accounts receivable, net		3,831,207
Grant receivable		538,600
Interest receivable		121,997
Other receivable		103,570
Prepaid expenses and other assets		83,285
Long-term asset – due within one year:		
Lease receivable (note 3)		47,079
Total current assets		25,322,520
Non-current assets:		
Capital assets – not being depreciated (note 4)		86,904,330
Depreciable capital assets, net (note 4)		60,642,732
Long-term asset – due within one year:		
Lease receivable (note 3)		256,327
Total non-current assets		147,803,389
Total assets		173,125,909
Deferred outflows of resources:		
Deferred pension outflows (note 9)		927,751
Total deferred outflows of resources	$	927,751

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See accompanying notes to the basic financial statements

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Pajaro Valley Water Management Agency
Statement of Net Position, continued
June 30, 2024

	2024
Current liabilities:	
Accounts payable	$ 8,174,220
Accrued wages payable	62,307
Accrued interest	757,866
Unearned revenue	546,727
Long-term liabilities – due within one year:	
Compensated absences (note 6)	94,521
Note payable (note 8)	291,533
Bonds payable (note 8)	1,460,000
Lease payable (note 8)	51,990
Total current liabilities	11,439,164
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences (note 6)	283,563
Net pension liability (note 9)	1,936,240
Note payable (note 8)	2,284,815
WIFIA payable (note 8)	9,281,567
Certificate of participation (note 8)	40,612,948
Bonds payable (note 8)	12,836,733
Lease payable (note 8)	56,485
Total non-current liabilities	67,292,351
Total liabilities	78,731,515
Deferred inflows of resources:	
Deferred pension inflows (note 9)	82,136
Deferred rent revenue	265,203
Total deferred inflows of resources	347,339
Net position: (note 11)	
Net investment in capital assets	80,670,991
Restricted	348,259
Unrestricted	13,955,556
Total net position	$ 94,974,806

See accompanying notes to the basic financial statements

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Pajaro Valley Water Management Agency
Statement of Activities
For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Charge for Services	Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
Governmental activities:				
Water basin management	$ 10,854,334	13,822,188	5,073,853	8,041,707
Interest on long-term debt	2,169,604	-	-	(2,169,604)
Total governmental activities	$ 13,023,938	13,822,188	5,073,853	5,872,103
General revenues:				
Management fees				$ 370,642
Investment earnings				1,852,509
Other revenue				120,904
Total general revenues				2,344,055
Changes in net position				8,216,158
Net position, beginning of year				86,758,648
Net position, end of year				$ 94,974,806

See accompanying notes to the basic financial statements

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Pajaro Valley Water Management Agency
Balance Sheet
June 30, 2024

	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Fund
Assets:					
Cash and cash equivalents	$ 4,163,400	16,078,566	196	6,361	20,248,523
Restricted cash	-	-	-	348,259	348,259
Accounts receivable	21,339	3,809,868	-	-	3,831,207
Grants receivable	-	538,600	-	-	538,600
Interest receivable	26,112	95,885	-	-	121,997
Other receivable	-	103,570	-	-	103,570
Prepaid expenses	41,095	42,190	-	-	83,285
Total assets	$ 4,251,946	20,668,679	196	354,620	25,275,441
Liabilities:					
Accounts payable	$ 31,927	1,626,940	6,515,353	-	8,174,220
Accrued wages payable	235	54,390	7,682	-	62,307
Unearned revenues	6,404	540,323	-	-	546,727
Total liabilities	38,566	2,221,653	6,523,035	-	8,783,254
Fund balance: (note 12)					
Non-spendable	41,095	42,190	-	-	83,285
Restricted	-	-	-	354,620	354,620
Committed	1,425,238	15,294,160	68,697,164	-	85,416,562
Assigned	378,084	-	-	-	378,084
Unassigned	2,368,963	3,110,676	(75,220,003)	-	(69,740,364)
Total fund balance	4,213,380	18,447,026	(6,522,839)	354,620	16,492,187
Total liabilities and fund balance	$ 4,251,946	20,668,679	196	354,620	25,275,441

Continued on next page

See accompanying notes to the basic financial statements

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Pajaro Valley Water Management Agency
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position
June 30, 2024

Reconciliation:

Fund balance of governmental fund	$	16,492,187
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Long-term assets used in governmental activities are not current financial resources and, therefore, not in the governmental fund balance sheet. However, the Statement of Net Position includes those capital position among the assets of the Agency as a whole.		
Capital assets, net		147,547,062
Lease receivable		303,406
Deferred pension outflow		927,751
Long-term liabilities applicable to the Agency are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
Accrued interest		(757,866)
Compensated absences		(378,084)
Note payable		(2,576,348)
Loan payable		(9,281,567)
Certificate of Participation		(40,612,948)
Bonds payable		(14,296,733)
Lease payable		(108,475)
Net pension liability		(1,936,240)
Deferred pension inflow		(82,136)
Deferred rent inflow		(265,203)
Net position of governmental activities	$	94,974,806

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Pajaro Valley Water Management Agency
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Fund
Revenues:					
Charge for services:					
Augmentation charges	$ -	11,905,845	-	-	11,905,845
Water sales	-	1,961,944	-	-	1,961,944
Capital grants and contributions	-	5,073,853	-	-	5,073,853
Management fees	370,642	-	-	-	370,642
Interest return	192,223	824,133	822,045	14,108	1,852,509
Other income	108,942	11,962	-	-	120,904
Total revenues	671,807	19,777,737	822,045	14,108	21,285,697
Expenditures:					
Office administration	200,419	939,681	-	-	1,140,100
Board support	36,128	-	-	-	36,128
Education and outreach	8,276	121,937	-	-	130,213
Special projects outreach	14,300	-	-	-	14,300
Grant administration	-	118,966	-	-	118,966
Conservation	-	389,099	-	-	389,099
Harkins Slough facility	-	242,780	-	-	242,780
Coastal distribution system	-	1,242,654	-	-	1,242,654
Supplemental water (In-Basin)	-	580,631	-	-	580,631
BMP network improvements	-	-	19,968	-	19,968
Recycled water facility	-	2,518,047	-	-	2,518,047
Metering program	-	457,897	-	-	457,897
Basin modeling	-	105,002	-	-	105,002
Basin monitoring	-	203,527	-	-	203,527
In-Basin management plan	-	99,647	-	-	99,647
Regional water management plan	-	8,264	-	-	8,264
Out-of-Basin funding	-	201,101	-	-	201,101
In-Basin funding	-	17,693	-	-	17,693
Harkins Slough recharge facilities	-	-	1,195,603	-	1,195,603
College Lake project	-	-	54,487,661	-	54,487,661
Watsonville Slough & North Dunes	-	-	1,014,344	-	1,014,344
Debt service:					
Principal	-	-	-	2,075,379	2,075,379
Interest	-	-	-	1,856,124	1,856,124
Total expenditures	259,123	7,246,926	56,717,576	3,931,503	68,155,128
Excess(deficiency) of revenues over expenditures	412,684	12,530,811	(55,895,531)	(3,917,395)	(46,869,431)
Other financing sources(uses):					
Proceeds from debt	-	-	9,281,567	-	9,281,567
Operating transfers in (note 5)	-	-	6,685,060	3,931,503	10,616,563
Operating transfers out (note 5)	-	(10,616,563)	-	-	(10,616,563)
Total other financing sources(uses)	-	(10,616,563)	15,966,627	3,931,503	9,281,567
Changes in fund balance	412,684	1,914,248	(39,928,904)	14,108	(37,587,864)
Fund balance, beginning of year	3,800,696	16,532,778	33,406,065	340,512	54,080,051
Fund balance, end of year	$ 4,213,380	18,447,026	(6,522,839)	354,620	16,492,187

See accompanying notes to the basic financial statements

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Pajaro Valley Water Management Agency
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Reconciliation:

Net change in fund balance of governmental fund	$ (37,587,864)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures; however, in the Statement of Net Position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, the amounts are as follows:	
Capital outlay	56,797,580
Current year depreciation	(3,365,432)
Lease receivable reported in the Statement of Net Position do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds as follows:	
Lease receivable	(45,601)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes current financial resources of governmental funds. However, neither transaction has any effect on the Statement of Activities. In the current period, the amounts are as follows:	
Proceeds from debt financing	(9,281,567)
Principal payments on note payable	285,379
Principal payments on bond payable	1,790,000
Principal payments of lease payable	50,672
Amortization of bond premium	208,948
Net pension liability and deferred outflows (inflows) reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:	
Deferred pension outflows	(5,329)
Deferred pension inflows	25,463
Deferred rent inflows	95,009
Net pension liabilities	(202,918)
Compensated absences reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(25,754)
Changes in net position of governmental activities	$ 8,216,158

See accompanying notes to the basic financial statements

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(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Pajaro Valley Water Management Agency (Agency) was formed in 1984 to provide integrated management of the ground and surface water resources within the Pajaro Basin. The Agency is responsible for the management and augmentation of the water supplies for domestic, agricultural, municipal, and industrial purposes. In 1980, the State Department of Water Resources issued Bulletin 118-80, which identified 447 separate groundwater basins, sub-basins, and areas of potential groundwater storage throughout the State. The Agency's boundaries include the communities of Division A (Corralitos and La Selva Beach), Division B (Freedom), Division C (Watsonville and Pajaro), and Division D (Las Lomas, Moss Landing, and Aromas) and encompasses the Pajaro Watershed. The Agency is governed by a Board of Directors made up of seven members elected or appointed by qualified voters. The Agency is the "Groundwater Sustainability Agency" for the Pajaro Valley Subbasin under the Sustainable Groundwater Management Act (2014).

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the Agency are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the Agency are to be reported in three categories, if applicable: 1) charge for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charge for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-wide Financial Statements. The Agency has presented its General Fund as its major fund in these statements to meet the qualifications of GASB Statement No. 34.

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 liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

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(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Governmental Fund Financial Statements, continued

Accordingly, revenues are recorded when received in cash, except revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the Agency are property taxes and assessments, interest earnings, investment revenue, and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Agency or meets the following criteria:

a) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined; or

c) The entity has determined that a fund is important to financial statement users.

The Agency reports the following major governmental funds:

- **General Fund** – a government's primary operating fund. It accounts for all financial resources of the Agency, except those required to be accounted for in another fund when necessary.
- **Special Revenue Fund** – accounts for revenues derived from specific sources, which are usually required by law or regulation, to be accounted for in separate funds.
- **Debt Service Fund** – accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- **Capital Projects Fund** – accounts for the financial resources to be used for the acquisition or construction of major capital facilities and infrastructure improvements.

C. Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles applicable to governmental entities.

The Agency has adopted the following GASB pronouncements in the current year:

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

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(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

The Agency considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

3. Investments and Investment Policy

The Agency has adopted an investment policy to deposit and invest funds in financial institutions in accordance with California Government Code section 53600. The investment policy applies to all financial assets and investment activities of the Agency.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Accounts Receivable and Allowance for Uncollectible Accounts

The Agency periodically evaluates receivables for collectability on an individual account basis and records an allowance for any amounts determined to be uncollectible.

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(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

5. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

6. Lease receivables

Lease receivables are measured at the present value of payments expected to be received during the lease term.

7. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances, and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings and improvements – 15 to 30 years
- Infrastructure – 80 years
- Equipment – 5 to 25 years
- Vehicles – 7 to 10 years
- Furniture and fixtures – 5 years
- Water rights – Recycle Water Facility – 25 years

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources that is applicable to future periods.

9. Compensated Absences

The Agency allows employees to accrue vacation, sick, and compensation time based on an employee's hourly rate at year end. Upon termination of an employee, the Agency is required to pay accrued vacation, sick, and compensation time to a maximum of 360 hours, 720 hours, and 80 hours, respectively.

