

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING

Monday, June 3, 2024, at 9:00 a.m.
UWCD Headquarters, First Floor, Board Room
1701 N. Lombard Street, Oxnard CA 93030

OPEN SESSION

The meeting was called to order at 9:05 a.m.

Committee Members Roll Call

All Committee members were present (Huber, Keeling, and Maulhardt).

1. Public Comment
Information Item

No speakers.

2. Approval of Agenda
Motion

Action: M/S/C (Maulhardt, Huber) to approve the June 3, 2024, agenda.

Vote: Ayes: Huber, Keeling, and Maulhardt; Noes: None; Absent: None.

3. Approval of Minutes
Motion

Action: M/S/C (Keeling, Maulhardt) to approve the April 29, 2024, (May meeting) minutes.

Vote: Ayes: Keeling, Huber, and Maulhardt; Noes: None; Absent: None.

4. Annual Comprehensive Financial Report
Information Item

Received a presentation (Attachment A) from Certified Public Accountant (CPA) Ryan Domino of Lance, Soll & Lunghard, LLP.

Action: The Committee felt it beneficial to show the presentation at its Board of Directors meeting on June 12, 2024. Staff will work with the CPA to agendaize.

5. UWCD Board of Directors Meeting Agenda Items

Reviewed and discussed the following agenda items to be considered for approval at the June 12, 2024, Board of Directors meeting:

5.1 Adopt Resolution for the Proposed District Budget Plan, Overhead Allocation Method, Staffing Levels, and Salary Schedules for Fiscal Year 2024-2025, and Appropriation Carryovers from Fiscal Year 2023-2024
Motion



Action: M/S/C (Huber, Maulhardt) to recommend approval of a resolution adopting the proposed District Budget Plan, Overhead Allocation Method, Staffing Levels, and Salary Schedules for Fiscal Year 2024-25, and Appropriation Carryovers from FY 2023-24, to the full Board.

Vote: Ayes: Huber, Keeling, Maulhardt; Noes: None; Absent: None.

5.2 Adopt a Resolution to Request the County Auditor-Controller to Compute and Affix a Tax Rate for the Fiscal Year 2024-2025 Sufficient to Satisfy State Water Project Charges

Motion

Action: Staff will work with the General Manager to provide a briefing on Propositions 26 and 218 to Director Huber for his understanding.

M/S/C (Maulhardt, Huber) to recommend approval of adopting a resolution requesting the County Auditor-Controller to compute and affix a tax rate for FY 2024-25 to provide approximately \$4,832,000 in property tax revenue sufficient to satisfy a portion of the voter approved debt for State Water Project costs, to the full Board.

Vote: Ayes: Keeling, Huber, Maulhardt; Noes: None; Absent: None.

6. Third Quarter Fiscal Year 2023-2024 Financial Report

Information Item

Received a presentation (Attachment B) and discussed the District's third quarter financial report for the period of January 1 through March 31, 2024.

Action: There was discussion among the Committee members and staff during the presentation (slide three *Total Revenue*) regarding unfavorable groundwater revenue. During that conversation, the following was requested of staff with the General Manager's guidance:

- Director Maulhardt suggested contacting the Agricultural Commission to gather information to determine how much fallow ground is showing within the Districts' boundaries and to take the time internally to see if there is an anticipated trend. With that data, consider adjusting based on anticipated trends that affect the budget.
- Director Keeling had inquired where the change may be coming from. Staff suggested consulting with the District's Water Resources staff.
- Director Keeling would like to know, regionally, where the changes are in weather conditions and recommended staff start with the Farm Bureau and Agriculture Commission to obtain data on crops.
- Director Maulhardt mentioned, the County of Ventura is going through a crop change that growers have seen and requested staff to question and research to see if this is something the District needs to plan for. He made mention that the agriculture community is going through hard times and the fees the Districts' recommending needs



to be backed up on hard facts. Director Keeling concurred and mentioned that there could be a change in groundwater pumping and the subject would need to be brought up at some point to the Committee and/or Board. Water Resources staff noted they were working on groundwater pumping trends through September 2023. With General Manager approval, staff is hoping to present that information at the next UWCD Water Resources Committee meeting in July which would highlight both surface and groundwater trends.

7. Investment Monthly Report (April 2024)

Information Item

Received and reviewed the District's investment portfolio and cash position as of April 30, 2024.

8. Pipeline Delivery Monthly Report (April 2024)

Information Item

Received and reviewed the District's pipeline water activities as of April 30, 2024.

