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UNITED WATER CONSERVATION DISTRICT  
“Conserving Water since 1927”

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November 2, 2016

Board of Directors  
United Water Conservation District

**Subject: Fiscal Year 2016-17 First Quarter Financial Report**

Dear Board Members:

Enclosed for your review is the District's FY 2016-17 First Quarter (July 1, 2016 through September 30, 2016) Financial Report. This report represents three months of financial information for District operations (25% of the total fiscal year). The report includes budget to actual comparisons for District revenues, expenditures, water deliveries and a discussion of any significant variances. The financial data is unaudited and therefore subject to revisions

This report focuses primarily on the operating funds of the District and corresponding Capital Improvement Project (CIP) funds:

- General/Water Conservation Fund
  - Recreation & Ranger Activities Subfund
- State Water Import Fund
- Freeman Fund
- Oxnard/Hueneme Pipeline (OHP) Fund
- Pleasant Valley Pipeline (PVP) Fund
- Pumping Trough Pipeline (PTP) Fund
- Overhead Fund

Staff provides the Board's Finance & Audit Committee with monthly cash position and pipeline delivery activities reports throughout the fiscal year. Quarterly financial reports are submitted to the Board to provide information on the financial status of the District and to assure the Directors and our rate payers that staff is operating within the parameters of the annual adopted budget, including any supplemental appropriations. At the end of each fiscal year, an outside certified public accounting firm performs an independent financial audit to test staff's financial reporting accuracy and internal controls. It is staff's responsibility to ensure that the Board has received adequate financial information throughout the year so that there are no surprises, and so that fiscally prudent decisions can be made when the Board is asked to consider approval of budgeted and unbudgeted expenditure requests.

This report compares the revenues and budget appropriations projected for the entire fiscal year with actual data to provide the Board and our rate payers with a preliminary financial view (subject

to audit adjustments). The following discussion will provide a summary of the District's projected revenues and approved spending plan compared to what actually occurred throughout the year. It also provides an update on approved and funded capital improvement projects.

### **Operating Funds**

Narrative and graphical analyses are provided by fund (and the Recreation sub-fund) on pages 1 through 8. Pipeline Water Delivery activity is provided on page 9.

### **Capital Improvement Project (CIP) Status**

A one-page summary of the District's current Five-Year CIP Plan appears on page 10. As of September 30, 2016, all CIP project expenditures are within the total amount appropriated by the Board.

The new CIPs that have been funded in FY 2016-17 are not yet underway with the exception of the District Lighting & Pumping and District Pumping Sequencing CIPs, both of which have utilized only marginal staff time thus far.

- *Saticoy Shop Replacement Building* - The FY 2016-17 Budget includes monies to construct a replacement shop building at the Saticoy Spreading Grounds facility. Design work was completed in 2014. During the permitting phase of work, the County of Ventura required a new Conditional Use Permit (CUP) for the shop building. This was not anticipated and caused a delay in the project schedule. In addition, the California Regional Water Quality Control Board required the District to obtain a wastewater discharge permit for the existing septic disposal system. The plans and structural calculations for the main shop building, emergency water storage tank and the trash enclosure have been submitted to the County of Ventura for plan check. A contract has been awarded for the project and construction will begin before the end of the calendar year. Staff is hoping to have permits by the week ended November 4, 2016.
- *Well Replacement Program* - This is an ongoing CIP to eventually replace all of the original groundwater wells serving the Oxnard-Hueneme Pipeline System. In the current fiscal year, the project involves the construction of a new groundwater production Well No. 18 and the destruction of Well No. 4, which is currently out of service due to water quality issues and falling water levels relating to the drought. Well No. 4 currently does not have an operating pump and motor. The project is funded by the Oxnard-Hueneme Pipeline Well Replacement Fund. Bids for the drilling contract were received on August 23, 2016. The well construction will start in November, 2016. Contracts extending power to the well site, installation of the pump and motor and connection to the manifold system will follow in January 2017.
- *Ferro-Rose Recharge* - The Ferro-Rose Recharge Project will increase the District's groundwater recharge capacity in the Oxnard Forebay Basin by extending water conveyance and retention features to the District-purchased reclaimed aggregate mining basins (Ferro, Rose). The District retained Northwest Hydraulics Consultants (NHC) to evaluate the feasibility of diverting storm water from the Santa Clara River with higher sediment loads, in order to replace water that may be left in the Santa Clara River to

improve migration of steelhead trout and improve riparian habitat. NHC also investigated the feasibility of conveying surface water directly to the Rose and Ferro Basins. NHC has completed the Phase 2 study which includes three viable alternatives with preliminary construction costs. The project is currently on hold due to more pressing backlogs of capital projects. This project is funded by the Water Conservation Activities subfund (Zone A).

- *Santa Felicia Dam Outlet Works Rehabilitation* - The FY 2015-16 Budget included the Santa Felicia Dam Outlet Works Rehabilitation Project, while the FY 2013-14 Budget included the same scope of work under two separate projects. The scope of work included the replacement of the penstock supports and exterior coating, as well as the replacement of the intake tower. In May 2012, GEI Consultants (GEI) prepared a seismic analysis of the intake tower, pressure conduit, penstock and tunnel. The report concluded that the intake tower and conduits would fail during a Maximum Credible Earthquake (MCE). Due to the potential deformation of the upstream face of the dam, the existing intake tower and outlet works conduit cannot be considered in replacement alternatives. The estimated cost to design and construct a new outlet works is in the order of \$25 to \$100 million, depending on the option selected. Staff has begun the environmental compliance process and preparation of the environmental documents. The consultant team is finalizing the preliminary design with the expectation of selecting a preferred design by the middle of the 2017-18 fiscal year. Staff has begun the process of convening a board of consultants (BOC) to provide peer review and oversee the design and construction. The BOC members have been approved by the Federal Energy Regulatory Commission (FERC). It is anticipated that the BOC will convene its first meeting by December 2016 but no later than January 2017. This project is funded by the Water Conservation Activities subfund (Zone A).
- *Santa Felicia Dam Probable Maximum Flood Containment* - The District continues to work with the FERC and the California Division of Safety of Dams (DSOD) regarding the path forward on the site-specific “Probable Maximum Flood” (PMF) and “Probable Maximum Precipitation” (PMP). The FERC and the DSOD rejected the site specific study prepared and submitted by the District and the California Department of Water Resources, the owner and operator of Lake Pyramid. However, the study did identify several flaws in the model favored by the two agencies. 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, depending on the option ultimately required by the FERC and the DSOD. The level of protection will be dependent upon a risk reduction assessment, which has been prepared by the District’s consultant. The risk reduction assessment was submitted to FERC and DSOD in April 2015. The dam safety regulators have agreed to an inflow PMF value of 220,000 cubic feet per second. Staff has begun the environmental compliance process and the preparation of environmental documents. The consultant team is finalizing the preliminary design with the expectation of selecting a final design by the beginning of the 2017-18 fiscal year. Staff has begun the process of convening a board of consultants (BOC) to provide peer review and oversee the design and construction. The BOC members have been approved by the Federal Energy Regulatory Commission (FERC). It is anticipated that the BOC will convene its first meeting by December 2016 but no later than January 2017. The project is funded from the Water Conservation Activities subfund (Zone A).

