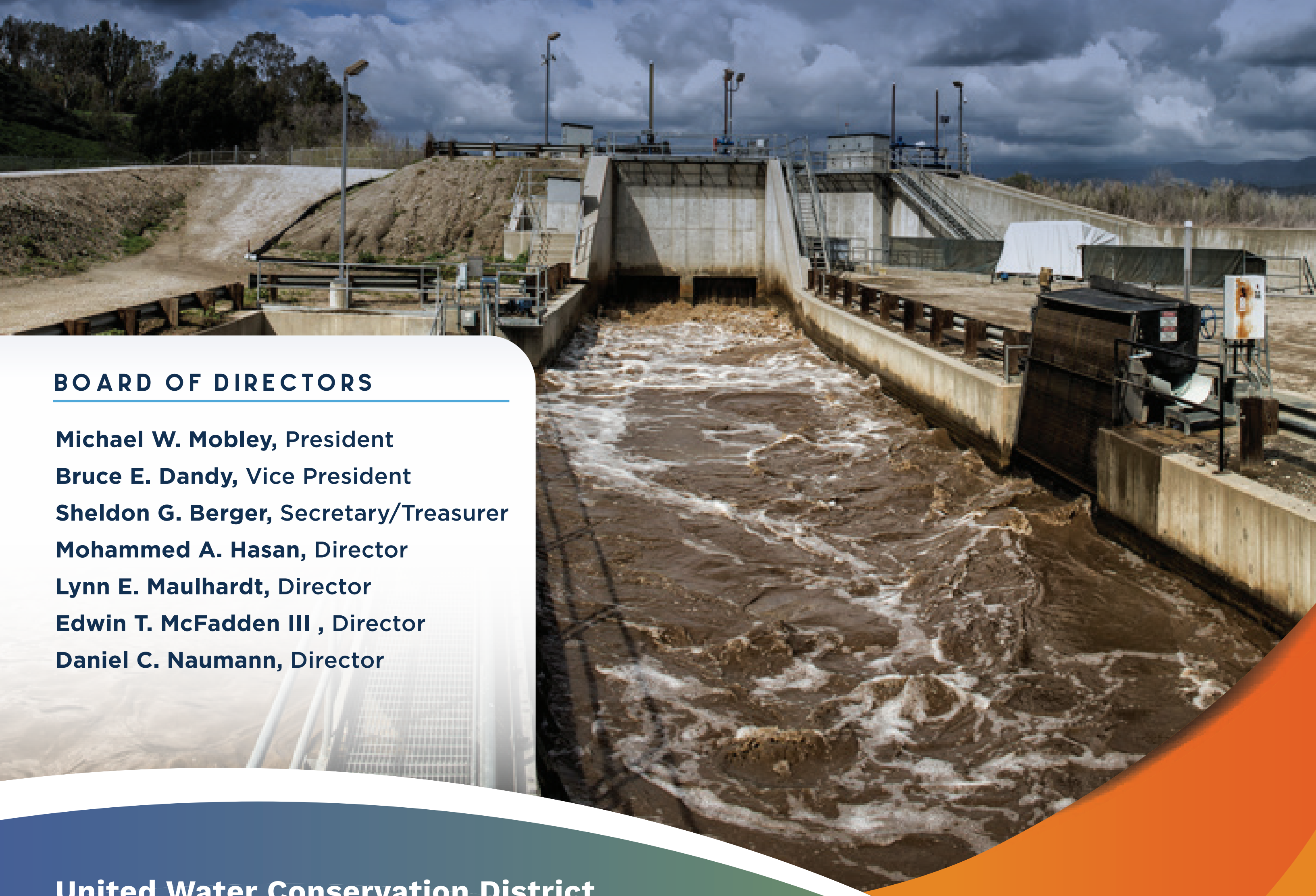
United Water CONSERVATION DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For fiscal year ended June 30, 2021



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United Water Conservation District

1701 N. Lombard St. Suite 200
Oxnard, California

Annual Comprehensive Financial Report
As of and for the Years Ended June 30, 2021 and 2020

Prepared by the Finance Department of
United Water Conservation District

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Introductory Section

United Water
CONSERVATION DISTRICT

December 8, 2021

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

We are pleased to present the United Water Conservation District's (District) Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021. 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, 2021. 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 30th 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 meeting of the Board of Directors in June at which time 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 2020 was $1.98 billion, approximately $4.7 million less than 2019, representing a 0.2% 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. 2020 was the fifth continuous year with low or negative GDP growth. This was coupled with the COVID-19 pandemic which created massive unemployment; in July 2020 state unemployment was at 13.2%. By June 2021 that number was down to 7.6% according to the Employment Development Department. County wide population decreased for the third consecutive year to 843,843, down from 846,006 in 2019, according to the US Census Bureau.

In FY 2020-21 property tax assessments collected by the District decreased by approximately 12%. This is mainly due to the reduction of the State Water Import fund collecting approximately $797,000 less in FY 2020-21 compared to FY 2019-20. The County Assessor's Office announced that in FY 2021-22, countywide property tax assessments will increase 3.6%, which will have a positive impact on the District's General Fund.

Short and Long-term Financial Planning Outlook

In FY 2020-21, the District issued new debt, the result of which was $19 million to fund various capital improvement projects. This was accomplished through the refinancing of existing debt while acquiring additional debt for financing District capital improvement projects over the next three years. The capital improvement project completed in FY 2020-21 was the construction of El Rio Water Well No. 19. During the fiscal year, design work continued on the largest CIP projects at the Santa Felicia Dam and Freeman Diversion.

In FY 2020-21, District staff and consultants continued to work with state and federal regulatory agencies (NOAA Fisheries, (also known as the National 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 and associated permitting documents, 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. The next scheduled deliverable for submittal is September 22, 2023 and the District is on schedule for this deliverable.

During FY 2020-21, the District continued to 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 and continue to be retained to advance the design of the preferred spillway improvement alternative. The regulators accepted an inflow design flood (IDF), which is the PMF for the Santa Felicia Dam, of 220,000 cubic feet per second (cfs) as the designing IDF for the proposed SFD spillway, As required by FERC, the District has convened an independent Board of Consultants (BOC) to provide oversight and quality assurance of the project design and construction.

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 a 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 to proceed with the next phase of design. The design packet was then submitted to FERC and DSOD in March 2020. As of June 30, 2021, the District has spent nearly $4.3 million on the outlet works project.

In March 2019, the District retained consultants to advance the design of the SFD spillway and outlet works improvements . During FY 2020-21 the 30% design phase was in progress and approximately 73% complete for the outlet works project and 85% complete for the 10% design phase of the spillway containment project. Both phases of the respective projects are anticipated to be completed in September 2021. As mentioned above, the 10% design packet for the outlet works project was submitted to FERC and DSOD in March 2020 which allowed the 30% design phase to begin in May 2020. In parallel with the design, the District is working with an environmental consultant 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); this effort continued through FY 2020-21 as well as currently. The District is also finalizing the NEPA documentation and FERC's non-capacity license amendment application with support of environmental consultant for a total contract amount of $381,000. This process is expected to be finalized by September 2022.

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 2020-21. 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, but have since resumed.

Inclusive of District operations are recreation facilities that provide public access to, and recreational facilities at, Lake Piru which is a requirement of the permit that was issued as part of the construction of the Santa Felicia Dam in 1955. The function of providing access to and the recreational facilities was previously outsourced and maintained by Parks Management Company (PMC). The District assumed control of the operations at Lake Piru in January of 2021. Taking control of the operations at the Lake Piru facilities allowed the District to keep a larger portion of the funds that are generated through those operations. The District is no longer paying the third party, PMC, and as such, retains all of the revenue that is generated at Lake Piru without paying the management fee to PMC. Previously, the District was paying PMC to manage the activities at Lake Piru, in addition to the fact that the revenue was not recorded in the District's financials. During FY 2020-21, the District was able to demonstrate that Lake Piru does generate revenue as a result of the FERC requirement to maintain recreation facilities at Lake Piru.

In December 2013, the District discovered invasive quagga mussels in Lake Piru, owned and operated by the District. The District conducts quagga mussel monitoring under a draft Quagga Mussel Monitoring and Control Plan (QMMCP, revised September 2018) developed to comply with California Department of Fish and Game Code §2301(d)(1). In FY 2020-21, quagga mussels continued to be a topic of concern for the District. The District continued implementing the comprehensive monitoring program and infrastructure scrapping control methods which entail a scientific dive team conducting physical removal of quagga mussels from infrastructure in Lake Piru. In February of 2019, the District applied for special local need registration (SLN) from California Department of Pesticide Regulation (CDPR) for use of a molluscicide to control quagga mussels in Lake Piru. In March of 2021, the District received approval from CDPR on the SLN Registration for use of EarthTec QZ in Lake Piru. The District will continue dedicating resources to monitor the quagga mussel infestation, including implementing various control and containment measures, and to maintain compliance with state and federal law pertaining to invasive species.

In FY 2020-21 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 were stayed, The lawsuit by Ventura challenging the extraction rates approved for FY 2019-20 went to trial on December 15, 2020 and judgment was entered against the District on April 22, 2021. The District has filed a notice of appeal and both its opening and reply briefs. Oral argument has not yet been scheduled by the appellate court.

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.

