

Regular Meeting
March 21st 2017
6:00 p.m.



**NOTICE OF REGULAR MEETING OF
BOARD OF DIRECTORS**

March 21st, 2017

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public that is within the subject matter jurisdiction of the Board, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2.

Please Note: If you have comments on a specific agenda item(s), please fill out a comment card and return it to the Board Secretary. The Board President will call on you for your comments at the appropriate time, either before or during the Board's consideration of that item.

Agenda

Meeting will be called to order at 6:00 p.m.

1. Roll Call

2. Approval of Minutes

Approval of the minutes of the February 21st, regular meeting

3. Public Comments

The Board will receive comments from the public at this time on any item of interest to the public that is not on the agenda that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2. Matters raised by public comment requiring Board action will be referred to staff or placed on a subsequent agenda where appropriate.

When addressing the Board, please state your name and address and limit your comments to three (3) minutes.

Please Note: If you have comments on specific agenda items, please fill out a comment card and return it to the Board Secretary. The Board President will call on you for your comments at the appropriate time, either before or during the Board's consideration of that item.

4. General Managers Report

- Production and rainfall report
- Budget update
- GSA Update

5. Board Committee Reports

- No committees met this month

6. Old Business

- New Water Sources – To be discussed in Section 9 (a) of this agenda
- School lead testing

7. Board of Directors Reports

8. Financial Matters

1. Approval of Payroll and Payables from February 16th, 2017 to March 15th, 2017 in the amount of;

Payables -	\$ 50,385.86
Payroll -	\$ 28,082.62
<u>Total -</u>	<u>\$ 78,468.48</u>

9. Board Discussion and/or Action

- a) New Water Source - Evaluation of Groundwater Supply Opportunities Report from Bryan Bondy**
- b) Discussion of State water importation options (State Water Meeting March 22nd.)**
- c) Drought Committee discussion – Approval of One page letter to our customers**
- d) Discussion and approval of the draft audit for fiscal year 2015-16**
- e) Susan Moll – Discussion of property lines and easements and a list of options for resolution in this matter**
- f) Discussion and approval of fencing the Districts easement at 2680 Maricopa Hwy (May be conducted after closed session)**

10. Closed Sessions: The Board of Directors will hold a closed session to discuss personnel matters or litigation, pursuant to the attorney/client privilege, as authorized by Government Code Section 54957 & 54956.8, 54956.9 and 54957

- a) The Board will go into closed session under the Real Property Negotiations Exception Government Code Sections (§54956.8 and 54957.1) to discuss options regarding easements and property lines on parcels 010-0-102-290 and 010-0-102-090

11. Meeting Adjournment.

MINUTES

The meeting was called to order at 6:01 p.m.

1. Roll Call

The meeting was called to order by the Board President James Kentosh at 6:01 pm at the District Office.

Present were: Board President James Kentosh, Board Vice-President Mike Krumpschmidt, Board Directors Larry Harrold, Diana Engle, and Mike Etchart. Staff Present: General Manager Mike Hollebrands and Board Secretary Stacey Gilbert. Attorney Lindsay Nielson was also present.

2. Approval of the minutes

Approval of the January 17th, 2017 Regular Meeting minutes:

Mr. Etchart made the motion to approve the January 17th, 2017 Regular Meeting minutes. Mr. Harrold seconded the motion.

It was later mentioned by Susan Moll that the minutes pertaining to her public comments and statements were incorrect and have therefore been amended for accuracy purposes.

Etchart/Harrold
All Ayes
M/S/C

3. Public Comments

Elizabeth Anne Von Gunten was present

Wilma Foley was present

Robert Perron – Asked the question that in a previous meeting it was stated that once we had some rain that our rates would lower? Mr. Krumpschmidt answered that in a sense yes they are due to the Casitas Surcharge no longer being added to your bill because we are now on our wells. Mr. Perron also commented later in the meeting regarding the Conservation Penalty and Friendly reminder door tags. He has been given several and doesn't understand why since he is one of the customers that doesn't use much water at all. Mr. Perron wants to have his violations expunged. Mr. Hollebrands explained that the violation was to have been seen by one of

our Service Techs to receive a letter which is accompanied by pictures of the violation. It was determined to look at the records by staff and get back to him with an answer.

Zachary Card – Has a question concerning the property adjacent to Susan Moll's property. Where does the water come from that are in the tanks and what areas in Meiners Oaks does it distribute to? Mr. Kentosh answered: We have one water system. Our water comes from wells that are located in the Ventura River. Mr. Card asked: Is there a well on the property adjacent to Ms. Moll's property. Mr. Kentosh answered no.

Susan Moll had a comment and correction based on the minutes within the agenda packet that states "Ms. Moll was also informed about a water runoff issue that drains to our tank area and she assured us that it had been taken care of." Susan Moll stated "I don't know that it has been taken care of and it's not my responsibility because it is basically a huge natural runoff area there, and that Mike (Hollebrands) in a prior conversation, made a comment that the drain pipe was a concern of his. So I just want to make that really very clear, and I'd like that put into the next minutes of the agenda". She then showed a picture of the property in regards to the runoff which was then discussed and found to be a pre-existing creek. Ms. Moll then further states; "I just want to make this clear, and I want it corrected that I did not do any correction and I attempted to contact him but that it is not my responsibility, so I just want to make that very clear." After further discussion, it was decided to review the recording and amend the minutes for accuracy.

Peter Kingston – Related to Ms. Moll's mother – has a question which may require more research beyond this meeting. When the property was deeded in the 1950's to Meiners Oaks Water District, the documents say it was for a 'valuable consideration.' What was that 'valuable consideration?' It is not spelled out. Mr. Neilson stated that anything could be of valuable consideration but doesn't refer to any specific amount or consideration. Mr. Kingston questioned why it was not spelled out. Mr. Neilson stated it might be because the grant deeds have it stated that way.

Lorna Berle – Ms. Moll's mother- asked the question, What was the intended use of the property when it was obtained in 1950? Was it for the tank placement and why was the reservoir filled? Mr. Kentosh was unable to answer due to the length of time that had passed. Mr. Krumpschmidt stated that at one time the property was used as a dump site and was kept as such for a long time until it was decided to be the spot for the existing tank. After much discussion; it was determined that this question best be discussed in our agenda item 9a. (refer to Board discussion and/or action 9a for further discussion of this matter)

4. General Manager's Report

- Production and rainfall report – No longer on Casitas and the District has been on its wells for about a month.

- District status due to flooding – We had no ill effects within the District due to the rain. GM did rent a piece of equipment for standby in case we needed it. We need to purchase a new meter for Well #4. The state gave grant fund to the schools for lead testing and any repairs needed. Due to this funding, OVUSD has contacted us to do the lead testing on the property.
- GSA update see attached draft minutes of the agenda packet – Mr. Krumpschmidt summarized the minutes for the Board

5. Board Committee Reports

- Drought Committee met on February 1, 2017 – Minutes are attached to the agenda packet – to be discussed in section 9 (d)

6. Old Business

- New water sources – to be discussed in Section 9 (c) of this agenda
- Cozy Dell Trail title report – icon explanation – was explained in the last meeting
- System Lead Testing – tabled till next month. Need to wait till all of Casitas water is out of the system to conduct testing

7. Board of Directors Reports

- Ms. Engle: DWR has changed the deadline on its Alternatives. Santa Clara River Watershed is having a meeting on February 23rd from 9 am – 12 pm to talk about State Water and a larger water source alternative.
- Mr. Harrold: What agencies does Casitas have to answer to as to how much water they can divert? Mr. Etchart and Mr. Kentosh stated it was National Marine Fisheries Service as well as Fish and Game
- Mr. Krumpschmidt: question for Mr. Hollebrands – Noticed a series of new potholes on Lomita away from where the main was repaired before. Are those just due to wear and tear due to weather and rain or is it a potential water main break? Mr. Hollebrands stated that there is always a potential for a water main break, but those are more likely due to the weather.
- Mr. Etchart: Would like a tour of the diversion. All of the Board of Directors would like this tour as well
- Mr. Kentosh: He confirmed with Ms. Mulligan that she had received our letter regarding state water. Would like to put an agenda item for next month to discuss State Water.

8. Financial Matters

Approval of Payroll and Payables from January 16th, 2017 to February 15th, 2017 in the amount of:

Payables -	\$ 62,145.08
Payroll -	\$ 28,334.89
Total -	\$ 90,479.87

Mr. Harrold made the motion to pay the monthly expenses. Mr. Etchart seconded the motion.

Discussion: Ms. Engle asked about the Election Supplies, is this a catch-up. Mr. Hollebrands confirmed it was a "catch-up."

Mr. Kentosh asked about Bondy Groundwater Consulting bill and if the total for all of this is going to exceed \$5000. Mr. Hollebrands stated that it would not go over \$5000.

Harrold/Etchart

All Ayes

M/S/C

9. Board Discussion and/or Action

- a) Susan Moll – property lines and easements – (continuation from Public comments) Mr. Kentosh states that there is a problem with a small section of Ms. Moll's property that a fence blocks her access to her property.

Ms. Moll suggests that since this fence is on her property that it should be removed.

Mr. Kentosh suggests an alternative of opening up that area and then putting a fence around the perimeter of the property. The only things in that area are a drainage ditch and a fire hydrant that could potentially serve fire prevention to the properties closest to it. The other issue is the confusion between surveys. Ms. Moll found a discrepancy between the last two recorded surveys and the survey that she had done recently and from the measuring she did with a wheel. The issue is in getting an accurate survey with accurate stakes in place that matches closer to the recorded surveys.

Ms. Engle asked if Ms. Moll believes any of the surveys that have been done. Ms. Moll answered that she completely believes the two recorded surveys. Ms. Engle then asked why we could not use the recorded survey to build our fence appropriately. Mr. Kentosh proposes that we hire a surveyor that will use the last record of survey to put wooden stakes in the ground where we can then hire a fence contractor to put up the appropriate fence. Ms. Moll agrees and has tried to have that done however she found that there is a discrepancy of about 40ft between the recorded survey and the survey Mr. Frager did. Ms. Engle is concerned with creating duplicate surveys that could potentially be incorrect and wants to know what we as a Board can do to make sure we are not wasting anyone's time and efforts. Mr. Neilson stated that we need to

resolve this issue because we are required by State law to secure our facility.

There was much discussion at which point Ms. Moll asked how soon she would get access to her property to clean it up.

Mr. Krumpschmidt acknowledges Ms. Moll's concerns with accessing her property as quickly as possible. What he would also like is for everyone else to appreciate the need for us to protect the tanks, and by simply opening it up right now or before we are ready, there will be access to the tank area that is not good for all kinds of liability reasons. Therefore, we can only move so fast, and as soon as we can move, we will certainly reposition the fence so that it excludes Ms. Moll's property and it secures ours. We will practice due diligence for the fence to be moved judiciously.

The decision was made to hire a surveyor to address the area where our fence is by using the recorded survey from the 1970s. This starts the process to getting a better understanding for both parties' sake.

Ms. Moll now would like to discuss easements. She would like to know what easements we have on her property and would like it plotted on a map, so she knows exactly where they are.

Mr. Neilson states that her title report will tell what easements there are.

Ms. Moll then stated that her title report only shows a road easement.

She wants to know if we have any pipelines that are running underneath her property and if there are easements attached to those pipelines and would like them documented as well.

It was discussed and determined that Mr. Neilson will need to look at the title report to determine where the easements are and what they cover.

We will also look to see if we have any As-Builts that show the constructed pipeline on her property if any.

