



**United Water**  
CONSERVATION DISTRICT

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For fiscal year ended June 30, 2020*

## BOARD OF DIRECTORS

**Michael W. Mobley**, President  
**Bruce E. Dandy**, Vice President  
**Sheldon G. Berger**, Secretary/Treasurer  
**Patrick J. Kelley**, Director  
**Lynn E. Maulhardt**, Director  
**Edwin T. McFadden III**, Director  
**Daniel C. Naumann**, Director

## United Water Conservation District

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**United Water Conservation District**  
**Audited Financial Statements**  
*As of and for the Year Ended June 30, 2020*  
*With Report of Independent Auditors*

**United Water Conservation District**  
**Audited Financial Statements**  
***As of and for the Year Ended June 30, 2020***  
***With Report of Independent Auditors***

**United Water Conservation District**  
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## **Introductory Section**



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

General Manager  
Mauricio E. Guardado, Jr.

Legal Counsel  
David D. Boyer

December 6, 2020

**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, 2020. This report was prepared in accordance with generally accepted accounting principles as implemented by the Governmental Accounting Standards Board (GASB) and other accounting and rulemaking 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.

Vasquez and Company LLP, Certified Public Accountants, have issued an unmodified opinion on the District's financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report (pages 1-3).

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

**Profile of the Government**

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

In 1950, the voters approved the formation of the District under the State Water Conservation Act of 1931, as the United Water Conservation District, to recognize the projected population growth within the District and the need for a reliable water source. The Santa Clara Water Conservation District was then dissolved and the assets transferred to the District. This allowed the District to issue bonds in order to raise funding for construction of the Santa Felicia Dam (SFD), creating Lake Piru and other conservation facilities. The District is divided into seven divisions and is governed by an elected seven-member Board of Directors, serving four-year staggered terms.

The District covers approximately 214,000 acres in central Ventura County, California. The District administers a "basin management" program for the sub-basins that make up the Santa Clara River Valley Basin, utilizing the Santa Clara River and its tributaries for replenishment of groundwater.

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



The District's mission is to *manage, protect, conserve and enhance the water resources of the District and produce a reliable and sustainable supply of groundwater for the reasonable and beneficial use of all users.* This mission statement is the foundation of the District's Strategic Plan Framework which 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 30<sup>th</sup> for the upcoming fiscal year (July 1 through June 30). The budget is prepared by staff on a fund, department, account 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, and military testing and development. The Port of Hueneme (which is located within the boundaries of the District) is the State's smallest port, but it is the only deep-water port between Los Angeles and San Francisco and plays a significant role in the local economy.

Some of the best soil in the nation for agriculture production resides within Ventura County. According to the latest Ventura County Agricultural Commission Crop and Livestock Report, the gross crop value for calendar year 2019 was \$2.0 billion, approximately \$110 million less than 2018, representing a 5% decrease. 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 continued signs of an underperforming economy. 2019 was the fourth continuous year with low or negative GDP growth. County wide population decreased for the second consecutive year to 846,000, down from 848,000 in 2018, according to the US Census Bureau. The unemployment rate for December 2019 was 3.6%, which improved by 0.2 percentage points over the prior year figure.

In FY 2019-20 property assessment for the County increased 5.4% as compared to FY 2018-19. The County Assessor's Office announced that in FY 2020-21, countywide property tax assessments will increase 2.1%, which will have a positive impact on the District's General Fund.

### **Short and Long-term Financial Planning Outlook**

In FY 2019-20, the District issued no new debt, however, some new debt was issued in November, 2020 which refinanced existing debt at favorable terms and raised \$19 million to fund various capital improvement projects. The capital improvement projects completed in FY 2019-20 were, the renovation of the District headquarters in Oxnard and a microwave communications tower in Santa Paula. During the fiscal year, design work continued on the largest CIP projects at the Santa Felicia Dam and Freeman Diversion.

In FY 2019-20, District staff and consultants continued to work with state and federal regulatory agencies (NOAA Marine Fisheries Service, US Fish and Wildlife Service, and California Department of Fish and Wildlife) to further develop the District's Multiple Species Habitat Conservation Plan (MSHCP) for the Freeman Diversion facility. On June 30, 2020, the District completed the fourth administrative draft of the MSHCP, meeting an ambitious court ordered deadline. The court order stipulates scheduled milestones for future steps related to design, modeling, and final selection of a preferred fish passage facility, which is a primary element of the MSHCP.





During FY 2019-20, the District continued work to remediate the spillway capacity and overtopping risk during a Probable Maximum Flood (PMF) event at the SFD. The evaluation study was required by the Federal Energy Regulatory Commission (FERC) and California Division of Safety of Dams (DSOD) to address deficiencies identified in the PMF studies. Consultants were hired to perform the evaluation of the alternatives. A series of proposed flood remediation projects that would reduce the risk to people and property below Santa Felicia Dam were presented to the FERC and DSOD. With the regulators acceptance of an inflow design flood of 220,000 cubic feet per second (cfs) as the level of risk reduction for the design, the District awarded a contract for the design of the spillway improvements based on the 220,000 cfs inflow in May 2016. The District has convened an independent Board of Consultants (BOC) to provide oversight and quality assurance of the project design and construction. In parallel with the design, a consulting team is working to prepare the necessary environmental documents for the projects to comply with the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA).

The District also progressed in addressing the seismic adequacy of the outlet works at the SFD. A 2012 evaluation determined that the structure is vulnerable to deformation in a seismic event. The District is now pursuing design and permitting for construction of new outlet works at the dam which will meet current seismic standards. At FERC direction, the District convened an independent Board of Consultants (BOC) to provide peer review and quality assurance of the project design and construction. The BOC reviewed the 10% design and in December 2019, recommended the District proceed with the next phase of design. The design packet was then submitted to FERC and DWR in March 2020. To date, the District has spent nearly \$2.8 million on the outlet works project.

In March 2019, the District retained consultants to advance the design of the dam improvement alternatives recommended by the BOC in 2018. During FY2019-20, the 10% design phase was completed for the outlet works project and the spillway containment project. The design packet for the latter was submitted to FERC in March 2020. The District is also finalizing the NEPA documentation and FERC's non-capacity license amendment application with support of environmental consultants for a total contract amount of \$381,000. This process is expected to be finalized by November 2020.

To the extent practicable, the District continued efforts to comply with the environmental requirements contained in its license issued by the Federal Energy Regulatory Commission (FERC) for the Santa Felicia Project (Project) throughout FY 2019-20. Compliance activities included implementation of approved resource protection plans (Water Release Plan; the Soil, Erosion and Sediment Management Plan; the Herpetological Monitoring Plan and Arroyo Toad Protection Plan; the Vegetation and Noxious Weed Management Plan; the Land Resource Management; and the Dissolved Oxygen Management Plan), and consultation with regulatory agencies to satisfy remaining outstanding requirements. In response to the COVID-19 pandemic, some activities that were considered non-essential and could not be conducted implementing safe, socially distanced procedures, were temporarily suspended.

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 maintain facilities. The concessions service, Parks Management Company (PMC), who entered into an agreement with the District on January 1, 2014, has focused on establishing consistent services and enhancing the facilities. On February 15, 2017, the District approved a contract revision with PMC. Under the new agreement terms, PMC collects all revenues and bills the District for all expenses, including up to a 15% profit margin, not covered by the revenues collected. In the event revenues exceed expenses, the District is entitled to all revenues above the monthly expense, less the 15% profit margin. The additional projected annual cost to the District, under the new agreement, ranges from \$350,000 to \$450,000.





In December 2013, the District discovered the invasive species quagga mussels in the District's Lake Piru. In FY 2019-2020, quagga mussels continued to be a topic of concern for the District. The District is developing a Lake Piru Quagga Mussel Monitoring and Control Plan. In September 2018, United submitted an eighth revision of the plan to California Department of Fish and Wildlife (CDFW). CDFW responded that the plan remains non-compliant due to water releases from the dam. In FY 2019-20, the District continued and expanded its comprehensive monitoring program, consistent with the draft plan for Lake Piru and the larger watershed. Additionally, the District contracted scientific dive teams to conduct physical removal efforts from infrastructure in the lake. During the year, the state continued its review of the District's application for use of a molluscicide to control quagga mussels in the reservoir. The District will continue dedicating resources to aid in managing the quagga mussel infestation, including implementing various control and potential eradication measures, and to maintain compliance with state and federal law pertaining to invasive species.

In FY 2019-20 the District continued to mount a defense in the lawsuits filed by the City of San Buenaventura ("Ventura") over groundwater extraction rates approved by the Board for FY 2011-12 through FY 2015-16. A subsequent action was filed by Ventura challenging the extraction rates approved for FY 2019-20. The District filed an appeal of the Santa Barbara Superior Court's September 6, 2013 decision ordering the District to pay the City a partial refund of groundwater extraction fees from FY 2011-12 and FY 2012-13. The Court of Appeal issued its decision and found in favor of the District. The City appealed the case to the State Supreme Court, which heard the case in September 2017. The Supreme Court issued a published decision on December 4, 2017. In the decision, the Supreme Court affirmed the conclusion of the Court of Appeal that the groundwater extraction charges are not property related, but remanded the remainder of the matter to the Court of Appeal with instructions to consider whether the record sufficiently establishes that the District's rates for the 2011–2012 and the 2012–2013 water years bore a reasonable relationship to the burdens on or the benefits of its conservation activities. Thereafter, the Court of Appeal remanded the matter back to the Superior Court with instructions to remand the matter back to the District to allow the District the opportunity to supplement the administrative record. In the meantime, the Superior Court has stayed the challenges to the District's extraction rates for FY 2013-14, FY 2014-15. A trial has been scheduled for the 2019 challenge in December 2020.

On June 2, 2016, the Wishtoyo Foundation, its Ventura Coastkeeper Program, and the Center for Biological Diversity ("Plaintiffs") filed a complaint for declaratory and injunctive relief with the US District Court, Central District of California. The complaint alleged that the District's operation and maintenance of the Freeman Diversion resulted in unauthorized take of federally protected fish and avian species in violation of the federal Endangered Species Act (ESA). The District Court conducted trial in December 2017 and January 2018. On October 4, 2018 the District Court entered a Judgment and Permanent Injunction in favor of Plaintiffs. An Amended Judgment and Permanent Injunction ("Amended Judgment") was entered on December 1, 2018, which vacated and superseded the October 4, 2018 Judgment and Permanent Injunction. Thereafter, the District Court issued an Order Awarding Attorney's Fees and Costs to Plaintiffs ("Order"). The District then appealed the Amended Judgment and of the Order and stayed enforcement of the Order until after conclusion of the Appeal. In June 2020, the Court of Appeal affirmed the district court judgement of October 2018 and the awarded attorneys' fees of approximately \$3.4 million to the plaintiff. The District remains in compliance with the requirements of the Court's injunction.

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.

While rainfall in the last two years has been at or above normal levels the need remains to capture and store water when available. It is abundantly clear that management of a sustainable water supply is critical



to the long-term economic viability of the region. Finding solutions to meet the region's water needs must be achieved through coordinated efforts amongst the region's leading water agencies. United Water Conservation District remains committed to optimizing its resources to bring solutions that benefit its constituents.

### **Relevant Financial Policies**

*The District has written detailed financial policies for:*

- Reserves
- Investments
- Budget Amendments
- Budget Submittal/Preparation
- Procurement
- Expense Reimbursement (Includes Disclosure of Government Code Section 53065.5)
- Capital Assets
- Vehicle and Equipment Replacement and Maintenance
- Engineering Projects and Contract Administration
- Records Management, Retention and Destruction
- Fraud Prevention and Detection
- Environmental Activity Cost Allocation
- Disposition of Surplus Assets
- Accounts Receivables and Write-offs
- Debt Management
- Auditor Rotation & Selection
- Employee Recognition
- Groundwater Well Registration and Inactive Wells
- Identity Theft Protection
- Verification of Groundwater Production Statement
- Continuing disclosure to investors in debt issues

### **Major Issues/Challenges**

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

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

### **Conclusion**

Despite the many challenges, the District remains optimistic and committed to fulfilling its mission of managing, protecting, conserving and enhancing the region's water supply to produce a reliable and sustainable supply of groundwater for the reasonable and beneficial use of all users. The District will pull from its professional staff and resources to strategically and collaboratively address each challenge while seizing every opportunity to positively impact the region's water resources. Some foreseeable opportunities and solutions are within the areas of recycled water use, desalted groundwater technology, state-water deliveries, as well as increased storage and recharge capacity.



### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. 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.

### **Acknowledgements**

We would like to thank the entire staff (in particular the Finance Department) for their contributions and assistance in the preparation of this year's Comprehensive Annual Financial Report. The operational and logistical challenges of the COVID circumstances have highlighted the professionalism and dedication of staff to the District mission. We would also like to recognize the efforts of the District's auditors, Vasquez and Company LLP. Finally, to the Board of Directors, sincere appreciation for its leadership and support in maintaining sound financial systems and processes that reflect the integrity, reliability and accuracy to which District staff are committed.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'M. Guardado'.

Mauricio E. Guardado, Jr.  
General Manager

A handwritten signature in blue ink, appearing to read 'J. Jereb'.