Accumulated vacation, sick, and compensation time are recorded as an expense and a liability in the government-wide financial statements at the time the liability is incurred.

10. Lease Payables

Lease payables are measured at the present value of payment expected to be made during the lease term.

11. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources that is applicable to future periods.

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(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

12. Pensions

For purposes of measuring net pension liability and deferred outflows/inflows of resources related to pension and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans (Plans), and addition to/deduction from the Plans' 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.

GASB 68 requires 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, 2022
- Measurement date: June 30, 2023
- Measurement period: July 1, 2022 to June 30, 2023

13. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net investment in capital assets** – consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.
- **Restricted** – consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – consists of net position that does not meet the definition of *restricted* or *net investment in capital assets* components of net position.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed.

14. Fund Balance

The governmental fund financial statements report fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Agency is bound to honor constraints on how specific amounts can be spent.

- **Non-spendable** – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or 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 determined by formal action of the Agency's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned** – amounts that are constrained by the Agency's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the Agency's special revenue funds.

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(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

15. Fund Balance, continued

- **Unassigned** – the residual classification for the Agency's General Fund that includes amounts not contained in other classifications. In other funds, the unassigned classification is used only if expenditure incurred for specific purposes exceeds the amounts restricted, committed, or assigned for those purposes.

The Board of Directors establishes, modifies, or rescinds fund balance commitments and assignments by approving contractual commitments, an ordinance, or a resolution. This is done through adoption of a budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

The Agency believes that sound financial management principles require that sufficient funds be retained by the Agency to provide a stable financial base at all times. To retain this stable financial base, the Agency needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the Agency and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balance classifications are considered unrestricted.

The purpose of the Agency's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

16. Management Fees

Management fees are billed by Santa Cruz, San Benito, and Monterey counties. Management fees are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The counties bill and collect management fees and remit them to the Agency.

17. Ground Augmentation Charges

Ground Augmentation Charges, based on quantity of groundwater pumped, are billed and collected in two ways. Unmetered or rural residential accounts are billed annually by the Agency on June 30. Delinquent accounts are turned over to a collection agency after other recovery efforts have been exhausted. Metered accounts are billed quarterly by the Agency. Large delinquent accounts are collected through litigation after other recovery efforts have been exhausted.

All collected groundwater augmentation charge revenues are recorded in the Special Revenue fund accounts. All capital construction costs are paid with augmentation charges, grants, loans, and debt issuances.

18. Water Sales

Delivered water charge is collected for water delivered through the constructed project. This revenue is recorded in the Special Revenue fund accounts and spent in accordance with the Agency's Fund Accounting Policy.

19. Capital Contributions

Capital contributions represent cash and capital asset contributed to the Agency by property owners, granting agencies, or real estate developers desiring services that require capital expenditures or capacity commitment.

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(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

20. Budgetary Policies

The Agency's Board of Directors annually adopts a non-appropriated budget for the Agency. The Board of Directors' action is required for the approval of budget revisions.

(2) Cash and Investments

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

		2024
Cash and cash equivalents	$	20,248,523
Cash and cash equivalents - restricted		348,259
Total cash and investments	$	20,596,782

Cash and investments as of June 30 consist of the following:

		2024
Cash on hand	$	225
Deposits with financial institutions		9,823,843
Local Agency Investment Fund (LAIF)		10,772,714
Total	$	20,596,782

As of June 30, the Agency's authorized deposits had the following average maturities:

	2024
Deposits held with the California Local Agency Investment Fund (LAIF)	260 days

Investments Authorized by the California Government Code and the Agency's Investment Policy

The table below identifies the investment types that are authorized for the Agency by the California Government Code as follows:

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
Federal Agency and Bank Obligations	None	50%	None
Local Agency Bonds	5 years	None	None
Certificates of Deposits	5 years	None	None
Negotiable Certificates of Deposits	5 years	30%	25%
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	20%	10%
Money market mutual funds	N/A	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

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(2) Cash and Investments, continued

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of $5,000, in increments of $1,000.
- Withdrawals of $10 million or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of failure of a 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 failure of the counterparty (e.g., broker-dealer) 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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. Of the bank balance, up to $250,000 held at each institution are federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Agency's name.

Interest Rate Risk

Interest rate risk is the risk that the change in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the change in market interest rates. It is the Agency's policy to structure its investment portfolio with securities whose maturity date is compatible with cash flow requirements, which will permit easy and rapid conversion into cash without substantial loss of value and will enable the Agency to meet all operating requirements which can be reasonably anticipated. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The policy is designed to minimize the interest rate risk. The Agency had no investments in debt instruments that would be subject to interest rate risk.

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(2) Cash and Investments, continued

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. The Agency's investment in LAIF is not rated.

Concentration of Credit Risk

The Agency's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for external investment pools) that represent 5% or more of the Agency's total investments at June 30, 2024.

(3) Lease Receivable

Lease receivable at June 30 consists of the following:

	Balance 2023	Additions	Rent	Balance 2024	Current Portion	Non-Current Portion
Lease receivable:						
Gem-Pack Berries, LLC	$ 85,073	-	(7,336)	77,737	7,813	69,924
J.E. Farms, Inc.	263,934	-	(38,265)	225,669	39,266	186,403
Total lease receivable	$ 349,007	-	(45,601)	303,406	47,079	256,327

Gem-Pack Berries, LLC

On April 2022, the Agency entered into a lease agreement with Gem-Pack Berries, LLC (Tenant). The Agency has agreed to lease real property consisting of approximately 7.5 acres of farmable area. The term of the lease is for a 10-year period, commencing on January 2022 and terminating on December 2031. The Tenant agrees to pay $9,000 for 2022, which is subsequent adjusted thereafter annually by the change in Bay Area CPI All Urban Consumers Index. During the year, the Agency recognized inflows of resource of $8,945.

Future lease payments to be received are as follows:

Fiscal Year	Rent	Interest	Total
2025	$ 7,813	2,021	9,834
2026	8,312	1,818	10,130
2027	8,832	1,602	10,434
2028	9,374	1,372	10,746
2029	9,940	1,129	11,069
2029-2032	33,466	1,773	35,239
Total	77,737	9,715	87,452
Current	(7,813)		
Non-current	$ 69,924		

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(3) Lease Receivable, continued

J.E. Farms, Inc.

On June 2022, the Agency purchase land with an existing lease agreement with J.E. Farms, Inc. (J.E. Farms). The lease agreement is for real property consisting of approximately 17.0 acres agricultural land. The term of the lease is for an 8-year period, commencing on July 2021 and terminating on June 2029. J.E. Farms agrees to pay $44,880 per year for the 1st four years of the lease and $49,368 per year for the 2nd four years of the lease. Rent is due in two installments on July 1st and January 1st of each year. During the year, the Agency recognized inflows of resource of $21,516.

Future lease payments to be received are as follows:

Fiscal Year	Rent	Interest	Total
2025	$ 39,266	5,614	44,880
2026	44,811	4,557	49,368
2027	45,984	3,384	49,368
2028	47,187	2,181	49,368
2029	48,421	946	49,367
Total	225,669	16,682	242,351
Current	(39,266)		
Non-current	$ 186,403		

(4) Capital Assets

The change in capital assets for fiscal year 2024 was as follows:

	Balance 2023	Additions	Deletions	Balance 2024
Non-depreciable assets:				
Land	$ 5,308,863	2,028	-	5,310,891
Easements	1,247,132	224,398	-	1,471,530
Construction in progress	23,630,760	56,491,149	-	80,121,909
Total non-depreciable assets	30,186,755	56,717,575	-	86,904,330
Depreciable assets:				
Harkins Slough project	20,746,906	-	-	20,746,906
Accelerated pipeline project	8,207,481	-	-	8,207,481
Coastal distribution system	40,079,571	-	-	40,079,571
Buildings and improvements	459,235	-	-	459,235
Vehicle	320,571	80,005	(15,000)	385,576
Office and field equipment	239,932	-	-	239,932
Furniture and fixtures	454	-	-	454
Capacity rights - Recycled Water Facility	36,310,343	-	-	36,310,343
Right to use asset	253,908	-	-	253,908
Other assets	37,200	-	-	37,200
Total depreciable assets	106,655,601	80,005	(15,000)	106,720,606
Accumulated depreciation	(42,727,442)	(3,365,432)	15,000	(46,077,874)
Total depreciable assets, net	63,928,159	(3,285,427)	-	60,642,732
Total capital assets, net	$ 94,114,914			147,547,062

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(4) Capital Assets

Major depreciable capital asset additions during fiscal year 2024 include the additions to vehicle.

Construction-in-Process

The Agency has been involved in various construction projects throughout the year. Projects that comprise construction-in-process balances at June 30 are as follows:

	2024
College Lake integrated resource management	$ 73,383,647
Watsonville Slough project with recharge basin	3,194,103
Harkins Slough facility upgrade	3,192,620
Other construction-in-process	351,539
Total construction-in-process	$ 80,121,909

(5) Interfund Transactions

Interfund transfers generally are made for the purpose of capital project and debt service payments; these payments are made from the capital project and debt service funds and funded through the special revenue fund.

Transfers between funds during the year were as follows:

	Transfer In	Transfer Out
Special revenue	$ -	10,616,563
Debt service	3,931,503	-
Capital projects	6,685,059	-
Total	$ 10,616,562	10,616,563

(6) Compensated Absences

The change to compensated absences at June 30 was as follows:

Balance 2023	Earned	Taken	Balance 2024	Current Portion	Long-term Portion
$ 352,330	143,230	(117,476)	378,084	94,521	283,563

(7) Lease Payable

	Balance 2023	Additions	Rent	Balance 2024	Current Portion	Non-Current Portion
Lease payable:						
Avatel	$ 16,622	-	(4,378)	12,244	4,492	7,752
Arnold LLC	142,525	-	(46,294)	96,231	47,498	48,733
Total lease payable	$ 159,147	-	(50,672)	108,475	51,990	56,485

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(7) Lease Payable, continued

Avatel

On February 2022, the Agency entered into a lease agreement with Avatel Technologies (Avatel). Avatel has agreed to lease communications equipment to the Agency. The term of the lease is for a 5-year period, commencing on March 2022 and terminating on February 2027. The Agency agrees to pay $396 per month plus applicable taxes.

Principal and interest requirements to maturity are as follows:

Fiscal Year		Rent	Interest	Total
2025	$	4,492	265	4,757
2026		4,611	147	4,758
2027		3,141	31	3,172
Total		12,244	443	12,687
Current		(4,492)		
Non-current	$	7,752		

Arnold LLC

On March 2022, the Agency entered into a lease agreement with Arnold LLC (Arnold). Arnold has agreed to lease a well, located in Santa Cruz County, to the Agency. The term of the lease is for a 5-year period, commencing on January 2022 and terminating on December 2026. The Agency agrees to pay $50,000 per year and additional charges for groundwater pumped in excess of 150 acre-feet per year.