9. Administrative Services Department Monthly Report

Information Item

Received and reviewed the monthly report from the Administrative Services team as well as received a verbal presentation (Attachment C) of its highlights.

10. Future Agenda Items


Per Director Maulhardt's earlier comment regarding groundwater trends, provide an explanation of what has been occurring that is impacting the revenue. Director Keeling offered her assistance to follow-up with the Ag Commissioner.

ADJOURNMENT

The meeting was adjourned at 10:32 a.m.

I certify that the above is a true and correct copy of the minutes of the UWCD Finance and Audit Committee Meeting of June 3, 2024.

Approved:  _____
Catherine P. Keeling, Chair




2023 Financial Audit


Presented by:
Ryan Domino, CPA, Partner

June 12, 2024

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Scope of Engagement

- LSL has been engaged by UWCD to perform the financial statement audit in accordance with generally accepted auditing standards and *Government Auditing Standards*





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Scope of Engagement

- Interim Fieldwork
 - June 19 – June 22, 2023
 - Examined internal controls
 - Provided feedback to management
 - Performed our audit risk assessment
 - Planned year-end audit procedures to respond to risk
- Year-End Fieldwork
 - Dec. 11 – Dec. 15, 2023
 - Detailed testing of account balances and transactions
 - Compliance testing with laws, regulations, grant agreements, contracts
 - Other procedures necessary to obtain sufficient, appropriate audit evidence





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Results of Audit

- We issued an unmodified auditor’s opinion on the financial statements.
 - Financial statements are accurate and reliable as of June 30, 2023.
- We issued the Report on Internal Control and Compliance
 - No significant deficiencies in internal control noted.
 - No material weaknesses in internal control noted.
 - No material noncompliance with laws, regulations, grants, etc. noted.



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Results of Audit

- We had no doubts about the District’s ability to continue as a going concern as of June 30, 2023.
 - *Going concern is “accounting speak” for “continuing operations”*
 - *No doubts = entity does not appear to have likely severe financial trouble within the next 12 months*
 - *Going concern doubt = significant financial troubles likely within 12 months*
- We identified no fraud, waste, or abuse during the fiscal year ended June 30, 2023.
- We had no disagreements with management about application of accounting principles.
- Delay in audit issuance due to new accounting standard GASB 96.
- We determined that all estimates used by management in preparing the financial statements were reasonable.

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Changes from Prior Year

- During the fiscal year ended June 30, 2023, UWCD changed accounting principles related to the accounting for subscription-based information technology arrangements (GASB 96).
- GASB 96 requires that a subscription asset and subscription liability be recognized. This resulted in:
 - A net subscription asset in the amount of \$190,159
 - A subscription liability in the amount of \$184,767

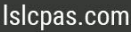

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Financial Highlights

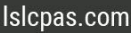

- Net position (reserves) increased \$15.6M to \$137.5M at EOY
- Unrestricted net position represented 80% of operating expenses and 21% of total reserves.
- Capital assets increased \$19.7M or 17%.
- Long-term debts decreased \$0.9M or 3%.
- Pension liability increased \$7.4M due to CalPERS ROI.
- OPEB asset decreased \$0.2M due to ROI.



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Questions



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TEXAS: The Woodlands



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Q3 FY2023-24 Financial Review

JUNE 3, 2024



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Highlights

GROUNDWATER, WIFIA LOAN AND GRANTS REVENUE DRIVE UNFAVORABILITY TO BUDGET



in \$000's	Q3 FY23-24 Actual	Q3 FY23-24 Budget	Q3 FY22-23 Actual
Taxes	5,982	5,060	3,680
Water Delivery/Fixed Cost	10,215	9,607	9,061
Groundwater	10,343	12,118	11,100
Other Operating Revenue	542	656	3,932
Non-Operating Revenue	2,508	6,796	7,900
Total Revenue	\$ 29,590	\$ 34,238	\$ 35,673

