

For Fiscal Year Ended June 30, 2015

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**Santa Clara Valley
Water District**



Santa Clara Valley Water District

San Jose, California

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

Prepared by the General Accounting Services Unit

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Santa Clara Valley
Water District



**SANTA CLARA VALLEY WATER DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015**

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November 16, 2015

TO THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Santa Clara Valley Water District (District) for the fiscal year ended June 30, 2015. The Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

The District's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, a firm of licensed certified public accountants. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the District's financial statements for the fiscal year ended June 30, 2015. The opinion rendered concluded that the financial statements are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report

Letter of Transmittal (continued)

is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the District's internal controls and compliance over the administration of federal awards. The single audit review is typically completed after the audit of the financial statements and will be issued separately for the Board's acceptance.

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

District Profile

The mission of the District is to provide Silicon Valley safe, clean water for a healthy life, environment, and economy.

The District traces its origins to the Santa Clara Valley Water Conservation District, approved by north county voters in 1929. Voters elsewhere in the County eventually formed similar agencies that later consolidated with the original District. Today's District represents a consolidation of four agencies. In 1954, the Central Santa Clara Valley Water Conservation District was annexed to the Santa Clara Valley Water Conservation District. With the 1968 merger of the Santa Clara Valley Water Conservation District and the Santa Clara County Flood Control and Water District, the agency adopted dual missions of providing water supply and flood protection. The South Santa Clara Valley Water Conservation District was renamed the Gavilan Water District in 1980, and upon south county voter approval, was annexed to the Santa Clara Valley Water District in 1987. The merger's catalyst was the belief that a coordinated operation of the County's water supply and flood control systems would result in optimum water resource management.

Throughout its history of consolidations, the District has maintained a relationship with Santa Clara County (County). In 1952, County Supervisors initiated the valley's first flood protection program; they later expanded their efforts to include water importation. In 1968, the District and County decided to merge their water functions, and the governing boards of both agencies agreed the County supervisors would have a role in reviewing and approving the water district's annual budget. On September 14, 2006 Assembly Bill 2435 was passed (effective January 1, 2007) which ends the County's oversight of the District's budget and other procedural holdovers from the 1968 merger.

The Santa Clara Valley Water District (District) operates as a State of California special district under the authority of the District Act (Stats. 1951, c.1405, p.3336, urgency, eff. July 10, 1951, as amended Stats. 1963, c.1941, p.3993, 1). The District is the primary water resources agency for Santa Clara County, California. It is the largest multi-purpose water supply, watershed stewardship, and flood management special district in California. It acts not only as the County's water wholesaler but also as its flood protection agency and is the steward for its streams and creeks, underground aquifers and district-built reservoirs.

Letter of Transmittal (continued)

The District Act governs the structure, function and operations of the District's Board of Directors (Board), which governs the District and directs the Chief Executive Officer. On October 11, 2009, Governor Arnold Schwarzenegger signed into law Assembly Bill 466 (AB466) to amend the District Act. AB466 replaced the former Board structure (five elected/two appointed at-large members) with one in which all seven members would be elected from new districts created through a formal redistricting process. A Redistricting Advisory Committee was formed to draw the District boundaries. On May 14, 2010, the Board officially adopted a new map following testimony from the public, consideration of past testimony during Redistricting Advisory Committee meetings, and consideration of all communications and letters received from the public. A formal election was held for four of the seven board members on November 2, 2010. As required by state law, the District must redraw its boundaries to reflect 2010 Census results. On October 11, 2011, the Board adopted Resolution No. 11-63 selecting the Redistricting Plan, known as the Current Adjusted Map.

The District is the primary water resources agency for nearly two million residents of the County. It encompasses all of the county's approximately 1,300 square miles and serves the area's 15 cities: Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, and Sunnyvale. The District also serves the unincorporated areas of the County.

The District sells treated water to 12 water retail companies and cities that service communities within the County via their own distribution systems. There are also private well owners in the County. This demand requires the District to operate and maintain a complex delivery and treatment system that includes 3 water treatment plants, 1 advanced water purification center, 10 local reservoirs and dams, a state-of-the-art water quality laboratory, dozens of groundwater recharge basin, 5 pump stations and 144 miles of pipelines. Water supplies include local surface water and groundwater, imported water, and recycled water. Water conservation is also an important part of the water supply mix because it offsets water demands.

To ensure an adequate and reliable supply of high-quality water, the District has partnered with cities and water retailers in the county to develop recycled water supplies. About 5% of the County's total water use currently consists of recycled water, limited primarily to landscaping and industrial uses. Recycled water use is expected to expand in coming years. In 2010, the Board approved agreements with the City of San Jose to partner and build a facility to produce about eight million gallons per day of highly purified water. The new Silicon Valley Advanced Water Purification Center in North San Jose commenced full operation in March 2014.

As the primary wholesale water supplier in the County, the District is dedicated to assuring a reliable supply of healthy and clean drinking water. The District provides stream stewardship that encompasses managing flood and storm waters within the County and protecting watersheds and riparian corridors, thereby providing for public safety, and the protection of property and the natural environment along creeks and rivers, and at the edge of the San Francisco Bay. The District makes every effort to provide clean safe water in our creeks and bays; to provide, enhance, and restore creek and bay ecosystems, and to promote additional open space, trails and parks along creeks and in the watersheds.

Factors Affecting Financial Condition

Local Economy

The County is located at the southern end of San Francisco Bay that measures approximately 1,312 square miles. The northwestern portion of the County is part of an area referred to as Silicon Valley due to the domination and concentration of technology sector.

Recent economic trends for Silicon Valley indicate that it has finally recovered and gained the economic strength it had before the 2008 recession. According to Irvine-based CoreLogic, the June 2015 median price of \$660,000 paid for a home in the Bay is the highest for any month since it hit its peak of \$665,000 in June and July 2007. The median sale price has risen year over year for 39 consecutive months.^{1 4} The Santa Clara County Assessor reported that in 2015, the net assessment roll for the County increased by 8.7%, from \$357 billion to \$388 billion – the third-highest roll growth in County history. The steady, month-over-month declines in unemployment have fueled a building boom in office and multi-family construction not seen since 2007.²

In the second quarter of 2015, the job growth in Silicon Valley's (including San Mateo and Santa Clara Counties, Fremont, Newark, Union City and Scotts Valley) has been accelerating since 2000, adding nearly 58,000 jobs or 4.1% increase from prior year and exceeding the 2013-2014 job growth rate of the Bay Area as a whole (+3.5%). The job growth in Silicon Valley is occurring across nearly all major areas of economic activities. However, employment in the public sector has been declining since 2007.³

The County's unemployment rates for the past ten years have gone through ups and downs resulting from the effects of surge in growth in technology industry in the late 1990s to job losses from economic recession in 2008. The unemployment rate in June 2005 was 5.5%, which declined to 4.6% in June 2006, and then started to go upward with the highest rate of 11.7% in January 2010. As the economy started to stabilize, jobs were added that improved the unemployment rate for the County. In June 2015, the County's unemployment rate of 4.0% was down from 5.4% in June 2014 and lower than the rates of the state and the nation of 6.3% and 5.3%, respectively.⁴

The County has to deal with challenges associated with its strong economic growth and prosperity. An inadequate supply of new housing negatively affects prospects for job growth. A lack of affordable housing results in longer commutes diminished productivity, curtailment of family time and increased traffic congestion. Additionally, high housing costs can limit families' ability to pay for basic needs, such as food, health care, and clothing. As a region's attractiveness increases, home sales, average home prices and rental rates tend to increase. The average apartment rental rates in Silicon Valley are consistently higher than the state and the nation, and have been rising rapidly since 2010.³

¹ "Bay Area June Home Sales Highest in Nine Years; Median Sale Price Nears Peak" - CoreLogic Data Brief , July 2015

² 2015-2016 Assessor's Annual Report, Office of County Assessor, County of Santa Clara

³ 2015 Silicon Valley Index – Joint Venture Silicon Valley Network

⁴ State of California, California Labor Market Review

Letter of Transmittal (continued)

In addition, the County, as well as the State of California, is faced with the worst drought the state has experienced for years. On January 17, 2014, Governor Jerry Brown declared an official drought state of emergency and launched a statewide water conservation of 20% cut in water usage. In February, 2014, the District Board of Directors unanimously passed a resolution for mandatory measures to reduce water usage of 20% through December 31, 2014. Facing worsening drought conditions and water supply projections, the District Board of Directors unanimously passed another resolution calling for 30% water use reduction and a restriction on outdoor watering of ornamental landscapes or lawns with potable water to two days a week through December 31, 2015.

The district has been working with water retailers, municipalities and the County of Santa Clara to increase water conservation efforts and to implement other actions to reduce water use. Through these efforts, preliminary water use data from February through December 2014 indicate that cumulative countywide savings of slightly higher than 13% was realized compared to the same period in 2013. Water retailer water use data from January through June 2015 indicates 22% savings compared to 2013 water use in the same period. The month to month comparison from the preliminary data indicates a steady rate of savings of 35% in June 2015.⁵

Long-term Financial Planning

The District plans, manages and carries out work to meet policies established by its Board of Directors. Under the District's form of Policy Governance, these "Ends" policies describe the mission, outcomes or results to be achieved by District staff. Balancing the Ends policies are Executive Limitations, which set limits on staff activities in fulfilling the Ends. Alignment of plans and resources with the Ends policies helps the Board fulfill the critical responsibility of defining, balancing and prioritizing "what benefits, for what people, at what cost," and enhances District staff's accountability in using budgeted resources to accomplish those ends.

For fiscal year 2015 budget, the District funds activities that carry out its mission through the following three highest-level policies.⁶

- E2 - There is a reliable, clean water supply for current and future generations.
- E3 - There is a healthy and safe environment for residents, businesses, and visitors, as well as for future generations.
- E4 - There is water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

The District's largest revenue source is the sale of water, acting as a wholesaler for numerous water supply retailers in Santa Clara County. Water sales for fiscal year 2015 were \$155 million. For fiscal year 2015-16, the District Board adopted a 19.7% increase (average of \$5.06 per month per household) in the municipal and industrial groundwater production charge for the North County and a 11.6% increase (average of \$1.27 per month) for the South County, relative to fiscal year 2014-15. The revenue projection assumes water demand volume of 229,000 acre-feet.⁶

⁵ Santa Clara Valley Water District – Drought 2015 Monthly Status Report, July 2015

⁶ Santa Clara Valley Water District – FY2015-16 Operating and Capital Budget

Letter of Transmittal (continued)

The Five-Year Capital Improvement Plan (CIP) includes a total of 65 capital projects with an estimated cost of over \$3.4 billion. The District has been and continues to be successful in leveraging funding for its capital projects through partnerships with federal, state, and local agencies. Of the \$3.4 billion total funding, \$704 million is expected from the District's various partners, such as the U.S. Army Corps of Engineers (USACE), and \$2.730 billion from the District. Of the \$704 million that is expected from the District's partners, \$234 million is advanced by the District and reimbursed later. This \$234 million is included in the CIP, and increases the District's total funding requirement from \$2.730 billion to \$2.964 billion to ensure that the District has adequate funding to advance the reimbursement.⁷

On November, 2012, the voters overwhelmingly approved the Safe, Clean Water and Natural Flood Protection (Safe, Clean Water) special parcel tax to fund projects addressing the following community priorities:

- Ensuring safe reliable water for the future;
- Reducing toxins, hazards and contaminants in our waterways;
- Protecting water supply and local dams from the impacts of earthquakes and natural disasters;
- Restoring fish, bird, and wildlife habitat; and
- Providing flood protection to homes, businesses, schools, streets, and highways.

Safe, Clean Water builds on the success of the Clean, Safe Creeks and Natural Flood Protection (Clean, Safe Creeks) plan approved by the voters in 2000. Safe, Clean Water replaces the Clean, Safe Creeks measure in its entirety beginning July 1, 2013. The Safe, Clean Water Program will provide a total of \$548 million of special tax revenue for operations and capital projects. The program will be funded by a combination of revenues from the continuation of an annual special tax, reserves from unspent funds of the Clean, Safe Creeks plan, and state and federal funding. For fiscal year 2015-16, the budget includes \$40.1 million of special parcel tax for this program.

Relevant Financial Policies

End of Year Balances

The District policies for end-of-year balance re-appropriations are as follows:

- Any remaining appropriation balances at the end of the fiscal year for capital projects are annually re-appropriated for continued use in those same projects in the following fiscal year. These amounts shall be consistent with the planned expenditure schedule identified in the 5-year CIP;
- Any variances at the end of the current fiscal year in Operating Reserves, Contingent Liability Reserves, Capital Replacement Reserves, and Future Years' Capital Reserves from those estimated in the budget not otherwise re-appropriated above shall result in corresponding adjustments to the estimated reserve appropriations in accordance with District Reserve policy.

⁷ Santa Clara Valley Water District – FY2016-20 Capital Improvement Program

Letter of Transmittal (continued)

The District also maintains a commercial paper program for funding the Water Utility capital projects. Commercial papers are used during the early phases of construction. Long-term debt, matching the useful life of the asset, is issued to replace the commercial papers.

Budgetary Controls

The District maintains budgetary controls, the objectives of which are to ensure compliance with legal provisions, embodied in the annually appropriated budget approved by the Board. Activities of the governmental funds and proprietary funds are included in the annual appropriated budget. Additionally, as a management tool, project-length financial plans are included in the annual Capital Improvement Plan. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level, further limited by two categories - the operating budget (consisting of total operations, operating projects, and debt service) and the capital budget (consisting of capital project expenditures). The District also maintains an encumbrance accounting system as one process to accomplishing budgetary control. Budget adjustments that increase or decrease revenue projections, appropriations or reserves of any fund require Board approval. Budget and actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted. For governmental funds, this comparison is presented starting on pages 102 as part of required supplementary information and selected watershed activities starting on pages 110 as part of supplemental information. For proprietary funds, this comparison is presented starting on pages 114 and 120 as part of the combining and individual fund statements and schedules.

The guidelines used by the District in developing this formal budget process are those recommended by the National Advisory Council on State and Local Budgeting, and the Government Finance Officers Association (GFOA).

Reserve Requirements

The District's financial policies establish the levels at which reserves shall be maintained. District reserve policies address the need for both operating and capital reserves, and funding of contingency and future liabilities.

Major Initiatives

Highlights of activities and accomplishments for the fiscal year ended June 30, 2015 include the following:⁸

- ◆ On August 7, 2014, the Milpitas Chamber of Commerce awarded the District with its Corporate Citizen of the Year award. The District was selected due to its ongoing involvement with the chamber, its advocacy efforts which also support economic development in the community, and its conservation efforts and rebate programs, which provide direct support to the business community.

⁸ Santa Clara Valley Water District Newsletters, Santa Clara Valley Water District CEO Bulletins, Fiscal Year 2014-2015 Quarter Performance Reports

Letter of Transmittal (continued)

- ◆ During the week of August 18, 2014, district staff participated in three days of a triennial Review of Operation and Maintenance (RO&M) of San Felipe Division facilities (including Pacheco and Coyote Pumping Plants), conducted by United States Bureau of Reclamation (USBR). The RO&M was well organized by the district team and was successful. The USBR team appreciated district practices, procedures, and programs including maintenance efforts, the asset management program, and operations and capital improvement plans and programs.
- ◆ On August 26, 2014, the board approved the 2015 grant cycle of up to \$250,000 for the Safe, Clean Water and Natural Flood Protection Program's Water Conservation Research Grant Program (Program). These grants support efforts to study and pilot new water conservation programs to help exceed the water district's conservation goal of 98,500 acre-feet per year by 2030. Funds were awarded to 5 organizations.
- ◆ On September 8, 2014, the District received the "Project of the Year Award – Large" from the WaterReuse Association at its annual national symposium in Dallas, Texas. The Project of the Year Award recognizes projects whose significance and contributions to the community continue to advance the water reuse industry. In its award letter, the association wrote that the "Santa Clara Valley Water District has demonstrated continued dedication to the water reuse community, and the WaterReuse Association gratefully acknowledges the contribution you have made."
- ◆ The District Board of Directors authorized the District's Chief Executive Officer (CEO) on September 23, 2015, to negotiate and execute agreements with the City of Sunnyvale (Sunnyvale), California Water Service Company (Cal Water), and Apple Inc. The agreements will enable the District to forge significant partnerships to advance recycled water as a drought-proof supply in Sunnyvale. This partnership is a momentous milestone that will allow the west side of Santa Clara County to expand its recycled water programs and help the District take a step closer in meeting its goal to increase recycled water from 5% to 10% by 2025.
- ◆ On October 17, 2014, the District co-hosted the Silicon Valley Summit: The Business of Water, with the Silicon Valley Business Journal. The summit engaged the business community in discussion about the drought and the District's response, as the reliability of water has a large impact on the Silicon Valley economy and local quality of life.
- ◆ Board of Director Tony Estremera received a Legislator of the Year Award from the Santa Clara County League of Conservation Voters Board of Directors on October 2, 2014. The award was shared with Mayors Jaime Mathews of the City of Santa Clara and Chuck Reed of the City of San Jose for their leadership and efforts in jointly developing the Silicon Valley Advanced Water Purification Center, among other notable ground breaking achievements in improving the environment.
- ◆ As part of the Federal Emergency Management Agency's Community Rating System Program, the District was recertified at a Class 8 rating, resulting in a 10% reduction in flood insurance for residents.
- ◆ The District received certification from the California Environmental Laboratory Accreditation Program on February 12, 2015, for the determination of Cryptosporidium, a pathogenic microorganism that can be found in drinking water supplies. At this time,

Letter of Transmittal (continued)

only six laboratories in California, including the District's laboratory, are certified for *Cryptosporidium* analysis. This certification enables the District to carry out the monitoring requirements required by a Federal compliance obligation for utilities serving more than 10,000 people. This will also help reduce illness linked to the contaminant *Cryptosporidium* and other microbial pathogens in drinking water.

- ◆ On October 18, 2014, the district hosted more than 200 members of the public at an open house of the Santa Teresa Water Treatment Plant. The community learned about the water treatment process, received updates on future projects planned for the facility, and information on various other district programs.
- ◆ The district completed the South Bay Water Recycling Recycled Water Master Plan in December 2014. The master plan was finalized with the collaboration of 14 agencies and cities, and the District. The master plan has a 20-year planning horizon and identifies the purpose and future of recycled water produced from the City of San Jose's Regional Wastewater Facility (RWF) in terms of meeting the regulatory needs of the RWF as well as contributing to regional water supplies. The master plan has a county-wide target of increasing recycled water by 25,000 acre feet per (AFY) year by 2025 and an additional 10,000 AFY by 2035.
- ◆ On January 13, 2015, the Santa Clara Valley Water District Board of Directors elected Gary Kremen (District 7 representative) and Dennis Kennedy (District 1 representative) to serve as Board Chair and Vice Chair, respectively, in 2015. Chair Kremen was elected to the board in November 2014.
- ◆ On February 25, 2015, the Santa Clara Valley Water District awarded \$571,000 in grants to three projects to provide new access to trails and open space. The three awardees, the County of Santa Clara, Santa Clara Valley Open Space Authority and West Valley College, were selected to receive funds from the Safe, Clean Water and Natural Flood Protection Program, a parcel tax approved by voters in 2012. Grant amounts awarded in this cycle range from \$171,000 to \$200,000, with all projects related to the grants having a target completion date of June 30, 2018.
- ◆ Beginning March 18, 2015, the Silicon Valley Advanced Water Purification Center started blending the brine/concentrate from the reverse osmosis treatment process with the City of San Jose's (City) treated wastewater being discharged to the bay under the City's National Pollutant Discharge Elimination System permit after a determination that the brine/concentrate is of no threat or impact to the San Francisco Bay. The ability to discharge brine/concentrate through the City's outfall provides potential brine management options that may allow for possibly larger or expanded purification centers to serve the local community.
- ◆ The District's Landscape Rebate Program had issued over \$1M in rebates as of March 2015 as part of its water conservation program. This rebate program is for converting high water using landscape to low water using landscape.
- ◆ On March 24, 2015, facing worsening drought conditions and water supply projections, the Santa Clara Valley Water District Board of Directors called for a water use reduction target of 30% and a restriction on irrigating outdoor landscapes and lawns with potable water to two days per week.

Letter of Transmittal (continued)

- ◆ On May 26, 2015, the Santa Clara Valley Water District awarded \$1.9 million in partnership funds to five projects to prevent pollution, restore wildlife habitat, and improve fish habitat and passage. The four awardees are the City of San José, San Francisco Bay Bird Observatory, Trout Unlimited, and the County of Santa Clara. Partnership funding amounts awarded range from \$24,450 to \$1 million for projects ranging in duration from one to seven years to be funded from the Safe, Clean Water and Natural Flood Protection Program, a parcel tax approved by voters in 2012. With these partnerships, the water district is on track to address Key Performance Indicators for pollution prevention, wildlife habitat restoration and improvement of fish habitat and passage
- ◆ A cooperative agreement between the District and FIRST 5 Santa Clara County (First 5) to install Water to Go stations in public schools was formalized in December 2013 to allow FIRST 5 to administer grant funds on behalf of the district. In fiscal year 2015, a total of 22 grants at \$5,000 a piece were made available for schools to install new water hydration stations through grant funding designated in the 2012 voter approved Safe, Clean Water and Natural Flood Protection program. The district has committed to investing \$250,000 to install 50 water hydration stations in schools throughout the Santa Clara County.
- ◆ On May 20, 2015, the Silicon Valley Chapter of the American Public Works Association (APWA) has awarded the District's Kirk Diversion Dam Replacement and Fish Screens Project with the 2015 Project of the Year Award in the Small Structures Category. This project directly benefits the water district's employees, environment, and water supply in the following ways:
 - Improves worker safety by eliminating the need for field crews and heavy construction equipment in the creek to remove or re-install the former steel-panel flashboard dam.
 - Mitigates impacts to fisheries and stream habitat by eliminating the need for heavy construction equipment in the creek during the winter season and preventing fish from being diverted to off-stream groundwater recharge ponds.
 - Reduces water loss and maximizes the ability to recharge groundwater from Los Gatos Creek by inflating or deflating the rubber dam in 20 minutes.

Letter of Transmittal (continued)

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Santa Clara Valley Water District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the 18th consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this CAFR represents the culmination of months of concerted team effort by diverse District staff, including team members from Financial Planning and Management Services Division, Water Supply Division, Information Management Services Division, General Services Division, Human Resources Division, and Office of the District Counsel. Many team members demonstrated a high degree of personal dedication and determination in producing this exemplary document.

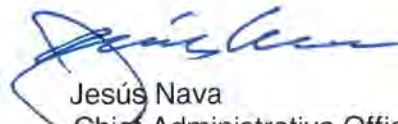
In addition, special thanks to District staff in all groups for responding so positively to the requests for detailed information that accompanies each annual audit. The role of Vavrinek, Trine, Day & Co., LLP is also acknowledged for the significant technical contribution and assistance.

Special thanks goes to Anita Ong, retired Financial Services Unit Manager; the following Accounting staff: Jaime Salandanan, Guy Canha, Fanny Chan, Leticia Rocha, Trisha Cheung, Christine Hernandez, Ofelia Hsieh and Lilian Ramirez (retired); and Chenlei Yao and Darin Taylor of the Budget and Financial Planning Units, for their talent and dedication in preparing this financial report.

Finally, we wish to express our sincere appreciation to the District's Board of Directors and management for providing policy direction and a firm foundation of support for the pursuit of excellence in all realms of professional endeavors.



Najon Chu
Chief Financial Officer



Jesús Nava
Chief Administrative Officer



Beau Goldie
Chief Executive Officer



Government Finance Officers Association

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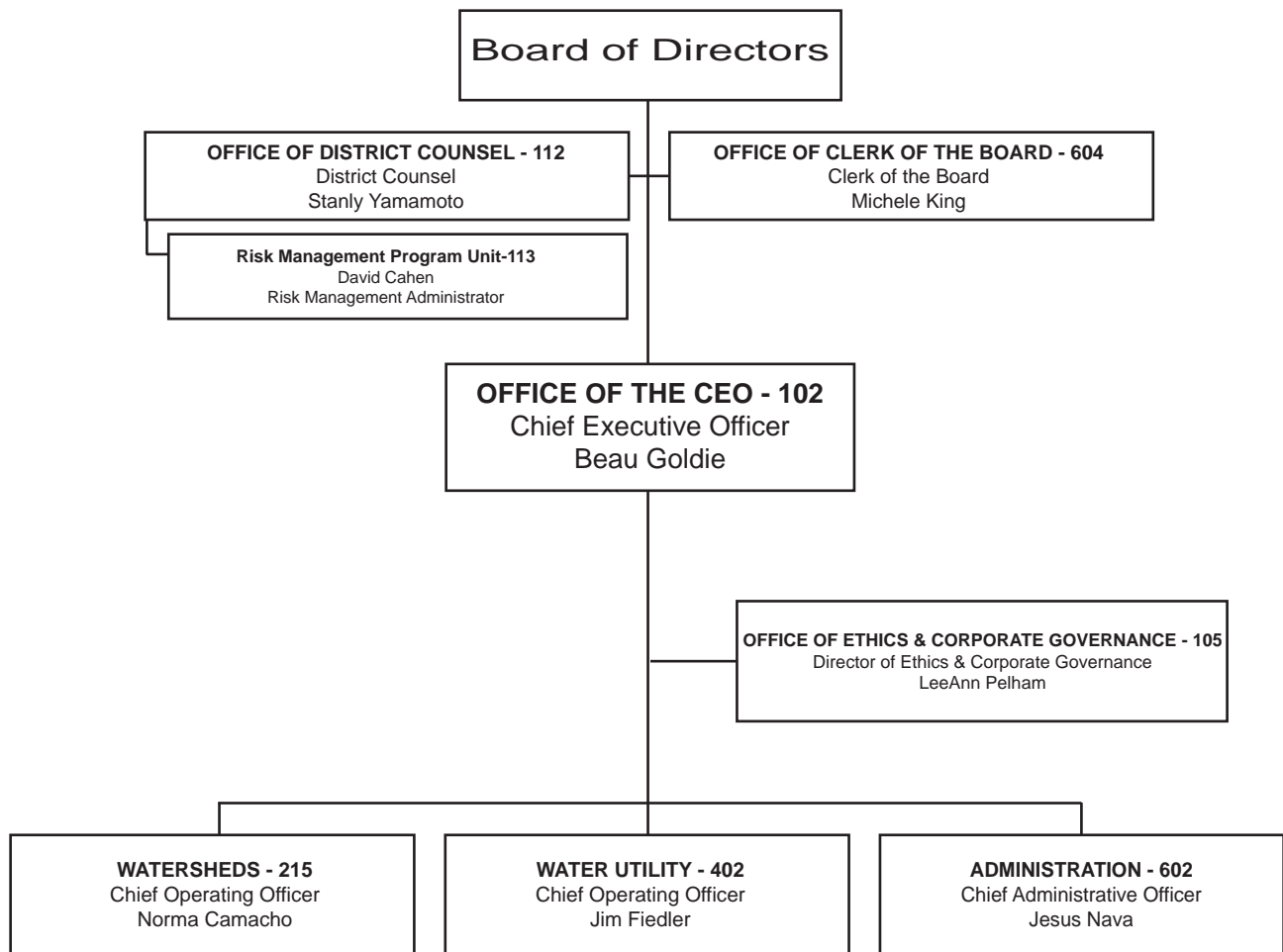
**Santa Clara Valley Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

**Santa Clara Valley Water District
Board of Directors
& Executive Management**



SANTA CLARA VALLEY WATER DISTRICT DIRECTORY OF OFFICIALS 2014 – 2015

BOARD OF DIRECTORS

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Barbara Keegan	District 2
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Santa Clara Valley Water District
San Jose, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Santa Clara Valley Water District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11 and 15 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date— an amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer pension contributions, other postemployment schedule of funding progress and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
November 16, 2015

Management's Discussion and Analysis

Our discussion and analysis of the Santa Clara Valley Water District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. This information is presented in conjunction with the audited financial statements that follow this section.

Financial Highlights

- The net position of the District was \$2,007 million as of June 30, 2015. Of this amount, \$106 million (unrestricted but committed and assigned net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's net position decreased by \$120.3 million during the current fiscal year. The net position of the governmental activities decreased by \$36.4 million and the net position of the business-type activity by \$83.9 million.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$373.1 million, an increase of \$5.8 million in comparison with the prior fiscal year fund balances of \$367.3 million.
- The fund balance for the general fund was \$12.7 million, a decrease of \$3.4 million from the prior fiscal year. Committed and assigned fund balances were \$12.7 million or 100% of the total fund balance.
- The fund balances of the Watershed and Safe, Clean Water & Natural Flood Protection funds were \$343.8 million, an increase of \$9.2 million from the prior fiscal year.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by GASB Statement No. 34.

Government-wide financial statements. The government-wide financial statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting.

The statement of net position presents information on all of the District's assets, deferred outflow, liabilities, and deferred inflow, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but uncollected taxes and earned but unused vacation leave).

Management's Discussion and Analysis (continued)

Both of the government-wide financial statements distinguished functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activity*). The governmental activities of the District include general government, watershed management, debt service and construction funding. The business-type activity includes the water utility operation.

The government-wide financial statements include not only the District itself (known as the primary government), but also a legally separate Santa Clara Valley Water District Public Facilities Financing Corporation (the Corporation) for which the District is financially accountable. Financial information for this blended component unit is reported as if it were part of the primary government because its sole purpose is to provide financing to the District under the debt issuance documents of the District. Additional information on this legally separate entity can be found in Note 1(b) in the notes to basic financial statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's projects.

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 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. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and change in fund balances to the government-wide statements are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds. The District maintains two-different types of proprietary funds: enterprise funds and internal service funds. Proprietary funds are reported using the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activity in the government-wide financial statements but provide more detail and additional information. The District uses enterprise funds to account for its water utility operations. Internal service funds are used to accumulate

Management's Discussion and Analysis (continued)

and allocate costs internally among the District's various functions. The District uses internal service funds to account for its fleet of vehicles and computer equipment, and for its risk management activities. The internal service funds have been included within governmental activities and business-type in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found starting on pages 49 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,006.7 million at the end of the current fiscal year.

Santa Clara Valley Water District's Net Position

(in Thousands)

	Governmental Activities		Business-type Activity		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 408,882	\$ 397,376	\$ 186,847	\$ 193,944	\$ 595,729	\$ 591,320
Capital assets	1,186,449	1,148,864	894,338	848,116	2,080,787	1,996,980
Total assets	1,595,331	1,546,240	1,081,185	1,042,060	2,676,516	2,588,300
Deferred outflow of resources	11,636	4,176	8,098	2,074	19,734	6,250
Current liabilities	13,164	11,869	147,422	91,056	160,586	102,925
Litigation claim	-	-	7,386	7,386	7,386	7,386
Long-term liabilities outstanding	215,142	142,832	271,825	214,374	486,967	357,206
Total liabilities	228,306	154,701	426,633	312,816	654,939	467,517
Deferred inflow of resources	19,368	-	15,261	-	34,629	-
Net position:						
Net investment in capital assets	1,083,571	1,036,853	575,873	573,410	1,659,444	1,610,263
Restricted	214,991	214,652	26,087	30,019	241,078	244,671
Unrestricted	60,731	144,210	45,429	127,889	106,160	272,099
Total net position	\$ 1,359,293	\$ 1,395,715	\$ 647,389	\$ 731,318	\$ 2,006,682	\$ 2,127,033

The largest portion of the District's net position (82.7%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to citizens and consumers; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this

Management's Discussion and Analysis (continued)

debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

For governmental activities, net investment in capital assets increased by \$46.7 million. Major capital projects attributing to the increase include the following (in millions): Berryessa Calaveras/Old Piedmont LER - \$11.1, Lower Silver Creek-R5-6 N. Babb to Cunningham - \$9.7, Lower Berryessa Creek Lower Penitencia Calaveras - \$2.4, Upper Llagas Creek Design Buena Vista Road - \$2.7, Berryessa Calaveras/Old Piedmont Corridor - \$2.3, Upper Llagas Creek Buena Vista – Wright Remodel - \$2.2, Sunnyvale East and West Channels - \$1.6, San Francisquito Early Implementation - \$1.4, Lower Penitencia Creek Flood Conversion - \$1.2, San Francisquito Creek Bay Shoreline - \$1.2, and Permanente Creek Bay – Foothill Clean Safe Creek - \$1.1.

Investment in capital assets for business type activities went up slightly by 0.4% or \$2.5 million from the previous fiscal year. Capital asset, net of depreciation, increased by \$46.2 million. Long term liabilities, which include related debt outstanding, went up by \$57.4 million.