- b) SDRMA – Notification of Nominations 2017 Election SDRMA Board of Directors – None of the Board members were interested in being a part the SDRMA Board of Directors.
- c) New Water Source – Evaluation of Groundwater Supply Opportunities Report from Bryan Bondy – Mr. Hollebrands gave Mr. Bondy two topics to deal with: 1) Look at the cold water formation and see if that formation is something we want to access. Mr. Bondy did request a copy of Jordan's presentation to compare with while walking the areas and assessing himself. Mr. Bondy believes he found a better-suited area for us to drill that is different from Jordan's initial areas. However, it may not be on our property. This will be determined after further pinpointing the exact location. We will have a better understanding of this location when Mr. Bondy comes to our Board meeting in March to formally present his findings. 2) Mr. Hollebrands asked Mr. Bondy to confirm that our current wells were in the most optimum spots. Mr. Bondy did confirm that our wells were in the most optimum spots. Mr. Hollebrands stated there is a third option and that is to have nitrate removal of either Well 8 or the Ranchitos wells. It is the difference of bearing the cost of creating a new well or using what we already have and having a

supplemental well versus more access to water. More will be understood when Mr. Bondy officially presents the report at the March meeting.

- d) Drought Committee discussion – New allocation and rate program – Mr. Kentosh presented some more information based on his research of water users to the Board. He found that 4-5 out of 6 water users were conserving considerably while 1-2 customers are overusing water. What Mr. Kentosh discovered was that we need to have a program that focuses on the higher water users. Mr. Hollebrands then presented what the Drought Committee has come up with as a draft allocation rate program to be tentatively called “MOWD CARP” which stands for Meiners Oaks Water District Conservation Allocation Rate Plan. To summarize, the Drought Committee found there were different consensuses, and they looked at both the WEAP and our system and realized that there are attributes to both that are effective and therefore we as a District should combine both to better serve our customers. What the Drought Committee has come up with is that most of our customer's allocations will be based on essential and non-essential water use. Their non-essential use will be based on what is irrigable and not irrigable. Some non-essential allocations will be based on the size of their property but not to exceed 2 acres and will be subject to reduction in allocation amounts as the drought worsens. Agriculture would get an annual non-essential allocation based on historical use and would be required to manage their use over the year while Commercial would be a combination of the essential and non-essential. It was determined that our “drought surcharge” needs to be evaluated as to when to charge the correct amount but there are still several aspects of the “CARP” that needs to be figured out for understanding and clarity. Mr. Krumpschmidt has some concerns with the waiver program, especially with the “specialty crops.” It is possible for an inappropriate crop for this area would get inappropriate amounts of water. So we need to give that more thought as well. However, after reading over the draft plan, Mr. Krumpschmidt likes it and feels it will be a good plan. The next steps are: The Drought Committee will take this draft, add a title page and an introduction and make some necessary changes and corrections to tighten up the rate plan. While the new rate plan is being tightened up, the Budget Committee will meet and come up with figures of the new rates such as the indoor and outdoor use and the conservation penalty. When it comes time to inform our customers, we will schedule a Public Meeting, hopefully in April, and talk about our rates and a drought update and draft a notice about the drought for a monthly mailer in March. Eventually, we will have to meet with Casitas to get a better idea of where everyone is with the drought for budget purposes.

10. Closed Session: The Board of Directors will hold a closed session to discuss personnel matters or litigation, pursuant to the attorney/client

privilege, as authorized by Government Code Section 54957 & 54956.8,
54956.9 and 54957

No closed session items to discuss

11. Meeting Adjournment

There being no further business to conduct at this time, Board President
James Kentosh adjourned the meeting at 9:09 p.m.

President

Secretary

February 2017



To: Board of Directors of the Meiners Oaks Water District

From: General Manager

Subject: Monthly Manager's Report

Highlights

(Rainy season October thru April)

27.96" of rain

LAKE CASITAS LEVEL

43.8%

Board Committees

GSA meeting was held on March 9th. Draft minutes of the meeting are not yet available but a verbal update will be included at the regular meeting.

Current Well levels and specific capacity

Well 1	Feb.	Mar.	Well 2	Feb.	Mar.	Well 4	Feb.	Mar.	Well 7	Feb.	Mar.
Static	18.7'	18.1'	Static	18.1'	17.9'	Static	19.1'	12.2'	Static	18.6'	11.6'
Running	23.4'	22.8'	Running	22.8'	20.9'	Running	27.4'	19.2'	Running	22.4'	15.9'
Drawdown	4.7'	4.7'	Drawdown	4.0'	2.95'	Drawdown	8.3'	7.0'	Drawdown	3.8'	4.2'
Specific Cap.	73.1 gal/ft	77.8 gal/ft	Specific Cap.	72.7 gal/ft	75.9 gal/ft	Specific Cap.	74.3 gal/ft	88.5 gal/ft	Specific Cap.	85.5 gal/ft	79.0 gal/ft

Water Production

Water production and sold values are based on a calendar year

Total Pumped in February:			
Wells	AF	Average GPM	Typical GPM
1.	3.93	366	375
2.	3.08	224	250
4.	12.39	620	750
7.	8.80	336	450
8.	0.00	Off	330

Total Pumped for February	28.20 AF
Total Pumped 2016:	305.45 AF
Total Pumped YTD 2017:	33.07 AF

Total Sold:

Total Sold for February 2016:	27.40 AF
Total Sold YTD 2017:	53.30 AF
Total Sold 2016:	608.21 AF
Total Purchased from CMWD 2016	323.91 AF
Total Purchased for February	0.00 AF
Total Purchased YTD 2017	23.91AF

Total Capacity:

2083 Gallons per Minute (Gpm) with all current wells on line 1, 2, 4, 7, 8)

3,583 Gallons per minute (Gpm) with all current wells on line 1, 2, 4, 7, 8) + Casitas

Water Sales:

(Sales values are based on the actual month listed only not YTD)

February 2016:	\$ 29,028.06
February 2017:	\$ 29,999.08

Reserve Funds

Balance at the County of Ventura	\$ 973,053.83
Total Taxes*	\$ 3.06
Total Interest from reserve account#	\$ 811.58

Fiscal Year Total Revenues

July 1 st – Feb. 28 th 2016	\$ 882,715.84
July 1 st – Feb. 28 th 2017	\$ 906,083.02

Bank Balances

LAIF Balance	\$ 5,215.85
(#) Quarterly Interest from LAIF	\$ 0.00
Money Market (RABO)	\$ 398,254.13
Amount Transferred to RABO Money Market this month	\$ 0.00
Amount Transferred to General Fund from Money Market	\$ 0.00
(*)Monthly Interest received from Money Market	\$ 61.10
General Fund Balance	\$ 257,539.31
Trust Fund Balance	\$ 13,652.35
Capital Improvement Fund	\$ 14,404.33
(#)Quarterly Interest from Capital Account	\$.22
Total Interest accrued	\$ 61.32

Water Quality

No water quality issues to report this month

Capital Improvement Projects for 2015-2016
Budgeted capital funds \$ 1,759,949.30 FY 2015-2016

1. Continue with tank replacement project (Completed)
2. Acquire scope of work for bid on new well (Completed)

Unscheduled Work

Warfhead replacement and new hydrant valve S. Poli	\$ 3,259.53
Hydrant replacement at Fernando and N. Encinal	\$ 1,500.00
Main Leak on S. Padre Juan	\$ 3,000.00
Service repair S. Pueblo	\$ 1,000.00
Service repair Mesa	\$ 1,000.00
Valve replacement Encinal/El Conejo	\$ 1,000.00
Valve replacement Fernando/N. La Luna	\$ 2,000.00
Fire hydrant replacement S. La Luna	\$ 4,126.09
This item has been reimbursed by the company that hit it	\$ - 4,126.09
Main Leak 110 Besant Rd	\$ 2,000.00
Paving	\$ 6,000.00
Move wharf-head at Encinal and El Roblar	\$ 4,000.00
Paving for street repairs	\$ 4,300.00
Main Leak El Roblar and N. Pueblo	\$ 4,318.00
<u>Total</u>	<u>\$ 33,377.53</u>

On-going Items

Production

Wells have been pumping since January with up to 30 foot gains in static well levels!

Conservation

Santa Barbara Channel Keeper vs. City of Ventura

No news to report on this subject this month.

GSA

The GSA meetings will take place on the second Thursday of each month. The next meeting will take place on March 9th, 2017 at Casitas MWD board room at 1 pm. With the first public hearing scheduled to held on the same day at 6:30 pm at the Oak View Community Center.

Tanks

1. 250k gallon was installed in 1958 age = 57 (Removed 2015)
2. 80k gallon was installed in 1983 age = 32
3. 500k gallon was installed in 1988 age = 27 (Removed 2015)
4. 500k gallon was installed in 1973 age = 42 (Put back into service 2011)
5. 500k gallon was installed in 2003 age = 12
6. 750k gallon welded tank 2015 age = 1

Life expectancy for a bolted tank is 30 – 40 years

Well Drilled Dates & Depths

	<u>Date drilled</u>	<u>Drill Depth</u>
1. Well # 1	1969	60 feet
2. Well # 2	1969	116 feet
3. Well # 4	1969	240 feet
4. Well # 7	1961	156 feet
5. Well # 8	1968	144 feet

New Items

Board discussion items for this month

Board of Directors

President – Jim Kentosh Elected in 2014	Term ends 2018	Long Term
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Vice-President – Mike Krumpschmidt Elected 2014	Term ends 2020	Long Term
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Board Member – Larry Harrold Elected 2014	Term ends 2018	Long Term
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Board Member – Michael Etchart Elected 2014	Term Ends 2018	Long Term
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Board Member – Diana Engle Elected 2016	Term Ends 2020	Long Term
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Meiners Oaks Water District

Report of Expenses and Budget Appropriations, Current Bills and Appropriations To Date

Expenditures	Month of February	Year To Date	Budget Approp	Approp Bal 02/28/17	Current March	Approp Bal To Date
Salary / Taxes	30,037.25	252,803.68	410,000.00	157,196.32	-	157,196.32
Retirement Contributions	2,453.95	22,438.10	35,000.00	12,561.90	-	12,561.90
Group Insurance	4,467.36	32,067.08	70,000.00	37,932.92	-	37,932.92
Company Uniforms	-	622.64	1,500.00	877.36	-	877.36
Phone Office	783.12	6,203.73	7,600.00	1,396.27	-	1,396.27
Janitorial Service	101.36	2,611.06	5,200.00	2,588.94	341.36	2,247.58
Refuse Disposal	169.75	1,336.16	2,500.00	1,163.84	-	1,163.84
Liability Insurance	-	21,465.64	22,500.00	1,034.36	-	1,034.36
Workers Compensation	-	10,086.48	17,500.00	7,413.52	-	7,413.52
Wells	2,240.34	2,788.04	20,000.00	17,211.96	3,823.38	13,388.58
Truck Maintenance	118.99	2,153.87	4,000.00	1,846.13	-	1,846.13
Office Equip. Maintenance	2,196.39	5,903.87	5,000.00	(903.87)	-	(903.87)
Cell Phones	446.65	2,565.90	4,500.00	1,934.10	-	1,934.10
System Maintenance	3,039.39	28,303.20	60,000.00	31,696.80	-	31,696.80
Safety Equipment	-	1,082.37	3,500.00	2,417.63	-	2,417.63
Laboratory Services	327.00	3,242.00	8,000.00	4,758.00	72.00	4,686.00
Membership and Dues	750.00	6,847.00	7,000.00	153.00	-	153.00
Printing and Binding	-	140.59	1,000.00	859.41	-	859.41
Office Supplies	193.83	3,319.43	6,000.00	2,680.57	-	2,680.57
Postage and Express	771.99	9,713.19	13,500.00	3,786.81	-	3,786.81
B.O.D. Fees	1,050.00	7,400.00	15,000.00	7,600.00	-	7,600.00
Engineering & Technical Services	-	-	35,000.00	35,000.00	-	35,000.00
Computer Services	6,260.85	10,458.72	12,000.00	1,541.28	89.72	1,451.56
Other Prof. & Regulatory Fees	4,391.13	11,249.33	17,500.00	6,250.67	241.50	6,009.17
Public and Legal Notices	-	-	1,500.00	1,500.00	-	1,500.00
Attorney Fees	1,100.00	8,640.00	15,000.00	6,360.00	-	6,360.00
GSA Fees	-	17,978.62	25,000.00	7,021.38	-	7,021.38
VR/SBC/City of VTA Law Suit	-	-	40,000.00	40,000.00	-	40,000.00
Audit Fees	400.00	9,800.00	12,000.00	2,200.00	-	2,200.00
Small Tools	8.77	615.74	3,000.00	2,384.26	-	2,384.26
Election Supplies	-	769.12	3,000.00	2,230.88	-	2,230.88
Water Purchase	5,158.73	198,082.29	250,000.00	51,917.71	-	51,917.71
Treatment Plant	5,218.99	9,081.52	10,000.00	918.48	-	918.48
Fuel	962.58	5,464.12	12,000.00	6,535.88	-	6,535.88
Travel Exp./Seminars	265.00	848.15	2,000.00	1,151.85	-	1,151.85
Utilities	104.26	1,463.72	3,500.00	2,036.28	150.75	1,885.53
Power and Pumping	2,753.21	2,753.21	80,000.00	77,246.79	3,123.65	74,123.14
Meters	900.92	900.92	10,000.00	9,099.08	-	9,099.08
Total Expenditures	76,671.81	701,199.49	1,250,800.00	549,600.51	7,842.36	541,758.15
Water Distribution System	-	-	-	-	-	-
Cold Water Well	-	-	250,000.00	250,000.00	-	250,000.00
	-	-	-	-	-	-
Structures and Improvements	-	-	-	-	-	-
Generator Z-2	-	-	120,000.00	120,000.00	-	120,000.00
	-	-	-	-	-	-
Trucks/Carts	-	-	-	-	-	-
Furniture and Fixtures	-	-	-	-	-	-
Office Machines	-	-	-	-	-	-
	-	-	-	-	-	-
Field Equipment	-	-	-	-	-	-
Pipe Freezing Machine	-	3,335.74	3,500.00	164.26	-	164.26
	-	-	-	-	-	-
Appropriations for Contingencies	4,740.46	9,058.46	100,000.00	90,941.54	-	90,941.54
Total Assets	4,740.46	12,394.20	473,500.00	461,105.80	-	461,105.80
GRAND TOTAL	81,412.27	713,593.69	1,724,300.00	1,010,706.31	7,842.36	1,002,863.95