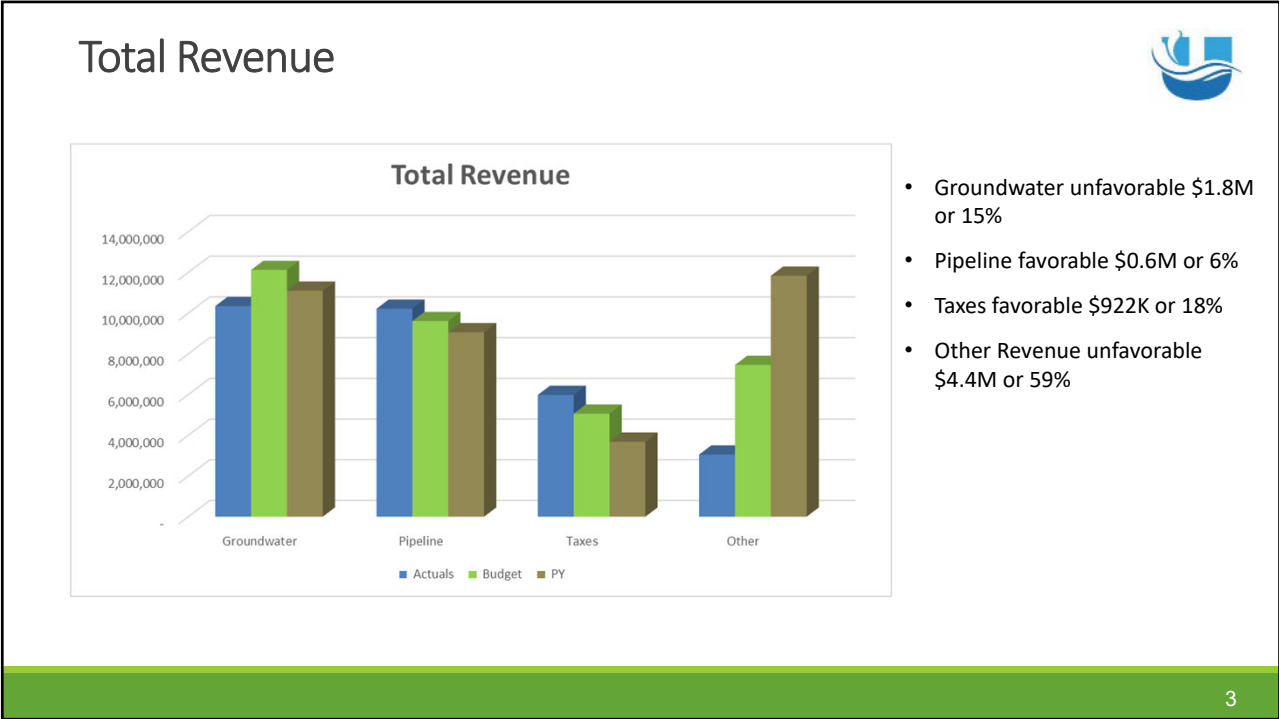
REVENUE

Total operating revenue is \$4.7M or 14% unfavorable to budget

- Pipeline revenue is favorable to budget by \$0.6M or 6%
- Groundwater revenue is unfavorable to budget by \$1.8M or 15%
- Taxes are favorable to budget by \$0.9M or 18%
- Other Operating Revenue is unfavorable to budget by \$113K or 17%
- Non-Operating Revenue is unfavorable to budget by \$4.2M or 63% primarily due \$2.0M in FEMA reimbursement and \$0.6M in State Grants that did not materialize yet along with \$3.0M due to funding not requested yet from the WIFIA loan which is off-set by positive variances in Interest income.

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Highlights

PROFESSIONAL FEES AND CAPITAL SPEND DRIVE FAVORABILITY TO BUDGET

in \$000's	Q3 FY23-24 Actual	Q3 FY23-24 Budget	Q3 FY22-23 Actual
Personnel Expense	10,104	11,562	9,244
Professional Fees	6,344	8,073	3,131
Operating Expense	23,323	35,897	15,748
Allocated Overhead	3,880	5,330	3,489
Debt Service	832	2,272	862
Other	1,692	2,396	1,378
Total Expenditures	\$ 46,176	\$ 65,531	\$ 33,852

EXPENDITURES

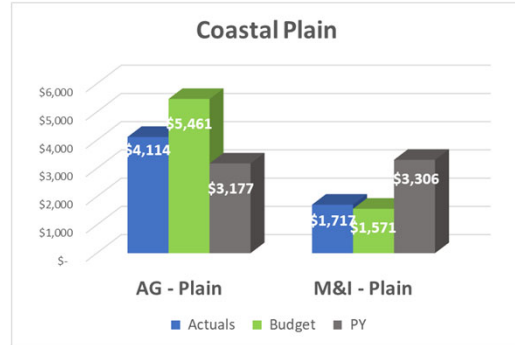
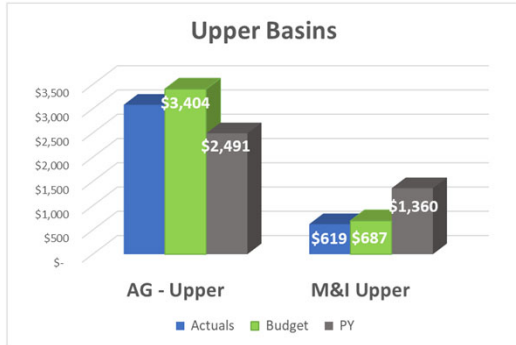
Total expenditures are \$19.4M or 30% favorable to budget

