

United Water Conservation District

106 N. 8th Street, Santa Paula, CA 93060



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

*United Water
Conservation District*

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by Finance Division

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United Water Conservation District

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2017

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INTRODUCTORY SECTION

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Board of Directors
Bruce E. Dandy, President
Robert Eranio, Vice President
Daniel C. Naumann, Secretary/Treasurer
Sheldon G. Berger
Lynn Maulhardt
Edwin T. McFadden III
Michael W. Mobley



UNITED WATER CONSERVATION DISTRICT
“Conserving Water since 1927”

General Manager
Mauricio E. Guardado, Jr.

Legal Counsel
David D. Boyer

December 7, 2017

To the Honorable Board of Directors of United Water Conservation District:

We are pleased to present the United Water Conservation District's (District) Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017. This report was prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) and other accounting and rule making bodies.

District management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. Because the cost of internal controls should not exceed its anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Roger, Anderson, Malody and Scott, Certified Public Accountants, have issued an unmodified opinion on the District's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report (pages 1-3).

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

In 1925, the founding organization of today's United Water Conservation District, the Santa Clara River Protection Association (Association), was formed to protect the runoff of the Santa Clara River from being exported outside the watershed. This effort was successful, and in 1927 the Association was reorganized into the Santa Clara Water Conservation District by vote of the county residents.

In 1950, the voters approved the formation of the District under the State Water Conservation Act of 1931, as the United Water Conservation District, to recognize the projected population growth within the District and the need for a reliable water source. The Santa Clara Water Conservation District was then dissolved and the assets transferred

to the District. This allowed the District to issue bonds in order to raise funding for construction of the Santa Felicia Dam (SFD), creating Lake Piru and other conservation facilities. The District is divided into seven divisions and is governed by an elected seven-member Board of Directors, serving four year staggered terms.

The District covers approximately 214,000 acres in central Ventura County, California.

The District administers a "basin management" program for the sub-basins that make up the Santa Clara River Valley Basin, utilizing the Santa Clara River and its tributaries for replenishment of groundwater.

The District's facilities include the Santa Felicia Dam, Lake Piru and Lake Piru Recreation Area, Saticoy, El Rio and Piru spreading grounds, the Freeman Diversion, the Saticoy Well Field, the Pleasant Valley, Oxnard-Hueneme and Pumping Trough delivery systems (pipelines) that include wells, reservoirs and booster pumping stations.

The District's mission is to *manage, protect, conserve and enhance the water resources of the Santa Clara River, its tributaries, and associated aquifers in the most cost effective and environmentally balanced manner*. This mission statement provides the overall policy direction for District staff to manage and prioritize its programs and activities.

The Board adopts the District's annual operating and capital improvement budget by no later than June 30th for the upcoming fiscal year (July 1 through June 30). The budget is prepared by staff on a fund, department, account (e.g. utilities, maintenance, etc.) and project basis in order to proportionally allocate costs to the District's primary cost centers (funds) and submitted to the Board in a fund-account presentation with a detailed discussion of the proposed budget, which is reviewed and deliberated on from approximately May 1 until the public hearing in June when the spending plan is adopted.

Local Economy

The District is located in the center of Ventura County, a county with a strong economic base with a large and diverse labor pool. The area includes major industries: agriculture, biotechnology, telecommunications and advanced technologies, manufacturing, tourism, military testing and development. The Port of Hueneme (which is located within the boundaries of the District) is the State's smallest but only deep-water port between Los Angeles and San Francisco and plays a significant role in the local economy.

Some of the best soil in the nation for agriculture production resides within Ventura County. According to the latest Ventura County Agricultural Commission Crop and Livestock Report, the gross crop value for calendar year 2015 was \$2.2 billion, approximately \$62 million more than 2013, representing a 2.87% increase. Within the District boundaries, agriculture remains especially important along the coastal Oxnard Plain and the interior Santa Clara Valley communities of Santa Paula, Fillmore and Piru.

Economic Indicators for Ventura County show moderate yet positive signs of a strengthening economy. County wide population increased 0.4% between January 2016

(854,383) and January 2017 (857,386) according to the California Department of Finance. The Annual unemployment rate for 2016 was 5.2%, which not only improved by 0.50% over the prior year figure, but also remained below the statewide figure of 5.4%. According to Trulia.com, although the number of home sales within Ventura through July 2017 decreased 7.4% as compared to the same period in the prior year, the median home price increased by 6.8%.

In FY 2016-17, property assessment for the County increased 3.7% as compared to FY 2015-16. The County Assessor's Office projects that in FY 2017-18, countywide property tax assessments will increase 4.9%, which will have a positive impact on the District's General Fund.

Short and Long-term Financial Planning Outlook

In FY 2016-17, the District issued no new debt, however, some new debt may be needed in FY 2017-18 to fund various Capital Improvement Projects. The capital improvement project completed in FY 2016-17 was the repair of the larger unit #1 turbine-generator at the Santa Felicia Dam Hydro-Electric plant.

In FY 2016-17, the District made progress on the development of a Multiple Species Habitat Conservation Plan (MSHCP). District staff and consultants continued work on development of various components of the MSHCP. Much of their time focused on assessing the effects of operations at the Freeman Diversion on 11 covered species and developing a conservation program that includes a new fish passage facility, bypass flows for fish migration, and habitat protection for riparian species. In summer 2016, NMFS requested that the District commit to undertaking (for the 2017 migration season and subsequent migration seasons pending issuance of an incidental take permit) certain interim operating measures and the monitoring of such measures consistent with several reasonable and prudent alternatives set forth in NMFS' 2008 jeopardy biological opinion concerning the Freeman Diversion. In response, the District has indicated among other things that it commits to implementing such measures and certain other terms and conditions from the referenced biological opinion.

During FY 2016-17, the District continued work to remediate the spillway capacity and overtopping risk during a Probable Maximum Flood (PMF) event at the SFD. The evaluation study was required by the Federal Energy Regulatory Commission (FERC) and California Division of Dam Safety (DODS) to address deficiencies identified in the PMF studies. Consultants were hired to perform the evaluation of the alternatives. A series of proposed flood remediation projects that would reduce the risk to people and property below Santa Felicia Dam were presented to the FERC and DSOD. With the regulators acceptance of an inflow design flood of 220,000 cubic feet per second (cfs) as the level of risk reduction for the design, the District awarded a contract for the design of the spillway improvements based on the 220,000 cfs inflow in May 2016. The District has convened an independent Board of Consultants (BOC) to provide oversight and quality assurance of the project design and construction. In parallel with the design, a consulting team will be preparing the necessary environmental documents for the projects to comply with the

California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA).

The District continued with its efforts to comply with the environmental requirements contained in its SFD FERC License in FY 2016-17. To date, five of the nine required plans have been approved by FERC. The District has completed implementation of one of the approved plans, the study plan of geomorphic effects, and is implementing the other four approved plans and meeting all of the requirements contained in them. The District is also working toward completing the remaining four plans.

While recreation is not part of the core operation of the District, providing public access to, and recreational facilities at, Lake Piru is a requirement of the permit that was issued as part of the construction of the Santa Felicia Dam in 1955. The District currently operates these facilities through an agreement with an onsite recreation concessions service and provides District support staff to oversee those operations and to facilities maintenance and oversight of the facilities. The concessions service, Parks Management Company (PMC), who entered into an agreement with the District on January 1, 2014, has focused on establishing consistent services and enhancing the facilities. On February 15, 2017 the District approved a contract revision with PMC. Under the new agreement terms, PMC collects all revenues and bills the District for all expenses, including up to a 15% profit margin, not covered by the revenues collected. The additional projected annual cost to the district, under the new agreement, ranges from \$600,000 to \$700,000.

In December 2013, the District discovered the invasive species quagga mussels in the District's Lake Piru. In FY 2016-17, quagga mussels continued to be a topic of concern for the District. The District is developing a Lake Piru Quagga Mussel Monitoring and Control Plan. United submitted a sixth revision of the plan to California Department of Fish and Wildlife (CDFW) and is working to address the comments from CDFW. In FY 2016-17, the District continued to implement a monitoring program, consistent with the draft plan for Lake Piru and the larger watershed. Additionally, the District contracted scientific dive teams to conduct physical removal efforts from infrastructure in the lake. Also in FY 2016-17, the District continued to evaluate other methods for control and potential eradication of quagga mussels and made further plan revisions. In FY 2017-18, the District is continuing the process of developing a plan that CDFW can approve. The District will have to continue dedicating resources to aid in managing the quagga mussel infestation, including implementing various control and potential eradication measures, and to maintain compliance with state and federal law pertaining to invasive species.

In FY 2016-17, the District continued to mount a defense in the lawsuits filed by the City of San Buenaventura over groundwater extraction rates approved by the Board for FY 2011-12 through FY 2015-16. The District filed an appeal of the Santa Barbara Superior Court's September 6, 2013 decision ordering the District to pay the City a partial refund of groundwater extraction fees from FY 2011-12 and FY 2012-13. The Court of Appeal issued its decision and found in favor of the District. The City appealed the case to the State Supreme Court, which heard the case in September 2017 and issued an opinion affirming the District's position on December 4, 2017.

On June 2, 2016, the Wishtoyo Foundation, its Ventura Coastkeeper Program, and the Center for Biological Diversity filed a complaint for declaratory and injunctive relief with the US District Court, Central District of California. The complaint alleges that the District, in its operation and maintenance of the Freeman Diversion, and diversion of water from the Santa Clara River at the Freeman Diversion, has caused and is likely to continue to cause unauthorized “take” of federally protected fish and avian species in violation of the federal Endangered Species Act (ESA). A trial date has been set for December 15, 2017.

The District continues to face some significant, but unknown, costs both in the short and long term. Compliance with environmental and regulatory mandates are the largest expected impacts while rehabilitation and/or replacement of aging infrastructure will be necessary to prevent operational impacts. Moving forward as the required actions become clear, the District will need to determine how to finance the identified capital projects and their associated costs.

The extended drought conditions have highlighted the need to capture and store water when available. Also, abundantly clear is that water sustainability management is preeminent for the viability of the region. Finding solutions to meet the region’s water needs must be achieved through coordinated efforts amongst the region’s leading water agencies. United Water Conservation District remains committed to optimizing its resources to bring solutions that benefit its constituents.

Relevant Financial Policies

The District has written, detailed financial policies for:

- Reserves
- Investments
- Budget Amendments
- Budget Submittal/Preparation
- Procurement
- Expense Reimbursement (Includes Disclosure of Government Code Section 53065.5)
- Capital Assets
- Vehicle and Equipment Replacement and Maintenance
- Engineering Projects and Contract Administration
- Financial Records Management Retention and Destruction
- Fraud Prevention/Detection
- Environmental Activity Cost Allocation
- Disposition of Surplus Assets
- Accounts Receivables and Write-offs
- Debt Management

Major Issues/Challenges

As discussed in the section entitled “Short and Long-Term Financial Planning”, the District faces some substantial financial challenges and uncertainties as a result of:

- Section 10 Endangered Species Act compliance for the operation of the Freeman Diversion.
- Section 7 Endangered Species Act and FERC mandate compliance for the operation of the Santa Felicia Dam.
- FERC and DSOD expected requirements for modifications of the SFD spillway and possibly the dam's parapet wall after analysis of a series of proposed alternative flood remediation projects (PMF/PMP).
- Aging and structural deficiencies in existing infrastructure that must be rehabilitated to continue on-going operations related to the District's water conservation requirements.
- A lawsuit filed against the District by the Wishtoyo Foundation.
- The quagga mussel infestation and operational challenges of the recreation activities at Lake Piru.

Conclusion

Despite the many challenges, the District remains optimistic and committed to fulfilling its mission of managing, conserving and enhancing the region's water supply in the most efficient, cost effective and environmentally balanced manner. The District will pull from its professional staff and resources to strategically and collaboratively address each challenge while seizing every opportunity to positively impact the region's water resources. Some foreseeable opportunities and solutions are within the areas of recycled water use, desalted groundwater technology, state-water deliveries, as well as increased storage and recharge capacity.

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 the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized CAFR. 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. Staff believes that the current CAFR continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for their certificate.

Acknowledgments

We would like to thank the entire staff (in particular the entire Finance Division) for their contributions and assistance in the preparation of this year's Comprehensive Annual Financial Report. We would also like to recognize the efforts of the District's auditors, Rogers Anderson Malody and Scott, CPA's. Finally, to the Board of Directors, sincere appreciation for its innovative leadership, and the latitude and support in maintaining a

sound financial system that includes integrity, reliability and appropriate technical support, without which this report could not be prepared.

We would like to assure the Board that its dedicated staff embraces the mission of the District and pursues continuous improvements to our operations, while remaining fiscally responsible and accountable to all those whom we serve.

Respectfully submitted,



Mauricio E. Guardado Jr.
General Manager



Tina Rivera
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**United Water Conservation District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

UNITED WATER CONSERVATION DISTRICT

**LIST OF PRINCIPAL OFFICIALS
FOR
FISCAL YEAR ENDED JUNE 30, 2017**

BOARD OF DIRECTORS

Bruce E. Dandy, President
Representing Division 5

Robert Eranio, Vice President
Representing Division 3

Daniel C. Naumann, Secretary/Treasurer
Representing Division 6

Sheldon G. Berger, Board Member
Representing Division 7

Edwin T. McFadden III, Board Member
Representing Division 1

Lynn E. Maulhardt, Board Member
Representing Division 4

Michael W. Mobley, Board Member
Representing Division 2

EXECUTIVE MANAGEMENT

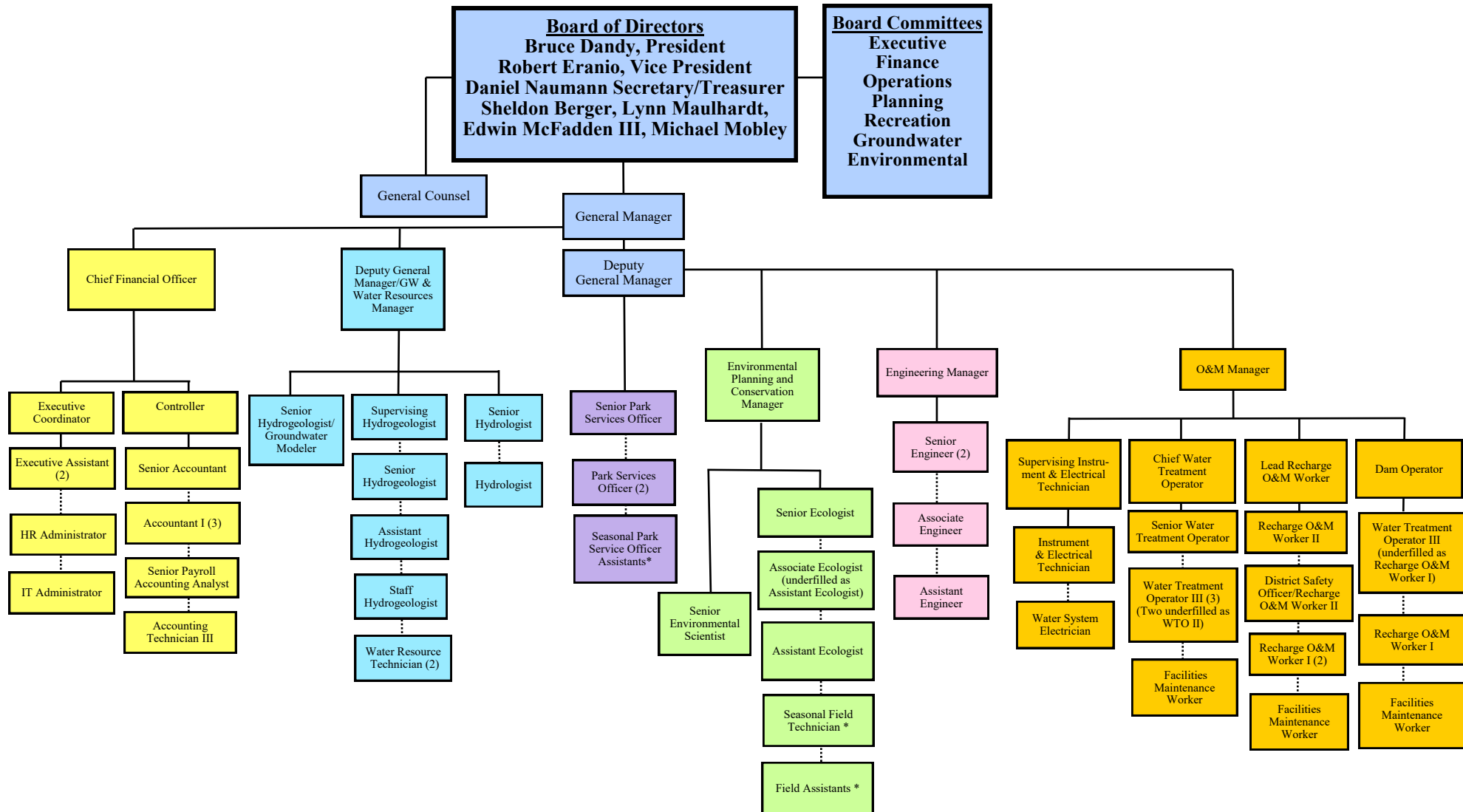
Mauricio E. Guardado Jr., General Manager
David D. Boyer, Legal Counsel



Organizational Chart

UNITED WATER CONSERVATION DISTRICT

June 2017



* Temporary, extra-help or seasonal positions, as needed

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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San Bernardino, CA 92408
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Directors of
United Water Conservation District

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Nathan Statham, CPA, MBA
Gardenya Duran, CPA
Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of United Water Conservation District (the District), as of and for the year ended June 30, 2017, 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, and the State Controller's *Minimum Audit Requirements for California Special Districts*. 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.

MEMBERS

American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of June 30, 2017, 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, as well as accounting systems prescribed by the California State Controller's office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress – other post employment benefits, budgetary comparison information, the schedule of the District's proportionate share of the plans' net pension liability and related ratios as of the measurement date, and the schedule of plan contributions, 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 introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 December 7, 2017, 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 7, 2017

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United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2017

As management of United Water Conservation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – vii of this report.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$87,435,014 (*net position*). Of this amount, \$21,515,482 represents unrestricted net position, which may be used to meet the government's ongoing obligations to constituents and creditors.
- The District's total net position increased \$5,090,496 from the prior fiscal year's net position due to delays in project expenses.
- At the close of the current fiscal year, the District's governmental funds reported combined fund balances of \$22,536,444, an increase of \$2,403,515 in comparison with the prior year. Approximately 38% of this amount (\$8,568,030) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$19,676,521 or approximately 171% of total general fund expenditures of \$11,494,453.
- The District's total long-term liabilities increased by \$1,100,815 during the current fiscal year mostly due to the increase of net pension liability.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2017

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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish 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 activities*). The governmental activities of the District include water conservation, Lake Piru recreational facilities, State Water project importation, interest on long-term debt, and general and administrative. The business-type activities of the District include Freeman diversion facility and water delivery and treatment facilities.

The government-wide financial statements can be found on pages 15-17 of this report.

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 State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

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

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

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund and State Water Import fund (special revenue fund), which are considered to be major funds.

The District adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2017

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary Funds. The District maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprises funds to account for its Freeman Diversion fund, Oxnard-Hueneme Pipeline fund, Pleasant Valley Pipeline fund, and Pumping Trough Pipeline fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Freeman Diversion fund, Oxnard-Hueneme Pipeline fund, Pleasant Valley Pipeline fund, and Pumping Trough Pipeline fund, all of which are considered to be major funds of the District.