Report of Income as of 2/28/2017

Income	Month of February	Year To Date	Budget Approp	Approp Bal 07/31/15
Interest	872.90	4,222.00	--	(4,222.00)
Taxes	3.06	82,031.28	--	(82,031.28)
Pumping Charges	216.12	2,434.31	--	(2,434.31)
Fire Protection	72.04	951.69	--	(951.69)
Meter & Inst. Fees	--	--	--	--
Water Sales	29,999.08	423,099.46	659,439.00	236,339.54
Casitas Standby Fees	326.66	4,839.76	--	(4,839.76)
MWAC Charges	48,199.99	365,582.95	666,997.00	301,414.05
MCC Chg.	6,558.95	51,635.14	125,408.00	73,772.86
Misc. Income	102.15	2,267.27	8,000.00	5,732.73
Late & Delinquent Chgs.	2,344.70	23,463.21	--	(23,463.21)
Conservation Penalty	--	300.00	--	(300.00)
Capital Improvement	--	--	--	--
Drought Surcharge	1,510.86	31,509.23	--	(31,509.23)
	--	--	--	--
		--	--	--
		--	--	--
TOTAL INCOME	90,206.51	992,336.30	1,459,844.00	467,507.70



Meiners Oaks County Water District, CA

Check Report

By Vendor Name

Date Range: 02/16/2017 - 03/15/2017

Vendor Number Payable #	Vendor Name Payable Type	Payment Date Payable Date	Payment Type Payable Description	Discount Amount Discount Amount	Payment Amount Payable Amount	Number
Bank Code: AP Bank-AP Bank						
AQUA-F 039639	Aqua-Flo Supply Invoice	02/01/2017	03/13/2017 Regular Coupling	0.00 0.00	16.44 16.44	7455
AWAVC 06-9685	Association of Water Agencies Invoice	02/24/2017 02/16/2017	Regular Breakfast Meeting	0.00 0.00	50.00 50.00	7439
AWAVC 06-9712	Association of Water Agencies Invoice	03/13/2017 02/22/2017	Regular CCWUC Luncheon	0.00 0.00	105.00 105.00	7456
U-VERSE 7294600217	AT&T U-verse Invoice	02/24/2017 02/04/2017	Regular Internet	0.00 0.00	70.00 70.00	7440
AT&T 01840217 21140217	AT&T Invoice Invoice	03/13/2017 02/13/2017 02/20/2017	Regular Office Phones Office Phone	0.00 0.00 0.00	646.83 83.51 563.32	7457
BONDY 010-04	Bondy Groundwater Consulting, Inc. Invoice	03/13/2017 03/01/2017	Regular Professional Consulting Fees	0.00 0.00	225.00 225.00	7458
CALPERS INV0000589 INV0000600	California Public Employees' Retirement Invoice Invoice	02/24/2017 02/15/2017 02/28/2017	Regular Health Health	0.00 0.00 0.00	4,867.06 2,433.54 2,433.52	7436
CALPERS 2230	California Public Employees' Retirement Invoice	02/24/2017 02/14/2017	Regular Retired Premiums	0.00 0.00	265.10 265.10	7441
CAL-STATE 78767	Cal-State Invoice	03/13/2017 03/04/2017	Regular Portable Toilet	0.00 0.00	101.36 101.36	7459
CANON 17003416	Canon Financial Services, Inc. Invoice	02/24/2017 02/10/2017	Regular Copier Contract Charge	0.00 0.00	96.53 96.53	7442
CMWD 261150217 262000217 911320217	Casitas Municipal Water District Invoice Invoice Invoice	03/13/2017 02/28/2017 02/28/2017 02/28/2017	Regular Purchased Water/Stby Fairview Hartmann Allocation Purchased Water/Stby	0.00 0.00 0.00 0.00	5,158.73 4,591.86 85.49 481.38	7460
CLEANCO 3057	Cleanco Services Invoice	03/13/2017 03/01/2017	Regular Janitorial for February	0.00 0.00	240.00 240.00	7461
C I T 17-003	Coastal Instrumentation & Telemetry Invoice	02/24/2017 02/03/2017	Regular Rebuilt Turbidity Meters	0.00 0.00	5,218.99 5,218.99	7443
VCRMA IN0160481	County of Ventura, RMA Invoice	03/13/2017 02/27/2017	Regular Hazardous Materials	0.00 0.00	882.63 882.63	7462
DATAP DP1700637	Dataprose LLC Invoice	03/13/2017 02/28/2017	Regular Billing/Postage	0.00 0.00	771.99 771.99	7463
EJHAR 281300217 994260217	E. J. Harrison Roloffs, Inc. Invoice Invoice	02/24/2017 02/13/2017 02/13/2017	Regular Office Trash 3 Yard Dumpster	0.00 0.00 0.00	169.75 42.24 127.51	7444
EVANS 2160	Evans Excavating Invoice	02/24/2017 02/16/2017	Regular Paving El Roblar & N. Pueblo	0.00 0.00	4,740.46 4,740.46	7445
FAMCON 189104	Famcon Pipe and Supply, Inc Invoice	03/13/2017 02/16/2017	Regular Hole Saw	0.00 0.00	148.01 148.01	7464

Check Report

Date Range: 02/16/2017 - 03/15/2017

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
FGLENV	FGL Environmental	03/13/2017	Regular	0.00	256.00	7465
701634A	Invoice	02/22/2017	Lab. Services	0.00	62.00	
701638A	Invoice	02/22/2017	Lab. Services	0.00	56.00	
701642A	Invoice	02/22/2017	Lab. Services	0.00	66.00	
702245A	Invoice	03/01/2017	Lead Sampling MO School	0.00	72.00	
GUARDIAN	Guardian	02/24/2017	Regular	0.00	339.64	7437
INV0000590	Invoice	02/15/2017	Dental	0.00	169.82	
INV0000601	Invoice	02/28/2017	Dental	0.00	169.82	
GUARDIAN	Guardian	02/24/2017	Regular	0.00	8.00	7446
7690460217	Invoice	02/14/2017	Administration Fee	0.00	8.00	
HLTHNE	Health Net Life Insurance Company	02/24/2017	Regular	0.00	25.80	7447
61790217	Invoice	02/08/2017	Life Insurance	0.00	25.80	
HSBS	HealthSmart Benefit Solutions, Inc.	02/24/2017	Regular	0.00	98.00	7438
INV0000592	Invoice	02/15/2017	HSBS	0.00	50.06	
INV0000603	Invoice	02/28/2017	HSBS	0.00	47.94	
INTEGRATE	Integrated Services, Inc.	02/24/2017	Regular	0.00	66.29	7448
000238246	Invoice	02/14/2017	Long Distance	0.00	66.29	
ITRON	Itron, Inc.	02/24/2017	Regular	0.00	1,638.62	7449
440482	Invoice	02/09/2017	Handhelds Annual Maintenance Fee	0.00	1,638.62	
NEILSON	Law Offices of Lindsay F. Nielson	02/24/2017	Regular	0.00	1,100.00	7450
34880217	Invoice	02/10/2017	Attorney Fees	0.00	1,100.00	
MOHARD	Meiners Oaks Hardware	03/13/2017	Regular	0.00	94.03	7466
756452	Invoice	02/01/2017	Bolts & Screws	0.00	1.93	
757540	Invoice	02/03/2017	Caulk for TP	0.00	6.34	
757865	Invoice	02/06/2017	Trash Bags/Duct Tape	0.00	24.65	
757876	Invoice	02/06/2017	Hole Saw for Well 4	0.00	8.77	
758038	Invoice	02/07/2017	Mouse Trap/Rat Trap/Torpedo,etc.	0.00	17.51	
758418	Invoice	02/09/2017	O Ring/Conduit/Dry Concrete Mix	0.00	10.35	
758458	Invoice	02/09/2017	Conduit/Connector/Riser,etc.	0.00	8.66	
759094	Invoice	02/13/2017	Elbow/Tee/Couple,etc.	0.00	2.69	
759113	Invoice	02/13/2017	Tee	0.00	0.34	
759372	Invoice	02/15/2017	Cut Wheel	0.00	4.87	
759549	Invoice	02/16/2017	Square Plug	0.00	4.68	
760326	Invoice	02/21/2017	Plug/Thread Seal Tape	0.00	3.24	
MITEC	MiTec Solutions LLC	02/24/2017	Regular	0.00	105.00	7451
42214	Invoice	02/15/2017	Splashtop User	0.00	10.00	
42322	Invoice	02/23/2017	Labor On-Site	0.00	95.00	
MITEC	MiTec Solutions LLC	03/13/2017	Regular	0.00	89.72	7467
42497	Invoice	03/01/2017	Email Exchange/Web Hosting	0.00	70.97	
42583	Invoice	03/06/2017	PC Remote Access Repair	0.00	18.75	
NATMETER	National Meter & Automation, Inc.	03/13/2017	Regular	0.00	6,063.72	7468
S1081040.001	Invoice	02/22/2017	8" TS Local Register for Well 4	0.00	29.43	
S1081042.001	Invoice	02/23/2017	Head Assembly for Well 4	0.00	2,210.91	
S1082165.001	Invoice	03/03/2017	8" TS BRZ Meter Body Only	0.00	3,823.38	
PERS	Public Employees' Retirement System	02/24/2017	Regular	0.00	1,627.48	7435
INV0000602	Invoice	02/28/2017	PERS	0.00	1,627.48	
PERS	Public Employees' Retirement System	03/13/2017	Regular	0.00	1,854.48	7454
INV0000613	Invoice	03/15/2017	PERS	0.00	1,854.48	
PERS	Public Employees' Retirement System	03/13/2017	Regular	0.00	688.10	7469
10000001492093	Invoice	03/01/2017	Unfunded Accrued Liability	0.00	678.27	

