

Las Virgenes Municipal Water District

Comprehensive Annual Financial Report
For Fiscal Years Ended - June 30, 2016 and 2015

Top finalist in the Annual Water Awareness Poster Contest



Delara Barahman, 4th grade, Bay Laurel Elementary

4232 Las Virgenes Road, Calabasas
Los Angeles County, California





www.LVMWD.com

Comprehensive Annual Financial Report

For the Years Ended June 30, 2016 and 2015



Prepared by:
The Finance and Administration Department

Donald Patterson	Director of Finance & Administration
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Las Virgenes Municipal Water District

BOARD OF DIRECTORS

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Lee Renger	Vice President
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David W. Pedersen	General Manager
David Lippman	Director of Facilities & Operations
Donald Patterson	Director of Finance & Administration
Carlos Reyes	Director of Resource Conservation & Public Outreach

LEGAL COUNSEL

Wayne K. Lemieux	Counsel
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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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Vice President
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Director, Division 2
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Secretary
Barry S. Steinhardt
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
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www.LVMWD.com



November 8, 2016

To: Board of Directors

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

Subject: **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL
YEAR 2015-16**

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, 2016.

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

The Pun Group, LLP, Accountants and Advisors, have issued an unmodified ("clean") opinion on the Las Virgenes Municipal Water District's financial statements for the years ended June 30, 2016 and 2015. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

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

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

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

Local Economy

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

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

More than 80% of local housing is single-family dwellings, in sharp contrast to the countywide average of 56%. Median home prices in the District considerably exceed county averages. New businesses are taking over the commercial spaces vacated during the last five years at an increasing rate, and most commercial and retail businesses are doing better than those in other areas. The District has no major industrial customers.

Primarily residential, LVMWD is also a home to notable corporations and commercial activities. Located within the service area are several significant employers including Las Virgenes Unified School District, Bank of America Home Loans, the national headquarters of The Cheesecake Factory, Four Seasons Hotel, Move, Inc., iPayment, Inc., Dole Food Company, and Viewpoint Education Foundation.

There has been significant retail growth along the freeway corridor, most notably in Westlake Village. 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 recent years, the District successfully weathered the financial downturn and subsequent multi-year drought through prudent management of its resources, minimizing employee compensation increases and eliminating and downgrading positions. The District has also been successful at minimizing impacts to ratepayers by utilizing working capital for major construction projects.

Although the overall financial position of the District is stable, the economic downturn and the multi-year drought have impacted operations and water sales. Potable water production during Fiscal Year 2015-16 was reduced 17% from Fiscal Year 2014-15. Production of recycled water during the same period was reduced by 7.5%. These reductions were anticipated in the Fiscal Year 2015-16 budget that utilized \$2.7 million in Rate Stabilization Funds to minimize the short-term impact to ratepayers from the corresponding reduction in water sales. If the drought continues into Fiscal Year 2016-17, the District may face increasing revenue pressure associated with reductions in water use and sales.

Long Term Financial Planning

On July 8, 2014, the Board approved an agreement with Raftelis Financial Consultants, Inc. to complete a comprehensive financial analysis, cost of service, and rate study. On October 26, 2015, the Board approved a five-year rate plan for all three District enterprises (potable water, recycled water, and sanitation), which adjusts rates each January 1st from 2016 through 2020. At the same time, the Board adopted a new water budget-based rate structure that increases financial stability and encourages efficient water use. Under water budgets, customers are allocated a budget based on several, state and scientifically-supported factors including number of persons per household, landscape area, and an evapotranspiration factor to account for each day's weather condition. The Board also adopted a strategy that increases the recovery of fixed cost through fixed fees by increasing the "readiness to serve" charge each year over the five-year period and by implementing a new readiness to serve charge for recycled water service.

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. On July 14, 2015, the Board adopted revised Financial Policies that modified reserve requirements related to capital projects, specified an \$8 million target for the Rate Stabilization Fund, and clarified the District's source of funds for insurance claims under the self-insured retention limit.

Major Initiatives

During Fiscal Year 2015-16, the District continued its work on the multi-year, \$29 million Backbone Improvements Program. This program, which included completion of transmission main improvements in Calabasas and a five-million gallon tank in Westlake Village, continued in Fiscal Year 2015-16 with the start of construction of improvements to the District's Westlake Pump Station and Filtration Plant. These projects, when completed, will improve system reliability by modernizing and expanding facilities to better meet current and future demands.

The District also supported the Las Virgenes – Triunfo Joint Powers Authority in an extensive stakeholder-driven process to identify the best means to maximize the beneficial reuse of treated effluent from the Tapia Water Reclamation Facility. During Fiscal Year 2015-16, numerous stakeholder workshops were held to explore options including building seasonal storage for recycled water, repurposing Los Angeles Department of Water and Power’s Encino Reservoir to store recycled water, enhancing the treatment process for effluent discharged to Malibu Creek, and implementing potable reuse. The project ultimately developed as a result of this process has the potential to impact all three District enterprises.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded LVMWD the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2015. This was the 18th consecutive year that LVMWD received this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements.

