

**DIRECTORS**

Peter W. Hansen  
Craig R. Kaihara  
Thomas P. Vujovich, Jr.  
John S. Broome  
John D. Menne



**PLEASANT VALLEY COUNTY WATER DISTRICT**  
PIONEER IN FOX CANYON AQUIFER CONSERVATION  
SERVING AGRICULTURE SINCE 1956

154 S. LAS POSAS ROAD, CAMARILLO, CA 93010-8570  
Phone: 805-482-2119  
Fax: 805 484-5835

**STAFF**

Jared L. Bouchard  
General Manager  
  
General Counsel  
Arnold, Bleuel, LaRochelle,  
Mathews & Zirbel, LLP

**PLEASANT VALLEY COUNTY WATER DISTRICT  
SPECIAL MEETING OF THE BOARD OF DIRECTORS**

**NOTICE OF MEETING**

**NOTICE IS HEREBY GIVEN** that the Pleasant Valley County Water District Board of Directors will hold a **SPECIAL MEETING 1:30 p.m. on July 15th, 2021**, at the District Office located at 154 S. Las Posas Road, Camarillo, CA 93010-8570.

In accordance with the Governor’s Executive Order N-29-20 and the Ventura County Stay Well at Home Order resulting from the Novel Coronavirus the Meeting will be held virtually using the ZOOM platform by calling +1 669 900 6833 and entering Meeting ID 831 7902 5311 or Join Zoom Meeting Virtually: <https://us06web.zoom.us/j/83179025311>

**AGENDA**

The agenda is posted at least 24 hours preceding the Board meeting and contains all items on which Board action will be allowed pursuant to Government Code Section 54954.2. Action will be taken on unanticipated items only when an emergency (as defined in Section 54956.5) exists or as otherwise allowed under Section 54954.2(b).

An opportunity for members of the public to briefly address the Board on items not on the agenda is provided at the beginning and end of each meeting. Persons wishing to comment on agenda items should complete a speaker card and submit it (preferably before the meeting) to the Clerk. The Chairman will then recognize them at the appropriate time. Once recognized, persons should step to the podium, clearly state their name and address for the record, and address the item being considered in as brief, clear and concise a manner as possible.

**OPEN SESSION AND CALL TO ORDER:**

- 1) Pledge of allegiance.
- 2) Roll call.
- 3) Determination of quorum.
- 4) Approval of agenda.
- 5) Approval of Minutes:
  - a. **May 4, 2021**
  - b. **May 25, 2021**

6) Open Forum.

This is an opportunity for the public to address the Board on matters not appearing on the agenda. No action may be taken by the Board at this time, but items can be considered for placing on the agenda for a subsequent meeting.

- 7) **Special Presentation:** United Water Conservation District General Manager , Mauricio Guardado will provide a presentation related to current water adjudication issues.

8) **Action Items**

- A. **RATIFICATION OF CHECKS.** The Board will review and ratify checks issued and funds transferred since the Board of Directors meeting of Tuesday, May 4<sup>th</sup>, 2021.  
**Recommendation:** Approve

- B. **CONSIDER FY 2021/ 2022 BUDGET**  
**Recommendation:** Review and approve the FY 21/22 budget

- C. **CONSIDER ANNUAL AUDIT** for Fiscal year Ended June 30, 2020, Independent Auditor's Report.  
**Recommendation:** Approve the Audit as Presented

- D. **FY 20/21 AUDIT SERVICES** with Fanning & Karrh in an amount not to exceed \$18k  
**Recommendation:** Review and approve the engagement letter with Fanning and Karrh for an amount not exceed 18k for Fiscal Year 20/21 Audit Services.

9) **GENERAL MANAGER COMMENTS**

10) **OTHER BUSINESS.**

- 11) **CLOSED SESSION.** It is the intention of the Pleasant Valley County Water District Board of Directors to be in closed session to consider the following items:

- A. Conference with legal counsel-potential/anticipated litigation. Subdivision (d) of Section 54956.9 of *California Government Code*. (One case)

12) **ADJOURNMENT.**

In compliance with the Americans with Disabilities Act, all possible accommodations will be made for individuals with disabilities so they may attend and participate in meetings. If special assistance is needed, please call the Agency staff at (805) 482-2119 at least 24 hours prior to the meeting so proper arrangements may be assured. If requested, and as possible, agendas will be provided in alternative formats.

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**Agenda Posting Certification:** This agenda was posted not less than 24 hours prior to the scheduled meeting date and time at 154 S. Las Posas Road Camarillo CA, 93010 in a location that is accessible 24 hours a day to the General Public and is posted on the Pleasant Valley County Water District website <https://www.pleasantvalleycountywaterdistrict.com/>

A handwritten signature in black ink, appearing to read 'Jared Bouchard', is written over the printed name.

**Jared Bouchard**  
**General Manager**

**DIRECTORS**

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Mathews & Zirbel,  
LLP

MINUTES OF SPECIAL MEETING OF THE  
BOARD OF DIRECTORS  
PLEASANT VALLEY COUNTY WATER DISTRICT HELD  
Tuesday May 4th, 2021

Pursuant of notice given, a Special Meeting of the Board of Directors of the Pleasant Valley County Water District was held on Tuesday May 4th, 2021 in the District headquarters facility, 154 S. Las Posas Rd, Camarillo, CA.

Call to Order

The meeting was called to order at 10:02 a.m. by Board President Vujovich.

Agenda Item #1- Pledge of Allegiance - led by Board President Vujovich

Agenda #2- Roll Call

Attendance at the meeting was as follows:

Directors Present:

Thomas P. Vujovich, Jr., President

Vice President, Craig Kaihara

Director John Menne

Director John Broome

Director Peter Hansen

Directors Absent:

None

Staff Present: John Matthews, Attorney

Jared Bouchard, General Manager

Agenda #3 – Determination of Quorum

Quorum was established

Agenda Item #4 – Approval of Agenda

Motion to approve by Director Broome; seconded by Director Hansen motion passed with a 5-0 vote.

Ayes 5- Directors: Vujovich, Menne, Broome, Hansen, Kaihara

Ney's -0-

Absent -0-

Agenda Item #5 – Approval of Minutes

Motion to approve the minutes of the Special Board meeting held on May 4<sup>th</sup>, 2021 by Director Hansen seconded by Director Broome, motion passed with a 5-0 vote, and minutes were approved as presented.

Ayes 5- Directors: Vujovich, Menne, Broome, Hansen, Kaihara

Ney's: -0-

Absent -0-

Agenda item #6 – Open Forum

Public comment: Dan Naumann from United Water Conservation District gave an update on UWCD.

Agenda Item #7 – Action Calendar

A. – Ratification of Checks

It was moved by Director Broome to ratify the checks issued from March 16<sup>th</sup>, 2021 to May 3<sup>rd</sup>, 2021 by the District, seconded by Director Hansen. The motion passed unanimously with a 5-0 vote; the list of checks ratified is appended to these minutes

Ayes 5- Directors: Vujovich, Menne, Broome, Hansen, Kaihara

Ney's: -0-

Absent -0-

Agenda Item #8 – General Manager Comments

G.M. Bouchard updated board of directors on general business of the district.

Agenda Item #9 -Other Business

No other business.

Agenda Item #10 – Closed Session

- A. Conference with legal counsel-potential/anticipated litigation. Subdivision (d) of Section 54956.9 of *California Government Code*. (One case)
  
- B. Conference with legal counsel-potential/anticipated litigation. Subdivision (4) of Section 54956.9 of *California Government Code*. (One case) Main Plaintiff Las Posas Valley Water Rights Coalition, Piacco Inc., VS Main Defendant Fox Canyon Ground Water Management Agency \*Copy of Notice Attached with all involved parties listed

The Board went into closed session per Government Code sec 54956.9© to conference with legal counsel on existing litigations. The Board of Directors took one action. Action was to create an ad hoc committee consisting of Director Hansen and Director Kiahara to help council with negotiations on the GMA matter, the vote was 5-0 all in favor.

The board came out of closed session at: 11:50 a.m.

Agenda Item #11 – Adjournment

The meeting was adjourned upon a motion duly made seconded, and carried unanimously at 11:51 a.m.

Respectfully Submitted:

Minutes Approval:

\_\_\_\_\_  
Jared Bouchard, General Manager

\_\_\_\_\_  
Thomas Vujovich, Board President

**DIRECTORS**

Peter W. Hansen  
Craig R. Kaihara  
Thomas P. Vujovich, Jr.  
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LLP

MINUTES OF SPECIAL MEETING OF THE  
BOARD OF DIRECTORS  
PLEASANT VALLEY COUNTY WATER DISTRICT HELD  
Tuesday May 25th, 2021

Pursuant of notice given, a Special Meeting of the Board of Directors of the Pleasant Valley County Water District was held on Tuesday May 25th, 2021, in the District headquarters facility, 154 S. Las Posas Rd, Camarillo, CA.