The basic proprietary fund financial statements can be found on pages 22-27 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-70 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District. Required supplementary information can be found on pages 71-76 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a governments' financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$87,435,014, at the close of the most recent fiscal year.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2017

District's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 24,812,147	\$ 21,072,611	\$ 11,531,370	\$ 10,062,706	\$ 36,343,517	\$ 31,135,317
Capital assets	38,025,473	37,443,412	43,022,723	41,790,789	81,048,196	79,234,201
Total Assets	62,837,620	58,516,023	54,554,093	51,853,495	117,391,713	110,369,518
Total Deferred Outflows of Resources	1,897,109	1,300,069	1,085,766	744,068	2,982,875	2,044,137
Other liabilities	2,407,001	1,072,491	1,205,374	595,099	3,612,375	1,667,590
Long term liabilities						
Due in one year	1,199,819	1,129,642	347,538	321,792	1,547,357	1,451,434
Due in more than one year	21,621,712	21,138,559	5,298,483	4,776,744	26,920,195	25,915,303
Total Liabilities	25,228,532	23,340,692	6,851,395	5,693,635	32,079,927	29,034,327
Total Deferred Inflows of Resources	546,735	658,140	312,912	376,670	859,647	1,034,810
Net Position:						
Net investment in capital assets	23,145,016	21,815,154	41,284,289	39,890,459	64,429,305	61,705,613
Restricted	1,490,227	1,158,730	-	-	1,490,227	1,158,730
Unrestricted	14,324,219	12,843,376	7,191,263	6,636,799	21,515,482	19,480,175
Total Net Position	\$ 38,959,462	\$ 35,817,260	\$ 48,475,552	\$ 46,527,258	\$ 87,435,014	\$ 82,344,518

The largest portion of the District's net position (74%) reflects its investment in capital assets (e.g., land, construction in progress, dams, structures and improvements, equipment and intangibles), less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide a variety of services to its customers. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$21,515,482 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The District's overall net position increased by \$5,090,496 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2017

District's Changes in Net Position

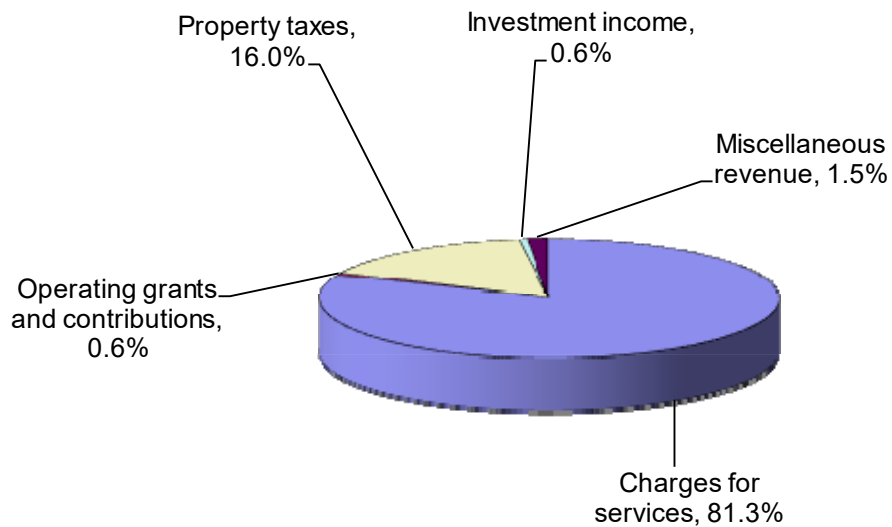
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 12,997,277	\$ 10,190,807	\$ 10,037,232	\$ 9,720,741	\$ 23,034,509	\$ 19,911,548
Operating grants and contributions	94,649	-	-	-	94,649	-
General revenues:						
Property taxes	2,553,589	2,404,269	-	-	2,553,589	2,404,269
Investment income, unrestricted	98,529	60,776	49,904	40,775	148,433	101,551
Miscellaneous revenue	232,764	173,218	-	-	232,764	173,218
Gain on sale of assets	1,376	-	1,979	-	3,355	-
Total revenues	15,978,184	12,829,070	10,089,115	9,761,516	26,067,299	22,590,586
Expenses						
Water conservation	8,949,620	8,005,518	-	-	8,949,620	8,005,518
Lake Piru recreational facilities	1,208,650	966,947	-	-	1,208,650	966,947
State water project importation	1,942,038	414,599	-	-	1,942,038	414,599
Freeman diversion facility	-	-	2,728,230	1,999,617	2,728,230	1,999,617
Water delivery and treatment facilities	-	-	5,326,995	5,509,330	5,326,995	5,509,330
Interest on long-term debt	735,674	758,458	85,596	123,637	821,270	882,095
Total expenses	12,835,982	10,145,522	8,140,821	7,632,584	20,976,803	17,778,106
Change in Net Position	3,142,202	2,683,548	1,948,294	2,128,932	5,090,496	4,812,480
Beginning Net Position, as Restated	35,817,260	33,133,712	46,527,258	44,398,326	82,344,518	77,532,038
Ending Net Position	\$ 38,959,462	\$ 35,817,260	\$ 48,475,552	\$ 46,527,258	\$ 87,435,014	\$ 82,344,518

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$3,142,202 from the prior fiscal year for an ending balance of \$38,959,462. The increase in net position was primarily due to increased assessments for the State Water Import Program as well as increased groundwater revenue.

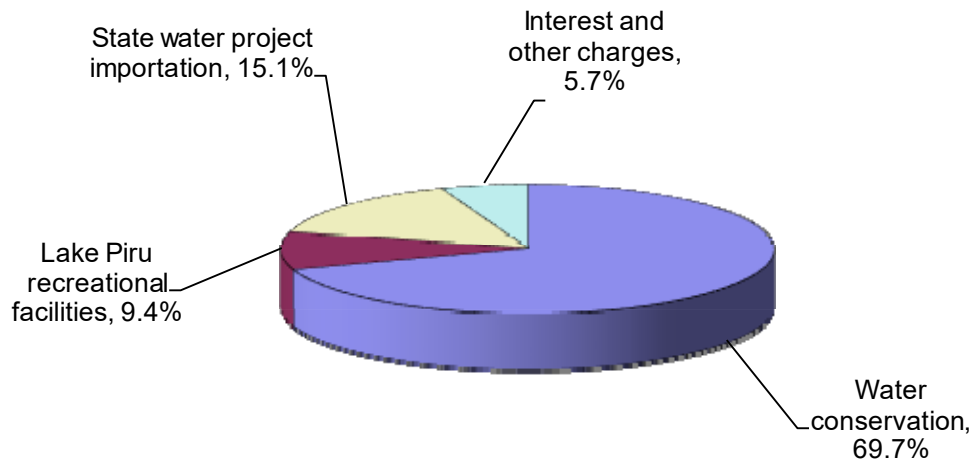
United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2017

Governmental Activities Sources of Revenue \$15,978,184



Governmental Activities Functional Expense \$12,835,982



United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2017

Business-type Activities. During the current fiscal year, net position for business-type activities increased \$1,948,294 from the prior fiscal year balance, for an ending balance of \$48,475,552. The increase, in large part, is attributable to delays in CIP projects, particularly in the Freeman Fund.

Financial Analysis of Governmental Funds

As noted earlier, 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. Such information is useful in assessing the District's financing requirements.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board.

At June 30, 2017, the District's governmental funds reported combined fund balances of \$22,536,444, an increase of \$2,403,515 in comparison with the prior year. Approximately 38% of this amount (\$8,568,030) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$103,799), 2) restricted for particular purposes (\$2,756,124), 3) committed or assigned for specific purposes (\$11,108,491).

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,568,030 while total fund balance increased to \$20,643,291. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 75% of total general fund expenditures, while total fund balance represents approximately 180% of that same amount.

General Fund	
Fund balance:	
Nonspendable	\$ 103,799
Restricted	862,971
Committed	2,224,370
Assigned	8,884,121
Unassigned	8,568,030
Total fund balance	<u>\$ 20,643,291</u>

The fund balance of the District's General Fund increased by \$1,973,631 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due to increased groundwater revenue for capital project needs.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2017

The State water import fund, the remaining major governmental fund, had an increase in fund balance during the current year of \$429,884 to bring the year end fund balance to \$1,893,153. The increase essentially results from the increased special assessment revenue for water acquisition.

Proprietary Funds. The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Freeman Diversion Fund at the end of the year was \$5,341,931. The increase in net position for the fund was \$492,457, to bring the year end net position to \$31,619,310. The increase in net position for the fund results from delays in capital projects.

Unrestricted net position of the Oxnard-Hueneme Pipeline fund at the end of the year was \$1,136,436. The increase in net position for the fund was \$1,037,559 to bring the year end net position to \$9,306,190. The increase in net position for the fund results from the delays in capital projects.

Unrestricted net position of the Pleasant Valley Pipeline fund at the end of the year was \$438,261. The increase in net position for the fund was \$260,678 to bring the year end net position to \$2,717,179. The increase in net position for the fund results from increased fixed charges and decreased legal cost.

Unrestricted net position of the Pumping Trough Pipeline fund at the end of the year was \$274,635. The increase in net position for the fund was \$157,600, to bring the year end net position to \$4,832,873. The increase in net position for the fund results from the increased water delivery revenue.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year the original estimated revenues were amended to account for higher than anticipated groundwater pumping activity as a result of drought conditions as well as anticipated grant revenue for a new patrol boat and quagga mussel control and treatment. Expenditure appropriations were also modified during the year to include prior year carry-over appropriations and to allocate additional funding for retirement and post-retirement costs, contractual services and office expense.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Groundwater revenue was under budget of the revised projections by \$507,068 as a result of increased rainfall during the first months of 2017. Additionally, grant revenues were below budget by \$103,370. This was a result of not receiving the grant for the new patrol boat until FY 2017-18, and under-expenditures for quagga mussel containment efforts.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2017

A review of actual expenditures compared to the appropriations in the final budget yields only a few significant variances. Actual personnel costs were higher than projected (\$24,271) as result of a greater amount of staff time dedicated to Water Conservation activities and less staff time dedicated to business-type activities. Actual contractual services expenditures were below budget (\$1,594,143) partially as a result of delays in various projects. Lastly, actual maintenance expenditures came below budgeted appropriations (\$222,294) partially due to delays in maintenance projects. Approximately 35% of these unexpended allocations will be carried forward into FY 2017-18.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$81,048,196 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, dams, structures and improvements, equipment, and intangibles. The total increase in capital assets for the current fiscal year was approximately 2.3%.

District's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 16,919,430	\$ 16,919,430	\$ 1,220,855	\$ 1,220,855	\$ 18,140,285	\$ 18,140,285
Construction in progress	4,389,725	2,883,583	4,153,951	1,982,820	8,543,676	4,866,403
Dams	2,176,293	2,131,679	23,005,239	23,316,984	25,181,532	25,448,663
Structures & Improvements	11,273,341	11,773,380	14,100,627	14,841,932	25,373,968	26,615,312
Equipment	1,090,935	1,082,325	542,051	428,198	1,632,986	1,510,523
Intangibles	2,175,749	2,653,015	-	-	2,175,749	2,653,015
	<u>\$ 38,025,473</u>	<u>\$ 37,443,412</u>	<u>\$ 43,022,723</u>	<u>\$ 41,790,789</u>	<u>\$ 81,048,196</u>	<u>\$ 79,234,201</u>

Other than an increase of \$3,677,273 in construction in progress, there were no major capital asset events during the current fiscal year. The increase to construction in progress was primarily related to the Saticoy Shop Replacement Building, Oxnard/Hueneme Pipeline Well Replacement, District Lighting and Pumping, Santa Felicia Dam improvements, and Freeman Diversion Rehabilitation projects.

Additional information on the District's capital assets can be found in Note 5 on pages 43-44 of this report.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2017

Long-term Debt. The District's long-term liabilities at the end of the year was \$28,467,552. This represents an increase of \$1,100,815, or 4%. Significant changes include the increase of net pension liability and the paydown of bonds payable.

An overview of long-term liabilities is presented below.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Obligation under State Water Project	\$ 1,265,897	\$ 1,231,846	\$ -	\$ -	\$ 1,265,897	\$ 1,231,846
Bonds payable:						
2001B Revenue bonds	121,145	142,253	538,855	632,746	660,000	774,999
2005B Revenue bonds	5,067,127	5,327,858	1,212,873	1,282,142	6,280,000	6,610,000
2009 Certificates of Participation	9,660,000	10,125,000	-	-	9,660,000	10,125,000
Plus (less) deferred amounts:						
Bond premiums	76,538	80,017	-	-	76,538	80,017
Bond discounts	(44,353)	(46,870)	(13,296)	(14,558)	(57,649)	(61,428)
Total bonds payable	14,880,457	15,628,258	1,738,432	1,900,330	16,618,889	17,528,588
Compensated absences	576,934	510,930	323,762	301,786	900,696	812,716
Net OPEB obligation	197,267	250,104	206,539	236,780	403,806	486,884
Net pension liability	5,900,976	4,647,063	3,377,288	2,659,640	9,278,264	7,306,703
Total long-term liabilities	\$ 22,821,531	\$ 22,268,201	\$ 5,646,021	\$ 5,098,536	\$ 28,467,552	\$ 27,366,737

Additional information on the District's long-term liabilities can be found in Note 10 on pages 57-60 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the District and were considered in developing the 2017-18 fiscal year budget.

- Modifications to the District's current fees and charges schedule.
- A reduction in groundwater extraction activity.
- Modest increases in the taxable assessed value as a percentage of estimated actual value and resulting increases in property assessments will continue to affect the District's real property tax base.
- Interest rates are expected to remain at record low levels throughout fiscal year 2017-18.
- Cost of Living increases 2.5% for all District staff.
- Considerable designations are required to address aging infrastructure and regulatory compliance matters.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2017

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to United Water Conservation District, Chief Financial Officer, 106 N. 8th Street, Santa Paula, CA 93060.

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BASIC FINANCIAL STATEMENTS

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United Water Conservation District

Statement of Net Position June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 19,273,502	\$ 10,031,701	\$ 29,305,203
Receivables:			
Accounts, net	4,073,347	1,765,720	5,839,067
Taxes	97,551	-	97,551
Interest	44,938	21,814	66,752
Prepaid items	142,338	29,635	171,973
Internal balances	317,500	(317,500)	-
Total current assets	<u>23,949,176</u>	<u>11,531,370</u>	<u>35,480,546</u>
Noncurrent assets:			
Restricted cash and investments	862,971	-	862,971
Capital assets:			
Nondepreciable	21,309,155	5,374,806	26,683,961
Depreciable, net	16,716,318	37,647,917	54,364,235
Total capital assets	<u>38,025,473</u>	<u>43,022,723</u>	<u>81,048,196</u>
Total noncurrent assets	<u>38,888,444</u>	<u>43,022,723</u>	<u>81,911,167</u>
Total Assets	<u>62,837,620</u>	<u>54,554,093</u>	<u>117,391,713</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	1,897,109	1,085,766	2,982,875
Total Deferred Outflows of Resources	<u>1,897,109</u>	<u>1,085,766</u>	<u>2,982,875</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,941,563	1,093,037	3,034,600
Accrued interest payable	169,837	19,803	189,640
Accrued wages and benefits	230,698	92,534	323,232
Unearned revenue	64,903	-	64,903
Current portion of long-term debt	1,199,819	347,538	1,547,357
Total current liabilities	<u>3,606,820</u>	<u>1,552,912</u>	<u>5,159,732</u>
Noncurrent liabilities:			
Net pension liability	5,900,976	3,377,288	9,278,264
Long-term debt, net of current portion	15,720,736	1,921,195	17,641,931
Total noncurrent liabilities	<u>21,621,712</u>	<u>5,298,483</u>	<u>26,920,195</u>
Total Liabilities	<u>25,228,532</u>	<u>6,851,395</u>	<u>32,079,927</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	546,735	312,912	859,647
Total Deferred Inflows of Resources	<u>546,735</u>	<u>312,912</u>	<u>859,647</u>
NET POSITION			
Net investment in capital assets	23,145,016	41,284,289	64,429,305
Restricted for:			
Debt covenants	862,971	-	862,971
State Water Import	627,256	-	627,256
Unrestricted	14,324,219	7,191,263	21,515,482
Total Net Position	<u>\$ 38,959,462</u>	<u>\$ 48,475,552</u>	<u>\$ 87,435,014</u>

The accompanying notes are an integral part of these financial statements.

United Water Conservation District

Statement of Activities For the Year Ended June 30, 2017

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental activities:					
Water conservation	\$ 7,466,027	\$ 1,483,593	\$ 10,481,039	\$ 94,649	\$ -
Lake Piru Recreational facilities	1,101,276	107,374	2,390	-	-
State Water Project importation	1,942,038	-	2,513,848	-	-
Interest on long-term debt	735,674	-	-	-	-
General and administrative	2,711,260	(2,711,260)	-	-	-
Total governmental activities	13,956,275	(1,120,293)	12,997,277	94,649	-
Business-type activities:					
Freeman Diversion facility	2,313,407	414,823	3,189,606	-	-
Water delivery and treatment facilities	4,621,525	705,470	6,847,626	-	-
Interest on long-term debt	85,596	-	-	-	-
Total business-type activities	7,020,528	1,120,293	10,037,232	-	-
Total Primary Government	\$ 20,976,803	\$ -	\$ 23,034,509	\$ 94,649	\$ -

General Revenues:
Property taxes
Investment income, unrestricted
Miscellaneous revenue
Gain on sale of assets

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ 1,626,068	\$ -	\$ 1,626,068
(1,206,260)	-	(1,206,260)
571,810	-	571,810
(735,674)	-	(735,674)
-	-	-
255,944	-	255,944
-	461,376	461,376
-	1,520,631	1,520,631
-	(85,596)	(85,596)
-	1,896,411	1,896,411
255,944	1,896,411	2,152,355
2,553,589	-	2,553,589
98,529	49,904	148,433
232,764	-	232,764
1,376	1,979	3,355
2,886,258	51,883	2,938,141
3,142,202	1,948,294	5,090,496
35,817,260	46,527,258	82,344,518
<u>\$ 38,959,462</u>	<u>\$ 48,475,552</u>	<u>\$ 87,435,014</u>

United Water Conservation District

Balance Sheet Governmental Funds June 30, 2017

	General Fund	Special Revenue Fund State Water Import Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 16,522,850	\$ 2,750,652	\$ 19,273,502
Receivables:			
Accounts, net	3,993,846	79,501	4,073,347
Taxes	87,444	10,107	97,551
Interest	39,244	5,694	44,938
Advances to other funds	317,500	-	317,500
Restricted cash and investments	862,971	-	862,971
Prepaid items	103,799	-	103,799
Total Assets	<u>\$ 21,927,654</u>	<u>\$ 2,845,954</u>	<u>\$ 24,773,608</u>
LIABILITIES			
Accounts payable	\$ 988,762	\$ 952,801	\$ 1,941,563
Accrued wages and benefits	230,698	-	230,698
Unearned revenue	64,903	-	64,903
Total Liabilities	<u>1,284,363</u>	<u>952,801</u>	<u>2,237,164</u>
FUND BALANCES			
Nonspendable	103,799	-	103,799
Restricted	862,971	1,893,153	2,756,124
Committed	2,224,370	-	2,224,370
Assigned	8,884,121	-	8,884,121
Unassigned	8,568,030	-	8,568,030
Total Fund Balances	<u>20,643,291</u>	<u>1,893,153</u>	<u>22,536,444</u>
Total Liabilities and Fund Balances	<u>\$ 21,927,654</u>	<u>\$ 2,845,954</u>	<u>\$ 24,773,608</u>

The accompanying notes are an integral part of these financial statements.

United Water Conservation District

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2017

Fund balances of governmental funds	\$ 22,536,444
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets	61,970,003
Accumulated depreciation	(23,944,530)

Other long-term assets not available to pay current period expenditures, and therefore, are not reported as unavailable revenue in the funds.

Prepaid insurance on bonds	38,539
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Deferred inflows and outflows of resources are not reported in the governmental funds:

Deferred inflows - pension related	(546,735)
Deferred outflows - pension related	1,897,109

Long-term liabilities were not due and payable in the current period. Therefore, they are not reported in the Governmental Funds Balance Sheet:

Bonds payable	(14,848,272)
Obligation under State Water Project	(1,265,897)
Net pension liability	(5,900,976)
Compensated absences	(576,934)
Net OPEB obligation	(197,267)
Bond premium	(76,538)
Bond discount	44,353

Net position of governmental activities	<u>\$ 38,959,462</u>
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The accompanying notes are an integral part of these financial statements.

United Water Conservation District

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2017

	General Fund	Special Revenue Fund State Water Import Fund	Totals
REVENUES			
Taxes	\$ 2,553,589	\$ -	\$ 2,553,589
Special assessments	-	2,500,542	2,500,542
Charges for services	10,483,429	-	10,483,429
Earnings on investments	98,528	8,835	107,363
Intergovernmental	94,649	-	94,649
Other revenue	232,764	4,472	237,236
Total Revenues	13,462,959	2,513,849	15,976,808
EXPENDITURES			
Current:			
Water conservation	7,401,189	-	7,401,189
Lake Piru Recreation facilities	984,433	-	984,433
State Water Project importation	-	1,942,038	1,942,038
Capital outlay	1,664,458	-	1,664,458
Debt service:			
Principal	746,839	101,314	848,153
Interest	693,852	40,613	734,465
Bond fees and expenditures	3,682	-	3,682
Total Expenditures	11,494,453	2,083,965	13,578,418
Excess of Revenues over Expenditures	1,968,506	429,884	2,398,390
OTHER FINANCING SOURCES			
Sale of capital assets	5,125	-	5,125
Total Other Financing Sources	5,125	-	5,125
Change in Fund Balances	1,973,631	429,884	2,403,515
Fund Balances, Beginning of Year	18,669,660	1,463,269	20,132,929
Fund Balances, End of Year	\$ 20,643,291	\$ 1,893,153	\$ 22,536,444

The accompanying notes are an integral part of these financial statements.

