

# Las Virgenes Municipal Water District

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012



4232 LAS VIRGENES RD,  
CALABASAS,  
LOS ANGELES COUNTY,  
CALIFORNIA



**Las Virgenes Municipal Water District**  
**Los Angeles County, California**

**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2012**

**Prepared by:**

**The Finance and Administration Department**

**Sandra Hicks, CPA**  
**Director of Finance and Administration**

# **Las Virgenes Municipal Water District**

## **BOARD OF DIRECTORS**

**Lee Renger**  
**Joseph M. Bowman**  
**Charles P. Caspary**  
**Barry S. Steinhardt**  
**Glen D. Peterson**

**President**  
**Vice President**  
**Secretary**  
**Treasurer**  
**Director, MWD Representative**

## **MANAGEMENT**

**John R. Mundy**  
**David Lippman**  
**Carlos Reyes**  
**Sandra Hicks**

**General Manager**  
**Director of Facilities and Operations**  
**Director of Resource Conservation and Public Outreach**  
**Director of Finance and Administration**

## **LEGAL COUNSEL**

**Wayne K. Lemieux**

**Counsel**

**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 Quality  
Water & Wastewater Service

President

**Lee Renger**

Director, Division 3

Vice President

**Joseph M. Bowman**

Director, Division 4

Secretary

**Charles P. Caspary**

Director, Division 1

Treasurer

**Barry S. Steinhardt**

Director, Division 5

**Glen D. Peterson**

Director, Division 2  
MWD Representative

**John R. Mundy**

General Manager

**Wayne K. Lemieux**

Counsel

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HEADQUARTERS

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Calabasas, CA 91302  
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Fax (818) 251-2109

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WESTLAKE  
FILTRATION PLANT

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Fax (818) 251-2379

TAPIA WATER  
RECLAMATION FACILITY

(818) 251-2300  
Fax (818) 251-2309

RANCHO LAS VIRGENES  
COMPOSTING FACILITY

(818) 251-2340  
Fax (818) 251-2349

[www.lvmwd.com](http://www.lvmwd.com)

MEMBER AGENCY OF THE  
METROPOLITAN WATER  
DISTRICT  
OF SOUTHERN CALIFORNIA

November 27, 2012

To: Board of Directors  
Las Virgenes Municipal Water District  
Los Angeles County, California

From: John R. Mundy, General Manager  
Sandra Hicks, Director of Finance and Administration

Subject: **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR  
FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

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 ended June 30, 2012.

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.

White Nelson Diehl Evans LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Las Virgenes Municipal Water District's financial statements for the year ended June 30, 2012. 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. MD&A complement this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Government***

Las Virgenes Municipal Water District (LVMWD), 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, as well as some unincorporated areas. LVMWD currently occupies 122 square miles and serves a population of roughly 67,000. (These figures do not include the customers and area of LVMWD's Joint Powers Authority (JPA) partner for wastewater treatment and recycled



water, Triunfo Sanitation District of Ventura County, which also is part of the service area for the Tapia and Rancho facilities).

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 district 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, wastewater and recycled water services to its customers. Wastewater and reclaimed water services are provided in conjunction with Triunfo Sanitation District through the JPA. LVMWD is the administrating partner for 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 the 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, known to be among the most beautiful areas in southern California. Much of the service area lies within the Santa Monica Mountains, with the associated magnificent, craggy terrain, mountain and ocean view; and moderate climate. Open space and recreational opportunities abound, with considerable local acreage dedicated as national and state parkland. 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, California State University, Northridge, and California State University, Channel Islands.

This 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. New businesses are taking over the commercial spaces vacated during the last three years at an increasing rate, and most commercial and retail businesses are doing better than those in other areas. The District has no major industrial customers.

Primarily residential, LVMWD is also a home to notable corporations and commercial activities. Located within the service area are national headquarters of Bank of America Home Loans,



Dole Foods, State Farm Insurance, Guitar Center, THQ, JD Powers and Associates and The Cheesecake Factory. The area is statistically shown to be "jobs rich", with more people working in the region than there are workers living here.

Retail potential of the area is not fully satisfied and there has been considerable growth along the freeway corridor. Developers are carefully creating compatible new retail centers and other mixed-use projects. Shopping areas, such as The Commons in Calabasas, reflect the taste and demographics of the population they serve.

### ***Long-term financial planning***

In July, 2011 the Board hired Raftelis Financial Consultants to review the current financial position and rate structure with the purpose of developing future rates that provide adequate financial resources while also promoting potable water conservation. The study assessed the financial needs of the district through FY14/15 and proposed new rates and fee structures that were approved by the Board. After the notification and hearing requirements of Proposition 218 were accomplished, the new rates and structures were adopted and will begin with the utility bills starting January 1, 2013.

### ***Relevant financial policies***

The Board made no changes to the adopted financial policies during FY 2011/12. No policy changes were made in FY2010/11, either.

### ***Major initiatives***

The District is in negotiations with the General and Office Employees union concerning a one-item opener within the five year contract. Also, negotiations with the management associations will begin later in the fiscal year.

General Manager John Mundy announced his plans to retire in December 2012. The Board of Directors has hired a consulting firm to assess candidates and interviews will be held in November and December.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Las Virgenes Municipal Water District for its Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2011. This was the fourteenth consecutive year that LVMWD has 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 satisfied both generally accepted accounting principles and applicable legal requirements.

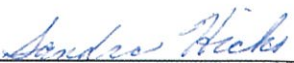
A Certificate of Achievement is only valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, LVMWD also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for FY11/12 and FY10/11.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance and Administration Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report, and especially recognize Joseph Lillio, our recently hired Finance Manager. Credit also must be given to the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of LVMWD's finances.

Respectfully submitted,

  
John R. Mundy  
General Manager

  
Sandra Hicks  
Director of Finance and Administration

*The FY 2011/12 CAFR is dedicated to retiring general manager John R. Mundy, who has provided leadership in financial management and support for the Finance and Administration Department during his sixteen years with Las Virgenes Municipal Water District.*

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

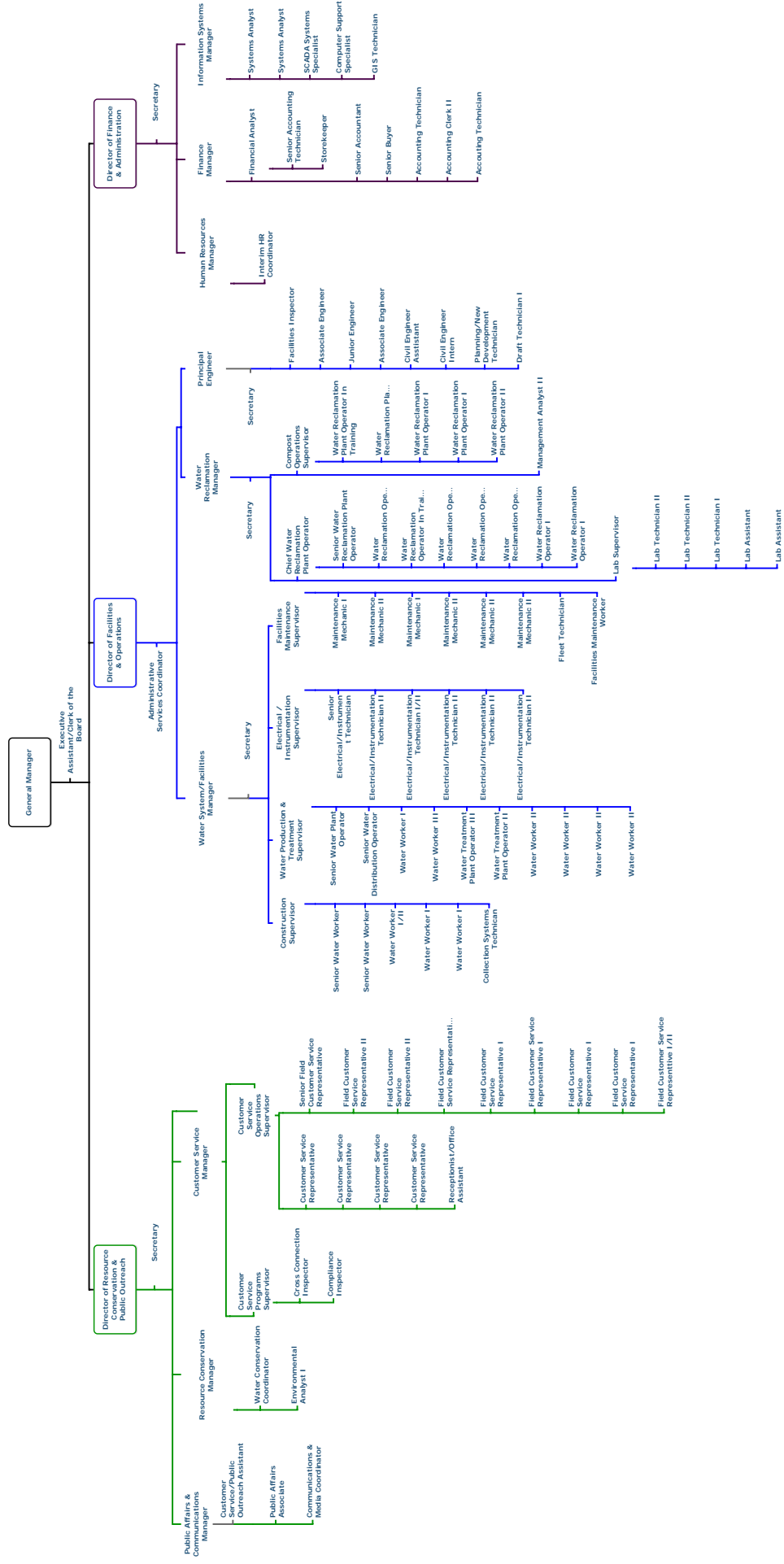
President

*Jeffrey R. Emer*

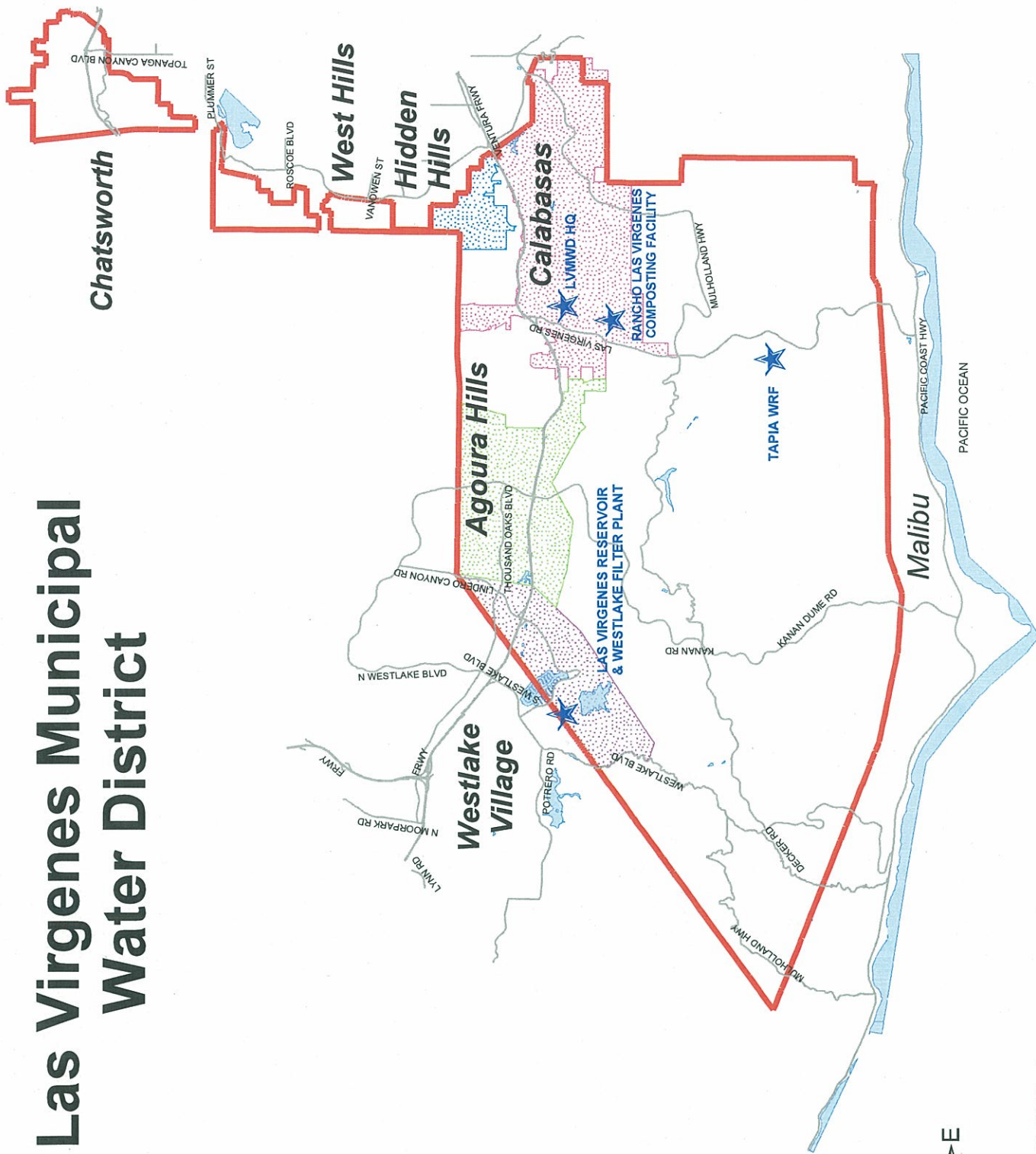
Executive Director



# LVMWD Employee Organization Chart



# Las Virgenes Municipal Water District



1 inch equals 15,000 feet



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Las Virgenes Municipal Water District  
Los Angeles County, California