Principal and interest requirements to maturity are as follows:

Fiscal Year		Rent	Interest	Total
2025	$	47,498	2,502	50,000
2026		48,733	1,267	50,000
Total		96,231	3,769	100,000
Current		(47,498)		
Non-current	$	48,733		

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(8) Long-Term Debt

Changes in long-term debt at June 30 were as follows:

	Balance 2023	Additions	Payments	Balance 2024	Current Portion	Non-Current Portion
Notes payable:						
Department of Water Resources	$ 1,066,343	-	(227,127)	839,216	232,698	606,518
Clean Water State Revolving Fund	1,795,384	-	(58,252)	1,737,132	58,835	1,678,297
Total notes payable	2,861,727	-	(285,379)	2,576,348	291,533	2,284,815
Loan payable:						
WIFIA Credit Agreement	$ -	9,281,567	-	9,281,567	-	9,281,567
Total loan payable	-	9,281,567	-	9,281,567	-	9,281,567
Certificate of Participation (COP)						
2023 Water Revenue COP	40,390,000	-	-	40,390,000	-	40,390,000
Premium on COP	222,948	-	-	222,948	-	222,948
Total 2023 Water Revenue COP	40,612,948	-	-	40,612,948	-	40,612,948
Bonds payable:						
2015 Water Revenue Bonds	6,445,000	-	(1,290,000)	5,155,000	945,000	4,210,000
Premium on bonds	906,372	-	(157,632)	748,740	-	748,740
Total 2015 Water Revenue Bonds	7,351,372	-	(1,447,632)	5,903,740	945,000	4,958,740
2016 Water Revenue Bonds	8,290,000	-	(500,000)	7,790,000	515,000	7,275,000
Premium on bonds	654,309	-	(51,316)	602,993	-	602,993
Total 2016 Water Revenue Bonds	8,944,309	-	(551,316)	8,392,993	515,000	7,877,993
Total bonds payable	16,295,681	-	(1,998,948)	14,296,733	1,460,000	12,836,733
Total long-term debt	59,770,356	9,281,567	(2,284,327)	66,767,596	1,751,533	65,016,063
Less: current portion	(2,636,819)			(2,043,066)		
Non-current portion	$ 57,133,537			64,724,530		

Department of Water Resources

On June 15, 2005, the Agency entered into a promissory note with the Department of Water Resources (DWR) in the amount of $3,511,446. The loan proceeds were used for the construction of components of the Revised Basin Management Plan. Commencing on April 1, 2008, the note was payable in semi-annual installments of principal and interest of $111,049, with interest at 2.4%, maturing on September 30, 2027. On February 24, 2012, the Agency received $390,164 from the DWR related to unpaid retention and the repayment agreement was revised. Commencing on April 1, 2012, the note is payable in semi-annual installments of principal and interest of $125,708. There were no changes to the interest rate or maturity date.

Future debt service payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 232,698	18,718	251,416
2026	238,276	13,139	251,415
2027	244,029	7,386	251,415
2028	124,213	1,495	125,708
Total	839,216	40,738	879,954
Current	(232,698)		
Non-current	$ 606,518		

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(8) Long-Term Debt, continued

Clean Water State Revolving Fund

In February 2016, the Agency was awarded grant and loan funding from the California State Water Resources Control Board (State Water Board) through a cooperative agreement (Agreement) with the loan amount totaling $1,978,522. The projects, under the grant and loan funding agreement, consist of increasing the recycled water storage and the addition of filtration and disinfection units at the recycled water treatment plant. Commencing on July 1, 2021, the note is payable in annual installments of principal and interest of $76,206, with interest at 1.0%, maturing on July 1, 2051.

Future debt service payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 58,835	17,371	76,206
2026	59,423	16,783	76,206
2027	60,017	16,189	76,206
2028	60,617	15,589	76,206
2029	61,224	14,982	76,206
2030-2034	315,425	65,605	381,030
2035-2039	331,515	49,515	381,030
2040-2044	348,426	32,605	381,031
2045-2049	366,199	14,831	381,030
2050-2051	75,451	755	76,206
Total	1,737,132	244,225	1,981,357
Current	(58,835)		
Non-current	$ 1,678,297		

2015 Water Revenue Refunding

On April 30, 2015, the Agency issued the 2015 Revenue Refunding Bond in the amount of $19,970,000. The bonds were issued to refund the 1999 Certificates of Participation and the State Water Resources Control Board Note Payables No. 1 and 2. The term of the bond calls for annual payments of principal and interest on March 1 of each year. The bond's interest rate ranges from 3.0% to 5.0% and matures on March 1, 2029.

Future debt service payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 945,000	193,350	1,138,350
2026	990,000	146,100	1,136,100
2027	1,045,000	96,600	1,141,600
2028	1,070,000	65,250	1,135,250
2029	1,105,000	33,150	1,138,150
Total	5,155,000	534,450	5,689,450
Current	(945,000)		
Premium	748,740		
Non-current	$ 4,958,740		

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(8) Long-Term Debt, continued

2016 Water Revenue Refunding

On June 29, 2016, the Agency issued the 2016 Revenue Refunding Bond in the amount of $11,435,000. The terms of the bond call for semi-annual payments of interest on September 1 and March 1 of each year, and annual payments of principal on March 1 of each year. The bond's interest rate ranges from 2.0% to 5.0% and matures on March 1, 2036.

Future debt service payments are as follows:

Fiscal Year		Principal	Interest	Total
2025	$	515,000	290,713	805,713
2026		530,000	276,550	806,550
2027		555,000	250,050	805,050
2028		580,000	222,300	802,300
2029		610,000	193,300	803,300
2030-2034		3,460,000	562,100	4,022,100
2035-2036		1,540,000	69,600	1,609,600
Total		7,790,000	1,864,613	9,654,613
Current		(515,000)		
Premium		602,993		
Non-current	$	7,877,993		

2023 Water Revenue Certificates of Participation

On May 18, 2023, the Agency issued the 2023 Water Revenue Certificates of Participation (Certificate) in the amount of $40,390,000. Proceeds of the certificate will be used: (1) to finance a portion of the cost of the Agency's project; (2) fund the reserve fund through the purchase of the reserve policy, and (3) pay the costs of issuing the Certificates. The project is anticipated to consist of capital improvement projects for the Agency's College Lake Integrated Resources Management Project, which will consist of the development of College Lake as a water storage and supply source. The terms of the Certificate calls for semi-annual payments of interest on September 1 and March 1 of each year, and annual payments of principal commencing on March 1, 2030 and each year thereafter. The bond's interest rate ranges from 4.0% to 5.0% and matures on March 1, 2041. Future debt service payments are as follows:

Fiscal Year		Principal	Interest	Total
2025	$	-	1,746,375	1,746,375
2026		-	1,746,375	1,746,375
2027		-	1,746,375	1,746,375
2028		-	1,746,375	1,746,375
2029		-	1,746,375	1,746,375
2030-2034		2,645,000	8,480,625	11,125,625
2035-2039		5,910,000	7,627,125	13,537,125
2040-2044		9,335,000	5,808,525	15,143,525
2045-2049		11,410,000	3,737,250	15,147,250
2050-2053		11,090,000	1,172,944	12,262,944
Total		40,390,000	35,558,344	75,948,344
Premium		222,948		
Non-current	$	40,612,948		

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(8) Long-Term Debt, continued

WIFIA Credit Agreement

On February 1, 2024, the Agency entered into a WIFIA (Water Infrastructure Finance and Innovation Act) credit agreement with the Environmental Protection Agency (WIFIA Credit Provider), under which the WIFIA Credit Provider has agreed to make funds available to the Agency, in the maximum principal amount of $43,109,270. Proceeds from the WIFIA credit agreement will be used to finance a portion of the eligible project cost of the Agency's College Lake Integrated Resources Management Project, which consists of the development of College Lake as a water storage and supply source. Terms of the agreement call for the WIFIA Credit Provider to make funding available under this agreement by disbursing the proceeds to the Agency based on approved eligible project cost. Once the project is completed, the Agency agrees to provide for the repayment of any proceeds received for the project to the WIFIA Credit Provider based on the Actual 2024A Installment Payment Schedule, which will be adjusted at the completion date based on total actual drawdowns made by the Agency.

As of June 30, 2024, total drawdowns received for eligible project cost incurred amounted to $9,281,567.

(9) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the Agency's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

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. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Agency's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the Agency's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

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(9) Defined Benefit Pension Plan, continued

Benefits Provided, continued

The Agency participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect at June 30, 2024, are summarized as follows:

	Miscellaneous Plan	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 service years	
Benefit payments	monthly for life	
Retirement age	50 - Minimum	52 - Minimum
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	6.92%	7.75%
Required employer contribution rates	12.47%	7.68%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1, following notice of the change in rates. 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.

For the year ended June 30, 2024, contributions to the Plan were as follows:

	2024
Contributions – employer	$ 279,714

Net Pension Liability

As of June 30, 2024, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2024
Proportionate share of net pension liability	$ 1,936,240

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2024, the net pension liability of the Plan is measured as of June 30, 2023 (the measurement date). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 (the valuation date), rolled forward to June 30, 2023, using standard update procedures. The Agency's proportion of the net pension 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.

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(9) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The Agency's proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement date June 30, 2023, was as follows:

	Miscellaneous
Proportion – June 30, 2022	0.01501 %
Change in proportion	0.00051
Proportion – June 30, 2023	0.01552 %

Deferred Pension Outflows (Inflows) of Resources

For the year ended June 30, 2024, the Agency recognized a pension expense of $182,785. As of June 30, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 279,714	-
Differences between actual and expected experience	83,570	-
Changes in assumptions	116,900	-
Net difference between projected and actual earnings on plan investments	313,495	-
Differences between actual contribution and proportionate share of contribution		(82,136)
Net adjustment due to differences in proportions of net pension liability	134,072	-
Total	$ 927,751	(82,136)

As of June 30, 2024, the Agency reported $279,714 as deferred outflows of resources related to contributions subsequent to the measurement date. Pension contributions subsequent to the measurement date for the year ended June 30, 2024, will be recognized as a reduction of the net pension liability for the year ended June 30, 2025.

At June 30, 2024, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Deferred Net Outflows/ (Inflows) of Resources
2025	$ 187,885
2026	127,607
2027	241,413
2028	8,996

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(9) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and methods:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increase	Varies by entry age and service
Mortality Table*	Derived using CalPERS membership data for all funds
Period upon which actuarial Experience survey assumptions were based	1997 – 2015
Post-retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies

* The mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. This discount rate is not adjusted for administrative expenses.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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(9) Defined Benefit Pension Plan, continued

Discount Rate, continued

The table below reflects the expected real rates of return by asset class.

Asset Class	New Strategic Allocation	Real Return 1-10[1,2]
Global Equity - Cap-weighted	30.00%	4.54%
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%

[1] An expected inflation of 2.30% used for this period.

[2] Figures are based on the 2021-22 Asset Liability Management Study.

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

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

	Discount Rate - 1% 5.15%	Current Discount Rate 6.15%	Discount Rate + 1% 7.15%
Agency's net pension liability	$ 3,148,564	1,936,240	938,394

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 47 through 49 for the Required Supplementary Information.

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(10) Deferred Compensation Savings Plan

For the benefit of its employees, the Agency participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate. Generally, eligible employees may defer 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 by the Agency's general creditors. Market value of all plan assets held in trust at June 30, 2024, was $2,543,721.

The Agency has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* Since the Agency has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the Statement of Net Position.

