



# Las Virgenes Municipal Water District

# CAFR

**Comprehensive Annual  
Financial Report**

**For Fiscal Year's Ended  
June 30, 2019 and 2018**



# **Comprehensive Annual Financial Report**

**For the Year Ended June 30, 2019 and 2018**



**Headquarters  
4232 Las Virgenes Road  
Calabasas, CA 91302**

**Prepared by:  
The Finance and Administration Department**

Donald Patterson	Director of Finance & Administration
Angela Saccareccia	Finance Manager
Jennifer Chen	Senior Accountant
Michael Hamilton	Financial Analyst

# Las Virgenes Municipal Water District

## BOARD OF DIRECTORS

Jay Lewitt	President
Leonard E. Polan	Vice President
Charles P. Caspary	Secretary
Lynda Lo-Hill	Treasurer
Lee Renger	Director

## MANAGEMENT

David W. Pedersen	General Manager
John Zhao	Director of Facilities & Operations
Donald Patterson	Director of Finance & Administration
Joe McDermott	Director of Resource Conservation & Public Outreach

## LEGAL COUNSEL

W. Keith Lemieux	Counsel
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Additional information may be found at [www.lvmwd.com](http://www.lvmwd.com)

# Las Virgenes Municipal Water District

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Dedicated to Providing High-Quality Water Service in a Cost-Effective and Environmentally Sensitive Manner

December 4, 2019

OFFICERS

President  
**Jay Lewitt**  
Director, Division 5

Vice President  
**Leonard E. Polan**  
Director, Division 4

Secretary  
**Charles P. Caspary**  
Director, Division 1

Treasurer  
**Lynda Lo-Hill**  
Director, Division 2

**Lee Renger**  
Director, Division 3

**David W. Pedersen, P. E.**  
General Manager

**W. Keith Lemieux**  
Counsel

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COMPOSTING FACILITY  
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[www.LVMWD.com](http://www.LVMWD.com)

MEMBER AGENCY OF THE  
METROPOLITAN WATER  
DISTRICT  
OF SOUTHERN CALIFORNIA

**Glen D. Peterson**  
MWD Representative

To: Board of Directors

From: David W. Pedersen, General Manager  
Donald Patterson, Director of Finance & Administration

Subject: **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2018-19**

California law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year that ended on June 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Pun Group, LLP, Accountants and Advisors, has issued an unmodified (“clean”) opinion on the Las Virgenes Municipal Water District’s financial statements for the fiscal year that ended on June 30, 2019. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

**Profile of the Government**

Las Virgenes Municipal Water District (LVMWD or District), incorporated in 1958, is located on the western edge of Los Angeles County, California, and includes the cities of Agoura Hills, Calabasas, Hidden Hills and Westlake Village, and adjacent areas of Los Angeles County. LVMWD occupies 122 square miles and serves a population of approximately 70,000. LVMWD is also the administering agent for the Las Virgenes-Triunfo Joint Powers Authority (JPA), which provides sanitation services to approximately 100,000 people within 172 square miles of western Los Angeles County and southeastern Ventura County.

LVMWD is empowered to levy an assessment on real property located within its boundaries, up to \$10 per parcel, and has a miniscule share of the property tax assessment. The majority of revenue is from user fees for service. LVMWD also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

LVMWD has operated under the board-general manager form of government since its inception. Policy-making and legislative authority are vested in a governing board (Board) consisting of five members elected by division on a non-partisan basis. The Board appoints the general manager, who in turn appoints the heads of the various departments. Board members serve overlapping four-year terms, and every two years -- concurrent with installation of the newly elected board -- select board officers. A District representative to the board of directors of Metropolitan Water District of Southern California is appointed to serve an indefinite term.

LVMWD provides potable water, sanitation and recycled water services to its customers. Sanitation and recycled water services are provided in conjunction with Triunfo Water & Sanitation District through the JPA.

Although not required by law, the Board adopts a final budget for the next fiscal year by the close of the current fiscal year. This annual budget serves as the foundation for LVMWD's financial planning and control. The budget is prepared by enterprise, function (e.g. system operations) and department (e.g. Facilities and Operations). Department heads may transfer resources within a department or enterprise as they see fit, but transfers between departments or enterprises need special approval from the Board.

## **Local Economy**

The region is highly desirable for both residences and businesses, with exceptional natural attributes. Much of the service area lies within the Santa Monica Mountains with the associated hilly terrain, mountain and ocean views and moderate climate. Open space and recreational opportunities are abundant with considerable local acreage dedicated as national and state parkland via the 244.5-square-mile Santa Monica Mountains National Recreation Area. Beaches lie within minutes of any location in the area. Varied academic institutions are proximate and easily accessible, including Pepperdine University's Malibu campus, California Lutheran University in Thousand Oaks, and California State University, Northridge.

The service area contains some of the highest assessed values for property in the county. All are relatively new communities with recent infrastructure and an award-winning, highly sought school system.

More than 80% of local housing is single-family dwellings, in sharp contrast to the countywide average of 56%. Median home prices in the District considerably exceed county averages. The District benefits from its close proximity to Los Angeles and quality commercial and retail spaces. The District has few major industrial customers.

Primarily residential, LVMWD is also a home to notable corporations and commercial activities. Located within the service area are several significant employers including Las Virgenes Unified School District, Bank of America Home Loans, Farmers Insurance, IXIA Communication, The Cheesecake Factory corporate offices and bakery; Four Seasons Hotel; Move, Inc.; Dole Food Company; and Conversant LLC.

## **Financial Condition and Outlook**

Over recent years, the District successfully recovered from the financial downturn and implemented a five-year rate adjustment plan that ensures continued financial sustainability. District staffing levels continue to be stable and compensation has kept pace with comparable agencies, following a comprehensive compensation study in 2018. The District has continued to pay for capital projects with available resources, resulting in only one outstanding bond that is approved for early redemption by the Board.

The overall financial position of the District is stable. The District continued to see expected decreases in water sales as compared to historical averages due to conservation and the implementation of water-budget based rates in 2015, which emphasize the efficient use of water. Improved water use efficiency is expected to be the new normal within the District's service area and, more broadly, California. Potable water sales during Fiscal Year 2018-19 decreased by 3.68% from Fiscal Year 2017-18. Recycled water sales during the same period also decreased by 7.96%. For Fiscal Year 2019-20, the District has a stable outlook and continues to monitor economic and hydrologic conditions.



## Long-Term Financial Planning

The District presented a two-year budget plan on May 22, 2018 for Fiscal Years 2018-20. The document improves long-range and strategic planning, financial management, and program monitoring. The two-year budget represents the concerted efforts of staff to estimate the financial needs of the District for two fiscal years to continue to provide high quality water and sanitation services to the District's customers. The budget is also aligned to meet the District's adopted Strategic Plan Goals and Financial Policies.

## Relevant financial policies

Since 1999, the District has utilized a broad-based set of Board-adopted financial policies to guide it in making important financial decisions. The policies are reviewed annually and updated periodically to address changing conditions and adopted annually as an integral part of the budget.

## **Major initiatives**

In November of 2018, the Board declared a state of emergency due to the Woolsey Fire that broke out on the afternoon of Thursday, November 8, 2018, in Ventura County. The District experienced significant damages at various facilities due to the fire. Since the event, staff has been working with the California Governor's Office of Emergency Services (CalOES), Federal Emergency Management Agency (FEMA), and the District's insurance provider on reimbursement for the damages. In Fiscal Years 2019-20, the District will be spending approximately \$6.5 million on Woolsey Fire related damages to the District's facilities.

In addition, the District supported the Las Virgenes-Triunfo Joint Powers Authority in an extensive stakeholder-driven process to identify the best means to maximize the beneficial reuse of treated effluent from the Tapia Water Reclamation Facility. Following two-years of study and community stakeholder input that focused on how to best manage discharge from the Tapia Water Reclamation Facility to Malibu Creek, the Pure Water Project Las Virgenes-Triunfo emerged as the preferred alternative to meet the goal, while also providing a local source of potable water. The proposed Pure Water Project will take surplus recycled water from the Tapia Water Reclamation Facility and further treat it to better than drinking water standards. The treated water will be mixed with imported water stored in Las Virgenes Reservoir until needed. At that time, the water will be treated again prior to use in the potable water system.

The District will complete the design and the construction of a demonstration facility to be built at the District's headquarters campus. Tours of the facility are intended to educate and promote public confidence in the treatment technology. The total project cost to the District is estimated to be \$4.6 million.

Several technical studies including an Advanced Water Treatment Plant Siting Study, Hydrodynamic Modeling of Las Virgenes Reservoir and a Title XVI Feasibility Study have been completed for the Pure Water Project. These studies will be used in the next step of preliminary design and environmental analysis.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded LVMWD the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the Fiscal Year that ended on June 30, 2018. This was the 21st consecutive year that LVMWD received this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is only valid for a period of one year. Staff believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

In addition, LVMWD also received the GFOA's Distinguished Budget Presentation Award for its annual budget document and the Award for Outstanding Achievement in Popular Annual Financial Reporting in fiscal year 2017-18. The District posts all of its financial documents on its public website at [www.LVMWD.com](http://www.LVMWD.com).

### **Acknowledgements**

The preparation and development of this report would not have been possible without the year-round work of the Finance Division staff and their special efforts, working in conjunction with the District's independent auditors. We would also like to thank the Board for its continued interest and support in managing the District's financial resources in a responsible manner that ensures transparency and proper stewardship of ratepayer's money.

Respectfully submitted,



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David W. Pedersen  
General Manager



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Donald Patterson  
Director of Finance & Administration



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Las Virgenes Municipal Water District  
California**

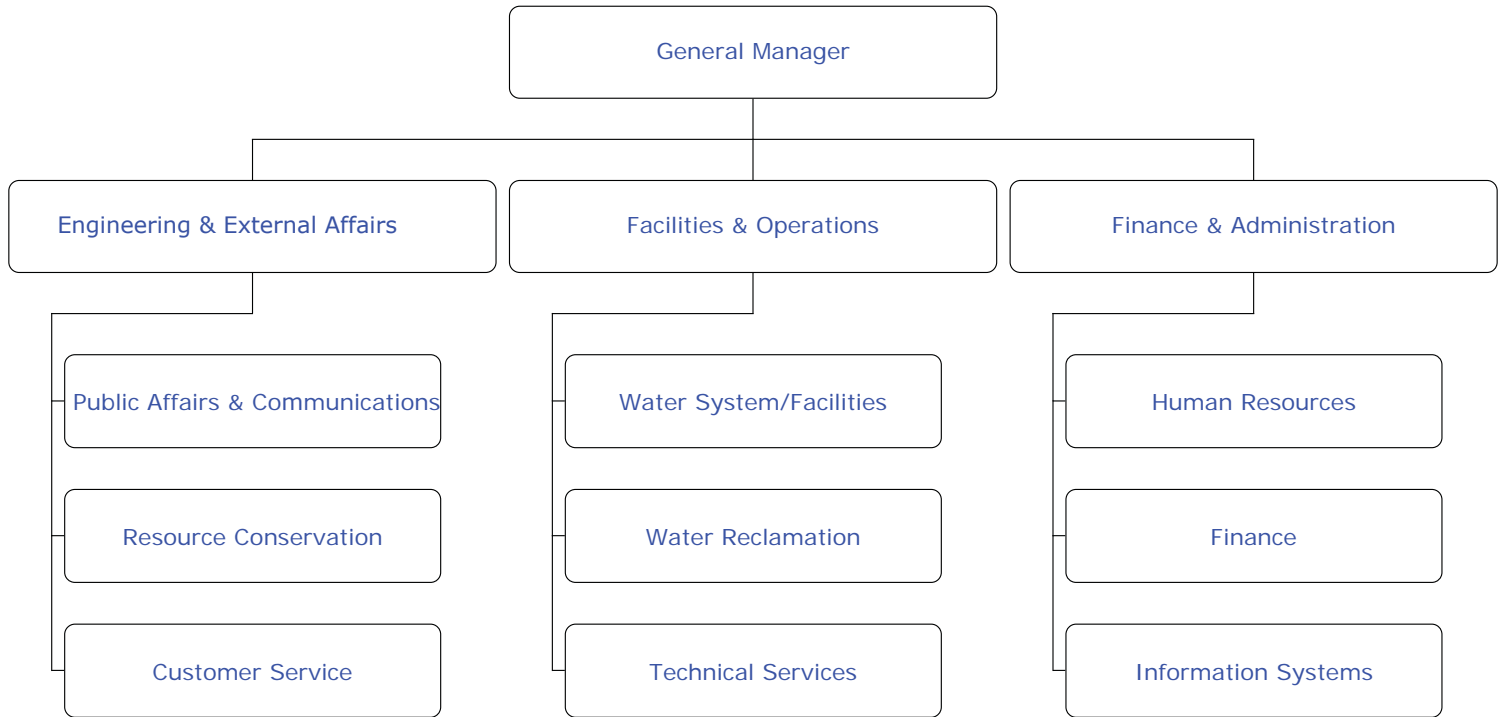
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

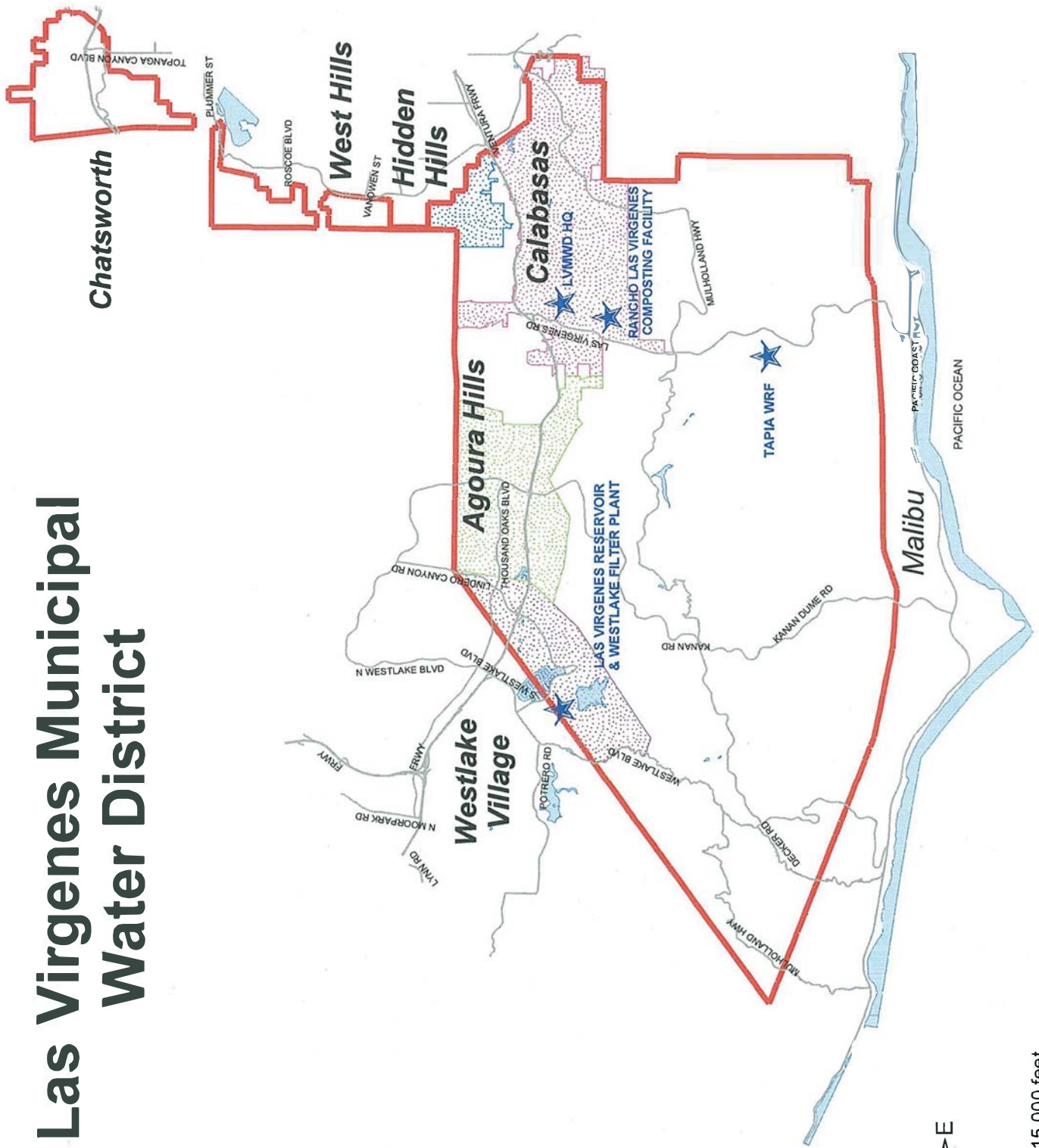
*Christopher P. Morill*

Executive Director/CEO

# LVMWD Organizational Chart



# Las Virgenes Municipal Water District



1 inch equals 15,000 feet





## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of the Las Virgenes Municipal Water District  
Calabasas, California

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Las Virgenes Municipal Water District, California (the "District"), as of and for the years ended June 30, 2019 and 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District, as of June 30, 2019 and 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios – CalPERS Pension Plan, the Schedule of Contributions – CalPERS Pension Plan, the Schedule of Changes in Net OPEB Liability and Related Ratios – Other Post-Employment Benefits Plan, and the Schedule of Contributions –Other Post-Employment Benefits Plan on pages 5 through 10 and 55 through 58, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 04, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Santa Ana, California  
December 04, 2019



Coley Delaney, CPA  
CPA Number: 115598





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

***Independent Auditors' Report***

To the Board of Directors  
of the Las Virgenes Municipal Water District  
Calabasas, California

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 the business-type activities and the discretely presented component unit of the Las Virgenes Municipal Water District, California (the "District"), as of and for the years ended June 30, 2019 and 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 04, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the District's internal control 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.