Call to Order

The meeting was called to order at 10:03 a.m. by Board President Vujovich.

Agenda Item #1- Pledge of Allegiance - led by Board President Vujovich

Agenda #2- Roll Call

Attendance at the meeting was as follows:

Directors Present:

Thomas P. Vujovich, Jr., President

Director John Menne

Director John Broome

Director Peter Hansen

Directors Absent: Craig Kaihara, Vice President

None

Staff Present: John Matthews, Attorney

Jared Bouchard, General Manager

Agenda #3 – Determination of Quorum

Quorum was established

Agenda Item #4 – Approval of Agenda

Motion to approve by Director Hansen; seconded by Director Menne motion passed with a 4-0 vote.

Ayes 4- Directors: Vujovich, Menne, Broome, Hansen

Ney's -0-

Absent 1 – Directors: Kaihara

Agenda Item #5 – Approval of Minutes

No minutes submitted for approval. Minutes for 5-4-21 will be submitted at the next Meeting.

Agenda item #6 – Open Forum

Public comment: Dan Naumann from United Water Conservation District gave a United Water Conservation District update.

Agenda Item #7 – Closed Session

The Board went into closed session per Government Code sec 54956.9© to conference with legal counsel on existing litigations. No action to report on closed session.

The board came out of closed session at: 11:35 a.m.

Agenda Item #11 – Adjournment

The meeting was adjourned upon a motion duly made seconded, and carried unanimously at 11:36 a.m.

Respectfully Submitted:

Minutes Approval:

\_\_\_\_\_  
Jared Bouchard, General Manager

\_\_\_\_\_  
Thomas Vujovich, Board President



**Pleasant Valley County Water District  
Meeting Bank Accounts Register  
As of July 9, 2021**

3:19 PM

07/09/21

Accrual Basis

Type	Date	Num	Name	Amount
<b>1000 - Cash</b>				
<b>1010 - Pacific Western-Checking</b>				
Paycheck	05/04/2021	DD14...	Daniel J Vasquez	
Paycheck	05/04/2021	DD14...	Nancy M Lawrence	
Paycheck	05/04/2021	DD15...	Paul A Otero	
Paycheck	05/04/2021	DD14...	Jared Bouchard	
Liability Check	05/04/2021		QuickBooks Payroll Serv...	(14,349.28)
Bill Pmt -Check	05/04/2021	8705	BONDY GROUNDWATE...	(1,050.00)
Bill Pmt -Check	05/04/2021	8706	County Of Ventura Trea...	(19.00)
Bill Pmt -Check	05/04/2021	8707	Dial Security	(72.00)
Bill Pmt -Check	05/04/2021	8708	Dig Safe Board	(10.01)
Bill Pmt -Check	05/04/2021	8709	Famcon Pipe & Supply	(6,850.36)
Bill Pmt -Check	05/04/2021	8710	FGL Environmental	(145.00)
Bill Pmt -Check	05/04/2021	8711	FRONTIER	(186.71)
Bill Pmt -Check	05/04/2021	8712	Macvalley Oil Company	(471.00)
Bill Pmt -Check	05/04/2021	8713	Nancy Lawrence	(12.96)
Bill Pmt -Check	05/04/2021	8714	Promaid, Inc.	(195.00)
Bill Pmt -Check	05/04/2021	8715	Prudential Overall Supply	(36.74)
Bill Pmt -Check	05/04/2021	8716	STREAMLINE	(300.00)
Bill Pmt -Check	05/04/2021	8717	U S Bank Payment Center	(1,133.92)
Bill Pmt -Check	05/04/2021	8718	Underground Service Alert	(33.10)
Bill Pmt -Check	05/04/2021	8719	WEXEANK	(1,005.98)
Bill Pmt -Check	05/04/2021	8721	Famcon Pipe & Supply	(3,275.18)
Paycheck	05/05/2021	8700	Craig R Kaihara	(369.40)
Paycheck	05/05/2021	8701	John Menne	(369.40)
Paycheck	05/05/2021	8702	John S. Broome	(369.40)
Paycheck	05/05/2021	8703	Peter W Hansen	(369.40)
Paycheck	05/05/2021	8704	Thomas P Vujovich	(369.40)
Liability Check	05/05/2021		QuickBooks Payroll Serv...	(362.00)
Paycheck	05/18/2021	DD15...	Daniel J Vasquez	
Paycheck	05/18/2021	DD15...	Paul A Otero	
Paycheck	05/18/2021	DD15...	Jared Bouchard	
Paycheck	05/18/2021	DD15...	Nancy M Lawrence	
Liability Check	05/18/2021		QuickBooks Payroll Serv...	(14,232.29)
Paycheck	05/18/2021	DD15...	Nancy M Lawrence	
Liability Check	05/18/2021		QuickBooks Payroll Serv...	(2,895.94)
Paycheck	05/19/2021	DD15...	Nancy M Lawrence	
Paycheck	05/19/2021	DD15...	Daniel J Vasquez	
Paycheck	05/19/2021	DD15...	Paul A Otero	
Paycheck	05/19/2021	DD15...	Jared Bouchard	

**Pleasant Valley County Water District  
Meeting Bank Accounts Register  
As of July 9, 2021**

3:19 PM  
07/09/21  
Accrual Basis

Type	Date	Num	Name	Amount
Liability Check	05/19/2021		QuickBooks Payroll Serv...	(8.00)
Check	05/21/2021	eft	SoCalGas	(35.61)
Bill Pmt -Check	05/24/2021	8724	Access Information Man...	(301.62)
Bill Pmt -Check	05/24/2021	8725	ACWA/JPIA	(470.42)
Bill Pmt -Check	05/24/2021	8726	AIRGAS USA, LLC	(39.61)
Bill Pmt -Check	05/24/2021	8727	Arnold, LaRochelle, Etal	(5,747.84)
Bill Pmt -Check	05/24/2021	8747	AT&T Mobility	(98.01)
Bill Pmt -Check	05/24/2021	8731	BROADBAND MICROWA...	(129.00)
Bill Pmt -Check	05/24/2021	8732	BROWNSTEIN HYATT F...	(2,798.91)
Bill Pmt -Check	05/24/2021	8733	County of Ventura/Elect...	(577.48)
Bill Pmt -Check	05/24/2021	8734	Culligan of Ventura Cou...	(55.75)
Bill Pmt -Check	05/24/2021	8735	Diener's Electric	(1,193.50)
Bill Pmt -Check	05/24/2021	8736	E.J. Harrison & Sons	(201.55)
Bill Pmt -Check	05/24/2021	8737	Famcon Pipe & Supply	(353.93)
Bill Pmt -Check	05/24/2021	8738	Michael K. Nunley & Ass...	(322.91)
Bill Pmt -Check	05/24/2021	8739	Napa Auto Parts	(42.88)
Bill Pmt -Check	05/24/2021	8740	Prudential Overall Supply	(123.45)
Bill Pmt -Check	05/24/2021	8741	SOARES, SANDALL & P...	(1,750.00)
Bill Pmt -Check	05/24/2021	8742	STREAMLINE	(300.00)
Bill Pmt -Check	05/24/2021	8743	XIO, INC.	(464.00)
Bill Pmt -Check	05/24/2021	ask x...	Arnold, LaRochelle, Etal	(3,172.00)
Bill Pmt -Check	05/24/2021	8729	Powerstride Battery Co.	(572.85)
Bill Pmt -Check	05/24/2021	8744	BROWNSTEIN HYATT F...	(4,619.52)
Bill Pmt -Check	05/24/2021	8745	Camrosa Water District	(106,321.23)
Bill Pmt -Check	05/24/2021	8746	UWCD	(20,543.61)
Bill Pmt -Check	05/24/2021	8751	City of Camarillo	(70.86)
Bill Pmt -Check	05/24/2021	8752	Prudential Overall Supply	(36.74)
Paycheck	06/01/2021	DD15...	Jared Bouchard	
Paycheck	06/01/2021	DD15...	Daniel J Vasquez	
Paycheck	06/01/2021	DD15...	Nancy M Lawrence	
Paycheck	06/01/2021	DD15...	Paul A Otero	
Liability Check	06/01/2021		QuickBooks Payroll Serv...	(14,349.35)
Paycheck	06/04/2021	DD15...	Jared Bouchard	
Liability Check	06/04/2021		QuickBooks Payroll Serv...	(2,140.13)
Bill Pmt -Check	06/07/2021	8753	Access Information Man...	(301.61)
Bill Pmt -Check	06/07/2021	8754	ACWA/JPIA	(470.42)
Bill Pmt -Check	06/07/2021	8755	BROWNSTEIN HYATT F...	(9,461.92)
Bill Pmt -Check	06/07/2021	8756	Dial Security	(408.85)
Bill Pmt -Check	06/07/2021	8757	Dig Safe Board	(10.01)
Bill Pmt -Check	06/07/2021	8758	Famcon Pipe & Supply	(444.28)

