

United Water Conservation District

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

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2015

United Water Conservation District

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by Finance Division
Santa Paula, California

United Water Conservation District

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

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INTRODUCTORY SECTION

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



UNITED WATER CONSERVATION DISTRICT
“Conserving Water since 1927”

Legal Counsel
Anthony H. Trembley

General Manager
Mauricio E. Guardado

December 1, 2015

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, 2015. 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, 2015. 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 District reformed 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. This allowed the District to issue

bonds to raise money 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 Ventura County Agricultural Commission 2014 Crop and Livestock Report, the gross crop value for calendar year 2014 was \$2.1 billion, approximately \$42 million more than 2013, representing a 2.01 percent 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 0.7% between January 2014

(842,385) and January 2015 (848,073) according to the California Department of Finance. By October 2015, the local unemployment rate of 5.4%, had not only improved by 1.0% over the prior year figure, but also remained below the statewide figure of 5.7%. Annual home sales within Ventura County through September 2014 increased 26% as compared to the same period in the prior year, while the median home price increased by 8.6%. Home foreclosures and defaults continued to decline, while the tourist industry improved.

In FY 2014-15, property assessment for the County increased 6.3% as compared to FY 2013-14. The County Assessor's Office projects that in FY 2015-16, countywide property tax assessments will increase 4.8%, which will have a positive impact on the District's General Fund.

Short and Long-term Financial Planning Outlook

In FY 2014-15, the District issued no new debt and no new debt is planned for FY 2015-16. For FY 2014-15, the completed capital improvement project was the replacement of the Oxnard/Hueneme Pipeline well #17.

In FY 2014-15, 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 12 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.

During FY 2014-15, the District continued the evaluation of alternatives to remediate the spillway capacity and overtopping risk during a Probable Maximum Flood (PMF) event. 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 will reduce the risk to people and property below Santa Felicia Dam were presented to the FERC and DSOD in August 2015. The regulators accepted a lower inflow design flood of 220,000 cubic feet per second as the level of risk reduction for the design. District staff's goal for the current fiscal year is to initiate the environmental review process and begin work on the final design.

The District continued with its efforts to comply with the environmental requirements contained in its SFD FERC License in FY 2014-15. To date, five of the nine required plans have been approved by FERC. The District is implementing these plans and meeting all of the requirements contained in them. The District is working to complete the remaining four plans.

Years ago, it was determined that the existing Ventura County Regional Groundwater Flow Model is not sufficiently detailed to be used to address the types of groundwater resource management planning and demands now being required of the District. The

District has made significant progress on updating the Model to enable it to be used as a resource management tool that will assist local Groundwater Sustainability Agencies in complying with the recently enacted Sustainable Groundwater Management Act (SGMA). In FY 2014-15 the District focused on building the numerical groundwater flow model for the Oxnard Plain area which includes the Oxnard Plain, Pleasant Valley, West Las Posas, and Mound groundwater basins. Model calibration efforts are underway for those basins. The remaining basins within the District (i.e., Santa Paula, Fillmore, and Piru basins) will be added to the model in the near future.

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, who entered into an agreement with the District on January 1 of 2014, has focused on establishing consistent services and enhancing the facilities. In FY 2014-15, the District completed the purchase and installation of 275 campground site markers, 200 camp site fire rings and 35 barbeque stands. Additionally, District staff, in conjunction with the onsite concessions service repaired, painted and/or replaced 80% of the onsite picnic tables throughout the facilities. Lastly, the District completed an asphalt repair project at the Reasoner Launch Ramp facility. The project included efforts to perform slope repairs to the adjacent hillside of the parking area, which had become comprised and resulted in damage to the parking facility and asphalt. The District did not complete the Park Service Officer Facility Replacement project during FY 2014-15 due to unforeseen challenges associated with the existing substandard communications systems throughout the facility. However, the project was started and carried over to FY 2015-16, with an anticipated completion in 2016.

In December 2013, the District discovered invasive quagga mussels in the District's Lake Piru reservoir. Quagga mussels continued to be a topic of concern for the District. In FY 2014-15 the District contracted with Cardno, a consultant, to develop a draft Quagga Mussel Monitoring Control Plan, which was submitted in November of 2014 to the California Department of Fish and Wildlife. In FY 2014-15 the UWCD established and implemented a monitoring program for Lake Piru utilizing plankton tows and microscopic analyses, colonization monitoring blocks and conducted geographic distribution observations. Additionally, the District contracted scientific dive teams to conduct a series of dives to implement several pilot program measures to determine an effective means for managing and or controlling the population of mussels. These measures included physical removal, installation of weighted tarps to cover and kill the mussels by anoxia, and the installation of cages containing predatory fish that would eat the mussels. Ultimately physical removal was determined to be the most successful and thus, this measure was performed several times during FY 2014-15. The eradication of Quagga mussels does not appear to be feasible. The District will have to continue dedicating resources in during FY 2015-16 to aid in managing the infestation and to maintain compliance with state and federal law pertaining to invasive species.

In FY 2014-15, 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 2014-15. The District has 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 has appealed the case to the State Supreme Court, which has accepted to hear the case. The results of the San Buenaventura lawsuits could have a major impact to future District financial planning.

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 and now anticipated significant rain storms have highlighted the need to capture and store water when available. Also abundantly clear is that water conservation is a topic that impacts everyone and finding solutions to meet the region's water needs can only be achieved through coordinated efforts amongst the region's leading water agencies. United Water remains committed to doing its part in working with others 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
- Disclosure of Reimbursement (Government Code Section 53065.5)
- Fixed Assets
- Vehicle and Equipment Replacement and Maintenance
- Engineering Projects and Contract Administration
- Financial Records Management Retention and Destruction
- Fraud Prevention/Detection Policy
- Environmental Activity Cost Allocation Policy
- Disposition of Surplus Assets
- Accounts Receivables and Write-offs

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).
- Rate related lawsuits by the City of San Buenaventura which challenge the District’s future rate structure and funding.
- 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 complaint filed against the District and the State Water Board by the Wishtoyo Foundation.
- The quagga mussel infestation 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, 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, 2014. 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.

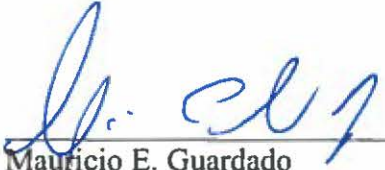
A Certificate of Achievement is valid for a period of one year only. Staff believes that the current CAFR continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for their certificate.

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
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, 2014

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

UNITED WATER CONSERVATION DISTRICT

**LIST OF PRINCIPAL OFFICIALS
FOR
FISCAL YEAR ENDED JUNE 30, 2015**

BOARD OF DIRECTORS

Lynn E. Maulhardt, President
Representing Division 4

Bruce E. Dandy, Vice President
Representing Division 5

Robert Eranio, Secretary/Treasurer
Representing Division 3

Sheldon G. Berger, Board Member
Representing Division 7

Edwin T. McFadden III, Board Member
Representing Division 1

Michael W. Mobley, Board Member
Representing Division 2

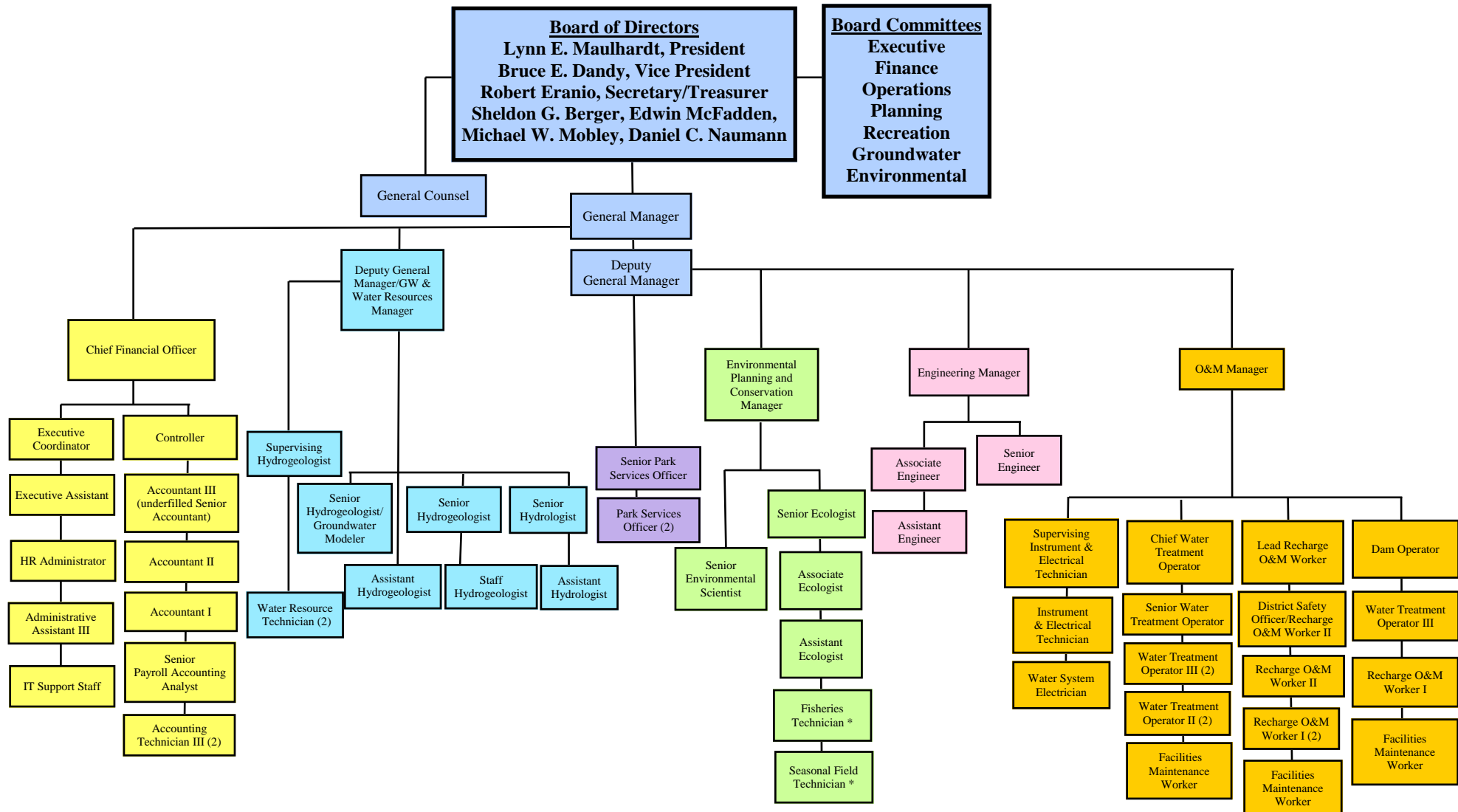
Daniel C. Naumann, Board Member
Representing Division 6

EXECUTIVE MANAGEMENT

Mauricio E. Guardado, General Manager
Anthony H. Trembley, Legal Council



June 2015



* 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
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

DIRECTORS

Bradferd A. Welebir, CPA, MBA

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Yiann Fang, CPA
Nathan Statham, CPA, MBA
Brigitta Bartha, CPA
Gardenya Duran, CPA
Juan Romero, CPA
Ivan Gonzales, CPA, MSA
Brianna Pascoe, CPA
Daniel Hernandez, CPA, MBA

MEMBERS

American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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.

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, 2015, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 of the financial statements, the District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transaction for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 1, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rogers Anderson Malody & Scott, LLP". The signature is written in a cursive, flowing style.

San Bernardino, California
December 1, 2015

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United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2015

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, 2015. 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 \$77,532,038 (*net position*). Of this amount, \$15,229,794 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 \$3,999,822 from the prior fiscal year's restated net position due to delays in project expenses. The District's total net position decreased by \$3,935,449 because of the implementation of GASB 68 and the requirement to record long-term net pension obligation as a liability.
- At the close of the current fiscal year, the District's governmental funds reported combined fund balances of \$18,724,942, an increase of \$2,879,276 in comparison with the prior year. Approximately 34% of this amount (\$6,369,315) 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 \$15,081,192, or approximately 133% of total general fund expenditures.
- The District's total long-term liabilities increased by (\$7,185,557) during the current fiscal year mostly due to the implementation of GASB 68 and the requirement to record long-term net pension obligation as a 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, 2015

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, 2015

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 28-77 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 78-83 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 \$77,532,038, at the close of the most recent fiscal year.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2015

District's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 19,766,269	\$ 17,137,225	\$ 8,112,442	\$ 16,734,365	\$ 27,878,711	\$ 33,871,590
Capital assets	37,452,058	37,562,194	41,930,475	41,902,710	79,382,533	79,464,904
Total Assets	57,218,327	54,699,419	50,042,917	58,637,075	107,261,244	113,336,494
Total Deferred Outflows of Resources	2,163,306	832	1,260,637	57,485	3,423,943	58,317
Other liabilities	1,186,080	1,334,910	510,908	8,079,492	1,696,988	9,414,402
Long term liabilities						
Due in one year	999,896	1,105,758	501,189	561,684	1,501,085	1,667,442
Due in more than one year	22,880,278	18,008,757	5,216,810	2,736,417	28,097,088	20,745,174
Total Liabilities	25,066,254	20,449,425	6,228,907	11,377,593	31,295,161	31,827,018
Total Deferred Inflows of Resources	1,181,667	-	676,321	52	1,857,988	52
Net Position:						
Net investment in capital assets	19,095,259	19,784,740	39,629,682	39,257,454	58,724,941	59,042,194
Restricted	3,577,303	2,223,208	-	-	3,577,303	2,223,208
Unrestricted	10,461,150	12,242,878	4,768,644	8,059,461	15,229,794	20,302,339
Total Net Position	<u>\$ 33,133,712</u>	<u>\$ 34,250,826</u>	<u>\$ 44,398,326</u>	<u>\$ 47,316,915</u>	<u>\$ 77,532,038</u>	<u>\$ 81,567,741</u>

The largest portion of the District's net position (76%) 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 (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,299,794 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.