To the Board of Directors  
of the Las Virgenes Municipal Water District  
Calabasas, California  
Page 2

**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.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, slightly slanted style.

Santa Ana, California  
December 04, 2019

A handwritten signature in blue ink that reads "Coley Delaney". The signature is written in a cursive, slanted style.

Coley Delaney, CPA  
CPA Number: 115598

LAS VIRGENES MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2019

This section of the District's annual financial report presents management's analysis of the District's financial performance during the Fiscal Year that ended on June 30, 2019.

**FINANCIAL HIGHLIGHTS**

- The District's 2019 net position increased by \$15.7 million to \$234.0 million.
- During FY 2019, the District's revenues decreased by 2.6% to \$64.9 million, expenses increased by 1.8% to \$43.1 million.
- In FY 2019, capital contributions to the District increased to \$3.9 million, 34.2% more than FY 2018.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis serves as an introduction to Las Virgenes Municipal Water District's basic financial statements. The District's basic financial statements are comprised of two components: Financial Statements and Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**CHANGES TO THE FINANCIAL STATEMENTS**

Governmental Accounting Standards Board (GASB) Statement 83

GASB 83, dated June 2018, was issued to improve accounting and financial reporting by state and local governments for certain Asset Retirement Obligations (AROs), such as decommissioning nuclear power plants and removing sewage treatment plants. Implementation of GASB 83 had no impact on the Financial Statements of the District due to the District has not retired any such assets.

Governmental Accounting Standards Board (GASB) Statement 88

GASB 88, dated June 2018, was issued to improve accounting and financial reporting by state and local governments for certain disclosures related to debt, including direct borrowings and direct placements. Implementation of GASB 88 had no impact on the Financial Statements of the District due to the nature of the District's debt.

**BASIC FINANCIAL STATEMENTS**

Because the District is comprised of three business type enterprises, potable water, recycled water, and sanitation, the Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all of the District's assets, deferred outflow of resources, liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. This statement measures the stability of the District's operations over the past year and can be used to determine the District's credit worthiness and whether the District has successfully recovered all its costs through its user fees and other charges.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations and investments. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

## **FINANCIAL ANALYSIS OF THE DISTRICT**

The Financial Statements provide information on whether the District, as a whole, is in a stronger or weaker financial position compared to the last year. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide a means to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, weather, and new or changed government legislation. It is important to note that the District's goal is to have sufficient revenue to cover operating and capital expenses while maintaining affordable rates for its customers.

During Fiscal Year 2018-19 the District saw decreased water sales as a result of the District's targeted outreach program to increase conservation from inefficient and wasteful water users. . The District's potable water-budget based rate structure supports a conservation philosophy through increasing tier structure and an annual incremental increase in the percentage of fixed cost recovered through fixed fees, which over time will reduce dependence on fluctuating water sales to meet revenue needs. The sanitation and recycled water enterprises continued to build additional reserves as the District prepares to construct its Pure Water Las Virgenes – Triunfo project that will take surplus recycled water and process it through an advanced treatment facility; then store it at Las Virgenes Reservoir for later use as drinking water. The District is well positioned to meet demands of a changing climate to meet its customer's water and sanitation needs.

Las Virgenes Municipal Water District operates a Joint Powers Authority (JPA) with Triunfo Sanitation District for the transmission and treatment of sanitation. In conformance with GASB 61, the JPA is presented in the District's Financial Statements as a Discretely Presented Component Unit. The JPA annually issues an Independent Auditors' Report and Financial Statements that includes a Management Discussion and Analysis. It is recommended to review this document for additional information on the financial condition of the JPA.

## **NET POSITION**

Table 1 shows a comparative analysis of the District's Net Position. As shown below, net position increased by \$15.7 million to \$234.0 million in FY 2019.

**TABLE 1**  
**Condensed Statements of Net Position**  
**(in thousands of dollars)**

	<u><b>FY 2019</b></u>	<u><b>FY 2018</b></u>
Current and Other Assets	\$ 105,102	\$ 96,369
Capital Assets	123,727	124,526
Investment in JPA	64,137	62,521
<b>Total Assets</b>	<b>\$ 292,966</b>	<b>\$ 283,416</b>
<b>Deferred Outflow of Resources</b>	\$ 8,718	\$ 9,065
Long-Term Debt Outstanding	13,204	15,596
Net Pension Liability	16,055	20,493
Net OPEB Liability	19,301	19,183
Other Liabilities	15,466	16,592
<b>Total Liabilities</b>	<b>\$ 64,026</b>	<b>\$ 71,864</b>
<b>Deferred Inflows of Resources</b>	3,636	2,274
Net Position:		
Net Investment in Capital Assets,	\$ 111,229	\$ 109,794
Restricted	2,734	2,683
Unrestricted	120,058	105,866
<b>Total Net Position</b>	<b>\$ 234,021</b>	<b>\$ 218,343</b>

## REVENUES, EXPENSES AND CHANGES IN NET POSITION

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides information concerning the nature and source of these changes. As shown in Table 2 below, the income before capital contributions was \$11.8 million. The income plus capital contributions lead to the overall increase in net position of \$15.7 million, when compared to last year's CAFR.

Water sales, the District's primary revenue source, were lower as a result of the District's targeted outreach efforts. Wasteful water use penalties impose increasing fines on customers who exceed their water budgets by 200%.

Operating expenses were higher by 1.8% year-over-year primarily due to salary and benefits increase and increased maintenance costs.

Capital contributions are irregular, as the District does not experience many large-scale projects. In July 2018, the District adopted a new capacity fee structure that focuses contributions on maintenance and upgrading of existing infrastructure,

**TABLE 2**  
**Condensed Statements of Revenues,**  
**Expenses and Changes in Net Position**

	<u>FY 2019</u>	<u>FY 2018</u>
Operating Revenues:		
Water Sales	\$ 45,437	\$ 46,250
Sanitation and Other	19,536	20,467
Non-operating Revenues:		
Taxes and Penalties	984	946
Interest Income and Other	4,195	1,212
<b>Total Revenues</b>	<b>\$ 70,152</b>	<b>\$ 68,875</b>
Depreciation Expense	4,016	3,943
Other Operating Expenses	39,870	39,169
Share of JPA Net Expenses	13,958	13,718
Non-Operating Expenses	530	716
<b>Total Expenses</b>	<b>\$ 58,374</b>	<b>\$ 57,546</b>
Income (Loss) Before Capital Contributions	11,778	11,329
Capital Contributions	3,900	2,566
Change in Net Position	<u>15,678</u>	<u>13,895</u>
Net Position - Beginning of Year	<u>218,343</u>	<u>204,448</u>
Net Position - End of Year	<b>\$ <u>234,021</u></b>	<b>\$ <u>218,343</u></b>

**CAPITAL ASSETS**

At the end of FY 2019, the District had invested \$240.2 million in a broad range of infrastructure including water and sewer lines, wastewater facilities, reservoirs, tanks, distribution facilities, compost facility, maintenance and administration facilities, vehicles and equipment and an investment in Joint Venture of \$64.1 million as shown in Table 3. This amount represents a net increase (including additions, deletions, and depreciation) of \$0.8 million from last year. The increase is predominantly due to projects added to the District's aging infrastructure.

More information about the District's Capital Assets Depreciation policy is presented in Note 2 of the Basic Financial Statements. A more detailed summary of Capital Assets is presented in Note 7 to the Basic Financial Statements.

**TABLE 3**  
**Capital Assets**  
**(In thousands of dollars)**

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Land	\$ 6,915	\$ 6,915	\$ 0	0.00%
Buildings and Improvements	22,094	22,094	0	0.00%
Machinery and Equipment	11,678	11,416	262	2.24%
Infrastructure	197,692	195,570	2,122	1.07%
Construction in Progress	<u>1,855</u>	<u>1,290</u>	<u>565</u>	30.46%
<b>Subtotal</b>	<b><u>240,234</u></b>	<b><u>237,285</u></b>	<b><u>2,949</u></b>	<b>1.23%</b>
Less Accumulated Depreciation	<u>116,506</u>	<u>112,760</u>	<u>3,746</u>	<u>3.22%</u>
<b>Net Property, Plant and Equipment</b>	<b><u>123,728</u></b>	<b><u>124,525</u></b>	<b><u>(797)</u></b>	<b><u>-0.64%</u></b>
<b>Investment in Joint Venture</b>	<b><u>64,138</u></b>	<b><u>62,521</u></b>	<b><u>1,617</u></b>	<b><u>2.52%</u></b>
<b>Total Capital Assets</b>	<b><u>\$ 187,866</u></b>	<b><u>\$ 187,046</u></b>	<b><u>\$ 820</u></b>	<b><u>0.44%</u></b>

The following is a summary of some of the major improvements to the system during FY 2019.

**TABLE 4**  
**Major Capital Improvement Projects**  
**(In thousands of dollars)**

	<u>FY 2019</u>
Process Air Improvements	\$ 2,240
Tapia Rehabilitation	1,934
Rancho Las Virgenes Digester Cleaning and Repair	1,901
Pure Water Demonstration Project	<u>837</u>
<b>Total</b>	<b><u>\$ 6,912</u></b>
	<u>FY 2018</u>
Westlake Filtration Plant Expansion	\$ 4,636
Jed Smith Pipeline Replacement	714
Raise Air Vacuum Valves	536
Building 7 & 8 Lighting Efficiency Upgrades	<u>200</u>
<b>Total</b>	<b><u>\$ 6,086</u></b>

## LONG-TERM DEBT

At year-end, the District had total long-term debt of \$15.5 million, down from \$17.9 million in FY 2018. The majority of this, \$15.5 million is for the 2009 Sanitation Refunding Revenue Bond and Unamortized Premium, which had a FY 2019 year-end balance of \$14.7 million. This debt is solely the obligation of the Sanitation Enterprise. More detailed information about the District's long-term liabilities is presented in Note 9 to the Basic Financial Statements. No new debt was incurred in FY 2019.

The District maintains an "AA" rating from Standard & Poor's for the refunding revenue bonds. One area that demonstrates the District's financial strength and future borrowing capability is seen in its debt coverage ratio. Current bond covenants require that the debt coverage ratio must be greater than 1.10. The debt coverage ratio for FY 2019 was 2.69%.

**TABLE 5**  
**Debt Coverage Ratio**  
**(In thousands of dollars)**

	<u>FY</u> <u>2019</u>	<u>FY</u> <u>2018</u>	<u>Total</u> <u>Percent</u> <u>Change</u>
Total Operating Revenues	\$ 18,922	\$ 18,818	0.55%
Total Operating Expenses (less depreciation)	11,803	11,421	3.34%
<b>Net Earnings</b>	<u>7,119</u>	<u>7,397</u>	<u>-3.76%</u>
Maximum Annual Debt Service	2,751	2,752	-0.04%
<b>Debt Coverage Ratio</b>	<u>2.59</u>	<u>2.69</u>	<u>-3.72%</u>

The District has outstanding refunding revenue bonds issued in December 2009. The District's current average cost of capital were 3.66% and 3.93% at June 30, 2019 and 2018, respectively, as shown on Table 6.

**TABLE 6**  
**Cost of Capital**  
**(In thousands of dollars)**

	<u>Debt Balance</u>	<u>Average</u> <u>Coupon Rate</u>
Refunding Revenue Bonds at June 30 ,2019	10,155	3.78%
Refunding Revenue Bonds at June 30, 2018	14,670	3.66%

## CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide our residents, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Las Virgenes Municipal Water District, Department of Finance and Administration, 4232 Las Virgenes Road, Calabasas, California, 91302; or visit our website at [www.lvmwd.com](http://www.lvmwd.com).



## **BASIC FINANCIAL STATEMENTS**

**Las Virgenes Municipal Water District**  
**Statements of Net Position**  
**June 30, 2019 and 2018**

ASSETS	Primary Government		Discretely Presented Component Unit - JPA	
	2019	2018	2019	2018
<b>Current assets:</b>				
Cash and cash equivalents (Note 3)	\$ 24,674,984	\$ 27,811,040	\$ 8,703,228	\$ 4,282,084
Investments (Note 3)	56,658,658	47,206,546	1,008,571	972,870
Receivables:				
Sales and services, net of allowance for uncollectible (Note 4)	7,042,513	7,468,124	683,809	1,112,207
Due from Joint Powers Authority (Note 6)	4,498,461	2,830,105	-	-
Interest	465,069	332,150	59,300	19,350
Interest receivable - designated for capital projects	1,359	830	-	-
Taxes	203,114	212,654	-	-
Other	431,795	436,325	-	-
Inventories (Note 5)	8,034,354	7,036,431	-	171,555
Prepaid items	288,078	268,024	55,080	52,427
<b>Total current assets</b>	<b>102,298,385</b>	<b>93,602,229</b>	<b>10,509,988</b>	<b>6,610,493</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents (Note 3)	2,801,720	2,766,678	-	-
Investments in Joint Powers Authority (Note 6)	64,137,736	62,520,957	-	-
Capital assets (Note 7):				
Nondepreciable	8,770,701	8,204,902	20,479,142	19,322,622
Depreciable, net of accumulated depreciation	114,957,221	116,320,804	73,200,449	71,852,004
Capital assets, net	123,727,922	124,525,706	93,679,591	91,174,626
<b>Total noncurrent assets</b>	<b>190,667,378</b>	<b>189,813,341</b>	<b>93,679,591</b>	<b>91,174,626</b>
<b>Total assets</b>	<b>292,965,763</b>	<b>283,415,570</b>	<b>104,189,579</b>	<b>97,785,119</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on debt refunding	704,871	864,464	-	-
Pension related deferred outflows of resources (Note 10)	4,554,948	6,568,390	-	-
OPEB related deferred outflows of resources (Note 11)	3,458,022	1,632,555	-	-
<b>Total deferred outflows of resources</b>	<b>8,717,841</b>	<b>9,065,409</b>	<b>-</b>	<b>-</b>

**Las Virgenes Municipal Water District**  
**Statements of Net Position (Continued)**  
**June 30, 2019 and 2018**

	Primary Government		Discretely Presented Component Unit - JPA	
	2019	2018	2019	2018
	<b>LIABILITIES</b>			
<b>Current liabilities:</b>				
Accounts and contracts payable and accrued expenses	4,802,464	4,934,135	2,322,729	1,325,214
Interest payable	84,679	95,729	-	-
Unearned capacity and developer fees	8,196,224	9,124,718	-	-
Due to primary government (Note 6)	-	-	4,498,461	2,830,105
Due to other government	-	-	3,688,798	2,455,174
Deposits and other	256,494	284,764	-	-
Compensated absences - due within one year (Note 8)	854,249	938,425	-	-
Long-term debt - due within one year (Note 9)	2,329,815	2,233,075	-	-
<b>Total current liabilities</b>	<b>16,523,925</b>	<b>17,610,846</b>	<b>10,509,988</b>	<b>6,610,493</b>
<b>Noncurrent liabilities:</b>				
Compensated absences (Note 8)	1,271,556	1,213,575	-	-
Long-term debt - due in more than one year (Note 9)	10,874,040	13,363,150	-	-
Net pension liabilities (Note 10)	16,055,823	20,493,355	-	-
Net OPEB liabilities (Note 11)	19,301,046	19,183,096	-	-
<b>Total noncurrent liabilities</b>	<b>47,502,465</b>	<b>54,253,176</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>64,026,390</b>	<b>71,864,022</b>	<b>10,509,988</b>	<b>6,610,493</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows of resources (Note 10)	3,380,085	2,273,619	-	-
OPEB related deferred inflows of resources (Note 11)	256,022	-	-	-
<b>Total deferred inflows of resources</b>	<b>3,636,107</b>	<b>2,273,619</b>	<b>-</b>	<b>-</b>
<b>NET POSITION (Note 12)</b>				
Primary government's net investment in capital assets	111,228,938	109,793,945	62,372,682	60,563,415
Other government's net investment in capital assets	-	-	31,306,909	30,611,211
Restricted for:				
Debt services	2,734,029	2,683,039	-	-
Unrestricted	120,058,140	105,866,354	-	-
<b>Total net position</b>	<b>\$ 234,021,107</b>	<b>\$ 218,343,338</b>	<b>\$ 93,679,591</b>	<b>\$ 91,174,626</b>