We have audited the basic financial statements of the Las Virgenes Municipal Water District (the District) as of and for the years ended June 30, 2012 and June 30, 2011, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic 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 State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Las Virgenes Municipal Water District as of June 30, 2012 and June 30, 2011 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress for the CalPERS pension plan and other post-employment benefit plan, as identified in the accompanying table of contents, 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 the 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 on them.

Our audits were conducted for the purpose of forming an opinion on the District's basic financial statements as a whole. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section and Statistical Section 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.

*White Nelson Diehl Evans LLP*

White Nelson Diehl Evans LLP  
Irvine, California  
November 14, 2012

*Nitin P. Patel*

Nitin P. Patel, CPA  
CPA Number: 50155

LAS VIRGENES MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

This section of the District's annual financial report presents our analysis of the District's financial performance during the Fiscal Year that ended on June 30, 2012. Please read it in conjunction with the Financial Statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's net assets decreased by \$0.2 million to \$229.7 million.
- During the year the District's revenues increased by 9.1% to \$50.3 million, while expenses increased by 9.1% to \$52.1 million.
- Capital contributions to the District increased to \$1.6 million or 82.7% more than the prior fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis are intended to serve as an introduction to Las Virgenes Municipal Water District's basic financial statements. The District's basic financial statements comprise 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.

**BASIC FINANCIAL STATEMENTS**

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 Assets includes all of the District's assets and 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 Statement of Activities and Changes in Net Assets. This statement measures the success 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.

**See independent auditors' report.**

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

June 30, 2012

**FINANCIAL ANALYSIS OF THE DISTRICT**

Our analysis of the District begins on page 10 of the Financial Statements. One of the most important questions asked about the District's finances is "Is the District, as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and changes in them. You can think of the District's net assets—the difference between assets and liabilities—as one way to measure financial health or financial position. Over time, increases or decreases in the District's net assets 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, zoning, and new or changed government legislation.

**NET ASSETS**

Our analysis begins with a summary of the District's Statement of Net Assets in Table 1.

**TABLE 1**  
**Condensed Statements of Net Assets**  
**(In thousands of dollars)**

	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>
Current and Other Assets	\$85,119	\$86,170	\$88,649
Capital Assets	109,462	107,017	106,679
Investment in Joint Venture	<u>71,156</u>	<u>74,341</u>	<u>75,921</u>
<b>Total Assets</b>	<b><u>265,737</u></b>	<b><u>267,528</u></b>	<b><u>271,249</u></b>
Long-term Debt Outstanding	24,290	25,975	27,644
Other Liabilities	<u>11,714</u>	<u>11,635</u>	<u>12,905</u>
<b>Total Liabilities</b>	<b><u>36,004</u></b>	<b><u>37,610</u></b>	<b><u>40,549</u></b>
<b>Net Assets:</b>			
Investment in Capital Assets, Net of Related Debt	83,425	79,319	77,351
Restricted	8,523	10,226	12,368
Unrestricted	<u>137,785</u>	<u>140,373</u>	<u>140,981</u>
<b>Total Net Assets</b>	<b><u>\$229,733</u></b>	<b><u>\$229,918</u></b>	<b><u>\$230,700</u></b>

As shown above, net assets decreased by \$0.2 million to \$229.7 million in FY 2012, down from \$229.9 million in FY 2011, due to decreases in total assets.

**See independent auditors' report.**

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

June 30, 2012

**ACTIVITIES AND CHANGES IN NET ASSETS**

**TABLE 2**  
**Condensed Statements of Activities**  
**and Changes in Net Assets**  
(In thousands of dollars)

	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>
Operating Revenues:			
Water Sales	\$31,205	\$26,974	\$26,160
Sanitation and Other	17,142	16,681	15,887
Non-operating Revenues:			
Taxes and Penalties	884	879	898
Interest Income and Other	<u>1,079</u>	<u>1,568</u>	<u>1,654</u>
<b>Total Revenues</b>	<b>50,310</b>	<b>46,102</b>	<b>44,599</b>
Depreciation Expense	4,930	4,754	4,717
Other Operating Expense	32,790	28,750	28,534
Share of JPA Net Expenses	13,153	13,092	12,870
Non-Operating Expenses	<u>1,191</u>	<u>1,147</u>	<u>2,072</u>
<b>Total Expenses</b>	<b>52,064</b>	<b>47,743</b>	<b>48,193</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>(1,754)</b>	<b>(1,641)</b>	<b>(3,594)</b>
<b>Capital Contributions</b>	<u>1,569</u>	<u>859</u>	<u>1,683</u>
<b>Change in Net Assets</b>	<b>(185)</b>	<b>(782)</b>	<b>(1,911)</b>
<b>Beginning Net Assets</b>	<u>229,918</u>	<u>230,700</u>	<u>232,611</u>
<b>Ending Net Assets</b>	<u><b>\$229,733</b></u>	<u><b>\$229,918</b></u>	<u><b>\$230,700</b></u>

While the Statement of Net Assets shows the change in financial position of net assets, the Statement of Activities and Changes in Net Assets provides answers concerning the nature and source of these changes. As shown in Table 2 above, the Loss Before Capital Contributions was nearly \$1.8 million. The loss plus Capital Contributions and the beginning net assets lead to the overall decrease in Net Assets of \$0.2 million.

Water sales, our biggest revenue source, were higher by volume sold as the restrictions on potable water sales of FY 2009 and FY 2010 were lifted by July 1, 2011, and the customers no longer were faced with surcharges if potable water allocation budgets were exceeded. During the prior years' water allocations customers overall potable water consumption decreased to such an extent that the District's overall use was below the Metropolitan Water District water allocation. Potable water rates were increased on July 1, 2011 and January 1, 2012. Although the Board had approved Sanitation rate increases for July 1, 2011 as part of the financial plan in 2007, the Board did not implement the increase because the financial condition of Sanitation did not require the increase.

**See independent auditors' report.**

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

June 30, 2012

**ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)**

The decrease in interest income was due to the overall economic environment, with many financial instruments in the portfolio called early while replacement investments in approved investment categories offered much lower interest rates than the called instruments. The size of the portfolio decreased between fiscal years due to capital projects financed out of reserve funds.

Capital contributions are irregular and small as the major residential potential developments have been completed and only small development projects are anticipated in the future, which is anticipated in the District's master plan for each enterprise.

**CAPITAL ASSETS**

At the end of FY 2012, the District had invested \$198.8 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 \$71.2 million as shown in Table 3. More information about the District's Capital Assets is presented on pages 30 and 31 in the Notes to the Basic Financial Statements.

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

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Land	\$6,915	\$6,915	0	0.00%
Buildings and Improvements	21,784	21,784	0	0.00%
Machinery and Equipment	11,249	11,325	(76)	(0.67)%
Infrastructure	151,132	146,914	4,218	2.87%
Construction in Progress	<u>7,737</u>	<u>5,165</u>	<u>2,572</u>	49.80%
<b>Subtotal</b>	<b>198,817</b>	<b>192,103</b>	<b>6,714</b>	<b>3.50%</b>
Less Accumulated Depreciation	<u>89,354</u>	<u>85,086</u>	<u>4,268</u>	5.02%
<b>Net Property, Plant and Equipment</b>	<b>109,463</b>	<b>107,017</b>	<b>2,446</b>	<b>2.29%</b>
<b>Investment in Joint Venture</b>	<b><u>71,156</u></b>	<b><u>74,341</u></b>	<b><u>(3,185)</u></b>	<b><u>(4.28)%</u></b>
<b>Total Capital Assets</b>	<b><u>\$180,619</u></b>	<b><u>\$181,358</u></b>	<b><u>(739)</u></b>	<b><u>(0.41)%</u></b>

See independent auditors' report.



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

June 30, 2012

**CAPITAL ASSETS (CONTINUED)**

The following is a summary of some of the major improvements to the system during FY 2012.

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

	<u><b>FY 2012</b></u>
Potable Water Transmission Facility	\$5,258
Automatic Meter Reading Implementation	1,144
Tapia Influent Force Main Upgrade	536
Compost Reactor Building Ceiling	451
Long Valley Potable Water Main Upgrade	382
Tapia Primary Tanks, Gate and Drive Replacement	293
Construction of Third Digester at Rancho	276
Tapia Alternative Disinfection Improvements	234
Upper Oaks Potable Water Pump Station Upgrade	184
Five Million Gallon Potable Water Tank	<u>130</u>
 <b>Total</b>	 <b><u>\$8,888</u></b>

**LONG TERM DEBT**

At year-end, the District had \$24.2 million in net long-term debt, down from \$26.0 million in FY 2011, a decrease of \$1.8 million due to the District's payment of the annual debt obligation. This debt is solely the obligation of the Sanitation Enterprise. More detailed information about the District's long-term liabilities is presented on pages 34 to 36 in the Notes to the Basic Financial Statements. No new debt is anticipated in FY 2012.

The District received an "AA" rating from Standard & Poor's for the refinancing of the sanitation debt obligations.

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.

**See independent auditors' report.**

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

June 30, 2012

**LONG TERM DEBT (CONTINUED)**

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

	<u>FY 2011</u>	<u>FY 2011</u>	<u>Total Percent Change</u>
<b>Revenues:</b>			
Revenues from Operations	\$16,394	\$16,402	0.0%
Interest Income and Other	532	519	2.5%
Capacity Fees	<u>919</u>	<u>448</u>	105.1%
<b>Total Revenues</b>	<b>17,845</b>	<b>17,369</b>	<b>2.7%</b>
<b>Total Operating Expenses (less depreciation)</b>	<b><u>10,077</u></b>	<b><u>10,902</u></b>	<b>(7.6)%</b>
<b>Net Earnings</b>	<b><u>7,768</u></b>	<b><u>6,467</u></b>	<b>20.1%</b>
<b>Maximum Annual Debt Service</b>	<b><u>2,756</u></b>	<b><u>2,756</u></b>	<b>0.0%</b>
<b>Debt Coverage Ratio</b>	<b><u>2.82</u></b>	<b><u>2.35</u></b>	<b><u>20.1%</u></b>

The District has outstanding refunding revenue bonds issued in December 2009. The District's current average cost of capital is 4.05%, as shown on Table 6.

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

	<u>Debt Balance</u>	<u>Average Coupon Rate</u>
Refunding Revenue Bonds	<u>\$26.075</u>	4.05%
<b>Total</b>	<b><u>\$26.075</u></b>	<b><u>4.05%</u></b>

**CONTACTING THE DISTRICT'S FINANCIAL MANAGER**

This financial report is designed to provide our citizens, 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).