While the District's net position increased \$7,018,665 from the prior fiscal year due to current year operations, the overall net position decreased by \$4,035,703 due to the implementation of GASB Statements No. 68 & 71.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2015

District's Changes in Net Position

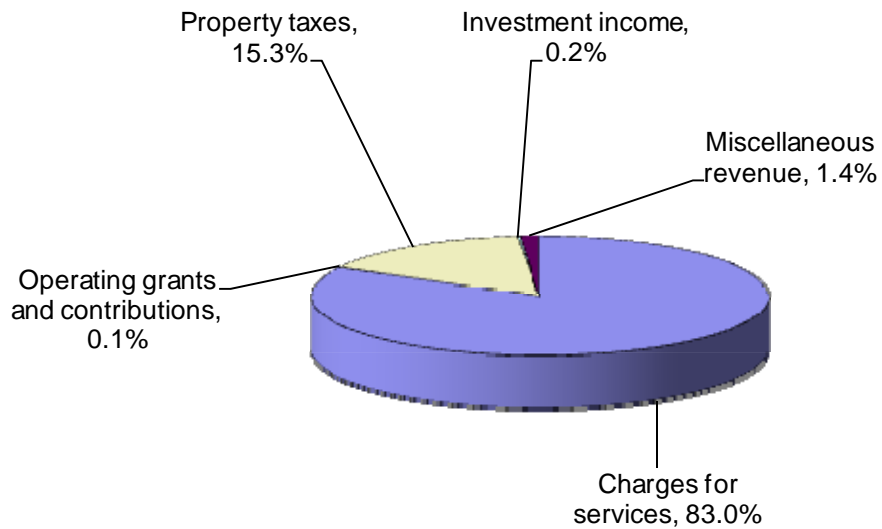
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 12,387,563	\$ 13,761,309	\$ 7,145,510	\$ 8,115,398	\$ 19,533,073	\$ 21,876,707
Operating grants and contributions	5,374	125,000	-	-	5,374	125,000
General revenues:						
Property taxes	2,276,002	2,130,951	-	-	2,276,002	2,130,951
Investment income, unrestricted	30,482	18,874	32,311	42,014	62,793	60,888
Miscellaneous revenue	208,214	184,537	-	-	208,214	184,537
Gain on sale of assets	6,822	-	7,873	-	14,695	-
Total revenues	14,914,457	16,220,671	7,185,694	8,157,412	22,100,151	24,378,083
Expenses						
Water conservation	7,959,574	7,576,654	-	-	7,959,574	7,576,654
Lake Piru recreational facilities	828,571	891,738	-	-	828,571	891,738
State water project importation	1,230,116	973,478	-	-	1,230,116	973,478
Freeman diversion facility	-	-	2,127,517	2,016,548	2,127,517	2,016,548
Water delivery and treatment facilities	-	-	4,999,612	5,105,692	4,999,612	5,105,692
Interest on long-term debt	802,462	843,854	152,477	-	954,939	843,854
Total expenses	10,820,723	10,285,724	7,279,606	7,122,240	18,100,329	17,407,964
Change in Net Position	4,093,734	5,934,947	(93,912)	1,035,172	3,999,822	6,970,119
Beginning Net Position, as Restated	29,039,978	28,215,625	44,492,238	46,281,743	73,532,216	74,497,368
Ending Net Position	\$ 33,133,712	\$ 34,150,572	\$ 44,398,326	\$ 47,316,915	\$ 77,532,038	\$ 81,467,487

Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$1,016,860 from the prior fiscal year for an ending balance of \$33,133,712. While the current drought has resulted in mandatory water use reductions and restrictions, which have had an impact on the District, management was able to take various actions (e.g., increasing rates for certain revenue sources and delaying certain nonrecurring expenses) that lessened its effect on governmental activities. The decrease in the overall net position of governmental activities is the result of a lower revenues due to reduced water usage resulting from conservation efforts.

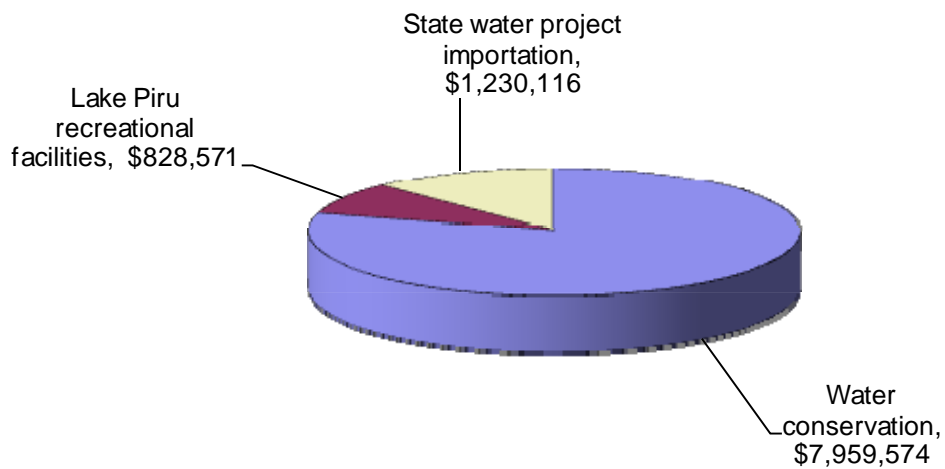
United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2015

Governmental Activities Sources of Revenue



Governmental Activities Functional Expense



United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2015

Business-type Activities. During the current fiscal year, net position for business-type activities decreased \$93,912 from the prior fiscal year balance, as restated, for an ending balance of \$44,398,326. The decline, in large part, is attributable to less water delivery activity.

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, 2015, the District's governmental funds reported combined fund balances of \$18,724,942, an increase of \$2,879,276 in comparison with the prior year. Approximately 34% of this amount (\$6,369,315) 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 (\$66,447), 2) restricted for particular purposes (\$3,577,303), 3) committed or assigned for specific purposes (\$8,711,877).

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 \$6,369,315 while total fund balance increased to \$16,375,862. 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 56% of total general fund expenditures, while total fund balance represents approximately 144% of that same amount.

General Fund	
Fund balance:	
Nonspendable	\$ 66,447
Restricted	1,228,223
Committed	631,449
Assigned	8,080,428
Unassigned	<u>6,369,315</u>
Total fund balance	<u>\$ 16,375,862</u>

The fund balance of the District's general fund increased by \$1,855,514 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due to delays in capital projects.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2015

The State water import fund, the remaining major governmental fund, had an increase in fund balance during the current year of \$1,023,762 to bring the year end fund balance to \$2,349,080. The increase essentially results from lower than anticipated costs due to lack of water available for purchase.

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 \$4,048,523. The increase in net position for the fund was \$498,779, to bring the year end net position to \$29,752,244. The increase in net position for the fund results from delays in capital projects.

Unrestricted net position (deficit) of the Oxnard-Hueneme Pipeline fund at the end of the year was (\$178,230). The decline in net position for the fund was \$317,625 to bring the year end net position to \$7,188,417. The decline in net position for the fund results from reduced water deliveries and higher utility costs.

Unrestricted net position of the Pleasant Valley Pipeline fund at the end of the year was \$587,785. The increase in net position for the fund was \$57,596 to bring the year end net position to \$2,598,972. The increase in net position for the fund results from delays in capital projects.

Unrestricted net position of the Pumping Trough Pipeline fund at the end of the year was \$310,566. The decline in net position for the fund was \$332,662, to bring the year end net position to \$4,858,693. The decline in net position for the fund results from reduced water deliveries.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there the original estimated revenues were amended to account for higher than anticipated groundwater pumping activity as a result of drought conditions. 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.

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

Groundwater revenues exceeded projections as a result of higher than anticipated groundwater pumping activity, while grant revenue experience a shortfall due to the cancellation of a previously awarded grant. Overall revenues were on target with projections.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2015

A review of actual expenditures compared to the appropriations in the final budget yields only a few significant variances. Actual personnel costs were lower than projected (\$464,609) as result of a number of vacant positions and a reduction in the employer's retirement contribution rate due to prepayment of existing liabilities. Actual contractual services expenditures were also below budget (\$1,096,476) as a result of delays in various projects, approximately a third of these unexpended allocations will be carrying forward into FY 2015-16. Lastly, actual maintenance expenditures came below budgeted appropriations (\$289,276) largely due to delays in maintenance projects some of which were in progress.

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, 2015, amounts to \$79,382,533 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, dams, structures and improvements, equipment, and intangibles. The total decrease in capital assets for the current fiscal year was approximately -.1%.

District's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 16,919,430	\$ 16,919,430	\$ 1,220,855	\$ 1,220,855	\$ 18,140,285	\$ 18,140,285
Construction in progress	2,568,236	1,591,612	1,425,038	882,820	3,993,274	2,474,432
Dams	2,188,524	2,245,369	23,628,719	23,628,719	25,817,243	25,874,088
Structures & Improvements	11,594,731	12,153,116	15,190,853	15,700,724	26,785,584	27,853,840
Equipment	1,065,532	1,074,472	465,010	469,592	1,530,542	1,544,064
Intangibles	3,115,605	3,578,195	-	-	3,115,605	3,578,195
	<u>\$ 37,452,058</u>	<u>\$ 37,562,194</u>	<u>\$ 41,930,475</u>	<u>\$ 41,902,710</u>	<u>\$ 79,382,533</u>	<u>\$ 79,464,904</u>

Other than an increase of \$976,624 in construction in progress, there were no major capital asset events during the current fiscal year.

Additional information on the District's capital assets can be found in Note 4 on pages 43-44 of this report.

United Water Conservation District

Management's Discussion and Analysis For the Year Ended June 30, 2015

Long-term Debt. The District's long-term liabilities at the end of the year was \$29,598,173. This represents an increase of \$7,185,557, or 32%. Significant changes include the recognition of the District's pension liability \$7,611,273 as well as obligations related to the State Water Import Project netting \$599,887.

An overview of long-term liabilities is presented below.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Obligation under State Water Project	\$ 1,756,976	\$ 1,157,089	\$ -	\$ -	\$ 1,756,976	\$ 1,157,089
Bonds payable:						
2001B Revenue bonds	162,444	181,717	722,555	808,282	884,999	989,999
2005B Revenue bonds	5,580,645	5,825,488	1,349,355	1,414,512	6,930,000	7,240,000
2006A Revenue bonds	58,144	112,839	251,856	492,161	310,000	605,000
2009 Certificates of Participation	10,575,000	11,010,000	-	-	10,575,000	11,010,000
Plus (less) deferred amounts:						
Bond premiums	84,712	89,814	2,064	4,816	86,776	94,630
Bond discounts	(49,387)	(51,904)	(15,820)	(17,082)	(65,207)	(68,986)
Total bonds payable	16,411,558	17,167,954	2,310,010	2,702,689	18,721,568	19,870,643
Compensated absences	567,368	472,710	369,244	318,682	936,612	791,392
Net OPEB obligation	303,502	316,762	268,242	276,730	571,744	593,492
Net pension liability	4,840,770	-	2,770,503	-	7,611,273	-
Total long-term liabilities	\$ 23,880,174	\$ 19,114,515	\$ 5,717,999	\$ 3,298,101	\$ 29,598,173	\$ 22,412,616

Additional information on the District's long-term liabilities can be found in Note 9 on pages 62-66 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 2015-16 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 2015-16.
- 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, 2015

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.

BASIC FINANCIAL STATEMENTS

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United Water Conservation District

Statement of Net Position June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 13,889,301	\$ 6,545,510	\$ 20,434,811
Receivables:			
Accounts receivable, net	4,468,355	1,280,008	5,748,363
Taxes	59,874	-	59,874
Interest	9,726	4,615	14,341
Prepaid expenses	110,790	32,821	143,611
Current portion notes receivable	-	213,690	213,690
Total current assets	18,538,046	8,076,644	26,614,690
Noncurrent assets:			
Restricted cash and investments	1,228,223	-	1,228,223
Notes receivable, net of current portion	-	35,798	35,798
Capital assets:			
Nondepreciable	19,487,666	2,645,893	22,133,559
Depreciable, net	17,964,392	39,284,582	57,248,974
Total capital assets	37,452,058	41,930,475	79,382,533
Total noncurrent assets	38,680,281	41,966,273	80,646,554
Total Assets	57,218,327	50,042,917	107,261,244
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	2,162,474	1,237,643	3,400,117
Unamortized loss on debt refunding	832	22,994	23,826
Total Deferred Outflows of Resources	2,163,306	1,260,637	3,423,943
LIABILITIES			
Current liabilities:			
Accounts payable	781,095	420,700	1,201,795
Accrued interest payable	189,096	25,749	214,845
Accrued wages and benefits	187,310	64,459	251,769
Unearned revenue	28,579	-	28,579
Current portion of long-term debt	999,896	501,189	1,501,085
Total current liabilities	2,185,976	1,012,097	3,198,073
Noncurrent liabilities:			
Net pension liability	4,840,770	2,770,503	7,611,273
Long-term debt, net of current portion	18,039,508	2,446,307	20,485,815
Total noncurrent liabilities	22,880,278	5,216,810	28,097,088
Total Liabilities	25,066,254	6,228,907	31,295,161
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,181,667	676,300	1,857,967
Unamortized gain on debt refunding	-	21	21
Total Deferred Inflows of Resources	1,181,667	676,321	1,857,988
NET POSITION			
Net investment in capital assets	19,095,259	39,629,682	58,724,941
Restricted for:			
Debt covenants	1,228,223	-	1,228,223
State Water Import	2,349,080	-	2,349,080
Unrestricted	10,461,150	4,768,644	15,229,794
Total Net Position	\$ 33,133,712	\$ 44,398,326	\$ 77,532,038

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

United Water Conservation District

Statement of Activities For the Year Ended June 30, 2015

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	\$ 6,480,253	\$ 1,479,321	\$ 10,646,662	\$ 5,374	\$ -
Lake Piru recreational facilities	740,418	88,153	43,048	-	-
State Water Project importation	1,230,116	-	1,697,853	-	-
Interest on long-term debt	802,462	-	-	-	-
General and administrative	2,570,696	(2,570,696)	-	-	-
Total governmental activities	11,823,945	(1,003,222)	12,387,563	5,374	-
Business-type activities:					
Freeman Diversion facility	1,792,357	335,160	2,615,505	-	-
Water delivery and treatment facilities	4,331,550	668,062	4,530,005	-	-
Interest on long-term debt	152,477	-	-	-	-
Total business-type activities	6,276,384	1,003,222	7,145,510	-	-
Total Primary Government	\$ 18,100,329	\$ -	\$ 19,533,073	\$ 5,374	\$ -

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, as Restated

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
\$ 2,692,462	\$ -	\$ 2,692,462
(785,523)	-	(785,523)
467,737	-	467,737
(802,462)	-	(802,462)
-	-	-
<u>1,572,214</u>	<u>-</u>	<u>1,572,214</u>
-	487,988	487,988
-	(469,607)	(469,607)
-	(152,477)	(152,477)
<u>-</u>	<u>(134,096)</u>	<u>(134,096)</u>
1,572,214	(134,096)	1,438,118
2,276,002	-	2,276,002
30,482	32,311	62,793
208,214	-	208,214
6,822	7,873	14,695
<u>2,521,520</u>	<u>40,184</u>	<u>2,561,704</u>
4,093,734	(93,912)	3,999,822
<u>29,039,978</u>	<u>44,492,238</u>	<u>73,532,216</u>
<u>\$ 33,133,712</u>	<u>\$ 44,398,326</u>	<u>\$ 77,532,038</u>

United Water Conservation District

Balance Sheet Governmental Funds June 30, 2015

	General Fund	Special Revenue Fund State Water Import Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 11,491,617	\$ 2,397,684	\$ 13,889,301
Receivables:			
Accounts, net	4,283,947	184,408	4,468,355
Taxes	52,276	7,598	59,874
Interest	8,233	1,493	9,726
Restricted cash and investments	1,228,223	-	1,228,223
Prepaid expenses	66,447	-	66,447
Total Assets	<u>\$ 17,130,743</u>	<u>\$ 2,591,183</u>	<u>\$ 19,721,926</u>
LIABILITIES			
Accounts payable	\$ 538,992	\$ 242,103	\$ 781,095
Accrued wages and benefits	187,310	-	187,310
Unearned revenue	28,579	-	28,579
Total Liabilities	<u>754,881</u>	<u>242,103</u>	<u>996,984</u>
FUND BALANCES			
Nonspendable	66,447	-	66,447
Restricted	1,228,223	2,349,080	3,577,303
Committed	631,449	-	631,449
Assigned	8,080,428	-	8,080,428
Unassigned	6,369,315	-	6,369,315
Total Fund Balances	<u>16,375,862</u>	<u>2,349,080</u>	<u>18,724,942</u>
Total Liabilities and Fund Balances	<u>\$ 17,130,743</u>	<u>\$ 2,591,183</u>	<u>\$ 19,721,926</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, 2015

Fund balances of governmental funds	\$	18,724,942
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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	58,966,826
Accumulated depreciation	(21,514,768)

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	44,343
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Deferred inflows and outflows of resources are not reported in the governmental funds:

Deferred inflows - pension related	(1,181,667)
Deferred outflows - pension related	2,162,474
Deferred outflows - other	832

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.