**Las Virgenes Municipal Water District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2019 and 2018**

	Primary Government		Discretely Presented Component Unit - JPA	
	2019	2018	2019	2018
<b>Operating Revenues:</b>				
Water sales and service fees	\$ 43,369,671	\$ 45,256,520	\$ -	\$ -
Sanitation service fees	18,922,512	18,818,242	-	-
Wholesale recycle water sales	-	-	2,068,727	2,281,256
Rental income	53,474	-	-	-
Other income	2,627,494	2,642,349	46,547	64,477
<b>Total operating revenues</b>	<b>64,973,151</b>	<b>66,717,111</b>	<b>2,115,274</b>	<b>2,345,733</b>
<b>Operating Expenses:</b>				
Water expenses:				
Source of supply	24,374,779	25,574,893	-	-
Pumping	1,615,446	1,668,779	-	-
Transmission and distribution	3,998,588	2,834,052	-	-
Meter	759,665	734,851	-	-
Water conservation	617,814	265,324	-	-
Rental	27,658	7,303	-	-
General and administrative	6,440,804	6,208,338	-	-
<b>Total water expenses</b>	<b>37,834,754</b>	<b>37,293,540</b>	<b>-</b>	<b>-</b>
Sanitation expenses:				
Other sewage treatment	483,920	447,386	-	-
Lifting	190,412	197,785	-	-
General and administrative	1,361,602	1,230,521	-	-
<b>Total sanitation expenses</b>	<b>2,035,934</b>	<b>1,875,692</b>	<b>-</b>	<b>-</b>
JPA expenses:				
Operating expenses	-	-	8,520,451	8,282,475
General and administrative	-	-	7,469,557	7,396,735
<b>Total JPA expenses</b>	<b>-</b>	<b>-</b>	<b>15,990,008</b>	<b>15,679,210</b>
Depreciation	4,015,571	3,943,121	5,721,381	5,695,161
<b>Total operating expenses</b>	<b>43,886,259</b>	<b>43,112,353</b>	<b>21,711,389</b>	<b>21,374,371</b>
Billings to primary government	-	-	9,251,781	8,954,213
Billings to other government	-	-	4,458,737	4,309,990
<b>Total JPA billings</b>	<b>-</b>	<b>-</b>	<b>13,710,518</b>	<b>13,264,203</b>
<b>Net Operating Income (Loss)</b>	<b>21,086,892</b>	<b>23,604,758</b>	<b>(5,885,597)</b>	<b>(5,764,435)</b>

**Las Virgenes Municipal Water District**  
**Statements of Revenues, Expenses, and Changes in Net Position (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

	Primary Government		Discretely Presented Component Unit - JPA	
	2019	2018	2019	2018
	<b>Nonoperating Revenues (Expenses):</b>			
Taxes and penalties	984,049	945,976	-	-
Interest income	3,095,752	451,792	138,859	69,274
Facilities charge	377,619	351,673	-	-
Interest expense and fiscal charges	(530,649)	(642,341)	-	-
Share of Joint Powers Authority (expense)	(13,957,894)	(13,718,223)	-	-
Gain (loss) on disposal of capital asset	152	(72,917)	(1,790)	(215)
Other revenues/(expenses)	721,868	408,364	24,168	(237,471)
<b>Total nonoperating revenues (expenses)</b>	<b>(9,309,103)</b>	<b>(12,275,676)</b>	<b>161,237</b>	<b>(168,412)</b>
<b>Capital Contributions:</b>				
Capital contributions from others	3,899,980	2,566,438	-	-
Capital contributions from primary government	-	-	5,809,903	4,305,114
Capital contributions from other government	-	-	2,419,422	1,792,782
<b>Total capital contributions</b>	<b>3,899,980</b>	<b>2,566,438</b>	<b>8,229,325</b>	<b>6,097,896</b>
<b>Changes in Net Position</b>	<b>15,677,769</b>	<b>13,895,520</b>	<b>2,504,965</b>	<b>165,049</b>
<b>Net Position:</b>				
Beginning of year, as restated (Note 12)	218,343,338	204,447,818	91,174,626	91,009,577
End of year	<u>\$ 234,021,107</u>	<u>\$ 218,343,338</u>	<u>\$ 93,679,591</u>	<u>\$ 91,174,626</u>

**Las Virgenes Municipal Water District**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2019 and 2018**

	Primary Government	
	2019	2018
<b>Cash Flows From Operating Activities:</b>		
Cash received from customers	\$ 62,742,998	\$ 63,763,330
Cash payments to suppliers for operations	(34,495,018)	(30,326,726)
Cash (payments) received to/from Joint Powers Authority	(1,668,356)	1,267,600
Cash payments for general and administrative expenses	(9,320,632)	(7,842,722)
Cash received from others	2,632,024	2,394,182
<b>Net cash provided by operating activities</b>	<b>19,891,016</b>	<b>29,255,664</b>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Receipt from facilities charges	377,618	351,673
Receipt from other revenues	644,035	408,364
Property taxes and fee collected	993,589	941,050
<b>Net cash provided by noncapital financing activities</b>	<b>2,015,242</b>	<b>1,701,087</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Acquisition of capital assets	(3,232,844)	(2,783,810)
Proceeds from sale of assets	16,553	51,629
Capital contribution	3,899,980	2,566,438
Repayment of bonds payable and capital leases	(2,233,076)	(2,146,467)
Interest payment	(541,699)	(659,751)
Capital facilities and developer fees received	1,610,698	2,766,299
Capital facilities and developer fees refunded and developer fees used	(2,539,192)	(1,725,927)
<b>Net cash (used in) capital and related financing activities</b>	<b>(3,019,580)</b>	<b>(1,931,589)</b>
<b>Cash Flows From Investing Activities:</b>		
Interest received	1,641,500	943,219
Contributions to Joint Power Authority	(15,575,938)	(13,683,030)
Investments matured	12,059,236	8,673,426
Purchase of investments	(20,112,490)	(20,112,490)
<b>Net cash (used in) investing activities</b>	<b>(21,987,692)</b>	<b>(24,178,875)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(3,101,014)</b>	<b>4,846,287</b>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	30,577,718	25,731,431
End of year	<b>\$ 27,476,704</b>	<b>\$ 30,577,718</b>
<b>Financial Statement Presentation:</b>		
Cash and cash equivalents	\$ 24,674,984	\$ 27,811,040
Restricted cash and cash equivalents	2,801,720	2,766,678
<b>Total cash and cash equivalents</b>	<b>\$ 27,476,704</b>	<b>\$ 30,577,718</b>
<b>Noncash investing activities:</b>		
Change in fair value of investments	\$ 348,097	\$ (959,686)

**Las Virgenes Municipal Water District**  
**Statement of Cash Flows (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

	Primary Government	
	2019	2018
<b>Reconciliation of Net Operating Income to Net Cash Provided By Operating Activities:</b>		
Net operating income	\$ 21,086,892	\$ 23,604,758
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,015,571	3,943,121
Changes in operating assets and liabilities		
(Increase) decrease in accounts and other receivables	430,141	(604,010)
(Increase) decrease in due from Joint Powers Authority	(1,668,356)	1,267,600
(Increase) decrease in inventories	(997,923)	1,565,619
(Increase) decrease in prepaid items	(20,054)	(24,920)
(Increase) decrease in deferred outflows or resources - pension	2,013,442	1,565,891
(Increase) decrease in deferred outflows or resources - OPEB	(1,825,467)	(1,632,555)
Increase (decrease) in accounts and contracts payable and accrued expenses	(131,671)	(118,389)
Increase (decrease) in compensated absences	(26,195)	28,649
Increase (decrease) in deposits and other	(28,270)	44,411
Increase (decrease) in net pension liability	(4,437,532)	930,320
Increase (decrease) in net OPEB liability	117,950	1,118,701
Increase (decrease) in deferred inflows or resources - pension	1,106,466	(2,433,532)
Increase (decrease) in deferred inflows or resources - OPEB	256,022	-
<b>Net cash provided by Operating Activities</b>	<b>\$ 19,891,016</b>	<b>\$ 29,255,664</b>

**Disclosure of Noncash Transactions:**

- 1 Projects funded by water and sewer capacity fees/connection fees and meter installation fees were completed during the fiscal year. As a result, capital contributions in the amount of \$2,318,564 from capacity fees and \$46,788 from meters installed were reclassified from deferred capacity and developer fees to contributed capital for the year ended June 30, 2019.





**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 1 – Reporting Entity**

Las Virgenes Municipal Water District (the “District”) is organized under the Municipal Water District Act of 1911 (California Water Code 71000). A five-member board of directors, who are elected by geographic divisions, provide governance. The District was formed to secure a high quality, reliable source of water for areas which include the cities of Agoura Hills, Calabasas, Hidden Hills, and Westlake Village, plus surrounding unincorporated portions of western Los Angeles County.

***Discretely Presented Component Unit***

The *Las Virgenes-Triunfo Joint Powers Authority* (“JPA”) was created on October 12, 1964 between the District and Triunfo Sanitation District (“TSD”) for the purpose of constructing, operating, maintaining, and providing for the replacement of a joint sewage system to serve the Malibu Canyon drainage area. The JPA consists of ten board members where five of them are the board members of the District and the other five are the board members of TSD. The JPA is fiscally dependent in that the JPA could not issue bonded debt without approval from the District. There is a financial benefit and burden relationship between the District and the JPA. The JPA issues a separate financial report that is available upon request from the District. The financial statements of the JPA are included as a discretely presented component of the District’s financial statements.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (“GASB”) commonly referred to as accounting principles generally accepted in the United States of America (“U.S. GAAP”). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the District.

The financial statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

The Statement of Net Position reports separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

**Deferred Outflows of Resources** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

**Deferred Inflows of Resources** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net assets from operations as "operating income" in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, settlement receivable allowance, and other infrequently occurring transaction of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

***Cash, Cash Equivalents, and Investments***

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund ("LAIF"), which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and assets-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is the same as the fair value of the pool shares.

Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentration of Credit Risk
- Foreign Currency Risk

***Restricted Cash and Investments***

Cash and investments with fiscal agents are restricted due to limitations on their use by bond covenants or donor limitations. Fiscal agents acting on behalf of the District hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, and have been invested only as permitted by specific State statutes or applicable District ordinance, resolution or bond indenture.

***Fair Value Measurements***

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 — Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 — Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 — Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Receivables and Unbilled Revenues***

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts, if any. The District also accrues an estimated amount for services that have been provided, but not yet billed as of June 30. Federal and State grants accrued as revenue when all eligibility requirements have been met. Amount earned but outstanding at year end are reported as due from other governments.

***Inventories***

Inventories consist of expendable materials, supplies, and water in storage and are stated at average cost.

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

***Capital Assets***

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at their acquisition value on the date donated. The District policy has set the capitalization threshold for reporting capital assets at \$5,000, all of which must have an estimated useful life in excess of one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

**Primary Government**

<b>Water Plant</b>	Source of supply (primarily water tanks)	10 - 100 Years
	Plant	10 - 75 Years
	Structures	25 - 35 Years
<b>Sanitation Plant</b>	Plant	10 - 100 Years
	Machinery and equipment	3 - 25 Years
<b>General Utility Plant</b>	Building and improvements	10 - 50 Years
	Machinery and equipment	3 - 25 Years

**Discretely Presented Component Unit - JPA**

<b>Recycle Water Plants</b>	Plant	10 - 100 Years
	Machinery and equipment	3 - 25 Years

Major outlays for capital assets are capitalized as projects, once constructed, and repairs and maintenance costs are expensed. Interest accrued during capital assets construction, if any, is capitalized as part of the asset cost, net of interest income on construction bond proceeds.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Capital Contributions***

Prepayments of water and sewer capacity fees/connection fees assessed by the District are reported as unearned revenues until construction of the related projects has commenced and the District is reasonably certain they will be completed. Upon completion, the applicable amounts are recognized as capital contributions.

***Compensated Absences***

District's policy permits its employees to accumulate not more than 288 hours of their current annual vacation for the miscellaneous general and office units and not more than 311 hours for the supervisor, professional, confidential, and management units. General Managers are compensated five days into accrued sick leave bank at onset of employment and eight hours per month thereafter up to 96 hours per year with a maximum of 311 hours accrual. Non-represented employees are compensated eight hours per month. The annual accrual of sick leave has no maximum accrual. The combined unused vacation and sick pay will be paid to the employee or his/her beneficiary upon leaving the District's employment. The amount due will be determined using the salary/wage rate in effect at the time of separation and vesting period.

All vested vacation and compensatory leave time is recognized as an expense and as a liability at the time the benefit vests. The liability for compensated absences is included as part of compensated absences payable from unrestricted current assets.

***Long-Term Debt***

Debt premiums and discounts are amortized over the life of the debt using the straight-line method. Long-term debt is reported net of the applicable unamortized bond premium or discount. Debt issuance costs are expensed when incurred.

***Arbitrage Rebate Requirement***

The District is subject to the Internal Revenue Code ("IRC") Section 148(f), related to its tax-exempt revenue bonds. The IRC requires that investment earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed will be surrendered to the Internal Revenue Service. The District had no rebate arbitrage liability as of June 30, 2019 or 2018.

***Pension***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

For the Year Ended	June 30, 2019
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Pension (Continued)***

For the Year Ended	June 30, 2018
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

***Other Postemployment Benefits (“OPEB”)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Retiree Benefits Plan (“OPEB Plan”) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for pension reporting:

For the Year Ended	June 30, 2019
Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018
For the Year Ended	June 30, 2018
Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

***Net Position***

Net position represents the difference between all other elements in the statement of net position and is displayed in the following three components:

**Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt and deferred inflows and outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted** – This component of net position consists of restricted assets and related deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Net Position (Continued)***

**Unrestricted** – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

***Property Taxes***

Property taxes are levied on March 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is March 1. The County of Los Angeles, California ("County") bills and collects property taxes and remits them to the District according to a payment schedule established by the County.

The County is permitted by State law to levy on properties at 1% of full market value (at time of purchase) and can increase the property tax rate at no more than 2% per year. The District receives a share of this basic tax levy proportionate to what it received during the years 1976-1978.

Property taxes are recognized in the fiscal year for which the taxes have been levied.

No allowance for doubtful accounts was considered necessary.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

***Accounting Changes***

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. Application of this statement did not have a material effect on the District's financial statements for the fiscal year ending June 30, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. See Note 9 for District's long-term debt disclosures. Application of this statement did not have a material effect on the District's financial statements for the fiscal year ending June 30, 2019.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 3 – Cash and Investments**

At June 30, 2019 and 2018, cash and investments are classified in the accompanying statements of net position as follows:

	2019			2018		
	Primary Government	Discretely Presented Component Unit - JPA	Total	Primary Government	Discretely Presented Component Unit - JPA	Total
<b>Unrestricted Assets:</b>						
Cash and cash equivalents	\$ 24,674,984	\$ 8,703,228	\$ 33,378,212	\$ 27,811,040	\$ 4,282,084	\$ 32,093,124
Investments	56,658,658	1,008,571	57,667,229	47,206,546	972,870	48,179,416
<b>Restricted Assets:</b>						
Cash and cash equivalents	2,801,720	-	2,801,720	2,766,678	-	2,766,678
<b>Total cash and investments</b>	<b>\$ 84,135,363</b>	<b>\$ 9,711,799</b>	<b>\$ 93,847,162</b>	<b>\$ 77,784,264</b>	<b>\$ 5,254,954</b>	<b>\$ 83,039,218</b>

At June 30, 2019 and 2018, cash and investments consisted of the following:

	2019			2018		
	Primary Government	Discretely Presented Component Unit - JPA	Total	Primary Government	Discretely Presented Component Unit - JPA	Total
<b>Deposits:</b>						
Demand Deposits	\$ 76,738	\$ 939,036	\$ 1,015,774	\$ 9,679	\$ 692,269	\$ 701,948
Petty Cash	2,200	-	2,200	2,200	-	2,200
<b>Total deposits</b>	78,938	939,036	1,017,974	11,879	692,269	704,148
<b>Investments:</b>						
Money market mutual funds	33,107	-	33,107	-	-	-
Municipal Bonds	13,088,448	-	13,088,448	9,722,457	-	9,722,457
U.S. Government Sponsored Agency Security	37,672,311	1,008,571	38,680,882	33,403,680	972,870	34,376,550
Certificate of Deposit	5,897,900	-	5,897,900	4,080,409	-	4,080,409
California Local Agency Investment Fund	24,564,065	7,764,192	32,328,257	27,799,161	3,589,815	31,388,976
<b>Total investments</b>	81,255,831	8,772,763	90,028,594	75,005,707	4,562,685	79,568,392
<b>Investments with Fiscal Agents:</b>						
California Local Agency Investment Fund	2,800,594	-	2,800,594	2,766,678	-	2,766,678
<b>Total investments with fiscal agents</b>	2,800,594	-	2,800,594	2,766,678	-	2,766,678
<b>Total cash and investments</b>	<b>\$ 84,135,363</b>	<b>\$ 9,711,799</b>	<b>\$ 93,847,162</b>	<b>\$ 77,784,264</b>	<b>\$ 5,254,954</b>	<b>\$ 83,039,218</b>

The statements of cash flows for the year ended June 30, 2019 and 2018 have been prepared by considering the following deposits and investment instruments to be cash and cash equivalents:

	2019			2018		
	Primary Government	Discretely Presented Component Unit - JPA	Total	Primary Government	Discretely Presented Component Unit - JPA	Total
Demand Deposits	\$ 76,738	\$ 939,036	\$ 1,015,774	\$ 9,679	\$ 692,269	\$ 701,948
Petty Cash	2,200	-	2,200	2,200	-	2,200
California Local Agency Investment Fund	27,364,659	7,764,192	35,128,851	30,565,839	3,589,815	34,155,654
<b>Total cash and cash equivalents</b>	<b>\$ 27,476,704</b>	<b>\$ 8,703,228</b>	<b>\$ 36,179,932</b>	<b>\$ 30,577,718</b>	<b>\$ 4,282,084</b>	<b>\$ 34,859,802</b>

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 3 – Cash and Investments (Continued)**

***Fair Value Measurement***

At June 30, 2019 and 2018, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2019 and 2018:

	2019			2018		
	Significant Other Observable Input (Level 2)	Uncategorized	Total	Significant Other Observable Input (Level 2)	Uncategorized	Total
	Money market mutual funds	\$ -	\$ 33,107	\$ 33,107	\$ -	\$ -
Municipal Bonds	13,088,448	-	13,088,448	9,722,457	-	9,722,457
Federal Agricultural Mortgage Corporation	2,507,352	-	2,507,352	969,390	-	969,390
Federal Farm Credit Bank	9,057,520	-	9,057,520	6,886,480	-	6,886,480
Federal Home Loan Bank	9,126,770	-	9,126,770	7,847,450	-	7,847,450
Federal Home Loan Mortgage Corporation	12,013,540	-	12,013,540	12,795,210	-	12,795,210
Federal Nation Mortgage Association	5,975,700	-	5,975,700	5,878,020	-	5,878,020
Certificate of Deposit	5,897,900	-	5,897,900	4,080,409	-	4,080,409
California Local Agency Investment Fund	-	32,328,257	32,328,257	-	31,388,976	31,388,976
Investment with fiscal agents:						
California Local Agency Investment Fund	-	2,800,594	2,800,594	-	2,766,678	2,766,678
<b>Total investments</b>	<b>\$ 57,667,230</b>	<b>\$ 35,161,958</b>	<b>\$ 92,829,188</b>	<b>\$ 48,179,416</b>	<b>\$ 34,155,654</b>	<b>\$ 82,335,070</b>

***Demand Deposits***

Demand deposits are held in pool by the District. The carrying amounts of cash deposits were \$1,015,774 and \$701,948 at June 30, 2019 and 2018, respectively. Bank balances at June 30, 2019 and 2018 were \$1,630,171 and \$932,664, respectively, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the District’s name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District’s name.