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

In addition, LVMWD also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document and the Award for Outstanding Achievement in Popular Annual Financial Reporting in fiscal year 2014-15. The District posts all of its financial documents on its public website at <http://www.lvmwd.com/about-us/adopted-budget-and-annual-financial-reports>.

Acknowledgements

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

Respectfully submitted,



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

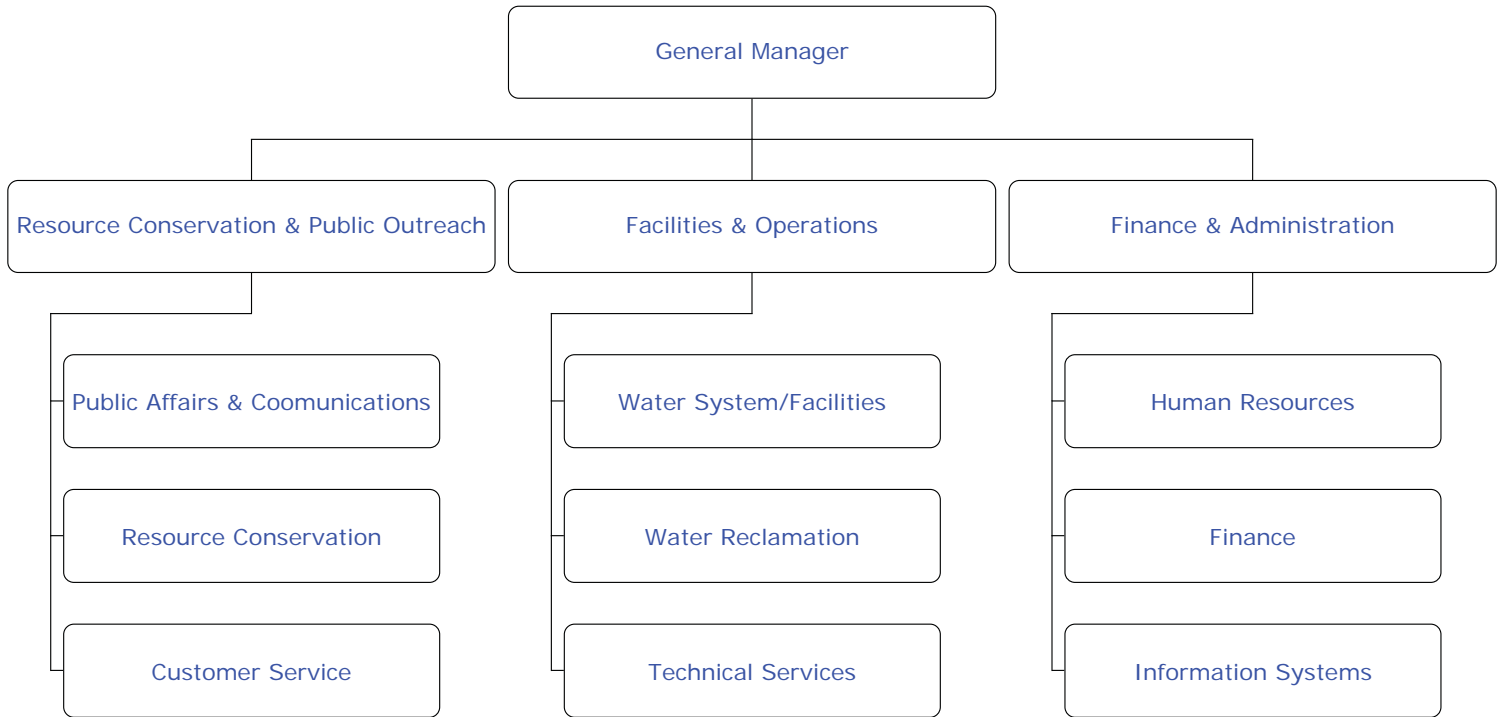
**Las Virgenes Municipal Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

