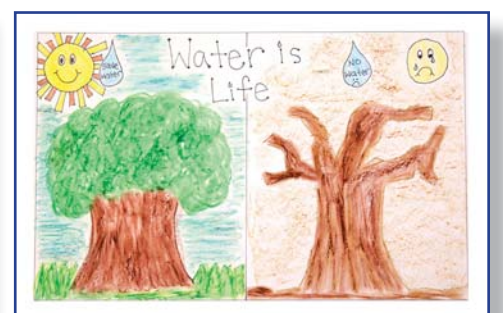
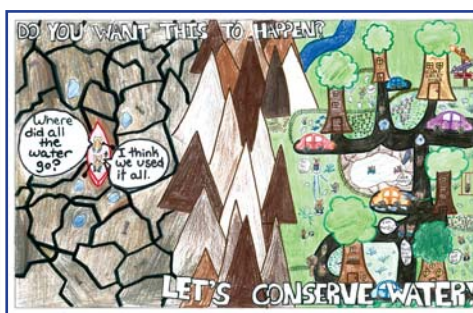
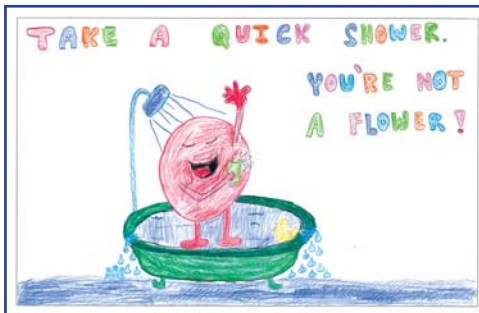
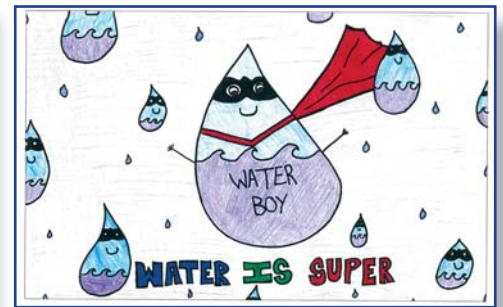
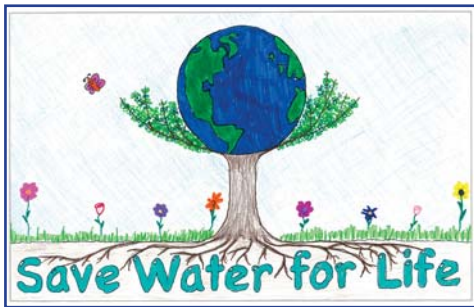
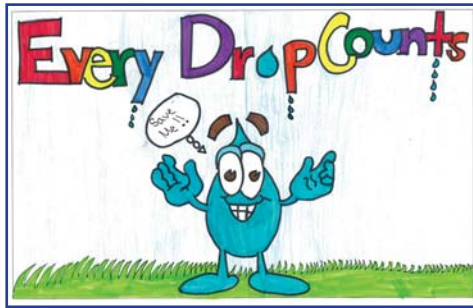


Las Virgenes Municipal Water District

Comprehensive Annual Financial Report For Fiscal Years Ended

June 30, 2014 and 2013



2014 Water Awareness Poster Contest Finalists

4232 Las Virgenes Road, Calabasas
Los Angeles County, California



Las Virgenes Municipal Water District
Los Angeles County, California

Comprehensive Annual Financial Report
For the Years Ended June 30, 2014 and 2013

Prepared by:

The Finance and Administration Department

Donald Patterson
Director of Finance and Administration

Joseph Lillio
Finance Manager

Las Virgenes Municipal Water District

BOARD OF DIRECTORS

Charles P. Caspary	President
Glen D. Peterson	Vice President, MWD Representative
Barry S. Steinhardt	Secretary
Leonard E. Polan	Treasurer
Lee Renger	Director

MANAGEMENT

David W. Pedersen	General Manager
David Lippman	Director of Facilities and Operations
Carlos Reyes	Director of Resource Conservation and Public Outreach
Donald Patterson	Director of Finance and Administration

LEGAL COUNSEL

Wayne K. Lemieux	Counsel
-------------------------	----------------

**Additional information may be found at
www.LVMWD.com**

Las Virgenes Municipal Water District

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Dedicated to Providing Quality
Water & Wastewater Service

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Director, Division 5

Treasurer
Leonard E. Polan
Director, Division 4

Lee Renger
Director, Division 3

David W. Pedersen, P. E.
General Manager

Wayne K. Lemieux
Counsel

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RANCHO LAS VIRGENES
COMPOSTING FACILITY
(818) 251-2340
Fax (818) 251-2349

www.LVMWD.com



December 9, 2014

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

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

Subject: **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL
YEAR 2013/14**

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, 2014.

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.

Pun & McGeedy LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Las Virgenes Municipal Water District's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

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

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 and Shoppes at Westlake, reflect the taste and demographics of the population they serve.

Financial Condition and Outlook

Over the past several years, the District was successful at weathering the financial downturn through prudent management of its resources, holding employee compensation steady and by eliminating and downgrading positions. The District has also been successful at minimizing impacts to ratepayers by utilizing working capital for major construction projects. Because the District provides essential water and sanitation services, the revenue reductions experienced by many other types of local government agencies in the region were not realized.

Additionally, in July 2011, the Board hired Raftelis Financial Consultants to review the financial position and rate structure of LVMWD with the purpose of developing future rates that provide adequate financial resources while also promoting water conservation. The study assessed the financial needs of the District through Fiscal Year (FY) 2014/15 and proposed new rates and fee structures for three years. The Board directed staff to proceed with the Proposition 218 process for the proposed rate schedule at the June 26, 2012 Board meeting. On November 13, 2012, the Board approved the proposed rates for potable water, recycled water and sanitation to become effective on January 1, 2013 and adjusted annually through January 1, 2015. The District has recently hired Raftelis Consultants to complete a new Cost of Services Analysis and Rate Study to ensure sufficient funding beyond 2015.

Although the financial position of the District is stable, the multi-year drought is having an impact on operations and water sales. The District has implemented mandatory outdoor watering restrictions to reduce demand. The drought has also resulted in a significant increase in the District's water conservation grants, such as the Mow-no-Mow Turf Replacement Program. These grants are funded by the Metropolitan Water District of Southern California and administered by LVMWD. If the drought continues into 2015 and additional restrictions are put in place, the District may face revenue pressure if significant reductions in water use occur. Additionally, a continuing drought may have an impact on the current Cost of Services and Rate Study as the recommendations that ensure future financial stability are completed.

Relevant financial policies

Since 1999, the District has utilized a broad-based set of Board-adopted financial policies to guide it in making important financial decisions. The policies are reviewed and updated periodically to address changing conditions and adopted annually as an integral part of the budget. The Board made a change to the adopted financial policies during FY 2013-14 by adopting policy statement No. 11: recycled water operation reserves. This new policy states:

"When the operating reserves for recycled water exceed the amount required in Policy 6 (Operating Funds Cash requirement) plus policy 7 (Replacement and Major Maintenance Fund by Enterprise), the District may use the net reserves to pay for research, studies and construction of projects to increase the beneficial use of recycled water and/or set aside funds to ultimately pay for (pay-go) or service the debt associated with a seasonal storage reservoir for recycled water, if the expenditure is approved by the Board."

Major initiatives

During fiscal year 2013/14, the District made significant process on several major initiatives. Significant work has been completed on a new tank at the Las Virgenes Reservoir that is part of a backbone improvement program to enhance the reliability of water service to the District's customers.

In winter 2014, the Board approved a framework to move forward with water budget based rates. The budget based rates, which provide a custom water budget to each customer, will significantly improve ratepayers ability to ensure efficient use of water and, along with conversion to monthly billing, improve usage feedback to customers and smooth cash flow for the District.

The District conducted labor negotiations with the Management and Supervisory, Professional, and Confidential Employee Bargaining Units beginning in the spring of 2013. Both of these unit's MOUs were set to expire on June 30, 2013. The District came to an agreement on successful terms for both of these units and new MOUs were approved in August 2013, covering the period of July 1, 2013 through June 30, 2015.

In December 2012, the District became aware of the ramifications of a proposed Environmental Protection Agency (EPA) regulation that would have major financial implications on the District's sanitation operating costs in the future. The new regulation would potentially require the District to construct major new treatment facilities to remove nutrients to extremely low levels. The District and its JPA partner, Triunfo Sanitation District (TSD), took a proactive stance on the regulation by engaging in discussions with the EPA; educating the District's customers on the impact of the regulation; and seeking assistance from local, state and federal elected officials. This issue is still ongoing with litigation filed against the EPA to challenge the regulation. The results of the new regulation, its impact on the District, and the outcome of the litigation will not be fully known until sometime in the next fiscal year.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to LVMWD for its Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2013. This was the sixteenth 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 satisfies both generally accepted accounting principles and applicable legal requirements.

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

In addition, LVMWD also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for FY 2013/14 and FY 2012/13.

