

NOTICE OF REGULAR BOARD OF DIRECTORS MEETING

3:00 P.M. WEDNESDAY, FEBRUARY 10, 2016
VENTURA RIVER WATER DISTRICT
409 OLD BALDWIN ROAD, OJAI, CA 93023



VENTURA RIVER WATER DISTRICT

409 Old Baldwin Road
Ojai, CA 93023
Phone (805)646-3403
Fax (805) 646-3860

www.VenturaRiverWD.com

DIRECTORS

President:

Ed Lee

Vice President:

Bruce Kuebler

Treasurer:

Marvin Hanson

Directors:

Tom Jamison

Jack Curtis

GENERAL MANAGER

Bert Rapp, P.E.

OFFICE MANAGER

Janet Schaefer

FIELD SUPERVISOR

Joe Zuniga

ATTORNEY

Lindsay Nielson, ESQ

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public, which is within the subject matter jurisdiction of the Board. The request to be heard should be made immediately before the Board's consideration of the item. No action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of 54954.2 of the Government Code and except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under section 54954.3 of the Government Code.

1. CALL MEETING TO ORDER
2. PLEDGE OF ALLEGIANCE
3. CONSENT AGENDA:
 - A. MINUTES FOR REGULAR MEETING JANUARY 13, 2016
 - B. FINANCIAL EXPENDITURES FOR DECEMBER 2015
4. PUBLIC COMMENT – FOR ITEMS NOT ON THE AGENDA
(LIMIT PER PERSON – 5 MINUTES)
5. ANNUAL AUDIT 2014-2015 – Smith Marion & Co.
6. APPROVAL OF RESERVE ALLOCATIONS
7. MID YEAR BUDGET UPDATE
8. GROUNDWATER SUSTAINABILITY AGENCY FORMATION UPDATE
9. LEAK RELIEF DRAFT CONCEPT
10. WATER RATE COST OF SERVICE ANALYSIS STATUS UPDATE
11. GENERAL MANAGERS REPORT ON WELLS, WATER STATUS
12. OLD & NEW BUSINESS – AWA 2-18 & Matilija Dam 3-17-16
13. EXECUTIVE SESSION – A closed session will be held regarding:
 - (1) Pending litigation pursuant to Government Code Section 54956.9 (b) (Small v. VRWD case # 56-2015-00464077-CU-EI-VTA);
 - (2) Pending litigation pursuant to Government Code Section 54956.9 (b) (City of Ventura v. VRWD, CPF-14-513875, Friend of the Court filing); and
 - (3) Personnel matter pursuant to Government Code Section 54957(b)(1)
14. MEETING ADJOURNMENT TO MARCH 9, 2016

If you require special accommodations for attendance at or participation in this meeting, please notify our office 24 hours in advance at (805) 646-3403 (Govt. Code Section 54954.1 and 54954.2(a)).

**VENTURA RIVER WATER DISTRICT
MINUTES OF REGULAR MEETING JANUARY 13, 2016**

Pursuant to due and official notice, a regular meeting of the Board of Directors of the Ventura River Water District was held at 409 Old Baldwin Road, Ojai, California.

Directors present were: E. Lee, B. Kuebler, M. Hanson, T. Jamison and J. Curtis. Also present were: Legal Counsel L. Nielsen and General Manager/Board Secretary Bert Rapp. Public present were: Mr. Tom Francis and Mr. George Galgas.

1. **CALL MEETING TO ORDER** – Board President E. Lee called the meeting to order at 3:00 P.M.
2. **PLEDGE OF ALLEGIANCE** – Led by B. Rapp.
3. **CONSENT AGENDA:**

A. Minutes for regular meeting December 9, 2015

T. Jamison moved for approval, 2nd by J. Curtis. Motion carried 5-0,

4. **PUBLIC COMMENT** – None

5. **LEAK RELIEF 508 BURNHAM ROAD** – B. Rapp presented the leak relief request from Mr. Tom Francis. The leak caused the loss of 128 units of water because the wind rocked a tree breaking a water pipe. Normal usage is 6 units per month. The area was served Casitas water at the time. B. Rapp recommended the customer be charged for 25 units at the normal rates to cover indirect district costs and pay \$1.49/unit for the Casitas water. This would cover the District's costs and lower the leak cost from \$796.90 to \$288.03. E. Lee noted that it has always been the District policy that anything that happens on the customer's side of the meter is their responsibility not the District's because the District cannot maintain the customer's side. B. Kuebler indicated that the approach of recovering the direct costs and not charging them the highest tiers still holds the customer responsible because they have to pay for the cost of the water they lost and when a loss occurs that is out of the customer's control then all we need to do is make sure the District is made whole. It shows that we are responsive and considerate of the customer's problem. B. Kuebler would like to see a permanent change that any qualifying leak in the future be charged at the lower rate. B. Rapp indicated that draft revisions to the Rules and Regulations can be on the February agenda. B. Kuebler moved to approve leak relief for 508 Burnham Road lowering the water bill for the leak from \$796.9 to \$288.03, which will cover the District's direct costs from the leak. Seconded by M. Hanson. Item carried 5-0.

6. **AUTHORIZATION TO ADVERTISE FOR BIDS TO DRILL WELL #7** – B. Rapp indicated that the Plans and Specifications for Drilling of Well #7 are ready to be advertised for bids after being delayed for one year because drought conservation caused a \$380,000 drop in revenues that has now been restored by the Temporary Drought Surcharge. Well #7 will be in a deep portion of the aquifer that should be more reliable than any of the other District wells however when water levels drop to historic lows the nitrate levels may rise to a level requiring blending with Casitas water. E. Lee commented that Well #5 was drilled crooked and asked if there were assurances that this well would be straight. B. Rapp indicated that after drilling the well and before the stainless steel casing is installed an alignment survey must be performed and the well re-drilled if it is not within tolerance. T. Jamison moved to Approve the plans and specifications, authorize the advertisement for bids for Well #7 Drilling, authorize the General Manager to enter into a contract with Oilfield Electric to design, build and install the electrical service for Well #7 at a cost of \$22,381 and to use a submersible pump in Well #7 to eliminate noise concerns for the neighbors. Seconded by J. Curtis. Item carried 5-0.

7. **GROUNDWATER SUSTAINABILITY AGENCY FORMATION UPDATE – UPPER VENTURA RIVER GROUNDWATER SUB-BASIN BOUNDARY CHANGE, GSA JPA ARTICLE ARTICLES 1, 3, 4, 5 & 7** – Discussion first focused on the JPA Section 6.1.2, the consensus of the board was that the future GSA Board would appoint two local persons to serve as representatives of agricultural and community interests. B. Kuebler noted that Sections 6.4, 6.4 & 6.5 do not restrict public agency Directors to elected officials, the consensus of the Board was that this is an important requirement.

B. Kuebler described the process to date to update the Upper Ventura River Basin Boundary. Jordan Kear has provided a summary of the geotechnical reasons for the changes which are primarily to follow the limits of the alluvial material. B. Kuebler moved that the Ventura River Water District explore a scientific boundary modification to the Upper Ventura River Groundwater Basin No. 4-3.01, that it file an Initial Notification with the Department of Water Resources, and that the Meiners Oaks Water District, Casitas Municipal Water District, City of Ventura, and County of Ventura be notified of this action and provided a map and geologist's technical explanation of the preliminary boundary. Seconded by J. Curtis. Motion carried 5-0.

- 8. AUTHORIZATION FOR DIRECTOR KUEBLER TO ATTEND GROUNDWATER MODELING CONFERENCE** – B. Rapp described the upcoming groundwater conference at U.C. Davis sponsored by the California Department of Water Resources and recommended the Director Kuebler attend. T. Jamison indicated that it was not necessary for two persons to attend and that one person could attend and bring back the information. B. Kuebler indicated that the conference would help him make future policy decisions if he serves on the GSA Board. J. Curtis moved that Director Kuebler should attend the conference. Seconded by M. Hanson. Lee & Jamison voted no. Curtis, Hanson and Kuebler voted Yes. Motion carried 3-2.
- 9. WATER RATE COST OF SERVICE ANALYSIS STATUS** - No information was provided on this item.
- 10. GENERAL MANAGERS REPORT ON WELLS, WATER STATUS** – Well #2 was 87.7 feet below the ground surface on January 1, 2016. Well #1 is producing 615 gpm and is the only well pumping. Conservation in December was 12% below 2013. Revenues for the year to date are 5% higher than the budgeted revenues however if the next several months are rainy, revenues could come in under budget by the end of the fiscal year.
- 11. OLD & NEW BUSINESS** – AWA meeting January 21st and VCSDA meeting February 2nd will be attended by Kuebler & Rapp. E. Lee noted that the Customer Complaint log was not in the packet and B Kuebler noted that the customer conservation update chart was not included. B Rapp indicated that they were inadvertently left out and would be included in the future. E. Lee asked if staff had operated the generators under load yet and B Rapp indicated that that would occur in January.

The Board adjourned to Executive Session at 4:45 P.M.

- 12. EXECUTIVE SESSION** – An executive session was held regarding litigation pursuant to subdivision (b) of Section 54956.9, Government Code, Small vrs. VRWD case # 56-2015-00464077-CU-EI-VTA, City of Ventura vrs. VRWD, CPF-14-513875 and a personnel matter pursuant to Government Code Section 54957(b)(1).

The Board came out of Executive Session at 4:51 P.M. No decisions were made.

- 13. MEETING ADJOURNMENT** – Meeting adjourned at 4:51 P.M. to Wed. Feb. 10, 2016 at 3:00 P.M.

Attested:

John Curtis, President

Ed Lee, Vice President

8:25:17 AM

AP Check Register (Current and History by Bank)

Check Dates: 12/1/2015 to 12/31/2015

Check No.	Date	Statu	Vendor ID	Payee Name	Amount
BANK ID: RABO - RABO BANK GENERAL CHECKING			1000000.001 - RABO BANK-GEN OP CHKNG		
13257	12/11/15	F	10038	BROWNSTEIN HYATT FARBER SCHREC	\$3,137.36
13258	12/11/15	F	116	ACCONTEMPS	\$3,199.36
13259	12/11/15	F	1269	DOCUMENT SYSTEMS	\$213.93
13260	12/11/15	F	1391	FERGUSON WATERWORKS #1083	\$1,093.72
13261	12/11/15	F	1393	FGL, INC.	\$273.00
13262	12/11/15	F	1410	FRANK'S INC.	\$3,978.02
13263	12/11/15	F	1730	KELLY CLEANING & SUPPLIES	\$197.00
13264	12/11/15	F	1950	MEINERS OAKS HARDWARE	\$75.81
13265	12/11/15	F	2400	OJAI VALLEY SANITARY DISTRICT	\$55.36
13266	12/11/15	F	2700	PURE WATER SYSTEMS	\$16.50
13267	12/11/15	F	3055	SHELL FLEET PLUS	\$393.56
13268	12/11/15	F	3125	SOUTHERN CALIFORNIA EDISON	\$6,086.64
13269	12/11/15	F	3200	SMITH MARION & CO, LLP	\$2,500.00
13270	12/11/15	F	330	AT&T	\$121.46
13270	12/11/15	\ 12/11/15	330	AT&T	(\$121.46)
13271	12/11/15	F	345	AT&T MOBILITY	\$207.68
13272	12/11/15	F	3550	UNDERGROUND SERVICE ALERT	\$33.00
13273	12/11/15	F	750	CASITAS MUNICIPAL WATER DIST	\$19,892.21
13274	12/11/15	F	790	CHASE CARD SERVICES	\$2,262.82
13275	12/11/15	F	10046	CRAIG LEE	\$220.27
13276	12/11/15	F	10047	U.S. DEPT OF HOUSING & URBAN D	\$14.70
13277	12/11/15	F	330	AT&T	\$121.46
13279	12/14/15	F	10030	4 CORNER SOFTWARE	\$615.00
13287	12/22/15	F	10029	REMY MOOSE MANLEY, LLP	\$1,719.10
13287	12/22/15	\ 12/22/15	10029	REMY MOOSE MANLEY, LLP	(\$1,719.10)
13288	12/22/15	F	10048	OST TRUCKS & CRANES	\$2,780.39
13289	12/22/15	F	1020	VENTURA COUNTY [PUBLIC WORKS	\$1,210.00
13290	12/22/15	F	112	AMER WATER WORKS ASSOCIATION	\$105.00
13291	12/22/15	F	116	ACCONTEMPS	\$4,147.50
13292	12/22/15	F	1300	E J HARRISON & SONS, INC	\$589.12
13293	12/22/15	F	1391	FERGUSON WATERWORKS #1083	\$1,536.06
13294	12/22/15	F	1393	FGL, INC.	\$158.00
13295	12/22/15	F	1410	FRANK'S INC.	\$2,199.00

13296	12/22/15	F	2025	MITEC SOLUTIONS LLC	\$1,198.20
13296	12/31/15	\ 12/31/15	2025	MITEC SOLUTIONS LLC	(\$1,198.20)
13297	12/22/15	F	2074	NIELSON HUFF LLP	\$550.00
13298	12/22/15	F	3125	SOUTHERN CALIFORNIA EDISON	\$6,405.52
13299	12/22/15	F	550	BIRCH COMMUNICATIONS	\$107.83
13299	12/22/15	\ 12/22/15	550	BIRCH COMMUNICATIONS	(\$107.83)
13300	12/22/15	F	650	BUILDERS MART	\$15.01
13300	12/23/15	\ 12/23/15	650	BUILDERS MART	(\$15.01)
13301	12/23/15	F	10029	REMY MOOSE MANLEY, LLP	\$93.75
13302	12/23/15	F	550	BIRCH COMMUNICATIONS	\$107.83
13303	12/23/15	F	650	BUILDERS MART	\$15.01
5878	12/31/15			000100 - CURTIS, JOHN	\$147.76
5879	12/31/15			000150 - HANSON, MARVIN	\$147.76
5880	12/31/15			000350 - JAMISON, THOMAS	\$147.76
5881	12/31/15			0001 - KUEBLER, BRUCE	\$240.11
5882	12/31/15			000200 - LEE, EDWARD	\$147.76
				000200 - LEE, EDWARD	\$92.35
5873	12/31/15			MARK ALBERTSEN	\$2,611.46
5874	12/31/15			CRAIG LEE	\$2,168.43
5875	12/31/15			NANCY PADILLA	\$2,113.51
5876	12/31/15			BERT RAPP	\$4,729.47
5877	12/31/15			MARTIN ZUNIGA	\$4,426.43
5883	12/31/15			Ed Lee	\$92.35
5881	12/31/15			Bruce Kuebler	\$240.11
5880	12/31/15			Tom Jamison	\$147.76
5879	12/31/15			Marvin Hanson	\$147.76
5882	12/31/15			Ed Lee	\$147.76
5878	12/31/15			John Curtis	\$147.76

BANK RABO REGISTER TOTAL: \$82,380.88

GRAND TOTAL : \$82,380.88

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To the Board of Directors
Ventura River Water District
Ojai, CA

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

We have audited the financial statements of Ventura River Water District as of and for the year ended June 30, 2015 and have issued our report thereon dated January 14, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Ventura River Water District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have also provided our comments regarding significant and material control deficiencies and other matters noted during our audit in a separate letter to you dated January 14, 2016.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Ventura River Water District is included in Note 1 to the financial statements.

As described in Note 11 to the financial statements, during the year, the entity changed its method of accounting for pensions by adopting GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Operations.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are related to the depreciation of capital assets.

Management's estimate of the capital assets is based on management's capitalization policy described in Note 1 of the notes to financial statements. We evaluated the key factors and assumptions used to develop the depreciation expense and accumulated depreciation and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Ventura River Water District's financial statements relate to: defined benefit pension plan and change in accounting principle.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

To recognize pension liability	\$535,218
To correct fixed assets	\$237,844
To correct revenues	\$ 89,321
To correct accounts payable	\$ 10,083
To correct compensated absences	\$ 9,826

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Ventura River Water District 's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Ventura River Water District , we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Ventura River Water District 's auditors.

This report is intended solely for the information and use of the board of directors, and management of Ventura River Water District and is not intended to be and should not be used by anyone other than these specified parties.