United Water Conservation District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$	2,403,515
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	582,061
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The issuance of long-term debt provides current financial resources to governmental funds. This transaction, however, does not have an effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement issued, of activities.

Addition to state water obligation	(135,365)
Principal repayments	848,153
Change in prepaid bond insurance, premiums and discounts	(4,842)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences payable	(66,004)
Change in accrued interest payable	7,315

Governmental funds report all contributions in relation to the annual required contribution (ARC) for Pensions and OPEB as expenditures, however, in the Statement of Activities, pension expense is actuarially determined and OPEB expense is based on the ARC.

Change in pension related items	(545,468)
Change in OPEB obligation	52,837

Change in net position of governmental activities	\$	<u>3,142,202</u>
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The accompanying notes are an integral part of these financial statements.

United Water Conservation District

Statement of Net Position Proprietary Funds June 30, 2017

	Freeman Diversion	Oxnard- Hueneme Pipeline	Pleasant Valley Pipeline
ASSETS			
Current assets:			
Cash and investments	\$ 5,725,975	\$ 2,508,752	\$ 629,984
Receivables:			
Accounts, net	1,080,451	392,715	46,677
Interest	13,333	5,069	1,315
Prepaid items	3,736	16,810	1,265
Total current assets	6,823,495	2,923,346	679,241
Noncurrent assets:			
Capital assets:			
Nondepreciable	3,053,124	1,031,696	737,296
Depreciable, net	23,244,676	8,279,596	1,608,948
Total capital assets	26,297,800	9,311,292	2,346,244
Total noncurrent assets	26,297,800	9,311,292	2,346,244
Total Assets	33,121,295	12,234,638	3,025,485
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	311,710	507,984	69,799
Total Deferred Outflows of Resources	311,710	507,984	69,799
LIABILITIES			
Current liabilities:			
Accounts payable	541,392	281,634	28,919
Accrued interest payable	262	13,356	766
Accrued wages and benefits	22,874	42,790	7,485
Advances from other funds	-	-	-
Current portion of long-term debt	59,545	201,255	14,001
Total current liabilities	624,073	539,035	51,171
Noncurrent liabilities:			
Net pension liability	969,579	1,580,088	217,111
Long-term debt, net of current portion	130,208	1,170,912	89,707
Total noncurrent liabilities	1,099,787	2,751,000	306,818
Total Liabilities	1,723,860	3,290,035	357,989
DEFERRED INFLOWS OF RESOURCES			
Pension related	89,835	146,397	20,116
Total Deferred Inflows of Resources	89,835	146,397	20,116
NET POSITION			
Net investment in capital assets	26,277,379	8,169,754	2,278,918
Unrestricted	5,341,931	1,136,436	438,261
Total Net Position	\$ 31,619,310	\$ 9,306,190	\$ 2,717,179

The accompanying notes are an integral part of these financial statements.

Pumping Trough Pipeline	Total Proprietary Funds
\$ 1,166,990	\$ 10,031,701
245,877	1,765,720
2,097	21,814
7,824	29,635
<u>1,422,788</u>	<u>11,848,870</u>
552,690	5,374,806
<u>4,514,697</u>	<u>37,647,917</u>
<u>5,067,387</u>	<u>43,022,723</u>
<u>5,067,387</u>	<u>43,022,723</u>
<u>6,490,175</u>	<u>54,871,593</u>
196,273	1,085,766
<u>196,273</u>	<u>1,085,766</u>
241,092	1,093,037
5,419	19,803
19,385	92,534
317,500	317,500
72,737	347,538
<u>656,133</u>	<u>1,870,412</u>
610,510	3,377,288
<u>530,368</u>	<u>1,921,195</u>
<u>1,140,878</u>	<u>5,298,483</u>
<u>1,797,011</u>	<u>7,168,895</u>
56,564	312,912
<u>56,564</u>	<u>312,912</u>
4,558,238	41,284,289
<u>274,635</u>	<u>7,191,263</u>
<u>\$ 4,832,873</u>	<u>\$ 48,475,552</u>

United Water Conservation District

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds For the Year Ended June 30, 2017

	Freeman Diversion	Oxnard- Hueneme Pipeline	Pleasant Valley Pipeline
OPERATING REVENUES			
Charges for services	\$ 3,177,970	\$ 4,325,496	\$ 525,012
Intergovernmental	-	34,784	-
Other operating revenues	11,636	141,330	-
Total Operating Revenues	3,189,606	4,501,610	525,012
OPERATING EXPENSES			
Salaries	383,262	634,702	20,080
Benefits	300,530	504,758	41,540
Utilities	7,402	931,758	2,807
Repairs and maintenance	64,816	206,338	7,842
Professional services	1,124,187	52,346	2,856
Other supplies and services	62,602	353,107	15,394
General and administrative	414,855	335,409	102,765
Depreciation	370,576	400,163	70,548
Total Operating Expenses	2,728,230	3,418,581	263,832
Operating Income	461,376	1,083,029	261,180
NONOPERATING REVENUES (EXPENSES)			
Interest income	31,192	11,775	2,577
Gain on sale of assets	1,141	302	268
Bond fees and expenses	(163)	(3,061)	(251)
Interest expense	(1,089)	(54,486)	(3,096)
Total Nonoperating Revenues (Expenses)	31,081	(45,470)	(502)
Change in Net Position	492,457	1,037,559	260,678
Net Position, Beginning of Year	31,126,853	8,268,631	2,456,501
Net Position, End of Year	\$ 31,619,310	\$ 9,306,190	\$ 2,717,179

The accompanying notes are an integral part of these financial statements.

Pumping Trough Pipeline	Total Proprietary Funds
\$ 1,724,081	\$ 9,752,559
14,907	49,691
82,016	234,982
1,821,004	10,037,232
167,370	1,205,414
174,561	1,021,389
352,134	1,294,101
94,257	373,253
11,159	1,190,548
140,048	571,151
267,351	1,120,380
437,702	1,278,989
1,644,582	8,055,225
176,422	1,982,007
4,360	49,904
268	1,979
(1,057)	(4,532)
(22,393)	(81,064)
(18,822)	(33,713)
157,600	1,948,294
4,675,273	46,527,258
\$ 4,832,873	\$ 48,475,552

United Water Conservation District

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2017

	Freeman Diversion	Oxnard- Hueneme Pipeline
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 3,253,152	\$ 4,653,655
Payments to suppliers	(1,343,826)	(1,857,599)
Payments to employees	(571,289)	(950,613)
Grants	-	34,784
Other operating revenues	11,636	141,330
Net Cash Provided by Operating Activities	<u>1,349,673</u>	<u>2,021,557</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(746,760)	(941,507)
Advance from general fund	-	-
Proceeds from sale of assets	1,141	302
Principal payments	(3,239)	(112,826)
Interest payments	(1,295)	(58,795)
Net Cash Used for Capital and Related Financing Activities	<u>(750,153)</u>	<u>(1,112,826)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	24,674	8,925
Payments received on note receivable	-	-
Net Cash Provided by Investing Activities	<u>24,674</u>	<u>8,925</u>
Net Increase in Cash and Cash Equivalents	624,194	917,656
Cash and Cash Equivalents - Beginning of Year	<u>5,101,781</u>	<u>1,591,096</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,725,975</u>	<u>\$ 2,508,752</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 461,376	\$ 1,083,029
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	370,576	400,163
Changes in assets and liabilities:		
Accounts receivable, net	75,182	328,159
Deferred outflows of resources	(98,097)	(159,867)
Accounts and other payables	330,036	21,359
Accrued wages and benefits	22,874	42,790
Deferred inflows of resources	(18,302)	(29,832)
Net pension liability	206,028	335,756
Net Cash Provided by Operating Activities	<u>\$ 1,349,673</u>	<u>\$ 2,021,557</u>

The accompanying notes are an integral part of these financial statements.

Pleasant Valley Pipeline	Pumping Trough Pipeline	Total Proprietary Funds
\$ 528,012	\$ 1,659,485	\$ 10,094,304
(109,346)	(718,132)	(4,028,903)
(34,064)	(266,111)	(1,822,077)
-	14,907	49,691
-	82,016	234,982
<u>384,602</u>	<u>772,165</u>	<u>4,527,997</u>
(148,968)	(673,688)	(2,510,923)
-	317,500	317,500
268	268	1,979
(2,447)	(51,651)	(170,163)
(3,397)	(23,877)	(87,364)
<u>(154,544)</u>	<u>(431,448)</u>	<u>(2,448,971)</u>
1,688	3,330	38,617
35,798	-	35,798
<u>37,486</u>	<u>3,330</u>	<u>74,415</u>
267,544	344,047	2,153,441
<u>362,440</u>	<u>822,943</u>	<u>7,878,260</u>
<u>\$ 629,984</u>	<u>\$ 1,166,990</u>	<u>\$ 10,031,701</u>
\$ 261,180	\$ 176,422	\$ 1,982,007
70,548	437,702	1,278,989
3,000	(64,596)	341,745
(21,966)	(61,768)	(341,698)
22,318	146,817	520,530
7,485	19,385	92,534
(4,098)	(11,526)	(63,758)
46,135	129,729	717,648
<u>\$ 384,602</u>	<u>\$ 772,165</u>	<u>\$ 4,527,997</u>

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United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The United Water Conservation District (the District) was formed in 1950 under the Water Conservation Act of 1931. An elected seven-member Board of Directors governs the District. The District's major operations, as a water conservation district, include groundwater recharge and monitoring and abatement of seawater intrusion that manifests along the coast while also protecting environmental needs.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Reporting Entity

These financial statements present the District and its component unit, the United Water Conservation District Public Facilities Financing Authority. As defined by GASB, the financial reporting entity consists of the primary government, as well as component units, for which the District is considered to be financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the District.

The United Water Conservation District Public Facilities Financing Authority (PFFA) was established in 1993 to construct, acquire, maintain and improve the public facilities and improvements within the District boundaries. The District's Board of Directors acts as the governing body of the PFFA. Although legally separate, the PFFA is blended into the General Fund, Freeman Diversion Fund, Oxnard-Hueneme Pipeline Fund, Pleasant Valley Pipeline Fund and the Pumping Trough Pipeline Fund. The PFFA does not issue separate financial statements.

B. Basic Financial Statements – District-Wide Statements

The District's basic financial statements include both district-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the district-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's water conservation, recreation facilities, state water import and general administrative services are classified as governmental activities. The Freeman diversion facility and the three pipeline water delivery and treatment facilities are classified as business-type activities, and are generally financed by fees charged to external parties for goods or services.

In the district-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basic Financial Statements – District-Wide Statements, (continued)

The district-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each function of the business-type activities of the District and for each program of the governmental activities. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses are allocated among the operating funds of the District based on an allocation plan approved by the Board of Directors. Program revenues include charges paid by the recipients of the goods or services offered by the programs and 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 are presented as general revenues. Inter-fund activity is eliminated in the governmental and business-type activities columns of the statement of activities.

C. Basic Financial Statements – Fund Financial Statements

Fund financial statements report detailed information about the District. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred outflows/inflows of resources, net position/fund balance, revenues and expenses/expenditures. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being aggregated and displayed in a single column. All of the District's governmental and proprietary funds were determined to be major funds at June 30, 2017.

The funds of the District are described below:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Water conservation activities, recreational activities and general operating activities are accounted for in the General Fund. Generally, at the discretion of the Board of Directors, the District's groundwater extraction revenues fund the water conservation activities, and property tax revenues are used to first fund the District's general operating activities and the recreational activities.

The State Water Import Fund is a special revenue fund that accounts for voter approved property tax assessment that is legally restricted to expenditures for specified purposes and is determined annually based on the amount of state water the District intends to purchase.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basic Financial Statements – Fund Financial Statements, (continued)

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. The Oxnard-Hueneme and Pumping Trough Pipeline Funds also recognize as operating revenue the fees, if any, intended to recover the cost of connecting new customers to the pipeline. Operating expenses for the enterprise 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.

The following is a description of the proprietary funds of the District:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The Freeman Diversion Fund accounts for the resources and expenses for the operations, maintenance, improvements and debt service of the Freeman Diversion facilities. The structure diverts surface water from the Santa Clara River for groundwater recharge and pipeline water delivery for agricultural use to fight seawater intrusion caused by overdrafting groundwater basins throughout the District.

The Oxnard-Hueneme Pipeline Fund accounts for the resources and expenses for the operations, maintenance, improvements and debt service of the Oxnard-Hueneme pipeline. The District delivers potable water via pumped groundwater from the El Rio spreading grounds to the Oxnard and Port Hueneme areas for municipal and industrial and some agricultural usage.

The Pleasant Valley Pipeline Fund accounts for the resources and expenses for the operations, maintenance, improvements and debt service of the Pleasant Valley pipeline. The District diverts surface water at the Freeman Diversion Dam and transports it via the pipeline to the Pleasant Valley County Water District for agricultural use, which in turn reduces groundwater extraction at the coast that results in seawater intrusion.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basic Financial Statements – Fund Financial Statements, (continued)

2. Proprietary Funds, (continued):

The Pumping Trough Pipeline Fund accounts for the resources and expenses for the operations, maintenance and improvements of the Pumping Trough Pipeline. The pipeline provides a combination of Santa Clara River surface water and Fox Canyon aquifer groundwater for agricultural use, which in turn reduces the advancement of seawater intrusion.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

Both governmental and business-type activities in the district-wide financial statements and the proprietary funds' financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Earned but unbilled amounts for services provided are accrued and included in accounts receivable and recognized as revenue.

2. Modified Accrual

The governmental funds' financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenue available if collected within 60 days after year-end. The District considers interest, certain taxes, grant revenues, groundwater charges and water delivery charges to be susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. Assets, Liabilities, Deferred Outflows/Deferred Inflows of Resources and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and short-term investments with original maturities of three months or less.

2. Investments

Investments are carried at fair value.

The District's Investment Policy authorizes investments in the State of California Local Agency Investment Fund, U.S. Government Securities generally limited to Treasury Bills, Treasury Notes, Bonds or other direct obligations of the U.S. Government, U.S. Agencies generally limited to issuances by a federal agency or a U.S. Government – sponsored enterprise Certificates of Deposit, Approved Bank Demand Deposit Accounts, Approved Bank Overnight Sweep Accounts, and Money Market Funds.

3. Receivables

The District's receivables consist of interest, certain taxes, grant revenues, groundwater charges and water delivery charges that are considered susceptible to accrual. Unbilled receivables for these items totaled approximately \$3,963,537 in governmental funds and \$1,606,757 in enterprise funds at June 30, 2017.

Property taxes are collected and remitted to the District by the County of Ventura. Taxes are levied annually on November 1 and are due one-half by December 10 and one-half by April 10. Major tax payments are received December through May and are recognized as revenue in the year received. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received, except for those received within 60 days of year-end which are recognized as revenue as of June 30.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of inter-fund loans) or advances to/from other funds (i.e., the non-current portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as internal balances.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. Assets, Liabilities, Deferred Outflows/Deferred Inflows of Resources and Net Position/Fund Balance, (continued)

4. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements and expensed as the items are used.

5. Capital Assets

Capital assets are reported in the applicable governmental or business-type activity columns in the district-wide financial statements and in the proprietary funds.

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Dams	100 years
Structures and improvements	15-50 years
Equipment	3-25 years

6. Compensated Absences

The District accrues vacation, annual leave and compensatory time in the period the fund liability is incurred. Sick leave liability is based on the amount accumulated at year-end by those employees who are eligible to receive termination payments.

7. Long-term Obligations

In the district-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. Assets, Liabilities, Deferred Outflows/Deferred Inflows of Resources and Net Position/Fund Balance, (continued)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

9. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

10. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the district-wide and proprietary fund financial statements. Net position is classified in the following categories:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt related to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net position with legal limitations imposed on their use by external restrictions by other governments, creditors or grantors.
- c. Unrestricted net position – All other net position that do not meet the definition of restricted or invested in capital assets.

Restricted net position for governmental activities are restricted due to law through constitutional provisions or enabling legislation, debt covenants and unspent bond proceeds. Restricted net position for business type activities are restricted due to debt covenants.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. Assets, Liabilities, Deferred Outflows/Deferred Inflows of Resources and Net Position/Fund Balance, (continued)

11. Fund Balances

In the fund financial statements, governmental fund balances are classified as follows:

- a. Non-spendable – Amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.
- b. Restricted – Amounts that are restricted to specific purposes when constraints placed on the use of resources are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (majority vote) of the Board of Directors. Those committed amounts cannot be used for any other purpose unless formal action taken by the Board of Directors removes or changes the specified use. Committed fund balance will also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Board of Directors considers a resolution to constitute a formal action of the board of directors for the purposes of establishing committed fund balance.
- d. Assigned – Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed will be reported as assigned fund balance. The Board of Directors has designated the assignment of assigned fund balance to the Finance Committee.
- e. Unassigned – Represents residual fund balance that has not been restricted, committed, or assigned to specific purposes. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. Assets, Liabilities, Deferred Outflows/Deferred Inflows of Resources and Net Position/Fund Balance, (continued)

11. Fund Balances, (continued)

At June 30, 2017, governmental fund balance consisted of the following:

Fund Balances	General Fund	State Water Import Fund	Total Governmental Funds
Nonspendable:			
Prepays	\$ 103,799	\$ -	\$ 103,799
Restricted for:			
Debt service reserve	862,971	-	862,971
State Water Importation	-	1,893,153	1,893,153
Committed to:			
Committed for:			
Santa Felicia Dam Projects	1,485,683	-	1,485,683
Professional Fees	227,569	-	227,569
State Water Interconnection Project	148,139	-	148,139
Park Service Office	94,884	-	94,884
Equipment	89,945	-	89,945
Saticoy Shop Project	87,148	-	87,148
Juan Fernandez Day Use Project	35,186	-	35,186
Other Contractual obligations	34,674	-	34,674
Quagga Mussel Removal & Management	21,143	-	21,143
Assigned to:			
Infrastructure Improvements and Replacement	8,789,000	-	8,789,000
Operating Carryovers	95,121	-	95,121
Unassigned:			
Unassigned	8,568,030	-	8,568,030
Total	<u>\$ 20,643,291</u>	<u>\$ 1,893,153</u>	<u>\$ 22,536,444</u>

12. Budgets and Budgetary Accounting

On or before June 30, the annual budget is adopted by the Board of Directors after holding a public hearing and provides for the general operation of the District. The operating budget includes proposed expenditures and the means of financing them. The Board of Directors has the legal authority to amend the budget for all funds at any time during the fiscal year. The appropriated budget is prepared by fund and activity. The legal level of budgetary control is at the fund level.

Encumbrance accounting is employed in the governmental funds. Encumbrances (i.e., purchase orders, contracts) outstanding at year-end are carried forward and added to the subsequent year's appropriation. The unencumbered balance of each appropriation lapses at year-end and reverts to the respective fund from which it was appropriated and becomes available for future appropriation.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. Assets, Liabilities, Deferred Outflows/Deferred Inflows of Resources and Net Position/Fund Balance, (continued)

13. Use of Estimates

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

Note 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 29,305,203
Restricted cash and investments	<u>862,971</u>
Total cash and investments	<u><u>\$ 30,168,174</u></u>

Cash and investments held by the District at June 30, 2017, consisted of the following:

Petty cash	\$ 350
Demand deposits	1,017,452
Investments	<u>29,150,372</u>
Total cash and investments	<u><u>\$ 30,168,174</u></u>

The District manages its investments in accordance with the District's Investment Policy, which was last reaffirmed by the Board of Directors by Resolution 2017-15 on June 14, 2017.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 2: CASH AND INVESTMENTS, (continued)

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

Allowable investment instruments are defined in the California Government Code Section 53600, et. seq., as amended. If the Code is further revised to allow additional investments or is changed regarding the limits on certain categories of investments, the District is authorized to conform to these changes, excluding those changes that may be prohibited by this policy. Where the Government Code specifies a percentage limitation for a particular category of investments, that percentage is applicable only at the date of purchase.