(189,096)

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	(16,376,233)
Obligation under State Water Project	(1,756,976)
Net pension liability	(4,840,770)
Compensated absences	(567,368)
Net OPEB obligation	(303,502)
Bond premium	(84,712)
Bond discount	49,387

Net position of governmental activities	\$	<u>33,133,712</u>
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The accompanying notes are an integral part of these financial statements.

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United Water Conservation District

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

	General Fund	Special Revenue Fund State Water Import Fund	Totals
REVENUES			
Taxes	\$ 2,276,002	\$ -	\$ 2,276,002
Special assessments	-	1,688,971	1,688,971
Charges for services	10,689,710	-	10,689,710
Earnings on investments	30,482	5,098	35,580
Intergovernmental	5,374	-	5,374
Other revenue	208,215	3,783	211,998
Total Revenues	13,209,783	1,697,852	14,907,635
EXPENDITURES			
Current:			
Water conservation	8,120,776	-	8,120,776
Lake Piru Recreation facilities	565,684	-	565,684
State Water Project importation	-	1,230,116	1,230,116
Capital outlay	1,160,782	-	1,160,782
Debt service:			
Principal	753,811	98,653	852,464
Interest	754,528	43,861	798,389
Bond fees and expenditures	5,510	-	5,510
Total Expenditures	11,361,091	1,372,630	12,733,721
Excess of Revenues over Expenditures	1,848,692	325,222	2,173,914
OTHER FINANCING SOURCES			
Issuance of debt	-	698,540	698,540
Sale of capital assets	6,822	-	6,822
Total Other Financing Sources	6,822	698,540	705,362
Change in Fund Balances	1,855,514	1,023,762	2,879,276
Fund Balances, Beginning of Year	14,520,348	1,325,318	15,845,666
Fund Balances, End of Year	\$ 16,375,862	\$ 2,349,080	\$ 18,724,942

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, 2015

Net change in fund balances - total governmental funds	\$	2,879,276
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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.	(110,136)
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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.

Issuance of debt	(698,540)
Principal repayments	852,464
Change in prepaid bond insurance, premiums and discounts	(1,457)

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	(94,658)
Change in accrued interest payable	2,894

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	1,250,631
Change in OPEB obligation	13,260

Change in net position of governmental activities	<u>\$</u>	<u>4,093,734</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, 2015

	Freeman Diversion	Oxnard- Hueneme Pipeline	Pleasant Valley Pipeline
Assets			
Current assets:			
Cash and investments	\$ 4,228,188	\$ 1,104,572	\$ 442,884
Receivables:			
Accounts, net	864,803	182,605	97,890
Interest	2,964	788	352
Prepaid expenses	3,493	20,661	1,747
Current portion of notes receivable	-	-	213,690
Total current assets	5,099,448	1,308,626	756,563
Noncurrent assets:			
Notes receivable, net of current portion	-	-	35,798
Capital assets:			
Nondepreciable	2,030,900	51,800	544,798
Depreciable, net	23,700,443	8,686,666	1,733,342
Total capital assets	25,731,343	8,738,466	2,278,140
Total noncurrent assets	25,731,343	8,738,466	2,313,938
Total Assets	30,830,791	10,047,092	3,070,501
Deferred Outflows of Resources			
Pension related	355,312	579,040	79,563
Unamortized loss on debt refunding	-	206	22,788
Total Deferred Outflows of Resources	355,312	579,246	102,351
Liabilities			
Current liabilities:			
Accounts payable	188,769	164,233	6,278
Accrued interest payable	345	15,848	2,992
Accrued wages and benefits	19,891	29,457	2,651
Current portion of long-term debt	32,323	153,391	223,438
Total current liabilities	241,328	362,929	235,359
Noncurrent liabilities:			
Net pension liability	795,378	1,296,200	178,103
Long-term debt, net of current portion	202,974	1,462,380	116,942
Total noncurrent liabilities	998,352	2,758,580	295,045
Total Liabilities	1,239,680	3,121,509	530,404
Deferred Inflows of Resources			
Pension related	194,158	316,412	43,476
Unamortized gain on debt refunding	21	-	-
Total Deferred Inflows of Resources	194,179	316,412	43,476
Net Position			
Net investment in capital assets	25,703,721	7,366,647	2,011,187
Unrestricted	4,048,523	(178,230)	587,785
Total Net Position	\$ 29,752,244	\$ 7,188,417	\$ 2,598,972

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

Pumping Trough Pipeline	Total Proprietary Funds
\$ 769,866	\$ 6,545,510
134,710	1,280,008
511	4,615
6,920	32,821
-	213,690
<u>912,007</u>	<u>8,076,644</u>
-	35,798
18,395	2,645,893
<u>5,164,131</u>	<u>39,284,582</u>
<u>5,182,526</u>	<u>41,930,475</u>
<u>5,182,526</u>	<u>41,966,273</u>
<u>6,094,533</u>	<u>50,042,917</u>
223,728	1,237,643
<u>-</u>	<u>22,994</u>
<u>223,728</u>	<u>1,260,637</u>
61,420	420,700
6,564	25,749
12,460	64,459
<u>92,037</u>	<u>501,189</u>
<u>172,481</u>	<u>1,012,097</u>
500,822	2,770,503
<u>664,011</u>	<u>2,446,307</u>
<u>1,164,833</u>	<u>5,216,810</u>
<u>1,337,314</u>	<u>6,228,907</u>
122,254	676,300
<u>-</u>	<u>21</u>
<u>122,254</u>	<u>676,321</u>
4,548,127	39,629,682
<u>310,566</u>	<u>4,768,644</u>
<u>\$ 4,858,693</u>	<u>\$ 44,398,326</u>

United Water Conservation District

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds For the Year Ended June 30, 2015

	Freeman Diversion	Oxnard- Hueneme Pipeline	Pleasant Valley Pipeline
Operating Revenues			
Charges for services	\$ 2,615,270	\$ 2,926,152	\$ 360,239
Other operating revenues	235	76,401	207
Total Operating Revenues	2,615,505	3,002,553	360,446
Operating Expenses			
Salaries	384,602	600,929	17,204
Benefits	210,977	295,058	19,625
Utilities	8,938	1,115,081	3,577
Repairs and maintenance	93,646	176,467	14,837
Professional services	624,928	81,812	19,742
Other supplies and services	104,088	301,282	17,838
General and administrative	335,160	310,986	102,301
Depreciation	365,178	377,443	71,128
Total Operating Expenses	2,127,517	3,259,058	266,252
Operating Income (Loss)	487,988	(256,505)	94,194
Nonoperating Revenues (Expenses)			
Interest income	11,307	3,295	15,655
Gain on sale of assets	1,332	4,399	618
Bond fees and expenses	(462)	(3,817)	(759)
Interest expense	(1,386)	(64,997)	(52,112)
Total Nonoperating Revenues (Expenses)	10,791	(61,120)	(36,598)
Change in Net Position	498,779	(317,625)	57,596
Net Position, Beginning of Year, as Restated	29,253,465	7,506,042	2,541,376
Net Position, End of Year	\$ 29,752,244	\$ 7,188,417	\$ 2,598,972

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

Pumping Trough Pipeline	Total Proprietary Funds
\$ 1,130,765	\$ 7,032,426
36,241	113,084
<u>1,167,006</u>	<u>7,145,510</u>
174,814	1,177,549
84,258	609,918
344,893	1,472,489
63,614	348,564
12,846	739,328
99,568	522,776
254,776	1,003,223
439,533	1,253,282
<u>1,474,302</u>	<u>7,127,129</u>
<u>(307,296)</u>	<u>18,381</u>
2,054	32,311
1,524	7,873
(1,447)	(6,485)
<u>(27,497)</u>	<u>(145,992)</u>
<u>(25,366)</u>	<u>(112,293)</u>
(332,662)	(93,912)
<u>5,191,355</u>	<u>44,492,238</u>
<u>\$ 4,858,693</u>	<u>\$ 44,398,326</u>

United Water Conservation District

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2015

	Freeman Diversion	Oxnard- Hueneme Pipeline
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 2,889,157	\$ 2,956,432
Payments to suppliers	(1,164,097)	(2,082,968)
Payments to employees	(793,948)	(1,225,782)
Other operating revenues	236	76,401
Net Cash Provided by (Used for) Operating Activities	<u>931,348</u>	<u>(275,917)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(665,170)	(579,622)
Proceeds from sale of assets	1,332	4,399
Principal payments	13,834	(96,537)
Interest payments	(1,917)	(69,667)
Net Cash (Used for) Capital and Related Financing Activities	<u>(651,921)</u>	<u>(741,427)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	10,526	3,598
Payments received on note receivable	-	-
Net Cash Provided by Investing Activities	<u>10,526</u>	<u>3,598</u>
Net Increase (Decrease) in Cash and Cash Equivalents	289,953	(1,013,746)
Cash and Cash Equivalents - Beginning of Year	<u>3,938,235</u>	<u>2,118,318</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,228,188</u>	<u>\$ 1,104,572</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 487,988	\$ (256,505)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	365,178	377,443
Actuarial pension expense	127,332	207,509
Pension contributions subsequent to the measurement date	(332,820)	(542,387)
Changes in assets and liabilities:		
Accounts receivable, net	273,888	30,280
Accounts and other payables	2,663	(97,340)
Accrued wages and benefits	7,119	5,083
Net Cash Provided by (Used for) Operating Activities	<u>\$ 931,348</u>	<u>\$ (275,917)</u>

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

Pleasant Valley Pipeline	Pumping Trough Pipeline	Total Proprietary Funds
\$ 280,895	\$ 1,253,527	\$ 7,380,011
(158,770)	(820,195)	(4,226,030)
(82,626)	(381,942)	(2,484,298)
207	36,241	113,085
<u>39,706</u>	<u>87,631</u>	<u>782,768</u>
(17,026)	(19,230)	(1,281,048)
618	1,524	7,873
(212,933)	(54,969)	(350,605)
(20,705)	(29,612)	(121,901)
<u>(250,046)</u>	<u>(102,287)</u>	<u>(1,745,681)</u>
15,529	1,914	31,567
206,035	-	206,035
<u>221,564</u>	<u>1,914</u>	<u>237,602</u>
11,224	(12,742)	(725,311)
<u>431,660</u>	<u>782,608</u>	<u>7,270,821</u>
<u>\$ 442,884</u>	<u>\$ 769,866</u>	<u>\$ 6,545,510</u>
\$ 94,194	\$ (307,296)	\$ 18,381
71,128	439,533	1,253,282
28,512	80,176	443,529
(74,527)	(209,566)	(1,159,300)
(79,344)	122,762	347,586
(475)	(44,498)	(139,650)
218	6,520	18,940
<u>\$ 39,706</u>	<u>\$ 87,631</u>	<u>\$ 782,768</u>

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The United Water Conservation District (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.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

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

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

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.

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, 2015.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

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

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

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 of the District.

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.

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.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

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

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

2. Proprietary Funds, (continued):

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.

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.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

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

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, 2015

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 \$4,449,715 in governmental funds and \$958,007 in enterprise funds at June 30, 2015.

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, 2015

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. Contributed assets are reported at fair market value as of the date received. 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, 2015

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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Net Position 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 period(s) 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 receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition 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, 2015

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. Committed fund balance may include encumbered amounts for specific purposes that have not been previously committed. 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. Assigned fund balance may include encumbered amounts for specific purposes that have not been previously assigned. 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.

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, 2015

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, 2015, governmental fund balance consisted of the following:

Fund Balances	General Fund	State Water Import Fund	Total Governmental Funds
Nonspendable:			
Prepays	\$ 66,447	\$ -	\$ 66,447
Restricted for:			
Debt service reserve	330,328	-	330,328
Unspent bond proceeds for capital acquisition	897,895	-	897,895
State Water Importation	-	2,349,080	2,349,080
Committed for:			
Contractual obligations	631,449	-	631,449
Assigned to:			
Infrastructure	8,080,428	-	8,080,428
Unassigned:			
Unassigned	6,369,315	-	6,369,315
Total	<u>\$ 16,375,862</u>	<u>\$ 2,349,080</u>	<u>\$ 18,724,942</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, 2015

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, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 20,434,811
Restricted cash and investments	<u>1,228,223</u>
Total cash and investments	<u><u>\$ 21,663,034</u></u>

Cash and investments held by the District at June 30, 2015 consisted of the following:

Petty cash	\$ 350
Demand deposits	834,625
Investments	<u>20,828,059</u>
Total cash and investments	<u><u>\$ 21,663,034</u></u>

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.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 2: CASH AND INVESTMENTS, (continued)

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	\$50 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.