(11) Net Position

Calculation of net position as of June 30, is as follows:

	2024
Net investment in capital assets:	
Capital assets, net	$ 147,547,062
Bond payable	(14,296,733)
Note payable	(2,576,348)
Loan payable	(9,281,567)
Certificate of Participation	(40,612,948)
Lease obligation	(108,475)
Total net investment in capital assets	80,670,991
Restricted	
Restricted for debt service - cash and cash equivalents	348,259
Total restricted for debt service	348,259
Unrestricted net position:	
Non-spendable net position:	
Prepaid expenses and other assets	83,284
Total non-spendable net position	83,284
Spendable net position:	
Unrestricted	13,872,272
Total spendable net position	13,872,272
Total unrestricted net position	13,955,556
Total net position	$ 94,974,806

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(12) Fund Balance

Calculation of fund balance as of June 30, is as follows:

	2024
Non-spendable:	
Prepaid expenses	$ 83,285
Total non-spendable	83,285
Restricted	
Restricted for debt service	354,620
Total restricted	354,620
Committed:	
Contracted capital projects	83,991,324
Contracted services	1,425,238
Total committed	85,416,562
Assigned:	
Compensated absences	378,084
Total assigned	378,084
Unassigned:	
Operations	(69,740,364)
Total unassigned	(69,740,364)
Total fund balance	$ 16,492,187

(13) Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2024, the Agency participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $2 million, combined single limit at $9 million per occurrence. The JPIA purchases additional excess coverage layers: $30 million per occurrence for general, auto, and public official liability, which increases the limits on the insurance coverage noted above.
- Employee dishonesty coverage up to $100,000 per loss includes public employee dishonesty, forgery or alteration, and theft and computer fraud.
- Property loss is paid at the replacement cost for property on file if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of $150 million per occurrence, subject to a $1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to $50 million per occurrence, subject to various deductibles depending on the type of equipment.

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(13) Risk Management, continued

- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law. The ACWA/JPIA is self-insured up to $2 million and excess insurance coverage has been purchased.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Agency's insurance coverage during the year ended June 30, 2024. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2024, 2023, and 2022.

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the issue date, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – Disclosure of Certain Capital Assets. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

(15) Commitments and Contingencies

City of Watsonville

In April 2006, the Agency entered into an agreement with the City of Watsonville (City) for costs associated with the operation and maintenance of the Watsonville Area Water Recycling Facility (Facility) which provides recycled water to the Agency. The City owns, operates, and maintains the distribution infrastructure and blending facilities. The Agency owns the right to the recycled water from the treatment plant. As part of the agreement, the Agency agreed to pay the City quarterly operation and maintenance costs of the Facility. In fiscal year 2024, the Agency paid the City $2,434,529 for the cost associated with the Facility.

Litigation

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

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(15) Commitments and Contingencies, continued

Construction Contracts

The Agency has a variety of agreements with private parties (contractors and vendors) relating to the installation, improvement, or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the Agency's replacement reserves, capital contributions, and debt financing.

As of June 30, 2024, the Agency's open balance on construction contract commitments is $33,191,638, shown as follows:

Contractor	Project Name	Total Approved Contract	Construction Costs to Date	Balance to Complete
Balance Hydrologics	Watsonville Slough Monitoring	$ 275,914	139,283	136,631
Carollo Engineers	BMP Implementation Program Management	6,463,226	6,294,653	168,573
	College Lake IRMP Project - Design and Engr.	5,061,039	4,328,057	732,982
	WSS-MAR Engineering Design Services	2,454,000	1,196,666	1,257,334
CBEC	College Lake Weir Fish Passage Project	81,715	46,342	35,373
	College Lake Hydrologic Monitoring Services	253,562	218,791	34,771
	College Lake Operation Plan Development	156,832	127,996	28,836
EKI Environment & Water, Inc.	Harkins Slough Recharge Facility	302,100	253,936	48,164
ESA Water	College Lake IRMP - Environmental Support	909,758	602,860	306,898
Jacobs Engineering Group, Inc.	College Lake IRMP - Design and Engr	2,527,999	2,320,691	207,308
Maggiora Brothers	Harkins Slough Facility 2022 Recovery Wells	378,980	332,320	46,660
	Blend Well 1 Project	47,952	42,794	5,158
Miller Maxfield, Inc.	College Lake Project Resource Management	200,000	110,797	89,203
Montgomery & Associates	Blend Well 4 Project - Construction	166,020	-	166,020
	BMP Hydrologic & Facilitation Services	877,406	704,766	172,640
Mountain Cascade, Inc.	Water Treatment Plant & Intake Facilities	45,439,854	23,426,960	22,012,894
	College Lake Treated Water Pipeline Project	24,315,385	20,021,696	4,293,689
SWCA	College Lake IRMP - Environmental	1,792,980	1,002,974	790,006
Tanner Pacific, Inc.	College Lake IRMP - Construction	7,956,452	5,320,867	2,635,585
Telstar Instruments	Blend Well 1 & 2 VFP Replacement	240,461	217,548	22,913
		$ 99,901,635	66,709,997	33,191,638

(16) Subsequent Events

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of January 15, 2025, which is the date the financial statements were available to be issued.

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Required Supplementary Information

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Pajaro Valley Water Management Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
For the Year Ended June 30, 2024

	Original Adopted Budget	Final Amended Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Management fees	$ 370,000	370,000	370,642	642
Investment return	75,000	150,000	192,223	42,223
Other revenues	115,000	115,000	108,942	(6,058)
Total revenues	560,000	635,000	671,807	36,807
Expenditures:				
Office administration	327,912	256,050	200,419	55,631
Board support	62,676	60,000	36,128	23,872
Education and outreach	11,512	10,000	8,276	1,724
Special projects outreach	30,000	30,000	14,300	15,700
Total expenditures	432,100	356,050	259,123	96,927
Excess of revenues over expenditures	127,900	278,950	412,684	133,734
Fund balance - beginning of year	3,800,696	3,800,696	3,800,696	
Fund balance - end of year	$ 3,928,596	4,079,646	4,213,380	

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Pajaro Valley Water Management Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Special Revenue Fund
For the Year Ended June 30, 2024

	Original Adopted Budget	Final Amended Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Augmentation charges	$ 11,715,000	11,715,000	11,905,845	190,845
Water sales	1,800,000	1,900,000	1,961,944	61,944
Investment return	300,000	650,000	824,133	174,133
Grant income	5,000,000	5,062,000	5,073,853	11,853
Other income	25,000	25,000	11,962	(13,038)
Total revenues	18,840,000	19,352,000	19,777,737	425,737
Expenditures:				
Office administration	1,030,763	978,000	939,681	38,319
Education and outreach	206,289	153,200	121,937	31,263
Grant administration	138,508	119,000	118,966	34
Conservation	543,029	466,000	389,099	76,901
Harkins Slough facility	322,935	310,500	242,780	67,720
Coastal distribution system	1,349,405	1,292,750	1,242,654	50,096
Supplemental water (In-Basin)	939,431	793,500	580,631	212,869
Recycled water facility	2,902,999	3,000,000	2,518,047	481,953
Metering program	603,029	516,000	457,897	58,103
Basin modeling	192,765	167,500	105,002	62,498
Basin monitoring	293,804	266,500	203,527	62,973
In-Basin management plan	177,234	140,250	99,647	40,603
Regional water management plan	36,778	12,500	8,264	4,236
Out-of-Basin funding	200,493	249,000	201,101	47,899
In-Basin funding	76,106	42,000	17,693	24,307
Capital outlay	-	-	-	-
Total expenditures	9,013,568	8,506,700	7,246,926	1,259,774
Excess of revenues over expenditures	9,826,432	10,845,300	12,530,811	1,685,511
Other financing sources:				
Transfers out	-	-	(10,616,563)	(10,616,563)
Total other financing sources	-	-	(10,616,563)	(10,616,563)
Net change in fund balance	9,826,432	10,845,300	1,914,248	(8,931,052)
Fund balance - beginning of year	16,532,778	16,532,778	16,532,778	
Fund balance - end of year	$ 26,359,210	27,378,078	18,447,026	

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Pajaro Valley Water Management Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2024

	Original Adopted Budget	Final Amended Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Other income	$ -	1,000,000	822,045	(177,955)
Total revenues	-	1,000,000	822,045	(177,955)
Expenditures:				
BMP network improvements	2,213,497	25,000	19,968	5,032
Harkins Slough recharge facilities	3,701,313	1,238,000	1,195,603	42,397
College Lake project	73,657,458	61,145,000	54,487,661	6,657,339
Struve Slough Diversion with Recharge Basin	1,518,734	890,000	1,014,344	(124,344)
Total expenditures	81,091,002	63,298,000	56,717,576	6,580,424
Deficiency of revenues over expenditures	(81,091,002)	(62,298,000)	(55,895,531)	6,402,469
Other financing sources:				
Proceeds from debt	45,000,000	10,000,000	9,281,567	718,433
Transfers in	-	-	6,685,060	(6,685,060)
Total other financing sources	45,000,000	10,000,000	15,966,627	(5,966,627)
Net change in fund balance	(36,091,002)	(52,298,000)	(39,928,904)	435,842
Fund balance - beginning of year	33,406,065	33,406,065	33,406,065	
Fund balance - end of year	$ (2,684,937)	(18,891,935)	(6,522,839)	

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Pajaro Valley Water Management Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Debt Service Fund
For the Year Ended June 30, 2024

	Original Adopted Budget	Final Amended Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Investment return	$ -	-	14,108	14,108
Total revenues	-	-	14,108	14,108
Expenditures:				
Debt service:				
Principal	2,074,802	2,074,802	2,075,379	(577)
Interest	1,905,132	1,856,701	1,856,124	577
Total expenditures	3,979,934	3,931,503	3,931,503	-
Deficiency of revenues over expenditures	(3,979,934)	(3,931,503)	(3,917,395)	14,108
Other financing sources:				
Transfers in	-	-	3,931,503	(3,931,503)
Total other financing sources	-	-	3,931,503	(3,931,503)
Net change in fund balance	(3,979,934)	(3,931,503)	14,108	3,945,611
Fund balance - beginning of year	340,512	340,512	340,512	
Fund balance - end of year	$ (3,639,422)	(3,590,991)	354,620	

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Basis of Budgeting

The Agency follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the Agency's management and staff prepare and submit a capital and operating budget to the Board of Directors and are adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types. The adopted budget becomes operative on July 1.

The Board of Directors must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the General, Special Revenue, Capital Projects, and Debt Service funds.

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Pajaro Valley Water Management Agency
Schedules of the Agency's Proportionate Share of the Net Pension Liability
As of June 30, 2024
Last Ten Years*

Description	Measurement Dates									
	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14
Agency's proportion of the net pension liability	0.01552%	0.01501%	0.01045%	0.01300%	0.01261%	0.01218%	0.01238%	0.00930%	0.01173%	0.01310%
Agency's proportionate share of the net pension liability	$ 1,936,240	1,733,322	565,056	1,414,845	1,292,431	1,173,363	1,227,637	805,081	805,081	795,051
Agency's covered payroll	$ 1,332,456	1,454,575	1,185,090	1,082,474	1,166,180	1,095,085	1,160,676	1,012,215	957,312	908,004
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	145.31%	119.16%	47.68%	130.70%	110.83%	107.15%	105.77%	79.54%	84.10%	87.56%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	76.21%	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	80.43%

Notes to the Schedules of the Agency's Proportionate Share of Net Pension Liability

Changes in Benefit Terms

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

In fiscal year 2023, there were no changes to actuarial assumptions or methods.

In fiscal year 2022, the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term.

The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

In fiscal year 2021, there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses.

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Notes to the Schedules of the Agency's Proportionate Share of Net Pension Liability

Change of Assumptions and Methods, continued

These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation.