**See independent auditors' report.**

## **BASIC FINANCIAL STATEMENTS**

LAS VIRGENES MUNICIPAL WATER DISTRICT

STATEMENTS OF NET ASSETS

June 30, 2012 and 2011

ASSETS	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
UNRESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	\$ 15,307,999	\$ 21,861,994
Investments (Note 2)	43,321,834	39,742,766
Receivables:		
Sales and services, less allowance for uncollectible accounts of \$106,000 and \$106,000 in 2012 and 2011, respectively	8,441,227	5,640,138
Due from Joint Powers Authority (Note 5)	4,184,448	3,693,636
Interest	185,234	204,057
Other	848,758	1,179,416
Inventories (Note 3)	6,866,346	6,253,561
Prepaid expenses	<u>294,775</u>	<u>305,792</u>
TOTAL UNRESTRICTED ASSETS	<u>79,450,621</u>	<u>78,881,360</u>
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	3,334,970	4,924,420
Investments (Note 2)	2,000,000	2,000,000
Interest receivable	<u>12,276</u>	<u>15,610</u>
TOTAL RESTRICTED ASSETS	<u>5,347,246</u>	<u>6,940,030</u>
TOTAL CURRENT ASSETS	<u>84,797,867</u>	<u>85,821,390</u>
NONCURRENT ASSETS:		
CAPITAL ASSETS (NOTE 4):		
Capital assets, not being depreciated	14,652,226	12,079,874
Capital assets, being depreciated	184,164,536	180,022,686
Less accumulated depreciation	<u>(89,354,410)</u>	<u>(85,085,925)</u>
TOTAL CAPITAL ASSETS, NET	<u>109,462,352</u>	<u>107,016,635</u>
OTHER ASSETS:		
Investment in Joint Powers Authority (Notes 5 and 8)	71,155,793	74,340,825
Bond issuance costs, net (Note 6)	<u>320,529</u>	<u>348,605</u>
TOTAL OTHER ASSETS	<u>71,476,322</u>	<u>74,689,430</u>
TOTAL NONCURRENT ASSETS	<u>180,938,674</u>	<u>181,706,065</u>
TOTAL ASSETS	<u>265,736,541</u>	<u>267,527,455</u>

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

(Continued)

LAS VIRGENES MUNICIPAL WATER DISTRICT

STATEMENTS OF NET ASSETS  
(CONTINUED)

June 30, 2012 and 2011

LIABILITIES	<u>2012</u>	<u>2011</u>
CURRENT LIABILITIES:		
PAYABLE FROM UNRESTRICTED CURRENT ASSETS:		
Accounts and contracts payable and accrued expenses	\$ 4,593,450	\$ 4,337,102
Deferred capacity fees	3,116,379	3,210,946
Deposits and other	2,083,164	2,182,018
Current installment of refunding revenue bonds (Note 7)	1,725,000	1,690,000
Current installment of capital lease obligations (Note 7)	<u>22,575</u>	<u>32,719</u>
TOTAL PAYABLE FROM UNRESTRICTED CURRENT ASSETS	<u>11,540,568</u>	<u>11,452,785</u>
PAYABLE FROM RESTRICTED ASSETS:		
Interest payable	<u>173,262</u>	<u>181,713</u>
TOTAL CURRENT LIABILITIES	<u>11,713,830</u>	<u>11,634,498</u>
LONG-TERM LIABILITIES (LESS CURRENT PORTION) (NOTE 7):		
Refunding revenue bonds	24,218,609	25,932,100
Capital lease obligations	<u>71,234</u>	<u>42,942</u>
TOTAL LONG-TERM LIABILITIES (LESS CURRENT PORTION)	<u>24,289,843</u>	<u>25,975,042</u>
TOTAL LIABILITIES	<u>36,003,673</u>	<u>37,609,540</u>
NET ASSETS (NOTE 8):		
Invested in capital assets, net of related debt	83,424,934	79,318,874
Restricted for:		
Debt service	2,588,332	2,581,270
Capital projects	5,934,916	7,645,088
Unrestricted	<u>137,784,686</u>	<u>140,372,683</u>
TOTAL NET ASSETS	<u>\$ 229,732,868</u>	<u>\$ 229,917,915</u>

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

LAS VIRGENES MUNICIPAL WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
<b>OPERATING REVENUES:</b>		
Water sales and service fees	\$ 31,205,473	\$ 26,974,210
Sanitation service fees	16,393,868	16,402,382
Rental income	49,000	144,534
Other income	698,883	133,888
<b>TOTAL OPERATING REVENUES</b>	<b>48,347,224</b>	<b>43,655,014</b>
<b>OPERATING EXPENSES:</b>		
Water Expenses:		
Source of supply	19,660,856	16,563,893
Pumping	1,456,315	1,454,458
Transmission and distribution	2,924,965	2,724,512
Meter	809,729	484,262
Water conservation	367,846	262,895
Rental	11,600	11,734
General and administrative	5,999,377	5,490,758
<b>Total Water Expenses</b>	<b>31,230,688</b>	<b>26,992,512</b>
Sanitation Expenses:		
Other sewage treatment	195,059	195,085
Lifting	301,933	348,932
General and administrative	1,062,873	1,212,790
<b>Total Sanitation Expenses</b>	<b>1,559,865</b>	<b>1,756,807</b>
Depreciation Expenses:		
<b>TOTAL OPERATING EXPENSES</b>	<b>4,930,531</b>	<b>4,754,002</b>
	<b>37,721,084</b>	<b>33,503,321</b>
<b>OPERATING INCOME</b>	<b>10,626,140</b>	<b>10,151,693</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Taxes and penalties	884,092	878,851
Interest income	747,223	889,638
Facilities charge	331,945	354,020
Interest expense	(1,072,801)	(1,121,354)
Share of Joint Powers Authority income (expenses)	(13,152,686)	(13,092,363)
Loss on disposal of capital asset	(377,672)	(25,853)
Other, net	259,666	324,366
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(12,380,233)</b>	<b>(11,792,695)</b>
<b>NET LOSS BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(1,754,093)</b>	<b>(1,641,002)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>1,569,046</b>	<b>858,787</b>
<b>CHANGE IN NET ASSETS</b>	<b>(185,047)</b>	<b>(782,215)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>229,917,915</b>	<b>230,700,130</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 229,732,868</b>	<b>\$ 229,917,915</b>

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



LAS VIRGENES MUNICIPAL WATER DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2012 and 2011

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 44,697,809	\$ 44,706,745
Cash payments to suppliers for operations	(27,147,613)	(22,231,003)
Cash received from (paid to) Joint Powers Authority	(490,812)	(519,546)
Cash payments for general and administrative expenses	(5,999,377)	(6,703,548)
Cash received from (paid for) other	1,404,498	(1,056,929)
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,464,505	14,195,719
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Property taxes and fees collected	869,991	882,933
Receipts from facilities charges	331,945	354,020
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,201,936	1,236,953
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of capital assets	(6,154,347)	(4,306,970)
Proceeds from sale of assets	24,130	-
Repayment of bonds payable and capital leases	(1,726,508)	(1,673,144)
Grant proceeds	-	79,348
Interest payments	(1,081,252)	(1,125,479)
Capital facilities fees	(94,567)	(116,022)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(9,032,544)	(7,142,267)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	769,380	979,349
Contributions to Joint Powers Authority	(9,967,654)	(11,511,865)
Investments matured (purchased), net	(3,579,068)	(391,866)
NET CASH USED BY INVESTING ACTIVITIES	(12,777,342)	(10,924,382)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,143,445)	(2,633,977)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	26,786,414	29,420,391
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 18,642,969	\$ 26,786,414
<b>FINANCIAL STATEMENT PRESENTATION:</b>		
Cash and cash equivalents	\$ 15,307,999	\$ 21,861,994
Restricted cash and cash equivalents	3,334,970	4,924,420
	\$ 18,642,969	\$ 26,786,414

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

(Continued)

LAS VIRGENES MUNICIPAL WATER DISTRICT

STATEMENTS OF CASH FLOWS  
(CONTINUED)

For the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 10,626,140	\$ 10,151,693
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,930,531	4,754,002
Amortization	39,584	39,584
Other nonoperating revenues (expenses)	259,666	324,366
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and other receivables	(2,456,330)	884,951
(Increase) decrease in due from Joint Powers Authority	(490,812)	(519,546)
(Increase) decrease in inventories	(612,785)	(242,839)
(Increase) decrease in prepaid expenses	11,017	(8,396)
Increase (decrease) in accounts and contracts payable and accrued expenses	256,348	57,607
Increase (decrease) in deposits and other	(98,854)	(1,245,703)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 12,464,505</u>	<u>\$ 14,195,719</u>

DISCLOSURE OF NONCASH TRANSACTIONS:

- 1) The District received capital contributions in the form of donated capital assets totaling \$337,864 and \$0 for the years ended June 30, 2012 and 2011, respectively.
- 2) Projects funded by water and sewer capacity fees/connection fees and meter installation fees were completed during the fiscal years. As a result, contributed assets of \$1,201,054 and \$779,439 were reclassified from deferred capacity fees to contributed capital for the years ended June 30, 2012 and 2011, respectively.
- 3) The District had unrealized investment gains/(losses) in the amount of \$338,851 and \$263,657 as of June 30, 2012 and 2011, respectively.
- 4) The District had additions to capital assets from the capital lease in the amount of \$54,656 and \$30,752 for the years ended June 30, 2012 and 2011, respectively.

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

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Financial Reporting Entity:

The 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, provides 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.

b. Basis of Presentation:

The District reports its activities as an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic measurement focus all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statements of Net Assets. The Statements of Revenues, Expenses and Changes in Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under 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.

**See independent auditors’ report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. Net Assets:

GASB Statement No. 34 (Statement 34) of the Governmental Accounting Standards Board, “*Basic Financial Statements - and Management’s Discussion and Analysis - For State and Local Governments,*” established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

e. Operating Revenues and Expenses:

Operating revenues, such as charges for services (water sales and service fees, and sanitation service fees) result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as property taxes, facilities charges and investment income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange.

**See independent auditors’ report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Operating Revenues and Expenses (Continued):

Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

f. Cash, Cash Equivalents and Investments:

Cash and Cash Equivalents - The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The short-term investments include the California Local Agency Investment Fund.

Investments - All investments are stated at fair value. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

g. Restricted Assets:

Restricted assets represent allocations of cash and certain assets for debt reduction and for construction.

h. Accounts Receivable:

The District extends credit to customers in the normal course of operations. The District accounts for potential losses in accounts receivable utilizing the allowance method. The District has provided an allowance for uncollectible accounts of \$106,000 and \$106,000 at June 30, 2012 and 2011, respectively. Management evaluates all accounts receivable and if it is determined that they are uncollectible they are written off as a bad debt expense.

i. Inventories and Prepays:

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

j. Capital Assets:

Capital assets are stated at cost, net of accumulated depreciation, except for the portions acquired by contribution, which are recorded at fair value at the time received. The capitalization threshold for all capital assets is \$5,000. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets as follows:

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

Net interest costs are capitalized on projects during the construction period. Interest costs were capitalized for fiscal years ended June 30, 2012 and 2011.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

k. Bond Premiums, Discounts and Issuance Costs:

Discounts and costs of issuance on bonded debt issues are amortized to interest expense over the respective lives of the bonded debt. When debt has been refunded in a transaction accounted for as an in-substance defeasance, the deferred amount on refunding (comprised of the amount deposited to escrow less the outstanding principal on the defeased debt plus the unamortized issuance costs of the defeased debt) is recorded as an offset against the bond liability and is amortized to interest expense over the shorter of the life of the new debt or the defeased debt.

l. Capital Contributions:

Prepayments of water and sewer capacity fees/connection fees assessed by the District are recorded as liabilities until construction of the related projects has commenced and the District is reasonably certain they will be completed. At that time, the applicable amounts are recorded as revenues in accordance with GASB Statement No. 33.

**See independent auditors' report.**



LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. Claims and Judgments:

An estimated loss is recorded, net of insurance coverage, and inclusive of an estimate for incurred but unreported claims, when it is probable that a claim liability has been incurred and the amount of the loss can be reasonably estimated. Management believes that potential losses relating to these claims will not materially affect the financial position of the District.

n. Compensated Absences:

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 the accrued expenses payable from unrestricted current assets.

o. Property Taxes:

Property taxes in California are levied in accordance with Article XIII A of the State Constitution at 1% of countywide assessed valuations. This levy is allocated pursuant to state law to the appropriate units of local governments.