- *Freeman Diversion Rehabilitation* - The District awarded a contract to AECOM for the hydraulic design of a proposed hardened fish ramp at the Freeman Diversion Dam. Phase I of the Freeman Diversion Hardened Ramp Hydraulic Design Project is complete (thirty-percent design phase), and resulted in the identification of several alternatives for further modeling. The consultants have completed the sixty-percent design report, which entails conducting a two-dimensional mathematical modeling of the selected cross-sectional alternatives for further refinement and assessment for meeting the design criteria. This also includes designing the headworks. The design of the hardened fish ramp is being developed in close collaboration with the National Oceanic and Atmospheric Agency, the National Marine Fisheries Service (NMFS), the U.S. Fish and Wildlife Service (USFWS), and the California Department of Fish and Wildlife (CDFW). The project is funded from the Freeman Diversion Fund (Zone B).
- *Santa Felicia Hydroelectric Power Plant Repair* - The Board of Directors awarded a contract in March 2014 for inspection and repair of the Santa Felicia Dam Hydroelectric Power Plant. The contractor submitted his inspection report on July 2, 2014. One goal of the repair project was to modify the smaller Unit No. 1 to operate within the constraints of the new minimum habitat and migration flow releases required by the FERC. Southern California Edison (SCE) account representatives evaluated the potential revenues from the sale of the power generated by the hydro plant. As per this analysis, the smaller Unit No. 1 would not generate sufficient revenue to cover the cost of the repairs. The cost recovery for Unit No. 1 was more than ten years. However, the larger Unit No. 2 has a cost recovery of approximately six years. The Board of Directors approved a contract amendment to complete the Unit No. 2 repairs and the work was completed in April 2016. The repaired unit has not operated due to prolonged drought and no conservation release. A recent study prepared by GEI Consultants indicated that water released through the smaller Unit 1 turbine creates shear stress that could produce a 100% mortality rate in the invasive quagga mussel veligers for the low flow habitat release. Staff is repairing Unit 1 as part of the Quagga Mussel Monitoring and Control Plan required by the California Department of Fish and Wildlife. The Unit 1 repair will be completed by December 2016. Money budgeted for less effective quagga control measures may be used to partially offset the turbine repair costs.
- *Lake Piru Asphalt Repairs* - The annual maintenance budget for the Lake Piru Recreation includes a pavement maintenance program of the campground service roads, parking lots and campground roads. Several of the roadways in the park and parking lot have been resurfaced since the program was implemented in 2011. A regular and systematic maintenance program provides a safe environment for park visitors and a positive impression of the park. The FY 2015-16 Budget included resurfacing Piru Canyon Road and the lower marina parking lot. The lower marina parking lot was completed in October 2016. Piru Canyon Road (Olive Grove Campground to Reasoner Canyon) will be completed during the winter of 2017.
- *Park Service Officer Facility Replacement* - The current park service office is uninhabitable and must be replaced. State Architect-approved drawings were received from Design Space Modular Builders, Inc., the District's modular building manufacturer, on August 30, 2016. Wallace Architecture, the District's architect, is assisting staff with

shepherding the drawings through the County of Ventura Building and Safety Division Review. Once the plans are approved by Ventura County, staff will solicit bids for the site work associated with construction of the building.

- *Santa Felicia Dam Sediment Management* - A milestone for this project was the recently completed 10-year sediment survey of the Lake Piru Reservoir. The current capacity of the reservoir is approximately 81,942 acre-feet. The sediment management project is currently on hold due to the more pressing backlog of capital projects.
- *Lower River Invasive Species Control* - In anticipation of an infestation of Quagga mussels at the Freeman Diversion, the District is investigating potential modifications to protect the recharge basins, canals and pipelines. A contract was awarded in September 2015 to a qualified consulting firm to prepare the initial engineering feasibility study. The proposed improvements will include a combination of construction and modifications to the current operations. The District is seeking stakeholder input as part of the engineering evaluation. The initial engineering study has been completed.
- *Oxnard-Hueneme Pipeline Iron and Manganese Treatment* - The Oxnard-Hueneme (O-H) pipeline is supplied from a wellfield within and near the El Rio Groundwater and Booster Pumping Plant facility. The wellfield includes thirteen municipal water wells. Ten of the wells pump water from the upper aquifer system. Three of the wells (Well Nos. 12, 13, and 14) draw water from the Lower Aquifer System (Fox Canyon Aquifer). These deeper wells are primarily used as a backup source of water during peak demand periods or emergencies. The overall water quality from the lower system wells is generally better but they include higher concentrations of dissolved iron and manganese. The current levels of these elements are not a health hazard but cause undesirable water quality problems for United's wholesale customers on the O-H Pipeline. Staff has prepared an engineering feasibility report of the proposed project. The study has been distributed to the OH stakeholders. United will be soliciting requests for proposals and statements of qualifications for design of the proposed treatment facilities during FY 2016-17 if redirected by the OH stakeholders.
- *Brackish Water Treatment* - Staff is continuing with the stakeholder outreach efforts to elected officials (e.g., County of Ventura Board of Supervisors, Congresswoman Julia Brownley's staff, Assembly Member Daz Williams, Senator Hannah-Beth Jackson's staff, City of Oxnard officials), local water resource entities (e.g., Fox Canyon Groundwater Management Agency, Calleguas Municipal Water District), as well as entities representing local groundwater water pumpers (e.g., Farm Bureau of Ventura County, VC COLAB) on the Oxnard Plain. Research is continuing on possible grant opportunities to support this project.
- *Solar Power Project* – This project is intended to reduce the electrical costs of the District, in particular that of the Oxnard-Hueneme and Pumping Trough pipelines, by installing a solar power facility in the Piru area. To date, the geotechnical study, topographic survey, and CEQA compliance have been completed. SCE completed the Interconnection Application study and in late October 2015 the Independent System Impact Study (ISIS) was finalized. The ISIS identified \$243,200 of costs necessary to support the solar power project. The first installment payment of \$36,340 was paid in January 2016 and

subsequently refunded to the District in August. The District is currently exploring this project via a Power Purchase Agreement (PPA). Vendor selection for assistance in putting together the project RFP is currently underway.

### **Cash position and investments of the District**

At September 30, 2016, the District had a total of \$25.7 million in cash and investments. As noted on the cash position report, some of the District's resources are readily available for use while other funds have restrictions that limit how they can be used. The District must adhere to any legal, bond or contractual restrictions placed on funds. However, some restrictions are based on Board designations and can be redirected for other uses if the Board so determines.

The District's cash, cash equivalents and securities held in the various accounts as compared to the prior year are as follows:

	Sept 30, 2016	Sept 30, 2015
Local Agency Investment Fund (LAIF)	\$24,076,836	\$ 20,401,335
Union Bank – 2009 COP Reserve Account	\$ 898,914	\$ 897,918
Union Bank – 2009 COP Project Account	\$ 9	\$ 52,429
Union Bank Checking Account (UB)	\$ 674,297	\$ 934,682
County Treasury	\$ 60,908	\$ 59,464
Petty Cash	\$ 350	\$ 350
<b>Total</b>	<b>\$25,711,314</b>	<b>\$ 22,346,178</b>

Approximately \$899,000 is held by Union Bank as trustee which is held in reserve for future debt payments. Any restrictions on the remaining \$24.8 million are listed in this report. The Local Agency Investment Fund (LAIF) account balance increase of \$3,675,501 in September 2016, as compared to September 2015, is primarily the result of an overall increase in cash resulting from higher balances in the General/Water Conservation, Freeman and Oxnard/Hueneme funds. Oxnard/Hueneme Pipeline fund revenues were up \$800K due primarily to rate changes. General/Water Conservation and Freeman Diversion funds had \$900K and \$650K in expense carryovers respectively providing additional monies for the investment account.

If you have any questions regarding this report on the financial position, please let me know.

Respectfully submitted,

Tina Rivera, Chief Financial Officer





# UNITED WATER CONSERVATION DISTRICT

## FY 2016-17 First Quarter Financial Review

July 1, 2016 through September 30, 2016

25% of Fiscal Year Completed

### General/Water Conservation Fund

As a water conservation district, the District's financial reporting is unique. The District attempts to comply and distinguish its water conservation authority mandate as provided for in the California Water Code, and the District's governmental status that requires it to comply with Generally Accepted Accounting Principles (GAAP). In an effort to provide clarity and transparency for its unique status and for budgeting purposes, the General/Water Conservation Fund is broken down into the following activities: Water Conservation Activities (Zone A), General Operating Activities and Recreation Activities.

**Revenue status** – Total revenue through the first quarter of FY 2016-17 was \$568,937 which is \$73,077 (15%) more than the projection figure of \$495,860. The primary revenues that account for this increase were delayed reporting groundwater revenues (\$36K), property tax receipts of \$18K that were not budgeted for until January, execution of the River Ridge Farm lease expansion option (\$29K), and earnings on investments (\$6K). Investment earnings increases were due primarily to the near doubling of the interest rates over FY 2015-16 rates. These increases were partially offset by a decrease in water deliveries (\$12K) as a result of the O/H Pipeline activity.