Joseph Jereb  
Chief Financial Officer





Government Finance Officers Association

Certificate of  
Achievement  
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Reporting

Presented to

**United Water Conservation District  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

**UNITED WATER CONSERVATION DISTRICT  
LIST OF PRINCIPAL OFFICIALS  
FOR  
FISCAL YEAR ENDED JUNE 30, 2020**

**BOARD OF DIRECTORS**

Michael W. Mobley, President  
Representing Division 2

Bruce E. Dandy, Vice-President  
Representing Division 5

Sheldon G. Berger, Secretary/Treasurer  
Representing Division 7

Patrick J. Kelley, Board Member  
Representing Division 3

Lynn E. Maulhardt, Board Member  
Representing Division 4

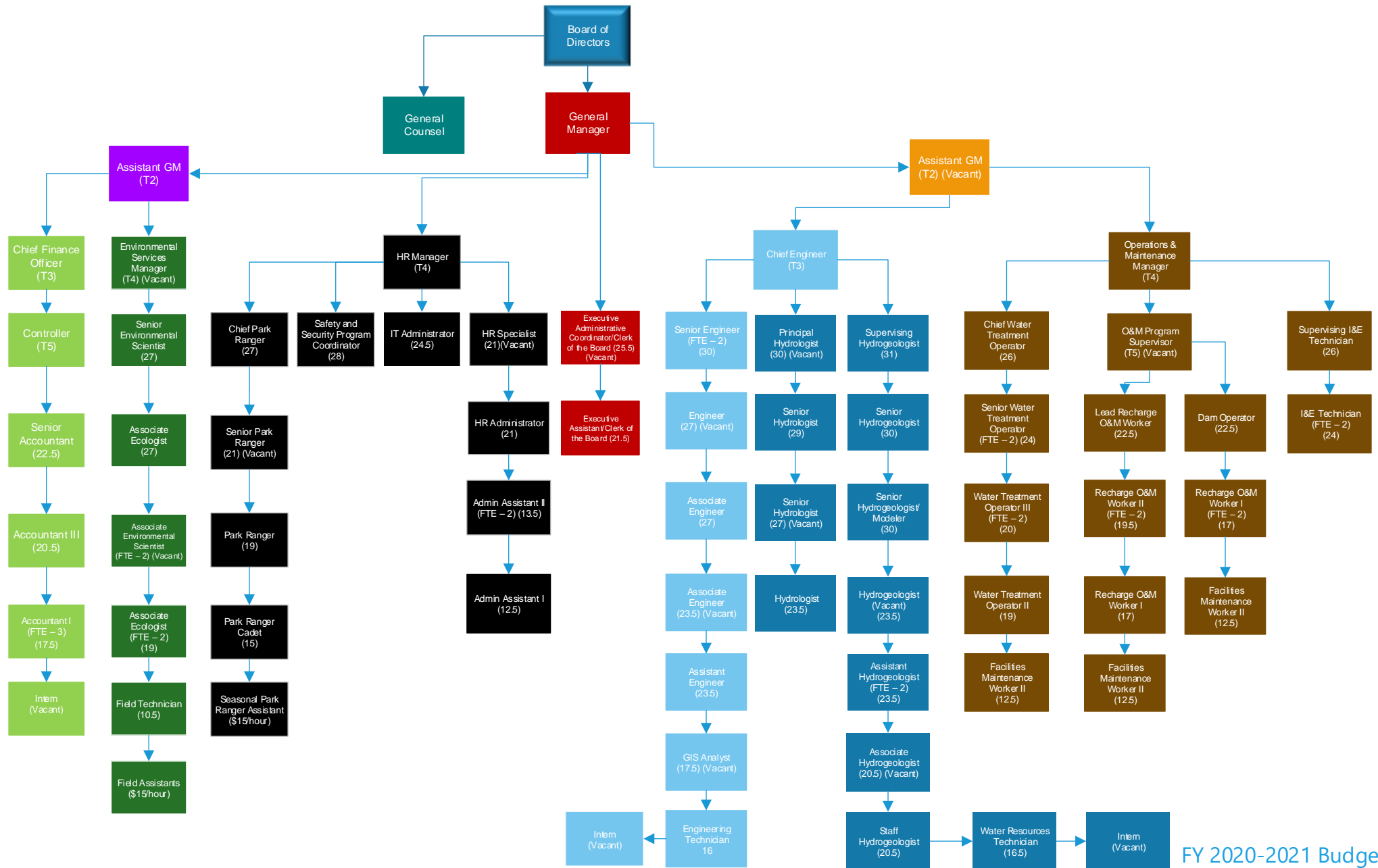
Edwin T. McFadden III, Board Member  
Representing Division 1

Daniel C. Naumann, Board Member  
Representing Division 6

**EXECUTIVE MANAGEMENT**

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

June 2020



FY 2020-2021 Budget



## **Report of Independent Auditors**

### **To the Board of Directors United Water Conservation District**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the United Water Conservation District (the District) which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 auditors' 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 opinion.



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Water Conservation District as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the Schedule of Changes in the Net OPEB Liability and Related Ratios and OPEB Plan Contributions on pages 53 to 54, and the Schedule of the Pension Plan's Proportionate Share of the Net Pension Liability and Related Ratios and Pension Plan Contributions on pages 55 and 56 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section and the statistical section as identified in the accompanying table of contents are presented for 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.

A handwritten signature in black ink that reads "Vaqueria &amp; Company LLP".

**Glendale, California**

**December 2, 2020**

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, 2020. 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 - vi 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 \$103 million (net position). Of this amount, \$19.2 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to constituents and creditors.
- The District's total long-term liabilities increased by \$2.2 million during the current fiscal year due to increase in Accrued Legal Liability with Wishtoyo and Compensated Absences (see note 17).
- The District's total net position increased \$6.6 million from the prior fiscal year's net position due to delays in project expenses.
- The District's operating revenues increased by \$4.4 million or 18% from \$24.1 million in fiscal year 2019 to \$28.6 million in fiscal year 2020.
- The District's operating expenses increased by \$5 million or 21% from \$24.0 million in fiscal year 2019 to \$29.0 million in fiscal year 2020.

### **GENERAL OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes the basic financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the District.

The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate fiscal stability and creditworthiness.

The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, noncapital financing, and capital and related financing activities.

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.



**United Water Conservation District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year ended June 30, 2020**

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**FINANCIAL ANALYSIS OF THE DISTRICT**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. One can think of the District's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - as a way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation, such as changes in Federal and State water quality standards.

**Summary of Net Position**

	June 30,			
	2020	2019	Amount	%
Current assets	\$ 36,604,695	\$ 33,522,434	\$ 3,082,261	9.2%
Capital assets	95,535,648	89,738,822	5,796,826	6.5%
Restricted cash and investments	815,647	854,146	(38,499)	-4.5%
Net OPEB asset	66,103	-	66,103	100.0%
Total assets	133,022,093	124,115,402	8,906,691	7.2%
Deferred outflows of resources	3,218,869	3,333,740	(114,871)	-3.4%
Current liabilities	4,531,599	4,463,473	68,126	1.5%
Long-term liabilities	27,459,109	25,212,893	2,246,216	8.9%
Total liabilities	31,990,708	29,676,366	2,314,342	7.8%
Deferred inflows of resources	1,212,683	1,356,356	(143,673)	-10.6%
Net position				
Net investment in capital assets	81,204,599	75,044,332	6,160,267	8.2%
Restricted	2,573,713	2,008,166	565,547	28.2%
Unrestricted	19,259,259	19,363,922	(104,663)	-0.5%
Total net position	\$ 103,037,571	\$ 96,416,420	\$ 6,621,151	6.9%

As noted earlier, over time, changes in net position may serve as a useful indicator of a government's financial condition. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$103.0 million and \$96.4 million as of June 30, 2020 and 2019, respectively.

**United Water Conservation District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year ended June 30, 2020**

Total assets increased \$8.9 million or 7.2% in the current year primarily due to acquisition of new headquarters in Oxnard.

Total liabilities increased by \$2.3 million or 7.8% due to increase in Accrued Legal Liability with Wishtoyo and Compensated Absences.

At the end of fiscal years 2020 and 2019, the District shows a positive balance in unrestricted net position of \$19.2 million and \$19.4 million, respectively.

**Summary of Revenues, Expenses and Changes in Net Position**

The following schedule provides a summary of the District's changes in net position for the fiscal years ended June 30, 2020 and 2019:

	June 30,		Increase (Decrease)	
	2020	2019	Amount	%
<b>Revenues</b>				
<i>Operating revenues:</i>				
Charges for services	\$ 28,640,249	\$ 24,183,190	\$ 4,457,059	18.4%
<i>Nonoperating revenues:</i>				
Property taxes	2,869,564	2,808,174	61,390	2.2%
Grants and contributions	174,684	323,221	(148,537)	-46.0%
Investment earnings	700,083	718,953	(18,870)	-2.6%
Other income	2,993,251	286,943	2,706,308	943.2%
Gain on sale of capital assets	1,034,650	(161,104)	1,195,754	-742.2%
Total revenues	<u>36,412,481</u>	<u>28,159,377</u>	<u>8,253,104</u>	<u>29.3%</u>
<b>Expenses</b>				
Salaries and benefits	10,710,800	9,655,701	1,055,099	10.9%
Services and supplies	15,863,934	11,812,104	4,051,830	34.3%
Depreciation	2,478,288	2,487,963	(9,675)	-0.4%
Interest expense	729,460	780,770	(51,310)	-6.6%
Other expenses	8,848	8,903	(55)	-0.6%
Total expenses	<u>29,791,330</u>	<u>24,745,441</u>	<u>5,045,889</u>	<u>20.4%</u>
Change in net position	<u>6,621,151</u>	<u>3,413,936</u>	<u>3,207,215</u>	<u>93.9%</u>
Beginning net position	<u>96,416,420</u>	<u>93,002,484</u>	<u>3,413,936</u>	<u>3.7%</u>
Ending net position \$	<u>103,037,571</u>	<u>\$ 96,416,420</u>	<u>\$ 6,621,151</u>	<u>6.9%</u>

The increase or decrease in net position can provide an indication as to whether the financial position of the District improved or deteriorated during the year. The change in net position was \$6.6 million and \$3.4 million in fiscal years 2020 and 2019, respectively.

The reasons for significant changes in the revenues and expenses of the District noted in the previous schedules are as follows:

**Revenues**

Charges for services continue to be the District's main source of revenue which primarily consist of groundwater extraction fees and pipeline deliveries. Charges for services increased by \$4.4 million or 18% during the fiscal year ended June 30, 2020 due to increase in pipeline deliveries and Board approved rates.

**United Water Conservation District  
Management's Discussion and Analysis (Unaudited)  
Year ended June 30, 2020**

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The other remaining revenue is derived from property taxes and investment earnings. Other income in the current year includes refund of legal judgment from City of Ventura lawsuit, gain on sale of old headquarters in Santa Paula and Fox Canyon GMA revenue.

**Expenses**

Significant increase in services and supplies was due to completion of new headquarters in Oxnard and legal fees for Wishtoyo case. Increase in salaries and benefits is primarily due to vacant positions in Administrative and Finance divisions which were filled during the fiscal year ended June 30, 2020 as well as increase in merit and cost-of-living compensation.

**Capital Assets**

Capital assets as of June 30 is summarized as follows:

	2020	2019
Capital assets not being depreciated		
Land	\$ 19,519,766	\$ 19,684,266
Construction in progress	14,549,278	13,208,121
Capital assets being depreciated		
Dams	36,857,947	36,857,947
Structures and improvements	71,903,822	65,726,358
Equipment	6,764,972	6,930,025
Intangibles	8,431,927	8,431,927
Capital assets, gross	158,027,712	150,838,644
Less: Accumulated depreciation	(62,492,064)	(61,099,822)
Capital assets, net \$	<u>95,535,648</u>	<u>\$ 89,738,822</u>

As of June 30, 2020, the District had approximately \$95.5 million invested in capital assets including land, construction in progress, dams, structures and improvements, equipment and intangibles, net of accumulated depreciation. This amount represents a net increase of \$5.8 million from the prior year. Accumulated depreciation increased by \$1.4 million.

The increase in Structures and Improvements of \$6.2 million is due to the purchase of the new District headquarters on Lombard St. in Oxnard. The increase in construction in progress of \$1.3 million was primarily related to the Santa Felicia Dam improvements, Freeman Diversion rehabilitation, Santa Paula Tower project, the Pumping Trough Pipeline turnout metering projects.

Additional information on the District's capital assets can be found in Note 5 on page 22 of this report.



**United Water Conservation District**  
**Management's Discussion and Analysis (Unaudited)**  
**Year ended June 30, 2020**

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### **Long-Term Debt**

The District's long-term liabilities at the end of the year were \$15.2 million. This represents a decrease of \$1.1 million, or 6.7%. Significant changes related to the paydown of bonds payable.

An overview of long-term liabilities is presented below.

	<u>2020</u>	<u>2019</u>
State Water Project	\$ 1,503,614	\$ 1,580,762
Bonds payable:		
2001B Revenue bonds	285,000	415,000
2005B Revenue bonds	5,220,000	5,585,000
2009 Certificates of Participation	8,155,000	8,675,000
Plus (less) deferred amounts:		
Bond premiums	66,101	69,580
Bond discounts	(46,311)	(50,090)
Total bonds payable, net	<u>13,679,790</u>	<u>14,694,490</u>
Total long-term liabilities	\$ <u>15,183,404</u>	\$ <u>16,275,252</u>

Additional information on the District's long-term liabilities can be found in Note 6 on pages 23-26 of this report. The 2001B Revenue Bonds and 2005B Revenue Bonds are rated AAA by Standards & Poor's Ratings Group and there have been no changes in the credit ratings. The 2009 Certificates of Participation are rated AA by Standards & Poor's Ratings Group and there have been no changes in the credit ratings.

### **Economic Factors and Next Year's Budgets and Rates**

The following economic factors currently affect the District and were considered in developing the 2020-21 fiscal year budget.

- Modifications to the District's current fees and charges schedule.
- A small increase 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 will remain low and stable in fiscal year 2020-21.
- Cost of Living increases 2% for all District staff.

**CONDITIONS THAT MAY IMPACT FUTURE FINANCIAL POSITION**

Any conditions that may impact the District's future financial position can be found in Notes 16 and 17 on pages 39-50 of this report.