Pleasant Valley County Water District  
 Meeting Bank Accounts Register  
 As of July 9, 2021

3:19 PM  
 07/09/21  
 Accrual Basis

Type	Date	Num	Name	Amount
Bill Pmt -Check	06/07/2021	8759	FCGMA	(74,234.78)
Bill Pmt -Check	06/07/2021	8760	FRONTIER	(185.27)
Bill Pmt -Check	06/07/2021	8761	Hands-On Consultations	(119.00)
Bill Pmt -Check	06/07/2021	8762	Napa Auto Parts	(86.29)
Bill Pmt -Check	06/07/2021	8763	Promaid, Inc.	(195.00)
Bill Pmt -Check	06/07/2021	8764	Prudential Overall Supply	(36.74)
Bill Pmt -Check	06/07/2021	8765	STREAMLINE	(300.00)
Bill Pmt -Check	06/07/2021	8766	U S Bank Payment Center	(2,604.89)
Bill Pmt -Check	06/07/2021	8767	Underground Service Alert	(19.90)
Bill Pmt -Check	06/07/2021	8768	Walton Motors & Contro...	(6,152.39)
Bill Pmt -Check	06/07/2021	8770	WEX BANK	(641.86)
Bill Pmt -Check	06/07/2021	8771	Camrosa Water District	(119,887.85)
Paycheck	06/14/2021	DD15...	Daniel J Vasquez	
Paycheck	06/14/2021	DD15...	Jared Bouchard	
Paycheck	06/14/2021	DD15...	Nancy M Lawrence	
Paycheck	06/14/2021	DD15...	Paul A Otero	
Liability Check	06/14/2021		QuickBooks Payroll Serv...	(14,240.30)
Bill Pmt -Check	06/15/2021	8772	AIRGAS USA, LLC	(40.47)
Bill Pmt -Check	06/15/2021	8773	Arnold, LaRochelle, Etal	(6,544.57)
Bill Pmt -Check	06/15/2021	8774	AT&T Mobility	(98.01)
Bill Pmt -Check	06/15/2021	8775	Culligan of Ventura Cou...	(60.75)
Bill Pmt -Check	06/15/2021	8776	Fanning & Karrh	(9,250.00)
Bill Pmt -Check	06/15/2021	8777	SOARES, SANDALL & P...	(2,118.50)
Bill Pmt -Check	06/15/2021	8778	UWCD	(11,100.00)
Bill Pmt -Check	06/15/2021	8779	Ventura Air Conditionin...	(6,550.00)
Bill Pmt -Check	06/15/2021	8783	BROADBAND MICROWA...	(129.00)
Check	06/21/2021	745	SCE/Payment Processing	(73,604.93)
Paycheck	06/28/2021	DD15...	Daniel J Vasquez	
Paycheck	06/28/2021	DD15...	Nancy M Lawrence	
Paycheck	06/28/2021	DD15...	Paul A Otero	
Paycheck	06/28/2021	DD15...	Jared Bouchard	
Liability Check	06/28/2021		QuickBooks Payroll Serv...	(14,240.28)
Bill Pmt -Check	07/07/2021	8784	Access Information Man...	(904.86)
Bill Pmt -Check	07/07/2021	8785	ACWA/JPIA	(3,698.13)
Bill Pmt -Check	07/07/2021	8786	City of Camarillo	(70.86)
Bill Pmt -Check	07/07/2021	8787	Culligan of Ventura Cou...	(55.75)
Bill Pmt -Check	07/07/2021	8788	Dig Safe Board	(10.01)
Bill Pmt -Check	07/07/2021	8789	E.J. Harrison & Sons	(201.55)
Bill Pmt -Check	07/07/2021	8790	FCGMA	(13,100.26)
Bill Pmt -Check	07/07/2021	8791	FGL Environmental	(290.00)

**Pleasant Valley County Water District  
Meeting Bank Accounts Register  
As of July 9, 2021**

3:19 PM

07/09/21

Accrual Basis

Type	Date	Num	Name	Amount
Bill Pmt -Check	07/07/2021	8792	FRONTIER	(188.40)
Bill Pmt -Check	07/07/2021	8793	LAFCO	(2,429.00)
Bill Pmt -Check	07/07/2021	8794	Muni Billing	(13,596.00)
Bill Pmt -Check	07/07/2021	8795	Napa Auto Parts	(80.97)
Bill Pmt -Check	07/07/2021	8796	Pitney Bowes	(108.99)
Bill Pmt -Check	07/07/2021	8797	Pitney Bowes Global Fin...	(176.12)
Bill Pmt -Check	07/07/2021	8798	Promaid, Inc.	(195.00)
Bill Pmt -Check	07/07/2021	8799	Prudential Overall Supply	(183.70)
Bill Pmt -Check	07/07/2021	8800	RICOH USA, INC	(8.28)
Bill Pmt -Check	07/07/2021	8801	STREAMLINE	(300.00)
Bill Pmt -Check	07/07/2021	8802	Travis AG Construction	(3,218.00)
Bill Pmt -Check	07/07/2021	8803	U S Bank Payment Center	(2,604.89)
Bill Pmt -Check	07/07/2021	8804	Underground Service Alert	(43.00)
Bill Pmt -Check	07/07/2021	8805	UWCD	(369,783.33)
Bill Pmt -Check	07/07/2021	8806	VCSDA	(150.00)
Bill Pmt -Check	07/07/2021	8807	WEX BANK	(1,102.21)
Bill Pmt -Check	07/07/2021	8808	XIO, INC.	(464.00)
Bill Pmt -Check	07/07/2021	8809	ACWA/JPIA	(470.42)
Bill Pmt -Check	07/07/2021	8810	ACWA/JPIA	(4,230.99)
Bill Pmt -Check	07/07/2021	8812	U S Bank Payment Center	(1,322.89)
Total 1010 - Pacific Western-Checking				(987,849.71)
Total 1000 - Cash				(987,849.71)
<b>TOTAL</b>				<b>(987,849.71)</b>

**DIRECTORS**

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Mathews & Zirbel, LLP

**June 23, 2020 SPECIAL MEETING**

**TO: BOARD OF DIRECTORS**

**FROM: GENERAL MANAGER**

**Subject: Consider FY 2020/21 Budget**

**AGENDA ITEM: 8B**

Attached for review is the proposed budget for Pleasant Valley County Water District Fiscal Year 2020/21.

**BUDGET SUMMARY**

The first page of the budget is a summary sheet that contains all the various expenses the Districts anticipates paying. The Line item on the left has a corresponding back up page where you may reference the calculations used to populate the summary sheet.

The 20/21 budget as proposed anticipates revenues in excess of expenditures of approximately \$750k or 13% of total revenues. However last year the Board adopted a reserve policy that requires additional funding to establish adequate reserves. If the projected revenues are met this year it would be anticipated that 500k of the 750k would be moved directly into the reserve accounts in order to meet the goals of the reserve policy.

As in previous years the anticipated margins will only be met if PVCWD meets its projected water sales of 17700 ac/ft. For comparison, in this fiscal year to date, PVCWD revenues or water sales are only at 62% of what was projected for the year.

Staff felt it prudent to include additional water sales in the 2020/21 fiscal year budget in spite of this years' low deliveries in part, because of the FCGMA ordinance that will take effect October 1, 2020 and require most lands within PV to begin taking the bulk of their water from PVCWD.

Highlights of the budget and some factors driving the anticipated increase in cost are:

- Technical experts to deal with forthcoming Sustainable Ground Water Management Act (SGMA) issues.
- Funding the implementation of software necessary to manage future allocations.

- Increased Pump Fees to United Water Conservation District ( \$7.38/ acft) and FCGMA fees ( \$8/acft)
- Increased use of higher cost source water- Camrosa and Cam San Recycled Water

In summary the proposed budget anticipates a 3% increase in operational cost. The majority of increases can be identified by increase in water purchase cost.