The table below identifies the investment types that are authorized by the District's investment policy and the California Government Code (or the District's investment policy, if more restrictive). The table also identifies certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type *	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Government Investment Pools:			
Local Agency Investment Fund (LAIF)	N/A	None	\$65 Million
Ventura County Investment Pool	N/A	33%	33%
U. S. Government Securities:			
Treasury Bills	3 years	None	None
Treasury Notes	3 years	None	None
Bonds or other direct obligations	3 years	None	None
Federal Agency Securities	3 years	None	None
Certificates of Deposit	3 years	33%	33%
Money Market Funds	N/A	33%	33%

* Maximums based on state law requirements or investment policy requirements, whichever is more restrictive.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 2: CASH AND INVESTMENTS, (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District can manage its exposure to interest rates risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Remaining Maturity			Total
	12 months or less	13 to 24 months	25 to 36 months	
Local Agency				
Investment Fund	\$ 28,226,765	\$ -	\$ -	\$ 28,226,765
County of Ventura				
Investment Pool	60,636	-	-	60,636
Held by bond trustees:				
Money Market Funds	862,971	-	-	862,971
Total	<u>\$ 29,150,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,150,372</u>

As part of the District's investment policy, the District will minimize interest rate risk by: (a) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; (b) Investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools; and (c) Limiting the average maturity of the portfolio to up to but not to exceed three years.

Investment with Fair Values Highly Sensitive to Interest Rate Fluctuations

During the fiscal year ended June 30, 2017, the District did not hold any investments that were highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 2: CASH AND INVESTMENTS, (continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Total	Minimum Legal Rating	Standard & Poor's Rating as if Year End
Local Agency			
Investment Fund*	\$ 28,226,765	N/A	N/A
County of Ventura			
Investment Pool*	60,636	N/A	N/A
Held by bond trustees:			
Money Market Funds	<u>862,971</u>	AAA	AAA
Total	<u><u>\$ 29,150,372</u></u>		

* The State and County investment pools do not offer an investment rating.

As part of the District's investment policy, the District will minimize credit risk by: (a) Limiting investments to the type of securities previously listed under "Investments Authorized by the California Government Code and the District's Investment Policy"; (b) Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business with; and (c) Diversifying the investment portfolio so that the impact of potential losses from any type of security or from any one individual issuer will be minimized.

Concentration of Risk

The District's investment policy provides that no more than 33% of the District's portfolio may be invested with a single firm or institution with the exception of the State of California Local Agency Investment Fund or obligations of the U.S. Government. There are no investments in any one issuer that represent 5% or more of total District investments, required to be disclosed.

Custodial Credit Risk

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

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 2: CASH AND INVESTMENTS, (continued)

Custodial Credit Risk, continued

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2017, the District had deposits with financial institutions in excess of federal depository insurance limits by \$1,142,168 that were held in collateralized accounts.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The District may invest up to \$65,000,000 in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the internet at <http://www.treasurer.ca.gov>.

Investment in Ventura County Treasurer's Investment Pool

The District holds investments in the Ventura County Treasurer's Investment Pool (County Pool) that are subject to being adjusted to "fair value". The District is required to disclose its methods and assumptions used to estimate the fair value of its holdings in the County Pool. The District relied upon information provided by the County Treasurer in estimating the District's fair value position of its holdings in the County Pool. The District had a contractual withdrawal value of \$60,636 as of June 30, 2017.

The County Pool is a governmental investment pool managed and directed by the elected Ventura County Treasurer. The County Pool is not registered with the Securities and Exchange Commission. An oversight committee comprised of local government officials and various participants provide oversight to the management of the County Pool. The daily operations and responsibilities of the County Pool fall under the auspices of the County Treasurer's office. The District is a voluntary participant of the Ventura County Treasurer's Investment Pool.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 2: CASH AND INVESTMENTS, (continued)

Fair Value Measurements

GASB Statement No. 72, Fair Value Measurements and Application, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

The District's investments in Local Agency Investment Fund of \$28,226,765, County of Ventura Investment Pool of \$60,636, and Money Market Funds of \$862,971 are measured at Net Asset Value (NAV).

Note 3: INTERFUND ADVANCES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Pumping Trough Pipeline	<u>\$ 317,500</u>

Note 4: NOTES RECEIVABLE

The District has a water delivery contract with the Pleasant Valley County Water District (Pleasant Valley) that, as amended, states that Pleasant Valley agrees to pay to the District an annual amount sufficient to cover the debt service requirements of the 1996 Pleasant Valley Reservoir Improvement Project which was initially funded by the proceeds of the 1996 Certificates of Participation and later refunded by the 2006A Revenue bonds. Under the terms of the contract, Pleasant Valley agrees to make principal and interest payments each year until the year ending August 31, 2016, or until the note receivable is paid in full, even in the event that no water is delivered in any particular year or years. As part of the FY 2016-17 budget process, the District agreed to extend the payment period through June 30, 2017. The terms of the note call for interest to be paid at the same rate of interest as the District pays on the underlying debt, which ranges from 3.4% to 5.25%. As of June 30, 2017, the note had been paid in full.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 5: CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2017:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 16,919,430	\$ -	\$ -	\$ 16,919,430
Construction in progress	2,883,583	1,607,601	(101,459)	4,389,725
Total capital assets, not being depreciated	19,803,013	1,607,601	(101,459)	21,309,155
Capital assets, being depreciated:				
Dams	5,684,474	101,459	-	5,785,933
Structures and improvements	22,577,684	-	-	22,577,684
Equipment	3,655,193	217,937	(7,826)	3,865,304
Intangibles	8,431,927	-	-	8,431,927
Total capital assets, being depreciated	40,349,278	319,396	(7,826)	40,660,848
Less accumulated depreciation for:				
Dams	(3,552,795)	(56,845)	-	(3,609,640)
Structures and improvements	(10,804,304)	(500,039)	-	(11,304,343)
Equipment	(2,572,868)	(205,578)	4,077	(2,774,369)
Intangibles	(5,778,912)	(477,266)	-	(6,256,178)
Total accumulated depreciation	(22,708,879)	(1,239,728)	4,077	(23,944,530)
Total capital assets, being depreciated, net	17,640,399	(920,332)	(3,749)	16,716,318
Total governmental activities capital assets, net of accumulated depreciation	\$ 37,443,412	\$ 687,269	\$ (105,208)	\$ 38,025,473

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 5: CAPITAL ASSETS, (continued)

	Beginning balance	Additions	Deletions	Ending balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,220,855	\$ -	\$ -	\$ 1,220,855
Construction in progress	1,982,820	2,171,131	-	4,153,951
Total capital assets, not being depreciated	3,203,675	2,171,131	-	5,374,806
Capital assets, being depreciated:				
Dams	31,173,473	-	-	31,173,473
Structures and improvements	36,150,886	123,140	-	36,274,026
Equipment	2,149,858	222,048	(11,262)	2,360,644
Total capital assets, being depreciated	69,474,217	345,188	(11,262)	69,808,143
Less accumulated depreciation for:				
Dams	(7,856,489)	(311,745)	-	(8,168,234)
Structures and improvements	(21,308,954)	(864,445)	-	(22,173,399)
Equipment	(1,721,660)	(102,799)	5,866	(1,818,593)
Total accumulated depreciation	(30,887,103)	(1,278,989)	5,866	(32,160,226)
Total capital assets, being depreciated, net	38,587,114	(933,801)	(5,396)	37,647,917
Total business-type activities capital assets, net of accumulated depreciation	\$ 41,790,789	\$ 1,237,330	\$ (5,396)	\$ 43,022,723

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:	
Water conservation	\$ 1,015,511
Lake Piru Recreation facility	224,217
Total depreciation expense - governmental activities	\$ 1,239,728
Business-type activities:	
Freeman Diversion facility	\$ 370,576
Water delivery and treatment facilities	908,413
Total depreciation expense - business-type activities	\$ 1,278,989

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 6: DEFINED BENEFIT PENSION PLANS (PERS)

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors one miscellaneous plan in the miscellaneous risk pools. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

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 5 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 Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 6: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

A. General Information about the Pension Plan, (continued)

Benefits Provided, (continued)

The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Classic	New Members
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-60	52-67
Monthly benefits, as a % of annual salary	2.0%-3.0%	1.0%-2.5%
Required employee contribution rates	8.0%	6.25%
Required employer contribution rates	10.069%	6.555%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Employer Contributions to the Plan for the fiscal year ended June 30, 2017, were \$542,174. The actual employer payments of \$524,361 made to CalPERS by the District during the measurement period ended June 30, 2016, differed from the District's proportionate share of the employer's contributions of \$1,045,999 by \$521,638, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 6: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

B. 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 Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.65%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience report.

All other actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 6: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

B. Net Pension Liability, (continued)

Change of Assumptions

There were no changes of assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website, at www.calpers.ca.gov.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 6: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

B. Net Pension Liability, (continued)

Discount Rate, (continued)

The following table reflects 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. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class	Current Target Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	20%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%
Total	100%		

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

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

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 6: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

C. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2015 (VD)	\$ 35,275,847	\$ 27,969,144	\$ 7,306,703
Balance at: 6/30/2016 (MD)	\$ 37,366,891	\$ 28,088,627	\$ 9,278,264
Net changes during 2015-2016	\$ 2,091,044	\$ 119,483	\$ 1,971,561

Valuation Date (VD), Measurement Date (MD).

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for the Plan as of the June 30, 2015, and 2016 measurement dates was as follows:

Proportion - June 30, 2015	0.26633%
Proportion - June 30, 2016	0.26709%
Change - Increase	0.00076%

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

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability	\$ 14,309,012	\$ 9,278,264	\$ 5,120,601

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 6: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

C. Proportionate Share of Net Pension Liability, (continued)

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the Plan for the 2015-16 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2015), the net pension liability for the plan was \$7,306,703. For the measurement period ending June 30, 2016 (the measurement date), the District incurred a pension expense of \$1,399,834 for the Plan.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 6: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)

As of June 30, 2017, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,141	\$ (6,906)
Changes in assumptions	-	(285,167)
Differences between projected and actual investment	1,484,197	-
Differences between employer's contributions and proportionate share of contributions	926,363	(380,654)
Change in employers proportion	-	(186,920)
Pension contributions subsequent to the measurement date	542,174	-
	<u>\$ 2,982,875</u>	<u>\$ (859,647)</u>

The amounts above are net of outflows and inflows recognized in the 2015-16 measurement period expense. The \$542,174 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 upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2017	\$ 372,631
2018	269,949
2019	554,050
2020	384,424
2021	-
Thereafter	-
	<u>\$ 1,581,054</u>

E. Payable to the Pension Plan

At June 30, 2017, the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 7: OTHER POST EMPLOYMENT BENEFITS

Plan Description – The District administers a single-employer defined benefit healthcare plan (Plan). The Plan provides post-employment medical insurance to eligible retirees and their spouses through the California Public Employees Retirement System. State statutes within the Public Employees' Retirement Law establish menus of benefit provisions as well as other requirements and may be amended by CalPERS. The District selected an optional benefit provision specifically for health benefits in compliance with the Public Employees Medical and Hospital Care Act (PEMHCA). The Plan does not issue a public available report.

Funding Policy – The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC representing a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed twenty seven years.

On October 14, 1998, the District's Board of Directors adopted a resolution to fund the plan on a pay-as-you-go basis. The method recognized a liability for the difference between pay-as-you-go and the actuarially determined ARC. On September 10, 2014, the District's Board of Directors adopted a resolution to elect to prefund other post-employment benefits through the California Public Employees Retirement System (PERS) and deposit contributions in the California Public Employees Retirement Benefit Trust Fund (CERBT).

The District's contribution is determined using a 5% unequal method which is equal to 5% of active contribution each year the District is in PEMHCA. The District joined PEMHCA effective 1999. For the fiscal year ended June 30, 2017, the District contributed the actuarially determined ARC of \$82,007, plus an additional \$80,266, for a total contribution of \$162,273.

The CERBT Trust Fund balance as of June 30, 2017, was \$428,769.

Annual OPEB Cost and Net OPEB Obligation – The following table shows the components of the District's annual OPEB expense for the year ended June 30, 2017, the amount actually contributed to the plan and the changes in the District's obligation:

	<u>Total</u>
Annual required contribution (ARC)	\$ 82,007
Interest on net OPEB obligation	24,344
Adjustments to annual required contribution	<u>(27,156)</u>
Annual OPEB cost (expense)	79,195
Contributions made	<u>(162,273)</u>
Decrease in net OPEB obligation	(83,078)
Net OPEB obligation - beginning of year	486,884
Net OPEB obligation - end of year	<u><u>\$ 403,806</u></u>

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 7: OTHER POST EMPLOYMENT BENEFITS, (continued)

The District's annual OPEB cost, the percentage of annual cost contributed to the plan and the net OPEB obligation for the years ended June 30, 2017, 2016 and 2015 are shown in the following table:

THREE YEAR TREND INFORMATION FOR CRHP			
Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 94,536	106%	\$ 571,744
6/30/2016	\$ 77,516	103%	\$ 486,884
6/30/2017	\$ 79,195	104%	\$ 403,806

Funded Status – The funded status of the plan as of July 1, 2015, the most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (AAL)	\$ 820,022
Actuarial Value Plan Assets	\$ 103,469
Unfunded Actuarial Accrued Liability (UAAL)	\$ 716,553
Funded Ratio (Actuarial Value of Plan Assets/AAL)	13%
Covered Payroll (Active Plan Members)	\$ 4,764,247
UAAL as a Percentage of Covered Payroll	15.04%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is intended to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 7: OTHER POST EMPLOYMENT BENEFITS, (continued)

The following is a summary of the actuarial assumptions and methods:

Valuation Date	July 1, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 Years as of the Valuation Date
Actuarial Assumptions:	
Investment Rate of Return	5.00%
Projected Salary Increase	2.75%
Health Care Trend Rate	4.00%
Inflation Rate	2.75%

Note 8: RISK MANAGEMENT JOINT POWERS AUTHORITY

The District participates in the property, liability and workers' compensation program and risk management services organized by the Special District Risk Management Authority (the Authority). The Authority is a Joint Powers Authority (JPA) created to provide an insurance program and risk management services to public agencies in the State of California. The JPA is not a component unit of the District for financial purposes, as explained below.

The Authority provides liability, property and workers' compensation insurance and risk management services for the District, which is one of over 650 participating agencies, for losses in excess of the members' specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. The Authority is governed by a board composed of members from participating agencies. The board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by the members from beyond their representation on the board. Each member shares financial surpluses and deficiencies proportionately to its participation in the Authority.

Based on audited financial statements, at June 30, 2017 (the most recent available), the Authority had total assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of \$111,852,055, \$637,936, \$62,077,098, \$171,678 and \$50,241,215 respectively. The District paid premiums of \$250,618 to the Authority for property, general liability and workers' compensation insurance during the year ended June 30, 2017.

The self-insurance retention level covered under the Authority program for property and liability is \$250,000 and \$750,000 for worker's compensation, per claim and would be paid from the assets of the Authority. Assistance with disposition of claims within the self-insured retentions is provided through the Authority. The District had four open claims under the Authority and no liabilities related to open claims were recorded as of June 30, 2017.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 9: STATE WATER PROJECT

In 1963, the Ventura County Flood Control District contracted with the State of California (State) for 20,000 acre-feet per year of water from the State Water Project (SWP). The SWP conveys water from Northern California to Southern California through a system of reservoirs, canals, pump stations and power generation facilities. In 1971, the administration of the Water Supply Contract with the State was assigned to Casitas Municipal Water District (Casitas). The District has contracted with Casitas for an annual Table A allocation of 5,000 acre-feet of SWP water. As consideration for water delivery entitlement, the District is obligated through the year 2036 to pay, without regard to the quantity of water received, its share of SWP capital construction costs, ongoing operating, maintenance, power and replacement costs, and certain other costs (collectively referred to as "ongoing operations and maintenance costs") to ensure the future availability of water. The District and the Department of Water Resources have signed an agreement in principal to extend the term of the SWP water supply contracts by 40 years from December 31, 2035 to December 31, 2075.

The District has recorded a liability for its share of capital construction costs (see Note 10). The District's share of ongoing operations and maintenance costs is determined annually by the State. Estimates provided by the State of future costs are as follows:

Year Ending June 30,	Governmental Activities
2018	\$ 740,230
2019	802,886
2020	827,980
2021	829,452
2022	832,973
2023-2027	4,193,008
2028-2032	4,175,569
2033-2036	2,943,141
Total	<u>\$ 15,345,239</u>

The above estimates are based upon a number of assumptions, are contingent upon future events, and are subject to significant variations over time. The District accounts for such ongoing operations and maintenance costs as expenditures in the periods in which they are billed to the District.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 10: LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Obligation under State Water Project	\$ 1,231,846	\$ 135,365	\$ (101,314)	\$ 1,265,897	\$ 95,248
Bonds payable:					
2001B Revenue bonds	142,253	-	(21,108)	121,145	22,026
2005B Revenue bonds	5,327,858	-	(260,731)	5,067,127	268,675
2009 Certificates of Participation	10,125,000	-	(465,000)	9,660,000	485,000
Plus (less) deferred amounts:					
Bond premiums	80,017	-	(3,479)	76,538	-
Bond discounts	(46,870)	-	2,517	(44,353)	-
Total bonds payable	15,628,258	-	(747,801)	14,880,457	775,701
Compensated absences	510,930	294,175	(228,171)	576,934	328,870
Net OPEB obligation	250,104	-	(52,837)	197,267	-
Net pension liability	4,647,063	1,329,904	(75,991)	5,900,976	-
Governmental activities long-term liabilities	22,268,201	1,759,444	(1,206,114)	22,821,531	1,199,819
Business-type activities:					
Bonds payable:					
2001B Revenue bonds	632,746	-	(93,891)	538,855	97,974
2005B Revenue bonds	1,282,142	-	(69,269)	1,212,873	71,325
Plus (less) deferred amounts:					
Bond discounts	(14,558)	-	1,262	(13,296)	-
Total bonds payable	1,900,330	-	(161,898)	1,738,432	169,299
Compensated absences	301,786	153,301	(131,325)	323,762	178,239
Net OPEB obligation	236,780	-	(30,241)	206,539	-
Net pension liability	2,659,640	761,140	(43,492)	3,377,288	-
Business-type activities long-term liabilities	5,098,536	914,441	(366,956)	5,646,021	347,538
Total long-term liabilities	\$ 27,366,737	\$ 2,673,885	\$ (1,573,070)	\$ 28,467,552	\$ 1,547,357

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 10: LONG-TERM LIABILITIES, (continued)

State Water Project

This long-term liability represents the District's share of capital construction costs of the State Water Project (See Note 8). The total principal amount outstanding as of June 30, 2017, is estimated by the State to be \$1,265,897 and has a fixed interest rate of 4.61%, payable in various installments, due December 2035.

The annual debt service requirements for the obligation under State Water Project outstanding at June 30, 2017, were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 95,248	\$ 38,024	\$ 133,272
2019	84,857	36,143	121,000
2020	76,080	35,683	111,763
2021	69,947	36,973	106,920
2022	63,910	36,609	100,519
2023-2027	317,323	140,102	457,425
2028-2032	336,649	64,716	401,365
2033-3036	221,883	1,429	223,312
Total	<u>\$ 1,265,897</u>	<u>\$ 389,679</u>	<u>\$ 1,655,576</u>

2001B Revenue Bonds

In August 2001, the District entered into an Installment Purchase Agreement with the California Statewide Communities Development Authority (the Authority), a joint exercise of powers agency, in order to provide for the financing for certain public capital improvements and water system maintenance. The Authority, under a pooled financing program, issued \$12,495,000 Water and Wastewater Revenue Bonds, Series 2001B. The District is a participant in the Series 2001B program. The District's portion of the Water and Wastewater Revenue Bonds amounted to \$2,550,000. The bonds require semi-annual payments, with interest ranging from 3.25% to 5.13%, through October 2021. The payments are secured by a pledge of the District's net revenues. The total principal amount outstanding as of June 30, 2017, is \$660,000 with remaining interest ranging from 4.60% to 5.125%.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 10: LONG-TERM LIABILITIES, (continued)

2001B Revenue Bonds, (continued)

The annual debt service requirements for 2001B Revenue Bonds outstanding at June 30, 2017, were as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 22,026	\$ 5,619	\$ 97,974	\$ 24,996
2019	22,944	4,492	102,056	19,980
2020	23,862	3,292	106,138	14,645
2021	25,697	2,023	114,303	8,996
2022	26,616	682	118,384	3,034
Total	<u>\$ 121,145</u>	<u>\$ 16,108</u>	<u>\$ 538,855</u>	<u>\$ 71,651</u>

2005B Revenue Bonds

In July 2005, the District entered into an Installment Purchase Agreement with the California Statewide Communities Development Authority (the Authority), a joint exercise of powers agency to provide for the financing for certain public capital improvements. The Authority, under a pooled financing program, issued \$11,840,000 Water and Wastewater Revenue Bonds, Series 2005B. The District is a participant in the Series 2005B program. The District's portion of the Water and Wastewater Revenue Bonds amounted to \$9,620,000. The bonds require semi-annual payments, with interest ranging from 2.50% to 4.50%, for 20 years through October 2025 and for 30 years through October 2035. The payments are secured by a pledge of the District's net revenues. The total principal amount outstanding as of June 30, 2017, is \$6,280,000 with remaining interest from 3.50% to 4.50%.