The fair value of pledged securities must equal at least 110% of the District’s cash deposits. California law also allows institutions to secure the District’s deposits by pledging first trust deed mortgage notes having a value of 150% of the District’s total cash deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The District, however, has not waived the collateralization requirements.

***California Local Agency Investment Funds***

The District is a voluntary participant in the California Local Agency Investment Fund (“LAIF”) that is regulated by California Government Code Section 18429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The District’s investments with LAIF include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities.



**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 3 – Cash and Investments (Continued)**

*California Local Agency Investment Funds (Continued)*

These investments include the following:

- **Structured Notes** – debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- **Asset-Backed Securities** – the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO’s) or credit card receivables.

JPA’s investment in LAIF was pooled with the District. As of June 30, 2019, and 2018, the District had \$35,128,851 and \$34,155,654, respectively, invested in LAIF, which had invested 1.77% and 2.67% of the pool investment funds in Structured Notes and Asset-Backed Securities, respectively. The value of the investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are reported at net asset value.

*Investments Authorized by the California Code and The District’s Investment Policy*

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Bills, Bonds and Notes	5 years	None	None
United States Government Sponsored Agency Securities	5 years	None	None
Time Deposits	1 year	25%	None
Repurchase Agreements/Reverse Repurchase Agreement	30 days	25%/10%	None
California Local Agency Investment Fund (LAIF)	None	25%	\$65,000,000
Bonds Issue by Local Agencies or States	5 years	None	None
Certificates of Deposits	5 years	25%	\$250,000

*Investments Authorized by Debt Agreements*

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 3 – Cash and Investments (Continued)**

***Investments Authorized by Debt Agreements (Continued)***

The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	None	None	None
United States Government Sponsored Agency Securities	3 years	None	None
Time Deposits	360 days	None	None
Banker's Acceptances	360 days	None	None
Money Market Mutual Fund	None	None	None
California Local Agency Investment Fund	None	None	None
Commercial Paper	270 days	None	None
Investment Agreement	None	None	None
Other investments approved by bond insurer	None	None	None

***Disclosures Relating to Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following tables that shows the distribution of the District's investments by maturity as of June 30, 2019 and 2018.

<u>Investment Type</u>	<u>2019</u>					<u>Fair Value Total</u>
	<u>Remaining Maturity (in Years)</u>					
	<u>Less Than 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 3 Years</u>	<u>3 to 4 Years</u>	<u>4 to 5 Years</u>	
Money market mutual funds	\$ 33,107	\$ -	\$ -	\$ -	\$ -	\$ 33,107
Municipal Bonds	1,999,380	4,949,044	2,607,902	1,478,272	2,053,850	13,088,448
Federal Agricultural Mortgage Corporation	-	-	465,702	1,005,920	1,035,730	2,507,352
Federal Farm Credit Bank	994,170	1,001,280	-	3,026,280	4,035,790	9,057,520
Federal Home Loan Bank	-	998,770	1,993,450	4,059,550	2,075,000	9,126,770
Federal Home Loan Mortgage Corporation	1,992,100	1,999,490	4,017,110	1,002,120	3,002,720	12,013,540
Federal Nation Mortgage Association	3,986,310	1,989,390	-	-	-	5,975,700
Certificate of Deposit	1,469,108	732,570	977,460	1,232,707	1,486,055	5,897,900
California Local Agency Investment Fund	32,328,257	-	-	-	-	32,328,257
Investment with fiscal agents:						
California Local Agency Investment Fund	2,800,594	-	-	-	-	2,800,594
	<u>\$ 45,603,026</u>	<u>\$ 11,670,544</u>	<u>\$ 10,061,624</u>	<u>\$ 11,804,849</u>	<u>\$ 13,689,145</u>	<u>\$ 92,829,188</u>

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 3 – Cash and Investments (Continued)**

*Disclosures Relating to Interest Rate Risk (Continued)*

Investment Type	2018					Fair Value Total
	Remaining Maturity (in Years)					
	Less Than 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	
Municipal Bonds	\$ 903,725	\$ 985,410	\$ 4,854,263	\$ 1,562,228	\$ 1,416,831	\$ 9,722,457
Federal Agricultural Mortgage Corporation	-	-	-	-	969,390	969,390
Federal Farm Credit Bank	1,985,140	1,976,330	-	-	2,925,010	6,886,480
Federal Home Loan Bank	1,992,430	-	977,960	1,941,740	2,935,320	7,847,450
Federal Home Loan Mortgage Corporation	-	1,969,650	1,963,310	3,894,830	4,967,420	12,795,210
Federal Nation Mortgage Association	-	3,931,850	1,946,170	-	-	5,878,020
Certificate of Deposit	488,870	971,389	717,654	709,635	1,192,861	4,080,409
California Local Agency Investment Fund	31,388,976	-	-	-	-	31,388,976
Investment with fiscal agents:						
California Local Agency Investment Fund	2,766,678	-	-	-	-	2,766,678
	<u>\$ 39,525,819</u>	<u>\$ 9,834,629</u>	<u>\$ 10,459,357</u>	<u>\$ 8,108,433</u>	<u>\$ 14,406,832</u>	<u>\$ 82,335,070</u>

*Disclosures Relating to Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the District's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard and Poor's, and Moody's Investors Service. Presented in the following tables are the Standard and Poor's credit ratings for the Districts investments as of June 30, 2019 and 2018.

Investment	2019					Unrated
	Total As of June 30, 2019	Minimum Legal Requirement	AAA	AA+/-	A+	
Money market mutual funds	\$ 33,107	None	\$ 33,107	\$ -	\$ -	\$ -
Municipal Bonds	13,088,448	AA-	2,009,010	10,079,028	1,000,410	-
Federal Agricultural Mortgage Corporation	2,507,352	None	-	-	-	2,507,352
Federal Farm Credit Bank	9,057,520	None	-	6,032,910	-	3,024,610
Federal Home Loan Bank	9,126,770	None	-	6,133,320	-	2,993,450
Federal Home Loan Mortgage Corporation	12,013,540	None	-	4,998,020	-	7,015,520
Federal Nation Mortgage Association	5,975,700	None	-	2,988,830	-	2,986,870
Certificate of Deposit	5,897,900	None	-	-	-	5,897,900
California Local Agency Investment Fund	32,328,257	None	-	-	-	32,328,257
Investment with fiscal agents:						
California Local Agency Investment Fund	2,800,594	None	-	-	-	2,800,594
	<u>\$ 92,829,188</u>		<u>\$ 2,042,117</u>	<u>\$ 30,232,108</u>	<u>\$ 1,000,410</u>	<u>\$ 59,554,553</u>

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 3 – Cash and Investments (Continued)**

*Disclosures Relating to Credit Risk (Continued)*

Investment	2018					
	Total As of June 30, 2018	Minimum Legal Requirement	AAA	AA+/-	A+	Unrated
Municipal Bonds	\$ 9,722,457	AA-	\$1,969,820	\$ 7,207,991	\$ 544,646	\$ -
Federal Agricultural Mortgage Corporation	969,390	None	-	-	-	969,390
Federal Farm Credit Bank	6,886,480	None	-	4,915,140	-	1,971,340
Federal Home Loan Bank	7,847,450	None	-	3,934,270	-	3,913,180
Federal Home Loan Mortgage Corporation	12,795,210	None	-	6,891,130	-	5,904,080
Federal National Mortgage Association	5,878,020	None	987,730	1,954,740	-	2,935,550
Certificate of Deposit	4,080,409	None	-	-	-	4,080,409
California Local Agency Investment Fund	31,388,976	None	-	-	-	31,388,976
Investment with fiscal agents:						
California Local Agency Investment Fund	2,766,678	None	-	-	-	2,766,678
	\$ 82,335,070		\$ 2,957,550	\$ 24,903,271	\$ 544,646	\$ 53,929,603

*Disclosures Relating to Concentration of Credit Risk*

Investments in any one issuer that represents 5% or more of total District's investments (excluding cash with fiscal agents) are as follows:

Issuer	Investment Type	2019		2018	
		Reported Amount	Percentage of Investments	Reported Amount	Percentage of Investments
Municipal Bonds	Other investments approved by bond issuer	\$ 13,088,448	14.54%	\$ 9,722,457	12.22%
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	9,057,520	10.06%	6,886,480	8.65%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	9,126,770	10.14%	7,847,450	9.86%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	12,013,540	13.34%	12,795,210	16.08%
Federal National Mortgage Association	United States Government Sponsored Agency Securities	5,975,700	6.64%	5,878,020	7.39%
California Local Agency Investment Fund	California Local Agency Investment Fund	32,328,257	35.91%	31,388,976	39.45%

*Disclosures Relating to Custodial Credit Risk*

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 4 – Accounts Receivable**

Accounts receivable primarily consist of sales and services fees as well as the District’s allocation of property taxes collected but not remitted by Los Angeles County. As of June 30, 2019, and 2018, sales and services receivable, net of allowance for uncollectible accounts, were in the amount of \$7,042,513 and \$7,468,124 for the District and \$683,809 and \$1,112,207 for the JPA, respectively.

**Note 5 – Inventories**

Inventories consisted of the following as of June 30, 2019 and 2018:

	2019	2018
<b><u>Primary Government</u></b>		
Material and supplies	\$ 1,008,909	\$ 875,683
Water in storage	7,025,445	6,160,748
<b>Total</b>	<b>\$ 8,034,354</b>	<b>\$ 7,036,431</b>
 <b><u>Discretely Presented Component Unit - JPA</u></b>		
Material and supplies	\$ -	\$ 171,555

Water in storage was calculated by taking the volume of the reservoir and tanks times the average cost per acre foot.

**Note 6 – Investment in Joint Powers Authority**

The District was the designated administering agent for the Las Virgenes-Triunfo Joint Powers Authority (“JPA”). Costs and capital contributions are generally shared by the two districts in accordance with capacity rights reserved in each component of the joint system. Maintenance and operating costs are pro-rated to the districts in accordance with the average monthly flows contributed by each to the system. The allocation of construction costs related to projects in process is based upon engineering estimates of the capacity rights and is subject to increase or decrease when final costs are determined.

A summary of changes in investment in Joint Powers Authority is as follows:

	2019	2018
Beginning of year	\$ 62,520,957	\$ 62,556,150
Contributions	15,575,937	13,683,030
Share in income (loss):		
Sanitation expenses	(9,766,869)	(9,545,571)
Depreciation expenses	(4,191,025)	(4,172,500)
Loss on disposal of capital assets	(1,264)	(152)
End of year	<b>\$ 64,137,736</b>	<b>\$ 62,520,957</b>

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 6 – Investment in Joint Powers Authority (Continued)**

Investment in Joint Powers Authority includes capitalized interests for the debt issued for the JPA’s facilities held under the District’s name as follows:

	2019	2018
Primary government's net investment in JPA's capital assets	\$ 62,372,682	\$ 60,563,415
Capitalized interest, net	1,765,054	1,957,542
Investment in JPA	\$ 64,137,736	\$ 62,520,957

Condensed financial statement of the JPA as of and for the year ended June 30, 2019 and 2018 including the participants’ approximate percentage shares as follows:

	2019			2018		
	Amount	Las Virgenes	Triunfo	Amount	Las Virgenes	Triunfo
		Water District	Sanitation District		Water District	Sanitation District
Total assets	\$ 104,189,582	67%	33%	\$ 97,785,119	66%	34%
Total liabilities	10,509,988	67%	33%	6,310,493	67%	33%
Total equity	93,679,591	70%	30%	91,174,626	66%	34%
Billings to participants	13,710,518	67%	33%	13,264,203	68%	32%
Depreciation	5,721,381	70%	30%	5,695,161	70%	30%
Construction cost	8,229,325	71%	29%	6,097,896	71%	29%

The amount due from the JPA at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Beginning of year	\$ 2,830,105	\$4,097,705
Additions (Deletions)	1,668,356	(1,267,600)
End of year	\$ 4,498,461	2,830,105

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 7 – Capital Assets**

**Primary Government**

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Reclassification	Balance June 30, 2019
<b>Capital assets, not depreciated</b>					
Land and land rights:					
Water plant	\$ 6,804,111	\$ 6	\$ -	\$ -	\$ 6,804,117
Sanitation plant	111,235	-	-	-	111,235
Construction in progress	1,289,556	1,698,210	-	(1,132,417)	1,855,349
<b>Total capital assets, not depreciated</b>	<b>8,204,902</b>	<b>1,698,216</b>	<b>-</b>	<b>(1,132,417)</b>	<b>8,770,701</b>
<b>Capital assets, being depreciated</b>					
Water plant:					
Source of supply	41,737,630	-	-	-	41,737,630
Plant	125,759,072	1,187,082	(24,094)	478,260	127,400,320
Structure	20,672,454	347,546	-	41,975	21,061,975
Sanitation plant:					
Plant	7,472,620	-	-	-	7,472,620
Machinery and equipment	17,318	-	-	-	17,318
General utility plant					
Building and improvements	22,094,343	-	(42,436)	43,021	22,094,928
Machinery and equipment	11,327,047	-	(217,609)	569,161	11,678,599
<b>Total capital assets, being depreciated</b>	<b>229,080,484</b>	<b>1,534,628</b>	<b>(284,139)</b>	<b>1,132,417</b>	<b>231,463,390</b>
<b>Less accumulated depreciation</b>					
Water plant:					
Source of supply	(11,348,647)	(906,052)	-	-	(12,254,699)
Plant	(56,660,410)	(1,818,045)	22,617	-	(58,455,838)
Structure	(17,776,983)	(251,792)	-	-	(18,028,775)
Sanitation plant:					
Plant	(3,914,702)	(144,360)	-	-	(4,059,062)
Machinery and equipment	(17,318)	-	-	-	(17,318)
General utility plant					
Building and improvements	(12,886,524)	(523,433)	28,856	-	(13,381,101)
Machinery and equipment	(10,155,096)	(371,889)	217,609	-	(10,309,376)
<b>Total accumulated depreciation</b>	<b>(112,759,680)</b>	<b>(4,015,571)</b>	<b>269,082</b>	<b>-</b>	<b>(116,506,169)</b>
<b>Total capital assets, being depreciated, net</b>	<b>116,320,804</b>	<b>(2,480,943)</b>	<b>(15,057)</b>	<b>1,132,417</b>	<b>114,957,221</b>
<b>Total capital assets, net</b>	<b>\$ 124,525,706</b>	<b>\$ (782,727)</b>	<b>\$ (15,057)</b>	<b>\$ -</b>	<b>\$ 123,727,922</b>

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 7 – Capital Assets (Continued)**