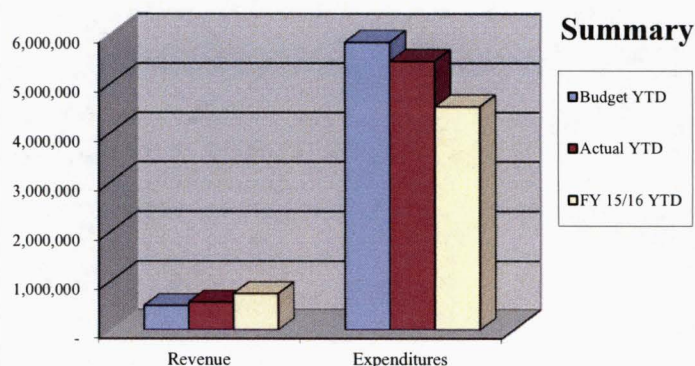
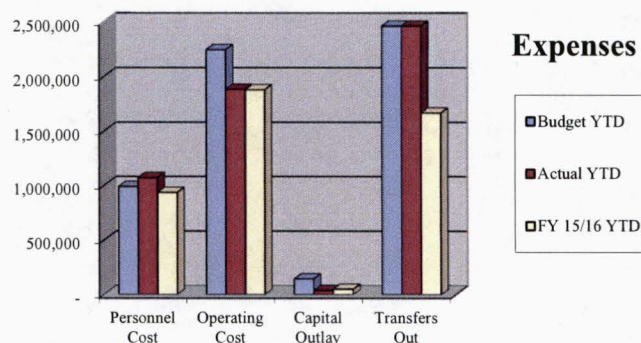
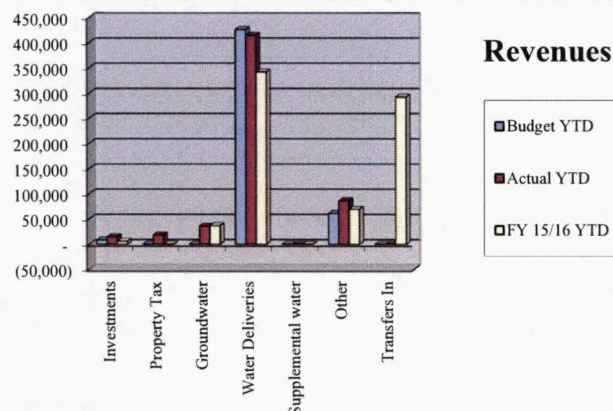
Compared to last year, total revenue through the first quarter was lower by \$177,180 (24%) from the FY 15-16 total of \$746,117. This decrease is attributable primarily to a transfer-in of \$292K in FY 2015-16 from the Piru Creek Maintenance Bridge project. The decrease was partially offset by an increase in water delivery revenues (\$72K), the River Ridge Farm lease expansion (\$29K), and property tax receipts (\$18K).

**Appropriation/Expenditure Status** – Expenditures through the first quarter of FY 2017-16 totaled \$5,450,939 or \$387,191 (7%) lower than the projected \$5,838,130. Variances are primarily due to much of the budgeting being done on a monthly average basis with expenditures occurring in different intervals. Professional and legal fees (\$837K) related to the SFD Intake Tower, Fish Passage, Safe Yield, FERC improvements, HCP, Brackish Water and the Wishtoyo complaint account for most of this variance. Capital outlays (\$107K), overhead (\$105K), and maintenance costs (\$109K) performed under budget as a result of delays in timing of expenditures. Principal and interest payments and liability insurance payments have exceeded their budgets of \$717K and \$64K respectively, also due to the timing of payments. Personnel costs (\$82K) also ran above projected, because of the prepayment of a portion of the annual retirement cost.

Compared to last year, current year expenditures through the first quarter are higher by \$921,674 (20%). Transfers-out (\$795K) to CIP projects in FY 2016-17 accounted most of this increase with more projects being funded in the current year. Personnel cost account for the balance of the increase.

**Fund Balance**– The beginning fund balance was approximately \$830,000 higher than anticipated, of which \$707,052 is designated for prior year carry-overs, netting a \$123,000 higher balance than projected. Assuming FY 2016-17 activity is consistent with the approved budget, the ending undesignated working capital balance for the fund should be approximately \$5,123,000.

The District's reserve policy requires a \$4 - \$5 million minimum undesignated fund balance which is projected to be met.







## UNITED WATER CONSERVATION DISTRICT

### FY 2016-17 First Quarter Financial Review

July 1, 2016 through September 30, 2016

25% of Fiscal Year Completed

### Recreation Activities

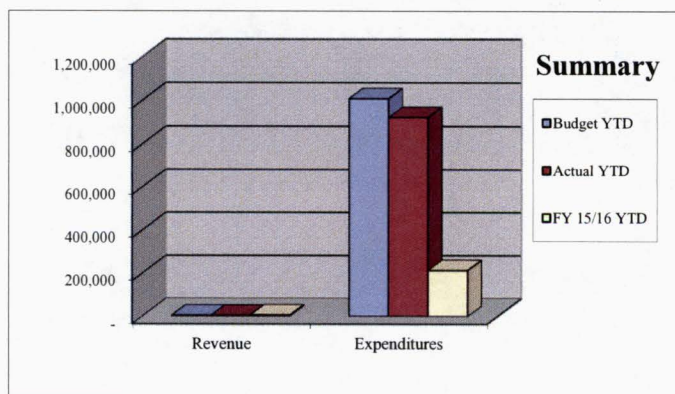
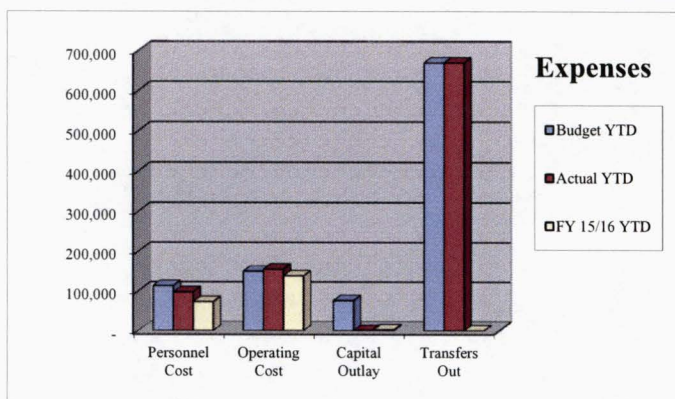
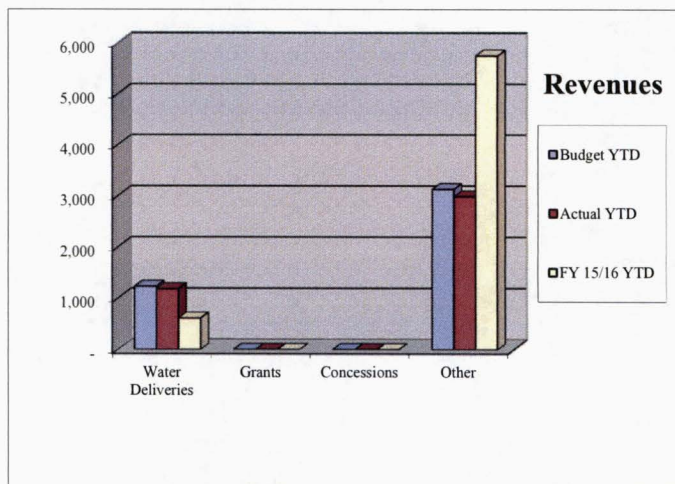
*Recreation Activities accounts for all of the recreation activities at the Lake Piru Recreation Area. Recreation activities are provided to comply with FERC license requirements for operating the Santa Felicia Dam, which has a district-wide benefit. Revenues include ad valorem property taxes, rents and fees charged to the recreation concessionaire and special events. The District funds three Public Service Officers to administer the concessionaire contract, maintain the recreation area's potable and irrigation water systems, provide boating safety and enforcement of the District's established park rules, and help to manage the quagga mussel infestation.*

**Revenue status** – Total revenue through the first quarter of FY 2016-17 was \$4,166, which is on target with budget projections.

Compared to last year, current year revenue through the first quarter was \$2,190 (34%) lower. Lower filming revenues accounted for this decrease.

**Appropriation/Expenditure Status** – Expenditures through the first quarter of FY 2016-17 were \$922,897, which was \$85,927 (9%) lower than the budget projection of \$1,008,824. The primary portion of this difference is in capital outlays (\$75K) for equipment, which are budgeted as monthly averages whereas expenditures occur on different intervals throughout the year. Staff expects the expenditures to catch up with projections as the year advances. Personnel costs (\$16K) were also under budget making up most of the difference.