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.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 2: CASH AND INVESTMENTS, (continued)

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	\$ 19,540,339	\$ -	\$ -	\$ 19,540,339
County of Ventura				
Investment Pool	59,497	-	-	59,497
Held by bond trustees:				
Money Market Funds	1,228,223	-	-	1,228,223
Total	<u>\$ 20,828,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,828,059</u>

Investment with Fair Values Highly Sensitive to Interest Rate Fluctuations

During the fiscal year ended June 30, 2015, 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).

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*	\$ 19,540,339	N/A	N/A
County of Ventura			
Investment Pool*	59,497	N/A	N/A
Held by bond trustees:			
Money Market Funds	<u>1,228,223</u>	AAA	AAA
Total	<u>\$ 20,828,059</u>		

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

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 2: CASH AND INVESTMENTS, (continued)

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. 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, 2015 the District had deposits with financial institutions in excess of federal depository insurance limits by \$753,985 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), which was \$19,540,339 as of June 30, 2015. 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 \$50,000,000 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>.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 2: CASH AND INVESTMENTS, (continued)

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 \$59,497 as of June 30, 2015.

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.

Note 3: 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. 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%.

Note receivable is comprised of the following at June 30, 2015:

Pleasant Valley County Water District	\$ 249,488
Less current portion	<u>(213,690)</u>
Net note receivable	<u><u>\$ 35,798</u></u>

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 4: CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2015:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 16,919,430	\$ -	\$ -	\$ 16,919,430
Construction in progress	1,591,612	976,624	-	2,568,236
Total capital assets, not being depreciated	18,511,042	976,624	-	19,487,666
Capital assets, being depreciated:				
Dams	5,684,474	-	-	5,684,474
Structures and improvements	21,876,146	-	-	21,876,146
Equipment	3,379,130	184,159	(76,676)	3,486,613
Intangibles	8,431,927	-	-	8,431,927
Total capital assets, being depreciated	39,371,677	184,159	(76,676)	39,479,160
Less accumulated depreciation for:				
Dams	(3,439,105)	(56,845)	-	(3,495,950)
Structures and improvements	(9,723,030)	(558,385)	-	(10,281,415)
Equipment	(2,304,658)	(193,099)	76,676	(2,421,081)
Intangibles	(4,853,732)	(462,590)	-	(5,316,322)
Total accumulated depreciation	(20,320,525)	(1,270,919)	76,676	(21,514,768)
Total capital assets, being depreciated, net	19,051,152	(1,086,760)	-	17,964,392
Total governmental activities capital assets, net of accumulated depreciation	\$ 37,562,194	\$ (110,136)	\$ -	\$ 37,452,058

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 4: 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	882,820	1,084,621	(542,403)	1,425,038
Total capital assets, not being depreciated	2,103,675	1,084,621	(542,403)	2,645,893
Capital assets, being depreciated:				
Dams	31,173,473	-	-	31,173,473
Structures and improvements	35,000,159	644,339	-	35,644,498
Equipment	2,060,153	94,490	(65,442)	2,089,201
Total capital assets, being depreciated	68,233,785	738,829	(65,442)	68,907,172
Less accumulated depreciation for:				
Dams	(7,544,754)	-	-	(7,544,754)
Structures and improvements	(19,299,435)	(1,154,210)	-	(20,453,645)
Equipment	(1,590,561)	(99,072)	65,442	(1,624,191)
Total accumulated depreciation	(28,434,750)	(1,253,282)	65,442	(29,622,590)
Total capital assets, being depreciated, net	39,799,035	(514,453)	-	39,284,582
Total business-type activities capital assets, net of accumulated depreciation	<u>\$ 41,902,710</u>	<u>\$ 570,168</u>	<u>\$ (542,403)</u>	<u>\$ 41,930,475</u>

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

Governmental activities:	
Water conservation	\$ 1,008,031
Lake Piru Recreation facility	262,888
Total depreciation expense - governmental activities	<u>\$ 1,270,919</u>
Business-type activities:	
Freeman Diversion facility	\$ 365,178
Water delivery and treatment facilities	888,104
Total depreciation expense - business-type activities	<u>\$ 1,253,282</u>

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS)

General Information about the Pension Plans

Plan Descriptions

The Plans are cost-sharing, multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, 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 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 Plans operate 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 Plans' 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, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

General Information about the Pension Plans, (continued)

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

	Miscellaneous Classic Plan	Miscellaneous PEPRA Plan
Hire date into CalPERS system	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	52-62
Monthly benefits, as a % of eligible compensation	2.0%-3.0%	1.0%-2.0%
Required employee contribution rates	8.0%	6.25%
Required employer contribution rates	20.645%	20.645%

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 the Miscellaneous risk pool, 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. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate for the respective Miscellaneous Classic and PEPRA Plans is 7.942 and 6.308 percent of annual pay, and the employer's contribution rate is 20.638 and 20.645 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2014 for the respective Classic and PEPRA Plans are \$1,008,700 and \$8,315. Employer Paid Member Contributions for the measurement period ended June 30, 2014 for the respective Miscellaneous Classic and PEPRA Plans are \$384,892 and \$8,216. The actual employer payments for the respective Miscellaneous Classic and PEPRA Plans of \$1,008,700 and \$8,315, made to CalPERS by the District during the measurement period ending June 30, 2014, differed from the District's proportionate share of the employer's contributions of \$708,199 and \$13, by \$300,501 and \$8,302, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employers plans.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

Net Pension Liability

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

Actuarial Methods and Assumptions Used To Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Miscellaneous - Classic Plan</u>	<u>Miscellaneous - PEPRA Plan</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Actuarial Value of Assets	Actuarial Value of Assets
Actuarial Assumptions		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Salary Increases (1)	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (2)	7.50%	7.50%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds	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	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, 2013 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 under Forms and Publications.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

Net Pension Liability, (continued)

Discount Rate

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. Refer to the *sensitivity of the net pension liability to changes in the discount rate* section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

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

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

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

Net Pension Liability, (continued)

Discount Rate, (continued)

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-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

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

Net Pension Liability, (continued)

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 under Forms and Publications, 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 each 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.

Proportionate Share of Net Pension Liability

The following table shows the Plans' proportion share of the net pension liability over the measurement period.

Miscellaneous – Classic Plan

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)	\$ 31,901,899	\$ 22,456,380	\$ 9,445,519
Balance at: 6/30/2014 (MD)	\$ 33,800,370	\$ 26,189,191	\$ 7,611,179
Net changes during 2013-14	\$ 1,898,471	\$ 3,732,811	\$ (1,834,340)

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

Proportionate Share of Net Pension Liability, (continued)

Miscellaneous – PEPRA Plan

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)	\$ 526	\$ 397	\$ 129
Balance at: 6/30/2014 (MD)	\$ 557	\$ 463	\$ 94
Net changes during 2013-14	\$ 31	\$ 66	\$ (35)

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

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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 under Forms and Publications, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Classic</u>	<u>PEPRA</u>
Proportion - June 30, 2013	0.28827%	0.00000%
Proportion - June 30, 2014	0.30796%	0.00000%
Change - Increase (Decrease)	0.01969%	0.00000%

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

Proportionate Share of Net Pension Liability, (continued)

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 for each Plan as of the measurement date, calculated using the discount rate of 7.50 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 (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

Miscellaneous – Classic Plan

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Net Pension Liability	\$ 12,095,228	\$ 7,611,179	\$ 3,889,844

Miscellaneous – PEPR Plan

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Net Pension Liability	\$ 168	\$ 94	\$ 33

Subsequent Events

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

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

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

Proportionate Share of Net Pension Liability, (continued)

Recognition of Gains and Losses, (continued)

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 Plans for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (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.

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

As of the start of the measurement period (July 1, 2013), the net pension liability for the respective Miscellaneous Classic and PEPRAs is \$9,445,519 and \$129 (the net pension liability of the aggregate plan as of June 30, 2013 is \$3,276,668,431).

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

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

For the measurement period ending June 30, 2014 (the measurement date), the District incurred a pension expense of \$1,175,850 and \$15,639 for the Miscellaneous Classic and PEPRA Plans, respectively (the pension expense for the aggregate plan for the measurement period is \$239,824,465). A complete breakdown of the pension expense is as follows:

Miscellaneous – Classic Plan

Description	Risk Pool Amounts	Employer's Share	Percentage of Employer's Share
Service Cost	\$ 338,829,351	\$ 882,893	0.26057%
Interest on the Total Pension Liability	921,162,366	2,347,781	0.25780%
Recognized Differences between Expected and Actual Experience	-	-	N/A
Recognized Changes of Assumptions	-	-	N/A
Employee Contributions	(159,834,203)	(387,872)	0.24267%
Employer Paid Member Contributions	-	384,892	N/A
Projected Earnings on Pension Plan Investments	(678,133,636)	(1,673,844)	0.24683%
Recognized Differences between Projected and Actual Earnings on Plan Investments	(182,199,413)	(449,725)	0.24683%
Other Changes in Fiduciary Net Position	-	-	N/A
Recognized Portion of Adjustment due to Differences in Proportions	-	(19,336)	N/A
Recognized Differences Between Contributions and Proportionate Share of Contributions	-	91,061	N/A
Subtotal: Employer's Share of Expense Components	\$ 239,824,465	1,175,850	0.49030%
Changes of Benefit Terms		-	
Employer's Proportionate Share of Pension Expense		\$ 1,175,850	

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

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

Miscellaneous – PEPR Plan

Description	Risk Pool Amounts	Employer's Share	Percentage of Employer's Share
Service Cost	\$ 338,829,351	\$ 14,937	0.00441%
Interest on the Total Pension Liability	921,162,366	39	0.00000%
Recognized Differences between Expected and Actual Experience	-	-	N/A
Recognized Changes of Assumptions	-	-	N/A
Employee Contributions	(159,834,203)	(8,282)	0.00518%
Employer Paid Member Contributions	-	8,216	N/A
Projected Earnings on Pension Plan Investments	(678,133,636)	(30)	0.00000%
Recognized Differences between Projected and Actual Earnings on Plan Investments	(182,199,413)	(8)	0.00000%
Other Changes in Fiduciary Net Position	-	-	N/A
Recognized Portion of Adjustment due to Differences in Proportions	-	(1,749)	N/A
Recognized Differences Between Contributions and Proportionate Share of Contributions	-	2,516	N/A
Subtotal: Employer's Share of Expense			
Components	\$ 239,824,465	15,639	
Changes of Benefit Terms		-	
Employer's Proportionate Share of Pension Expense		\$ 15,639	

Note: Plan administrative expenses are not displayed in the above pension expense tables. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the above tables, but implicitly included as part of investment earnings.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

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

As of June 30, 2015, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous – Classic Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(1,798,899)
Adjustment due to Differences in Proportions	-	(54,139)
Net Difference between Contributions and Proportionate Share of Contributions	209,440	-
Pension Contributions Subsequent to Measurement Date	3,144,923	-
	<u>\$ 3,354,363</u>	<u>\$ (1,853,038)</u>

Miscellaneous – PEPR Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(31)
Adjustment due to Differences in Proportions	-	(4,898)
Net Difference between Contributions and Proportionate Share of Contributions	5,787	-
Pension Contributions Subsequent to Measurement Date	39,967	-
	<u>\$ 45,754</u>	<u>\$ (4,929)</u>

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 5: DEFINED BENEFIT PENSION PLANS (PERS), (continued)

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

These amounts above are net of outflows and inflow recognized in the 2013-14 measurement period expense of \$3,144,923 and \$39,967 for the Miscellaneous Classic and PEPRA Plans, respectively, reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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:	Classic Deferred Outflows/(Inflows) of Resources, Net	PEPRA Deferred Outflows/(Inflows) of Resources, Net
2015	\$ (378,000)	\$ 759
2016	(378,000)	759
2017	(437,874)	(653)
2018	(449,724)	(7)
2019	-	-
Thereafter	-	-

Payable to the Pension Plan

At June 30, 2015, the Agency reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 6: 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 actives contribution each year the District is in PEMHCA. The District joined PEMHCA effective 1999. For the fiscal year ended June 30, 2015, the District contributed the actuarially determined ARC of \$89,000, plus an additional \$27,283, for a total contribution of \$116,283.

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, 2015, the amount actually contributed to the plan and the changes in the District's obligation:

	<u>Total</u>
Annual required contribution (ARC)	\$ 89,000
Interest on net OPEB obligation	43,028
Adjustments to annual required contribution	<u>(37,492)</u>
Annual OPEB cost (expense)	94,536
Contributions made	<u>(116,283)</u>
Decrease in net OPEB obligation	(21,747)
Net OPEB obligation - beginning of year	<u>593,491</u>
Net OPEB obligation - end of year	<u><u>\$ 571,744</u></u>

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 6: 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, 2015, 2014 and 2013 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
6/30/2013	\$ 122,583	8.64%	\$ 475,052
6/30/2014	\$ 130,762	9.42%	\$ 593,491
6/30/2015	\$ 94,536	123%	\$ 571,744

Funded Status – The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,058,000
Actuarial Value Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,058,000
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 4,154,000
UAAL as a Percentage of Covered Payroll	25.5%

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, 2015

Note 6: OTHER POST EMPLOYMENT BENEFITS, (continued)

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

Valuation date	June 30, 2012
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization on a closed basis
Remaining amortization period	27 years as of the valuation date
Actuarial assumptions:	
Investment rate of return	7.25% (net of MFAD of .36%)
Projected salary increase	3.25%
Inflation – discount rate	3.00%
Healthcare cost trend rate	4.50%

Note 7: 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, 2015 (the most recent available), the Authority had total assets, liabilities and net position of \$107,630,328, \$59,619,796 and \$47,645,679, respectively. The District paid premiums of \$288,937 to the Authority for property, general liability and workers' compensation insurance during the year ended June 30, 2015.