January 18, 2016

Section II

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
1	SUMMARY AND EVALUATION OF MISSTATEMENTS AND OMITTED, INACCURATE, OR INCOMPLETE DISCLOSURES																				
2																					
3	SECTION II: UNCORRECTED MISSTATEMENTS																				
4																					
5	OPINION UNIT:																				
6																					
7	<p>Practice Point: A separate summary and evaluation should be performed for each opinion unit of the government entity, in addition to one performed for the financial statements as a whole. See <i>KBA-301 Worksheet for Determination of Opinion Unit Materiality, Performance Materiality, and Thresholds for Trivial Amounts</i> for further guidance as to opinion unit materiality.</p>																				
8																					
9	<i>General Ledger Account</i>											<i>Effect of Unrecorded Misstatements: Over- (Under-) Statement</i>							<i>Communicated to Management (indicate to whom, date, and by whom)</i>		
10	<i>No.</i>	<i>Workpaper Reference</i>	<i>Description</i>	<i>No.</i>	<i>Description</i>	<i>Amount</i>	<i>Amount of Known Misstatement</i>	<i>Amount of Likely Misstatement</i>	<i>Total Assets</i>	<i>Current Assets</i>	<i>Deferred Outflows of Resources</i>	<i>Total Liabilities</i>	<i>Current Liabilities</i>	<i>Deferred Inflows of Resources</i>	<i>Net Position</i>	<i>Results of Operations</i>	<i>Change in Net Position</i>	<i>Other (specify)</i>		<i>Other (specify)</i>	
11	1			1.3E+07	LAIF Interest Receivable	1,016.00		1,016.00		(1,016)											Not considered necessary/MT
12		C010	Accounts Receivable																		
13	2																				
14																					
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34	<p>Practice Point: The auditor should consider both the "iron curtain" and "rollover" approaches to quantifying a current-year misstatement for purposes of determining its materiality. The iron curtain approach focuses on how the current year's balance sheet would be affected in correcting a misstatement without considering the year(s) in which the misstatement originated. The rollover approach focuses on the amount of the misstatement that originated in the current year's statement of activities. The auditor quantifies the impact of correcting all misstatements, including both the carryover and reversing effects of prior-year misstatements, on the current-year financial statements.</p> <p>The subtotal "Effect of Uncorrected Misstatements: Current-Period" essentially summarizes the impact of misstatements on the financial statements using the iron curtain approach (i.e., the effect of correcting the total error in the current period statement of net position). The total "Net Effect of Uncorrected Misstatements" summarizes the impact of misstatements using the rollover method by considering the effect of uncorrected misstatements originating in prior periods (i.e., the effect of correcting the portion of the error that arose in current period).</p>																				



Ventura River County Water District
We Serve Water

(A California Special District)

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014



VENTURA RIVER WATER DISTRICT
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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GOVERNING BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>
Tom Jamison	President
Jack Curtis	Vice President
Ed Lee	Treasurer
Bruce Kuebler	Director
Marvin Hanson	Director

ADMINISTRATION

Bert Rapp	General Manager
Janet Schaefer	Office Manager

Ventura River Water District
409 Old Baldwin Road
Ojai, CA 93023

Management's Discussion and Analysis

As management of the VENTURA RIVER WATER DISTRICT, we offer readers of the VENTURA RIVER WATER DISTRICT'S financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the VENTURA RIVER WATER DISTRICT'S basic financial statements. The VENTURA RIVER WATER DISTRICT'S basic financial statements comprise two components:

- 1) Financial statements
- 2) Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves. The basic financial statements are designed to provide readers with a broad overview of the VENTURA RIVER WATER DISTRICT'S finances, in a manner similar to a private-sector business the basic financial statements can be found on pages 9-11 of this report. The business-type activities of the VENTURA RIVER WATER DISTRICT are conducted by the District governed by its own elected five-person board of directors, and they include only water operations. The District has no component units. The VENTURA RIVER WATER DISTRICT uses enterprise funds to account for its water operations.

The *Statement of Net Position* is intended to disclose the financial position of the District at a specific point in time, June 30, 2015. It reflects the assets of the District, the liabilities and net position (equity). Assets and liabilities are listed in order of their estimated liquidity. Cash and other unrestricted assets readily convertible to cash are listed first. Property, plant and equipment are listed near the bottom of assets because they are highly illiquid. Further, property, plant and equipment are reduced by the depreciation. This is the estimated diminution of value attributable to the wear and tear of assets caused by the usage and the passage of time.

The *Statement of Revenues, Expenses and Changes in Net Position* is intended to disclose the results of operations over a period of time, the fiscal year ended June 30, 2015. This statement reflects revenues earned (whether collected or not), and expenses incurred (whether paid or not) during the year. This statement differs significantly from the balance sheet, yet coordinates well with that statement. The net earnings of the District flows into the net position of the District as reflected on the balance sheet.

The *Statement of Cash Flows* combines aspects of both the balance sheet and the statement of activities and discloses how cash flows through the District.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide a narrative description of certain items contained in the financial statements to enhance the understanding of those items. The notes to the financial statements can be found on pages 15-25 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the VENTURA RIVER WATER DISTRICT'S progress in funding its obligations. Required supplementary information can be found on pages 26-29 of this report. *Supplementary information* concerning the organization of the District and selected operating expenses can be found on pages 30-32.

Financial Analysis and Highlights

The assets of the VENTURA RIVER WATER DISTRICT exceeded its liabilities at the close of the most recent fiscal year by \$5,280,956 (*net position*). Of this amount \$1,857,631 (*unrestricted net position*) may be used to meet the district's ongoing obligations to citizens and creditors and provide for projected capital improvements as outlined in the district's 10-year capital improvement plan.

The statement of net position presents information on all of the VENTURA RIVER WATER DISTRICT'S assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the VENTURA RIVER WATER DISTRICT is improving or deteriorating.

VENTURA RIVER WATER DISTRICT'S total net position decreased by \$264,328 due to a drop in value of capital assets. Operating Revenues decreased \$316,967. Water Sales decreased \$228,468. No Capital Improvement fees were collected. Operating Expenses decreased \$226,489. The largest portions of the decrease were Water Purchases expense at (\$161,283). Water Purchases Expense was incurred by the need of the District to purchase water from Casitas Municipal Water District to offset declining VRWD well production. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. There are some revenues and expenses are reported for some items that will only result in cash flows (inflows and outflows of cash) in future fiscal periods (e.g. earned but unused vacation leave)

The VENTURA RIVER WATER DISTRICT'S total liabilities increased \$365,732.

By far the largest portion of the VENTURA RIVER WATER DISTRICT'S net position \$3,432,325 (64 percent) reflects its investment in capital assets. (e.g., land, buildings, machinery and equipment) The VENTURA RIVER WATER DISTRICT uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Although the VENTURA RIVER WATER DISTRICT investment in capital assets is reported net of debt, it is not a spendable resource. The resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The *unrestricted net position* \$1,857,631 (35 percent) may be used to meet the district's ongoing obligations to citizens and creditors.

VENTURA RIVER WATER DISTRICT
Table 1
Net Positions Components

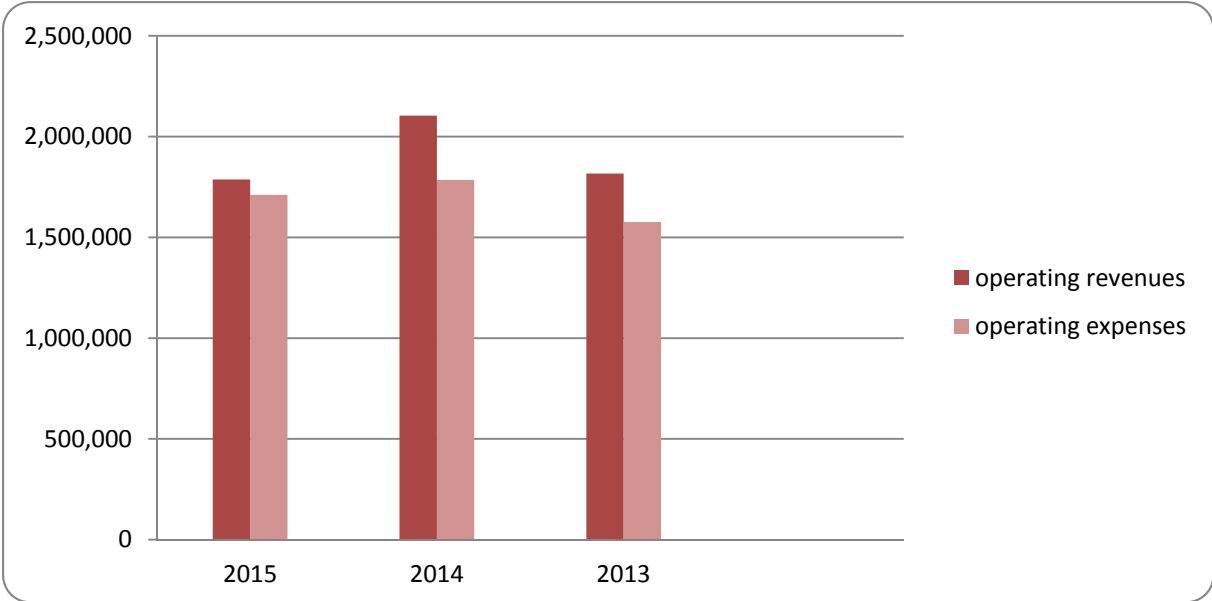
Description	2015	2014	2013
Current assets	\$2,238,629	\$1,918,029	\$1,720,450
Capital assets	3,432,325	3,504,772	3,380,811
Deferred outflow of resources	68,998	-	-
Total assets	5,730,952	5,422,801	5,101,261
Current liabilities	91,228	84,264	117,024
Net pension liability	251,316	-	-
Deferred inflow of resources	107,452	-	-
Total liabilities	449,996	84,264	117,024
Investment in capital assets	3,423,325	3,504,772	3,380,811
Unrestricted	1,857,631	1,511,858	1,603,426
Total net position	\$5,280,956	\$5,016,628	\$4,984,237

At the end of the current fiscal year, the VENTURA RIVER WATER DISTRICT is able to report positive balances in its net position. The same situation held true for the prior fiscal years.

VENTURA RIVER WATER DISTRICT
Table 2
Changes in Net Position

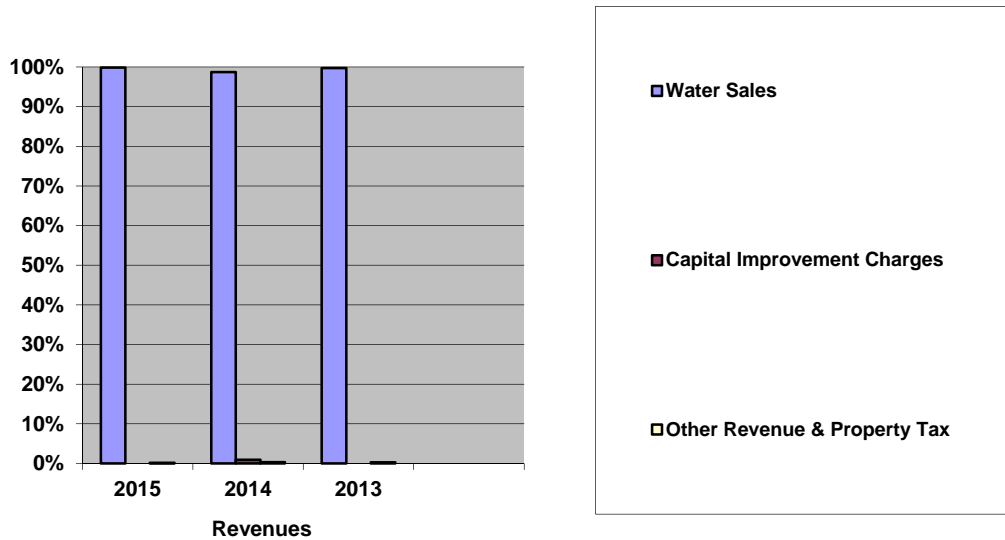
Description	2015	2014	2013
Operating Revenues			
Charges for services	\$ 1,784,548	\$ 2,077,332	\$1,813,394
Capital Improvement revenues	-	20,000	-
Other general revenues	<u>2,643</u>	<u>6,826</u>	<u>3,371</u>
Total Operating Revenues	<u>1,787,191</u>	<u>2,104,158</u>	<u>1,816,765</u>
Non-Operating Revenues			
Interest income	2,690	4,111	4,433
Property tax revenue	<u>32,952</u>	<u>31,025</u>	<u>32,551</u>
Total Non-Operating Revenues	<u>35,642</u>	<u>35,136</u>	<u>36,984</u>
Total Revenues	<u>1,822,833</u>	<u>2,139,294</u>	<u>1,853,749</u>
Operating Expenses			
Salaries and related items	728,129	741,224	726,700
Water Purchases	128,763	290,046	208,115
Utilities	91,092	98,340	90,534
Water System Maintenance	191,234	240,004	166,707
Depreciation	249,096	228,916	236,116
Administrative Expenses			
Insurance	25,565	28,876	30,054
Legal Fees	12,887	12,738	8,347
Engineering and Professional Fees	17,483	15,215	10,205
Other Administrative Expenses	<u>114,256</u>	<u>129,635</u>	<u>99,382</u>
Total Operating Expenses	<u>1,558,505</u>	<u>1,784,994</u>	<u>1,576,161</u>
Non-Operating Expenses			
Total Non-Operating Expenses	-	-	-
Total Expenses	<u>1,558,505</u>	<u>1,784,994</u>	<u>1,576,161</u>
Increase (decrease) in Net Position	264,328	354,300	277,589
Net Position Beginning	<u>5,016,628</u>	<u>4,984,237</u>	<u>4,706,649</u>
Prior period adjustment	-	(321,909)	-
Net Position Ending	<u>\$5,280,956</u>	<u>\$ 5,016,628</u>	<u>\$ 4,984,237</u>

**Ventura River Water District
Table 3
Operating Revenues vs. Operating Expenses**



**Ventura River Water District
Table 4
Revenue by Source**

Revenue by Source



Analysis of balances and transactions of funds

The District is a single purpose, proprietary entity, and as such, does not maintain multiple fund types. Consequently, there are no inter-fund balances. The analysis of balances is shown above in tables one and two, and in the section labeled “Financial Highlights”.

Analysis of variations between original and final budget amounts

The District adopts its budget in accordance with California law. It is policy to not modify the budget in total, although certain reallocations of expenditures may occasionally be made. The budget is adopted on a projected cash flow basis. Consequently, it reflects such items as projected capital expenditures as cash outflows that are not recognized as expenses under Generally Accepted Accounting Principles.

**Ventura River Water District
Table 5
Significant Budget Variances**

<u>Account</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Explanation</u>
<u>Operating Revenues</u>				
Capital Improvement Charge	\$4,000	\$4,000		Unused deferred to next FY
Water Sales	2,036,642	1,714,379	322,263	Customers cut back use more than projected
Purchased Water Surcharge	260,000	59,916	200,084	Customer conservation efforts
Other Water Revenue	12,500	10,253	2,247	Late Fees, Reconnect Fees, Service Installation Fees are hard to predict.
Other Revenues	2,000	1,028	972	Scrap metal recycle, damage and theft fines
<u>Non-Operating Revenues</u>				
Tax Revenue & Interest	32,050	35,642	(3,592)	Actual revenue was more than projected
<u>Operating Expenses</u>				
Operating Expense	1,943,401	1,558,505	384,869	Salaries and related expenses, Contract Labor, Other Equipment Maintenance, Engineering & Professional Services, Water Purchases, and Utilities expenses were all below the estimates
<u>Non-GAAP Budgeted Expenditures</u>				
Water System Improvement	643,040	643,040		Deferred drilling well 7

Capital Asset and Debt Administration

Capital Assets

The VENTURA RIVER WATER DISTRICT'S investment in capital assets for its business type activities as of June 30, 2015 amounts to \$3,432,325 (*net of accumulated depreciation*). This investment in capital assets includes land, buildings, water system facilities, improvements, machinery and equipment. The total decrease in the VENTURA RIVER WATER DISTRICT'S investment in capital assets for the current fiscal year was \$81,447 due to additions, disposals, and depreciation.

**Ventura River Water District
Table 6
Capital Assets
(Net of depreciation)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Land, Water Rights of Way	\$227,581	\$227,581	\$227,581
Construction in Progress	0	54,813	198,742
Water System Utility	3,053,028	3,050,828	2,812,012
Furniture and Equipment	36,265	45,479	6,974
Vehicles	6,534	10,523	3,854
Buildings	<u>99,917</u>	<u>115,548</u>	<u>31,648</u>
Net Capital Assets	<u>\$3,423,325</u>	<u>\$3,504,772</u>	<u>\$3,380,811</u>

Additional information on the VENTURA RIVER WATER DISTRICT'S capital assets can be found in Note 1 on page 15 of this report.

Infrastructure Assets

The District has adopted the recommended approach of GASB Statement No. 34 with regard to infrastructure assets. All identifiable infrastructure assets have been capitalized at their purchase cost, estimated value for contributed or donated assets, or estimated cost for those items expensed in prior years and not previously capitalized.