Check Report

Date Range: 02/16/2017 - 03/15/2017

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
10000001492094	Invoice	03/01/2017	Unfunded Accrued Liability	0.00	9.83	
QUINNNTL	Quinn Rental Services	03/13/2017	Regular	0.00	1,459.27	7470
00765201	Invoice	02/27/2017	Backhoe Rental	0.00	1,459.27	
SCE	Southern California Edison Co.	03/13/2017	Regular	0.00	3,209.50	7471
OFFELE0317	Invoice	03/13/2017	Office Electricity	0.00	85.85	
PMP1-0317	Invoice	03/13/2017	Pump 1	0.00	372.09	
PMP2-0317	Invoice	03/13/2017	Pump 2	0.00	310.56	
PMP4&70317	Invoice	03/13/2017	Pumps 4 & 7	0.00	1,989.96	
TNKFRM0317	Invoice	03/13/2017	Tank Farm	0.00	29.20	
WELL80317	Invoice	03/13/2017	Well 8	0.00	53.63	
Z-20317	Invoice	03/13/2017	Zone 2	0.00	77.58	
Z-2FIR0317	Invoice	03/13/2017	Zone 2 Fire	0.00	42.91	
Z-2PWR0317	Invoice	03/13/2017	Zone 2 Power	0.00	221.97	
Z-3FIR0317	Invoice	03/13/2017	Zone 3 Fire	0.00	25.75	
SCGAS	Southern California Gas Co.	03/13/2017	Regular	0.00	64.90	7472
6538	Invoice	03/02/2017	Office Heat	0.00	64.90	
TYLER	Tyler Technologies, Inc.	02/24/2017	Regular	0.00	6,084.88	7452
025-181912	Invoice	02/01/2017	Annual Maintenance Fee	0.00	6,084.88	
UAOFSC	Underground Service Alert of So.Ca.	03/13/2017	Regular	0.00	16.50	7473
220170434	Invoice	03/01/2017	Digalert	0.00	16.50	
USBANK	US Bank Corporate Pmt. System	03/13/2017	Regular	0.00	515.47	7474
BATTERIES0207	Invoice	02/07/2017	Battery Back-Ups for TP	0.00	165.12	
INTERSTATE0201	Invoice	02/01/2017	Battery for Crew Truck	0.00	118.99	
OFFDEP0201	Invoice	02/01/2017	Keyboard and Mouse	0.00	112.59	
VERIZON0201	Invoice	02/01/2017	Phone Case	0.00	37.53	
VONS0201	Invoice	02/01/2017	Water/Paper Towels	0.00	40.44	
VONS0220	Invoice	02/20/2017	Water/Toilet Paper/Paper Towels	0.00	40.80	
VERIZON	Verizon Wireless	03/13/2017	Regular	0.00	244.00	7475
9781096092	Invoice	02/26/2017	Cell Phones	0.00	244.00	
WRIGHT EXP	WEX Bank	02/24/2017	Regular	0.00	962.58	7453
022417	Invoice	02/24/2017	Fuel	0.00	962.58	

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	81	41	0.00	50,385.86
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	81	41	0.00	50,385.86

PR \$28,082.62

**Tank Site Access/Facilities Easement
Fact Sheet and Options
March 16, 2017**

The facts as we understand them:

1. MOWD has a 30' wide easement within Susan Moll's property for its access road, pipelines, and related facilities.
2. Our present facilities are located within the easement.
3. The northern end of our easement forms a 30' wide "peninsula." It contains live water pipes.
4. MOWD's fence blocks the landowner's access to her property within the peninsula.
5. The landowner's existing access road crosses over MOWD's property.

Potential Options to Discuss:

1. Do nothing:
 - No change of ownerships
 - Leave the existing fence in place
 - Allow unimpeded access for the landowner over MOWD's property
2. Voluntary land exchange
 - MOWD would acquire full ownership of the "peninsula" piece of property
 - MOWD would grant an access easement to Ms. Moll
 - MOWD would pay fair market value for any cost differential
3. Relocate the chain-link/barbed wire fence around the peninsula.
4. MOWD condemnation of the peninsula property; pay fair market value.
5. MOWD condemnation of the entire road/facilities easement; pay fair market value.
6. Any other option to be determined.



MEMORANDUM

To: Mike Hollebrands/ MOWD

From: Bryan Bondy / BGC

CC: Project File

Date: February 6, 2017

Re: Evaluation of Groundwater Supply Opportunities - Alluvium and Coldwater Formation

Background

In December 2016, you contacted Bondy Groundwater Consulting, Inc. (BGC) to discuss Meiners Oaks Water District's (MOWD's) water supply status. At that time, you requested a proposal to evaluate additional groundwater supply opportunities for the District. BGC's proposal dated December 28 described two tasks:

- Evaluate Alluvium Thickness: This task involved requesting well logs from Ventura County and reviewing the logs to evaluate whether thickness of the river alluvium is greater at locations other than MOWD's existing wells.
- Evaluate Coldwater Formation Well: This task involved reviewing readily available information concerning the groundwater production potential of Coldwater Formation, including prior work completed for the District.

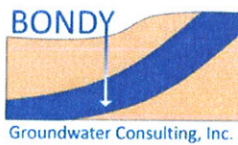
This memorandum summarizes the results of the above described tasks.

Alluvium Evaluation

The District currently has four active wells completed in the river alluvium (Well Nos. 1, 2, 4, and 7). The District owns a fifth alluvial well (No. 8), but elevated concentrations of nitrate are preventing the District from using this well. The ongoing drought conditions have caused lower water table conditions in the alluvium, which has significantly reduced the District's well yields.

The purpose of this task was to evaluate whether there are locations within the District where the saturated thickness of the river alluvium is substantially greater than it is at MOWD's existing wells. A well installed in a substantially thicker, deeper portion of the alluvium could extend the District's water supply during droughts by allowing the District to pump from a lower portion of the aquifer.

Well completion forms for wells located within and surrounding the District were obtained from the County of Ventura and reviewed. MOWD also provided available well logs for Well Nos. 1,



4, and 7. Well logs for MOWD Well Nos. 2 and 8 were not available from either the County of Ventura or MOWD.

Table 1 below summarizes the depths of MOWD's wells. As indicated in the table, MOWD's wells range up to 240 feet in depth. The deepest wells are located in the southern part of the service area, where other wells also indicate thicker alluvium is present.

MOWD Well No.	State Well No.	Screen Interval (ft. below grade)
1	05N23W33B02	11.5-60
2	05N23W33B04	Well log not available (total depth >83 based on water level records)
4	04N23W09B05	20-240
7	04N23W09B04	70-156
8	04N23W04J01	76-126 per VC records Well log not available

Table 1. Screen Intervals of MOWD Wells

Based on review of available well logs and geologic maps, the alluvial deposits are relatively thin in the vicinity of MOWD, except beneath the Ventura River channel. Although alluvium is mapped across much of the MOWD service area, it is underlain by Sespe Formation at a relatively shallow depth, except in the northernmost portion of the District where the Coldwater Formation and Cozy Dell Shale underlie the alluvium. The yield of wells screened in the Sespe Formation is typically less than one hundred gallons per minute (gpm). Therefore, the Sespe Formation is not considered suitable for meeting MOWD's water supply needs. Few wells have been completed in the Cozy Dell Shale. The water production potential of the Coldwater Formation is discussed later in this memorandum.

Along the western edge of the MOWD service area, the Ventura River has cut into the aforementioned bedrock units and deposited highly productive alluvium. Based on review of available well logs, the alluvium appears to generally thicken from north to south in the vicinity of MOWD. Alluvium exceeding 200 feet in thickness was reported on well logs for wells located near MOWD Well No. 4 and further south. The thickest reported alluvium is at MOWD Well No. 4, although it is noted that well logs for numerous wells in the study area were either not available or did not contain well construction information. Furthermore, most wells have been drilled away from the active river channel where the alluvium could potentially be thicker. Based on the available information, it does not appear that the thickness of the river alluvium is likely substantially greater at locations other than MOWD's existing wells, particularly MOWD Well No 4.



If additional or replacement alluvial wells are considered in the future, it is recommended that a surface geophysical survey be conducted to assist in siting the well because the available data suggest that the alluvium thickness is quite variable. Geophysical survey techniques, such as seismic refraction/reflection or direct current (DC) resistivity, would allow the District to obtain alluvium thickness profiles at a relatively low cost. This information would help the District identify the optimal well location where the alluvium is thickest.

Coldwater Formation Evaluation

The purpose of this task was to evaluate the groundwater production potential of the Coldwater Formation in the vicinity of MOWD. This evaluation builds on prior work completed for the District in 2015. BGC reviewed the prior work completed for the District, readily available geologic references, and well logs for bedrock wells located along the base of the Santa Ynez and Topatopa Mountains from Meiners Oaks east through Ojai Valley and Upper Ojai Valley.

Prior Coldwater Formation Evaluation for MOWD

In July 2015, Kear Groundwater gave a presentation to MOWD titled "*Deep Groundwater Exploration: Targeting the Coldwater Sandstone.*" The presentation conclusions included the following:

1. The Coldwater Sandstone is a formation regionally targeted by public and private wells as a groundwater source;
2. The formation is highly variable in depth and outcrop elevation; and
3. The Coldwater Formation is most feasibly targeted at MOWD Well Nos. 1 and 2 where the outcrop is seen and can be shallowly accessed from MOWD-owned property.

The presentation recommendations were to collect bids from drillers to drill a test well and to monitor conditions. Subsequent to the presentation, Kear Groundwater provided construction guidelines for a new 8-inch diameter steel-cased well to be drilled to a depth of 1,200 feet (into the Coldwater Formation), with a design capacity of at least 200 gallons per minute. The proposed drilling method was air rotary, with conversion to mud rotary, as needed.

Geologic Setting

The Coldwater Formation is a sedimentary formation of Eocene age that consists of predominately of a hard arkosic sandstone with siltstone and shale interbeds. The Coldwater Formation is cemented and, therefore, has low primary porosity and permeability. Most of the groundwater contained in the formation exists in joints and fractures (a.k.a. secondary porosity). Bedding planes and siltstone/shale interbeds within the formation are less permeable than the sandstone, causing groundwater flow to be directed parallel to the bedding.

In the vicinity of MOWD, the Coldwater Formation is encountered within the Matilija Overturn, which is a prominent large fold in Tertiary-aged rocks, located at the base of the Santa Ynez and Topatopa Mountains from Meiners Oaks east through Ojai Valley and Upper Ojai Valley (see Figures 1 and 2). As shown in Figure 2, the formations that comprise the Matilija Overturn have

been folded such that they dip nearly vertically into the earth and, in some cases, are overturned (upside down) and dip to the north.

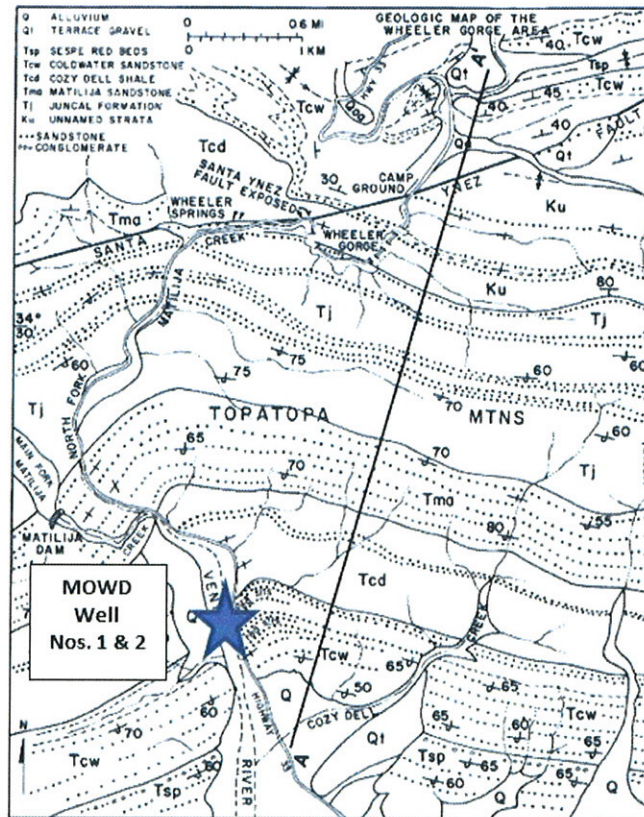


Figure 1. Matilija Overturn Cross Section Location Map¹

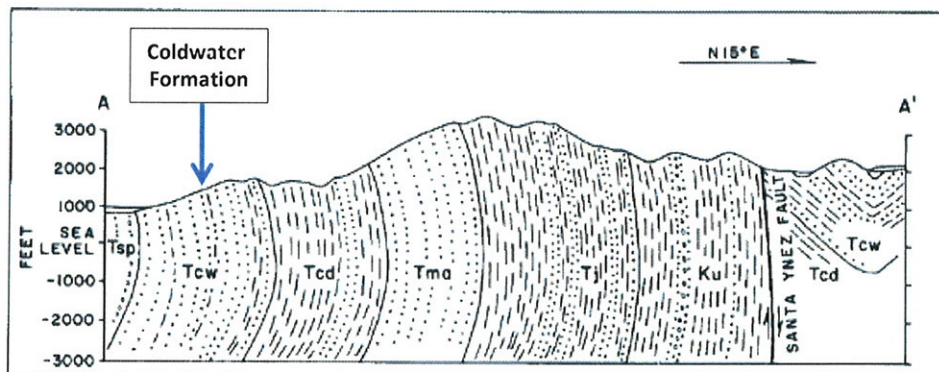


Figure 2. Cross Section through the Matilija Overturn²

¹ Source: Dibble, T. W., et al. Sedimentology of Cretaceous strata in Wheeler Gorge, Ventura County, California, in Centennial Field Guide Volume 1, Cordilleran Section of the Geological Society of America.