**REQUEST 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**

**United Water Conservation District**  
**Statement of Net Position**  
**June 30, 2020**

<b>ASSETS</b>	
<b>Current assets</b>	
Cash	\$ 2,038,071
Investments	26,238,771
Receivables	
Accounts receivable, net	7,960,564
Property taxes	70,070
Interest	106,464
Prepayments	190,755
<b>Total current assets</b>	<b>36,604,695</b>
<b>Noncurrent assets</b>	
Restricted investments	815,647
Net OPEB asset	66,103
Capital assets not being depreciated	34,069,044
Capital assets being depreciated, net of accumulated depreciation	61,466,604
<b>Total noncurrent assets</b>	<b>96,417,398</b>
<b>Total assets</b>	<b>133,022,093</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	3,046,958
Deferred outflows of resources related to OPEB	171,911
<b>Total deferred outflows of resources</b>	<b>3,218,869</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	2,227,194
Deposits	55,299
Accrued interest payable	165,164
Accrued wages and benefits	426,687
Unearned revenue	74,157
Accrued legal liability	730,743
Long-term debt - current portion	852,355
<b>Total current liabilities</b>	<b>4,531,599</b>
<b>Noncurrent liabilities</b>	
Net pension liability	10,526,612
Compensated absences	1,139,961
Accrued legal liability	1,461,487
Long-term debt - due in more than one year	14,331,049
<b>Total noncurrent liabilities</b>	<b>27,459,109</b>
<b>Total liabilities</b>	<b>31,990,708</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	1,212,016
Deferred inflows of resources related to OPEB	667
<b>Total deferred inflows of resources</b>	<b>1,212,683</b>
<b>NET POSITION</b>	
Net investment in capital assets	81,204,599
Restricted for:	
Debt covenant	815,647
State Water Import	1,758,066
Unrestricted	19,259,259
<b>Total net position \$</b>	<b>103,037,571</b>

*See notes to the financial statements.*

**United Water Conservation District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year ended June 30, 2020**

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**Operating Revenues**

Charges for services	\$ 28,640,249
Total operating revenues	<u>28,640,249</u>

**Operating Expenses**

Salaries and benefits	10,710,800
Services and supplies	15,863,934
Depreciation	2,478,288
Other expenses	8,848
Total operating expenses	<u>29,061,870</u>

**Operating loss** (421,621)

**Non-operating revenues (expenses)**

Property taxes	2,869,564
Operating grants and contributions	174,684
Investment earnings	700,083
Other income	2,993,251
Gain on sale of capital assets	1,034,650
Interest expense	(729,460)
Total non-operating revenues	<u>7,042,772</u>

**Change in net position** 6,621,151

**Net position**

Net position, at beginning of year	96,416,420
Net position, at end of year	<u>\$ 103,037,571</u>

*See notes to the financial statements.*



**United Water Conservation District**  
**Statement of Cash Flows**  
**Year ended June 30, 2020**

**Cash flows from operating activities**

Cash received from charges for services	\$ 27,345,118
Cash payments to suppliers for goods and services	(13,693,271)
Cash payments to employees for services	(9,569,101)
Net cash provided by operating activities	<u>4,082,746</u>

**Cash flows from capital and related financing activities**

Acquisition of capital assets	(8,275,114)
Proceeds from sale of capital assets	1,034,650
Repayment of long-term debt	(1,091,848)
Repayment of interest	(748,678)
Net cash used in capital and related financing activities	<u>(9,080,990)</u>

**Cash flows from non-capital financing activities**

Cash received from property taxes	2,882,491
Contributions received	174,684
Cash received from other nonoperating activities	2,993,251
Net cash provided by non-capital financing activities	<u>6,050,426</u>

**Cash flows from investing activities**

Purchase of investments	(706,160)
Investment earnings	783,465
Net cash provided by investing activities	<u>77,305</u>

Net decrease in cash and cash equivalents	1,129,487
Cash and cash equivalents, at beginning of year	908,584
Cash and cash equivalents, at end of year	<u>\$ 2,038,071</u>

**Reconciliation of Operating Loss to Net Cash provided by Operating Activities**

Operating loss	\$ (421,621)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,478,288
Interest paid	-
Decrease (increase) in:	
Accounts receivable	(1,295,131)
Prepayments	(9,293)
Net OPEB asset	(66,103)
Deferred outflows of resources related to pension	114,718
Deferred outflows of resources related to OPEB	153
Increase (decrease) in:	
Accounts payable	(34,066)
Deposits	(16,578)
Accrued wages and benefits	88,021
Due to other governments	(7,574)
Unearned revenue	54,792
Accrued legal liability	2,192,230
Compensated absences	262,283
Net pension liability	962,263
Net OPEB liability	(75,963)
Deferred inflows of resources related to pensions	(142,635)
Deferred inflows of resources related to OPEB	(1,038)
Net cash provided by operating activities	<u>\$ 4,082,746</u>

*See notes to the financial statements.*

**NOTE 1            ORGANIZATION AND PROFILE**

**Introduction**

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

**Financial 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 included as a blended component unit of the District, as it is in substance a part of the District's operation.

**NOTE 2            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Measurement Focus**

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.

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of managing the groundwater basins and pipeline deliveries on a continuing basis are financed or recovered primarily through user charges or fees, capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Accordingly, the accompanying financial statements have been prepared using the economic measurement focus and the accrual basis of accounting. Under this basis of accounting and measurement focus, revenues are recognized when they are earned and expenses are recognized when they are incurred.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Measurement Focus (continued)**

Revenues from groundwater extraction and pipeline deliveries are recognized in the accounting period in which related costs or charges associated with the fees assessed are incurred. Expenses are recognized in the period incurred.

Operating revenues, such as fees charged for groundwater extraction and pipeline deliveries, result from exchange transactions associated with the District's principal activity. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as grant funding and investment income, result from non-exchange transactions, in which, the District gives or receives value without directly receiving or giving value in exchange. Operating expenses, such as the cost of services, are the result of the District's exchange transactions along with associated expenses for running the District's day-to-day operations. Nonoperating expenses, such as interest paid on debt service are the result of expenses that do not relate to the District's day-to-day operations.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**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.

**Investments**

Investments are generally reported at fair value. Investments in LAIF are reported at amortized cost, which approximates fair value.

**Restricted investments**

Cash and investments with fiscal agents are restricted due to limitations on their use by bond covenants or donor limitations. The funds may be used for specific capital outlays or for the payment of certain bonds and have been invested only as permitted by specific State statutes or applicable District ordinance, resolution, or bond indenture.

**Receivables**

Receivables are due for groundwater charges, water delivery charges, property taxes, grant revenues, and interest. The District's management closely monitors outstanding balances and, based on collection experience, has determined an allowance for doubtful accounts of \$53,507 at June 30, 2020.

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.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prepaid assets**

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the District's financial statements and expensed as the items are used.

**Capital Assets**

Capital assets, which include dams, structures and improvements and equipment, are reported at historical costs in the statement of net position.

Equipment and intangible assets purchased or acquired with an original cost of \$5,000 or more and structures and improvements purchased or acquired with an original cost of \$25,000 or more are capitalized. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Repairs and maintenance are expensed as incurred.

Land and construction in progress are not depreciated. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

**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.

**Long-term obligations**

Long-term debt and other long-term obligations are reported as liabilities of the District. Bond premiums and discounts are reported and amortized over the life of the bonds. Bonds payable are reported net of bond premium or discount.

**Pension**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Postemployment Benefits Other than Pension (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are reported when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Deferred Outflows/Inflows of Resources**

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

**Unearned revenue**

Unearned revenue pertains to resources that have been received but not yet earned.

**Net Position**

The District's financial statements are presented in accordance with the provisions of Governmental Accounting Standards Board No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. Statement 63 requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net assets. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of invested in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amounts.



**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position (continued)**

- *Restricted* - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Restricted net position are restricted due to law through constitutional provisions or enabling legislation, debt covenants and unspent bond proceeds.
- *Unrestricted* - This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District's policy is to first apply disbursements to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Operating and Nonoperating Revenues**

Amounts reported as operating revenues include groundwater and water delivery charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by the District. Nonoperating revenues include grants and contributions received for the operational or capital requirements of the District. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are also reported as nonoperating revenues.

**Property Taxes**

Property taxes are assessed by the County of Ventura each year. The valuation of property is determined as of March 1st of each year, and equal installments of taxes levied upon secured property become delinquent on the following 10th of December and April. Taxes on unsecured property are due when billed and become delinquent after August 31st. If taxes are not paid on or before the date and time they become delinquent, a penalty of 10% is added. Unsecured property accrues an additional penalty of 1% per month beginning the first day of the third month following the delinquency date.

**NOTE 3      CASH AND INVESTMENTS**

At June 30, 2020, cash and investments consisted of the following:

	<u>2020</u>
Unrestricted Cash and Investments	
Petty cash	\$           400
Demand deposits	2,037,671
California Local Agency Investment Fund	<u>26,238,771</u>
Total Unrestricted Cash and Investments	28,276,842
 Restricted Cash and Investments	
California Local Agency Investment Fund	<u>815,647</u>
Total cash and investments \$	<u>29,092,489</u>

As of June 30, 2020, cash and investments restricted for 2009 COP Debt Reserve amounted to \$815,647.

The District manages its investments in accordance with the District's Investment Policy, which was last reaffirmed by the Board of Directors by Resolution 2019-12 on June 12, 2019.

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.

**NOTE 3 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	\$65 million
Ventura County Investment Pool	N/A	33%	33%
US 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, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District can manage its exposure to interest rates risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk (continued)**

Investment Type	Remaining Maturity			Total
	12 months or less	13 to 24 months	25 to 36 months	
Local Agency				
Investment Fund	\$ 26,237,440	\$ -	\$ -	\$ 26,237,440
County of Ventura				
Investment Pool	1,331	-	-	1,331
Held by bond trustees:				
Money Market Funds	815,647	-	-	815,647
Total	\$ 27,054,418	\$ -	\$ -	\$ 27,054,418

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

Investment with Fair Values Highly Sensitive to Interest Rate Fluctuations

At June 30, 2020, 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**

Credit risk is generally 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 June 30, 2020 for each investment type:

Investment Type	Total	Minimum Legal Rating	Standard & Poor's Rating as of Year
Local Agency			
Investment Fund*	\$ 26,237,440	N/A	N/A
County of Ventura			
Investment Pool*	1,331	N/A	N/A
Held by bond trustees:			
Money Market Funds	815,647	AAA	AAA
Total	\$ 27,054,418		

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

**NOTE 3      CASH AND INVESTMENTS (CONTINUED)**

**Credit Risk (continued)**

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

**Concentration of Credit 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. Custodial credit risk for investments is the risk that, in the event of a failure by the counterparty (e.g., brokerdealer), the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside 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 governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2020, of the bank balances, up to \$250,000 held at each institution were federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

**NOTE 3      CASH AND INVESTMENTS (CONTINUED)**

**Investment in State Investment Pool**

The Local Agency Investment Fund (LAIF) is part of the Pooled Money Investment Account that is regulated by California Government Code under the oversight of the State of California Treasurer. LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provides oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The District is a voluntary participant in the investment pool.

The District relied on information provided by the State Treasurer in estimating the District's fair value position of its holdings in LAIF which is based upon the District's pro-rata share of the fair value for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The District may invest up to \$65,000,000 in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the internet at <http://www.treasurer.ca.gov>. LAIF is not subject to a credit-quality rating.

**Investment in Ventura County Treasurer's Investment Pool**

The District is a voluntary participant in the Ventura County Treasurer's Investment Pool (County Pool) which holds investments 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 \$1,331 as of June 30, 2020.

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.



**NOTE 4 FAIR VALUE MEASUREMENTS**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that government can access at the measurement date.
- Level 2 inputs are other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The District's investment in LAIF and County of Ventura Investment Pool are measured at amortized cost which approximates fair value. Money market funds are measured using Level 1 inputs.

**NOTE 5 CAPITAL ASSETS**

Changes in capital assets for the year ended June 30, 2020 were as follows:

	Balance July 1, 2019	Additions	Retirements/ Transfers	Balance June 30, 2020
Capital assets, not being depreciated				
Land	\$ 19,684,266	\$ -	\$ (164,500)	\$ 19,519,766
Construction in progress	13,208,121	8,201,406	(6,860,249)	14,549,278
Total capital assets, not being depreciated	<u>32,892,387</u>	<u>8,201,406</u>	<u>(7,024,749)</u>	<u>34,069,044</u>
Capital assets, being depreciated				
Dams	36,857,947	-	-	36,857,947
Structures and improvements	65,726,358	6,950,301	(772,837)	71,903,822
Equipment	6,930,025	442,607	(607,660)	6,764,972
Intangibles	8,431,927	-	-	8,431,927
Total capital assets, being depreciated	<u>117,946,257</u>	<u>7,392,908</u>	<u>(1,380,497)</u>	<u>123,958,668</u>
Less: Accumulated Depreciation				
Dams	(12,441,568)	-	-	(12,441,568)
Structures and improvements	(36,277,290)	(1,922,091)	484,016	(37,715,365)
Equipment	(5,210,981)	(315,059)	602,031	(4,924,009)
Intangibles	(7,169,983)	(241,139)	-	(7,411,122)
Total accumulated depreciation	<u>(61,099,822)</u>	<u>(2,478,289)</u>	<u>1,086,047</u>	<u>(62,492,064)</u>
Net capital assets being depreciated	56,846,435	4,914,619	(294,450)	61,466,604
Total capital assets, net	<u>\$ 89,738,822</u>	<u>\$ 13,116,025</u>	<u>\$ (7,319,199)</u>	<u>\$ 95,535,648</u>

Depreciation expense of \$2,478,289 was reported in the statement of revenues, expenses and changes in net position for the year ended June 30, 2020.

**United Water Conservation District**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**NOTE 6 LONG-TERM DEBT**

The following is a summary of changes in long-term debt as of June 30, 2020 and 2019:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Obligation under State Water Project - Direct Borrowing	\$ 1,580,762	\$ -	\$ (77,148)	\$ 1,503,614	\$ 72,355
Bonds payable:					
2001B Revenue bonds	415,000	-	(130,000)	285,000	140,000
2005B Revenue bonds	5,585,000	-	(365,000)	5,220,000	385,000
2009 Certificates of Participation	8,675,000	-	(520,000)	8,155,000	255,000
Plus (less) deferred amounts:					
Bond premiums	69,580	-	(3,479)	66,101	-
Bond discounts	(50,090)	-	3,779	(46,311)	-
Total bonds payable, net	14,694,490	-	(1,014,700)	13,679,790	780,000
Total long-term liabilities	\$ 16,275,252	\$ -	\$ (1,091,848)	\$ 15,183,404	\$ 852,355

**State Water Project (Direct Borrowing)**

This long-term liability represents the District's share of capital construction costs of the State Water Project (See Note 10). The total principal amount outstanding as of June 30, 2020, is estimated by the State to be \$1,503,614 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, 2020, were as follows:

Years Ending June 30,	Principal	Interest	Total
2021	\$ 69,769	\$ 37,734	\$ 107,503
2022	72,107	43,692	115,799
2023	80,235	48,748	128,983
2024	85,838	48,250	134,088
2025	89,320	45,619	134,939
2026-2030	509,954	172,069	682,023
2031-2035	539,526	52,934	592,460
2036	56,865	-	56,865
Total	\$ 1,503,614	\$ 449,046	\$ 1,952,660

**NOTE 6            LONG-TERM DEBT (CONTINUED)**

**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. As of June 30, 2020, the total principal outstanding amounted to \$285,000 with remaining interest ranging from 4.60% to 5.125%.