In early July 2021 the OPV Coalition, a group of agricultural interests in the Oxnard and Pleasant Valley Basins, filed a complaint in the Ventura County Superior Court for a comprehensive adjudication of both basins. The action seeks a judgment from the court determining the respective rights to the extraction and use of groundwater from the basins and the rights to use of the storage space in the basins among all users of that groundwater. A petition is pending before the California Judicial Council to reassign the matter to a judge in another county. No decision has yet been made by the Judicial Council. Although the District was not named as a defendant in the complaint, it holds extensive water rights in both basins. As a result, it has filed a motion for leave to file a complaint-in-intervention in the action seeking the determination of its water rights. The motion will be decided after the Judicial Council rules on the petition for reassignment.

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.

Rainfall in the last year was the lowest in history within the District’s service area. The need remains to capture and store water when available for use during dry periods. 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. The 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 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, 2020. In FY 2020-21, this report will now be known as annual comprehensive fInancial report (ACFR) as per GASB Statement No. 98. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized ACFR. 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 ACFR 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 Annual Comprehensive Financial Report. The professionalism and dedication of staff to the District mission is very well appreciated and should not go unrecognized. 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,

Mauricio E. Guardado, Jr.
General Manager

Anthony A. Emmert
Assistant General Manager

Daryl L. Smith
Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

United Water Conservation District
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

UNITED WATER CONSERVATION DISTRICT
LIST OF PRINCIPAL OFFICIALS
FOR
FISCAL YEAR ENDED JUNE 30, 2021

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

Mohammed A. Hasan, Board Member
Representing Division 3

Lynn E. Maulhardt, Board Member
Representing Division 4

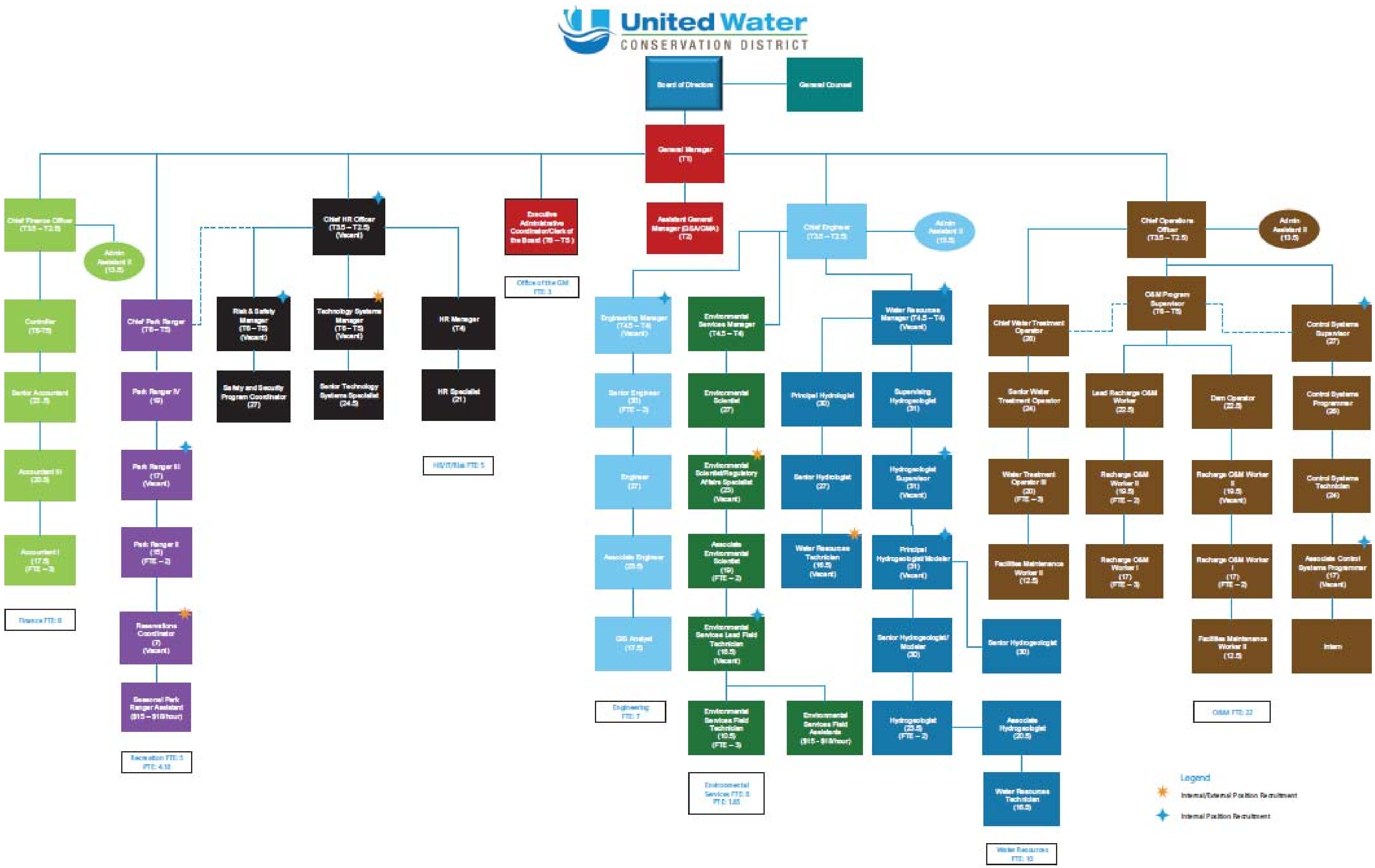
Edwin T. McFadden III, Board Member
Representing Division 1

Daniel C. Naumann, Board Member
Representing Division 6

EXECUTIVE MANAGEMENT

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

Organizational Chart



Financial Section

United Water Conservation District

Audited Financial Statements

As of and for the Years Ended June 30, 2021 and 2020

With Independent Auditor's Report

An independently owned member
RSM US Alliance
RSM

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

United Water Conservation District
Audited Financial Statements
As of and for the Years Ended June 30, 2021 and 2020
With Independent Auditor's Report

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

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San Diego
Manila

Independent Auditor's Report

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 statements of net position as of June 30, 2021 and 2020, the related statements of revenues, expenses and changes in net position and cash flows for the years 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2021 and 2020, and the changes in its financial position and its cash flows for the years 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 Schedules of Changes in the Net OPEB Liability and Related Ratios and OPEB Plan Contributions on pages 55 to 56, and the Schedules of the Pension Plan's Proportionate Share of the Net Pension Liability and Related Ratios and Pension Plan Contributions on pages 57 and 58 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.

Glendale, California
December 8, 2021

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 years ended June 30, 2021 and 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 $110 million (net position). Of this amount, $39.0 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 $18.1 million during the current fiscal year due to issuance of 2020 Revenue Certificates of Participation (COPs) (see note 6).

- The District's total net position increased by $7.0 million from the prior fiscal year's net position due to increased groundwater demand as well as some delays in project expenses.

- The District's operating revenues increased by $1.7 million or 6.2% from $26.7 million in fiscal year 2020 to $28.4 million in fiscal year 2021.

- The District's operating expenses decreased by $2.3 million or 8.1% from $29.1 million in fiscal year 2020 to $26.7 million in fiscal year 2021.

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.

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,		Increase (Decrease)		June 30,	Increase (Decrease)	
	2021	2020	Amount	%	2019	Amount	%
Current assets	$ 57,465,617	$ 36,604,695	$ 20,860,922	57.0%	$ 33,522,434	$ 3,082,261	9.2%
Capital assets	100,696,406	95,535,648	5,160,758	5.4%	89,738,822	5,796,826	6.5%
Restricted cash and investments	-	815,647	(815,647)	-100.0%	854,146	(38,499)	-4.5%
Net OPEB asset	189,136	66,103	123,033	100.0%	-	66,103	0.0%
Total assets	158,351,159	133,022,093	25,329,066	19.0%	124,115,402	8,906,691	7.2%
Deferred outflows of resources	2,957,070	3,218,869	(261,799)	-8.1%	3,333,740	(114,871)	-3.4%
Current liabilities	4,993,345	4,531,599	461,746	10.2%	4,463,473	68,126	1.5%
Long-term liabilities	45,549,166	27,459,109	18,090,057	65.9%	25,212,893	2,246,216	8.9%
Total liabilities	50,542,511	31,990,708	18,551,803	58.0%	29,676,366	2,314,342	7.8%
Deferred inflows of resources	750,398	1,212,683	(462,285)	-38.1%	1,356,356	(143,673)	-10.6%
Net position							
Net investment in capital assets	68,849,478	81,204,599	(12,355,121)	-15.2%	75,044,332	6,160,267	8.2%
Restricted	2,170,847	2,573,713	(402,866)	-15.7%	2,008,166	565,547	28.2%
Unrestricted	38,994,995	19,259,259	19,735,736	102.5%	19,363,922	(104,663)	-0.5%
Total net position	$ 110,015,320	$ 103,037,571	$ 6,977,749	6.8%	$ 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 $110.0 million and $103.0 million as of June 30, 2021 and 2020, respectively.

Summary of Net Position (continued)

Total assets increased by $25.3 million or 19.0% in the current year primarily due to the proceeds from the refinancing of the bonds, approximately $19.0 million and an increase in Capital Assets of approximately $5.0 million. In fiscal year 2020, total assets increased by $8.9 million or 7.2% primarily due to acquisition of new headquarters in Oxnard.