In the vicinity of MOWD Well Nos. 1 and 2, the orientation of the Coldwater Formation is quite variable (Figure 3). As shown in Figure 3, the Coldwater Formation transitions from overturned and dipping to the north on the west side of the Ventura River to being oriented right-side-up and dipping steeply to the southeast on the east side of the Ventura River. This is a very abrupt change in orientation that seems unlikely to have occurred without also being accompanied by fracturing and faulting.

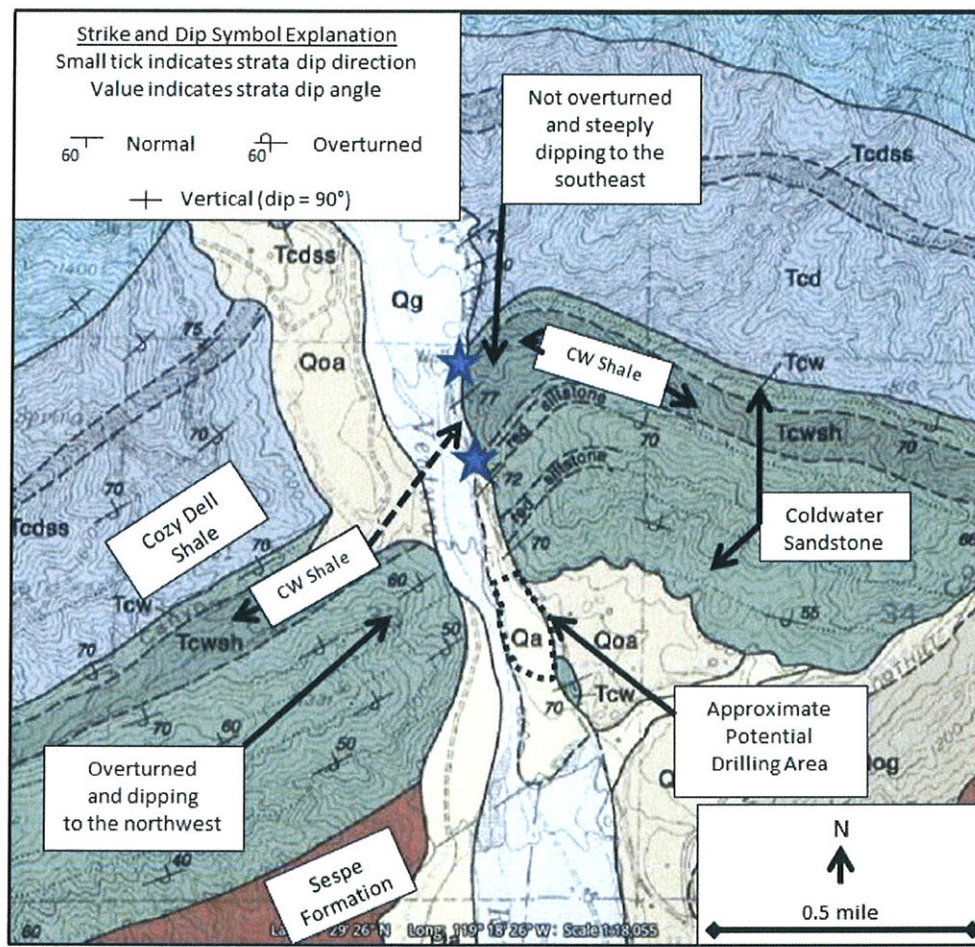


Figure 3. Geologic Map in the Vicinity of MOWD Well Nos. 1 and 2³
Blue stars indicate approximate location of MOWD Well Nos. 1 & 2. Note that the Coldwater Formation is overturned and dipping to the north on the west side of the Ventura River and right-side-up and dipping steeply to the southeast on the east side of the Ventura River.

² Source: same as previous

³ Dibblee, T.W., and Ehrenspeck, H. E., ED: 1987. Geologic Map of the Matilija Quadrangle, Ventura County California. Dibblee Foundation Map DF-12. Accessed from <https://ngmdb.usgs.gov/maps/mapview/>, January 30, 2017.



Three additional lines of evidence suggest that the formation may be more heavily fractured and/or faulted in the vicinity of MOWD Well Nos. 1 and 2, as compared to other areas along the Matilija Overturn. First, it is noted that the abrupt change in orientation of the bedrock formations is coincident with the location of the Ventura River, which would tend to follow most easily erodible path⁴, all other factors equal. Second, Google Earth images suggest that hillside southeast of MOWD Well No. 2 may have a higher concentration sandstone boulders compared to other Coldwater Formation exposures in the region. A higher concentration of boulders would indicate that the Coldwater Formation may be more heavily jointed/fractured in this area. Lastly, it is noted that Kear Groundwater mapped a fault south of MOWD Well No. 2 in 2015. If the formation is indeed more highly fractured in this area, the groundwater production potential of the formation may be greater than is suggested by wells drilled into the Coldwater Formation in other areas along the Matilija Overturn.

Potential Coldwater Formation Well Yields

Available well logs were obtained from Ventura County for bedrock wells located along the base of the Santa Ynez and Topatopa Mountains from Meiners Oaks east through Ojai Valley and Upper Ojai Valley.

The well locations were plotted on the geologic map and the well logs were reviewed to determine which formation the wells are completed in. Thirteen well locations with available logs were identified for wells completed in the Coldwater Formation. Eleven of these logs indicate the well yield. The reported yield of the eleven wells ranges from 20 to 220 gpm. The nearest Coldwater Formation well, located approximately ½ mile east-southeast of MOWD Well No. 2, is a 6-inch diameter irrigation well drilled to 550 feet below grade that reportedly yields 40 gpm. It is noted that well logs for a number of wells likely completed in the Coldwater Formation were not available from Ventura County.

Overall, the reported well yields indicate that the production potential of the Coldwater Formation in the vicinity of MOWD is relatively low (less than 220 gpm). However, it is noted that these wells are not located in the above-described area where the formation may be more highly fractured and, therefore, potentially more productive. It is also noted that many of the wells reviewed are small diameter domestic wells, which may bias the results to the low side.

Although a Coldwater Formation well drilled south of MOWD Well No. 2 may possibly achieve production capacity in excess of 200 gpm, the long-term yield of the well is a concern because the formation is exposed over only a relatively small surface area with steep terrain, which is not particularly conducive to groundwater recharge. If the goal of the well is to provide drought supplies, the long-term yield of the well may be less of a concern, as the Coldwater Formation would be allowed to recharge during wetter periods. An important source of recharge may be downward flow of groundwater from the overlying alluvium along the Ventura River channel.

⁴ Highly fractured rock is more easily weathered and erodible than less fractured rock, all other factors equal.



If the producing zones that supply the well are found to be materially connected to the alluvium, it may be necessary to assess the pumping influence on river flow.

Coldwater Formation Well Siting Considerations

Should MOWD decide to pursue a Coldwater Formation well, selecting the best drill site possible will increase the chances for a productive well. Unfortunately, the areas immediately surrounding MOWD Well Nos. 1 and 2 are not ideal locations for targeting the main sandstone unit of Coldwater Formation. The following paragraphs describe anticipated subsurface conditions near MOWD Well Nos. 1 and 2 and an alternative recommended drilling area.

The MOWD Well No. 1 site is located near the contact of the Cody Dell Shale and the Coldwater Formation. The Coldwater Formation near MOWD Well No.1 consists of a thin sandstone bed overlain by a thicker shale unit (Figure 3). The bedrock units dip steeply to the southeast. A deep borehole drilled near MOWD Well No. 1 could encounter any of these units depending on the exact location and depth drilled. Shales are not a target zone for groundwater production. The sandstone bed may produce groundwater; however, targeting it could prove difficult because it is thin. Even if the sandstone bed is successfully targeted, the production capacity of this unit is expected to be less than the thicker section of sandstone located south of MOWD Well No. 2.

The MOWD Well No. 2 site is located near the contact of the shale unit and a siltstone unit of the Coldwater Formation (Figure 3). These bedrock units dip steeply to the southeast. A deep borehole drilled near MOWD Well No. 2 would likely encounter the shale unit to total depth, although it is possible that the borehole might intersect the previously described thin sandstone bed at depth. The shale unit is not a target zone for groundwater production. The sandstone bed may produce groundwater however, targeting it could prove difficult. Even if the sandstone bed is successfully targeted, the production capacity of this unit is expected to be less than the thicker section of sandstone located to the south.

A thicker section of sandstone is located south of MOWD Well No. 2 in the area indicated on Figure 3. Drilling in the indicated area would have a high probability of encountering sandstone and is located where the sandstone may be more heavily jointed/fractured, as discussed above. The indicated area is necessarily located toward the southern extent of the formation so as to minimize the risk of encountering the Coldwater siltstone units at depth. Geologic mapping should be performed before selecting a drill site. Unfortunately MOWD does not own property in this area and would need to secure an easement for a drilling site.



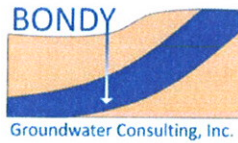
Coldwater Formation Drilling Considerations

Should MOWD decide to pursue a Coldwater Formation well, it is recommended that MOWD drill a small diameter exploratory hole first to approximately 1,000 feet below grade using the dual-wall reverse circulation rotary method. This method allows for the continuous discrete sampling of the formation and groundwater and estimation of aquifer yield at various depths, which is not easily or cost-effectively accomplished via other drilling methods. The purpose of the exploratory hole would be to:

1. Estimate the yield of the Coldwater Sandstone at various depths where water-producing fractures are encountered;
2. Obtain representative groundwater samples at these same depths to assess water quality;
3. Use the above information to assess whether it makes sense for MOWD to pursue a well. If MOWD decides to pursue the well, the above information would be used for design purposes.

The cost for an exploratory hole as described above is approximately \$50,000 plus geologist oversight and lab fees for water quality testing. This is compared to the cost of drilling a pilot hole for a well (estimated to be \$100,000 - \$150,000), which would provide less certain information concerning the production potential and water quality. Depending on the drilling rig used and size of the exploratory hole, it may be possible to use the exploratory hole as pilot hole for completion of a well (rig capabilities and tooling vary with drilling company).

The benefit of drilling an exploratory hole first is that it minimizes the project cost should it be determined that a well is not viable. If the exploratory hole results lead to a decision to construct a well, the data obtained from the exploratory hole will help minimize the well costs by ensuring that the well is drilled using the most cost-effective method possible and that it is not overdesigned in terms of diameter, depth, and materials. For example, the exploratory hole results may suggest that an open hole completion may be viable, which could result in savings in excess of the cost of the exploratory hole itself. The approach also minimizes risk for the District. For example, zones with poor quality water, if present, could be identified and avoided.