Compared to last year, current first quarter expenditures for the Recreation Fund were \$709,301 higher than the \$213,596 expended in FY 2015-16. The higher costs consist primarily of transfers out (\$670K), which funded multiple Capital Improvement projects. Personnel costs (\$25K) also ran higher due to a new park services officer position, which was filled in the second quarter last year, as well as seasonal quagga inspectors and professional fees (\$19K) for FERC and CEQA.







## UNITED WATER CONSERVATION DISTRICT

### FY 2016-17 First Quarter Financial Review

July 1, 2016 through September 30, 2016

25% of Fiscal Year Completed

### State Water Import Fund

*This fund is used to account for all activities of the District's State Water Import program. The District, along with the Casitas Municipal Water District (25%) and the City of Ventura (50%), have a Table A allocation of 20,000 acre feet per year of State Water Project water. The total 20,000 acre feet Table A entitlement is available as a result of a contractual agreement between the State and the Ventura County Watershed Protection District. The District pays one quarter of the approximate \$2 million per year fixed cost. Additional charges (variable costs) can incur when State Water is actually delivered to a contractor. This fund's source of revenue is money requested from voter-approved assessed District wide property taxes.*

**Revenue status** – Total revenue through the first quarter of FY 2016-17 was \$1,004 which is \$712 (41%) lower than the \$1,716 projected. All revenue is for earnings on investments which are lower than projected due to the reversal of year-end entries related to unrealized gains.

Compared to last year, current year revenue received for the first quarter is \$109 lower than the \$1,113 received in FY 2015-16.

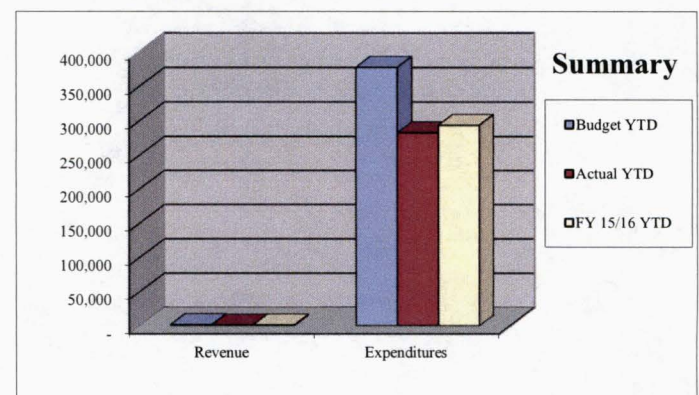
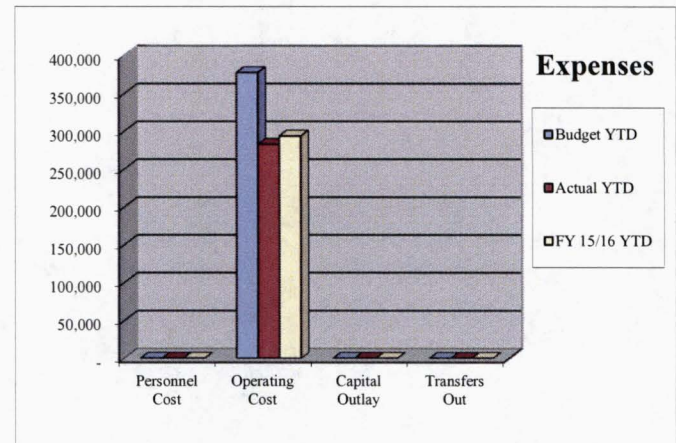
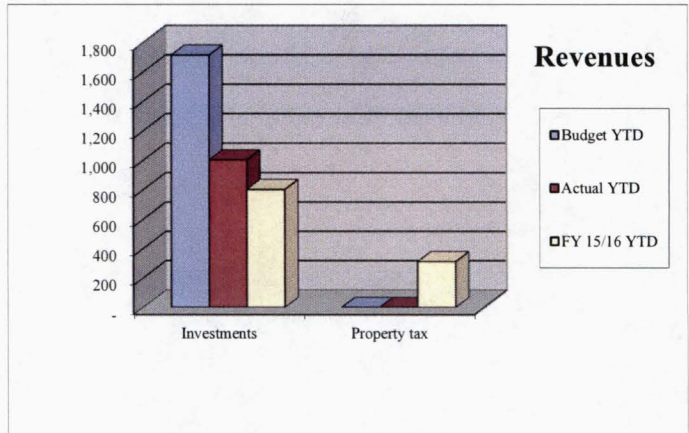
The primary revenue source for the fund is voter approved property tax assessment which is largely received in December/January and April of each fiscal year. The amount received depends on the amount requested by the District each year, which is based on projected revenues and expenditures in the State Water Import Fund. Neither Zone A nor Zone B groundwater extraction charges are used to pay for the District's contractual State Water costs.

**Appropriation/Expenditure Status** – Total expenditures for FY 2016-17 were \$282,483 which is \$95,022 (25%) less than the expected \$377,505. This was due to timing issues of various expenses. First, fixed and variable costs (\$56K) are budgeted on a monthly average, while charges are paid in varying intervals and amounts. Second, principal and interest payments (\$38K) are also budgeted monthly but are accrued only at year-end.

Compared to last year, current year expenditures were \$10,982 (4%) lower. Given the complexities of the State Water program, expenditures can vary significantly throughout the years, leaving few options for meaningful year-to-year variance analysis.

**Fund Balance**– The beginning fund balance was approximately \$80,000 higher than anticipated. Assuming FY 2016-17 activity is consistent with the budget, the ending balance for the fund should be \$1,079,700.

The District's reserve policy requires a \$1,000,000 minimum undesignated fund balance for this fund, which is expected to be met.







## UNITED WATER CONSERVATION DISTRICT

### FY 2016-17 First Quarter Financial Review

July 1, 2016 through September 30, 2016

25% of Fiscal Year Completed

### Freeman Diversion Fund (Zone B)

*This fund is used to account for all activities of the Freeman Diversion program. The fund's revenue source is the Freeman Facilities groundwater extraction charge imposed by the District on all water deliveries via the District's 3 pipelines and all groundwater extractions in Zone B. These funds are used to operate and maintain the Freeman Diversion Dam, along with any capital improvements that are necessary or mandated, in order to comply with the Endangered Species Act or other regulatory requirements.*

**Revenue status** – Revenue received in the Freeman Fund through the first quarter of FY 2016-17 was \$249,133, which is \$12,037 (5%) higher than the budget projection of \$237,096. This is largely due to late reporting groundwater revenues (\$16K) and investment earnings (\$2K), which were partially offset by lower than projected pipeline delivery revenues (\$6K) from the OH Pipeline. Investment revenues were up due primarily to higher interest rates.

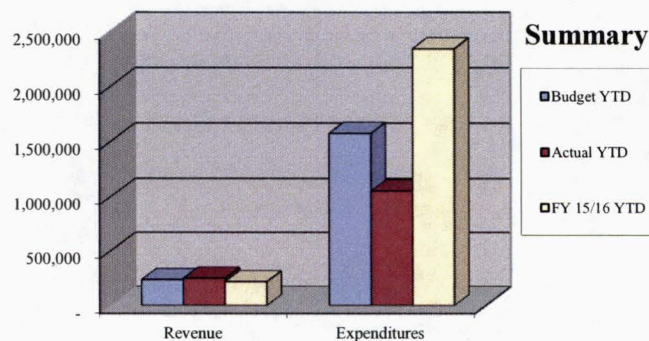
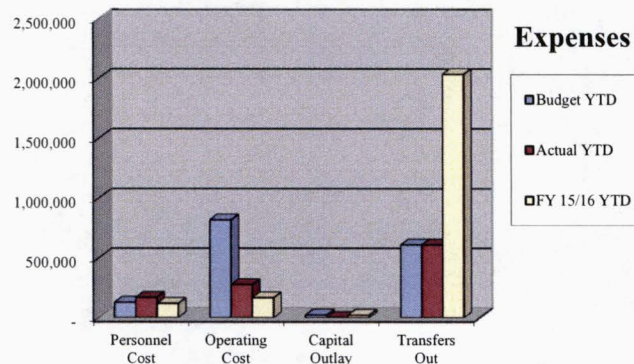
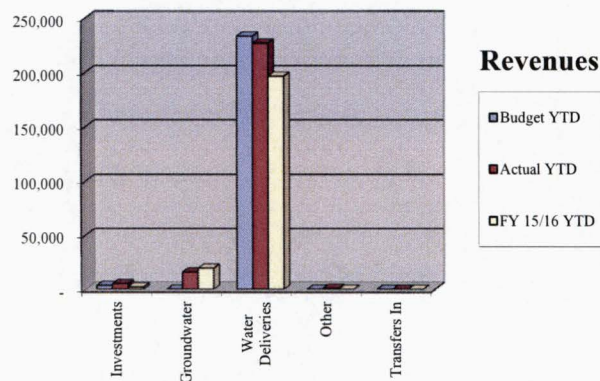
Compared to last year, current year revenues for the same period increased \$30,702 (14%). This increase is primarily due to increased revenue from pipeline deliveries (\$30K), attributed more to water delivered as well as rate changes. Investment earnings (\$3K) were higher due to the interest rate earned while offset by a decrease in groundwater revenue (\$4K).