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions	Reclassification	Balance June 30, 2018
<b>Capital assets, not depreciated</b>					
Land and land rights:					
Water plant	\$ 6,804,099	\$ 12	\$ -	\$ -	\$ 6,804,111
Sanitation plant	111,235	-	-	-	111,235
Construction in progress	6,108,328	1,733,845	(39,554)	(6,513,063)	1,289,556
<b>Total capital assets, not depreciated</b>	<b>13,023,662</b>	<b>1,733,857</b>	<b>(39,554)</b>	<b>(6,513,063)</b>	<b>8,204,902</b>
<b>Capital assets, being depreciated</b>					
Water plant:					
Source of supply	41,737,630	-	-	-	41,737,630
Plant	118,986,331	987,670	(127,117)	5,912,188	125,759,072
Structure	20,512,668	14,679	(1,868)	146,975	20,672,454
Sanitation plant:					
Plant	7,472,620	-	-	-	7,472,620
Machinery and equipment	17,318	-	-	-	17,318
General utility plant					
Building and improvements	22,023,030	-	(129,165)	200,478	22,094,343
Machinery and equipment	11,084,233	47,603	(58,211)	253,422	11,327,047
<b>Total capital assets, being depreciated</b>	<b>221,833,830</b>	<b>1,049,952</b>	<b>(316,361)</b>	<b>6,513,063</b>	<b>229,080,484</b>
<b>Less accumulated depreciation</b>					
Water plant:					
Source of supply	(10,442,596)	(906,051)	-	-	(11,348,647)
Plant	(54,918,909)	(1,824,542)	83,041	-	(56,660,410)
Structure	(17,586,292)	(192,560)	1,869	-	(17,776,983)
Sanitation plant:					
Plant	(3,766,851)	(147,851)	-	-	(3,914,702)
Machinery and equipment	(16,454)	(864)	-	-	(17,318)
General utility plant					
Building and improvements	(12,454,599)	(520,177)	88,252	-	(12,886,524)
Machinery and equipment	(9,862,231)	(351,076)	58,211	-	(10,155,096)
<b>Total accumulated depreciation</b>	<b>(109,047,932)</b>	<b>(3,943,121)</b>	<b>231,373</b>	<b>-</b>	<b>(112,759,680)</b>
<b>Total capital assets, being depreciated, net</b>	<b>112,785,898</b>	<b>(2,893,169)</b>	<b>(84,988)</b>	<b>6,513,063</b>	<b>116,320,804</b>
<b>Total capital assets, net</b>	<b>\$ 125,809,560</b>	<b>\$ (1,159,312)</b>	<b>\$ (124,542)</b>	<b>\$ -</b>	<b>\$ 124,525,706</b>



**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 7 – Capital Assets (Continued)**

**Discretely Presented Component Unit – JPA**

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Reclassification	Balance June 30, 2019
<b>Capital assets, not depreciated</b>					
Land and land rights	\$ 14,368,150	\$ -	\$ -	\$ -	\$ 14,368,150
Construction in progress	4,954,472	8,229,325	(1,185)	(7,071,620)	6,110,992
<b>Total capital assets, not depreciated</b>	<b>19,322,622</b>	<b>8,229,325</b>	<b>(1,185)</b>	<b>(7,071,620)</b>	<b>20,479,142</b>
<b>Capital assets, being depreciated</b>					
Sewer and treatment plant	121,094,776	-	(41,842)	2,635,729	123,688,663
Compost plant and farm	71,782,886	-	-	4,435,891	76,218,777
Recycled water system	34,819,404	-	-	-	34,819,404
<b>Total capital assets, being depreciated</b>	<b>227,697,066</b>	<b>-</b>	<b>(41,842)</b>	<b>7,071,620</b>	<b>234,726,844</b>
<b>Less accumulated depreciation</b>					
Sewer and treatment plant	(84,624,554)	(2,929,460)	40,048	-	(87,513,966)
Compost plant and farm	(50,115,201)	(1,816,105)	-	-	(51,931,306)
Recycled water system	(21,105,307)	(975,816)	-	-	(22,081,123)
<b>Total accumulated depreciation</b>	<b>(155,845,062)</b>	<b>(5,721,381)</b>	<b>40,048</b>	<b>-</b>	<b>(161,526,395)</b>
<b>Total capital assets, being depreciated, net</b>	<b>71,852,004</b>	<b>(5,721,381)</b>	<b>(1,794)</b>	<b>7,071,620</b>	<b>73,200,449</b>
<b>Total capital assets, net</b>	<b>\$ 91,174,626</b>	<b>\$ 2,507,944</b>	<b>\$ (2,979)</b>	<b>\$ -</b>	<b>\$ 93,679,591</b>

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions	Reclassification	Balance June 30, 2018
<b>Capital assets, not depreciated</b>					
Land and land rights	\$ 12,258,791	\$ -	\$ -	\$ 2,109,359	\$ 14,368,150
Construction in progress	3,039,783	5,860,424	-	(3,945,735)	4,954,472
<b>Total capital assets, not depreciated</b>	<b>15,298,574</b>	<b>5,860,424</b>	<b>-</b>	<b>(1,836,376)</b>	<b>19,322,622</b>
<b>Capital assets, being depreciated</b>					
Sewer and treatment plant	120,681,832	-	(6,215)	419,159	121,094,776
Compost plant and farm	71,196,292	-	(9,278)	595,872	71,782,886
Recycled water system	34,013,089	-	(15,030)	821,345	34,819,404
<b>Total capital assets, being depreciated</b>	<b>225,891,213</b>	<b>-</b>	<b>(30,523)</b>	<b>1,836,376</b>	<b>227,697,066</b>
<b>Less accumulated depreciation</b>					
Sewer and treatment plant	(81,808,847)	(2,821,922)	6,215	-	(84,624,554)
Compost plant and farm	(48,236,081)	(1,888,398)	9,278	-	(50,115,201)
Recycled water system	(20,135,282)	(984,841)	14,816	-	(21,105,307)
<b>Total accumulated depreciation</b>	<b>(150,180,210)</b>	<b>(5,695,161)</b>	<b>30,309</b>	<b>-</b>	<b>(155,845,062)</b>
<b>Total capital assets, being depreciated, net</b>	<b>75,711,003</b>	<b>(5,695,161)</b>	<b>(214)</b>	<b>1,836,376</b>	<b>71,852,004</b>
<b>Total capital assets, net</b>	<b>\$ 91,009,577</b>	<b>\$ 165,263</b>	<b>\$ (214)</b>	<b>\$ -</b>	<b>\$ 91,174,626</b>

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 8 – Compensated Absences**

A summary of changes in compensated absences for the year ended June 30, 2019 is as follows:

Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in More than One Year
\$ 2,152,000	\$ 814,991	\$ (841,186)	\$ 2,125,805	\$ 854,249	\$ 1,271,556

A summary of changes in compensated absences for the year ended June 30, 2018 is as follows:

Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in More than One Year
\$ 2,123,351	\$ 895,961	\$ (867,312)	\$ 2,152,000	\$ 938,425	\$ 1,213,575

**Note 9 – Long-Term Debt**

A summary of changes in long-term debt for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in More Than One Year
2009 Sanitation Refunding Revenue Bonds	\$ 14,670,000	\$ -	\$ (2,210,000)	\$ 12,460,000	\$ 2,305,000	\$ 10,155,000
Add: Unamortized Premium	862,846	-	(159,295)	703,551	-	703,551
Capital Lease	63,379	-	(23,075)	40,304	24,815	15,489
<b>Total long-term debt</b>	<b>\$ 15,596,225</b>	<b>\$ -</b>	<b>\$ (2,392,370)</b>	<b>\$ 13,203,855</b>	<b>\$ 2,329,815</b>	<b>\$ 10,874,040</b>

A summary of changes in long-term debt for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in More Than One Year
2009 Sanitation Refunding Revenue Bonds	\$ 16,795,000	\$ -	\$ (2,125,000)	\$ 14,670,000	\$ 2,210,000	\$ 12,460,000
Add: Unamortized Premium	1,022,141	-	(159,295)	862,846	-	862,846
Capital Lease	84,846	-	(21,467)	63,379	23,075	40,304
<b>Total long-term debt</b>	<b>\$ 17,901,987</b>	<b>\$ -</b>	<b>\$ (2,305,762)</b>	<b>\$ 15,596,225</b>	<b>\$ 2,233,075</b>	<b>\$ 13,363,150</b>

**2009 Sanitation Refunding Revenue Bonds**

The District issued Sanitation Refunding Revenue Bonds (“2009 Bonds”) dated December 1, 2009, totaling \$29,415,000. The purpose of the 2009 Bonds was to advance refund 1998 Installment Purchase Refunding Revenue Bonds.

The 2009 Bonds mature through November 1, 2023, and bear interest at rates ranging from 1.00% to 5.00%. Interest is payable semiannually on May 1 and November 1, beginning May 1, 2010. The 2009 Bonds are subject to optional early redemption provisions. The 2009 Bonds fully mature on November 1, 2023.

The District completed the refunding to reduce its debt service over the next 14 years by approximately \$7,604,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$4,796,000.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 9 – Long-Term Debt (Continued)**

Total balance outstanding as of June 30, 2019 and 2018, net of unamortized premium was as follows:

	2019	2018
Principal outstanding	\$ 12,460,000	\$ 14,670,000
Add unamortized premium	703,551	862,846
Net bonds outstanding	\$ 13,163,551	\$ 15,532,846

The annual debt service requirements at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	2,305,000	450,450	2,755,450
2021	2,400,000	353,825	2,753,825
2022	2,480,000	272,975	2,752,975
2023	2,580,000	174,075	2,754,075
2024	2,695,000	58,513	2,753,513
Total	\$ 12,460,000	\$ 1,309,838	\$ 13,769,838

**Capital Leases**

The District entered into various leases agreement for the copiers at interest rates range from 2% to 6.72%. These leases are classified as capital leases and have been recorded at the present value of the future minimum lease payments at the inception date of the leases. The assets acquired through capital leases are included in the District's capital assets in the amount of \$128,377, net of accumulated depreciation in the amount of \$93,892.

Year Ended June 30,	
2020	24,815
2021	15,489
<b>Subtotal</b>	40,304
<b>Less amount representing interest</b>	<b>(2,512)</b>
<b>Present value of future minimum lease payments</b>	<b>\$ 37,792</b>

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 10 – Pension Plan – Defined Benefit Plan**

The net pension liabilities and the related deferred outflows of resources and deferred inflows of resources at June 30, 2019 and 2018 are as follows:

	<b>2019</b>	<b>2018</b>
<b>Deferred outflows of resources:</b>		
Pension contribution after measurement date	\$ 2,414,889	\$ 2,063,540
Projected earning on pension plan investments in excess of actual earnings on pension plan investments	184,579	919,804
Changes of assumption	1,955,480	3,585,046
<b>Total deferred outflows of resources</b>	<b>\$ 4,554,948</b>	<b>\$ 6,568,390</b>
<b>Net pension liabilities:</b>		
Net pension liabilities	\$ 16,055,823	\$ 20,493,355
<b>Total net pension liabilities</b>	<b>\$ 16,055,823</b>	<b>\$ 20,493,355</b>
<b>Deferred inflows of resources:</b>		
Difference between expected and actual experiences	\$ 1,574,290	\$ 2,098,046
Changes of assumption	1,805,795	175,573
<b>Total deferred inflows of resources</b>	<b>\$ 3,380,085</b>	<b>\$ 2,273,619</b>

***General Information about the Pension Plan***

***Plan Description***

The District contributes to the California Public Employees’ Retirement System (“CalPERS”), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2017 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

***Benefits Provided***

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least five years of credited service. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 62 with at least five years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% of the average final 12 months compensation. Retirement benefits for PEPRAs miscellaneous employees are calculated as 2% of the average final 36 months compensation.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 10 – Pension Plan – Defined Benefit Plan (Continued)**

*General Information about the Pension Plan (Continued)*

Benefits Provided (Continued)

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3 percent.

Employees Covered by Benefit Terms

At June 30, 2017 and 2016 valuation date, the members covered by the benefit terms are as follows:

	2017	2016
<u>Employees covered by benefit terms</u>		
Active employees	114	111
Transferred and terminated employees	73	74
Retired employees and beneficiaries	150	141
	337	326

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement periods ended June 30, 2018 and 2017, the employees' contribution rates were 6.958% and 6.990% of annual pay, and the employer's contribution rates were 8.845% and 17.351% of employee annual payroll, respectively.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 10 – Pension Plan – Defined Benefit Plan (Continued)**

***Net Pension Liability***

*Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 10 – Pension Plan – Defined Benefit Plan (Continued)**

Discount Rate

The discount rate used to measure the June 30, 2018 and 2017 total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund ("PERF"). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2017.

Asset Class <sup>1</sup>	New Strategic Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

<sup>1</sup> In the CalPERS's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup> An expected inflation of 2.0% used

<sup>3</sup> An expected inflation of 2.92% used

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 10 – Pension Plan – Defined Benefit Plan (Continued)**

***Changes in the Net Pension Liability***

The following table shows the changes in net pension liability recognized over the measurement period of July 1, 2017 to June 30, 2018.

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
Balance at June 30, 2017 (Valuation Date)	\$ 95,765,371	\$ 75,272,016	\$ 20,493,355
Changes Recognized for the Measurement Period:			
Service cost	1,744,796	-	1,744,796
Interest on the total pension liability	6,486,599	-	6,486,599
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,061,287)	-	(1,061,287)
Changes of assumptions	(2,708,692)	-	(2,708,692)
Net plan to plan resource movement	-	(185)	185
Contributions from the employer	-	2,100,676	(2,100,676)
Contributions from employees	-	815,450	(815,450)
Net investment income, net of administrative expense	-	6,323,046	(6,323,046)
Benefit payments, including refunds of employee contributions	(4,292,253)	(4,292,253)	-
Administrative expense	-	(117,295)	117,295
Other miscellaneous income (expense)	-	(222,744)	222,744
Net Changes during July 1, 2017 to June 30, 2018	<u>169,163</u>	<u>4,606,695</u>	<u>(4,437,532)</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$ 95,934,534</u>	<u>\$ 79,878,711</u>	<u>\$ 16,055,823</u>

The following table shows the changes in net pension liability recognized over the measurement period of July 1, 2016 to June 30, 2017.

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
Balance at June 30, 2016 (Valuation Date)	\$ 88,299,511	\$ 68,736,476	\$ 19,563,035
Changes Recognized for the Measurement Period:			
Service Cost	1,813,978	-	1,813,978
Interest on the total pension liability	6,456,858	-	6,456,858
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(2,211,229)	-	(2,211,229)
Changes of assumptions	5,214,612	-	5,214,612
Contributions from the employer	-	1,992,743	(1,992,743)
Contributions from employees	-	741,264	(741,264)
Net investment income, net of administrative expense	-	7,711,377	(7,711,377)
Benefit payments, including refunds of employee contributions	(3,808,359)	(3,808,359)	-
Administrative Expense	-	(101,485)	101,485
Net Changes during July 1, 2016 to June 30, 2017	<u>7,465,860</u>	<u>6,535,540</u>	<u>930,320</u>
Balance at June 30, 2017 (Measurement Date)	<u>\$ 95,765,371</u>	<u>\$ 75,272,016</u>	<u>\$ 20,493,355</u>



**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 10 – Pension Plan – Defined Benefit Plan (Continued)**

*Changes in the Net Pension Liability (Continued)*

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
June 30, 2018 Measurement Date	\$ 28,268,898	\$ 16,055,823	\$ 5,867,115

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
June 30, 2017 Measurement Date	\$ 33,105,020	\$ 20,493,355	\$ 9,989,785

*Pension Plan Fiduciary Net Position*

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

For the measurement periods ended June 30, 2018 and 2017, the District incurred a pension expense of \$1,317,624 and \$2,126,219, respectively.

As of measurement dates of June 30, 2018 and 2017, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	2018		2017	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution made after the measurement period	\$ 2,414,889	\$ -	\$ 2,063,540	\$ -
Difference between expected and actual experience	-	(1,574,290)	-	(2,098,046)
Changes of assumptions	1,955,480	(1,805,795)	3,585,046	(175,573)
Net difference between projected and actual earning on pension plan investments	184,579	-	919,804	-
Total	\$ 4,554,948	\$ (3,380,085)	\$ 6,568,390	\$ (2,273,619)

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 10 – Pension Plan – Defined Benefit Plan (Continued)**

***Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

\$2,414,889 and \$2,063,540 were reported as deferred outflows of resources related to pension resulting from the District's contributions subsequent to the measurement date during the year ended June 30, 2018 and 2017, respectively, was recognized as a reduction of the net pension liability in the years ended June 30, 2018 and 2017 respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30,	2019 Deferred Outflows/(Inflows) of Resources
2020	\$ 590,136
2021	(855,111)
2022	(772,584)
2023	(202,467)
Total	\$ (1,240,026)

**Note 11 – Other Post-Employment Benefits**

Aggregate net OPEB liabilities and deferred outflows of resources and deferred inflows of resources are reported in the accompanying Statement of Net Position as follows:

	2019	2018
<b>Deferred outflows of resources:</b>		
OPEB contribution after measurement date	\$ 2,695,215	\$ 1,632,555
Changes of assumptions	762,807	-
<b>Total deferred outflows of resources</b>	<b>\$ 3,458,022</b>	<b>\$ 1,632,555</b>
<b>Net OPEB liabilities:</b>		
Net OPEB liabilities	\$ 19,301,046	\$ 19,183,096
<b>Total net OPEB liabilities</b>	<b>\$ 19,301,046</b>	<b>\$ 19,183,096</b>
<b>Deferred inflows of resources:</b>		
Difference between expected and actual experiences	\$ 150,132	\$ -
Difference between projected and actual earnings	105,890	-
<b>Total deferred inflows of resources</b>	<b>\$ 256,022</b>	<b>\$ -</b>

***General Information about the OPEB Plan***

**Plan Description**

The District contributes to a multiple employer defined benefit plan to provide post-employment medical benefits. Specifically, the District provides postretirement medical benefits to all employees who retire from the District. The level of benefit and vesting time varies based on the entry date and employee bargaining unit. Benefits range from 100% coverage for employee plus one dependent after five years of service to 75% of the lowest cost plan for employee only after ten years of service. The plan does not provide a publicly available financial report.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 11 – Other Post-Employment Benefits (Continued)**

***General Information about the OPEB Plan (Continued)***

The District has elected to join the *California Employers' Retiree Benefit Trust* (the "Trust") in accordance with GASB Statement No. 75, which provides a means to fund the annual OPEB costs, referred to as the *Actuarially Determined Contribution* (ADC). The ADC includes the normal cost (current accrual for benefits being earned) plus an amortization of the unfunded accrued liability or net OPEB liability over 15 years on level-percentage of pay basis. The ADC for fiscal year ended 2018 and 2017 was \$1,364,910 and \$1,553,193, respectively.