The annual debt service requirements for 2005B Revenue Bonds outstanding at June 30, 2017, were as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 268,675	\$ 212,229	\$ 71,325	\$ 50,459
2019	280,413	201,691	74,587	47,659
2020	288,357	190,491	76,643	44,680
2021	304,245	178,486	80,755	41,492
2022	315,983	165,456	84,017	38,030
2023-2027	1,588,781	610,197	411,218	132,709
2028-2032	1,024,859	341,588	210,142	70,041
2033-2036	995,814	92,050	204,186	18,874
Total	<u>\$ 5,067,127</u>	<u>\$ 1,992,188</u>	<u>\$ 1,212,873</u>	<u>\$ 443,944</u>

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 10: LONG-TERM LIABILITIES, (continued)

2009 Certificates of Participation Bonds

Certificates of Participation (COP), in the amount of \$15,465,000 were issued in December 2009 to provide funds for the (1) acquisition of approximately 231 acres of land of \$13,542,400 and for (2) improvements related to the Lake Piru Recreation facilities for \$750,000. The certificates are payable solely from certain installment payments to be made by the District pursuant to the 2009 Installment Purchase Contract, dated December 1, 2009, by and between the District and the United Water Conservation District Public Facilities Financing Corporation. The 2009 Installment Payments are a special obligation of the District payable from and secured by a pledge of the net revenues of the District's water system. The bonds require semi-annual payments, with interest ranging from 2.00% to 5.00% for 30 years through June 2040. The total principal amount outstanding as of June 30, 2017, is \$9,660,000 with remaining interest ranging from 4.0% to 5.0%.

The annual debt service requirements for 2009 Certificates of Participation Bonds outstanding at June 30, 2017 were as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 485,000	\$ 446,156
2019	500,000	426,456
2020	520,000	406,056
2021	255,000	390,556
2022	265,000	379,991
2023-2027	1,515,000	1,715,338
2028-2032	1,910,000	1,300,500
2033-2037	2,435,000	759,875
2037-2040	1,775,000	135,875
Total	<u>\$ 9,660,000</u>	<u>\$ 5,960,803</u>

Note 11: MAJOR CUSTOMERS

The District has four customers whose water charges represent a significant portion of water revenue. Revenue from these four customers represented 47%, 16%, 11%, and 11% respectively, of water revenue during the fiscal year ended June 30, 2017.

Note 12: RISK MANAGEMENT

The District is exposed to potential losses from claims arising from its business operations. Significant losses are covered by commercial insurance. There have been no significant reductions in insured coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 13: RELATED PARTY TRANSACTIONS

Three of the seven-member Board of Directors have business concerns within the District boundaries and purchased water from the District. The amounts received, for the year ended June 30, 2017, from Board members in sales revenue was \$62,502. The estimated amounts of revenues earned but not yet collected for the year ended June 30, 2017, were \$52,327.

Note 14: JOINT VENTURE

On September 17, 2002, the District entered into a Joint Exercise of Powers agreement with the City of Oxnard to create the Oxnard Plain/Riverpark Reclamation and Groundwater Recharge Authority (Authority), a public entity set up to secure grant funding and other public and private funding to reclaim mining pits to implement the Recharge Program and Reclamation Plan, and to undertake other groundwater recharge, groundwater quality, and water supply programs. Each of the parties may be required to make contributions of funds or use its personnel, equipment or property. At June 30, 2016 (the most recent available), the Authority had total assets, liabilities and net position of \$1,048,810, \$-0-, and \$1,048,810, respectively. The financial information on the Authority may be obtained by contacting its Treasurer, 300 West Third Street, Oxnard, CA 93003.

Note 15: SERVICE CONCESSION ARRANGEMENT

Under its Federal Energy Regulatory Commission (FERC) license for the Santa Felicia Dam, the District is required to provide recreation facilities and services to the public at Lake Piru Recreation Area (Lake Piru). In January 2014, the District entered into an agreement with Parks Management Company (PMC) to provide recreation concessionaire services at Lake Piru. The District retains the right to direct the types of services provided, approve fees and restrict public access to the recreation area.

This agreement has been subsequently modified, with the latest revision effective January 2017. Under the new agreement terms, PMC collects all revenues and bills the District for all expenses, including up to a 15% profit margin, not covered by the revenues collected. The additional projected annual cost to the District, under the new agreement, ranges from \$600,000 to \$770,000.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 16: COMMITMENTS

Operating Lease

The District leased office space from a third party under a long-term operating agreement, which expired on June 30, 2017. The District will continue to lease under a month-to-month basis in subsequent years. Rent expense for the year ended June 30, 2017, was \$46,401. Rent expense is to increase 3% every year.

Encumbrances

As discussed in Note 1, *12. Budgets and Budgetary Accounting*, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<u>Governmental Funds - Major</u>	
General Fund	\$ 2,224,370

Note 17: CONTINGENCIES

Santa Felicia Dam and HydroElectric Plant

The Federal Energy Regulatory Commission (FERC) relicense for the operation of the District's Santa Felicia Dam and Hydroelectric Plant is financed by a combination of District groundwater extraction rates and property taxes. The District's original FERC license expired in 2004 and the District began the relicensing process in FY 2001-2002. Through June 30, 2017, the District has spent \$6,433,829 to renew and comply with the conditions included in the new license.

On September 12, 2008, FERC issued a new 40-year license to the District. The new license establishes specific requirements that the District must meet. Several of these requirements come from the biological opinion (BiOp), which National Marine Fisheries Service (NMFS) issued to FERC for the effects of the license on Southern California steelhead, listed as endangered under the Endangered Species Act (ESA). NMFS found that the issuance of the FERC license would jeopardize the continued existence of steelhead and result in adverse modification to designated critical habitat for steelhead. NMFS identified a reasonable and prudent alternatives plan (RPA) made up of three elements that FERC must require the District to implement to reduce the effects to steelhead and critical habitat to below the threshold of jeopardy and adverse modification.

The RPA includes requirements that the District undertake actions, such as water releases, that are operational changes and would reduce the water-yield of the project. The RPA requires the District to prepare and implement a number of plans to address the three elements: the effects of the Santa Felicia Project on water flows, geomorphic conditions, and fish passage. The RPA and FERC license require that plans or reports be developed in consultation with NMFS and be approved by NMFS and FERC before they can be implemented.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 17: CONTINGENCIES, (continued)

Santa Felicia Dam and HydroElectric Plant, (continued)

The District has not formally accepted the new license. Instead, it requested a rehearing on several license elements including items for steelhead effects. On December 17, 2009, FERC denied the District's request for a rehearing. The District filed an appeal in the U.S. Court of Appeals for the D.C. Circuit on February 12, 2010, and the appeal brief was filed with the court on August 24, 2010. Because significant progress was being made on the most critical of the necessary plans, NMFS, FERC and the District requested that the court proceedings be held in abeyance. The court ordered the abeyance on September 29, 2010, and the abeyance remains in effect. The District is in compliance with a 60-day period reporting requirement and continues to report each 60-day period.

To date, the District has completed and received approval from FERC and NMFS on five of the nine plans/reports required in the BiOp. The District has completed implementation of one of the approved plans, the study plan of geomorphic effects.

Of the other four approved plans, one is for an evaluation of the relationship between flows and water elevation of lower Piru Creek and involves no implementation; another is a water release plan that the District must implement for the term of the license; another lays out the procedures for implementing the water releases; and the fourth is a study plan for assessing the feasibility of providing fish passage at Santa Felicia Dam.

Three plans pending completion are in various stages of development. The District has prepared drafts of three other required plans (adaptive management, effectiveness monitoring for water releases, and habitat improvement). The District is working with NMFS on revising these plans.

In addition, the District has completed and submitted a fish passage feasibility report. The report conveys the District's intent regarding a preferred long-term solution on fish passage at the Santa Felicia Project that is contingent on resolution of certain outstanding issues.

For the most part, once the plans/reports are completed, the District will need to undertake specific actions (e.g., water releases, habitat improvement measures, fish passage actions, data collection) for some length of time that may be the term of the license. This will continue to involve staff time and outside consulting services to manage and carry out said actions and will likely have a negative effect on water resources over the term of the license (40 years). At this time, the future cost of complying with the requirements associated with license compliance, including the BiOp, is not known.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 17: CONTINGENCIES, (continued)

Santa Felicia Dam and HydroElectric Plant (continued)

The successful collaboration of the District and NMFS on the development of acceptable plans has demonstrated to FERC that progress is being made and as a result, FERC has not imposed any penalties on the District for non-compliance with the license requirements. If FERC concludes at some point that the District is not making enough progress in meeting its requirements in a timely manner, FERC could assess up to the maximum amount of the \$21,563 per day penalty, retroactive to the required deadline set for any required action(s). The financial impact to the District, if FERC takes such a position, could be significant. It should be understood though, that it appears that FERC's intent is not to assess and collect penalties from the District but instead to use the potential for penalties to keep the District focused on coming into compliance with the license requirements.

Santa Felicia Dam Safety and Infrastructure Needs

Under the District's dam safety program, a structural analysis was performed to determine the seismic adequacy of the Santa Felicia Dam outlet works. The final results of the analyses indicate that the outlet works is insufficient to withstand the maximum credible earthquake (MCE) as defined by the study.

In the case of a MCE, seismic deformation of the upstream embankment is expected to be large enough to damage the outlet conduit of the dam. Accordingly, retrofitting the existing intake tower, pressure conduit, penstock and tunnel will not be considered in the development of alternatives. The outlet works include the intake tower, a standing pipe under the lake with its opening above the lake bottom sediment. Water flows into the intake tower and through the pressure conduit and the penstock, a steel pipe supported inside of a tunnel built under the dam. The purpose of the outlet works is to convey water from upstream of the dam and release it downstream of the dam. The reservoir bottom sediment is also approaching the rim or sill of the in-take tower, which would plug it up and make controlled releases from the reservoir impossible. The failure of the intake tower would prevent controlled water releases from the reservoir, affecting the District's mission of recharging the aquifers and the safety of the dam itself.

In addition, it has also been determined that the penstock will most likely not withstand a significant seismic event. A failure of the penstock could cause an uncontrolled release from the reservoir, leading to serious damage to the dam. Because of the seismic insufficiency of the intake tower (and silting issues) and penstock, the District is working on the design of a project to replace the entire outlet works and power plant. Once all technical options have been thoroughly considered and a final decision is made by the Board of Directors, a detailed cost analysis will be prepared. It is anticipated that the outlet works project could have a significant financial impact on the District.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 17: CONTINGENCIES, (continued)

Santa Felicia Dam Safety and Infrastructure Needs, (continued)

The FERC has required the District to convene an independent Board of Consultants (BOC) to provide oversight and quality assurance of the project design and construction. The BOC is an independent panel comprised of four experts experienced in tunneling, geotechnical engineering, hydraulics and structures. In parallel with the design a consulting team will be preparing the necessary environmental documents for the projects to comply with the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA).

At this time, the estimated cost to design and construct the rehabilitation of the structure is in the order of \$35 to \$40 million. Through June 30, 2017, the District has spent \$679,447 on these Santa Felicia Dam safety and infrastructure measures.

Santa Felicia Dam Probable Maximum Precipitation/Flood Studies

Standard engineering practices require that dams be designed to safely pass the largest stormwater inflow that they might encounter. This theoretical inflow is called the Probable Maximum Flood (PMF). The PMF is calculated from a large rainfall distribution. The standard rainfall employed is typically derived from the National Weather Service (NWS) computer model(s). In 2006, new PMF's were calculated for both the District's Santa Felicia Dam and California Department of Water Resources (DWR) Pyramid Dam on upper Piru Creek with the revised NWS rainfall model. Both were found to have issues with safely passing the new flows in order to protect the structural integrity of the dams. The discharges at either dam are intended to be conveyed over engineered spillways. Accordingly, should a discharge which exceeds existing spillway capacity need to be passed, some enlargement or modification to the dam's spillway will become necessary. The higher the increased flood discharge, the larger and more costly the necessary retrofit. The recent NWS rainfall model discharges represented large increases from previous PMF discharges.

In order to verify and refine the PMF values for retrofit design, dam owners are allowed to utilize hydrology techniques specifically tailored to the specific watershed characteristics. The Federal Energy Regulatory Commission (FERC) and the California Division of Safety of Dams (DSOD), in their regulatory capacities, require that the site-specific PMF considerations be reviewed by an independent Board of Consultants. The District and DWR teamed to perform a site specific study of the Piru Creek Watershed. DWR developed and funded the site-specific Probable Maximum Precipitation/Flood study and the District secured and funded a Board of Consultants that was responsible to review and approve the PMF study results generated by the agencies for their respective facilities. These tasks were largely accomplished during FY 2010-11. The findings of the Board of Consultant's site-specific PMF report resulted in reduced PMF values. The draft results of the site specific rainfall study pointed to rainfall amounts that are substantially lower than those suggested by the NWS model which, and if approved, would have resulted in eliminating or significantly reducing modifications necessary to the dam and spillway.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 17: CONTINGENCIES, (continued)

Santa Felicia Dam Probable Maximum Precipitation/Flood Studies, (continued)

FERC and DSOD rejected the new methodology used by the District, but agreed with the District's assertion that the current NWS methodology was flawed. DSOD's independent analysis of the PMF generated results significantly lower than the current NWS methodology. The regulatory agencies have accepted an inflow design flood of 220,000 cubic feet per second (cfs). The District awarded a contract for the design of the spillway improvements based on the 220,000 cfs inflow in May 2016.

FERC has required the District to convene an independent Board of Consultants (BOC) to provide oversight and quality assurance of the project design and construction. The BOC is an independent panel comprised of four experts experienced in tunneling, geotechnical engineering, hydraulics and structures. In parallel with the design, a consulting team will be preparing the necessary environmental documents for the projects to comply with the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA).

At this time, the estimated cost to design and construct the modifications to the dam and spillway is in the order of \$25 to \$35 million. The estimated costs of these modifications attributable to PMF are in addition to the estimated design and construction costs for Santa Felicia Dam rehabilitation referenced earlier. Through June 30, 2017, the District has spent \$895,405 on the Probable Maximum Precipitation/Flood study efforts. This work could also be influenced by the results of the SFD fish passage study currently being reviewed by the NMFS. It is anticipated that the design and construction of the modifications to the dam and spillway could result in a significant financial impact on the District.

Freeman Diversion

The District's Freeman Diversion was completed in 1991. The Freeman Diversion diverts water released from Lake Piru and other surface water from the Santa Clara River.

In 1997, the Southern California steelhead was listed as an endangered Distinct Population Segment (DPS) in accordance with the ESA. The District must comply with the ESA for this listed DPS with respect to the District's operation of the Freeman Diversion. To minimize effects of ongoing operations on steelhead, the District has developed and implemented modified operations, including diversions for the Freeman Diversion.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 17: CONTINGENCIES, (continued)

Freeman Diversion, (continued)

The District still needs incidental take authorization for the continued operation of the diversion. To obtain this authorization, the District is preparing a multiple species habitat conservation plan (MSHCP). Among other things as a part of the MSHCP process, the District is working on design and implementation of new fish passage facilities at the Freeman Diversion, and evaluating possible additional changes in diversion operations which could ultimately result in a material decrease in water diversions. In summer 2016, NMFS requested that the District commit to undertaking (for the 2017 migration season and subsequent migration seasons pending issuance of an incidental take permit) certain interim operating measures and the monitoring of such measures consistent with several reasonable and prudent alternatives set forth in NMFS' 2008 jeopardy biological opinion concerning the Freeman Diversion. In response, the District has indicated among other things that it commits to implementing such measures and certain other terms and conditions from the referenced biological opinion.

The District expects the MSHCP process to take several more years to complete. On October 11, 2016, the District provided a second administrative draft MSHCP to NMFS, US Fish and Wildlife Service, and California Department of Fish and Wildlife. Through June 30, 2017, the District has spent \$3,490,574 on developing the habitat conservation plan. The costs of ESA compliance, including water loss, will be determined when the District's HCP is finally approved.

During the fiscal year ending June 30, 2009, a lawsuit was filed by California Trout, Inc., (CalTrout) an environmental group, alleging unauthorized take of endangered Southern California steelhead by the District at the Freeman Diversion Dam and seeking compliance by the District with the terms of the BiOp. By mutual agreement in August 2009, the District and CalTrout reached a settlement agreement in order to resolve the lawsuit and to avoid future costs and uncertainties of further litigation. The District recognized an extraordinary item of \$827,682 in fiscal year ending June 30, 2009, which included settlement costs. Pursuant to the settlement agreement, the District agreed to undertake several measures, including modifying certain operations, evaluating bypass flows, and forming an independent panel of experts to evaluate fish passage at the Freeman Diversion.

The District is in compliance with all requirements of the settlement agreement. The independent panel issued a final report with its recommendations for improving the fish passage at the Freeman Diversion on September 15, 2010. Based on that panel's conclusions, and in compliance with the settlement agreement, the District as referenced above is pursuing the design and implementation of a new fish passage facility at the Freeman Diversion. This fish passage facility will be included as a conservation measure in the District's pending MSHCP. The design, permitting, construction, operation and maintenance of the new fish passage facility could have a significant effect on the financial position and cash flows of the District. At this time, the estimated cost to construct the facility is \$23 million. The District's current goal is to complete the MSHCP and all other permitting and environmental compliance such that construction of the fish passage facility can begin in March 2020. Through June 30, 2017, the District has spent or encumbered costs of \$1,975,492 to evaluate the fish passage needs to be in compliance with the ESA.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 17: CONTINGENCIES, (continued)

Quagga Mussels

In December 2013, the District discovered quagga mussels in the District's Lake Piru reservoir. Quagga Mussels are a species of freshwater mussels, originally from Eastern Europe, which have been spreading from water body to water body across Europe, Canada, and the United States. Quagga mussels are often spread by improperly cleaned recreational boats or by conveyance of microscopic larval mussels (veligers) from one water source to another. Quagga infestations can become so thick that they clog water infrastructure, such as intake structures, pipes, valves, and hydroelectric plants. They can also weigh down and cause damage to floating recreational facilities, such as marina docks, floating restrooms, barges, and boats.

Quagga mussels are very efficient at consuming plankton from the lakes and rivers in which they grow. In sufficient numbers, they can alter the water environment by removing plankton, which increases the clarity of the water and can result in harmful algal blooms. Lake Piru is usually an ideal environment for quagga mussels, and they were multiplying rapidly until the 2016-2017 rainy season when the population took a hit from sediment flows that smothered adult mussels on the bottom of the lake. In late 2017, the population is starting to recover again and will likely grow exponentially until the next sediment input or control efforts are implemented. District staff is working with CDFW on a hydrodynamic model to guide lake level management to control the population and a potential treatment option aimed at eradication.

As required by California Fish and Game Code, the District is developing a Lake Piru Quagga Mussel Monitoring and Control Plan. United submitted a sixth revision of the plan to California Department of Fish and Wildlife (CDFW) and is working to address the comments from CDFW.

The District spent over \$1,343,000 on quagga control measures through June 30, 2017. Those efforts include periodic dives to monitor and remove mussels as well as seasonal part-time positions intended to improve containment of mussels by performing exit vessel inspections.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 18: CLAIMS

City of San Buenaventura

In August 2011, the City of San Buenaventura (City) filed a petition for writ of mandate, petition for writ of administrative mandate, complaint for declaratory relief, and complaint for determination of invalidity (reverse validation) against the District which sought, among other things, to invalidate FY 2011-12 groundwater extraction rates adopted by the District in June 2011. The City alleged that the rates did not comply with California constitutional, statutory and common law requirements. The District filed an answer and a cross-complaint for declaratory relief. In August 2012, the City of San Buenaventura (City) filed a second similar petition for writ of mandate, petition for writ of administrative mandate, complaint for declaratory relief, and complaint for determination of invalidity (reverse validation) against the District which again sought, among other things, to invalidate FY 2012-13 groundwater extraction rates adopted by the District in June 2012. The two actions were consolidated for trial purposes and the trial date in Santa Barbara Superior Court was April 30, 2013. On September 6, 2013, a notice of entry of judgment was filed ordering a writ of mandate to issue from the court in favor of the City. The District was ordered to pay the City a partial refund of the groundwater extraction fees determined to be invalid for fiscal years 2011-12 and 2012-13 including interest. As a result, the District recognized an extraordinary item of \$2,105,652 in the financial statements for the year ended June 30, 2013.