A summary of the annual debt service requirements for 2001B Revenue Bonds is presented below:

Years Ending June 30,	Principal	Interest	Total
2021	\$ 140,000	\$ 11,019	\$ 151,019
2022	145,000	3,716	148,716
Total	\$ 285,000	\$ 14,735	\$ 299,735

**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. As of June 30, 2020, the total principal outstanding amounted to \$5,520,000 with remaining interest from 3.50% to 4.50%.

**NOTE 6      LONG-TERM DEBT (CONTINUED)**

A summary of the annual debt service requirements for 2005B Revenue Bonds is presented below:

Years Ending June 30,	Principal	Interest	Total
2021	\$ 385,000	\$ 219,978	\$ 604,978
2022	400,000	203,486	603,486
2023	420,000	185,856	605,856
2024	435,000	167,474	602,474
2025	455,000	148,339	603,339
2026-2030	1,395,000	520,953	1,915,953
2031-2035	1,410,000	235,638	1,645,638
2036	320,000	7,200	327,200
Total	\$ 5,220,000	\$ 1,688,924	\$ 6,908,924

**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. As of June 30, 2020, the total principal outstanding amounted to \$8,155,000 with remaining interest from 4.00% to 5.00%.

A summary of the annual debt service requirements for 2009 COP Bonds is presented below:

June 30,	Principal	Interest	Total
2021	\$ 255,000	\$ 390,556	\$ 645,556
2022	265,000	379,991	644,991
2023	280,000	368,925	648,925
2024	290,000	357,163	647,163
2025	300,000	344,625	644,625
2026-2030	1,735,000	1,482,625	3,217,625
2031-2035	2,210,000	992,000	3,202,000
2036-2040	2,820,000	366,250	3,186,250
Total	\$ 8,155,000	\$ 4,682,135	\$ 12,837,135

**NOTE 6            LONG-TERM DEBT (CONTINUED)**

The outstanding 2001B, 2005B, and 2009 bonds contain a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become due if (1) the District is unable to make a payment; (2) the District fails to perform any of the agreements or covenants required in the Indenture to be performed by it, and such default shall have continued for a period of thirty (30) days after the District has been given notice in writing of such default; (3) if the District files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property or if a payment of the principal of any Parity Debt is accelerated in accordance with its terms.

The total amount of bond interest reported for the year ended June 30, 2020 amounted to \$643,270.

**NOTE 7            DEFINED BENEFIT PENSION PLAN**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors one miscellaneous plan in the miscellaneous risk pools. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at [www.calpers.ca.gov](http://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 their beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**NOTE 7      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

The Plan's provisions and benefits in effect at June 30, 2020 are summarized as follows:

	<b>Miscellaneous Plan</b>	
	<b>Classic</b>	<b>PEPRA</b>
	<b>Prior to</b>	<b>On or After</b>
Hire date	<u>January 01, 2013</u>	<u>January 01, 2013</u>
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	52 and up
Monthly benefits, as a% of eligible compensation	2.0%- 2.5%	1.0% to 2.5%
Required employee contribution rates	8.0%	6.25%
Required employer contribution rates	10.609%	6.842%

**Contributions**

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

For the year ended June 30, 2020, the District's contributions were \$1,211,196. The District's contributions recognized as part of the pension expense for the year ended June 30, 2020 was \$1,069,265.



**NOTE 7      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2020, the District reported the following net pension liability:

	June 30, 2020	
	Amount	Proportion
Total pension liability	\$ 45,498,198	0.25299%
Fiduciary net position	(34,971,586)	0.25016%
Net pension liability	\$ 10,526,612	0.26287%

The District's net pension liability is measured as the proportionate share of the collective net pension liability of the Plan. The net pension liability of the Plan as of June 30, 2020 is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures.

The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the collective net pension liability as of June 30, 2020 and 2019 were as follows:

	Classic and PEPRA
Proportion - June 30, 2020	0.26287%
Proportion - June 30, 2019	0.25378%
Change - Increase	0.00909%

**NOTE 7      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For the year ended June 30, 2020, the District recognized pension expense of \$2,145,542. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 1,211,196	\$ -
Changes in assumptions	501,958	177,940
Difference between expected and actual experience	731,118	56,647
Net difference between projected and actual investment earnings	-	184,038
Changes in proportions	265,210	359,581
Differences between employer contributions and proportionate share of contributions	337,476	433,810
Totals	\$ 3,046,958	\$ 1,212,016

The District reported \$1,211,196 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Years Ending June 30,	Amount
2021	\$ 646,711
2022	(123,742)
2023	63,589
2024	37,188
Total	\$ 623,746

**NOTE 7      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry-age normal cost method
<b>Actuarial Assumptions</b>	
Discount rate	7.15%
Inflation	2.50%
Payroll growth	3.00%
Salary increases	Varies by entry age and service
Mortality rate table (1)	Derived using CalPERS membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until purchasing power protection allowance floor on purchasing power applies, 2.5% thereafter

(1) The underlying mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Discount Rate**

The discount rate used to measure the total pension liability for the Plan was 7.15% which is equal to the long-term expected rate of return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

**NOTE 7      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Asset Class <sup>(1)</sup>	Target Allocation	Long-term Expected Real Rate of Return Years 1 - 10 <sup>(2)</sup>	Long-term Expected Real Rate of Return Years 11 + <sup>(3)</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(1) Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

(2) An expected inflation of 2.00% used for this period

(3) An expected inflation of 2.92% used for this period

To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS conducted cash flow projections to determine if assets would run out under the assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The cross-over testing results are presented in a detailed report that can be obtained from the CalPERS website.

**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 collective net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	1.00% Decrease (6.15%)	Current Discount rate (7.15%)	1.00% Increase (8.15%)
District proportionate share of the net pension liability			
2020	\$ <u>16,646,259</u>	\$ <u>10,526,612</u>	\$ <u>5,475,276</u>

**Pension Plan Fiduciary Net Position**

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

**NOTE 7            DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Payable to the Pension Plan**

As of June 30, 2020, the District reported a payable of \$51,713 for the outstanding amounts of contributions due to the pension plan required for the year ended June 30, 2020.

**NOTE 8            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 District does not issue a financial report for the plan. A separate financial report is not prepared for the Plan.

**Employees Covered**

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	54
Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees or beneficiaries entitled but not yet receiving benefits	-
<b>Total</b>	<u>70</u>

**Contributions**

The contribution requirements of the Plan are established by the District's Board of Directors. 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 any actuarially determined contributions. 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). For the fiscal year ended June 30, 2020, the District's cash contributions were \$171,911 in payments to the trust. The District's contributions to the OPEB plan are not based on a measure of pay.

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

**NOTE 8      OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial assumptions**

The total OPEB liability for the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions:**

Discount Rate	7.00%
Inflation	2.75%
Salary Increases	2.75%
Investment Rate of Return	7.00%
Mortality Rate	2014 CalPERS Active Mortality for Miscellaneous Employees
Pre-Retirement Turnover Healthcare Trend Rate	4.0 percent per year. It is assumed that the average increase over time cannot outstrip general inflation by a wide margin.

**Long-term Expected Rate of Return**

As of June 30, 2019 valuation date, the long-term expected rates of return for each major investment class in the Plan's portfolio are as follows:

Asset Class	Target Allocation	Assumed Gross Return
US Large Cap	43%	7.675%
US Small Cap	23%	7.675%
Long-Term Corporate Bonds	12%	5.175%
Long-Term Government Bonds	6%	4.380%
Treasury Inflation Protected Securities (TIPS)	5%	7.675%
US Real Estate	8%	7.675%
Commodities	3%	7.675%
Total	100%	

**Discount Rate**

A discount rate of 7% was used in the valuation. It was assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The valuation used historic 32 year real rates of return for each asset class along with the assumed long-term inflation assumption to set the discount rate. The expected investment return was offset by 25 basis points to account for investment expenses.



**NOTE 8 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

**Changes in the OPEB Liability (Asset)**

The changes in the net OPEB liability (asset) for the Plan are as follows:

	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/ (Asset) (c)= (a) - (b)</u>
<b>Balance at June 30, 2019</b>			
(Measurement Date June 30, 2018) \$	\$ 685,728	\$ 609,765	\$ 75,963
<b>Changes for the year:</b>			
Service Cost	27,950	-	27,950
Interest on the total OPEB liability	48,228	-	48,228
Changes of assumptions	-	-	-
Plan experience differences	(6,933)	-	(6,933)
Contributions - employer	-	172,066	(172,066)
Net investment income	-	47,754	(47,754)
Benefit payments	(27,066)	(27,066)	-
Administrative expenses	-	(132)	132
Other	-	(8,377)	8,377
<b>Net Changes</b>	<u>42,179</u>	<u>184,245</u>	<u>(142,066)</u>
<b>Balance at June 30, 2020</b>			
(Measurement Date June 30, 2019) \$	\$ 727,907	\$ 794,010	\$ (66,103)

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

The following presents the net OPEB liability (asset) of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	<u>Discount Rate 1% Lower 6.00%</u>	<u>Valuation Discount Rate 7.00%</u>	<u>Discount Rate 1% Higher 8.00%</u>
Net OPEB Liability (Asset) \$	26,736	\$ (66,103)	\$ (144,190)

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rates**

The following presents the net OPEB liability (asset) of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	<u>Trend 1% Lower</u>	<u>Valuation Trend</u>	<u>Trend 1% Higher</u>
Net OPEB Liability (Asset) \$	(145,880)	\$ (66,103)	\$ 27,135

**NOTE 8      OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the District recognized OPEB expense of \$29,303 with details as follows:

	Total
Service Cost	\$ 27,950
Interest on Total OPEB Liability (TOL)	48,228
Recognized Experience (Gains)/Losses	(588)
Expected Investment Income	(47,754)
Recognized Investment (Gains)/Losses	1,335
Administrative Expense	132
Total OPEB Expense	<u>\$ 29,303</u>

At June 30, 2020, the District reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 171,911	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	667
Total	<u>\$ 171,911</u>	<u>\$ 667</u>

The \$171,911 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Years Ending June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 747
2022	747
2023	747
2024	(588)
Thereafter:	(2,320)
	<u>\$ (667)</u>

**NOTE 9                    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.

The District paid premiums of \$426,264 to the Authority for property, general liability and workers' compensation insurance during the year ended June 30, 2020.

JPA's summary financial information as of and for the fiscal year ended June 30, 2020 were as follow:

	<b>2020</b>
Total assets	<b>\$ 130,676,871</b>
Deferred outflows of resources related to pensions	<b>595,599</b>
Total liabilities	<b>70,083,643</b>
Deferred inflows of resources related to pensions	<b>246,193</b>
Net assets	<b>60,942,634</b>
Total operating revenues	<b>76,284,929</b>
Net investment income	<b>5,744,463</b>
Change in net position	<b>4,578,071</b>

The self-insurance retention level covered under the Authority program for property and liability is \$250,000 and \$750,000 for worker's compensation, per claim and would be paid from the assets of the Authority. Assistance with disposition of claims within the self-insured retentions is provided through the Authority. The District had no open claims under the Authority and no liabilities were recorded as of June 30, 2020.

**NOTE 10      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 6). 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:

Years Ending June 30,	State's estimated capital construction costs
2021	\$ 792,425
2022	787,093
2023	792,045
2024	795,887
2025-2029	3,966,206
2030-2034	3,902,325
2035-2036	1,182,899
Total	\$ <u>12,218,880</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.

**NOTE 11      MAJOR CUSTOMERS**

The District has four customers whose water charges represent a significant portion of water revenue. Revenue from these four customers represented 35%, 10%, 7%, and 3% respectively, of water revenue during the fiscal year ended June 30, 2020.

**NOTE 12      RISK MANAGEMENT**

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

**NOTE 13      RELATED PARTY TRANSACTIONS**

Four of the seven-member Board of Directors have business concerns within the District boundaries and were assessed groundwater extraction charges from water pumped from wells within the District. For the year ended June 30, 2020, the District recognized revenue from Board members of \$101,289. The estimated amount of revenue earned but not yet collected as of June 30, 2020 was \$40,199.

**NOTE 14      JOINT VENTURE**

On September 17, 2002, the District entered into a Joint Exercise of Powers agreement with the City of Oxnard to create the Oxnard Plain/Riverpark Reclamation and Groundwater Recharge Authority (Authority), a public entity set up to secure grant funding and other public and private funding to reclaim mining pits to implement the Recharge Program and Reclamation Plan, and to undertake other groundwater recharge, groundwater quality, and water supply programs. Each of the parties may be required to make contributions of funds or use its personnel, equipment or property. At June 30, 2019 (the most recent available), the Authority had total assets, liabilities and net position of \$1,103,327, \$-0-, and \$1,103,327, respectively. The financial information on the Authority may be obtained by contacting its Treasurer, 300 West Third Street, Oxnard, CA 93003.

**NOTE 15      SERVICE CONCESSION ARRANGEMENT**

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

This agreement has been subsequently modified, with the latest revision effective January 2017 through December 2020. Under the current agreement terms, PMC collects all revenues and bills the District for all expenses, including up to a 15% profit margin, not covered by the revenues collected. In the event revenues exceed expenses as described previously, the District is entitled to all revenues above the monthly expenses, less the 15% profit margin. The additional projected annual cost to the District, ranges from \$475,000 and \$610,000.

**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 while the District began the relicensing process in FY 2001-2002. Through June 30, 2020, the District has spent \$8,214,913 to renew and comply with the conditions included in the new license.

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

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

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.

**NOTE 16      CONTINGENCIES (CONTINUED)**

Santa Felicia Dam and HydroElectric Plant (continued)

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

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

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

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

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

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

**NOTE 16      CONTINGENCIES (CONTINUED)**

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

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

The FERC has required the District to convene an independent Board of Consultants (BOC) to provide oversight and quality assurance of the project design and construction. The BOC is an independent panel comprised of four experts experienced in tunneling, geotechnical engineering, hydraulics and structures. In parallel with the design a consulting team will be preparing the necessary environmental documents for the projects to comply with the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA). The Draft Environmental Impact Report has been prepared in compliance with the CEQA and is available for public review and comment. The District is in the process of finalizing the Environmental Assessment (EA) report on behalf of FERC in accordance with NEPA as part of the license amendment application for the project. Currently, the estimated cost to design and construct the rehabilitation of the structure is in the order of \$50 million. Through June 30, 2020, the District has spent \$2,670,176 on these Santa Felicia Dam safety and infrastructure measures.