*Eligibility*

Employees of the District are eligible for retiree health benefits if they retire from the District and commence pension benefits under PERS (typically on or after age 50 with at least five years of PERS eligible service). Membership in the plan consisted of the following at June 30, 2018 and 2017, the date of the latest actuarial valuations, respectively.

	2018	2017
Active employees	109	109
Retired employees and beneficiaries	87	85
	196	194

***Net OPEB Liability***

*Actuarial Assumptions*

The net OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	3.00%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.00%
Mortality Rate Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rates	Hired before 2013: 2014 CalPERS 2.0% @55 Rates for Miscellaneous Employees. Hired after 2013: 2014 CalPERS Retirement Rates for Miscellaneous Employees 2% @60 adjusted to minimum retirement age of 52

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2018.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 11 – Other Post-Employment Benefits (Continued)**

*Net OPEB Liability (Continued)*

Actuarial Assumptions (Continued)

The net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.00%
Mortality Rate Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rates	Hired before 2013: 2009 CalPERS 2.0% @55 Rates for Miscellaneous Employees. Hired after 2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees 2% @60 adjusted to minimum retirement age of 52

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2017.

Discount Rate

The discount rate used to measure the net OPEB liability was 6.0%. This discount rate assumes the District continues to fully fund for its retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) under its investment allocation strategy 1. The rate reflects the CERBT published median interest rate for strategy 1 of 7.28% with an additional margin for adverse deviation.

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

Measurement date June 30, 2018:

Asset Class	Percentage of Portfolio	Real Return <sup>1</sup>
Global ex-U.S. Equity	24.00%	5.500%
U.S. Fixed	39.00%	1.500%
Treasury Inflation Protected Securities (TIPS)	26.00%	1.200%
Real Estate	8.00%	3.700%
Commodities	3.00%	0.600%
	100.00%	

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 11 – Other Post-Employment Benefits (Continued)**

*Net OPEB Liability (Continued)*

Discount Rate (Continued)

Measurement date June 30, 2017:

Asset Class	Percentage of Portfolio	Real Return <sup>1</sup>
US Large Cap	24.00%	7.795%
Long-Term Corporate Bonds	34.00%	5.295%
Long-Term Government Bonds	8.00%	4.500%
US Small Cap	8.00%	7.795%
Treasury Inflation Protected Securities (TIPS)	15.00%	7.795%
US Real Estate	8.00%	7.795%
All Commodities	3.00%	7.795%
	<u>100.00%</u>	

*Change in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 (Valuation Date)	\$ 24,540,649	\$ 5,357,553	\$ 19,183,096
Changes Recognized for the Measurement Period:			
Service cost	650,429	-	650,429
Interest on the total OPEB liability	1,424,176	-	1,424,176
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(179,003)	-	(179,003)
Changes of assumptions	909,501	-	909,501
Contributions from the employer	-	2,216,227	(2,216,227)
Net investment income, net of administrative expense	-	470,926	(470,926)
Benefit payments, including refunds of employee contributions	(1,632,555)	(1,632,555)	-
Administrative expense	-	-	-
Net Changes during July 1, 2017 to June 30, 2018	<u>1,172,548</u>	<u>1,054,598</u>	<u>117,950</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$ 25,713,197</u>	<u>\$ 6,412,151</u>	<u>\$ 19,301,046</u>

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate:

	Plan's OPEB Liability/(Asset)		
	Discount Rate - 1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate + 1% (7.00%)
June 30, 2018 Measurement Date	\$ 22,174,034	\$ 19,301,046	\$ 16,859,801

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 11 – Other Post-Employment Benefits (Continued)**

*Change in the Net OPEB Liability (Continued)*

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2016 (Valuation Date)	\$ 23,976,480	\$ 4,254,341	\$ 19,722,139
Changes Recognized for the Measurement Period:			
Service cost	174,032	-	174,032
Interest on the total OPEB liability	1,412,981	-	1,412,981
Contributions from the employer	-	1,657,742	(1,657,742)
Net investment income, net of administrative expense	-	472,252	(472,252)
Benefit payments, including refunds of employee contributions	(1,022,844)	(1,022,844)	-
Administrative expense	-	(3,938)	3,938
Net Changes during July 1, 2016 to June 30, 2017	564,169	1,103,212	(539,043)
Balance at June 30, 2017 (Measurement Date)	\$ 24,540,649	\$ 5,357,553	\$ 19,183,096

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate:

	Plan's OPEB Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(5.00%)	Rate (6.00%)	(7.00%)
June 30, 2017 Measurement Date	\$ 22,667,120	\$ 19,183,096	\$ 16,364,870

***OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources to OPEB***

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, change in Total OPEB Liability (“TOL”) due to plan changes; all adjusted for deferred inflows and outflows. The District determined that it was not reasonable to rerun prior valuations under GASB 75. Therefore, we used the transition approach provided in GASB 75, Paragraph 244 where in circumstances in which OPEB is provided through OPEB plans that are not administered through trusts, no other beginning balances for deferred outflows of resources and deferred inflows of resources related to OPEB should be reported. If restatement of all prior periods presented is not practical, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. That means that there are no deferred inflows/outflows in the first year (with the possible exception of contributions after the measurement date). The OPEB expense shown below is considered to be preliminary because there can be employer specific deferred items (e.g., contributions made after the measurement date, and active employee contributions toward the OPEB plan).

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 11 – Other Post-Employment Benefits (Continued)**

***OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources to OPEB (Continued)***

Certain types of TOL changes are subject to deferral, as are investment gains/losses. To qualify for deferral, gains and losses must be based on GASB 74/75 compliant valuations. Since the District’s prior valuation was performed in accordance with GASB 43/45, it is not practical to calculate compliant deferred outflows and inflows as stated in GASB 75 Appendix E, Paragraph 244. Therefore, valuation-based deferred items will not begin until the next valuation. However, there could be employer-specific deferred items that need to be reflected, as mentioned earlier.

For the year ended June 30, 2019 and 2018, the District recognized OPEB expense of \$867,823 and \$1,118,700, respectively, for the District Plan. At June 30, 2019 and 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
OPEB contribution made after the measurement period	\$ 2,695,215	\$ -	\$ 1,632,555	\$ -
Difference between expected and actual experience	-	(150,132)	-	-
Changes of assumptions	762,807	-	-	-
Net difference between projected and actual earning on OPEB plan investments	-	(105,890)	-	-
<b>Total</b>	<b>\$ 3,458,022</b>	<b>\$ (256,022)</b>	<b>\$ 1,632,555</b>	<b>\$ -</b>

The \$2,695,215 reported as deferred outflows of resources related to OPEB resulting from the District’s contributions subsequent to the measurement date during the year ended June 30, 2019 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future pension expense as follows:

2019	
Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 91,351
2021	91,351
2022	91,351
2023	91,351
2024	117,823
Thereafter	23,558
<b>Total</b>	<b>\$ 506,785</b>

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 12 – Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Designations of unrestricted net position represent the District management’s intentions for the use of resources. The net position amounts were as follows:

Restricted Net Position:

	2019	2018
	Debt Service	Debt Service
<b>Restricted Assets:</b>		
Restricted cash and investments	\$ 2,801,720	\$ 2,766,678
Restricted receivables		
Interest	16,988	12,090
Other	-	-
<b>Total restricted assets</b>	<b>2,818,708</b>	<b>2,778,768</b>
<b>Current Liabilities Payable from Restricted Assets:</b>		
Interest payable	(84,679)	(95,729)
Other liabilities	-	-
<b>Total current liabilities payable   from restricted assets</b>	<b>(84,679)</b>	<b>(95,729)</b>
<b>Total restricted net position</b>	<b>\$ 2,734,029</b>	<b>\$ 2,683,039</b>



**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

**Note 12 – Net Position (Continued)**

As of June 30, 2019, and 2018, the net position for the District consisted of the following:

	2019		2018	
	Primary Government	Discretely Presented Component Unit - JPA	Primary Government	Discretely Presented Component Unit - JPA
<b>Net investment in capital assets:</b>				
Capital assets, net of accumulated depreciation	\$ 123,727,922	\$ 93,679,591	\$ 124,525,706	\$ 91,174,626
Less:				
Capital lease obligations	(40,303)	-	(63,379)	-
2009 Sanitation refunding revenue bond, net	(12,458,681)	-	(14,668,382)	-
<b>Total net investment in capital assets</b>	<u>111,228,938</u>	<u>93,679,591</u>	<u>109,793,945</u>	<u>91,174,626</u>
<b>Restricted for:</b>				
Debt Service	2,734,029	-	2,683,039	-
<b>Total restricted</b>	<u>2,734,029</u>	<u>-</u>	<u>2,683,039</u>	<u>-</u>
<b>Unrestricted:</b>				
Designated for:				
Investment in JPA	64,137,736	-	62,520,957	-
Rate stabilization	8,000,000	-	7,750,000	-
Insurance	7,560,087	-	7,554,513	-
Operating emergencies	10,948,870	-	13,466,301	-
Pure water	15,000,000	-	15,000,000	-
Undesignated	14,411,447	-	(425,417)	-
<b>Total unrestricted</b>	<u>120,058,140</u>	<u>-</u>	<u>105,866,354</u>	<u>-</u>
<b>Total net position</b>	<u>\$ 234,021,107</u>	<u>\$ 93,679,591</u>	<u>\$ 218,343,338</u>	<u>\$ 91,174,626</u>

**Prior Period Adjustment**

The District recorded the following prior period adjustments to the beginning net position in order to record beginning balances of OPEB-related items as part of GASB Statement 75 implementation.

Net position at July 1, 2017, as previously reported	\$ 222,512,214
To implement GASB 75 for the net OPEB liability	<u>(18,064,396)</u>
Net position at July 1, 2017, as restated	<u>\$ 204,447,818</u>

**Note 13 – Risk Management**

The District retained Tolman & Wiker Insurance Services, LLC, for general liability, property, inverse condemnation, auto and physical damage. In addition, reinsurance support for the program is provided by Swiss Reinsurance of America and Travelers Reinsurance. The coverage for the general liability provides \$11 million per occurrence and \$61 million in the aggregate with a \$50,000 self-insured retention limit per occurrence. The coverage for the property provides \$61 million of coverage with a deductible of \$50,000 per occurrence. The District paid premiums of \$835,844 for the year ended June 30, 2018.

**Las Virgenes Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2019 and 2018**

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**Note 13 – Risk Management (Continued)**

Effective August 1, 2012, the District retained the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/APIA) for its workers' compensation insurance coverage. The District paid premiums of \$241,408 and \$272,048 the year ended June 30, 2019 and 2018, respectively.

**Note 14 – Construction and Other Significant Commitments**

*Lawsuits*

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the option of the District's legal counsel and the District's management that resolution of these matters will not have a material adverse effect on the financial condition of the District.

*Contract Commitments*

As of June 30, 2019, the District had one material construction commitments evidenced by contractual commitments with contractors in the amount of \$462,062.

<b>Project Name</b>	<b>Contractual Commitment</b>
Weather Based Irrigated Controllers	\$ 462,062
<b>Total</b>	<b>\$ 462,062</b>

As of June 30, 2019, the JPA had four material construction commitments evidenced by contractual commitments with contractors in the amount of \$939,014.

<b>Project Name</b>	<b>Contractual Commitment</b>
Pure Water Project Demonstration	\$ 939,014
<b>Total</b>	<b>\$ 939,014</b>

As of June 30, 2018, the District had no material construction commitments.

As of June 30, 2018, the JPA had five material construction commitments evidenced by contractual commitments with contractors in the amount of \$171,713.

<b>Project Name</b>	<b>Contractual Commitment</b>
Pure Water Project Demonstration	\$ 171,713
<b>Total</b>	<b>\$ 171,713</b>

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**



**Las Virgenes Municipal Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Years Ended June 30, 2019 and 2018**

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Pension Plan

Measurement period	2017-18 <sup>1</sup>	2016-17	2015-16	2014-15	2013-14
<b>Total pension liability</b>					
Service cost	\$1,744,796	\$1,813,978	\$ 1,511,819	\$ 1,593,701	\$ 1,694,463
Interest	6,486,599	6,456,858	6,362,749	6,129,355	6,040,285
Differences between expected and actual experience	(1,061,287)	(2,211,229)	(600,876)	(2,996,239)	-
Changes of assumptions	(2,708,692)	5,214,612	-	(1,492,369)	-
Benefit payments, including refunds of employee contributions	(4,292,253)	(3,808,359)	(3,984,639)	(4,076,072)	(3,145,116)
<b>Net change in total pension liability</b>	169,163	7,465,860	3,289,053	(841,624)	4,589,632
<b>Total pension liability - beginning</b>	95,765,371	88,299,511	85,010,458	85,852,082	81,262,450
<b>Total pension liability - ending (a)</b>	<u>\$ 95,934,534</u>	<u>\$ 95,765,371</u>	<u>\$ 88,299,511</u>	<u>\$ 85,010,458</u>	<u>\$ 85,852,082</u>
<b>Pension fiduciary net position</b>					
Contributions - employer	\$ 2,100,676	\$ 1,992,743	\$ 1,888,232	\$ 1,701,878	\$ 1,780,006
Contributions - employee	815,450	741,264	694,766	700,118	919,090
Net investment income <sup>2</sup>	6,323,046	7,711,377	341,006	1,610,606	10,570,584
Benefit payments, including refunds of employee contributions	(4,292,253)	(3,808,359)	(3,984,639)	(4,076,072)	(3,145,116)
Other	(340,224)	(101,485)	(42,564)	(78,615)	-
<b>Net change in plan fiduciary net position</b>	4,606,695	6,535,540	(1,103,199)	(142,085)	10,124,564
<b>Plan fiduciary net position - beginning</b>	75,272,016	68,736,476	69,839,675	69,981,760	59,857,196
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 79,878,711</u>	<u>\$ 75,272,016</u>	<u>\$ 68,736,476</u>	<u>\$ 69,839,675</u>	<u>\$ 69,981,760</u>
<b>District's net pension liability - ending (a) - (b)</b>	<u>\$ 16,055,823</u>	<u>\$ 20,493,355</u>	<u>\$ 19,563,035</u>	<u>\$ 15,170,783</u>	<u>\$ 15,870,322</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<u>83.26%</u>	<u>78.60%</u>	<u>77.84%</u>	<u>82.15%</u>	<u>81.51%</u>
<b>Covered payroll</b>	<u>\$ 10,448,503</u>	<u>\$ 10,538,421</u>	<u>\$ 9,882,462</u>	<u>\$ 10,333,277</u>	<u>\$ 10,635,596</u>
<b>District's net pension liability as a percentage of covered payroll</b>	<u>153.67%</u>	<u>194.46%</u>	<u>197.96%</u>	<u>146.81%</u>	<u>149.22%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Net of administrative expenses in 2013-14.

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, amounts reported reflect an adjustment of the discount rate from 7.65 percent (net of administrative expense) to 7.15 percent (without a reduction for pension plan administrative expense). In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

**Las Virgenes Municipal Water District  
Required Supplementary Information (Unaudited)  
Schedule of Contributions  
For the Years Ended June 30, 2019 and 2018**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") Pension Plan**

	2018-19 <sup>1</sup>	2017-18 <sup>1</sup>	2016-17 <sup>1</sup>	2015-16	2014-15	2013-14
Actuarially determined contribution	\$ 2,414,889	\$ 2,063,540	\$ 1,992,743	\$ 1,888,232	\$ 1,701,878	\$ 1,780,006
Contributions in relation to the actuarially determined contribution	<u>(2,414,889)</u>	<u>(2,063,540)</u>	<u>(1,992,743)</u>	<u>(1,888,232)</u>	<u>(1,701,878)</u>	<u>(1,780,006)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll <sup>2</sup>	\$ 11,180,211	\$ 10,854,574	\$ 10,538,421	\$ 9,882,462	\$ 10,333,277	\$ 10,635,596
Contributions as a percentage of covered-employee payroll <sup>2</sup>	21.60%	19.01%	18.91%	19.11%	16.47%	16.74%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Payroll from 2017-18 in the amount of \$10,854,574 was assumed to increase by the 3.00 percent payroll growth assumption.