Conclusions and Recommendations

Alluvium

1. It does not appear that the thickness of the river alluvium is likely substantially greater at locations other than MOWD's existing wells, particularly MOWD Well No 4.
2. If additional or replacement alluvial wells are considered in the future, it is recommended that a surface geophysical survey be conducted to assist in siting the well because the available data suggest that the alluvium thickness is quite variable.

Coldwater Formation

1. Overall, reported well yields indicate that the production potential of the Coldwater Formation in the region is relatively low (less than 220 gpm). However, review of available information suggests that the formation may be more highly fractured in the vicinity of MOWD Well Nos. 1 and 2. Thus, it may be possible to achieve a well yield in excess of 200 gpm.
2. If MOWD, decides to pursue a Coldwater Formation well, the recommended location is south of MOWD Well No. 2 in the area indicated on Figure 3 where there is a high probability of encountering the thicker Coldwater Formation sandstone unit and a lower probability of encountering the mapped Coldwater Formation shale and siltstone units. Geologic mapping should be performed before selecting a drill site.
3. Although a Coldwater Formation well drilled south of MOWD Well No. 2 may possibly achieve production capacity in excess of 200 gpm, the long-term yield of the well is a concern because the formation is exposed over only a relatively small surface area with steep terrain, which is not particularly conducive to groundwater recharge. If the goal of the well is to provide drought supplies, the long-term yield of the well may be less of a concern, as the Coldwater Formation would be allowed to recharge during wetter periods.
4. If the producing zones that supply a Coldwater Formation well are found to be materially connected to the alluvium, it may be necessary to assess the pumping influence on river flow.
5. Should MOWD decide to pursue a Coldwater Formation well, it is recommended that MOWD drill a small diameter exploratory hole first to approximately 1,000 feet below grade using the dual-wall reverse circulation rotary method to assess the formation production potential and water quality.



Limitations

This memorandum was prepared by Bondy Groundwater Consulting, Inc. (BGC) for Meiners Oaks Water District. BGC has employed accepted geologic and hydrogeologic procedures and its opinions are made in accordance with generally accepted principles and practices of these professions. The analyses, conclusions, and recommendations contained in this report reflect BGC's best judgment in light of the information readily available to BGC at the time of preparation and experience with similar projects. All locations depicted and/or described in the report are approximate and are provided as general information only. Interpretations, location descriptions, location depictions, conclusions, and other information presented in this report should not be relied upon to site or design wells or any other infrastructure without field confirmation and are contingent upon BGC being retained to perform such confirmation. Any use which a third party makes of this report, or any reliance on or decisions to be made based on it, are the responsibility of such third parties. BGC accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this report.

Closing

Please contact me if you have any questions regarding this memorandum. The opportunity to assist MOWD is greatly appreciated.



Drought Update

Good News and Some Bad News

The good news for Meiners Oaks Water District is that we've had enough rain this winter to recharge our wells for a while. We may be able to avoid taking water from Lake Casitas this summer and fall. If so, we will not have to pay Casitas MWD's \$5/unit conservation penalty for our cumulative purchases between July 2016 - June 2017. For that reason, we do not anticipate increasing our own over-allocation charge from \$1 to \$5/unit this year.

The bad news is that *the drought continues in our area*. Although Lake Casitas has risen to 44%, the water entering the lake this winter represents only about one additional year of regional supply. Since there is no point in declaring Stage 2 for only six months, we will remain in a Stage 3 drought condition this year, as will Casitas MWD. That means mandatory 30% water conservation below pre-drought levels. We are part of a local water network and must conserve our limited resources for as long as we can. Any water we save now will leave more water in the ground for us and others and will reduce the draw on Lake Casitas, which provides our backup water supply.

New Allocations and Rates

We have decided to adjust our conservation/allocation/rate program this summer to align more closely with Casitas MWD's 2015 *Water Efficiency and Allocation Program*. The two-thirds of our customers who are already conserving water may see their monthly bills go down. Our program will focus on those who use the most water. First, we must hire a consultant to calculate new allocations for everyone, based partly on the irrigable area. We will not collect alternative over-allocation charges until after we advise our customers of their new allocations. A draft of our proposed allocation and rate program is posted on our website.

Before we adopt the new allocation/rate program, we will hold a public meeting to discuss it and to provide an update on the drought. We will keep you informed.

Meanwhile, we appreciate your efforts to conserve water. MOWD has decreased its water use by nearly 30% compared to pre-drought levels. Please call us if you have any questions.

Office: (805) 646-2114 Website: meinersoakswater.org

**Meiners Oaks Water District
FINANCIAL STATEMENTS**

Year Ended

June 30, 2016

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MEINERS OAKS WATER DISTRICT
Governing Board of Directors
As of June 30, 2016

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Board Members:		
James Kentosh	President	December 2018
Diana Engle	Director	December 2016
Michel Etchart	Director	December 2018
Larry Harold	Director	December 2018
Michael Krumpschmidt	Director	December 2016
Management:		
Mike Hollebrands	General Manager	
Stacey Gilbert	Board Secretary	

Board of Directors
Meiners Oaks Water District
Ojai, California

Independent Auditors' Report

We have audited the accompanying financial statements of Meiners Oaks Water District as of and for the year ended June 30, 2016, and the related notes to the 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meiners Oaks Water District, as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 and Note 7 to the basis financial statements, the District has implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, during fiscal year 2016. The adoption of this standard required retrospective application resulting in a \$224,781 reduction of net position as of July 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of district's proportionate share of the net pension liability, and schedule of contributions on pages 4 through 7 and 22 through 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2017, on our consideration of Meiners Oaks Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meiners Oaks Water District's internal control over financial reporting and compliance.

SOARES, SANDALL, BERNACCHI & PETROVICH, LLP
Certified Public Accountants
Oxnard, CA

March 21, 2017

MEINERS OAKS WATER DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

This section of Meiners Oaks Water District's (the "District's") annual financial report presents management's analysis of the District's financial performance during the fiscal year ended June 30, 2016. Please review it in conjunction with the transmittal letter and the District's basic financial statements which begin on page eight.

Financial Highlights

- The District's total assets were \$4,244,545; of this amount, \$2,774,598 represents net capital assets and \$1,469,947 represents cash, cash equivalents, short term investments and receivables under both current and restricted assets.
- Liabilities for the District totaled \$282,693.
- Operating revenues for the District at year end were \$1,165,188. The major revenue source was water revenue.
- Operating expenses totaled \$1,167,466. Highlights within operating expenses were salaries and benefits of \$432,893, water purchases \$189,779 and depreciation \$203,305.

Required Financial Statements

The annual report consists of a series of financial statements with accompanying notes. The *Statement of Net Position* presents information on all the District's assets, deferred outflows, deferred inflows, and liabilities. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities and Changes in Net Position* identifies the District's revenues and expenses for the fiscal year. It provides information on the District's operations over the past fiscal year and can be used to determine whether the District has recovered all of its projected costs through user fees, tax revenues and other service related charges.

The *Statement of Cash Flows* presents information regarding the District's cash receipts and cash payments for the period categorized according to whether they stem from operation activities, non-capital financing activities, and capital and related financing activities or investing activities. From this statement, the reader can obtain comparative information on the sources and uses of the District's cash.

Method of Accounting. The District uses a single enterprise fund for accounting and reporting the results of all operations. The statements referenced above include all assets and liabilities using an accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Notes to Financial Statements. The notes that follow the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages twelve through eighteen of this report.

MEINERS OAKS WATER DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Statement of Net Position

The District is operated and reported as a single enterprise fund; there are no subsidiary fund financial statements presented as part of this report. The following table is a summary of the net position of the District and the change in the net position from the prior fiscal year.

	<u>Net Position</u>	
<u>Assets and Deferred Outflows</u>	2016	2015
Cash	\$ 1,323,425	\$ 1,644,757
Restricted cash	31,983	29,940
Other assets	109,347	131,887
Short term investments	5,192	5,173
Total Current Assets	<u>1,469,947</u>	<u>1,811,757</u>
<u>Capital Assets</u>		
Capital assets	6,219,322	5,702,031
Accumulated depreciation	<u>(3,444,724)</u>	<u>(3,241,420)</u>
Net capital assets	<u>2,774,598</u>	<u>2,460,611</u>
Total Assets	<u>4,244,545</u>	<u>4,272,368</u>
Deferred Outflows of Resources	<u>86,711</u>	<u>132,780</u>
Total Assets and Deferred Outflows	<u>\$ 4,331,256</u>	<u>\$ 4,405,148</u>
<u>Liabilities and Deferred Inflows</u>		
Current liabilities	\$ 64,616	\$ 241,402
Long-term liabilities	<u>218,077</u>	<u>287,230</u>
Total Liabilities	<u>282,693</u>	<u>241,402</u>
Deferred Inflows of Resources	<u>82,696</u>	<u>70,331</u>
Total Liabilities and Deferred Inflows	<u>\$ 365,389</u>	<u>\$ 311,733</u>
<u>Net Position</u>		
Capital contributed from district	\$ 114,798	\$ 114,798
Invested in capital assets	2,774,598	2,460,611
Unrestricted net position	<u>1,076,471</u>	<u>1,455,557</u>
Total Net Position	<u>\$ 3,965,867</u>	<u>\$ 4,030,966</u>

Assets. During the fiscal year ended June 30, 2016, total assets decreased approximately \$28,000, or 1%. This decrease is due mostly to a reduction in cash for payments to construct new 750,000 gallon water tank. The increase in capital assets caused a decrease to current assets as the District used cash reserves to self-finance the capital improvement project.

Liabilities. During the fiscal year ended June 30, 2016, total liabilities, decreased by approximately \$180,000, or 73%. The large decrease was mostly due to accrued payables related to the capital

MEINERS OAKS WATER DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Statement of Net Position - continued

improvements projects as of June 30, 2015. The District had sufficient cash reserves and was able to pay all obligations during the year ended June 30, 2016.

Revenue

Revenue generated from operations produces approximately 88% of total revenue while non-operating revenues such as taxes, interest revenue and miscellaneous administrative fees make up the remainder. The following summary of revenue by source is provided for the past two fiscal years:

<u>Total Revenues</u>		
<u>Operating Revenue</u>	2016	2015
Water revenue	\$ 555,936	\$ 703,341
MWAC	497,022	480,612
Extra dwellings and agriculture standby charges	80,245	77,457
Delinquencies	25,340	29,290
Fire protection	2,162	2,213
Pumping charges	4,483	5,588
<u>Total Operating Revenue</u>	\$ 1,165,188	\$ 1,298,501
<u>Non-Operating Revenue</u>		
Property taxes	\$ 139,900	\$ 131,753
Interest income	5,287	5,850
Miscellaneous income	16,773	6,780
<u>Total Non-Operating Revenue</u>	\$ 161,960	\$ 144,383

Revenue from operations remained consistent with prior year. The slight decrease in water revenue was due to conservation efforts by consumers; however, the District was able to maintain operating revenue due to meter capacity charges and rate increases as outlined in the tiered rate system under the current Drought Contingency Plan. That, in combination with the tank uncertainties, is why it is prudent to maintain our rates to keep up inflation and rising costs over the next two years. In the current year the district purchased approximately \$190,000 worth of water from outside sources.