Current fiscal year major additions to capital assets for business type activities include the following (in millions): Rinconada Water Treatment Plant Facility Renewal Program Residual Management Modifications - \$12.2, Rinconada Water Treatment Plant Reliability Improvement - \$9.2, Infrastructure Reliability Program–Seismic Study Retrofit Water Treatment Plant - \$6.3, Anderson Dam Seismic Retrofit - \$5.7, Recycled Water Advanced Treatment Facility - \$5.4, 5-year Pipeline Rehabilitation - \$4.9, South County Recycled Water Short Term 1B - \$3.9, Rinconada Water Treatment Plant Treated Water Valves Upgrades - \$3.8, Calero-Guadalupe Dams Seismic Retrofits - \$2.9, Almaden Dam Improvements - \$1.8, Dam Safety Seismic Stability - \$1.1, Wolfe Road Recycled Water Facility - \$1.0, and Fluoridations at Water Treatment Plants - \$1.0.

The balance of unrestricted net position may be used to meet the District's ongoing obligations to citizens, customers, and creditors. The District's unrestricted net position decreased by \$165.5 million or 61%, during the current fiscal year.

Management's Discussion and Analysis (continued)

Santa Clara Valley Water District's Changes in Net Position

(in Thousands)

	Governmental Activities		Business-type Activity		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 154,819	\$ 172,374	\$ 154,819	\$ 172,374
Operating grants and contributions	-	-	2,149	1,232	2,149	1,232
Capital grants and contributions	17,822	25,761	847	3,532	18,669	29,293
General revenues:						
Property taxes	107,643	100,568	27,701	26,989	135,344	127,557
Investment earnings	3,728	3,777	1,621	1,624	5,349	5,401
Miscellaneous	3,013	2,568	3,113	3,283	6,126	5,851
Total revenues	132,206	132,674	190,250	209,034	322,456	341,708
Expenses:						
General government	20,399	6,916	-	-	20,399	6,916
Watersheds	56,758	61,302	-	-	56,758	61,302
Interest on long-term debt	5,753	6,116	-	-	5,753	6,116
Water enterprise	-	-	186,281	173,767	186,281	173,767
Total expenses	82,910	74,334	186,281	173,767	269,191	248,101
Increase in net position before transfers	49,296	58,340	3,969	35,267	53,265	93,607
Transfers	11,406	272	(11,406)	(272)	-	-
Change in net position	60,702	58,612	(7,437)	34,995	53,265	93,607
Net position, beginning	1,395,715	1,337,813	731,318	703,466	2,127,033	2,041,279
Prior period adjustment	(97,124)	(710)	(76,492)	(7,143)	(173,616)	(7,853)
Net position, ending	\$ 1,359,293	\$ 1,395,715	\$ 647,389	\$ 731,318	\$ 2,006,682	\$ 2,127,033

Management's Discussion and Analysis (continued)

Governmental activities. Net position in governmental activities decreased by \$36.4 million during the fiscal year. Net revenues from operations of \$49.2 million and transfer in of \$11.4 million added to net position. The implementation of GASB 68 to recognize the net employment pension benefits liability as of July 1, 2014 caused a \$97.1 million reduction to ending net position.

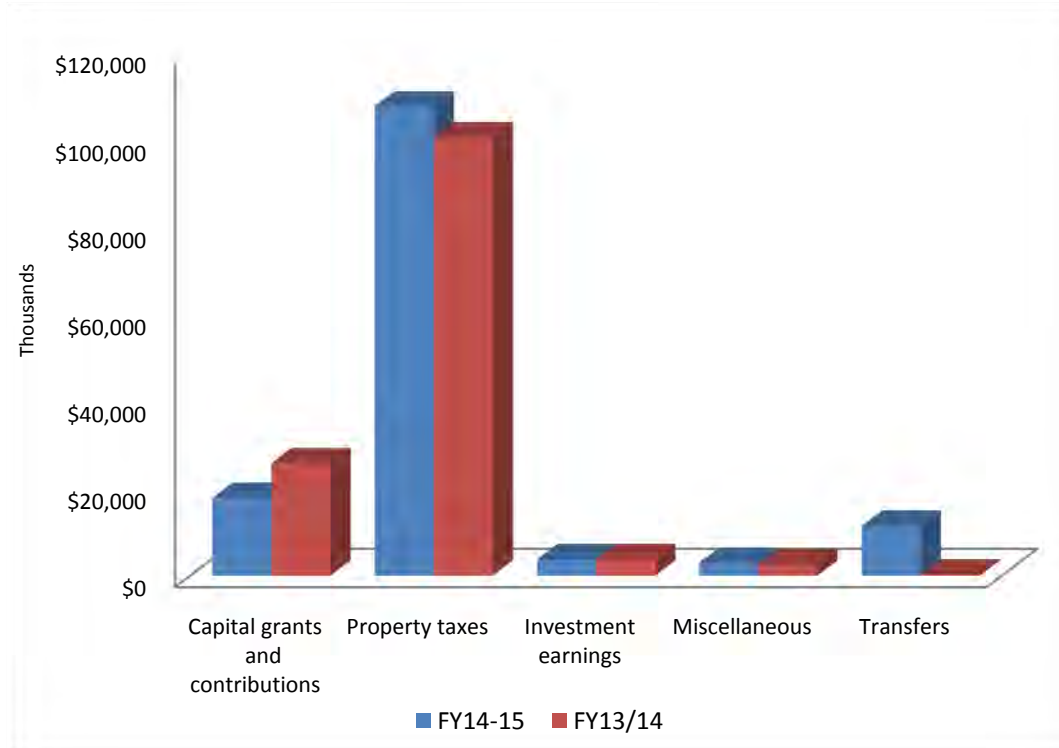
The fiscal year net revenue of \$49.2 million came from property tax (\$107.6 million), capital grants (\$17.8 million) and other revenues (\$6.7 million), which were offset by operating expenses of \$83.0 million.

Compared to the prior fiscal year, revenues declined slightly by \$468 thousand while expenses increased by \$8.6 million. Key elements of the changes in revenues and expenses from prior year are as follows:

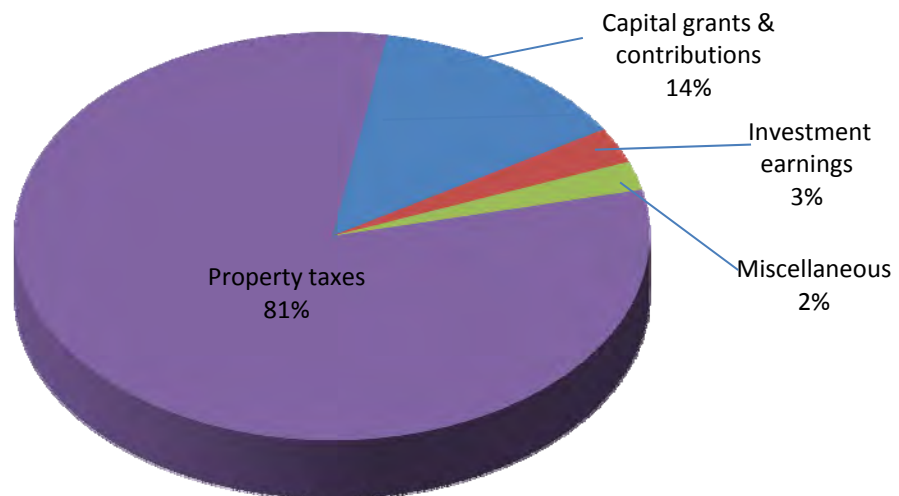
- Capital grants and contributions decreased \$7.9 million or 30.8% due to the decrease in the reimbursement of capital costs from the Department of Water Resources.
- Property taxes increased \$7.1 million or 7.0% reflective of the upward trend in the real estate market in the valley.
- General government expenditures were higher by \$13.5 million or 195.0% due to the \$13.2 million cost associated with drought response programs, the 1.5% cost of living increase negotiated with the labor unions, and higher direct benefit charges.
- Watersheds expenditures decreased by \$4.5 million or 7.4%. \$50.4 million of capital expenditures incurred this fiscal year qualified as addition to capital assets.
- Interest on long-term debt was lower by \$363 thousand or 5.9% from the prior fiscal year. The decline coincides with the declining principal balance outstanding of the long-term debts.

Management's Discussion and Analysis (continued)

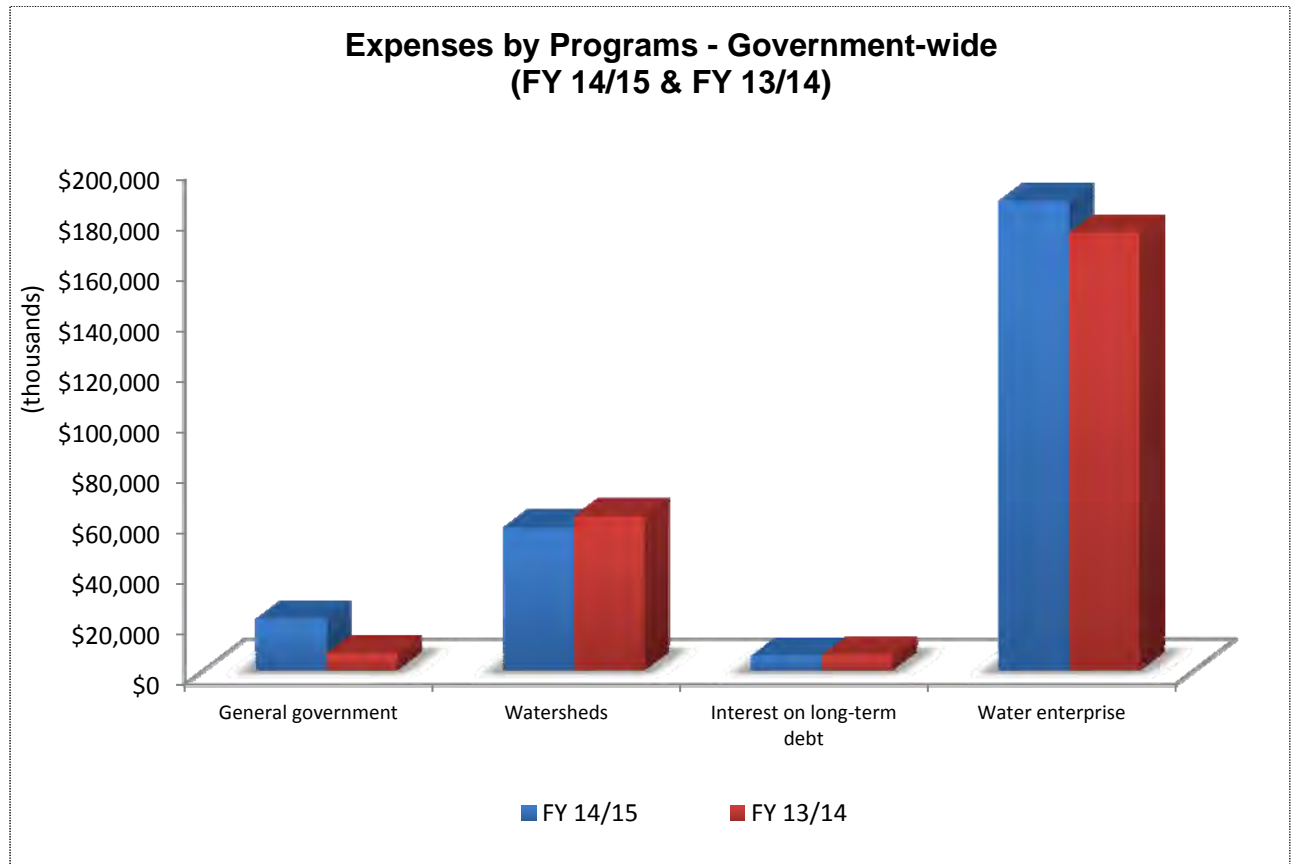
Revenue by Sources – Governmental Activities (FY 14/15 & FY 13/14)



Revenues by Sources – Governmental Activities (FY 14/15)



Management's Discussion and Analysis (continued)



Management's Discussion and Analysis (continued)

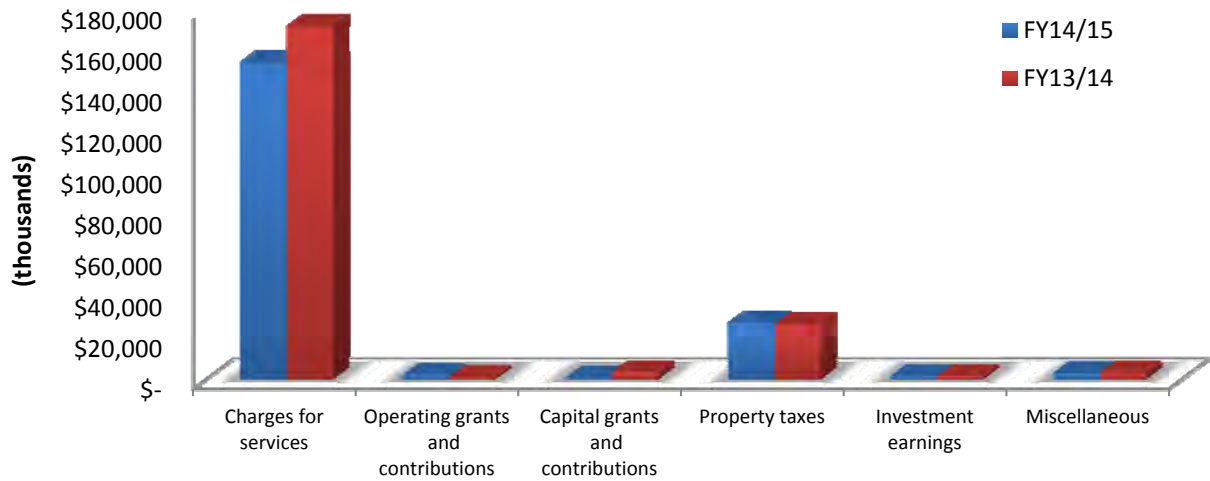
Business-type activity. Net position in business-type activity decreased by \$83.9 million during the fiscal year. Net revenues before transfers added \$4.0 million to net position. Charges for services of \$154.8 million were offset by \$186.3 million operating expenses. The remaining revenue receipts came from property taxes (\$27.7 million), capital and operating grants (\$3.0 million), investment earning (\$1.6 million) and miscellaneous revenues (\$3.1 million). Transfer out and the implementation of GASB 68 to recognize the net pension liability as of July 1, 2014 caused a reduction to net position of \$11.4 million and \$76.5 million, respectively.

Compared to the prior fiscal year, total revenues decreased \$18.8 million while expenses increased \$12.5 million. Key elements of the changes in revenues and expenses from prior year are as follows:

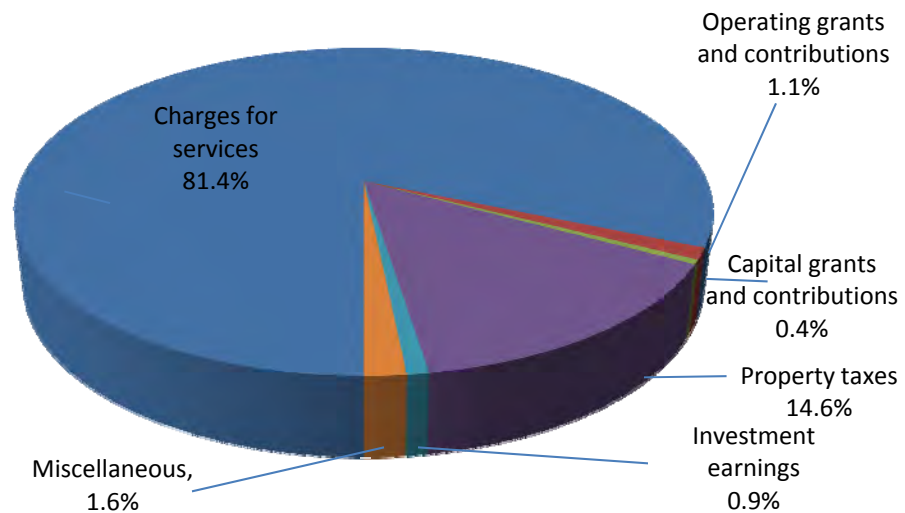
- Charges for services went down by \$17.6 million or 10.2%. The decrease was due to conservation efforts made by users in response to the historic drought that the State is experiencing. The volumes of ground water and treated water deliveries decreased by 16.1 % and 9.5%, respectively, compared to last fiscal year. The decreases in the volume of water deliveries were mitigated by the 32% average rate increases for ground water, surfaced water, reclaimed water and treated water rates.
- Capital grants and contributions decreased \$2.7 million or 76.0% due to the higher reimbursement receipt in the prior year from the Bay Area Clean Water for a one-time grant reimbursement for the South Bay Recycled Water Advanced Treatment Facility Reverse Osmosis.
- Operating grants and contributions increased by \$917 thousand or 74.4%. The increase was the result of higher cost sharing funds received from various agencies for the Water Conservation Program, as well as receipt of \$324 thousand contribution from Cinnabar Hills to partially fund the District's effort to develop recycled water.
- Due to the lingering drought experienced during the fiscal year, water enterprise expenses increased by \$12.5 million or 7.2% mainly from the higher cost incurred for water purchases and the increased spending on the water conservation rebate program.

Management's Discussion and Analysis (continued)

**Revenues by Sources - Business Activity
(FY 14/15 & FY 13/14)**



**Revenues by Source – Business Activity
(FY 14/15)**



Management's Discussion and Analysis (continued)

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. As of June 30, 2015, the District's governmental funds reported combined ending fund balances of \$373.2 million, an increase of \$5.8 million for the fiscal year.

Compared to the prior year, revenues decreased by \$657 thousand while total expenditure increased by \$32.1 million. Property taxes went up \$7.1 million due to the upward trend of property values in the area. This was offset by \$7.9 million drop in the reimbursement of capital cost, which came primarily from the Department of Water Resources' higher capital cost reimbursement in the prior fiscal year. Operations and operating cost went up \$15.0 million, and capital improvement spending increased \$17.1 million due to the higher cost associated with the drought response program and the increase in the cost of living adjustment paid to staff.

Approximately \$146.4 million or 39.2% of the total fund balance amount (\$373.2 million) constitutes committed and assigned for specific purposes. The remainder of the fund balance is restricted to indicate that it is not available for new spending because of the external enforceable limitations on its use to: 1) fund Safe, Clean Water & Natural Flood Protection projects (\$210.1 million), 2) pay debt service (\$6.3 million), and 3) provide funds for projects funded by bond proceeds (\$10.4 million).

General fund

The general fund is the chief operating fund of the District supporting all administrative and strategic support services costs for the organization. It accounts for all financial resources except those required to be accounted for in another fund and is supported primarily by overhead reimbursements from other funds. At the end of the current fiscal year, the restricted, committed and assigned fund balance of the General Fund was \$12.7 million. Total fund balance decrease of \$3.4 million can be attributed to the \$2.9 million fund transfer to the Information Technology Fund for the People Soft Upgrade projects.

Special revenue funds

The special revenue funds are used to account for specific revenue sources for which expenditures are restricted by law or regulation to finance particular watershed functions or activities of the District. The available fund balances at the end of the current fiscal year for the special revenue funds were \$343.8 million, which increased during the current fiscal year by \$9.2 million or 2.7%. Fund balance for the Safe, Clean Water & Natural Flood Protection Program remained at a level comparable to last fiscal year. The Watershed and Stream Stewardship fund balance increased \$9.0 million or 7.2%.

Management's Discussion and Analysis (continued)

The fund balance in the Safe, Clean Water & Nature Flood Protection fund balance was \$210 million, with total revenues of \$40.7 million offsetting total expenditures of \$40.5 million.

The Watershed and Stream Stewardship fund balance increased by \$9.0 million for the fiscal year. The \$5.3 million increase in the property tax receipts and the lower fund transfer to the General Fund contributed to the increase in fund balance.

COP debt service fund

The COP debt service fund is used to account for resources used for debt service payments. It has a total fund balance of \$6.3 million, all of which is reserved for payment of debt service.

COP construction fund

The COP construction fund is used to account for resources used for the acquisition or construction of major capital projects within the governmental fund types. It has a fund balance of \$10.4 million from the proceeds of the 2012A Certificate of Participation (COP) to be used for future construction projects.

Proprietary funds. The District's proprietary funds provide a detailed breakdown of the same type of information found in the government-wide financial statements.

Water Enterprise fund. The Water Enterprise fund accounts for operations in a manner similar to a private business enterprise. Operations are accounted for to show net income or loss from operations. The fund is intended to be entirely or predominantly self supported by user charges.

Net position of the Water Enterprise fund at the end of the fiscal year was \$622.9 million, a decrease of \$82.4 million from the prior fiscal year. The current year activities decreased the fund balance by \$8.9 million. There was a prior period adjustment with the implementation of GASB 68 that decreased the net position by \$76.5 million.

Operating revenues went down \$18.0 million or 10.4% as a result of the drop in water consumption resulting from the District's drought related water conservation program.

Operating expenses increased by \$15.5 million. Sources of supply accounted for \$14.5 million or 93.4% of the total increase as the District continues to purchase water at an increasing cost, as well as promote the water conservation rebate program throughout the valley in order to mitigate the effects of the drought.

Net non-operating revenues increased slightly by \$1.7 million. Operating grants, property taxes increased by \$917 thousand and \$538 thousand, respectively to account for 88.1% of the increase.

State Water Project fund. The State Water Project fund was established and approved by the Board of Directors on October 26, 2010. This fund accounts for the State Water Project Tax receipts pursuant to Section 1B of Article 13A of the California Constitution to pay for county-wide voter-approved State Water Project contract obligations. Fund

Management's Discussion and Analysis (continued)

resources are used for the Water System Revenue Bond and other related capital expenditures billed by the State of California Department of Water Resources and are accounted for in such a manner as to restrict the use of the resources exclusively for the State Water Project related costs.

Net position ended at \$24.5 million or \$1.5 million lower than the prior fiscal year. Operating expenses was \$24.9 million, of which \$23.9 million or 96.2% was cost associated with water purchases. Non-operating revenues were \$23.4 million, with property taxes contributing \$22.1 million or 94.4%.

Operating expenses showed a slight increase of \$272 thousand, and was offset by the \$241 thousand increase in non-operating revenues.

Internal Service Funds. The District has three internal service funds - the Equipment Fund, Risk Management Fund and Information Technology Fund. Revenues to the funds are generated from fees charged for services provided to the District operating programs.

The Equipment fund charges replacement and maintenance costs to all operations, operating, and capital projects based on equipment assignment and hourly usage of equipment on projects. The fund's annual reimbursement charge for the replacement and maintenance cost of equipment is determined during the budget process and varies yearly depending upon need. Ending net position for the fund was \$7.3 million. Net revenues contributed \$1.7 million to net position. The implementation of GASB 68 lowered net position by \$3.01 million.

The Risk Management fund charges premiums based on exposure levels by project for liability, property, worker's compensation and self-insurance costs. Revenues required to properly reimburse the Risk Management Fund are determined during the budget process and varies yearly depending upon need. The fund's net position ended at \$5.1 million. Net revenues added \$2.6 million to net position. The implementation of GASB 68 lowered net position by \$2.0 million.

The Information Technology fund was established on July 1, 2014 to account for the acquisition installation, replacement and maintenance costs of district-wide capital charges related to information technology projects. The annual reimbursement charge to the Information Technology Fund is determined during the budget process and varies yearly depending upon need. The fund's net position was \$6.8 million or \$6.0 million higher than the prior fiscal year. Net operating revenues of \$3.1 million and transfer from the General Fund of \$2.9 million contributed to the increase.

General Fund Budgetary Highlights

The table below shows that the Final Budget for FY2015 of \$67.8 million. Adopted budget was \$61.6 million and \$650 thousand was carried forward the previous year. Budget adjustment totaled \$5.6 million during the year.

Management's Discussion and Analysis (continued)

Adopted Budget	+ Capital Projects Budget Remaining Carry-forward	+ Current Year Budget Adjustments	= Final Budget
\$61,593K	\$650K	\$5,577K	\$67,821K

Total expenditures (budgetary basis) for the current fiscal year of \$61.5 million are \$12.9 million higher than the prior fiscal year. The increase is the result of the drought emergency response expenditures of \$13.1 million incurred by the fund that was subsequently reimbursed by the Water Enterprise Fund through fund transfer.

Capital Assets

The District's capital asset balance, net of accumulated depreciation, for governmental and business-type activities amounts to \$2.08 billion at June 30, 2015. Capital asset components include intangible rights and software, land, buildings, structures and improvements (which include the flood control improvement), machinery and equipment. During fiscal year 2015, the total increase in the District's capital assets was \$83.8 million or 4.2%. Governmental and business-type activities increased by 3.3% and 5.5%, respectively.

Major capital projects in progress, some of which are completed during the current fiscal year, include the following (in millions):

- Berryessa Calaveras/Old Piedmont LER - \$11.1
- Lower Silver Creek-R5-6 N. Babb to Cunningham - \$9.7
- Lower Berryessa Creek Lower Penitencia Calaveras - \$2.4
- Upper Llagas Creek Design Buena Vista Road - \$2.7
- Berryessa Calaveras/Old Piedmont Corridor - \$2.3
- Upper Llagas Creek Buena Vista – Wright Remodel - \$2.2
- Sunnyvale East and West Channels - \$1.6
- San Francisquito Early Implementation - \$1.4
- Lower Penitencia Creek Flood Conversion - \$1.2
- San Francisquito Creek Bay Shoreline - \$1.2
- Permanente Creek Bay – Foothill Clean Safe Creek - \$1.1
- Rinconada Water Treatment Plant Facility Renewal Program Residual Management Modifications - \$12.2
- Rinconada Water Treatment Plant Reliability Improvement - \$9.2
- Infrastructure Reliability Program–Seismic Study Retrofit Water Treatment Plant - \$ 6.3
- Anderson Dam Seismic Retrofit - \$ 5.7
- Recycled Water Advanced Treatment Facility - \$5.4
- 5-year Pipeline Rehabilitation - \$4.9
- South County Recycled Water Short Term 1B - \$ 3.9
- Rinconada Water Treatment Plant Treated Water Valves Upgrades - \$3.8
- Calero-Guadalupe Dams Seismic Retrofits - \$2.9
- Almaden Dam Improvements - \$1.8
- Dam Safety Seismic Stability - \$ 1.1

Management's Discussion and Analysis (continued)

- Wolfe Road Recycled Water Facility - \$ 1.0
- Fluoridations at Water Treatment Plants - \$ 1.0

Capital Assets (net of depreciation) (Dollars in Thousands)

	Governmental activities		Business-type activity		Total	
	2015	2014	2015	2014	2015	2014
Land	\$163,284	\$159,254	\$17,929	\$17,594	\$181,213	\$176,848
Contract water and storage rights	-	-	50,603	53,026	50,603	53,026
Buildings	30,200	31,062	81,053	82,789	111,253	113,851
Structures and improvements	657,247	631,227	476,676	478,742	1,133,923	1,109,969
Equipment	12,811	12,003	8,431	9,477	21,242	21,480
Construction in progress	314,081	312,218	259,556	206,488	573,637	518,706
Intangibles - Easements	6,769	3,101	90	-	6,859	3,101
Software	2,057	-	-	-	2,057	-
Total	<u>\$1,186,449</u>	<u>\$1,148,865</u>	<u>\$894,338</u>	<u>\$848,116</u>	<u>\$2,080,787</u>	<u>\$1,996,981</u>

Information on the District's capital assets activity for the current fiscal year can be found in Note 6 on pages 66-67 of this report.

Debt Administration

At the end of the current fiscal year, the District had total long-term debt outstanding of \$494.4 million. This District's long-term obligations outstanding at the end of the fiscal year consisted of the following:

Management's Discussion and Analysis (continued)

Santa Clara Valley Water District's Outstanding Obligations

(Dollars in Thousands)

	Governmental activities		Business-type activity		Total	
	2015	2014	2015	2014	2015	2014
Certificates of participation	\$ 106,690	\$ 115,045	\$ -	\$ -	\$ 106,690	\$ 115,045
Revenue bonds	-	-	78,310	81,150	78,310	81,150
Revenue bonds-COP	-	-	111,565	115,895	111,565	115,895
Compensated absences	8,137	8,302	4,659	4,789	12,796	13,091
Litigation claim	-	-	7,386	7,386	7,386	7,386
Semitropic water banking	-	-	5,069	5,359	5,069	5,359
State revolving fund loan	-	-	4,607	4,893	4,607	4,893
Bond Discount	-	-	(714)	(753)	(714)	(753)
Premium on bond issue	-	-	2,329	2,436	2,329	2,436
Premium on refunded debt	10,427	11,522	-	-	10,427	11,522
Claims payable	6,092	7,011	-	-	6,092	7,011
Net pension liability	83,626	-	65,892	-	149,518	-
Other post employment benefits	170	952	108	605	278	1,557
Total	<u>\$ 215,142</u>	<u>\$ 142,832</u>	<u>\$ 279,211</u>	<u>\$ 221,760</u>	<u>\$ 494,353</u>	<u>\$ 364,592</u>

The District's total obligations increased by \$129.8 million during fiscal year 2014-15. The implementation of GASB 68, Accounting and Financial Reporting for Pensions, increased the District's net pension liability by \$149.5 million. The outstanding balances of the remaining long term obligations went down \$17.6 million due to the annual repayment of principal. Claims payable went down \$919 thousand.

The credit ratings of the District's Watershed Certificates of Participation are AAA from Fitch, Aa1 from Moody's and AA+ from Standard & Poor's. The credit ratings of the Water Utility Enterprise Fund revenue bonds are Aa1 from Moody's and AA from Standard & Poor's.

Additional information on the District's long-term debt can be found in Note 7 starting on page 69 of this report.

Economic Factors and Next Year's Budgets

The District's budget outlines its mission - to provide Silicon Valley safe, clean water for a healthy life, environment and economy.

The District's \$478 million budget for FY2015-16 is a responsible investment in the future, shoring up water supplies and infrastructure to take the Santa Clara Valley through the unprecedented drought. \$276.7 million or 58% is allocated for net operating outlays and \$201.3 million or 42% for capital projects. \$76.5 million and 49 capital projects are included in the budget to help mitigate the effects of the drought.

Management's Discussion and Analysis (continued)

Key deliverables for the FY2015-16 budget are as follows:

- Provide resources to respond to the drought.
- Deliver high-quality drinking water through local and imported water supply.
- Deliver high-quality recycled and advanced purified water.
- Ensure dam safety and manage infrastructure.
- Deliver capital projects to decrease flood risk or maintain stream capacity.
- Clean trash and mercury from creeks and watersheds.
- Improve fish habitat and passage.
- Make principal and interest payments on water district's long-term debt.

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the General Accounting Unit at 5750 Almaden Expressway, San Jose, CA 95118, or call (408) 265-2600.



BASIC FINANCIAL STATEMENTS

SANTA CLARA VALLEY WATER DISTRICT

Statement of Net Position

June 30, 2015

(Dollars in Thousands)

	Governmental Activities	Business-type Activity	Total
ASSETS			
Cash and investments (Note 3)	\$ 387,529	\$ 155,073	\$ 542,602
Restricted cash and investments (Note 3)	16,789	5,461	22,250
Receivables (net):			
Accounts	701	22,988	23,689
Interest	941	-	941
Taxes	654	253	907
Prepaid Insurance on Bond Issuance	-	534	534
Deposits and other assets	712	4,094	4,806
Internal balances	1,556	(1,556)	-
Capital assets (Note 6):			
Contract water and storage rights, net	-	50,603	50,603
Depreciable, net	702,315	566,160	1,268,475
Nondepreciable	484,134	277,575	761,709
Total assets	<u>1,595,331</u>	<u>1,081,185</u>	<u>2,676,516</u>
 Deferred outflow of resources	 <u>11,636</u>	 <u>8,098</u>	 <u>19,734</u>
 LIABILITIES			
Accounts payable	10,526	18,692	29,218
Accrued liabilities	516	5,279	5,795
Commercial paper, net of discount (Note 7)	-	114,450	114,450
Deposits payable	741	8,340	9,081
Accrued interest payable	1,381	661	2,042
Noncurrent liabilities (Note 7):			
Due within one year	10,925	7,323	18,248
Litigation claim (Note 17)	-	7,386	7,386
Due in more than one year	204,217	264,502	468,719
Total liabilities	<u>228,306</u>	<u>426,633</u>	<u>654,939</u>
 Deferred inflow of resources	 <u>19,368</u>	 <u>15,261</u>	 <u>34,629</u>
 NET POSITION (Note 10)			
Net investment in capital assets	1,083,571	575,873	1,659,444
Restricted			
Debt service	4,933	4,801	9,734
Safe, Clean Water - Other Activities	210,058	-	210,058
WU State Revolving Loan Requirements	-	401	401
WU San Felipe Emergency	-	4,027	4,027
WU Operating	-	13,893	13,893
WU Rate Stabilization	-	2,139	2,139
WU State Water Projects	-	826	826
Unrestricted	60,731	45,429	106,160
Total net position	<u>\$ 1,359,293</u>	<u>\$ 647,389</u>	<u>\$ 2,006,682</u>

See accompanying notes to basic financial statements

SANTA CLARA VALLEY WATER DISTRICT

Statement of Activities
For the Year Ended June 30, 2015
(Dollars in Thousands)

Description	Governmental Activities			Business-Type Activity	Total
	General Government	Watersheds	Interest on Long-term Debt		
Expenses:					
Operations and operating projects	\$ 20,399	\$ 56,758	\$ 5,753	\$ -	\$ 82,910
Water Cost of Production	-	-	-	186,281	186,281
Program revenues:					
Water Revenues	-	-	-	154,819	154,819
Operating grants and contributions	-	-	-	2,149	2,149
Capital grants and contributions	-	17,822	-	847	18,669
Net program revenue (expense)	<u>\$ (20,399)</u>	<u>\$ (38,936)</u>	<u>\$ (5,753)</u>	<u>(28,466)</u>	<u>(93,554)</u>
General revenues:					
Property taxes (Note 8)				27,701	135,344
Unrestricted investment earnings				1,621	5,349
Miscellaneous				3,113	6,126
Transfers (Note 14)				(11,406)	-
Total general revenues and transfers				21,029	146,819
Change in net position				(7,437)	53,265
Net position, beginning of year				731,318	2,127,033
Prior period adjustment (Note 15)				(76,492)	(173,616)
Net position, beginning of year, restated				654,826	1,953,417
Net position, end of year				<u>\$ 647,389</u>	<u>\$ 2,006,682</u>

See accompanying notes to basic financial statements.