- Professional and legal fees are favorable to budget \$1.7M or 21% due to underspending across all departments
- Operations expenses are below budget \$12.6M or 35% due completely to favorable Capital spend \$1.0M and favorable CIP spend 17.0M (Design, Construction and CEQA Permits) offset by unfavorable State Water purchases \$6.2M.
- Allocated Overhead favorable to budget due to Professional Fees \$1.0M and Capital Equipment \$0.3M.

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Groundwater Revenue

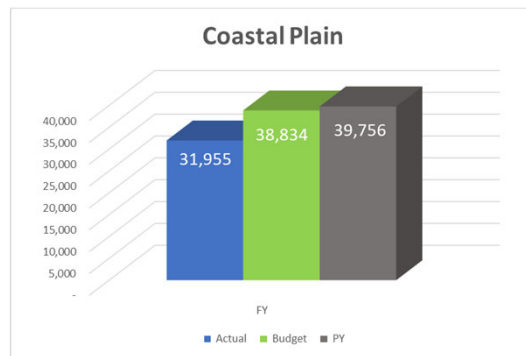
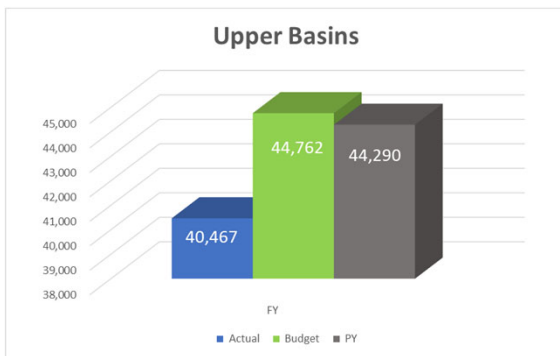
UPPER BASINS AND COASTAL PLAIN



In \$000's	Groundwater	Actuals	Budget	PY	vs Budget	vs PY	% var Budget	% var PY
Zone A	AG - Upper	\$ 3,080	\$ 3,404	\$ 2,491	(324)	589	-10%	24%
	M&I Upper	\$ 619	\$ 687	\$ 1,360	(68)	(741)	-10%	-54%
Zone B	AG - Plain	\$ 4,114	\$ 5,461	\$ 3,177	(1,347)	937	-25%	29%
	M&I - Plain	\$ 1,717	\$ 1,571	\$ 3,306	146	(1,589)	9%	-48%
		\$ 9,530	\$ 11,123	\$ 10,334	\$ (1,593)	\$ (804)	-14%	-8%

Groundwater Volume

UPPER BASINS AND COASTAL PLAIN

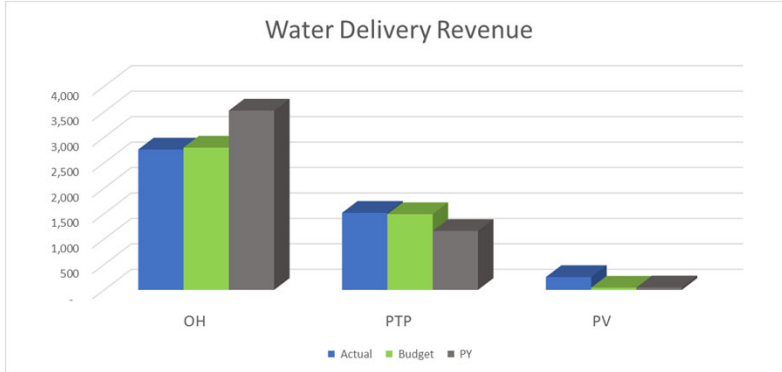


In AF		1st Half	2nd Half	FY
Upper Basins	Actual	40,467	-	40,467
	Budget	44,762	-	44,762
	PY	44,290	-	44,290
	Variance	90%	0%	90%

In AF		1st Half	2nd Half	FY
Coastal Plain	Actual	31,955	-	31,955
	Budget	38,834	-	38,834
	PY	39,756	-	39,756
	Variance	82%	0%	82%