Economic Factors and Rates:

- The District adopted a three year rate increase structure effective December 15, 2012. The rate structure includes a 4th tier for water use over 50 units and above to help encourage conservation. The base rate remained unchanged. The adopted rate increase will fund long term maintenance, and correct historical insufficient funding for depreciation of assets.

- With the fourth consecutive year of drought, District priorities have shifted in an effort to improve well production. The District undertook a rehabilitation project for Well #1 in Fiscal 2014 to help reduce the need to purchase supplemental water. This project proved successful by increasing well production and reducing the amount of supplemental water purchases. At the same time, keeping the cost of water down by using the District's less expensive well source. Well #3 needs to be replaced. Explorative monitoring wells were drilled to determine the best location for the replacement well which will be called Well #7. Water Waste and Conservation Ordinance 2014-1 is now in place with prohibitions on wasteful practices with escalating penalties for violation. As the drought continues, and the wells are not able to produce water, reliance on supplemental water will increase. The cost of water to customers has increased in the form of the Purchase Water Surcharge. The District continues an aggressive effort to replace aging valves, fire hydrants, and meters.

All of these factors were considered in preparing the VENTURA RIVER WATER DISTRICT'S budget for the 2015 - 2016 fiscal year.

Requests for information

This financial report is designed to provide a general overview of the VENTURA RIVER WATER DISTRICT'S financial position for all those with an interest in the District's finances. Questions or requests for additional financial information should be directed to: VENTURA RIVER WATER DISTRICT 409 Old Baldwin Rd., Ojai, CA 93023



Smith Marion & Company, LLP · Certified Public Accountants
Grand Terrace Office · 22365 Barton Road, Suite 108 · Grand Terrace, CA 92313 · (909) 825-6600

Board of Directors
Ventura River Water District
Ojai, CA

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Ventura River Water District as of and for the years ended June 30, 2015 and 2014, and the notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's responsibility for the Financial Statements

Ventura River Water District's 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 audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, generally accepted government auditing standards when applicable 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 Ventura River Water District at June 30, 2015 and 2014, and the changes in its

financial position and its cash flows for the year then ended in conformity 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 required supplementary information on pages 2-9 and 26-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ventura River Water District's financial statements as a whole. The supplemental information on pages 30-32 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016 on our consideration of Ventura River Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ventura River Water District's internal control over financial reporting and compliance.

January 14, 2016



FINANCIAL STATEMENTS

VENTURA RIVER WATER DISTRICT

STATEMENTS OF NET POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash in bank	\$ 125,917	\$ 53,819
Cash equivalents	1,861,547	1,610,140
Cash restricted for customer deposits	29,974	30,924
Total Cash	<u>2,017,438</u>	<u>1,694,883</u>
Accounts receivable, trade	179,423	182,847
Interest receivable	215	980
Prepaid expenses	<u>41,553</u>	<u>39,319</u>
TOTAL CURRENT ASSETS	<u>2,238,629</u>	<u>1,918,029</u>
CAPITAL ASSETS		
Land, water and rights of way	227,581	227,581
Utility plant	6,236,543	6,019,082
Furniture and equipment	300,530	295,530
Vehicles	178,641	178,641
Buildings	<u>454,980</u>	<u>454,980</u>
Total property, plant and equipment	7,398,275	7,230,626
Less: accumulated depreciation	<u>(3,974,950)</u>	<u>(3,725,854)</u>
Net capital assets	<u>3,423,325</u>	<u>3,504,772</u>
DEFERRED OUTFLOWS OF RESOURCES FROM PENSIONS	<u>68,998</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>5,730,952</u>	<u>5,422,801</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	32,121	34,379
Accrued payroll and related items	28,145	18,961
Restricted and other deposits	<u>30,962</u>	<u>30,924</u>
TOTAL CURRENT LIABILITIES	<u>91,228</u>	<u>84,264</u>
NET PENSION LIABILITY	<u>251,316</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES FROM PENSIONS	<u>107,452</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>449,996</u>	<u>84,264</u>
NET POSITION		
Investment in capital assets	3,423,325	3,504,772
Unrestricted	<u>1,857,631</u>	<u>1,511,858</u>
TOTAL NET POSITION	<u>\$ 5,280,956</u>	<u>\$ 5,016,628</u>

VENTURA RIVER WATER DISTRICT**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Water sales	\$ 1,774,295	\$ 2,062,763
All other water revenue	10,253	14,569
Capital improvement charges	-	20,000
Other revenues	2,643	6,826
TOTAL OPERATING REVENUES	<u>1,787,191</u>	<u>2,104,158</u>
OPERATING EXPENSES		
Salaries and related items	728,129	741,224
Water purchases	128,763	290,046
Utilities	91,092	98,340
Water system maintenance	191,234	240,004
Depreciation	249,096	228,916
Administrative expenses		
Insurance	25,565	28,876
Legal fees	12,887	12,738
Engineering and professional fees	17,483	15,215
Other administrative expenses	114,256	129,635
TOTAL OPERATING EXPENSES	<u>1,558,505</u>	<u>1,784,994</u>
OPERATING INCOME (LOSS)	228,686	319,164
NON-OPERATING REVENUES (EXPENSES)		
Interest income	2,690	4,111
Tax revenue, current secured	31,242	29,346
Tax revenue, prior year and other tax revenue	1,710	1,679
Interest expense	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>35,642</u>	<u>35,136</u>
CHANGE IN NET POSITION	264,328	354,300
NET POSITION, BEGINNING OF YEAR	<u>5,016,628</u>	<u>4,984,237</u>
PRIOR PERIOD ADJUSTMENT	-	(321,909)
NET POSITION, END OF YEAR	<u>\$ 5,280,956</u>	<u>\$ 5,016,628</u>

VENTURA RIVER WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,803,334	\$ 2,128,559
Receipts from other sources	1,219	6,826
Payments to employees	(769,452)	(742,870)
Payments to suppliers	(581,304)	(848,427)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>453,797</u>	<u>544,088</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tax revenues received	32,952	31,025
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>32,952</u>	<u>31,025</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(167,649)	(352,877)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(167,649)</u>	<u>(352,877)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,455	4,242
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>3,455</u>	<u>4,242</u>
NET INCREASE (DECREASE) IN CASH	322,555	226,478
CASH BALANCE AT BEGINNING OF YEAR	<u>1,694,883</u>	<u>1,468,405</u>
CASH BALANCE AT END OF YEAR	<u>\$ 2,017,438</u>	<u>\$ 1,694,883</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH:		
Operating income (loss)	\$ 228,686	\$ 319,164
Adjustments to reconcile operating income (loss) to net cash flows from operations:		
Noncash items:		
Depreciation	249,096	228,916
Actuarial pension expense	36,859	-
Pension contributions subsequent to measurement date	(68,998)	-
Changes in Assets and Liabilities		
Accounts receivable	3,424	32,131
Prepaid expenses	(2,234)	(3,363)
Accounts payable	(2,258)	(36,936)
Accrued payroll and related items	9,184	1,646
Restricted and other deposits	38	2,530
NET CASH PROVIDED USED BY OPERATING ACTIVITIES	<u>\$ 453,797</u>	<u>\$ 544,088</u>

NOTE 1 - REPORTING ENTITY:

Basis of Accounting: The Ventura River Water District is accounted for as an Enterprise Fund in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the expenses, including depreciation, of providing goods or services to the general public are recovered through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, and other purposes. Because the Water District is accounted for as an Enterprise Fund, the accrual method of accounting is used for financial statement reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Reporting Entity: The District's reporting entity includes all significant operation and revenue sources which the District Board of Directors exercises oversight responsibility and determined under the criteria established by the National Council on Governmental Accounting Statement No. 3, as adopted by GASB. Oversight responsibility is determined on the basis of selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service.

Budget: The District is required to adopt annual budgets. The budget is presented on the basis of the funding sources available. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. The District prepares a tentative budget for the next fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The District adopts a preliminary budget for the expenditures of the District.
3. Prior to July 1, the final budget is adopted by the District. Once a budget is approved, it can be amended by the Board of Directors.

Accounts Receivable: Accounts receivable, as reflected in the financial statements, are from customers whose property is located within the County of Ventura. Historically uncollectable amounts have been negligible, therefore the District has not established an allowance for doubtful accounts. The District uses the write off method to discharge amounts deemed uncollectable at year end. While the write off method is not in accordance with GAAP the results are consistent with the allowance method and the affect on the financial statements is immaterial.

Vacation Leave Policy: The District has recorded an accrual for compensated absences in accordance with District policy of paying for unused vacation time of any employee. Sick leave is included in the accrual as the District pays for unused sick time at the rate of 25% of total available hours, up to 800 hours, upon employee termination for employees with 10 years or more of service.

Cash: For purposes of the statement of cash flows, cash includes cash on hand and funds on deposit with financial institutions available for current use with an initial maturity of three months or less. The District maintains bank accounts at financial institutions located within the County of Ventura. All deposits are carried at cost plus accrued interest.

Investments: As of June 30, 2015, the District has the following investments authorized by legal or contractual provisions: Local Agency Investments Fund (LAIF) and Funds in County Treasury. It is the District's policy to maintain all investments in insured accounts in the District's name. California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, section 53600, chapter 4 - Financial Affairs.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The LAIF, created by California statute, is a special fund of the California State Treasury through which local governments may pool investments. The local investment advisory, board which consists of five members as designated by state statute, has oversight responsibilities for LAIF.

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This measured by the assignment of a rating by a nationally recognized statistical rating organization.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposit.

At year end the District's cash balance was covered by federal depository insurance.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The

NOTES TO FINANCIAL STATEMENTS (Continued)

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 investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of a mutual funds or government investment pool.

Capital Assets: Minor expenditures for renewals and betterments are charged to expense. Major expenditures for renewals and betterments are capitalized. In cases where assets are donated to the district, construction costs or estimated market values are recorded. Costs of assets sold, accounts, and gains or losses on disposition are included in operations.

The cost of property and equipment is depreciated over the estimated lives of the assets from date of acquisition based on the straight line method of depreciation, with estimated lives for computation of depreciation as follows:

Buildings	5 - 25	years
Operating & Office equipment	3 - 20	years
Meters	10 - 20	years
Water wells	5 - 30	years
Vehicles	5	years
Pipeline and appurtenances	10 - 30	years
Pumps	5 - 20	years
Tanks	5 - 60	years
SCADA system	5 - 10	years

NOTE 2 - CASH:

The District had the following depository accounts.as of June 30, 2015 and 2014 :

Cash on Hand	2015	2014
Rabo Bank Trust Account	\$ 29,974	30,924
Rabo Bank General Account	125,547	53,449
Petty Cash On Hand	370	370
Total Cash on Hand with Financial Institutions	<u>\$ 155,891</u>	<u>\$ 84,743</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - INVESTMENTS:

The fair value of the District's investments as of June 30, 2015 and 2014 are as follows:

<u>Investment</u>	<u>Maturities</u>	<u>2015</u>	<u>2014</u>
Local Agency Investment Fund	Current	\$ 1,496,185	\$ 1,278,774
Funds in County Treasury	Current	365,362	331,366
Total Investments		<u>\$ 1,861,547</u>	<u>\$ 1,610,140</u>

NOTE 4 – CAPITAL ASSETS:

The District's capital assets as of June 30, 2015 and 2014 are as follows:

<u>Capital Asset Component</u>	<u>Balance06/30/14</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance06/30/15</u>
Capital Assets Not Being Depreciated				
Land, Water Rights	\$ 227,581	\$ -	\$ -	\$ 227,581
Construction in Process	54,812	-	(54,812)	-
Total Capital Assets Not Being Depreciated	<u>282,393</u>	<u>-</u>	<u>(54,812)</u>	<u>227,581</u>
Capital Assets Being Depreciated				
Furniture and Equipment	295,530	5,000	-	300,530
Vehicles	178,641	-	-	178,641
Buildings	454,980	-	-	454,980
Utility Plant	6,019,082	217,461	-	6,236,543
Total Capital Assets Being Depreciated	<u>6,948,233</u>	<u>222,461</u>	<u>-</u>	<u>7,170,694</u>
Less: Accumulated Depreciation	<u>(3,725,854)</u>	<u>(249,096)</u>	<u>-</u>	<u>(3,974,950)</u>
Total Capital Assets being Depreciated, Net	<u>3,222,379</u>	<u>(26,635)</u>	<u>-</u>	<u>3,195,744</u>
Total Capital Assets	<u>\$ 3,504,772</u>	<u>\$ (26,635)</u>	<u>\$ (54,812)</u>	<u>\$ 3,423,325</u>
Asset Component	Balance06/30/13	Additions	Disposals	Balance06/30/14
Capital Assets Not Being Depreciated				
Land, Water Rights	\$ 227,581	\$ -	\$ -	\$ 227,581
Construction in Process	198,742	-	(143,930)	54,812
Total Capital Assets Not Being Depreciated	<u>426,323</u>	<u>-</u>	<u>(143,930)</u>	<u>282,393</u>
Capital Assets Being Depreciated				
Furniture and Equipment	271,050	46,613	(22,133)	295,530
Vehicles	167,413	11,228	-	178,641
Buildings	454,980	-	-	454,980
Utility Plant	5,607,455	438,966	(27,339)	6,019,082
Total Capital Assets Being Depreciated	<u>6,500,898</u>	<u>496,807</u>	<u>(49,472)</u>	<u>6,948,233</u>
Less: Accumulated Depreciation	<u>(3,546,410)</u>	<u>(228,916)</u>	<u>49,472</u>	<u>(3,725,854)</u>
Total Capital Assets being Depreciated, Net	<u>2,954,488</u>	<u>267,891</u>	<u>-</u>	<u>3,222,379</u>
Total Capital Assets	<u>\$ 3,380,811</u>	<u>\$ 267,891</u>	<u>\$ (143,930)</u>	<u>\$ 3,504,772</u>

NOTE 5 - SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK:

Credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government code and the District's investment policy do not contain legal or policy requirement 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. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 15% of the secured public deposit.

None of the District's deposits with financial institutions were in excess of federal depository insurance limits.

NOTE 6 - JOINT POWERS AUTHORITY:

The District is a member of the "Association of California Water Agencies Joint Powers Insurance Authority" (ACWA/JPIA). The ACWA/JPIA was formed in 1979 by the water agencies of the state of California to provide insurance benefits to its member agencies, including the District. The ACWA/JPIA provides risk-sharing pools to meet the needs of its members for insurance coverage. The risk-sharing pools are a cost-effective form of risk management available only to public entities, allowing them to bypass the high cost of commercial insurance.

It is the District's policy to record as expense all amounts paid to the authority for employee health benefits coverage. The District does not recognize as an asset any "equity" that it may accrue as a member of the joint powers authority as it is believed that any such "equity" would simply convert to adjustments of future premiums. The District does not recognize as a liability any deficiency for amounts self insured by the authority, as it is not measurable, nor is there any certainty of payment. Any such amount would also convert to adjustments of future premiums.

NOTE 7 - DEFINED BENEFIT PENSION PLAN:

Plan Description

Effective January 1, 1994, the District began participation in the California Public Employees' Retirement System (CalPERS). All District employees who meet participation criteria are eligible to participate in CalPERS. The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 6.880 percent of annual pay, and the average employer’s contribution rate is 7.614 percent of annual payroll. The District pays the employee portion on behalf of the employees making the total District's contribution to CalPERS 14.494 percent of total gross payroll.

Actuarial Methods and Assumptions Used to Determine total Pension Liability

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

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	7.50%
Discount Rate	2.75%
Inflation	Varies by Entry Age and Service
Salary Increase	7.50% Net of Pension Plan Investment and
Investment Rate of Return	Administrative Expenses: includes inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets.

Discount Rate (Continued)

Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes. Refer to page 9 of this report, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

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

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

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

Discount Rate (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Este	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

Pension Plan Fiduciary Net Position

Detailed information about CalPERS' fiduciary net position is available in a separately issued CalPERS comprehensive annual financial report at CalPERS' website.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportion allocations of individual plan amounts as of the valuation date are used where not available.

Please refer to the Cal PERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at CalPERS' website under the GASB 68 section, and see Appendix D of this report for the calculation of the plan's proportionate share of total pension liability and fiduciary net position.

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

		Increase (Decrease)		
		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
		(a)	(b)	(a) - (b)
Balance at:	6/30/2013 (VD)	\$ 1,584,902	\$ 1,224,380	\$ 360,522
Balance at:	6/30/2014 (MD)	\$ 1,679,219	\$ 1,427,903	\$ 251,316
Net Changes during 2013-14		\$ 94,317	\$ 203,523	\$ (109,206)

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate.