SANTA CLARA VALLEY WATER DISTRICT

Balance Sheet
Governmental Funds
June 30, 2015
(Dollars in Thousands)

	General	Watershed & Stream Stewardship
ASSETS		
Cash and investments (Note 3)	\$ 15,005	\$ 137,451
Restricted cash and investments (Note 3)	-	77
Receivables:		
Accounts	227	467
Interest	934	-
Taxes	58	596
Deposits and other assets	58	9
Total assets	<u>\$ 16,282</u>	<u>\$ 138,600</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 3,289	\$ 4,256
Accrued liabilities	261	41
Deposits payable	81	570
Total liabilities	<u>3,631</u>	<u>4,867</u>
Fund balances (Note 9):		
Restricted Fund Balance	-	-
Committed Fund Balance	7,842	91,817
Assigned Fund Balance	4,809	41,916
Total fund balances	<u>12,651</u>	<u>133,733</u>
Total liabilities and fund balances	<u>\$ 16,282</u>	<u>\$ 138,600</u>

See accompanying notes to basic financial statements.

Safe, Clean Water & Natural Flood Protection Program	COP Construction Fund	COP Debt Service	Total Governmental Funds
\$ 212,615	\$ -	\$ -	\$ 365,071
-	10,405	6,307	16,789
7	-	-	701
-	-	-	934
-	-	-	654
90	-	-	157
<u>\$ 212,712</u>	<u>\$ 10,405</u>	<u>\$ 6,307</u>	<u>\$ 384,306</u>
\$ 2,352	\$ -	\$ -	\$ 9,897
212	-	-	514
90	-	-	741
<u>2,654</u>	<u>-</u>	<u>-</u>	<u>11,152</u>
210,058	10,405	6,307	226,770
-	-	-	99,659
-	-	-	46,725
<u>210,058</u>	<u>10,405</u>	<u>6,307</u>	<u>373,154</u>
<u>\$ 212,712</u>	<u>\$ 10,405</u>	<u>\$ 6,307</u>	<u>\$ 384,306</u>

SANTA CLARA VALLEY WATER DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2015 (Dollars in Thousands)

Amount reported for governmental activities in the statement of net position are different because:

Fund balances of governmental funds	\$ 373,154
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet of governmental funds.	1,178,112
Internal service funds are used by management to charge the costs of equipment and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	20,804
Interest payable on long-term debt does not require the use of current financial resources and, therefore, interest payable is not accrued as a liability in the balance sheet of governmental funds.	(1,381)
Accrued interest income for monies held in the restricted bond trust accounts are not available to pay for current period debt payments, and therefore, are not included in the balance sheet of governmental funds.	7
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet of governmental funds:	
Certificates of participation	(106,690)
Deferred amount on refunding	3,834
Net original issue premium	(10,428)
Compensated absences	(7,805)
Net pension liability	(90,152)
Other post employment benefits	(162)
Net position of governmental activities	<u>\$ 1,359,293</u>

See accompanying notes to basic financial statements



SANTA CLARA VALLEY WATER DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2015 (Dollars in Thousands)

	General	Watershed & Stream Stewardship
Revenues:		
Property taxes (Note 8)	\$ 6,211	\$ 62,887
Benefit assessments (Note 8)	-	16,074
Use of money and property:		
Investment income (Note 5)	61	889
Rental	-	1,403
Reimbursement of capital costs (Note 4)	-	1,335
Other	313	596
Total revenues	<u>6,585</u>	<u>83,184</u>
Expenditures:		
Current:		
Operations and operating projects	17,971	37,784
Capital improvement projects	964	22,171
Debt service:		
Principal repayment	-	-
Interest and fiscal agent fees	2	15
Total expenditures	<u>18,937</u>	<u>59,970</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,352)</u>	<u>23,214</u>
Other financing sources (uses):		
Transfers in (Note 14)	13,373	2,846
Transfers out (Note 14)	(4,462)	(17,086)
Total other financing sources (uses)	<u>8,911</u>	<u>(14,240)</u>
Net change in fund balances	(3,441)	8,974
Fund balances, beginning of year	16,092	124,759
Fund balances, end of year	<u><u>\$ 12,651</u></u>	<u><u>\$ 133,733</u></u>

See accompanying notes to basic financial statements.

Safe, Clean Water & Natural Flood Protection Program	COP Construction Fund	COP Debt Service	Total Governmental Funds
\$ 38,545	\$ -	\$ -	\$ 107,643
-	-	-	16,074
1,474	26	55	2,505
281	-	-	1,684
413	-	-	1,748
2	-	-	911
40,715	26	55	130,565
9,670	-	-	65,425
30,849	-	-	53,984
-	-	8,355	8,355
-	-	5,480	5,497
40,519	-	13,835	133,261
196	26	(13,780)	(2,696)
-	-	13,835	30,054
-	-	-	(21,548)
-	-	13,835	8,506
196	26	55	5,810
209,862	10,379	6,252	367,344
\$ 210,058	\$ 10,405	\$ 6,307	\$ 373,154

SANTA CLARA VALLEY WATER DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2015 (Dollars in Thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 5,810
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents capital outlays, net of the depreciation for the fiscal year.	35,599
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds while it does not have any effect on net position. Certificates of participation	8,355
Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but they do not require the use of current financial resources. This amount represents the net change in accrued interest expense not reported in governmental funds.	87
Amortization of premiums, deferred amount on refunding and discounts are not recognized in the governmental funds. In the government-wide statements. They are capitalized and amortized over the life of the related debts. Deferred amount on refunding Prepaid Insurance Amortization Net original issue premium	(343) (49) 1,095
Internal service funds are used by management to charge the costs of equipment and risk management to individual funds. The net revenue of internal service funds is reported with governmental activities.	7,436
Some revenues and expenses reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds: Compensated absences Other post employment benefits Change in net pension liability, deferred inflows and outflow Interest from monies held in restricted bank accounts	155 746 1,810 1
Change in net position of governmental activities	<u>\$ 60,702</u>

See accompanying notes to basic financial statements

SANTA CLARA VALLEY WATER DISTRICT

Statement of Net Position

Proprietary Funds

June 30, 2015

(Dollars in Thousands)

	Business-type Activity			Governmental Activities
	Water	State Water	Total	Internal
	Enterprise Fund	Project Fund	Enterprise Funds	Service Funds
ASSETS				
Current assets:				
Cash and investments (Note 3)	\$ 149,915	\$ 5,158	\$ 155,073	\$ 22,458
Receivables:				
Accounts	22,988	-	22,988	-
Taxes	63	190	253	-
Deposits and other assets	4,094	-	4,094	555
Total current assets	177,060	5,348	182,408	23,013
Non current assets:				
Restricted cash and investments (Note 3)	5,461	-	5,461	-
Prepaid Insurance on Bond Issuance	534	-	534	-
Capital assets: (Note 6)				
Contract water rights, net	30,770	19,833	50,603	-
Depreciable, net	566,160	-	566,160	8,338
Nondepreciable	277,575	-	277,575	-
Total non current assets	880,500	19,833	900,333	8,338
Total assets	1,057,560	25,181	1,082,741	31,351
Deferred Outflow of Resources				
Deferred amount on refunding	1,951	-	1,951	-
Deferred outflow of resources - pension activities	6,147	-	6,147	414
Total deferred outflow of resources	8,098	-	8,098	414
LIABILITIES				
Current liabilities:				
Accounts payable	18,000	692	18,692	629
Accrued liabilities	5,279	-	5,279	2
Commercial paper, net of discount (Note 7)	114,450	-	114,450	-
Deposits payable	8,340	-	8,340	-
Accrued interest payable	661	-	661	-
Claims payable (Note 13)	-	-	-	476
Revenue bonds - current (Note 7)	6,043	-	6,043	-
Other Debt (Note 7)	1,280	-	1,280	70
Total current liabilities	154,053	692	154,745	1,177
Non current liabilities:				
Litigation claim (Note 17)	7,386	-	7,386	-
Long-term debt: (Note 7)				
Revenue bonds (net of unamortized discount)	185,447	-	185,447	-
Claims payable (Note 13)	-	-	-	5,616
Net pension liability (Note 11)	65,892	-	65,892	4,428
Other post employment benefits payable (Note 12)	108	-	108	8
Other debt	13,055	-	13,055	263
Total long-term debt	264,502	-	264,502	10,315
Total non current liabilities	271,888	-	271,888	10,315
Total liabilities	425,941	692	426,633	11,492
Deferred Inflow of Resources - pension activities				
	15,261	-	15,261	1,025
NET POSITION (Note 10)				
Net investment in capital assets	556,040	19,833	575,873	8,338
Restricted				
Debt service	4,801	-	4,801	-
State revolving loan requirement	401	-	401	-
San Felipe operations	4,027	-	4,027	-
Operating reserves	13,893	-	13,893	-
Rate stabilization	2,139	-	2,139	-
State water projects	-	826	826	-
Unrestricted	43,155	3,830	46,985	10,910
Total net position	\$ 624,456	\$ 24,489	\$ 648,945	\$ 19,248
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.	(1,556)	-	(1,556)	
Net position of business-type activities	\$ 622,900	\$ 24,489	\$ 647,389	

See accompanying notes to basic financial statements.

SANTA CLARA VALLEY WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015
(Dollars in Thousands)

	Business-type Activity			Governmental Activities
	Water Enterprise Fund	State Water Fund	Total Enterprise Funds	Internal Service Funds
Operating revenues:				
Ground water production charges	\$ 77,095	\$ -	\$ 77,095	\$ -
Treated water charges	76,799	-	76,799	-
Surface and recycled water revenue	925	-	925	-
Charges for services	-	-	-	16,399
Other	419	-	419	-
Total operating revenues	155,238	-	155,238	16,399
Operating expenses:				
Sources of supply	68,294	23,920	92,214	-
Water treatment	29,941	-	29,941	-
Transmission and distribution:				
Raw water	9,585	-	9,585	-
Treated water	1,539	-	1,539	-
Administration and general	20,929	-	20,929	2,778
Equipment maintenance	-	-	-	5,316
Depreciation and amortization	25,673	944	26,617	1,338
Total operating expenses	155,961	24,864	180,825	9,432
Operating income (loss)	(723)	(24,864)	(25,587)	6,967
Nonoperating revenues (expenses):				
Property taxes (Note 8)	5,607	22,094	27,701	-
Investment income (Note 5)	1,621	-	1,621	127
Operating grants	2,149	-	2,149	-
Rental income	105	-	105	-
Other	1,290	1,299	2,589	418
Interest and fiscal agent fees	(8,432)	-	(8,432)	-
Net nonoperating revenues (expenses)	2,340	23,393	25,733	545
Income before capital contributions and transfers	1,617	(1,471)	146	7,512
Capital contributions (Note 4)	847	-	847	-
Transfers in (Note 14)	1,880	-	1,880	2,900
Transfers out (Note 14)	(13,286)	-	(13,286)	-
Change in net position	(8,942)	(1,471)	(10,413)	10,412
Net position, beginning of year	709,890	25,960	735,850	13,977
Prior period adjustments				
Capital asset restatement	21	-	21	-
Beginning net pension liability and deferrals (Note 15)	(76,513)	-	(76,513)	(5,141)
Net position, beginning of year, restated	633,398	25,960	659,358	8,836
Net position, end of year	624,456	24,489	648,945	19,248
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund.	(1,556)	-	(1,556)	
Net position of business-type activities	\$ 622,900	\$ 24,489	\$ 647,389	

Reconciliation of the Statement of Revenues, Expenses and Change in Net Position to the Statement of Activities:

Amounts reported as business-type activities in the statement of activities are different because:

Net change in net position - enterprise funds	\$ (10,413)
Adjustment to the net effect of the current year activity between the internal service funds and the enterprise funds	2,976
Change in net position of business-type activities (page 37)	\$ (7,437)

See accompanying notes to basic financial statements.

SANTA CLARA VALLEY WATER DISTRICT

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2015 (Dollars in Thousands)

	Business-type Activity			Governmental Activities
	Water Enterprise Fund	State Water Fund	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 158,985	\$ 160	\$ 159,145	\$ 16,152
Payments to suppliers	(75,743)	(24,190)	(99,933)	(6,012)
Payments to employees	(50,457)	-	(50,457)	(2,742)
Payments for internal services used	(1,556)	-	(1,556)	-
Other receipts	1,290	1,299	2,589	418
Net cash provided by (used for) operating activities	32,519	(22,731)	9,788	7,816
Cash flows from noncapital financing activities:				
Property taxes received	5,607	22,001	27,608	-
Operating grant	2,149	-	2,149	-
Transfers in from other funds	1,880	-	1,880	2,900
Transfers out to other funds	(13,286)	-	(13,286)	-
Net cash provided by noncapital financing activities	(3,650)	22,001	18,351	2,900
Cash flows from capital and related financing activities:				
Principal payments on revenue bonds	(2,328)	-	(2,328)	-
Issuance of commercial papers, net of principal payments of other loans	46,074	-	46,074	-
Capital contributions received	847	-	847	-
Interest and fiscal agent fees paid	(8,415)	-	(8,415)	-
Acquisition of contract water rights	(7,920)	-	(7,920)	-
Acquisition and construction of capital assets	(64,921)	-	(64,921)	(3,346)
Net cash used by capital and related financing activities	(36,663)	-	(36,663)	(3,346)
Cash flows from investing activities:				
Increase in restricted investments	1,461	-	1,461	-
Rental income received	105	-	105	-
Interest received on cash and investments	1,622	-	1,622	127
Net cash provided by investing activities	3,188	-	3,188	127
Net increase (decrease) in cash and cash equivalents	(4,606)	(730)	(5,336)	7,497
Cash and cash equivalents, beginning of year	154,521	5,888	160,409	14,961
Cash and cash equivalents, end of year	\$ 149,915	\$ 5,158	\$ 155,073	\$ 22,458
Cash and cash equivalents are reported on the Statement of Net Position as follows:				
Cash and investments	\$ 149,915	\$ 5,158	\$ 155,073	\$ 22,458
Restricted cash and investments	5,461	-	5,461	-
Less cash and investments not meeting the definition of cash equivalents	(5,461)	-	(5,461)	-
Cash and cash equivalents, end of year	\$ 149,915	\$ 5,158	\$ 155,073	\$ 22,458
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (723)	\$ (24,864)	\$ (25,587)	\$ 6,967
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	25,673	944	26,617	1,338
Other receipts	1,290	1,299	2,589	418
Change in operating assets and liabilities:				
(Increase)/decrease in deposits and other assets	(586)	-	(586)	-
(Increase)/decrease in accounts receivable	3,793	160	3,953	(247)
(Increase)/decrease in property tax receivable	(46)	-	(46)	-
(Increase) /decrease in prepaid asset	-	-	-	9
(Increase)/decrease in inventory	21	-	21	(8)
Increase/(decrease) in accounts payable	5,248	(270)	4,978	310
Increase/(decrease) in accrued liabilities	(328)	-	(328)	(1)
Increase/(decrease) in deposits payable	290	-	290	-
Increase/(decrease) in claims payable	-	-	-	(825)
Increase/(decrease) in other post employment benefits & compensated absences	(627)	-	(627)	(44)
Increase/(decrease) in retirement payable	(1,486)	-	(1,486)	(101)
Net cash provided (used) by operating activities	\$ 32,519	\$ (22,731)	\$ 9,788	\$ 7,816
Noncash investing, capital, and financing activity:				
Purchase of capital assets on account	\$ (2)	\$ -	\$ (2)	\$ -

See accompanying notes to basic financial statements.

SANTA CLARA VALLEY WATER DISTRICT

Statement of Fiduciary Net Position

Agency Funds

June 30, 2015

(Dollars in Thousands)

ASSETS

Cash and investments (Note 3)

\$ 201

Total assets

201

LIABILITIES

Deposits payable

201

Total liabilities

\$ 201

See accompanying notes to basic financial statements.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(1) THE FINANCIAL REPORTING ENTITY

(a) Description of the Reporting Entity

Santa Clara Valley Water District (District) is a special district created by an act of the legislature of the State of California (State) in 1951 and as amended. The District encompasses all of Santa Clara County.

The District is governed by a seven member Board of Directors (District Board). Each member is elected from equally divided districts drawn through a formal process. The term of office of a director is four years.

On October 12, 2009, Assembly Bill 466 was signed by the Governor of California revising the composition of the board of the District by requiring the board to transition to an all-elected board that, on or after noon on December 3, 2010, consists of seven directors who are elected pursuant to specified requirements. The board also would be required to adopt a resolution establishing boundaries of the seven electoral districts. On May 14, 2010, the Board of Directors adopted a resolution that officially set the boundaries of the seven electoral districts. In November, 2010, two directors were elected to represent the new electoral districts constituting a new board of seven members. As required by state law, the District must redraw its boundaries to reflect 2010 Census results. On October 11, 2011, the Board of Directors adopted Resolution No. 11-63 selecting the Redistricting Plan, known as the Current Adjusted Map.

The District has broad powers relating to all aspects of flood control and storm waters within the District, whether or not such waters have their sources within the District. It is also authorized to store and distribute water for use within its jurisdictional boundaries and authorized to provide sufficient water for present or future beneficial use of the lands and inhabitants of the District. The District acquires, stores, and distributes water for irrigation, residential, fire protection, municipal, commercial, industrial, and all other uses. The District also directly supports the caring for the environment and the community through careful stewardship.

As required by generally accepted accounting principles (GAAP) in the United States of America, the accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

(b) Blended Component Unit

The Santa Clara Valley Water District Public Facilities Financing Corporation (the Corporation) was established on December 16, 1987 for the purpose of providing assistance to the District in financing the acquisition, construction and improvement of public buildings, works and equipment for the District. Although legally separate from the District, the Corporation is reported as if it were part of the primary government because its sole purpose is to provide financing to the District under the debt issuance documents of the District. The operations of the Corporation are accounted for in the debt service and capital project funds.

Separate financial statements are not issued for the Corporation.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the District) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from the business-type activity, which rely to a significant extent on fees charged to external parties.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities. All internal balances in the statement of net position have been eliminated except those representing balances between the government activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, internal service fund transactions have been eliminated. However, transactions between the governmental and business-type activities have not been eliminated.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted net position is available, restricted resources are used for qualified expenses before any unrestricted resources are spent.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including agency funds and the blended component unit. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented.

The District reports the following governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental functions of the District that are not accounted for through other funds.
- The *Special Revenue Type Funds* are used to account for specific revenue sources for which expenditures are restricted by law or regulation or committed by board resolutions to finance particular watershed or safe, clean and natural flood protection

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

functions or activities of the District. The District has the following special revenue type funds:

- The *Watershed and Stream Stewardship Fund* is funded by the District's one percent property tax allocation and used to protect, restore, or enhance the watersheds, streams and natural resources therein. Starting from fiscal year 2008-09, this fund was redefined to consolidate all watershed stewardship activities from a portion of the District's ad valorem property tax allocation.

The Watershed and Stream Stewardship Fund includes the following watershed activities that were based on their geographic boundaries:

- ♦ The *Lower Peninsula Watershed* is defined by geographic boundaries encompassing the tributaries and watersheds of San Francisquito Creek, Matadero Creek, Barron Creek, Adobe Creek, Stevens Creek, and Permanente Creek. The geographic area includes the Cities of Palo Alto, Los Altos, Los Altos Hills, Mountain View, and portions of Cupertino.
- ♦ The *West Valley Watershed* is defined by geographic boundaries encompassing the tributaries and watersheds of the Guadalupe Slough, Sunnyvale West Outfall, Sunnyvale East Outfall, Calabazas Creek, San Tomas Aquino Creek, and Saratoga Creek. The geographic area includes portions of the Cities of Sunnyvale, Cupertino, Monte Sereno, San Jose, Santa Clara, Campbell, Saratoga and the Town of Los Gatos.
- ♦ The *Guadalupe Watershed* is defined by geographic boundaries encompassing the tributaries and watersheds of the Guadalupe River. The major tributaries are Los Gatos Creek, Canoas Creek, Ross Creek, Guadalupe Creek, and Alamos Creek. The geographic area includes portions of the Cities of Santa Clara, San Jose, Campbell, Monte Sereno, and the Town of Los Gatos.
- ♦ The *Coyote Watershed* is defined by geographic boundaries encompassing the tributaries and watersheds of Coyote Creek. The major tributaries are Lower Penitencia Creek, Scott Creek, Berryessa Creek, Upper Penitencia Creek, Silver Creek, Thompson Creek, Fisher Creek, and Packwood Creek. The geographic area includes the City of Milpitas and portions of the Cities of San Jose and Morgan Hill.
- The *Safe, Clean Water & Natural Flood Protection Program* is used to account for the countywide special parcel tax approved by voters on 11/6/2012, with a sunset date of 6/30/2028. This program replaces the Clean, Safe Creeks and Natural Flood Protection Plan that was approved by voters in November 2000.
- The *Capital Project Type Funds* are used to account for COP proceeds used for the construction of major capital projects with their respective watersheds. The COP Construction Fund is the District's sole capital project type fund.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

- The *Debt Service Type Funds* are used to account for monies being held for reserve requirements and arbitrage rebate for the District's debt payments. The COP Debt Service Fund is the District's sole debt service type fund.

The District reports the following proprietary funds:

- The *Water Enterprise Fund* accounts for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
- The *State Water Project Fund* accounts for all revenues and costs associated with the State Water Project.
- The *Internal Service Funds* account for the financing of goods or services provided by one department or agency of the District to other departments or agencies on a cost-reimbursement basis.
- The *Equipment Fund* accounts for the maintenance and operation of the District's vehicle fleet, heavy construction, and information system equipment.
- The *Risk Management Fund* accounts for the monies set aside to pay for all claims, judgments, and premium cost.
- The *Information Technology Fund* accounts for the replacement and maintenance of district-wide capital related information technology projects.

The District reports *Agency Funds* (fiduciary fund type) to account for assets held by the District as an agent for private organizations and/or other governments.

- The *Deposit Fund* is used to account for the collection and payment of funds held in trust for specific restricted purposes.

(b) Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, benefit assessments and grants. On an accrual basis, revenues from property taxes and benefit assessments are recognized in the fiscal year for which the taxes and assessments are levied; revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes, benefit assessments, interest, grants and

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded when payment is due. Capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water enterprise fund is the sale of water to outside customers and of the District's internal service funds are charges for services provided to internal departments. Operating expenses for the enterprise fund and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary fund *operating* revenues, such as charges for services, result from the exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. *Non-operating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Agency funds are used to account for assets held by the District in a fiduciary capacity as an agent for individuals, private organizations, other governments and/or other funds. Agency funds do not have a measurement focus.

(c) Cash and Investments

While maintaining safety and liquidity, the District maximizes its investment return by pooling its available cash for investment purposes. Interest earnings are apportioned among funds based upon the average monthly cash balance of each fund and are allocated to each fund on a monthly basis.

The District reported investments in nonparticipating interest earnings contracts (including guaranteed investment contracts) at cost, and all other investments at fair value. The fair value of investments is based on current market prices.

For purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased (including restricted investments), and their equity in the cash and investment pool to be cash equivalents.

(d) Inventory

Proprietary fund inventory consists of materials and supplies held for consumption. The cost of all inventory acquired is recorded as an expense at the time of purchase. At the end of the accounting period, the inventory values of materials and supplies on hand are determined using a current cost method which approximates market value. For financial statement purposes inventories are presented under deposits and other assets.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(e) Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets of governmental activities include pipelines, channel linings, floodwalls, levees, bridge flood proofing, box culverts and re-vegetation. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets including assets under capital leases used in operations are depreciated or amortized using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

Water treatment facilities	50 Years
Buildings, structures, and trailers	25 – 50 Years
Flood control projects	30 – 100 Years
Dams, structures, and improvements	80 Years
Office furniture, fixtures, and equipment	5 - 20 Years
Automobiles and trucks	6 - 12 Years
Computer equipment	5 Years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

(f) Amortization of Contract Water Rights

The District has contracted with the State for water deliveries from the State Water Project through calendar year 2035. A portion of the payments under this contract represent reimbursement of capital costs for transportation facilities (the capital cost component). The Water Enterprise Fund capitalizes the capital cost component and amortizes such component, using the straight-line method, over the remaining entitlement period.

(g) Amortization of Water Banking Rights

The District has contracted with the Semitropic Water Storage District and its Improvement Districts for the water banking and exchange program. The program is in effect through calendar year 2035. Participation in the program provides the District a 35% allocation for storage rights at the Semitropic Water Storage District facility, totaling 350,000 acre-feet. The Water Enterprise Fund has capitalized the cost of the program and amortizes its cost over the 40 year entitlement period using the straight-line method.

(h) Amortization of Water Delivery Rights

The District has contracted with the United States Department of the Interior Bureau of Reclamation for water deliveries from Central Valley through calendar year 2027. A portion of this contract represents reimbursement of capital costs for general construction in the San

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Felipe Division facilities. The Water Enterprise Fund capitalized the capital cost component and amortizes such component, using the straight-line method, over the remaining entitlement period.

(i) Receivables

Receivables include amounts due from water utility customers as well as amounts due for property taxes and interest on investments. All receivables are shown net of an allowance for doubtful accounts of \$365 thousand.

(j) Accrued Vacation and Sick Leave Pay

It is the policy of the District to permit employees to accumulate earned but unused vacation and sick leave benefits. Vested or accumulated vacation and sick leave are reported as noncurrent liabilities on the statement of net position.

Maximum vacation accruals may not exceed three times the employee's annual accrual rate, per employee. All regular full-time employees are eligible for twelve (12) days of sick leave per fiscal year. Unused sick leave may be carried forward to the following fiscal year without limitation. Upon retirement, up to 480 hours of accrued sick leave shall be paid to the eligible employee at the rate of 50% of the equivalent cash value. Upon resignation with ten or more years of service, or upon separation by layoff regardless of service, up to 480 hours of accrued sick leave shall be paid off at the rate of 25% of the cash value.

(k) Bond Premiums, Discounts and Issuance Costs

Water Enterprise bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond discounts. Refunding differences associated with debt refinancing are reported as deferred outflows or inflows of resources and amortized over the life of the bonds. Issuance costs are recorded as an expense of the current period.

On the statement of net position and the statement of activities, the 2004 COP, 2006A COP, and 2012A COP premiums and discounts are deferred and amortized over the life of the certificates. COP payable are reported net of the applicable bond premiums or discounts. Prepaid insurance associated with the issuance of debts are reported as prepaid expenses.

(l) Accounting for Encumbrances

The District employs encumbrance accounting as a significant aspect of budgetary control. Under encumbrance accounting, purchase orders, contracts and other commitments for expenditure of funds are recorded as assignment of fund balance since they are not treated as current expenditures or outstanding liabilities at year end for GAAP financial reporting.

(m) Net position

The District's fund net position is classified based primarily to the extent to which the District is bound to observe constraints imposed upon the use of the resources. When both restricted and unrestricted resources are available for expenses, the District expends the restricted funds and then the unrestricted funds.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(n) Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(o) Pensions

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

(p) New Pronouncements

Future Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the District's financial reporting process. Future new standards which may impact the District include the following:

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The primary objective of this statement is to define fair value and describe how fair value should be measured, define what assets and liabilities should be measured at fair value, and determine what information about fair value should be disclosed in the notes to the financial statements. The Statement is effective for periods beginning after June 15, 2015, or the 2015-16 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The Statement is effective for periods beginning after June 15, 2015, or the 2015-2016 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of the Statement is to address the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement requires more extensive note disclosures and Required Supplementary Information related to the measurement of the OPEB liabilities for which assets have been accumulated. The Statement is effective for periods beginning after June 15, 2016, or the 2016-2017 fiscal year. The City has not determined the effect of the statement.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of the Statement is to replace the requirements of GASB Statement No. 45. In addition, the Statement requires governments to report a liability on the face of the financial statements for the OPEB provided and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The Statement is effective for the periods beginning June 15, 2017, or the 2017-2018 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The Statement is effective for the periods beginning after June 15, 2015, or the 2015-2016 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 77 – In August 2015, GASB issued Statement No 77, *Tax Abatement Disclosures*. The Statement requires state and local governments to disclose information about tax abatement agreements. The Statement is effective for the periods beginning after December 15, 2015, or the 2016-2017 fiscal year. The City has not determined the effect of that statement.

(3) CASH AND INVESTMENTS

Total District cash and investments based on fair market value at June 30, 2015 are as follows (in thousands):

Statement of Net Position:	
Cash and investments	\$ 542,602
Restricted cash and investments	22,250
Statement of Fiduciary Net Position:	
Cash and investments	201
	<u>\$ 565,053</u>

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Investments

At June 30, 2015, cash and investments based on fair market value consist of the following (in thousands):

U.S. Government Agencies	\$	408,721
U.S. Treasury Obligations		25,525
Medium Term Notes		15,073
Local Agency Investment Fund		60,424
Guaranteed Investment Contracts		4,745
Mutual Funds		181
Time Certificates of Deposit		1,739
Municipal Bonds		636
Money Market Funds		42,640
Total Investments		<u>559,684</u>
Carrying amount of cash		5,369
Total Cash and Investments	\$	<u><u>565,053</u></u>

As of June 30, 2015, the fair market value of the District's investment in the State investment pool (LAIF) is \$60.4 million which consists of \$50.0 million in non-restricted cash and \$10.4 million in restricted bond proceeds. The \$10.4 million bond proceeds are related to the 2012A Certificate of Participation Acquisition and Construction fund. The total amount invested by all public agencies in LAIF at that date is \$69.61 billion. Of that amount, 97.92 percent is invested in non-derivative financial products and 2.08 percent in asset-backed securities and medium-term and short-term structured notes. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair market value of the District's position in LAIF.

Authorized Investments by the District

The District's Investment Policy and the California Government Code allow the District to invest in the following types of investments, provided the credit ratings of the issuers are acceptable to the District. The following items also identify certain provisions of the District and California Government Code that address interest rate risk, credit risk, and concentration of credit risk. This list does not address the District's investments of debt proceeds held by fiscal agents that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the Entity's investment policy.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	N/A	None	None
U.S. Government Agency Issues (A)	5 years	AA-	None	None
Bankers Acceptances	180 days	AA-	40%	4.8%
Commercial Paper	90 days	AA-	15%	1.8%
Negotiable Certificates of Deposit	1 year	AA-	30%	3.6%
				\$100,000 & FDIC
Nonnegotiable Certificates of Deposit	1 year	N/A	5%	Membership
Collateralized Repurchase Agreements	30 days	AA-	None	None
Medium Term Notes	3 years	AA-	15%	1.8%
Municipal Obligations	3 years	AAA	None	12.0%
California Local Agency Investment Fund (B)	N/A	N/A	(B)	(B)
Mutual Funds	N/A	AAA	10%	10.0%

(A) Securities issued by agencies of the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Agricultural Mortgage Corporation of America and the Tennessee Valley Authority.

(B) LAIF will accept no more than \$50 million of an agency's unrestricted funds while placing no constraints on funds relating to unspent bond proceeds.

Restricted Cash and Investments for Bond Interest and Redemption

Under the provisions of the District's revenue bond resolutions and Installment Purchase Agreement for the 2012A & 2007B Certificates of Participation (COP) and 2006A & 2006B Water Utility Revenue and Refunding Bonds, a portion of the proceeds from these debt issuances is required to be held in custody accounts by a fiscal agent as trustee.