**Appropriation/Expenditure Status** – Expenditures through the first quarter of FY 2016-17 in the Freeman Fund totaled \$1,057,200 which is \$520,704 (33%) lower than the budget projection of \$1,577,904. This is largely due to expenditures being less than the projected budget for professional services costs (\$509K) related to HCP, CEQA and NEPA. These services had \$545K in budget carryovers from FY 2015-16 included in the first quarter budget. Capital outlay projects (\$20K) were also under budget. This was partially offset by higher personnel costs (\$40K), although \$29K of the benefits were due to the prepayment of a portion of the annual retirement cost. Staff believes actual expenditures will more closely align to the budget later in the fiscal year.

Compared to last year, expenditures for the same period were \$1,284,768 (55%) lower. This decrease is essentially due to the reduction in transfers out for CIP expenditures (\$1.4MM), primarily for the Freeman Diversion Rehab Project, and capital outlay expenditures (\$19K). These decreases were partially offset by increased personnel costs (\$51K) and increased professional fees (\$109K), primarily HCP biological and the Wishtoyo complaint. Personnel costs were partially due to a retirement fund prepayment.

**Working Capital** – The beginning working capital balance was approximately \$677,000 higher than anticipated, of which \$557,000 is designated for prior year carryovers, netting a \$120,000 higher balance than projected. Assuming FY 2016-17 activity is consistent with the approved budget, the ending working capital balance for the fund should be approximately \$2,978,000, of which \$408,000 is undesignated.

The District's reserve policy requires an undesignated balance of between \$250,000 and \$300,000 for this fund, which is projected to be exceeded.







## UNITED WATER CONSERVATION DISTRICT

### FY 2016-17 First Quarter Financial Review

July 1, 2016 through September 30, 2016

25% of Fiscal Year Completed

### Oxnard/Hueneme Pipeline Fund

*This fund is used to account for the operation and maintenance of the Oxnard/Hueneme Pipeline. The District delivers groundwater from the El Rio Well Field to the Oxnard/Port Hueneme area via the pipeline for municipal, industrial and agricultural use, to minimize groundwater pumping near the coast, in an effort to minimize seawater intrusion caused by District-wide groundwater overdraft. Revenue is derived from water deliveries and interest earnings from fund reserves.*

**Revenue status** – Revenue for the first quarter of FY 2016-17 totaled \$1,122,421, which is \$41,702 (4%) lower than the \$1,164,123 projected. The primary reason for this was 5% lower pipeline pumping of 154 acre-feet or \$47K.

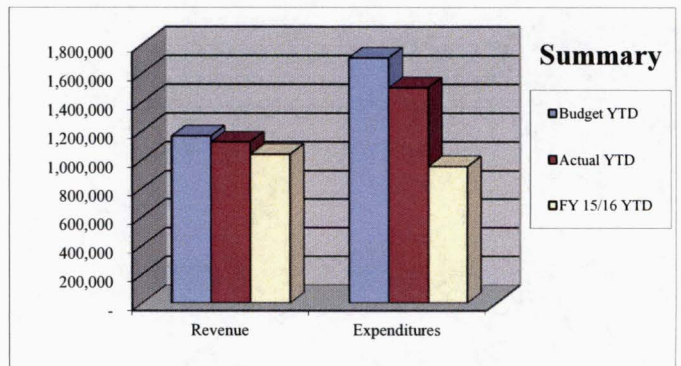
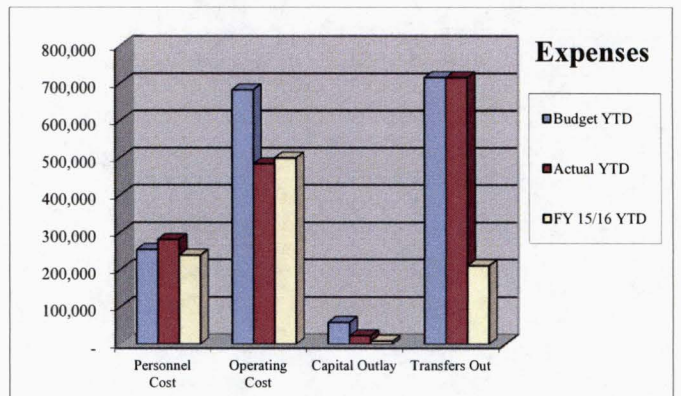
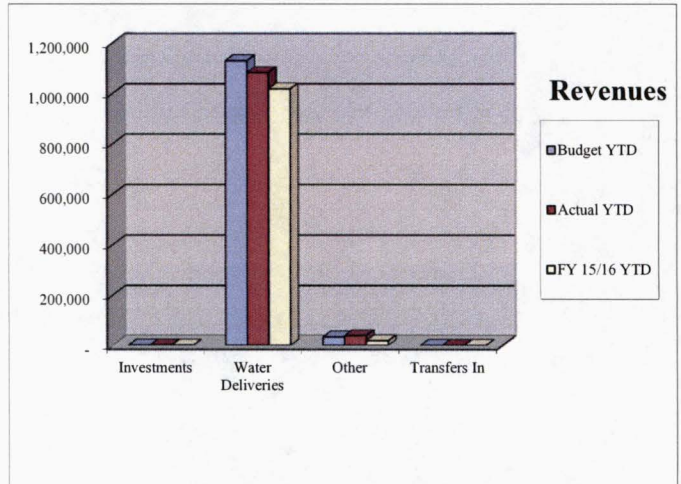
Compared to last year, total OH Pipeline Fund revenues increased by \$84,576 (8%). Pipeline deliveries in FY 2015-16 were 189 acre-feet (7%) higher than last year's figure of 2,707 acre-feet. The increase in water deliveries accounts for the higher water delivery revenue (\$64K). Fox Canyon GMA revenue increased by \$20K due to a combination of an increase in water deliveries and rates.

**Appropriation/Expenditure Status** – Total expenditures through the first quarter of FY 2016-17 were \$1,499,838, which is \$207,810 (12%) lower than the projection of \$1,707,648. The under expenditures are essentially budgeting timing issues. Budgeting for professional services (\$65K) and maintenance costs (\$40K) is done as monthly averages, whereas actual monthly expenditures occur at different intervals. Staff expects these expenditures to catch up as the year progresses. Utilities (\$143K) were also lower than budget projections, however, utilities have a tendency to be lower in the first quarter and higher in the fourth quarter due to end of year accruals. Personnel costs ran \$27K higher than the projected \$253K, due to the prepayment of a portion of the annual retirement cost.

Compared to last year, current year expenditures in the first quarter for the OH Pipeline Fund increased \$545,462 (57%). The increase was primarily attributable to large CIP transfers-out (\$715K) over last year (\$210K), which funded multiple projects. Personnel costs increased \$42K compared to last year, this was partially due to the \$47K prepayment toward the retirement fund.

**Working Capital** – The beginning working capital was approximately \$105,000 more than anticipated, with \$80,000 designated for prior year carryovers, netting a \$25,000 higher balance than projected. Assuming FY 2016-17 activity is consistent with the approved budget, the ending working capital balance for the fund should be \$1,054,000, all of which is undesignated.

The District's calculated reserve policy requires a \$1,029,066 undesignated balance for this fund which is expected to be met.