Pipeline Revenue

EXCLUDING IN-LIEU OF PUMPING CHARGES

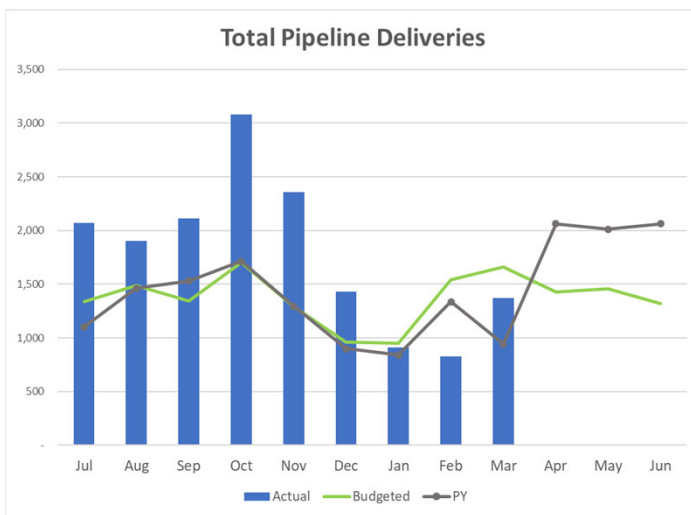


- Pipeline revenue favorable to budget 5%
- OH 1% unfavorable
- PTP 2% favorable
- PV 475% favorable

Pipeline	Actual	Budget	PY	vs Budget	vs PY	% var Budget	% var PY
OH	2,758	2,796	3,523	(38)	(764)	-1%	-22%
PTP	1,515	1,489	1,159	25	355	2%	31%
PV	253	44	50	209	204	475%	0%
	\$ 4,526	\$ 4,330	\$ 4,732	\$ 197	\$ (205)	5%	-4%

Pipeline Volume

DELIVERY VOLUME 16,056 AF YTD VS. BUDGET OF 12,270 AF



- Delivery volume 31% above budget (16,056 AF Actual vs. 12,270 AF Budget)
- All three pipelines driving the positive variance



Top 10 AG Customers

Customers	TOTAL AF	Total Revenue
PVCWD	4,602.70	\$ 1,346,703
Ocean View	784.12	\$ 474,330
Sorrento Berry Farms	443.74	\$ 315,584
Reiter Brothers Inc	366.36	\$ 271,600
Laubacher Farms Inc	347.86	\$ 237,842
Catalinos Berry Farms	302.16	\$ 195,183
3H Custom Farming Inc	241.61	\$ 159,782
Laguna Farms	197.19	\$ 159,463
Tom Vujovich	178.47	\$ 113,514
Chas Nakama Inc	165.75	\$ 115,547
Total	7,629.96	\$ 3,389,548



Top 10 M&I Customers

Customers	TOTAL AF	Total Revenue
City of Oxnard	4,167.63	\$ 3,262,887
Port Hueneme Water Agency	2,373.34	\$ 2,069,436
Vineyard Estates	112.02	\$ 110,492
Dempsey Road MWC	81.25	\$ 75,887
Cypress Mutual	37.18	\$ 36,175
Saviers Road MWC	24.79	\$ 20,027
USNCBC (PHWA)	12.62	\$ 9,222
Rio Del Valle	3.65	\$ 26,937
E & H Land Company, LLC	1.06	\$ 2,193
Total	6,813.54	\$ 5,613,256

Personnel Expenses

SALARIES DRIVE BUDGET FAVORABILITY



\$000's	Q3 2023-24 Actual	Q3 2023-24 Budget	PY Actual	Var to Budget	% Var to Budget	Var to PY	% Var to PY
Regular Salary	6,315	7,509	5,718	1,194	16%	597	10%
Over-time Salary	158	193	209	36	18%	-51	-24%
Part-time	338	437	173	99	23%	165	95%
Salaries	\$ 6,811	\$ 8,139	\$ 6,100	1,329	16%	\$ 711	12%
Retirement- Classic	1,437	1,441	590	3	0%	847	144%
Retirement - PEPRA	266	257	1,174	(8)	-3%	-908	-77%
Soc Sec/457b Expense	372	408	335	36	9%	38	11%
Medicare Expense	97	106	87	9	8%	9	11%
SUI Expense	15	15	14	0	1%	1	11%
Medical Ins Exp	747	904	653	157	17%	93	14%
LTD	20	18	16	(2)	-13%	4	23%
Life Insurance	17	23	18	6	25%	0	-2%
Worker's Comp Expens	181	234	158	53	23%	23	15%
OPEB	30	-	23	(30)	0%	7	30%
Deferred Comp	50	18	30	(32)	-179%	20	0%
Other	61	-	47	(61)	0%	15	0%
Employee Benefits	\$ 3,293	\$ 3,423	\$ 3,145	130	4%	\$ 149	5%
Personnel Expenses	\$ 10,104	\$ 11,562	\$ 9,244	1,458	13%	\$ 860	9%