As of fiscal year end, the amount invested in assets held by fiscal agent amounted to \$6.3 million for certificates of participation and \$5.0 million for revenue bonds, which was equal to or in excess of the amount required at that date. In addition, the District has \$0.4 million safe drinking water state revolving loan fund which is a reserve fund for debt service payment to the California State Department of Water Resources.

Restricted Cash and Investments for Capital Projects

The District has construction and acquisition funds from the 2012A Certificates of Participation (COP) which is used to pay for the capital projects on flood control and watershed improvements authorized by the COP indenture. At June 30, 2015, the balance of this fund is \$10.4 million.

The District has also issued commercial paper to provide for any District purposes, including but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of the District. At June 30, 2015, the balance of the tax-exempt commercial paper certificate account is \$20 thousand, and the balance of the taxable commercial paper certificate account is \$18 thousand. Both account balances were cash

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

transfers from the District to fiscal agent to fund maturing interest payments on commercial papers outstanding.

Restricted Cash and Investments for Watershed Management Projects

The District has entered into certain cost sharing agreements with the U.S. Army Corps of Engineers (the Corps). Under these agreements the District is required to deposit monies into escrow accounts to be used by the Corps for watershed management projects. At June 30, 2015, the District's restricted deposits held in escrow for construction of the Guadalupe Watershed management projects amounted to \$77,000.

Authorized Investments by Debt Agreements

The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in instruments which at the time of such investment are legal investments under the laws of the State of California, District ordinances, policies, and bond indentures. The following table identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations (A)	N/A	N/A
U.S. Agency Securities (B)	N/A	N/A
State Obligations (C)	N/A	A
Commercial Paper	270 days	A1
Unsecured CD's, deposit accounts, time deposits, bankers acceptances	365 days	A-1
FDIC Insured Deposit (D)	N/A	N/A
Money Market Funds	N/A	AAAm
Collateralized Repurchase Agreements (E)	N/A	A-1
Investment Agreements (F)	N/A	AA-
Investment Approved in Writing by the Certificate Insurer (G)	N/A	N/A
Local Agency Investment Fund of the State of CA	N/A	N/A

(A) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee.

(B) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMAs"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMAs"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; local authority Certificates of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit Certificates of the Washington Metropolitan Area Transit Authority; Resolution Funding Corporation securities.

(C) Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P.

(D) Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation.

(E) Repurchase agreements collateralized by Direct Obligations, GNMAs, FNMAs or FHLMCs with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's and "A-1" or "A-" or better by S&P, provided: (1) a master repurchase agreement or specific written repurchase agreement governs the transaction; and (2) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million or (iii) a bank approved in writing for such purpose by the Certificate Insurer, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and (3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. if such securities is created for the benefit of the Trustee; and (4) the repurchase agreement has a term of 180 days or less, and the Trustee or the agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and (5) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

(F) Investment agreements, guaranteed investment contracts, funding agreement, or any other form of corporate note representing the unconditional obligations of entities or agencies with the unsecured long-term debt obligations or claims-paying ability rated in one of the top two rating categories by Moody's and S&P.

(G) Any investment approved in writing by the Certificate Insurer.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Interest Rate Risk

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District generally manages its own interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution to the District's investments by maturity or earliest call date (in thousands):

	Total	12 Months or less	13 to 24 Months	25 to 60 Months	More than 60 Months
U.S. Government Agencies	\$ 346,127	\$ 103,370	\$100,819	\$ 141,938	\$ -
U.S. Government Agencies - Callabl	62,594	-	-	62,594	-
U.S. Treasury Obligations	25,525	15,004	10,122	-	399
Medium Term Notes	15,073	10,046	3,047	1,980	-
Local Agency Investment Fund	60,424	60,424	-	-	-
Guaranteed Investment Contracts	4,745	-	-	-	4,745
Mutual Funds	181	181	-	-	-
Time Certificates of Deposit	1,739	1,739	-	-	-
Municipal Bonds	636	-	-	636	-
Money Market Funds	42,640	42,640	-	-	-
Total Investments	<u>\$ 559,684</u>	<u>\$ 233,404</u>	<u>\$113,988</u>	<u>\$ 207,148</u>	<u>\$ 5,144</u>

Credit Risk

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 following table shows the minimum rating required by the California Government Code, the District's investment policy, or debt agreements and the actual rating as of June 30, 2015 for each investment type as provided by Standard and Poor's (in thousands):

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

	Total	Minimum Legal Rating	Exempt from Disclosure	Rating as of Year-end			Not Rated
				AAA	AA+	AA	
U.S. Government Agencies	\$ 408,721	AA-	\$ -	\$ -	\$408,721	\$ -	\$ -
U.S. Treasury Obligations	25,525	N/A	25,525	-	-	-	-
Medium Term Notes	15,073	AA-	-	3,037	2,979	9,057	-
Local Agency Investment Fund	60,424	N/A	-	-	-	-	60,424
Guaranteed Investment Contracts	4,745	N/A	-	-	-	-	4,745
Mutual Funds	181	AAA	-	181	-	-	-
Time Certificates of Deposit	1,739	N/A	-	-	-	-	1,739
Municipal Bonds	636	AA-	-	-	-	636	-
Money Market Funds	42,640	N/A	-	-	-	-	42,640
Total Investments	<u>\$ 559,684</u>		<u>\$ 25,525</u>	<u>\$ 3,218</u>	<u>\$411,700</u>	<u>\$ 9,693</u>	<u>\$ 109,548</u>

Concentration of Credit Risk

The District's investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code and District investment policy, whichever is more restrictive. However, the District is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer, held by individual District Funds in the securities of issuers other than U.S. Treasury securities, mutual funds and external investments pools. At June 30, 2015, those investments consisted of the following (in thousands):

Issuer	Investment Type	Reported Amount
Government-Wide		
Federal Home Loan Mortgage Corp.	U.S. Government Agency	\$123,097
Federal National Mortgage Association	U.S. Government Agency	110,039
Federal Home Loan Bank	U.S. Government Agency	82,912
Federal Farm Credit Bank	U.S. Government Agency	62,664

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District 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.

Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair market value of 105% to 150% of the District's cash on deposit. All of the District's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in trust department of the financial institutions in the District's name.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(4) REIMBURSEMENT OF CAPITAL COSTS

The District derives certain revenues from reimbursements of capital costs by local, state, federal agencies and other outside sources. The following is a summary of such reimbursements in fiscal year 2014/15 (in thousands):

	Governmental Activities	Business-type Activity
Local Agencies:		
California Waters	\$ -	\$ 150
City of Santa Clara	314	-
City of Saratoga	36	-
City of Sunnyvale	-	413
San Benito County Water District	-	175
Health Trust	-	110
State Agencies:		
Department of Water Resources	413	-
Bay Area Clean Water	-	(1)
California Office of Emergency	415	-
Federal Agency:		
USA Corps of Engineers	570	-
Total	\$ 1,748	\$ 847

(5) INVESTMENT INCOME

The District earns income from the investment of cash not required for current expenditures. Beginning after June 15, 1997, the Governmental Accounting Standard Board issued GASB pronouncement number 31 to establish accounting and financial reporting standards for all investments. One provision of this standard was to report investments at fair value in the balance sheets. Because of this requirement, investment income must be adjusted upwards or downwards to reflect the fair value change from one fiscal year to the next fiscal year. In making the adjustment, the investment income earned directly by the investments is modified.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

The following table represents the investment income as reported in the financial statements, the current year GASB 31 fair value adjustment, and the unadjusted investment income at June 30, 2015 (in thousands):

	Interest as Reported	FY 2015 GASB 31 Fair Value Adjustment	Interest Earned Before Adjustment
Fund:			
General	\$ 61	\$ 10	\$ 51
Watershed & Stream Steward	889	100	789
Clean, Safe, Creek	1,474	153	1,321
COP Debt Service	55	-	55
COP Construction	26	-	26
Water Enterprise	1,621	110	1,511
Internal Service			
Equipment	28	3	25
Risk Insurance	88	9	79
Information Technology	11	4	7
Total Interest	<u>\$ 4,253</u>	<u>\$ 389</u>	<u>\$ 3,864</u>

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(6) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 was as follows (in thousands):

	Balance July 1, 2014	Additions	Deletions	Transfers / Reclassified	Balance June 30, 2015
Governmental Activities					
Nondepreciable capital assets:					
Land	\$ 159,255	\$ 4,029	\$ -	\$ -	\$ 163,284
Intangibles - easement	3,100	3,669	-	-	6,769
Construction in progress	312,218	39,271	(427)	(36,981)	314,081
Total nondepreciable capital assets	474,573	46,969	(427)	(36,981)	484,134
Depreciable capital assets:					
Buildings	42,007	-	-	-	42,007
Structures and improvements	724,025	-	-	34,695	758,720
Equipment:					
Governmental funds	21,022	157	-	-	21,179
Internal service funds	18,370	3,346	-	-	21,716
Intangible Software	-	-	-	2,286	2,286
Total depreciable capital assets	805,424	3,503	-	36,981	845,908
Less accumulated depreciation and amortization					
Buildings	(10,945)	(862)	-	-	(11,807)
Structures and improvements	(92,798)	(8,675)	-	-	(101,473)
Equipment:					
Governmental funds	(15,350)	(1,357)	-	-	(16,707)
Internal service funds	(12,039)	(1,338)	-	-	(13,377)
Intangible - Software	-	(228)	-	-	(228)
Total accumulated depreciation and amortization	(131,132)	(12,460)	-	-	(143,592)
Net depreciable capital assets	674,292	(8,957)	-	36,981	702,316
Total capital assets, net	\$ 1,148,865	\$ 38,012	\$ (427)	\$ -	\$ 1,186,450
Business-type activity					
Nondepreciable capital assets:					
Land	\$ 17,594	\$ 335	\$ -	\$ -	\$ 17,929
Intangible - Easement	-	90	-	-	90
Construction in progress	206,488	63,689	-	(10,621)	259,556
Total nondepreciable capital assets	224,082	64,114	-	(10,621)	277,575
Depreciable capital assets:					
Contract water and storage rights	172,713	7,920	-	-	180,633
Buildings	83,979	-	-	-	83,979
Structures and improvements	711,039	-	-	10,621	721,660
Equipment	25,933	805	-	-	26,738
Total depreciable capital assets	993,664	8,725	-	10,621	1,013,010
Less accumulated depreciation and amortization					
Contract water and storage rights	(119,687)	(10,343)	-	-	(130,030)
Buildings	(1,190)	(1,736)	-	-	(2,926)
Structures and improvements	(232,297)	(12,687)	-	-	(244,984)
Equipment	(16,456)	(1,851)	-	-	(18,307)
Total accumulated depreciation and amortization	(369,630)	(26,617)	-	-	(396,247)
Net depreciable capital assets	624,034	(17,892)	-	10,621	616,763
Total capital assets, net	\$ 848,116	\$ 46,222	\$ -	\$ -	\$ 894,338

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

During fiscal year 2015, new construction in progress increased by \$38.8 million in the governmental activities. The breakdown of additions to the construction in progress was as follows: \$12.3 million to the watersheds, and \$26.5 million to the Safe, Clean Water & Natural Flood Protection Fund. There were 38 in progress and completed projects during the fiscal year with the major projects listed below (in millions):

- Berryessa Calaveras/Old Piedmont LER - \$11.1
- Lower Silver Creek-R5-6 N. Babb to Cunningham - \$9.7
- Lower Berryessa Creek Lower Penitencia Calaveras - \$2.4
- Upper Llagas Creek Design Buena Vista Road - \$2.7
- Berryessa Calaveras/Old Piedmont Corridor - \$2.3
- Upper Llagas Creek Buena Vista – Wright Remodel - \$2.2
- Sunnyvale East and West Channels - \$1.6
- San Francisquito Early Implementation - \$1.4
- Lower Penitencia Creek Flood Conversion - \$1.2
- San Francisquito Creek Bay Shoreline - \$1.2
- Permanente Creek Bay – Foothill Clean Safe Creek - \$1.1

New construction in progress increased in the business-type activities by \$63.7 million. There were forty-two in progress and completed projects during the fiscal year with major project listed below (in millions):

- Rinconada Water Treatment Plant Facility Renewal Program Residual Management Modifications - \$12.2
- Rinconada Water Treatment Plant Reliability Improvement - \$9.2
- Infrastructure Reliability Program–Seismic Study Retrofit Water Treatment Plant - \$6.3
- Anderson Dam Seismic Retrofit - \$5.7
- Recycled Water Advanced Treatment Facility - \$5.4
- 5-year Pipeline Rehabilitation - \$4.9
- South County Recycled Water Short Term 1B - \$3.9
- Rinconada Water Treatment Plant Treated Water Valves Upgrades - \$3.8
- Calero-Guadalupe Dams Seismic Retrofits - \$2.9
- Almaden Dam Improvements - \$1.8
- Dam Safety Seismic Stability - \$1.1
- Wolfe Road Recycled Water Facility - \$1.0
- Fluoridations at Water Treatment Plants - \$1.0

Capital asset depreciation and amortization incurred by the primary government for the current fiscal year are as follows (in thousands):

General government	\$ 2,415
Watershed and Stream Stewardship	8,289
Safe, clean water and natural flood protection	418
Capital assets held by the District's internal service funds are charged to the various functions based on their usage of assets.	<u>1,338</u>
Total depreciation expense – governmental activities	<u>\$ 12,460</u>

Total depreciation and amortization expense – business-type activity	
Water enterprise	<u>\$ 26,617</u>

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(7) SHORT-TERM AND LONG-TERM LIABILITIES

(a) Short-term debt

On December 17, 2002, the District Board of Directors authorized a commercial paper program. The commercial paper program allows the District to finance capital acquisitions while taking advantage of short term rates. This program is used in conjunction with issuing long-term liabilities to obtain the least expensive financing for the District.

On May 15, 2012, the District Board of Directors authorized the execution and delivery of certain agreements in connection with the District's commercial paper program in an aggregate principal amount not to exceed \$100 million. Subsequently, on January 13, 2015, the District Board of Directors authorized an increase in the commercial paper program to an aggregate principal amount not to exceed \$150 million. The proceeds of the commercial paper may be used for any District purposes, including but not limited to, capital expenditure, investment and reinvestment, and the discharge of any obligation or indebtedness of the District.

As of June 30, 2015, the outstanding taxable-exempt commercial paper issued was \$58.52 million with interest rate of 0.09% to 0.12% maturing August 11, 2015, while the outstanding taxable commercial paper was \$55.93 million with interest rate of 0.15% to 0.18% maturing on August 11, 2015.

The District's short-term debt outstanding consists of the following, as of June 30, 2015 (in millions):

	<u>Authorized</u>	<u>Outstanding Amount</u>
Commercial Paper Program		
Beginning balance	\$ 100.0	\$ 67.8
Additions	50.0	46.6
Reductions	-	-
Ending balance	<u>\$ 150.0</u>	<u>\$ 114.4</u>

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(b) Long-term liabilities

The District's long-term liabilities outstanding consisted of the following (in thousands):

<u>Type of indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Authorized and Issued</u>	<u>June 30, 2015</u>	<u>Due Within One Year</u>
Governmental activities					
Certificates of participation					
2004A Certificates of participation	2024	2.5 - 5%	32,965	\$ 7,835	\$ 1,250
2007A Certificates of participation	2030	4% - 5%	78,780	60,030	2,835
2012A Certificates of participation	2024	3% - 5%	52,955	38,825	3,545
Compensated absences				8,137	1,724
Claims payable				6,092	476
Net pension liability				83,626	-
Other post employment benefits				170	-
Premium on refunded debt				10,427	1,095
Total general long-term obligations				<u>\$ 215,142</u>	<u>\$ 10,925</u>
Business-type activity					
2006A Water revenue bond	2035	3.5% - 5%	74,265	\$ 57,270	\$ 2,320
2006B Water revenue bond	2035	5.15%-5.31%	25,570	21,040	670
2007A Water revenue COP bond	2037	4% - 5.0%	77,270	68,380	1,770
2007B Water revenue COP bond	2037	5.55%-floating	53,730	43,185	1,215
Bond discount				(714)	(38)
Premium on debt issuance				2,329	106
Compensated absences				4,659	988
Net pension liability				65,892	-
Other post employment benefits				108	-
Semitropic water banking agreement	2035		46,900	5,069	-
State revolving fund loan	2028		6,350	4,607	292
Litigation claim				7,386	-
Total enterprise funds debt				<u>\$ 279,211</u>	<u>\$ 7,323</u>

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

The following is a summary of changes in long-term liabilities as of June 30, 2015 (in thousands):

	Restated Balance 7/1/2014	Additions	Reductions	Balance 6/30/2015	Due Within One Year
Governmental activities:					
2004A COP	\$ 9,340	\$ -	\$ (1,505)	\$ 7,835	\$ 1,250
2007A COP	62,735	-	(2,705)	60,030	2,835
2012A COP	42,970	-	(4,145)	38,825	3,545
Compensated absences	8,302	4,629	(4,794)	8,137	1,724
Claims payable	7,011	-	(919)	6,092	476
Net pension liability	104,823	-	(21,197)	83,626	-
Other post employment benefits	952	-	(782)	170	-
Premium on refunded debt	11,522	-	(1,095)	10,427	1,095
	<u>247,655</u>	<u>4,629</u>	<u>(37,142)</u>	<u>215,142</u>	<u>10,925</u>
Total governmental activities long-term liabilities	<u>\$ 247,655</u>	<u>\$ 4,629</u>	<u>\$ (37,142)</u>	<u>\$ 215,142</u>	<u>\$ 10,925</u>
Business-type activity:					
2006A revenue bonds	\$ 59,475	\$ -	\$ (2,205)	\$ 57,270	\$ 2,320
2006B revenue bonds	21,675	-	(635)	21,040	670
2007A COP revenue bonds	70,070	-	(1,690)	68,380	1,770
2007B COP revenue bonds	45,825	-	(2,640)	43,185	1,215
Bond discount on refunding	(753)	-	39	(714)	(38)
Premium on debt issuance	2,436	-	(107)	2,329	106
Compensated absences	4,789	3,647	(3,777)	4,659	988
Net pension liability	82,596	-	(16,704)	65,892	-
Other post employment benefits	605	-	(497)	108	-
Semitropic water banking agreement	5,359	-	(290)	5,069	-
State revolving fund loan	4,893	-	(286)	4,607	292
Litigation claim	7,386	-	-	7,386	-
	<u>304,356</u>	<u>3,647</u>	<u>(28,792)</u>	<u>279,211</u>	<u>7,323</u>
Total business-type activity long-term liabilities	<u>\$ 304,356</u>	<u>\$ 3,647</u>	<u>\$ (28,792)</u>	<u>\$ 279,211</u>	<u>\$ 7,323</u>

Note: July 1, 2014 balance was restated to include net pension liability at the beginning of the fiscal year.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

The aggregate maturities of long-term debt are as follows (in thousands):

	<u>Governmental activities</u>		<u>Business-type activity</u>	
Year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest and amortization</u>
2016	\$ 7,630	\$ 5,063	\$ 6,268	\$ 9,632
2017	8,020	4,681	6,565	9,328
2018	8,385	4,310	6,877	9,017
2019	8,805	3,891	7,204	8,691
2020	8,145	3,475	7,557	8,336
2021 - 2025	40,765	11,476	43,510	35,955
2026- 2030	24,940	3,861	53,855	24,972
2031- 2035	-	-	50,340	11,959
2036 - 2037	-	-	12,306	1,126
Total Requirements	<u>\$ 106,690</u>	<u>\$ 36,757</u>	<u>\$ 194,482</u>	<u>\$ 119,016</u>
Add: unamortized premium on issuance	\$ 10,427		\$ 2,329	
Less: unamortized discount on refunding	-		(714)	
Add: compensated absences	8,137		4,659	
Add: claims payable	6,092		-	
Add: other post employment benefits	170		108	
Add: net pension liability	83,626		65,892	
Add: semitropic water banking agreement	-		5,069	
Add: litigation claim	-		7,386	
Total principal outstanding at June 30, 2015	<u>\$ 215,142</u>		<u>\$ 279,211</u>	

Governmental Activities

The following provides a brief description of the District's debt for governmental activities outstanding as of June 30, 2015:

2004A Certificates of Participation

In January 2004, the District issued \$32,965,000 of Refunding and Improvement Certificates of Participation. The proceeds of the 2004A Certificates were used to refinance \$38,915,000 of the remaining 1994A Certificates of Participation and new certificates were issued to finance the cost of certain other flood control improvements. The District purchased a surety bond to fund the Debt Service Reserve Fund. The District has pledged its flood control system's revenue to secure the semi-annual installments of debt service payment.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

2007A Certificates of Participation

In February 2007, the District issued \$78,780,000 of Refunding and Improvement Certificates of Participation, Series 2007A. The proceeds of the 2007A Certificates of Participation were used to refinance \$73,050,000 of the remaining 2000A and 2000B Certificates of Participation and new certificates were issued to finance the cost of certain other flood control improvements. The District purchased a surety bond to fund the Debt Service Reserve Fund. Additionally, the District used funds accumulated in the 2000A and 2000B Debt Service Reserve Fund to reduce the size of the 2007A issuance. As a result, the 2000A and 2000B Certificates of Participation are considered defeased and the liabilities have been removed from the Statement of Net position. The District has pledged its flood control system's revenue to secure the semi-annual installments of debt service payment.

2012A Certificates of Participation

In November 2012, the District issued \$52,955,000 of Refunding and Improvement Certificates of Participation, Series 2012A. The proceeds of 2012A Certificates of Participation were used to refinance \$52,360,000 of the 2003A Certificates of Participation and new certificates were issued to finance the cost of certain other flood control improvements. The District has pledged its flood control system's revenue to secure the semi-annual installments of debt service payment.

Claims Payable

The District is self-insured and reports all its risk management activities in its Risk Management Internal Service Fund. Detailed information and calculation of the claims payable account balance are explained in Note 13, Risk Management.

Business-type Activity

The following provides a brief description of the District's debt for business-type activity outstanding as of June 30, 2015:

2006A/B Water Enterprise Revenue Bonds

In December 2006, the District issued \$99,835,000 of Water Utility System Refunding Revenue Bonds, Series 2006A and Taxable Series 2006B. The proceeds of \$57,415,000 of the 2006A and 2006B Bonds were used to refinance \$55,265,000 of the remaining 2000A and 2000B and the proceeds of \$42,420,000 of 2006A and 2006B Bonds were used to repay approximately \$40.9 million of commercial paper notes. The District funded the 2006A Debt Service Reserve Fund with proceeds of the 2000A Debt Service Reserve Fund and purchased a surety bond to fund the 2006B Debt Service Reserve Fund. Additionally, the District used funds accumulated in the 2000A and 2000B Debt Service Reserve Funds, and other 2000A and 2000B Bonds accounts to reduce the size of the 2006A and 2006B Bonds issuance. As a result, the 2000A and 2000B Bonds are considered defeased and the liabilities have been removed from the Statement of Net position. The District has pledged its net water utility revenues to secure the semi-annual debt service payments.

The 2006A Debt Service Reserve Fund is invested in an Investment Agreement by and between FSA Capital Management Services LLC (FSA) and U.S. Bank National Association (US Bank) as Fiscal Agent dated as of May 3, 2007. On January 22, 2013, FSA was

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

downgraded by Moody's to A2. Pursuant to the provisions of the Investment Agreement, FSA delivered collateral with a par value of \$5.5 million to Wells Fargo Bank National Association, and entered into a Third Party Custodian Agreement executed on March 18, 2013 among US Bank (Fiscal Agent), FSA (Provider) and Wells Fargo Bank (the Custodian).

2007A/B Water Enterprise Revenue Certificates of Participation

In October 2007, the District issued \$131,000,000 of Water Utility Revenue Certificates of Participation Bonds, Series 2007A and Taxable Series 2007B. The proceeds of the 2007A and 2007B bonds will be used to finance capital construction projects in the Water Utility Enterprise. The District funded the 2007A Debt Reserve Fund by purchasing a surety. The 2007A issuance was \$77,270,000 fixed rate bonds with a 30 year maturity. The 2007B issuance of \$53,730,000 are floating rate notes based on the three month LIBOR rate plus 32 basis points with a 30 year maturity. The District has pledged its net water utility revenues to secure the semi-annual debt service payments for the 2007A issuance and quarterly debt service payments for the 2007B issuance.

The District entered into two interest rate locks in anticipation of the issuance of the 2007 Series A and B. The interest rate locks successfully locked in the interest rate the District had been projecting in its water rate financing models on a net present value basis. The interest rate locks were terminated at the time of bonds issuance in which the District paid the counterparties a termination fee in the amount of \$8.5 million.

Semitropic Water Banking Agreement

In December 1995, the Santa Clara Valley Water District entered into a water banking and exchange program with Semitropic Water Storage District and its Improvement Districts that entitles the District to storage, withdrawal, and exchange rights for the District's State Water Project supplies. The Santa Clara Valley Water District's share of the total program capital costs is \$46.9 million based on a 35 percent vesting in the program. The District pays the program capital costs when storing and recovering water. At June 30, 2015, the District has paid \$41.8 million towards the base fee obligation of this agreement.

State Revolving Fund Loan

In November 2004, the District entered into a loan agreement with the State of California Department of Water Resources, on behalf of State of California Department of Health Services, under the Safe Drinking Water State Revolving Fund Law of 1997 for \$6.3 million. The loan was used to fund the construction of filter-to-waste and wash water clarification projects at the Santa Teresa Water Treatment Plant. At June 30, 2015, the District has paid \$1.7 million towards the principal balance of this obligation.

Litigation Claim

In fiscal year 2009, the District recorded a liability of \$5.9 million, which was the potential judgment amount from the tentative ruling on the case Great Oaks Water Company vs. Santa Clara Valley Water District. On February 3, 2010, the judge issued Judgment After Trial and ordered the District to pay Great Oaks Water Company \$5.9 million plus post judgment interest of \$886.62 per day. The District recorded post judgment interest of \$160 thousand in fiscal year 2010, \$324 thousand in fiscal year 2011, \$325 thousand in fiscal year 2012, \$324 thousand in fiscal years 2013 and 2014. On March 26, 2015, the Sixth District Court of

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Appeal issued a favorable judgment for the District and no further interest was booked in fiscal year 2015. Additional information regarding this litigation is disclosed in Note 16 (a), Contingencies.

Compensated Absences

Compensated absences are paid out of the general fund as an employee benefit expense in the year the expense is realized and are charged to the different funds as part of the direct benefit rate. The compensated absences liability for the year is recognized in the District's various enterprise funds and on the governmental activities column in the statement of net position.

Other Post Employment Benefits (OPEB)

The District provides post-employment healthcare benefits to retired employees and/or their surviving spouses in accordance with negotiated memoranda of understanding with employee groups and adoption by the Board of Directors. The District implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* starting fiscal year 2007-08. OPEB expense and obligation are recognized in the proprietary funds using full accrual basis, while governmental funds use the modified accrual basis. OPEB expense and obligation reported in government wide financial statements are recognized using the full accrual basis. Additional information on OPEB is disclosed in Note 12, Post Employment Benefits.

Compliance with Bond Covenants

Resolutions associated with the District's bonds and certificates of participation contain a number of covenants, limitations, and restrictions. The District believes it is in compliance with all significant covenants, limitations, and restrictions.

(8) PROPERTY TAXES AND BENEFIT ASSESSMENTS

The District derives certain revenues from the assessment of property tax parcel levies and the levy of benefit assessments and a special parcel tax. The property tax levy is composed of two categories: (1) a 1 percent tax allocation; and (2) voter approved levy to repay capital and operating costs related to imported water from the State Water Project. Benefit Assessments are collected as part of duly authorized debt repayment phase of the voter-approved assessments. In November 2000, voters approved a 15-year special parcel tax to fund the countywide Safe, Clean Water & Natural Flood Protection Program. The levy became effective July 1, 2001 and is based on the proportionate storm water runoff for each property.

On November, 2012, the voters overwhelmingly approved the Safe, Clean Water and Natural Flood Protection (Safe, Clean Water) special parcel tax. The Safe, Clean Water builds on the success of the Clean, Safe Creeks and Natural Flood Protection (Clean, Safe Creeks) plan approved by the voters in 2000. The Safe, Clean Water replaces the Clean, Safe Creeks measure in its entirety beginning July 1, 2013. The Safe, Clean Water Program will provide a total of \$548 million of special tax revenue for operations and capital projects. The program will be funded by a combination of revenues from the continuation of an annual special tax, reserves from unspent funds of the Clean, Safe Creeks plan, and state and federal funding. For fiscal year 2015, the budget includes \$38.5 million of special parcel tax for this program.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Property tax and benefit assessment revenues recorded for the year ended June 30, 2015 are as follow (in thousands):

	General Fund	Special Revenue Funds	Water Enterprise Fund
Property taxes:			
1% tax allocation	\$ 6,211	\$ 62,887	\$ 5,602
Special parcel tax	-	38,545	-
Voter approved indebtedness:			
State water	-	-	22,094
G.O. bonds	-	-	5
Total taxes	6,211	101,432	27,701
Benefit assessments	-	16,074	-
Total property taxes and benefit assessments	<u>\$ 6,211</u>	<u>\$ 117,506</u>	<u>\$ 27,701</u>

The County is responsible for the assessment, collection, and apportionment of property taxes for the District. The amount of property tax levies is restricted by Article 13A of the California State Constitution (commonly referred to as Proposition 13). The District is responsible for determining the amount of benefit assessment, special parcel tax, and State Water Project Debt Service. Secured property taxes and benefit assessments are each payable in equal installments, November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for as collected and remitted by the District within the governmental fund revenues. The proprietary fund records property taxes as they are levied. Property taxes on the unsecured roll are due on the March 1 lien date and become delinquent if still unpaid on August 31.

The District has elected to participate in the "Teeter Plan" offered by the County whereby the District receives 100 percent of secured property and supplemental property taxes levied in exchange for foregoing any interest and penalties collected on the related delinquent taxes.

(9) FUND BALANCES

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily to the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

- Nonspendable fund balance includes net resources that cannot be spent because they are either a) not spendable because of their form b) must be maintained intact pursuant to legal or contractual requirements.
- Restricted fund balance includes amounts that are subject to limitations imposed by either a) creditors, grantors, contributors or laws and regulations of other governments,

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

or b) imposed by law through constitutional provisions or enabling legislation.

- Committed fund balance includes spendable resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the District Board, through adopted resolutions. Those constraints remain binding unless the District Board removes or changes in the same manner to previously commit those resources. These District Board's actions must occur prior to June 30th of the applicable fiscal year.
- Assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The intent can be established or changed at the discretion of the District Board, or an official designated for that purpose, the Chief Executive Officer, in accordance with the provisions of the Governance Policies of the Board, Policy No. EL-5, *Purchasing and Contracts*
- Unassigned fund balance represents residual net resources that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds.

Spending Prioritization in Using Available Resources:

When an expenses is incurred for purposes for which both restricted resources and unrestricted resources fund balance are available, the District's considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, the District's flow assumption is to spend in the sequence of committed resources first, assigned second, and unassigned last.

The various fund balances are established by actions of the Board of Directors and can be increased, reduced or eliminated by similar actions with the exception of encumbrances on the assigned fund balance, which can be reduced or eliminated without the action of the Board of Directors. The District's reserves amounts are reviewed annually to ensure compliance with the District's reserve policy. Changes to the restricted, committed and assigned reserves are presented to the Board of the Directors for review and approval. Detailed schedule of fund balances as of June 30, 2015 is as follows (in thousands):

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

	General	Watershed & Stream Steward	Safe, Clean Water & Natural Flood Protection Program	COP Con- struction	COP Debt Service	Total Govern- mental Funds
Restricted Fund Balance:						
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 6,307	\$ 6,307
Debt Service Proceeds	-	-	-	10,405	-	10,405
CSC-Encumbrance	-	-	18,380	-	-	18,380
CSC-Operating and						
Capital Contingencies	-	-	3,092	-	-	3,092
CSC-Market Valuation	-	-	195	-	-	195
CSC-Current Authorized						
Capital Projects	-	-	188,391	-	-	188,391
Total restricted fund balance	-	-	210,058	10,405	6,307	226,770
Committed Fund Balance:						
Operating & Capital						
Contingencies	7,218	43,589	-	-	-	50,807
Current Authorized Capital						
Projects	610	48,102	-	-	-	48,712
Market Valuation	14	126	-	-	-	140
Total committed fund balance	7,842	91,817	-	-	-	99,659
Assigned Fund Balance:						
Operating and Capital Projects						
Encumbrances	4,809	41,916	-	-	-	46,725
Total assigned fund balance	4,809	41,916	-	-	-	46,725
Total fund balances	\$ 12,651	\$ 133,733	\$ 210,058	\$ 10,405	\$ 6,307	\$ 373,154

(10) NET POSITION

The business-type activities fund financial statements utilize a net position presentation. Net position are categorized as invested capital assets (net of related debt), restricted and unrestricted.