MEINERS OAKS WATER DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2016

Actual Results vs. Budget

The Board of Directors adopts an annual budget by June 30 of each year for the following fiscal year beginning on July 1st. Performance is monitored throughout the year to the budget. The following is a summary of actual results in comparison to the budget:

	<u>Budget to Actual</u>	
	<u>Budget</u>	<u>2016</u>
Total Operating Revenue	\$ 1,321,528	\$ 1,165,188
Less: Operating Expenses		
Salaries and related expenses	(531,000)	(432,893)
Insurance	(21,000)	(30,549)
Water distribution system	(595,000)	(339,179)
Other	(125,650)	(364,845)
<u>Net Operating Revenue (Loss)</u>	<u>\$ 48,878</u>	<u>\$ (2,278)</u>
 <u>Non-Operating Revenue</u>		
Property taxes	\$ -	\$ 139,900
Interest income	-	5,287
Miscellaneous income	8,000	16,773
<u>Total Non-Operating Revenue</u>	<u>\$ 8,000</u>	<u>\$ 161,960</u>

Economic Factors: Due to the decrease in the rainfall this year, the District's ability to provide water has been diminished significantly. The District has declared water emergencies due to the water shortage. In Phase III of emergency the district is requesting the customers to reduce consumption by 30%. With the need to replace an aging infrastructure comes the awareness of the need for the District to continue to supplement its operating and non-operating revenue with increased water rates. The District's board has approved a 4% rate increase per year.

Requests for Information: This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the General Manager, 202 West El Roblar Drive, Ojai, California 93023.

Meiners Oaks Water District
STATEMENT OF NET POSITION
June 30, 2016

ASSETS

CURRENT ASSETS

Petty cash	\$ 175
Cash in bank	435,944
Cash at county	887,306
Restricted cash	31,983
Short term investments	5,192
Accounts receivable, net allowance \$10,000	107,253
Interest receivable	<u>2,094</u>

TOTAL CURRENT ASSETS 1,469,947

CAPITAL ASSETS

Land	57,035
Water rights	231,500
Buildings	61,472
Water distribution system	4,613,757
Structure and improvements	396,422
Equipment	43,041
Transportation	212,823
Furniture and fixtures	40,946
Office machines	43,957
Communication equipment	19,159
SCADA water project	499,210
Accumulated depreciation	<u>(3,444,724)</u>

NET CAPITAL ASSETS 2,774,598

DEFERRED OUTFLOWS OF RESOURCES

Pension related deferred outflows	<u>86,711</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES \$ 4,331,256

See accompanying notes to financial statements and independent auditors' report.

Meiners Oaks Water District
STATEMENT OF NET POSITION

June 30, 2016

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 24,102
Vacation benefits payable	6,814
Customer service deposits	14,975
Deferred revenue	<u>18,725</u>

TOTAL CURRENT LIABILITIES	<u>64,616</u>
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LONG-TERM LIABILITIES

Net pension liability	<u>218,077</u>
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TOTAL LONG-TERM LIABILITIES	<u>218,077</u>
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DEFERRED INFLOWS OF RESOURCES

Pension related deferred inflows	<u>82,696</u>
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TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>365,389</u>
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NET POSITION

Capital contributed from district	114,798
Net position - invested in capital assets	2,774,598
Net position - unrestricted	<u>1,076,471</u>

TOTAL NET POSITION	<u><u>\$ 3,965,867</u></u>
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See accompanying notes to financial statements and independent auditors' report.

Meiners Oaks Water District
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2016

OPERATING REVENUES

Water sales	\$ 555,936
Monthly water availability charges	497,022
Extra dwelling and agricultural standby charges	80,245
Delinquencies	25,340
Fire protection and pumping charges	6,645
TOTAL OPERATING REVENUES	<u>1,165,188</u>

OPERATING EXPENSES

Salaries and employee benefits	432,893
Water purchases	189,779
Depreciation	203,305
Professional fees	88,779
Equipment maintenance	78,927
Power bills	44,285
Insurance	30,549
Postage	12,400
Water distribution system maintenance	498
Gas and diesel	8,958
Building repairs and maintenance	8,381
Office supplies	4,467
Laboratory services	6,184
Telephone	7,212
Treatment plant supplies	11,384
Computer services	3,554
Membership and dues	6,520
Board member fees	10,150
Truck maintenance	3,625
Utilities	2,572
Printing and binding	1,079
Meters	8,122
Travel	1,718
Uniforms	1,218
Safety and training	907
TOTAL OPERATING EXPENSES	<u>1,167,466</u>

OPERATING LOSS (2,278)

NON-OPERATING REVENUES AND (EXPENSES)

Property taxes	139,900
Interest income	5,287
Miscellaneous income	16,773
TOTAL NON-OPERATING REVENUES	<u>161,960</u>

CHANGE IN NET POSITION 159,682

NET POSITION AT BEGINNING OF YEAR, as previously stated 4,030,966

EFFECT OF PRIOR PERIOD ADJUSTMENT (224,781)

NET POSITION AT BEGINNING OF YEAR 3,806,185

NET POSITION AT END OF YEAR \$ 3,965,867

See accompanying notes to financial statements and independent auditors' report.

Meiners Oaks Water District
STATEMENT OF CASH FLOWS
Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 1,206,453
Cash payments to employees	(454,289)
Cash payments for operating expenses	(709,102)
Cash payments from deposits	(7,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>36,062</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	139,900
Miscellaneous income	16,773
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>156,673</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property, plant and equipment	(517,292)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(517,292)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	5,287
Purchase of investments	(19)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>5,268</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(319,289)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,674,697</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,355,408</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (2,278)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	203,305
(Increase) decrease in:	
Accounts receivable	23,871
Interest receivable	(1,331)
Deferred outflows of resources	(86,711)
Increase (decrease) in:	
Accounts payable	(189,417)
Accrued expenses	906
Customer service deposits	(7,000)
Deferred revenue	18,725
Deferred intflows of resources	82,696
Net pension liability	(6,704)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 36,062</u></u>

See accompanying notes to financial statements and independent auditors' report.

Meiners Oaks Water District
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization. The Meiners Oaks Water District was organized in April 1949 as a special district under the applicable State of California Water Code Sections to supply water to that unincorporated portion of Ventura County known as Meiners Oaks. The Board of Directors consists of a five member group which has the governance responsibilities over all the activities related to the District. The Board members are elected by the public for four-year terms. They have the decision making authority, the power to designate management, the responsibility to significantly influence operations and accountability for fiscal matters.

Reporting Entity. The District's reporting entity includes all significant operations and revenue sources which the District Board of Directors exercises oversight responsibility and is determined under the criteria established by the National Council on Governmental Accounting, Statement 3, as adopted by GASB. Oversight responsibility is determined on the basis of appointment or selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service.

Basis of Accounting. The Meiners Oaks Water District is accounted for as an enterprise fund in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. Enterprise funds are used to account for operations that are either (a) financed and operated in a manner similar to private business enterprises where the expenses of providing goods or services to the general public, including depreciation, are recovered through user charges, or (b) governed by the decision that periodic determination of revenues earned, expenses incurred, and net income are appropriate for capital maintenance, public policy, management control, or other purposes. Because the District is accounted for as an enterprise fund, the District uses 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, whether or not paid.

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as GAAP. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting.

Cash and Cash Equivalents. For purposes of the statement of cash flows, the District considers any purchase of highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Compensated Absences. The District has recorded an accrual for compensated absences in accordance with the District policy of paying for unused vacation time of any employee upon separation. On retirement of certain employees, the District's policy is to pay accrued vacation benefits in a lump sum cash payment to such employee. Sick leave is not included in the accrual as the District does not pay for unused sick time upon employee termination.

Accounts Receivable. Accounts receivable are stated at net realizable value and net of related allowance for doubtful account. The District uses the allowance method to account for uncollectible account. At June 30, 2016, the District had determined that an allowance for doubtful accounts of \$10,000 was necessary. The District's estimate is based on historical collection experience and accounts are determined to be uncollectible when convincing evidence exists that the receivable will not be collected.

Meiners Oaks Water District
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Income Taxes. The District is exempt from income taxes.

Capital Assets and Depreciation. The District's capital assets are recorded at cost at time of purchase. Donated property is recorded at fair market value at the date of donation. No formal capitalization policy has been established. Capital assets are depreciated on a straight-line basis over the asset's estimated useful life. The service lives of assets are as follows:

Vehicles	5 years
Furniture and Equipment	5-10 years
Storage Tanks	10-60 years
Building	20 years

Tax Revenues. Tax revenues are received by the District pursuant to its status as a political subdivision of the State of California.

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. Estimates and assumptions include, but are not limited to:

- Depreciable lives and estimated residual value of capital assets
- Allowance for uncollectible receivables
- Net pension liability

Budgetary Process. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- Formal budgetary integration is employed as a management control device during the year.
- The Board approved the budget and is authorized to make budget adjustments during the year.
- Unused appropriations lapse at the end of the year.

Implementation of New Accounting Pronouncements. For the year ended June 30, 2016, the District implemented the following Governmental Accounting Standards Board (GASB) Pronouncements:

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Meiners Oaks Water District
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 2 – DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through March 21, 2017, the date that the financial statements were available to be issued.

NOTE 3 – CASH AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2016:

Petty Cash	\$ 175
Cash in Bank	108,169
Cash in Money Market	327,775
Cash at County	887,306
Restricted Cash	<u>31,983</u>
 Total cash and cash equivalents	 1,355,408
Less restricted cash	<u>(31,983)</u>
 Total unrestricted cash and cash equivalents	 <u><u>\$ 1,323,425</u></u>

The District’s investment policy established by the Board permits the District to invest in the County of Ventura investment pool, LAIF and commercial banks. The District’s investments are classified for credit risk purposes as “Category 1” investments, which include investments that are insured or registered or for which the securities are held by the District or its agent in the District’s name.

The carrying amount of cash in banks was \$ 435,944. The California Government code requires all financial institutions to secure a local governmental 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.

The District maintains cash balances other than LAIF account at one financial institution. Each account custodian at the financial institution is insured by the Federal Deposit Insurance Corporation up to \$250,000 each. There are two account custodians for the cash accounts at the financial institution which are insured by the Federal Deposit Insurance Corporation up to \$500,000. The District believes it is not exposed to a significant risk on cash and cash equivalents.

The restricted cash balance represents customer service deposits which are held in trust by the District in a fully insured demand account.

Statutes authorize the District to invest in obligations of the U.S. Treasury, U.S. agencies, bankers’ acceptances, repurchase and reverse repurchase agreements, commercial paper rated A-1 by deposit, money market checking accounts and the LAIF.

Meiners Oaks Water District
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 3 – CASH AND INVESTMENTS - Continued

The District's allocable share of investments in LAIF at fair market value as of June 30, 2016, is as follows:

United States Treasury	\$ 2,332
Federal Agency	726
Mortgages	4
Time Deposits	382
CD's, Corporate Bonds and Floaters and Banks Notes	1,197
AB55 and Other GF Loans	35
Commercial Paper	516
Total	<u>\$ 5,192</u>

NOTE 4 – CAPITAL ASSETS

As of June 30, 2016, capital assets were comprised of the following:

<i>Asset Description</i>	<i>Estimated Lives</i>	<i>Cost as of 6/30/15</i>	<i>Additions</i>	<i>Deletions</i>	<i>Cost as of 6/30/16</i>
Land		\$ 57,035	\$ -	\$ -	\$ 57,035
Water Rights		231,500	-	-	231,500
Buildings	20 years	61,472	-	-	61,472
Water Distribution System	10-60 years	4,106,400	507,357	-	4,613,757
Structures and Improvements	10-20 years	396,422	-	-	396,422
Equipment	5-20 years	33,108	9,934	-	43,042
Transportation	5 years	212,822	-	-	212,822
Furniture & Fixtures	5-20 years	40,946	-	-	40,946
Office Machines	5-20 years	43,957	-	-	43,957
Communication Equipment	5-20 years	19,159	-	-	19,159
SCADA Water Project	10-60 years	499,210	-	-	499,210
Total Capital Assets		5,702,031	517,291	-	6,219,322
Less Accumulationd Depreciation		(3,241,420)	(203,304)	-	(3,444,724)
Net Capital Assets		<u>\$ 2,460,611</u>	<u>\$ 313,987</u>	<u>\$ -</u>	<u>\$ 2,774,598</u>

Meiners Oaks Water District
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 5 – DEFINED BENEFIT PENSION PLAN

Plan Description. All qualified permanent and probationary employees are eligible to participate in the District's Cost-Sharing Multiple Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors two rate plans (two miscellaneous). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of fulltime employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plans provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013 ⁽¹⁾
Hire Date		
Benefit Formulas	2.0% at 60	2.0% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-63+	52-67+
Monthly Benefits, as a % of Eligible Compensation	1.092% - 2.418%	1.0% - 2.5%
Required Employee Contribution Rates	6.886%	6.25%
Required Employer Contribution Rates	6.709%	6.237%

⁽¹⁾For employees hired on or after January 1, 2013, they are included in the PEPRA (California Public Employees' Pension Reform Act) Miscellaneous Plan with the above provisions and benefits.