- Salaries are favorable to budget \$1.3M or 16%
- Employee Benefits are favorable to budget \$0.1M or 4%

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Operating Expenses

PROFESSIONAL FEES DRIVE BUDGET FAVORABILITY



\$000's	Q3 2023-24 Actual	Q3 2023-24 Budget	PY Actual	Var to Budget	% Var to Budget	Var to PY	% Var to PY
Profess Fees - Engineering	191	321	265	(131)	-41%	(74)	-28%
Prof. Fees - Environmental	836	2,105	743	(1,269)	-60%	93	12%
Prof. Fees - IT consulting	46	111	20	(65)	-59%	26	136%
Prof. Fees - GW Consulting	11	53	21	(42)	-79%	(10)	-47%
Prof. Fees - Other	1,254	2,247	825	(993)	-44%	429	52%
Professional Fees	\$ 2,337	\$ 4,838	\$ 1,874	\$ (2,500)	-52%	\$ 464	25%
Legal Fees	\$ 4,006	\$ 3,236	\$ 1,257	\$ 771	24%	\$ 2,749	219%
Utilities	1,328	1,823	1,192	(495)	-27%	136	11%
Maintenance	1,371	1,716	1,093	(345)	-20%	278	25%
Field Supplies	44	40	554	3	9%	(510)	-92%
Insurance	789	747	700	42	6%	89	13%
Office Expenses	445	483	369	(39)	-8%	76	20%
Miscellaneous	888	1,113	2,067	(225)	-20%	(1,179)	-57%
Travel, Trainings and Meetings	143	646	79	(503)	-78%	64	81%
Gasoline, Diesel, Fuel	136	159	141	(22)	-14%	(5)	-4%
Fox Canyon GMA	142	269	89	(127)	-47%	54	61%
Safety, supplies, clothing	128	103	112	24	24%	15	100%
Telephone	65	61	51	3	6%	14	28%
General Operating Expenses	\$ 5,478	\$ 7,162	\$ 6,447	\$ (1,683)	-24%	\$ (969)	-15%
State Water Import Costs	\$ 9,487	\$ 3,208	\$ 944	\$ 6,279	196%	\$ 8,543	100%
Total Operating Expenses	\$ 21,310	\$ 18,443	\$ 10,522	\$ 2,867	16%	\$ 10,788	103%

- Professional Fees are favorable to budget by \$2.5M
- Legal Fees are unfavorable to budget by \$0.8M
- Operating expenses are favorable to budget \$1.0M. Key variances include:
 - Travel/Training \$503K favorable
 - Utilities \$495K favorable
 - Maintenance \$345K favorable
 - Miscellaneous \$225K favorable
- State Water Import Costs higher due to State Water purchases

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Top 10 AP Vendors



Vendor	Payment Amount
Casitas Municipal Water	\$ 4,475,904
Santa Clarita Valley Water Agency	\$ 1,200,000
GEI Consultants, Inc.	\$ 1,151,400
Atkinson, Andelson, Loya, Ruud and Romo	\$ 462,808
US Bank National Association	\$ 448,680
Summer Construction, Inc.	\$ 414,739
Palmdale Water District	\$ 382,600
So. California Edison	\$ 374,310
Cramer Fish Sciences. Inc.	\$ 333,026
Northwest Hydraulic Consultants	\$ 307,406

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SUPPLEMENTAL WATER PURCHASE FUND STATUS UPDATE



	<u>Revenue (\$000'S)</u>
Beginning Balance - July 1, 2023	\$3,582
Changes in Surcharge	\$1,495
Other	\$0
Ending Balance - March 31, 2024	\$5,077

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FINANCE AND AUDIT COMMITTEE MEETING
Finance and Administrative Services
Monthly Update