**Notes to Schedule:**

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2017 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Remaining amortization period	20 years
Asset valuation method	Market Value of Assets
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.15%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on a CalPERS Experience study for the period from 1997 to 2011.
Mortality	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

**Las Virgenes Municipal Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**For the Years Ended June 30, 2019 and 2018**

Measurement period	2017-18 <sup>1</sup>	2016-17 <sup>1</sup>
<b>Total OPEB liability</b>		
Service cost	\$ 650,429	\$ 174,032
Interest	1,424,176	1,412,981
Changes of benefit terms	-	-
Differences between expected and actual experience	(179,003)	-
Changes of assumptions	909,501	-
Benefit payments, including refunds of employee contributions	(1,632,555)	(1,022,844)
<b>Net change in total OPEB liability</b>	1,172,548	564,169
<b>Total OPEB liability - beginning</b>	24,540,649	23,976,480
<b>Total OPEB liability - ending (a)</b>	\$ 25,713,197	\$ 24,540,649
 <b>OPEB fiduciary net position</b>		
Contributions - employer	\$ 2,216,227	\$ 1,657,742
Contributions - employee	-	-
Net investment income <sup>2</sup>	470,926	472,252
Benefit payments, including refunds of employee contributions	(1,632,555)	(1,022,844)
Other	-	(3,938)
<b>Net change in plan fiduciary net position</b>	1,054,598	1,103,212
<b>Plan fiduciary net position - beginning</b>	5,357,553	4,254,341
<b>Plan fiduciary net position - ending (b)</b>	\$ 6,412,151	\$ 5,357,553
<b>District's net OPEB liability - ending (a) - (b)</b>	\$ 19,301,046	\$ 19,183,096
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	24.94%	21.83%
<b>Covered payroll</b>	\$ 10,687,095	\$ 10,031,195
<b>District's net OPEB liability as a percentage of covered payroll</b>	180.60%	191.23%

<sup>1</sup> Ten year historical information is not available.

**Las Virgenes Municipal Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - OPEB**  
**For the Years Ended June 30, 2019 and 2018**

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	2019	2018
Actuarially determined employer contribution	\$ 2,216,227	\$ 1,657,743
Actual employer contribution	(2,216,227)	(1,657,743)
Contribution deficiency (excess)	-	-
Covered payroll	\$ 10,687,095	\$ 10,031,195
Contributions as a percentage of covered-employee payroll	20.74%	16.53%



**Las Virgenes Municipal Water District**  
**Index to Statistical Section**  
**June 30, 2019**

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This part of the Las Virgenes Municipal Water District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial states, note disclosures, and required supplementary information say about the District's overall financial health.

Contents:	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	
1. Net Position	60
2. Changes in Net Position	62
<u>Revenue Capacity</u> - These schedule contain information to help the reader assess the District's most significant revenue source.	
3. Revenue Base	64
4. Revenue Rates	65
5. Principal Revenue Payers	67
6. Property Tax Levies, Special Assessment and Collections	68
<u>Debt Capacity</u> - These schedule present information to help the reader assess the affordability of the district's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
7. Ratios of Outstanding Debt by Type	69
8. Ratios of General Bonded Debt Outstanding	70
9. Direct and Overlapping District Debt	71
10. Pledged-Revenue Coverage	73
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
11. Demographic and Economic Statistics	74
12. Principal Employers	75
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	
13. Full-Time Equivalent District Employees by Function	76
14. Operating Indicators by Function	77
15. Capital Assets Statistics by Function	78
16. Annual Water and Sewer Capacity Fee Deposits Reports	79

Note: The District has no governmental funds; therefore, does not present information about changes in fund balances. Also, the District has no legal debt limitations.

**Schedule 1**  
**Las Virgenes Municipal Water District**  
**Net Position**  
**Last Ten Fiscal Years (accrual basis of accounting)**  
**(in thousands of dollars)**

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 77,351	\$ 79,319	\$ 83,425	\$ 82,870	\$ 90,476
Restricted:					
Debt service	2,602	2,581	2,588	2,595	2,608
Capital projects	9,766	7,645	5,935	4,614	1,498
Total restricted	<u>12,368</u>	<u>10,226</u>	<u>8,523</u>	<u>7,208</u>	<u>4,106</u>
Unrestricted	<u>140,981</u>	<u>140,373</u>	<u>137,785</u>	<u>140,793</u>	<u>139,671</u>
<b>Total Net Position</b>	<u>\$ 230,700</u>	<u>\$ 229,918</u>	<u>\$ 229,733</u>	<u>\$ 230,871</u>	<u>\$ 234,253</u>

**Schedule 1**  
**Las Virgenes Municipal Water District**  
**Net Position (Continued)**  
**Last Ten Fiscal Years (accrual basis of accounting)**  
**(in thousands of dollars)**

	Fiscal Year				
	2015	2016	2017	2018	2019
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 100,170	\$ 101,272	\$ 108,930	\$ 109,794	\$ 111,254
Restricted:					
Debt service	2,617	2,634	2,654	2,683	2,734
Capital projects	1,264	-	-	-	-
Total restricted	<u>3,881</u>	<u>2,634</u>	<u>2,654</u>	<u>2,683</u>	<u>2,734</u>
Unrestricted	<u>110,269</u>	<u>111,195</u>	<u>110,928</u>	<u>105,866</u>	<u>120,033</u>
<b>Total Net Position</b>	<u>\$ 214,320</u>	<u>\$ 215,101</u>	<u>\$ 222,512</u>	<u>\$ 218,343</u>	<u>\$ 234,021</u>

**Schedule 2**  
**Las Virgenes Municipal Water District**  
**Changes in Net Position**  
**Last Ten Fiscal Years (accrual basis of accounting)**  
**(in thousands of dollars)**

	Fiscal Year				
	2010	2011	2,012	2013	2014
<b>Expenses</b>					
Water	\$ 30,845	\$ 31,556	\$ 35,972	\$ 38,468	\$ 42,270
Sanitation(includes JPA)	15,628	15,727	14,894	15,022	15,421
<b>Total Operating Expenses</b>	<b>46,473</b>	<b>47,283</b>	<b>50,866</b>	<b>53,490</b>	<b>57,691</b>
<b>Program Revenues</b>					
Water	26,160	26,974	31,205	35,637	41,177
Sanitation	15,473	16,402	16,394	16,588	16,552
Capital contributions	1,632	859	1,569	2,168	1,540
Other	414	278	749	842	951
<b>Total Program Revenues</b>	<b>43,679</b>	<b>44,513</b>	<b>49,917</b>	<b>55,235</b>	<b>60,220</b>
<b>Net (Expense)/Revenue</b>	<b>(2,794)</b>	<b>(2,770)</b>	<b>(950)</b>	<b>1,745</b>	<b>2,529</b>
<b>General Revenues and Other Changes in Net Assets</b>					
Taxes and penalties	898	879	884	888	892
Investment earnings	1,297	890	747	610	496
Miscellaneous(includes JPA)	(1,312)	219	(828)	(1,655)	(536)
<b>Total General Revenues</b>	<b>883</b>	<b>1,988</b>	<b>804</b>	<b>(157)</b>	<b>852</b>
<b>Changes in Net Assets (Business-type activities)</b>	<b>\$ (1,911)</b>	<b>\$ (782)</b>	<b>\$ (146)</b>	<b>\$ 1,587</b>	<b>\$ 3,381</b>

**Schedule 2**  
**Las Virgenes Municipal Water District**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years (accrual basis of accounting)**  
**(in thousands of dollars)**

	Fiscal Year				
	2015	2016	2017	2018	2019
<b>Expenses</b>					
Water	\$ 42,497	\$ 38,940	\$ 38,857	\$ 37,294	\$ 37,835
Sanitation(includes JPA)	15,412	15,115	14,859	15,594	15,994
<b>Total Operating Expenses</b>	<b>57,909</b>	<b>54,055</b>	<b>53,716</b>	<b>52,888</b>	<b>53,829</b>
<b>Program Revenues</b>					
Water	37,547	34,019	39,962	46,250	44,316
Sanitation	16,726	17,050	18,614	18,818	18,923
Capital contributions	990	377	620	2,566	3,900
Other	1,911	1,960	1,219	1,649	1,735
<b>Total Program Revenues</b>	<b>57,174</b>	<b>53,406</b>	<b>60,415</b>	<b>69,283</b>	<b>68,874</b>
<b>Net (Expense)/Revenue</b>	<b>(735)</b>	<b>(649)</b>	<b>6,699</b>	<b>16,395</b>	<b>15,045</b>
<b>General Revenues and Other Changes in Net Assets</b>					
Taxes and penalties	904	926	953	945	984
Investment earnings	477	574	254	452	3,096
Miscellaneous(includes JPA)	(953)	(70)	(495)	(3,898)	(3,447)
<b>Total General Revenues</b>	<b>428</b>	<b>1,430</b>	<b>712</b>	<b>(2,501)</b>	<b>633</b>
<b>Changes in Net Assets (Business-type activities)</b>	<b>\$ (307)</b>	<b>\$ 781</b>	<b>\$ 7,411</b>	<b>\$ 13,894</b>	<b>\$ 15,678</b>

**Schedule 3**  
**Las Virgenes Municipal Water District**  
**Revenue Base**  
**Last Ten Fiscal Years**

<b>Potable Water</b>					
Fiscal Year	Operating Revenue	Number of Customers			Total
	in thousand \$	Residential	Commercial	Irrigation	
2010	\$ 22,050	19,320	776	237	20,333
2011	23,220	19,184	802	254	20,240
2012	26,754	18,799	814	241	19,854
2013	30,472	18,806	818	255	19,879
2014	35,402	18,820	820	253	19,893
2015	34,306	18,853	825	257	19,935
2016	29,417	18,873	825	255	19,953
2017	35,146	18,881	832	257	19,970
2018	40,502	19,053	874	287	20,214
2019	40,713	18,745	836	266	19,847

<b>Sanitation</b>				
Fiscal Year	Operating Revenue	Number of Customers		
	in thousand \$	Residential	Commercial	Total
2010	\$ 15,473	16,087	639	16,726
2011	16,402	16,050	690	16,740
2012	16,394	16,093	699	16,792
2013	16,588	16,100	702	16,802
2014	16,552	16,113	704	16,817
2015	16,726	16,133	712	16,845
2016	17,050	16,157	711	16,868
2017	18,614	16,202	715	16,917
2018	18,818	16,328	749	17,077
2019	18,923	16,171	724	16,895



**Schedule 4**  
**Las Virgenes Municipal Water District**  
**Revenue Rates (Continued)**  
**Last Ten Fiscal Years**

**Bi-Monthly Sewer Service Charges:**

	07/01/2009	2010-2012	7/1/2013	7/1/2014	7/1/2013	7/1/2014
<b>Residential</b>						
Single-family	\$ 102.00	\$ 108.00	\$74.31-\$108.56	\$75.80-\$110.74	\$74.31-\$108.56	\$75.80-\$110.74
Multi-family	64.25	68.03	68.59	69.97	68.59	69.97
<b>Commercial</b>						
ERU-based Charge	\$ 90.79	\$ 90.79	\$ 91.35	\$ 91.35	\$ 91.35	\$ 91.35
Account Service	16.25	17.21	17.21	17.21	17.21	17.21
Base Water Use:						
Class 1 (Hcf)	29.50	29.50	29.50	29.50	29.50	29.50
Per hcf of water	2.91	3.08	3.10	3.10	3.10	3.10
Class 2 (Hcf)	17.30	17.30	17.30	17.30	17.30	17.30
Per hcf of water	4.96	5.25	5.29	5.29	5.29	5.29
Class 3 (Hcf)	11.40	11.40	11.40	11.40	11.40	11.40
Per hcf of water	7.53	7.96	8.02	8.02	8.02	8.02

**Monthly Sewer Charge**

	1/1/2016	1/1/2017	1/1/2018	1/1/2019
<b>Residential</b>				
Household Size:				
1	\$ 21.37	\$ 21.37	\$ 21.82	\$ 22.27
2	35.75	35.75	36.51	37.27
3	50.13	50.13	51.20	52.27
4	64.51	64.51	65.89	67.27
5	78.90	78.90	80.58	82.27
6 or more	93.28	93.28	95.27	97.27
<b>Commercial</b>				
Account Charge	\$ 6.98	\$ 6.98	\$ 7.12	\$ 7.27
Base Charge, inclusive of 6.6 hcf/ERU				
Class 1	\$ 41.94	\$ 41.94	\$ 42.78	\$ 43.64
Class 2	57.82	57.82	58.98	60.16
Class 3	76.56	76.56	78.10	79.67
Class 4	96.36	96.36	98.29	100.26
Per Excess ERU				
Class 1	\$ 6.35	\$ 6.35	\$ 6.48	\$ 6.61
Class 2	8.75	8.75	8.93	9.11
Class 3	11.58	11.58	11.82	12.06
Class 4	14.58	14.58	14.88	15.18



**Schedule 5**  
**Las Virgenes Municipal Water District**  
**Principal Revenue Payers**  
**Current Fiscal Year and Nine Years Ago**

Potable Water Customer Name	2019			2010		
	Potable Water Revenue	Rank	Percentage of Total Operating Revenue	Potable Water Revenue	Rank	Percentage of Total Operating Revenue
ERP-Operating Ltd Partnership	\$ 170,747	1	0.30%	\$ 119,673	4	0.28%
Westlake Wellbeing Properties LLC	170,279	2	0.30%	205,460	2	0.49%
Malibu Canyon Apartments	152,407	3	0.27%	84,774	7	0.20%
LVUSD	146,725	4	0.26%			0.00%
Calabasas Crest LTD	131,967	5	0.23%	80,447	8	0.19%
Malibu Conference Center	121,408	6	0.21%	101,383	5	0.24%
Archstone Communities Calabasas	115,320	7	-	-		0.00%
LACO Internal Service Dept.	107,916	8	-	119,942	3	0.29%
California West HOA	107,224	9	-	-		0.00%
Annandale II HOA	98,244	10	0.17%	66,730	10	0.16%
Malibu Golf Club, LLC	-		0.00%	327,252	1	0.78%
The Cheesecake Factory	-		-	98,700	6	0.23%
Oakview Garden Homes	-		-	75,267	9	0.18%
<b>Total</b>	<b>\$ 1,322,237</b>		<b>1.74%</b>	<b>\$ 1,279,628</b>		<b>3.04%</b>

Sanitation Customer Name	2019			2010		
	Sanitation Revenue	Rank	Percentage of Total Operating Revenue	Sanitation Revenue	Rank	Percentage of Total Operating Revenue
Archstone Communities Calabasas	\$ 376,302	1	0.66%	\$ 211,370	2	0.50%
Westlake Wellbeing Properties LLC	375,444	2	0.66%	123,619	5	0.29%
Malibu Canyon Apts	293,309	3	0.51%	244,844	1	0.58%
Archstone Oak Creek I LLC	210,583	4	0.37%	-		0.00%
Annandale II HOA	182,521	5	0.32%	106,925	7	0.25%
LVUSD	178,259	6	0.31%	168,102	3	0.40%
The Cheesecake Factory	164,899	7	0.29%	142,492	4	0.34%
Westpark Condominiums	145,022	8	-	-		0.00%
Pepperdine University	130,122	9	0.23%	-		0.00%
Summit Mobile Park	126,026	10	0.22%	-		0.00%
Archstone-Smith	-		-	117,844	6	0.28%
ERP-Operating Ltd Partnership	-		-	104,832	8	0.25%
Oak Park Calabasas HOA	-		-	101,078	9	0.24%
Town & Country HOA	-		0.00%	98,739	10	0.23%
<b>Total</b>	<b>\$ 2,182,487</b>		<b>3.57%</b>	<b>\$ 1,419,845</b>		<b>3.36%</b>

**Schedule 6**  
**Las Virgenes Municipal Water District**  
**Property Tax Levies, Special Assessment and Collections**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

**Property Tax Levies and Collections:**

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 361	\$ 333	92.24%	\$ 28	\$ 361	100.00%
2011	352	328	93.18%	24	352	100.00%
2012	354	324	91.53%	30	354	100.00%
2013	358	345	96.37%	13	358	100.00%
2014	369	360	97.56%	9	369	100.00%
2015	379	377	99.47%	2	379	100.00%
2016	405	396	97.78%	9	405	100.00%
2017	427	409	95.78%	18	427	100.00%
2018	451	429	95.12%	15	444	98.45%
2019	467	452	96.79%	-	452	96.79%

Note:

1. Total tax collection does not include standby charge direct assessments.

**Special Assessment and Collections:**

Fiscal Year	Standby Charge (Direct Assessment)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 520	\$ 439	84.42%	\$ 81	\$ 520	100.00%
2011	519	441	84.97%	78	519	100.00%
2012	514	443	86.19%	71	514	100.00%
2013	510	467	91.57%	43	510	100.00%
2014	509	463	90.96%	46	509	100.00%
2015	495	455	91.92%	40	495	100.00%
2016	497	457	91.95%	40	497	100.00%
2017	496	457	92.14%	39	496	100.00%
2018	488	438	89.75%	3	441	90.37%
2019	487	433	88.91%	-	433	88.91%

Note: Standby charge is imposed at \$10 per acre or parcel.