Total liabilities increased by $18.6 million or 58.0% due to the refinancing of bonds. The District was able to obtain approximately $19.0 million dollars more than it previously held in bonds. In fiscal year 2020, 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 2021 and 2020, the District shows a positive balance in unrestricted net position of $39.0 million and $19.2 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, 2021 and 2020:

	Years ended June 30,		Increase (Decrease)		Year ended June 30,	Increase (Decrease)	
	2021	2020	Amount	%	2019	Amount	%
Revenues							
Operating revenues:							
Charges for services	$ 28,392,365	$ 26,729,632	$ 1,662,733	6.2%	$ 21,455,223	$ 5,274,409	25%
Nonoperating revenues:							
Property taxes	4,265,948	4,780,181	(514,233)	-10.8%	5,536,141	(755,960)	-14%
Grants and contributions	311,624	174,684	136,940	78.4%	323,221	(148,537)	-46%
Investment earnings	65,108	700,083	(634,975)	-90.7%	718,953	(18,870)	-3%
Other income	1,768,405	2,993,251	(1,224,846)	-40.9%	286,943	2,706,308	943%
Gain on sale of capital assets	12,151	1,034,650	(1,022,499)	-98.8%	(161,104)	1,195,754	100%
Total revenues	34,815,601	36,412,481	(1,596,880)	-4.4%	28,159,377	8,253,104	29%
Expenses							
Salaries and benefits	10,793,756	10,710,800	82,956	0.8%	9,655,701	1,055,099	11%
Services and supplies	13,232,147	15,863,934	(2,631,787)	-16.6%	11,812,104	4,051,830	34%
Depreciation	2,424,699	2,478,288	(53,589)	-2.2%	2,487,963	(9,675)	0%
Interest expense	1,120,315	729,460	390,855	53.6%	780,770	(51,310)	-7%
Other expenses	266,935	8,848	258,087	2916.9%	8,903	(55)	-1%
Total expenses	27,837,852	29,791,330	(1,953,478)	-6.6%	24,745,441	5,045,889	20%
Change in net position	6,977,749	6,621,151	356,598	5.4%	3,413,936	3,207,215	94%
Beginning net position	103,037,571	96,416,420	6,621,151	6.9%	93,002,484	3,413,936	4%
Ending net position	$ 110,015,320	$ 103,037,571	$ 6,977,749	6.8%	$ 96,416,420	$ 6,621,151	7%

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 $7.0 million and $6.6 million in fiscal years 2021 and 2020, 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 $1.7 million or 6.2% during the fiscal year ended June 30, 2021 due to an increased demand in groundwater pumping. In fiscal year 2020, charges for services increased by $5.3 million or 25% due to an increase in pipeline deliveries and Board approved rates.

The other remaining revenue is mainly derived from property taxes and investment earnings. Other income in the prior year includes a refund of the legal judgment from the City of Ventura lawsuit, gain on sale of old headquarters in Santa Paula and Fox Canyon GMA revenue. The current year also includes revenue from Fox Canyon GMA which is approximately $206,000 greater than the prior year.

Expenses
FY 2020-21 recognized a significant decrease in services and supplies, largely in part due to the Wishtoyo lawsuit. This amount was recorded as an expense in total in FY 2019-20 despite the fact that it will be paid over the course of approximately four years. The total judgment was approximately $3.4 million in total and makes up the vast majority of the decrease year-over-year. The significant increase in services and supplies during FY 2019-20 was due to completion of new headquarters in Oxnard and legal fees for Wishtoyo case, which was approximately $3.4 million as previously stated.

Capital Assets
Capital assets as of June 30 is summarized as follows:

	2021	2020	2019
Capital assets not being depreciated			
Land	$ 19,519,766	$ 19,519,766	$ 19,684,266
Construction in progress	20,179,419	14,549,278	13,208,121
Capital assets being depreciated			
Dams	36,857,947	36,857,947	36,857,947
Structures and improvements	72,360,686	71,903,822	65,726,358
Equipment	8,215,726	6,764,972	6,930,025
Intangibles	8,431,927	8,431,927	8,431,927
Capital assets, gross	165,565,471	158,027,712	150,838,644
Less: Accumulated depreciation	(64,869,065)	(62,492,064)	(61,099,822)
Capital assets, net	$ 100,696,406	$ 95,535,648	$ 89,738,822

As of June 30, 2021, the District had approximately $100.7 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 $5.2 million from the prior year. Accumulated depreciation increased by $2.4 million.

The increase in Equipment of $1.5 million is due to the purchase of the PTP Emergency Backup Generator, an SLR Excavator and District trucks. The increase in construction in progress of $5.6 million was primarily related to the Santa Felicia Dam improvements, the Freeman Diversion Rehabilitation, Grand Canal improvements and the Pumping Trough Pipeline Turnout metering project. In fiscal year 2020, 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.

Additional information on the District's capital assets can be found in Note 5 on pages 22-23 of this report.

Long-Term Debt

The District's long-term liabilities at the end of the year were $33.0 million. This represents an increase of $17.9 million, or 117.6%. Significant changes related to the issuance of 2020 Revenue Certificates of Participation.

An overview of long-term liabilities at June 30 is presented below.

	2021	2020	2019
Obligation under State Water Project	$ 1,431,529	$ 1,503,614	$ 1,580,762
Bonds payable:			
2020 Certificates of Participation	26,665,000	-	-
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	4,946,752	66,101	69,580
Bond discounts	-	(46,311)	(50,090)
Total bonds payable, net	31,611,752	13,679,790	14,694,490
Total long-term liabilities	$ 33,043,281	$ 15,183,404	$ 16,275,252

Additional information on the District's long-term liabilities can be found in Note 6 on pages 23-27 of this report. 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 refunded 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%.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the District and were considered in developing the 2021-22 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 2021-22.
- 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 18 and 19 on pages 40-51 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, 1701 N. Lombard St., Suite 200, Oxnard, CA 93030.

Basic Financial Statements

	June 30	
	2021	2020
ASSETS		
Current assets		
Cash	**$ 2,046,318**	$ 2,038,071
Investments	**45,880,905**	26,238,771
Receivables		
Accounts receivable, net	**9,170,957**	7,960,564
Property taxes	**97,703**	70,070
Interest	**23,041**	106,464
Prepayments	**246,693**	190,755
Total current assets	**57,465,617**	36,604,695
Noncurrent assets		
Restricted investments	**-**	815,647
Net OPEB asset	**189,136**	66,103
Capital assets not being depreciated	**39,699,185**	34,069,044
Capital assets being depreciated, net	**60,997,221**	61,466,604
Total noncurrent assets	**100,885,542**	96,417,398
Total assets	**158,351,159**	133,022,093
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	**2,926,737**	3,046,958
Deferred outflows of resources related to OPEB	**30,333**	171,911
Total deferred outflows of resources	**2,957,070**	3,218,869
LIABILITIES		
Current liabilities		
Accounts payable	**2,456,890**	2,227,194
Deposits	**44,247**	55,299
Accrued interest payable	**294,923**	165,164
Accrued wages and benefits	**250,452**	426,687
Unearned revenue	**19,737**	74,157
Accrued legal liability	**730,743**	730,743
Long-term debt - due within one year	**1,196,353**	852,355
Total current liabilities	**4,993,345**	4,531,599
Noncurrent liabilities		
Net pension liability	**11,546,367**	10,526,612
Compensated absences	**1,425,128**	1,139,961
Accrued legal liability	**730,743**	1,461,487
Long-term debt - due in more than one year	**31,846,928**	14,331,049
Total noncurrent liabilities	**45,549,166**	27,459,109
Total liabilities	**50,542,511**	31,990,708
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	**743,354**	1,212,016
Deferred inflows of resources related to OPEB	**7,044**	667
Total deferred inflows of resources	**750,398**	1,212,683
NET POSITION		
Net investment in capital assets	**68,849,478**	81,204,599
Restricted for:		
Debt covenant	**-**	815,647
State Water Import	**2,170,847**	1,758,066
Unrestricted	**38,994,995**	19,259,259
Total net position	**$ 110,015,320**	$ 103,037,571

See notes to the financial statements.

	Years Ended June 30	
	2021	2020
Operating Revenues		
Charges for services	**$ 28,392,365**	$ 26,729,632
Total operating revenues	**28,392,365**	26,729,632
Operating Expenses		
Salaries and benefits	**10,793,756**	10,710,800
Services and supplies	**13,232,147**	15,863,934
Depreciation	**2,424,699**	2,478,288
Other expenses	**266,935**	8,848
Total operating expenses	**26,717,537**	29,061,870
Operating income (loss)	**1,674,828**	(2,332,238)
Non-operating revenues (expenses)		
Property taxes	**4,265,948**	4,780,181
Grants and contributions	**311,624**	174,684
Investment earnings	**65,108**	700,083
Other income	**1,768,405**	2,993,251
Gain on sale of capital assets	**12,151**	1,034,650
Interest expense	**(1,120,315)**	(729,460)
Non-operating revenues	**5,302,921**	8,953,389
Change in net position	**6,977,749**	6,621,151
Net position		
Net position, at beginning of year	**103,037,571**	96,416,420
Net position, at end of year	**$ 110,015,320**	$ 103,037,571

See notes to the financial statements.