Acknowledgements

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

Respectfully submitted,



David W. Pedersen
General Manager



Donald Patterson
Director of Finance & Administration



Government Finance Officers Association

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

Presented to

**Las Virgenes Municipal Water District
California**

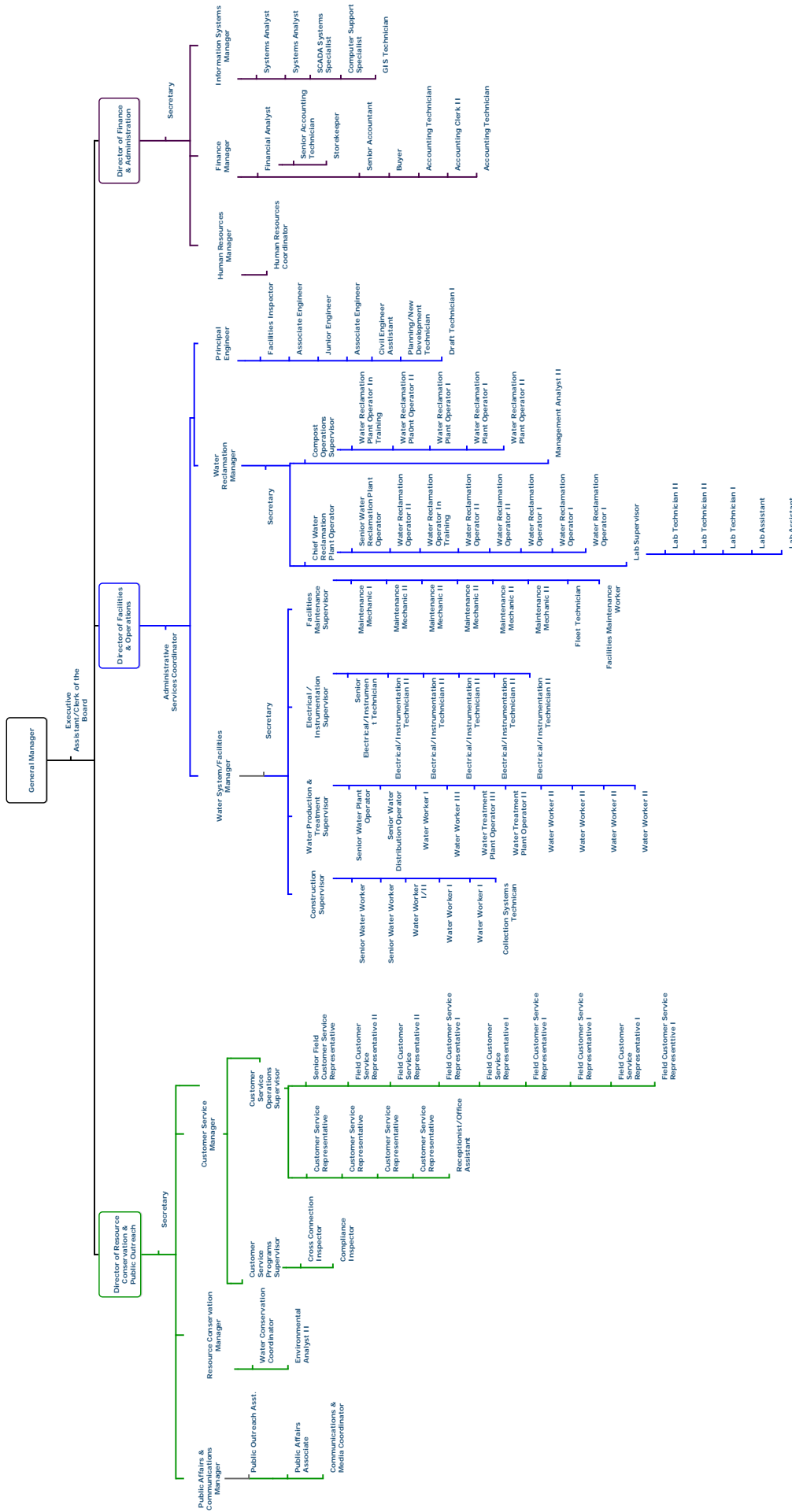
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

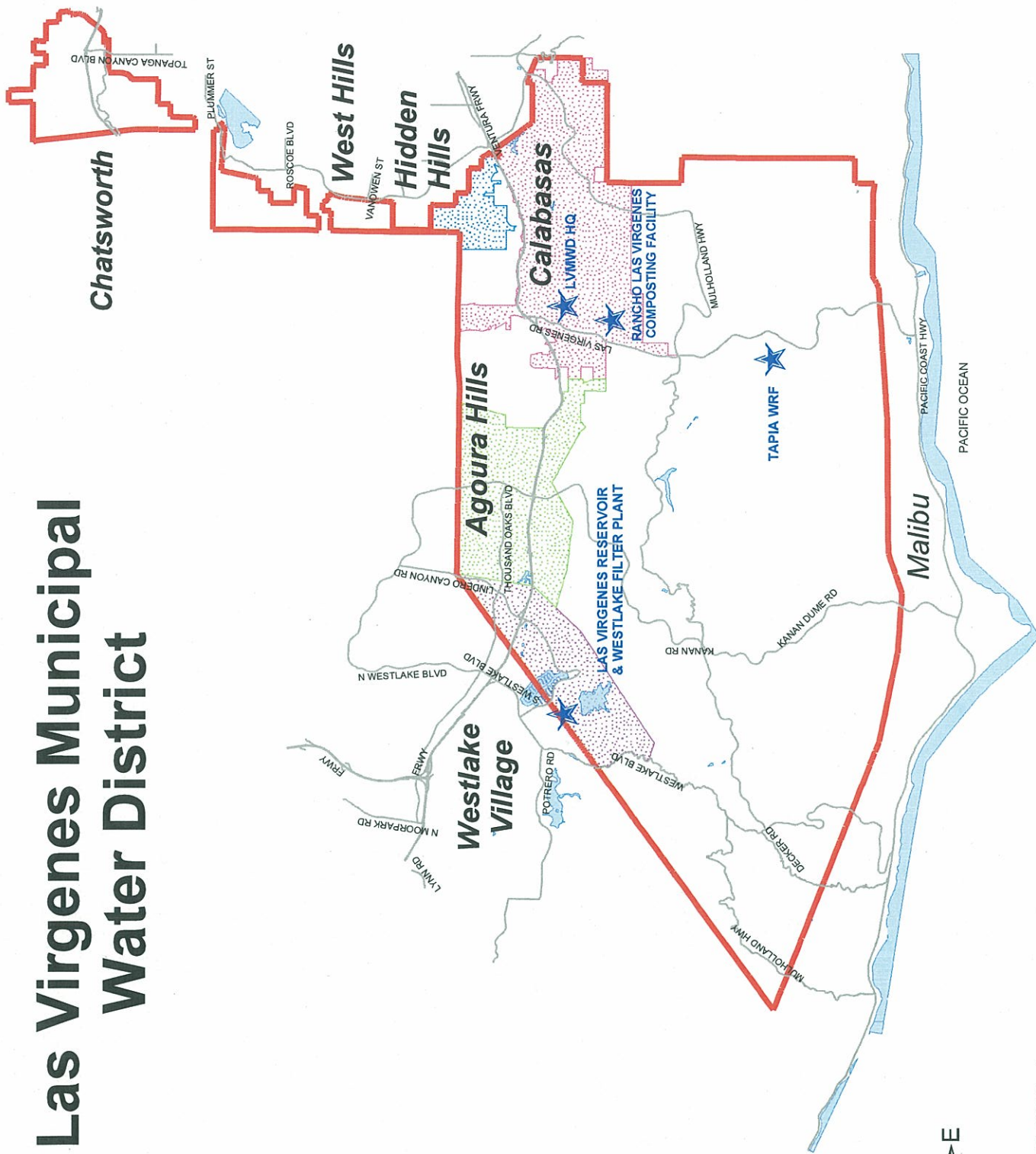
Executive Director/CEO



LVMWD Employee Organization Chart



Las Virgenes Municipal Water District



1 inch equals 15,000 feet



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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the Las Virgenes Municipal Water District, California (the "District"), which comprise of the statement of net position as of June 30, 2014, and the related statements of revenues, expenses, and change in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Funding Progress for CalPERS pension plan and Other Post-Employment Benefits 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

2013 Financial Information

The Las Virgenes Municipal Water District's basic financial statements for the year ended June 30, 2013 were audited by other auditors whose report thereon dated November 12, 2013, expressed an unmodified opinion on the respective financial statements of the District.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Irvine, California
December 3, 2014



Kenneth H. Pun, CPA, CGMA
CPA Number: 88316



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Irvine, California 92606

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Las Virgenes Municipal Water District, California (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Handwritten signature in black ink that reads "Pun & Mc Geady LLP". The signature is written in a cursive, slanted style.

Irvine, California
December 3, 2014

Handwritten signature in black ink that reads "Kenneth H. Pun". The signature is written in a cursive, slanted style.

Kenneth H. Pun, CPA, CGMA
CPA Number: 88316

LAS VIRGENES MUNICIPAL WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014 and 2013

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, 2014 and 2013. Please read it in conjunction with the Financial Statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$3.4 million to \$234.3 million during the year ended on June 30, 2014 and increased by \$1.6 million to \$230.9 million during the year ended June 30, 2013.
- During the year ended June 30, 2014 the District's revenues increased by 10.4% to \$60.6 million, while expenses increased by 5.9% to \$58.7 million. During the year ended June 30, 2013 the District's revenues increased by 9.2% to \$54.9 million, while expenses increased by 6.7% to \$55.5 million.
- Capital contributions to the District decreased to \$1.5 million or a 29.0% decrease in fiscal year 2013-14 compared to a increase to \$2.2 million or a 38.2% increase in fiscal year 2012-13.

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 Position includes all of the District's assets, deferred outflow of resources, liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. This statement measures the 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.

FINANCIAL ANALYSIS OF THE DISTRICT

Our analysis of the District begins on page 12 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 Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of the District's net position, the difference between assets, deferred outflow of resources and liabilities, as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

NET POSITION

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

TABLE 1
Condensed Statements of Net Position
(In thousands of dollars)

	<u>FY 2014</u>		<u>FY 2013</u>		<u>FY 2012</u>
Current and Other Assets	\$ 87,770	\$	88,608	\$	84,798
Capital Assets	113,119		107,288		109,462
Investment in JPA	68,788		69,066		71,156
Total Assets	\$ 269,677	\$	264,962	\$	265,416
Deferred Outflow of Resources	\$ 1,503	\$	1,662	\$	1,822
Long-Term Debt Outstanding	22,281		24,293		26,240
Other Liabilities	14,647		11,460		11,714
Total Liabilities	\$ 36,928	\$	35,753	\$	37,954
Net Position:					
Net Investment in Capital Assets,	\$ 90,476	\$	82,870	\$	83,297
Restricted	4,106		7,208		8,523
Unrestricted	139,671		140,793		137,464
Total Net Position	\$ 234,253	\$	230,871	\$	229,280

As shown above, net position increased by \$3.4 million to \$234.3 million in FY 2014, up from \$230.9 million in FY 2013, primarily due to an increase in capital assets.

REVENUES, EXPENSES AND CHANGES IN NET POSITION

TABLE 2
Condensed Statements of Revenues,
Expenses and Changes in Net Position
(In thousands of dollars)

	<u>FY 2013</u>		<u>FY 2013</u>		<u>FY 2012</u>
Operating Revenues:					
Water Sales	\$ 41,177	\$	35,637	\$	31,205
Sanitation and Other	17,503		17,429		17,142
Non-operating Revenues:					
Taxes and Penalties	892		888		884
Interest Income and Other	1,013		965		1,079
Total Revenues	\$ 60,585	\$	54,920	\$	50,310
Depreciation Expense	\$ 4,617	\$	4,729	\$	4,931
Other Operating Expenses	39,532		35,339		32,790
Share of JPA Net Expenses	13,602		13,644		13,153
Non-Operating Expenses	994		1,788		1,152
Total Expenses	\$ 58,745	\$	55,501	\$	52,025
Income (Loss) Before Capital Contributions	\$ 1,841	\$	(581)	\$	(1,715)
Capital Contributions	1,540		2,168		1,569
Change in Net Position	\$ 3,381	\$	1,587	\$	(146)
Net Position - Beginning of Year	\$ 230,871	\$	229,284	\$	229,430
Net Position - End of Year	\$ 234,253	\$	230,871	\$	229,284

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers concerning the nature and source of these changes. As shown in Table 2 above, the Income Before Capital Contributions was \$1.8 million. The Income plus Capital Contributions lead to the overall increase in Net Position of \$3.4 million.