## UNITED WATER CONSERVATION DISTRICT

### FY 2016-17 First Quarter Financial Review

July 1, 2016 through September 30, 2016

25% of Fiscal Year Completed

### Pleasant Valley Pipeline Fund

The Pleasant Valley Pipeline Fund is used to account for the operation and maintenance of the Pleasant Valley Pipeline and District reservoirs. The District diverts surface water at the Freeman Diversion and/or pumps water from the Saticoy Well Field and transports it via pipeline to the Pleasant Valley County Water District for agricultural use, to minimize groundwater pumping near the coast in an effort to minimize seawater intrusion caused by District-wide groundwater overdraft. Revenue is derived from water deliveries and interest earnings from fund reserves.

**Revenue status** – Total revenue received through the first quarter of FY 2016-17 was \$131,579, which was right on the mark to budgeted expectations.

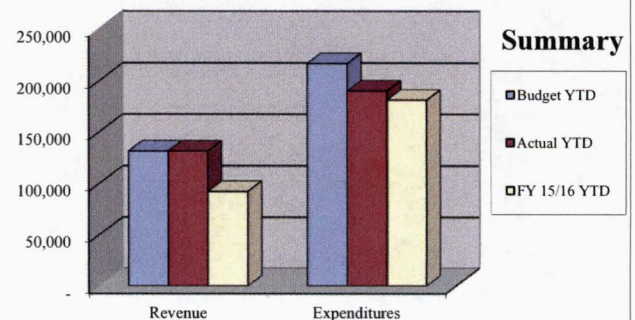
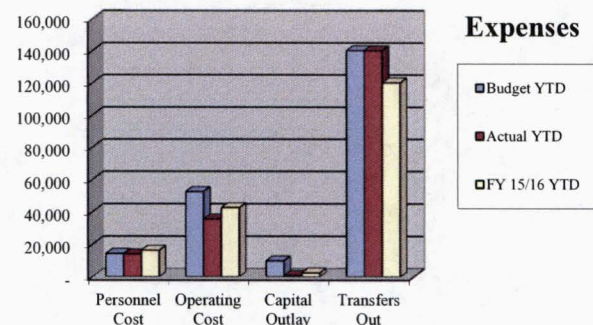
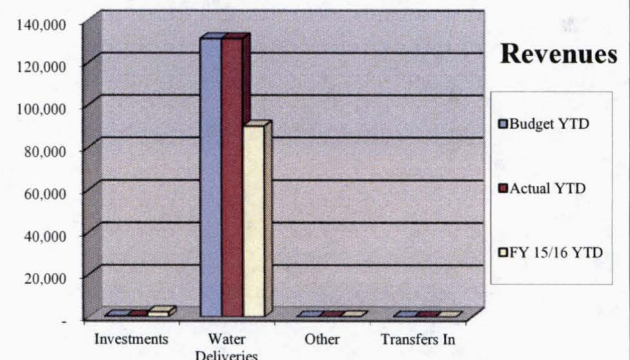
Current year first quarter revenues were \$39,076 (42%) higher than prior year revenues of \$92,503. This is entirely due to a fixed cost increase to the PVP of \$30,000 per month to \$43,700 per month. Surface water deliveries through the PVP were once again non-existent as a result of lack of surface water due to drought conditions.

**Appropriation/Expenditure Status** – The total expenditures through the first quarter of FY 2016-17 were \$190,503, which was \$26,328 (12%) below the \$216,831 budget projection. Under expenditures included capital outlays (\$9K), maintenance costs (\$6K) and overhead costs (\$7K) that were not incurred during the first quarter of FY 2016-17.

Compared to last year, current year expenditures through the first quarter for the PVP Fund increased by \$9,103 (5%) from \$181,400. Transfers-out were \$20K higher, with operating and personnel cost being marginally lower.

**Working Capital** – The beginning working capital balance was approximately \$73,480 higher than anticipated, of which \$3,753 is designated for prior year carryovers, netting a \$69,727 higher balance than projected. Assuming FY 2016-17 activity is consistent with the approved budget, the ending working capital balance for the fund should be \$365,000 all of which is undesignated.

The District's calculated reserve policy requires a \$303,154 undesignated balance for this fund, which is projected to be exceeded.







## UNITED WATER CONSERVATION DISTRICT

### FY 2016-17 First Quarter Financial Review

July 1, 2016 through September 30, 2016

25% of Fiscal Year Completed

### Pumping Trough Pipeline Fund

The Pumping Trough Pipeline Fund is used to account for the operation and maintenance of the Pumping Trough Pipeline which provides a combination of Santa Clara River surface water, Saticoy Well Field Water and Fox Canyon aquifer water for agricultural users to minimize groundwater pumping near the coast and in this highly impacted area in an effort to minimize seawater intrusion caused by District-wide groundwater overdraft. Revenue is derived from water deliveries and interest earnings on fund reserves.

**Revenue status** – As of the first quarter of FY 2016-17, \$511,380 in revenues were received, which is \$95,267 (23%) more than the budget projection of \$416,113. Water deliveries through the PTP over the first three months were 1,625 acre-feet, or 33% greater than projected, making up the majority of the increase.

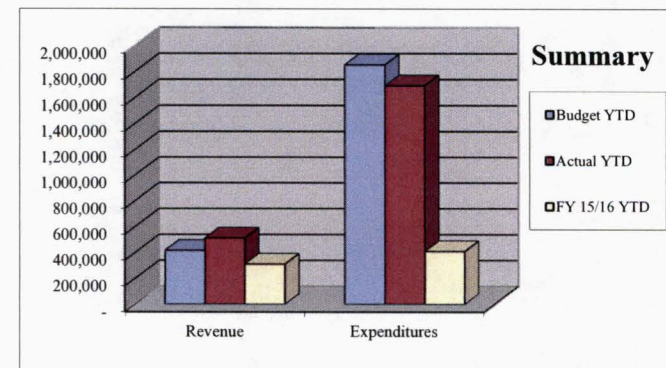
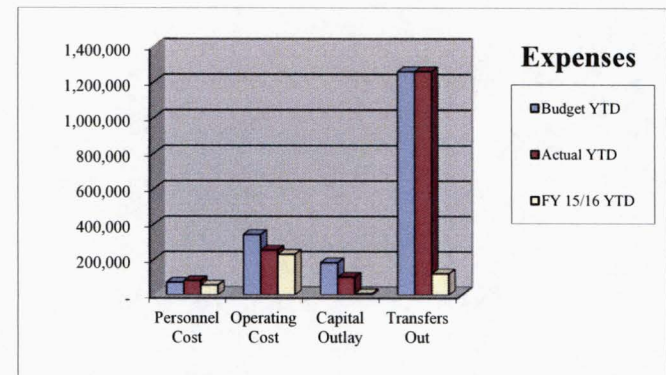
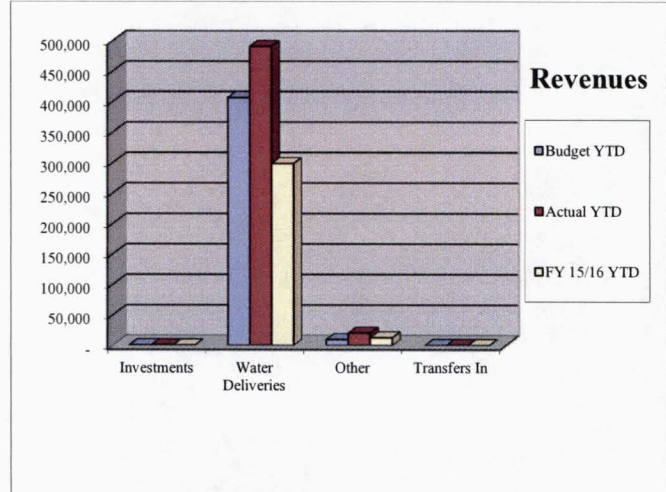
Compared to last year, total revenues through the first quarter were \$200,423 (64%) higher, due to an increase in both water delivered and rates. Pipeline deliveries were up 47% (522 acre-feet) over FY 2015-16's figure of 1,103 acre-feet. The variable O&M charge rate increased by 54% in FY 2016-17.