	Years Ended June 30	
	2021	2020
Cash flows from operating activities		
Cash received from charges for services	**$ 27,181,972**	$ 25,434,501
Cash payments to suppliers for goods and services	**(14,121,540)**	(13,693,271)
Cash payments to employees for services	**(9,988,588)**	(9,569,101)
Cash received from other nonoperating activities	**1,768,405**	2,993,251
Net cash provided by operating activities	**4,840,249**	5,165,380
Cash flows from capital and related financing activities		
Acquisition of capital assets	**(7,591,215)**	(8,275,114)
Proceeds from sale of capital assets	**17,909**	1,034,650
Proceeds from isuance of long-term debt	**33,043,281**	-
Repayment of long-term debt	**(15,183,404)**	(1,091,848)
Repayment of interest	**(990,556)**	(748,678)
Net cash provided by (used in) capital and related financing activities	**9,296,015**	(9,080,990)
Cash flows from non-capital financing activities		
Cash received from property taxes	**4,238,315**	4,793,108
Contributions received	**311,624**	174,684
Cash provided by non-capital financing activities	**4,549,939**	4,967,792
Cash flows from investing activities		
Purchase of investments	**(18,826,487)**	(706,160)
Investment earnings	**148,531**	783,465
Net cash (used in) provided by investing activities	**(18,677,956)**	77,305
Net increase in cash and cash equivalents	**8,247**	1,129,487
Cash and cash equivalents, at beginning of year	**2,038,071**	908,584
Cash and cash equivalents, at end of year	**$ 2,046,318**	$ 2,038,071
Reconciliation of Operating Loss to Net Cash provided by Operating Activities		
Operating income (loss)	**$ 1,674,828**	$ (2,332,238)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	**2,424,699**	2,478,288
Other nonoperating income	**1,768,405**	2,993,251
Decrease (increase) in:		
Accounts receivable	**(1,210,393)**	(1,295,131)
Prepayments	**(55,938)**	(9,293)
Net OPEB asset	**(123,033)**	(66,103)
Deferred outflows of resources related to pension	**120,221**	114,718
Deferred outflows of resources related to OPEB	**141,578**	153
Increase (decrease) in:		
Accounts payable	**229,696**	(34,066)
Deposits	**(11,052)**	(16,578)
Accrued wages and benefits	**(176,235)**	88,021
Due to other governments	**-**	(7,574)
Unearned revenue	**(54,420)**	54,792
Accrued legal liability	**(730,744)**	2,192,230
Compensated absences	**285,167**	262,283
Net pension liability	**1,019,755**	962,263
Net OPEB liability	**-**	(75,963)
Deferred inflows of resources related to pensions	**(468,662)**	(142,635)
Deferred inflows of resources related to OPEB	**6,377**	(1,038)
Net cash provided by operating activities	**$ 4,840,249**	$ 5,165,380

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 Local Agency Investment Fund 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 $77,892 and $53,507 at June 30, 2021 and 2020, respectively. 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 Statements 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 District'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 Statements 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 Statements 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 net investment 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.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to enhance comparability with the current year financial statements. The reclassifications had no impact on previously reported consolidated statements of revenues, expenses and changes in net position.

NOTE 3 CASH AND INVESTMENTS

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

		2021		2020
Unrestricted Cash and Investments				
Petty cash	**$**	**3,400**	$	400
Demand deposits		**2,042,918**		2,037,671
County of Ventura Investment Fund		**1,531**		1,331
Mutual Funds		**18,738,246**		-
California Local Agency Investment Fund		**27,141,128**		26,237,440
Total Unrestricted Cash and Investments		**47,927,223**		28,276,842
Restricted Cash and Investments				
California Local Agency Investment Fund		**-**		815,647
Total cash and investments	**$**	**47,927,223**	$	29,092,489

As of June 30, 2021 and 2020, cash and investments restricted for 2009 COP Debt Reserve amounted to $0 and $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 2021-13 on June 9, 2021.

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)

	Remaining Maturity				
Investment Type	12 months or less	13 to 24 months	25 to 36 months	Total	2020
LAIF	$ 27,141,128	$ -	$ -	$ 27,141,128	$ 26,237,440
County of Ventura					
Investment Pool	1,531	-	-	1,531	1,331
Held by bond trustees:					
Money Market Funds	18,738,246	-	-	18,738,246	815,647
Total	$ 45,880,905	$ -	$ -	$ 45,880,905	$ 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, 2021 and 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, 2021 for each investment type:

Investment Type	2021	2020	Minimum Legal Rating	Standard & Poor's Rating as of Year End
LAIF	$ 27,141,128	$ 26,237,440	N/A	N/A
County of Ventura				
Investment Pool*	1,531	1,331	N/A	N/A
Held by bond trustees:				
Money Market Funds	18,738,246	815,647	AAA	AAA
Total	$ 45,880,905	$ 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., broker/dealer), 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, 2021 and 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). Tha 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. At June 30, 2021 and 2020, the District investments in LAIF amounted to $27,141,128 and $26,237,440, respectively. 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 $1,531 and $1,331 as of June 30, 2021 and 2020, respectively.

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 years ended June 30, 2021 and 2020 were as follows:

Year ended June 30, 2021	Balance July 1, 2020	Additions	Retirements/ Transfers	Balance June 30, 2021
Capital assets, not being depreciated				
Land	$ 19,519,766	$ -	$ -	$ 19,519,766
Construction in progress	14,549,278	6,747,802	(1,117,661)	20,179,419
Total capital assets, not being depreciated	34,069,044	6,747,802	(1,117,661)	39,699,185
Capital assets, being depreciated				
Dams	36,857,947	-	-	36,857,947
Structures and improvements	71,903,822	456,864	-	72,360,686
Equipment	6,764,972	1,504,210	(53,456)	8,215,726
Intangibles	8,431,927	-	-	8,431,927
Total capital assets, being depreciated	123,958,668	1,961,074	(53,456)	125,866,286
Less: Accumulated Depreciation				
Dams	(12,441,568)	-	-	(12,441,568)
Structures and improvements	(37,715,365)	(2,054,595)	-	(39,769,960)
Equipment	(4,924,009)	(344,730)	47,698	(5,221,041)
Intangibles	(7,411,122)	(25,374)	-	(7,436,496)
Total accumulated depreciation	(62,492,064)	(2,424,699)	47,698	(64,869,065)
Net capital assets being depreciated	61,466,604	(463,625)	(5,758)	60,997,221
Total capital assets, net	$ 95,535,648	$ 6,284,177	$ (1,123,419)	$ 100,696,406

NOTE 5 CAPITAL ASSETS (CONTINUED)

Year ended June 30, 2020	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	32,892,387	8,201,406	(7,024,749)	34,069,044
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	117,946,257	7,392,908	(1,380,497)	123,958,668
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	(61,099,822)	(2,478,289)	1,086,047	(62,492,064)
Net capital assets being depreciated	56,846,435	4,914,619	(294,450)	61,466,604
Total capital assets, net	$ 89,738,822	$ 13,116,025	$ (7,319,199)	$ 95,535,648

Provision for depreciation for the years ended June 30, 2021 and 2020 amounted to $2,424,699 and $2,478,288, respectively.

NOTE 6 LONG-TERM DEBT

The following is a summary of changes in long-term debt for the years ended June 30, 2021 and 2020:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Obligation under State Water Project - Direct Borrowing	$ 1,503,614	$ -	$ (72,085)	$ 1,431,529	$ 69,789
Bonds payable:					
2001B Revenue bonds	285,000	-	(285,000)	-	-
2005B Revenue bonds	5,220,000	-	(5,220,000)	-	-
2009 Certificates of Participation	8,155,000	-	(8,155,000)	-	-
2020 Certificates of Participation	-	26,665,000	-	26,665,000	955,000
Plus (less) deferred amounts:					
Bond premiums	66,101	5,045,905	(165,254)	4,946,752	171,564
Bond discounts	(46,311)	-	46,311	-	-
Total bonds payable, net	13,679,790	31,710,905	(13,778,943)	31,611,752	1,126,564
Total long-term liabilities	$ 15,183,404	$ 31,710,905	$ (13,851,028)	$ 33,043,281	$ 1,196,353

NOTE 6 LONG-TERM DEBT (CONTINUED)

	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 12). The total principal amount outstanding as of June 30, 2021 and 2020, is estimated by the State to be $1,431,529 and $1,503,614, respectively, 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, 2021, were as follows:

Years Ending June 30,	Principal	Interest	Total
2022	$ 69,789	$ 43,318	$ 113,107
2023	80,235	48,748	128,983
2024	85,838	48,250	134,088
2025	89,320	45,619	134,939
2026	93,974	42,474	136,448
2027-2031	522,284	150,069	672,353
2032-2036	490,089	32,461	522,550
Total	$ 1,431,529	$ 410,939	$ 1,842,468

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. The outstanding balance of the bonds of $285,000 as of June 30, 2020 were refunded in the fiscal year 2021 through the issuance of the 2020 Revenue Certificates of Participation.

2005B Revenue Bonds

In July 2005, the District entered into an Installment Purchase Agreement with the California Statewide Communities Development Authority (the Authority), a joint exercise of powers agency to provide for the financing for certain public capital improvements. The Authority, under a pooled financing program, issued $11,840,000 Water and Wastewater Revenue Bonds, Series 2005B. The District is a participant in the Series 2005B program. The District's portion of the Water and Wastewater Revenue Bonds amounted to $9,620,000. The bonds require semi-annual payments, with interest ranging from 2.50% to 4.50%, for 20 years through October 2025 and for 30 years through October 2035. The payments are secured by a pledge of the District's net revenues. The outstanding balance of the bonds of $5,220,000 as of June 30, 2020 were refunded in the fiscal year 2021 through the issuance of the 2020 Revenue Certificates of Participation.