However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

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Pajaro Valley Water Management Agency
Schedules of Pension Plan Contributions
As of June 30, 2024
Last Ten Years

Description	Fiscal Years Ended 06/30/24	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Actuarially determined contribution	$ 279,714	259,366	240,139	218,379	211,886	188,755	169,459	148,790	133,907	125,928
Contributions in relation to the actuarially determined contribution	(281,432)	(249,952)	(240,139)	(218,379)	(211,886)	(188,755)	(169,459)	(143,115)	(145,038)	(125,928)
Contribution deficiency (excess)	$ (1,718)	9,414	-	-	-	-	-	5,675	(11,131)	-
District's covered payroll	$ 1,508,557	1,332,456	1,454,575	1,185,090	1,082,474	1,166,180	1,095,085	1,160,676	1,012,215	957,312
Contributions as a percentage of covered payroll	18.66%	18.76%	16.51%	18.43%	19.57%	16.19%	15.47%	12.33%	14.33%	13.15%

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Report on Internal Controls and Compliance

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Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Pajaro Valley Water Management Agency
Watsonville, 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 Pajaro Valley Water Management Agency (Agency) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the Agency's basic financial statements, and have issued our report thereon dated January 15, 2025.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C.J. Brown & Company, CPAs
Cypress, California
January 15, 2025

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Pajaro Valley
Water Management Agency

Pajaro Valley Water Management Agency

Single-Audit Report

For the Fiscal Year Ended June 30, 2024

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Pajaro Valley Water Management Agency
Single Audit Report
For the Fiscal Year Ended June 30, 2024

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Pajaro Valley Water Management Agency
Watsonville, 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 of the Pajaro Valley Water Management Agency (Agency) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated January 15, 2025.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and did not 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.

C.J. Brown & Company, CPAs
Cypress, California
January 15, 2025

DRAFT

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the *Uniform Guidance*

Board of Directors
Pajaro Valley Water Management Agency
Watsonville, California

Report on Compliance for Each Major Federal Program

We have audited the Pajaro Valley Water Management Agency's (Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2024. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Pajaro Valley Water Management Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basin for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. 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, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Uniform Guidance*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance, continued

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Pajaro Valley Water Management Agency as of and for the year ended June 30, 2024, and have issued our report thereon dated June 30, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

C.J. Brown & Company, CPAs
Cypress, California
January 15, 2025

Pajaro Valley Water Management Agency
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Program Title:	Federal Assistance Listing Number (CFDA)	Award Number	Grant Awarded
U.S. Environmental Protection Agency			
Direct Assistance - Major Program			
Water Infrastructure Finance and Innovation Act			
College Lake Integrated Resources Management Project	66.958	22133CA	$ 9,281,567
Total U.S. Environmental Protection Agency	66.958		9,281,567
Total Expenditures of Federal Awards			$ 9,281,567

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(1) Scope of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Pajaro Valley Water Management Agency (Agency) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial statements of the Agency. The Agency's reporting entity is defined in Note 1 of the notes to the Agency's financial statements..

(2) Summary of Significant Accounting Policies

The accompanying SEFA Schedule has been presented on the accrual basis of accounting. Expenditures are recorded, accordingly, when incurred rather than when paid.

Expenditures reported on the SEFA Schedule are reported under the full accrual basis of accounting, which is described in Note 1 of the notes to the Agency's financial statements. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Relationship to Annual Financial Report

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree to amounts reported within the Agency's Annual Financial Report.

(4) Relationship to Federal Financial Report

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported within federal financial reports.

(5) Contingencies

Under the terms of federal grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under terms of the grants. Such audits could lead to a request for reimbursement to grantor agencies.

(6) Indirect Cost Rate

The Agency has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

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Pajaro Valley Water Management Agency
Schedule of Findings and Questioned Cost
For the Fiscal Year Ended June 30, 2024

Section I—Summary of Auditor's Results	**Response**
Basic Financial Statements	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a) (Uniform Guidance):	No
Identification of major programs tested include:	
U.S. Environmental Protection Agency – Water Infrastructure Finance and Innovation Act – CFDA No. 66.958	
Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as a low-risk auditee?	No

Section II—Financial Statement Findings

None noted for Fiscal Year 2023-2024.

Section III—Federal Award Findings and Questioned Costs

None noted for Fiscal Year 2023-2024.

Section IV—Prior Year Findings and Questioned Costs

The Agency is not subject to single audit for Fiscal Year 2022-2023.

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MEMORANDUM

DATE: January 6, 2025
MEETING OF: January 7, 2025
TO: Administration & Finance Committee
FROM: General Manager
RE: **ITEM 7:** Conduct Annual Review of Administration & Finance Committee Bylaws

BACKGROUND

The Administration & Finance Committee (Committee) is an existing, standing committee of the Pajaro Valley Water Management Agency Board of Directors that meets monthly to review administrative and finance matters for the Agency and make recommendations to the Board. The Board last amended the bylaws for this Committee when it adopted Resolution 2024-01 during its January 17, 2024, meeting.

Article VII, "Administration" of the Administration and Finance Committee's Bylaws calls for the bylaws to be "reviewed annually for recommended updates or more often if requested by the Committee and/or the Board."

FISCAL IMPACT

None.

STAFF RECOMMENDATION

The Committee review its bylaws.

ATTACHMENTS

- Resolution 2024-01, Amending Bylaws for the Administration and Finance Committee

Resolution 2021-02

A Resolution of the Board of Directors of the
Pajaro Valley Water Management Agency

Amending Bylaws for the Administration and Finance Committee

WHEREAS, each year the Board of Directors ("Board") of the Pajaro Valley Water Management Agency ("PV Water") appoints three Directors to serve on its Administration and Finance Committee ("Committee"), a standing committee of the Board;

WHEREAS, the Board approved Resolution 2016-08, Establishing Bylaws for the Administration and Finance Committee, to govern the Committee at its April 20, 2016 meeting;

WHEREAS, the Board approved Resolution 2019-04, Amending Bylaws for the Administration and Finance Committee on February 20, 2019;

WHEREAS, on January 12, 2021, the Committee voted to recommend approval of the Amended "Pajaro Valley Water Management Agency Administration and Finance Committee Bylaws," attached hereto;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Pajaro Valley Water Management Agency hereby:

Amend the attached Pajaro Valley Water Management Agency Administration and Finance Committee Bylaws.

PASSED AND ADOPTED by the Pajaro Valley Water Management Agency, County of Santa Cruz, State of California, the **20th** day of **January, 2021**, by the following vote:

AYES: **Newell, Culbertson, Zamora, Bannister, Broz, Rider**
NOES: **None**
ABSENT: **None**
ABSTAIN: **None**

Amy R. Newell
Amy Newell, Chair

Attest:

Laura R Taay
Laura R. Taay, Board Secretary

PAJARO VALLEY WATER MANAGEMENT AGENCY

ADMINISTRATION AND FINANCE COMMITTEE BYLAWS

ARTICLE I: PURPOSE

The purpose of the Administration and Finance Committee ("Committee") is to advise the Board of Directors ("Board") and staff of the Pajaro Valley Water Management Agency ("Agency") on administrative and financial oversight for the organization.

ARTICLE II: STRUCTURE

The Committee shall constitute a standing committee of the Agency and shall meet until otherwise directed by the Board. The Committee's subject matter jurisdiction is limited to matters expressed herein, together with all matters necessarily incidental thereto. Except as otherwise expressly provided in these bylaws or by resolution of the Board, the Committee does not make binding decisions on those matters; rather, the Committee makes recommendations to the Board.

ARTICLE III: OFFICERS

1. Officers of the Committee shall consist of a Chair and Vice Chair, which shall be selected from the members of the Committee and elected by a majority vote of the members present.
2. Election of the officers shall take place annually at the first meeting following the annual appointment of Directors to serve on the Committee.
3. The Vice Chair shall assume the role of Chair in the event the Chair is absent.
4. If a vacancy of the Chair or Vice-Chair occurs, it shall be filled by election at the next regularly scheduled committee meeting.

ARTICLE IV: MEMBERS

1. The Committee shall be comprised of three Directors from the Board.
2. Membership shall be for a term of one year.
3. At the Board's December meeting, the Board shall appoint the Directors to serve on the Committee for the following year, and the Board shall make a new appointment when a vacancy occurs on the Committee.
4. Three successive absences of a member without notifying the Committee shall be cause for the member to be removed from the Committee.

ARTICLE V: MEETINGS

1. The Committee shall comply with all applicable laws, including the Ralph M. Brown Act.
2. Committee meetings shall be held monthly one week prior to board meeting at a location and time established by the Committee and noticed on meeting agendas. Any future regular meeting of the Committee may be moved if approved by a majority of the members present at a regular meeting.
3. The Chair or Vice Chair may call a special meeting of the Committee after proper notification.
4. A majority of the members of the Committee constitutes a quorum of the Committee.

5. Any decision of the Committee and/or recommendation to the Board shall require a majority vote by the members present for passage.
6. Every member shall have one vote.
7. Meetings shall be open to the public and members of other governmental agencies. Visitors may express their opinions or make requests during public comment.
8. All meetings shall be conducted pursuant to *Rosenberg's Rules of Order*.
9. Minutes shall be taken at every meeting and shall be considered for approval at the next meeting.

ARTICLE VI: RESPONSIBILITIES

1. The Committee shall review, consider, and make a recommendation to the Board regarding the following:
    a. Monthly Reports:
        i. Financial Reports including: Activity Report, Investment Report, and Accounts Payable Report
        ii. A/R Aging and Collections Report
        iii. Preliminary Budget to Actual Report
    b. Quarterly Reports:
        i. Quarterly Billing Summary
        ii. Contract Commitments
        iii. Account Adjustments/Write offs
    c. Annual Review:
        i. Budget and Budget Amendments
        ii. Investment Policy
        iii. Cash Reserve Policy
    d. Updates to the Agency's Conflict of Interest Code as needed
    e. Other administrative and financial review as needed

ARTICLE VII: ADMINISTRATION

1. Agency staff shall prepare the agenda for each regular and special meeting of the Committee.
2. These Bylaws shall be reviewed annually for recommended updates or more often if requested by the Committee and/or the Board.

MEMORANDUM

DATE: January 2, 2025
MEETING OF: January 7, 2025
TO: Administration and Finance Committee
FROM: General Manager
RE: **ITEM 8:** Review Check Signing Policy

INTRODUCTION

In 2003, the Pajaro Valley Water Management Agency (PV Water) Board of Directors (Board) adopted a Purchasing & Check Signing Policy (Policy) to establish efficient procedures for the purchase of supplies, equipment, materials, goods and services, to exercise positive financial control over such purchases, and to define the authority for such purchasing. On June 17, 2020, the Board approved *Resolution 2020-08, Adopting the Procurement Policy*. The adopted Procurement Policy superseded and replaced the prior Purchasing Policy in its entirety, without affecting the Check Signing Policy portion of the former policy, such that the Check Signing Policy remains valid and in effect until otherwise amended or repealed. The current form of the check signing policy was formally established on October 21, 2020, when the Board adopted *Resolution 2020-10, Amending the Check Signing Policy.*

On April 1, 2020, the Board adopted *Resolution 2020-02, Emergency Authority Granted to General Manager During COVID-19 State of Emergency Declaration.* Paragraph 6 of the Resolution adjusted the maximum value of a check issued for payment that could be released without obtaining a second approval from a board member on the AP Check Report to $100,000 (from $25,000). Governor Newsom rescinded the COVID-19 emergency effective February 28, 2023, via an executive order. With Resolution 2020-02 no longer in effect after the close of the COVID-19 emergency, the Administration and Finance Committee reviewed the check signing policy at its February 7, 2023, meeting and, after discussion, voted to recommend the Board amend the check signing policy to require an authorized board member approval on checks greater than or equal to $50,000. The Board accepted the Committee's recommendation and amended the check signing policy when it adopted *Resolution 2023-04, Amending the Check Signing Policy* on February 15, 2023

DISCUSSION

As it has been nearly two years since the last review of the check signing policy, and with the recent change to the leadership of the Board, staff suggest the Administration and Finance Committee review the check signing policy.

FISCAL IMPACT

The Check Signing Policy does not have a significant fiscal impact upon the Agency.