Water sales, our biggest revenue source, were higher by volume sold as the dry weather was persistent throughout the year, creating a greater demand for water by our customers. Also, potable water rates were increased on January 1, 2013, followed by another increase on January 1, 2014. Sanitation rates were restructured as of July 1, 2013. These new rates were revenue neutral for 2013, with a slight rate increase beginning on July 1, 2014.

The increase in taxes and penalties, as well as, interest income and other revenues was minimal. The slight increase reflects the overall stabilization of the economic environment, with property valuations within the District improving and the overall interest rates on investments stabilizing. Many financial instruments in the portfolio were called early in the prior year and the replacement investments offered slightly better interest rates.

The increase in operating expenses was due to the increase in potable water demand and the increase in the cost to purchase water from Metropolitan Water District (MWD).

Capital contributions are irregular as the major residential potential developments have been completed and many small 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 2014, the District had invested \$210.2 million in a broad range of infrastructure including water and sewer lines, wastewater facilities, reservoirs, tanks, distribution facilities, compost facility, maintenance and administration facilities, vehicles and equipment and an investment in Joint Venture of \$68.8 million as shown in Table 3. More information about the District's Capital Assets is presented on pages 31 and 32 in the Notes to the Basic Financial Statements.

TABLE 3
Capital Assets
(In thousands of dollars)

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Land	\$6,915	\$6,915	0	0.00%
Buildings and Improvements	21,797	21,793	4	0.02%
Machinery and Equipment	10,802	10,765	37	0.34%
Infrastructure	159,138	157,853	1,285	0.81%
Construction in Progress	<u>11,527</u>	<u>2,994</u>	<u>8,533</u>	<u>285.00%</u>
Subtotal	210,179	200,320	9,859	4.92%
Less Accumulated Depreciation	<u>97,060</u>	<u>93,032</u>	<u>4,028</u>	<u>4.12%</u>
Net Property, Plant and Equipment	113,119	107,288	5,831	5.43%
Investment in Joint Venture	68,788	69,066	(278)	-0.40%
Total Capital Assets	<u>\$181,907</u>	<u>\$176,354</u>	<u>5,553</u>	<u>3.15%</u>

The following is a summary of some of the major improvements to the system during FY 2014.

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

	FY 2014
East-West Potable Water Transmission Main	\$ 5,456
Construction of Third Digester at Rancho	5,185
Five Million Gallon Potable Water Tank	3,546
Emergency Repair 10” main on Calabasas Rd-Transmission Line	613
Tapia Alternative Disinfection Improvements	259
Total	\$ 15,059

LONG TERM DEBT

At year-end, the District had \$24.1 million in net long-term debt, down from \$26.1 million in FY 2013, a decrease of \$2.0 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 33 to 34 in the Notes to the Basic Financial Statements. No new debt was incurred in FY 2014.

The District maintains an “AA” rating from Standard & Poor’s for the refunding revenue bonds.

One area that demonstrates the District’s financial strength and future borrowing capability is seen in its debt coverage ratio. Current bond covenants require that the debt coverage ratio must be greater than 1.10. The debt coverage ratio for FY 2014 was 2.71%.

TABLE 5
Debt Coverage Ratio
(In thousands of dollars)

	FY 2014	FY 2013	Total Percent Change
Revenues:			
Revenues from Operations	\$16,552	\$16,588	-0.2%
Interest Income and Other	472	570	-17.2%
Capacity Fees	<u>1,125</u>	<u>1,085</u>	3.7%
Total Revenues	18,149	18,243	-0.5%
 Total Operating Expenses (less depreciation)	 <u>10,692</u>	 <u>10,209</u>	 4.7%
 Net Earnings	 <u>7,457</u>	 <u>8,034</u>	 -7.2%
 Maximum Annual Debt Service	 <u>2,756</u>	 <u>2,756</u>	 0.0%
 Debt Coverage Ratio	 <u>2.71</u>	 <u>2.92</u>	 <u>-7.2%</u>

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>22,585</u>	4.05%
Total	<u>22,585</u>	<u>4.05%</u>

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.

BASIC FINANCIAL STATEMENTS

Las Virgenes Municipal Water District
Statements of Net Position
June 30, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
Current assets:		
Unrestricted assets:		
Cash and cash equivalents (Note 3)	\$ 17,349,341	\$ 10,154,698
Cash and cash equivalents - reserved for capital projects (Note 3)	889,217	690,986
Investments (Note 3)	43,983,611	50,609,700
Receivables:		
Sales and services, net of allowance for uncollectible (Note 4)	10,233,334	9,760,254
Due from Joint Powers Authority (Note 6)	4,647,974	4,465,563
Interest	98,178	155,283
Interest receivable - reserved for capital projects	33	7
Taxes	209,759	362,438
Other	131,142	120,480
Inventories (Note 5)	6,964,104	7,414,565
Prepaid items	228,007	223,824
Total unrestricted assets	<u>84,734,700</u>	<u>83,957,798</u>
Restricted assets:		
Cash and cash equivalents (Note 3)	3,033,997	3,643,537
Investments (Note 3)	-	1,000,000
Interest receivable	1,954	6,865
Total restricted assets	<u>3,035,951</u>	<u>4,650,402</u>
Total current assets	<u>87,770,651</u>	<u>88,608,200</u>
Noncurrent assets:		
Investments in Joint Powers Authority (Note 6)	68,787,771	69,065,817
Capital assets (Note 7):		
Nondepreciable	18,442,005	9,909,586
Depreciable, net of accumulated depreciation	94,677,043	97,378,412
Capital assets, net	<u>113,119,048</u>	<u>107,287,998</u>
Total noncurrent assets	<u>181,906,819</u>	<u>176,353,815</u>
Total assets	<u>269,677,470</u>	<u>264,962,015</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refunding	1,502,837	1,662,430
Total deferred outflows of resources	<u>1,502,837</u>	<u>1,662,430</u>

Las Virgenes Municipal Water District
Statements of Net Position (Continued)
June 30, 2014 and 2013

	2014	2013
LIABILITIES		
Current liabilities:		
Payable from unrestricted current assets:		
Accounts and contracts payable and accrued expenses	7,263,584	5,011,312
Unearned capacity fees	3,276,992	2,455,622
Deposits and other	148,888	142,819
Compensated absences (Note 8)	1,933,836	1,892,314
Long-term debt - due within one year (Note 9)	1,864,828	1,787,772
Total payable from unrestricted current assets	14,488,128	11,289,839
Payable from restricted assets:		
Interest payable	158,621	170,388
Total payable from restricted assets	158,621	170,388
Total current liabilities	14,646,749	11,460,227
Noncurrent liabilities:		
Long-term debt - due in more than one year (Note 9)	22,280,972	24,292,783
Total noncurrent liabilities	22,280,972	24,292,783
Total liabilities	36,927,721	35,753,010
NET POSITION (Note 10)		
Net investment in capital assets	90,476,084	82,869,873
Restricted for:		
Debt services	2,607,766	2,594,512
Capital Projects	1,498,145	4,613,518
Unrestricted	139,670,591	140,793,532
Total net position	\$ 234,252,586	\$ 230,871,435



Las Virgenes Municipal Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Water sales and service fees	\$ 41,176,525	\$ 35,637,266
Sanitation service fees	16,552,269	16,587,629
Rental income	62,539	5,000
Other income	888,379	836,224
Total operating revenues	<u>58,679,712</u>	<u>53,066,119</u>
Operating Expenses:		
Water expenses:		
Source of supply	22,197,436	22,646,500
Pumping	1,754,112	1,517,864
Transmission and distribution	2,857,585	3,085,957
Meter	777,871	672,715
Water conservation	444,214	361,332
Rental	3,871	5,345
General and administrative	5,767,648	5,618,817
Total water expenses	<u>37,802,737</u>	<u>33,908,530</u>
Sanitation expenses:		
Other sewage treatment	309,288	251,958
Lifting	409,999	307,770
General and administrative	1,009,545	871,013
Total sanitation expenses	<u>1,728,832</u>	<u>1,430,741</u>
Depreciation	4,616,919	4,729,291
Total operating expenses	<u>44,148,488</u>	<u>40,068,562</u>
Net Operating Income	<u>14,531,224</u>	<u>12,997,557</u>
Nonoperating Revenues (Expenses):		
Taxes and penalties	891,625	888,338
Interest income	496,362	609,844
Facilities charge	389,038	355,476
Interest expense	(992,060)	(1,058,701)
Share of Joint Powers Authority (expense)	(13,601,745)	(13,644,370)
Loss on disposal of capital asset	(1,808)	(2,662)
Other revenues/(expenses)	128,047	(726,896)
Total nonoperating revenues (expenses)	<u>(12,690,541)</u>	<u>(13,578,971)</u>
Capital Contributions	<u>1,540,469</u>	<u>2,168,492</u>
Changes in Net Position	3,381,152	1,587,078
Net Position:		
Beginning of year	230,871,435	229,284,357
End of year	<u>\$ 234,252,587</u>	<u>\$ 230,871,435</u>

Las Virgenes Municipal Water District
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities:		
Cash received from customers	\$ 57,324,322	\$ 51,217,780
Cash payments to suppliers for operations	(30,099,192)	(29,850,811)
Cash received from (paid to) Joint Powers Authority	(182,411)	(281,115)
Cash payments for general and administrative expenses	(6,692,305)	(5,618,817)
Cash received from others	1,005,764	137,547
Net cash provided by operating activities	21,356,178	15,604,584
Cash Flows From Noncapital Financing Activities:		
Property taxes and fee collected	1,044,304	942,266
Receipt from facilities charges	389,038	355,476
Net cash provided by noncapital financing activities	1,433,342	1,297,742
Cash Flows From Capital and Related Financing Activities:		
Acquisition of capital assets	(8,896,940)	(404,108)
Proceeds from sale of assets	560	15,000
Repayment of bonds payable and capital leases	(1,788,389)	(1,747,574)
Interest payment	(1,003,528)	(1,061,575)
Capital facilities fees	821,370	(660,757)
Net cash used in capital and related financing activities	(10,866,927)	(3,859,014)
Cash Flows From Investing Activities:		
Interest received	558,378	645,199
Contributions to Joint Power Authority	(13,323,699)	(11,554,393)
Investments matured (purchased), net	7,626,089	(6,287,866)
Net cash used in investing activities	(5,139,232)	(17,197,060)
Net Increase (Decrease) in Cash and Cash Equivalents	6,783,361	(4,153,748)
Cash and Cash Equivalents:		
Beginning of year	14,489,221	18,642,969
End of year	\$ 21,272,582	\$ 14,489,221
Financial Statement Presentation:		
Cash and investments	\$ 17,349,341	\$ 10,154,698
Cash and investments with fiscal agent	3,033,997	3,643,537
Total cash and cash equivalents	\$ 20,383,338	\$ 13,798,235