Property tax revenue is recognized in the fiscal year in which taxes are levied.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 10 Second Installment - February 10
Delinquent Date:	First Installment - December 11 Second Installment - April 11

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

o. Property Taxes (Continued):

Taxes are collected by the County of Los Angeles and are generally remitted to the District periodically according to the following schedule (dates and percentage may vary slightly from year to year):

July 20	5%
August 20	3%
November 20	3%
December 20	38%
January 20	10%
February 20	4%
April 20	31%
May 20	<u>6%</u>

100%

p. Use of Estimates:

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments. Accordingly, actual results could differ from the estimates.

q. Subsequent Event:

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 14, 2012, the date the financial statements were available to be issued.

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS:

**Cash and Investments:**

Cash and investments are reported in the accompanying statements of net assets as follows:

	2012	2011
Unrestricted Assets:		
Cash and cash equivalents	\$ 15,307,999	\$ 21,861,994
Investments	43,321,834	39,742,766
Restricted Assets:		
Cash and cash equivalents	3,334,970	4,924,420
Investments	<u>2,000,000</u>	<u>2,000,000</u>
	<u>\$ 63,964,803</u>	<u>\$ 68,529,180</u>

Cash and investments consisted of the following:

	2012	2011
Deposits:		
Demand deposits (net of outstanding checks)	\$ (136,249)	\$ (199,760)
Investments:		
Municipal bonds	4,081,000	3,103,760
United States Government Sponsored Agency Securities	41,240,834	37,624,756
Repurchase agreement	547,151	427,119
Money market mutual funds	1,680	612
California Local Agency Investment Fund	15,471,244	23,798,737
FDIC Guaranteed Bank Notes	-	1,014,250
Cash and Investments with Fiscal Agents:		
Money market mutual funds	176	908
California Local Agency Investment Fund	<u>2,758,967</u>	<u>2,758,798</u>
Total cash and investments	<u>\$ 63,964,803</u>	<u>\$ 68,529,180</u>

The statement of cash flows has been prepared by considering the following deposits and investment instruments to be cash and cash equivalents:

	2012	2011
Demand deposits (net of outstanding checks)	\$ (136,249)	\$ (199,760)
Repurchase agreement	547,151	427,119
Money market mutual funds	1,856	1,520
California Local Agency Investment Fund	<u>18,230,211</u>	<u>26,557,535</u>
Total cash and cash equivalents	<u>\$ 18,642,969</u>	<u>\$ 26,786,414</u>

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by the California Government 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	30 days	10%	None
California Local Agency Investment Fund (LAIF)	None	None	\$50,000,000
Certificates of Deposit Account Registry Services (CDARS)	No deposits after January 1, 2012	30%	None
FDIC Guaranteed Bank Notes	Maturities to June 30, 2012	None	None
Local Government Investment Pools	None	None	None
Bonds issued by Local Agencies or States	5 years	None	None

See independent auditors' report.

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**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. 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>Maximum Percentage Allowed</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
Local Agency Bonds	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.

See independent auditors' report.

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Interest Rate Risk (Continued):**

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 table that shows the distribution of the District's investments by maturity as of June 30, 2012 and 2011.

June 30, 2012

Investment Type	Remaining Maturity (in Years)					Fair Value Total
	Less Than 1 year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	
Municipal Bonds	\$ -	\$3,082,570	\$ 998,430	\$ -	\$ -	\$ 4,081,000
Federal Farm Credit Bank	-	-	-	2,016,920	3,013,820	5,030,740
Federal Home Loan Bank	1,002,690	1,011,690	2,046,930	-	4,017,720	8,079,030
Federal Home Loan Mortgage Corporation	-	-	1,002,160	-	3,021,900	4,024,060
Federal National Mortgage Association	-	-	4,026,970	2,005,080	18,074,954	24,107,004
Repurchase agreement	547,151	-	-	-	-	547,151
Local Agency Investment Fund	15,471,244	-	-	-	-	15,471,244
Money Market Mutual Funds	1,680	-	-	-	-	1,680
Cash with fiscal agents: Money Market Mutual Funds	176	-	-	-	-	176
Local Agency Investment Fund	<u>2,758,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,758,967</u>
	<u>\$ 19,781,908</u>	<u>\$4,094,260</u>	<u>\$ 8,074,490</u>	<u>\$ 4,022,000</u>	<u>\$ 28,128,394</u>	<u>\$ 64,101,052</u>

See independent auditors' report.

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Interest Rate Risk (Continued):**

June 30, 2011

Investment Type	Remaining Maturity (in Years)					Fair Value Total
	Less Than 1 year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	
Municipal Bonds	\$ -	\$ -	\$ 3,103,760	\$ -	\$ -	\$ 3,103,760
Federal Farm Credit Bank	-	-	3,008,770	5,008,210	-	8,016,980
Federal Home Loan Bank Federal National	1,010,150	1,022,940	4,486,316	5,051,220	2,981,710	14,552,336
Mortgage Association	-	-	5,012,390	4,033,920	6,009,130	15,055,440
Repurchase agreement	427,119	-	-	-	-	427,119
Local Agency Investment Fund	23,798,737	-	-	-	-	23,798,737
Money Market Mutual Funds	612	-	-	-	-	612
FDIC Guaranteed Bank Notes	1,014,250	-	-	-	-	1,014,250
Cash with fiscal agents: Money Market Mutual Funds	908	-	-	-	-	908
Local Agency Investment Fund	2,758,798	-	-	-	-	2,758,798
	<u>\$ 29,010,574</u>	<u>\$1,022,940</u>	<u>\$ 15,611,236</u>	<u>\$ 14,093,350</u>	<u>\$ 8,990,840</u>	<u>\$ 68,728,940</u>

See independent auditors' report.

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**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 table are the Standard and Poor's credit ratings for the Districts investments.

June 30, 2012

Investment	Total as of June 30, 2012	Minimum Legal Requirement	AAA	AA-	AA	Unrated
Municipal Bonds	\$ 4,081,000	AA-	\$ 2,032,410	\$2,048,590	\$ -	\$ -
Federal Farm Credit Bank	5,030,740	None	-	-	5,030,740	-
Federal Home Loan Bank	8,079,030	None	-	-	8,079,030	-
Federal Home Loan Mortgage Corporation	4,024,060	None	-	-	4,024,060	-
Federal National Mortgage Association	24,107,004	None	-	-	24,107,004	-
Repurchase agreement	547,151	None	-	-	-	547,151
Local Agency Investment Fund	15,471,244	None	-	-	-	15,471,244
Money Market Mutual Funds	1,680	A	1,680	-	-	-
Cash with fiscal agents:						
Money Market Mutual Funds	176	A	176	-	-	-
Local Agency Investment Fund	<u>2,758,967</u>	None	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,758,967</u>
	<u>\$ 64,101,052</u>		<u>\$ 2,034,266</u>	<u>\$2,048,590</u>	<u>\$41,240,834</u>	<u>\$18,777,362</u>

**See independent auditors' report.**



LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Credit Risk (Continued):**

June 30, 2011

Investment	Total as of June 30, 2011	Minimum Legal Requirement	Minimum			
			AAA	AA-	A+	Unrated
Municipal Bonds	\$ 3,103,760	AA-	\$ 1,029,990	\$2,073,770	\$ -	\$ -
Federal Farm Credit Bank	8,016,980	None	8,016,980	-	-	-
Federal Home Loan Bank	14,552,336	None	14,552,336	-	-	-
Federal National Mortgage Association	15,055,440	None	15,055,440	-	-	-
Repurchase agreement	427,119	None	-	-	-	427,119
Local Agency Investment Fund	23,798,737	None	-	-	-	23,798,737
Money Market Mutual Funds	612	A	612	-	-	-
FDIC Guaranteed Bank Notes	1,014,250	A	-	-	1,014,250	-
Cash with fiscal agents:						
Money Market Mutual Funds	908	A	908	-	-	-
Local Agency Investment Fund	<u>2,758,798</u>	None	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,758,798</u>
	<u>\$ 68,728,940</u>		<u>\$ 38,656,266</u>	<u>\$2,073,770</u>	<u>\$1,014,250</u>	<u>\$ 26,984,654</u>

**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:

June 30, 2012

Issuer	Investment Type	Reported Amount	Percent of Investments
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	\$ 5,030,740	7.92%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	\$ 8,079,030	12.71%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	\$ 4,024,060	6.33%
Federal National Mortgage Association	United States Government Sponsored Agency Securities	\$ 24,107,004	37.93%

See independent auditors' report.

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Concentration of Credit Risk (Continued):**

June 30, 2011

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percent of Investments</u>
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	\$ 8,016,980	11.66%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	\$ 14,552,336	21.17%
Federal National Mortgage Association	United States Government Sponsored Agency Securities	\$ 15,055,440	21.91%

**Custodial Credit Risk:**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2012 and 2011, all of the District's deposits with financial institutions in excess of federal depository insurance corporation limits were held in collateralized accounts.

As of June 30, 2012 and 2011, the District's investments in the following type of investments were held by the safekeeping department of the broker-dealer (counter party) used by the District to buy the securities.

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	
		<u>2012</u>	<u>2011</u>
Wells Fargo	Repurchase Agreement	\$ 547,151	\$ 427,119

See independent auditors' report.

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Investment in State Investment Pool:**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's 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 LAIF 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 recorded on an amortized cost basis.

3. INVENTORIES:

Inventories consisted of the following as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Materials and supplies	\$ 1,051,093	\$ 1,248,380
Water in storage	<u>5,815,253</u>	<u>5,005,181</u>
Total	<u>\$ 6,866,346</u>	<u>\$ 6,253,561</u>

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

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

4. CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2012 is as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital assets, not being depreciated:				
Land and land rights:				
Water plant	\$ 6,804,063	\$ 11	\$ -	\$ 6,804,074
Sanitation plant	111,236	-	-	111,236
Construction in progress	<u>5,164,575</u>	<u>7,531,571</u>	<u>(4,959,230)</u>	<u>7,736,916</u>
Total capital assets, not being depreciated	<u>12,079,874</u>	<u>7,531,582</u>	<u>(4,959,230)</u>	<u>14,652,226</u>
Capital assets, being depreciated:				
Water plant:				
Sources of supply	24,995,557	-	-	24,995,557
Plant	96,276,426	2,860,291	(394,432)	98,742,285
Structures	18,230,887	2,075,834	(323,935)	19,982,786
Sanitation plant:				
Plant	7,411,110	-	-	7,411,110
Machinery and equipment	17,318	-	-	17,318
General utility plant:				
Building and improvements	21,783,887	-	-	21,783,887
Machinery and equipment	<u>11,307,501</u>	<u>269,573</u>	<u>(345,481)</u>	<u>11,231,593</u>
Total capital assets, being depreciated	<u>180,022,686</u>	<u>5,205,698</u>	<u>(1,063,848)</u>	<u>184,164,536</u>
Less accumulated depreciation for:				
Water plant:				
Sources of supply	(6,367,030)	(616,688)	-	(6,983,718)
Plant	(41,298,660)	(2,647,045)	190,731	(43,754,974)
Structures	(14,587,423)	(741,812)	138,282	(15,190,953)
Sanitation plant:				
Plant	(2,835,415)	(187,810)	-	(3,023,225)
Machinery and equipment	(6,062)	(1,732)	-	(7,794)
General utility plant:				
Building and improvements	(9,439,185)	(501,343)	-	(9,940,528)
Machinery and equipment	<u>(10,552,150)</u>	<u>(234,101)</u>	<u>333,033</u>	<u>(10,453,218)</u>
Total accumulated depreciation	<u>(85,085,925)</u>	<u>(4,930,531)</u>	<u>662,046</u>	<u>(89,354,410)</u>
Total capital assets, being depreciated, net	<u>94,936,761</u>	<u>275,167</u>	<u>(401,802)</u>	<u>94,810,126</u>
Total capital assets, net	<u>\$ 107,016,635</u>	<u>\$ 7,806,749</u>	<u>\$(5,361,032)</u>	<u>\$ 109,462,352</u>

Depreciation expense for the depreciable capital assets was \$4,930,531 and \$4,754,002 in 2012 and 2011, respectively.