The District subsequently appealed several of the trial court's rulings, and the City cross-appealed. In March 2015, the California Court of Appeal (Second Appellate District, Division Six) issued a published opinion which concluded that the groundwater extraction charges are not property-related fees; that the charges did not exceed the District's reasonable costs of regulating the ground water supply; and that the charges are valid regulatory fees. The Court of appeal reversed the trial court's judgment in favor of the City and directed the trial court to vacate its writ of mandate.

The City thereafter filed a petition for review with the California Supreme Court seeking review of the Court of Appeal decision. The District opposed the petition. The Supreme Court granted review on a limited basis. The parties (and amicus parties) have filed briefs. The Supreme Court heard oral arguments on September 6, 2017 and issued a decision on December 4, 2017 supporting the District's position that groundwater extraction charges are not property-related fees, but rather regulatory fees.

In addition to the above action, the City subsequently filed similar litigation against the District concerning the District's groundwater extraction rates for the 2013-14 and 2014-15 fiscal years. The District has filed responsive pleadings. Further proceedings are stayed pending a decision by the Supreme Court in the original litigation.

The City and the District have additionally entered into a tolling agreement regarding potential, similar litigation concerning the District's ground water extraction rates for the 2015-16, 2016-17 and 2017-18 fiscal years.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2017

Note 18: CLAIMS, (continued)

Wishtoyo, Ventura Coastkeeper-Center for Biological Diversity

On June 02, 2016, the Wishtoyo Foundation, its Ventura Coastkeeper Program, and the Center for Biological Diversity filed a complaint for declaratory and injunctive relief with the US District Court, Central District of California. The complaint alleges that the District, in its operation and maintenance of the Freeman Diversion, and diversion of water from the Santa Clara River at the Freeman Diversion, has caused and is likely to continue to cause unauthorized "take" of federally protected fish and avian species in violation of the federal Endangered Species Act (ESA). The complaint among other things requests a declaratory judgment that the District has violated Section 9 of the ESA by taking listed species in the Santa Clara River without authorization; a temporary and/or preliminary and permanent injunction ordering the District to implement mitigation measures necessary to cease and desist its unauthorized take of listed species, unless the District obtains authorization as required by the ESA; an injunction requiring the District to apply for incidental take authorization by a date certain; and an attorney's fees and costs award.

The case is proceeding rapidly, with intensive discovery efforts over the last several months. On September 25, 2017, Plaintiffs filed a motion for summary judgment seeking a declaration that, in violation of the federal Endangered Species Act, the District has engaged in "take" of Southern California Steelhead and Southwestern willow flycatcher, together with a motion for injunction on the same issues that seeks issuance of several proposed items of injunctive relief. The motions are currently set to be heard on November 29, 2017. A trial date has been set for December 15, 2017.

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REQUIRED SUPPLEMENTARY INFORMATION

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United Water Conservation District

Required Supplementary Information Schedule of Funding Progress – Other Post Employment Benefits For the Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B - A) / C]
6/30/2009	\$ -	\$ 734,000	\$ 734,000	-	\$ 4,715,000	15.6%
6/30/2012	\$ -	\$ 1,058,000	\$ 1,058,000	-	\$ 5,121,815	20.7%
7/01/2015	\$ 103,469	\$ 820,022	\$ 716,553	13%	\$ 4,764,247	15.0%

Funding progress is presented for the years that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding is performed every three years or annually if there are significant changes in the plan.

United Water Conservation District

Required Supplementary Information General Fund Budgetary Comparison Schedule For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 2,591,000	\$ 2,591,000	\$ 2,553,589	\$ (37,411)
Water delivery	1,515,835	1,515,835	1,486,993	(28,842)
Groundwater	9,353,504	9,503,504	8,996,436	(507,068)
Grants	7,500	198,019	94,649	(103,370)
Rents and leases	130,770	130,770	129,223	(1,547)
Investment earnings	77,051	77,051	98,528	21,477
Other revenue	66,008	66,008	103,541	37,533
Total revenues	13,741,668	14,082,187	13,462,959	(619,228)
Expenditures:				
Personnel costs	4,244,267	4,306,194	4,330,465	(24,271)
Contractual services	2,857,123	3,033,837	1,439,694	1,594,143
Public information	9,496	9,496	3,829	5,667
Office expense	105,064	116,600	65,010	51,590
Travel, meetings and training	90,896	90,896	49,162	41,734
Gasoline and diesel fuel	62,712	62,712	51,306	11,406
Insurance	96,000	96,000	88,902	7,098
Fox Canyon GMA	360	360	15	345
Utilities	51,720	51,720	39,771	11,949
Telephone	16,812	16,812	12,914	3,898
Safety, supplies and clothing	63,484	63,484	59,743	3,741
Water treatment chemicals	6,000	6,000	3,482	2,518
Maintenance	582,394	577,394	355,100	222,294
Small tools and equipment	135,585	135,585	47,325	88,260
Permits and licenses	98,180	98,180	82,626	15,554
Water quality services	133,688	133,688	22,136	111,552
Miscellaneous	191,269	191,269	143,051	48,218
State Water import cost	996	996	-	996
Total operating expenditures	8,746,046	8,991,223	6,794,531	2,196,692
General and administrative	1,727,642	1,727,642	1,591,091	136,551
Principal	746,844	746,844	746,839	5
Interest	693,984	693,984	693,852	132
Bond fees and expenditures	6,144	6,144	3,682	2,462
Total debt service	1,446,972	1,446,972	1,444,373	2,599
Capital outlay	5,503,149	5,651,649	1,664,458	3,987,191
Total expenditures	17,423,809	17,817,486	11,494,453	6,323,033
Other - sale of capital assets	-	-	5,125	5,125
Net change in fund balance	(3,682,141)	(3,735,299)	1,973,631	5,708,930
Fund balance, beginning	18,669,660	18,669,660	18,669,660	-
Fund balance, ending	\$ 14,987,519	\$ 14,934,361	\$ 20,643,291	\$ 5,708,930

United Water Conservation District

Required Supplementary Information State Water Import Fund Budgetary Comparison Schedule For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Special assessments	\$ 1,105,000	\$ 2,420,000	\$ 2,500,542	\$ 80,542
Earnings on investments	7,800	7,800	8,835	1,035
Other	-	-	4,472	4,472
Total revenues	1,112,800	2,427,800	2,513,849	86,049
Expenditures:				
State Water Project importation	2,355,208	3,355,208	1,935,377	1,419,831
Miscellaneous	3,504	3,504	6,661	(3,157)
Total operating expenditures	2,358,712	3,358,712	1,942,038	1,416,674
Principal	114,996	114,996	101,314	13,682
Interest	36,312	36,312	40,613	(4,301)
Total debt service	151,308	151,308	141,927	9,381
Total expenditures	2,510,020	3,510,020	2,083,965	1,426,055
Net change in fund balance	(1,397,220)	(1,082,220)	429,884	1,512,104
Fund balance, beginning	1,463,269	1,463,269	1,463,269	-
Fund balance, ending	\$ 66,049	\$ 381,049	\$ 1,893,153	\$ 1,512,104

United Water Conservation District

Required Supplementary Information Schedule of District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date Last Ten Years*

	Measurement Date 6/30/2014	Measurement Date 6/30/2015	Measurement Date 6/30/2016
Employer's Proportion of the Collective Net Pension Liability ¹	0.30796%	0.26633%	0.26709%
Employer's Proportionate Share of the Collective Net Pension Liability	\$ 7,611,273	\$ 7,306,703	\$ 9,278,264
Employer's Covered Payroll	\$ 5,020,303	\$ 5,106,149	\$ 5,630,234
Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll	151.61%	143.10%	164.79%
Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	77.48%	79.29%	75.17%

¹ Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

* Measurement date June 30, 2014, was the first year of implementation, therefore, only three years are presented.

United Water Conservation District

Required Supplementary Information Schedule of Plan Contributions Last Ten Years*

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
Actuarially Determined Contribution	\$ 908,781	\$ 524,361	\$ 542,174
Contributions in Relation to the Actuarially Determined Contributions	(2,785,886)	(524,361)	(542,174)
Contribution Deficiency (Excess)	<u>\$ (1,877,105)</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered Payroll	\$ 5,106,149	\$ 5,630,234	\$ 5,283,147
Contributions as a Percentage of Covered Payroll	54.56%	9.31%	10.26%

* Fiscal year 2014-15 was the first year of implementation, therefore, only three years are presented.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: None

United Water Conservation District

Notes to Required Supplementary Information

1) *Budgets And Budgetary Accounting*

On or before June 30, the annual budget is adopted by the Board of Directors after holding a public hearing and provides for the general operation of the District. The operating budget includes proposed expenditures and the means of financing them. The Board of Directors has the legal authority to amend the budget for all funds at any time during the fiscal year. The appropriated budget is prepared by fund and activity. The legal level of budgetary control is at the fund level. Unbudgeted expenditures over \$10,000 require the approval of the Board of Directors.

Encumbrance accounting is employed in the governmental funds. Encumbrances (i.e., purchase orders, contracts) outstanding at year-end are carried forward and added to the subsequent year's appropriation. The unencumbered balance of each appropriation lapses at year-end and reverts to the respective fund from which it was appropriated and becomes available for future appropriations.

2) *Expenditures in Excess of Appropriations*

There were no expenditures at the control level in excess of appropriations for the year ended June 30, 2017.

STATISTICAL SECTION

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United Water Conservation District

Comprehensive Annual Financial Report Statistical Section (Unaudited) Table of Contents For the Year Ended June 30, 2017

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	91
These schedules contain information to help the reader assess one of the District's most significant local revenue source, water fees.	
Debt Capacity	99
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and its ability to issue additional debt in the future.	
Demographic and Economic Information	106
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	111
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 government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

United Water Conservation District

Net Position by Component Last Ten Fiscal Years (Accrual Basis Of Accounting) (Amounts Expressed In Thousands)

	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 9,418	\$ 12,747	\$ 16,924	\$ 18,747
Restricted	724	1,496	989	1,504
Unrestricted	3,870	3,222	4,072	3,157
Total governmental activities net position	<u>\$ 14,012</u>	<u>\$ 17,465</u>	<u>\$ 21,985</u>	<u>\$ 23,408</u>
Business-type activities:				
Net investment in capital assets	\$ 38,388	\$ 37,477	\$ 38,310	\$ 39,124
Restricted	963	260	261	-
Unrestricted	4,117	4,028	4,513	5,006
Total business-type activities net position	<u>\$ 43,468</u>	<u>\$ 41,765</u>	<u>\$ 43,084</u>	<u>\$ 44,130</u>
Total government				
Net investment in capital assets	\$ 47,806	\$ 50,224	\$ 55,234	\$ 57,871
Restricted	1,687	1,756	1,250	1,504
Unrestricted	7,987	7,250	8,585	8,163
Total government net position	<u>\$ 57,480</u>	<u>\$ 59,230</u>	<u>\$ 65,069</u>	<u>\$ 67,538</u>

* Fiscal year 2012-13 reflects the first year of the implementation of GASB Statement Nos. 63 and 65 which resulted in a prior period adjustment of \$424,269. Fiscal years 2005 through 2012 have not been restated.

** Fiscal year 2014-15 reflects the first year of the implementation of GASB Statement Nos. 68 and 71 which resulted in a prior period restatement of (\$5,110,594) to the Governmental Activities, and (\$2,924,931) to the Business-Type Activities. No prior years were restated.

2012	2013 *	2014	2015**	2016	2017
\$ 19,661	\$ 19,989	\$ 19,785	\$ 19,095	\$ 21,814	\$ 23,145
1,777	1,817	2,223	3,577	1,282	1,490
4,411	6,609	12,143	10,462	12,720	14,324
<u>\$ 25,849</u>	<u>\$ 28,415</u>	<u>\$ 34,151</u>	<u>\$ 33,134</u>	<u>\$ 35,816</u>	<u>\$ 38,959</u>
\$ 39,019	\$ 39,270	\$ 39,257	\$ 39,630	\$ 39,876	\$ 41,285
-	-	-	-	-	-
6,748	7,012	8,059	4,768	6,651	7,191
<u>\$ 45,767</u>	<u>\$ 46,282</u>	<u>\$ 47,316</u>	<u>\$ 44,398</u>	<u>\$ 46,527</u>	<u>\$ 48,476</u>
\$ 58,680	\$ 59,259	\$ 59,042	\$ 58,725	\$ 61,690	\$ 64,430
1,777	1,817	2,223	3,577	1,282	1,490
11,159	13,621	20,202	15,230	19,371	21,515
<u>\$ 71,616</u>	<u>\$ 74,697</u>	<u>\$ 81,467</u>	<u>\$ 77,532</u>	<u>\$ 82,343</u>	<u>\$ 87,435</u>

United Water Conservation District

Changes in Net Position Last Ten Fiscal Years (Accrual Basis Of Accounting) (Amounts Expressed In Thousands)

	2008	2009	2010	2011
EXPENSES:				
Government activities				
Water conservation	\$ 4,862	\$ 5,379	\$ 5,498	\$ 7,033
Lake Piru recreation facilities	-	1,135	705	755
State Water Project importation	817	709	1,203	765
Interest on long-term debt	477	455	754	1,009
Total governmental activities expenses	6,156	7,678	8,160	9,562
Business-type activities:				
Freeman Diversion facility	1,361	1,785	1,787	1,575
Water delivery and treatment facilities	5,501	4,942	5,144	4,709
Lake Piru recreation facilities	1,595	-	-	-
Interest on long-term debt	-	-	-	-
Total business-type activities expenses	8,457	6,727	6,931	6,284
Total government expenses	\$ 14,613	\$ 14,405	\$ 15,091	\$ 10,993
PROGRAM REVENUES:				
Government activities				
Charges for services:				
Water conservation	\$ 3,735	\$ 4,719	\$ 5,812	\$ 7,005
Lake Piru recreation facilities	-	148	127	114
State Water Project importation	273	1,574	595	1,503
Operating grants and contributions	28	44	-	-
Capital grants and contributions	-	-	-	281
Total governmental activities program revenues	4,036	6,485	6,534	8,903
Business-type activities:				
Freeman Diversion facility	2,535	2,751	3,087	2,602
Water delivery and treatment facilities	5,283	5,237	5,077	4,655
Lake Piru recreation facilities	579	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	8,397	7,988	8,164	7,257
Total government program revenues	\$ 12,433	\$ 14,473	\$ 14,698	\$ 16,160
 Net (expense) revenue				
Governmental activities	\$ (2,120)	\$ (1,193)	\$ (1,626)	\$ (659)
Business-type activities	(60)	1,261	1,233	973
Total government net (expense) revenue	\$ (2,180)	\$ 68	\$ (393)	\$ 314

* Fiscal year 2012-13 reflects the first year of the implementation of GASB Statement Nos. 63 and 65 which resulted in a prior period adjustment of \$424,269. Fiscal years 2005 through 2012 have not been restated.

** Fiscal year 2014-15 reflects the first year of the implementation of GASB Statement Nos. 68 and 71 which resulted in a prior period restatement of (\$5,110,594) to the Governmental Activities, and (\$2,924,931) to the Business-Type Activities. No prior years were restated.

2012	2013 *	2014	2015**	2016	2017
\$ 7,518	\$ 7,193	\$ 7,577	\$ 7,960	\$ 7,994	\$ 8,950
816	840	891	829	979	1,209
766	1,434	973	1,230	415	1,942
931	873	844	802	758	735
<u>10,031</u>	<u>10,340</u>	<u>10,285</u>	<u>10,821</u>	<u>10,146</u>	<u>12,836</u>
1,492	1,492	2,017	2,127	2,000	2,728
4,531	4,790	5,106	5,000	5,509	5,327
-	-	-	-	-	-
-	-	-	152	124	86
<u>6,023</u>	<u>6,282</u>	<u>7,123</u>	<u>7,279</u>	<u>7,633</u>	<u>8,141</u>
<u>\$ 16,054</u>	<u>\$ 16,622</u>	<u>\$ 17,408</u>	<u>\$ 18,100</u>	<u>\$ 17,779</u>	<u>\$ 20,977</u>
\$ 8,826	\$ 11,402	\$ 12,210	\$ 10,647	\$ 10,093	\$ 10,481
123	142	103	43	2	2
1,096	656	1,448	1,698	96	2,514
100	11	125	5	-	95
44	80	-	-	-	-
<u>10,189</u>	<u>12,291</u>	<u>13,886</u>	<u>12,393</u>	<u>10,191</u>	<u>13,092</u>
2,757	2,964	3,107	2,615	3,354	3,189
4,840	4,569	5,008	4,530	6,367	6,848
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,597</u>	<u>7,533</u>	<u>8,115</u>	<u>7,145</u>	<u>9,721</u>	<u>10,037</u>
<u>\$ 17,786</u>	<u>\$ 19,824</u>	<u>\$ 22,001</u>	<u>\$ 19,538</u>	<u>\$ 19,912</u>	<u>\$ 23,129</u>
\$ 158	\$ 1,951	\$ 3,601	\$ 1,572	\$ 45	\$ 256
1,574	1,251	992	(134)	2,088	1,896
<u>\$ 1,732</u>	<u>\$ 3,202</u>	<u>\$ 4,593</u>	<u>\$ 1,438</u>	<u>\$ 2,133</u>	<u>\$ 2,152</u>

United Water Conservation District

Changes in Net Position Last Ten Fiscal Years (Accrual Basis Of Accounting) (Amounts Expressed In Thousands)

	2008	2009	2010	2011
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION:				
Governmental activities:				
Property Taxes	\$ 2,000	\$ 2,090	\$ 2,090	\$ 1,950
Unrestricted investment earnings	364	110	21	18
Miscellaneous	210	151	86	114
Extraordinary Item	-	(828)	-	-
Transfers	(1,112)	3,122	-	-
Donated capital assets	-	-	3,949	-
Total governmental activities	1,462	4,645	6,146	2,082
Business-type activities:				
Unrestricted investment earnings	308	159	86	73
Extraordinary Item	-	-	-	-
Transfers	1,112	(3,122)	-	-
Miscellaneous	-	-	-	-
Total business-type activities	1,420	(2,963)	86	73
Total government	\$ 2,882	\$ 1,682	\$ 6,232	\$ 2,155
CHANGES IN NET POSITION:				
Governmental activities	\$ (658)	\$ 3,452	\$ 4,520	\$ 1,423
Business-type activities	1,360	(1,702)	1,319	1,046
Total government	\$ 702	\$ 1,750	\$ 5,839	\$ 2,469

* Fiscal year 2012-13 reflects the first year of the implementation of GASB Statement Nos. 63 and 65 which resulted in a prior period adjustment of \$424,269. Fiscal years 2005 through 2012 have not been restated.

** Fiscal year 2014-15 reflects the first year of the implementation of GASB Statement Nos. 68 and 71 which resulted in a prior period restatement of (\$5,110,594) to the Governmental Activities, and (\$2,924,931) to the Business-Type Activities. No prior years were restated.

2012	2013 *	2014	2015**	2016	2017
\$ 2,016	\$ 2,154	\$ 2,131	\$ 2,276	\$ 2,404	\$ 2,554
8	9	19	31	61	98
259	194	185	208	173	234
-	(1,413)	-	7	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,283	944	2,335	2,522	2,638	2,886
63	51	42	32	41	50
-	(692)	-	-	-	-
-	-	-	-	-	-
-	-	-	8	-	2
63	(641)	42	40	41	52
\$ 2,346	\$ 303	\$ 2,377	\$ 2,562	\$ 2,679	\$ 2,938
\$ 2,441	\$ 2,895	\$ 5,936	\$ 4,094	\$ 2,683	\$ 3,142
1,637	610	1,034	(94)	2,129	1,948
\$ 4,078	\$ 3,505	\$ 6,970	\$ 4,000	\$ 4,812	\$ 5,090

United Water Conservation District

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis Of Accounting)
(Amounts Expressed In Thousands)**

	2008	2009	2010	2011
GENERAL FUND				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	3,104
Committed	-	-	-	367
Assigned	-	-	-	-
Unassigned	-	-	-	3,254
Reserved	5,715	4,809	5,255	-
Unreserved	3,983	3,211	3,519	-
Total general fund	<u>\$ 9,698</u>	<u>\$ 8,020</u>	<u>\$ 8,774</u>	<u>\$ 6,725</u>
ALL OTHER GOVERNMENT FUNDS				
Restricted	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned				
Special revenue funds	-	-	-	-
Reserved	-	-	-	1,504
Unreserved reported in:				
Special revenue funds	724	1,496	988	-
Total All Other Governmental Funds	<u>\$ 724</u>	<u>\$ 1,496</u>	<u>\$ 988</u>	<u>\$ 1,504</u>

* Fiscal year 2012-13 reflects the first year of the implementation of GASB Statement Nos. 63 and 65 which resulted in a prior period adjustment of \$424,269. Fiscal years 2005 through 2012 have not been restated.