Las Virgenes Municipal Water District
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2014 and 2013

	2014	2013
Reconciliation of Net Operating Income to Net Cash Provided By (Used In) Operating Activities:		
Net operating income	\$ 14,531,224	\$ 12,997,557
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	4,616,919	4,729,291
Amortization	299	299
Other revenues	128,047	(726,896)
Changes in operating assets and liabilities		
(Increase) decrease in accounts and other receivables	(485,772)	(1,007,115)
(Increase) decrease in due from Joint Powers Authority	(180,680)	(281,115)
(Increase) decrease in inventories	450,461	(548,219)
(Increase) decrease in prepaid expenses	(4,183)	70,951
Increase (decrease) in accounts and contracts payable and accrued expenses	2,293,794	417,862
Increase (decrease) in deposits and other	6,069	(48,031)
Net cash provided by noncapital financing activities	\$ 21,356,178	\$ 15,604,584

Disclosure of Noncash Transactions:

1. The District received capital contributions in the form of donated capital assets totaling \$0 and \$493,800 for the years ended June 30, 2014 and 2013, 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 \$1,484,484 and \$1,598,062 were reclassified from deferred capacity fees to contributed capital for the years ended June 30, 2014 and 2013, respectively.
3. The District had additions to capital assets from the capital lease in the amount of \$12,928, and \$0 for the years ended June 30, 2014 and 2013, respectively.
4. The District had unrealized investment gains (losses) in the amount of \$(62,624) and \$(441,051) as of June 30, 2014 and 2013, respectively.



Las Virgenes Municipal Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

Note 1 – Reporting Entity

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Investments

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

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

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

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

Restricted Cash and Investments

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

Receivables and Unbilled Revenues

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

Inventory of Materials

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

Prepaid Items

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

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

Capital Contributions

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

Compensated Absences

District's policy permits its employees to accumulate not more than 288 hours of their current annual vacation for the miscellaneous general and office units and not more than 311 hours for the supervisor, professional, confidential and management units. General Managers are compensated 5 days into accrued sick leave bank at onset of employment and 8 hours per month thereafter up to 96 hours per year with a maximum of 311 hours accrual. Non-Represented employees are compensated 8 hours per month. The annual accrual of sick leave has no maximum accrual. The combined unused vacation and sick pay will be paid to employee or his/her beneficiary upon leaving the District's employment. The amount due will be determined using salary/wage rate in effect at the time of separation and vesting period.

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

Long-Term Debt

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 2 – Summary of Significant Accounting Policies (Continued)

Arbitrage Rebate Requirement

The District is subject to the Internal Revenue Code (“IRC”) Section 148(f), related to its tax exempt revenue bonds. The IRC requires that investment earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed will be surrendered to the Internal Revenue Service. The District had no rebate liability for arbitrage as of June 30, 2014 and 2013.

Net Position

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

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

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

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

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

Property Taxes

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

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

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

No allowance for doubtful accounts was considered necessary.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 2 – Summary of Significant Accounting Policies (Continued)

Accounting Changes

GASB Statement No. 66, *Technical Corrections – 2012 (an amendment of GASB Statement No. 10 and No. 62)*. The requirements of this statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement became effective for periods beginning after December 15, 2012 and did not have a significant impact on the District’s financial statements for the year ended June 30, 2014.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government’s obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. This statement became effective for periods beginning after June 15, 2013 and did not have a significant impact on the District’s financial statements for the year ended June 30, 2014.

Note 3 – Cash and Investments

At June 30, 2014 and 2013, cash and investments are classified in the accompanying statements of net position as follows:

	2014	2013
Unrestricted Assets:		
Cash and cash equivalents	\$ 17,349,341	\$ 10,154,698
Investments	43,983,611	50,609,700
Restricted Assets:		
Cash and cash equivalents	3,923,214	4,334,523
Investments	-	1,000,000
Total cash and investments	\$ 65,256,166	\$ 66,098,921

At June 30, 2014 and 2013, cash and investments consisted of the followings:

	2014	2013
Deposits:		
Demand Deposits	\$ 1,484,813	\$ (178,309)
Total deposits	1,484,813	(178,309)
Investments:		
Municipal Bonds	9,029,361	13,016,007
U.S. Government Sponsored Agency Security	34,954,250	38,593,693
Repurchased Agreement	-	867,287
Money Market Mutual Funds	-	5,986
California Local Agency Investment Fund	17,022,880	11,031,035
Total investments	61,006,491	63,514,008
Investments with Fiscal Agents:		
Money Market Mutual Funds	-	176
California Local Agency Investment Fund	2,764,862	2,763,046
Total investments with fiscal agents	2,764,862	2,763,222
Total cash and investments	\$ 65,256,166	\$ 66,098,921

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 3 – Cash and Investments (Continued)

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

	2014	2013
Demand Deposits	\$ 1,484,813	\$ (178,309)
Repurchased Agreement	-	867,287
Money Market Mutual Funds	-	6,162
California Local Agency Investment Fund	19,787,742	13,794,081
Total cash and cash equivalents	\$ 21,272,555	\$ 14,489,221

Demand Deposits

The carrying amounts of cash deposits were \$1,484,813 and \$(178,309) at June 30, 2014 and 2013, respectively. Bank balances at June 30, 2014 and 2013 were \$1,487,949 and \$693,012, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

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

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

California Local Agency Investment Funds

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

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

As of June 30, 2014, the District had \$19,787,742 invested in LAIF, which had invested 1.86% of the pool investment funds in Structured Notes and Asset-Backed Securities compared to \$13,794,081 and 1.96% at June 30, 2013. 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 portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are reported at fair market value.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 3 – Cash and Investments (Continued)

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

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Bills, Bonds and Notes	5 years	None	None
United State 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
Local Government Investment Pools	None	None	None
Bonds Issue by Local Agencies or States	5 years	None	None

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>Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	None	None	None
United State 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 Fund	None	None	None
Commercial Paper	270 days	None	None
Investment Agreement	None	None	None
Other investments approved by bond insurer	None	None	None

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2014 and 2013.

June 30, 2014

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	\$ 4,454,043	\$ 997,200	\$ 2,572,128	\$ 1,005,990	\$ -	\$ 9,029,361
Federal Farm Credit Bank	-	1,011,600	1,996,750	1,992,120	-	5,000,470
Federal Home Loan Bank	2,014,460	997,190	1,012,330	1,995,260	3,000,250	9,019,490
Federal Home Loan Mortgage Corporation	-	-	2,005,280	5,941,510	2,013,090	9,959,880
Federal Nation Mortgage Association	1,002,580	1,004,600	2,988,300	5,978,930	-	10,974,410
Local Agency Investment Fund	17,022,880	-	-	-	-	17,022,880
Investment with fiscal agents:						
Local Agency Investment Fund	2,764,862	-	-	-	-	2,764,862
	<u>\$ 27,258,825</u>	<u>\$ 4,010,590</u>	<u>\$ 10,574,788</u>	<u>\$ 16,913,810</u>	<u>\$ 5,013,340</u>	<u>\$ 63,771,353</u>

June 30, 2013

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	\$ 3,020,390	\$ 5,451,329	\$ 991,910	\$ 2,558,348	\$ 994,030	\$ 13,016,007
Federal Farm Credit Bank	-	-	1,010,450	1,973,790	1,957,560	4,941,800
Federal Home Loan Bank	1,004,820	2,038,270	992,260	1,005,280	2,951,920	7,992,550
Federal Home Loan Mortgage Corporation	-	-	1,993,030	3,979,350	3,880,470	9,852,850
Federal Nation Mortgage Association	-	1,012,720	1,003,900	6,971,310	6,818,563	15,806,493
Repurchase agreement	867,287	-	-	-	-	867,287
Local Agency Investment Fund	11,031,035	-	-	-	-	11,031,035
Money Market Mutual Funds	5,986	-	-	-	-	5,986
Investment with fiscal agents:						
Money Market Mutual Funds	176	-	-	-	-	176
Local Agency Investment Fund	2,763,046	-	-	-	-	2,763,046
	<u>\$ 18,692,740</u>	<u>\$ 8,502,319</u>	<u>\$ 5,991,550</u>	<u>\$ 16,488,078</u>	<u>\$ 16,602,543</u>	<u>\$ 66,277,230</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 3 – 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, 2014

Investment	Total As of June 30, 2014	Minimum Legal Requirement	AAA	AA+/-	A+	Unrated
Municipal Bonds	\$ 9,029,361	AA-	\$ 993,230	\$ 8,031,800	\$ -	\$ -
Federal Farm Credit Bank	5,000,470	None	-	5,000,470	-	-
Federal Home Loan Bank	9,019,490	None	-	9,019,490	-	-
Federal Home Loan Mortgage Corporation	9,959,880	None	-	9,959,880	-	-
Federal Nation Mortgage Association	10,974,410	None	-	10,974,410	-	-
Local Agency Investment Fund	17,022,880	None	-	-	-	17,022,880
Investment with fiscal agents						
Local Agency Investment Fund	2,764,862	None	-	-	-	2,764,862
	<u>\$ 63,771,353</u>		<u>\$ 993,230</u>	<u>\$ 42,986,050</u>	<u>\$ -</u>	<u>\$ 19,787,742</u>

June 30, 2013

Investment	Total as of June 30, 2013	Minimum Legal Requirement	AAA	AA+/-	A+	Unrated
Municipal Bonds	\$ 13,016,007	AA-	\$ 2,014,600	\$ 10,011,527	\$ 989,880	\$ -
Federal Farm Credit Bank	4,941,800	None	-	4,941,800	-	-
Federal Home Loan Bank	7,992,550	None	-	7,992,550	-	-
Federal Home Loan Mortgage Corporation	9,852,850	None	-	9,852,850	-	-
Federal Nation Mortgage Association	15,806,493	None	-	15,806,493	-	-
Repurchase agreement	867,287	None	-	-	-	867,287
Local Agency Investment Fund	11,031,035	None	-	-	-	11,031,035
Money Market Mutual Funds	5,986	None	5,986	-	-	-
Investment with fiscal agents						
Money Market Mutual Funds	176	A	176	-	-	-
Local Agency Investment Fund	2,763,046	None	-	-	-	2,763,046
	<u>\$ 66,277,230</u>		<u>\$ 2,020,762</u>	<u>\$ 48,605,220</u>	<u>\$ 989,880</u>	<u>\$ 14,661,368</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Concentration of Credit Risk:

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

June 30, 2014

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage of Investments</u>
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	\$ 5,000,470	7.84%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	9,019,490	14.14%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	9,959,880	15.62%
Federal National Mortgage Association	United States Government Sponsored Agency Securities	10,974,410	17.21%

June 30, 2013

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage of Investments</u>
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	\$ 4,941,800	7.56%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	7,992,550	12.22%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	9,852,850	15.06%
Federal National Mortgage Association	United States Government Sponsored Agency Securities	15,806,493	24.17%

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Custodial Credit Risk

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

As of June 30, 2014 and 2013, the District’s investments in the repurchase agreement in the amount of \$0 and \$867,287, respectively were held at Union bank (the safekeeping department of the broker-dealer counter party) used by the District to buy the securities.