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

4. CAPITAL ASSETS (CONTINUED):

Changes in capital assets for the year ended June 30, 2011 is as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital assets, not being depreciated:				
Land and land rights:				
Water plant	\$ 6,804,057	\$ 6	\$ -	\$ 6,804,063
Sanitation plant	111,236	-	-	111,236
Construction in progress	<u>4,610,420</u>	<u>5,054,966</u>	<u>(4,500,811)</u>	<u>5,164,575</u>
Total capital assets, not being depreciated	<u>11,525,713</u>	<u>5,054,972</u>	<u>(4,500,811)</u>	<u>12,079,874</u>
Capital assets, being depreciated:				
Water plant:				
Sources of supply	23,240,566	1,754,991	-	24,995,557
Plant	94,102,535	2,213,104	(39,213)	96,276,426
Structures	18,092,267	300,650	(162,030)	18,230,887
Sanitation plant:				
Plant	7,411,110	-	-	7,411,110
Machinery and equipment	17,318	-	-	17,318
General utility plant:				
Building and improvements	21,763,104	28,028	(7,245)	21,783,887
Machinery and equipment	<u>11,152,691</u>	<u>266,225</u>	<u>(111,415)</u>	<u>11,307,501</u>
Total capital assets, being depreciated	<u>175,779,591</u>	<u>4,562,998</u>	<u>(319,903)</u>	<u>180,022,686</u>
Less accumulated depreciation for:				
Water plant:				
Sources of supply	(5,807,913)	(559,117)	-	(6,367,030)
Plant	(38,766,294)	(2,567,706)	35,340	(41,298,660)
Structures	(14,012,995)	(717,998)	143,570	(14,587,423)
Sanitation plant:				
Plant	(2,647,606)	(187,809)	-	(2,835,415)
Machinery and equipment	(4,330)	(1,732)	-	(6,062)
General utility plant:				
Building and improvements	(8,944,459)	(498,453)	3,727	(9,439,185)
Machinery and equipment	<u>(10,442,378)</u>	<u>(221,187)</u>	<u>111,415</u>	<u>(10,552,150)</u>
Total accumulated depreciation	<u>(80,625,975)</u>	<u>(4,754,002)</u>	<u>294,052</u>	<u>(85,085,925)</u>
Total capital assets, being depreciated, net	<u>95,153,616</u>	<u>(191,004)</u>	<u>(25,851)</u>	<u>94,936,761</u>
Total capital assets, net	<u>\$ 106,679,329</u>	<u>\$ 4,863,968</u>	<u>\$ (4,526,662)</u>	<u>\$ 107,016,635</u>

See independent auditors' report.

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

5. INVESTMENT IN JOINT POWERS AUTHORITY:

On October 12, 1964, the District entered into a joint powers agreement with 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). The District was designated the administering agent. 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 prorated 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. Investment in JPA:

The District records its investment in the JPA as a noncurrent asset, Investment in JPA, primarily capital assets. The changes in Investment in JPA consisted of the following:

	2012	2011
Beginning of year	\$ 74,340,825	\$ 75,921,323
Contributions	9,967,654	11,511,865
Share in income (loss):		
Sanitation expenses	(8,516,850)	(9,145,332)
Depreciation expenses	(4,627,708)	(4,635,931)
Grant income	-	691,963
Loss on disposal of capital assets	(8,128)	(3,063)
End of year	<u>\$ 71,155,793</u>	<u>\$ 74,340,825</u>

The following is condensed financial information of the JPA as of and for the years ended June 30, 2012 and 2011 including the participants' approximate percentage shares:

	2012			2011		
	Amount	Las Virgenes Municipal	Triunfo Sanitation	Amount	Las Virgenes Municipal	Triunfo Sanitation
		Water District	District		Water District	District
Total assets	\$ 109,063,584	67%	33%	\$ 113,001,690	67%	33%
Total liabilities	6,919,723	67%	33%	6,546,935	67%	33%
Total equity	102,143,861	67%	33%	106,454,755	67%	33%
Billings to participants	11,740,421	68%	32%	13,301,381	68%	32%
Depreciation	6,354,346	70%	30%	6,365,745	70%	30%
Construction costs	2,054,964	71%	29%	4,332,148	71%	29%

JPA's basic financial statements are available upon request from the District.

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

5. INVESTMENT IN JOINT POWERS AUTHORITY (CONTINUED):

a. Investment in JPA:

The District's investment in the JPA exceeds its proportionate share of the equity of the JPA by \$3,112,485 and \$3,304,976 at June 30, 2012 and 2011, respectively, primarily due to the capitalization of interest costs on funds borrowed by the District to finance its share of JPA construction costs.

The District purchased \$1,911,981 and \$1,213,215 in recycled water from the JPA for the years 2012 and 2011, respectively.

b. Due from JPA:

The total amount due from the JPA at June 30, 2012 and 2011 consisted for the following:

	<u>2012</u>	<u>2011</u>
Beginning of year	\$ 3,693,636	\$ 3,174,090
Additions	490,812	519,546
End of year	<u>\$ 4,184,448</u>	<u>\$ 3,693,636</u>

6. UNAMORTIZED BOND ISSUANCE COSTS:

The following is a summary of unamortized bond issuance costs at June 30, 2012:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
2009 installment purchase refunding revenue bonds	\$ 348,605	\$ -	\$ (28,076)	\$ 320,529

The following is a summary of unamortized bond issuance costs at June 30, 2011:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
2009 installment purchase refunding revenue bonds	\$ 376,680	\$ -	\$ (28,075)	\$ 348,605

The District incurred bond issuance costs of \$388,378 in connection with the issuance of the Calleguas-Las Virgenes Public Financing Authority 2009 Sanitation Refunding Revenue Bonds. The issuance costs are being amortized over 166 months, at an annual amortization expense of approximately \$28,075.

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

7. LONG-TERM LIABILITIES:

The following is a schedule of changes in long-term liabilities for the fiscal year ended June 30, 2012:

Description	Balance			Balance June 30, 2012	Classification	
	July 1, 2011	Additions	Deletions		Current	Long-Term
2009 Sanitation						
Refunding Revenue Bonds	\$ 27,765,000	\$ -	\$ (1,690,000)	\$ 26,075,000	\$ 1,725,000	\$ 24,350,000
Add/(Less):						
Unamortized premium	1,977,909	-	(159,295)	1,818,614	-	1,818,614
Unamortized deferred loss on refunding	(2,120,809)	-	170,804	(1,950,005)	-	(1,950,005)
Subtotal	27,622,100	-	(1,678,491)	25,943,609	1,725,000	24,218,609
Capital leases	75,661	54,656	(36,508)	93,809	22,575	71,234
Total	<u>\$ 27,697,761</u>	<u>\$ 54,656</u>	<u>\$ (1,714,999)</u>	<u>\$ 26,037,418</u>	<u>\$ 1,747,575</u>	<u>\$ 24,289,843</u>

a. 2009 Sanitation Refunding Revenue Bonds - Original Issue \$29,415,000:

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.

Total 2009 bonds outstanding as of June 30, 2012 and 2011, net of unamortized premium and unamortized deferred loss on refunding were as follows:

	2012	2011
Principal outstanding	\$ 26,075,000	\$ 27,765,000
Add unamortized premium	1,818,614	1,977,909
Less unamortized deferred loss on refunding	<u>(1,950,005)</u>	<u>(2,120,809)</u>
Net bonds outstanding	<u>\$ 25,943,609</u>	<u>\$ 27,622,100</u>

**See independent auditors' report.**



LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

7. LONG-TERM LIABILITIES (CONTINUED):

a. 2009 Sanitation Refunding Revenue Bonds - Original Issue \$29,415,000 (Continued):

The annual debt service requirements for the 2009 bonds outstanding at June 30, 2012 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,725,000	\$ 1,030,950	\$ 2,755,950
2014	1,765,000	987,025	2,752,025
2015	1,840,000	914,925	2,754,925
2016	1,925,000	830,000	2,755,000
2017	2,025,000	731,250	2,756,250
2018 - 2022	11,520,000	2,245,975	13,765,975
2023 - 2024	<u>5,275,000</u>	<u>232,588</u>	<u>5,507,588</u>
Total	<u>\$ 26,075,000</u>	<u>\$ 6,972,713</u>	<u>\$ 33,047,713</u>

The 2009 bonds were acquired at a premium amount of \$2,203,577, which is amortized on a straight-line method over 166 months.

The following is a summary of the 2009 bonds unamortized premium outstanding at June 30, 2012:

<u>Balance</u>			<u>Balance</u>
<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
\$ 1,977,909	\$ -	\$ (159,295)	\$ 1,818,614

Amortization expense was \$159,295 for June 30, 2012.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the 1998 bonds of \$2,362,781. This difference is considered to be deferred loss on refunding. The deferred loss on refunding, reported in the basic financial statements as a deduction from bonds payable, is amortized on a straight-line method over 166 months.

The following is a summary of unamortized deferred loss on refunding outstanding at June 30, 2012:

<u>Balance</u>			<u>Balance</u>
<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
\$ 2,120,809	\$ -	\$ (170,804)	\$ 1,950,005

Amortization expense was \$170,804 for June 30, 2012.

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

7. LONG-TERM LIABILITIES (CONTINUED):

b. Capital Leases:

The District has entered into various lease purchase agreements for equipment. These leases have been classified as capital leases. The related assets have been capitalized in the utility plant account. The original costs of the assets were \$162,419 and \$166,525 at June 30, 2012 and 2011, respectively. The accumulated depreciation on the capital assets was \$51,813 and \$89,567 at June 30, 2012 and 2011, respectively. The depreciation expenses of the capital assets were \$38,926 and \$33,113 for the years ended June 30, 2012 and 2011, respectively.

The annual debt service requirements for the capital leases outstanding at June 30, 2012 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 22,575	\$ 6,748	\$ 29,323
2014	22,772	4,774	27,546
2015	22,332	2,738	25,070
2016	17,356	741	18,097
2017	8,774	119	8,893
Total	<u>\$ 93,809</u>	<u>\$ 15,120</u>	108,929
		Less: Interest	<u>(15,120)</u>
		Principal	<u>\$ 93,809</u>

8. NET ASSETS:

Net assets represent the difference between assets and liabilities. Designations of unrestricted net assets represent the District management's intentions for the use of resources. The net assets amounts were as follows:

	<u>2012</u>	<u>2011</u>
Invested in capital assets, net of related debt:		
Capital assets, net of accumulated depreciation	\$ 109,462,352	\$ 107,016,635
Less:		
Capital lease obligations	(93,809)	(75,661)
1998 installment purchase refunding revenue bonds, net	<u>(25,943,609)</u>	<u>(27,622,100)</u>
Total invested in capital assets, net of related debt	<u>83,424,934</u>	<u>79,318,874</u>

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

8. NET ASSETS (CONTINUED):

	<u>2012</u>	<u>2011</u>
Restricted for:		
Debt service	\$ 2,588,332	\$ 2,581,270
Capital projects	<u>5,934,916</u>	<u>7,645,088</u>
Total restricted	<u>8,523,248</u>	<u>10,226,358</u>
Unrestricted:		
Designated for:		
Investment in JPA	71,155,793	74,340,825
Rate stabilization	8,890,544	8,762,471
Insurance	3,228,248	3,197,264
Operating emergencies	10,389,638	9,473,663
Retirement fund contributions	421,610	342,716
Undesignated	<u>43,698,853</u>	<u>44,255,744</u>
Total unrestricted	<u>137,784,686</u>	<u>140,372,683</u>
Total net assets	<u>\$ 229,732,868</u>	<u>\$ 229,917,915</u>

As of June 30, 2012, the restricted net assets consisted of the following:

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Restricted Assets:			
Restricted cash and investments	\$ 2,759,143	\$ 2,127,027	\$ 4,886,170
Restricted receivables:			
Interest	2,452	9,824	12,276
Other assets	<u>-</u>	<u>5,812,570</u>	<u>5,812,570</u>
Total Restricted Assets	<u>2,761,595</u>	<u>7,949,421</u>	<u>10,711,016</u>
Current Liabilities Payable from Restricted Assets:			
Interest payable	(173,263)	-	(173,263)
Other liabilities	<u>-</u>	<u>(2,014,505)</u>	<u>(2,014,505)</u>
Total Current Liabilities Payable From Restricted Assets	<u>(173,263)</u>	<u>(2,014,505)</u>	<u>(2,187,768)</u>
Total Restricted Net Assets	<u>\$ 2,588,332</u>	<u>\$ 5,934,916</u>	<u>\$ 8,523,248</u>

See independent auditors' report.