**Recommendation:** 1. Review and approve the FY 20/21 budget

	A	B	C	D	E	F	G	H
1	<b>PLEASANT VALLEY COUNTY WATER DISTRICT</b>							
2	Adopted Budget Fiscal Year Ending June 30, 2021							
3								
4	Line		G/L	6/30/2020	20/21	YTD Actual	% of	21/22
5	Item		Account	Audited	Budget	03/31/21	Budget	Adopted
6		<b>OPERATING REVENUES</b>						
7								
8	1	Water revenue	3000.1	3,688,840	5,796,750	3,399,224	59%	4,125,000
9		<b>TOTAL OPERATING REVENUE</b>		<b>3,688,840</b>	<b>5,796,750</b>	<b>3,399,224</b>		<b>4,125,000</b>
10								
11		<b>OPERATING EXPENSES</b>						
12		<b>Cost of Water</b>						
13	2	Water Purchases	4010	2,692,657	3,174,990	2,027,315	64%	2,710,382
14	3	Water pumping cost	4020	395,739	722,000	480,351	67%	592,400
15	4	Water transportation/distribution	4030	16,718	40,000	35,926	90%	48,000
16	5	Repair and maintenance	4040	64,724	60,000	16,324	27%	60,000
17	6	Other distribution costs	4050	29,788	59,000	14,997	25%	40,000
18		<b>Total Cost of Water</b>		<b>3,199,626</b>	<b>4,055,990</b>	<b>2,574,913</b>		<b>3,450,782</b>
19								
20		<b>Salaries &amp; Benefits</b>						
21	7	Salaries	5010	410,344	376,000	309,916	82%	388,000
22	8	Payroll taxes	5020	26,352	37,600	29,146	78%	38,800
23	9	Worker's compensation	5030	14,054	9,770	11,736	120%	10,000
24	10	Medical Insurance	5040	53,828	61,000	47,635	78%	65,000
25	11	Retirement Contributions	5050	91,186	50,000	44,101	88%	51,000
26	12	Education and training	5060	675	2,000	570	29%	2,000
27		<b>Total Salaries &amp; Benefits</b>		<b>596,439</b>	<b>536,370</b>	<b>443,104</b>		<b>554,800</b>
28								
29		<b>Administrative Expenses</b>						
30	13	Bank charges	6010	95	1,200	170	14%	1,200
31	14	Contract labor	6020	35,309	3,000	1,230	41%	3,000
32	15	Dues and subscription	6040	8,539	5,000	1,994	40%	5,000
33	16	Election Expenses	6050	-	2,000	0	0%	2,000
34	17	Insurance	6060	17,278	15,000	16,732	112%	15,000
35	18	Legal and professional	6070	185,512	448,500	180,405	40%	294,600
36	19	Membership	6080	10,802	15,000	4,436	30%	10,000
37	20	Miscellaneous expenses	6090	-	9,000	2,057	23%	9,000
38	21	Office expenses	6100	10,201	1,200	1,743	145%	1,200
39	22	Office Supplies	6110	4,662	6,000	2,830	47%	6,000
40	23	Postage	6120	712	1,500	569	38%	1,500
41	24	Printing	6130	168	1,000	415	42%	1,000
42	25	Publication	6140	3,600	4,000	2,841	71%	4,000
43	26	Rent and leasing	6150	658	2,000	494	25%	2,000
44	27	Repair and maintenance	6160	9,553	12,000	2,364	20%	12,000
45	28	Security	6170	1,655	2,000	2,594	130%	2,000
46	29	Telephone/Internet	6180	6,375	9,000	3,482	39%	9,000
47	30	Travel	6190	-	1,000	0	0%	1,000
48	31	Utilities	6200	7,408	7,000	5,566	80%	7,000
49		<b>Total Administrative Expenses</b>		<b>302,527</b>	<b>545,400</b>	<b>229,922</b>		<b>386,500</b>
50								
51		<b>TOTAL OPERATING EXPENSES</b>		<b>4,098,592</b>	<b>5,137,760</b>	<b>3,247,939</b>		<b>4,392,082</b>
52								
53		<b>OTHER REVENUES</b>						
54	32	Property tax revenue	9000	278,849	250,000	171,042	68%	270,000
55	33	Late charges	3000.2	19,992	12,000	9,360	78%	12,000
56	34	Interest income	9100	24,768	10,000	11,565	116%	23,000
57	35	Other income	9200	17,430	10,000	58,919	589%	10,000
58		<b>TOTAL OTHER REVENUES</b>		<b>341,039</b>	<b>282,000</b>	<b>250,886</b>		<b>315,000</b>
59								
60		<b>OTHER EXPENSES</b>						
61	36	(Gain)/Loss on disposal	9300	(500)		0		0
62	37	Other expenses	9400	-	5,000	0		5,000
63		<b>TOTAL OTHER EXPENSES</b>		<b>(500)</b>	<b>5,000</b>	<b>0</b>		<b>5,000</b>
64								
65		<b>OPERATING INCOME (LOSS)</b>		<b>(68,213)</b>	<b>935,990</b>	<b>402,171</b>		<b>42,918</b>
66		<b>Capital Improvement/Acquisition</b>						
67	38	Capital acquisition			187,000	178,174		0
68		<b>NET CASH SURPLUSE(DEFECIT)</b>		<b>(68,213)</b>	<b>748,990</b>	<b>223,997</b>		<b>42,918</b>
69								
70		<b>NON-CASH CHARGES</b>						
71	39	Depreciation Expense		178,589	0			

**DIRECTORS**

Peter W. Hansen

Craig R. Kaihara

Thomas P. Vujovich, Jr.

John S. Broome

John D. Menne



**PLEASANT VALLEY COUNTY WATER DISTRICT**

PIONEER IN FOX CANYON AQUIFER CONSERVATION  
SERVING AGRICULTURE SINCE 1956

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**STAFF**

Jared L. Bouchard  
General Manager

General Counsel  
Arnold, Bleuel, LaRochelle,  
Mathews & Zirbel, LLP

## **July 15, 2021, SPECIAL MEETING**

**TO: BOARD OF DIRECTORS**

**FROM: GENERAL MANAGER**

**Subject: Consider Annual Audit for Fiscal year Ended June 30, 2020 and 2019 and Independent Auditor's Report.**

### **AGENDA ITEM: 8C**

Attached is the Annual Audit for Fiscal year Ended June 30, 2020 and 2019 and Independent Auditor's Report, issued by Fanning & Karrh Certified Public Accountants.

The audit issues a clean opinion of the District's finances. Staff will be prepared to answer any questions the Board may have regarding the audit at the meeting.

**Recommendation:** Approve the Audit as presented



**PLEASANT VALLEY COUNTY WATER DISTRICT**

Financial Statements for the  
Years Ended June 30, 2020 and 2019  
And Independent Auditor's Report

**Fanning & Karrh**

**Certified Public Accountants**

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**A Professional Corporation**

PLEASANT VALLEY COUNTY WATER DISTRICT  
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**Fanning & Karrh**  
Certified Public Accountants

A Professional Corporation

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Directors of  
Pleasant Valley County Water District:

We have audited the accompanying financial statements of Pleasant Valley County Water District (District) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of 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 purposes 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 Pleasant Valley County Water District as of June 30, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, the Schedules of Proportionate Share of the Net Pension Liability and of Contributions for the Cost Sharing defined Benefit Pension Plan on page 22, and the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 23 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.

*Fanning & Karrh*

Ventura, California  
June 3, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Pleasant Valley County Water District's ("District") financial performance for the fiscal year ended June 30, 2020 provides an overview of the District's operational activities that impacted the financial position of the District. The District's financial statements which begin on page 7 should be used in conjunction with this discussion and analysis.

### **Using this Annual Report**

The annual report consists of a sequence of financial statements with accompanying notes. The Statements of Net Position provides a comparison of the assets and liabilities which existed at the end of the current and prior fiscal year ends and in addition, manifests the solvency of the District as a going concern. The Statements of Revenues and Expenses and Changes in Net Position provides the results of operations for the fiscal year end, comparing this result with the prior year end, and the effect on the District's net position due from these results.

The District's financial strength can be evaluated by reviewing the Statements of Net Position and measuring the difference between the assets the District owns and the liabilities/debt the District owes. The increase or decrease in the net position over time is an indicator of the wellbeing of the District. However, other non-financial aspects need to be considered when evaluating the District's wellbeing such as capital projects and the District's philosophy to maintain low water rates for its customers.

*Method of Accounting:* The District uses a single enterprise fund for accounting and reporting the results of all operation. The District's financial statements are presented on the accrual basis of accounting, which is generally used by private-sector businesses. Current year revenue and expenses are recognized as earned or owed, regardless of when the cash is received or paid.

*Notes to Financial Statements:* The notes which follow the financial statements provide indispensable information for a full understanding of the details provided in these financial statements. The notes to these financial statements begin on page 10 of this report.

### **District as a Whole**

The District is operated and reported as a single enterprise fund; therefore, there are no subsidiary fund statements presented as part of this report. The operating results in the accompanying financial statements reflect the total performance of the District as a whole.