**Schedule 7**  
**Las Virgenes Municipal Water District**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years (dollars in thousands, except per capita)**

Fiscal Year	Business-Type Activities		Total	Percentage of Personal Income	Per Capita
	Refunding Revenue Bonds	Capital Lease Payable			
2010	\$ 29,261	68	\$ 29,329	0.84%	1,753
2011	27,622	76	27,698	0.79%	1,655
2012	25,944	69	26,013	0.75%	1,549
2013	24,230	71	24,301	0.70%	1,446
2014	22,585	61	22,646	0.65%	1,347
2015	20,745	36	20,781	0.60%	1,234
2016	18,820	105	18,925	0.54%	1,122
2017	16,795	84	16,879	0.48%	998
2018	14,670	63	14,733	0.42%	863
2019	12,460	40	12,500	0.36%	740

Note:

1. Per Capita is based on number of customers for the District.
2. Personal Income is based on 2010 census information with population of 53,514.

**Schedule 8**  
**Las Virgenes Municipal Water District**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years (dollars in thousands, except per capita)**

Fiscal Year	Business-Type Activities Refunding Revenue Bonds	Total	Percentage of Gross Revenue for Bond Coverage	Per Capita
2010	\$ 29,261	\$ 29,261	176.47%	1,749
2011	27,622	27,622	159.03%	1,650
2012	25,944	25,944	145.39%	1,545
2013	24,230	24,230	132.82%	1,442
2014	22,585	22,585	124.44%	1,343
2015	20,745	20,745	119.95%	1,232
2016	18,820	18,820	108.17%	1,116
2017	16,795	16,795	90.23%	993
2018	14,670	14,670	77.96%	859
2019	12,460	12,460	65.85%	737

Note:

1. Gross revenue includes operating, non-operating and capacity fee revenues
2. Per Capita is based on number of customers for the District.

**Schedule 9**  
**Las Virgenes Municipal Water District**  
**Direct and Overlapping District Debt**  
**June 30, 2019**

2018-19 Assessed Valuation: \$24,211,488,636

	Total Debt June 30, 2019	Percent Applicable (1)	District's Share of Debt June 30, 2019
DIR			
Metropolitan Water District	\$ 48,050,000	0.830%	\$ 398,815
Los Angeles Community College District	3,930,390,000	2.715%	106,710,089
Santa Monica Community College District	619,229,246	1.980%	12,260,739
Las Virgenes Joint Unified School District	127,817,728	95.152%	121,621,125
Los Angeles Unified School District	10,106,450,000	0.126%	12,734,127
Santa Monica-Malibu Unified School District	459,369,497	1.976%	9,077,141
City of Los Angeles	877,260,000	0.024%	210,542
<b>Las Virgenes Municipal Water District</b>	<b>\$</b>	<b>100.000%</b>	<b>- (2)</b>
City of Calabasas Community Facilities District No. 1998-1	\$ 3,031,055	100.000%	3,031,055
City of Calabasas Community Facilities District No. 2001-1	16,642,930	100.000%	16,642,930
Los Angeles County Regional Park and Open Space Assessment District	13,620,000	1.595%	217,239
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 282,903,803</b>
Less :Los Angeles Unified School District General Obligation Bonds, Election of 2005 Series J -2010 Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Aside for Repayment			34,436
<b>TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 282,869,367</b>

- (1) The percentage of overlapping debt applicable to the District is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping District's assessed value that is within the boundaries of the District divided by the overlapping District's total taxable assessed value.
- (2) Excludes revenue issues.
- (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**Schedule 9**  
**Las Virgenes Municipal Water District**  
**Direct and Overlapping District Debt (Continued)**  
**June 30, 2019**

	Total Debt June 30, 2019	Percent Applicable (1)	District's Share of Debt June 30, 2019
<b>OVERLAPPING GENERAL FUND DEBT:</b>			
Los Angeles County General Fund Obligations	\$ 2,153,701,630	1.595%	\$ 34,351,541
Los Angeles County Superintendent of Schools Certificates of Participation	5,827,868	1.595%	92,954
Santa Monica Community College District Certificates of Participation	14,475,050	1.980%	286,606
Las Virgenes Joint Unified School District Certificates of Participation	10,405,193	95.152%	9,900,749
Los Angeles Unified School District Certificates of Participation	180,545,000	0.126%	227,487
Santa Monica-Malibu Unified School District Certificates of Participation	5,452,318	1.976%	107,738
City of Agoura Hills General Fund Obligations	12,730,000	100.000%	12,730,000
City of Calabasas Certificates of Participation	39,860,000	99.187%	39,535,938
City of Los Angeles General Fund and Judgment Obligations	1,578,383,141	0.024%	378,812
City of Westlake Village Certificates of Participation	15,485,000	100.000%	15,485,000
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>			113,096,825
Less: Los Angeles Unified School District self-supporting QZABs supported by investment fund			\$9,324
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 113,087,501</b>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	 6,135,000	 100.000%	 \$ 6,135,000
<b>TOTAL DIRECT DEBT</b>			<b>\$ -</b>
TOTAL GROSS OVERLAPPING DEBT			\$ 402,135,628
TOTAL NET OVERLAPPING DEBT			\$ 402,091,868
GROSS COMBINED TOTAL DEBT			\$ 402,135,628 (3)
NET COMBINED TOTAL DEBT			\$ 402,091,868

(1) The percentage of overlapping debt applicable to the District is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping District's assessed value that is within the boundaries of the District divided by the overlapping District's total taxable assessed value.

(2) Excludes revenue issues.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Direct Debt</b>	<b>0.00%</b>
Total Direct and Overlapping Tax and Assessment Debt	1.17%
Gross Combined Total Debt	1.66%
Net Combined Total Debt	1.66%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$709,566,625)

Total Overlapping Tax Increment Debt	0.84%
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**Schedule 10**  
**Las Virgenes Municipal Water District**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
**(dollars in thousands except coverage)**

Fiscal Year	Refunding Revenue Bonds						Coverage
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2010	16,581	10,984	5,597	2,025	731	2.03	
2011	17,369	10,902	6,467	1,650	1,103	2.35	
2012	17,845	10,077	7,768	1,690	1,065	2.82	
2013	18,243	10,209	8,034	1,725	1,031	2.92	
2014	18,149	10,692	7,457	1,765	987	2.71	
2015	17,429	10,653	6,776	1,840	903	2.47	
2016	17,398	10,260	7,138	1,925	814	2.61	
2017	18,613	10,584	8,029	2,025	731	2.91	
2018	18,818	11,449	7,369	2,125	610	2.69	
2019	18,923	11,803	7,120	2,210	531	2.60	

Note:

1. Gross revenues include operating, non-operating, and capacity fee revenues.
2. Operating expenses exclude depreciation and amortization.

**Schedule 11**  
**Las Virgenes Municipal Water District**  
**Demographic and Economic Statistics**  
**Current Year, Year 2010, Year 2000 and Year 1990**

<u>Year</u>	<u>Population</u>	<u>Total Personal Income (thousand of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>Population 25 and Over</u>	<u>High School Graduate</u>	<u>Bachelor's Degree or Higher</u>
1990	29,574	\$973,106	\$32,904	n/a	18,803	17,647	8,498
2000	50,813	\$2,372,138	\$46,684	5.20%	33,634	32,199	17,847
2010	53,514	\$3,488,456	\$64,795	11.50%	36,440	38,102	22,634
2019	55,344	n/a	n/a	4.30%	n/a	n/a	n/a

Note:

1. Population includes City of Calabasas, City of Hidden Hills, City of Agoura Hills, City of Westlake Village  
 However, 1990 population does not include City of Calabasas, which was incorporated in 1991.
2. Total Personal Income and Per Capita Personal Income information are based on 2010, 2000 and 1990 Census information.
3. Unemployment rate is for the area of Los Angeles-Long Beach-Anaheim, CA Metropolitan area, Source: U.S. Department of Labor
4. Population 25 and over, High School Graduate, and Bachelor's degree or higher are based on 2010, 2000 and 1990 census information.



**Schedule 12**  
**Las Virgenes Municipal Water District**  
**Principal Employers**  
**Current Fiscal Year and Nine Years Ago**

Employer by Industry	2019			2010		
	Number of Employees	Rank	Percentage of Total Area Employment	Number of Employees	Rank	Percentage of Total Area Employment
Professional, Scientific, and Technical Services	4,942	1	13.22%	4,507	1	14.17%
Finance and Insurance	4,453	2	11.91%	3,526	3	11.08%
Accommodation and Food Services	4,306	3	11.52%	3,768	2	11.84%
Administrative, Support, Waste Management & Remediation Service	2,863	4	7.66%	2,878	4	9.05%
Retail Trade	2,734	5	7.31%	2,680	5	8.42%
Educational Services	2,220	6	5.94%	1,565	10	4.92%
Health Care and Social Assistance	2,012	7	5.38%	-		0.00%
Construction	1,981	8	5.30%	-		0.00%
Manufacturing	1,947	9	5.21%	2,122	6	6.67%
Government	1,891	10	5.06%	1,737	9	5.46%
Information	-		0.00%	1,839	7	5.78%
Wholesale Trade	-		0.00%	1,802	8	5.66%
<b>Total</b>	<b>29,349</b>		<b>78.52%</b>	<b>26,424</b>		<b>83.05%</b>

**Schedule 13**  
**Las Virgenes Municipal Water District**  
**Full-Time Equivalent District Employees by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Manager Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Facilities and Operations:										
Administration	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Facilities Maintenance	17.5	17.2	17.2	16.2	16.2	16.2	16.2	16.2	16.7	16.7
Water Treatment and Production	13.5	12.8	11.8	11.8	11.8	11.8	11.8	11.8	11.3	11.3
Reclamation	25.0	25.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Construction	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0
Technical Service	9.0	9.0	9.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0
<i>Subtotal</i>	<i>76.0</i>	<i>75.0</i>	<i>71.0</i>	<i>69.0</i>	<i>69.0</i>	<i>69.0</i>	<i>69.0</i>	<i>69.0</i>	<i>69.0</i>	<i>69.0</i>
Finance and Administration:										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance and Accounting	10.0	10.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Information System	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<i>Subtotal</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>
Resource Conservation and Public Outreach:										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Customer Service	18.0	18.0	19.0	19.0	19.0	19.0	20.0	20.0	19.0	19.0
Water Conservation	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Information	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Planning/New Customer	5.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Subtotal</i>	<i>31.0</i>	<i>31.0</i>	<i>27.0</i>	<i>27.0</i>	<i>27.0</i>	<i>27.0</i>	<i>28.0</i>	<i>28.0</i>	<i>27.0</i>	<i>27.0</i>
<b>Total</b>	<b>128.0</b>	<b>127.0</b>	<b>119.0</b>	<b>117.0</b>	<b>117.0</b>	<b>117.0</b>	<b>118.0</b>	<b>118.0</b>	<b>117.0</b>	<b>117.0</b>

Source: LVMWD Budget, data presented is authorized positions as of June 30.

**Schedule 14**  
**Las Virgenes Municipal Water District**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	2010	2011	2012	2013	2014
<b>Water:</b>					
New Connections	25	15	14	51	18
Water Main Leak Repairs	55	28	56	39	47
Average Daily Consumption (thousands of gallons)	17,029	16,954	18,577	19,879	21,310
<b>Potable Water:</b>					
Connections	20,333	20,240	19,854	19,879	19,893
Deliveries (acre-feet)	19,072	18,988	20,806	22,264	23,867
Realized Capacity Fee/Connection Fee Deposits	\$ 823,836	\$ 283,662	\$ 282,454	\$ 513,062	\$ 359,934
<b>Wastewater/Sanitation:</b>					
Connections	16,726	16,740	16,792	16,802	16,817
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	8,001	8,053	7,610	7,579	7,281
LVMWD	5,322	5,400	4,983	5,031	4,880
Triunfo Sanitation District	2,679	2,653	2,627	2,548	2,401
Realized Capacity Fee/Connection Fee Deposits	\$ 537,800	\$ 448,350	\$ 918,600	\$ 1,085,000	\$ 1,124,550
Function	2015	2016	2017	2018	2019
<b>Water:</b>					
New Connections	15	15	11	32	19
Water Main Leak Repairs	83	67	48	49	51
Average Daily Consumption (thousands of gallons)	18,132	15,316	16,202	17,227	16,566
<b>Potable Water:</b>					
Connections	19,935	19,953	19,970	20,214	19,847
Deliveries (acre-feet)	20,307	17,153	18,146	19,294	18,553
Realized Capacity Fee/Connection Fee Deposits	\$ 342,868	\$ 143,068	\$ 138,833	\$ 386,226	\$ 641,334
<b>Wastewater/Sanitation:</b>					
Connections	16,845	16,868	16,917	17,077	16,895
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	6,397	6,109	6,029	6,246	6,118
LVMWD	3,956	3,667	3,688	3,941	3,815
Triunfo Sanitation District	2,441	2,442	2,341	2,305	2,303
Realized Capacity Fee/Connection Fee Deposits	\$ 462,000	\$ 224,000	\$ 458,590	\$ 790,921	\$ 553,000

Source: LVMWD Operations and Accounting

**Schedule 15**  
**Las Virgenes Municipal Water District**  
**Capital Assets Statistics by Function**  
**Last Ten Fiscal Years**

Function	2010	2011	2012	2013	2014
<b>Potable Water</b>					
Water Main (miles)	382.4	383.6	384.5	387.1	389.1
Fire Hydrants (#)	3,134	3,138	3,147	3,154	3,167
Valves (#)	4,395	4,419	4,434	4,452	4,477
Storage Capacity (millions of gallons)					
Reservoirs	3,100	3,100	3,100	3,100	3,100
Tanks	33.3	33.3	33.3	33.3	33.3
<b>Recycled Water</b>					
Water Main (miles)	63.8	65.5	65.9	65.9	66.2
Valves (#)	338	344	341	342	342
Storage Capacity (millions of gallons)					
Reservoirs	19.3	19.3	19.3	19.3	19.3
Tanks	5.6	5.6	5.6	5.6	5.6
<b>Wastewater</b>					
Sanitary Sewers (miles)	57.1	56.2	56.2	56.1	56.9
Treatment Capacity (millions of gallons)	16	16	16	16	16
Function	2015	2016	2017	2018	2019
<b>Potable Water</b>					
Water Main (miles)	389.3	388.8	389.2	390.3	391.5
Fire Hydrants (#)	3,172	3,171	3,175	3,181	3,192
Valves (#)	4,485	4,472	4,447	4,461	4,489
Storage Capacity (millions of gallons)					
Reservoirs	3,100	3,100	3,100	3,100	3,100
Tanks	33.3	38.8	38.8	38.8	38.8
<b>Recycled Water</b>					
Water Main (miles)	66.2	67.1	68.1	68.1	68.1
Valves (#)	342	359	365	366	367
Storage Capacity (millions of gallons)					
Reservoirs	19.3	19.3	19.3	19.3	19.3
Tanks	5.6	5.6	5.6	5.6	5.6
<b>Wastewater</b>					
Sanitary Sewers (miles)	56.9	56.9	56.9	56.8	57.4
Treatment Capacity (millions of gallons)	16	16	16	16	16

**Schedule 16**  
**Las Virgenes Municipal Water District**  
**Annual Water and Sewer Capacity Fee Deposits Report**  
**Per Government Code Section 66013 (d) and (e)**  
**Fiscal Year Ended June 30, 2019**

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Beginning Balance:			
Capacity Fees		\$ 8,285,466	
Developer Fees		837,729	
Interest		<u>1,584,901</u>	
Total Beginning Balance			\$ 10,708,096
Fees Collected:			
Capacity Fees	\$ 1,522,013		
Developer Fees	<u>88,685</u>		
Total Fees Collected		\$ 1,610,698	
Reimbursed to Developer/Rec. as Exp.		-	
Interest Earned		<u>252,363</u>	
Fees Available		\$ 1,863,061	
Applied to:			
Capital Costs Funded by:			
Capacity Fees	\$ 2,318,564		
Meter Installation	46,788		
Developer Fees	116,204		
Interest Earned	<u>107,855</u>		
Total Capital Costs		\$ 2,589,411	
Refunds		<u>57,635</u>	
Total Funds Applied		\$ 2,647,046	
Net Changes for the Year			(783,985)
Ending Balance:			
Capacity Fees		\$ 7,403,458	
Developer Fees		791,244	
Interest (1)		<u>1,729,409</u>	
Total Ending Balance			<u><u>\$ 9,924,111</u></u>

(1): Interest earned is not reflected as a liability on the Statement of Net Position.

California Government Code (CGC) Section 66013(c) requires the District to place capital facilities connection fees received and any interest income earned from the investment of these monies in a separate capital facilities fund. These monies are to be used solely for the purposes for which they were collected and not commingled with other District funds.

CGC Section 66013(d) requires the District to make certain information available to the public within 180 days after the close of each fiscal year. CGC Section 66013(e) allows the required information to be included in the District's annual financial report. The Annual Connection Fee Report shown above meets this requirement.

Capacity fees are imposed for initiating water and sewer connection service by the District at the request of the customer. No fees are imposed upon real property or upon persons as an incident of property ownership, but rather as a condition of service.

Developer fees are imposed for other services such as plan check, right-of-way, inspection and coring fees.

The District has a plan in the next five years to utilize these capacity fee deposits for Capital Improvement Projects in the amount of \$3,821,968 for Potable Water Projects, \$470,328 for Recycled Water Projects, and \$669,028 for Sanitation Projects.