June 3, 2024

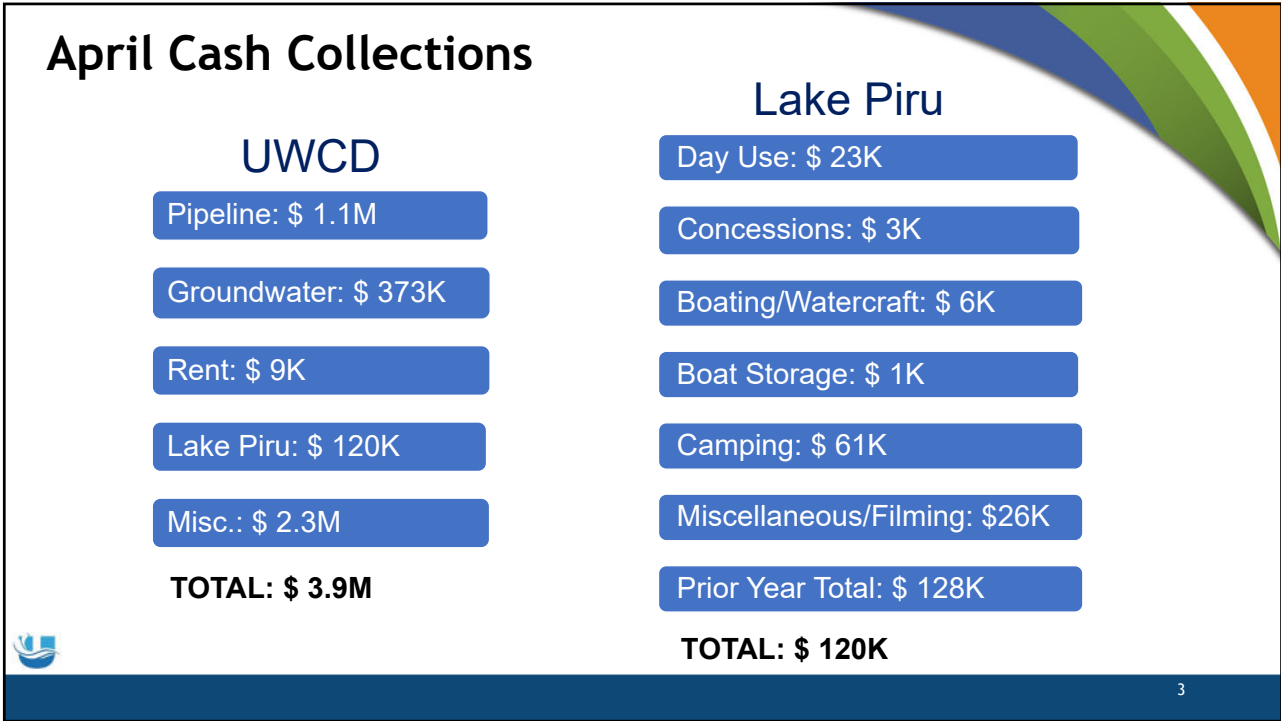
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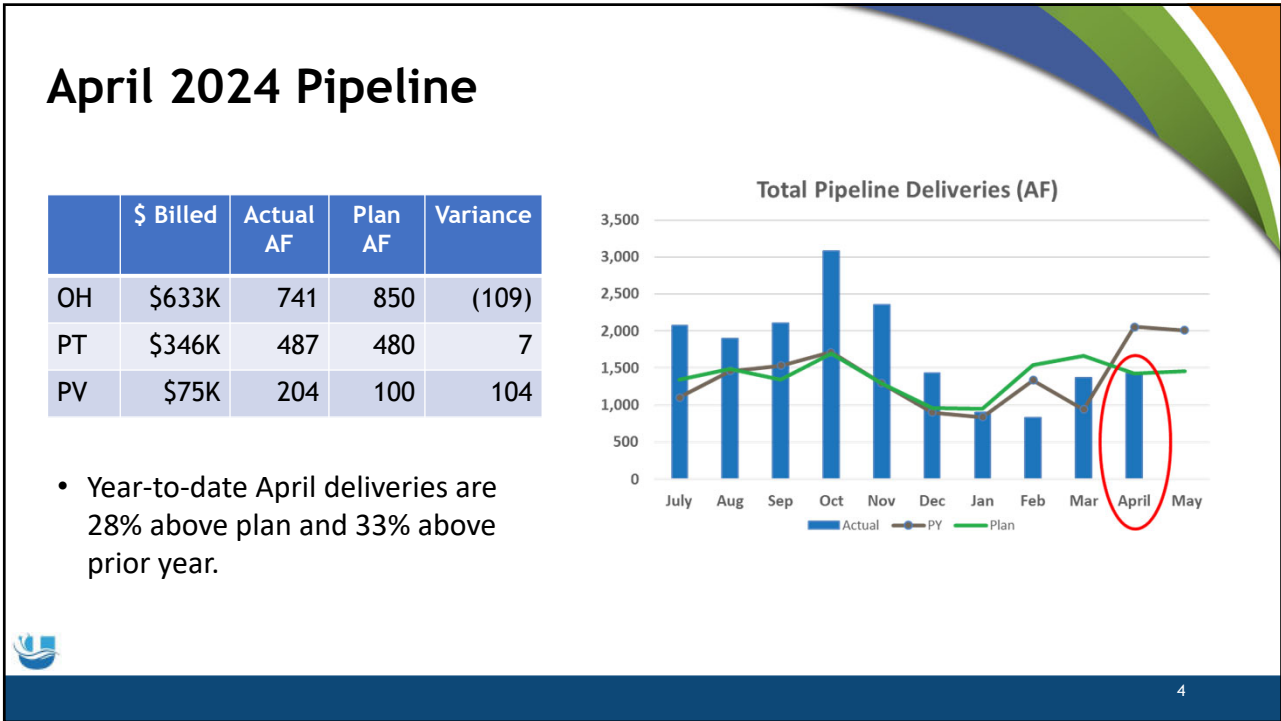
Financial Update