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net position – This category presents external restrictions imposed by creditors, grantors, contributors, laws, or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net position – This category represents net position of the District, not restricted for any project or other purpose.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Below is the detailed schedule of the proprietary funds' net position as of June 30, 2015 (in thousands):

	Water Enterprise Fund	State Projects Fund	Equipment Fund	Risk Management Fund	Information Technology Fund
Restricted Net Position					
Debt Service	\$ 4,801	\$ -	\$ -	\$ -	\$ -
State Revolving Loan Requirement	401	-	-	-	-
San Felipe Emergency Reserve	4,027	-	-	-	-
Operating Reserve per Bond Covenant	13,893	-	-	-	-
Rate Stabilization	2,139	-	-	-	-
State Water Projects	-	826	-	-	-
Total restricted net position	<u>25,261</u>	<u>826</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted Net Position					
Operating & Capital Contingencies	11,380	-	2,307	-	560
Currently Authorized Projects	42,239	-	744	-	4,212
Market Valuation	142	-	4	12	5
Property Self-Insurance/Catastrophic	-	-	-	7,024	-
Floating Rate Debt Payment Stabilization	148	-	-	-	-
Supplemental Water Supply	1,330	-	-	-	-
Encumbrances	63,489	3,830	981	52	150
Santa Clara Advanced Water Purification Center	939	-	-	-	-
Net pension liability	(76,512)	-	(3,056)	(1,988)	(97)
Total unrestricted net position	<u>43,155</u>	<u>3,830</u>	<u>980</u>	<u>5,100</u>	<u>4,830</u>
Net investment in capital assets	<u>556,040</u>	<u>19,833</u>	<u>6,330</u>	<u>4</u>	<u>2,004</u>
Net Position	<u><u>\$ 624,456</u></u>	<u><u>\$ 24,489</u></u>	<u><u>\$ 7,310</u></u>	<u><u>\$ 5,104</u></u>	<u><u>\$ 6,834</u></u>

(11) EMPLOYEES' RETIREMENT PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the agent multiple-employer defined benefit pension plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and District's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

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. The cost of living adjustments for each plan are applied as specified by the California Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Prior to	3/19/2012 to	On or after
Hire date	3/19/2012	12/31/2012	1/1/2013
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years	5 years
Benefit payments	monthly for life	monthly for life	monthly for life
Minimum Retirement age	50	50	52
Monthly benefits, as a % of	2.0% to 2.5%	1.1% to 2.4%	1.0% to 2.5%
Required employee	8.0% + 1.08%*	7.0% + 2.08%*	6.75%
Required employer	21.147%	21.147%	21.147%
* Member additional contribution towards District's CalPERS cost per negotiated agreement with the bargaining units			

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving	409
Active employees	651

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry-age normal cost method
Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return ⁽¹⁾	7.5%
Mortality rate table ⁽²⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.75% unit purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.
⁽¹⁾ Net of pension plan investment expenses, including inflation	
⁽²⁾ The mortality rate table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuarial Scale BB.	

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website under "Forms and Publications".

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked and deemed the difference to be an immaterial threshold to the agent multiple-employer plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as it has changed its methodology.

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

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

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

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Asset Class	New Strategic Allocation	Real Return Years 1 – 10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

⁽¹⁾An expected inflation of 2.5% used for this period.

⁽²⁾An expected inflation of 3.0% used for this period.

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at 6/30/2013 ⁽¹⁾	\$ 622,149,061	\$ 434,729,646	\$ 187,419,415
Changes Recognized for the Measurement Period:			
Service Cost	14,351,245	-	14,351,245
Interest on Total Pension Liability	46,261,670	-	46,261,670
Changes if Benefit Terms Difference between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contribution from Employer	-	13,804,460	(13,804,460)
Contribution from Employees	-	9,036,853	(9,036,853)
Net Investment Income ⁽²⁾	-	75,675,314	(75,675,314)
Benefit Payments, including Refunds of Employee Contribution	(25,004,849)	(25,004,849)	-
Net Changes During 2013-14	35,608,066	73,511,778	(37,903,712)
Balance at 6/30/2014 ⁽¹⁾	\$ 657,757,127	\$ 508,241,424	\$ 149,515,703

⁽¹⁾ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense.

⁽²⁾ Net of administrative expenses.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

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

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

	Discount Rate - 1% 6.50%	Current Discount 7.50%	Discount Rate +1% 8.50%
Plan Net Pension Liability/(Assets)	<u>\$ 237,533,470</u>	<u>\$ 149,515,703</u>	<u>\$ 76,397,766</u>

Pension Plan Fiduciary Net Position

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

Pension Expenses and Deferred Outflow/Inflow of Resources

For the year ended June 30, 2015, the District recognized pension expense of \$10.5 million. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Pension contribution subsequent to measurement date	\$ 13,948,105	\$ -
Net differences between projected and actual earnings on plan investments	-	34,629,299
Total	<u>\$ 13,948,105</u>	<u>\$ 34,629,299</u>

\$13.9 million is reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ending June 30	Net Decrease in Pension Expense
2016	\$ 8,657,325
2017	8,657,325
2018	8,657,325
2019	8,657,324
Total	<u>\$ 34,629,299</u>

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(12) POST-EMPLOYMENT BENEFITS

The District provides post-employment health care benefits, in accordance with negotiated memoranda of understanding with employee groups and adoption by the Board of Directors, for retired employees and/or their surviving spouses, and to certain employees who retire due to disability who meet the eligibility requirements and elect the option. The District must be the employee's last CalPERS employer, and the retiree must be receiving a monthly CalPERS retirement pay. As of June 30, 2015, there were 409 retirees and surviving spouses receiving these health care benefits.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

	Hire/Retirement Date	Eligibility Rule (Years of Continuous Service)	District's Required Contribution
<u>Classified</u> Employee Association (AFSCME – Local 101) Engineers Society (IFPTE- Local 21) Professional Managers Association (IFPTE – Local 21)	Retired prior to July 1, 1988		Fixed amount of \$165 per month
	Retired from July 1, 1988 through June 30, 1990	10 years	100% medical premium for retiree
	Retired from July 1, 1990 or later and hired prior to December 30, 2006	10 years	100% medical premium for retiree
		15 years	100% medical premium for retiree plus one eligible dependent
	Retired from July 1, 1990 or later and hired between December 30, 2006 and March 1, 2007	10 years	Retiree is covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less.
		15 years	Retiree plus one eligible dependent are covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less.
	Hired on or after March 1, 2007	15 years	Retiree is covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less.
		20 years	Retiree plus one eligible dependent are covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

	Hire/Retirement Date	Eligibility Rule (Years of Continuous Service)	District's Required Contribution
Unclassified At Will	Retired prior to July 1, 1988		Fixed amount of \$165 per month
	Retired from July 1, 1988 through June 30, 1990	10 years	100% medical premium for retiree
	Retired from July 1, 1990 through June 18, 1995	10 years	100% medical premium for retiree
		15 years	100% medical premium for retiree plus one eligible dependent
	Retired from June 19, 1995 through October 21, 1996	10 years	100% medical premium for retiree
		15 years	100% medical premium for retiree plus one eligible dependent
		25 years	100% medical, dental, and vision coverages for the retiree plus two or more eligible dependents
Retired from October 22, 1996 or later and hired prior to December 30, 2006	10 years	100% medical premium for retiree	
	15 years	100% medical, dental, and vision coverages for the retiree plus one eligible dependent	
	25 years	100% medical, dental, and vision coverages for the retiree plus two or more eligible dependents	
Hired on or after December 30, 2006 and prior to March 1, 2007	10 years	Medical coverage is provided for retiree. Medical premium cost sharing is required with the same contribution percentage as active employees and based on the medical premium amount applicable to active employees or retirees, whichever is less.	
	15 years	Medical, dental, and vision coverages are provided for retiree and one eligible dependent. Medical premium cost sharing is required with the same contribution percentage as active employees and based on the medical	

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

	Hire/Retirement Date	Eligibility Rule (Years of Continuous Service)	District's Required Contribution
<u>Unclassified</u> At Will	Hired on or after December 30, 2006 and prior to March 1, 2007	15 years (con't) 25 years	<p>premium amount applicable to active employees or retirees, whichever is less.</p> <p>Medical, dental, and vision coverages are provided for retiree plus two or more eligible dependents. Medical premium cost sharing is required with the same contribution percentage as active employees and based on the medical premium amount applicable to active employees or retirees, whichever is less.</p>
	Hired on or after March 1, 2007	15 years 20 years	<p>Retiree is covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less.</p> <p>Retiree plus one eligible dependent are covered for medical. Medical premium cost sharing is required with the same contribution percentage as active employees and based on medical premium applicable to active employees or retirees, whichever is less</p>

As of August 1, 2007, all current retirees not yet 65 years of age and Medicare eligible and all future retirees who are Medicare eligible must enroll themselves in Medicare when they reach the eligibility date for Medicare. Their Medicare eligible dependents who are enrolled in the District's health plan must also enroll in Medicare upon their eligibility date. The District reimburses the ongoing Medicare Part B cost incurred by the retiree and/or dependent payable quarterly.

After an evaluation of the cost savings realized in implementing the Medicare enrollment plan since August 2007, the District decided to expand the Medicare enrollment requirement to all retirees and their eligible dependents that are enrolled in the District's medical plan. As of July 1, 2009, all Medicare eligible retirees and their eligible dependents were required to enroll in Medicare. The District's reimburses the Medicare Part B penalty charged by the Social Security Administration to the retirees/dependents due to late enrollment.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

The District provides the unclassified group of retiree \$50,000 life insurance upon retirement with a five-year phase out in declining increments of \$10,000 per year after retirement.

During fiscal year 2007-08, the District implemented the provisions of Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions*. This Statement establishes standards for the measurement, recognition, and financial reporting for employers providing postemployment benefits other than pensions (OPEB). The provisions of this Statement are implemented prospectively and do not affect prior year's financial statements.

On June 24, 2008, the District's Board of Directors adopted a resolution approving the agreement and election of the District to prefund OPEB through CalPERS under its California Employer's Retiree Benefit Trust (CERBT) Program. On September 9, 2008, the District joined CERBT, an agent multiple-employer plan consisting of an aggregation of single-employer plans. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Employees' Retirement System, P. O. Box 942703, Sacramento, CA 94229-2703.

Funding Policy

The District's policy is to prefund these benefits as part of its multi-year financial planning strategy. On June 24, 2008, the Board of Directors approved the reallocation of \$17.7 million from its existing reserve for the initial prefunding of the unfunded liability for the first year of reporting. Subsequent years' funding, pursuant to the annual budget approved by the Board of Directors, would be phased in to gradually reach full funding by the sixth year in order to limit its immediate impact on groundwater charge increases and the funding of core services within limited available revenues.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

The following table shows the components of the District's annual OPEB cost for fiscal year 2015, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 11,112,254
Interest on net OPEB obligation	106,853
Adjustment to annual required contribution	<u>(96,598)</u>
Annual OPEB cost (expense)	11,122,509
Contributions made – FY2015 cost	\$ (11,122,509)
Contributions made – Prior years' unfunded ARC	<u>(1,278.942)</u>
Total Contributions made in FY2015	<u>(12,401.451)</u>
Increase (decrease) in Net OPEB obligation	(1,278,942)
Net OPEB obligation, June 30, 2014	<u>1,556,814</u>
Net OPEB obligation, June 30, 2015	<u><u>\$ 277,872</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the current year and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 11,080,800	138.47%	\$ 7,065,773
6/30/2014	11,174,939	149.30%	1,556,814
6/30/2015	11,122,509	111.50%	277,872

Funded Status and Funding Progress

As of July 1, 2015, the latest valuation date, the estimated funded status of the OPEB plan for FY 2015, was as follows:

Actuarial accrued liability (AAL)	\$ 186,660,555
Actuarial value of plan assets	\$ 80,783,751
Unfunded actuarial accrued liability (UAAL)	\$ 105,876,804
Funded ratio (actuarial value of plan assets/AAL)	43.28%
Covered payroll	\$ 86,172,345
UAAL as a percentage of covered payroll	122.87%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made in the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The July 1, 2013 actuarial valuation used the Entry Age Normal (EAN) cost method. The actuarial assumptions included a discount rate of 7.5% and a 3.25% inflation rate. Healthcare cost trend rates ranged from an initial rate range of 8% to 4.5%. The unfunded liability is being amortized as a percent of payroll over 30 years on a closed basis. The remaining years in amortization period at June 30, 2015 was 23 years.

(13) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District reports all of its risk management activities in its Risk Management Internal Service Fund.

The District's deductibles and maximum coverage are as follows (in thousands):

<u>Coverage Descriptions</u>	<u>Deductibles</u>	<u>Commercial Insurance Coverage</u>
General liability	\$2,000	\$50,000
Workers' compensation	1,000	Statutory
Property damage (subject to policy sub-limits)	50	300,000
Fidelity (Crime) - Directors	5	1,000
Fidelity (Crime) – Non-Directors	10	2,000
Non-owned aircraft liability	-	5,000
Boiler and machinery	50	100,000

Claims expenses and liabilities are reported for self-insured deductibles when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported, allocated and unallocated claims adjustment expenses and incremental claim expense. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. At June 30, 2015, the liability for self-insurance claims was \$6,092,000. This liability is the District's best estimate based on available information. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Changes in the reported liability since June 30, 2013 are as follows (in thousands):

	General Liability	Workers' Compensation	Total
Claims payable at June 30, 2013	\$ 2,911	\$ 3,768	\$ 6,679
Current year premiums, incurred claims and changes in estimates	1,976	620	2,596
Claim payments	(1,922)	(342)	(2,264)
Claims payable at June 30, 2014	<u>2,965</u>	<u>4,046</u>	<u>7,011</u>
Current year premiums, incurred claims and changes in estimates	(335)	(206)	(541)
Claim payments	313	(691)	(378)
Claims payable at June 30, 2015	<u>\$ 2,943</u>	<u>\$ 3,149</u>	<u>\$ 6,092</u>

(14) TRANSFERS IN AND OUT

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) move debt proceeds held in the construction fund to the funds incurring the construction expense.

In the year ended June 30, 2015, \$13.9 million was transferred from the governmental funds to service debt payments; \$2.6 million was transferred for the Open Space credit on property tax receipts, and \$20.4 million was transferred to reimburse capital costs.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Interfund transfers for the year ended June 30, 2015, is as follows (in thousands):

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	Amount Transferred
General Fund	Watershed & Stream Stewardship	\$ 88
	Water Enterprise	13,286
Watershed & Stream Stewardship	Lower Peninsula Watershed	721
	West Valley Watershed	468
	Guadalupe Watershed	950
	Coyote Watershed	707
COP Debt Service Fund	General Fund	622
	Lower Peninsula Watershed	3,533
	West Valley Watershed	2,026
	Guadalupe Watershed	4,212
	Coyote Watershed	3,442
Water Enterprise	General Fund	940
	Watershed & Stream Stewardship	940
Information Technology Fund	General Fund	2,900
Total interfund transfers		<u>\$ 34,835</u>

(15) RESTATEMENT

In fiscal year 2015, the District made the following restatement of beginning fund balance:

<u>Net Position</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning balance	\$ 1,395,715	\$ 731,318	\$ 2,127,033
Net pension liability	(104,823)	(82,596)	(187,419)
Deferred outflows of resources	7,720	6,083	13,803
Capital asset adjustment	(21)	21	-
Beginning balance, restated	<u>\$ 1,298,591</u>	<u>\$ 654,826</u>	<u>\$ 1,953,417</u>

(16) COMMITMENTS

(a) Contract and Purchase Commitments

As of June 30, 2015, the proprietary funds had open purchase commitments of approximately \$68.5 million related to new or existing contracts and agreements. Governmental funds had encumbrances of approximately \$65.1 million as reflected in the accompanying basic financial statements. These encumbrances represent commitments for the expenditure of funds and do not represent expenditures or liabilities.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(b) San Felipe Project Water Deliveries

The District has contracted with the U.S. Department of the Interior (USDI) for water deliveries from the Central Valley Project. The contract requires the District to operate and maintain Reach 1, Reach 2, and Reach 3 of the San Felipe Division facilities of the USDI.

During fiscal year 2006-07, the District amended this contract. The amended contract provided for compliance with the Central Valley Project Improvement Act and converted the repayment of the San Felipe Division facilities from a water service contract to a repayment contract with fixed semi-annual payments. The semi-annual payments for January 2007 through July 2016 are \$7,466,867. The amended contract preserved the attributes of a water service contract for other Central Valley Project costs.

The estimated commitment for the payment of water service related allocated capital and capital interest charges of the contracted water service component as of September 30, 2013 was \$6,493,354. The total commitment, including applicable interest, of the repayment contract was \$439,261,342. The remaining commitment as of June 30, 2015 was \$312,324,607.

(c) Participation Rights in Storage Facilities

In December 1995, the District entered into a water banking and exchange program with Semitropic Water Storage District and its Improvement Districts that entitles the District to storage, withdrawal, and exchange rights for the District's State Water Project supplies. The District's share of the total program capital costs is \$46.9 million based on a 35 percent vesting in the program. The District pays the program capital costs when storing and recovering Tier 1 water. The agreement terminates in December 2035.

The District pays the program capital costs when storing and recovering Tier 1 water. As of June 30, 2015, the District has paid \$41.8 million towards the base fee obligation of this agreement. During the first 10 years the District has a reservation for the full 35 percent allocation; by January 1, 2006, if the District's contributions towards the program capital costs did not equal \$46.9 million the District's permanent storage allocation will be reduced. The District decided to utilize its total allowable storage rights at 35 percent on January 1, 2006.

The District currently has a storage allocation of 350,000 acre-feet. As of June 30, 2015, the District has 259,493 acre-feet of water in storage. The participation rights are amortized using the straight-line method over the life of the agreement. Amortization of \$22,863,750 has been recorded through fiscal year 2015.

(17) CONTINGENCIES

(a) Litigation

It is normal for a public entity like the District, with its size and activities, to be a defendant, co-defendant, or cross-defendant in court cases in which money damages are sought. Discussed below are all pending litigations that the District is aware of which are significant and may have a potentially impact on the financial statements.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

Great Oaks Water Company v. Santa Clara Valley Water District

In 2005, Great Oaks Water Company (hereinafter "Great Oaks") filed an administrative claim alleging that the groundwater charges for 2005-06 violated the Santa Clara Valley Water District Act (California Water Code, Appendix 60). After the claim was deemed denied, Great Oaks filed its lawsuit that subsequently included an allegation that the groundwater production charges violated Proposition 218, or Article XIII D of the state constitution because proceeds were used to fund projects and services that benefit the general public, not just payers. In its lawsuit, Great Oaks is demanding a partial refund as well as declaratory, injunctive and mandamus relief.

On February 3, 2010, the Honorable Kevin Murphy issued Judgment After Trial and decided that the District owes Great Oaks a refund of groundwater charges in the amount of \$4,623,096 plus interest at 7% per annum. The award of pre-judgment interest as of December 1, 2009, amounted to \$1,285,524. Judge Murphy also awarded post-judgment interest at the rate of \$886.62 per day until the date of the entry of judgment. Judge Murphy also decided that the District owes Great Oaks damages in the amount of \$1,306,830. Recovery of this damages amount is in the alternative to the award of refund described above.

Listed below are all of Great Oaks' cases filed with the Santa Clara Superior Court seeking refund actions for subsequent years of annual groundwater charges, all of which are currently stayed:

Santa Clara Superior Court Case Nos. 107-CV-087884; 108-CV-119465;
108-CV-123064; 109-CV-146018; 110-CV-178947; 111-CV-205462;
112-CV-228340; and 113-CV-249349.

If the trial court's judgment in the Great Oaks case is affirmed in full, Great Oaks would recover some \$6 million for 2005, and could recover refunds of groundwater charges paid in 2006, 2007, 2008, 2009, 2010, 2011, 2012, and 2013 plus interest. By its nine cases, Great Oaks could recover amounts in excess of \$45 million. Great Oaks' actions covering fiscal year 2008-09 and forward are validation actions challenging the annual resolutions setting the groundwater production charge.

In accordance with the requirements of *GASB Statement No. 62*, the District has recorded a liability in the amount of \$5.93 million, which includes the Judgment After Trial decision amount plus interest in fiscal year 2009. The District recorded \$160 thousand in fiscal year 2010, \$324 thousand in fiscal year 2011, \$325 thousand in fiscal year 2012, and \$324 thousand in fiscal years 2013 and 2014 as liability for the post-judgment interest from January 1, 2010 through June 30, 2014 at the rate of \$886.62 per day. The total liability as of June 30, 2015 in the amount of \$7.386 million is presented under the caption "Litigation Claim" in the Statement of Net position – Proprietary Funds.

The District does not believe that the Santa Clara Superior Court decision regarding its 2005-06 groundwater production charges is supported by the record and has since filed an appeal with the California Sixth District Court of Appeals (Cal. Court of Appeals Nos. HO35260 and HO35885 "Great Oaks case").

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

On March 26, 2015, the Sixth District Court of Appeal issued its final decisions in the two matters decided by the Superior Court of the County of Santa Clara.

On the first matter, the Sixth District Court of Appeal, in its eighty page opinion, unanimously reversed the Santa Clara Superior Court's determination that the District had violated Article XIII D of the state constitution by failing to obtain voter approval of groundwater charges; that the District had violated certain provisions of the District Act; that Great Oaks receive a full refund of 2005-2006 groundwater charges and damages. This means that the District does not need to pay any refund or damages to Great Oaks.

On the second matter, the Sixth District Court of Appeal, again, unanimously affirmed the Santa Clara Superior Court's determination not to award Great Oaks any of its attorney fees. This means that Great Oaks is solely responsible for its attorney fees.

As of June 30, 2015, the District has recorded \$7.4 million related to this litigation as shown in the Statement of Net Position – Proprietary Funds under the caption "Litigation Claim". The liability is being retained should Great Oaks decides to file another appeal with the courts.

Shatto Corporation, Mike Rawitser Golf Shop and Santa Teresa Golf Club, et al v. Santa Clara Valley Water District

Similar to the Great Oaks litigation, Shatto Corporation, Mike Rawitser Golf Shop and Santa Teresa Golf Club have filed a refund action, Santa Clara Superior Court under Case No. 111-CV-195879. This action is currently stayed.

Other water retailers including San Jose Water Company, the cities of Morgan Hill, Gilroy, and Santa Clara and the Los Altos Golf and Country Club, and Stanford University dispute the District's groundwater charges and have subsequently entered tolling agreements with the District pending the final decision in the Great Oaks case.

The outcome of the above-described actions and disputes is not presently determinable. The District cannot predict the outcome of the cases and any statements on potential liability referenced above are purely estimates.

The most recent favorable ruling from the Sixth District Court of Appeal on the Great Oaks litigation makes damages emanating from these lawsuits to be highly unlikely. In addition, Counsel for the District has indicated that material losses, if any, arising from these lawsuits are adequately provided for with self-insured District funds and indemnification agreements/ insurance coverage and therefore, would not have material effect on June 30, 2015 financial statements.

(b) Grants and Subventions

The District has received federal and state grants for specific purposes that are subject to review and audit. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

SANTA CLARA VALLEY WATER DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(c) Central Valley Project

On June 7, 1977, the District entered into a contract with the U.S. Bureau of Reclamation for water service from the San Felipe Division of the Federal Central Valley Project (CVP). The CVP water service provides for both agricultural operation and maintenance (O&M) and municipal and industrial (M&I) water deliveries to the District up to a total maximum annual entitlement of 152,500 acre-feet per year. The contract specified initial water rates for O&M and M&I water service and provided for periodic adjustments for the respective water rates in accordance with prevailing CVP water rate policies commencing in the year 1993 for the in-basin M&I rate component; 1996 for the agricultural O&M rate component; 2001 for the full agricultural water rate; and 2008 for the out-of-basin M&I rate component. The methodology of CVP water rate setting has historically recovered current year operating costs and the applicable construction costs over 50 years.

The District's initial CVP water rates were determined based on a November 1974 CVP water rate policy and estimated construction costs of the San Felipe Division. The actual construction costs of the San Felipe Division were significantly higher than the estimates used in the initial rate calculation, and changes in the Federal Reclamation Law during the 1980's have led to the development of new CVP water rate policies. These policies, coupled with the terms of the original contract, resulted in the District facing significant increases for repayment of the San Felipe Division.

In compliance with the Central Valley Improvement Act (CVPIA), the District entered into negotiations, along with all other CVP contractors, with the U.S. Bureau of Reclamation for contract renewal. Because of concerns related to litigation challenging the renewal process, the District entered into an amended contract. The amendment maintained the basic provisions of the original contract, implemented provisions of CVPIA, and allowed the establishment of a fixed repayment for the San Felipe Division facilities.

(d) Perchlorate

In 2003, perchlorate was discovered at the Olin Corporation facility and over a wide area in the Llagas Subbasin in South County, impacting a number of water supply wells. The investigation and clean-up of the contamination are under the jurisdiction of the Central Coast Regional Water Quality Control Board. As of June 2015, perchlorate is present above the Maximum Contaminant Level (MCL) in less than 10 water supply wells. The perchlorate plume exceeding MCLs extends off-site for approximately 3 miles. Olin's remedial efforts focused on clean-up of the site, including soil removal and groundwater treatment, from 2004 through 2012. The groundwater extraction and treatment systems were expanded to include 2 off-site extraction wells in 2012. Olin's current efforts are focused on ongoing remediation of the off-site groundwater plume, characterization of the perchlorate plume east of the site, and preparation of a feasibility study for the middle deep aquifer.

(18) SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 16, 2015, the date of the financial statements issuance. There are no reportable subsequent events noted up to this date.

**Required
Supplementary
Information**



SANTA CLARA VALLEY WATER DISTRICT

Schedule of Employer Pension Contributions

June 30, 2015*

Actuarially determined contribution	\$ 13,948,105
Contributions in relation to the actuarially determined contribution	(13,948,105)
Contribution Deficiency	<u>\$ -</u>

Covered payroll	\$ 77,885,844
Contribution as a percentage of covered payroll	17.91%

Notes to schedule:

Valuation date:	June 30, 2011 CalPERS public agency valuations
Measurement date:	June 30, 2014

Methods and Assumptions:

Actuarial cost method	Entry age normal.
Amortization method/period	For details, see June 30, 2011 Funding Valuation Report.
Actuarial valuation method	Actuarial value of assets; for details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service.
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* Fiscal year 2015 was the first year of GASB 68 implementation, therefore only one year is shown.

SANTA CLARA VALLEY WATER DISTRICT
Schedule of Funding Progress - Other Post Employment Benefit Plan
June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	([b-a]/c)
7/1/2011	\$ 32,273,200	\$ 156,061,200	\$ 123,788,000	20.7%	\$ 81,761,500	151.4%
7/1/2013	51,888,319	169,864,833	117,976,514	30.5%	81,600,000	144.6%
7/1/2015	80,783,751	186,660,555	105,876,804	43.3%	86,172,345	122.9%

SANTA CLARA VALLEY WATER DISTRICT

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual Budgeted Governmental Funds For the Year Ended June 30, 2015 (Dollars in Thousands)

	General Fund			Variance with
	Original Budget	Final Budget	Budgetary Basis Actual	Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 5,368	\$ 5,368	\$ 6,211	\$ 843
Use of money and property:				
Investment income	50	50	61	11
Rental	-	-	-	-
Reimbursement of capital costs	-	-	-	-
Other	-	-	313	313
Total revenues	<u>5,418</u>	<u>5,418</u>	<u>6,585</u>	<u>1,167</u>
Expenditures:				
Operating budget:				
Operations and operating projects	50,880	64,034	58,510	5,524
Debt service:				
Principal repayment	472	472	472	-
Interest and fiscal charges	155	155	152	3
Total operating budget	<u>51,507</u>	<u>64,661</u>	<u>59,134</u>	<u>5,527</u>
Capital budget:				
Capital improvement projects	10,086	3,160	1,954	1,206
Total expenditures	<u>61,593</u>	<u>67,821</u>	<u>61,088</u>	<u>6,733</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(56,175)</u>	<u>(62,403)</u>	<u>(54,503)</u>	<u>7,900</u>
Other financing sources (uses):				
Intra-district overhead reimbursement	46,561	46,561	41,524	(5,037)
Transfers in	7,822	13,400	13,373	(27)
Transfers out	(940)	(3,839)	(3,839)	-
Total other financing sources	<u>53,443</u>	<u>56,122</u>	<u>51,058</u>	<u>(5,064)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financial uses	<u>\$ (2,732)</u>	<u>\$ (6,281)</u>	<u>(3,445)</u>	<u>\$ 2,836</u>
Reconciliation of GAAP and budgetary basis:				
Expenditures of prior year encumbrances recognized on the GAAP basis:				
Operations and operating projects			\$ (1,046)	
Capital improvement projects			(1,959)	
Current year encumbrances recognized on the budgetary basis:				
Operations and operating projects			2,478	
Capital improvement projects			531	
Fund Balances, beginning of year			<u>16,092</u>	
Fund Balances, end of year			<u>\$ 12,651</u>	

See accompanying notes to required supplementary information

Watershed & Stream Stewardship				Safe, Clean Water & Natural Flood Protection			
Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
\$ 54,641	\$ 54,641	\$ 62,887	\$ 8,246	\$ 38,767	\$ 38,767	\$ 38,545	\$ (222)
553	553	889	336	775	775	1,474	699
-	-	1,403	1,403	257	257	281	24
36,837	36,837	1,335	(35,502)	16,956	16,956	413	(16,543)
2,304	2,304	596	(1,708)	-	-	2	2
94,335	94,335	67,110	(27,225)	56,755	56,755	40,715	(16,040)
47,218	48,126	40,581	7,545	10,910	11,761	10,841	920
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
47,218	48,126	40,581	7,545	10,910	11,761	10,841	920
42,212	54,923	30,845	24,078	59,639	167,381	20,450	146,931
89,430	103,049	71,426	31,623	70,549	179,142	31,291	147,851
4,905	(8,714)	(4,316)	4,398	(13,794)	(122,387)	9,424	131,811
-	-	-	-	-	-	-	-
2,826	2,826	2,846	20	-	-	-	-
(5,801)	(1,028)	(1,028)	-	(985)	-	-	-
(2,975)	1,798	1,818	20	(985)	-	-	-
\$ 1,930	\$ (6,916)	(2,498)	\$ 4,418	\$ (14,779)	\$ (122,387)	9,424	\$ 131,811
		\$ (858)				\$ (1,977)	
		(8,432)				(12,324)	
		3,655				3,148	
		17,107				1,925	
		124,759				209,862	
		\$ 133,733				\$ 210,058	

SANTA CLARA VALLEY WATER DISTRICT

Notes to Required Supplementary Information

For the Year Ended June 30, 2015

The District annually adopts a budget in June to be effective July 1 for the ensuing fiscal year. Annual appropriated budgets are adopted for the general fund, special revenue funds, and for all proprietary funds. The COP construction and COP debt service funds are not budgeted.

Legal budgetary (expenditure) control is established at the fund level, further controlled within the fund at the category level. The categories are defined as the operating budget (operations and maintenance, debt service, and operating projects) and the capital budget (capital improvement projects) in the budget and actual budgetary basis schedules. The amounts stated therein as proposed expenditures become appropriations to the various District organization units. The Board may amend the budget by motion during the fiscal year. The District Chief Executive Officer is authorized to transfer appropriations within budget categories by fund. All unencumbered appropriations for operations and maintenance, operating projects and debt service lapse at fiscal year-end. The encumbered appropriation balance is carried forward to the succeeding year and is not re-appropriated. Unexpended appropriations for capital projects are carried forward until project completion or termination.

The budget process is based upon accounting for certain transactions on a basis other than the Generally Accepted Accounting Principles (GAAP) basis. The results of operations are presented in the budget and actual schedules in accordance with the budgetary basis to provide a meaningful comparison with the budget. The major differences between the budgetary basis and GAAP basis are as follows:

- Certain accruals (primarily accrued vacation and sick leave pay) are excluded from the budgetary basis because such amounts are budgeted on a cash basis.
- Year-end encumbrances are recognized as expenditures on the budgetary basis, while encumbered amounts are not recognized as expenditures on the GAAP basis until incurred.
- Certain budgeted debt service expenditures in special revenue funds are recorded as operating transfers out on a GAAP basis.
- Intra-district overhead reimbursement on a budgetary basis is reflected as a reimbursement of expenditures on a GAAP basis.

Reported budget amounts reflect the annual budget as originally adopted and as subsequently amended by the District Board of Directors. The budget amounts are based on estimates of the District's expenditures/expenses and the proposed means of financing them. The final budget of capital improvement projects includes budget adjustments related to capital projects' period year balance forward. Actual expenditures for capital items, as in the case of special revenue funds, may vary significantly from budget due to timing of such expenditures.