Note 4 – Accounts Receivable

Accounts receivable primarily consist of sales and services fees as well as the District’s allocation of property taxes collected but not remitted by the Los Angeles County. As of June 30, 2014 and 2013, sales and services receivable, net of allowance for uncollectible accounts, were in the amount of \$10,233,334 and \$9,760,254, respectively.

Note 5 – Inventories

Inventories consisted of the following as of June 30, 2014 and 2013:

	2014	2013
Material and supplies	\$ 978,789	\$ 1,084,700
Water in storage	5,985,315	6,329,865
Total	\$ 6,964,104	\$ 7,414,565

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 6 – 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 District was the designated 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 pro-rated to the districts in accordance with the average monthly flows contributed by each to the system. The allocation of construction costs related to projects in process is based upon engineering estimates of the capacity rights and is subject to increase or decrease when final costs are determined. The JPA’s basic financial statements are available upon request from the District.

Summary of changes in investment in Joint Powers Authority is as follows:

	2014	2013
Beginning of year	\$ 69,065,817	\$ 71,155,793
Contributions	13,323,700	11,554,393
Share in income (loss):		
Sanitation expenses	(8,962,743)	(8,778,190)
Depreciation expenses	(4,579,722)	(4,643,551)
Loss on disposal of capital assets	(59,280)	(222,628)
End of year	\$ 68,787,771	\$ 69,065,817

Investment in Joint Powers Authority includes capitalized interests for the debt issued for the JPA’s facilities held under the District’s name. As of June 30, 2014 and 2013, the capitalized interests, net of accumulated depreciation, were in the amount of \$2,727,502 and \$2,919,993, respectively.

Condensed financial statement of the JPA as of and for the years ended June 30, 2014 and 2013 including the participants’ approximate percentage shares as follows:

	2014			2013		
	Amount	Las Virgenes	Triunfo	Amount	Las Virgenes	Triunfo
		Water District	Sanitation District		Water District	Sanitation District
Total assets	\$ 106,507,217	67%	33%	\$ 106,839,849	67%	33%
Total liabilities	7,310,421	67%	33%	7,455,813	67%	33%
Total equity	99,196,796	67%	33%	99,384,035	67%	33%
Billings to participants	12,037,292	68%	32%	12,004,050	68%	32%
Depreciation	6,280,265	70%	30%	6,376,786	70%	30%
Construction cost	6,172,993	71%	29%	3,932,299	71%	29%

The amount due from the JPA at June 30, 2014 and 2013 consisted for the following:

	2014	2013
Beginning of year	\$ 4,465,563	\$ 4,184,448
Additions	182,411	281,115
End of year	\$ 4,647,974	4,465,563

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 7 – Capital Assets

Summary of changes in capital assets for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Reclassification	Balance June 30, 2014
Capital assets, not depreciated					
Land and land rights:					
Water plant	\$ 6,804,080	\$ 7	\$ -	\$ -	\$ 6,804,087
Sanitation plant	111,236	-	-	-	111,236
Construction in progress	2,994,270	10,721,357	(284,517)	(1,904,428)	11,526,682
Total capital assets, not depreciated	9,909,586	10,721,364	(284,517)	(1,904,428)	18,442,005
Capital assets, being depreciated					
Water plant:					
Source of supply	24,995,557	-	-	-	24,995,557
Plant	105,322,465	-	(359,005)	1,348,282	106,311,742
Structure	20,107,773	-	(21,734)	316,986	20,403,025
Sanitation plant:					
Plant	7,427,396	-	-	-	7,427,396
Machinery and equipment	17,318	-	-	-	17,318
General utility plant					
Building and improvements	21,792,567	-	(4,928)	9,650	21,797,289
Machinery and equipment	10,747,783	13,490	(206,544)	229,510	10,784,239
Total capital assets, being depreciated	190,410,859	13,490	(592,211)	1,904,428	191,736,566
Less accumulated depreciation					
Water plant:					
Source of supply	(7,600,407)	(594,479)	-	-	(8,194,886)
Plant	(46,338,692)	(2,555,519)	356,637	-	(48,537,575)
Structure	(15,737,849)	(512,522)	21,734	-	(16,228,637)
Sanitation plant:					
Plant	(3,187,933)	(147,639)	-	-	(3,335,572)
Machinery and equipment	(9,526)	(1,732)	-	-	(11,258)
General utility plant					
Building and improvements	(10,440,930)	(485,955)	4,928	-	(10,921,957)
Machinery and equipment	(9,717,110)	(319,074)	206,544	-	(9,829,640)
Total accumulated depreciation	(93,032,447)	(4,616,919)	589,842	-	(97,059,523)
Total capital assets, being depreciated, net	97,378,412	(4,603,429)	(2,368)	1,904,428	94,677,043
Total capital assets, net	\$ 107,287,998	\$ 6,117,935	\$ (286,885)	\$ -	\$ 113,119,048

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 7 – Capital Assets (Continued)

Summary of changes in capital assets for the year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, not depreciated				
Land and land rights:				
Water plant	\$ 6,804,074	\$ 6	\$ -	\$ 6,804,080
Sanitation plant	111,236	-	-	111,236
Construction in progress	7,736,916	2,058,488	(6,801,134)	2,994,270
Total capital assets, not depreciated	14,652,226	2,058,494	(6,801,134)	9,909,586
Capital assets, being depreciated				
Water plant:				
Source of supply	24,995,557	-	-	24,995,557
Plant	98,742,285	6,633,018	(52,838)	105,322,465
Structure	19,982,786	124,987	-	20,107,773
Sanitation plant:				
Plant	7,411,110	19,900	(3,614)	7,427,396
Machinery and equipment	17,318	-	-	17,318
General utility plant				
Building and improvements	21,783,887	8,680	-	21,792,567
Machinery and equipment	11,231,593	528,654	(1,012,464)	10,747,783
Total capital assets, being depreciated	184,164,536	7,315,239	(1,068,916)	190,410,859
Less accumulated depreciation				
Water plant:				
Source of supply	(6,983,718)	(616,689)	-	(7,600,407)
Plant	(43,754,974)	(2,618,894)	35,176	(46,338,692)
Structure	(15,190,953)	(546,896)	-	(15,737,849)
Sanitation plant:				
Plant	(3,023,225)	(168,322)	3,614	(3,187,933)
Machinery and equipment	(7,794)	(1,732)	-	(9,526)
General utility plant				
Building and improvements	(9,940,528)	(500,402)	-	(10,440,930)
Machinery and equipment	(10,453,218)	(276,356)	1,012,464	(9,717,110)
Total accumulated depreciation	(89,354,410)	(4,729,291)	1,051,254	(93,032,447)
Total capital assets, being depreciated, net	94,810,126	2,585,948	(17,662)	97,378,412
Total capital assets, net	\$ 109,462,352	\$ 4,644,442	\$ (6,818,796)	\$ 107,287,998

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 8 – Compensated Absences

At June 30, 2014 and 2013, the District had compensated absences in the amount of \$1,933,836 and \$1,892,314, respectively.

Note 9 – Long-Term Debt

Summary of changes in long-term debt for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year	Due in More Than One Year
2009 Sanitation Refunding Revenue Bonds	\$ 24,350,000	\$ -	\$ (1,765,000)	\$ 22,585,000	\$ 1,840,000	\$ 20,745,000
Add: Unamortized Premium	1,659,320	-	(159,294)	1,500,026	-	1,500,026
Capital Lease	71,235	12,928	(23,389)	60,774	24,828	35,946
Total long-term debt	\$ 26,080,555	\$ 12,928	\$ (1,947,683)	\$ 24,145,800	\$ 1,864,828	\$ 22,280,972

Summary of changes in long-term debt for the year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due within One Year	Due in More Than One Year
2009 Sanitation Refunding Revenue Bonds	\$ 26,075,000	\$ -	\$ (1,725,000)	\$ 24,350,000	\$ 1,765,000	\$ 22,585,000
Add: Unamortized Premium	1,818,614	-	(159,294)	1,659,320	-	1,659,320
Capital Lease	93,809	-	(22,574)	71,235	22,772	48,463
Total long-term debt	\$ 27,987,423	\$ -	\$ (1,906,868)	\$ 26,080,555	\$ 1,787,772	\$ 24,292,783

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, 2014 and 2013, net of unamortized premium were as follows:

	2014	2013
Principal outstanding	\$ 22,585,000	\$ 24,350,000
Add unamortized premium	1,500,026	1,659,320
Net bonds outstanding	\$ 24,085,026	\$ 26,009,320

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 9 – Long-Term Debt (Continued)

The annual debt service requirements for the 2009 bonds outstanding at June 30, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	2,125,000	627,500	2,752,500
2019	2,210,000	541,225	2,751,225
2020-2024	12,460,000	1,309,838	13,769,838
Total	\$ 22,585,000	\$ 4,954,738	\$ 27,539,738

Note 10 – Net Position

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

	2014	2013
Net investments in capital assets:		
Capital assets, net of accumulated depreciation	\$ 113,119,048	\$ 107,287,998
Less:		
Capital lease obligations	(60,775)	(71,235)
1998 installment purchase refunding revenue bond, net	(22,582,189)	(24,346,890)
Total investment in capital assets, net of related debt	90,476,084	82,869,873
Restricted for:		
Debt Service	2,607,766	2,594,512
Capital projects	1,498,145	4,613,518
Toal restricted	4,105,911	7,208,030
Unrestricted:		
Designated for:		
Investment in JPA	68,787,771	69,065,817
Rate stabilization	8,000,000	8,000,000
Insurance	3,277,259	3,253,845
Operating emergencies	11,464,430	11,101,213
Retirement fund contributions	495,889	327,466
Undesignated	47,645,242	49,045,191
Toal unrestricted	139,670,591	140,793,532
Total net position	\$ 234,252,586	\$ 230,871,435

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 10 – Net Position (Continued)

As of June 30, 2014, the restricted net position consisted of the following:

	Debt Service	Capital Projects	Total
	<u> </u>	<u> </u>	<u> </u>
Restricted Assets:			
Restricted cash and investments	\$ 2,764,862	\$ 269,135	\$ 3,033,997
Restricted receivables			
Interest	1,525	429	1,954
Other	-	4,738,086	4,738,086
Total restricted assets	<u>2,766,387</u>	<u>5,007,650</u>	<u>7,774,037</u>
Current Liabilities Payable from Restricted Assets:			
Interest payable	(158,621)	-	(158,621)
Other liabilities	-	(3,509,505)	(3,509,505)
Total current liabilities payable from restricted assets	<u>(158,621)</u>	<u>(3,509,505)</u>	<u>(3,668,126)</u>
Total restricted net position	<u>\$ 2,607,766</u>	<u>\$ 1,498,145</u>	<u>\$ 4,105,911</u>

As of June 30, 2013, the restricted net position consisted of the following:

	Debt Service	Capital Projects	Total
	<u> </u>	<u> </u>	<u> </u>
Restricted Assets:			
Restricted cash and investments	\$ 2,763,222	\$ 1,880,315	\$ 4,643,537
Restricted receivables			
Interest	1,678	5,187	6,865
Other	-	5,512,521	5,512,521
Total restricted assets	<u>2,764,900</u>	<u>7,398,023</u>	<u>10,162,923</u>
Current Liabilities Payable from Restricted Assets:			
Interest payable	(170,388)	-	(170,388)
Other liabilities	-	(2,784,505)	(2,784,505)
Total current liabilities payable from restricted assets	<u>(170,388)</u>	<u>(2,784,505)</u>	<u>(2,954,893)</u>
Total restricted net position	<u>\$ 2,594,512</u>	<u>\$ 4,613,518</u>	<u>\$ 7,208,030</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 11 – Pension Plan

Defined Benefit Plan

Plan Description and Provisions

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.

Funding Policy

Active plan members in the Plan are required to contribute 7% of their annual covered salary. For classic employees (employees hired before January 1, 2013 or employees hired after January 1, 2013 and have been in the PERS System) belonging to the Supervisor, Professional, Confidential and Management Association, the District pays 0% employee contribution on behalf of the employees. For classic employees (employees hired before January 1, 2013 or employees hired after January 1, 2013 and have been in the PERS system) belonging to the General and Office Association, the District pays the entire employee contribution on behalf of the employees. For new members (employees hired after January 1, 2013 and are new entrants to the PERS System or have been out of the PERS System for more than six months), the District pays the applicable percentage (based on employee association to which the new member belongs), limited to 6.5%, until the expiration of the existing Memorandum of Understanding (MOU). After the expiration of the MOU, new members are responsible for the 6.5% contribution. Total contributions made by the District on behalf of employees amounted to \$461,007 and \$672,077 for the years ended June 30, 2014 and 2013, respectively. The District is required to contribute the actuarially determined remaining amounts necessary to fund the 2% at age 55 retirement plan benefits for its classic members and 2% at 62 for its new members under the California Employees' Pension Reform Act (PEPRA) provisions. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2014 was 15.897% and 13.2% for classic employees and new members, respectively. The required employer contribution rate for the fiscal year ended June 30, 2013 was 15.512%.

Most Recent Funding Progress Schedule

As of June 30, 2013, the most recent actuarial valuation date, the plan was 77.3% funded. The actuarial accrued liability for benefits was \$77,386,629, and the actuarial value of assets was \$59,797,198, resulting in an unfunded actuarial accrued liability (UAAL) of \$17,589,431. The covered payroll (annual payroll of active employees covered by the plan) was \$10,325,821, and the ratio of the UAAL to the covered payroll was 170.3%.

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, 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.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 11 – Pension Plan (Continued)

Defined Benefit Plan (Continued)

Annual Pension Cost

For fiscal year 2014, the District’s annual pension cost was \$1,736,776 for PERS was equal to the District’s required and actual contributions. The required contribution for the fiscal year 2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.3% to 14.2% depending on age, service, and type of employment, (c) inflation of 2.75%, and (d) payroll growth of 3.00%.

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, 2011 was 22 years for miscellaneous employees for prior and current service unfunded liabilities.

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 1,887,235	100%	\$ -
6/30/2013	1,824,734	100%	-
6/30/2014	1,736,776	100%	-

Note 12 – Other Post-Employment Benefits

Plan Description

The District contributes to a multi-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 after April 1, 2006). For employees hired after March 31, 2006, the District pays for 100% medical premiums incurred by retirees and one dependent up to \$1,290 per month. The plan does not provide a publicly available financial report.

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, 2013, 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 normal cost each year and amortize any unfunded actuarial liabilities over a closed period not to exceed thirty years. The ARC for fiscal years ended 2014 and 2013 were \$1,348,937 and \$1,115,327, respectively.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 12 – Other Post-Employment Benefits (Continued)

Annual OPEB Cost

For fiscal year 2014, the District annual OPEB cost was \$1,348,937 and was equal to the District’s required and actual contribution. The required contribution for the fiscal year 2014 was determined as part of the June 30, 2013 actuarial valuation using the entry ago normal actuarial cost method. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), payroll increase of 2.75% per annum, and inflation rate of 2.75% per annum, and the District’s share of premium cost will increase at rates ranging from 0.0% 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.

Three-Year Trend Information

For fiscal year 2014, the District’s annual OPEB cost (expenses) of \$1,348,937 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	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$ 1,115,327	\$ 1,115,327	100%	\$ -
6/30/2013	1,115,327	1,115,327	100%	-
6/30/2014	1,348,937	1,348,937	100%	-

Funded Status and Funding Progress

As of June, 2013, the latest actuarial valuation date, the plan was 11.24 percent funded. The actuarial accrued liability for benefits was \$17,945,074, and the actuarial value of assets was \$2,017,149, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,927,925. The covered payroll (annual payroll of active employees covered by the plan) was \$10,010,862 and the ratio of the UAAL to the covered payroll was 164.06%.

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.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2014 and 2013

Note 13 – Risk Management

The District retained Argonaut Insurance Company, for general liability, property, inverse condemnation, auto and physical damage. In addition, reinsurance support for the program is provided by Swiss Reinsurance of America and Travelers Re. The coverage for the general liability provides \$11 million per occurrence and \$61 million in the aggregate with a \$50,000 deductible per occurrence. The coverage for the property provides \$61 million of coverage with a deductible of \$50,000 per occurrence. The District paid premiums of \$746,413 and \$722,352 to Argonaut Insurance Company for the years ended June 2014 and 2013, respectively.

Effective August 1, 2012, the District retained the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/APIA) for its works' compensation insurance coverage. The District paid premiums of \$199,879 and \$189,996 for the years ended June 30, 2014 and 2013, respectively.

Note 14 – Commitments and Contingencies:

Lawsuits

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

Contract Commitments

The District had out standing contract commitments of \$10,794,099 and \$5,969,569 for the years ended June 30, 2014 and 2013, respectively.

Operating Leases

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

Year Ending June 30,	Lease Payments
2015	\$ 4,224
	\$ 4,224



REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)



Las Virgenes Municipal Water District
Required Supplementary Information (Unaudited)
Schedules of Funding Progress
For the Years Ended June 30, 2014 and 2013

CalPERS PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (B - A)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a % of Payroll (B - A) / C
June 30, 2011	58,593,450	69,674,417	11,080,967	84.1%	10,366,449	106.9%
June 30, 2012	62,617,522	73,561,286	10,943,764	85.1%	10,044,419	109.0%
June 30, 2013	59,797,198	77,386,629	17,589,431	77.3%	10,325,821	170.3%

OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Value Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (A - B)	Funded Ratio (B / A)	Covered Payroll (C)	UAAL as a % of Payroll (A - B) / C
February 1, 2010	\$ 11,438,687	\$ 399,698	\$ 11,038,989	3.49%	\$ 10,343,923	106.72%
June 30, 2011	14,364,922	1,059,481	13,305,441	7.38%	9,957,377	133.62%
June 30, 2013	17,945,074	2,017,149	15,927,925	11.24%	9,708,413	164.06%



Las Virgenes Municipal Water District
Index to Statistical Section
June 30, 2014

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	
1. Net Position	46
2. Changes in Net Position	48
<u>Revenue Capacity</u> - These schedule contain information to help the reader assess the District's most significant revenue source.	
3. Revenue Base	50
4. Revenue Rates	51
5. Principal Revenue Payers	52
6. Property Tax Levies, Special Assessment and Collections	53
<u>Debt Capacity</u> - These schedule present information to help the reader assess the affordability of the district's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
7. Ratios of Outstanding Debt by Type	54
8. Ratios of General Bonded Debt Outstanding	55
9. Direct and Overlapping District Debt	56
10. Pledged-Revenue Coverage	58
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
11. Demographic and Economic Statistics	59
12. Principal Employers	60
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	
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15. Capital Assets Statistics by Function	63
16. Annual Water and Sewer Capacity Fee Deposits Reports	64

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

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Business-type Activities					
Net investment in capital assets	\$ 59,501	\$ 64,717	\$ 68,310	\$ 69,595	\$ 68,886
Restricted:					
Debt service	5,119	3,951	3,667	3,574	3,529
Capital projects	10,917	13,389	13,227	12,959	10,752
Total restricted	<u>16,036</u>	<u>17,340</u>	<u>16,894</u>	<u>16,533</u>	<u>14,281</u>
Unrestricted	<u>140,272</u>	<u>141,814</u>	<u>141,055</u>	<u>146,195</u>	<u>149,444</u>
Total Net Position	<u><u>\$ 215,809</u></u>	<u><u>\$ 223,871</u></u>	<u><u>\$ 226,259</u></u>	<u><u>\$ 232,323</u></u>	<u><u>\$ 232,611</u></u>

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

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

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses					
Water	\$ 25,010	\$ 26,376	\$ 30,238	\$ 30,385	\$ 30,912
Sanitation(includes JPA)	13,306	14,676	14,647	15,304	16,134
Total Operating Expenses	38,316	41,052	44,885	45,689	47,046
Program Revenues					
Water	24,291	25,628	29,368	30,419	29,708
Sanitation	9,416	10,049	10,917	12,937	15,847
Capital contributions	15,425	12,035	3,959	4,167	1,203
Other	435	465	400	534	419
Total Program Revenues	49,567	48,177	44,644	48,057	47,177
Net (Expense)/Revenue	11,251	7,125	(241)	2,368	131
General Revenues and Other Changes in Net Assets					
Taxes and penalties	662	720	875	905	917
Investment earnings	1,667	2,968	4,003	3,770	2,596
Miscellaneous(includes JPA)	(2,127)	(2,751)	(2,249)	(979)	(3,357)
Total General Revenues	202	937	2,629	3,696	156
Changes in Net Assets (Business-type activities)	\$ 11,453	\$ 8,062	\$ 2,388	\$ 6,064	\$ 287