Meiners Oaks Water District
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 5 – DEFINED BENEFIT PENSION PLAN - Continued

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The contributions to the Plan for the year ended June 30, 2016 were \$20,365.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. The District net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, 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, 2014 rolled forward to June 30, 2015 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 plans relative to the projected contributions of all participating employers, actuarially determined.

As of June 30, 2016, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$218,077.

The District's proportionate share of the net pension liability as of June 30, 2016 and 2015 was as follows:

Proportion		Change Increase (Decrease)
June 30, 2016	June 30, 2015	
0.00318%	0.00462%	(0.00144)%

Meiners Oaks Water District
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 5 – DEFINED BENEFIT PENSION PLAN - Continued

For the year ended June 30, 2016, the District recognized pension expense (credit) of \$(47,636). At June 30, 2016, 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	\$ 20,365	\$
Differences between actual and expected experience	3,604	
Changes in assumptions		(34,103)
Change in employer's proportion and differences between the employer's contributions and the employer's Proportionate share of contributions	62,742	(31,496)
Net differences between projected and actual earnings on plan investments		(17,097)
	<u>86,711</u>	<u>(82,696)</u>
Total	<u>\$ 86,711</u>	<u>\$ (82,696)</u>

The District reported \$20,365 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2017	\$ (3,141)
2018	(8,505)
2019	(26,557)
2020	21,853

Meiners Oaks Water District
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 5 – DEFINED BENEFIT PENSION PLAN - Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	
Valuation Date	June 30, 2014	
Measurement Date	June 30, 2015	
Actuarial Cost Method		
Actuarial Assumptions:		
Discount Rate	7.65%	
Inflation	2.75%	
Payroll Growth	3.0%	
Projected Salary Increase	3.3% - 14.2%	(1)
Investment Rate of Return	7.65%	(2)
Mortality	CalPERS Membership Data	(3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The Mortality Rate Table was derived using CalPERS' membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report from the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 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. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate. The discount rate used to measure the total pension liability was 7.65% for the Plan. 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Meiners Oaks Water District
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 5 – DEFINED BENEFIT PENSION PLAN – Continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all 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 the rounded down to the nearest one quarter of one percent.

The table below reflects the long term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are used for the June 30, 2014 valuation date. However, the geometric rates of return are net of administrative expenses for June 30, 2014 valuation date.

Asset Class	New Strategic Allocation	Real Return¹ Years 1-10	Real Return² Years 11+
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	<u>100.00%</u>		

¹An expected inflation of 2.5% used for this period

²An expected inflation rate of 3.0% used for this period

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 position liability for the Plan, calculated using the discount rate for the Plan, 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 or 1-percentage point higher than the current rate:

	Plan's Net Pension Liability		
	Discount Rate	Current Rate	Discount Rate
	6.65%	7.65%	8.65%
June 30, 2015 Measurement Date	<u>\$ 396,863</u>	<u>\$ 218,077</u>	<u>\$ 70,468</u>

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

Meiners Oaks Water District
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintained insurance coverage through an independent carrier with limits of \$5,000,000 general liability; \$1,000,000 auto; \$3,187,000 personal property/blanket building; \$250,000 employee dishonesty and forgery of alteration; \$250,000 crime; \$1,000,000 employment practices liability; and \$100,000 computer fraud.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

Note 1 describes the GASB pronouncements the District is adopting for this and the prior fiscal year. There is a financial impact for the adoption of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27".

Implementation of GASB Statement No. 68 recognizes a liability for the District's proportionate share of the net pension liability of all employers for benefits provided through the California Public Employee's Retirement System (CalPERS). Additionally, the District is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pension for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

The following table presents the effect of the prior period adjustment on the June 30, 2016 financial statement balances.

Net position, at July 1, 2015 as originally stated	\$ 4,030,966
Decrease in net position due to net pension liability	<u>(224,781)</u>
Net position, at July 1, 2015 as restated	<u><u>\$ 3,806,185</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Meiners Oaks Water District
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**
Year Ended June 30, 2016

CalPERS Pension Plan
Last Ten Years⁽¹⁾
As of June 30, 2016

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered - Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.00462%	\$ 287,230	\$ 325,293	85.76%	88.30%
2016	0.00318%	\$ 218,077	\$ 334,923	65.11%	83.39%

Notes to Schedule:

Benefit Changes. In 2016, there was no benefit terms modified.

Changes in Assumptions. In 2016, changes in assumptions resulted primarily from the following:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

⁽¹⁾ Fiscal year 2016 was the 1st year of implementation, with information available for the 2015 fiscal year, therefore only two years are shown.

Meiners Oaks Water District
SCHEDULE OF CONTRIBUTIONS
Year Ended June 30, 2016

CalPERS Pension Plan
Last Ten Years⁽¹⁾
As of June 30, 2016

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 56,243	\$ (56,243)	\$ 0	\$ 334,923	16.79%
2016	\$ 20,365	\$ (20,365)	\$ 0	\$ 342,959	5.94%

⁽¹⁾ Fiscal year 2016 was the 1st year of implementation, with information available for the 2015 fiscal year, therefore only two years are shown.

Board of Directors
Meiners Oaks Water District
Ojai, California

**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Meiners Oaks Water District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Meiners Oaks Water District's basic financial statements, and have issued our report thereon dated March 21, 2017.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

SOARES, SANDALL, BERNACCHI & PETROVICH, LLP
Certified Public Accountants
Oxnard, CA

March 21, 2017

March 21, 2017

To the Board of Directors
Meiners Oaks Water District

We have audited the financial statements of Meiners Oaks Water District for the year ended June 30, 2016, and have issued our report thereon dated March 21, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 30, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Meiners Oaks Water District are described in Note 1 to the financial statements. As described in Note 1, the District changed accounting policies related to the recording of the District's net pension liability by implementing GASB No. 68, Accounting and Financial Reporting for Pension, and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, as of June 30, 2016. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy has always been used. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was.

Management's estimate of the depreciable lives and estimated residual value of capital assets. We evaluated the key factors and assumptions used to develop the depreciable values in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 21, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matter

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors charged with governance and, if appropriate, management of Meiners Oaks Water District and is not intended to be, and should not be, used by anyone other than these specified parties.





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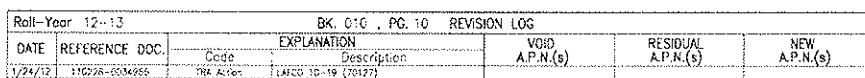
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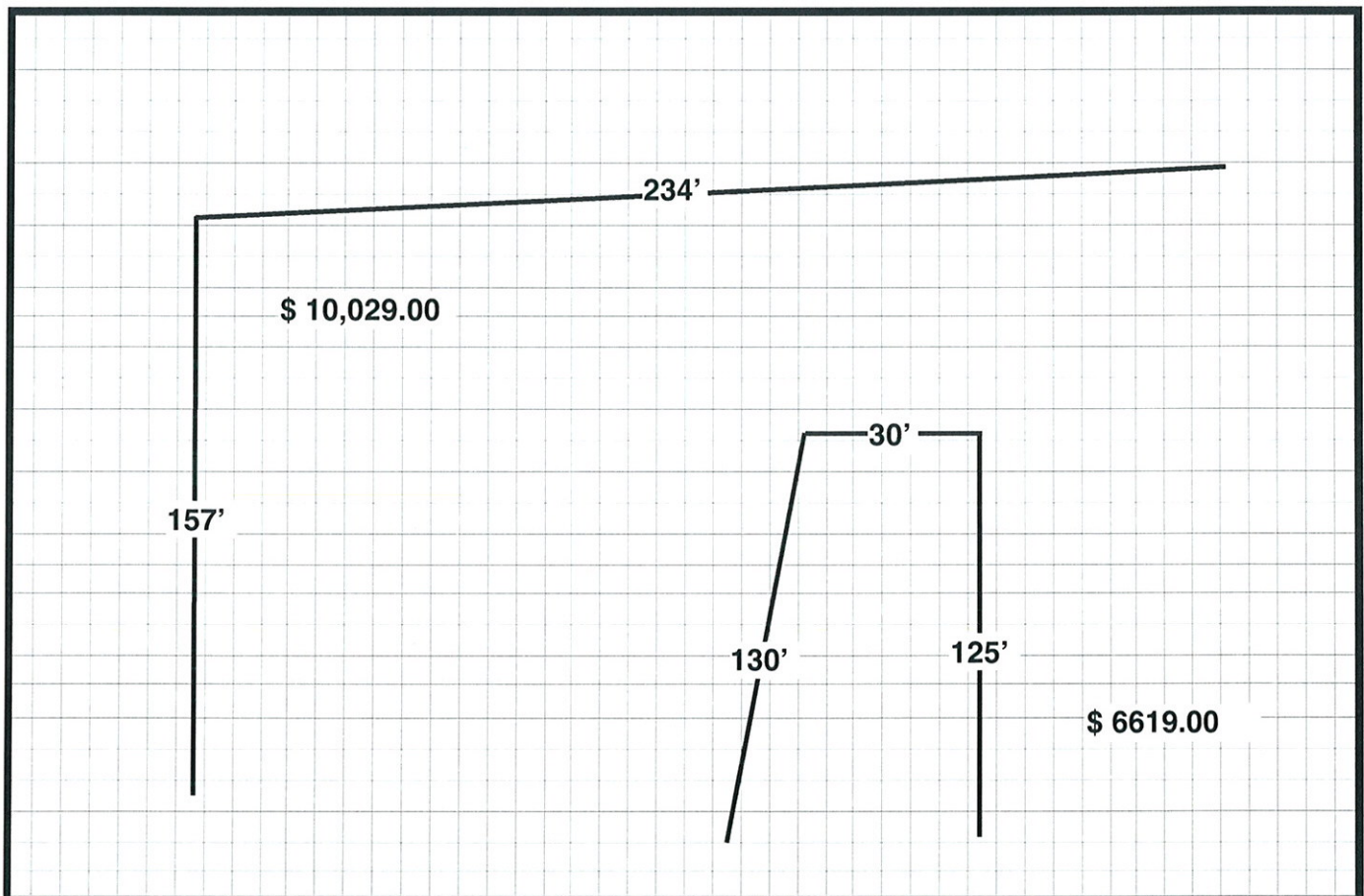
Bob Ghen (Owner)
873 Oso Rd. Ojai Ca. 93023
Santa Barbara & Ventura County
(805) 983-3346 Fx# 646-8980

www.BobsFence.com

Meiners Oaks Water District	2680 Maricopa Highway	3-15-17
Ojai, 93023	Mike: 297-7240 646-2114	mikeh2o@meinersoakswater.com

Description:

Install 6' tall 9 ga. galvanized chain link fencing with 3 strand 4 point barbwire. To use 2 7/8 schedule 40 terminal post and 2 3/8 schedule 40 line post set in concrete. Fence to have 1 5/8 diagonal bracing and 9 Ga. tension wire along top and bottom.



****Contractor assumes no responsibility for building permits, damage or repair to underground utilities or water lines that cannot be seen. Contractor proposes hereby to furnish material and labor and to be in accordance with above specifications.**

In consideration for the above described work, the above named party agrees to pay contractor the total sum as listed. Payment schedule as follows: 1/2 prepayment for material; balance due upon completion. This proposal is void if not accepted within 30 days

\$ Above

Acceptance of Proposal/Contract The above prices, specifications and conditions are satisfactory and are hereby accepted. Bob's Fence is authorized to do the work as specified. Payment schedule is as outlined above.

Customer's Signature _____

Contractor's Signature _____ Bob Ghen