2012	2013 *	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ 67	\$ 81	\$ 104
1,796	1,935	1,445	1,228	927	863
-	-	1,655	632	2,359	2,224
-	609	2,314	8,080	7,381	8,884
4,947	6,941	9,107	6,369	7,921	8,568
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,743</u>	<u>\$ 9,485</u>	<u>\$ 14,521</u>	<u>\$ 16,376</u>	<u>\$ 18,669</u>	<u>\$ 20,643</u>
\$ -	\$ 909	\$ 1,325	\$ 2,349	\$ 1,463	\$ 1,893
-	-	-	-	-	-
-	-	-	-	-	-
1,777	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,777</u>	<u>\$ 909</u>	<u>\$ 1,325</u>	<u>\$ 2,349</u>	<u>\$ 1,463</u>	<u>\$ 1,893</u>

United Water Conservation District

Change in Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis Of Accounting) (Amounts Expressed In Thousands)

	2008	2009	2010	2011
REVENUES:				
Taxes	\$ 2,000	\$ 2,490	\$ 2,090	\$ 1,949
Special Assessment	215	1,152	584	1,494
Charges for services	3,735	4,867	5,939	7,119
Earnings on investments	419	128	29	27
Grants	28	44	-	281
Other revenues	214	155	89	114
Total revenues	<u>\$ 6,611</u>	<u>\$ 8,836</u>	<u>\$ 8,731</u>	<u>\$ 10,984</u>
EXPENDITURES				
Salaries and benefits	\$ 2,098	\$ 2,836	\$ 2,776	\$ 3,275
Professional fees	493	995	790	932
Maintenance	1,346	932	1,356	1,275
Utilities	106	108	101	102
Materials and supplies	421	469	440	454
General and administrative	714	1,136	1,074	1,153
Debt Service				
Principal	691	752	742	2,743
Interest	481	461	601	1,023
Bond issuance costs and fees	6	6	221	6
Capital Outlay	731	1,273	16,119	1,554
Total expenditures	<u>\$ 7,087</u>	<u>\$ 8,968</u>	<u>\$ 24,220</u>	<u>\$ 12,517</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ (476)</u>	<u>\$ (132)</u>	<u>\$ (15,489)</u>	<u>\$ (1,533)</u>
OTHER FINANCING SOURCES/(USES):				
Proceeds of refunding bonds	-	-	-	-
Proceeds of long-term capital-related debt	28	-	-	-
Proceeds from financing	-	-	15,631	-
Bond premium	-	-	104	-
Bond discount	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Sale of capital assets	-	-	-	-
Extraordinary item	-	(828)	-	-
Transfers in	-	54	-	-
Transfers out	(1,112)	-	-	-
Total other financing sources/(uses)	<u>(1,084)</u>	<u>(774)</u>	<u>15,735</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,560)</u>	<u>\$ (906)</u>	<u>\$ 246</u>	<u>\$ (1,533)</u>
Debt Service as a percentage of noncapital expenditures	18.4%	15.8%	16.6%	34.4%

2012	2013	2014	2015	2016	2017
\$ 2,016	\$ 2,154	\$ 2,131	\$ 2,276	\$ 2,404	\$ 2,554
1,085	649	1,442	1,689	82	2,501
8,949	11,544	12,313	10,690	10,095	10,483
15	13	22	36	70	107
145	90	125	5	-	95
263	198	189	212	178	237
<u>\$ 12,473</u>	<u>\$ 14,648</u>	<u>\$ 16,222</u>	<u>\$ 14,908</u>	<u>\$ 12,829</u>	<u>\$ 15,977</u>
\$ 3,628	\$ 3,402	\$ 3,560	\$ 4,612	\$ 4,010	\$ 4,330
1,252	892	1,319	1,405	1,052	1,446
995	1,817	1,142	1,682	1,151	1,956
77	114	79	53	49	104
488	499	510	598	671	901
1,218	1,391	1,549	1,567	1,597	1,591
2,625	1,235	816	852	883	848
952	885	850	798	767	735
7	9	6	6	5	4
952	1,117	949	1,161	1,236	1,664
<u>\$ 12,194</u>	<u>\$ 11,361</u>	<u>\$ 10,780</u>	<u>\$ 12,734</u>	<u>\$ 11,421</u>	<u>\$ 13,579</u>
<u>\$ 279</u>	<u>\$ 3,287</u>	<u>\$ 5,442</u>	<u>\$ 2,174</u>	<u>\$ 1,408</u>	<u>\$ 2,398</u>
-	-	-	-	-	-
-	-	-	-	-	-
12	-	11	698	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7	-	5
-	(1,413)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12</u>	<u>(1,413)</u>	<u>11</u>	<u>705</u>	<u>-</u>	<u>5</u>
<u>\$ 291</u>	<u>\$ 1,874</u>	<u>\$ 5,453</u>	<u>\$ 2,879</u>	<u>\$ 1,408</u>	<u>\$ 2,403</u>
31.8%	20.7%	16.9%	14.3%	16.2%	13.3%

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United Water Conservation District

General Governmental Revenues By Source and Expenditures by Function Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

Revenue:

Fiscal Year	Charges for Services	Taxes/ Assessment	Grant/ Contributions	Earnings on Investments	Other Revenues	Total
2008	\$ 3,735,433	\$ 2,214,637	\$ 27,794	\$ 418,770	\$ 213,786	\$ 6,610,420
2009	4,866,810	3,642,073	44,100	127,978	155,346	8,836,307
2010	5,939,275	2,673,878	-	28,741	89,267	8,731,161
2011	7,118,940	3,443,492	281,156	27,264	113,836	10,984,688
2012	8,948,539	3,101,409	144,815	15,288	262,846	12,472,897
2013	11,544,103	2,802,976	90,388	12,642	197,855	14,647,964
2014	12,312,833	3,572,638	125,000	21,879	188,794	16,221,144
2015	10,689,710	3,964,973	5,374	35,580	917,360	15,612,997
2016	10,095,020	2,486,764	-	69,597	177,689	12,829,070
2017	10,483,429	5,054,131	94,649	107,363	237,236	15,976,808

Expenditures:

Fiscal Year	Water Conservation	Lake Piru Recreation Facilities (1)	State Water Import	Capital Outlay	Debt Service	Total
2008	\$ 4,434,180	\$ -	\$ 743,086	\$ 730,501	\$ 1,178,210	\$ 7,085,977
2009	4,951,967	889,362	635,420	1,273,057	1,219,147	8,968,953
2010	4,925,944	482,476	1,129,031	16,118,830	1,563,946	24,220,227
2011	5,974,358	524,794	691,290	1,554,477	3,772,435	12,517,354
2012	6,430,332	535,883	692,408	951,648	3,583,552	12,193,823
2013	6,198,103	556,778	1,360,064	1,116,984	2,129,166	11,361,095
2014	6,635,707	623,584	899,504	948,714	1,672,595	10,780,104
2015	8,120,776	565,684	1,230,116	1,160,782	1,656,363	12,733,721
2016	6,983,872	708,744	838,150	1,235,868	1,654,449	11,421,083
2017	7,401,189	984,433	1,942,038	1,664,458	1,586,300	13,578,418

(1) Effective July 1, 2008, the Lake Piru Recreation facilities (an enterprise fund) was eliminated and all assets, liabilities and net assets were transferred to the General Fund.

United Water Conservation District

Enterprise Funds Revenues by Source and Expenses by Function Last Ten Fiscal Years (Accrual Basis of Accounting)

Revenue:

Fiscal Year	Charges for Services	Other Operating Revenue	Interest Income	Inter-governmental Revenue	Other Revenue
2008	\$ 3,735,433	\$ 2,214,637	\$ 27,794	\$ 418,770	\$ -
2009	4,866,810	3,642,073	44,100	127,978	-
2010	5,939,275	2,673,878	-	28,741	-
2011	7,118,940	3,443,492	281,156	27,264	-
2012	8,948,539	3,101,409	144,815	15,288	-
2013	11,544,103	2,802,976	90,388	12,642	-
2014	12,312,833	3,572,638	125,000	21,879	-
2015	7,032,426	113,084	32,311	-	7,873
2016	9,528,072	192,669	40,775	-	-
2017	9,752,559	234,982	49,904	49,691	1,979

Expenses:

Fiscal Year	Salaries and Benefits	Contractual Services	Materials and Supplies	General and Administrative	Depreciation
2008	\$ 2,180,252	\$ 172,500	\$ 2,943,316	\$ 1,193,356	\$ 1,461,467
2009	584,257	177,046	2,213,498	1,089,253	1,231,606
2010	1,693,762	333,840	2,302,070	1,068,756	1,207,821
2011	1,588,572	257,358	1,847,998	1,085,471	1,211,584
2012	1,570,750	91,067	1,766,259	1,131,106	1,228,982
2013	1,611,655	228,223	1,899,277	1,119,024	1,234,208
2014	1,760,345	610,133	2,202,581	1,117,030	1,258,357
2015	1,787,467	739,328	2,343,829	1,003,223	1,253,282
2016	1,817,448	926,932	2,352,065	1,147,989	1,264,513
2017	2,226,803	1,190,548	2,238,505	1,120,380	1,278,989

(1) Effective July 1, 2008, the Lake Piru Recreation facilities (an enterprise fund) was eliminated and all assets, liabilities and net assets were transferred to the General Fund.

Total
\$ 6,396,634
8,680,961
8,641,894
10,870,852
12,210,051
14,450,109
16,032,350
7,185,694
9,761,516
10,089,115

Interest Expense	Other Non- Operating Expenses	Total
\$ 485,327	\$ 21,024	\$ 8,457,242
412,898	18,081	5,726,639
303,971	20,855	6,931,075
268,376	24,582	6,283,941
213,899	21,559	6,023,622
181,707	8,218	6,282,312
167,392	6,402	7,122,240
145,992	6,485	7,279,606
118,467	5,170	7,632,584
81,064	4,532	8,140,821

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United Water Conservation District

Water Production for Last Ten Fiscal Years (In Acre Feet)

<u>July 1 - June 30</u>	<u>Water Pumped from Wells Agricultural</u>	<u>Water Pumped from Wells Non- Agricultural</u>	<u>Water Deliveries Agricultural</u>	<u>Water Deliveries Non-agricultural</u>
2008	139,045	29,219	19,613	18,915
2009	138,459	42,930	26,134	16,029
2010	128,888	44,930	23,533	15,524
2011	120,858	41,751	19,439	10,982
2012	125,033	39,651	22,802	11,424
2013	145,054	41,920	16,779	11,329
2014	173,045	43,251	10,065	10,967
2015	149,294	37,760	6,290	9,821
2016	153,329	35,559	6,772	9,255
2017	135,036	36,037	6,698	9,079

United Water Conservation District

Groundwater Pumping by Zone (Acre Foot) Last Ten Fiscal Years

Fiscal Year	Zone A	Zone B	Zone C	District Total
2008	96,090	64,566	7,608	168,264
2009	91,602	81,196	8,591	181,389
2010	86,033	79,402	8,383	173,818
2011	81,508	73,779	7,322	162,609
*2012	84,781	79,903	-	164,684
2013	90,690	96,284	-	186,974
2014	100,666	115,630	-	216,296
2015	90,187	96,867	-	187,054
2016	89,127	99,762	-	188,888
2017	84,094	86,979	-	171,073

Zone A - 100% District-wide pump charge / 0% Freeman pump charge

Zone B - 100% District-wide pump charge / 100% Freeman pump charge

Zone C - 100% District-wide pump charge / 33% Freeman pump charge

* In FY 2011-12, the District eliminated Zone C.

United Water Conservation District

Groundwater Charge Rates Last Ten Fiscal Years (Charge per Acre Foot)

<u>Fiscal Year</u>	<u>Zone</u>	<u>Pumped water used for agricultural purposes</u>	<u>Pumped water used for purposes other than agriculture</u>
2008	A	\$11.25	\$34.95
	B	\$26.25	\$79.95
	C	\$16.25	\$49.95
2009	A	\$16.45	\$49.35
	B	\$34.45	\$103.35
	C	\$22.45	\$67.35
2010	A	\$16.45	\$49.35
	B	\$34.45	\$103.35
	C	\$22.45	\$67.35
2011	A	\$19.50	\$58.50
	B	\$37.50	\$112.50
	C	\$25.50	\$76.50
*2012	A	\$28.50	\$85.50
	B	\$46.50	\$139.50
2013	A	\$39.75	\$119.25
	B	\$57.75	\$173.25
2014	A	\$39.75	\$119.25
	B	\$57.75	\$173.25
2015	A	\$39.75	\$119.25
	B	\$57.75	\$173.25
2016	A	\$39.75	\$119.25
	B	\$62.65	\$187.95
2017	A	\$43.75	\$131.25
	B	\$67.80	\$203.40

Zone A District-wide pump charges - 100%

Zone B District-wide pump charges - 100%
Freeman Diversion pump charge - 100%

Zone C District-wide pump charges - 100%
Freeman Diversion pump charge - 33%

* In FY 2011-12, the District eliminated Zone C.

United Water Conservation District

Oxnard Hueneme Pipeline Deliveries per Acre Foot and Rate Charge Last Ten Fiscal Years

July 1 - June 30	Water delivered (acre feet)	Pipeline variable* water charge per acre foot Municipal & Industrial (1) Customer	Pipeline marginal* water charge per acre foot Municipal & Industrial (1) Customer	Pipeline variable* water charge per acre foot Agricultural (2) Customer
2008	20,256	\$ 224.70	\$ 161.20	\$ 171.40
2009	17,596	248.10	184.60	179.20
2010	16,806	248.10	184.60	179.20
2011	12,091	272.00	197.35	197.00
2012	12,606	292.50	227.50	199.50
2013	12,573	325.60	276.35	210.10
2014	12,294	375.22	264.36	259.72
2015	10,966	370.99	312.26	255.49
2016	10,550	501.61	361.33	376.31
2017	10,419	522.50	379.28	386.90

(1) Municipal and Industrial customer shall mean water used for domestic, industrial, commercial, urban, incidental irrigation or fire protection purposes.

(2) Oxnard Hueneme Pipeline Agricultural customer (Oceanview) shall mean Oxnard Hueneme Pipeline water used primarily for agricultural irrigation purposes.

(3) The peak capacity in the OH Pipeline is 53.0 cubic feet per second (cfs).

* Variable Costs = (up to 75% of customer sub-allocation). Variable costs shall mean the rate required per acre foot of water delivered and charged to individual customers up to 75% of their 1985-89 historical sub-allocation.

** Marginal costs = (over 75% of customer sub-allocation). Marginal costs shall mean the rate charged to individual customers for every acre foot delivered once their deliveries from Oxnard Hueneme Pipeline exceed 75% of their 1985-89 historical sub-allocation.

*** Fixed charge represents per unit of peak capacity, all other rates per acre foot delivered. The above annual fixed charge shown is in addition to the variable/marginal rate charged as applies per individual customer. Charge is allocated over 12 monthly payments.

This schedule is subject to all other terms and conditions per the "Water Supply Agreement for delivered water through the Oxnard Hueneme Pipeline" that may not be represented in this schedule.

Pipeline marginal** water charge per acre foot Agricultural (2) Customer		Fixed Charge *** per unit of peak (3) capacity	
\$	107.90	\$	26,653.00
	115.70		26,653.00
	115.70		26,653.00
	122.35		23,252.00
	134.50		2,418.00
	160.85		23,305.00
	148.86		13,994.00
	196.76		13,924.00
	236.03		14,874.00
	243.68		14,737.00

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United Water Conservation District

Pleasant Valley and Pumping Trough Pipeline Deliveries per Acre Foot and Rate Charge Agricultural Customers Last Ten Fiscal Years

Pleasant Valley Pipeline Deliveries per Acre Foot and Rate Charge

July 1 - June 30	Water delivered (acre feet)	Pipeline water charge per acre foot Agricultural Customer	Saticoy Well * Field Pump Charge per acre feet
2008	8,807	\$ 51.65	\$ 15.00
2009	14,529	59.45	15.00
2010	13,077	59.45	30.00
2011	10,482	72.50	30.00
2012	12,858	81.50	30.00
2013	7,088	92.75	30.00
2014	339	92.75	30.00
2015	4	112.75	30.00
2016	-	117.65	30.00
2017	-	122.80	30.00

Pumping Trough Pipeline Deliveries per Acre Foot and Rate Charge

July 1 - June 30	Water delivered (acre feet)	Pipeline water charge per acre foot Agricultural Customer	Saticoy Well * Field Pump Charge per acre feet
2008	9,465	\$ 137.65	\$ 15.00
2009	10,038	143.45	15.00
2010	9,174	143.45	30.00
2011	7,848	166.50	30.00
2012	8,762	175.50	30.00
2013	8,447	186.75	30.00
2014	8,399	211.75	30.00
2015	5,140	283.75	30.00
2016	5,477	207.65	30.00
2017	5,357	288.55	30.00

* Pump charge is in addition to water charge per acre foot when the District pumps from the Saticoy Well Field in lieu of surface water.

Note - GMA Pump charge not reflected in rates above. Rates were: \$4.00 effective January 1, 2008, \$6.00 effective July 1, 2014, and \$6.00 - \$10.00 effective July 1, 2015, and \$12.50 effective July 1, 2016 for Saticoy Well Field and PTP Pipeline.

United Water Conservation District

10 Largest Customers by Revenues Fiscal Year Ended June 30, 2017 and Nine Years Ago

Fiscal Year 2016-2017

Customer	Groundwater consumed (acre-feet)	Groundwater charge per acre foot	Water delivered by pipeline (acre-feet)	Pipeline water charge per acre foot
City of Oxnard	7,484	\$203.40	7,158	\$522.50/\$379.28 & \$386.90*/\$243.68
City of San Buenaventura	8,480	\$131.25/\$203.40	-	
PVCWD	8,977	\$67.80	-	
City of Santa Paula	3,899	131.25	-	
CA Dept of Fish & Game	8,137	43.75	-	
Farmers Irrigation Co.	7,742	\$43.75	-	
Southland Sod Farms	3,866	\$67.80/\$203.40	119	\$288.55/\$331.05**
City of Fillmore	1,980	\$131.25	-	
Sespe Agricultural Water	4,379	\$43.75	-	
PHWA	-	\$43.75	2,893	\$522.50/\$379.28
	<u>54,944</u>		<u>10,169</u>	

Fiscal Year 2006-2007

Customer	Groundwater consumed (acre-feet)	Groundwater charge per acre foot	Water delivered by pipeline (acre-feet)	Pipeline water charge per acre foot
City of Oxnard	5,644	\$79.95	13,493	\$224.70/\$161.20
PHWA	-	-	4,950	\$224.70/\$161.20
PVCWD	7,616	\$26.65	8,685	\$51.65
City of San Buenaventura	10,982	\$79.95 / 49.95 / 34.95	-	
City of Santa Paula	6,285	\$34.95	-	
CA Dept of Fish & Game	12,471	\$11.65	-	
Southland Sod Farms	4,772	\$26.65	-	
Farmers Irrigation Co.	8,312	\$11.65	-	
Del Norte Water Co.	2,792	\$11.65 / 34.95	-	
Sespe Agricultural Water	4,864	\$11.65	-	
	<u>63,738</u>		<u>27,128</u>	

*Note - GMA Pump Charge increased on July 1, 2015 to \$6.00 - \$10.00 effective July 1, 2015 for Saticoy Well Field and PTP Pipeline.

**Note - Includes GMA and Saticoy Well Field charges.

Total water purchased (acre-feet)	Fixed Annual Charge	Well Repl. Charge	Supplemental Water	Revenue
14,642	\$ 394,215	\$ -	\$ 250,006	\$ 5,550,775
8,480	-	-	-	1,393,982
8,977	524,400	-	-	1,133,057
3,899	-	-	-	511,753
8,137	-	-	-	355,973
7,742	-	-	-	338,705
3,984	-	-	-	296,392
1,980	-	-	-	259,914
4,379	-	-	-	191,585
2,893	327,898	71,595	-	1,911,002
65,114	\$ 1,246,513	\$ 71,595	\$ 250,006	\$ 11,943,138

Total water purchased (acre-feet)	Fixed Annual Charge	Well Repl. Charge	Supplemental Water	Revenue
19,137	\$ 579,703	\$ -	\$ -	\$ 2,940,355
4,950	593,029	-	-	981,295
16,301	-	-	-	651,550
10,982	-	-	-	481,107
6,285	-	-	-	197,806
12,471	-	-	-	145,286
4,772	-	-	-	127,175
8,312	-	-	-	96,840
2,792	-	-	-	76,514
4,864	-	-	-	56,661
90,866	\$ 1,172,732	\$ -	\$ -	\$ 5,754,589

United Water Conservation District

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts Expressed in Thousands Except for Population and Per Capita Amount)

Fiscal Year	Government Activities			Business-Type Activities			Loans	Total Government
	Special Assessment Contract (1)	Revenue- backed Bonds	Certificates of Participation	General Obligation Debt (2)	Revenue- backed Bonds			
2008	\$ 1,686	\$ 9,793	\$ -	\$ 3,294	\$ 7,226	\$ 984	\$	22,983
2009	1,582	9,156	-	2,128	6,307	-		19,173
2010	1,668	8,492	15,569	928	5,508	-		32,165
2011	1,429	7,808	13,747	-	4,675	-		27,659
2012	1,354	7,101	11,914	-	3,815	-		24,184
2013	1,242	6,376	11,516	-	3,083	-		22,217
2014	1,157	6,071	11,097	-	2,703	-		21,028
2015	1,757	5,752	10,658	-	2,310	-		20,477
2016	1,232	5,423	10,205	-	1,900	-		18,760
2017	1,266	5,144	9,737	-	1,738	-		17,885

(1) California State Water Project Contract

(2) Loan from Bureau of Reclamation

(3) Source - County Auditor-Controller Ventura County - also refer to Demographic and Economic

(4) Assessed valuation used as other economic base versus personal income.