**NOTE 16      CONTINGENCIES (CONTINUED)**

*Santa Felicia Dam Probable Maximum Precipitation/Flood Studies*

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

The Federal Energy Regulatory Commission (FERC) and the California Division of Safety of Dams (DSOD), in their regulatory capacities, agreed with the District's assertion that the current NWS methodology was flawed. DSOD's independent analysis of the PMF generated results significantly lower than the current NWS methodology. The regulatory agencies have accepted an inflow design flood of 220,000 cubic feet per second (cfs). The District awarded a contract for the design of the spillway improvements based on the 220,000 cfs inflow in May 2016.

FERC has required the District to convene an independent Board of Consultants (BOC) to provide oversight and quality assurance of the project design and construction. The BOC is an independent panel comprised of four experts experienced in tunneling, geotechnical engineering, hydraulics and structures. In parallel with the design, a consulting team will be preparing the necessary environmental documents for the projects to comply with the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA). The Draft Environmental Impact Report has been prepared in compliance with the CEQA and is available for public review and comment. The District is in the process of finalizing the Environmental Assessment (EA) report on behalf of FERC in accordance with NEPA as part of the license amendment application for the project.

Currently, the estimated cost to design and construct the modifications to the spillway is in the order of \$40 million. The estimated costs of these modifications attributable to PMF are in addition to the estimated design and construction costs for Santa Felicia Dam rehabilitation referenced earlier. Through June 30, 2020, the District has spent \$2,606,920 on the Probable Maximum Precipitation/Flood study efforts. This work could also be influenced by the results of the SFD fish passage study currently being reviewed by the NMFS. It is anticipated that the design and construction of the modifications to the dam and spillway could result in a significant financial impact on the District.

**NOTE 16      CONTINGENCIES (CONTINUED)**

*Freeman Diversion*

The Freeman Diversion, completed in 1991, diverts water released from Lake Piru and other surface water from the Santa Clara River. The diverted water is conveyed via the Freeman Canal to groundwater recharge facilities, and to direct use in some areas.

In 1997, the Southern California Steelhead was listed as an endangered Distinct Population Segment (DPS) in accordance with the Endangered Species Act (ESA). Section 9 of the ESA prohibits the “take” of endangered species unless the take has been authorized under regulatory mechanisms established in the Act. The District must comply with the ESA for this listed DPS with respect to the District's operation of the Freeman Diversion. Over time, to minimize effects of ongoing operations on Steelhead, the District has developed and implemented modified operations, including modified diversion operations, for the Freeman Diversion. The District does not, however, have authorization for any take of Steelhead that may occur due to operation of the Freeman Diversion. Since approximately 2008, the District has focused on obtaining take authorization via Section 10(a)(1)(B) and 10(a)(2) of the ESA, under which the National Marine Fisheries Service (NMFS) may issue a permit authorizing take of Steelhead that is incidental to an otherwise lawful activity if certain criteria are met. The District will seek an incidental permit based on conservation measures identified in a multiple species habitat conservation plan (MSHCP).

During the fiscal year ended June 30, 2009, California Trout, Inc., (CalTrout) an environmental group, filed a lawsuit (2009 litigation) alleging unauthorized take of Steelhead by the District at the Freeman Diversion and seeking compliance by the District with so-called “Reasonable and Prudent Alternatives” (RPA) of a Biological Opinion (BiOp) that had been issued by the National Marine Fisheries Service (NMFS) to the U.S. Bureau of Reclamation (which had provided a loan for construction of the Freeman diversion several years before). 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 during the fiscal year ended 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 the efficacy of fish passage at the Freeman Diversion.

The District has complied with the requirements of the settlement agreement from the 2009 litigation. 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 has been pursuing the design and implementation of a new fish passage facility at the Freeman Diversion as a part of the MSHCP process. The District is also evaluating possible long-term changes in diversion operations, which could ultimately result in a material decrease in water diversions, as compared to historical practice.

**NOTE 16      CONTINGENCIES (CONTINUED)**

*Freeman Diversion (continued)*

On June 2, 2016, Wishtoyo Foundation, its Ventura Coastkeeper Program, and the Center for Biological Diversity filed a lawsuit in the United States District Court for the Central District of California alleging that the District's operation and maintenance of the Freeman Diversion results in unauthorized take of Steelhead and endangered Southwest Willow Flycatcher (Wishtoyo Litigation).

On October 11, 2016, the District delivered a second administrative draft MSHCP to NMFS and other agencies.

During 11 days in December 2017 and January 2018, the District Court conducted trial in the Wishtoyo Litigation.

On September 7, 2018, the District submitted the Third Administrative Draft MSHCP to NMFS and other agencies.

On October 4, 2018 the District Court entered a Judgment and Permanent Injunction in favor of Plaintiffs.

On September 23, 2018, the Court in the Wishtoyo Litigation issued an order that included its findings of fact and conclusions of law based on the trial. Operative findings and conclusions are the basis for the subsequent judgment. On October 4, 2018, the Court issued the judgment, finding the District in violation of the ESA section 9 regarding Steelhead; ordering the District to: continue with Freeman Diversion operations according to the diversion and flow-related RPA of the 2008 BiOp, until such time as the District obtains an incidental take permit; accelerate the design of at least two alternative fish passage systems; choose a final fish passage system by April 31, 2020; submit updated permit application documents by June 30, 2020; and complete construction of the selected fish passage system no later than two years after receiving regulatory approvals. Implementation of the 2008 BiOp's diversion and flow-related RPA as required by the Court results in very serious reduction in the ability to divert water at the Freeman Diversion.

An Amended Judgment and Permanent Injunction ("Amended Judgment") was entered on December 1, 2018, which vacated and superseded the October 4, 2018 Judgment and Permanent Injunction. Thereafter, the District Court issued an Order Awarding Attorney's Fees and Costs to Plaintiffs ("Order") in the amount of \$3,220,303.

On June 5, 2020, the US District Court for the Central District of California issued an order awarding affirmed its judgment of September 23, 2018 which awarded attorneys' fees to the plaintiff. The total award, plus interest is \$3,438,943, to be paid in four installments. The first installment of \$1,060,568 was paid on May 31, 2019. The second installment of \$772,988 will be due on May 31, 2021, The third installment of \$792,622 and the fourth of \$812,755 will be due on May 31, 2022 and May 31, 2023 respectively.

**NOTE 16      CONTINGENCIES (CONTINUED)**

*Freeman Diversion (continued)*

The design, permitting, construction, operation and maintenance of the new fish passage facility could have a significant effect on the financial position and cash flows of the District. Given that the fish passage improvement alternative that will ultimately be selected is not currently known, the range of costs for construction is approximately \$45 million to \$95 million. The District's goal is to comply with the Court's direction by pursuing the design and evaluation of the two alternative fish passage systems. The District submitted the MSHCP and all permitting applications and environmental compliance documents on June 30, 2020. If the final permitting process moves quickly, construction could commence some time in 2023, and be completed in 2025. Through June 30, 2020, the District has spent or encumbered costs of \$4,355,470 to evaluate the fish passage in order to comply with the ESA.

*Quagga Mussels*

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

Quagga mussels are very efficient at consuming plankton from the lakes and rivers in which they grow. In sufficient numbers, they can alter the water environment by removing plankton, which increases the clarity of the water and can result in harmful algal blooms. Lake Piru is usually an ideal environment for quagga mussels, and they were multiplying rapidly until the 2016-2017 rainy season when the population significantly decreased following sediment flows that smothered adult mussels on the bottom of the lake. In 2017-2018, the population has recovered but has shown less growth on surfaces previously covered in quagga mussels, potentially because of control efforts and/or poor water quality (high turbidity) in the lake. District staff is working with California Department of Fish and Wildlife (CDFW) on a hydrodynamic model to guide lake level management to control the population and a potential treatment option aimed at eradication.

As required by California Fish and Game Code, the District is developing a Lake Piru Quagga Mussel Monitoring and Control Plan. The District submitted an eight revision of the plan to CDFW who have responded that the plan remains non-compliant. In FY 2019-20, the District continued the process of developing a plan that CDFW can approve.

**NOTE 16      CONTINGENCIES (CONTINUED)**

*Quagga Mussels (continued)*

UWCD applied to California Department of Pesticides for a special local need permit to allow treatment of Lake Piru with a copper molluscicide with the goal of extreme population control aimed at eradication. In FY 2019-20, the District continued and expanded its comprehensive monitoring program, consistent with the draft plan for Lake Piru and the larger watershed. Additionally, the District contracted scientific dive teams to conduct physical removal efforts from infrastructure in the lake. The District will continue dedicating resources to aid in managing the quagga mussel infestation, including implementing various control and potential eradication measures, and to maintain compliance with state and federal law pertaining to invasive species.

The District spent \$2,478,063 on quagga control measures through June 30, 2020.

*Lake Piru Recreation Area Operations*

On January 1 2014, the District entered into a concessions operating agreement with Parks Management Company (PMC) to run and operate the Lake Piru Recreation Area. The agreement has a seven year term and includes the option for two five year extensions. The initial operating agreement terms state that PMC would pay the District a total of 10% of its adjusted gross revenue (AGR) on a monthly basis, would pay for water use within the recreation area and would invest \$150,000 in capital improvements within the facility. However, in 2015, the District issued two contract amendments. The amendments among other things: a) relieved PMC from making payments for water use (within specified levels); (b) making capital improvements investments; and (c) revised the lease payment portion of the agreement to state that PMC would only render the 10% AGR payment if its total annual income exceeded \$750,000. These amendments were issued in order to help the concessions operation maintain financial viability during the prolonged drought which has greatly affected the visitation at the recreation area.

On February 15, 2017, the District approved an additional contract revision. Under the new agreement terms, PMC will collect all revenues and then bill the District for all expenses, including up to a 15% profit margin, not covered by the revenues collected. In the event revenues exceed expenses as described previously, the District is entitled to all revenues above the monthly expenses, less the 15% profit margin. The additional projected annual cost to the District, under the new agreement, ranges between \$350,000 and \$450,000.

**NOTE 17      CLAIMS**

*City of San Buenaventura*

Beginning in 2011, the City of Ventura initiated litigation against the District to challenge its Fiscal Year 2011-12 increases in groundwater extraction charges approved by the District and imposed upon the City. The City of Ventura alleged that the District's extraction charge increases violated Proposition 218 (California Constitution, Article XIID, section 6, subdivision (b)(3), as discussed under the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218") or, alternatively, Proposition 26 (California Constitution, Article XIIC), as discussed under the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 26"), by imposing fees on the City and other municipal and industrial users which the City contended impermissibly exceeded the groundwater replenishment and capital improvement benefits provided by the District to such users, while, pursuant to California Water Code § 75594 ("Section 75594"), imposing extraction charges on agricultural users that were disproportionately low in comparison to the groundwater replenishment and capital improvement benefits enjoyed by such users. Section 75594, which the City of Ventura seeks to invalidate as unconstitutional, provides in part that "any ground water charge in any year shall be established at a fixed and uniform rate for each acre-foot for water other than agricultural water which is not less than three times nor more than five times the fixed and uniform rate established for agricultural water.

The City of Ventura also alleged that the District's groundwater extraction charges for municipal and industrial customers were (in compliance with Section 75594 but, according to the City, in alleged in violation of Articles XIIC and XIID of the State Constitution), three times the groundwater extraction charges for agricultural users although it was not three times as costly to serve municipal and industrial customers. The City of Ventura further alleged that the District's extraction charge structure negatively affected the stewardship of the groundwater basins that the District oversees by failing to provide disincentives to agricultural users to pump groundwater. In 2012, the City of Ventura sued to invalidate the following year's charges, and the two actions were consolidated for trial (Case No. 1414739) (the "2011 & 2012 Challenges"). In 2013 the City again sued the District challenging that year's charges (the "2013 Challenge"). Thereafter, from 2014 through 2018, the parties entered into a series of tolling agreements permitting the City to refrain from filing a lawsuit each year until a final determination of one of the lawsuits. In 2019, the City again sued the District challenging that year's charges (the "2019 Challenge") after the parties were unable to agree upon a tolling agreement. In 2020, the parties again entered into a tolling agreement. All challenges were transferred to the Superior Court for the County of Santa Barbara.

The City of Ventura was awarded judgment by a trial court in 2013 on the 2011 & 2012 Challenges. The trial court found that: (1) the charges were "property related fees" subject to Proposition 218; (2) the District did not prove compliance with the proportional cost requirement under Proposition 218; and (3) the District satisfied the requirements of Proposition 26. The court ordered a refund of the 2011 and 2012 charges paid by the City in excess of what the City would have paid under uniform rates, plus pre-judgment interest, and issued writs of mandate and judgment for the City.

**NOTE 17      CLAIMS (CONTINUED)**

*City of San Buenaventura (continued)*

Both parties appealed. In 2015, the California Court of Appeal, Second District, issued a published opinion reversing the trial court, vacating the judgment and finding in favor of the District, concluding that the District's groundwater extraction charges were not property-related fees, did not exceed the District's reasonable cost of regulating groundwater and were valid regulatory fees. The Court of Appeal concluded that the District's charges were not subject to Proposition 218 and met the requirements of Proposition 26.

The City of Ventura appealed the Court of Appeal decision to the California Supreme Court, which issued a decision in 2017 holding that the District's groundwater extraction charges were not property-related fees, and therefore not subject to Proposition 218. The Court, however, also concluded that the charges were governed by Proposition 26 and that the Court of Appeal "did not address the City's argument that the charges do not bear a fair or reasonable relationship to the payor's burdens on or benefits from the District's conservation activities, as article XIII C requires." (*City of San Buenaventura v. United Water Conservation Dist.* (2017) 3 Cal.5th 1191, 1198.) The Court remanded the matter "to the Court of Appeal with instructions to consider whether the record sufficiently establishes that the District's rates for the 2011-2012 and the 2012-2013 water years bore a reasonable relationship to the burdens on or the benefits of its conservation activities, as article XIII C requires." (*Id.* at p. 1214.) In 2019, the Court of Appeal found that the administrative records in the 2011 & 2012 Challenges were insufficient to determine whether the requirements of Proposition 26 were met. The Court of Appeal remanded the matter to the trial court to vacate its writs, and to further remand to the District for another hearing to allow the parties to supplement the administrative records for the 2011-2012 and 2012-2013 water years with evidence bearing on whether the challenged rates bore a reasonable relationship to the burdens on or the benefits of the District's conservation activities.