The District has contracted to purchase water for delivery to its customers from United Water Conservation District (UWCD), and Camrosa Water District (Camrosa). Additionally, the District owns a series of wells which allows the District to deliver water to its customers when none is available from the other sources. The District entered into an agreement with the City of Oxnard during the fiscal year 2016/17 to purchase recycled water.

Operating performance in any given year relates to the weather. The water used is applied to the irrigation needs of the District's agricultural customers; therefore, sales increase or decrease depending on how much rain falls in any given year. The amount of "effective" rain correlates with the demand by the District's customers. Effective rain is the amount of rain needed to benefit the evapotranspiration requirements of the crops. Rainfall after the plants root zone has sufficient moisture and minor rainfall which does not penetrate the root zone, add no benefit. Rain which comes in smaller amounts and is well spaced several days apart throughout the rainy season is ideal.

The rainfall total as recorded at the District's Rainfall Station for year ended September 30, 2020 was 10.91 inches, which is 4.49 inches below the average for Ventura County, California.

District water deliveries vary in any given year depending on the amount of rain, farmer's crop rotation, the economy and the number of fallow fields. During the fiscal year ended June 30, 2020, the water deliveries increased approximately 12% from the prior year due mainly to increase usage of water by the customers.

In 2016, the connection to the City of Oxnard's Groundwater Recovery Enhancement and Treatment Program (GREAT) was substantially completed and the District began receiving recycled water from the facility. The expected cost of the water will be based on first, second, and third priority rates ranging up to \$650 per acre foot, adjusted annually based on the Consumer Price Index. Although the cost of this water is significantly higher than the cost of well and groundwater, the water source is a supplemental source. The blending of this water with well water and groundwater will improve the overall quality of water the District provides to its customers. As the region had above-normal rainfall, the District only purchased water from the City of Oxnard for two months of the year.

The District continues to enjoy a strong balance sheet as well as a strong long-term financial policy implemented by the Board of Directors.

A summary of the net assets of the District and the change in net position from the prior fiscal year end is as follows:

Current liabilities increased compared to prior year as water liability increased from prior year. There is an increase in long-term liabilities. This is related to the pension and other postemployment obligations. There is small decrease in net position as there is a small loss in the current year. In the current year, there is a small loss, whereas in the prior year, there was a small net profit. This is due to increase in water purchase cost and salaries, wages & benefits.

Revenue compared with the prior fiscal year is as follows:

	(In Millions)	
<u>Operating Revenue</u>	<u>2020</u>	<u>2019</u>
Water Sales	<u>\$ 3.71</u>	<u>\$ 3.40</u>
 <u>Non - operating Revenue</u> 		
Property Taxes	\$ 0.28	\$ 0.28
Other Revenue	<u>0.04</u>	<u>0.04</u>
Total Non-operating Revenue	<u>\$ 0.32</u>	<u>\$ 0.32</u>
Water purchases	\$ 2.69	\$ 2.18
Salaries, wages & benefits	0.60	0.49
Utilities	0.41	0.42
Other	<u>0.40</u>	<u>0.45</u>
Total District Operating Expenses	<u>\$ 4.10</u>	<u>\$ 3.54</u>
Depreciation and amortization	<u>0.18</u>	<u>0.17</u>
Total Operating Expenses	\$ 4.28	\$ 3.71

Operating revenue increased by approximately 9% from the prior fiscal year. Increase in operating revenue is mainly due to increase in consumption of water compared to prior year. Overall Water sales generated 92% of the total revenue earned and non-operating income generated 8%. The non-operating revenue in 2020 is about the same as compared to prior year.

Expenses for water purchases and utilities represent 75% of the total direct operating expenses and salaries and benefits represent 15%. All other expenses account for 10% of the total expenses for the period.

#### **Actual Results vs. Budget**

The Board of Directors adopts an annual budget in June of each year for the fiscal year beginning on July 1. The following is a summary of actual results in comparison to the budget.

	<u>Actual</u>	<u>Budget</u>
Total Operating Revenues	\$ 3.71	\$ 5.01
Less Operating Expenses:		
Water Purchases and Utilities	3.10	3.91
Salaries, wages and Benefits	0.60	0.53
Services and Supplies	<u>0.40</u>	<u>0.54</u>
Net Operating Revenues	<u>(0.39)</u>	<u>0.03</u>
Non-operating Revenues		
Property Taxes	0.28	0.25
Other	<u>0.04</u>	<u>0.03</u>
Total non-operating revenues	<u>0.32</u>	<u>0.28</u>
Net income (loss) before depreciation	<u>(0.07)</u>	<u>0.31</u>
Depreciation	<u>0.18</u>	
Change in net position	<u>\$ (0.25)</u>	

The District's actual Fiscal Year 2019-2020 operating revenue was approximately 26% under budget and operating expenses were approximately 18% under budget.

#### **Debt Administration**

The District has no long-term debt.

#### **Economic Factors**

**Budgeting:** The FY 2019 - 2020 budget was prepared with a conservative expectation of a below normal weather pattern; increased pump charges being assessed by UWCD and no surface water available from UWCD.

**Covid-19:** The COVID-19 outbreak in the United States and entire world has caused considerable business disruption through mandated and voluntary closing of many businesses. The outbreak is disrupting supply chains and affecting production and sales of across a range of industries including agriculture industry. As the district's main source of revenue is generated by supplying water for irrigation purposes to growers within its boundary, the district's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the operation of growers in Oxnard plains, availability and safety of employees and vendors all of which are uncertain and cannot be predicted at this time. District's management is evaluating the impact of COVID-19 outbreak as and when relevant information becomes available and is in the process of developing an action plan to be approved by its board of directors.

#### **Request for Information**

This financial report is designed to provide a general overview for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager, 154 S. Las Posas Road, Camarillo, CA 93010.



PLEASANT VALLEY COUNTY WATER DISTRICT  
 STATEMENTS OF NET POSITION  
 June 30, 2020 and 2019

ASSETS	Notes	2020	2019
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	\$ 1,911,432	\$ 1,999,706
Time certificates of deposit	2	156,909	156,909
Receivables:			
Accounts		377,933	348,754
Interest		7,058	8,274
Other		24,989	20,336
Prepaid expenses		9,722	9,879
<b>TOTAL CURRENT ASSETS</b>		<u>2,488,043</u>	<u>2,543,858</u>
<b>CAPITAL ASSETS</b>			
Land and easements		231,144	231,144
Utility plant		7,964,428	7,946,943
Buildings and equipment		741,639	741,639
Construction in progress		40,000	-
<b>TOTAL CAPITAL ASSETS</b>		<u>8,977,211</u>	<u>8,919,726</u>
Less: Accumulated depreciation and amortization		<u>(6,596,506)</u>	<u>(6,417,917)</u>
<b>NET CAPITAL ASSETS</b>	3	<u>2,380,705</u>	<u>2,501,809</u>
<b>TOTAL ASSETS</b>		<u>4,868,748</u>	<u>5,045,667</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	4	98,667	104,250
Deferred outflows of resources related to OPEB	5	1,143	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>		<u>99,810</u>	<u>104,250</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		26,768	91,285
Accrued water liability		305,221	224,964
Accrued utilities and other expenses		76,387	70,649
<b>TOTAL CURRENT LIABILITIES</b>		<u>408,376</u>	<u>386,898</u>
<b>LONG-TERM LIABILITIES</b>			
Net pension liability	4	287,157	256,318
Net other postemployment liability	5	39,030	33,713
<b>TOTAL LONG-TERM LIABILITIES</b>		<u>326,187</u>	<u>290,031</u>
<b>TOTAL LIABILITIES</b>		<u>734,563</u>	<u>676,929</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	4	34,645	26,835
<b>NET POSITION</b>			
Net investment in capital assets		2,380,705	2,501,809
Unrestricted		1,818,645	1,944,344
<b>TOTAL NET POSITION</b>		<u>\$ 4,199,350</u>	<u>\$ 4,446,153</u>

See accompanying notes to financial statements.