NOTES TO FINANCIAL STATEMENTS (Continued)

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Plan's Net Pension Liability/(Asset)	\$ 474,086	\$ 251,316	\$ 66,438

Subsequent Events Related to Pension

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

Recognition of Gains and Losses

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

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

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

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

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

The EARSL for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also, note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows

For the measurement period ended June 30, 2014 (the measurement date), Ventura River Water District incurred a pension expense of \$36,859 for the Plan (the pension expense for the risk pool for the measurement period is \$239,824,465).

NOTES TO FINANCIAL STATEMENTS (Continued)

As of June 30, 2014 (the measurement date), Ventura River Water District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes in Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(98,081)
Adjustment due to Differences in Proportions	-	(9,371)
Plan Total	<u>-</u>	<u>(107,452)</u>
Contributions subsequent to the measurement date of 6/30/2014	68,998	-
District Total	<u>\$ 68,998</u>	<u>\$ (107,452)</u>

The amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense. The amount shown above for “Contributions subsequent to the measurement date of 6/30/2014” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than contributions subsequent to the measurement date, will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (27,867)
2016	(27,867)
2017	(27,197)
2018	(24,521)
2019	-
Thereafter	-
Total	<u>\$ (107,452)</u>

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2015, Ventura River Water District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015

NOTE 8 - RESTRICTED CASH/SECURITY DEPOSITS:

Cash has been set aside as well as a corresponding liability for the eventual refund of customer security deposits. Customer security deposits are requested on new customers unless they can prove good credit. Customers with deposits on file who have reached a satisfactory good payment history of approximately 18 months received a refund of their deposit.

NOTE 9 – PROPERTY TAX CALENDAR

The District assessments are included on county property tax bills. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	January 1	
Levy date	July 1 to June 30	
Due date	November 1	-First Installment
	March 1	-Second Installment
Delinquent date	December 10	-First Installment
	April 10	-Second Installment

NOTE 10 - LINE OF CREDIT LOAN:

The District does not currently have any open lines of credit.

NOTE 11- CHANGE IN ACCOUNTING PRINCIPLE

Net position as of June 30, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*:

Beginning net position as previously reported at June 30, 2014	\$ 5,338,537
Prior period adjustment - Implementation of GASB 68:	
Net Pension liability (measurement date as of June 30, 2014)	(321,909)
Net position as restated, July 1, 2014	<u><u>\$ 5,016,628</u></u>

NOTE 12- SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 14, 2016, the date on which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA RIVER WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUES				
Water sales	\$ 2,296,642	\$ 2,296,642	\$ 1,774,295	\$ (522,347)
All other water revenue	12,500	12,500	10,253	(2,247)
Capital improvement charges	4,000	4,000	-	(4,000)
Other revenues	2,000	2,000	2,643	643
Total Operating Revenues	2,315,142	2,315,142	1,787,191	(527,951)
OPERATING EXPENSES				
Operating expenses excluding depreciation	1,703,401	1,703,401	1,309,409	393,992
Depreciation	240,000	240,000	249,096	(9,096)
Total operating expenses	1,943,401	1,943,401	1,558,505	384,896
Operating Income (Expense)	371,741	371,741	228,686	(143,055)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	3,400	3,400	2,690	(710)
Tax revenue				
Current secured	27,000	27,000	31,242	4,242
Current unsecured	50	50	-	(50)
Prior year and other	1,500	1,500	1,710	210
Home owners property tax relief	100	100	-	(100)
Total Non-Operating Revenues (Expenses)	32,050	32,050	35,642	3,592
Net Position	\$ 403,791	\$ 403,791	\$ 264,328	\$ (139,463)
NON-GAAP BUDGET EXPENDITURES				
Buildings	\$ -	\$ -	\$ -	\$ -
Office equipment	10,600	10,600	5,000	5,600
Vehicles	-	-	-	-
Water system improvements	643,040	643,040	162,649	480,391
Total capital expenditures	\$ 653,640	\$ 653,640	\$ 167,649	\$ 485,991

VENTURA RIVER WATER DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS AS OF THE MEASUREMENT DATE

	June 30	
	2014	[1]
Proportion of the net pension liability/(asset)	0.00404%	
Proportionate share of the net pension liability/(asset)	\$ 251,316	
Covered-employee payroll	\$ 513,149	
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	48.98%	
Proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	85.03%	

[1] Historical information is required only for the measurement periods for which GASB 68 is applicable.

VENTURA RIVER WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS
AS OF THE MEASUREMENT DATE

	June 30	
	2014	[1]
Actuarially determined contribution	\$ 37,904	
Contributions in relation to the actuarially determined contribution	<u>(37,904)</u>	
Contribution deficiency (excess)	<u><u>\$ -</u></u>	
Covered-employee payroll	\$ 513,149	
Contributions as a percentage of covered- employee payroll	7.39%	

[1] Historical information is required only for the measurement periods for which GASB 68 is applicable.

Change in Benefit Terms

The figures presented in the required supplementary information related to pensions do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact.

Change in Assumptions

None.

SUPPLEMENTARY INFORMATION

VENTURA RIVER WATER DISTRICT
SCHEDULE OF SELECTED OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
OPERATING EXPENSES		
Salaries and Related Cost		
Salaries and wages	\$ 516,119	\$ 496,456
FICA	39,176	38,377
Public employees retirement system	36,859	72,751
Group insurance	114,822	110,487
State unemployment	636	2,604
Workers compensation insurance	20,517	20,548
Total Salaries and Related Cost	<u>\$ 728,129</u>	<u>\$ 741,223</u>
Water Systems Maintenance		
Auto equipment maintenance	\$ 10,533	\$ 3,763
Other equipment maintenance	30,971	30,934
Operating supplies	59,051	70,368
Contract labor	50,885	134,939
Water equipment maintenance	39,794	-
Total Water Systems Maintenance	<u>\$ 191,234</u>	<u>\$ 240,004</u>
Other Administrative Expenses		
Telephone/communications	\$ 7,614	\$ 7,111
Fuel/oil/tires	13,492	15,574
Membership, dues, subscriptions	10,918	10,953
Office supplies	18,625	9,049
Janitorial	2,216	2,100
Postage	12,602	12,579
Board member fees	13,600	13,060
Security	3,117	3,393
Public and legal notices	978	2,143
Director's travel and expenses	1,515	2,287
Public relations/seminars	4,129	2,397
Ventura river watershed issues	350	-
Election supplies	-	23,491
Equipment rental	1,490	1,633
LAFCO fees	2,155	22,773
Improvements	20,361	-
Miscellaneous/tax/licenses/bank charges	740	950
Bad debt expense	354	142
Total Other Administrative Expenses	<u>\$ 114,256</u>	<u>\$ 129,635</u>

VENTURA RIVER WATER DISTRICT

ORGANIZATION OF THE DISTRICT

FOR THE YEAR ENDED JUNE 30, 2015

Nature of Business

Ventura River Water District (The District), a public agency, was formed July 16, 1956 under County Water District Law, the laws of the state of California, as amended, with authority under the Water Code, Section 30,000 et seq. The District is authorized to issue bonds and may apply its operating revenue to reduce interest and principal on outstanding indebtedness. Taxes may be levied on all taxable property within The District's boundary. Veterans' exemptions are allowed.

The District began operations by leasing the water system from the Ventura River Mutual Water Company in the 1957-58 fiscal year. An election held April 1, 1958 authorized a bond issue of \$175,000 for the purchase of all assets of the Ventura River Mutual Water Company and for other necessary capital outlays to provide a complete and adequate water system to supply the entire district. The bonds, which carried an interest rate of 4.2%, were sold and the proceeds were received September 23, 1958. These bonds are no longer outstanding.

Location

The District covers approximately 2,103 acres located in the Ventura River drainage area, generally between the city of Ojai and the community of Casitas Springs. It operates and maintains a retail water distribution system. Water is obtained from its four active wells and from Casitas Municipal Water District and is distributed to approximately 2,150 residential and commercial constituents.

On January 1, 1979, The District annexed and officially assumed administration and operation of Waterworks District Numbers 4 and 7. Pursuant to the District Reorganization Act, commencing with Section 56,000 of the Government Code, the Board of Supervisors of the County of Ventura, as well as the Board of Directors of the Ventura County Waterworks District Numbers 4 and 7 (Waterworks) and Ventura River County Water District (VRCWD) jointly resolved to reorganize and then dissolve Waterworks former territories and thus transferred jurisdiction from the Board of Supervisors to the Board of VRCWD

Board of Directors

The District is governed by a Board of five directors.

The powers and functions of the Board are:

1. To enter into contracts and employ labor.
2. To acquire, hold and dispose of property, real and personal, all for the purpose of providing the public with the necessary services, including but not limited to, the acquisition of necessary facilities and equipment, the employment of personnel, and the operation and maintenance of a water district. The District has the power of eminent domain.
3. To incur debt, liabilities and obligations necessary to accomplish the purpose of The District
4. To sue and be sued in the name of The District.

Board of Directors (Continued)

5. To perform such other functions as may be necessary or appropriate, so long as such other functions so performed are not prohibited by any provision of the law.

Accounts and Records

The District maintains income and expense records, and minutes of the Directors meetings.

Cash receipts and disbursements are maintained at Rabobank NA. Water services deposits are held in a separate trust account and are normally refunded after eighteen months of non-delinquent status. The savings account and LAIF, an account for surplus funds, are maintained at the County of Ventura. The state of California requires an annual report of financial transactions of special districts and compensation reporting.

Use of Estimates

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

Tax Rates

The District does not have a separate tax rate for the fiscal year ended June 30, 2015 but simply receives an apportionment of the county's 1% tax levy, the maximum rate since the passage of Proposition 13.

INTERNAL CONTROL AND COMPLIANCE MATTERS



Smith Marion & Company, LLP · Certified Public Accountants
Grand Terrace Office · 22365 Barton Road, Suite 108 · Grand Terrace, CA 92313 · (909) 825-6600

**To the Board of Directors of
Ventura River Water District
Ojai, CA**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

INDEPENDENT AUDITORS' REPORT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Ventura River Water District as of and for the years ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2016.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Ventura River Water District's internal control over financial reporting in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ventura River Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ventura River Water District's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employee's, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ventura River Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 14, 2016

VENTURA RIVER COUNTY WATER DISTRICT

DATE: February 10, 2016
TO: Board of Directors
FROM: Bert J. Rapp, P.E. General Manager

SUBJECT: RESERVE ALLOCATION

SUMMARY

The audited financials are now available for Fiscal Year 2014/15 ending June 30, 2015. Adopted budget had an estimated cash balance on June 30, 2015 of \$1,900,664. The audited cash balance as of June 30, 2015 is \$1,987,464. Therefore there is an additional \$86,800 that can be allocated to reserves. Cash balance monies are kept in reserve accounts. The recommended allocations into the reserves are:

RECOMMEND ALLOCATIONS TO RESERVES				
	Reserve Funds (Committed Funds)	Balance 6-30-2015	Recommended Allocation	Balance Starting 7-1-2015
93500000	Operating Reserves	\$101,464	\$8,536	\$110,000
93600000	Water Sales Fluctuation Reserves	\$0	\$0	\$0
93700000	Capital Improvement Projects Reserves	\$1,249,200	\$53,264	\$1,302,464
93800000	Emergency Reserves	\$550,000	\$25,000	\$575,000
Totals:		\$1,900,664	\$86,800	\$1,987,464
June 30, 2015 Cash Balance:				\$1,987,464

RECOMMENDED ACTION

The General Manager recommends that the Board approve the allocations to reserves shown above.

BACKGROUND

RESERVE ALLOCATIONS

The following is a summary of each proposed allocation.

Operating Reserve: The District typically keeps a reserve of 7% of operating costs or \$110,000 in the Operating Reserves, \$8,536 is recommended to be added to Operating Reserve to bring up the balance to \$110,000.

Water Sales Fluctuation Reserve: All of the \$50,000 of Water Sales Fluctuation Reserves were used to offset a portion of the \$317,000 revenue shortfall due to drought conservation. No allocation for these reserves is recommended at this time because a new cost of service rate structure is being developed to add the collection of these reserve funds on the tiers in proportion to their historic fluctuation. These funds would be collected during the 2016/17 fiscal year.

Emergency Reserve: The Board set a goal of maintaining a \$750,000 emergency reserve fund by year 2022. In year 2015/16 the target was to be at \$575,000. To achieve this goal \$25,000 is proposed to be added to the Emergency Reserve.

Capital Improvement Projects: An allocation of \$53,264 is proposed for the CIP reserve which brings the beginning balance on July 1, 2015 to \$1,302,464.

FISCAL SUMMARY

The General Manager recommends allocating the additional \$86,800 of ending cash balance to reserves as shown above. These allocations will keep the reserves on target to meet the Boards goals for emergency reserves and capital improvement reserves to enable implementation of the Capital Improvement Program without borrowing funds.

VENTURA RIVER WATER DISTRICT

DATE: February 10, 2016
TO: Board of Directors
FROM: Bert J. Rapp, P.E. General Manager
SUBJECT: MID YEAR BUDGET UPDATE

SUMMARY

The attached summary of the 2015/2016 Budget shows that revenues operating expenses should come out close to budget by June 30, 2016.

RECOMMENDED ACTION

No actions are anticipated with regard to this item.

BACKGROUND

The line items that are highlighted on the attached Midyear Budget are items that are needing some further research or discussion.

Extra help is running over budget but Salaries are under budget because of the temporary staffing situation.

Contract Labor is running high due to the number of leaks the first half of the year.

Telephone & Communications: There may be an incorrect charge to this line. This will be reviewed prior to 2-10-16.

Security: We are currently spending \$2,100 per year or more on the security cameras. The General Manager recommends that we terminate the contract for this work.

Equipment Rental: Some of the costs for this item likely need to be transferred to the Flood Protection line item.

FISCAL SUMMARY

The Mid-Year budget review shows that the expenses and revenues are on track. The Capital Improvement reserves will drop from about \$1,300,000 to \$575,000 due to the construction of Well #7. This is reflected in the ending Cash Balance for the District dropping from \$1,987,000 to about \$1,285,000 from FYE 2015 to FYE 2016.