Following a hearing on return of remitter in the matter, the trial court vacated the writ of mandate previously issued, and remanded the matter to the District for a new public hearing on the water year 2011-2012 and 2012-2013 rates for the purpose of supplementing the administrative record in the matter consistent with the decisions of the California Supreme Court and the Court of Appeal. It further ordered that the District had six months from October 1, 2019 to hold the supplemental administrative public hearing, and that the City had 30 days after service of the District's notice of completion of the administrative proceedings to file and serve a supplemental petition identifying all issues to be addressed by the trial court on the supplemental administrative record. Thereafter, the District held a public hearing to supplement the record and the City filed a supplemental petition challenging the 2011-2012 and 2012-2013 rates.

The trial court subsequently stayed the 2011 and 2012 Challenges and the 2013 Challenge, and scheduled a trial of the 2019 Challenge for December 2020, with a decision currently expected from the trial court in early 2021. The District expects that the trial court's decision in the 2019 Challenge will resolve all remaining common legal issues in the City of Ventura's lawsuits against the District, although the District believes it is likely that either the District or the City of Ventura will appeal a decision that is adverse to their respective positions.

**NOTE 17      CLAIMS (CONTINUED)**

*City of San Buenaventura (continued)*

There can be no assurance that the trial court will not rule in favor of the City of Ventura. A trial court decision in favor of the City of Ventura, if upheld on appeal, could require the District to refund up to \$5,000,000 to the City of Ventura for groundwater extraction charges imposed since 2011, with such refund likely to take the form of a credit applied toward groundwater extraction charges imposed upon the City of Ventura in the future. Depending on the trial court's findings or a possible appellate ruling thereon, the decision could also require the District to grant similar refunds to similarly situated municipal and industrial groundwater pumpers. The projected operating results that are set forth under the caption "WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage" do not reflect the financial impact of a trial court decision in favor of the City of Ventura, but the impact could be material. In the event of a decision in favor of the City of Ventura, the District could be compelled to raise groundwater extraction charges imposed upon all customers above the levels that are projected herein in order to ensure that it will have sufficient Net Revenues to pay the Series 2020 Installment Payments and other financial and operational obligations.

The City and the District have additionally entered into a tolling agreement regarding potential, similar litigation concerning the District's groundwater extraction rates for the 2015-16, 2016-17 2017-18 and 2018-2019 fiscal years.

*Wishtoyo, Ventura Coastkeeper-Center for Biological Diversity*

On June 2, 2016, Wishtoyo Foundation, its Ventura Coastkeeper Program, and the Center for Biological Diversity filed a lawsuit in the United States District Court for the Central District of California alleging that the District's operation and maintenance of the Freeman Diversion results in unauthorized take of Steelhead and endangered Southwest Willow Flycatcher (Wishtoyo Litigation).

During 11 days in December 2017 and January 2018, the District Court conducted trial in the Wishtoyo Litigation.

On September 23, 2018, the Court in the Wishtoyo Litigation issued an order that included its findings of fact and conclusions of law based on the trial. Operative findings and conclusions are the basis for the subsequent judgment. On October 4, 2018, the Court issued the judgment, finding the District in violation of the ESA section 9 regarding Steelhead; ordering the District to: continue with Freeman Diversion operations according to the diversion and flow-related RPA of the 2008 BiOp, until such time as the District obtains an incidental take permit; accelerate the design of at least two alternative fish passage systems; choose a final fish passage system by April 31, 2020; submit updated permit application documents by June 30, 2020; and complete construction of the selected fish passage system no later than two years after receiving regulatory approvals. Implementation of the 2008 BiOp's diversion and flow-related RPA as required by the Court results in very serious reduction in the ability to divert water at the Freeman Diversion.



**NOTE 17      CLAIMS (CONTINUED)**

*Wishotoyo, Ventura Coastkeeper-Center for Biological Diversity (continued)*

An Amended Judgment and Permanent Injunction ("Amended Judgment") was entered on December 1, 2018, which vacated and superseded the October 4, 2018 Judgment and Permanent Injunction. Thereafter, the District Court issued an Order Awarding Attorney's Fees and Costs to Plaintiffs ("Order") in the amount of \$3,220,303.

In June 2020, the Court of Appeals affirmed the district court judgement of October 2018 and the awarded attorneys' fees of approximately \$3.4 million to the plaintiff, to be paid in installments over the next three fiscal years, as described in Note 16 above.

*Other Claims*

The District is a defendant in a number of lawsuits incidental to its operations. These lawsuits against the District have been evaluated and upon consultation with legal counsel, management believes that the ultimate resolution of such lawsuits would not have a material adverse impact on the financial statements.

**NOTE 18      SUBSEQUENT EVENTS**

On March 4, 2020, California Governor Gavin Newsom declared a State of Emergency in response to the spread of COVID-19 in the state of California. Water utilities are identified as critical infrastructure by the United States Department of Homeland Security and the District has activated its emergency response plan. The District has instituted guidelines prescribed by the Centers for Disease Control to help prevent the spread of COVID-19. Accordingly, as of report issuance date, there is no direct threat to the water supply from the COVID-19 pandemic and the District foresees no circumstances under which the District's groundwater and water delivery services will be compromised.

In November 2020, the District issued the 2020 Revenue Certificates of Participation (COPs) with par value of \$26.7 million and bond premium of \$5.0 million. About \$13M of the proceeds will refund the 2001 and 2005 Revenue Bonds and the 2009 COP currently outstanding and approximately \$19 million will be used to finance, in part, the capital improvement projects at the Freeman Diversion and the Santa Felicia Dam, as well as smaller projects throughout the District. The 2020 COPS have maturity dates from 2021 through 2050 with an average duration of issue of about 11 years. The True Interest Cost (TIC) of the COPs is 2.609%.

Other than the events described above, no events have occurred subsequent to the balance sheet date through December 2, 2020, the date the financial statements were available to be issued, that require adjustment to, or disclosure in, the financial statements.

**NOTE 19      NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)  
STATEMENTS ISSUED**

**GASB Current Year Standards**

**GASB No. 95**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The Statement postponed the effective dates of certain Statements to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of the affected Statements listed above have been updated to reflect the impact of this Statement.

**GASB Pending Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the District.

**GASB No. 84**

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84 "Fiduciary Activities". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

**GASB No. 87**

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87 "Leases". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**GASB No. 89**

In June 2018, the Governmental Accounting Standards Board issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

**GASB No. 90**

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90 "Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**GASB No. 91**

In May 2019, the Governmental Accounting Standards Board issued Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

**NOTE 19      NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)  
STATEMENTS ISSUED**

**GASB No. 92**

In January 2020, the Governmental Accounting Standards Board issued Statement No. 92, "Omnibus 2020." The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

**GASB No. 93**

In March 2020, the Governmental Accounting Standards Board issued Statement No. 93, "Replacement of Interbank Offered Rates." The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

**GASB No. 94**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

**GASB No. 96**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

**GASB No. 97**

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan – an amendment of GASB Statements No. 14, 84, and a suppression of GASB Statement No. 32." The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

**Required Supplementary Information  
(Unaudited)**

**United Water Conservation District**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Last 10 Fiscal Years\***

Measurement Date	6/30/2019	6/30/2018	\$ 6/30/2017
<b>Total OPEB Liability</b>			
Service Cost	\$ 27,950	\$ 27,202	26,474
Interest on the Total OPEB Liability	48,228	44,583	41,087
Actual and expected experience difference	(6,933)	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Benefit payments	(27,066)	(18,713)	(17,993)
<b>Net change in Total OPEB Liability</b>	42,179	53,072	49,568
<b>Total OPEB Liability - beginning</b>	685,728	632,656	583,088
<b>Total OPEB Liability - ending (a)</b>	727,907	685,728	632,656
 <b>Plan Fiduciary Net Position</b>			
Contribution - employer	172,066	163,713	162,993
Net investment income	39,377	36,765	26,975
Benefit payments	(27,066)	(18,713)	(17,993)
Administrative expense	(132)	(815)	(230)
Other	-	46	-
<b>Net change in Plan Fiduciary Net Position</b>	184,245	180,996	171,745
<b>Plan Fiduciary Net Position - beginning</b>	609,765	428,769	257,024
<b>Plan Fiduciary Net Position - ending (b)</b>	794,010	609,765	428,769
 <b>Net OPEB (Asset) Liability - ending (a) - (b)</b>	\$ (66,103)	\$ 75,963	\$ 203,887
 Plan fiduciary net position as a percentage of the total OPEB liability	109.08%	88.92%	67.77%
 Covered-employee payroll	\$ 5,621,127	\$ 5,559,274	\$ 5,283,147
 Net OPEB (asset) liability as a percentage of covered-employee payroll	-1.18%	1.37%	3.86%

**Notes to Schedule:**

Changes in assumptions: none

\* Historical information is required only for measurement periods for which GASB 75 is applicable.  
Future years' information will be displayed up to 10 years as information becomes available.

Fiscal Year 2018 was the first year of implementation.

**United Water Conservation District  
Schedule of OPEB Plan Contributions  
Last 10 Fiscal Years\***

Fiscal Year Ended June 30	2020	2019	2018
Statutorily Determined Contributions (SDC)	\$ 112,782	\$ 112,980	\$ 109,620
Contributions in relation to the SDC	<u>(171,911)</u>	<u>(172,066)</u>	<u>(164,969)</u>
Contribution deficiency/(excess)	\$ <u>(55,349)</u>	\$ <u>(59,086)</u>	\$ <u>(55,349)</u>
Covered-employee payroll	\$ 5,747,082	\$ 5,621,127	\$ 5,559,274
Contribution as a percentage of covered payroll	2.99%	3.06%	2.97%

**Notes to schedule:**

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contributions:**

Actuarial Cost Method	Entry Age Normal
Amortization Methodology	Straight-line amortization. For assumption changes and experience gains/losses: Expected Average Remaining Service Lifetime of all members that are provided with benefits. For asset gains and losses: 5 years.
Asset Valuation Method	Market Value
Inflation	2.75%
Payroll Growth	2.75% per
Investment Rate of Return	7.00% per
Healthcare Trend Rates	4.00%
Retirement Age	The probabilities of retirement are based on the 2009 CalPERS Experience Study
Mortality	2014 CalPERS Active Mortality for Miscellaneous Employees

\*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Fiscal Year 2018 was the first year of implementation.

**United Water Conservation District**  
**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios**  
**Last 10 Fiscal Years\***

Measurement Date	Employer's Proportion of the Collective Net Pension Liability (a)	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.01223%	\$ 7,611,273	\$ 5,020,303	151.61%	77.48%
6/30/2015	0.10645%	7,306,703	5,106,149	143.10%	79.29%
6/30/2016	0.10723%	9,278,264	5,630,234	164.79%	75.17%
6/30/2017	0.10886%	10,795,523	5,283,147	204.34%	73.88%
6/30/2018	0.09925%	9,564,349	5,559,274	172.04%	77.74%
6/30/2019	0.10273%	10,526,612	5,621,127	187.27%	77.74%

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

**Notes to Schedule**

1. GASB Statement Nos. 68 and 82 define covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan or the payroll on which contributions are made.
  2. The Plan's proportionate share of aggregate employer contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate employer contributions is based on the Plan's proportion of fiduciary net position shown in line 5 of the table above as well as any additional side fund (of unfunded liability) contributions made by the employer during the measurement period.
- \* Historical information is required only for measurement periods for which GASB 68 is applicable. GASB 68 was implemented in fiscal year ended June 30, 2015 with a measurement date of June 30, 2014, therefore only 6 years are shown.

**United Water Conservation District**  
**Schedule of Pension Plan Contributions**  
**Last 10 Fiscal Years\***

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014-15	908,781	(2,785,886)	(1,877,105)	5,106,149	54.56%
2015-16	524,361	(524,361)	-	5,630,234	9.31%
2016-17	542,174	(542,174)	-	5,283,147	10.26%
2017-18	1,984,562	(1,984,562)	-	5,559,274	35.70%
2018-19	1,035,479	(1,035,479)	-	5,621,127	18.42%
2019-20	1,211,196	(1,211,196)	-	5,747,082	21.07%

**Notes to Schedule**

Change in Benefit Terms: None

Changes in Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

\* - Historical information is required only for measurement periods for which GASB 68 is applicable. GASB 68 was implemented in fiscal year ended June 30, 2015 with a measurement date of June 30, 2014, therefore only 6 years are shown.



**Statistical Section  
(Unaudited)**

	<u>Page</u>
<b>Financial Trends</b>	58
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	61
These schedules contain information to help the reader assess one of the District's most significant local revenue source, water fees.	
<b>Debt Capacity</b>	67
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.	
<b>Demographic and Economic Information</b>	71
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>Operating Information</b>	75
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 10 Fiscal Years**

(In Thousands)	Fiscal Year									
	2011	2012	2013 *	2014	2015**	2016	2017	2018	2019	2020
Net investment in capital assets	\$ 57,871	\$ 58,680	\$ 59,259	\$ 59,042	\$ 58,725	\$ 61,690	\$ 64,430	\$ 66,295	\$ 75,044	\$ 81,205
Restricted	1,504	1,777	1,817	2,223	3,577	1,282	1,490	1,988	2,008	2,574
Unrestricted	8,163	11,159	13,621	20,202	15,230	19,371	21,515	24,719	19,364	19,259
Total net position	<u>\$ 67,538</u>	<u>\$ 71,616</u>	<u>\$ 74,697</u>	<u>\$ 81,467</u>	<u>\$ 77,532</u>	<u>\$ 82,343</u>	<u>\$ 87,435</u>	<u>\$ 93,002</u>	<u>\$ 96,416</u>	<u>\$ 103,038</u>

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

\*\* Fiscal year 2014-15 reflects the first year of the implementation of GASB Statement Nos. 68 and 71 which resulted in a prior period restatement of \$8,035,525. No prior years were restated.