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

8. NET ASSETS (CONTINUED):

As of June 30, 2011, the restricted net assets consisted of the following:

	Debt Service	Capital Projects	Total
Restricted Assets:			
Restricted cash and investments	\$ 2,759,706	\$ 3,810,652	\$ 6,570,358
Restricted receivables:			
Interest	3,277	12,333	15,610
Other assets	-	5,836,607	5,836,607
Total Restricted Assets	2,762,983	9,659,592	12,422,575
Current Liabilities Payable from Restricted Assets:			
Interest payable	(181,713)	-	(181,713)
Other liabilities	-	(2,014,504)	(2,014,504)
Total Current Liabilities Payable From Restricted Assets	(181,713)	(2,014,504)	(2,196,217)
Total Restricted Net Assets	\$ 2,581,270	\$ 7,645,088	\$ 10,226,358

9. PENSION PLAN:

a. Plan Description:

The District contributes to the California Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS 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 and District ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at, 400 P Street, Sacramento, CA 95814.

b. Funding Policy:

Active plan members are required by State statute to contribute 7% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account, except for the members of the Supervisor, Professional and Confidential Association, for which effective January 1, 2012, the District made 6% of the required 7% contribution. Total contributions made by the District on behalf of employees amounted to \$697,554 and \$745,751 for the years ended June 30, 2012 and 2011, respectively. The District is required to contribute at an actuarially determined rate of 16.185% and 14.867% for the years ended June 30, 2012 and 2011, respectively. The contribution requirements of the plan members and the City are established and may be amended by PERS and District Ordinance.

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

9. PENSION PLAN (CONTINUED):

c. Annual Pension Cost:

For fiscal year 2012, the District's annual pension cost was \$1,887,235 for PERS was equal to the District's required and actual contributions. The required contribution for the fiscal year 2012 was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.25% to 14.45% depending on age, service, and type of employment, (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%.

The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2009, was 20 years for miscellaneous employees for prior and current service unfunded liability.

Three-Year Trend Information for PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ 1,504,669	100%	-
6/30/11	1,692,602	100%	-
6/30/12	1,887,235	100%	-

d. Funded Status and Funding Progress:

As of June 30, 2011, the most recent actuarial valuation date, the plan was 84.1% funded. The actuarial accrued liability for benefits was \$69,674,417, and the actuarial value of assets was \$58,593,450, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,080,967. The covered payroll (annual payroll of active employees covered by the plan) was \$10,366,449, and the ratio of the UAAL to the covered payroll was 106.9%.

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

9. PENSION PLAN (CONTINUED):

d. Funded Status and Funding Progress (Continued):

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding interest rates. Amounts determined regarding the funded status of the plan and the annual pension costs are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

10. OTHER POST-EMPLOYMENT BENEFITS:

a. Plan Description:

The District contributes to a single-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 after attaining age 55 with at least ten years of service (age 50 with at least 5 years of service for employees hired before April 1, 2006). For employees hired after March 31, 2006, the District pays for 75% of the Blue Cross PPO rate. For employees hired before March 31, 2006, the District pays for 100% of medical premiums incurred by retirees and one dependent up to \$1,290 per month. The plan does not provide a publicly available financial report.

b. Funding Policy:

The contribution requirements of plan members and the District are established and may be amended by the District's Board of Directors, and/or the employee associations. Currently, contributions are not required from plan members. During the fiscal year ended June 30, 2012, the District elected to fund 100% of the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a closed period not to exceed thirty years. The ARC for fiscal year 2011-12 was \$1,115,327.

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED):

c. Annual OPEB Cost:

For fiscal year 2012, the District's annual OPEB cost was \$1,115,327 and was equal to the District's required and actual contribution. The required contribution for the fiscal year 2012 was determined as part of the September 20, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included a 7.61% investment rate of return (net of administrative expenses), payroll increase of 3.25% per annum, an inflation rate of 3.25% per annum, and the District's share of premium cost will increase at rates ranging from .5% to 3.5% per annum, depending on attained age. The District's unfunded actuarial accrued liability will be amortized by level percentage of payroll over thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

d. Three-Year Trend Information:

For fiscal year 2012, the District's annual OPEB cost (expense) of \$1,115,327 was equal to the ARC. Information on the annual OPEB cost, percentage of Annual OPEB Cost contributed, and Net OPEB Obligation for the last three fiscal years, as presented below:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2010	\$ 782,570	\$ 782,570	100%	\$ -
6/30/2011	915,064	915,064	100%	-
6/30/2012	1,115,327	1,115,327	100%	-

e. Funded Status and Funding Progress:

As of September 20, 2011, the latest actuarial valuation date, the plan was 7.38 percent funded. The actuarial accrued liability for benefits was \$14,364,922, and the actuarial value of assets was \$1,059,481, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,305,441. The covered payroll (annual payroll of active employees covered by the plan) was \$9,957,377 and the ratio of the UAAL to the covered payroll was 133.62%.

**See independent auditors' report.**

LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED):

e. Funded Status and Funding Progress (Continued):

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

11. RISK MANAGEMENT:

The District retained American Alternative Insurance Corporation, a member of the American Re Group of Companies, for general liability, property, auto and physical damage. The coverage for the general liability provided for \$11 million per occurrence and \$13 million for the aggregate, with a \$10,000 deductible per occurrence. The coverage for the property provided for \$60 million per occurrence with a deductible of \$10,000 per occurrence. The District paid premiums of \$1,048,145 and \$1,041,072 to American Alternative Insurance Company for the years ended June 30, 2012 and 2011, respectively.

Effective July 1, 2003, the District retained Majestic Insurance Company for its workers' compensation insurance coverage. The District paid premiums of \$254,592 and \$304,664 for the years ended June 30, 2012 and 2011, respectively.

During the past three fiscal (claims) years, none of the above programs of protection have had settlement or judgments that exceeded pooled or insured coverage. There have been no significant reductions in insured liability coverage from coverage in the prior year.

12. COMMITMENTS AND CONTINGENCIES:

a. Lawsuits:

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion 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.

**See independent auditors' report.**



LAS VIRGENES MUNICIPAL WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

12. COMMITMENTS AND CONTINGENCIES (CONTINUED):

b. Contract Commitments:

The District had outstanding contract commitments of \$1,138,022 and \$1,220,334 for the years ended June 30, 2012 and 2011, respectively.

c. Operating Leases:

The District is obligated under operating lease agreements for the rental of office equipment. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2013	\$ 4,608
2014	4,608
2015	<u>4,224</u>
	<u>\$ 13,440</u>

See independent auditors' report.



**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULES OF FUNDING PROGRESS**

LAS VIRGENES MUNICIPAL WATER DISTRICT

SCHEDULES OF FUNDING PROGRESS

For the year ended June 30, 2012

**CalPERS PENSION PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio AVA (a)/(b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll [(b)-(a)]/(c)
06/30/09	\$ 50,578,290	\$ 63,138,059	\$ 12,559,769	80.11%	\$ 10,996,149	114.22%
06/30/10	54,545,848	66,429,237	11,883,389	82.11%	11,093,350	107.12%
06/30/11	58,593,450	69,674,417	11,080,967	84.10%	10,366,449	106.89%

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) - (b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll [(a)-(b)]/(c)
2/1/2008	\$ 9,698,059	\$ -	\$ 9,698,059	0.00%	\$ 10,736,590	90.33%
2/1/2010	11,438,687	399,698	11,038,989	3.49%	10,343,923	106.72%
9/20/2011	14,364,922	1,059,481	13,305,441	7.38%	9,957,377	133.62%

See independent auditors' report.

# INDEX TO STATISTICAL SECTION

June 30, 2012

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 statements, note disclosures, and required supplementary information say about the District's overall financial health.

Contents: Pages

Financial Trends - These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.

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Revenue Capacity - These schedules contain information to help the reader assess the District's most significant revenue source.

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| 4. Revenue Rates   | 53 |
| 5. Principal Revenue Payers                                | 54 |
| 6. Property Tax Levies, Special Assessment and Collections | 55 |

Debt Capacity - These schedules 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.

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Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

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| 11. Demographic and Economic Statistics | 60 |
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Operating Information - 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.

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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 Assets**  
**Last Ten Fiscal Years (accrual basis of accounting)**  
**(in thousands of dollars)**

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Business-type Activities</b>					
Investment in capital assets, net of related debt	\$ 49,634	\$ 50,887	\$ 59,501	\$ 64,717	\$ 68,310
Restricted:					
Debt service	5,586	5,520	5,119	3,951	3,667
Capital projects	7,282	6,376	10,917	13,389	13,227
Total restricted	<u>12,868</u>	<u>11,896</u>	<u>16,036</u>	<u>17,340</u>	<u>16,894</u>
Unrestricted	<u>139,352</u>	<u>141,035</u>	<u>140,272</u>	<u>141,814</u>	<u>141,055</u>
<b>Total Net Assets</b>	<u>\$ 201,854</u>	<u>\$ 203,818</u>	<u>\$ 215,809</u>	<u>\$ 223,871</u>	<u>\$ 226,259</u>

Fiscal Year				
2008	2009	2010	2011	2012
\$ 69,595	\$ 68,886	\$ 77,351	\$ 79,319	\$ 83,425
3,574	3,529	2,602	2,581	2,588
12,959	10,752	9,766	7,645	5,935
16,533	14,281	12,368	10,226	8,523
146,195	149,444	140,981	140,373	137,785
<u>\$ 232,323</u>	<u>\$ 232,611</u>	<u>\$ 230,700</u>	<u>\$ 229,918</u>	<u>\$ 229,733</u>

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Water	\$ 23,162	\$ 25,586	\$ 25,010	\$ 26,376	\$ 30,238
Sanitation(includes JPA)	12,694	12,543	13,306	14,676	14,647
<b>Total Operating Expenses</b>	<b>35,856</b>	<b>38,129</b>	<b>38,316</b>	<b>41,052</b>	<b>44,885</b>
<b>Program Revenues</b>					
Water	24,603	27,712	24,291	25,628	29,368
Sanitation	8,490	8,993	9,416	10,049	10,917
Capital contributions	1,251	2,174	15,425	12,035	3,959
Other	396	985	435	465	400
<b>Total Program Revenues</b>	<b>34,740</b>	<b>39,864</b>	<b>49,567</b>	<b>48,177</b>	<b>44,644</b>
<b>Net (Expense)/Revenue</b>	<b>(1,116)</b>	<b>1,735</b>	<b>11,251</b>	<b>7,125</b>	<b>(241)</b>
<b>General Revenues and Other Changes in Net Assets</b>					
Taxes and penalties	1,263	1,278	662	720	875
Investment earnings	1,283	1,032	1,667	2,968	4,003
Miscellaneous (includes JPA)	(2,305)	(2,081)	(2,127)	(2,751)	(2,249)
<b>Total General Revenues</b>	<b>241</b>	<b>229</b>	<b>202</b>	<b>937</b>	<b>2,629</b>
<b>Changes in Net Assets (Business-type activities)</b>	<b>\$ (875)</b>	<b>\$ 1,964</b>	<b>\$ 11,453</b>	<b>\$ 8,062</b>	<b>\$ 2,388</b>

Source: LVMWD Accounting



Fiscal Year				
2008	2009	2010	2011	2012
\$ 30,385	\$ 30,912	\$ 30,845	\$ 31,556	\$ 35,972
15,304	16,134	15,628	15,727	14,894
<u>45,689</u>	<u>47,046</u>	<u>46,473</u>	<u>47,283</u>	<u>50,866</u>
30,419	29,708	26,160	26,974	31,205
12,937	15,847	15,473	16,402	16,394
4,167	1,203	1,632	859	1,569
534	419	414	278	748
<u>48,057</u>	<u>47,177</u>	<u>43,679</u>	<u>44,513</u>	<u>49,916</u>
<u>2,368</u>	<u>131</u>	<u>(2,794)</u>	<u>(2,770)</u>	<u>(950)</u>
905	917	898	879	884
3,770	2,596	1,297	890	747
(979)	(3,357)	(1,312)	219	(866)
<u>3,696</u>	<u>156</u>	<u>883</u>	<u>1,988</u>	<u>765</u>
<u>\$ 6,064</u>	<u>\$ 287</u>	<u>\$ (1,911)</u>	<u>\$ (782)</u>	<u>\$ (185)</u>