**VENTURA RIVER WATER DISTRICT
FISCAL YEAR BUDGET
2016-2017
MID YEAR BUDGET UPDATE 2/10/2016**

BEGINNING CASH BALANCE:	July 1, 2015		July 1, 2016
	\$1,987,464		\$1,285,323

ACCOUNT NUMBER	REVENUES	BUDGET 2015/2016	TOTAL AS OF 12/31/2015	ESTIMATED THRU JUNE 2016	DIFFERENCE
51000000	PROPERTY TAX SECURED	\$27,000		\$27,000	\$0
51500000	PROPERTY TAX UNSECURED	\$50		\$50	\$0
52000000	PROPERTY TAX PRIOR	\$0		\$0	\$0
52500000	INTEREST	\$3,400	\$2	\$3,400	\$0
53500000	H/O PROPERTY TAX RELIEF	\$100		\$100	\$0
54000000	CAPITAL IMPROVEMENT CHARGES	\$4,000	\$0	\$0	-\$4,000
54500000	WATER SALES	\$1,550,000	\$952,632	\$1,450,000	\$0
	BASE FEE REVENUES	\$401,642	\$200,821	\$401,642	\$0
54500001	PURCHASED WATER SURCHARGE	\$65,000	\$52,116	\$65,216	\$216
54900000	DELINQUENT FEES	\$8,000	\$3,938	\$7,876	-\$124
54900001	RE-CONNECT FEES	\$2,000	\$0	\$0	-\$2,000
54900003	SERVICE INSTALLATIONS	\$4,000	\$205	\$2,000	-\$2,000
54900004	ANNEXATION FEES	\$0	\$0	\$0	\$0
55000000	OTHER REVENUE	\$2,000	\$308	\$2,000	\$0
	TOTAL INCOME	\$2,067,192	\$1,210,022	\$1,959,284	-\$7,908
	SUBTOTAL: ESTIMATED CASH BALANCES	\$4,054,656		\$3,946,748	\$1,277,415

ACCOUNT NUMBER	OPERATING EXPENSE	BUDGET 2015/2016	TOTAL AS OF 12/31/2015	ESTIMATED THRU JUNE 2016	DIFFERENCE
70500000	SALARIES	\$519,000	\$213,681	\$427,362	\$91,638
71000000	EXTRA HELP	\$500	\$58,135	\$87,203	(\$86,703)
71500000	FICA	\$43,000	\$1,780	\$38,377	\$4,623
71750000	PUBLIC EMPLOYEE RETIREMENT SYSTEM	\$78,000	\$35,553	\$71,106	\$6,894
72000000	GROUP INSURANCE	\$115,000	\$42,169	\$110,000	\$5,000
72500000	STATE UNEMPLOYMENT INSURANCE	\$3,000	\$0	\$3,000	\$0
73500000	TELEPHONE & COMMUNICATIONS	\$9,000	\$9,778	\$9,000	\$0
74000000	LIABILITY INSURANCE	\$35,000		\$28,876	\$6,124
74500000	WORKERS COMPENSATION INSUR.	\$24,100		\$20,548	\$3,552
74700000	FUEL/OIL/TIRES	\$18,000	\$7,113	\$14,226	\$3,774
75000000	AUTO EQUIPMENT MAINTENANCE	\$9,000	\$1,749	\$9,000	\$0
75500000	OTHER EQUIPMENT MAINTENANCE	\$42,000	\$5,245	\$40,000	\$2,000
76500000	MEMBERSHIP/DUES/SUBSCRIPTIONS	\$12,200	\$11,152	\$12,200	\$0
77500000	OFFICE SUPPLIES	\$12,000	\$8,888	\$11,554	\$446
77600000	JANITORIAL	\$2,400	\$1,182	\$2,364	\$36
77700000	OPERATING/SUPPLIES FOR WATER SYSTEM & MONITORING	\$83,000	\$36,986	\$73,972	\$9,028
78000000	POSTAGE	\$15,000	\$3,165	\$14,000	\$1,000
78500000	BOARD MEMBER FEES	\$16,500	\$3,541	\$15,000	\$1,500
79000000	LEGAL EXPENSE	\$16,875	\$9,069	\$16,324	\$551
80000000	ENGINEER/PROFESSIONAL SERVICE	\$20,000	\$5,962	\$11,924	\$8,076
80200000	CONTRACT LABOR	\$112,000	\$58,135	\$116,270	(\$4,270)
80400000	SECURITY	\$4,400	\$3,039	\$6,078	(\$1,678)
80500000	PUBLIC/LEGAL NOTICES/NEWS LETTERS	\$9,000	\$3,492	\$9,000,000	\$0
81500000	ELECTIONS	\$0	\$0	\$0	\$0
82000000	WATER PURCHASES & CASITAS BASE FEES	\$135,000	\$65,956	\$104,956	\$30,044
83000000	DIRECTORS TRAVEL & EDUCATION	\$3,000	\$164	\$2,900	\$100
83500000	PUBLIC RELATIONS, EDUCATION, CONSERVATION	\$6,200	\$231	\$6,000	\$200
84000000	UTILITIES	\$105,000	\$36,119	\$79,462	\$25,538
84100000	EQUIPMENT RENTAL	\$5,000	\$3,345	\$6,698	(\$1,698)
84200000	COLLECTION	\$200	\$0	\$0	\$200
84300000	LAFCO FEES	\$1,200	\$1,155	\$1,155	\$45
84400000	MISC. EXP./TAX/LIC./BANK CHARGES	\$2,000	\$245	\$735	\$1,265
84500000	LOSS ON ASSET DISPOSAL	\$0	\$0	\$0	\$0
84600000	GROUNDWATER SUSTAINABILITY AGENCY	\$20,000	\$3,028	\$15,000	\$5,000
84700000	VENT RIVER WTRSHED, CHANNEL KPRS LAWSUIT	\$25,500	\$3,463	\$10,000	\$15,500
84800000	BAD DEBT EXPENSE	\$500	\$145	\$142	\$358
85000000	DEPRECIATION (as expense)	\$240,000		\$240,000	\$0
	TOTAL EXPENSE	\$1,742,575	\$633,685	\$1,614,424	\$128,151
	OPERATING SURPLUS (DEFICIT)	\$324,617	\$576,337	\$344,859	
	SUBTOTAL: ESTIMATED CASH BALANCES	\$2,312,081		\$2,332,323	

ACCOUNT NUMBER	FIXED ASSETS	BUDGET 2015/2016	TOTAL AS OF 12/31/2015	ESTIMATED THRU JUNE 2016	DIFFERENCE
91000000	STRUCTURES & IMPROVEMENTS	\$0		\$0	\$0
91500000	WATER SYSTEM IMPROVEMENTS ¹	\$1,281,760	\$70,713	\$1,280,000	\$1,760
92000000	AUTO EQUIPMENT	\$0		\$0	\$0
93000000	SHOP/MAINTENANCE EQUIPMENT	\$0		\$0	\$0
93200000	OFFICE EQUIPMENT ¹	\$34,000	\$25,800	\$7,000	\$27,000
93600000	GAIN OR LOSS ON ASSET DISPOSAL	\$0		\$0	\$0
	INVESTMENT IN FIXED ASSET	\$1,315,760	\$96,513	\$1,287,000	\$28,760
	DEPRECIATION (as revenue)	\$240,000		\$240,000	
	NET EXPENDITURES: Op + Fixed Asset = Surplus or (Deficit)	(\$751,143)		(\$702,141)	
	TOTAL NET INCOME AFTER LIABILITIES			(\$702,141)	

PROJECTED ENDING CASH BALANCE:	Budget: 6/30/2016		Estimated: 6-30-2016
	\$1,236,321		\$1,285,323

	7/1/2015	Budget Transfers 2015/16		7/1/2016
93500000	OPERATING, Goal: 7% of Operating \$110,000	\$110,000	(\$29,000)	\$110,000
93500000	WATER SALES FLUCTUATION, Goal: \$400,000	\$0	\$0	\$0
93700000	CIP, (Wtr Syst Imp) Goal: meet 10-year plan	\$1,302,464	(\$125,000)	\$575,323
93800000	EMERGENCIES, Goal: \$750,000 by 2022	\$575,000		\$600,000
	ENDING CASH BALANCE:	\$1,987,464		\$1,285,323

VENTURA RIVER WATER DISTRICT

DATE: February 10, 2016

TO: Board of Directors

FROM: Bert J. Rapp, P.E. General Manager

SUBJECT: GROUND WATER SUSTAINABILITY AGENCY UPDATE

SUMMARY

At the January 13, 2016 meeting the Board provided input to Directors Lee and Kuebler regarding Articles 1 through 7 of the draft JPA. On February 16, 2016 GSA Formation Committee will discuss these articles.

At the meeting February 10th Lee and Kuebler will update the Board on current activities regarding the recent Stakeholder meeting and progress on the basin boundary modification.

RECOMMENDED ACTION

No actions are anticipated with regard to this item.

FISCAL SUMMARY

There are no fiscal impacts at this time.

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VENTURA RIVER WATER DISTRICT

DATE: February 10, 2016
TO: Board of Directors
FROM: Bert J. Rapp, P.E. General Manager
SUBJECT: LEAK RELIEF CONCEPT

SUMMARY

In April of this year the Board will be updating the Rules and Regulations to modify the rates to reflect cost of service. This would be an opportunity to also add an administrative leak relief program. The draft concept is described below.

RECOMMENDED ACTION

The General Manager recommends that the Board review and comment on the draft leak relief program.

BACKGROUND

The basis for the economic analysis of the leak relief program is that the customer's regular water bill is designed to pay for the maintenance and operation of the water system. Leak events cause an unexpected loss of water that does not cause an increase in the operation and maintenance of the water system other than a few specific cost items.

The increased cost items associated with a leak on the customer's side of the meter are:

<u>Item</u>	<u>Amount</u>
Casitas Water if Purchased	\$0.83 to \$1.49
Chlorine	\$0.02/Unit of Water
Electricity	\$0.13/Unit of Water

Staff time and cost to investigate and administer a leak event:
General Manager 1 hr @ \$84, Office Assistant 1 hr @ \$34 total = \$118.
The staff expensed would be covered by the first 40 units of water per the 2015 rate structure.

Leak Relief Procedure:

Leak Relief will only be offered for the following:

- a. Leak quantities above 40 units of water
- b. Unavoidable leak.
- c. Leak was promptly stopped once discovered.
- d. Leak relief can only be claimed once during a 5-year period.
- e. Reimburse District for all direct costs such as chlorine, electricity and Casitas water purchases. First 40 units will pay for staff time to administer leak.
- f. Leak quantity shall be determined by subtracting the customer's normal usage for that month from total water usage including the leak.
- g. The cost of the leaked water (above normal usage + 40 units) shall be the cost of Casitas water if purchased on behalf of the customer and \$0.15/unit for chlorine and electricity.

Examples of avoidable leak events are issues which can be avoided through proper construction or maintenance such as and but not limited to:

1. Freeze damage.
2. Use of PVC pipe above ground.
3. Water valve that can be activated by a horse or other animal.
4. Leaky toilet or interior water fixture.
5. Leaky or sticking irrigation valve.
6. Malfunctioning water softeners.
7. Pool or pond filling systems.
8. Old iron pipes that should reasonably have been replaced.

The General Manager's decision on leak relief will be appealable by the customer to the Board.

FISCAL SUMMARY

A properly designed leak relief program will not cause a financial impact on the District.

VENTURA RIVER WATER DISTRICT

DATE: February 10, 2016
TO: Board of Directors
FROM: Bert J. Rapp, P.E. General Manager
SUBJECT: WATER RATE COST OF SERVICE ANALYSIS STATUS
UPDATE

SUMMARY

Because the El Nino rains have not developed yet this year the General Manager recommends postponing a decision on a new cost of service rate structure until the April 13th Board meeting.

This months' analysis of the customers' usage patterns shows that there is a correlation between the quantity of water used and usage fluctuation from year to year. Therefore there is a cost of service nexus for allocating water sales fluctuation reserves to the higher tiers.

RECOMMENDED ACTION

The General Manager recommends that the Board review and comment on this report.

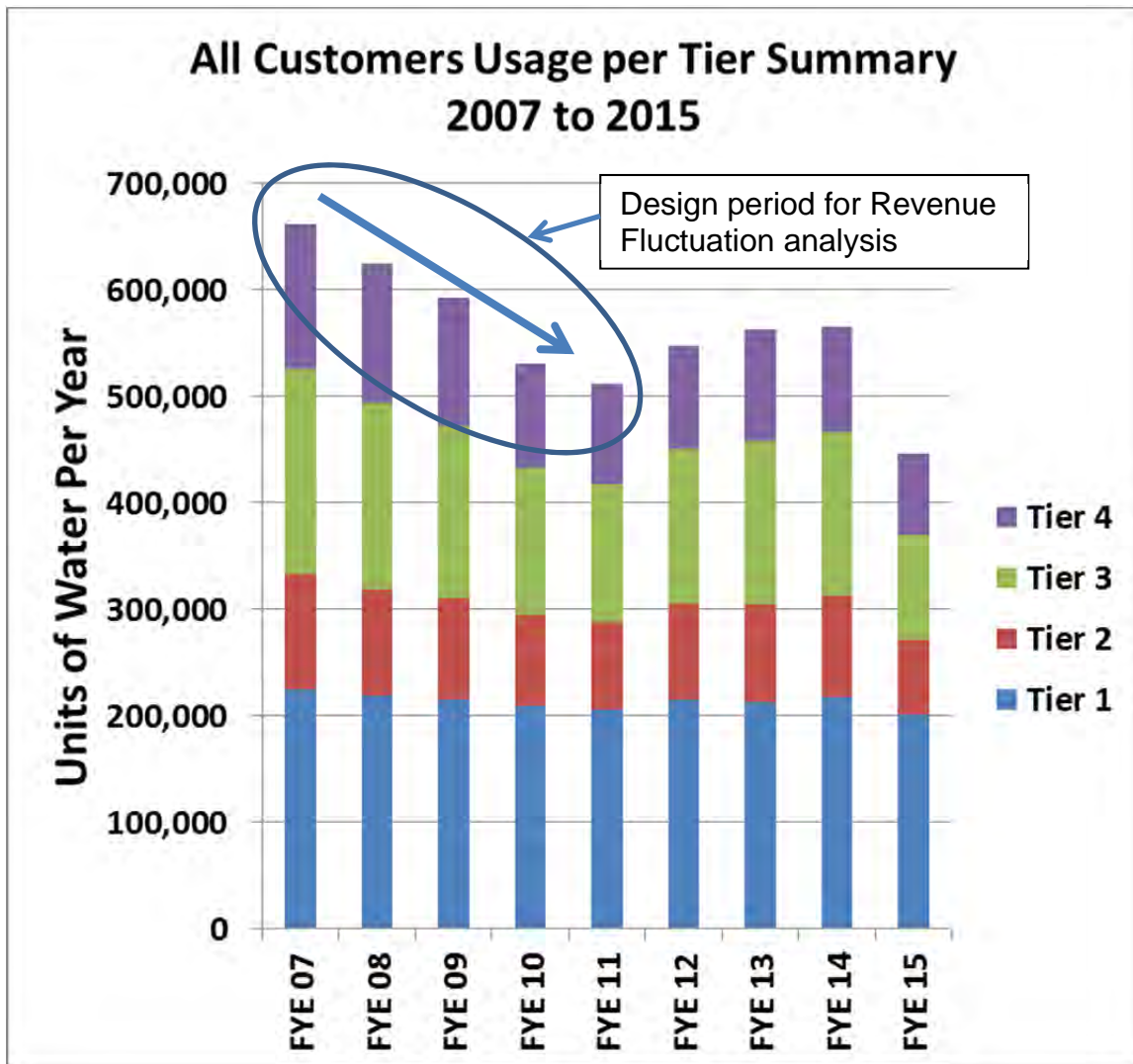
BACKGROUND

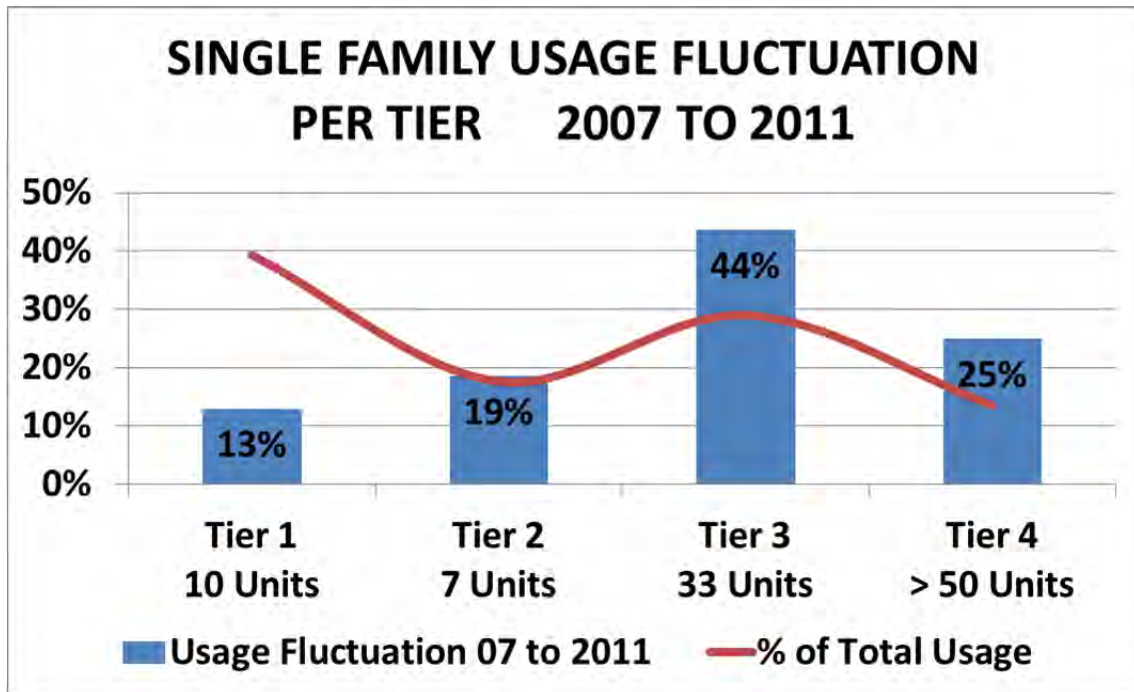
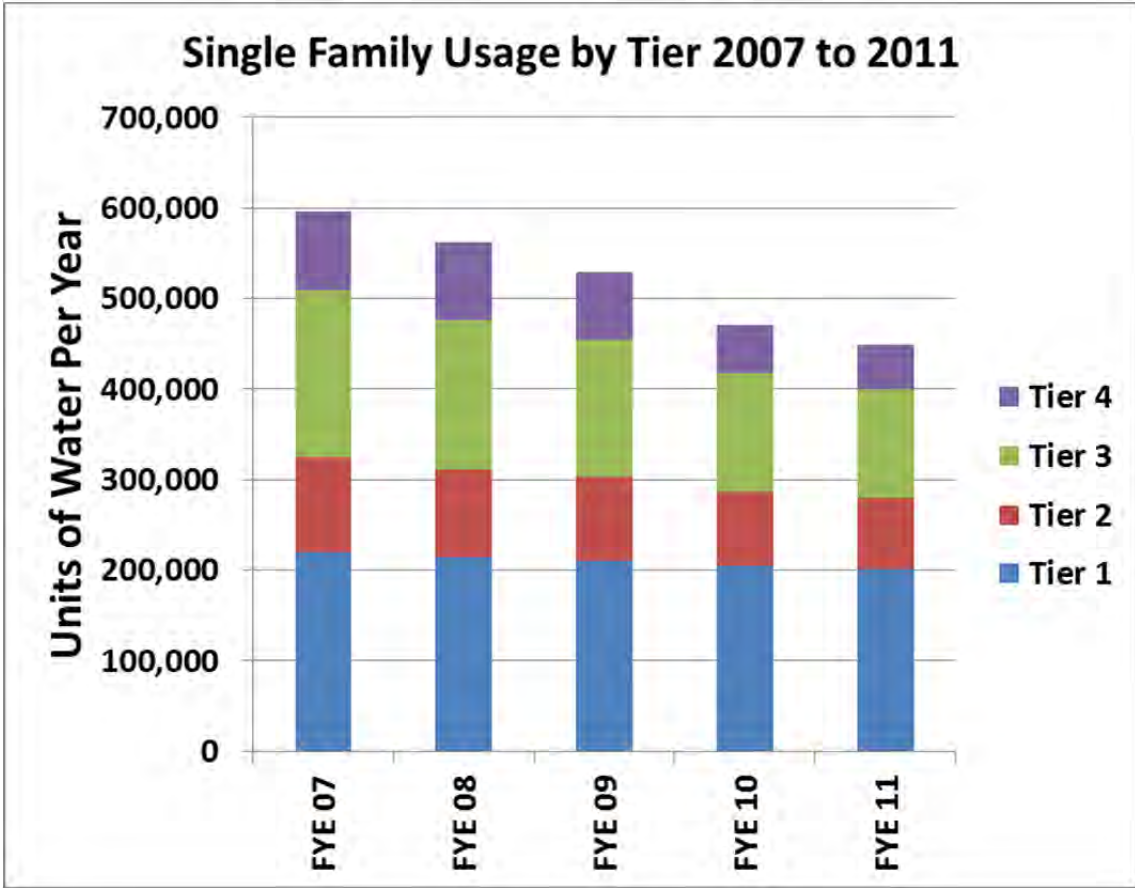
The current approach to Cost of Service rate study is as follows:

1. Establish a uniform base rate for all customers
2. Determine the appropriate amount of savings to set aside each year into a Water Sales Fluctuation Reserve.
3. Distribute the Water Sales Fluctuation Reserve on the Tiers in proportion to their fluctuation and category: Single Family, Business or Multi Family.
4. In years when Water Sales Fluctuation Reserves do not need to be collected then collect funds for capacity enhancing projects such as drilling Well #6.

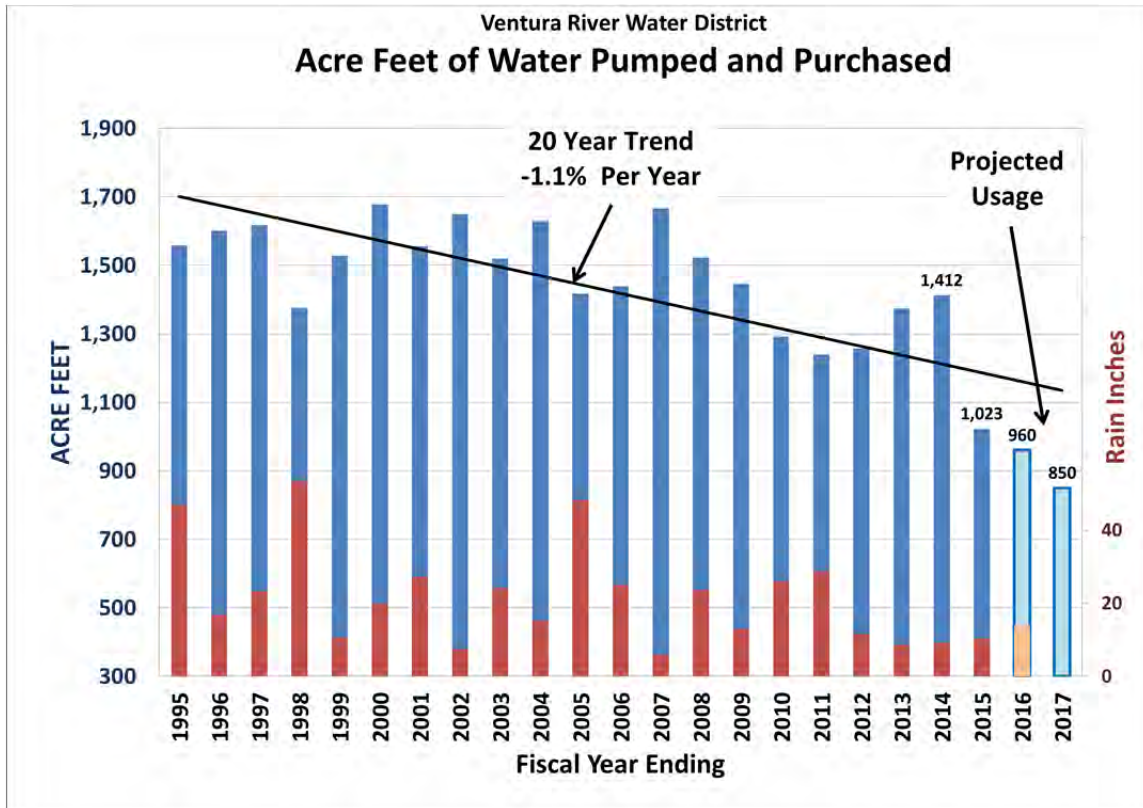
5. By April estimate probable water usage in Fiscal Year 2016/17.
6. On April 13, 2016 approve a cost of service rate structure and begin the Protest Hearing process for adoption of the rates on June 9, 2016. The new rates will appear on the customers August 1st bill.

Nexus between usage and revenue fluctuation: To provide stable rates through times of drought the District would like to fund a Water Sales Fluctuation reserve. Sufficient monies would be kept in this reserve so that temporary drought surcharges and postponement of maintenance work can be avoided. The following charts show how usage fluctuates within tiers from year to year.





The following table shows the District's 20 year water usage. The projection for 2016 is based upon the usage from July 1, 2015 with a projection to June 30th based upon a wet spring. The projection for 2017 is based upon a below normal rain year this year and no significant storage added to Lake Casitas.



Future Tasks for the Cost of Service Analysis:

1. Analyze usage per tier fluctuations for businesses and multi family
2. Analyze different quantities per tier to determine which combination provides a separation of the ranges with the most variability.
3. Analyze the option of moving the cost of Well #6 to only Tier 4.
4. Develop a revenue calculating model using actual customer usage history with variables for the base rate, tiers, business, multifamily and single family categories.

FISCAL SUMMARY

There are no significant fiscal impacts associated with the Cost of Service Rate analysis at this time.

VENTURA RIVER WATER DISTRICT

DATE: February 10, 2016
TO: Directors
FROM: Bert J. Rapp, P.E. General Manager
SUBJECT: WELLS, PRODUCTION, USAGE, AND CONSERVATION UPDATE

Wells & Production

The static aquifer level at Well # 2 on February 1, 2016 was 88.6 feet below the surface. The level dropped 1.1 feet since the first of last month. The aquifer is currently 50 feet below the 25 - year average for February 1st.

Well #1 is pumping 613 GPM this month down 2 GPM from last month. Well #2,3&4 are not pumping due to low water levels. Total available well production: 613 GPM, a decrease of about 2 GPM from last month. Well #1 is pumping about 16 hours a day. All Casitas water was turned off of the well service areas on January 8, 2016.

Supplemental Water from Casitas

Supplemental water was purchased from Casitas beginning on August 15th until January 8, 2016. The purchased water surcharge is \$0.31 on the January bill. About 22% of our water was provided by Lake Casitas in December/January. If the Casitas water remains off until mid-February there will be no purchased water surcharge next month.

Usage

Sales dollars billed on January 31, 2016 amounted to \$138,543 (\$108,088 was budgeted for January in the 2015/16 Budget). Last year we billed \$98,220 during the same period. Water sold in January 2016 amounted to 26,045 HCF, an increase of 18% above the 22,075 HCF sold in January 2013, and a decrease of 30% below the 37,162 HCF sold in January 2014.

Charts are enclosed to depict the ground water status and water usage. On February 1, 2016, Lake Casitas level was 42.3% of full capacity at elevation 498.51, 68.6 feet below spill elevation of 567.1 with storage of 107,556 AF. The lake has raised 0.4% or 0.6 feet and increased 934 AF feet since last month.

Conservation

No Notice of Violations were issued in January and no penalties were assessed.

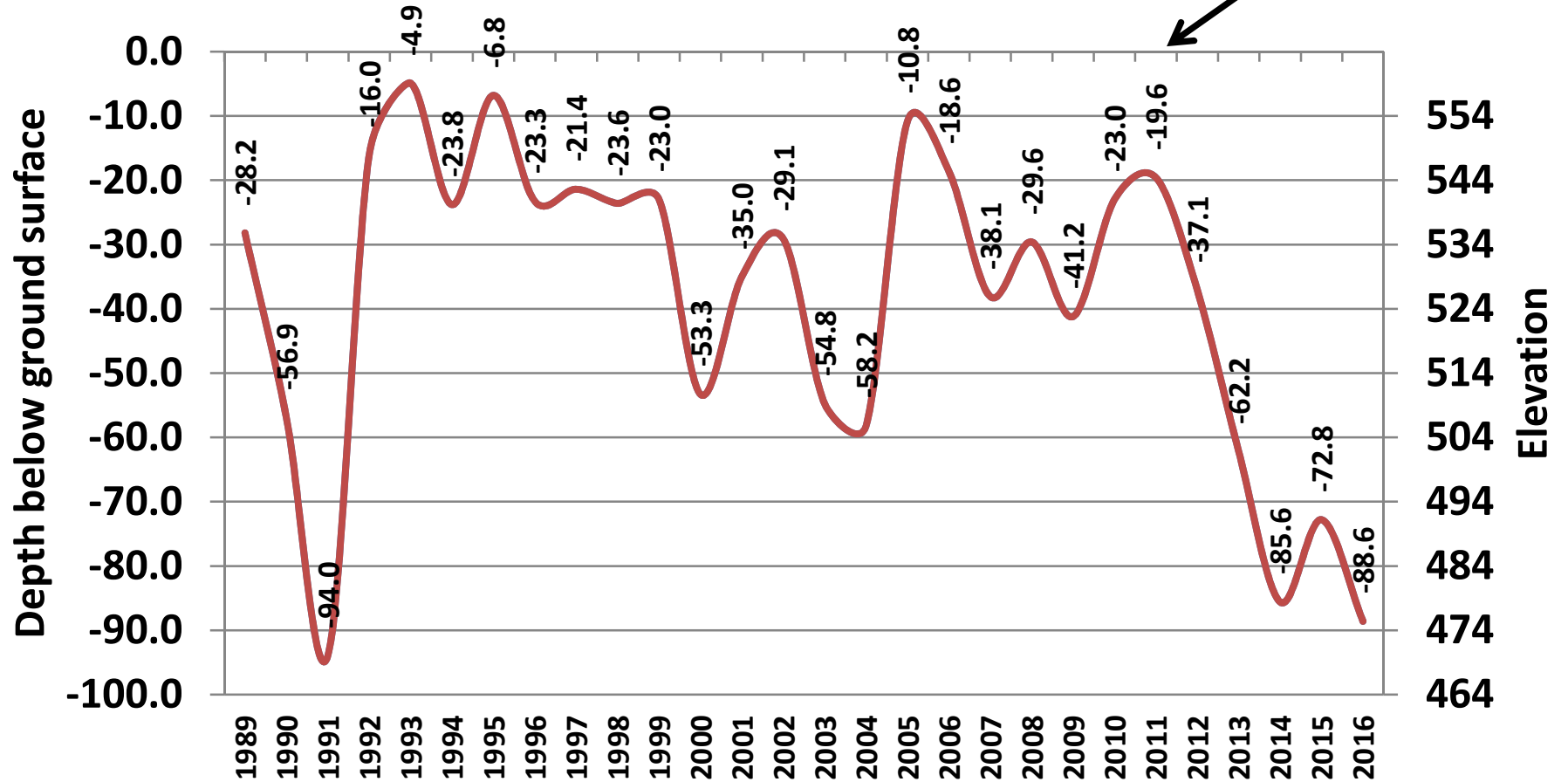
Customer Complaint Log

A copy of the Customer Complaint Log is attached.

DEPTH TO GROUND WATER IN WELL #2 THE FIRST OF FEBRUARY

ON

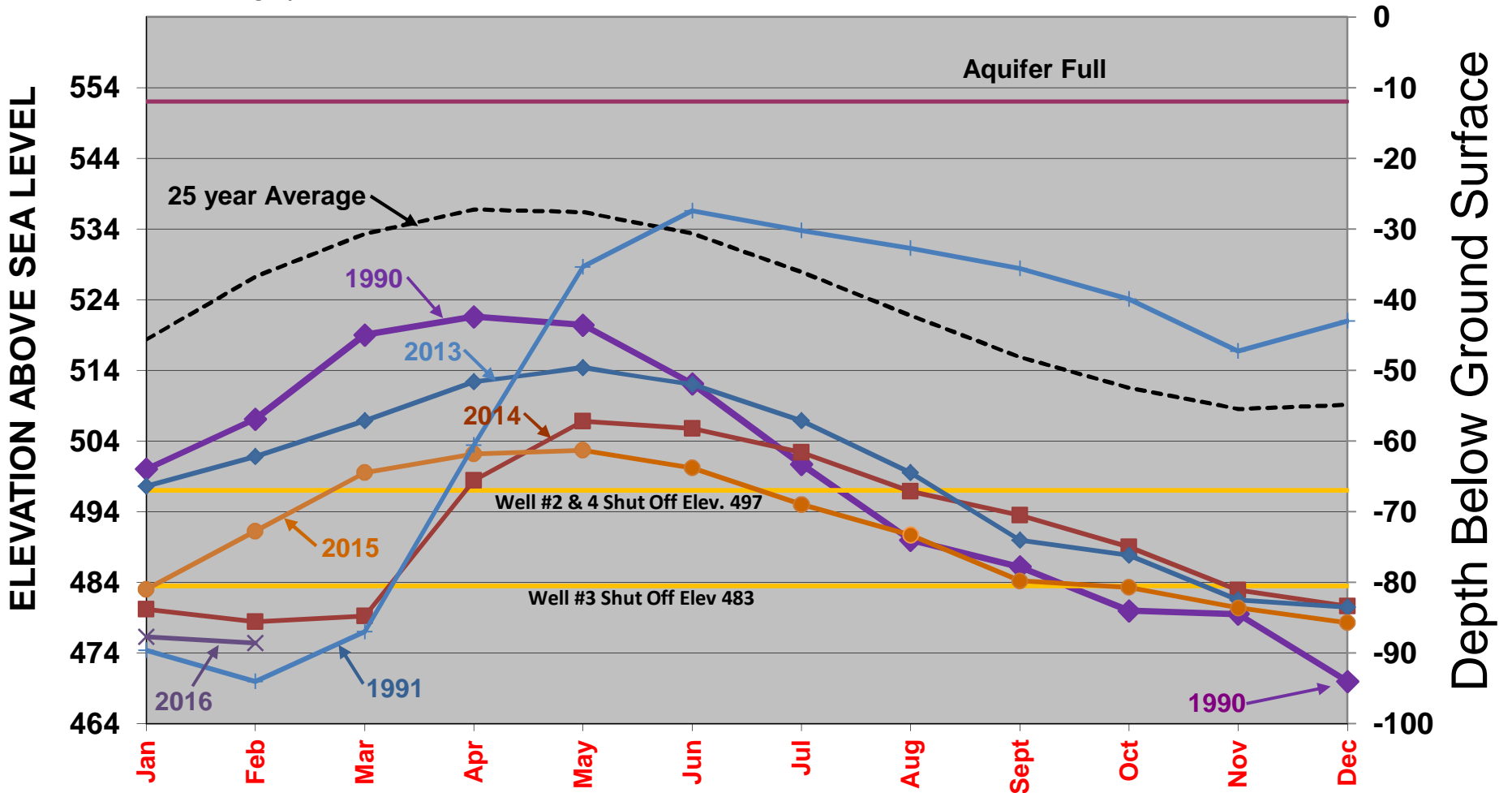
Ground Surface



AQUIFER LEVEL BELOW REFERENCE VRWD WELL # 2 FIRST DAY OF THE MONTH

- 25 Yr AVG
- Well #2 & #4 Shut Off
- ✕ 2016
- Aquifer Full
- 2014
- ◆ 2013
- ◆ 1990
- Well #3 Shut Off
- 2015
- ◆ 1991