Source: United Water Conservation District

**United Water Conservation District**  
**Changes in Net Position**  
**Last 10 Fiscal Years**

(In Thousands)	Fiscal Year									
	2011	2012	2013 *	2014	2015**	2016	2017	2018	2019	2020
<b>REVENUES:</b>										
Charges for services:										
Water conservation	\$ 7,005	\$ 8,826	\$11,402	\$12,210	\$10,647	\$10,093	\$10,481	\$11,705	\$11,299	\$14,646
Lake Piru recreation facilities	114	123	142	103	43	2	2	3	3	4
State Water Project importation	1,503	1,096	656	1,448	1,698	96	2,514	2,728	2,821	1,911
Operating grants and contributions	-	100	11	125	5	-	95	61	-	-
Freeman Diversion facility	2,602	2,757	2,964	3,107	2,615	3,354	3,189	3,592	3,266	4,616
Water delivery and treatment facilities	4,655	4,840	4,569	5,008	4,530	6,367	6,848	7,478	6,795	7,463
Total revenues	<u>\$16,160</u>	<u>\$17,786</u>	<u>\$19,824</u>	<u>\$22,001</u>	<u>\$19,538</u>	<u>\$19,912</u>	<u>\$23,129</u>	<u>\$25,567</u>	<u>\$24,184</u>	<u>\$28,640</u>
<b>EXPENSES:</b>										
Water conservation	\$ 7,033	\$ 7,518	\$ 7,193	\$ 7,577	\$ 7,960	\$ 7,994	\$ 8,950	\$ 9,830	\$10,789	\$11,847
Lake Piru recreation facilities	755	816	840	891	829	979	1,209	1,469	1,367	1,360
State Water Project importation	765	766	1,434	973	1,230	415	1,942	1,685	2,768	1,386
Interest on long-term debt	1,009	931	873	844	802	758	735	699	666	643
Freeman Diversion facility	1,575	1,492	1,492	2,017	2,127	2,000	2,728	3,814	3,287	6,730
Water delivery and treatment facilities	4,709	4,531	4,790	5,106	5,000	5,509	5,327	6,044	5,869	7,825
Interest on long-term debt	-	-	-	-	152	124	86	-	-	-
Total expenses	<u>\$10,993</u>	<u>\$16,054</u>	<u>\$16,622</u>	<u>\$17,408</u>	<u>\$18,100</u>	<u>\$17,779</u>	<u>\$20,977</u>	<u>\$23,541</u>	<u>\$24,746</u>	<u>\$29,791</u>
Total net (expense) revenue	<u>\$ 314</u>	<u>\$ 1,732</u>	<u>\$ 3,202</u>	<u>\$ 4,593</u>	<u>\$ 1,438</u>	<u>\$ 2,133</u>	<u>\$ 2,152</u>	<u>\$ 2,026</u>	<u>\$ (562)</u>	<u>\$ (1,151)</u>

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

\*\* Fiscal year 2014-15 reflects the first year of the implementation of GASB Statement Nos. 68 and 71 which resulted in a prior period restatement of 8,035,525. No prior years were restated.

Source: United Water Conservation District

**United Water Conservation District  
Revenue by Source  
Last 10 Fiscal Years**

Fiscal Year	Charges for Services	Taxes/ Assessment	Grant/ Contributions	Earnings on Investments	Inter- governmental Revenue	Other Revenues	Total
2010	\$ 11,878,550	\$ 2,673,878	\$ -	\$ 28,741	\$ 28,741	\$ 2,763,145	17,373,055
2011	14,237,880	3,443,492	281,156	308,420	\$ 27,264	3,557,328	21,855,540
2012	17,897,078	3,101,409	144,815	160,103	\$ 15,288	3,364,255	24,682,948
2013	23,088,206	2,802,976	90,388	103,030	\$ 12,642	3,000,831	29,098,073
2014	24,625,666	3,572,638	125,000	146,879	\$ 21,879	3,761,432	32,253,494
2015	17,722,136	3,964,973	5,374	67,891	\$ -	1,038,317	22,798,691
2016	19,623,092	2,486,764	-	110,372	\$ -	370,358	22,590,586
2017	20,235,988	5,054,131	94,649	157,267	\$ 49,691	474,197	26,065,923
2018	22,341,142	5,327,288	60,500	393,376	\$ 116,407	629,224	28,867,937
2019	20,851,748	5,536,140	-	807,186	\$ 156,313	969,094	28,320,481
2020	28,640,249	2,869,564	174,684	700,083	172,373	3,855,528	36,412,481

Source: United Water Conservation District

**United Water Conservation District**  
**Water Production for (in Acre Feet)**  
**Last 10 Fiscal Years**  
**(amounts expressed in thousands)**

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<u>July 1 - June 30</u>	<u>Water Pumped from Wells Agricultural</u>	<u>Water Pumped from Wells Non- Agricultural</u>	<u>Water Deliveries Agricultural</u>	<u>Water Deliveries Non-agricultural</u>
2011	120,858	41,751	19,439	10,982
2012	125,033	39,651	22,802	11,424
2013	145,054	41,920	16,779	11,329
2014	173,045	43,251	10,065	10,967
2015	149,294	37,760	6,290	9,821
2016	153,329	35,559	6,772	9,255
2017	135,036	36,037	6,698	9,079
2018	152,394	37,058	7,675	9,875
2019	113,484	38,149	5,985	9,211
2020	117,696	39,148	7,491	10,794

Source: United Water Conservation District

**United Water Conservation District  
Groundwater Pumping by Zone (Acre Foot)  
Last 10 Fiscal Years**

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<b>Fiscal Year</b>	<b>Zone A</b>	<b>Zone B</b>	<b>Zone C</b>	<b>District Total</b>
2011	81,508	73,779	7,322	162,609
*2012	84,781	79,903	-	164,684
2013	90,690	96,284	-	186,974
2014	100,666	115,630	-	216,296
2015	90,187	96,867	-	187,054
2016	89,127	99,762	-	188,888
2017	84,094	86,979	-	171,073
2018	91,770	97,682	-	189,452
2019	70,804	80,830	-	151,633
2020	73,350	83,516	-	156,867

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.

Source: United Water Conservation District

**United Water Conservation District**  
**Groundwater Charge Rates (per Acre Foot)**  
**Last 10 Fiscal Years**

<u>Fiscal Year</u>	<u>Zone</u>	<u>Pumped water used for agricultural purposes</u>	<u>Pumped water used for purposes other than agriculture</u>
2011	A	\$19.50	\$58.50
	B	\$37.50	\$112.50
	C	\$25.50	\$76.50
*2012	A	\$28.50	\$85.50
	B	\$46.50	\$139.50
2013	A	\$39.75	\$119.25
	B	\$57.75	\$173.25
2014	A	\$39.75	\$119.25
	B	\$57.75	\$173.25
2015	A	\$39.75	\$119.25
	B	\$57.75	\$173.25
2016	A	\$39.75	\$119.25
	B	\$62.65	\$187.95
2017	A	\$43.75	\$131.25
	B	\$67.80	\$203.40
2018	A	\$45.08	\$135.24
	B	\$69.85	\$209.55
2019	A	\$46.43	\$139.30
	B	\$71.94	\$215.84
**2020	A	\$57.04	\$171.12
	B	\$90.97	\$272.92

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.

\*\* In FY 2019-20, the District added a Water Purchase Surcharge to Zone A and Zone B.

Source: United Water Conservation District



**United Water Conservation District**  
**Oxnard Hueneme Pipeline Deliveries per Acre Foot and Rate Charge**  
**Last 10 Fiscal Years**

July 1 - June 30	Water delivered (acre feet)	Pipeline variable* water charge per acre foot Municipal & Industrial (1) Customer	Pipeline marginal* water charge per acre foot Municipal & Industrial (1) Customer	Pipeline variable* water charge per acre foot Agricultural (2) Customer	Pipeline marginal** water charge per acre foot Agricultural (2) Customer	Fixed Charge *** per unit of peak (3) capacity
2011	12,091	\$ 272.00	\$ 197.35	\$ 197.00	\$ 122.35	\$ 23,252.00
2012	12,606	292.50	227.50	199.50	134.50	2,418.00
2013	12,573	325.60	276.35	210.10	160.85	23,305.00
2014	12,294	375.22	264.36	259.72	148.86	13,994.00
2015	10,966	370.99	312.26	255.49	196.76	13,924.00
2016	10,550	501.61	361.33	376.31	236.03	14,874.00
2017	10,419	522.50	379.28	386.90	243.68	14,737.00
2018	11,401	528.65	374.30	388.95	234.60	16,689.00
2019	10,454	534.94	380.59	391.04	236.69	16,689.00
2020	11,850	541.95	442.17	360.00	260.22	26,801.00

(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.

Source: United Water Conservation District

**United Water Conservation District**  
**Pleasant Valley and Pumping Trough Deliveries per Acre Foot and Rate Charge**  
**(Agricultural Customers)**  
**Last 10 Fiscal Years**

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**Pleasant Valley Pipeline Deliveries per Acre Foot and Rate Charge**

<u>July 1 - June 30</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>
2011	10,482	\$ 72.50	\$ 30.00
2012	12,858	81.50	30.00
2013	7,088	92.75	30.00
2014	339	92.75	30.00
2015	4	112.75	30.00
2016	-	117.65	30.00
2017	-	122.80	30.00
2018	-	124.85	30.00
2019	87	126.94	30.00
2020	1,031	145.97	30.00

**Pumping Trough Pipeline Deliveries per Acre Foot and Rate Charge**

<u>July 1 - June 30</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>
2011	7,848	\$ 166.50	\$ 30.00
2012	8,762	175.50	30.00
2013	8,447	186.75	30.00
2014	8,399	211.75	30.00
2015	5,140	283.75	30.00
2016	5,477	207.65	30.00
2017	5,357	288.55	30.00
2018	6,149	317.35	30.00
2019	4,655	319.44	30.00
2020	5,403	357.97	30.00

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

Note - GMA pump charge rates were: \$6.00 effective July 1, 2014, \$6.00 - \$10.00 effective July 1, 2015, \$12.50 effective July 1, 2016, \$17.00 effective August 1, 2019 for Saticoy Well Field and PTP Pipeline.

Source: United Water Conservation District

**United Water Conservation District**  
**10 Largest Customers by Revenues**  
**Fiscal Year Ended June 30, 2020 and Nine Years Ago**

Fiscal Year 2019-2020

Customer	Groundwater consumed (acre-feet)	Groundwater charge per acre foot	Water delivered by pipeline (acre-feet)	Pipeline water charge per acre foot	Total water purchased (acre-feet)	Fixed Annual Charge	Well Repl. Charge	Supplemental Water	Revenue
City of Oxnard	7,026	\$272.92	11,466	\$541.95/\$360.00 & \$442.17*/\$260.22	18,493	\$ 716,927	\$ 88,373	\$ -	\$ 8,609,840
Port Hueneme Water Agency	-	-	3,348	\$541.95/\$442.17	3,348	596,322	45,563	-	2,456,150
City of San Buenaventura	8,716	\$171.12/\$272.92	-		8,716	-	-	-	1,828,349
Pleasant Valley Co. Water	4,733	\$90.97	538	\$145.97	5,270	322,200	-	-	831,203
City of Santa Paula	4,155	\$171.12	-		4,155	-	-	-	711,019
Reiter Brothers, Inc.	2,900	\$57.04/\$90.97	526	\$357.97**	3,427	102,600	-	-	536,199
Farmers Irrigation Co.	8,424	\$57.04	-		8,424	-	-	-	480,502
Southland Sod Farms	4,758	\$90.97/\$272.92	0	\$357.97**	4,758	11,400	-	-	444,284
Duda Farm Fresh Foods	4,126	\$57.04/\$90.97	-		4,126	-	-	-	355,626
City of Fillmore	1,960	\$171.12	-		1,960	-	-	-	335,334
	<u>46,798</u>		<u>15,878</u>		<u>62,675</u>	<u>\$1,749,449</u>	<u>\$133,936</u>	<u>\$ -</u>	<u>\$16,588,505</u>

Fiscal Year 2009-2010

Customer	Groundwater consumed (acre-feet)	Groundwater charge per acre foot	Water delivered by pipeline (acre-feet)	Pipeline water charge per acre foot	Total water purchased (acre-feet)	Fixed Annual Charge	Well Repl. Charge	Supplemental Water	Revenue
City of Oxnard (incl OV mst mtr)	8,239	\$103.35	12,136	\$248.10/\$184.60 & \$179.20/\$115.70	20,375	\$ 807,647	\$ -	\$ -	\$ 4,238,209
Port Hueneme Water Agency	-	\$0.00	4,216	\$248.10/\$184.60	4,216	641,844	-	-	1,640,249
Pleasant Valley Co. Water	5,748	34.45	12,993	\$59.45	18,741	-	-	-	1,192,891
City of San Buenaventura	8,560	\$103.35/ 67.35/ 49.35	-		8,560	-	-	-	543,600
City of Santa Paula	5,478	\$16.45/ \$49.35	-		5,478	-	-	-	244,529
CA Dept of Fish & Game	10,787	\$16.45	-		10,787	-	-	-	177,447
Hiji Brothers	2,701	\$34.45/ \$22.45	539	\$143.45/\$173.45/\$50	3,240	-	-	-	173,978
Southland Sod Farms	3,924	\$34.45	-	\$143.45/173.45	3,924	-	-	-	135,235
Farmers Irrigation Co	7,325	\$16.45	-		7,325	-	-	-	120,512
City of Fillmore	2,263	\$49.35	-		2,263	-	-	-	111,670
	<u>55,025</u>		<u>29,884</u>		<u>84,909</u>	<u>\$1,449,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,578,320</u>

\* GMA Pump Charge increased on July 1, 2019 to \$17.00 effective August 1, 2019 for Saticoy Well Field and PTP Pipeline.

\*\* Includes GMA and Saticoy Well Field charges.