2009 Certificates of Participation Bonds

Certificates of Participation (COP), in the amount of $15,465,000 were issued in December 2009 to provide funds for the (1) acquisition of approximately 231 acres of land of $13,542,400 and for (2) improvements related to the Lake Piru Recreation facilities for $750,000. The certificates are payable solely from certain installment payments to be made by the District pursuant to the 2009 Installment Purchase Contract, dated December 1, 2009, by and between the District and the United Water Conservation District Public Facilities Financing Corporation. The 2009 Installment Payments are a special obligation of the District payable from and secured by a pledge of the net revenues of the District's water system. The bonds require semi-annual payments, with interest ranging from 2.00% to 5.00% for 30 years through June 2040. The outstanding balance of the bonds of $8,155,000 as of June 30, 2020 were refunded in the fiscal year 2021 through the issuance of the 2020 Revenue Certificates of Participation.

NOTE 6 LONG-TERM DEBT (CONTINUED)

2020 Certificates of Participation Bonds
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 $13 million of the proceeds was used to refund the 2001 and 2005 Revenue Bonds and the 2009 COP and approximately $19 million was 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 2020 COPs bears a True Interest Cost (TIC) of 2.609% per annum. The bonds require semi-annual payments, with interest ranging from 2.00% to 5.00% for 30 years through October 2050. As of June 30, 2021, the total principal outstanding amounted to $26,665,000 with remaining interest from 4.00% to 5.00%.

A summary of the annual debt service requirements for 2020 COP Bonds is presented below:

Years Ending June 30,	Principal	Interest	Total
2022	$ 955,000	$ 1,099,937	$ 2,054,937
2023	860,000	1,117,050	1,977,050
2024	905,000	1,073,487	1,978,487
2025	945,000	1,027,737	1,972,737
2026	1,000,000	979,800	1,979,800
2027-2031	4,225,000	4,257,438	8,482,438
2032-2036	5,345,000	3,117,038	8,462,038
2037-2041	4,605,000	2,049,750	6,654,750
2042-2046	3,520,000	1,259,200	4,779,200
2047-2051	4,305,000	487,150	4,792,150
Total	$ 26,665,000	$ 16,468,587	$ 43,133,587

The outstanding 2020 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.

NOTE 6 LONG-TERM DEBT (CONTINUED)

The total amount of bond interest reported for the years ended June 30, 2021 and 2020 amounted to $1,016,354 and $643,270, respectively.

NOTE 7 COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the years ended June 30, 2021 and 2020:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Compensated absences	$ 1,139,961	$ 285,167	$ -	$ 1,425,128	$ -

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Compensated absences	$ 877,678	$ 262,283	$ -	$ 1,139,961	$ -

NOTE 8 ACCRUED LEGAL LIABILITY

The following is a summary of changes in accrued legal liability for the years ended June 30, 2021 and 2020:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Accrued liability	$ 2,192,230	$ -	$ (730,744)	$ 1,461,486	$ 730,743

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Accrued liability	$ -	$ 3,252,798	$ (1,060,568)	$ 2,192,230	$ 730,743

NOTE 9 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.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)
CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Benefits Provided
CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to Plan members, who must be public employees, and 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.

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, 2021 and 2020 are summarized as follows:

	Miscellaneous Plan	
	Classic	PEPRA
Hire date	Prior to January 01, 2013	On or After January 01, 2013
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%	6.75%
Required employer contribution rates	12.2%	7.59%

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 years ended June 30, 2021 and 2020, the District's contributions were $1,399,090 and $1,211,196, respectively. The District's contributions recognized as part of the pension expense for the years ended June 30, 2021 and 2020 were $1,211,196 and $1,069,265, respectively.

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions
As of June 30, 2021 and 2020, the District reported the following net pension liability:

	June 30, 2021		June 30, 2020	
	Amount	Proportion	Amount	Proportion
Total pension liability	$ 47,927,360	0.25331%	$ 45,498,198	0.25434%
Fiduciary net position	(36,380,993)	0.24745%	(34,971,586)	0.25450%
Net pension liability	$ 11,546,367	0.26287%	$ 10,526,612	0.25378%

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, 2021 and 2020 is measured as of June 30, 2020 and 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, 2019, rolled forward to June 30, 2020 and June 30, 2018, rolled forward to June 30, 2019, respectively, 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.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The District's proportionate share of the collective net pension liability as of June 30, 2021 and 2020 were as follows:

	Classic and PEPRA
Proportion - June 30, 2021	0.27374%
Proportion - June 30, 2020	0.26287%
Change - Increase	0.01087%

For the years ended June 30, 2021 and 2020, the District recognized pension expense of $2,070,402 and $2,145,542, respectively. At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 1,399,090	$ -	$ 1,211,196	$ -
Changes in assumptions	-	82,353	501,958	177,940
Difference between expected and actual experience	595,019	-	731,118	56,647
Net difference between projected and actual investment earnings	343,003	-	-	184,038
Changes in proportions	439,638	159,814	265,210	359,581
Differences between employer contributions and proportionate share of contributions	149,987	501,187	337,476	433,810
Totals	$ 2,926,737	$ 743,354	$ 3,046,958	$ 1,212,016

As of June 30, 2021 and 2020, the District reported $1,399,090 and $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, 2022 and 2021, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

June 30,	Amount
2022	$ 89,979
2023	284,404
2024	245,398
2025	164,512
Total	$ 784,293

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation dates	June 30, 2019 and 2018
Measurement dates	June 30, 2020 and 2019
Actuarial cost method	Entry-age normal cost method
Actuarial Assumptions	
Discount rate	7.15%
Inflation	2.50%
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 2.50% until purchasing power protection allowance floor on purchasing power applies

(1) The 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.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate (continued)
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.

Asset Class (1)	Target Allocation	Long-term Expected Real Rate of Return Years 1 - 10 (2)	Long-term Expected Real Rate of Return Years 11 + (3)
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	100.00%		

(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:

District proportionate share of the net pension liability	1.00% Decrease (6.15%)	Current Discount rate (7.15%)	1.00% Increase (8.15%)
2021	$ 17,924,330	$ 11,546,367	$ 6,276,458
2020	$ 16,646,259	$ 10,526,612	$ 5,475,276

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Payable to the Pension Plan
As of June 30, 2021 and 2020, the District reported a payable of $62,145 and $51,713 for the outstanding amounts of contributions due to the pension plan required for the years ended June 30, 2021 and 2020, respectively.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

Plan Description
The District administers a single-employer defined benefit healthcare plan (Plan). The Plan provides postemployment 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	-
Total	70

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 years ended June 30, 2021 and 2020, the District’s cash contributions were $0 and $171,911 in payments to the trust. The District’s contributions to the OPEB plan are not based on a measure of pay.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

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:	
Actuarial cost method	Entry-age normal cost method
Discount Rate	7.00%
Inflation	2.63%
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
All Equities	59%	7.675%
All Fixed Income	25%	4.380%
Real Estate Investment Trusts	8%	7.380%
All Commodities	3%	7.675%
Treasury Inflation Protected Securities (TIPS)	5%	3.130%
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 31 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 13 basis points to account for investment expenses. The interest assumption does not reflect a municipal bond rate.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the OPEB Asset

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/ (Asset) (c)= (a) - (b)
Balance at June 30, 2020			
(Measurement Date June 30, 2019)	$ 727,907	$ 794,010	$ (66,103)
Changes for the year:			
Service Cost	27,216	-	27,216
Interest on the total OPEB liability	50,941	29,006	21,935
Plan experience differences	(662)	-	(662)
Contributions - employer	-	171,911	(171,911)
Benefit payments	(26,911)	(26,911)	-
Administrative expenses	-	(389)	389
Net Changes	50,584	173,617	(123,033)
Balance at June 30, 2021			
(Measurement Date June 30, 2020)	$ 778,491	$ 967,627	$ (189,136)

Sensitivity of the Net OPEB 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 periods ended June 30, 2020 and 2019:

	Discount Rate 1% Lower 6.00%	Valuation Discount Rate 7.00%	Discount Rate 1% Higher 8.00%
Net OPEB Asset - 2020	$ (90,106)	$ (189,136)	$ (272,202)
Net OPEB Liability (Asset) - 2019	26,736	(66,103)	(144,190)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB 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 periods ended June 30, 2020 and 2019:

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Asset - 2020	$ (282,210)	$ (189,136)	$ (78,473)
Net OPEB Liability (Asset) - 2019	(145,880)	(66,103)	$ 27,135

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the years ended June 30, 2021 and 2020, the District recognized OPEB expense of $24,922 and $29,303, respectively, with details as follows:

	2021	2020
Service Cost	**$ 27,216**	$ 27,950
Interest on Total OPEB Liability (TOL)	**50,941**	48,228
Recognized Experience (Gains)/Losses	**(645)**	(588)
Expected Investment Income	**(60,642)**	(47,754)
Recognized Investment (Gains)/Losses	**7,663**	1,335
Administrative Expense	**389**	132
Total OPEB Expense	**$ 24,922**	$ 29,303

At June 30, 2021 and 2020, the District reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ -	$ -	$ 171,911	$ -
Differences between expected and actual experience	-	6,362	-	-
Net difference between projected and actual earnings on OPEB plan investments	30,333	682	-	667
Total	$ 30,333	$ 7,044	$ 171,911	$ 667

Deferred outflows 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
2022	$ 7,018
2023	7,018
2024	7,356
2025	5,679
2026	(645)
Thereafter:	(3,137)
	$ 23,289

NOTE 11 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 $469,073 and $426,264 to the Authority for property, general liability and workers' compensation insurance during the years ended June 30, 2021 and 2020, respectively.