PLEASANT VALLEY COUNTY WATER DISTRICT  
 STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION  
 For the Years Ended June 30, 2020 and 2019

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>			
Water sales and irrigation		<u>\$ 3,708,833</u>	<u>\$ 3,389,824</u>
<b>OPERATING EXPENSES</b>			
Water purchases		2,692,657	2,179,438
Salaries, wages and benefits		596,439	489,078
Utilities		413,491	420,230
Professional fees		185,512	296,112
Repairs and maintenance		104,253	55,091
Outside services		33,635	45,138
Insurance		17,278	18,168
Other		55,328	35,979
Depreciation and amortization		<u>178,589</u>	<u>165,254</u>
<b>TOTAL OPERATING EXPENSES</b>		<u>4,277,182</u>	<u>3,704,488</u>
<b>LOSS FROM OPERATIONS</b>		<u>(568,349)</u>	<u>(314,664)</u>
<b>NON-OPERATING REVENUES AND EXPENSES</b>			
Property taxes		278,849	281,035
Interest income		24,768	24,970
Other revenue		17,429	6,193
Insurance recoveries		-	9,616
Gain on disposal of capital assets		<u>500</u>	<u>-</u>
<b>TOTAL NON-OPERATING REVENUES AND EXPENSES</b>		<u>321,546</u>	<u>321,814</u>
<b>CHANGE IN NET POSITION</b>		(246,803)	7,150
<b>NET POSITION - Beginning of year</b>		<u>4,446,153</u>	<u>4,439,003</u>
<b>NET POSITION - End of year</b>		<u>\$ 4,199,350</u>	<u>\$ 4,446,153</u>

See accompanying notes to financial statements.

PLEASANT VALLEY COUNTY WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from user charges	\$ 3,675,001	\$ 3,428,718
Cash payments to employees	(531,347)	(473,925)
Cash payments for operating expenses	<u>(3,488,415)</u>	<u>(3,151,586)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>(344,761)</u>	<u>(196,793)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(57,485)	(204,361)
Proceeds from sale of capital assets	500	-
Proceeds from insurance recoveries	<u>-</u>	<u>9,616</u>
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(56,985)</u>	<u>(194,745)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property taxes collected	<u>278,849</u>	<u>281,035</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	25,984	18,008
Other revenue	<u>8,639</u>	<u>6,193</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>34,623</u>	<u>24,201</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(88,274)	(86,302)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,999,706</u>	<u>2,086,008</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,911,432</u>	<u>\$ 1,999,706</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (568,349)	\$ (314,664)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	178,589	165,254
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable - customers	(33,832)	38,894
Prepays and other current assets	157	(144)
Deferred outflows of resources	4,440	25,019
Accounts payable	(55,727)	34,735
Accrued water liability	80,257	(149,725)
Accrued utilities and other expenses	5,738	9,795
Deferred inflows of resources	7,810	(28,019)
Net pension liability	30,839	(11,651)
Net other postemployment liability	<u>5,317</u>	<u>33,713</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>\$ (344,761)</u>	<u>\$ (196,793)</u>
<b>NONCASH ACTIVITIES</b>		
Reinvestment of interest on time certificates of deposit	<u>\$ -</u>	<u>\$ 376</u>

See accompanying notes to financial statements.

PLEASANT VALLEY COUNTY WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Pleasant Valley County Water District (District), a special district of the State of California, was organized in 1956 and formed under the County Water District Law of the State of California, as amended, Government Code Sections 30,000 et seq. The District is located in the easternmost section of the Oxnard plain in Ventura County, California and comprises an area of approximately 12,500 acres within the United Water Conservation District. Management of the District is by a five-member Board of Directors. All of the Directors own property within the District boundaries and either purchase water from the District or guarantee the payment of water purchases by tenants. Directors are elected for four-year terms. The current directors are:

Thomas P. Vujovich, Jr.	President
Craig R. Kaihara	Vice- President
John S. Broome	Member
Peter W. Hansen	Member
John Menne	Member

The water distribution system is connected to the Pleasant Valley terminal reservoir constructed by the United Water Conservation District for the purpose of providing a supplemental agricultural water supply to the land in the Pleasant Valley area. The water transported into the District serves to alleviate the problems of groundwater overdraft and saltwater intrusion into the underground basin presently supplying the District. In addition, the distribution system provides means of serving the intruded areas near the coast from inland wells should supplemental water not be available from the United Water Conservation District or Calleguas Water District.

The District has also constructed a series of wells which allows it to deliver water to its customers when none is available from United Water Conservation District or Calleguas Water District.

The District receives property taxes from the County of Ventura. The amount received approximates the current year property tax times a historical percentage, which is based on the three-year period prior to the passage of Proposition 13.

Reporting Entity – The District's reporting entity includes all significant operation and revenue sources which the District Board of Directors exercises oversight responsibility. 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. There are no component units included in this report.

Basis of Accounting – The Pleasant Valley County Water District is accounted for as a proprietary fund in accordance with generally accepted accounting principles as applied to governmental units. Proprietary 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 District is accounted for as a proprietary fund, the District uses the economic resources measurement focus and the accrual basis of accounting is used for financial statement reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Net position is segregated into investment in capital and unrestricted.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing goods and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Principles of Presentation – The accompanying financial statements are presented utilizing the accrual method of accounting.

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.

Significant estimates used in preparing these financial statements include:

- Depreciation expense
- Accrual of net pension liability
- Accrual of net other postemployment liability

Cash and Cash Equivalents – For the purpose of the Statement of Cash Flows, the District considers all highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. The District considers funds in the Ventura County Treasury Fund to be cash equivalents.

Capital Assets – Capital assets are recorded at cost. Depreciation is calculated using the straight-line and accelerated rates to distribute the cost of properties over their estimated service lives, ranging from three to fifty years.

Deferred Outflows of Resources and Deferred Inflows of Resources – Deferred outflows of resources is a consumption of net position by the District that is applicable to a future period and deferred inflows of resources is an acquisition of net position by the District that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the Statements of Net Position, but are not recognized in the financial statements as revenue and expenses until the period(s) to which they relate. Deferred outflows of resources and deferred inflows of resources are related to pensions and other postemployment benefits.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) cost-sharing multiple-employer defined benefit plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) – The District follows GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for purposes of measuring the net other postemployment liability. The District does not pre-fund the OPEB plan in a trust. The total OPEB liability represents the actuarial present value of projected OPEB benefit payments attributable to employees' past services as of June 30, 2020.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the financial statements. Net position is classified in the following categories:

- Net investment in capital assets – This category includes capital assets, net of accumulated depreciation and reduced by any outstanding debt related to the acquisition, construction, or improvement of those assets.
- Restricted – This category consists of net position with legal limitations imposed on their use by external restrictions by other governments, creditors, grantors, contributors, laws, or regulations, or

through constitutional provision, or enabling legislation. As of June 30, 2020 and 2019, the District did not have restricted net position.

- Unrestricted net position – This category consists of all other net position that does not meet the definition of restrict or invested in capital assets.

Subsequent Events – The District has evaluated subsequent events through June 3, 2021, the date which the financial statements were available to be issued.

Reclassifications - Certain reclassifications have been made to the prior year financial statements in order to conform to the presentation of the current year financial statements for comparative purposes. There is no material effect on the financial statements.

## 2. DEPOSITS AND INVESTMENTS

The District's carrying value of deposits with a bank was \$828,104 and \$1,217,852 at June 30, 2020 and 2019, respectively. The corresponding bank balance was \$1,162,294 and \$1,280,186, respectively. Of the bank balance at June 30, 2020, \$250,000 was covered by Federal deposit insurance. The California Government Code requires all financial institutions to secure a local government agency's deposits by pledging governmental securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits, and collateral is considered to be held in the name of the District. All cash held by financial institutions is, therefore, entirely insured or collateralized.

At June 30, 2020 and 2019, the District had \$1,240,237 and \$938,763, respectively, held in an external investment pool in the County of Ventura. Carrying value approximates fair value.

The County Treasurer maintains a cash investment pool for all funds of the County and other agencies for which the County treasury is the depository. Interest earned on the pooled funds is allocated and credited to these funds quarterly. Interest is apportioned to the District based on the average daily balances on deposit with the County Treasurer. Investment earnings are accrued at year-end. The investment pool operates in accordance with appropriate state laws and regulations and the investment policy of the County. The District's investment in the County of Ventura Investment Pool was rated AAA by Standard & Poor's for a primary objective of safety and SI by Standard & Poor's for a secondary objective of liquidity.

To address credit risk, the District invests its funds in accordance with state statutes and the District's investment policy. The criteria for selecting investments are, in order of priority, (1) safety – consideration of the potential loss of principal or interest, (2) liquidity – the ability to have funds available at any moment in time with a minimal potential loss and (3) yield – the optimum rate of return while preserving capital.