Sounding Pipe Elevation = 563.65



WATER LEVEL HYDROGRAPH

VRWD WELL PUMPING COMPARISON IN HUNDRED CUBIC FEET-ALL WELLS

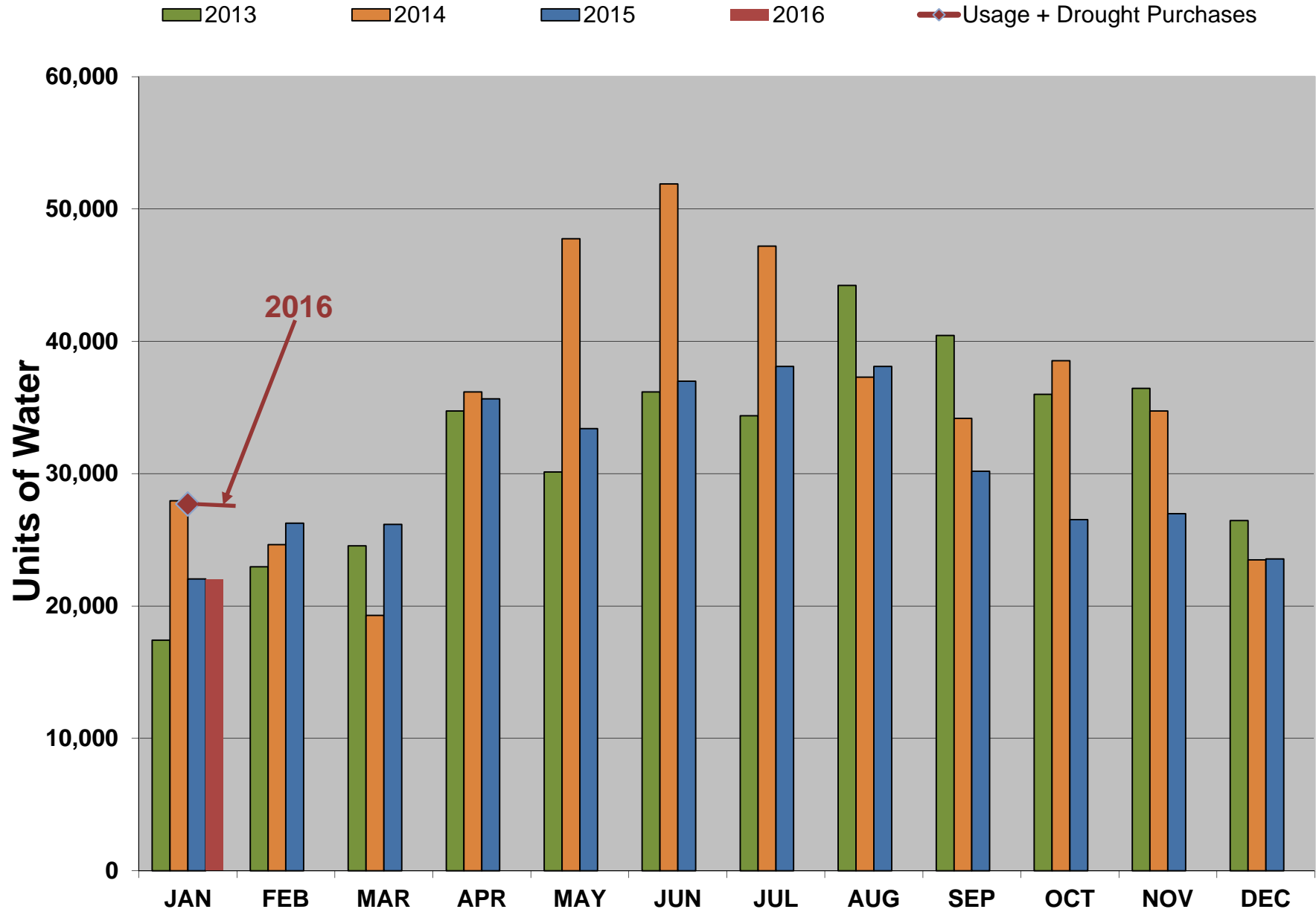
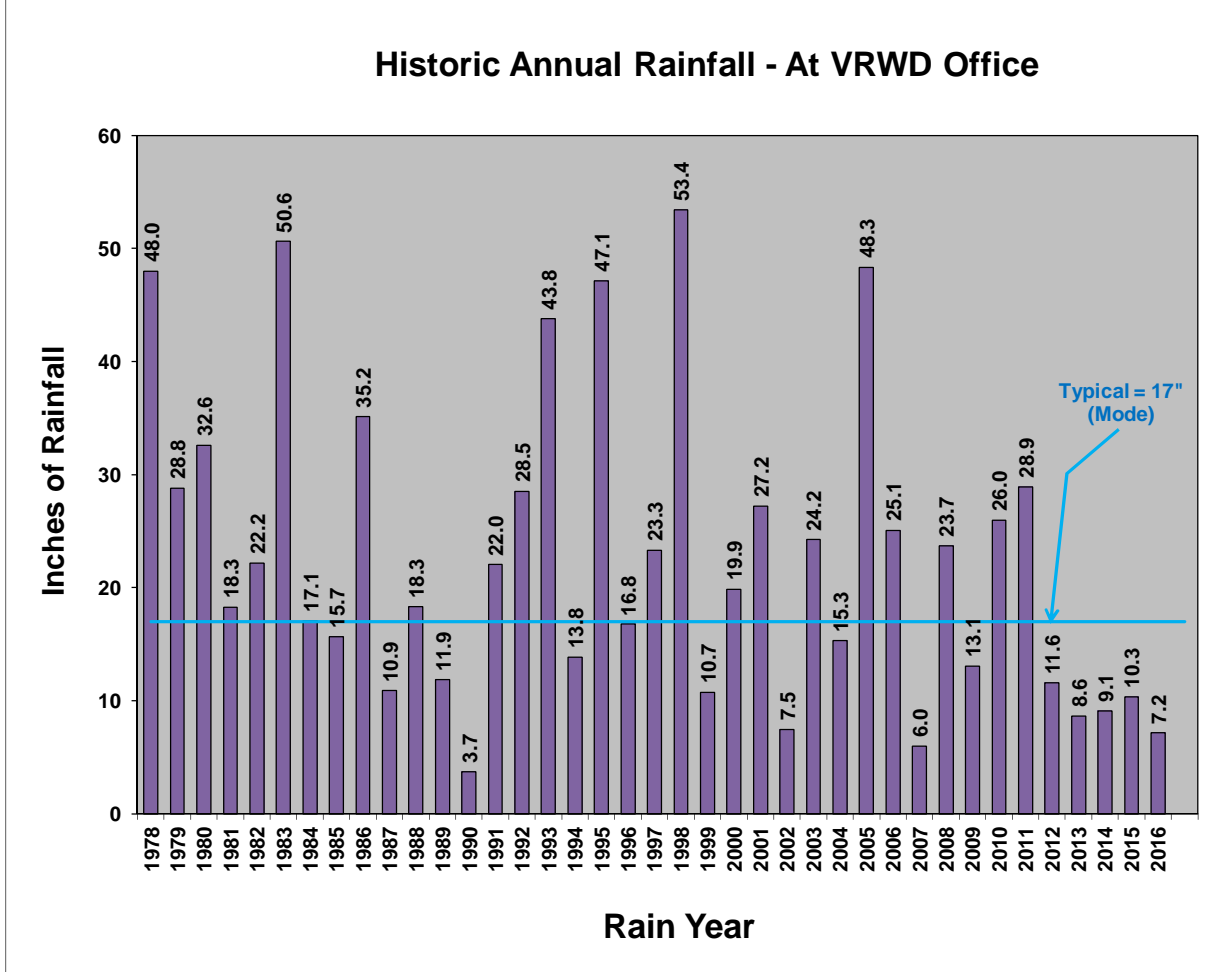
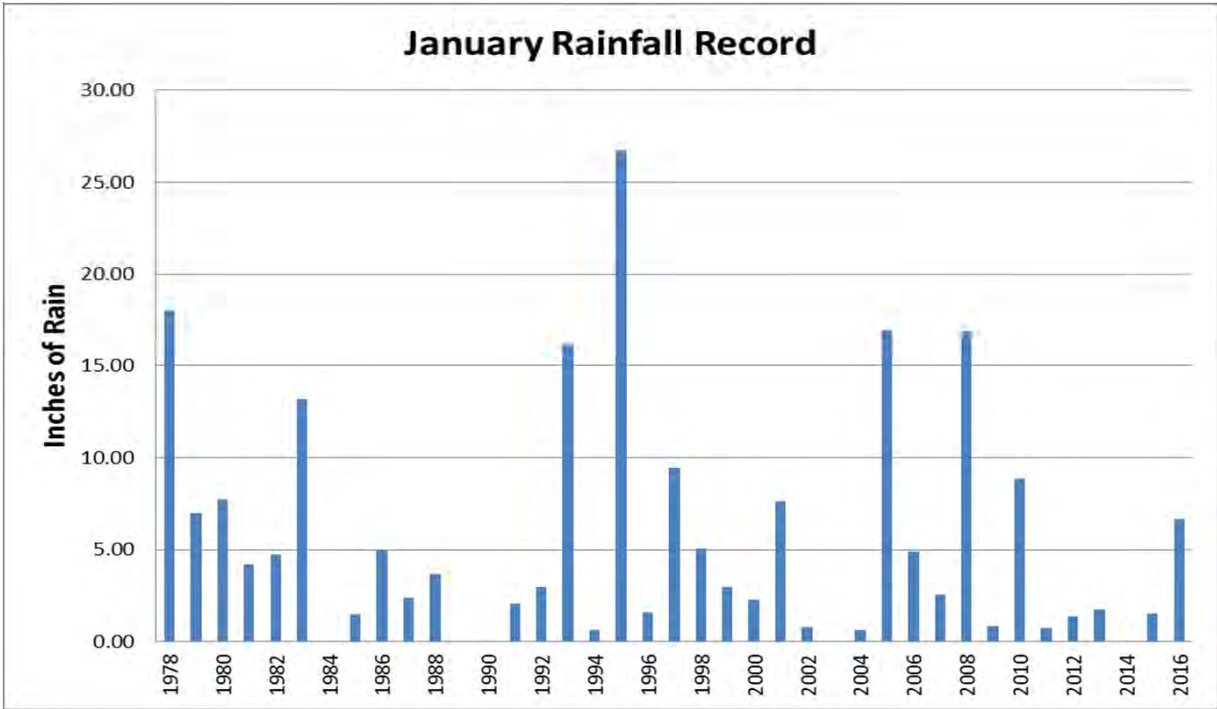
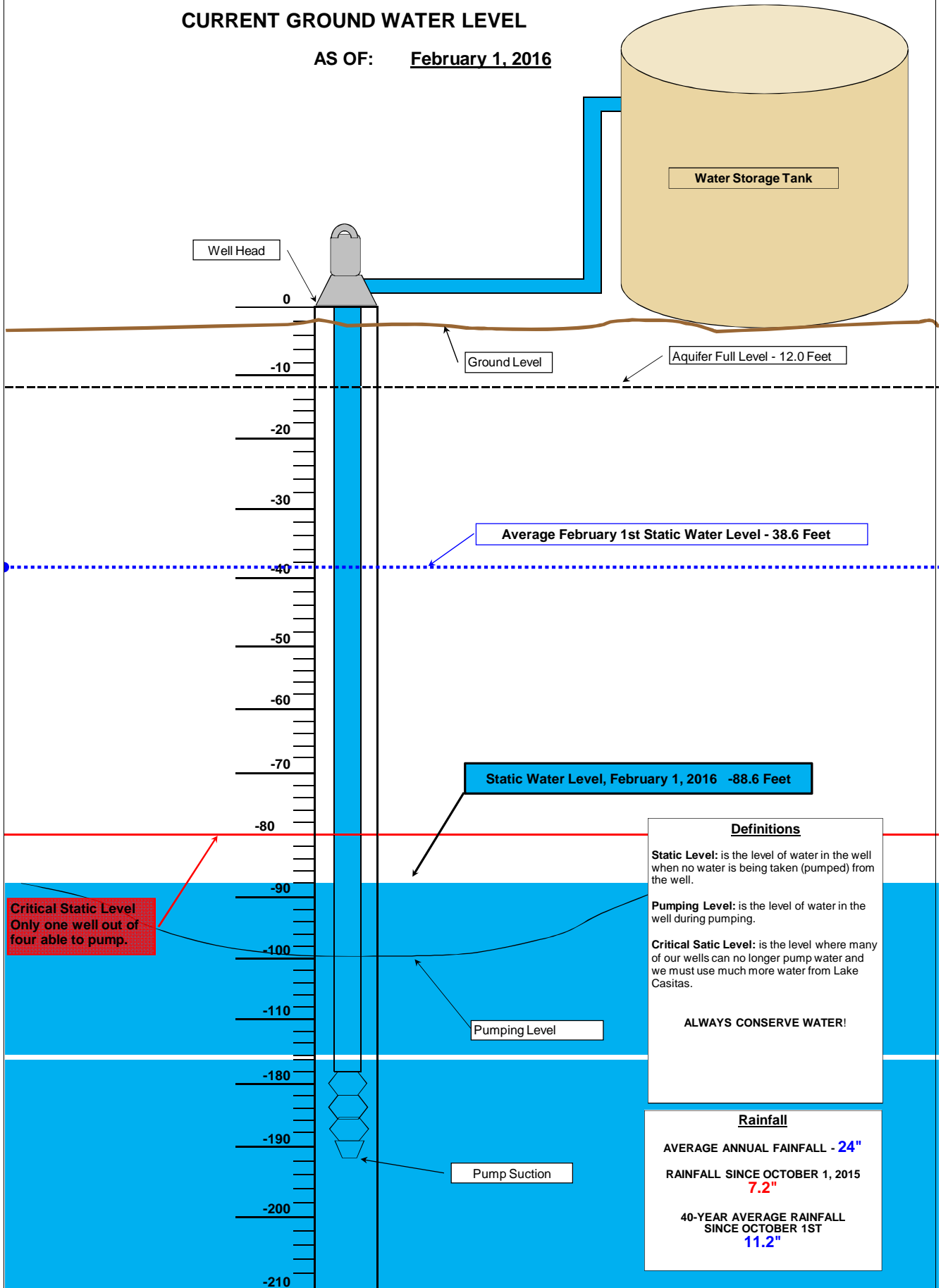


CHART # 3



**VENTURA RIVER WATER DISTRICT
CURRENT GROUND WATER LEVEL**

AS OF: February 1, 2016



Definitions

Static Level: is the level of water in the well when no water is being taken (pumped) from the well.

Pumping Level: is the level of water in the well during pumping.

Critical Satic Level: is the level where many of our wells can no longer pump water and we must use much more water from Lake Casitas.

ALWAYS CONSERVE WATER!