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses					
Water	\$ 30,845	\$ 31,556	\$ 35,972	\$ 38,468	\$ 42,270
Sanitation(includes JPA)	15,628	15,727	14,894	15,022	15,421
Total Operating Expenses	46,473	47,283	50,866	53,490	57,691
Program Revenues					
Water	26,160	26,974	31,205	35,637	41,177
Sanitation	15,473	16,402	16,394	16,588	16,552
Capital contributions	1,632	859	1,569	2,168	1,540
Other	414	278	749	842	951
Total Program Revenues	43,679	44,513	49,917	55,235	60,220
Net (Expense)/Revenue	(2,794)	(2,770)	(950)	1,745	2,529
General Revenues and Other Changes in Net Assets					
Taxes and penalties	898	879	884	888	892
Investment earnings	1,297	890	747	610	496
Miscellaneous(includes JPA)	(1,312)	219	(828)	(1,655)	(536)
Total General Revenues	883	1,988	804	(157)	852
Changes in Net Assets (Business-type activities)	\$ (1,911)	\$ (782)	\$ (146)	\$ 1,587	\$ 3,381

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

Potable Water

Fiscal Year	Operating Revenue in thousand \$	Number of Customers			Total
		Residential	Commercial	Irrigation	
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
2013	30,472	18,806	818	255	19,879
2014	35,402	18,820	820	253	19,893

Sanitation

Fiscal Year	Operating Revenue in thousand \$	Number of Customers		Total
		Residential	Commercial	
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
2013	16,588	16,100	702	16,802
2014	16,552	16,113	704	16,817

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	2005-2007	11/01/2007	07/01/2008	07/01/2009	07/01/2010	07/01/2011	01/01/2013	01/01/2014
3/4"	14.05	22.23	23.79	25.34	26.35	27.40	28.77	30.21
1"	18.73	32.74	35.03	37.31	38.80	40.35	42.37	44.49
1-1/2"	30.43	58.99	63.12	67.22	69.91	72.71	76.35	80.17
2"	46.79	90.50	96.84	103.00	107.00	112.00	117.60	123.48
3"	84.23	175.00	187.00	199.00	207.00	215.00	225.75	237.04
4"	128.68	269.00	288.00	307.00	319.00	332.00	348.60	366.03
6"	257.35	532.00	569.00	606.00	630.00	655.00	675.75	722.14
8"	397.73	847.00	906.00	965.00	1,003.00	1,044.00	1,096.20	1,151.01
10"	608.29	1,214.00	1,299.00	1,384.00	1,439.00	1,497.00	1,571.85	1,650.45

Volume Charges (per 100 cubic feet of water use)

	2005-2007	11/01/2007	07/01/2008	2009 - 2010	2011-2012	01/01/2012	01/01/2013	01/01/2014
Tier 1	\$1.18	\$1.24	\$1.28	\$1.32 - \$1.53	\$1.58 - \$1.71	\$1.78	\$1.98	\$2.19
Tier 2	1.31	1.55	1.60	\$1.65 - \$1.86	\$1.93 - \$2.08	2.15	2.37	2.60
Tier 3	1.91	2.32	2.39	\$2.46 - \$2.67	\$2.77 - \$2.95	3.02	3.29	3.56
Tier 4	2.48	3.48	3.58	\$3.69 - \$3.90	\$4.05 - \$4.28	4.35	4.68	5.02
Tier 1 End(Hcf)	12.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Tier 2 End(Hcf)	24.00	67.00	67.00	67.00	67.00	67.00	67.00	67.00
Tier 3 End(Hcf)	115.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00

Elevation Surcharges (per 100 cubic feet of water use)

	2005-2007	11/01/2007	07/01/2008	07/01/2009	07/01/2010	2011-2012	01/01/2013	01/01/2014
Zone 1	-	-	-	-	-	-	-	-
Zone 2	0.31	0.32	0.33	0.34	0.35	0.36	0.38	0.40
Zone 3	0.52	0.54	0.56	0.58	0.60	0.62	0.66	0.70
Zone 4	0.92	0.95	0.98	1.01	1.05	1.09	1.15	1.21
Zone 5	1.85	1.91	1.97	2.03	2.11	2.19	2.30	2.42

Bi-Monthly Sewer Service Charges:

	2005-2006	2007	11/01/2007	07/01/2008	07/01/2009	2010-2012	07/01/2013	07/01/2014
Residential								
Single-family	\$51.47-59.11	\$57.19 - 60.26	\$84.00	\$102.00	\$102.00	\$108.00	\$74.31-\$108.56	\$75.80-\$110.74
Multi-family	\$51.47-54.47	\$57.19	\$53.00	\$64.25	\$64.25	\$68.03	\$68.59	\$69.97
Commercial								
ERU-based Charge	\$51.47-54.47	\$57.19	\$84.00	\$84.00	\$90.79	\$90.79	\$91.35	\$91.35
Account Service	\$0.00	\$0.00	\$13.50	\$16.25	\$16.25	\$17.21	\$17.21	\$17.21
Base Water Use:								
Class 1 (Hcf)	24.10	24.10	29.50	29.50	29.50	29.50	29.50	29.50
Per hcf of water	\$2.14-\$2.45	\$2.37-\$2.58	\$2.85	\$2.91	\$2.91	\$3.08	\$3.10	\$3.10
Class 2 (Hcf)	24.10	24.10	17.30	17.30	17.30	17.30	17.30	17.30
Per hcf of water	\$3.76-\$4.19	\$4.18-\$4.53	\$4.87	\$4.96	\$4.96	\$5.25	\$5.29	\$5.29
Class 3 (Hcf)	24.10	24.10	11.40	11.40	11.40	11.40	11.40	11.40
Per hcf of water	\$5.68-\$6.33	\$6.31-\$6.85	\$6.19	\$7.53	\$7.53	\$7.96	\$8.02	\$8.02

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

Potable Water Customer Name	2014			2004		
	Potable Water Revenue	Rank	Percentage of Total Operating Revenue	Potable Water Revenue	Rank	Percentage of Total Operating Revenue
Malibu Golf Club, LLC	\$ 466,682	1	0.82%	\$ -	-	-
Westlake Wellbeing Properties LLC	169,345	2	0.30%	-	-	-
Mountain View Mobile Estate	149,893	3	0.26%	109,324	2	0.29%
Valley Industrial	147,593	4	0.26%	-	-	-
ERP-Operating LTD Partnership	139,842	5	0.25%	93,802	4	0.25%
Malibu Conference Center	129,825	6	0.23%	71,647	9	0.19%
LACO Internal Service Dept.	125,012	7	0.22%	138,897	1	0.37%
Ronnie Semlers Saddlerock Ranch	122,198	8	0.22%	107,514	3	0.29%
Calabasas Crest LTD	113,004	9	0.20%	89,513	6	0.24%
Summit Mobile Park	109,504	10	0.19%	92,512	5	0.25%
LVUSD	-		0.00%	83,503	7	0.22%
The Cheesecake Factory	-		0.00%	78,011	8	0.21%
Malibu Canyon Apartments	-		0.00%	68,171	10	0.18%
Total	\$ 1,672,898		2.95%	\$ 932,894		2.48%

Sanitation Customer Name	2014			2004		
	Sanitation Revenue	Rank	Percentage of Total Operating Revenue	Sanitation Revenue	Rank	Percentage of Total Operating Revenue
Malibu Canyon Apartments	\$ 288,078	1	0.51%	\$ 197,628	1	0.52%
Westlake Wellbeing Properties LLC	257,939	2	0.46%	-	-	0.00%
Archstone Communities Calabasas	250,065	3	0.44%	68,220	10	0.18%
LVUSD	181,250	4	0.32%	112,031	2	0.30%
Archstone Oak Creek I LLC	139,871	5	0.25%	-	-	0.00%
The Cheesecake Factory	126,153	6	0.22%	108,668	3	0.29%
Annandale II HOA	120,993	7	0.21%	83,613	6	0.22%
ERP-Operating LTD Partnership	117,082	8	0.21%	87,491	5	0.23%
Oak Park Calabasas HOA	113,585	9	0.20%	97,478	4	0.26%
Pepperdine University	99,857	10	0.18%	-	-	0.00%
Town & Country HOA	-		0.00%	74,646	7	0.20%
Calabasas Crest LTD	-		0.00%	74,479	8	0.20%
Steeplechase HOA	-		0.00%	68,642	9	0.18%
Total	\$ 1,694,873		2.99%	\$ 972,896		2.58%

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
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%	28	361	100.00%
2011	352	328	93.18%	24	352	100.00%
2012	354	324	91.53%	21	345	97.46%
2013	358	345	96.37%	-	345	96.37%
2014	369	360	97.56%	-	360	97.56%

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
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%	78	519	100.00%
2012	514	443	86.19%	61	504	98.05%
2013	510	467	91.57%	-	467	91.57%
2014	509	463	90.96%	-	463	90.96%

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

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

Fiscal Year	Business-Type Activities		Total	Percentage of Personal Income	Per Capita
	Refunding Revenue Bonds	Capital Lease Payable			
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	0.84%	1,753
2011	27,622	76	27,698	0.79%	1,655
2012	25,944	94	26,038	0.75%	1,551
2013	24,230	71	24,301	0.70%	1,446
2014	22,585	61	22,646	0.65%	1,347

Note:

1. Per Capita is based on number of customers for the District.
2. Years 2004-2009: Personal Income is based on 2000 census information with population of 50,813.
Years 2010-2014: Personal Income is based on 2010 census information with population of 53,514.
3. On December 1, 2009, the District issued 2009 Sanitation Refunding Revenue Bonds to advance refund 1998 Bonds.

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

Fiscal Year	Business-Type Activities Refunding Revenue Bonds	Total	Percentage of Gross Revenue for Bond Coverage	Per Capita
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
2013	24,230	24,230	132.82%	1,442
2014	22,585	22,585	124.44%	1,343

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, and all subsequent years, numbers shown above are for sanitation operations only.