**Appropriation/Expenditure Status** – As of the first quarter of FY 2016-17, a total of \$1,690,859 was expended in the PTP Fund, which was \$161,560 (9%) lower than the budget projection of \$1,852,419. Capital outlays (\$81K), maintenance (\$45K), utility (\$28K) and overhead (\$18K) costs were lower due to timing issues. Personnel costs were \$8K higher than the projected \$71K, due to an \$18K partial prepayment to the retirement obligation.

Compared to last year, current year first quarter expenditures for the PTP Fund increased \$1,281,065 from \$409,794. This increase was primarily due to a \$1.1MM increase in transfers out for projects being funded in FY 2016-17. Capital outlays (\$94K) for structure and improvement items also increased. Operating costs increased due to higher maintenance (\$20K) and overhead (\$3K) costs, along with higher personnel costs (\$24K). An \$18K prepayment to the retirement fund make up most of this gap increase.

**Working Capital** – The beginning working capital balance was approximately \$191,500 higher than anticipated, of which \$203,610 is designated for prior year carryovers, netting a \$12,000 lower balance than projected. Assuming FY 2015-16 activity is consistent with the approved budget, the expected ending working capital balance for the fund should be \$249,000, all of which is undesignated.

The District's reserve policy requires between \$250,000 and \$300,000 undesignated balance for this fund, which is projected to be met.







## UNITED WATER CONSERVATION DISTRICT

### FY 2016-17 First Quarter Financial Review

July 1, 2016 through September 30, 2016

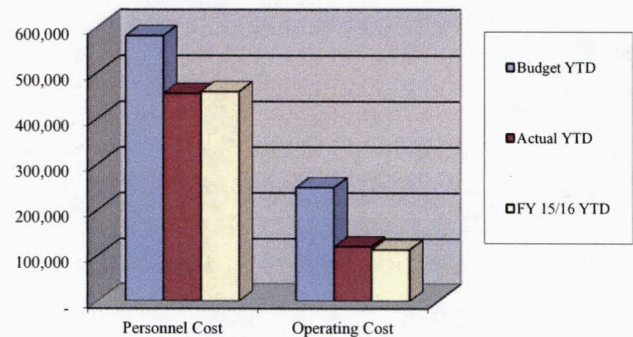
25% of Fiscal Year Completed

### Overhead Fund

*The Overhead Fund is used to account for expenditures related to the overall administration and management of the District. Overhead related expenditures are reported in this fund and then allocated to the operating funds. Staff calculates the allocation percentages using an approved methodology and the Board adopts the allocation annually.*

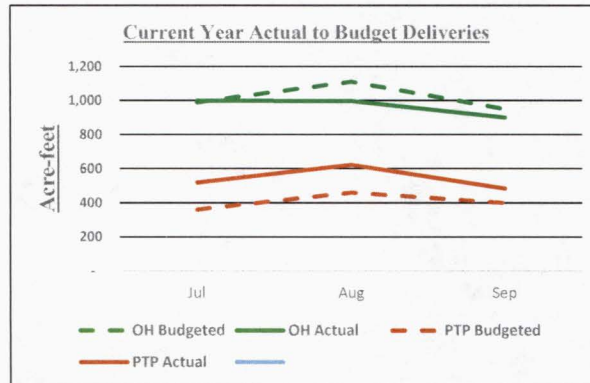
**Appropriation/Expenditure Status** – As of the end of the first quarter of FY 2016-17, a total of \$575,658 was expended in the Overhead Fund, which was \$254,292 (31%) lower than the budget projection of \$829,950. This was primarily the result of lower than expected expenditures for personnel cost (\$125K), professional services (\$89K), and legal counsel services (\$21K). FY 2015-16 carryovers to the current year budget for professional services and legal fees accounted for \$67K and \$8K respectively, which increased the first quarter projection. Lower personnel costs were partially due to the unfilled Controller position.

Compared to last year, current year first quarter expenditures for the Overhead Fund increased \$2,986 (0.5%). Variances of note were an increase in professional services (\$22K), which was partially offset by decreases in maintenance costs (\$10K) and personnel costs (\$4K).

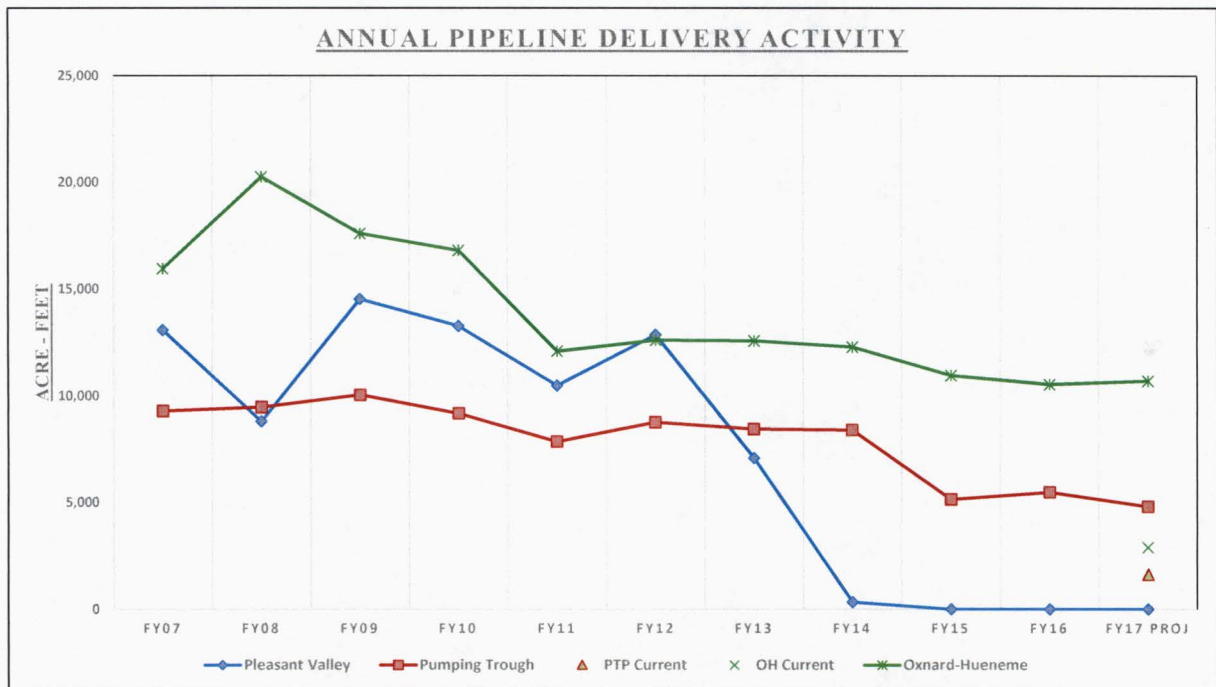


**United Water Conservation District  
Pipeline Water Deliveries (Acre-feet)  
FY 2016/17 data thru September 30, 2016**

OH Pipeline 2016-17			
	Projection	Actual	Difference
Jul	990	999	9
Aug	1,110	996	(114)
Sep	950	901	(49)
Oct	1,010		(1,010)
Nov	820		(820)
Dec	720		(720)
Jan	870		(870)
Feb	750		(750)
Mar	820		(820)
Apr	880		(880)
May	920		(920)
Jun	860		(860)
Totals	10,700	2,896	(7,804)
YTD	3,050	2,896	(154)



PT Pipeline 2016-17			
	Projection	Actual	Difference
	360	518	158
	460	622	162
	400	485	85
	750		(750)
	330		(330)
	250		(250)
	300		(300)
	290		(290)
	300		(300)
	420		(420)
	490		(490)
	450		(450)
Totals	4,800	1,625	(3,175)
YTD	1,220	1,625	405



**United Water Conservation District**  
**CURRENTLY APPROPRIATED CAPITAL IMPROVEMENT PROJECT PLAN**  
**FY 2016-17 Available Appropriations as of September 30, 2016**