Brian H. Zahn
Chief Financial Officer

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Finance Department

- Fiscal Year (FY) 2024-25 Proposed Budget ready for Board approval on June 12, 2024
- FY 2022-23 annual audit complete with no findings
 - Annual Comprehensive Financial Report is currently in draft stage
- Finance staff completed the draft FY 2024-25 budget for Fillmore and Piru Basins, and Mound Basin Groundwater Sustainability Agencies



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Administrative Update

Josh Perez
Chief Human Resources Officer

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Human Resources

- Onboarded two new Engineering Assistants, secured an employment agreement with a new Associate Engineer, and a new Associate Environmental Scientist.
- Worked with Lake Piru and Environmental Services staff on candidate interviews.
- Developed a robust list of hotel options for administrative staff in the key cities of Sacramento and Washington, D.C. to support continued efforts on legislative outreach. Continuous review of prospective hotels for these critical conferences will ensure the best value and services for our ratepayers.
- Attended the USC Sol Price School of Public Policy on Special District Resiliency Measures.
- Attended and participated in sessions at the ACWA Conference.
- Registered for the CSDA (California Special Districts Association) conference in September which reduces District insurance costs.
- Reviewed annual renewals with Special District Risk Management Authority on insurance related to Property/Liability and Workers Compensation.

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Current Employee Recruitments

Associate Environmental Scientist

Selection pending GM approval

Seasonal Staff at Lake Piru

Interviewing additional candidates



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Risk Management

- Led UWCD's multi-department participation in Cybersecurity and Infrastructure Security Agency (CISA) Dams Sector Information Sharing Drill, focused on Information and Operational Technology cyber security. Participation resulted in FERC Security Branch credit.
- Coordinated Confined Space Safety Training delivered by subject matter expert; staff were able to get hands-on experience with the instructor.
- Delivered Heat Illness Prevention Training.
- Coordinated call with CISA cyber security advisor on potential support of data recovery drill.
- Continued FEMA disaster recovery efforts with various stakeholders, culminating in insurance determination for the Lake Piru Marina damages.



2024 Dams Sector
Information Sharing Drill
(May 8, 2024)



Confined Space Safety Training at HQs
(May 16, 2024)



Technology Systems

- Provided critical technology service in support of District Board and Committee meetings as well as GSA Board Meetings ensuring effective technology integration for essential discussions.
- Provided comprehensive technology assistance to the AWA Board of Directors, the California Avocado Commission, and Ventura County Women for Agriculture promoting efficient hybrid meeting environments.
- Supported vital workshops and meetings enabling productive hybrid meeting environments which include AWA Waterwise Breakfast, AWA Water Issues Committee, and AWA Annual Symposium 2024.
- After diligent efforts over several years, the department has achieved a significant milestone in enhancing District cyber security measures by reducing the risk of unauthorized access.
- Completed Office 365 updates for staff photo management to enhance user experience and aiding District staff to recognize peers in e-mails virtually using software tools like Outlook, Teams, Word, and Excel collaboration features.