Source: United Water Conservation District

**United Water Conservation District  
Ratios of Outstanding Debt by Type  
Last 10 Fiscal Years**

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

Fiscal Year	Special Assessment Contract (1)	Revenue-backed Bonds	Certificates of Participation	General Obligation Debt (2)	Loans	Total Government	Assessed Valuations (3)	Percentage of Assessed Valuations (4)	Population (5)	Per Capita
2011	\$ 1,429	\$ 12,483	\$ 13,747	\$ -	\$ -	\$27,659	\$32,865,629	0.08%	831,450	33.27
2012	1,354	10,916	11,914	-	-	24,184	32,971,529	0.07%	836,553	28.91
2013	1,242	9,459	11,516	-	-	22,217	34,233,154	0.06%	842,639	26.37
2014	1,157	8,774	11,097	-	-	21,028	36,550,998	0.06%	847,885	24.80
2015	1,757	8,062	10,658	-	-	20,477	38,102,042	0.05%	852,013	24.03
2016	1,232	7,323	10,205	-	-	18,760	39,715,003	0.05%	854,383	21.96
2017	1,266	6,882	9,737	-	-	17,885	41,679,612	0.04%	857,386	20.86
2018	1,666	6,426	9,248	-	-	17,340	43,511,374	0.04%	859,073	20.18
2019	1,581	5,950	8,745	-	-	16,276	45,788,839	0.04%	855,489	19.03
2020	1,504	5,459	8,221	-	-	15,184	47,843,716	0.03%	853,747	17.78

(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.

Source: United Water Conservation District

**United Water Conservation District**  
**Ratios of General Bonded Debt Outstanding**  
**Last 10 Fiscal Years**  
**(Amounts expressed in Thousands Except for Population and Per Capita Amount)**

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<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Total General Obligation Bonds</u>	<u>Total Assessed Valuations</u>	<u>Percentage of Total Assessed Valuations (1)</u>	<u>Population (2)</u>	<u>Per Capita</u>
2011	\$ -	\$ -	\$ 32,865,629	0.00%	831,450	-
2012	-	-	32,971,529	0.00%	836,553	-
2013	-	-	34,233,154	0.00%	842,639	-
2014	-	-	36,550,998	0.00%	847,885	-
2015	-	-	38,102,042	0.00%	852,013	-
2016	-	-	39,715,003	0.00%	854,383	-
2017	-	-	41,679,612	0.00%	857,386	-
2018	-	-	43,511,374	0.00%	859,073	-
2019	-	-	45,788,839	0.00%	855,489	-
2020	-	-	47,843,716	0.00%	853,747	-

(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.

Source: United Water Conservation District

**United Water Conservation District**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2020**  
**(Amounts expressed in Thousands)**

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	Special Assessment Contract (1)	Revenue- backed Bonds	Certificates of Participation	Total Debt Outstanding
Direct debt	\$ 1,504	\$ 4,245	\$ 8,221	\$ 13,970
Overlapping debt	-	-	-	-
Total direct and overlapping debt	<u>\$ 1,504</u>	<u>\$ 4,245</u>	<u>\$ 8,221</u>	<u>\$ 13,970</u>

(1) California State Water Project Contract

Source: United Water Conservation District

**United Water Conservation District**  
**Summary of Historic Operating Results and Pledge-Revenue and Non-Pledge**  
**Last 10 Fiscal Years**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>REVENUES:</b>										
Water delivery charges	\$ 8,304,773	\$ 8,451,933	\$ 7,278,609	\$ 6,941,588	\$ 6,331,874	\$ 7,941,936	\$ 9,073,359	\$ 9,814,957	\$ 9,945,745	\$ 10,829,492
Groundwater charges	5,648,726	7,575,270	11,160,081	12,577,381	10,958,078	11,505,767	11,382,921	12,711,756	11,062,316	13,936,301
Less allowance for uncollectibles	(876)	(9,527)	(22,720)	1,593	(10,870)	(3,595)	(24,585)	(8,664)	(10,445)	(59,220)
Taxes	1,949,647	2,016,499	2,154,195	2,130,951	2,276,002	2,404,269	2,553,589	2,633,886	2,808,174	2,869,564
Interest	90,699	69,737	58,801	59,524	67,892	100,075	148,429	393,376	807,186	626,748
Other	190,912	530,332	511,226	667,738	589,786	114,487	428,880	629,224	969,094	1,899,312
Total Revenues	<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>	<u>22,062,939</u>	<u>23,562,594</u>	<u>26,174,535</u>	<u>25,582,070</u>	<u>30,102,197</u>
<b>Operating expenditures (1)</b>										
Salaries	3,079,085	3,212,930	3,068,517	3,246,403	3,257,368	3,826,442	4,054,946	4,156,875	4,228,613	4,561,134
Employee benefits	1,438,154	1,622,051	1,590,188	1,704,470	2,795,672	1,918,153	2,399,619	3,197,157	2,406,720	3,186,058
Utilities	998,711	926,083	1,055,895	1,375,625	1,512,219	1,389,360	1,346,787	1,462,082	1,351,990	1,169,454
Maintenance	1,167,225	723,718	904,605	733,351	589,015	822,692	735,844	706,930	938,734	799,108
Professional fees	1,168,058	1,326,488	1,100,249	1,884,040	2,170,319	2,013,411	2,542,817	5,523,165	3,758,550	7,882,633
Miscellaneous	730,926	880,862	751,828	820,391	1,199,486	1,141,037	1,241,072	1,367,259	2,048,666	1,613,679
General and administrative	2,164,448	2,275,837	2,405,438	2,560,638	2,482,543	2,745,072	2,711,470	2,989,367	1,815,577	4,355,836
Total operating expenditures	<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>13,856,167</u>	<u>15,032,555</u>	<u>19,402,835</u>	<u>16,548,850</u>	<u>23,567,902</u>
Net revenues	<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>	<u>\$ 8,206,772</u>	<u>\$ 8,530,039</u>	<u>\$ 6,771,700</u>	<u>\$ 9,033,220</u>	<u>\$ 6,534,295</u>
<b>Debt Service:</b>										
Principal	\$ 3,370,000	\$ 3,430,001	\$ 1,980,000	\$ 1,100,000	\$ 1,145,000	\$ 1,190,000	\$ 910,000	\$ 945,000	\$ 980,000	\$ 1,015,000
Interest	<u>1,185,358</u>	<u>1,085,538</u>	<u>977,181</u>	<u>912,844</u>	<u>869,950</u>	<u>824,634</u>	<u>776,724</u>	<u>739,459</u>	<u>783,269</u>	<u>655,108</u>
<b>Total Parity debt service (2)</b>	<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>	<u>\$ 2,014,634</u>	<u>\$ 1,686,724</u>	<u>\$ 1,684,459</u>	<u>\$ 1,763,269</u>	<u>\$ 1,670,108</u>
Coverage of system net revenues to parity debt service	1.19	1.70	3.47	4.99	3.08	4.07	5.06	4.02	5.12	3.91
<b>Debt Service:</b>										
Principal	\$ 928,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	<u>28,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debt service on other debt payable from net revenues	<u>\$ 956,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage on all debt payable from net revenues	0.99	1.70	3.47	4.99	3.08	4.07	5.06	4.02	5.12	

(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.

Source: United Water Conservation District

**United Water Conservation District  
Demographic and Economic Statistics of Ventura County  
Last 10 Calendar Years  
(Amounts Expressed in Thousands)**

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<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>
2011	106,617	31,672,936	1,086,077	32,865,629	831,450
2012	122,321	31,736,906	1,112,301	32,971,529	836,553
2013	149,318	32,906,520	1,177,315	34,233,154	842,639
2014	143,950	35,163,390	1,243,659	36,550,998	847,885
2015	122,776	36,847,771	1,131,495	38,102,042	852,013
2016	80,267	38,541,466	1,093,269	39,715,003	854,383
2017	66,866	40,599,584	1,013,162	41,679,612	857,386
2018	51,249	42,390,507	1,069,618	43,511,374	859,073
2019	22,261	44,607,687	1,158,710	45,788,839	855,489
2020	60,798	46,547,390	1,235,528	47,843,716	853,747

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

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



**United Water Conservation District  
Demographic and Economic Statistics of Ventura County (Continued)  
Last 10 Calendar Years  
(Amounts Expressed in Thousands or Acre Foot as Indicated)**

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<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>
2010	1,859,151	542,127	N/A
2011	1,844,260	625,509	96,340
2012	1,963,798	691,303	N/A
2013	2,094,915	608,765	92,273
2014	2,137,033	627,964	93,376
2015	2,198,555	617,832	95,802
2016	2,198,555	617,832	95,802
2017	2,099,889	654,312	95,850
2018	2,103,232	670,716	91,350
2019	1,990,100	508,371	95,813

(1) Source: Ventura County Agricultural Commissioner, most current information available.

(2) Source: Ventura County Agricultural Commissioner, calculated by the California Department of 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 10 Calendar Years  
(Amounts Expressed in Thousands Except Population and Per Capita)**

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Calendar Year	Population (1)	Personal Income (2)	Per Capita Personal Income	Unemployment Rate (3)
2010	824,441	\$ 37,605,326	\$ 45,565	10.4%
2011	831,606	39,627,111	47,703	9.7%
2012	836,782	41,294,216	49,483	8.5%
2013	842,964	41,728,050	49,706	7.2%
2014	848,038	43,878,654	51,984	6.0%
2015	852,199	46,269,484	54,581	5.3%
2016	853,673	47,397,620	55,779	5.0%
2017	854,987	44,113,605	52,307	4.0%
2018	855,489	46,629,719	57,206	3.8%
2019	842,886	48,579,555	57,270	3.9%

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

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

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

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

**United Water Conservation District**  
**Demographic and Economic Statistics of Ventura County (Continued)**  
**Calendar Year Ended December 31, 2019 and Nine Years Ago**

<b>Principal Employers</b>	<b>2019</b>			<b>2010</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
United States Naval Base	18,776	1	6.04%	19,000	1	6.28%
County of Ventura	8,435	2	2.71%	8,121	2	2.68%
Amgen, Inc.	5,500	3	1.77%	6,500	3	2.15%
WellPoint Inc.	2,860	4	0.92%	3,623	5	1.20%
Simi Valley Unified School District	2,737	5	0.88%	2,591	6	0.86%
Community Memorial Hospital	2,300	6	0.74%	-	N/A	0.00%
Conejo Valley Unified School District	2,050	7	0.66%	2,169	10	0.72%
Dignity Health	1,904	8	0.61%	-	N/A	0.00%
Ventura Unified School District	1,835	9	0.59%	2,197	9	0.73%
Oxnard Union School District	1,654	10	0.53%	-	N/A	0.00%
Countrywide Financial Corp.	-	N/A	0.00%	5,588	4	1.85%
Vons	-	N/A	0.00%	2,282	7	0.75%
Verizon Communications	163	48	0.00%	2,200	8	0.73%
	<u>48,214</u>		<u>15.45%</u>	<u>54,271</u>		<u>17.94%</u>

Source: California Economic Forecast (February 2019 Report for Ventura County) UCSB Economic Forecast Project (2010), most current information available.

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

**United Water Conservation District  
Operating Information  
Last 10 Fiscal Years**

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<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>
2011	10	28	2	13	54
2012	9	25	2	12	48
2013	13	25	2	13	53
2014	11	22	2	14	49
2015	12	25	2	13	52
2016	14	27	3	14	58
2017	16	26	6	14	62
2018	15	25	4	13	57
2019	15	25	5	13	58
2020	15	26	4	19	64

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

Source: United Water Conservation District

**United Water Conservation District**  
**Operating Information (Continued)**  
**Last 10 Fiscal Years**

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

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

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

Source: United Water Conservation District

**United Water Conservation District  
Operating Information (Continued)  
Fiscal Year Ended June 30, 2020**

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:

<b><u>Santa Felicia Dam</u></b>	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.
<b><u>Lake Piru</u></b>	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 16,000 acre feet.
<b><u>Piru Diversion and Spreading Grounds</u></b>	Constructed in 1931. Percolating Capacity: 150 acre-feet per day Average Annual Spreading: 0 acre feet (not currently in use)
<b><u>Ferro Basin</u></b>	231 acre Ferro Basin Acquired in 2009 Not presently connected to the District's recharge system
<b><u>Noble Rose Basins</u></b>	Converted from an aggregate mining pit in 1994 120 acre Noble Basin 117 acre Rose Basin Basin dividers: 4 cells separated by 15 to 20 foot earthen berms Percolation capacity: 200 AF
<b><u>Mugu Lateral</u></b>	Pipeline to Point Mugu Naval Air Station Leased long term to Port Hueneme Water Agency
<b><u>Freeman Diversion</u></b>	Construction completed in 1991. A concrete structure spanning the Santa Clara River with water diversion of 375 cfs. Diverts water released from Lake Piru and natural runoff from the Santa Clara River. Flows via canal and pipelines to a 44 acre desilting basin. From the desilting basin water flows via canals and pipelines to spreading grounds and other water delivery systems. Average annual diversion: 68,000 acre feet

Source: United Water Conservation District

**United Water Conservation District  
Operating Information (Continued)  
Fiscal Year Ended June 30, 2020**

<b><u>Saticoy Spreading Grounds</u></b>	Headworks and canal capacity: 375 cfs Number of basins: 15 including desilting basin Wetted area: 130 acres Basin dividers: 6 to 8 foot earth dikes Percolating capacity: 450 acre-feet per day Annual average spreading: 22,500 acre feet
<b><u>El Rio Spreading Grounds</u></b>	Saticoy to El Rio pipeline capacity: 150 cfs Number of basins: 10 Wetted area: 100 acres Basin dividers: 6 to 8 foot earth dikes Percolating capacity: 240 acre-feet per day Annual average spreading: 31,300 acre feet
<b><u>Municipal Delivery Systems:</u></b> <b>Oxnard-Hueneme Pipeline</b>	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  13 turnouts and servicing agent for 53 turnouts. Includes City of Oxnard, Port Hueneme Water Agency (that provides service to the City of Port Hueneme, Point Mugu and Port Hueneme Naval bases and 4 mutual water companies), Vineyard Avenue Estates MWC, Rio Real & Rio Del Valle Schools
<b><u>Agricultural Delivery Systems:</u></b> <b>Pumping Trough Delivery System</b>	Construction completed in 1986 consisting of: 5 wells 1 reservoir 1 booster station Serves 4,600 acres of farmland Average delivery capacity of approximately 12,000 acre feet of water per year 15 miles of distribution pipeline. 62 turnouts
<b>Pleasant Valley Delivery System</b>	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 reservoirs totaling 230 acre feet of capacity Average surface water delivery is 8,700 acre feet per year.
<b>Saticoy Well Field</b>	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.

Source: United Water Conservation District



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