The self-insurance retention level covered under the Authority program for property, liability and workers' compensation is \$100,000, \$500,000 and \$250,000, respectively, 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 no outstanding claims under the Authority and no liabilities relating to outstanding claims (including estimates for incurred but not reported claims) were recorded as of June 30, 2015.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 8: 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 9). 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
2016	\$ 798,648
2017	804,639
2018	787,070
2019	786,326
2020	789,217
2021-2025	3,961,922
2026-2030	3,954,540
2031-2035	3,854,496
2036	390,070
Total	<u>\$ 16,126,928</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, 2015

Note 9: LONG-TERM LIABILITIES

	Beginning balance	Additions*	Reductions	Ending balance	Due Within One Year
Governmental activities:					
Obligation under State Water Project	\$ 1,157,089	\$ 698,540	\$ (98,653)	\$ 1,756,976	\$ 101,659
Bonds payable:					
2001B Revenue bonds	181,717	-	(19,273)	162,444	20,191
2005B Revenue bonds	5,825,488	-	(244,843)	5,580,645	252,787
2006A Revenue bonds	112,839	-	(54,695)	58,144	58,144
2009 Certificates of Participation	11,010,000	-	(435,000)	10,575,000	450,000
Plus (less) deferred amounts:					
Bond premiums	89,814	-	(5,102)	84,712	-
Bond discounts	(51,904)	-	2,517	(49,387)	-
Total bonds payable	17,167,954	-	(756,396)	16,411,558	756,395
Compensated absences	472,710	94,658	-	567,368	141,842
Net OPEB obligation	316,762	-	(13,260)	303,502	-
Net pension liability	-	6,007,432	(1,166,662)	4,840,770	-
Governmental activities long-term liabilities	19,114,515	6,800,630	(2,034,971)	23,880,174	999,896
Business-type activities:					
Bonds payable:					
2001B Revenue bonds	808,282	-	(85,727)	722,555	89,809
2005B Revenue bonds	1,414,512	-	(65,157)	1,349,355	67,213
2006A Revenue bonds	492,161	-	(240,305)	251,856	251,856
Plus (less) deferred amounts:					
Bond premiums	4,816	-	(2,752)	2,064	-
Bond discounts	(17,082)	-	1,262	(15,820)	-
Total bonds payable	2,702,689	-	(392,679)	2,310,010	408,878
Compensated absences	318,682	50,562	-	369,244	92,311
Net OPEB obligation	276,730	-	(8,488)	268,242	-
Net pension liability	-	3,438,216	(667,713)	2,770,503	-
Business-type activities long-term liabilities	3,298,101	3,488,778	(1,068,880)	5,717,999	501,189
Total long-term liabilities	\$ 22,412,616	\$ 10,289,408	\$ (3,103,851)	\$ 29,598,173	\$ 1,501,085

*Additions to net pension liability resulted from the implementation of GASB Statement No. 68.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 9: 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, 2015 is estimated by the State to be \$1,756,976 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, 2015 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 101,659	\$ 41,790	\$ 143,449
2017	102,102	40,427	142,529
2018	96,629	38,968	135,597
2019	87,173	38,321	125,494
2020	79,120	38,438	117,558
2021-2025	374,475	205,503	579,978
2026-2030	432,292	135,254	567,546
2031-2035	438,000	35,427	473,427
2036	45,526	(1,452)	44,074
Total	<u>\$ 1,756,976</u>	<u>\$ 572,676</u>	<u>\$ 2,329,652</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, 2015 is \$884,999 with remaining interest ranging from 4.60% to 5.125%.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 9: LONG-TERM LIABILITIES, (continued)

2001B Revenue Bonds, (continued)

The annual debt service requirements for 2001B Revenue Bonds outstanding at June 30, 2015 were as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 20,191	\$ 7,647	\$ 89,809	\$ 34,013
2017	21,109	6,666	93,891	29,649
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
2021-2022	52,312	2,705	232,687	12,031
Total	<u>\$ 162,444</u>	<u>\$ 30,421</u>	<u>\$ 722,555</u>	<u>\$ 135,314</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, 2015 is \$6,930,000 with remaining interest from 3.50% to 4.50%.

The annual debt service requirements for 2005B Revenue Bonds outstanding at June 30, 2015 were as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 252,787	\$ 231,531	\$ 67,213	\$ 55,587
2017	260,731	222,157	69,269	53,096
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	44,681
2021-2025	1,655,207	754,361	439,793	170,772
2026-2030	1,138,843	431,899	256,157	89,053
2031-2035	1,170,082	195,542	239,919	40,095
2036	265,550	5,974	54,449	1,225
Total	<u>\$ 5,580,645</u>	<u>\$ 2,445,875</u>	<u>\$ 1,349,355</u>	<u>\$ 552,627</u>

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 9: LONG-TERM LIABILITIES, (continued)

2006A Revenue Bonds

In March 2006, 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 to refund certain outstanding obligations of the District (1996 Certificates of Participation issue). The Authority, under a pooled financing program, issued \$21,560,000 Water Revenue Bonds, Series 2006A. The District is a participant in the Series 2006A program. The District's portion of the Water Revenue Bonds amounted to \$8,470,000. The bonds require semi-annual payments, with interest ranging from 3.00% to 4.50%, through April 2016. The payments are secured by a pledge of the District's net revenues. The total principal amount outstanding as of June 30, 2015 is \$310,000 with remaining interest ranging from 3.75% to 4.5%.

The annual debt service requirements for 2006A Revenue Bonds outstanding at June 30, 2015 were as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 58,144	\$ 2,326	\$ 251,856	\$ 10,074
Total	<u>\$ 58,144</u>	<u>\$ 2,326</u>	<u>\$ 251,856</u>	<u>\$ 10,074</u>

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, 2015 is \$10,575,000 with remaining interest ranging from 4.0% to 5.0%.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 9: LONG-TERM LIABILITIES, (continued)

2009 Certificates of Participation Bonds, (continued)

The annual debt service requirements for 2009 Certificates of Participation Bonds outstanding at June 30, 2015 were as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 450,000	\$ 483,456
2017	465,000	465,156
2018	485,000	446,156
2019	500,000	426,456
2020	520,000	406,056
2021-2025	1,390,000	1,841,259
2026-2030	1,735,000	1,482,625
2031-2035	2,210,000	992,000
2036-2040	2,820,000	366,250
Total	<u>\$ 10,575,000</u>	<u>\$ 6,909,414</u>

In December 2009, the District entered into an agreement with the City of Oxnard (City) for the purchase of supplemental water. In the event the District makes available supplemental water to the City and the City utilizes these water supplies, the City could potentially make payments up to \$5,850,000 to the District beginning in January 2010 and continuing through June 2019. The District received \$250,006 from the City for supplemental water during the year ended June 30, 2015. The District received notice from the City in November 2015, asserting their right to discontinue making annual payment since the GMA's Ordinance E impairs their ability to utilize the water supplies and requesting a refund for the \$250,006 paid in FY 2014-15. The District has committed to utilize these revenues to assist in making the 2009 Certificates of Participation debt service payments.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 10: MAJOR CUSTOMERS

The District has five customers whose water charges represent a significant portion of water revenue. Revenue from these four customers represented 27%, 8%, 7%, and 6% respectively, of water revenue during the fiscal year ended June 30, 2015.

Note 11: 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.

Note 12: 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, 2015, from Board members in sales revenue was \$43,119.

Note 13: 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/River Park 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, 2014 (the most recent available), the Authority had total assets, liabilities and net position of \$1,035,903, \$0, and \$1,035,903, respectively. The financial information on the Authority may be obtained by contacting its Treasurer/Auditor, City of Oxnard, Finance Director, 300 West Third Street, Oxnard, CA 93003.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 14: 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, approved fees and restrict public access to the recreation area. The agreement provided monthly rent in the amount of ten percent of the concessionaire's adjusted gross income. The agreement was amended in January of 2015, and requires PMC pay the District concession payments when a \$750,000 minimum revenue threshold is earned. During the year ended June 30, 2015, the District recognized \$27,339 in concessionaire revenue.

Note 15: COMMITMENTS

Operating Lease

The District leases office space from a third party under a long-term operating lease, which expires on June 30, 2017. The future minimum rental payments due under the lease are as follows:

Year Ending June 30	Rental Payments
2016	\$ 41,484
2017	42,729
Total	<u>\$ 84,213</u>

Rent expense for the year ended June 30, 2015 was \$40,293.

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:

Governmental Funds - Major	
General Fund	\$ 147,732

Note 16: 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, 2015, the District has spent or encumbered costs of \$5,528,598 to renew and comply with the conditions included in the new license.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 16: CONTINGENCIES, (continued)

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 be developed in consultation with NMFS and be approved by NMFS and FERC before they can be implemented.

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 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; yet another lays out the procedures for implementing the water releases and will be in effect for the term of the license and the final is a study plan for assessing the feasibility of providing fish passage at Santa Felicia Dam. The District has begun implementation of the study plan for assessing fish passage which is scheduled for completion in 2016.

The four 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 has completed consultation with NMFS and FERC on these plans.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 16: CONTINGENCIES, (continued)

The last of the uncompleted plans, a passage feasibility report, is being prepared by an independent panel of experts and will contain the results obtained from implementation of the passage feasibility study plan. Implementation of these various plans will, for the most part, require the District to undertake specific actions (e.g., water releases, gravel augmentation, 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 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 additional requirements associated with license compliance, including the BiOp, is not known.

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. Given that the five outstanding plans are either with FERC for approval or are under development in accordance with a FERC-approved schedule, the District is in compliance with these requirements of the license. 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 \$11,000 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, re-use of the existing intake tower, outlet works, conduit and tunnel should 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 is channeled through 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 lake bottom sediment is also approaching the opening of the in-take tower, which would plug it up and make releasing water from the lake impossible. The failure of the intake tower could prevent 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 both structures. 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 rehabilitation of the two structures could have a significant financial impact on the District.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 16: CONTINGENCIES, (continued)

Santa Felicia Dam Safety and Infrastructure Needs, (continued) - At this time, the estimated cost to design and construct the rehabilitation of the structure is in the order of \$20 to \$40 million. Through June 30, 2015, the District has spent or encumbered costs of \$632,957 on these Santa Felicia Dam safety and infrastructure measures.

The 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 is implementing modified operations, including diversions for the Freeman Diversion. 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). The District expects the MSHCP process to take four more years to complete. Through June 30, 2015, the District has spent or encumbered costs of \$2,688,803 on developing the habitat conservation plan for eventual submittal to NMFS, US Fish and Wildlife Service, and California Department of Fish and Wildlife. 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 and Bureau 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 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, 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 in the order of \$24 to \$30 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 2019. Through June 30, 2015, the District has spent or encumbered costs of \$784,552 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, 2015

Note 16: CONTINGENCIES, (continued)

Santa Felicia Dam Probable Maximum Precipitation/Flood Studies – Standard engineering practices require that dams be able to safely pass the largest discharges that they might encounter. This discharge is conjectural and is called the Probable Maximum Flood (PMF). The PMF is calculated from a conjectural 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 conjectural 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 becomes 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 Piru Watershed site specific PMF. 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 Probable Maximum Precipitation/Flood 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 Probable Maximum Precipitation/Flood report resulted in reduced Probable Maximum Precipitation/Flood 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, and if approved, would have resulted in eliminating or significantly reducing modifications necessary to the dam and spillway.

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 independent analysis of the PMF generated results significantly lower than the current NWS methodology. DSOD has directed the District, with FERC's concurrence, to prepare additional studies to reduce the risk of overtopping the dam and flooding. The District, through its consultant, will analyze a series of proposed flood remediation projects that will reduce the risk to people and property below Santa Felicia Dam. 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.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 16: CONTINGENCIES, (continued)

At this time, the estimated cost to design and construct the modifications to the dam and spillway is in the order of \$25 to \$100 million. Through June 30, 2015, the District has spent or encumbered costs of \$645,623 on the Probable Maximum Precipitation/Flood study efforts. This work could also be influenced by the results of the SFD fish passage study currently underway.

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, that have been spreading from water body to water body across the United States. The typical mode of transportation from one water body to the next has been by improperly cleaned recreational boats. Quagga infestations can so thick that they clog water infrastructure, such as intake structures, pipes, valves, and hydroelectric plants. They can also weigh down 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 food supplies typically consumed by other species. Lake Piru is an almost ideal environment for quagga mussels, and they have been multiplying rapidly. Quagga are nearly impossible to eradicate from a water body. As required by California Fish and Game Code, the District has prepared a Lake Piru Quagga Mussel Monitoring and Control Plan, and has submitted it to the California Department of Fish and Wildlife (CDFW) for review and comment. The District, aided by consultants, is working to develop cost estimates for ongoing control measures, for inclusion in the Fiscal Year 2015-2016 Budget. Initial estimates of monitoring and control costs are between \$200,000 and \$500,000 per year. As the infestation is confined to Lake Piru and lower Piru Creek, District staff is also working with CDFW to explore potential eradication options that could be implemented.

Note 17: 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.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 17: CLAIMS, (continued)

City of San Buenaventura, continued - In October 2013, the District filed a return of the writ confirming that the District complied with the writ. The District has also filed an appeal of several aspects of the trial court's decision, including seeking to reverse the trial court's determination that the fees are subject to the requirements of Proposition 218. The District has asked the Court of Appeal to find that the District's groundwater extraction rates are regulatory fees not subject to Proposition 218, or, conversely, if the Court of Appeal finds the extraction rates are subject to Proposition 218, to also find that the fees comply with the requirements of Proposition 218. The City also cross-appealed the trial court's decision.

The parties filed briefs with the Court of Appeal and oral argument occurred in June 2014. At the request of the Court of Appeal, the parties also filed supplemental letter briefs concerning the Sustainable Groundwater Management Act, and responses to amicus briefs filed by other parties interested in the appeal. The Court of Appeal found in favor of the District.

The City subsequently filed similar judicial actions challenging the District's FY 2013-14 and 2014-15 groundwater extraction rates. The Court also found in the District's favor. The case has now been referred to the Supreme Court.

In June 2013, the City of Oxnard and United Water Conservation District entered into a tolling agreement regarding the City of San Buenaventura's FY 2011-12 and FY 2012-13 groundwater extraction fee litigation matter and any future claims in such matter that may be available to the City of Oxnard. Such potential claims may include recovery of portions of prior groundwater extraction fee payments by the City of Oxnard. In accordance with the tolling agreement, no interest will accrue on any amount the District may ultimately owe the City of Oxnard. The tolling agreement will remain in effect until the 90th day from the date the District notifies the City of Oxnard that the final litigation resolution is in effect and the tolling period will not be included in determining the applicability of any statute of limitations in action brought by the City of Oxnard against the District regarding this matter. The District acknowledges that, depending on the outcome of the appeal described above, it is reasonably possible that the District may provide a refund of some charges in the future to the City of Oxnard and potentially to other municipal and industrial customers which paid groundwater extraction fees during the subject fiscal years. The District believes it will prevail in the appeal to reverse the trial court's ruling as described above. The District has not recorded a liability for additional refund payments, if any, in the accompanying financial statements. The likelihood of additional refund payments has been evaluated as reasonably possible, however, it is not required to be recognized as a liability in accordance with generally accepted accounting principles. Estimated groundwater refunds, excluding the City of San Buenaventura, could range upwards of \$2.6 million to \$3 million for the years FY11-12 and FY12-13. Any potential refunds pertaining to subsequent years are unknown at this time.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 17: CLAIMS, (continued)

Wishtoyo Foundation, Ventura Coastkeeper, Central Coast Alliance United for a Sustainable Economy and Center for Biological Diversity - In November 2013, the Wishtoyo Foundation, Ventura Coastkeeper, Central Coast Alliance United for a Sustainable Economy and Center for Biological Diversity filed a complaint against the State Water Resources Control Board (SWRCB) and the District. The complaint alleges, among other things, various harms to public trust resources from the diversion of water at the Freeman Diversion; that current diversions, permitted and licensed by the SWRCB, result in environmental damage and degradation of cultural, recreational and economic resources of communities along the Santa Clara River; and that such harms are preventable if alleged solutions (remedies) requested by the complaint are ordered by the SWRCB. The complaint alleges that the District's current operations of the Vern Freeman Diversion are in violation of the public trust doctrine, the California Fish and Game Code, and the California Constitution. At the request of the SWRCB, the District in February 2014 filed its response to the complaint. The SWRCB has not as yet responded to the parties. At this time, it is unknown if the outcome could materially affect cash flows or the financial position of the District.