Project Description	Fund #	Proj #	1st		Expected End Year	Class	Total Est Project Cost	Appropriations			Expended and Encumbered			% of Total Est Project costs spent to date	Remaining Appropriations FY 16-17
			Budget Year	Activity Date				Total Approp Approved thru FY 16-17	Suppl Approp FY 16-17	Total Approp to Date	Total as of 6/30/16	Current FY 16-17	Total to date		
Saticoy Shop Replacement Building	212	805	2007-08	02/03/11	2017	II	1,586,235	1,586,235		1,586,235	1,378,493	6,765	1,385,258	87.33%	200,977
Well Replacement Program Well #18	452	816	2015-16	08/06/15	2017	I	807,983	807,983		807,983	7,574	56,725	64,299	7.96%	743,684
Ferro-Rose Recharge	010	864	2006-07	03/23/07	2019	III	24,696,992	1,696,992		1,696,992	935,161	9,804	944,965	3.83%	752,027
SFD Outlet Works Rehab	010	874	2007-08	04/20/11	2020+	I&II	29,271,938	1,541,938		1,541,938	1,423,368	49,810	1,473,178	5.03%	68,760
SFD PMF Containment	010	879	2008-09	06/22/09	2020+	II	32,613,497	1,323,497		1,323,497	1,412,427	24,402	1,436,829	4.41%	(113,332)
Freeman Diversion Rehab	421	880	2009-10	03/23/11	2020+	II&IV	32,054,333	5,304,333		5,304,333	1,845,902	233,037	2,078,939	6.49%	3,225,394
SFD Hydro Electric Plant Rehab Unit 2	010	881	2013-14	04/01/14	2016	II	655,500	655,500		655,500	651,778	34	651,812	99.44%	3,688
Lake Piru Asphalt Repairs	010	886	2010-11	02/17/11	2019	I	1,494,487	1,264,487		1,264,487	726,624	5,067	731,691	48.96%	532,796
Park Service Officer Facility Replacement	010	897	2012-13	06/18/13	2017	I	411,487	411,487		411,487	85,656	7,165	92,821	22.56%	318,666
SFD Sediment Management	010	898	2013-14	05/28/14	2019	II	733,490	153,490		153,490	60,070	26	60,096	8.19%	93,394
Lower River Invasive Species Control	217	908	2015-16	08/06/15	2020+	IV	11,461,426	341,426		341,426	116,144	2,342	118,486	1.03%	222,940
OHP Iron and Manganese Treatment	451	909	2015-16	08/06/15	2018	III	5,546,485	266,485		266,485	69,595	4,536	74,131	1.34%	192,354
Brackish Water Treatment	010	910	2015-16	07/08/15	2017+	III	600,304	600,304		600,304	7,103	-	7,103	1.18%	593,201
Solar Project - Piru	010	911	2015-16	01/04/16	2016	II	60,006	60,006		60,006	38,719	307	39,026	65.04%	20,980
Rice Ave Overpass PTP	471	912	2016-17		2018	II	790,000	200,000		200,000	-	-	-	0.00%	200,000
PTP Turnout Metering System	471	913	2016-17		2018	I	1,270,000	635,000		635,000	-	-	-	0.00%	635,000
District Lighting & Pumping	218	914	2016-17	09/01/16	2017	I	347,735	347,735		347,735	-	565	565	0.16%	347,170
District Pumping Sequencing	219	915	2016-17	08/30/16	2017	I	184,000	184,000		184,000	-	3,287	3,287	1.79%	180,713
Day Use Pavillion Rehab	010	916	2016-17		2017	I	147,000	147,000		147,000	-	-	-	0.00%	147,000
Day Use Restroom Rehab	010	917	2016-17		2017	I	24,500	24,500		24,500	-	-	-	0.00%	24,500
Quagga Decontamination Station	010	918	2016-17		2017	II	125,000	125,000		125,000	-	-	-	0.00%	125,000
Pothole Trailhead	010	919	2016-17		2017	I	95,000	95,000		95,000	-	-	-	0.00%	95,000
Juan Fernandez Day Use	010	920	2016-17		2018	I	223,500	50,000		50,000	-	-	-	0.00%	50,000
New Headquarters	220	921	2016-17		2018	II	3,000,000	1,000,000		1,000,000	-	-	-	0.00%	1,000,000
<b>TOTAL AMOUNT PER YEAR</b>							148,200,898	18,822,398	-	18,822,398	8,758,614	403,872	9,162,486	6.18%	9,659,912

Class I = Infrastructure Repair or Replacement  
Class II = Structural/Hydraulic Improvement (no yield)  
Class III = Water Resource Improvement  
Class IV = ESA Improvement



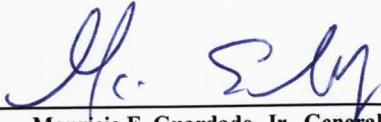
**United Water Conservation District**  
**Monthly Investment Report**  
**September 30, 2016**

<b>Investment Recap</b>	<b>Bond Activity</b>	<b>G/L Balance</b>	<b>Weighted Avg Days to Maturity</b>	<b>Diversification Percentage of Total</b>
Union Bank Checking Accounts		674,297	1	2.62%
Petty Cash		350	1	0.00%
County Treasury		60,908	1	0.24%
LAIF Investments		24,076,836	1	93.63%
2009 COP Project acct proceeds	14,292,400			
Interest earned to date	295			
Drawn down to date	(14,292,686)			
Union Bank - 2009 COP project account balance	9	9	1	0.00%
Union Bank - 2009 COP reserve account	898,914	898,914	8,281	3.50%
<b>Total cash, cash equivalents and securities</b>		<b>25,711,314</b>		<b>100.00%</b>
<b>Investment portfolio w/o trustee held funds</b>		<b>24,812,390</b>		
<b>Trustee held funds</b>		<b>898,923</b>		
<b>Total funds</b>		<b>25,711,314</b>		

<b>Local Agency Investment Fund (LAIF)</b>	<b>Beginning Balance</b>	<b>Deposits (Disbursements)</b>	<b>Ending Balance</b>
	25,976,836	(1,900,000)	24,076,836
	<b>Interest Earned YTD</b>	<b>Interest Received YTD</b>	<b>Qtrly Yield</b>
	36,959	31,568	0.60%

All District investments are shown above and conform to the District's Investment Policy. All investment transactions during this period are included in this report. Based on budgeted cash flows the District appears to have the ability to meet its expenditure requirements for the next six months.

  
Mauricio E. Guardado, Jr., General Manager

10/31/16  
Date Certified

  
Tina Rivera, Chief Financial Officer

10/25/2016  
Date Certified

United Water Conservation District			
Cash Position			
September 30, 2016			
Fund	Total	Composition	Restrictions/Designations
<b>General/Water Conservation Fund:</b>			<b>Revenue collected for district operations</b>
General/Water Conservation	12,700,355	2,662,441	Includes General, Rec & Ranger, Water Conservation
		898,914	Reserved for future debt repayment 2009 COP
		350,000	Reserved for legal expenditures
		8,789,000	Designated for replacement and capital improvements
General CIP Funds	2,662,093	2,662,084	Appropriated for capital projects
		9	Bond proceeds restricted for capital expenditures
<b>Special Revenue Funds:</b>			<b>Revenue collected for a special purpose</b>
State Water Project Funds	1,034,066	1,034,066	Procurement of water/rights from state water project
<b>Capital Project Funds:</b>			<b>Restricted for capital improvement projects</b>
Capital Project Fund - Saticoy Shop	1,198,179	1,198,179	Appropriated for capital expenditures (GF 45%,Freeman 25%,OHP 10%, PVP 10%, PTP 10%)
Invasive Species Fund	27,678	27,678	Monitoring and removal of invasive species
<b>Enterprise Funds:</b>			<b>Restricted to fund usage</b>
Freeman Fund	2,115,302	(454,698)	Operations, Debt Service and Capital Projects
		2,420,000	Designated for replacement and capital improvements
		150,000	Reserved for legal expenditures
Freeman CIP Fund	3,257,593	3,257,593	Appropriated for capital projects
OH Pipeline Fund	1,015,439	1,015,439	Delivery of water to OH customers
OH CIP Fund	111,964	111,964	Appropriated for capital projects
OH Pipeline Well Replacement Fund	631,866	631,866	Well replacement fund
PV Pipeline Fund	311,338	311,338	Delivery of water to PV customers
PT Pipeline Fund	645,442	645,442	Delivery of water to PTP customers
<b>Total District Cash &amp; Investments</b>	<b>25,711,314</b>	<b>25,711,314</b>	



### Benchmark Yields

LAIF	1st Quarter 2015-16	0.60%
Ventura County Investment Pool	September 30, 2016	0.88%
3mo Treasury Bills	September 30, 2016	0.29%