Schedule 9
Las Virgenes Municipal Water District
Direct and Overlapping District Debt
June 30, 2014

2013-14 Assessed Valuation: \$ 19,401,167,378

	Total Debt June 30, 2014	Percent Applicable (1)	District's Share of Debt June 30, 2014
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Los Angeles County Flood Control District	\$ 17,480,000	1.732%	\$ 302,754
Metropolitan Water District	132,275,000	0.888%	1,174,602
Los Angeles Community College District	3,642,560,000	2.947%	107,346,243
Santa Monica Community College District	305,103,121	2.344%	7,151,617
Las Virgenes Joint Unified School District	157,579,487	95.187%	149,995,186
Los Angeles Unified School District	10,545,135,000	0.135%	14,235,932
Santa Monica-Malibu Unified School District	291,068,787	2.340%	6,811,010
City of Los Angeles	991,940,000	0.026%	257,904
Las Virgenes Municipal Water District	-	100.000%	- (2)
City of Calabasas Community Facilities District No. 1998-1	6,130,000	100.000%	6,130,000
City of Calabasas Community Facilities District No. 2001-1	21,605,000	100.000%	21,605,000
Los Angeles County Community Facilities District Nos. 4C	310,000	100.000%	310,000
City of Los Angeles Landscaping and Lighting Benefit Assessment District	18,180,000	0.026%	4,727
Los Angeles County Regional Park and Open Space Assessment District	113,615,000	1.703%	1,934,863
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 317,259,838

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

Schedule 9
Las Virgenes Municipal Water District
Direct and Overlapping District Debt (Continued)
June 30, 2014

OVERLAPPING GENERAL FUND DEBT:

Los Angeles County General Fund Obligations	\$ 1,835,420,030	1.703%	\$ 31,257,203
Los Angeles County Superintendent of Schools Certificates of Participation	9,529,882	1.703%	162,294
Santa Monica Community College District Certificates of Participation	17,720,000	2.344%	415,357
Las Virgenes Joint Unified School District Certificates of Participation	11,445,000	95.187%	10,894,152
Los Angeles Unified School District Certificates of Participation	365,858,657	0.135%	493,909
Santa Monica-Malibu Unified School District Certificates of Participation	12,391,501	2.340%	289,961
City of Agoura Hills General Fund Obligations	14,405,000	100.000%	14,405,000
City of Calabasas Certificates of Participation	35,050,000	99.169%	34,758,735
City of Los Angeles General Fund and Judgment Obligations	1,756,187,887	0.026%	456,608
City of Westlake Village Certificates of Participation	14,650,000	100.000%	<u>14,650,000</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			107,783,219
Less: Los Angeles County General Fund Obligations supported by landfill revenues			85,750
Less: Los Angeles Unified School District self-supporting QZABs supported by investment fund			<u>6,820</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT			<u><u>\$ 107,690,649</u></u>

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	14,710,000	100.000%	\$ 14,710,000
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TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 439,753,057
TOTAL NET OVERLAPPING DEBT			\$ 439,660,487
GROSS COMBINED TOTAL DEBT			\$ 439,753,057 (3)
NET COMBINED TOTAL DEBT			\$ 439,660,487

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

Ratios to 2012-13 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.64%
Gross Combined Total Debt	2.27%
Net Combined Total Debt	2.27%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$546,142,889)

Total Overlapping Tax Increment Debt	2.69%
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Schedule 10
Las Virgenes Municipal Water District
Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands except coverage)

Fiscal Year	Refunding Revenue Bonds						Coverage
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2013	18,243	10,209	8,034	1,725	1,031	2.92	
2014	18,149	10,692	7,457	1,765	987	2.71	

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	53,514	\$3,488,456	\$64,795	11.50%	36,440	38,102	22,634
2014	54,855	n/a	n/a	7.70%	n/a	n/a	n/a

Note:

1. Population includes City of Calabasas, City of Hidden Hills, City of Agoura Hills, City of Westlake Village
 However, 1990 population does not include City of Calabasas, which was incorporated in 1991.
2. Total Personal Income and Per Capita Personal Income information are based on 2010, 2000 and 1990 Census information.
3. Unemployment rate is for the area of Los Angeles-Long Beach-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 Eight Years Ago

Employer by Industry	2014			2006		
	Number of Employees	Rank	Percentage of Total Area Employment	Number of Employees	Rank	Percentage of Total Area Employment
Professional, Scientific, and Technical Services	5,553	1	15.70%	4,206	2	10.75%
Finance and Insurance	4,296	2	12.14%	5,336	1	13.63%
Accommodation and Food Services	3,521	3	9.95%	3,559	4	9.09%
Retail Trade	2,961	4	8.37%	2,792	7	7.13%
Administrative, Support, Waste Management & Remediation Service	2,390	5	6.76%	3,467	5	8.86%
Manufacturing	2,268	6	6.41%	3,437	6	8.78%
Educational Services	2,007	7	5.67%	3,596	3	9.19%
Government	1,799	8	5.09%	1,850	9	4.73%
Information	1,659	9	4.69%	1,696	10	4.33%
Health Care and Social Assistance	1,524	10				
Construction			0.00%	2,695	8	6.89%
Total	27,978		79.09%	32,634		83.37%

Note: Data prior to 2006 is not available.

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Manager Office	2.0	2.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Facilities and Operations:										
Administration	2.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Facilities Maintenance	19.5	23.5	22.5	24.5	23.5	23.2	16.2	16.2	16.2	16.2
Water Treatment and Production	13.0	12.0	13.0	13.0	12.0	11.8	17.8	17.8	17.8	17.8
Reclamation	22.5	22.5	23.5	23.5	24.5	25.0	24.0	24.0	24.0	24.0
Technical Service	5.5	6.5	7.5	7.5	9.0	9.0	7.0	7.0	7.0	8.0
Finance and Administration:										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance and Accounting	9.0	10.0	10.0	10.0	10.0	10.0	9.0	9.0	8.0	8.0
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	2.0
Information System	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	5.0
Resource Conservation and Public Outreach:										
Administration	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Customer Service	12.0	13.0	14.0	14.0	16.0	18.0	19.0	17.0	19.0	19.0
Water Conservation	5.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Information	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Planning/New Customer	7.5	7.5	7.5	6.5	5.0	5.0	0.0	0.0	0.0	0.0
Total	112.0	118.0	119.0	120.0	121.0	123.0	115.0	112.0	114.0	114.0

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

Function	2005	2006	2007	2008	2009
Water:					
New Connections	159	493	112	39	53
Water Main Leak Repairs	56	48	50	40	49
Average Daily Consumption (thousands of gallons)	19,498	20,302	23,011	22,723	20,917
Potable Water:					
Connections	19,611	20,104	20,216	20,255	20,308
Deliveries (acre-feet)	21,951	22,738	25,772	25,449	23,427
Realized Capacity Fee/Connection Fee Deposits	\$ 3,359,794	\$ 3,110,930	\$ 1,286,210	\$ 1,153,072	\$ 772,170
Wastewater/Sanitation:					
Connections	16,150	16,610	16,694	16,727	16,720
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	9,246	8,506	8,446	8,755	8,219
LVMWD	6,144	5,486	5,397	5,814	5,488
Triunfo Sanitation District	3,102	3,020	3,049	2,971	2,731
Realized Capacity Fee/Connection Fee Deposits	\$ 3,472,850	\$ 2,886,800	\$ 1,912,750	\$ 2,161,700	\$ 282,250

Function	2010	2011	2012	2013	2014
Water:					
New Connections	25	15	14	51	18
Water Main Leak Repairs	55	28	56	39	47
Average Daily Consumption (thousands of gallons)	17,029	16,954	18,577	19,879	21,310
Potable Water:					
Connections	20,333	20,240	19,854	19,879	19,893
Deliveries (acre-feet)	19,072	18,988	20,806	22,264	23,867
Realized Capacity Fee/Connection Fee Deposits	\$ 823,836	\$ 283,662	\$ 282,454	\$ 513,062	\$ 359,934
Wastewater/Sanitation:					
Connections	16,726	16,740	16,792	16,802	16,817
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	8,001	8,053	7,610	7,579	7,281
LVMWD	5,322	5,400	4,983	5,031	4,880
Triunfo Sanitation District	2,679	2,653	2,627	2,548	2,401
Realized Capacity Fee/Connection Fee Deposits	\$ 537,800	\$ 448,350	\$ 918,600	\$ 1,085,000	\$ 1,124,550

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

Function	2005	2006	2007	2008	2009
Potable Water					
Water Main (miles)	344.7	350.0	382.4	382.4	382.4
Fire Hydrants (#)	2,693	2,747	3,102	3,109	3,123
Valves (#)	4,350	4,372	4,391	4,392	4,393
Storage Capacity (millions of gallons)					
Reservoirs	3,100	3,100	3,100	3,100	3,100
Tanks	32.7	33.3	33.3	33.3	33.3
Recycled Water					
Water Main (miles)	63.4	64.5	63.6	63.6	63.6
Valves (#)	28	33	338	338	338
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
Wastewater					
Sanitary Sewers (miles)	55.7	55.7	55.7	55.7	55.7
Treatment Capacity (millions of gallons)	16	16	16	16	16

Function	2010	2011	2012	2013	2014
Potable Water					
Water Main (miles)	382.4	383.6	384.5	387.1	389.1
Fire Hydrants (#)	3,134	3,138	3,147	3,154	3,167
Valves (#)	4,395	4,419	4,434	4,452	4,477
Storage Capacity (millions of gallons)					
Reservoirs	3,100	3,100	3,100	3,100	3,100
Tanks	33.3	33.3	33.3	33.3	33.3
Recycled Water					
Water Main (miles)	63.8	65.5	65.9	65.9	66.2
Valves (#)	338	344	341	342	342
Storage Capacity (millions of gallons)					
Reservoirs	19.3	19.3	19.3	19.3	19.3
Tanks	5.6	5.6	5.6	5.6	5.6
Wastewater					
Sanitary Sewers (miles)	57.1	56.2	56.2	56.1	56.9
Treatment Capacity (millions of gallons)	16	16	16	16	16

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, 2014

Beginning Balance:		
Capacity Fees	\$	1,812,888
Developer Fees		641,211
Interest		1,375,290
Total Beginning Balance		\$ 3,829,389
Fees Collected:		
Capacity Fees	\$	2,462,170
Developer Fees		54,399
Total Fees Collected	\$	2,516,569
Reimbursed to Developer/Rec. as Exp.		-
Interest Earned		24,936
Fees Available	\$	2,541,505
Applied to:		
Capital Costs Funded by:		
Capacity Fees	\$	1,484,484
Meter Installation		55,985
Developer Fees		36,623
Interest Earned		13,166
Total Capital Costs	\$	1,590,258
Refunds		118,107
Total Funds Applied	\$	1,708,365
Net Changes for the Year		833,140
Ending Balance:		
Capacity Fees	\$	2,645,625
Developer Fees		629,844
Interest (1)		1,387,060
Total Ending Balance		\$ 4,662,529

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

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

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

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

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

The District has a plan in the next five years to utilize these capacity fee deposits for Capital Improvement Projects in the amount of \$6,801,537 for Potable Water Projects, \$1,233,800 for Recycled Water Projects, and \$850,600 for Sanitation Projects.