Note 18: PRIOR PERIOD RESTATEMENTS

Change in accounting principle

As discussed in Note 1, the District implemented GASB Statement No. 68 effective July 1, 2014. GASB 68, among other provisions, amended prior guidance with respect to the reporting of pensions. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the District's net pension liability was not previously recorded on the statement of net position. GASB 68 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements. The cumulative effects of applying the provisions of GASB Statements No. 68 and 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Prior period adjustment

The beginning balance of a note receivable due from Pleasant Valley County Water District (Pleasant Valley) was restated due to an error in previous years. This adjustment resulted in a net position increase of \$100,254 to the Pleasant Valley Pipeline Enterprise Fund and business-type activities. See Note 3 for further details on the note receivable.

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 18: PRIOR PERIOD RESTATEMENTS, (continued)

Accordingly, beginning fund net position on the Statement of Net Position – Proprietary Funds and the Government-Wide Statement of Net Position for the year ended June 30, 2015, has been restated as follows:

FUND STATEMENTS

Proprietary Funds

Freeman Diversion Fund

Net position - beginning, as previously reported	\$ 30,093,177
Change in accounting principle	<u>(839,712)</u>
Net position - beginning, as restated	<u><u>\$ 29,253,465</u></u>

Oxnard-Hueneme Pipeline Fund

Net position - beginning, as previously reported	\$ 8,874,492
Change in accounting principle	<u>(1,368,450)</u>
Net position - beginning, as restated	<u><u>\$ 7,506,042</u></u>

Pleasant Valley Pipeline Fund

Net position - beginning, as previously reported	\$ 2,629,153
Change in accounting principle	(188,031)
Prior period adjustment	<u>100,254</u>
Net position - beginning, as restated	<u><u>\$ 2,541,376</u></u>

Pumping Trough Pipeline Fund

Net position - beginning, as previously reported	\$ 5,720,093
Change in accounting principle	<u>(528,738)</u>
Net position - beginning, as restated	<u><u>\$ 5,191,355</u></u>

United Water Conservation District

Notes to Financial Statements For the Year Ended June 30, 2015

Note 18: PRIOR PERIOD RESTATEMENTS, (continued)

GOVERNMENT WIDE STATEMENTS

Governmental Activities

Net position - beginning, as previously reported	\$ 34,150,572
Change in accounting principle	<u>(5,110,594)</u>
Net position - beginning, as restated	<u><u>\$ 29,039,978</u></u>

Business-Type Activities

Net position - beginning, as previously reported	\$ 47,316,915
Change in accounting principle	(2,924,931)
Prior period adjustment	<u>100,254</u>
Net position - beginning, as restated	<u><u>\$ 44,492,238</u></u>

Note 19: SUBSEQUENT EVENT

In December 2009, the District entered into an agreement with the City of Oxnard (City) for the purchase of supplemental water. In the event the District makes available supplemental water to the City and the City utilizes these water supplies, the City could potentially make payments up to \$5,850,000 to the District beginning in January 2010 and continuing through June 2019. The District received \$250,006 from the City for supplemental water during the year ended June 30, 2015. The District received notice from the City in November 2015, asserting their right to discontinue making annual payment since the GMA's Ordinance E impairs their ability to utilize the water supplies and requesting a refund for the \$250,006 paid in FY 2014-15. The District has committed to utilize these revenues to assist in making the 2009 Certificates of Participation debt service payments.

REQUIRED SUPPLEMENTARY INFORMATION

United Water Conservation District

Required Supplementary Information Schedule of Funding Progress – Other Post Employment Benefits For the Year Ended June 30, 2015

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%

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 Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 2,116,500	\$ 2,116,500	\$ 2,276,002	\$ 159,502
Water delivery	1,394,665	1,455,095	1,449,456	(5,639)
Groundwater	7,771,125	8,671,125	8,962,908	291,783
Supplemental water	250,006	250,006	250,006	-
Concessions	65,000	27,340	27,340	-
Grants	405,000	405,000	5,374	(399,626)
Rents and leases	99,695	104,495	98,836	(5,659)
Investment earnings	28,745	25,245	30,482	5,237
Other revenue	56,000	111,179	109,379	(1,800)
Total revenues	12,186,736	13,165,985	13,209,783	43,798
Expenditures:				
Personnel costs	4,105,177	5,076,518	4,611,909	464,609
Contractual services	1,785,550	2,501,549	1,405,073	1,096,476
Office expense	77,635	86,763	69,452	17,311
Travel, meetings and training	86,630	89,580	61,814	27,766
Gasoline and diesel fuel	80,900	83,828	49,645	34,183
Insurance	85,904	91,476	91,799	(323)
Utilities	124,320	112,320	53,330	58,990
Safety, supplies, clothing	54,400	59,846	50,544	9,302
Water treatment chemicals	5,000	3,000	2,291	709
Maintenance	538,798	740,959	451,683	289,276
Small tools and equipment	87,705	85,689	36,556	49,133
Permits and licenses	65,495	62,056	54,723	7,333
Water quality services	86,250	91,950	43,727	48,223
Miscellaneous	104,175	174,021	136,440	37,581
Total operating expenditures	7,287,939	9,259,555	7,118,986	2,140,569
General and administrative	1,645,345	1,553,890	1,567,474	(13,584)
Principal	753,815	753,815	753,811	4
Interest	754,545	754,545	754,528	17
Bond fees and expenditures	10,000	10,000	5,510	4,490
Total debt service	1,518,360	1,518,360	1,513,849	4,511
Capital outlay	453,931	3,629,866	1,160,782	2,469,084
Total Expenditures	10,905,575	15,961,671	11,361,091	4,600,580
Other - sale of capital assets	-	5,600	6,822	1,222
Net change in fund balance	1,281,161	(2,790,086)	1,855,514	4,645,600
Fund balance, beginning	14,520,348	14,520,348	14,520,348	-
Fund balance, ending	\$ 15,801,509	\$ 11,730,262	\$ 16,375,862	\$ 4,645,600

United Water Conservation District

Required Supplementary Information Budgetary Comparison Schedule State Water Import Fund For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Special assessments	\$ 1,228,000	\$ 1,432,000	\$ 1,688,971	\$ 256,971
Earnings on investments	2,715	3,776	5,098	1,322
Issuance of debt	-	-	698,540	698,540
Other	3,783	3,783	3,783	-
Total revenues	1,234,498	1,439,559	2,396,392	956,833
Expenditures:				
State Water Project importation	1,026,975	1,026,975	1,223,268	(196,293)
Miscellaneous	3,500	3,500	6,848	(3,348)
Total operating expenditures	1,030,475	1,030,475	1,230,116	(199,641)
Principal	87,743	98,352	98,653	(301)
Interest	54,544	43,812	43,861	(49)
Total debt service	142,287	142,164	142,514	(350)
Total expenditures	1,172,762	1,172,639	1,372,630	(199,991)
Net change in fund balance	61,736	266,920	1,023,762	756,842
Fund balance, beginning	1,325,318	1,325,318	1,325,318	-
Fund balance, ending	\$ 1,387,054	\$ 1,592,238	\$ 2,349,080	\$ 756,842

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	
	Classic Plan	PEPRA Plan
Plan's Proportion of the Net Pension Liability Asset ¹	0.12232%	0.00000%
Plan's Proportionate Share of the Net Pension Liability	\$ 7,611,179	\$ 94
Plan's Covered-Employee Payroll ²	\$ 4,786,016	\$ 320,133
Plan's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	154.48%	0.08%
Plan's Proportion of the Fiduciary Net Position ³	0.247%	0.000%
Plan's Share of Risk Pool Fiduciary Net Position ³	\$ 26,189,191	\$ 463
Plan's Additional Payments to Side Fund During Measurement Period	\$ -	\$ -
Plan's Proportionate Share of the Fiduciary Net Position (<i>sum of the two preceding lines</i>)	\$ 26,189,191	\$ 463
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability	77.48%	83.12%
Plan's Proportionate Share of Aggregate Employer Contributions ⁴	\$ 708,199	\$ 13

¹ Proportion of the 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.

² Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

³ The term Fiduciary Net Position (FNP) as used in this line denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all employers' additional side fund contributions made during the measurement period.

⁴ The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the Measurement Period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of Fiduciary Net Position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

United Water Conservation District

Required Supplementary Information Schedule of Plan Contributions Last Ten Years*

	Measurement Period	
	2013-14	
	Classic	PEPRA
Actuarially Determined Contribution	\$ 1,008,341	\$ 8,315
Contributions in Relation to the Actuarially Determined Contribution	(1,008,341)	(8,315)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll ¹	\$ 4,786,016	\$ 320,133
Contributions as a Percentage of Covered-Employee Payroll	21.07%	2.60%

¹ Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

* Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation, therefore, only one year is shown.

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

<u>Governmental Funds - Major</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance</u>
Special Revenue Fund:			
State Water Import	\$ 1,030,475	\$ 1,230,116	\$ (199,641)

The variance is due to the recognition of future state water project expenditures in the amount of \$698,540 that are offset by issuance of debt.

STATISTICAL SECTION

United Water Conservation District

Comprehensive Annual Financial Report Statistical Section (Unaudited) Table of Contents For the Year Ended June 30, 2015

	<u>Page</u>
Financial Trends	85
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	98
These schedules contain information to help the reader assess one of the District's most significant local revenue source, water fees.	
Debt Capacity	106
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	113
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	118
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)**

	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$ 8,488	\$ 9,193	\$ 9,418	\$ 12,747
Restricted	1,678	1,303	724	1,496
Unrestricted	3,415	4,174	3,870	3,222
Total governmental activities net position	<u>\$13,581</u>	<u>\$14,670</u>	<u>\$14,012</u>	<u>\$17,465</u>
Business-type activities:				
Net investment in capital assets	\$35,500	\$36,283	\$38,388	\$37,477
Restricted	895	898	963	260
Unrestricted	4,168	4,927	4,117	4,028
Total business-type activities net position	<u>\$40,563</u>	<u>\$42,108</u>	<u>\$43,468</u>	<u>\$41,765</u>
Total government				
Net investment in capital assets	\$43,988	\$45,476	\$47,806	\$50,224
Restricted	2,573	2,201	1,687	1,756
Unrestricted	7,583	9,101	7,987	7,250
Total government net position	<u>\$54,144</u>	<u>\$56,778</u>	<u>\$57,480</u>	<u>\$59,230</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 restatement of \$424,269. Fiscal years 2006 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.

2010	2011	2012	2013 *	2014	2015**
\$ 16,924	\$ 18,747	\$ 19,661	\$ 19,989	\$ 19,785	\$ 19,095
989	1,504	1,777	1,817	2,223	3,577
4,072	3,157	4,411	6,609	12,143	10,462
<u>\$ 21,985</u>	<u>\$ 23,408</u>	<u>\$ 25,849</u>	<u>\$ 28,415</u>	<u>\$ 34,151</u>	<u>\$ 33,134</u>
\$ 38,310	\$ 39,124	\$ 39,019	\$ 39,270	\$ 39,257	\$ 39,630
261	-	-	-	-	-
4,513	5,006	6,748	7,012	8,059	4,768
<u>\$ 43,084</u>	<u>\$ 44,130</u>	<u>\$ 45,767</u>	<u>\$ 46,282</u>	<u>\$ 47,316</u>	<u>\$ 44,398</u>
\$ 55,234	\$ 57,871	\$ 58,680	\$ 59,259	\$ 59,042	\$ 58,725
1,250	1,504	1,777	1,817	2,223	3,577
8,585	8,163	11,159	13,621	20,202	15,230
<u>\$ 65,069</u>	<u>\$ 67,538</u>	<u>\$ 71,616</u>	<u>\$ 74,697</u>	<u>\$ 81,467</u>	<u>\$ 77,532</u>

United Water Conservation District

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

	2006	2007	2008	2009
EXPENSES:				
Government activities				
Water conservation	\$ 4,392	\$ 4,182	\$ 4,862	\$ 5,379
Lake Piru recreation facilities	-	-	-	1,135
State Water Project importation	387	695	817	709
Interest on long-term debt	472	474	477	455
Total governmental activities expenses	5,251	5,351	6,156	7,678
Business-type activities:				
Freeman Diversion facility	1,368	1,422	1,361	1,785
Water delivery and treatment facilities	4,248	4,845	5,501	4,942
Lake Piru recreation facilities	1,673	1,635	1,595	-
Interest on long-term debt	-	-	-	-
Total business-type activities expenses	7,289	7,902	8,457	6,727
Total government expenses	\$ 12,540	\$ 13,253	\$ 14,613	\$ 14,405
PROGRAM REVENUES:				
Government activities				
Charges for services:				
Water conservation	\$ 3,299	\$ 3,761	\$ 3,735	\$ 4,719
Lake Piru recreation facilities	-	-	-	148
State Water Project importation	459	252	273	1,574
Operating grants and contributions	680	179	28	44
Capital grants and contributions	-	154	-	-
Total governmental activities program revenues	4,438	4,346	4,036	6,485
Business-type activities:				
Freeman Diversion facility	2,210	2,487	2,535	2,751
Water delivery and treatment facilities	4,478	5,313	5,283	5,237
Lake Piru recreation facilities	1,039	1,141	579	-
Total business-type activities program revenues	7,727	8,941	8,397	7,988
Total government program revenues	\$ 12,165	\$ 13,287	\$ 12,433	\$ 14,473
Net (expense) revenue				
Governmental activities	\$ (813)	\$ (1,005)	\$ (2,120)	\$ (1,193)
Business-type activities	438	1,039	(60)	1,261
Total government net (expense) revenue	\$ (375)	\$ 34	\$ (2,180)	\$ 68

* Fiscal year 2012-13 reflects the first year of the implementation of GASB Statement Nos. 63 and 65 which resulted in a prior period restatement of \$424,269. Fiscal years 2006 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.