JPA's summary financial information as of and for the fiscal years ended June 30, 2021 and 2020 were as follow:

		2021		2020
Total assets	**$**	**139,860,914**	$	130,676,871
Deferred outflows of resources related to pensions		**606,052**		595,599
Total liabilities		**73,886,665**		70,083,643
Deferred inflows of resources related to pensions		**237,014**		246,193
Net assets		**66,343,287**		60,942,634
Total operating revenues		**83,228,109**		76,284,929
Net investment income		**379,488**		5,744,463
Change in net position		**5,400,653**		4,578,071

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 4 open claims under the Authority and no liabilities were recorded as of June 30, 2021.

NOTE 12 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
2022	$	792,218
2023		792,044
2024		795,887
2025		794,471
2026		791,803
2027-2031		3,938,372
2032-2036		3,526,784
Total	$	11,431,579

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 13 MAJOR CUSTOMERS

The District has four customers whose water charges represent a significant portion of water revenue. Revenue from these four customers represented 29%, 8%, 7%, and 4% respectively, of water revenue during the fiscal year ended June 30, 2021 and 35%, 10%, 7%, and 3% of water revenue during the fiscal year ended June 30, 2020.

NOTE 14 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 15 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 years ended June 30, 2021 and 2020, the District recognized revenue from Board members of $96,531 and $101,289, respectively. The estimated amount of revenue earned but not yet collected as of June 30, 2021 and 2020 was $41,767 and $40,199, respectively.

NOTE 16 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, 2020 (the most recent available), the Authority had total assets, liabilities and net position of $1,115,828, $-0-, and $1,115,828, respectively, representing a change in net position of $12,501 for the year. The financial information on the Authority may be obtained by contacting its Treasurer, 300 West Third Street, Oxnard, CA 93030.

NOTE 17 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.

NOTE 17 SERVICE CONCESSION ARRANGEMENT (CONTINUED)

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. As this agreement has concluded, the District now retains all revenue generated at the Lake Piru recreation facility. Although assuming the maintenance of the facilities will increase costs to the District, during the three months of the fiscal year that the facility was allowed to operate (after the COVID-19 restrictions were lifted) it appears that the facility will be less of a loss than continuing to pay PMC.

NOTE 18 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, 2021, the District has spent $8,513,428 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.

NOTE 18 CONTINGENCIES (CONTINUED)

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

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

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

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

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

NOTE 18 CONTINGENCIES (CONTINUED)

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

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

In the case of 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. The Opinions of Probable Project Cost (OPPC) is $68,300,000. The OPPC was developed during the development of the 30% design phase and it was based on the project facilities and construction approaches presented in the 30% design documents. The construction cost estimate was generated in accordance with guidelines established by the Association for Advancement of Cost Engineering International (AACEI) as a Class 3 estimate which is assumed to provide construction cost within the range of -20 to +30 percent. It is anticipated that the outlet works project could have a significant financial impact on the District.

NOTE 18 CONTINGENCIES (CONTINUED)

Santa Felicia Dam Safety and Infrastructure Needs (Continued)
The FERC has required the District to convene an independent Board of Consultants (BOC) to provide oversight and quality assurance of the project design and construction. The BOC is an independent panel comprised of four experts experienced in tunneling, geotechnical engineering, hydraulics and structures. In parallel with the design a consulting team is 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 final Environmental Impact Report has been prepared in compliance with the CEQA. 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 new outlet works is in the order of $68 million. Through June 30, 2021, the District has spent $4,268,163 on these Santa Felicia Dam safety and infrastructure measures.

Santa Felicia Dam Probable Maximum Precipitation/Flood Studies
Standard engineering practices require that dams be designed to safely pass the largest stormwater inflow that they might encounter. This theoretical inflow is called the Probable Maximum Flood (PMF). The PMF is calculated from a large rainfall distribution. The standard rainfall employed is typically derived from the National Weather Service (NWS) computer model(s). In 2006, new PMF's were calculated for both the District's Santa Felicia Dam and California Department of Water Resources (DWR) Pyramid Dam on upper Piru Creek with the revised NWS rainfall model. Both 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 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 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 is preparing the necessary environmental documents for the projects to comply with the CEQA and the NEPA. The final Environmental Impact Report has been prepared in compliance with the CEQA . 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.

NOTE 18 CONTINGENCIES (CONTINUED)

Santa Felicia Dam Probable Maximum Precipitation/Flood Studies (Continued)
Currently, the estimated cost to design and construct the modifications to the spillway is in the order of $57 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, 2021, the District has spent $4,459,894 on the Probable Maximum Precipitation/Flood study efforts. This work could also be influenced by the results of the SFD fish passage study currently being reviewed by the NMFS. It is anticipated that the design and construction of the modifications to the dam and spillway could result in a significant financial impact on the District.

Freeman Diversion
The 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 is seeking 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 Freemen 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.

NOTE 18 CONTINGENCIES (CONTINUED)

Freeman Diversion (continued)
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.

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.

NOTE 18 CONTINGENCIES (CONTINUED)

Freeman Diversion (continued)
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 was paid 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.

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 $75 million to $122 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. The District completed hydraulic basins of design reports during Fiscal Year 2020-2021 and initiated physical modeling of the top two alternatives. In August 2020 a Stipulation was established by the Court that established deadlines for complying with the Court order. As mentioned above the District met the September 18, 2020 deadline in submitting the hydraulic basis of design for each alternative. The District met the November 23, 2020 deadline to submit a physical modeling plan to the agencies and that plan was finalized per the stipulation on February 8, 2021. Physical modeling commenced on one of the alternatives by the March 22, 2021 stipulated date. It was found that the Court stipulation did not allow for enough time to complete the physical modeling and on October 13, 2021 the Court granted a Motion to Modify the stipulation. This modification call for the completion of the physical modeling by October 31, 2022.The District shall deliver the 100% hydraulic design by May 10, 2023. The District will submit the MSHCP with the preferred fish passage alternative on or before September 22, 2023. If the permitting process moves quickly then construction could commence some time in 2025 weather permitting. Through June 30, 2021, the District has spent or encumbered costs of $5,979,196 to evaluate the fish passage in order to comply with the ESA.

Quagga Mussels
In December 2013, the District discovered invasive 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.

NOTE 18 CONTINGENCIES (CONTINUED)

Quagga Mussels (continued)

Quagga mussels are filter feeders and 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. The water quality parameters at Lake Piru make it an ideal environment for quagga mussel growth and reproduction. The District observed the quagga population rapidly increasing from 2013-2016 until the 2016-2017 rainy season when the population significantly decreased following a winter season with heavy sediment flows In 2017-2018, the population rebounded 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 control and containment.

As required by California Department of Fish and Game Code §2301(d)(1), the District has developed a draft Lake Piru Quagga Mussel Monitoring and Control Plan (revised September 2018). The plan has not been approved by CDFW due to the lack of containment of water from Lake Piru due to the District's obligation for habitat water releases in lower Piru Creek as required by the FERC license. The District continues to implement the procedures, actions, and monitoring program outlined in the plan, and consult with CDFW annually.

In FY 2020-21, the District continued implementing the comprehensive monitoring program and infrastructure scrapping control methods which entail a scientific dive team conducting physical removal of quagga mussels from infrastructure in Lake Piru. In February of 2019, the District applied for special local need registration (SLN) from California Department of Pesticide Regulation (CDPR) for use of a molluscicide to control quagga mussels in Lake Piru. In March of 2021, the District received approval from CDPR on the SLN Registration for use of EarthTec QZ in Lake Piru. The District will continue dedicating resources to monitor the quagga mussel infestation, including implementing various control and containment measures, and to maintain compliance with state and federal law pertaining to invasive species.

The District spent $2,826,796 on quagga control measures through June 30, 2021.

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.

NOTE 18 CONTINGENCIES (CONTINUED)

Lake Piru Recreation Area Operations (Continued)
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 terms of the amended agreement, PMC collected all revenues and then billed 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 was entitled to all revenues above the monthly expenses, less the 15% profit margin.

In mid-December, 2020, the District halted contract negotiations with PMC, and on January 1, 2021, PMC demobilized and the District assumed direct operation of the recreation area. The District utilized existing and new part-time staff, as well as work campers and contractors to operate the recreation area during the second half of the fiscal year, working within the existing operating budget. This change resulted in better and more consistent customer service and improved visitation, despite the limitations associated with the COVID-19 pandemic.

NOTE 19 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 XIIID, 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 XIIIC), 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.

NOTE 19 CLAIMS (CONTINUED)

City of San Buenaventura (continued)

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 XIIIC and XIIID 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.

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.).