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

<b>Potable Water</b>						
Fiscal Year	Operating Revenue	Number of Customers				
	in thousand \$	Residential	Commercial	Irrigation	Total	
2003	\$ 20,061	18,445	650	255	19,350	
2004	22,470	18,561	654	237	19,452	
2005	20,339	18,703	662	246	19,611	
2006	21,480	19,179	672	253	20,104	
2007	24,273	19,276	685	255	20,216	
2008	25,828	19,303	694	258	20,255	
2009	25,308	19,308	725	275	20,308	
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	

<b>Sanitation</b>					
Fiscal Year	Operating Revenue	Number of Customers			
	in thousand \$	Residential	Commercial	Total	
2003	\$ 8,490	15,346	598	15,944	
2004	8,993	15,432	601	16,033	
2005	9,416	15,540	610	16,150	
2006	10,049	15,987	623	16,610	
2007	10,917	16,055	639	16,694	
2008	12,937	16,089	638	16,727	
2009	15,847	16,142	650	16,792	
2010	15,473	16,087	639	16,726	
2011	16,402	16,050	690	16,740	
2012	16,394	16,093	699	16,792	

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

**Bi-Monthly Potable Water Rates for Residential and Commercial Customers:**

**Readiness to Serve Charge**

Meter Size	2002 to 2007	11/01/2007	07/01/2008	07/01/2009	07/01/2010	07/01/2011
3/4"	14.05	22.23	23.79	25.34	26.35	27.40
1"	18.73	32.74	35.03	37.31	38.80	40.35
1-1/2"	30.43	58.99	63.12	67.22	69.91	72.71
2"	46.79	90.50	96.84	103.00	107.00	112.00
3"	84.23	175.00	187.00	199.00	207.00	215.00
4"	128.68	269.00	288.00	307.00	319.00	332.00
6"	257.35	532.00	569.00	606.00	630.00	655.00
8"	397.73	847.00	906.00	965.00	1,003.00	1,044.00
10"	608.29	1,214.00	1,299.00	1,384.00	1,439.00	1,497.00

**Volume Charges (per 100 cubic feet of water use)**

	2002 to 2007	11/01/2007	07/01/2008	2009 - 2010	2011	07/01/2011	01/01/2012
Tier 1	\$1.18	\$1.24	\$1.28	\$1.32 - \$1.53	\$1.58 - \$1.66	\$1.71	\$1.78
Tier 2	1.31	1.55	1.60	\$1.65 - \$1.86	\$1.93 - \$2.01	2.08	2.15
Tier 3	1.91	2.32	2.39	\$2.46 - \$2.67	\$2.77 - \$2.85	2.95	3.02
Tier 4	2.48	3.48	3.58	\$3.69 - \$3.90	\$4.05 - \$4.13	4.28	4.35
Tier 1 End(Hcf)	12	16	16	16	16	16	16
Tier 2 End(Hcf)	24	67	67	67	67	67	67
Tier 3 End(Hcf)	115	200	200	200	200	200	200

**Elevation Surcharges (per 100 cubic feet of water use)**

	2002 to 2007	11/01/2007	07/01/2008	07/01/2009	07/01/2010	07/01/2011
Zone 1	0	0	0	0	0	0
Zone 2	0.31	0.32	0.33	0.34	0.35	0.36
Zone 3	0.52	0.54	0.56	0.58	0.6	0.62
Zone 4	0.92	0.95	0.98	1.01	1.05	1.09
Zone 5	1.85	1.91	1.97	2.03	2.11	2.19

**Bi-Monthly Sewer Service Charges:**

	2001 to 2003	2004 to 2005	2006	2007	11/01/2007	07/01/2008	07/01/2009	2010 to 2011
<b>Residential</b>								
Single-family	\$45.47-\$59.11	\$51.47-\$59.11	\$54.47-\$59.11	\$57.19 - \$60.26	\$84.00	\$102.00	\$102.00	\$108.00
Multi-family	\$45.47	\$51.47	\$54.47	\$57.19	\$53.00	\$64.25	\$64.25	\$68.03
<b>Commercial</b>								
ERU-based Charge	\$45.47	51.47	\$54.47	\$57.19	\$84.00	\$102.00	\$102.00	\$102.00
Account Service	\$0.00	\$0.00	\$0.00	\$0.00	\$13.50	\$16.25	\$16.25	\$17.21
Base Water Use:								
Class 2 (Hcf)	24.10	24.10	24.10	24.10	29.50	29.50	29.50	29.50
Per hcf of water	\$1.89-\$2.45	\$2.14-\$2.45	\$2.26-\$2.45	\$2.37-\$2.58	\$2.85	\$2.91	\$2.91	\$3.08
Class 3 (Hcf)	24.10	24.10	24.10	24.10	17.30	17.30	17.30	17.30
Per hcf of water	\$3.32-\$3.89	\$3.76-\$4.05	\$3.98-\$4.19	\$4.18-\$4.53	\$4.87	\$4.96	\$4.96	\$5.25
Class 4 (Hcf)	24.10	24.10	24.10	24.10	11.40	11.40	11.40	11.40
Per hcf of water	\$5.02-\$5.58	\$5.68-\$6.11	\$6.01-\$6.33	\$6.31-\$6.85	\$6.19	\$7.53	\$7.53	\$7.96

Source: LVMWD rate ordinances

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

Potable Water Customer Name	2012			2004		
	Potable Water Revenue	Rank	Percentage of Total Operating Revenue	Potable Water Revenue	Rank	Percentage of Total Operating Revenue
Malibu Golf Club, LLC	\$ 337,398	1	0.72%	\$ -	-	-
Westlake Wellbeing Properties LLC	151,352	2	0.32%	-	-	-
The Cheesecake Factory	122,458	3	0.26%	78,011	8	0.21%
ERP-Operating LTD Partnership	120,422	4	0.26%	93,802	4	0.25%
LACO Internal Service Dept.	112,912	5	0.24%	138,897	1	0.37%
Malibu Conference Center	107,731	6	0.23%	71,647	9	0.19%
Mountain View Mobile Estate	97,471	7	0.21%	109,324	2	0.29%
Malibu Canyon Apartments	92,063	8	0.20%	68,171	10	0.00
Calabasas Crest LTD	90,035	9	0.19%	89,513	6	0.24%
Oakview Garden Homes	74,770	10	0.16%	-	-	0.00%
LVUSD	-		0.00%	83,503	7	0.22%
Ronnie Semlers Saddlerock Ranch	-		0.00%	107,514	3	0.29%
Summit Mobile Park	-		0.00%	92,512	5	0.25%
<b>Total</b>	<b>\$ 1,306,612</b>		<b>2.77%</b>	<b>\$ 932,894</b>		<b>2.48%</b>

Sanitation Customer Name	2012			2004		
	Sanitation Revenue	Rank	Percentage of Total Operating Revenue	Sanitation Revenue	Rank	Percentage of Total Operating Revenue
Westlake Wellbeing Properties LLC	\$ 260,917	1	0.55%	\$ -	-	0.00%
Malibu Canyon Apartments	258,180	2	0.55%	197,628	1	0.52%
Archstone Communities Calabasas	224,137	3	0.48%	68,220	10	0.18%
LVUSD	173,754	4	0.37%	112,031	2	0.30%
The Cheesecake Factory	163,407	5	0.35%	108,668	3	0.29%
Archstone-Smith	124,790	6	0.26%	-	-	0.00%
Annandale II HOA	112,726	7	0.24%	83,613	6	0.22%
ERP-Operating LTD Partnership	112,403	8	0.24%	87,491	5	0.23%
Oak Park Calabasas HOA	107,025	9	0.23%	97,478	4	0.26%
Pepperdine University	99,246	10	0.21%	-	-	0.00%
Calabasas Crest LTD	-		0.00%	74,479	8	0.20%
Steeplechase HOA	-		0.00%	68,642	9	0.18%
Town & Country HOA	-		0.00%	74,646	7	0.20%
<b>Total</b>	<b>\$ 1,636,585</b>		<b>3.47%</b>	<b>\$ 972,896</b>		<b>2.58%</b>

Note: Data prior to 2004 is not available.

Source: LVMWD Accounting

**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
2003	\$ 653	\$ 620	94.95%	\$ 33	\$ 653	100.00%
2004	460	445	96.74%	15	460	100.00%
2005	264	255	96.59%	9	264	100.00%
2006	282	254	90.07%	28	282	100.00%
2007	315	291	92.38%	24	315	100.00%
2008	344	314	91.28%	30	344	100.00%
2009	351	322	91.74%	29	351	100.00%
2010	361	333	92.24%	3	336	93.07%
2011	352	328	93.18%	-	328	93.18%
2012	354	324	91.53%	-	324	91.53%

Note:

1. Total tax collection does not include standby charge direct assessments.
2. 2005 total tax levy and collected amounts are before ERAF adjustments (\$156,000).
3. 2006 total tax levy and collected amounts are before ERAF adjustments (\$159,000).

**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
2003	\$ 560	\$ 556	99.29%	\$ 4	\$ 560	100.00%
2004	560	511	91.25%	49	560	100.00%
2005	558	492	88.17%	66	558	100.00%
2006	550	462	84.00%	88	550	100.00%
2007	526	481	91.44%	45	526	100.00%
2008	523	465	88.91%	58	523	100.00%
2009	522	446	85.44%	76	522	100.00%
2010	520	439	84.42%	81	520	100.00%
2011	519	441	84.97%	27	468	90.17%
2012	514	443	86.19%	-	443	86.19%

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

Source: County of Los Angeles Auditor-Controller's Office.

**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
	General Obligation Refunding Bonds	Refunding Revenue Bonds	Capital Lease Payable			
2003	\$ 960	\$ 45,972	\$ 97	\$ 47,029	1.98%	\$ 1,312
2004	496	44,846	99	45,441	1.92%	1,260
2005	-	43,660	72	43,732	1.84%	1,208
2006	-	42,409	77	42,486	1.79%	1,139
2007	-	41,088	58	41,146	1.73%	1,097
2008	-	39,697	117	39,814	1.68%	1,059
2009	-	38,231	101	38,332	1.62%	1,016
2010	-	29,261	68	29,329	1.24%	779
2011	-	27,622	76	27,698	1.17%	737
2012	-	25,944	94	26,038	1.10%	691

Note:

1. Per Capita is based on number of customers for the District.
2. Personal Income is based on 2000 census information with population of 50,813.
3. On December 1, 2009, the District issued 2009 Sanitation Refunding Revenue Bonds to advance refund 1998 Bonds.  
For fiscal years 2010, 2011 and 2012, all numbers shown above are for sanitation operations only.

Source: LVMWD Accounting and 2000 census information

**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		Total	Percentage of Gross Revenue for Bond Coverage	Per Capita
	General Obligation Refunding Bonds	Refunding Revenue Bonds			
2003	\$ 960	\$ 45,972	\$ 46,932	126.19%	\$ 1,309
2004	496	44,846	45,342	107.30%	1,257
2005	-	43,660	43,660	100.37%	1,206
2006	-	42,409	42,409	93.56%	1,137
2007	-	41,088	41,088	84.34%	1,095
2008	-	39,697	39,697	74.83%	1,056
2009	-	38,231	38,231	77.66%	1,014
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

Note:

1. Gross revenue includes operating, non-operating and capacity fee revenues
2. Per Capita is based on number of customers for the District.
3. On December 1, 2009, the District issued 2009 Sanitation Refunding Revenue Bonds to advance refund 1998 Bonds.  
For fiscal years 2010, 2011 and 2012, all numbers shown above are for sanitation operations only.