**Supplemental
Information**



Schedule of Revenues, Expenditures and Change in Fund Balances – Selected Watershed Activities Contained Within the Watershed and Stream Stewardship Funds

Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual Selected Watershed Activities Contained Within the Watershed and Stream Stewardship Fund

SANTA CLARA VALLEY WATER DISTRICT

Schedule of Revenues, Expenditures and Change in Fund Balances

Selected Watershed Activities Contained
Within the Watershed and Stream Stewardship Fund
For the Year Ended June 30, 2015
(Dollars in Thousands)

	Lower Peninsula Watershed	West Valley Watershed
Revenues:		
Benefit assessments (Note 8)	\$ 4,260	\$ 2,496
Total revenues	4,260	2,496
Expenditures:		
Debt service:		
Interest and fiscal charges	6	2
Total expenditures	6	2
Excess (deficiency) of revenues over (under) expenditures	4,254	2,494
Other financing sources (uses):		
Transfers out (Note 14)	(4,254)	(2,494)
Total other financing sources (uses)	(4,254)	(2,494)
Net change in fund balances	-	-
Fund balances, beginning of year	-	-
Fund balances, end of year	\$ -	\$ -

Guadalupe Watershed	Coyote Watershed	Total
<u>\$ 5,166</u>	<u>\$ 4,152</u>	<u>\$ 16,074</u>
<u>5,166</u>	<u>4,152</u>	<u>16,074</u>
<u>4</u>	<u>3</u>	<u>15</u>
<u>4</u>	<u>3</u>	<u>15</u>
<u>5,162</u>	<u>4,149</u>	<u>16,059</u>
<u>(5,162)</u>	<u>(4,149)</u>	<u>(16,059)</u>
<u>(5,162)</u>	<u>(4,149)</u>	<u>(16,059)</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANTA CLARA VALLEY WATER DISTRICT

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual Selected Watershed Activities Contained Within the Watershed and Stream Stewardship Fund For the Year Ended June 30, 2015 (Dollars in Thousands)

	Lower Peninsula Watershed			Variance with
	Original Budget	Final Budget	Budgetary Basis Actual	Final Budget Positive (Negative)
Revenues:				
Benefit assessments	\$ 4,263	\$ 4,263	\$ 4,260	\$ (3)
Total revenues	<u>4,263</u>	<u>4,263</u>	<u>4,260</u>	<u>(3)</u>
Expenditures:				
Operating budget:				
Debt service:				
Principal repayment	2,021	2,021	2,021	-
Interest and fiscal charges	<u>1,528</u>	<u>1,528</u>	<u>1,518</u>	<u>10</u>
Total operating budget	<u>3,549</u>	<u>3,549</u>	<u>3,539</u>	<u>10</u>
Total expenditures	<u>3,549</u>	<u>3,549</u>	<u>3,539</u>	<u>10</u>
Excess (deficiency) of revenues over (under) expenditures	<u>714</u>	<u>714</u>	<u>721</u>	<u>7</u>
Other financing sources (uses):				
Transfers out	<u>(714)</u>	<u>(721)</u>	<u>(721)</u>	<u>-</u>
Total other financing sources (uses)	<u>(714)</u>	<u>(721)</u>	<u>(721)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financial uses	<u>\$ -</u>	<u>\$ (7)</u>	<u>\$ -</u>	<u>\$ 7</u>

West Valley Watershed				Guadalupe Watershed			
Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
\$ 2,483	\$ 2,483	\$ 2,496	13	\$ 5,195	\$ 5,195	\$ 5,166	\$ (29)
2,483	2,483	2,496	13	5,195	5,195	5,166	(29)
1,233	1,233	1,233	-	2,721	2,721	2,721	-
798	798	795	3	1,501	1,501	1,495	6
2,031	2,031	2,028	3	4,222	4,222	4,216	6
2,031	2,031	2,028	3	4,222	4,222	4,216	6
452	452	468	16	973	973	950	(23)
(452)	(468)	(468)	-	(973)	(950)	(950)	-
(452)	(468)	(468)	-	(973)	(950)	(950)	-
\$ -	\$ (16)	\$ -	\$ 16	\$ -	\$ 23	\$ -	\$ (23)

SANTA CLARA VALLEY WATER DISTRICT

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual (Continued) Selected Watershed Activities Contained Within the Watershed and Stream Stewardship Fund For the Year Ended June 30, 2015 (Dollars in Thousands)

	Coyote Watershed			Variance with
	Original Budget	Final Budget	Budgetary Basis Actual	Final Budget Positive (Negative)
Revenues:				
Benefit Assessments	\$ 4,137	\$ 4,137	\$ 4,152	\$ 15
Total revenues	<u>4,137</u>	<u>4,137</u>	<u>4,152</u>	<u>15</u>
Expenditures:				
Operating budget:				
Debt service:				
Principal repayment	1,909	1,909	1,909	-
Interest and fiscal charges	<u>1,542</u>	<u>1,542</u>	<u>1,536</u>	<u>6</u>
Total operating budget	<u>3,451</u>	<u>3,451</u>	<u>3,445</u>	<u>6</u>
Total expenditures	<u>3,451</u>	<u>3,451</u>	<u>3,445</u>	<u>6</u>
Excess (deficiency) of revenues over (under) expenditures	<u>686</u>	<u>686</u>	<u>707</u>	<u>21</u>
Other financing sources (uses):				
Transfers out	<u>(686)</u>	<u>(707)</u>	<u>(707)</u>	<u>-</u>
Total other financing sources (uses)	<u>(686)</u>	<u>(707)</u>	<u>(707)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ 21</u>

Water Enterprise Fund

Schedule of Revenues, Expenses and Change in Fund Net Position Budget and Actual

SANTA CLARA VALLEY WATER DISTRICT

Schedule of Revenues, Expenses and Change in Net Position - Budget and Actual Water Enterprise Fund For the Year Ended June 30, 2015 (Dollars in Thousands)

	Water Enterprise Fund			
	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 4,716	\$ 4,716	\$ 5,607	\$ 891
Intergovernmental services	966	966	2,149	1,183
Ground water production charges	80,994	80,994	77,095	(3,899)
Treated water charges	88,088	88,088	76,799	(11,289)
Surface and recycled water revenue	1,603	1,603	925	(678)
Investment income	557	557	1,621	1,064
Capital reimbursements	1,396	1,396	847	(549)
Other	809	809	1,814	1,005
Total revenues	<u>179,129</u>	<u>179,129</u>	<u>166,857</u>	<u>(12,272)</u>
Expenses:				
Current:				
Operations and operating projects	123,473	146,259	127,478	18,781
Debt Service:				
Principal repayment	8,621	8,621	5,971	2,650
Interest and fiscal charges	12,773	12,773	8,416	4,357
Capital outlay:				
Capital improvement projects	113,913	109,946	72,389	37,557
Total expenses	<u>258,780</u>	<u>277,599</u>	<u>214,254</u>	<u>63,345</u>
Excess (deficiency) of revenues over (under) expenses	<u>(79,651)</u>	<u>(98,470)</u>	<u>(47,397)</u>	<u>51,073</u>
Other financing (uses):				
Transfers in	1,880	1,880	1,880	-
Transfers out	<u>(1,950)</u>	<u>(13,286)</u>	<u>(13,286)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenses	<u>\$ (79,721)</u>	<u>\$ (109,876)</u>	<u>\$ (58,803)</u>	<u>\$ 51,073</u>
Reconciliation of GAAP and budgetary basis:				
Depreciation and amortization expense not budgeted			(25,673)	
Capitalized expenditures			64,897	
Debt principal and GAAP basis accruals for interest payable			5,955	
GAAP basis expenses and other liabilities			8,206	
Expenses of prior year encumbrances recognized on the GAAP basis:				
Operations and operating projects			(11,952)	
Capital improvement projects			(31,348)	
Current year encumbrances recognized on the budgetary basis:				
Operations and operating projects			10,123	
Capital improvement projects			29,653	
Net position, beginning of year			709,890	
Prior Period Adj - GASB 68 and capital asset reclass			<u>(76,492)</u>	
Net position, end of year			<u>\$ 624,456</u>	

State Water Fund				Total			
Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
\$ 21,000	\$ 21,000	\$ 22,094	\$ 1,094	\$ 25,716	\$ 25,716	\$ 27,701	\$ 1,985
-	-	-	-	966	966	2,149	1,183
-	-	-	-	80,994	80,994	77,095	(3,899)
-	-	-	-	88,088	88,088	76,799	(11,289)
-	-	-	-	1,603	1,603	925	(678)
-	-	-	-	557	557	1,621	1,064
-	-	-	-	1,396	1,396	847	(549)
1,000	1,000	1,299	299	1,809	1,809	3,113	1,304
<u>22,000</u>	<u>22,000</u>	<u>23,393</u>	<u>1,393</u>	<u>201,129</u>	<u>201,129</u>	<u>190,250</u>	<u>(10,879)</u>
21,850	27,050	27,043	\$ 7	145,323	173,309	154,521	18,788
-	-	-	-	8,621	8,621	5,971	2,650
-	-	-	-	12,773	12,773	8,416	4,357
-	-	-	-	113,913	109,946	72,389	37,557
<u>21,850</u>	<u>27,050</u>	<u>27,043</u>	<u>7</u>	<u>280,630</u>	<u>304,649</u>	<u>241,297</u>	<u>63,352</u>
150	(5,050)	(3,650)	1,400	(79,501)	(103,520)	(51,047)	52,473
-	-	-	-	1,880	1,880	1,880	-
-	-	-	-	(1,950)	(13,286)	(13,286)	-
<u>\$ 150</u>	<u>\$ (5,050)</u>	<u>\$ (3,650)</u>	<u>\$ 1,400</u>	<u>\$ (79,571)</u>	<u>\$ (114,926)</u>	<u>\$ (62,453)</u>	<u>\$ 52,473</u>
		(944)				(26,617)	
		-				64,897	
		-				5,955	
		-				8,206	
		(297)				(12,249)	
		-				(31,348)	
		3,420				13,543	
		-				29,653	
		25,960				735,850	
						(76,492)	
		<u>\$ 24,489</u>				<u>\$ 648,945</u>	

Internal Service Funds

The Internal Service Funds are similar to Enterprise Funds, except that services are rendered to other District units rather than to District customers. This fund type consists of the Equipment Fund, Risk Management Fund, and Information Technology Fund.

Equipment Fund - the fund is used to account for the maintenance and operation of the District's fleet vehicles and heavy construction equipment. Financing is provided through rental charges to operations based upon usage.

Risk Management Fund – the fund is used to account for the monies set aside to pay for all claims, judgment and premium costs. Financing is provided through premiums charged to District operations.

Information Technology Fund – the fund is used to account for the maintenance and replacement of district-wide capital related information technology projects. Financing is provided through rental charges to operations based upon usage.

SANTA CLARA VALLEY WATER DISTRICT

Combining Statement of Net Position

Internal Service Funds

June 30, 2015

(Dollars in Thousands)

	Equipment	Risk Management	Information Technology	Total
ASSETS				
Current assets:				
Cash and investments (Note 3)	\$ 4,315	\$ 13,125	\$ 5,018	\$ 22,458
Receivables - other	21	226	-	247
Prepaid assets	-	253	-	253
Inventory	55	-	-	55
Total current assets	<u>4,391</u>	<u>13,604</u>	<u>5,018</u>	<u>23,013</u>
Noncurrent assets:				
Capital assets (Note 6)				
Depreciable assets	16,949	18	4,749	21,716
Accumulated depreciation	(10,619)	(14)	(2,745)	(13,378)
Total noncurrent assets	<u>6,330</u>	<u>4</u>	<u>2,004</u>	<u>8,338</u>
Total assets	<u>10,721</u>	<u>13,608</u>	<u>7,022</u>	<u>31,351</u>
Deferred outflow of resources	<u>246</u>	<u>160</u>	<u>8</u>	<u>414</u>
LIABILITIES				
Current liabilities:				
Accounts payable	195	341	93	629
Accrued liabilities	1	1	-	2
Claims payable (Note 13)	-	476	-	476
Other Debts (Note 7)	45	25	-	70
Total current liabilities	<u>241</u>	<u>843</u>	<u>93</u>	<u>1,177</u>
Non current liabilities:				
Claims payable (Note 13)	-	5,616	-	5,616
Employee Pension GASB68 (Note 11)	2,632	1,712	84	4,428
Other post employment benefits payable (Note 12)	5	3	-	8
Other Debts (Note 7)	169	94	-	263
Total non current liabilities	<u>2,806</u>	<u>7,425</u>	<u>84</u>	<u>10,315</u>
Total liabilities	<u>3,047</u>	<u>8,268</u>	<u>177</u>	<u>11,492</u>
Deferred inflow of resources	<u>610</u>	<u>396</u>	<u>19</u>	<u>1,025</u>
NET POSITION (Note 10)				
Net investment in capital assets	6,330	4	2,004	8,338
Unrestricted	<u>980</u>	<u>5,100</u>	<u>4,830</u>	<u>10,910</u>
Total net position	<u>\$ 7,310</u>	<u>\$ 5,104</u>	<u>\$ 6,834</u>	<u>\$ 19,248</u>

SANTA CLARA VALLEY WATER DISTRICT

Combining Statement of Revenues, Expenses and Change in Fund Net Position

Internal Service Funds
For the Year Ended June 30, 2015
(Dollars in Thousands)

	Equipment	Risk Management	Information Technology	Total
Operating revenues:				
Vehicle service charges	\$ 6,522	\$ -	\$ -	\$ 6,522
Computer equipment use charges	-	-	4,797	4,797
Self-insurance service charges	-	5,080	-	5,080
Total operating revenues	6,522	5,080	4,797	16,399
Operating expenses:				
Administration and general	-	2,778	-	2,778
Equipment maintenance	4,039	-	1,277	5,316
Depreciation and amortization	959	1	378	1,338
Total operating expenses	4,998	2,779	1,655	9,432
Operating Income (loss)	1,524	2,301	3,142	6,967
Nonoperating revenues:				
Investment income (Note 5)	28	88	11	127
Other	162	256	-	418
Total nonoperating revenues	190	344	11	545
Other financing sources (uses)				
Transfer in	-	-	2,900	2,900
Total other financing sources (uses)	-	-	2,900	2,900
Change in net position	1,714	2,645	6,053	10,412
Net position, beginning of year	8,652	4,447	878	13,977
GASB68 adjustment	(3,056)	(1,988)	(97)	(5,141)
Net position, end of year	\$ 7,310	\$ 5,104	\$ 6,834	\$ 19,248

SANTA CLARA VALLEY WATER DISTRICT

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2015

(Dollars in Thousands)

	Equipment	Risk Management	Information Technology	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 6,501	\$ 4,854	\$ 4,797	\$ 16,152
Payments to suppliers	(2,728)	(2,099)	(1,185)	\$ (6,012)
Payments to employees	(1,371)	(1,371)	-	\$ (2,742)
Other receipts	162	256	-	\$ 418
Net cash provided (used) by operating activities	<u>2,564</u>	<u>1,640</u>	<u>3,612</u>	<u>7,816</u>
Cash flows from noncapital financing activities:				
Transfers in from other funds	-	-	2,900	2,900
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>2,900</u>	<u>2,900</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,841)	-	(1,505)	\$ (3,346)
Cash flows from investing activities:				
Interest received on cash and investments	28	88	11	\$ 127
Net increase/(decrease) in cash and cash equivalents	751	1,728	5,018	7,497
Cash and cash equivalents, beginning of year	3,564	11,397	-	\$ 14,961
Cash and cash equivalents, end of year	<u>\$ 4,315</u>	<u>\$ 13,125</u>	<u>\$ 5,018</u>	<u>\$ 22,458</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 1,524	\$ 2,301	\$ 3,142	\$ 6,967
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	959	1	378	1,338
Other receipts	162	256	-	418
Change in operating assets and liabilities:				
Increase (decrease) in accounts receivable	(21)	(226)	-	(247)
Increase in prepaid assets	-	9	-	9
Increase in inventory	(8)	-	-	(8)
Decrease in accounts payable	36	274	-	310
Decrease in accrued liabilities	(2)	1	-	(1)
Decrease/(increase) in claims payable	-	(919)	94	(825)
Decrease/(increase) in GASB68 Retirement payable	(60)	(39)	(2)	(101)
Decrease in other post employment benefits and compensated absences	(26)	(18)	-	(44)
Net cash used for operating activities	<u>\$ 2,564</u>	<u>\$ 1,640</u>	<u>\$ 3,612</u>	<u>\$ 7,816</u>

SANTA CLARA VALLEY WATER DISTRICT

Schedule of Revenues, Expenses and Change in Fund Net Position - Budget and Actual Internal Service Funds For the Year Ended June 30, 2015 (Dollars in Thousands)

	Equipment			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment income	\$ 10	\$ 10	\$ 28	\$ 18
Vehicle service charges	6,522	6,522	6,522	-
Computer equipment use charges	-	-	-	-
Gain on sale of fixed assets	80	80	162	82
Self-insurance service charges	-	-	-	-
Other	-	-	-	-
Total revenues	<u>6,612</u>	<u>6,612</u>	<u>6,712</u>	<u>100</u>
Expenditures:				
Current:				
Operations and operating projects	4,273	4,273	3,659	614
Capital equipment acquisition	2,207	2,207	1,301	906
Total expenditures	<u>6,480</u>	<u>6,480</u>	<u>4,960</u>	<u>1,520</u>
Excess (deficiency) of revenues over (under) expenditures	<u>132</u>	<u>132</u>	<u>1,752</u>	<u>1,620</u>
Other financing sources (uses):				
Transfer in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing resources over (under) expenditures and other financial uses	<u>\$ 132</u>	<u>\$ 132</u>	<u>1,752</u>	<u>\$ 1,620</u>
Reconciliation of GAAP and budgetary basis:				
Depreciation and amortization expense not budgeted			(959)	
Capitalized expenditures			1,841	
GAAP basis expenses and other liabilities			-	
GASB68 adjustment to F/B			(3,056)	
Expenditures of prior year encumbrances recognized on the GAAP basis:				
Operations and operating projects			-	
Capital improvement projects			(1,262)	
Current year encumbrances recognized on the budgetary basis:				
Operations and operating projects			179	
Capital improvement projects			163	
Net position, beginning of year			<u>8,652</u>	
Net position, end of year			<u>\$ 7,310</u>	

Risk Management				Information Technology			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 54	\$ 54	\$ 88	\$ 34	\$ -	\$ -	\$ 11	\$ 11
-	-	-	-	-	-	-	-
-	-	-	-	4,766	4,766	4,797	31
-	-	-	-	-	-	-	-
5,243	5,243	5,080	(163)	-	-	-	-
-	-	256	256	-	-	-	-
<u>5,297</u>	<u>5,297</u>	<u>5,424</u>	<u>127</u>	<u>4,766</u>	<u>4,766</u>	<u>4,808</u>	<u>42</u>
5,484	5,484	3,710	1,774	-	-	-	-
-	-	-	-	4,740	7,639	2,930	4,709
<u>5,484</u>	<u>5,484</u>	<u>3,710</u>	<u>1,774</u>	<u>4,740</u>	<u>7,639</u>	<u>2,930</u>	<u>4,709</u>
(187)	(187)	1,714	1,901	26	(2,873)	1,878	4,751
-	-	-	-	-	2,900	2,900	-
-	-	-	-	-	2,900	2,900	-
<u>\$ (187)</u>	<u>\$ (187)</u>	1,714	<u>\$ 1,901</u>	<u>\$ 26</u>	<u>\$ 27</u>	4,778	<u>\$ 4,751</u>
		(1)				(378)	
		-				1,505	
		(9)				-	
		(1,988)				(97)	
		902				-	
		-				(2)	
		39				-	
		-				150	
		<u>4,447</u>				<u>878</u>	
		<u>\$ 5,104</u>				<u>\$ 6,834</u>	

SANTA CLARA VALLEY WATER DISTRICT

Schedule of Revenues, Expenses and Change in Fund Net Position - Budget and Actual Internal Service Funds For the Year Ended June 30, 2015 (Dollars in Thousands)

	Total			Variance with
	Original Budget	Final Budget	Budgetary Basis Actual	Final Budget Positive (Negative)
Revenues:				
Investment income	\$ 64	\$ 64	\$ 127	\$ 63
Vehicle service charges	6,522	6,522	6,522	-
Computer equipment use charges	4,766	4,766	4,797	31
Gain on sale of fixed assets	80	80	162	82
Self-insurance service charges	5,243	5,243	5,080	(163)
Other	-	-	256	256
Total revenues	<u>16,675</u>	<u>16,675</u>	<u>16,944</u>	<u>269</u>
Expenditures:				
Current:				
Operations and operating projects	9,757	9,757	7,369	2,388
Capital equipment acquisition	6,947	9,846	4,231	5,615
Total expenditures	<u>16,704</u>	<u>19,603</u>	<u>11,600</u>	<u>8,003</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29)</u>	<u>(2,928)</u>	<u>5,344</u>	<u>8,272</u>
Other financing sources (uses):				
Transfer in	-	2,900	2,900	-
Total other financing sources (uses)	<u>-</u>	<u>2,900</u>	<u>2,900</u>	<u>-</u>
Excess (deficiency) of revenues and other financing resources over (under) expenditures and other financial uses	<u>\$ (29)</u>	<u>\$ (28)</u>	<u>8,244</u>	<u>\$ 8,272</u>
Reconciliation of GAAP and budgetary basis:				
Depreciation and amortization expense not budgeted			(1,338)	
Capitalized expenditures			3,346	
GAAP basis expenses and other liabilities			(9)	
GASB68 adjustment to F/B			(5,141)	
Expenditures of prior year encumbrances recognized on the GAAP basis:				
Operations and operating projects			902	
Capital improvement projects			(1,264)	
Current year encumbrances recognized on the budgetary basis:				
Operations and operating projects			218	
Capital improvement projects			313	
Net position, beginning of year			<u>13,977</u>	
Net position, end of year			<u>\$ 19,248</u>	

Agency Funds

Agency funds are used to account for assets held by the District in a fiduciary capacity as an agent for individuals, private organizations, other governments and/or other funds.

Deposit Fund - The fund is used to account for the collection and payment of expenditures for funds held in trust for specific restricted purposes.

SANTA CLARA VALLEY WATER DISTRICT
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015
(Dollars in Thousands)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Deposit Fund</u>				
Assets:				
Cash and investments (Note 3)	\$ 193	\$ 59	\$ 51	\$ 201
Total assets	<u>\$ 193</u>	<u>\$ 59</u>	<u>\$ 51</u>	<u>\$ 201</u>
Liabilities:				
Accounts payable	\$ -	\$ 24	\$ 24	\$ -
Deposits payable	193	58	50	201
Total liabilities	<u>\$ 193</u>	<u>\$ 82</u>	<u>\$ 74</u>	<u>\$ 201</u>

Capital Assets Used in the Operation of Governmental Activities

Capital assets consist of land, improvements to land, buildings, equipment and intangibles that are used in operations and that have initial useful lives extending beyond a single reporting period.

SANTA CLARA VALLEY WATER DISTRICT
Capital Assets Used in the Operation of Governmental Activities
Schedule By Source
June 30, 2015
(Dollars in Thousands)

Governmental activities capital assets:

Land	\$ 163,284
Buildings	42,007
Structures and improvements	758,720
Equipment	42,895
Construction in process	314,081
Intangibles	
Easements	6,769
Computer Software	2,286
Total governmental funds capital assets	<u><u>\$ 1,330,042</u></u>

Investments in governmental activities capital assets by source:

General fund	\$ 88,685
Special revenue funds:	
Watershed & Stream Stewardship	1,011,051
Safe, Clean Water & Natural Flood Protection	208,590
Internal service funds	21,716
Total governmental funds capital assets	<u><u>\$ 1,330,042</u></u>

SANTA CLARA VALLEY WATER DISTRICT
Capital Assets Used in the Operation of Governmental Activities
Schedule By Function and Activity
June 30, 2015
(Dollars in Thousands)

	Function and Activity	Land	Buildings	Structures and Improvements	Equipment	Construction in Progress	Easements	Intangibles Software	Total
100	CEO Support Operations								
102	Chief Executive Office	\$ -	\$ -	\$ -	\$ 379	\$ -	\$ -	\$ -	\$ 379
130	Public Affairs	-	-	-	17	-	-	-	17
200	Watershed Operations								
210	Chief Operating Office	-	-	-	5,118	-	-	-	5,118
210	Watershed Management Division								
215	Watershed Business Management	-	-	-	107	-	-	-	107
230	Watershed Planning	-	-	-	38	-	-	-	38
250	Lower Peninsula/West Valley Mgmt.	-	-	-	98	-	-	-	98
270	Guadalupe Watershed Mgmt.	-	-	-	415	-	-	-	415
290	Coyote & Uvas/Llagas Mgmt.	-	-	-	28	-	-	-	28
310	Capital Program Services Division								
340	Capital Program Services Departments	-	-	-	329	-	-	-	329
410	Water Utility Enterprise Operations								
410	Chief Operating Office	-	-	-	139	-	-	-	139
420	Water Utility Enterprise	-	-	-	216	-	-	-	216
600	Administration								
602	Chief Administrative Office	-	-	-	230	-	-	-	230
670	Financial Services Division								
610	Office of Administrative Services	-	-	-	52	-	-	-	52
670	Business And Finance Program	-	-	-	1,670	-	-	-	1,670
710	Information Management Division								
715	Information Management Division	-	-	-	194	-	-	-	194
720	Information Mgmt. Support Departments	-	-	-	6,525	-	-	-	6,525
810	General Services Division								
815	Technical Services Division	-	-	-	12	-	-	-	12
820	Technical Services Support Division	-	-	-	1,161	-	-	-	1,161
765	Records and Library	-	-	-	168	-	-	-	168
820	Warehouse Services	-	-	-	5,643	-	-	-	5,643
885	Equipment Management	-	-	-	10,526	-	-	-	10,526
910	Human Resources Program								
660	Human Resources Program	-	-	-	61	-	-	-	61
	Other:								
	District-wide property	163,284	42,007	758,720	9,769	314,081	6,769	2,286	1,296,916
	Total capital assets	<u>\$ 163,284</u>	<u>\$ 42,007</u>	<u>\$ 758,720</u>	<u>\$ 42,895</u>	<u>\$ 314,081</u>	<u>\$ 6,769</u>	<u>\$ 2,286</u>	<u>\$ 1,330,042</u>

SANTA CLARA VALLEY WATER DISTRICT
Capital Assets Used in the Operation of Governmental Activities
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2015
(Dollars in Thousands)

Function and Activity	Governmental Capital Assets June 30, 2014	Additions	Deductions	Governmental Capital Assets June 30, 2015
CEO Support Operations				
Chief Executive Office	\$ 379	\$ -	\$ -	\$ 379
Public Affairs	17	-	-	17
Watershed Operations				
Chief Operating Office	5,115	3	-	5,118
Watershed Management Division				
Watershed Business Management	107	-	-	107
Watershed Planning	38	-	-	38
Lower Peninsula/West Valley Mgmt.	98	-	-	98
Guadalupe Watershed Mgmt.	415	-	-	415
Coyote & Uvas/Llagas Mgmt.	28	-	-	28
Capital Program Services Division				
Capital Program Services Departments	329	-	-	329
Water Utility Enterprise Operations				
Chief Operating Office	139	-	-	139
Water Utility Enterprise	216	-	-	216
Administration				
Chief Administrative Office	230	-	-	230
Financial Services Division				
Office of Administrative Services	52	-	-	52
Business And Finance Program	1,643	27	-	1,670
Information Management Division				
Information Management Division	194	-	-	194
Information Mgmt. Support Departments	5,020	1,505	-	6,525
General Services Division				
Technical Services Division	12	-	-	12
Technical Services Support Division	1,024	137	-	1,161
Records and Library	168	-	-	168
Warehouse Services	5,643	-	-	5,643
Equipment Management	8,696	1,830	-	10,526
Human Resources Program				
Human Resources Program	61	-	-	61
Other:				
District-wide property	1,250,373	46,970	(427)	1,296,916
	<u>\$ 1,279,997</u>	<u>\$ 50,472</u>	<u>\$ (427)</u>	<u>\$ 1,330,042</u>

SANTA CLARA VALLEY WATER DISTRICT

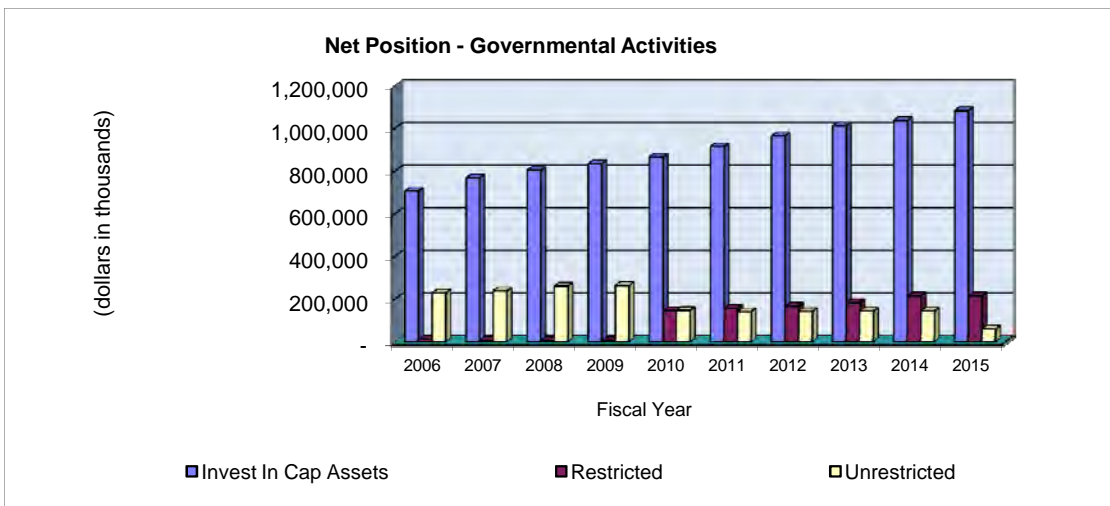
Statistical Section

This part of the District's comprehensive annual financial statement report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	130
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, water sales.	138
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	145
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	150
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	152

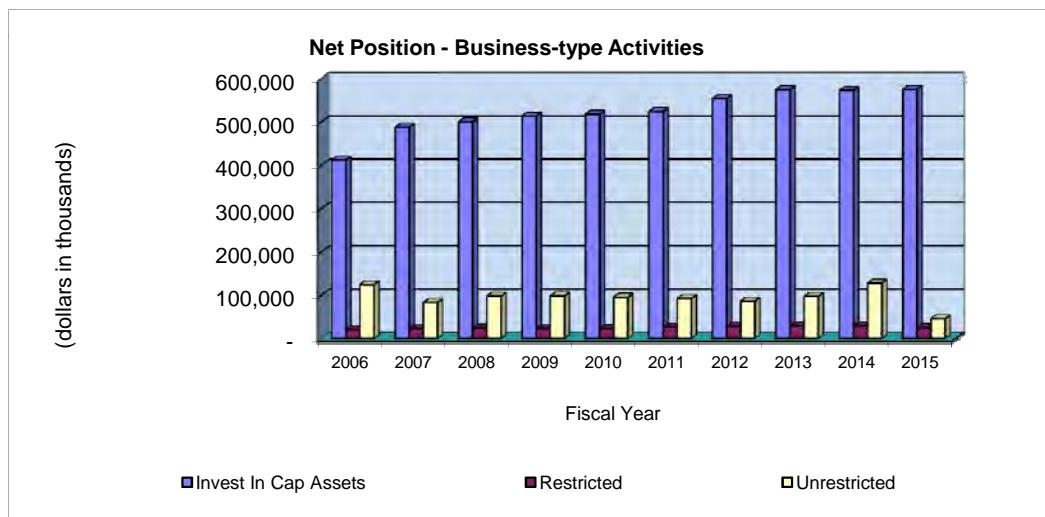
Santa Clara Valley Water District
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

	2006	2007	2008	2009
Governmental activities				
Net Investment in capital assets	\$ 706,201	\$ 768,503	\$ 803,594	\$ 834,814
Restricted	11,447	6,519	5,482	5,502
Unrestricted	228,844	238,292	260,865	264,074
Total governmental activities net position	\$ 946,492	\$ 1,013,314	\$ 1,069,941	\$ 1,104,390
Business-type activities				
Net Investment in capital assets	\$ 412,458	\$ 487,993	\$ 500,821	\$ 514,102
Restricted	21,256	22,729	24,011	22,824
Unrestricted	124,540	83,380	98,098	98,288
Total business-type activities net position	\$ 558,254	\$ 594,102	\$ 622,930	\$ 635,214
Primary government				
Net Investment in capital assets	\$ 1,118,659	\$ 1,256,496	\$ 1,304,415	\$ 1,348,916
Restricted	32,703	29,248	29,493	28,326
Unrestricted	353,384	321,672	358,963	362,362
Total primary government net position	\$ 1,504,746	\$ 1,607,416	\$ 1,692,871	\$ 1,739,604