### 3. CAPITAL ASSETS

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated -				
Land and permanent easements	\$ 231,144	\$ -	\$ -	\$ 231,144
Construction in progress	-	40,000	-	40,000
Total capital assets not being depreciated	<u>231,144</u>	<u>40,000</u>	<u>-</u>	<u>271,144</u>
Capital assets being depreciated:				
Water distribution system	7,946,943	17,485	-	7,964,428
Buildings and equipment	741,639	-	-	741,639
Total capital assets being depreciated	<u>8,688,582</u>	<u>17,485</u>	<u>-</u>	<u>8,706,067</u>
Less accumulated depreciation and amortization for:				
Water distribution system	(5,821,360)	(155,955)	-	(5,977,315)
Buildings and equipment	(596,557)	(22,634)	-	(619,191)
Total accumulated depreciation and amortization	<u>(6,417,917)</u>	<u>(178,589)</u>	<u>-</u>	<u>(6,596,506)</u>
Total capital assets being depreciated and amortized, net	<u>2,270,665</u>	<u>(161,104)</u>	<u>-</u>	<u>2,109,561</u>
Total capital assets, net	<u>\$ 2,501,809</u>	<u>\$ (121,104)</u>	<u>\$ -</u>	<u>\$ 2,380,705</u>

### 4. DEFINED BENEFIT PENSION PLAN

#### A. General Information about the Pension Plan

Plan Descriptions, Benefits Provided and Employees Covered – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (Plan). The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. The Plan provides retirement, death and disability benefits to plan members and beneficiaries. A full description regarding number of employees covered, benefit provisions, assumptions, and membership information for the Plan is listed in the District's June 30, 2018 Annual Valuation Report. This report and CalPERS audited financial statements are publicly available reports that can be found on CalPERS website.

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

	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2% @ 60	2% @ 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	52
Retirement age	6.915%	6.75%
Required employee contribution rates	8.081%	6.985%
Required employer contribution rates		

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

Beginning for the year ended June 30, 2016, CalPERS collected employer contributions towards unfunded liability as a dollar amount instead of the prior method of a contribution rate. The pool's unfunded liability is allocated to each individual plan based on the plan's total liability rather than by plan individual payroll. The District's unfunded liability payment for the year ended June 30, 2020 was \$18,378.

For the year ended June 30, 2020, the contributions recognized as part of pension expense were as follows:

Contributions - employer	\$	41,854
Contributions - employee (paid by employer)	\$	4,497

#### B. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020, the District's reported net liability for its proportionate share of the net pension liability was \$287,157.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2020 and 2019 was as follows:

Proportion - June 30, 2019	0.00680%
Proportion - June 30, 2020	0.00717%
Change - Increase (Decrease)	0.00037%

For the year ended June 30, 2020, the District recognized pension expense of \$86,087. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 41,854	\$ -
Net differences between projected and actual earnings on plan investments	-	5,020
Difference between Expected and Actual Experiences	19,944	1,545
Changes in assumptions	13,693	4,854
Differences between Actual Contributions and Proportionate Share of Contributions	-	23,226
Change in Employer's Proportion	<u>23,176</u>	<u>-</u>
Total	<u>\$ 98,667</u>	<u>\$ 34,645</u>



The \$41,854 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2021	\$ 21,367
2022	(722)
2023	510
2024	1,014
Total	<u>\$ 22,169</u>

Actuarial Methods and Assumptions - For the measurement period ended June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability determined in the June 30, 2018 actuarial accounting valuation. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.25%
Mortality	Derived using CalPERS' Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

The underlying mortality assumption and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be found on the CalPERS' website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is deemed adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% 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 from the CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound 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 the long-term expected real rate of return by assets class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New	Real Return	Real Return
	Strategic Allocation	Years 1 - 10 (a)	Years 11+ (b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

(a) An expected inflation of 2.0% used for this period

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

Amortization of Deferred Outflows and Deferred Inflows of Resources – Under GASB 68, actuarial 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 outflow and deferred inflows of resources related to pension and are to be recognized in future pension expense.

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

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with pensions (active, inactive, and retired) as of the beginning of the measurement period

The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining net difference between projected and actual investment earnings on pension plan investments at the measurement date is to be amortized over the remaining four-year period. The net difference between projected and actual investment earnings on pension plan investments in the schedule of collective pension amounts represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to differences between expected and actual experience, changes of assumptions and employer-specific amounts should be amortized over EARSL of members provided with pensions through the plan.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) higher than the current year:

	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
District's proportionate share of the net pension liability	\$ 515,504	\$ 287,157	\$ 98,673

Pension Plan Fiduciary Net Position – The plan's fiduciary net position disclosed in the District's GASB 68 accounting valuation report may differ from the plan assets reported in the District's funding actuarial valuation report due to several reasons. For the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the District's funding actuarial valuation. Detailed information about the pension plan's fiduciary net position is available in the separately CalPERS financial reports.

#### C. Payable to the Pension Plan

At June 30, 2020, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

### 5. OTHER POST EMPLOYEMENT BENEFITS

#### A. General Information about the Pension Plan

Plan description – The District's defined benefit OPEB plan (Plan) provides lifetime post-employment medical insurance to eligible retirees and their spouses through the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

Benefits provided – Employees may retire directly from the District under PERS (age 50 and 5 years of PERS service) and receive a District-paid contribution towards medical premiums. The District joined PEMHCA in 2007 and has been subject to the unequal method since 2016, with the monthly cap being based on the Blue Shield Los Angeles single non-Medicare premium. As of 2018, the District contributes up to 55% of the non-Medicare premium, and this will increase 5% each year. The cap is scheduled to increase not more than \$100 each year per the unequal method rule, until/unless the cap equals the Blue Shield Los Angeles single non-Medicare premium, after which the \$100 rule no longer applies. Survivor benefits are available and spouse benefits are available until the cap. The District also pays the CalPERS administrative fee. The District does not offer vision, dental, or life benefits for retirees.

Employees covered by benefit terms – As of the June 30, 2019 measurement date, the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	4
Total	<u>4</u>

Contributions – The District currently finances benefits on a pay-as-you-go basis.

**B. Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation using the Alternative Measurement Method as of that date. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions – The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.13%
Inflation rate	3.00%
Salary increases	3.00%
Medical cost trend rate	5.90% for 2019 decreased 0.10% each year to an ultimate rate of 5% for 2028 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Discount rate – A discount rate of 3.13% was used in the valuation. The rate, as required by GASB 75, reflects the following:

- a) The long-term expected rate of return on OPEB investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
- b) A yield or index rate for 20-year, tax-exempt general obligations municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20- Year High Grade Rate Index	Discount Rate
June 30, 2020	June 30, 2019	4.00%	3.13%	3.13%

The components of the net OPEB liability are as follows:

Total OPEB liability	\$ 39,030
Plan fiduciary net position	\$ 0
Net OPEB liability	\$ 39,030
Measurement date	June 30, 2019
Reporting date	June 30, 2020

Changes in the Net OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 33,713	\$ -	\$ 33,713
Changes for the year:			
Service cost	2,737	-	2,737
Interest	1,319	-	1,319
Changes of benefit terms	-	-	-
Plan experience differences	-	-	-
Changes in assumptions	1,261	-	1,261
Contributions - employers	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Net changes	5,317	-	5,317
Balances at June 30, 2020	\$ 39,030	\$ -	\$ 39,030

Sensitivity of the net OPEB liability to changes in the discount rate and health-care cost trend rates – The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
Net OPEB Liability	\$ 41,650	\$ 39,030	\$ 36,479

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

	1% Decrease 4.9 % for 2019, 4% ultimate	Healthcare Cost Trend Rate 5.9 % for 2019, 5% ultimate	1% Increase 6.9 % for 2019, 65% ultimate
Net OPEB Liability	\$ 35,091	\$ 39,030	\$ 43,498

C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expenses of \$4,174. At June 30, 2020, the District reported deferred outflows of resources related OPEB of \$1,143 resulting from change in assumptions.

## 6. COMMITMENTS

United Water Conservation District Water Delivery Contract – The District's contract with United Water Conservation District (United) calls for the District to receive 12.22% of all the water diverted at the Freeman Diversion through January 24, 2030. The cost of the water can be modified each year and is based on criteria sent out in the contract. As of June 30, 2020, the cost of the water was \$145.97 per acre foot plus a fixed monthly charge of \$26,850. As part of this agreement, the District is required to maintain a reserve account with United which equals two times the average operating and maintenance expenditures incurred by United to operate the pipeline to the District.

Camrosa Water District Water Sales Agreement – The District entered into a contract with Camrosa Water District (Camrosa) on April 10, 2014 for the purchase of recycled and recaptured water from the Conejo Creek Project. The contract calls for the District to take up 3,000 acre feet of water per year of all water made available to it by Camrosa from water harvested through the Conejo Creek Project. The base unit price of the water is \$154.89 per acre foot, subject to an annual price adjustment on September 1<sup>st</sup> of each year based on the Consumer Price Index (\$170.12 at June 30 2020). This contract continues through April 2054.

In November 2019, the District entered into a Memorandum of Understanding regarding the use of Camrosa's recycle water supply. The memorandum provided for the District's use of available recycled water at a rate of \$170.12 plus calculated electrical costs. The memorandum was superseded by an agreement dated December 15, 2020 for a one-year period.