**Schedule 9**  
**Las Virgenes Municipal Water District**  
**Direct and Overlapping District Debt**  
June 30, 2012

2011-12 Assessed Valuation:	\$ 18,627,760,382
Redevelopment Incremental Valuation	506,116,638
Adjusted Assessed Valuation:	<u>\$ 18,121,643,744</u>

	Total Debt June 30, 2012	Percent Applicable (1)	District's Share of Debt June 30, 2012
<b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Los Angeles County Flood Control District	\$ 37,195,000	1.975%	\$ 734,601
Metropolitan Water District	196,545,000	1.005%	1,975,277
Los Angeles Community College District	3,504,910,000	3.279%	114,925,999
Santa Monica Community College District	313,377,886	3.079%	9,648,905
Las Virgenes Joint Unified School District	168,796,598	94.947%	160,267,306
Los Angeles Unified School District	11,279,905,000	0.156%	17,596,652
Santa Monica-Malibu Unified School District	221,815,034	3.074%	6,818,594
City of Los Angeles	1,215,615,000	0.031%	376,841
City of Los Angeles Special Tax Obligations	39,340,000	0.031%	12,195
<b>Las Virgenes Municipal Water District</b>	-	<b>100.000%</b>	-
City of Calabasas Community Facilities District No. 1998-1	7,000,000	100.000%	7,000,000
City of Calabasas Community Facilities District No. 2001-1	23,155,000	100.000%	23,155,000
Los Angeles County Community Facilities District Nos. 4C	435,000	100.000%	435,000
City of Los Angeles Landscaping and Lighting Benefit Assessment District	22,210,000	0.031%	6,885
City of Westlake Village 1915 Act Bonds	37,200	100.000%	37,200
Los Angeles County Regional Park and Open Space Assessment District	170,725,000	1.953%	3,334,259
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u><u>\$ 346,324,715</u></u>
<b>OVERLAPPING GENERAL FUND DEBT:</b>			
Los Angeles County General Fund Obligations	\$ 1,474,122,758	1.953%	\$ 28,789,617
Los Angeles County Superintendent of Schools Certificates of Participator	11,269,678	1.953%	220,097
Santa Monica Community College District Certificates of Participator	21,115,000	3.079%	650,131
Las Virgenes Joint Unified School District Certificates of Participation	11,985,000	94.947%	11,379,398
Los Angeles Unified School District Certificates of Participation	419,851,037	0.156%	654,968
Santa Monica-Malibu Unified School District Certificates of Participation	14,546,501	3.074%	447,159
City of Agoura Hills General Fund Obligations	11,125,000	100.000%	11,125,000
City of Calabasas Certificates of Participation	36,395,000	99.166%	36,091,466
City of Los Angeles General Fund and Judgment Obligations	1,954,450,000	0.031%	605,880
City of Westlake Village Certificates of Participation	15,310,000	100.000%	15,310,000
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>			<u>105,273,715</u>
Less: Los Angeles Unified School District self-supporting QZABs supported by investment fun			6,878
Less: Los Angeles County General Fund Obligations supported by landfill revenue			326,155
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>			<u><u>\$ 104,940,682</u></u>
<b>TOTAL DIRECT DEBT</b>			\$ -
<b>TOTAL GROSS OVERLAPPING DEBT</b>			\$ 451,598,430
<b>TOTAL NET OVERLAPPING DEBT</b>			\$ 451,265,397
<b>GROSS COMBINED TOTAL DEBT</b>			\$ 451,598,430
<b>NET COMBINED TOTAL DEBT</b>			\$ 451,265,397

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the City  
(2) Excludes revenue issues.  
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bond and non-bonded capital lease obligations

Ratios to 2011-12 Assessed Valuation:

<b>Direct Debt</b>	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.86%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt	2.49%
Net Combined Total Debt	2.49%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$ -

Source: California Municipal Statistics, Inc.



**Schedule 10**  
**Las Virgenes Municipal Water District**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
**(dollars in thousands except coverage)**

Fiscal Year	Refunding Revenue Bonds					
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$ 37,191	\$ 27,923	\$ 9,268	\$ 1,390	\$ 2,434	2.42
2004	42,256	29,959	12,297	1,445	2,377	3.22
2005	43,498	30,074	13,424	1,505	2,317	3.51
2006	45,328	32,768	12,560	1,570	2,253	3.29
2007	48,718	36,435	12,283	1,640	2,185	3.21
2008	53,052	37,014	16,038	1,710	2,113	4.20
2009	49,230	38,079	11,151	1,785	2,036	2.92
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

Note:

1. Gross revenues include operating, non-operating, and capacity fee revenues.
2. Operating expenses exclude depreciation and amortization.
3. On December 1, 2009, the District issued 2009 Sanitation Refunding Revenue Bonds to advance refund 1998 Bonds. From fiscal year 2010 and going forward, gross revenue and operating expenses are for sanitation operations only, and the debt service expense shown is maximum debt service for the Bond.

**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	58,072	n/a	n/a	11.50%	n/a	n/a	n/a
2012	54,265	n/a	n/a	10.30%	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 2000 and 1990 Census information.
3. Unemployment rate is for the area of Los Angeles-Long Beach-Santa Ana, 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 Seven Years Ago**

Employer by Industry	2012			2006		
	Number of Employees	Rank	Percentage of Total Area Employment	Number of Employees	Rank	Percentage of Total Area Employment
Finance and Insurance	4,475	1	12.92%	5,336	1	13.63%
Professional, Scientific, and Technical Services	4,422	2	12.77%	4,206	2	10.75%
Accommodation and Food Services	3,199	3	9.24%	3,559	4	9.09%
Administrative, Support, Waste Management & Remediation Service	3,156	4	9.11%	3,467	5	8.86%
Retail Trade	2,695	5	7.78%	2,792	7	7.13%
Manufacturing	2,622	6	7.57%	3,437	6	8.78%
Educational Services	1,930	7	5.57%	3,596	3	9.19%
Information	1,902	8	5.49%	1,696	10	4.33%
Government	1,814	9	5.24%	1,850	9	4.73%
Management of Companies and Enterprises	1,479	10	4.27%	-	-	0.00%
Construction	-		0.00%	2,695	8	6.89%
<b>Total</b>	<b>27,694</b>		<b>79.96%</b>	<b>32,634</b>		<b>83.37%</b>

Note: Data prior to 2006 not available.

Source: California State Employment Development Department Labor Market Information Division  
Quarterly Census of Employment and Wages - Preliminary Data 1st Quarter 2012

Areas covered by Las Virgenes Municipal Water District: zip codes 91301, 91302, 91361, 90263 (Pepperdine University).

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

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Manager Office	2.0	2.0	2.0	2.0	1.0	2.0	2.0	2.0	2.0	2.0
Facilities and Operations:										
Administration	3.0	1.0	2.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
Facilities Maintenance	20.5	21.5	19.5	23.5	22.5	24.5	23.5	23.2	16.2	16.2
Water Treatment and Production	14.5	14.5	13.0	12.0	13.0	13.0	12.0	11.8	17.8	17.8
Reclamation	21.0	23.0	22.5	22.5	23.5	23.5	24.5	25.0	24.0	24.0
Technical Service	6.5	7.5	5.5	6.5	7.5	7.5	9.0	9.0	7.0	7.0
Finance and Administration:										
Administration	2.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance and Accounting	9.0	9.0	9.0	10.0	10.0	10.0	10.0	10.0	9.0	9.0
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Information System	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0
Resource Conservation and Public Outreach:										
Administration	2.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
Customer Service	13.0	13.0	12.0	13.0	14.0	14.0	16.0	18.0	19.0	17.0
Water Conservation	5.0	5.0	5.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0
Public Information	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Planning/New Customer	7.5	7.5	7.5	7.5	7.5	6.5	5.0	5.0	0.0	0.0
Total	<u>115.0</u>	<u>117.0</u>	<u>112.0</u>	<u>118.0</u>	<u>119.0</u>	<u>120.0</u>	<u>121.0</u>	<u>123.0</u>	<u>115.0</u>	<u>112.0</u>

Source: LVMWD Budget, data presented are positions filled as of budget preparation date.

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

Function	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Water:</b>					
New Connections	117	102	159	493	112
Water Main Leak Repairs	64	70	56	48	50
Average Daily Consumption (thousands of gallons)	19,241	21,725	19,498	20,302	23,011
<b>Potable Water:</b>					
Connections	19,350	19,452	19,611	20,104	20,216
Deliveries (acre-feet)	21,549	24,331	21,951	22,738	25,772
Realized Capacity Fee/Connection Fee Deposits	\$ 580,300	\$ 761,531	\$ 3,359,794	\$ 3,110,930	\$ 1,286,210
<b>Wastewater/Sanitation:</b>					
Connections	15,944	16,033	16,150	16,610	16,694
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	8,650	8,291	9,246	8,506	8,446
LVMWD	6,437	5,942	6,144	5,486	5,397
Triunfo Sanitation District	2,213	2,349	3,102	3,020	3,049
Realized Capacity Fee/Connection Fee Deposits	\$ 376,200	\$ 1,123,600	\$ 3,472,850	\$ 2,886,800	\$ 1,912,750

Function	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Water:</b>					
New Connections	39	53	25	15	14
Water Main Leak Repairs	40	49	55	28	56
Average Daily Consumption (thousands of gallons)	22,723	20,917	17,029	16,954	18,577
<b>Potable Water:</b>					
Connections	20,255	20,308	20,333	20,240	19,854
Deliveries (acre-feet)	25,449	23,427	19,072	18,988	20,806
Realized Capacity Fee/Connection Fee Deposits	\$ 1,153,072	\$ 772,170	\$ 823,836	\$ 283,662	\$ 282,454
<b>Wastewater/Sanitation:</b>					
Connections	16,727	16,720	16,726	16,740	16,792
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	8,755	8,219	8,001	8,053	7,610
LVMWD	5,814	5,488	5,322	5,400	4,983
Triunfo Sanitation District	2,971	2,731	2,679	2,653	2,627
Realized Capacity Fee/Connection Fee Deposits	\$ 2,161,700	\$ 282,250	\$ 537,800	\$ 448,350	\$ 918,600

Source: LVMWD Operations and Accounting

**Schedule 15**  
**Las Virgenes Municipal Water District**  
**Capital Asset Statistics by Function**  
**Last Ten Years - As of December 31**

Function	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Potable Water</b>					
Water Main (miles)	336.1	339.0	344.7	350.0	382.4
Fire Hydrants (#)	2,634	2,645	2,693	2,747	3,102
Valves (#)	4,244	4,333	4,350	4,372	4,391
Storage Capacity (millions of gallons)					
Reservoirs	3,100	3,100	3,100	3,100	3,100
Tanks	32.0	32.4	32.7	33.3	33.3
<b>Recycled Water</b>					
Water Main (miles)	62.0	62.5	63.4	64.5	63.6
Valves (#)	11	17	28	33	338
Storage Capacity (millions of gallons)					
Reservoirs	19.3	19.3	19.3	19.3	19.3
Tanks	5.5	5.5	5.6	5.6	5.6
<b>Wastewater</b>					
Sanitary Sewers (miles)	55.7	55.7	55.7	55.7	55.7
Treatment Capacity (millions of gallons)	16	16	16	16	16

Function	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Potable Water</b>					
Water Main (miles)	382.4	382.4	382.4	383.6	384.5
Fire Hydrants (#)	3,109	3,123	3,134	3,138	3,147
Valves (#)	4,392	4,393	4,395	4,419	4,434
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)	63.6	63.6	63.6	65.5	65.9
Valves (#)	338	338	338	344	341
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)	55.7	55.7	55.7	56.2	56.2
Treatment Capacity (millions of gallons)	16	16	16	16	16

Source: LVMWD Operations

**Schedule 16**  
**Las Virgenes Municipal Water District**  
**Annual Water & Sewer Capacity Fee Deposits Report**  
**Per Government Code Section 66013 (d) and (e)**  
**Fiscal Year Ended June 30, 2012**

Beginning Balance:		
Capacity Fees	\$ 2,499,670	
Developer Fees	709,754	
Interest	<u>1,535,386</u>	
Total Beginning Balance		\$ 4,744,810
Fees Collected:		
Capacity Fees	\$ 1,176,963	
Developer Fees	<u>64,027</u>	
Total Fees Collected		\$ 1,240,990
Reimbursed to Developer/Rec. as Exp.		-
Interest Earned		<u>39,689</u>
Fees Available		\$ 1,280,679
Applied to:		
Capital Costs Funded by:		
Capacity Fees	\$ 1,201,053	
Meter Installation	30,128	
Developer Fees	49,730	
Interest Earned	<u>24,049</u>	
Total Capital Costs		\$ 1,304,960
Refunds		<u>54,645</u>
Total Funds Applied		\$ 1,359,605
Net Changes for the Year		(78,926)
Ending Balance:		
Capacity Fees	\$ 2,405,753	
Developer Fees	709,104	
Interest (1)	<u>1,551,027</u>	
Total Ending Balance		<u><u>\$ 4,665,884</u></u>

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

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 \$11,469,277 for Potable Water Projects, \$3,183,000 for Recycled Water Projects, and \$896,000 for Sanitation Projects.

Source: LVMWD Accounting









“Water is good; it benefits all things and it does not compete with them.” – Lao-tzu



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