Source: Santa Clara Valley Water District, General Accounting Unit

2010	2011	2012	2013	2014	2015
\$ 866,291	\$ 915,118	\$ 964,394	\$ 1,011,082	\$ 1,036,853	\$ 1,083,371
145,370	157,221	166,845	182,760	214,652	214,991
146,800	141,640	142,289	143,971	144,210	60,731
<u>\$ 1,158,461</u>	<u>\$ 1,213,979</u>	<u>\$ 1,273,528</u>	<u>\$ 1,337,813</u>	<u>\$ 1,395,715</u>	<u>\$ 1,359,093</u>
\$ 518,237	\$ 524,557	\$ 554,316	\$ 575,683	\$ 573,410	\$ 575,873
22,944	26,824	28,082	30,131	30,019	25,686
95,656	92,661	86,716	97,652	127,889	45,830
<u>\$ 636,837</u>	<u>\$ 644,042</u>	<u>\$ 669,114</u>	<u>\$ 703,466</u>	<u>\$ 731,318</u>	<u>\$ 647,389</u>
\$ 1,384,528	\$ 1,439,675	\$ 1,518,710	\$ 1,586,765	\$ 1,610,263	\$ 1,655,344
168,314	184,045	194,927	212,891	244,671	244,688
242,456	234,301	229,005	241,623	272,099	106,561
<u>\$ 1,795,298</u>	<u>\$ 1,858,021</u>	<u>\$ 1,942,642</u>	<u>\$ 2,041,279</u>	<u>\$ 2,127,033</u>	<u>\$ 2,006,593</u>



Santa Clara Valley Water District
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

	2006	2007	2008
Expenses			
Governmental activities:			
General government:	\$ 7,149	\$ 9,065	\$ 11,617
Watersheds	48,406	47,604	47,676
Interest on long-term debt	9,344	8,746	8,503
Total governmental activities expenses	<u>64,899</u>	<u>65,415</u>	<u>67,796</u>
Business-type activities:			
Water enterprise	137,846	129,374	141,889
Total primary government expenses	<u>\$ 202,745</u>	<u>\$ 194,789</u>	<u>\$ 209,685</u>
Program Revenues			
Governmental activities:			
Capital grants and contributions	\$ 24,613	\$ 24,844	\$ 21,869
Business-type activities:			
Charges for services	108,009	125,234	135,477
Operating grants and contributions	1,269	2,818	2,437
Capital grants and contributions	1,407	105	708
Total business-type activities program revenues	<u>110,685</u>	<u>128,157</u>	<u>138,622</u>
Total primary government program revenues	<u>\$ 135,298</u>	<u>\$ 153,001</u>	<u>\$ 160,491</u>
 Net (expense)/revenue			
Governmental activities	\$ (40,286)	\$ (40,571)	\$ (45,927)
Business-type activities	(27,161)	(1,217)	(3,267)
Total primary government net expense	<u>\$ (67,447)</u>	<u>\$ (41,788)</u>	<u>\$ (49,194)</u>
 General Revenues and Other Changes in Net Position			
Governmental activities:			
Property taxes	\$ 50,923	\$ 78,801	\$ 83,417
Unrestricted investment earnings	6,616	12,802	15,736
Miscellaneous	2,136	2,392	2,003
Transfers	487	2,429	1,398
Total governmental activities	<u>60,162</u>	<u>96,424</u>	<u>102,554</u>
Business-type activities:			
Property taxes	19,338	21,491	22,945
Unrestricted investment earnings	3,086	6,401	9,556
Miscellaneous	3,223	3,469	992
Transfers	(487)	(2,429)	(1,398)
Total business-type activities	<u>\$ 25,160</u>	<u>\$ 28,932</u>	<u>\$ 32,095</u>
 Change in Net Position			
Governmental activities	\$ 19,876	\$ 55,853	\$ 56,627
Business-type activities	(2,001)	27,715	28,828
Total primary government	<u>\$ 17,875</u>	<u>\$ 83,568</u>	<u>\$ 85,455</u>

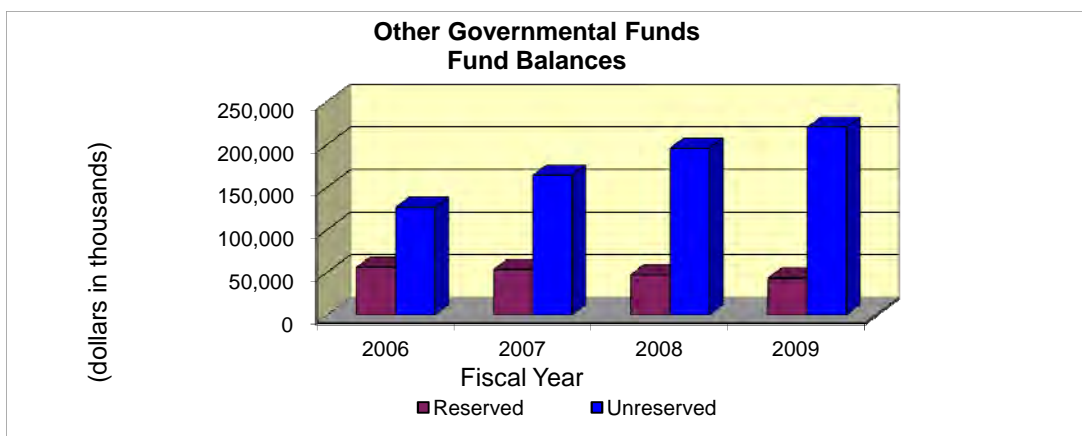
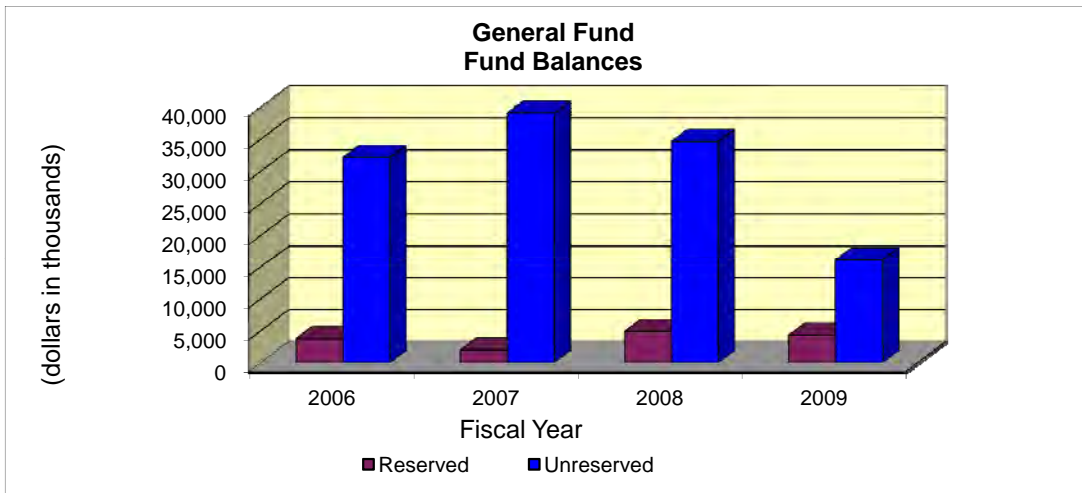
Source: Santa Clara Valley Water District, General Accounting Unit

2009	2010	2011	2012	2013	2014	2015
\$ 12,602	\$ 9,317	\$ 9,954	\$ 5,408	\$ 6,404	\$ 6,916	\$ 20,399
45,440	51,841	54,562	50,292	51,735	61,302	56,758
8,269	7,841	7,476	7,034	7,971	6,116	5,753
<u>66,311</u>	<u>68,999</u>	<u>71,992</u>	<u>62,734</u>	<u>66,110</u>	<u>74,334</u>	<u>82,910</u>
168,753	155,145	155,389	158,888	161,609	173,767	186,281
<u>\$ 235,064</u>	<u>\$ 224,144</u>	<u>\$ 227,381</u>	<u>\$ 221,622</u>	<u>\$ 227,719</u>	<u>\$ 248,101</u>	<u>\$ 269,191</u>
\$ 20,072	\$ 23,690	\$ 38,578	\$ 32,611	\$ 34,935	\$ 25,761	\$ 17,822
136,356	120,264	121,347	141,783	155,718	172,374	154,819
3,923	1,696	1,458	1,111	980	1,232	2,149
-	1,602	10,443	11,803	4,610	3,532	847
<u>140,279</u>	<u>123,562</u>	<u>133,248</u>	<u>154,697</u>	<u>161,308</u>	<u>177,138</u>	<u>157,815</u>
<u>\$ 160,351</u>	<u>\$ 147,252</u>	<u>\$ 171,826</u>	<u>\$ 187,308</u>	<u>\$ 196,243</u>	<u>\$ 202,899</u>	<u>\$ 175,637</u>
\$ (46,239)	\$ (45,309)	\$ (33,414)	\$ (30,123)	\$ (31,175)	\$ (48,573)	\$ (65,088)
(28,474)	(31,583)	(22,141)	(4,191)	(301)	3,371	(28,466)
<u>\$ (74,713)</u>	<u>\$ (76,892)</u>	<u>\$ (55,555)</u>	<u>\$ (34,314)</u>	<u>\$ (31,476)</u>	<u>\$ (45,202)</u>	<u>\$ (93,554)</u>
\$ 87,425	\$ 86,852	\$ 86,217	\$ 88,247	\$ 92,746	\$ 100,568	\$ 107,643
12,897	7,098	3,337	2,253	3,509	3,777	3,728
3,457	5,161	2,189	2,453	2,934	2,568	3,013
(6,539)	269	(2,811)	(3,281)	(3,729)	272	11,406
<u>97,240</u>	<u>99,380</u>	<u>88,932</u>	<u>89,672</u>	<u>95,460</u>	<u>107,185</u>	<u>125,790</u>
21,372	24,241	23,181	22,327	24,200	26,989	27,701
8,245	3,787	1,779	1,082	1,163	1,624	1,621
4,602	5,447	1,575	2,573	5,561	3,283	3,113
6,539	(269)	2,811	3,281	3,729	(272)	(11,406)
<u>\$ 40,758</u>	<u>\$ 33,206</u>	<u>\$ 29,346</u>	<u>\$ 29,263</u>	<u>\$ 34,653</u>	<u>\$ 31,624</u>	<u>\$ 21,029</u>
\$ 51,001	\$ 54,071	\$ 55,518	\$ 59,549	\$ 64,285	\$ 58,612	\$ 60,702
12,284	1,623	7,205	25,072	34,352	34,995	(7,437)
<u>\$ 63,285</u>	<u>\$ 55,694</u>	<u>\$ 62,723</u>	<u>\$ 84,621</u>	<u>\$ 98,637</u>	<u>\$ 93,607</u>	<u>\$ 53,265</u>

Santa Clara Valley Water District
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

Data prior to GASB 54 implementation

	2006	2007	2008	2009
General Fund				
Reserved	\$ 3,742	\$ 1,942	\$ 4,848	\$ 4,257
Unreserved	32,131	39,073	34,581	16,117
Total general fund	<u>\$ 35,873</u>	<u>\$ 41,015</u>	<u>\$ 39,429</u>	<u>\$ 20,374</u>
All other governmental funds				
Reserved, reported in:				
Special revenue funds	\$ 26,232	\$ 18,709	\$ 21,091	\$ 21,897
Capital project fund	14,609	24,867	17,729	12,618
Debt service fund	14,964	9,660	8,569	8,623
Unreserved, reported in:				
Special revenue funds	126,304	164,002	195,721	220,252
Capital project fund	-	-	-	-
Total all other governmental funds	<u>\$ 182,109</u>	<u>\$ 217,238</u>	<u>\$ 243,110</u>	<u>\$ 263,390</u>

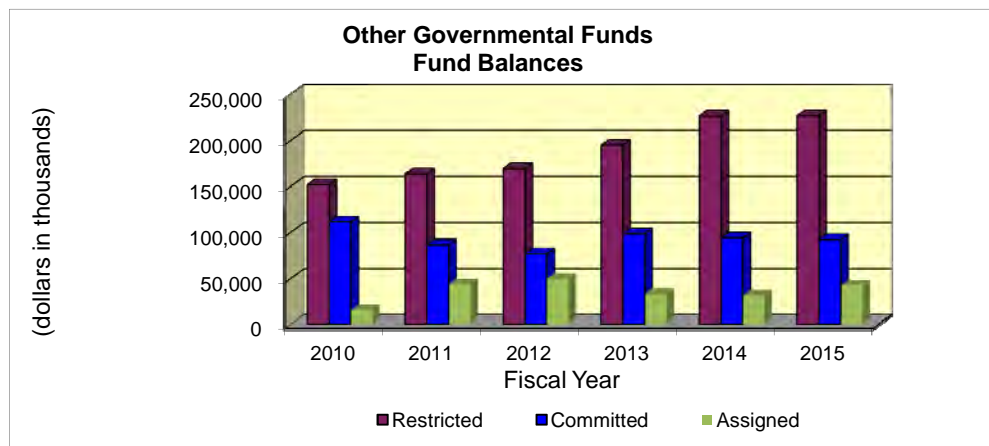
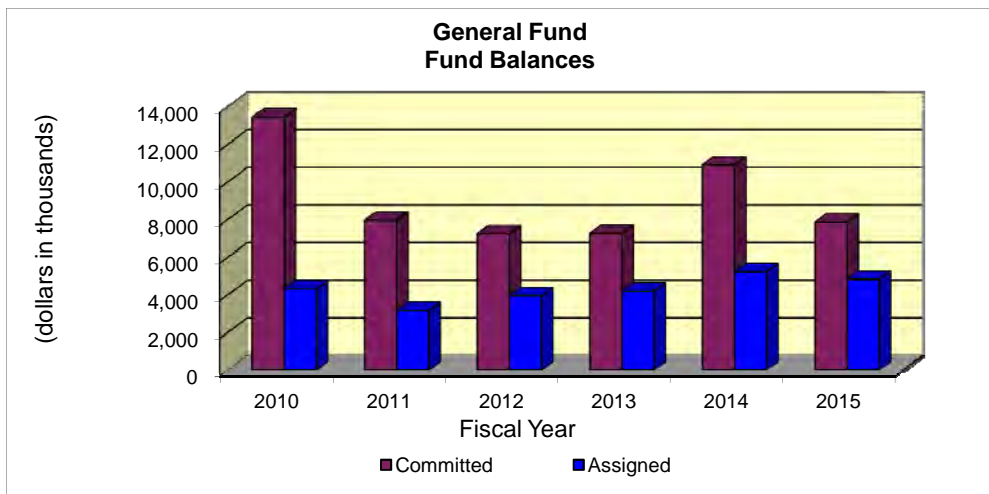


Source: Santa Clara Valley Water District, General Accounting Unit

Santa Clara Valley Water District
Fund Balances of Governmental Funds (continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

Data incorporating GASB 54 implementation

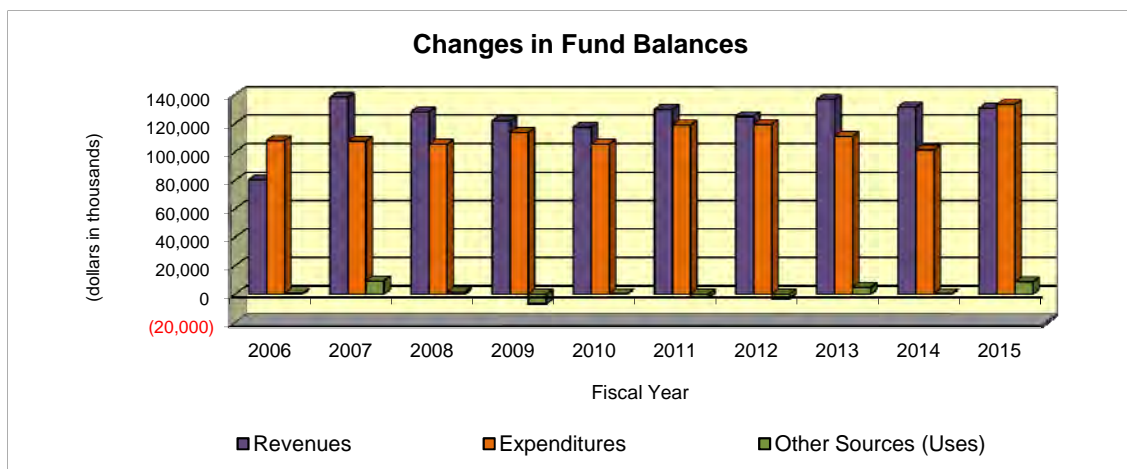
	Restated 2010	Restated 2011	2012	2013	2014	2015
General Fund						
Committed	\$ 13,429	\$ 7,945	\$ 7,244	\$ 7,257	\$ 10,882	\$ 7,842
Assigned	4,308	3,157	3,941	4,187	5,210	4,809
Total general fund	<u>\$ 17,737</u>	<u>\$ 11,102</u>	<u>\$ 11,185</u>	<u>\$ 11,444</u>	<u>\$ 16,092</u>	<u>\$ 12,651</u>
All other governmental funds						
Restricted	\$ 151,614	\$ 163,372	\$ 169,294	\$ 194,662	\$ 226,493	\$ 226,770
Committed	111,338	86,183	76,465	98,134	93,683	91,817
Assigned	15,215	43,486	49,510	32,815	31,076	41,916
Total all other governmental funds	<u>\$ 278,167</u>	<u>\$ 293,041</u>	<u>\$ 295,269</u>	<u>\$ 325,611</u>	<u>\$ 351,252</u>	<u>\$ 360,503</u>



Source: Santa Clara Valley Water District, General Accounting Unit

Santa Clara Valley Water District
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

	2006	2007	2008	2009
Revenues				
Property taxes	\$ 50,923	\$ 78,801	\$ 83,417	\$ 87,425
Benefit assessments	19,212	19,213	17,866	19,255
Use of money and property:				
Investment income	6,360	11,442	14,259	11,475
Rental	1,533	1,480	1,309	1,300
Reimbursement of capital costs	1,765	26,784	10,533	1,311
Other	584	482	650	1,012
Total Revenues	80,377	138,202	128,034	121,778
Expenditures				
Operations and operating project	41,707	46,021	47,216	57,710
Capital improvement projects	49,685	43,943	41,384	39,188
Debt Service:				
Payment to refunded bond escrow agent	-	667	-	-
Principal repayment	7,380	7,690	8,600	8,715
Interest and fiscal charges	9,133	8,840	7,946	7,931
Total expenditures	107,905	107,161	105,146	113,544
Excess of revenues over (under) expenditures	(27,528)	31,041	22,888	8,234
Other financing sources (uses)				
Transfers in	34,607	27,312	31,322	32,604
Transfers out	(34,105)	(24,590)	(29,924)	(39,613)
Proceeds from issuance of debt	-	78,780	-	-
Payment to refunded bond escrow agent	-	(76,478)	-	-
Net original issue premium	-	4,206	-	-
Total other financing sources (uses)	502	9,230	1,398	(7,009)
Net change in fund balances	\$ (27,026)	\$ 40,271	\$ 24,286	\$ 1,225
Debt service as a percentage of non-capital expenditures	26.2%	27.1%	26.0%	22.2%

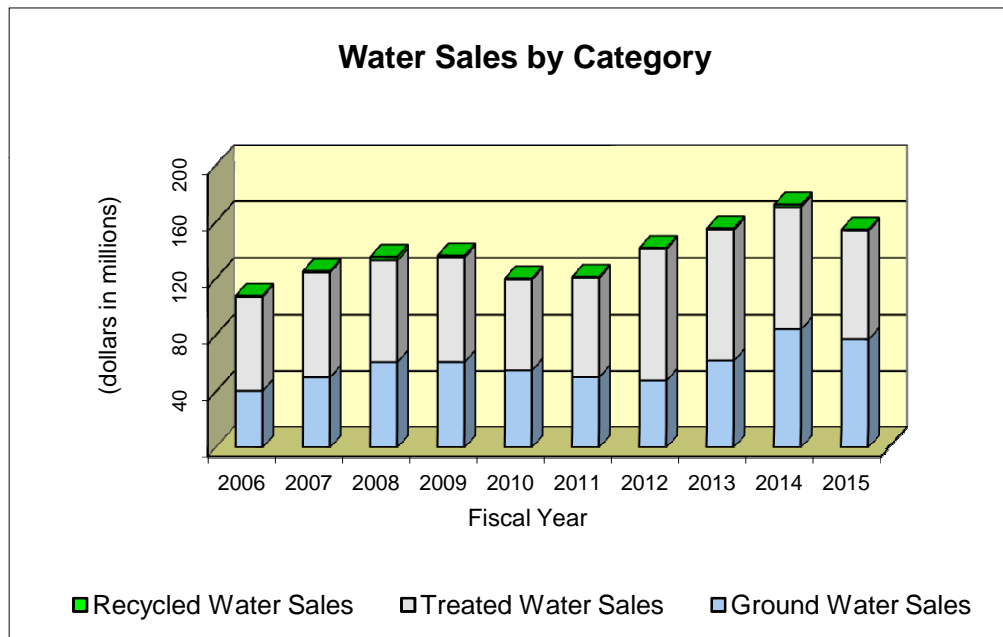


Source: Santa Clara Valley Water District, General Accounting Unit

2010	2011	2012	2013	2014	2015
\$ 82,372	\$ 86,217	\$ 88,247	\$ 97,226	\$ 100,568	\$ 107,643
19,226	19,091	19,131	19,178	16,143	16,074
6,565	2,860	1,621	1,785	2,556	2,505
1,312	1,388	1,416	1,423	1,609	1,684
4,480	19,487	13,480	15,757	9,618	1,748
3,167	701	922	1,415	728	911
<u>117,122</u>	<u>129,744</u>	<u>124,817</u>	<u>136,784</u>	<u>131,222</u>	<u>130,565</u>
46,998	53,778	51,353	49,198	50,426	65,425
41,727	48,478	51,394	44,809	36,866	53,984
-	-	-	-	-	-
9,045	9,280	9,720	10,935	8,055	8,355
7,509	7,158	6,758	5,919	5,858	5,497
<u>105,279</u>	<u>118,694</u>	<u>119,225</u>	<u>110,861</u>	<u>101,205</u>	<u>133,261</u>
<u>11,843</u>	<u>11,050</u>	<u>5,592</u>	<u>25,923</u>	<u>30,017</u>	<u>(2,696)</u>
30,589	20,950	24,375	21,190	34,362	30,054
(30,292)	(23,761)	(27,656)	(24,919)	(34,090)	(21,548)
-	-	-	52,955	-	-
-	-	-	(53,495)	-	-
-	-	-	8,947	-	-
<u>297</u>	<u>(2,811)</u>	<u>(3,281)</u>	<u>4,678</u>	<u>272</u>	<u>8,506</u>
<u>\$ 12,140</u>	<u>\$ 8,239</u>	<u>\$ 2,311</u>	<u>\$ 30,601</u>	<u>\$ 30,289</u>	<u>\$ 5,810</u>
25.6%	23.2%	23.0%	25.7%	18.8%	13.0%

Santa Clara Valley Water District
Water Sales by Category
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Ground Water Sales	Treated Water Sales	Surface & Recycled Water Sales	Total Water Sales
2006	\$ 40,675	\$ 66,614	\$ 720	\$ 108,009
2007	50,251	74,165	818	125,234
2008	60,998	71,879	2,600	135,477
2009	61,103	74,012	1,241	136,356
2010	55,189	64,157	918	120,264
2011	50,384	70,135	828	121,347
2012	48,030	92,904	849	141,783
2013	62,084	92,359	1,275	155,718
2014	84,308	86,386	1,680	172,374
2015	77,095	76,799	925	154,819



Source: Santa Clara Valley Water District, Wells & Water Production Unit

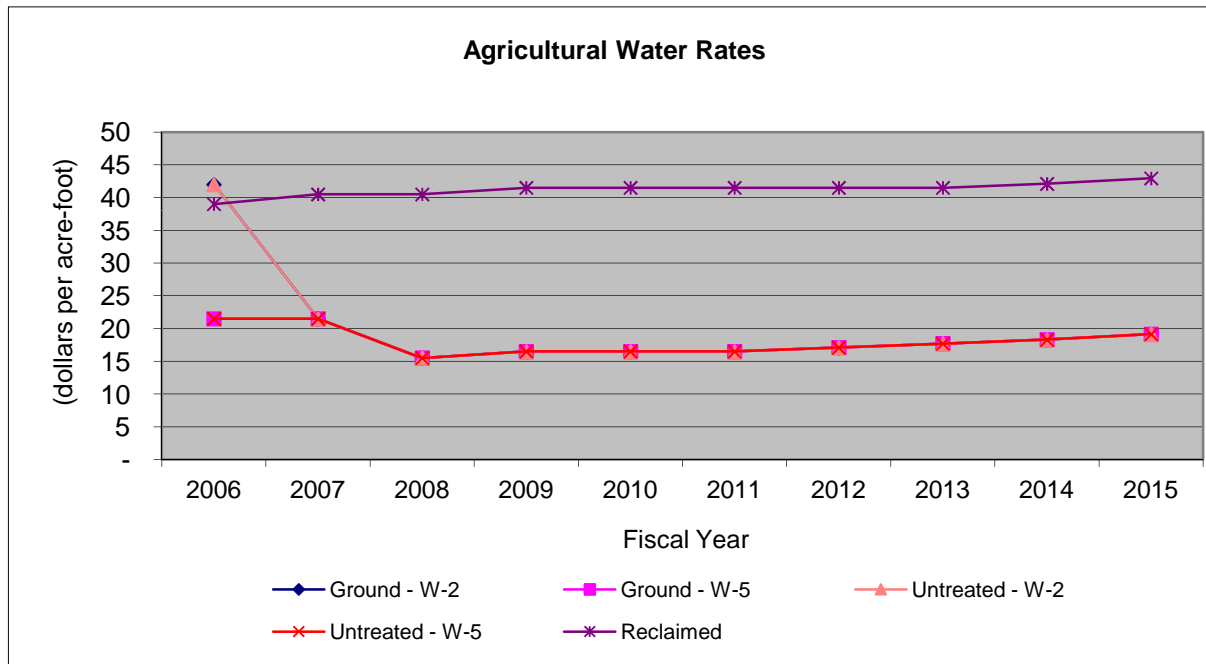
Santa Clara Valley Water District
Principal Water Sales Customers
Current year and Nine years ago
(dollars in thousands)

Water Customer	Fiscal Year 2015			Fiscal Year 2006		
	Water Sales	Rank	Percent of Total Water Sales	Water Sales	Rank	Percent of Total Water Sales
San Jose Water Company	\$ 88,812	1	57.37%	\$ 60,079	1	55.62%
City of Santa Clara	12,843	2	8.30%	8,196	2	7.59%
City of San Jose	10,712	3	6.92%	8,176	3	7.57%
California Water Service Co.	9,456	4	6.11%	6,943	4	6.43%
City of Sunnyvale	7,241	5	4.68%	5,724	5	5.30%
Great Oaks Water Company	5,753	6	3.72%	4,623	6	4.28%
City of Milpitas	3,012	7	1.95%	2,089	7	1.93%
City of Gilroy	2,427	8	1.57%	1,860	8	1.72%
City of Cupertino	2,388	9	1.54%	1,677	10	1.55%
City of Morgan Hill	2,171	10	1.40%	1,701	9	1.57%
Total	<u>\$ 144,815</u>		<u>93.56%</u>	<u>\$ 101,068</u>		<u>93.56%</u>
Total Water Sales	<u>\$ 154,819</u>			<u>\$ 108,009</u>		

Source: Santa Clara Valley Water District, Revenue Management Unit

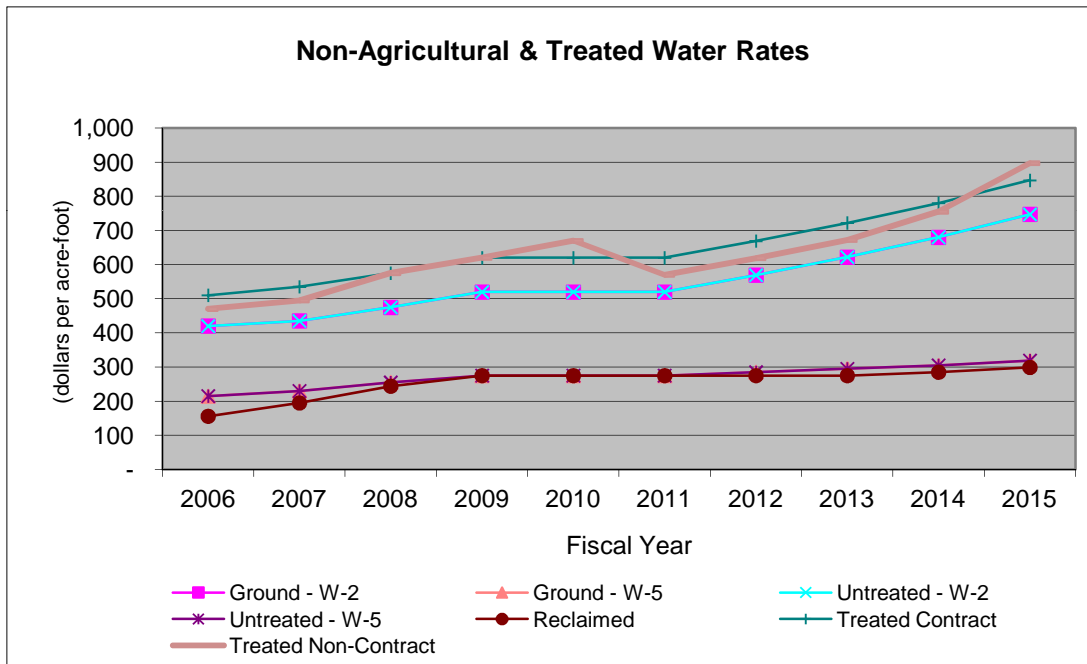
Santa Clara Valley Water District
Water Enterprise Rates Summary
Last Ten Fiscal Years
(rates in dollars per acre-foot)

Fiscal Year	Groundwater Rates				Treated Water Rates	
	Zone W-2		Zone W-5		Contract	Non Contract
	AG	Non-AG	AG	Non-AG		
2006	\$ 42.00	\$ 420.00	\$ 21.50	\$ 215.00	\$ 510.00	\$ 470.00
2007	21.50	435.00	21.50	230.00	535.00	495.00
2008	15.50	475.00	15.50	255.00	575.00	575.00
2009	16.50	520.00	16.50	275.00	620.00	620.00
2010	16.50	520.00	16.50	275.00	620.00	670.00
2011	16.50	520.00	16.50	275.00	620.00	570.00
2012	17.10	569.00	17.10	285.00	669.00	619.00
2013	17.70	622.00	17.70	295.00	722.00	672.00
2014	18.30	680.00	18.30	305.00	780.00	755.00
2015	19.14	747.00	19.14	319.00	847.00	897.00



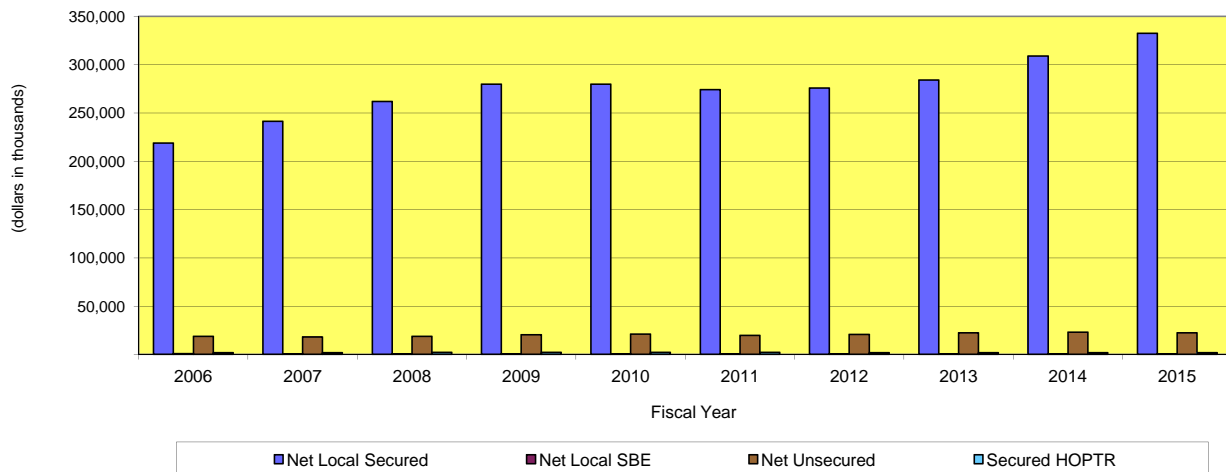
Source: Santa Clara Valley Water District, Wells & Water Production Unit