NOTE 19 CLAIMS (CONTINUED)

City of San Buenaventura (continued)
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 2011-2012 and the 2012-2013 Challenges, and scheduled a trial of the 2019-2020 Challenge for December 15, 2020, with a judgment against the District on April 22,2021. The District has filed a notice of appeal and its opening appellate brief. There have been no oral arguments as of June 30, 2021.

There can be no assurance that the court of appeals will not rule in favor of the City of Ventura. An appellate court decision in favor of the City of Ventura, 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 appellate court's ruling, 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.

NOTE 19 CLAIMS (CONTINUED)

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.

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 $3.2 million to the plaintiff, to be paid in installments over a four-year period, as described in Note 18 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 20 IMPACT OF COVID-19 ON THE DISTRICT'S OPERATIONS

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.

NOTE 21 SUBSEQUENT EVENTS

In early July 2021 the OPV Coalition, a group of agricultural interests in the Oxnard and Pleasant Valley Basins, filed a complaint in the Ventura County Superior Court for a comprehensive adjudication of both basins. The action seeks a judgment from the court determining the respective rights to the extraction and use of groundwater from the basins and the rights to use of the storage space in the basins among all users of that groundwater. A petition is pending before the California Judicial Council to reassign the matter to a judge in another county. No decision has yet been made by the Judicial Council.

Although United was not named as a defendant in the complaint, it holds extensive water rights in both basins. As a result, it has filed a motion for leave to file a complaint-in-intervention in the action seeking the determination of its water rights. The motion will be decided after the Judicial Council rules on the petition for reassignment.

Other than the events described above, no events have occurred subsequent to the balance sheet date through December 8, 2021, the date the financial statements were available to be issued, that require adjustment to, or disclosure in, the financial statements.

NOTE 22 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS ISSUED

<u>GASB Current Year Standards</u>

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 below have been updated to reflect the impact of this Statement.

GASB No. 98
In October 2021, the Governmental Accounting Standards Board issued Statement No. 98, "The Annual Comprehensive Financial Report." The requirements of this Statement are effective for reporting periods ending after December 15, 2021.

<u>GASB Pending Accounting Standards</u>

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. 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 June 15, 2021.

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. 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.

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.

NOTE 22 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS ISSUED (CONTINUED)

GASB Pending Accounting Standards (continued)

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	6/30/2020	6/30/2019	6/30/2018	$ 6/30/2017
Total OPEB Liability				
Service Cost	$ 27,216	$ 27,950	$ 27,202	26,474
Interest on the Total OPEB Liability	50,941	48,228	44,583	41,087
Actual and expected experience difference	(662)	(6,933)	-	-
Changes in assumptions	-	-	-	-
Changes in benefit terms	-	-	-	-
Benefit payments	(26,911)	(27,066)	(18,713)	(17,993)
Net change in Total OPEB Liability	50,584	42,179	53,072	49,568
Total OPEB Liability - beginning	727,907	685,728	632,656	583,088
Total OPEB Liability - ending (a)	778,491	727,907	685,728	632,656
Plan Fiduciary Net Position				
Contribution - employer	171,911	172,066	163,713	162,993
Net investment income	29,006	39,377	36,765	26,975
Benefit payments	(26,911)	(27,066)	(18,713)	(17,993)
Administrative expense	(389)	(132)	(815)	(230)
Other	-	-	46	-
Net change in Plan Fiduciary Net Position	173,617	184,245	180,996	171,745
Plan Fiduciary Net Position - beginning	794,010	609,765	428,769	257,024
Plan Fiduciary Net Position - ending (b)	967,627	794,010	609,765	428,769
Net OPEB (Asset) Liability - ending (a) - (b)	$ (189,136)	$ (66,103)	$ 75,963	$ 203,887
Plan fiduciary net position as a percentage of the total OPEB liability	124.30%	109.08%	88.92%	67.77%
Covered-employee payroll	$ 5,747,082	$ 5,621,127	$ 5,559,274	$ 5,283,147
Net OPEB (asset) liability as a percentage of covered-employee payroll	-3.29%	-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.

Fiscal Year Ended June 30	2021	2020	2019	2018
Statutorily Determined Contributions (SDC)	$ 112,782	$ 112,782	$ 112,980	$ 109,620
Contributions in relation to the SDC	-	(171,911)	(172,066)	(164,969)
Contribution deficiency/(excess)	$ 112,782	$ (59,129)	$ (59,086)	$ (55,349)
Covered-employee payroll	$ 6,334,443	$ 5,747,082	$ 5,621,127	$ 5,559,274
Contribution as a percentage of covered payroll	0.00%	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 cost method
Discount Rate	7.00%
Inflation	2.63%
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.

*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.

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%	76.86%
6/30/2020	0.10612%	11,546,367	5,747,082	200.91%	75.91%

(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 7 years are shown.

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
6/30/2015	$ 908,781	$ (2,785,886)	$ (1,877,105)	$ 5,106,149	$ 54.56%
6/30/2016	524,361	(524,361)	-	5,630,234	9.31%
6/30/2017	542,174	(542,174)	-	5,283,147	10.26%
6/30/2018	1,984,562	(1,984,562)	-	5,559,274	35.70%
6/30/2019	1,035,479	(1,035,479)	-	5,621,127	18.42%
6/30/2020	1,211,196	(1,211,196)	-	5,747,082	21.07%
6/30/2021	1,399,090	(1,399,090)	-	6,334,443	22.09%

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)

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

(in thousands)	2012	2013 *	2014	2015**	2016	2017	2018	2019	2020	2021
					Fiscal Year					
Net investment in capital assets	$ 58,680	$ 59,259	$ 59,042	$ 58,725	$ 61,690	$ 64,430	$ 66,295	$ 75,044	$ 81,205	$ 68,849
Restricted	1,777	1,817	2,223	3,577	1,282	1,490	1,988	2,008	2,574	2,171
Unrestricted	11,159	13,621	20,202	15,230	19,371	21,515	24,719	19,364	19,259	38,995
Total net position	$ 71,616	$ 74,697	$ 81,467	$ 77,532	$ 82,343	$ 87,435	$ 93,002	$ 96,416	$ 103,038	$ 110,015

* 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)	2012	2013 *	2014	2015**	2016	2017	2018	2019	2020	2021
					Fiscal Year					
REVENUES:										
Charges for services:										
Water conservation	$ 8,826	$11,402	$12,210	$10,647	$10,093	$10,481	$11,705	$11,299	$14,646	$14,884
Lake Piru recreation facilities	123	142	103	43	2	2	3	3	4	6
Freeman Diversion facility	2,757	2,964	3,107	2,615	3,354	3,189	3,592	3,266	4,616	5,305
Water delivery and treatment facilities	4,840	4,569	5,008	4,530	6,367	6,848	7,478	6,795	7,463	8,197
Nonoperating revenues	3,618	1,050	3,950	4,265	2,775	5,547	6,090	6,797	9,683	6,424
Total revenues	$20,164	$20,127	$24,378	$22,100	$22,591	$26,067	$28,868	$28,160	$36,412	$34,816
EXPENSES:										
Water conservation	$ 7,518	$ 7,193	$ 7,577	$ 7,960	$ 7,994	$ 8,950	$ 9,830	$10,789	$11,847	$10,645
Lake Piru recreation facilities	816	840	891	829	979	1,209	1,469	1,367	1,360	1,562
State Water Project importation	766	1,434	973	1,230	415	1,942	1,685	2,768	1,386	783
Interest on long-term debt	931	873	844	802	758	735	699	666	643	1,016
Freeman Diversion facility	1,492	1,492	2,017	2,127	2,000	2,728	3,814	3,287	6,730	2,587
Water delivery and treatment facilities	4,531	4,790	5,106	5,000	5,509	5,327	6,044	5,869	7,825	11,245
Interest on long-term debt	-	-	-	152	124	86	-	-		
Total expenses	$16,054	$16,622	$17,408	$18,100	$17,779	$20,977	$23,541	$24,746	$29,791	$27,838
Change in net position	$ 4,110	$ 3,505	$ 6,970	$ 4,000	$ 4,812	$ 5,090	$ 5,327	$ 3,414	$ 6,621	$ 6,978

* 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

Fiscal Year	Charges for Services	Taxes/ Assessment	Grant/ Contributions	Earnings on Investments	Inter-governmental Revenue	Other Revenues	Total
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	26,729,632	4,780,181	174,684	700,083	172,373	3,855,528	36,412,481
2021	28,392,365	4,265,948	311,624	65,108	175,989	1,604,567	34,815,601

Source: United Water Conservation District

(amounts expressed in thousands)

July 1 - June 30	Water Pumped from Wells Agricultural	Water Pumped from Wells Non-Agricultural	Water Deliveries Agricultural	Water Deliveries Non-agricultural
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
2021	139,721	43,391	11,024	13,041

Fiscal Year	Zone A	Zone B	District Total
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
2021	92,025	91,087	183,112

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

Source: United Water Conservation District

Fiscal Year	Zone	Pumped water used for agricultural purposes	Pumped water used for purposes other than agriculture
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
2021	A	$57.03	$171.09
	B	$90.96	$272.89

Zone A — District-wide pump charges - 100%

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

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

Source: United Water Conservation District

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
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
2021	14,301	555.59	465.14	373.66	283.21	24,389.00

(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 send (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

Pleasant Valley Pipeline Deliveries per Acre Foot and Rate Charge

July 1 - June 30	Water delivered (acre feet)	Pipeline water charge per acre foot Agricultural Customer	Saticoy Well * Field Pump Charge per acre feet
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
2021	3,171	145.96	30.00