STAFF RECOMMENDATION

The Committee review the Check Signing Policy.

ATTACHMENTS

- *Resolution 2023-04, Amending the Check Signing Policy* with Exhibit A

Resolution 2023-04

A Resolution of the Board of Directors of the
Pajaro Valley Water Management Agency

Amending the Check Signing Policy

WHEREAS, on May 28, 2003, the Board of Directors (Board) of the Pajaro Valley Water Management Agency (Agency) adopted Resolution No. 2003-09 "Adopting a Purchasing & Check Signing Policy" (amended by Resolution No. 2012-09) in order to establish efficient procedures for the purchase of supplies, equipment, materials, goods and services, to exercise positive financial control over such purchases, and to clearly define the authority for such purchasing; and

WHEREAS, on December 21, 2016, the Board adopted Resolution No. 2016-17 "Amending the Purchasing and Check Signing Policy" to authorize the Interim General Manager to perform the same duties specified in the Purchasing and Check Signing Policy on behalf of the Agency; and

WHEREAS, on June 17, 2020, the Board adopted Resolution 2020-08 "Adopting the Procurement Policy" superseding and replacing the prior Purchasing Policy in its entirety, without impacting the Check Signing Policy portion of the former policy, such that the Check Signing Policy will remain valid and in effect until otherwise amended or repealed; and

WHEREAS, on October 21, 2020, the Board adopted Resolution 2020-10, "Amending the Check Signing Policy" which established the use of electronic signatures on checks, adherence to the Procurement Policy prior to check issuance and review of the check registers prior to distribution of checks; and

WHEREAS, the Board desires to amend the Check Signing Policy to adjust the maximum value of a check issued for payment that could be released without obtaining approval of an authorized board member from $25,000 to $50,000.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Pajaro Valley Water Management Agency does hereby amend the Check Signing Policy, attached to this Resolution as Exhibit A and incorporated herein by reference.

PASSED AND ADOPTED by the Pajaro Valley Water Management Agency, County of Santa Cruz State of California, this **15th** day of **February, 2023**, by the following vote:

AYES:	**Newell, Rider, Zamora, Broz, Sanchez**
NOES:	**None**
ABSENT:	**Culbertson, Bannister**
ABSTAIN:	**None**

Amy R. Newell

Amy Newell, Chair

Attest:

L R Taay

Laura R. Taay, Board Secretary

EXHIBIT A

Check Signing Policy

Checks written by Pajaro Valley Water Management Agency (PV Water) require two signatures. Checks are signed electronically with the two signatures when checks are issued. Checks are issued pursuant to the Procurement Policy, which designates proper authorization of purchases of:

A. Materials/Supplies/Equipment/Goods – Section 2.0

B. Professional Services – Section 3.0

C. Public Works Contracts/Construction – Section 4.0

D. Other requests for payment not covered above will require authorization as follows:
    1. Less than $50,000– General Manager or Designee
    2. Greater than or equal to $50,000– General Manager or Designee and one of the following individuals: Chair, Vice Chair, or Treasurer of the Board of Directors

All invoices or requests for payment must be signed by those authorized in the Procurement Policy and submitted to Accounts Payable for processing.

Following the printing of checks, and prior to distribution, the check register/report is:

A. For checks less than $50,000, reviewed and approved by the General Manager and/or Designee

B. For checks greater than or equal to $50,000, reviewed and approved by the General Manager or Designee, and one of the following individuals: Chair, Vice Chair, or Treasurer of the Board of Directors

PAJARO VALLEY WATER MANAGEMENT AGENCY

Account Activity Report per Bank Statement

	Date	Deposits	Withdrawals	Balance
CLEARING ACCOUNT - Mechanics				
Beginning Balance	11/1/2024			$119,390
Cash Receipts		2,692		
Disbursements			4,096,679	
Transfers		4,512,994		
Bank Fees				
Ending Balance	11/30/2024			$538,397
GENERAL FUND10-MMA Mechanics				
Beginning Balance	11/1/2024			$1,748,864
Cash Receipts		1,400		
Transfers			24,013	
Interest Earned		6,335		
Bank Fees				
Ending Balance	11/30/2024			$1,732,587
GENERAL FUND 10 - LAIF				
Beginning Balance	11/1/2024			$2,368,184
Transfers				
Interest Earned				
Ending Balance	11/30/2024			$2,368,184
GENERAL FUND 20 - LAIF				
Beginning Balance	11/1/2024			$8,696,032
Transfers				
Interest Earned				
Ending Balance	11/30/2024			$8,696,032
SPECIAL REVENUE FUND 20-ACH Clearing Acct Mechanics				
Beginning Balance	11/1/2024			$0
Cash Receipts				
Sweep/Transfers				
Disbursments/ACH-Wire				
Bank Fees				
Ending Balance	11/30/2024			$0
SPECIAL REVENUE FUND 20-Operating Mechanics				
Beginning Balance	11/1/2024			$239,969
Cash Receipts		4,208,762		
Transfers			1,244,982	
Disbursments/ACH-Wire				
Bank Fees			3,841	
Interest Earned				
Ending Balance	11/30/2024			$3,199,909
SPECIAL REVENUE Fund 20 Cash Mgmt-FUND20MMN Mechanics				
Beginning Balance	11/1/2024			$8,914,609
Transfers		600,000	3,844,000	
Disbursments/ACH-Wire				
Bank Fees				
Interest Earned		27,869		
Ending Balance	11/30/2024			$5,698,479
Certificate of Deposit - DWR Loan Reserve Mechanics Fund 40				
Beginning Balance	11/1/2024			$274,099
Interest Earned		1,129.00		
Ending Balance	11/30/2024			$275,228
Certificate of Deposit - SRF-D1501023				
Beginning Balance	11/1/2024			$78,559
Transfers				
Interest Earned		0.00		
Ending Balance	11/30/2024			$78,559

Prior Month Ending Cash Balance:	Total Deposits:	Total Withdrawals:	Month End Cash Balance:
22,439,707	9,361,182	9,213,514	22,587,374
Cash Transfers	5,112,994	5,112,994	-
Actual Cash Receipts/Disbursements	4,248,188	4,100,520	

PAJARO VALLEY WATER MANAGEMENT AGENCY
INVESTMENT REPORT
ALL FUNDS
November 30, 2024

Description	Current Yield	Investment	% of Total Portfolio	Weighted Yield
Mechanics Clearing Account	0.00%	**$538,397**	2.38%	0.00%
General Fund 10				
Mechanics General Fund 10 Money Market Account	4.70%	1,732,587	7.67%	0.36%
Local Agency Investment Fund	4.71%	2,368,184	10.48%	0.49%
		$4,100,771		
Special Revenue Fund 20				
Mechanics Special Revenue Fund 20-ACH Clearing Account	0.00%	0	0.00%	0.00%
Mechanics Special Revenue Fund 20 Operating Account	0.00%	3,199,909	14.17%	0.00%
Mechanics Special Revenue Fund 20 Money Market Account	4.70%	5,698,479	25.23%	1.19%
Local Agency Investment Fund	4.71%	8,696,032	38.50%	1.81%
		$17,594,419		
Long Term Debt Fund 40				
Mechanics Certificate of Deposit DWR Loan Reserve	4.85%	$275,228	1.22%	0.06%
Mechanics Certificate of Deposit SRF-D1501023	4.85%	$78,559	0.35%	0.02%
		353,787		
	Total:	**$22,587,374**	**100.0%**	

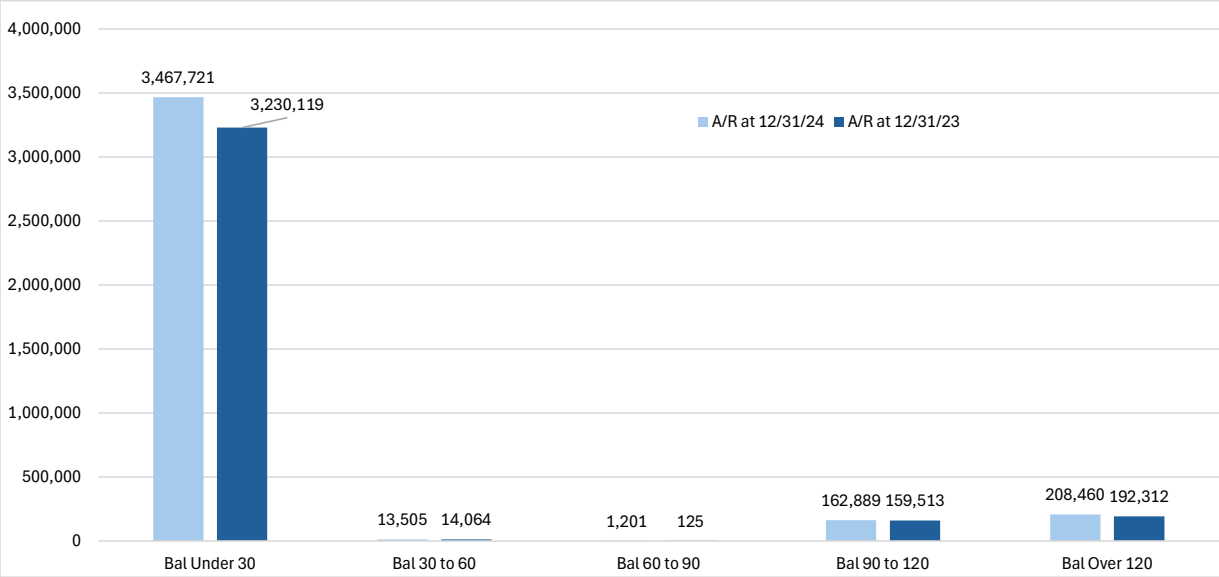
Total Funds Reserved	353,787
Total Funds Invested	18,495,282
Total Funds Non-Interest Bearing	3,738,305
Total Funds	**$22,587,374**
Total Available Funds	22,233,587
Cash Reserve Policy Requirements (PV Water)	7,120,000
Surplus (Deficit) of Funds	**$15,113,587**