(5) California Department of Finance Ventura County July 1st of each year.

Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

The above data are alternative indicators that are considered relevant to United Water Conservation District.

<u>Assessed Valuations (3)</u>	<u>Percentage of Assessed Valuations (4)</u>	<u>Population (5)</u>	<u>Per Capita</u>
\$ 33,316,302	0.07%	812,028	\$ 28.30
34,199,233	0.06%	818,546	23.42
32,845,989	0.10%	824,467	39.01
32,865,629	0.08%	831,450	33.27
32,971,529	0.07%	836,553	28.91
34,233,154	0.06%	842,639	26.37
36,550,998	0.06%	847,885	24.80
38,102,042	0.05%	852,013	24.03
39,715,003	0.05%	854,383	21.96
41,679,612	0.04%	857,386	20.86

United Water Conservation District

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(Amounts Expressed in Thousands Except for Population and Per Capita Amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Total General Obligation Bonds</u>	<u>Total Assessed Valuations</u>
2008	\$ 2,128	\$ 2,128	\$ 33,316,302
2009	928	928	34,199,233
2010	-	-	32,845,989
2011	-	-	32,865,629
2012	-	-	32,971,529
2013	-	-	34,233,154
2014	-	-	36,550,998
2015	-	-	38,102,042
2016	-	-	39,715,003
2017	-	-	41,679,612

(1) Source - County Auditor-Controller Ventura County.

(2) California Department of Finance Ventura County July 1st of each year.

The above data are alternative indicators that are considered relevant to United Water Conservation District.

<u>Percentage of Total Assessed Valuations (1)</u>	<u>Population (2)</u>	<u>Per Capita</u>
0.01%	812,028	\$ 2.62
0.00%	818,546	1.13
0.00%	824,467	-
0.00%	831,450	-
0.00%	836,553	-
0.00%	842,639	-
0.00%	847,885	-
0.00%	852,013	-
0.00%	854,383	-
0.00%	857,386	-

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United Water Conservation District

Direct and Overlapping Governmental Activities Debt

June 30, 2017

(Amounts Expressed in Thousands)

	Special Assessment Contract (1)	Revenue- backed Bonds	Certificates of Participation	Total Debt Outstanding
Direct debt	\$ 1,266	\$ 5,144	\$ 9,737	\$ 16,147
Overlapping debt	-	-	-	-
Total direct and overlapping debt	<u>\$ 1,266</u>	<u>\$ 5,144</u>	<u>\$ 9,737</u>	<u>\$ 16,147</u>

(1) California State Water Project Contract

United Water Conservation District

Summary of Historic Operating Results and Pledged-Revenue and Non-Pledged Debt Service Coverage Fiscal Year Ended June 30, 2017

	2008	2009	2010	2011
REVENUES:				
Water delivery charges	\$ 7,102,327	\$ 7,626,111	\$ 8,167,953	\$ 8,304,773
Groundwater charges	4,108,102	4,855,486	5,465,530	5,648,726
Less allowance for uncollectibles	-	(19,690)	9,688	(876)
Taxes	2,000,078	2,089,854	2,089,881	1,949,647
Interest	665,160	264,128	107,155	90,699
Other	376,730	283,952	202,191	190,912
Total Revenues	<u>14,252,397</u>	<u>15,099,841</u>	<u>16,042,398</u>	<u>16,183,881</u>
Operating expenditures (1)				
Salaries	2,456,084	2,659,544	2,824,241	3,079,085
Employee benefits	1,041,956	1,273,509	1,327,087	1,438,154
Utilities	1,315,366	1,167,901	1,171,421	998,711
Maintenance	1,055,420	947,493	1,110,982	1,167,225
Professional fees	590,711	1,129,739	1,094,790	1,168,058
Miscellaneous	1,156,124	859,491	722,595	730,926
General and administrative	1,639,077	1,949,131	2,073,257	2,164,448
Total operating expenditures	<u>9,254,738</u>	<u>9,986,808</u>	<u>10,324,373</u>	<u>10,746,607</u>
Net revenues	<u>\$ 4,997,659</u>	<u>\$ 5,113,033</u>	<u>\$ 5,718,025</u>	<u>\$ 5,437,274</u>
Debt Service:				
Principal	\$ 1,846,047	\$ 2,573,612	\$ 1,495,000	\$ 3,370,000
Interest	<u>772,813</u>	<u>713,971</u>	<u>790,036</u>	<u>1,185,358</u>
Total Parity debt service (2)	<u>\$ 2,618,860</u>	<u>\$ 3,287,583</u>	<u>\$ 2,285,036</u>	<u>\$ 4,555,358</u>
Coverage of system net revenues to parity debt service	1.91	1.56	2.50	1.19
Debt Service:				
Principal	\$ 1,360,751	\$ 1,166,000	\$ 1,200,000	\$ 928,000
Interest	<u>118,660</u>	<u>88,581</u>	<u>36,309</u>	<u>28,885</u>
Total debt service on other debt payable from net revenues	<u>\$ 1,479,411</u>	<u>\$ 1,254,581</u>	<u>\$ 1,236,309</u>	<u>\$ 956,885</u>
Coverage on all debt payable from net revenues	1.22	1.13	1.62	0.99

(1) Excludes depreciation capital expenditures and debt service.

(2) Includes 2001, 2005, 2006 Revenue Bonds, 2009 Certificates of Participation bond contracts.

Does not include other obligations of the District not secured by an express pledge of water revenues.

2012	2013	2014	2015	2016	2017
\$ 8,451,933	\$ 7,278,609	\$ 6,941,588	\$ 6,331,874	\$ 7,941,936	\$ 9,073,359
7,575,270	11,160,081	12,577,381	10,958,078	11,505,767	11,382,921
(9,527)	(22,720)	1,593	(10,870)	(3,595)	(24,585)
2,016,499	2,154,195	2,130,951	2,276,002	2,404,269	2,553,589
69,737	58,801	59,524	67,892	100,075	148,429
530,332	511,226	667,738	589,786	114,487	428,880
<u>18,634,244</u>	<u>21,140,192</u>	<u>22,378,775</u>	<u>20,212,762</u>	<u>22,062,939</u>	<u>23,562,594</u>
3,212,930	3,068,517	3,246,403	3,257,368	3,826,442	4,054,946
1,622,051	1,590,188	1,704,470	2,795,672	1,918,153	2,399,619
926,083	1,055,895	1,375,625	1,512,219	1,389,360	1,346,787
723,718	904,605	733,351	589,015	822,692	735,844
1,326,488	1,100,249	1,884,040	2,170,319	2,013,411	2,542,817
880,862	751,828	820,391	1,199,486	1,141,037	1,241,072
2,275,837	2,405,438	2,560,638	2,482,543	2,745,072	2,711,470
<u>10,967,969</u>	<u>10,876,720</u>	<u>12,324,918</u>	<u>14,006,622</u>	<u>13,856,167</u>	<u>15,032,555</u>
<u>\$ 7,666,275</u>	<u>\$ 10,263,472</u>	<u>\$ 10,053,857</u>	<u>\$ 6,206,140</u>	<u>\$ 8,206,772</u>	<u>\$ 8,530,039</u>
\$ 3,430,001	\$ 1,980,000	\$ 1,100,000	\$ 1,145,000	\$ 1,190,000	\$ 910,000
<u>1,085,538</u>	<u>977,181</u>	<u>912,844</u>	<u>869,950</u>	<u>824,634</u>	<u>776,724</u>
<u>\$ 4,515,539</u>	<u>\$ 2,957,181</u>	<u>\$ 2,012,844</u>	<u>\$ 2,014,950</u>	<u>\$ 2,014,634</u>	<u>\$ 1,686,724</u>
1.70	3.47	4.99	3.08	4.07	5.06
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
1.70	3.47	4.99	3.08	4.07	5.06

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United Water Conservation District

Demographic and Economic Statistics of Ventura County Last Ten Fiscal Years (Amounts Expressed in Thousands)

<u>Fiscal Year</u>	<u>Utility Valuations</u>	<u>Secured Valuations</u>	<u>Unsecured Valuations</u>	<u>Total Assessed Valuations (1)</u>	<u>Population (2)</u>
2008	\$ 157,264	\$ 32,206,250	\$ 952,788	\$ 33,316,302	812,028
2009	132,246	33,082,922	984,065	34,199,233	818,546
2010	106,785	31,652,196	1,087,008	32,845,989	824,467
2011	106,617	31,672,936	1,086,077	32,865,629	831,450
2012	122,321	31,736,906	1,112,301	32,971,529	836,553
2013	149,318	32,906,520	1,177,315	34,233,154	842,639
2014	143,950	35,163,390	1,243,659	36,550,998	847,885
2015	122,776	36,847,771	1,131,495	38,102,042	852,013
2016	80,267	38,541,466	1,093,269	39,715,003	854,383
2017	66,866	40,599,584	1,013,162	41,679,612	857,386

(1) Source - County Auditor-Controller Ventura County, Property Tax, Direct Assessments, District

(2) California Department of Finance Ventura County July 1st of each year E-2 estimates.

The above data are alternative indicators that are considered relevant to United Water Conservation District.

United Water Conservation District

Demographic and Economic Statistics of Ventura County – (Continued) Last Ten Calendar Years (Amounts Expressed in Thousands or Acre Foot as Indicated)

<u>Calendar Year</u>	<u>Gross Value of Crops (1)</u>	<u>Lending Commodity Value Strawberry (1)</u>	<u>Acres of Agricultural of Farm Land (2)</u>
2007	\$ 1,613,247	\$ 393,507	122,492
2008	1,600,000	394,000	N/A
2009	1,623,857	515,406	96,316
2010	1,859,151	542,127	N/A
2011	1,844,260	625,509	96,340
2012	1,963,798	691,303	N/A
2013	2,094,915	608,765	92,273
2014	2,137,033	627,964	93,376
2015	2,198,555	617,832	95,802
2016	2,198,555	617,832	95,802

(1) Source: Farm Bureau of Ventura County, most current information

(2) Source: Farm Bureau of Ventura County calculated by the California Conservation's Farmland Mapping and Monitoring Program and excludes grazing land.

The above data are alternative indicators that are considered relevant to United Water Conservation District.

United Water Conservation District

Demographic and Economic Statistics of Ventura County – (Continued) Last Ten Calendar Years (Amounts Expressed in Thousands Except Population and Per Capita)

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (3)</u>
2007	805,911	\$ 37,592,170	\$ 46,646	4.9%
2008	812,028	37,551,356	46,244	6.3%
2009	818,546	36,439,784	44,518	9.6%
2010	824,467	37,605,326	45,612	10.8%
2011	831,450	39,627,111	47,660	10.2%
2012	836,553	41,294,216	49,362	9.1%
2013	842,639	41,728,050	49,521	7.9%
2014	847,885	43,608,497	51,432	6.6%
2015	852,013	46,060,353	54,061	5.7%
2016	854,383	42,463,645	49,701	5.2%

(1) California Department of Finance, Demographic Research Unit, E-5 Population and

(2) U.S. Bureau of Economic Analysis, most current information available. Note: Year 2015 was not available, calculated a five year average.

(3) California Employment Development Department, Labor Market Information Division

The above data are alternative indicators that are considered relevant to United Water Conservation District.

United Water Conservation District

Demographic and Economic Statistics of Ventura County – (Continued) Calendar Year Ended December 31, 2016 and Nine Years Ago

Principal Employers	2016		Percentage of Total County Employment
	Employees	Rank	
United States Naval Base	14,210	1	4.61%
County of Ventura	9,151	2	2.97%
Amgen, Inc.	5,500	3	1.78%
WellPoint Inc.	2,860	4	0.93%
Simi Valley Unified School District	2,737	5	0.89%
Community Memorial Hospital	2,100	6	0.68%
Conejo Valley Unified School District	1,999	7	0.65%
Dignity Health	1,904	8	0.62%
Ventura Unified School District	1,834	9	0.59%
Ventura Community College District	1,741	10	0.56%
Countrywide Home Loans	-	N/A	0.00%
Verizon	-	N/A	0.00%
St. John's Regional Medical Center	-	N/A	0.00%
Technicolor Video Services	-	N/A	0.00%
Los Robles Regional Medical Center	-	N/A	0.00%
Oaks Shopping Center	-	N/A	0.00%
Countrywide Bank	-	N/A	0.00%
	<u>44,036</u>		<u>14.28%</u>

Source: California Economic Forecast (February 2016 Report for Ventura County)

The above data are alternative indicators that are considered relevant to United Water Conservation District.

2007		
Employees	Rank	Percentage of Total County Employment
15,000	1	5.12%
-	N/A	0.00%
7,200	2	2.46%
3,500	4	1.19%
-	N/A	0.00%
-	N/A	0.00%
-	N/A	0.00%
-	N/A	0.00%
-	N/A	0.00%
-	N/A	0.00%
4,250	3	1.45%
2,200	5	0.75%
2,000	6	0.68%
1,600	7	0.55%
1,450	8	0.49%
1,250	9	0.43%
1,200	10	0.41%
<u>39,650</u>		<u>13.53%</u>

United Water Conservation District

Operating Information Last Ten Fiscal Years

Full time equivalent positions as assigned by Function/Program at June 30th.

<u>Fiscal Year</u>	<u>Water Conservation</u>	<u>Facility Operations and Improvements</u>	<u>Recreation Facilities</u>	<u>General and Administrative</u>	<u>Total District Employees</u>
2008	9	23	8	12	52
2009	10	27	4	13	54
2010	9	27	2	14	52
2011	10	28	2	13	54
2012	9	25	2	12	48
2013	13	25	2	13	53
2014	11	22	2	14	49
2015	12	25	2	13	52
2016	14	27	3	14	58
2017	16	26	6	14	62

General and administrative employees compensation allocated to water conservation and facilities based on an agreed upon in-direct cost allocation methodology.

United Water Conservation District

Operating Information – (Continued) **Fiscal Year Ended June 30, 2017**

Well No.	Well Depth In Feet	Well Capacity Gallons Per Minute
The Oxnard-Hueneme Pipeline has twelve active pumping wells:		
2A	320	3,200
5	308	2,600
6	304	2,470
8	319	3,100
11	360	3,500
12	1,112	2,500
13	1,410	2,500
14	1,495	3,500
15	330	3,500
16	340	2,150
17	300	2,150
18	380	2,500

Well No.	Well Depth In Feet	Well Capacity Gallons Per Minute
The Pumping Trough Pipeline has five deep aquifer irrigation pumping wells:		
1	1,300	2,300
2	1,286	1,600
3	1,310	1,975
4	1,500	3,100
5	1,220	2,400
The Pumping Trough Pipeline also has one Booster Pump with pumping capacity of 6,700 gallons per minute.		

Well No.	Well Depth In Feet	Well Capacity Gallons Per Minute
The Saticoy Well Field has four upper aquifer irrigation pumping wells:		
1	375	1,800
2	330	1,300
3	360	1,800
4	280	1,200

United Water Conservation District

Operating Information – (Continued) **Fiscal Year Ended June 30, 2017**

District Facilities: United Water Conservation District operates a series of water conservation facilities within the watershed of the Santa Clara River. The facilities are used to store water run-off, divert water, recharge aquifers through the use of spreading ponds and deliver water to municipalities and agricultural growers. The District has over 1,156 active water wells within the District's service area. The District estimates these wells are owned by approximately 700 individuals. A listing of some of the major facilities is as follows:

<u>Santa Felicia Dam</u>	An earthen dam constructed in 1954 with a maximum height of 200 feet. The main purpose of the dam is to catch water run-off from Piru Creek.
<u>Lake Piru</u>	Created by the Santa Felicia Dam. The main purpose of the Lake is to store water run-off and release, in controlled amounts, water to replenish several groundwater basins and supply surface water for irrigation to agricultural areas of the District. Capacity: maximum 82,000 acre feet to a minimum pool of 20,000 acre feet.
<u>Piru Diversion and Spreading Grounds</u>	Constructed in 1931. Percolating Capacity: 150 acre-feet per day Average Annual Spreading: 5,700 acre feet
<u>Ferro Basin</u>	231 acre Ferro Basin Acquired in 2009 Not presently connected to the District's recharge system
<u>Noble Rose Basins</u>	Converted from an aggregate mining pit in 1994 120 acre Noble Basin 117 acre Rose Basin Basin dividers: 4 cells separated by 15 to 20 foot earthen berms Percolation capacity: 200 AF
<u>Mugu Lateral</u>	Pipeline to Point Mugu Naval Air Station Leased long term to Port Hueneme Water Agency
<u>Freeman Diversion</u>	Construction completed in 1991. A concrete structure spanning the Santa Clara River with water diversion of 375 cfs. Diverts water released from Lake Piru and natural runoff from the Santa Clara River. Flows via canal and pipelines to a 44 acre desilting basin. From the desilting basin water flows via canals and pipelines to spreading grounds and other water delivery systems. Average annual diversion: 68,000 acre feet

United Water Conservation District

Operating Information – (Continued) Fiscal Year Ended June 30, 2017

<u>Saticoy Spreading Grounds</u>	<p>Headworks and canal capacity: 375 cfs</p> <p>Number of basins: 15 including desilting basin</p> <p>Wetted area: 130 acres</p> <p>Basin dividers: 6 to 8 foot earth dikes</p> <p>Percolating capacity: 450 acre-feet per day</p> <p>Annual average spreading: 26,500 acre feet</p>
<u>El Rio Spreading Grounds</u>	<p>Saticoy to El Rio pipeline capacity: 150 cfs</p> <p>Number of basins: 10</p> <p>Wetted area: 81 acres</p> <p>Basin dividers: 6 to 8 foot earth dikes</p> <p>Percolating capacity: 300 acre-feet per day</p> <p>Annual average spreading: 31,300 acre feet</p>
<u>Municipal Delivery Systems:</u> Oxnard-Hueneme Pipeline	<p>Consists of:</p> <p>12 wells located at the El Rio spreading grounds and Rose Avenue</p> <p>2 8 million gallon clearwells</p> <p>1 chloramination facility</p> <p>1 booster plant</p> <p>12 miles of distribution pipeline</p> <p>Delivery: 53 cfs of potable water to customers</p> <p>13 turnouts and servicing agent for 53 turnouts. Includes City of Oxnard, Port Hueneme Water Agency (that provides service to the City of Port Hueneme, Point Mugu and Port Hueneme Naval bases and 4 mutual water companies), Vineyard Avenue Estates MWC, Rio Real & Rio Del Valle Schools</p>
<u>Agricultural Delivery Systems:</u> Pumping Trough Delivery System	<p>Construction completed in 1986 consisting of:</p> <p>5 wells</p> <p>1 reservoir</p> <p>1 booster station</p> <p>Serves 4,600 acres of farmland</p> <p>Average delivery capacity of approximately 12,000 acre feet of water per year</p> <p>15 miles of distribution pipeline. 62 turnouts</p>
Pleasant Valley Delivery System	<p>Completed approximately 1958. The primary purpose is to sell diverted river water to the Pleasant Valley County Water District (PVCWD) to offset pumping of wells in the PVCWD area.</p> <p>Serves 12,000 acres of farmland</p> <p>The pipeline is 25,600 feet long and 54 inches in diameter. 4 turnouts</p> <p>Design capacity: 75 cfs</p> <p>2 150 acre foot reservoirs</p> <p>Average surface water delivery is 8,700 acre feet per year.</p>
Saticoy Well Field	<p>Construction completed in 2005</p> <p>4 wells</p> <p>The purpose is to increase storage in the upper aquifer by pumping at the Saticoy spreading grounds and delivering excess water to the Oxnard Plain to relieve pumping in the Lower Aquifer System.</p>

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