Pumping Trough Pipeline Deliveries per Acre Foot and Rate Charge

July 1 - June 30	Water delivered (acre feet)	Pipeline water charge per acre foot Agricultural Customer	Saticoy Well * Field Pump Charge per acre feet
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
2021	6,593	405.96	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

Fiscal Year 2020-2021

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	8,089	$272.89	10,639	$555.59/$373.66 & $465.14*/$283.21	18,728	$ 652,406	$ 88,373	$ -	$ 8,275,805
Port Hueneme Water Agency	-	-	3,239	$555.59/$465.14	3,239	542,655	45,563	-	2,387,919
City of San Buenaventura	9,243	$171.09/$272.89	-		9,243	-	-	-	2,059,427
Pleasant Valley Co. Water	6,312	$90.96	3,076	$145.96	9,387	133,200	-	-	1,156,213
City of Santa Paula	4,469	$171.09	-		4,469	-	-	-	764,579
Reiter Brothers, Inc.	4,564	$57.03/$90.96/$272.89	574	405.96**	5,138	113,400	-	-	747,201
Farmers Irrigation Co.	10,996	$57.03	-		10,996	-	-	-	627,081
Southland Sod Farms	4,972	$90.96/$272.89	75	405.96**	5,048	12,600	-	-	495,583
Fish and Wildlife	8,311	$57.03/$171.09	-		8,311	-	-	-	474,892
City of Fillmore	2,193	$171.09			2,193		-	-	375,209
	59,149		17,603		76,752	$ 1,454,261	$ 133,936	$ -	$ 17,363,910

Fiscal Year 2011-2012

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 mt	11,273	$112.50	7,705	$272.00 / $197.35 & $197.00 / $122.35	18,978	$ 621,991	$ 1,925,000	$ -	$ 5,849,326
Port Hueneme Water Agency	-		3,978	$272.00 / $197.35	3,978	517,357		-	1,610,092
Pleasant Valley Co. Water	5,539	37.50	10,320	73	15,858	-	-	-	955,866
City of San Buenaventura	7,450	112.5 / $76.50 / $58.50			7,450	-	-	-	540,153
City of Santa Paula	5,128	$19.50 / $58.50			5,128	-	-	-	272,643
CA Dept of Fish & Game	10,590	$19.50			10,590	-	-	-	206,511
Southland Sod Farms	4,813	$37.50	24	$166.50 / $196.50	4,837	3,964	-	-	184,608
Farmers Irrigation Co	7,646	$19.50			7,646	-	-	-	149,093
City of Fillmore	2,238	$58.50			2,238	-	-	-	130,928
Hiji Brothers	2,601	$37.50 / $25.50	423	$166.50 / $196.50 / $50.00	3,024	78,244	-	-	171,163
	57,278		22,449		79,727	$ 1,221,556	$ 1,925,000	$ -	$ 10,070,383

*GMA Pump Charge increased on January 1, 2021 to $40.00 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 (2)	General Obligation Debt (3)	Loans	Total Government	Assessed Valuations (4)	Percentage of Assessed Valuations (5)	Population (6)	Per Capita
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
2021	1,432	-	31,611	-	-	33,043	50,061,708	0.07%	852,435	38.76

(1) California State Water Project Contract
(2) Amount represents the 2020 COP Bonds and includes un-amortized portion of premium
(3) Loan from Bureau of Reclamation
(4) Source - County Auditor-Controller Ventura County - also refer to Demographic and Economic Statistics for detailed breakdown
(5) Assessed valuation used as other economic base versus personal income.
(6) 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)

Fiscal Year	General Obligation Bonds	Total General Obligation Bonds	Total Assessed Valuations	Percentage of Total Assessed Valuations (1)	Population (2)	Per Capita
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	-
2021	-	-	50,061,708	0.00%	852,435	-

(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

	Special Assessment Contract (1)	Revenue-backed Bonds	Certificates of Participation (2)	Total Debt Outstanding
Direct debt	$ 1,432	$ -	$ 31,611	$ 33,043
Overlapping debt	-	-	-	-
Total direct and overlapping debt	$ 1,432	$ -	$ 31,611	$ 33,043

(1) California State Water Project Contract
(2) Amount represents the 2020 COP Bonds and includes un-mortized portion of premium

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES:										
Water delivery charges	$ 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	$ 12,622,941
Groundwater charges	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	16,422,731
Less allowance for uncollectibles	(9,527)	(22,720)	1,593	(10,870)	(3,595)	(24,585)	(8,664)	(10,445)	(59,220)	(190,191)
Taxes	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	3,074,667
Interest	69,737	58,801	59,524	67,892	100,075	148,429	393,376	807,186	626,748	65,170
Other	530,332	511,226	667,738	589,786	114,487	428,880	629,224	969,094	1,899,312	1,629,062
Total Revenues	18,634,244	21,140,192	22,378,775	20,212,762	22,062,939	23,562,594	26,174,535	25,582,070	30,102,197	33,624,380
Operating expenditures (1)										
Salaries	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	4,833,387
Employee benefits	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	3,038,745
Utilities	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	1,612,760
Maintenance	723,718	904,605	733,351	589,015	822,692	735,844	706,930	938,734	799,108	841,673
Professional fees	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	5,303,837
Miscellaneous	880,862	751,828	820,391	1,199,486	1,141,037	1,241,072	1,367,259	2,048,666	1,613,679	3,207,207
General and administrative	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	4,137,136
Total operating expenditures	10,967,969	10,876,720	12,324,918	14,006,622	13,856,167	15,032,555	19,402,835	16,548,850	23,567,902	22,974,745
Net revenues	$ 7,666,275	$ 10,263,472	$ 10,053,857	$ 6,206,140	$ 8,206,772	$ 8,530,039	$ 6,771,700	$ 9,033,220	$ 6,534,295	$ 10,649,635
Debt Service:										
Principal	$ 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	1,085,538	977,181	912,844	869,950	824,634	776,724	739,459	783,269	655,108	1,016,354
Total Parity debt service (2)	$ 4,515,539	$ 2,957,181	$ 2,012,844	$ 2,014,950	$ 2,014,634	$ 1,686,724	$ 1,684,459	$ 1,763,269	$ 1,670,108	$ 1,016,354
Coverage of system net revenues to parity debt service	1.70	3.47	4.99	3.08	4.07	5.06	4.02	5.12	3.91	10.48
Debt Service:										
Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	-	-	-	-	-	-	-	-	-	-
Total debt service on other debt payable from net revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Coverage on all debt payable from net revenues	1.70	3.47	4.99	3.08	4.07	5.06	4.02	5.12	3.91	10.48

(1) Excludes depreciation capital expenditures and debt service.

(2) Includes 2001, 2005, 2006 Revenue Bonds, 2009 and 2020 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

(Amounts Expressed in Thousands)

Fiscal Year		Utility Valuations		Secured Valuations		Unsecured Valuations		Total Assessed Valuations (1)	Population (2)
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
2021		240,767		48,558,226		1,262,715		50,061,708	852,435

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

(2) Caltrans Long-Term Socio-Economic Forecasts by County, Ventura County Economic Forecast, Calendar Year

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

(Amounts Expressed in Thousands or Acre Foot as Indicated)

Calendar Year	Gross Value of Crops (1)	Lending Commodity Value Strawberry (1)	Acres of Agricultural of Farm Land (2)
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
2020	1,985,365	575,373	95,813

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

(2) Source: Farm Bureau of Ventura County, 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.

(Amounts Expressed in Thousands Except Population and Per Capita)

Calendar Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (2)
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%
2020	852,435	53,488,970	62,343	7.5%

(1) Caltrans Long-Term Socio-Economic Forecasts by County, Ventura County Economic Forecast.

(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.

	2019			2010		
Principal Employers	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
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%
	48,214		15.45%	54,271		17.94%

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.

Fiscal Year	Water Conservation	Facility Operations and Improvements	Recreation Facilities	General and Administrative	Total District Employees
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
2021	15	30	12	18	75

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

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

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:

Santa Felicia Dam	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.
Lake Piru	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.
Piru Diversion and Spreading Grounds	Constructed in 1931. Percolating Capacity: 150 acre-feet per day Average Annual Spreading: 0 acre feet (not currently in use)
Ferro Basin	231 acre Ferro Basin Acquired in 2009 Not presently connected to the District's recharge system
Noble Rose Basins	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
Mugu Lateral	Pipeline to Point Mugu Naval Air Station Leased long term to Port Hueneme Water Agency
Freeman Diversion	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

Saticoy Spreading Grounds	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

El Rio Spreading Grounds	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

Municipal Delivery Systems: **Oxnard-Hueneme Pipeline**	Consists of: 12 wells located at the El Rio spreading grounds and Rose Avenue 2 8 million gallon clearwells 1 chloramination facility 1 booster plant 12 miles of distribution pipeline Delivery: 53 cfs of potable water to customers 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 Navel bases and 4 mutual water companies), Vineyard Avenue Estates MWC, Rio Real & Rio Del Valle Schools

Agricultural Delivery Systems:	
Pumping Trough Delivery System	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
Pleasant Valley Delivery System	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 totalng 230 acre feet of capacity Average surface water delivery is 8,700 acre feet per year.
Saticoy Well Field	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.

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