2010	2011	2012	2013 *	2014	2015**
\$ 5,498	\$ 7,033	\$ 7,518	\$ 7,193	\$ 7,577	\$ 7,960
705	755	816	840	891	829
1,203	765	766	1,434	973	1,230
754	1,009	931	873	844	802
<u>8,160</u>	<u>9,562</u>	<u>10,031</u>	<u>10,340</u>	<u>10,285</u>	<u>10,821</u>
1,787	1,575	1,492	1,492	2,017	2,127
5,144	4,709	4,531	4,790	5,106	5,000
-	-	-	-	-	-
-	-	-	-	-	152
<u>6,931</u>	<u>6,284</u>	<u>6,023</u>	<u>6,282</u>	<u>7,123</u>	<u>7,279</u>
<u>\$ 15,091</u>	<u>\$ 10,993</u>	<u>\$ 16,054</u>	<u>\$ 16,622</u>	<u>\$ 17,408</u>	<u>\$ 18,100</u>
\$ 5,812	\$ 7,005	\$ 8,826	\$ 11,402	\$ 12,210	\$ 10,647
127	114	123	142	103	43
595	1,503	1,096	656	1,448	1,698
-	-	100	11	125	5
-	281	44	80	-	-
<u>6,534</u>	<u>8,903</u>	<u>10,189</u>	<u>12,291</u>	<u>13,886</u>	<u>12,393</u>
3,087	2,602	2,757	2,964	3,107	2,615
5,077	4,655	4,840	4,569	5,008	4,530
-	-	-	-	-	-
<u>8,164</u>	<u>7,257</u>	<u>7,597</u>	<u>7,533</u>	<u>8,115</u>	<u>7,145</u>
<u>\$ 14,698</u>	<u>\$ 16,160</u>	<u>\$ 17,786</u>	<u>\$ 19,824</u>	<u>\$ 22,001</u>	<u>\$ 19,538</u>
\$ (1,626)	\$ (659)	\$ 158	\$ 1,951	\$ 3,601	\$ 1,572
1,233	973	1,574	1,251	992	(134)
<u>\$ (393)</u>	<u>\$ 314</u>	<u>\$ 1,732</u>	<u>\$ 3,202</u>	<u>\$ 4,593</u>	<u>\$ 1,438</u>

United Water Conservation District

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

	2006	2007	2008	2009
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:				
Governmental activities:				
Property Taxes	\$ 1,127	\$ 1,896	\$ 2,000	\$ 2,090
Unrestricted investment earnings	312	414	364	110
Miscellaneous	143	125	210	151
Extraordinary Item	-	-	-	(828)
Transfers	(427)	(341)	(1,112)	3,122
Donated capital assets	-	-	-	-
Total governmental activities	<u>1,155</u>	<u>2,094</u>	<u>1,462</u>	<u>4,645</u>
Business-type activities:				
Unrestricted investment earnings	265	403	308	159
Extraordinary Item	(588)	(238)	-	-
Transfers	428	341	1,112	(3,122)
Miscellaneous	-	-	-	-
Total business-type activities	<u>105</u>	<u>506</u>	<u>1,420</u>	<u>(2,963)</u>
Total government	<u>\$ 1,260</u>	<u>\$ 2,600</u>	<u>\$ 2,882</u>	<u>\$ 1,682</u>
CHANGES IN NET POSITION:				
Governmental activities	\$ 342	\$ 1,089	\$ (658)	\$ 3,452
Business-type activities	543	1,545	1,360	(1,702)
Total government	<u>\$ 885</u>	<u>\$ 2,634</u>	<u>\$ 702</u>	<u>\$ 1,750</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 restatement of \$424,269. Fiscal years 2006 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.

2010	2011	2012	2013 *	2014	2015**
\$ 2,090	\$ 1,950	\$ 2,016	\$ 2,154	\$ 2,131	\$ 2,276
21	18	8	9	19	31
86	114	259	194	185	208
-	-	-	(1,413)	-	7
-	-	-	-	-	-
3,949	-	-	-	-	-
<u>6,146</u>	<u>2,082</u>	<u>2,283</u>	<u>944</u>	<u>2,335</u>	<u>2,522</u>
86	73	63	51	42	32
-	-	-	(692)	-	-
-	-	-	-	-	-
-	-	-	-	-	8
<u>86</u>	<u>73</u>	<u>63</u>	<u>(641)</u>	<u>42</u>	<u>40</u>
<u>\$ 6,232</u>	<u>\$ 2,155</u>	<u>\$ 2,346</u>	<u>\$ 303</u>	<u>\$ 2,377</u>	<u>\$ 2,562</u>
\$ 4,520	\$ 1,423	\$ 2,441	\$ 2,895	\$ 5,936	\$ 4,094
1,319	1,046	1,637	610	1,034	(94)
<u>\$ 5,839</u>	<u>\$ 2,469</u>	<u>\$ 4,078</u>	<u>\$ 3,505</u>	<u>\$ 6,970</u>	<u>\$ 4,000</u>

United Water Conservation District

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

	2006	2007	2008	2009
GENERAL FUND				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	7,673	6,353	5,715	4,809
Unreserved	3,151	4,326	3,983	3,211
Total general fund	<u>\$ 10,824</u>	<u>\$ 10,679</u>	<u>\$ 9,698</u>	<u>\$ 8,020</u>
ALL OTHER GOVERNMENT FUNDS				
Restricted	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-
Unreserved reported in:				
Special revenue funds	1,678	1,303	724	1,496
Total All Other Governmental Funds	<u>\$ 1,678</u>	<u>\$ 1,303</u>	<u>\$ 724</u>	<u>\$ 1,496</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 2006 through 2012 have not been restated.

2010	2011	2012	2013*	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67
-	3,104	1,796	1,935	1,445	1,228
-	367	-	-	1,655	632
-	-	-	609	2,314	8,080
-	3,254	4,947	6,941	9,107	6,369
5,255	-	-	-	-	-
3,519	-	-	-	-	-
<u>\$ 8,774</u>	<u>\$ 6,725</u>	<u>\$ 6,743</u>	<u>\$ 9,485</u>	<u>\$ 14,521</u>	<u>\$ 16,376</u>

\$ -	\$ -	\$ -	\$ 909	\$ 1,325	\$ 2,349
-	1,504	1,777	-	-	-
988	-	-	-	-	-
<u>\$ 988</u>	<u>\$ 1,504</u>	<u>\$ 1,777</u>	<u>\$ 909</u>	<u>\$ 1,325</u>	<u>\$ 2,349</u>

United Water Conservation District

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

	2006	2007	2008	2009
REVENUES:				
Taxes	\$ 1,127	\$ 1,895	\$ 2,000	\$ 2,490
Special Assessment	396	169	215	1,152
Charges for services	3,299	3,761	3,735	4,867
Earnings on investments	372	493	419	128
Grants	680	334	28	44
Other revenues	147	129	214	155
Total revenues	<u>\$ 6,021</u>	<u>\$ 6,781</u>	<u>\$ 6,611</u>	<u>\$ 8,836</u>
EXPENDITURES				
Salaries and benefits	\$ 1,742	\$ 1,838	\$ 2,098	\$ 2,836
Professional fees	734	523	493	995
Maintenance	753	706	1,346	932
Utilities	30	44	106	108
Materials and supplies	362	389	421	469
General and administrative	606	808	714	1,136
Debt Service				
Principal	598	666	691	752
Interest	477	487	481	461
Bond issuance costs and fees	303	6	6	6
Capital Outlay	367	769	731	1,273
Total expenditures	<u>\$ 5,972</u>	<u>\$ 6,236</u>	<u>\$ 7,087</u>	<u>\$ 8,968</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ 49</u>	<u>\$ 545</u>	<u>\$ (476)</u>	<u>\$ (132)</u>
OTHER FINANCING SOURCES/(USES):				
Proceeds of refunding bonds	2,814	-	-	-
Proceeds of long-term capital-related debt	9,018	62	28	-
Proceeds from financing	-	-	-	-
Bond premium	16	-	-	-
Bond discount	(82)	-	-	-
Payment to bond refunding escrow agent	(2,768)	-	-	-
Sale of capital assets	-	-	-	-
Extraordinary item	-	-	-	(828)
Transfers in	-	24	-	54
Transfers out	(427)	(1,151)	(1,112)	-
Total other financing sources/(uses)	<u>8,571</u>	<u>(1,065)</u>	<u>(1,084)</u>	<u>(774)</u>
Net change in fund balances	<u>\$ 8,620</u>	<u>\$ (520)</u>	<u>\$ (1,560)</u>	<u>\$ (906)</u>
Debt Service as a percentage of noncapital expenditures	19.2%	21.1%	18.4%	15.8%

2010	2011	2012	2013	2014	2015
\$ 2,090	\$ 1,949	\$ 2,016	\$ 2,154	\$ 2,131	\$ 2,276
584	1,494	1,085	649	1,442	1,689
5,939	7,119	8,949	11,544	12,313	10,690
29	27	15	13	22	36
-	281	145	90	125	5
89	114	263	198	189	212
<u>\$ 8,731</u>	<u>\$ 10,984</u>	<u>\$ 12,473</u>	<u>\$ 14,648</u>	<u>\$ 16,222</u>	<u>\$ 14,908</u>
\$ 2,776	\$ 3,275	\$ 3,628	\$ 3,402	\$ 3,560	\$ 4,612
790	932	1,252	892	1,319	1,405
1,356	1,275	995	1,817	1,142	1,682
101	102	77	114	79	53
440	454	488	499	510	598
1,074	1,153	1,218	1,391	1,549	1,567
742	2,743	2,625	1,235	816	852
601	1,023	952	885	850	798
221	6	7	9	6	6
16,119	1,554	952	1,117	949	1,161
<u>\$ 24,220</u>	<u>\$ 12,517</u>	<u>\$ 12,194</u>	<u>\$ 11,361</u>	<u>\$ 10,780</u>	<u>\$ 12,734</u>
<u>\$ (15,489)</u>	<u>\$ (1,533)</u>	<u>\$ 279</u>	<u>\$ 3,287</u>	<u>\$ 5,442</u>	<u>\$ 2,174</u>
-	-	-	-	-	-
-	-	-	-	-	-
15,631	-	12	-	11	698
104	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	7
-	-	-	(1,413)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,735</u>	<u>-</u>	<u>12</u>	<u>(1,413)</u>	<u>11</u>	<u>705</u>
<u>\$ 246</u>	<u>\$ (1,533)</u>	<u>\$ 291</u>	<u>\$ 1,874</u>	<u>\$ 5,453</u>	<u>\$ 2,879</u>
16.6%	34.4%	31.8%	20.7%	16.9%	14.3%

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
2006	\$ 3,299,382	\$ 1,522,625	\$ 680,102	\$ 371,806	\$ 147,224	\$ 6,021,139
2007	3,761,106	2,064,499	333,538	493,098	128,865	6,781,106
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

Expenditures:

Fiscal Year	Water Conservation	Lake Piru Recreation Facilities (1)	State Water Import	Capital Outlay	Debt Service	Total
2006	\$ 4,286,876	\$ -	\$ 243,438	\$ 367,097	\$ 1,074,440	\$ 5,971,851
2007	3,761,465	-	554,080	768,484	1,152,260	6,236,289
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

(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
2006	\$ 3,299,382	\$ 1,522,625	\$ 680,102	\$ 371,806	\$ -
2007	3,761,106	2,064,499	333,538	493,098	-
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

Expenditures:

Fiscal Year	Salaries and Benefits	Contractual Services	Materials and Supplies	General and Administrative	Depreciation
2006	\$ 2,000,523	\$ 203,255	\$ 1,850,369	\$ 1,094,443	\$ 1,411,898
2007	2,065,313	356,764	2,187,617	1,236,189	1,393,333
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

(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
\$ 5,873,915
6,652,241
6,396,634
8,680,961
8,641,894
10,870,852
12,210,051
14,450,109
16,032,350
7,185,694

Interest Expense	Other Non- Operating Expenses	Total
\$ 702,206	\$ 26,283	\$ 7,288,977
624,187	38,298	7,901,701
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

United Water Conservation District

Water Production for Last Ten Fiscal Years (In Acre Feet) (Amounts Expressed in Thousands)

<u>Fiscal Year</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>
2006	111,073	35,902	21,431	9,276
2007	140,141	33,644	23,478	14,852
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

United Water Conservation District

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

<u>Fiscal Year</u>	<u>Zone A</u>	<u>Zone B</u>	<u>Zone C</u>	<u>District Total</u>
2006	80,973	59,641	6,361	146,975
2007	98,399	67,171	8,215	173,785
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

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)

Fiscal Year	Zone	Pumped water used for agricultural purposes	Pumped water used for purposes other than agriculture
2006	A	\$11.25	\$34.95
	B	\$26.25	\$79.95
	C	\$16.25	\$49.95
2007	A	\$11.25	\$34.95
	B	\$26.25	\$79.95
	C	\$16.25	\$49.95
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

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 Food and Rate Charge Last Ten Fiscal Years

Fiscal Year	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
2006	10,235	\$ 217.35	\$ 168.00	\$ 164.05
2007	15,954	226.70	163.20	173.40
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

(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	
\$	114.70	\$	25,651.00
	109.90		25,635.00
	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

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

<u>Fiscal Year</u>	<u>Water delivered (acre feet)</u>	<u>Pipeline water charge per acre foot Agricultural Customer</u>	<u>Saticoy Well * Field Pump Charge per acre feet</u>
2006	12,376	\$ 56.65	\$ 11.00
2007	13,081	51.65	17.00
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 ***

Pumping Trough Pipeline Deliveries per Acre Foot and Rate Charge

<u>Fiscal Year</u>	<u>Water delivered (acre feet)</u>	<u>Pipeline water charge per acre foot Agricultural Customer</u>	<u>Saticoy Well * Field Pump Charge per acre feet</u>
2006	8,096	\$ 131.25	\$ 11.00
2007	9,295	137.65	17.00
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 ***

* 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.