Rainfall

AVERAGE ANNUAL FAINFALL - 24"

RAINFALL SINCE OCTOBER 1, 2015
7.2"

40-YEAR AVERAGE RAINFALL SINCE OCTOBER 1ST
11.2"

RAIN ACCUMULATION PER MONTH

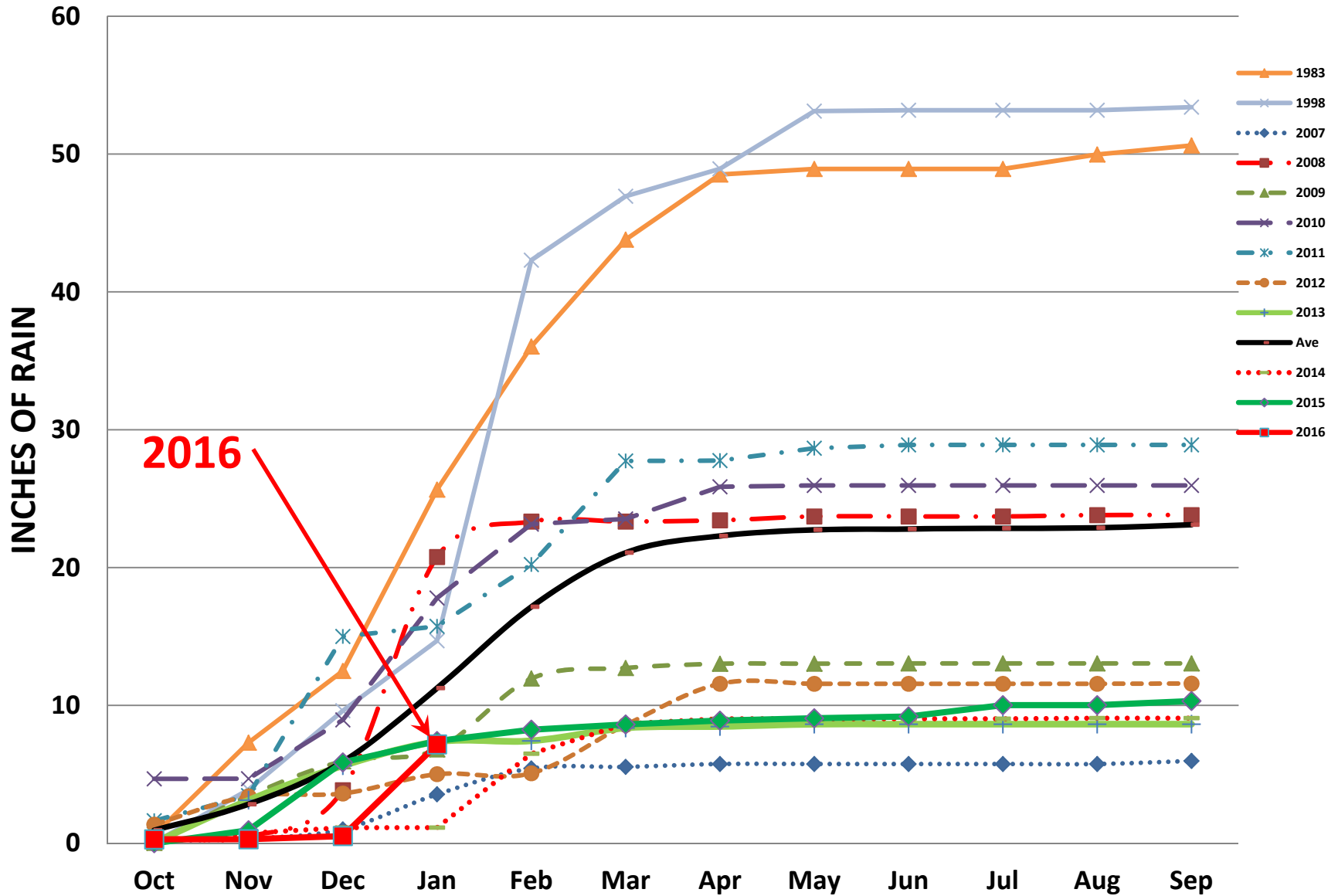
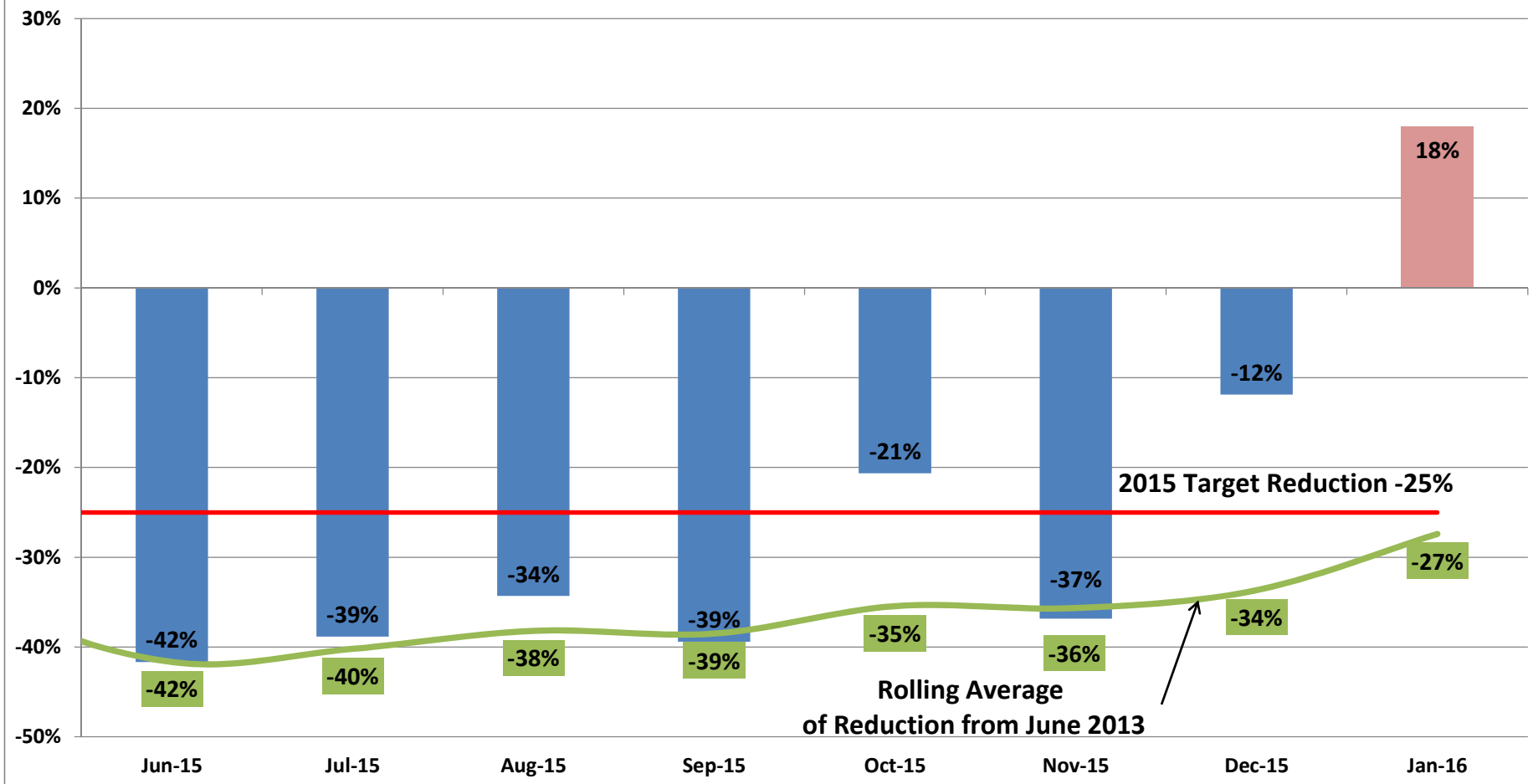
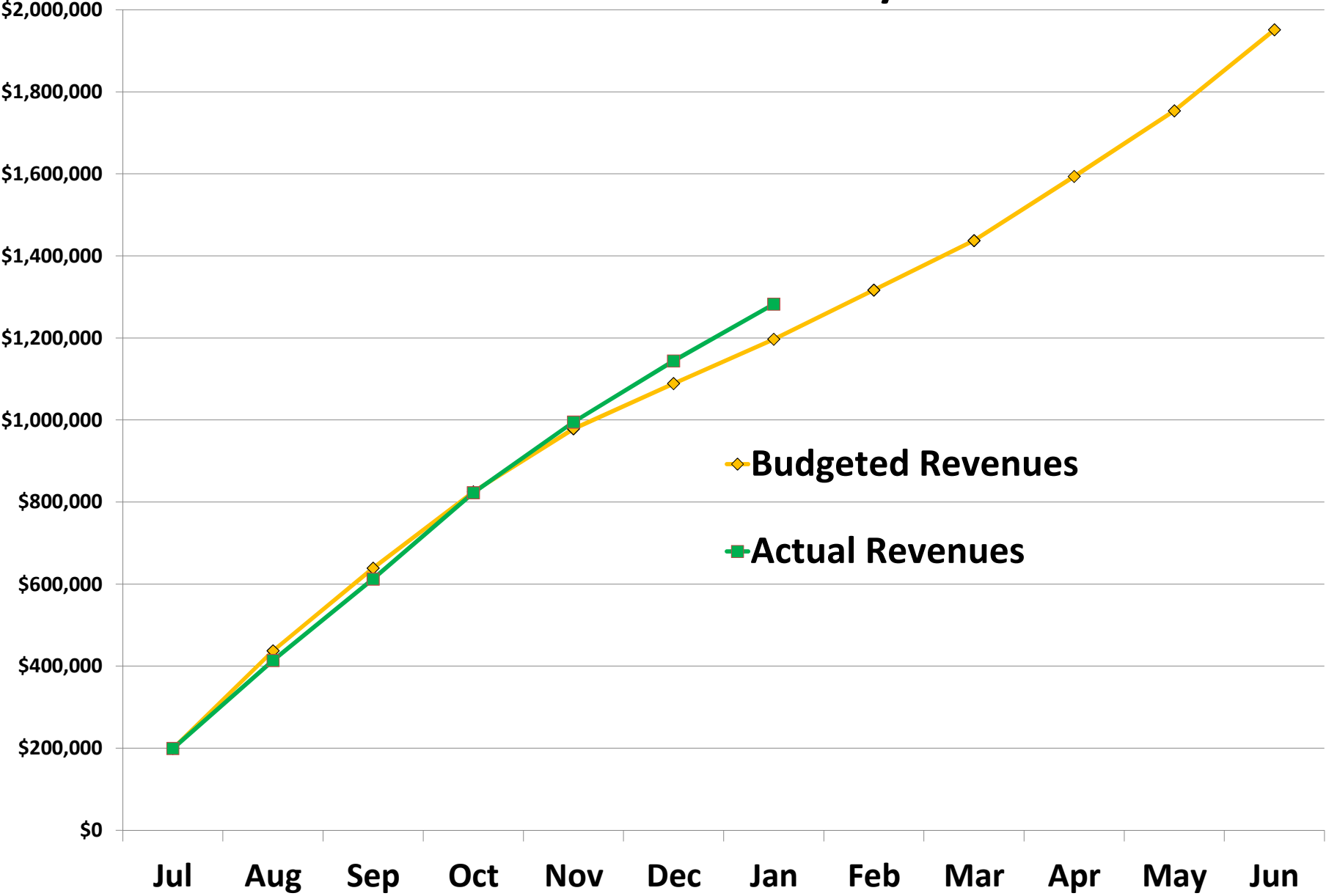


CHART 6

Ventura River WD Water Usage Compared to 2013 Beginning in June 2013

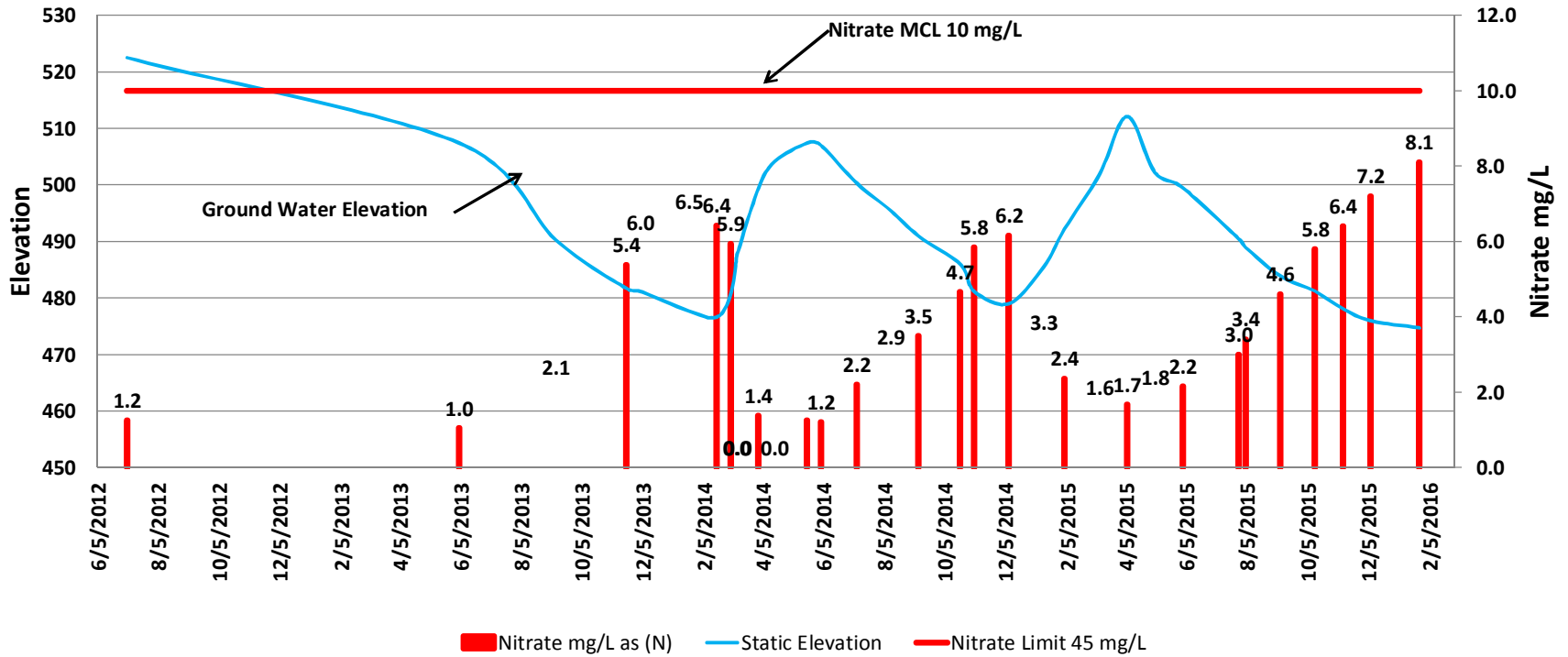


Water Revenues FY 2015/2016



Nitrates in Well #1

Ventura River County Water District



**CUSTOMER COMPLAINT LOG
FOR THE YEAR ENDED DECEMBER 31, 2015**

	DATE	LOCATION/ADDRESS	LEAK		OTHER/	FINDINGS COMMENTS
			CUSTOMER SIDE	SERVICE or METER	DESCRIPTION	
58						
59	12/7/2015	230 BURNHAM RD			X	MJZ- CHANGE ANGLE METER STOP.
60	12/9/2015	40 PATHELEN AVE	X			MJZ- CUSTOMER LEAK, SHUT OFF FOR REPAIRS.
61	12/18/2015	8578 VENTURA AVE	X			MWA- CUSTOMER LEAK, THEY WILL GET IT REPAIR.
62	12/22/2015	2045 RICE RD		X		MWA- REPLACE METER.
63	12/28/2015	14 BURNHAM RD			X	MWA- CUSTOMER HAD FROZEN PIPE.

**CUSTOMER COMPLAINT LOG
FOR THE YEAR ENDED DECEMBER 31, 2016**

	DATE	LOCATION/ADDRESS	PRESSURE		LEAK		OTHER/	FINDINGS COMMENTS
			HIGH/LOW	OUTAGE	CUSTOMER SIDE	MAIN - SYSTEM	DESCRIPTION	
1	1/8/2016	1042 MORENO DR			X			MWA- CHECK FOR LEAK/ CUSTOMER HAD LEAK ON THEIR SIDE.
2	1/5/2016	102 PUESTA DEL SOL		X	X			MWA- PLUMBER FORGOT TO TAKE OFF PLASTIC HOLDING OFF THE GASKET.
3	1/14/2016	2276 LOS ENCINO'S RD			X			MWA-MOIST ON THE BRICK DRIVEWAY.
4	1/13/2016	9210 VENTURA AVE	LOW		X			MWA- CUSTOMER HAD LEAK WILL CALL PLUMBER.
5	1/19/2016	2310 SUMAC DR			X			CAL- SMALL LEAK COMING FROM CUSTOMER VALVE.
6	1/15/2016	314 VALLERIO AVE					X	CAL- NEEDED A NEW METER BOX, SERVICE TRUCK CRUSHED.
7	1/15/2016	1944 COUNTRY PL					x	CAL- CHECK COVER ON METER BOX, IT WAS OK.
8	1/25/2016	575 VILLANOVA RD					X	FRANK'S NEED TO RUN A NEW SERVICE LINE WILL BE DONE 1/25/16
9	1/25/2016	11988 VENTURA AVE					x	THE PROBLEM IS ON THE STREET, WILL WORK ON IT ONCE THEY GET THE PARTS.
10	1/6/2016	189 GRAPEVINE RD			X			MWA- HAD LEAK ON THEIR SIDE CAUSING SOME FLOODING.
11	1/6/2016	130 MONTE VIA						MWA- METER IS SINKING, WILL REPLACE ONCE ITS DRY.