The District pumps groundwater from the Fox Canyon Aquifer. This aquifer is managed by the Fox Canyon Groundwater Management Agency (GMA). The GMA adopted an ordinance which requires reduction of groundwater pumping. The reduction is based on the average annual water pumped during 1985-1989. Annual pumping must ultimately be reduced 25% on a graduated basis. There are financial penalties for pumping amounts in excess of the stated base period amounts. Users can build up conservation credits by pumping less than the annual quota. To date, the District has operated below its allocation and has not paid any penalties.

However, in accordance with the agreement with Camrosa, the District has agreed to transfer to Camrosa any GMA conservation credits earned as a result of the use of water delivered by Camrosa under the water sales agreement.

Recycled Water Management and Use Agreement – In January 2014, the District entered into an agreement with the City of Oxnard (Oxnard) and other parties which provides for the delivery of recycled water from Oxnard's Groundwater Recovery Enhancement and Treatment Program (GREAT) and will be used to provide water service to its customers. The agreement also provides for the joint coordination and management of the recycled water. Water delivery rates will be based on first, second and third priority rates ranging up to \$650 per acre foot, adjusted annually based on the Consumer Price Index. The term of the Agreement will be for 10 years, with an option to renew for an additional 10 years.

## 7. MAJOR CUSTOMERS

The District has three customers whose water charges represent a significant portion of water revenue. Revenue from these three customers represented 14%, 14% and 12%, respectively, of water revenue during the fiscal year ended June 30, 2020.

## 8. RISK MANAGEMENT

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

## 9. CONTINGENCIES

The COVID-19 pandemic developed rapidly in 2020 in the United States and around the world. Measures taken by various organizations and governments to contain the virus have affected economic activity. At this stage, the impact on the District's financial position and results of operations have not been significant. The future economic uncertainties due to the continued spread of COVID-19 and the financial impact, if any, on the District is unknown at this time. Management continues to monitor the situation closely and are taking steps they believe to be reasonable to enable to the District to manage its operations.

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PLEASANT VALLEY COUNTY WATER DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 California Public Employees' Retirement System  
 June 30, 2020  
 Last 10 years \*

**Schedule of Proportionate Share of the Net Pension Liability**

Year Ended *	Proportion of the Net Pension Liability	Proportionate Share (Amount) of Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/15	0.71300%	\$ 176,794	\$ 253,149	69.84%	86.15%
6/30/16	0.37400%	\$ 102,719	\$ 248,383	41.36%	92.31%
6/30/17	0.65400%	\$ 227,087	\$ 254,800	89.12%	83.66%
6/30/18	0.68000%	\$ 267,969	\$ 281,382	95.23%	83.66%
6/30/19	0.68000%	\$ 256,318	\$ 368,678	69.52%	83.06%
6/30/20	0.71700%	\$ 287,157	\$ 298,715	96.13%	83.09%

\* The data provided in the schedule is based as of the measurement date of CalPERS net pension liability, which is as of the beginning of the District's fiscal year.

**Schedule of Contributions**

Year Ending	Statutorily Required Contributions	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/14	\$ 17,353	\$ 17,353	\$ -	\$ 253,149	6.85%
6/30/15	\$ 16,397	\$ 16,397	\$ -	\$ 248,383	6.60%
6/30/16	\$ 29,160	\$ 29,160	\$ -	\$ 254,800	11.44%
6/30/17	\$ 32,352	\$ 32,352	\$ -	\$ 281,382	11.50%
6/30/18	\$ 38,425	\$ 38,425	\$ -	\$ 368,678	10.42%
6/30/19	\$ 37,042	\$ 37,042	\$ -	\$ 298,715	12.40%
6/30/20	\$ 41,854	\$ 41,854	\$ -	\$ 325,408	12.86%

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.



PLEASANT VALLEY COUNTY WATER DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 Schedule of Changes in the Net OPEB Liability and Related Ratios  
 June 30, 2020  
 Last Ten Years\*

	Measurement Date <u>6/30/19</u>	Measurement Date <u>6/30/18</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 2,737	\$ 32,631
Interest	1,319	1,082
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	1,261	-
Benefit payments	-	-
Net change in total OPEB liability	<u>5,317</u>	<u>33,713</u>
Total OPEB liability - beginning	<u>33,713</u>	-
Total OPEB liability - ending	<u>\$ 39,030</u>	<u>\$ 33,713</u>
<b>Plan Fiduciary Net Position</b>		
Contribution - employer	\$ -	\$ -
Net investment income	-	-
Benefit payments	-	-
Administrative expense	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
<b>Net OPEB liability - ending</b>	<u>\$ 39,030</u>	<u>\$ 33,713</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>
Covered employee payroll	<u>\$ 298,715</u>	<u>\$ 368,678</u>
Net OPEB liability as a percentage of covered employee payroll	<u>13.07%</u>	<u>9.14%</u>

**Notes to Schedule:**

Changes in assumptions: none

Benefit changes - none

\* Historical information is required only for measurement period for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal year 2018-2019 was the first year of implementation.

**DIRECTORS**

Peter W. Hansen  
Craig R. Kaihara  
Thomas P. Vujovich, Jr.  
John S. Broome  
John D. Menne



**PLEASANT VALLEY COUNTY WATER DISTRICT**

PIONEER IN FOX CANYON AQUIFER CONSERVATION  
SERVING AGRICULTURE SINCE 1956

154 S. LAS POSAS ROAD, CAMARILLO, CA 93010-8570  
Phone: 805-482-2119  
Fax: 805 484-5835

**STAFF**

Jared L. Bouchard  
General Manager

General Counsel  
Arnold, Bleuel, LaRochelle,  
Mathews & Zirbel, LLP

**July 15, 2021 SPECIAL MEETING**

**TO: BOARD OF DIRECTORS**

**FROM: GENERAL MANAGER**

**Subject: FY 2020/2021 AUDIT SERVICES**

**AGENDA ITEM: 8D**

Attached is the proposed engagement letter prepared by the CPA Firm Fanning and Karrh to perform the annual audit of PVCWD for fiscal year 2020/2021.

The engagement letter describes the work to be performed in conformance with public accounting/ auditing guidelines and principals. Fanning and Karrh proposes to perform the annual audit for an amount not to exceed 18k.

**Recommendation:** Review and approve the engagement letter with Fanning and Karrh for an amount not exceed 18k for Fiscal Year 20/21 Audit Services.



**Fanning & Karrh**

Certified Public Accountants

A Professional Corporation

POBox7464

Ventura, California 93003

Telephone (805) 654-0450

June 30, 2021

To the Board of Directors and management of  
Pleasant Valley County Water District:

We are pleased to confirm our understanding of the services we are to provide Pleasant Valley County Water District (District) for the year ending June 30, 2021.

We will audit the financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2021. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A) to supplement the District's 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. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. CalPERS Schedule of Proportionate Share of the Net Pension Liability
3. CalPERS Schedule of Contributions
4. Schedule of Changes in the Net OPEB Liability and Related Ratios

#### **Audit Objective**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the board of directors of Pleasant Valley County Water District. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinion is other than unmodified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or may withdraw from this engagement.

## **Audit Procedures – General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We will also request written representations from the District's attorneys as part of the engagement, and they may bill the District for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

## **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

## **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

## **Other Services**

We will also assist in preparing the financial statements of Pleasant Valley County Water District in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

## **Management Responsibilities**

Management is responsible for designing, implementing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

## **Audit Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing. The audit documentation for this engagement is the property of Fanning & Karrh and constitutes confidential information.

Our fee estimate anticipates keeping our time to a reasonable minimum by maximizing the participation of your personnel in routine aspects of the audit, such as preparation of schedules and analyses. The

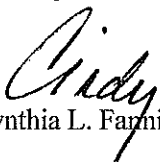
professional fees for our services described above will not exceed \$18,000. You will also be billed for travel and other out-of-pocket costs such as report production, typing, postage, etc. Additional expenses will not exceed \$250 per year.

Estimating the fees for work to be performed is extremely difficult to do; however, we are willing to perform the proposed engagement with the understanding that our fees will not exceed the above maximum estimate unless unforeseen circumstances arise. If a circumstance such as this arises, we will advise you as soon as possible and obtain agreement on how we should proceed. Should the engagement require less time than is presently anticipated, our fees would be reduced accordingly. Our fees for any additional services you may request will be mutually agreed upon before we commence work.

We appreciate the opportunity to continue to be of service to Pleasant Valley County Water District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

Fanning & Karrh

  
Cynthia L. Fanning

This letter correctly sets forth the understanding of Pleasant Valley County Water District.

Management Signature  \_\_\_\_\_

Title General Manager \_\_\_\_\_

Date July 7, 2021 \_\_\_\_\_

Governance Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_