Untreated Water Rates				Reclaimed Water Rates	
Zone W-2		Zone W-5		AG	Non-AG
AG	Non-AG	AG	Non-AG		
\$ 42.00	\$ 420.00	\$ 21.50	\$ 215.00	\$ 39.00	\$ 156.00
21.50	435.00	21.50	230.00	40.50	195.00
15.50	475.00	15.50	255.00	40.50	244.00
16.50	520.00	16.50	275.00	41.50	275.00
16.50	520.00	16.50	275.00	41.50	275.00
16.50	520.00	16.50	275.00	41.50	275.00
17.10	569.00	17.10	285.00	41.50	275.00
17.70	622.00	17.70	295.00	41.50	275.00
18.30	680.00	18.30	305.00	42.10	285.00
19.14	747.00	19.14	319.00	42.94	299.00



Santa Clara Valley Water District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(dollars in thousands)

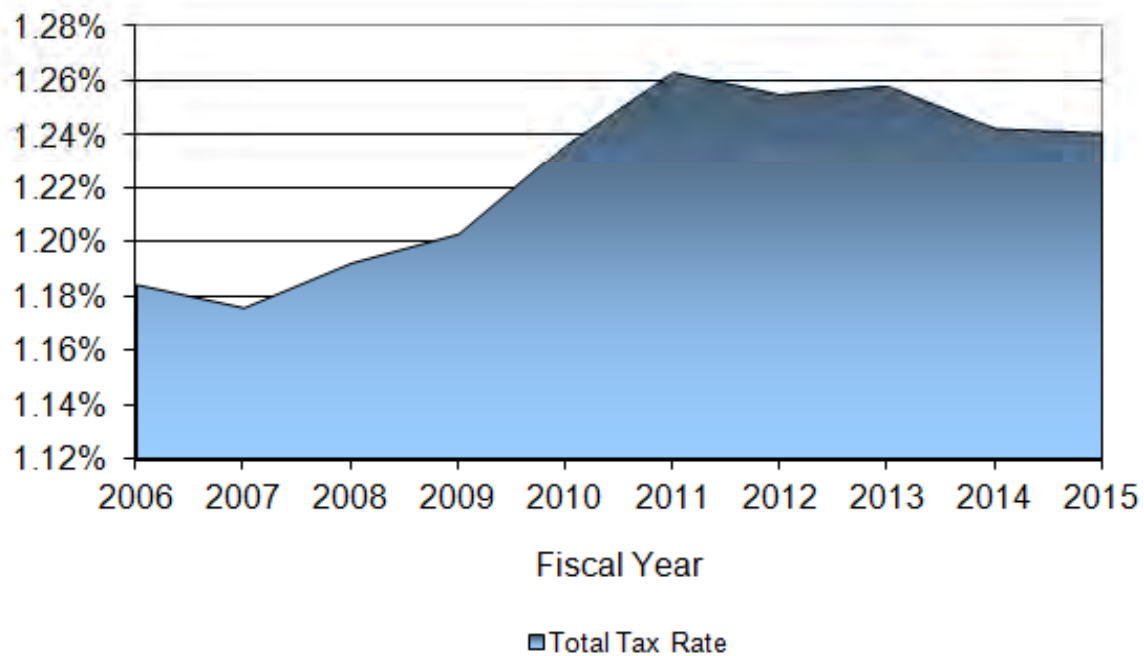
Fiscal Year	Exempt Valuation							District Direct Rate	Total District Direct Tax	
	Net Local		Total	Net	Secured		Total			
	Secured	SBE			Secured	Unsecured				HOPTR
					(a)	(b)		(d)	(c x d)	
2006	\$	218,911,222	\$ 713,130	\$ 219,624,352	\$ 18,802,938	\$ 238,427,290	\$ 1,956,373	\$ 240,383,663	0.0078%	\$ 18,749.93
2007		241,363,008	587,685	241,950,693	17,998,934	259,949,627	1,963,081	261,912,708	0.0072%	18,857.71
2008		261,930,112	537,968	262,468,080	18,578,048	281,046,128	1,992,833	283,038,961	0.0071%	20,095.77
2009		279,767,066	554,935	280,322,001	20,381,412	300,703,413	2,005,174	302,708,587	0.0061%	18,465.22
2010		279,623,760	602,948	280,226,708	21,112,122	301,338,830	2,007,990	303,346,820	0.0074%	22,447.66
2011		274,020,130	595,208	274,615,338	19,652,921	294,268,259	2,007,881	296,276,140	0.0072%	21,331.88
2012		275,581,705	557,469	276,139,174	20,791,740	296,930,914	1,978,658	298,909,572	0.0064%	19,130.21
2013		283,903,536	525,302	284,428,838	22,225,683	306,654,521	1,951,818	308,606,339	0.0069%	21,293.84
2014		308,939,519	596,002	309,535,521	23,021,092	332,556,613	1,920,733	334,477,346	0.0070%	23,413.41
2015		332,220,200	577,096	332,797,296	22,417,252	355,214,548	1,891,373	357,105,921	0.0065%	23,211.88



Source County of Santa Clara Property Tax Apportionment Division

Santa Clara Valley Water District
Property Tax Rates-Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Basic County Wide Levy	County	Cities	Santa Clara Valley Water District	Schools and Other Districts	Total Tax Rate
2006	1.0000%	0.0388%	0.0258%	0.0078%	0.1036%	1.1845%
2007	1.0000%	0.0388%	0.0310%	0.0072%	0.1177%	1.1760%
2008	1.0000%	0.0388%	0.0331%	0.0071%	0.1134%	1.1924%
2009	1.0000%	0.0388%	0.0323%	0.0061%	0.1259%	1.2031%
2010	1.0000%	0.0388%	0.0326%	0.0074%	0.1574%	1.2362%
2011	1.0000%	0.0388%	0.0350%	0.0072%	0.1820%	1.2630%
2012	1.0000%	0.0388%	0.0334%	0.0064%	0.1763%	1.2549%
2013	1.0000%	0.0388%	0.0316%	0.0069%	0.1807%	1.2580%
2014	1.0000%	0.0388%	0.0279%	0.0070%	0.1687%	1.2424%
2015	1.0000%	0.0388%	0.0253%	0.0065%	0.1702%	1.2408%



Source: County of Santa Clara, Department of Finance (tax rate area 17-028)

Santa Clara Valley Water District
Principal Property Tax Payers
Current year and Nine years ago
(Dollars in thousands)

Taxpayer	Fiscal Year 2015 ⁽²⁾			Fiscal Year 2006 ⁽²⁾		
	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Taxable Assessed Value
Pacific Gas & Electric Company	\$ 1,896,861	1	0.53%			
Google Inc.	1,666,032	2	0.47%			
Cisco Technology Inc.	1,375,263	3	0.39%	\$ 779,489	5	0.32%
Apple Computer, Inc.	919,903	4	0.26%			
Intel Corporation	888,854	5	0.25%	1,322,324	2	0.55%
Westfield Malls	848,647	6	0.24%			
The Irvine Company LLC	836,723	7	0.23%			
Menlo & Juniper Networks LLC	814,973	8	0.23%			
Network Appliance Inc.	698,685	9	0.20%			
Pacific Bell Telephone Co, DBA AT& T Calif.	447,527	10	0.13%			
Leland Stanford Jr, University	-		0.00%	2,589,099	1	1.08%
Applied Materials, Inc.	-		0.00%	844,918	3	0.35%
Sobrato Development	-		0.00%	800,586	4	0.33%
Hitachi	-		0.00%	606,333	6	0.25%
Equity Office Properties	-		0.00%	592,915	7	0.25%
Peery Joint Venture	-		0.00%	586,989	8	0.24%
Lockheed Missiles and Space Co., Inc.	-		0.00%	559,615	9	0.23%
VF Mall LLC	-		0.00%	508,723	10	0.21%
Total	<u>\$ 10,393,468</u>		<u>2.93%</u>	<u>\$ 9,190,991</u>		<u>3.81%</u>
Net Assessed Value of Taxable Property	<u>\$ 357,105,921</u>			<u>\$ 240,383,663</u>		

⁽¹⁾ The taxable assessed value includes tax assessments on real property and personal property.

⁽²⁾ Source: Santa Clara County Tax Collector, Systems Division

Santa Clara Valley Water District
Computation of District Act Debt Margin
June 30, 2015
(Dollars in Thousands)

Authorized short-term debt under authority of District Act Section 25.6	\$8,000
Outstanding short-term debt under Section 25.6, June 30, 2015	<u>0</u>
District Act Section 25.6 debt margin on short-term debt	<u><u>\$8,000</u></u>

Note:

The Santa Clara Valley Water District's debt issuance practices are governed by the provisions of California law and Section 25.6 of the special legislation which formed the Santa Clara Valley Water District (the District Act). The District Act sets the limit on short term debt obligations (maturity of less than five years) at \$8,000,000.

The District may also issue short term notes under the tax and revenue anticipation note statute included in the California Government Code (sections 53850-53858). Under the tax and revenue anticipation note statute, the District may issue notes the principal of and interest on which do not exceed 85% of the uncollected revenues of the District on the date such notes are issued (and subject to certain other limitations including a 15 month maturity provision). Section 53851 provides that the tax and revenue anticipation note statute is separate authority for the District to issue notes and any amount borrowed under the tax and revenue anticipation note statute is not limited by any other provision of law.

The District has elected to issue notes under the tax and revenue anticipation note statute to support the commercial paper program because it allows a larger amount of notes to be issued even though there is a shorter limitation on maturities.

The District is in compliance with its District Act and the debt issuance provisions of California law.

Santa Clara Valley Water District
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities		Business-type Activities	
	General Obligation Bonds	Certificate of Participation	General Obligation Bonds	Revenue Bonds
2006	\$ -	\$ 178,418	\$ 3,205	\$ 54,313
2007	-	177,355	2,630	100,262
2008	-	168,857	2,025	224,479
2009	-	161,238	1,390	222,470
2010	-	151,294	910	217,992
2011	-	142,112	405	213,307
2012	-	132,494	-	208,418
2013	-	131,199	-	201,780
2014	-	122,392	-	201,547
2015	-	117,117	-	191,490

Source: Santa Clara Valley Water District, General Accounting Unit

Total Primary Government	Percentage of Personal Income	Per Capita
\$ 239,230	0.2501%	135
280,247	0.2654%	155
395,361	0.3731%	215
385,098	0.3718%	207
370,196	0.3609%	197
355,824	0.3180%	188
340,912	0.2788%	179
332,979	0.2549%	181
323,939	n/a	173
308,607	n/a	163

Santa Clara Valley Water District
Computation of Direct and Overlapping Debt
June 30, 2015

2014-15 Assessed Valuation:

357,105,921,000

	Total Debt-6/30/15	% Applicable ⁽¹⁾	District's Share of Debt 6/30/14
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Santa Clara County	\$ 799,180,000	100%	\$ 799,180,000
Foothill-DeAnza Community College District	596,734,288	100%	596,734,288
San Jose-Evergreen Community College District	417,984,064	100%	417,984,064
West Valley-Mission Community College District	424,754,350	98.944%	420,268,944
Other Community College Districts	397,269,549	.056 - 76.192%	75,764,610
Gilroy Unified School District	188,082,495	100%	188,082,495
Palo Alto Unified School District	293,929,249	100%	293,929,249
San Jose Unified School District	572,947,986	100%	572,947,986
Santa Clara Unified School District	544,745,000	100%	544,745,000
Other Unified School Districts	234,888,359	1.347 - 100%	207,334,038
Campbell Union High School District	146,910,000	100%	146,910,000
East Side Union High School District	644,036,882	100%	644,036,882
Fremont Union High School District	378,045,088	100%	378,045,088
Other High School Districts	141,652,734	94.740 - 100%	137,484,447
Campbell School District	170,131,249	100%	170,131,249
Cupertino Union School District	249,418,462	100%	249,418,462
Evergreen School District and Community Facilities District No. 92-1	90,586,562	100%	90,586,562
Franklin McKinley School District	86,211,711	100%	86,211,711
Los Altos School District	72,518,760	100%	72,518,760
Los Gatos Union School District	98,870,000	100%	98,870,000
Moreland School District	108,808,582	100%	108,808,582
Oak Grove School District	162,979,352	100%	162,979,352
Sunnyvale School District	166,485,820	100%	166,485,820
Other School Districts	513,990,587	5.151 - 100%	507,591,026
City of Gilroy	31,095,000	100%	31,095,000
City of Palo Alto	71,795,000	100%	71,795,000
City of San Jose	401,735,000	100%	401,735,000
City of Saratoga	10,560,000	100%	10,560,000
Saratoga Fire Protection District	3,518,737	100%	3,518,737
El Camino Hospital District	138,345,000	100%	138,345,000
City Community Facilities Districts	54,205,000	100%	54,205,000
City of San Jose Special Assessment Bonds	14,815,000	100%	14,815,000
Other City 1915 Act Bonds (Estimated)	50,026,530	100%	50,026,530
Santa Clara Valley Water District Benefit Assessment District	10,669,000	100%	106,690,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 8,019,833,882
<u>Ratios to the 2014-15 Assessed Valuation:</u>			
Direct Debt			0.03%
Total Direct and Overlapping Tax and Assessment Debt			2.25%

	Total Debt-6/30/15	% Applicable ⁽¹⁾	District's Share of Debt 6/30/14
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Santa Clara County General Fund Obligations	\$ 707,613,810	100%	\$ 707,613,810
Santa Clara County Pension Obligations	371,443,651	100%	371,443,651
Santa Clara County Office of Education Certificates of Participation	9,030,000	100%	9,030,000
Foothill-De Anza Community College District General Fund Obligations	11,617,623	100%	11,617,623
San Jose-Evergreen Community College District OPEB	47,450,000	100%	47,450,000
West Valley - Mission Community College District General Fund Obligations	64,660,000	99%	63,977,190
Gilroy Unified School District Certificates of Participation	30,250,000	100%	30,250,000
Other Unified School District General Fund Obligations	32,935,000	100%	32,935,000
East Side Union High School District Benefit Obligations	30,405,000	100%	30,405,000
Other Union High School District General Fund Obligations	18,888,047	94.809 - 100%	18,520,110
Alum Rock Union School District Certificates of Participation	25,000,000	100%	25,000,000
Other School District General Fund Obligations	19,764,875	22.080-100%	19,277,816
City of Cupertino Certificates of Participation	37,925,000	100%	37,925,000
City of Gilroy Certificates of Participation	44,060,000	100%	44,060,000
City of San Jose General Fund Obligations	648,315,000	100%	648,315,000
City of Santa Clara General Fund Obligations	23,670,000	100%	23,670,000
City of Sunnyvale General Fund Obligations	20,860,000	100%	20,860,000
Other City General Fund Obligations	33,054,085	100%	33,054,085
Santa Clara County Vector Control District Certificates of Participation	3,085,000	100%	3,085,000
Mid-peninsula Regional Park District General Fund Obligations	127,086,851	68.86%	88,161,419
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$ 2,266,650,704
Less: Santa Clara County supported general fund obligations			504,898,618
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$ 1,761,752,086
OVERLAPPING TAX INCREMENT DEBT:	\$ 2,288,847,269	100%	\$ 2,288,847,269
TOTAL DIRECT DEBT			\$ 106,690,000
TOTAL GROSS COMBINED OVERLAPPING DEBT			\$ 12,468,641,855
TOTAL NET COMBINED OVERLAPPING DEBT			\$ 11,963,743,237
 GROSS COMBINED TOTAL DEBT			\$ 12,575,331,855⁽²⁾
NET COMBINED TOTAL DEBT			\$ 12,070,433,237

(1) The percent of overlapping debt applicable to the Water District is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the Water District divided by the district's taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2014 - 15 Assessed Valuation:
Total Direct Debt
Gross Combined Total Debt
Net Combined Total Debt

Ratio
0.03%
3.52%
3.38%

Ratio to Redevelopment Incremental Valuation (\$35,215,222,404):
Total Overlapping Tax Increment Debt

6.50%

Source: California Municipal Statistics, Inc.

Santa Clara Valley Water District
Revenue Bond Coverage
Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Adjusted Revenue	Adjusted Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Factor
				Principal*	Interest*	Total	
2006	\$ 118,513	\$ 99,973	\$ 18,540	\$ 1,105	\$ 2,947	\$ 4,052	4.5755
2007	140,439	94,813	45,626	1,720	3,554	5,274	8.6511
2008	151,509	94,363	57,146	2,135	8,703	10,838	5.2727
2009	156,579	105,535	51,044	2,345	9,480	11,825	4.3166
2010	135,810	102,564	33,246	4,814	8,446	13,260	2.5072
2011	133,676	108,093	25,583	5,020	8,019	13,039	1.9620
2012	154,750	111,505	43,245	5,230	7,945	13,175	3.2824
2013	171,066	111,120	59,946	6,973	7,596	14,569	4.1146
2014	182,295	118,158	64,137	7,002	7,523	14,525	4.4156
2015	154,696	130,915	23,781	7,456	7,501	14,957	1.5900

Source: Santa Clara Valley Water District General Accounting Unit

* Does not include debt service on general obligation debt

In July 1994, the District refunded its outstanding water revenue bonds and restructured its debt covenants under a Master Resolution governing the issuance of all Water Utility System debt obligations. This restructuring of debt covenants included the method of calculating revenue bond coverage.

For fiscal year 2014-15, operating revenue of \$157,387 has been decreased by \$2,691 and operating expense of \$155,961 has been decreased by \$25,306 as prescribed by the Master Resolution. These adjustments relate primarily to intergovernmental revenues and depreciation and amortization, other post employment benefits, compensated absences and claims and adjustment expenses. The complete calculation can be obtained from the Finance Department at 5750 Almaden Expressway, San Jose, CA 95118.

Santa Clara Valley Water District
Demographic and Economic Statistics
For Santa Clara County
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income (thousands of dollars) ⁽²⁾	Per Capita Personal Income	Consumer Price Index ⁽³⁾	School Enrollment ⁽⁴⁾	Total Employment ⁽⁵⁾	Unemployment Rate ⁽⁵⁾
2006	1,773,258	\$ 95,670,811	\$ 53,952	3.9%	254,622	775,300	5.0%
2007	1,808,058	105,575,784	58,392	2.6%	255,722	809,500	4.7%
2008	1,837,075	105,978,791	57,689	4.7%	259,116	822,700	6.0%
2009	1,857,621	103,568,953	55,754	0.2%	261,945	787,700	11.8%
2010	1,880,876	102,589,854	54,544	1.1%	265,544	879,100	11.3%
2011	1,890,909	111,880,131	59,167	1.1%	266,267	798,200	9.9%
2012	1,899,567	122,259,021	64,362	0.9%	270,109	794,236	8.5%
2013	1,842,254	130,624,491	70,905	1.4%	273,701	865,900	6.8%
2014	1,868,558	n/a	n/a	3.0%	276,175	879,500	5.4%
2015	1,889,638	n/a	n/a	2.3%	276,689	993,400	3.7%

Source: ⁽¹⁾ State of California - Department of Finance

⁽²⁾ U.S. Department of Commerce - Bureau of Economic Analysis

⁽³⁾ U.S. Department of Labor - Bureau of Labor Statistics - San Francisco Bay Region

⁽⁴⁾ State of California - Department of Education and Santa Clara County Office of Education

⁽⁵⁾ State of California - Employment Development Department

n/a Current information not available

Santa Clara Valley Water District
Principal Employers
Current Year and Nine Years ago
(unaudited)

Company or Organization	Fiscal Year 2015			Fiscal Year 2006		
	Employees ⁽²⁾	Rank	Percentage of Total County Employment	Employees ⁽³⁾	Rank	Percentage of Total County Employment
Google, Inc.	20,000	1	2.01%			0.00%
Apple Computer	19,000	2	1.91%			0.00%
County of Santa Clara	17,879	3	1.80%			0.00%
Cisco Systems, Inc.	14,488	4	1.46%	13,000	1	1.67%
Stanford University	13,387	5	1.35%	12,000	2	1.54%
Kaiser Permanente	12,500	6	1.26%	5,000	8	0.64%
Stanford Hospitals & Clinics	9,981	7	1.00%	5,500	6	0.71%
University of California Santa Cruz	8,258	8	0.83%			0.00%
Oracle Corp.	7,315	9	0.74%			0.00%
Safeway, Inc.	6,843	10	0.69%			0.00%
Hewlett-Packard Co.			0.00%	9,400	3	1.21%
Lockheed Martin Space Systems			0.00%	8,000	4	1.03%
IMB Storage Group			0.00%	7,000	5	0.90%
Intel Corp			0.00%	5,000	7	0.64%
Fujitsu IT Holdings, Inc.			0.00%	4,500	9	0.58%
Applied Materials Inc.			0.00%	4,130	10	0.53%
Total	<u>129,651</u>		<u>13.05%</u>	<u>73,530</u>		<u>9.45%</u>
Total County Employment ⁽¹⁾	<u>993,400</u>			<u>779,517</u>		

Source: ⁽¹⁾ State Employment Development Department, Labor Market Information Division

⁽²⁾ Silicon Valley Business Journal July 24, 2015

⁽³⁾ Rich's Business Information - Santa Clara County

Santa Clara Valley Water District
Full-time Equivalent District Employees by Function/Program
Fiscal Year 2006 - 2015

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Office of the CEO	16	15	10	13	12	11	10	10	10	10
Office of the District Counsel	4	5	6	11	11	9	9	9	9	9
Community & Government Relations	16	15	10	20	20	7	8	8	8	8
County-Wide Watershed Management	134	134	122	122	119	117	105	98	98	98
Capital Programs	153	153	152	152	145	143	126	117	112	115
Water Utility Operations	23	23	39	43	43	43	43	43	43	43
Water Supply	31	31	27	11	11	11	11	11	11	11
Water Conservation	10	10	10	10	10	10	10	10	10	10
Surface & Groundwater Management	32	32	35	34	34	34	34	34	34	34
Water Quality	25	25	24	22	22	22	22	22	22	22
Control Systems	11	11	11	11	11	11	11	11	11	11
Water Utility Maintenance	31	31	25	23	23	23	23	23	23	23
Treated Water Operations	33	33	36	36	36	36	36	36	36	36
Raw Water Operations	23	23	26	25	25	25	25	25	25	25
Administrative & Business Management	12	12	5	11	11	11	8	8	8	8
Clerk of the Board	7	7	8	10	12	12	12	12	12	12
Organizational Training & Development	6	6	16	10	6	6	6	6	6	6
Business Support Services	17	17	28	18	16	16	16	16	16	16
Library & Records	8	8	8	5	5	6	6	6	6	6
Budget Office	7	7	9	4	8	8	8	8	8	8
Accounting	20	20	19	18	18	18	18	18	16	18
Information & Systems Management	46	46	38	42	43	43	39	39	39	39
Technical Services	6	6	6	3	3	3	3	3	3	3
Wells & Water Production	15	15	13	20	20	18	18	18	18	18
Real Estate & Right-of-Way	9	9	9	8	8	8	8	8	8	8
Equipment Management	11	11	12	12	12	12	12	12	12	12
Warehouse & Inventory Control	8	8	7	7	7	6	6	6	6	6
Facilities Maintenance	14	14	15	15	15	15	15	15	15	15
Purchasing	10	10	10	9	9	9	9	9	9	9
Permits	-	-	14	16	16	16	16	16	13	16
Contracts Administration	5	5	5	6	6	5	4	4	4	4
Human Resources & Benefits	27	27	21	21	21	21	21	21	19	21
Health & Safety	8	8	7	6	6	6	6	6	10	6
Total	<u>778</u>	<u>777</u>	<u>783</u>	<u>774</u>	<u>764</u>	<u>741</u>	<u>704</u>	<u>688</u>	<u>680</u>	<u>686</u>

Source: Santa Clara Valley Water District, Human Resources & Benefits Unit

Santa Clara Valley Water District
Operating Indicators by Function/Program
Fiscal Years 2006 - 2015

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Well Ordinance Program										
New Wells	713	1,194	674	846	583	775	541	443	513	407
Destroyed Wells	707	954	931	620	663	653	531	502	744	1,504
Well Permits	1,955	2,692	2,031	2,047	1,564	1,626	1,740	1,265	1,697	2,285
Well Inspections	1,420	2,269	1,852	1,685	1,286	1,517	1,350	1,080	1,398	2,092
Watershed Management										
Miles of Vegetation Removed/Managed	188	272	202	187	185	175	241	221	206	177
Cubic Yards of Sediment Removed	39,420	96,329	33,523	7,383	17,409	15,623	32,456	21,456	34,596	4,129
Miles of Bank Erosion Protection	1.2	0.8	0.9	1.4	-	2	0.5	1.1	2.1	0.2
Laboratory Services Unit										
Water Samples Tested (approx.)	146,000	120,499	84,056	119,190	99,385	132,638	111,265	158,082	170,055	169,182
Water Quality Violations	-	-	-	-	-	-	-	-	-	-
Water Measurement Division										
Meter Readings/Site Visits	6,627	6,612	6,200	7,418	5,934	5,981	5,939	6,019	5,964	5,908
Meter Repairs/Preventative Maintenance	200	463	281	342	302	328	316	313	272	201
Backflow Device Testings	120	203	102	200	190	170	151	177	159	203
Community Projects Review										
Permits Issued	401	365	242	213	217	229	220	257	201	220
Land Development Review Requests	2,342	1,708	1,313	1,336	1,080	1,030	964	865	940	843
Underground Service Alerts	40,356	35,026	38,676	39,079	27,782	28,651	37,348	46,599	53,782	58,871
Requests for Flood Zone Information	246	108	109	109	91	90	70	72	51	24
Environmental Impact Reports Reviewed	144	202	90	130	115	107	55	33	65	68
Water Resource Protec. Ordinance Violations	23	22	24	136	121	125	234	193	184	130
Human Resources										
Permanent Positions Hired	63	41	30	19	20	13	17	21	31	54
Temporary Workers Employed	150	98	100	54	49	121	112	140	247	134
Employment Applications Processed	1,445	1,973	1,795	952	1,163	1,000	2,685	1,524	4,236	5,746
Health & Safety										
Ergonomic Assessments	42	67	73	62	46	44	36	39	38	42
Confined Space Assessments	200	211	346	193	210	247	117	139	261	147
Employee Safety Committee Meetings	12	12	9	11	12	10	11	9	11	12
Projects Managed by Type:										
Capital Projects	128	134	244	179	178	138	129	126	131	160
Operating Projects	62	64	86	67	56	46	48	43	36	35
Operations Projects	350	379	448	400	373	354	365	396	394	415

Source: Santa Clara Valley Water District, various government departments

Santa Clara Valley Water District
Flood Control System
Historical Operating Results
Combined Statement of Revenues and Debt Service Coverage
Last Ten Fiscal Years
(Dollars in Thousands)

	2006	2007	2008	2009 ³
Flood Control System Revenues:				
Benefit assessment, gross ¹	\$ 19,406	\$ 19,407	\$ 18,047	\$ 19,450
Property tax ³	20,281	44,677	48,012	50,660
Investment income ³	2,733	4,206	5,678	5,137
Rental income ³	1,414	1,383	1,238	1,159
Other ³	179	421	557	903
Total Flood Control System Revenue	<u>\$ 44,013</u>	<u>\$ 70,094</u>	<u>\$ 73,532</u>	<u>\$ 77,309</u>
Debt Service:				
2000A Certificates of participation	\$ 5,539	\$ 5,334	\$ -	\$ -
2003A Certificates of participation	7,478	7,593	7,330	7,533
2004A Certificates of participation	2,289	2,285	2,287	2,304
2007A Certificates of participation	-	-	4,640	5,759
2012A Certificates of participation	-	-	-	-
Total Debt Service	<u>\$ 15,306</u>	<u>\$ 15,212</u>	<u>\$ 14,257</u>	<u>\$ 15,596</u>
Coverage	2.88	4.61	5.16	4.96

¹ The benefit assessment presented on the Statement of Revenues, Expenditures and

Changes in Fund Balances are net of collection fees. For the purpose of the Flood Control System Debt Service Coverage, collection fees are excluded. Therefore, the benefit assessments presented above have been increased by:

FY2015 - \$162
FY2014 - \$163
FY2013 - \$194
FY2012 - \$193
FY2011 - \$193
FY2010 - \$194
FY2009 - \$195
FY2008 - \$181
FY2007 - \$194
FY2006 - \$194

In accordance with voter authorizations, benefit assessments are set at 1.25 of gross debt service allocable to flood control projects starting during fiscal year 2001.

Source: Santa Clara Valley Water District, General Accounting Unit

2010	2011	2012	2013	2014	2015
\$ 19,420	\$ 19,284	\$ 19,324	\$ 19,372	\$ 16,306	\$ 16,236
45,010	47,567	48,457	55,647	57,631	62,887
2,671	1,099	560	249	985	889
1,137	1,139	1,210	1,208	1,338	1,403
1,045	564	798	1,327	687	596
<u>\$ 69,283</u>	<u>\$ 69,653</u>	<u>\$ 70,349</u>	<u>\$ 77,803</u>	<u>\$ 76,947</u>	<u>\$ 82,011</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,433	6,958	6,018	1,141	-	-
2,488	2,395	2,285	2,380	1,398	1,972
5,757	5,761	5,759	5,757	5,761	5,762
-	-	-	6,443	6,111	6,101
<u>\$ 15,678</u>	<u>\$ 15,114</u>	<u>\$ 14,062</u>	<u>\$ 15,721</u>	<u>\$ 13,270</u>	<u>\$ 13,835</u>
4.42	4.61	5.00	4.95	5.80	5.93

³ Effective July 1, 2008, special revenue funds - Lower Peninsula Watershed, West Valley Watershed, Guadalupe Watershed, Coyote Watershed and Uvas/Llagas Watershed - were redefined as benefit assessment funds comprised of voter-approved debt repayment phase of the benefit assessment program. The total revenues presented in the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances of Selected Watershed Activities Contained Within the Watershed and Stream Watershed Fund include only benefit assessments. Other revenues were presented in the Statement of Revenues, Expenditures and Changes in Fund Balances of the Watershed and Stream Stewardship Fund.

For the purpose of the Flood Control System Debt Service Coverage, revenues that are allocable to the special revenue funds were included in the calculation of the coverage.

Santa Clara Valley Water District
Capital Asset Statistics by Function/Program
Fiscal Year 2006 - 2015

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water Utility Enterprise										
Acres of groundwater recharge ponds	393	393	393	393	393	393	393	393	393	393
Miles of canals	17	17	17	17	17	17	17	17	17	17
Miles of pipeline	142	143	143	143	143	143	144	144	144	144
Miles of tunnels	8	8	8	8	8	8	8	8	8	8
Number of treatment plants	3	3	3	3	3	3	4	4	4	4
Number of pumping stations	3	5	5	5	5	5	5	5	5	5
Number of treated water reservoirs	1	1	1	1	1	1	1	1	1	1
Water Utility Operations										
Process Control Instrumentation	660	899	998	987	1,071	1,128	1,161	1,406	1,680	1,443
Mechanical Drives	47	50	50	50	54	54	54	72	61	56
Chemical Mixers	85	90	86	86	87	87	87	89	111	95
Electrical Motors	341	357	376	375	381	407	432	452	512	439
Power Distribution Equipment	227	247	572	618	640	736	913	1,248	1,673	1,140
Pumps	436	442	469	469	475	496	515	547	601	515
Utility Vaults & Structures	988	988	955	958	1,019	1,050	1,051	1,062	1,095	1,114
Chemical & Water Storage Tanks	120	162	167	169	170	179	192	199	176	174
Valves	678	884	945	950	994	1,059	1,070	1,613	1,702	1,600
Valve Operators	365	467	490	492	524	577	579	799	869	783
Generators	13	19	21	21	23	23	26	25	27	25
Flow Meters	188	225	247	256	258	271	296	381	387	347
Electric Drives	119	148	148	152	152	160	170	173	208	165
Blowers & Compressors	166	166	167	167	168	164	174	146	208	188
Miscellaneous Equipment	296	297	301	315	429	459	467	477	3,306	1,441
Watersheds										
Miles of creeks and rivers managed for flood control	700	700	700	700	700	700	700	700	700	700
Number of reservoirs	10	10	10	10	10	10	10	10	10	10
Total District reservoir capacity (acre-feet)	169,415	169,415	169,415	169,415	169,415	169,415	169,415	169,415	169,415	169,415
Acres of Wildlife Habitat Restored	N/A	N/A	N/A	N/A	N/A	N/A	N/A	569	569	326
Fleet Equipment										
Class I Passenger Vehicles	227	224	223	204	202	190	190	185	186	182
Class II Heavy Duty Trucks	70	70	70	72	78	79	78	82	84	87
Class III Tractors, Const. Equip., Generators, Forklifts	29	27	27	26	25	25	26	24	27	26
Class IV Misc. Small Tools & Engines	946	998	498	520	597	648	643	655	474	506

Source: Santa Clara Valley Water District, various government departments



debt

capacity

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property taxes

Santa Clara Valley
Water District



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