** GMA Pump charge of \$4.00 effective as of January 1, 2008 for Saticoy Well Field and PTP Pipeline.

*** GMA Pump charge of \$6.00 effective as of July 1, 2014 for Saticoy Well Field and PTP Pipeline.

United Water Conservation District

10 Largest Customers by Revenues Fiscal Year Ended June 30, 2015 and Nine Years Ago

Fiscal Year 2014-2015

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	7,868	\$173.25	7,832	\$370.99/\$312.26 & \$255.49/\$196.76
PHWA	-	-	2,752	\$370.99/\$312.26
PVCWD	12,483	\$57.75	-	\$112.75
City of San Bernardino	8,507	\$119.25 / \$173.25	-	
City of Santa Paula	5,106	\$39.75 / \$119.25	-	
Farmers Irrigation	10,498	\$39.75	-	
CA Dept of Fish & Game	2,332	\$119.25	-	
City of Fillmore	6,333	\$39.75	-	
Southland Sod Farms	4,024	\$57.75	22	\$283.75/*\$319.75
Sespe Agricultural Water	4,586	\$39.75	-	
	<u>61,738</u>		<u>10,607</u>	

Fiscal Year 2005-2006

Customer	Groundwater consumed (acre-feet)	Groundwater charge per acre foot	delivered by pipeline (acre- feet)	Pipeline water charge per acre foot
City of Oxnard	13,455	\$79.95	4,502	\$217.35
PHWA	-	-	4,328	\$217.35 / 168.00
PVCWD	1,139	\$26.65	12,268	\$56.25
City of San Bernardino	10,305	\$79.95/49.95/34.95	-	
City of Santa Paula	5,095	\$34.95	-	
Farmers Irrigation	5,364	\$26.65	-	
CA Dept of Fish & Game	7,592	\$11.65	-	
City of Fillmore	2,548	\$11.65 / 34.95	-	
Southland Sod Farms	7,177	\$11.65	-	
Sespe Agricultural Water	2,265	\$26.65 / 16.65	-	
	<u>54,940</u>		<u>21,098</u>	

Total water purchased (acre-feet)	Fixed Annual Charge	Well Repl. Charge	Supplemental Water	Revenue
15,699.63	\$ 372,467	\$ 250,006	\$ 250,006	\$ 4,799,186
2,752.31	309,809			1,369,723
12,483.39	360,000			1,080,915
8,507.08				1,255,010
5,106.01				537,838
10,498.49				417,314
2,332.18				278,112
6,332.85				251,731
4,045.91				238,568
4,586.44				182,310
<u>72,344.29</u>	<u>\$ 1,042,276</u>	<u>\$ 250,006</u>	<u>\$ 250,006</u>	<u>\$ 10,410,706</u>

Total water purchased (acre-feet)	Fixed Annual Charge	Well Repl. Charge	Supplemental Water	Revenue
17,957	\$ 557,909			\$ 2,612,219
4,328	570,735			1,468,947
13,407				725,339
10,305				446,164
5,095				178,094
5,364				142,977
7,592				88,448
2,548				88,143
7,177				83,624
2,265				58,561
<u>76,038</u>	<u>\$ 1,128,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,892,516</u>

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		Certificates of Participation	Business-Type Activities		Loans	Contracts
	Special Assessment Contract (1)	Revenue-backed Bonds		General Obligation Debt (2)	Revenue-backed Bonds		
2006	\$ 1,736	\$ 11,815	\$ 7,832	\$ 5,493	\$ 8,159	\$ 1,586	\$ 261
2007	1,730	10,410	2,752	4,409	8,113	1,290	246
2008	1,686	9,793	-	3,294	7,226	984	-
2009	1,582	9,156	-	2,128	6,307	-	-
2010	1,668	8,492	15,569	928	5,508	-	-
2011	1,429	7,808	13,747	-	4,675	-	-
2012	1,354	7,101	11,914	-	3,815	-	-
2013	1,242	636	11,516	-	3,083	-	-
2014	1,157	6,071	11,097	-	2,703	-	-
2015	1,757	5,739	10,658	-	2,310	-	-

(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>Certificates of Participation</u>	<u>Total Government</u>	<u>Assessed Valuations (3)</u>	<u>Percentage of Assessed Valuations (4)</u>	<u>Population (5)</u>	<u>Per Capita</u>
\$ -	\$ 29,050	27,265,071	0.11%	801,225	\$ 36.26
-	26,198	30,708,931	0.09%	805,911	32.51
-	22,983	33,316,302	0.07%	812,028	28.30
-	19,173	34,199,233	0.06%	818,546	23.42
-	32,165	32,845,989	0.10%	825,378	38.97
-	27,659	32,826,901	0.08%	830,215	33.32
-	24,184	32,865,630	0.07%	834,109	28.99
-	22,217	32,971,528	0.07%	839,814	26.45
-	21,028	36,550,998	0.06%	842,967	24.95
-	20,464	38,102,042	0.05%	848,073	24.13

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>
2006	\$ 5,493	\$ 5,493	\$ 27,265,071
2007	4,409	4,409	30,708,931
2008	3,294	3,294	33,316,302
2009	2,128	2,128	34,199,233
2010	928	928	32,845,989
2011	-	-	32,826,901
2012	-	-	32,865,630
2013	-	-	32,971,528
2014	-	-	36,550,998
2015	-	-	38,102,042

(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>
0.02%	\$ 801,225	\$ 6.86
0.01%	805,911	5.47
0.01%	812,028	4.06
0.01%	818,546	2.60
0.00%	825,378	1.12
0.00%	830,215	-
0.00%	834,109	-
0.00%	839,814	-
0.00%	842,967	-
0.00%	848,073	-

United Water Conservation District

Direct and Overlapping Governmental Activities Debt

June 30, 2015

(Amounts Expressed in Thousands)

	Special Assessment Contract (1)	Revenue- backed Bonds	Certificates of Participation	Total Debt Outstanding
Direct debt	\$ 1,157	\$ 6,071	\$ 11,097	\$ 18,325
Overlapping debt	-	-	-	-
Total direct and overlapping debt	<u>\$ 1,157</u>	<u>\$ 6,071</u>	<u>\$ 11,097</u>	<u>\$ 18,325</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,

	2006	2007	2008	2009
REVENUES:				
Water delivery charges	\$ 5,660,844	\$ 6,544,073	\$ 7,102,327	\$ 7,626,111
Groundwater charges	4,024,600	4,297,195	4,108,102	4,855,486
Less allowance for uncollectibles	-	-	-	(19,690)
Taxes	1,126,876	1,895,896	2,000,078	2,089,854
Interest	576,758	813,667	665,160	264,128
Other	521,977	1,058,254	376,730	283,952
Total Revenues	<u>11,911,055</u>	<u>14,609,085</u>	<u>14,252,397</u>	<u>15,099,841</u>
Operating expenditures (1)				
Salaries	1,982,344	2,159,346	2,456,084	2,659,544
Employee benefits	885,289	942,866	1,041,956	1,273,509
Utilities	616,356	914,815	1,315,366	1,167,901
Maintenance	815,951	861,452	1,055,420	947,493
Professional fees	842,885	802,397	590,711	1,129,739
Miscellaneous	605,749	712,306	1,156,124	859,491
General and administrative	1,415,957	1,768,320	1,639,077	1,949,131
Total operating expenditures	<u>7,164,531</u>	<u>8,161,502</u>	<u>9,254,738</u>	<u>9,986,808</u>
Net revenues	<u>\$ 4,746,524</u>	<u>\$ 6,447,583</u>	<u>\$ 4,997,659</u>	<u>\$ 5,113,033</u>
Debt Service:				
Principal	\$ 1,580,887	\$ 1,780,799	\$ 1,846,047	\$ 2,573,612
Interest	<u>861,861</u>	<u>809,207</u>	<u>772,813</u>	<u>713,971</u>
Total Parity debt service (2)	<u>\$ 2,442,748</u>	<u>\$ 2,590,006</u>	<u>\$ 2,618,860</u>	<u>\$ 3,287,583</u>
Coverage of system net revenues to parity debt service	1.94	2.49	1.91	1.56
Debt Service:				
Principal	\$ 1,069,815	\$ 1,099,809	\$ 1,360,751	\$ 1,166,000
Interest	<u>276,164</u>	<u>213,834</u>	<u>118,660</u>	<u>88,581</u>
Total debt service on other debt payable from net revenues	<u>\$ 1,345,979</u>	<u>\$ 1,313,643</u>	<u>\$ 1,479,411</u>	<u>\$ 1,254,581</u>
Coverage on all debt payable from net revenues	1.25	1.65	1.22	1.13

(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.

2010	2011	2012	2013	2014	2015
\$ 8,167,953	\$ 8,304,773	\$ 8,451,933	\$ 7,278,609	\$ 6,941,588	\$ 6,331,874
5,465,530	5,648,726	7,575,270	11,160,081	12,577,381	10,958,078
9,688	(876)	(9,527)	(22,720)	1,593	(10,870)
2,089,881	1,949,647	2,016,499	2,154,195	2,130,951	2,276,002
107,155	90,699	69,737	58,801	59,524	67,892
202,191	190,912	530,332	511,226	667,738	589,786
<u>16,042,398</u>	<u>16,183,881</u>	<u>18,634,244</u>	<u>21,140,192</u>	<u>22,378,775</u>	<u>20,212,762</u>
2,824,241	3,079,085	3,212,930	3,068,517	3,246,403	3,257,368
1,327,087	1,438,154	1,622,051	1,590,188	1,704,470	2,795,672
1,171,421	998,711	926,083	1,055,895	1,375,625	1,512,219
1,110,982	1,167,225	723,718	904,605	733,351	589,015
1,094,790	1,168,058	1,326,488	1,100,249	1,884,040	2,170,319
722,595	730,926	880,862	751,828	820,391	1,199,486
2,073,257	2,164,448	2,275,837	2,405,438	2,560,638	2,482,543
<u>10,324,373</u>	<u>10,746,607</u>	<u>10,967,969</u>	<u>10,876,720</u>	<u>12,324,918</u>	<u>14,006,622</u>
<u>\$ 5,718,025</u>	<u>\$ 5,437,274</u>	<u>\$ 7,666,275</u>	<u>\$ 10,263,472</u>	<u>\$ 10,053,857</u>	<u>\$ 6,206,140</u>
\$ 1,495,000	\$ 3,370,000	\$ 3,430,001	\$ 1,980,000	\$ 1,100,000	\$ 1,145,000
790,036	1,185,358	1,085,538	977,181	912,844	869,950
<u>\$ 2,285,036</u>	<u>\$ 4,555,358</u>	<u>\$ 4,515,539</u>	<u>\$ 2,957,181</u>	<u>\$ 2,012,844</u>	<u>\$ 2,014,950</u>
2.50	1.19	1.70	3.47	4.99	1.94
\$ 1,200,000	\$ 928,000	\$ -	\$ -	\$ -	\$ -
36,309	28,885	-	-	-	-
<u>\$ 1,236,309</u>	<u>\$ 956,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
1.62	0.99	1.70	3.47	4.99	1.94

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>
2006	\$ 216,409	\$ 26,177,424	\$ 871,238	\$ 27,265,071	801,225
2007	193,060	29,586,144	929,727	30,708,931	805,911
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	825,378
2011	119,468	31,673,871	1,033,562	32,826,901	830,215
2012	106,617	31,672,936	1,086,077	32,865,630	834,109
2013	122,321	31,736,906	1,112,301	32,971,528	839,814
2014	143,950	35,163,390	1,243,658	36,550,998	842,967
2015	122,776	36,847,771	1,131,495	38,102,042	848,073

(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.

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>
2005	\$ 1,508,174	\$ 366,310	124,959
2006	1,549,988	366,428	N/A
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

(1) Source: Farm Bureau of Ventura County

(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>
2005	817,315	\$ 32,303,104	\$ 39,523	4.8%
2006	825,512	33,940,408	41,114	4.3%
2007	831,587	36,210,471	43,544	4.9%
2008	836,080	37,185,120	44,476	7.2%
2009	844,713	36,863,041	43,640	10.0%
2010	828,383	36,858,409	44,494	10.8%
2011	832,970	38,141,164	45,789	10.7%
2012	835,981	40,826,909	48,837	9.0%
2013	842,967	40,826,909	50,507	6.2%
2014	842,385	42,651,306	50,405	6.4%

(1) California Department of Finance, Demographic Research Unit

(2) U.S. Bureau of Economic Analysis, most current information available

(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, 2014 and Nine Years Ago

Principal Employers	2014		Percentage of Total County Employment
	Employees	Rank	
United States Naval Base	14,547	1	4.51%
County of Ventura	8,721	2	2.70%
Amgen, Inc.	5,095	3	1.58%
Countrywide	N/A	N/A	N/A
WellPoint Inc.	2,913	4	0.90%
Simi Unified School District	2,436	5	0.76%
Community Memorial Hospital	2,000	6	0.62%
Conejo Valley Unified School District	1,943	7	0.60%
Ventura Unified School District	1,842	8	0.57%
Dignity Health	1,805	9	0.56%
Los Robles Regional Medical Center	1,700	10	0.53%
	<u>43,002</u>		<u>13.33%</u>

Source: California Economic Forecast (February 2015 Report for Ventura County)

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

2005		
Employees	Rank	Percentage of Total County Employment
14,457	1	4.48%
7,500	2	2.32%
7,120	3	2.21%
6,331	4	1.96%
4,266	5	1.32%
2,370	7	0.73%
1,700	11	0.53%
2,455	6	0.76%
2,340	8	0.73%
N/A	N/A	N/A
1,410	14	0.44%
<u>49,949</u>		<u>15.48%</u>

United Water Conservation District

Operating Information **Fiscal Year Ended June 30, 2015**

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>
2006	6	23	6	12	47
2007	8	22	7	12	49
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

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, 2015

Well No.	Well Depth In Feet	Well Capacity Gallons Per Minute
The Oxnard-Hueneme Pipeline has twelve active pumping wells:		
2A	320	750
4*	307	-
5	308	2,030
6	304	700
8	319	1,370
11	360	2,600
12	1,112	2,400
13	1,410	2,450
14	1,495	3,275
15	330	2,200
16	340	1,390
17	300	2,500
* Out of service and scheduled for replacement		

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, 2015**

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 Rose Basins</u>	231 acre Ferro Basin 117 acre Rose Basin Acquired in 2009 Not presently connected to the District's recharge system
<u>Noble Basin</u>	Converted from an aggregate mining pit in 1994 132 acre Noble Basin Basin dividers: 3 cells separated by 15 to 20 foot earthen berms Initial capacity: 375 cfs
<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 desalting basin. From the desalting basin water flows via canals and pipelines to spreading grounds and other water delivery systems. Average annual diversion: 80,900 acre feet

United Water Conservation District

Operating Information – (Continued) Fiscal Year Ended June 30, 2015

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