PV Water
Quarterly Billing Summary
Calendar Year

Type	2023 Consumption(AF)	2023 Dollar	2024 Consumption(AF)	2024 Dollar
March Billing				
Inside Delivered Water Zone	156.974	$ 61,376.95	213.271	$ 89,747.71
Metered	1,173.059	$ 331,550.32	1,178.870	$ 356,559.33
Non-Metered (agriculture)	4.419	$ 1,162.10	0.000	$ -
Delivered	153.311	$ 66,230.54	201.106	$ 91,302.08
Aromas	46.450	$ 13,098.90	49.040	$ 14,810.08
Cal Water	46.810	$ 13,200.42	46.990	$ 14,190.98
City of Watsonville	1,193.000	$ 336,426.00	1,203.000	$ 363,306.00
Vega Mutual	6.880	$ 1,940.16	7.310	$ 2,207.62
Pajaro/Sunny Mesa	63.620	$ 17,940.84	59.260	$ 17,896.52
Non-Metered (rural residential)	0.000	$ -	0.000	$ -
Subtotal	2,844.524	$ 842,926.23	2,958.847	$ 950,020.32
	Uncollected Amt a/o 4/30/23	**$ 546,664.85**	**Uncollected Amt a/o 4/30/24**	**$ 130,673.43**
	Percent of Uncollected Billing	**64.853%**	**Percent of Uncollected Billing**	**13.755%**
June Billing				
Inside Delivered Water Zone	988.568	$ 386,530.03	1,203.139	$ 505,318.18
Metered	5,370.219	$ 1,514,401.91	5,805.235	$ 1,753,180.87
Non-Metered (agriculture)	194.603	$ 54,877.99	179.532	$ 54,218.73
Delivered	902.456	$ 389,861.00	1,033.149	$ 469,049.45
Aromas	56.660	$ 15,978.12	55.940	$ 16,893.88
Cal Water	55.440	$ 15,634.08	54.650	$ 16,504.30
City of Watsonville	1,396.000	$ 393,672.00	1,418.000	$ 428,236.00
Vega Mutual	12.650	$ 3,567.30	71.290	$ 21,529.58
Pajaro/Sunny Mesa	53.740	$ 15,154.68	8.790	$ 2,654.58
Subtotal	9,030.336	$ 2,789,677.11	9,829.724	$ 3,267,585.58
Annual Rural Residential				
Consumption	1,279.50	$ 314,757.00	1,285.00	$ 339,240.00
Subtotal	10,309.84	$ 3,104,434.11	11,114.72	$ 3,606,825.58
	Uncollected Amt a/o 7/31/23	**$ 1,009,774.61**	**Uncollected Amt a/o 7/31/24**	**$ 1,607,251.65**
	Percent of Uncollected Billing	**32.527%**	**Percent of Uncollected Billing**	**44.561%**
September Billing				
Inside Delivered Water Zone	2,658.524	$ 1,039,482.83	2,829.233	$ 1,188,278.04
Metered	12,417.249	$ 3,501,664.30	13,839.290	$ 4,179,465.55
Non-Metered (agriculture)	0.000		0.000	$ -
Delivered	2,006.381	$ 866,756.45	2,006.787	$ 911,081.45
Aromas	96.360	$ 27,173.52	99.770	$ 30,130.54
Cal Water	68.740	$ 19,384.68	64.780	$ 19,563.56
City of Watsonville	1,728.000	$ 487,296.00	1,609.000	$ 485,918.00
Vega Mutual	13.690	$ 3,860.58	14.540	$ 4,391.08
Pajaro/Sunny Mesa	88.190	$ 24,869.58	94.830	$ 28,638.66
Non-Metered (rural residential)	5.000	$ 1,230.00	4.500	$ 1,188.00
Subtotal	19,082.134	$ 5,971,717.95	20,562.731	$ 6,848,654.88
	Uncollected Amt a/o 10/31/23	**1,731,424**	**Uncollected Amt a/o 10/31/24**	**1,773,186**
	Percent of Uncollected Billing	**28.994%**	**Percent of Uncollected Billing**	**25.891%**
December Billing				
Inside Delivered Water Zone	1,379.463	$ 539,370.22	1,405.890	$ 590,473.71
Metered	5,753.028	$ 1,622,353.86	6,187.103	$ 1,868,505.26
Non-Metered (agriculture)	184.278	$ 51,966.35	169.728	$ 51,257.72
Delivered	1,236.043	$ 533,970.65	1,065.412	$ 483,697.13
Aromas	76.560	$ 21,589.92	81.010	$ 24,465.02
Cal Water	64.560	$ 18,205.92	62.300	$ 18,814.60
City of Watsonville	1,546.000	$ 435,972.00	1,501.000	$ 453,302.00
Vega Mutual	11.400	$ 3,214.80	11.960	$ 3,611.92
Pajaro/Sunny Mesa	80.270	$ 22,636.14	85.510	$ 25,824.02
Non-Metered (rural residential)	1.500	$ 369.00	3.500	$ 924.00
Subtotal	10,333.102	3,249,648.85	10,573.412	3,520,875.37
	Uncollected Amt a/o 1/31/24	**845,214**	**0.00**	
	Percent of Uncollected Billing	**26.009%**		
Total	**42,569.60**	**13,168,727.14**	**45,209.71**	**14,926,376.15**

PV Water
Accounts Receivable Aging 3 Month Trend
As of 12/31/2024

	Balance Forward	Bal Under 30	Bal 30 to 60	Bal 60 to 90	Bal 90 to 120	Bal Over 120
Accounts Receivable before credits	3,853,776	3,467,721	13,505	1,201	162,889	208,460
Credits	(23,046)					
Total Accounts Receivable at 12/31/24	3,830,730					
Accounts Receivable before credits	3,596,132	3,230,119	14,064	125	159,513	192,312
Credits	(1,363)					
Total Accounts Receivable at 12/31/23	3,594,769					
Accounts Receivable before credits	1,060,985	65,728	1,237	776,685	2,144	215,191
Credits	(14,824)					
Total Accounts Receivable at 11/30/24	1,046,160					
Accounts Receivable before credits	2,023,379	1,321	1,773,186	4,264	132	244,476
Credits	(27,360)					
Total Accounts Receivable at 10/31/24	1,996,019					



Accounts Payable

Checks by Date - Detail by Check Date

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Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
ACH	t111	TANNER PACIFIC, INC	12/06/2024	
	224-390	Correct Amt of Inv 224-390	Correct Amt of Inv 224-3	70.00
			Total for this ACH Check for Vendor t111:	70.00
			Total for 12/6/2024:	70.00
ACH	A1250	AFLAC- FLEX ONE	12/13/2024	
	EE Deferrals	EE PR Deferrals		609.63
			Total for this ACH Check for Vendor A1250:	609.63
ACH	A300	ACWA/JPIA	12/13/2024	
	Inv 0704659	Minor Life Ins Adj		42,607.36
			Total for this ACH Check for Vendor A300:	42,607.36
ACH	N125	NATIONWIDE RETIREMENT SOLUTION	12/13/2024	
	EE Deferrals	EE PR Deferrals		4,600.00
			Total for this ACH Check for Vendor N125:	4,600.00
ACH	P1300	PERS-Fiscal Services Division Cashier Unit	12/13/2024	
	EE Deferrals	ER/EE Retirement Contributions		10,772.45
	EE Retirement Contrib	EE PR Deferrals		970.00
			Total for this ACH Check for Vendor P1300:	11,742.45
ACH	P555	PVWMA-Cafeteria Account	12/13/2024	
	EE Deferrals	EE PR Deferrals		981.88
			Total for this ACH Check for Vendor P555:	981.88
ACH	C1099	CAROLLO ENGINEERS INC	12/13/2024	
	FB59193	BMP Program Management for Oct & Nov 2024		6,032.50
	FB59831	WSR System Projects Design thru Nov 2024		24,763.95
			Total for this ACH Check for Vendor C1099:	30,796.45
ACH	M1875	MICROSOFT AZURE	12/13/2024	
	E0600UIVUZ	IT-Support/Pay as you go for 10/12 - 11/11/24		14.98
			Total for this ACH Check for Vendor M1875:	14.98
ACH	S2620	STATE WATER RESOURCES CONTROL BOARD-SWRCB	12/13/2024	
	WD-0279455	RWF Annual Permit Facitlity ID#3441208240 for 7/1/24 - 6/30/25		32,505.00
			Total for this ACH Check for Vendor S2620:	32,505.00
ACH	Y130	YSI INCORPORATED. A XYLEM BRAND	12/13/2024	
	1110557	3 yr EX03 Factory Service Plan 11/24 thru 11/27		13,500.00
			Total for this ACH Check for Vendor Y130:	13,500.00
ACH	T359	THE STANDARD INSURANCE COMPANY	12/13/2024	
	00-649299-0087	Long Term Disability Benefits		577.66
			Total for this ACH Check for Vendor T359:	577.66
45717	A190	ACE HARDWARE OF WATSONVILLE INC	12/13/2024	
	234081	CDS/Meters/Hydro/Basin Monitoring Supplies for 11/24		7.67
			Total for Check Number 45717:	7.67

Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
45718	A650	AMERICAN WATER WORKS ASSN.	12/13/2024	
	SO190599	Annual Membership for 1/1/25 thru 12/31/2025		525.00
			Total for Check Number 45718:	525.00
45719	A800	A TOOL SHED EQUIPMENT RENTALS	12/13/2024	
	1721691-6	HS Recharge Basing Maint.(Clay removal) for 11/24		1,425.19
			Total for Check Number 45719:	1,425.19
45720	A910	ATCHINSON,BARISONE,CONDOTTI	12/13/2024	
	34647	General/BOD/CL/WSR Legal Matters for 10/1 - 10/31/24		9,119.17
	34668	General/BOD/CL/WSR Legal Matters for 11/1 - 11/30/24		13,745.97
	34669	General Legal Matters for 11/1 - 11/30/24		361.90
			Total for Check Number 45720:	23,227.04
45721	B200	MARY BANNISTER	12/13/2024	
	BOD-REIMB	BOD Reimb forACWA Conf in Palm Springs for 12/24		1,242.86
			Total for Check Number 45721:	1,242.86
45722	C1580	SPECTRUM BUSINESS COMMUNICATIONS	12/13/2024	
	0124982112024	76 Holohan/Internet/communication for 11/20 to 12/19/24		136.23
	0154296112324	36 Brennan Line & Internet services for 11/23 to 12/22/24		662.29
			Total for Check Number 45722:	798.52
45723	C1780	CORRALITOS ELECTRIC SERVICE	12/13/2024	
	24797-1	Service at SW2 site for 12/24		1,526.59
			Total for Check Number 45723:	1,526.59
45724	C1787	COSTCO MEMBERSHIP	12/13/2024	
	MEMBERSHIP	Annual Membership for 2024-2025		130.00
			Total for Check Number 45724:	130.00
45725	D310	UNITED STATES GEOLOGICAL SURVEY	12/13/2024	
	FYQ4-90064203	USGS Professional Services for Jul 1 - Sept 30, 2024		9,566.00
			Total for Check Number 45725:	9,566.00
45726	E500	ENVIRONMENTAL SCIENCE ASSOCIATES	12/13/2024	
	202592	Updating HSR Pipeline Project for 11/1 - 11/30/24		20,996.90
			Total for Check Number 45726:	20,996.90
45727	F199	C.J. BROWN & COMPANY CPAS	12/13/2024	
	241148	Progress Billing on Audit of FS for 11/24		538.00
			Total for Check Number 45727:	538.00
45728	G195	GREENWASTE RECOVERY LLC	12/13/2024	
	ID#219557	76 Holohan Green Waste for 11/24	219557	134.95
			Total for Check Number 45728:	134.95
45729	G330	GUTIERREZ CONSULTANTS, INC.	12/13/2024	
	1922	MBLRP Multi-Benefit Land Repursposing Prg Grant 9/1 - 9/30/24		7,521.00
	1923	DWR Watershed Resilience Grant for 9/1 - 9/30/24		7,038.00
			Total for Check Number 45729:	14,559.00
45730	L538	LSP SPANISH	12/13/2024	
	2024-018	General Office support 11/25 to 11/27/24		682.50
			Total for Check Number 45730:	682.50
45731	L563	BRIAN LOCKWOOD	12/13/2024	
	GM-REIMB	ACWA Seminar in Palm Desert 12/5/24 & SGMA Event/SAC 11/18/24		1,565.28
	GM-REIMB-UC	GM.reimb.Groundwater Seminar in UC Davis 10/25/24		225.98
			Total for Check Number 45731:	1,791.26

Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
45732	M1002	CASEY MEUSEL	12/13/2024	
	REIIMB	Boater Car App. Fee & PowerGpt Charger for 12V Deep Cycle		39.48
			Total for Check Number 45732:	39.48
45733	M1010	MAGNOLIA GARDENING INC	12/13/2024	
	33889	36 Brennan Building Mo. Landscape Maint. For 11/24		100.00
	34072	76 Holohan Building Mo. Landscape Maint. For 11/24		90.00
			Total for Check Number 45733:	190.00
45734	m1086	MILLER MAXFIELD, INC.	12/13/2024	
	1124PV	40th Anniv. Event Mailing List & Construction Team Updates and Mtgs		1,068.75
			Total for Check Number 45734:	1,068.75
45735	M1175	MONTEREY BAY ANALYTICAL SERVICE INC	12/13/2024	
	241031-040	Water Samples CDS for 10/31/24		1,610.00
	241105-070	Water Samples Surface for 11/5/24		374.00
	241112-102	Water Samples Algae Monitoring for 11/12/24		2,361.00
			Total for Check Number 45735:	4,345.00
45736	O217	OFFICE AND HOME CLEANING SERVICES	12/13/2024	
	2696	36 Brennan Mo. Office housekeeping for 11/24		600.00
	2697	76 Holohan Mo. Housekeeping for 11/24		600.00
			Total for Check Number 45736:	1,200.00
45737	O411	O'REILLY AUTO PARTS	12/13/2024	
	2912-476903	Parts for vehicle#2		69.25
	2912-479633	Parts for vehicles 2019 & 2020 Toyotas		94.19
			Total for Check Number 45737:	163.44
45738	P1160	MIKE PODLECH	12/13/2024	
	2600	CL Fisheries Support Prof. Services for 11/1 - 11/30/24		975.00
			Total for Check Number 45738:	975.00
45739	P180	PENINSULA MESSENGER LLC	12/13/2024	
	1476114	Monthly RaboBank Courier for 11/24		139.00
			Total for Check Number 45739:	139.00
45740	P800	PG & E	12/13/2024	
	1787734656-3	Service at 1859 Beach rd/BW-2 for 11/6 to 12/6/24		4,426.68
	4291054495-8	Service at 475 San Andreas Rd for 10/18 to 11/17/24		2,026.94
	5916054391-0	Service at 187C San Andreas Rd for 10/18 to 11/17/24		3,352.19
	9214983032-2	Service at 1931 Beach rd/BW-1 for 11/6 to 12/6/24		6,395.63
	9218085363-9	Service at 162 San Andreas Rd/HSP Pump for 11/6 to 12/6/24		457.97
	9968544374-1	Service at 36 Brennan St for 11/6 to 12/6/24		965.71
			Total for Check Number 45740:	17,625.12
45741	P805	PIINI REALTY INC	12/13/2024	
	2024-01	WSS-MARR System Managed Aquifer Proj.		32,500.00
			Total for Check Number 45741:	32,500.00
45742	R40	CARDMEMBER SERVICE	12/13/2024	
	NOV2024	Agency Credit Card Purchases		1,762.79
			Total for Check Number 45742:	1,762.79
45743	S1405	SC FUELS INC	12/13/2024	
	0964179	Agency Vehicle Fuel for 11/5 - 11/13/24		225.86
	0970757	Agency Vehicle Fuel for 11/19 - 11/27/24		551.21
			Total for Check Number 45743:	777.07

Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
45744	S1681	SHAMROCK OFFICE SOLUTIONS	12/13/2024	
	4238478-CAL	36 Brennan/Cont. printer usage/BW & Clr for 11/2 - 12/1/24		158.18
	4247380-CAL	76 Holohan/Cont. printer usage/BW & Clr for 11/2 - 12/1/24		35.68
			Total for Check Number 45744:	193.86
45745	S600	SANTA CRUZ COUNTY CLERK/ELECTIONS	12/13/2024	
	24-024	Cost of Appointing Candidate in Lieu of Nov. Election		175.00
			Total for Check Number 45745:	175.00
45746	T305	TELSTAR INSTRUMENTS, INC.	12/13/2024	
	124056	IT Services for CLP, WSMARR, CDS, Supp Wells for 11/24		7,396.78
			Total for Check Number 45746:	7,396.78
45747	T345	THE HOME DEPOT CREDIT SERVICES	12/13/2024	
	2617550	Field Supplies/CDS Operations & Equipt		218.50
			Total for Check Number 45747:	218.50
45748	U185	U.S. BANK EQUIPMENT FINANCE	12/13/2024	
	541901724	Contr#500-0703068 76 Holohan copier for 10/30 thru 11/30/24		160.14
	544192081	Contr#500-0703068 76 Holohan copier for 10/30 thru 11/30/24		160.14
			Total for Check Number 45748:	320.28
45749	V369	VERIZON WIRELESS	12/13/2024	
	6100015873	Agency Personnel Cell Phones & equipt. for 11/2 - 12/1/24		475.90
			Total for Check Number 45749:	475.90
45750	W360	WATSONVILLE MOVING	12/13/2024	
	CAL-PUCT-188929	Move Meter Shop to Holohan office for 12/24		400.00
			Total for Check Number 45750:	400.00
45751	W378	WATSONVILLE FORD	12/13/2024	
	47791	Vehicle #2 Maint.		86.90
			Total for Check Number 45751:	86.90
45752	W80	WAGEWORKS INC.	12/13/2024	
	INV7214455	Mo. Admin & Compliance Fee for 11/24		104.00
			Total for Check Number 45752:	104.00
45753	Z100	ZAG TECHNICAL SERVICES, INC.	12/13/2024	
	151318	IT-Billable/Regular Support Agreement for 11/24		1,273.74
	151415	IT-Billable/Regular Support Agreement for 11/24		500.00
	151603	IT-Billable/Regular Support Agreement for 12/24		500.00
			Total for Check Number 45753:	2,273.74
			Total for 12/13/2024:	287,517.50
ACH	A901	AVEVA SELECT CALIFORNIA	12/19/2024	
	452491	Scada Softwater Subs Upgrade & Credit for Old Software		2,704.15
			Total for this ACH Check for Vendor A901:	2,704.15
ACH	C571	CALIFORNIA BANK OF COMMERCE	12/19/2024	
		Escrow#1159045 Ret.CL Pro #30-39-501-for 10/1 - 10/31/24		223,716.65
			Total for this ACH Check for Vendor C571:	223,716.65
ACH	M1872	MICROSOFT	12/19/2024	
	E0400UI4AD	IT-Online Hydrology 365 Support for 11/17 - 12/16/24		12.50
			Total for this ACH Check for Vendor M1872:	12.50
ACH	M2213	MOUNTAIN CASCADE, INC.	12/19/2024	
	91602-18	CL/Contr$44,989,854 Project#30-39-501 for 10/1 - 10/31/24		4,250,616.26
			Total for this ACH Check for Vendor M2213:	4,250,616.26

Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
ACH	M2214	MOUNTAIN CASCADE, INC.	12/19/2024	
	91601-18	CL/Contr$23,707,310 Project#30-39-502 for 10/1 - 10/31/24		105,609.93
			Total for this ACH Check for Vendor M2214:	105,609.93
ACH	S2620	STATE WATER RESOURCES CONTROL BOARD-SWRCB	12/19/2024	
	WD-0275587	CL Annual Permit Facitlity ID#34422WQ07 for 7/1/24 - 6/30/25		3,540.00
			Total for this ACH Check for Vendor S2620:	3,540.00
ACH	s2865	SWCA ENVIRONMENTAL CONSULT. INC.	12/19/2024	
	207632	CL Integrated Resources Mngmnt Project. For 10/1 - 10/31/24		84,590.17
	208505	CL Integrated Resources Mngmnt Project. For 11/1 - 11/30/24		33,111.45
			Total for this ACH Check for Vendor s2865:	117,701.62
ACH	T111	TANNER PACIFIC, INC	12/19/2024	
	224-434	CL Int. Res/Mngmnt/TPI/Proj.582301.07 & 08 thru 11/30/24		308,916.47
			Total for this ACH Check for Vendor T111:	308,916.47
45754	A774	ARNOLD, CA LLC	12/19/2024	
	SW-1/2024-25	SW-1/2024-25 PV Water Well Lease Payment for 12/24		50,000.00
			Total for Check Number 45754:	50,000.00
45755	A850	AVAYA FINANCIAL SERVICES.	12/19/2024	
	46105080	Phone/VM Lease Agreement for 12/1 - 12/31/24		435.12
			Total for Check Number 45755:	435.12
45756	C103	CBEC ECO ENGINEERING INC	12/19/2024	
	17-1003-6-34	CL Hydrologic Monitoring 2022 & 2023 for 10/26 - 11/22/24		8,740.50
	17-1003-7-1	CL Hydrologic & Water Monitoring 2025 & 2026 for 8/22 - 11/22/24		23,982.52
			Total for Check Number 45756:	32,723.02
45757	F360	FIRST ALARM, INC	12/19/2024	
	860988	Brennan & Holohan Qrtly Alarm Services for 1/1 to 3/31/25		951.27
			Total for Check Number 45757:	951.27
45758	K310	KITTLESON ENVIRONMENTAL CONSULTING	12/19/2024	
	025.43	PVWMA 2024 Biological Consulting for 8/2 - 11/26/24		6,320.18
			Total for Check Number 45758:	6,320.18
45759	M1175	MONTEREY BAY ANALYTICAL SERVICE INC	12/19/2024	
	241113-057	Water Samples ReNeM for 11/13/24		1,592.00
	241115-023	Water Samples CDS for 11/15/24		1,346.00
	241119-060	Water Samples Surface for 11/19/24		374.00
	24112-108	Water Samples Surface56 for 11/12/24		1,332.00
	241125-045	Water Samples Surface for 11/25/24		2,361.00
			Total for Check Number 45759:	7,005.00
45760	M1865	MONTGOMERY & ASSOCIATES INC	12/19/2024	
	9090-24-4B	Monitoring Network Expansion/Design for 10/1 to 10/31/24		9,972.00
	9090-24-5B	Monitoring Network Expansion/Design for 11/1 to 11/30/24		4,321.50
	9090-24-5C	PV Water Blend Well #4/Domestic CM PM for 11/1 to 11/30/24		2,732.66
			Total for Check Number 45760:	17,026.16
45761	R305	RINCON CONSULTANTS, INC	12/19/2024	
	61618	Proj#24-16204 River watershed Resilience for 10/24		75,638.94
			Total for Check Number 45761:	75,638.94
45762	R790	ROYAL OAKS AUTO REPAIR INC	12/19/2024	
	55904	Vehicle #13 Flat Tire Repair		25.00
			Total for Check Number 45762:	25.00
45763	S1405	SC FUELS INC	12/19/2024	
	0978119	Agency Vehicle Fuel for 12/3 to 12/11/24		661.67
			Total for Check Number 45763:	661.67

Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
45764	T305	TELSTAR INSTRUMENTS, INC.	12/19/2024	
	124462	Blend Well 1 VFD Replacement for 12/24		5,462.65
			Total for Check Number 45764:	5,462.65
45765	U185	U.S. BANK EQUIPMENT FINANCE	12/19/2024	
	544792096	Contr#500-0592136 36 Brennan copier for 12/10 thru 1/10/25		208.57
			Total for Check Number 45765:	208.57
			Total for 12/19/2024:	5,209,275.16
ACH	A1250	AFLAC- FLEX ONE	12/27/2024	
	EE Contributions	Monthly Fee		609.63
			Total for this ACH Check for Vendor A1250:	609.63
ACH	N125	NATIONWIDE RETIREMENT SOLUTION	12/27/2024	
	EE Deferrals	EE PR Deferrals		3,150.00
			Total for this ACH Check for Vendor N125:	3,150.00
ACH	P1300	PERS-Fiscal Services Division Cashier Unit	12/27/2024	
	EE Deferrals	ER/EE Retirement Contributions		11,106.70
	EE Retirement Contrib	EE PR Deferrals		970.00
			Total for this ACH Check for Vendor P1300:	12,076.70
ACH	P555	PVWMA-Cafeteria Account	12/27/2024	
	EE Deferrals	EE PR Deferrals		981.88
			Total for this ACH Check for Vendor P555:	981.88
			Total for 12/27/2024:	16,818.21
			Report Total (72 checks):	5,513,680.87