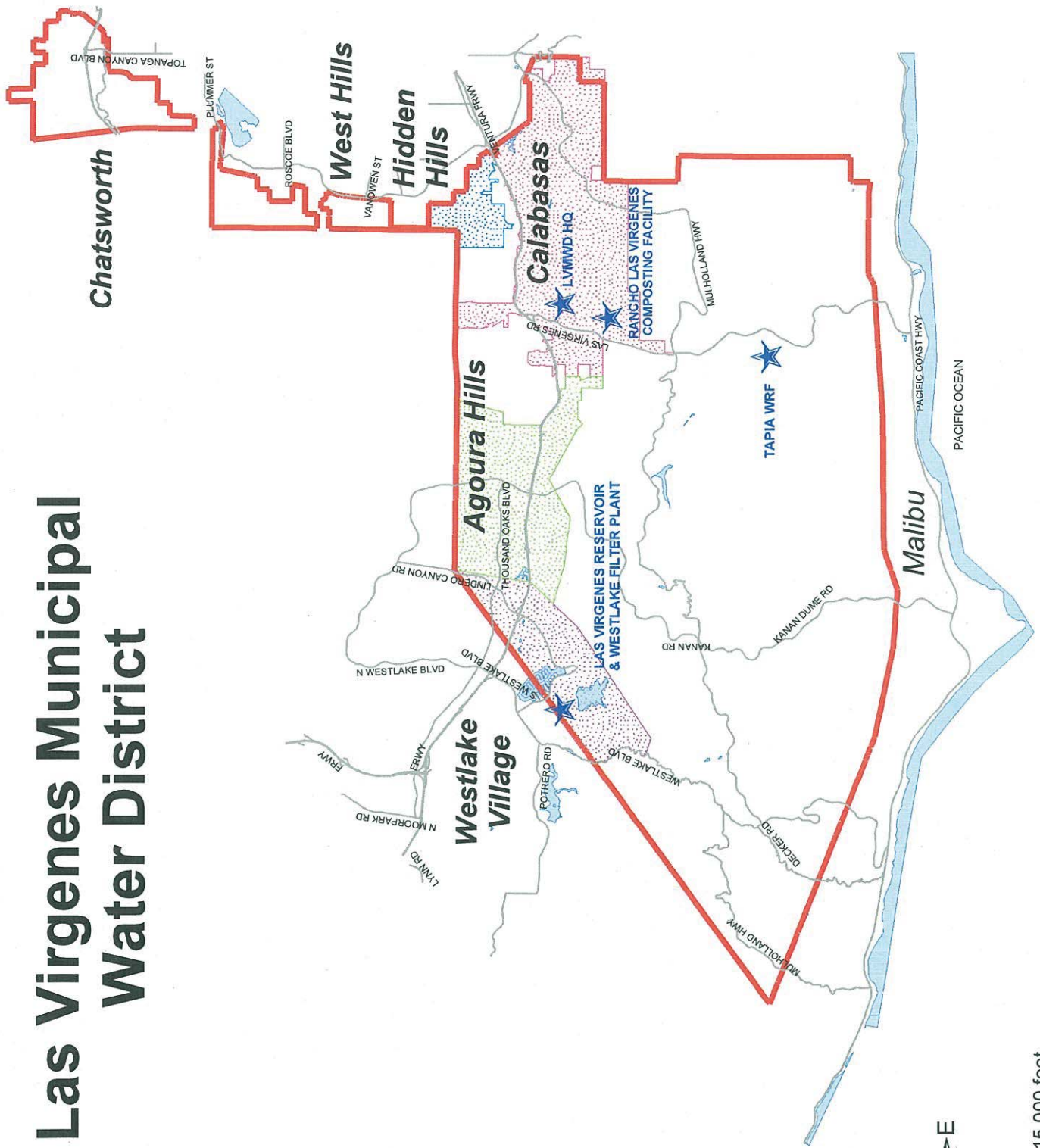
June 30, 2015

Executive Director/CEO

LVMWD Organizational Chart



Las Virgenes Municipal Water District



1 inch equals 15,000 feet





INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Las Virgenes Municipal Water District, California (the "District"), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District, as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios for CalPERS Pension Plan, the Schedule of Contribution – CalPERS Pension Plan, and the Schedules of Funding Progress for Other Post-Employment Benefits plan on pages 5 through 11 and 53 through 55, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Santa Ana, California
October 31, 2016



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



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Las Virgenes Municipal Water District, California (the "District"), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our 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 "The Pun Group, LLP".

Santa Ana, California
October 31, 2016

Handwritten signature in blue ink that reads "K.H. Pun".

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

LAS VIRGENES MUNICIPAL WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016 and 2015

This section of the District's annual financial report presents management's analysis of the District's financial performance during the Fiscal Years that ended on June 30, 2016 and 2015. Please read it in conjunction with the Financial Statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's 2016 net position increased by \$0.8 million to \$215.1 million, while the 2015 net position decreased by \$0.3 million to \$214.3 million
- During FY 2016, the District's revenues decreased by 4.5% to \$55.3 million, while expenses decreased by 7.3% to \$54.9 million. During FY 2015, the District's revenues decreased by 4.5% to \$57.9 million, while expenses increased by 0.7% to \$59.2 million.
- In FY 2016, capital contributions to the District decreased to \$0.4 million or 62% less than FY 2015. In FY 2015, capital contributions to the District decreased to \$1.0 million or 36% less than FY 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

CHANGES TO THE FINANCIAL STATEMENTS

Governmental Accounting Standards Board (GASB) Statement 72

GASB 72, dated November 2015, was issued to improve the comparability of financial statements between different agencies by requiring the measurement of certain assets, such as investments, at fair value should the asset be sold. Implementation of GASB 72 had minimum impact on the Financial Statements of the District due to the nature of the District's assets.

BASIC FINANCIAL STATEMENTS

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

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

The analysis of the District begins on with the Financial Statements. The statements provide information on whether the District, as a whole, is in a stronger or weaker financial position compared to the last year. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide a means to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation. Fiscal Year 2014-15 saw the beginning of water conservations and other increased conservation measures resulting from the continuing drought. Fiscal Year 2015-16 saw a continuation of water restrictions and other increased conservation measures as the State's drought entered its fifth year. Additionally, in January 2016, the District implemented a new water budget based rate structure that provides water budgets based on specific factors such as number of people in the household, landscape area, and evapotranspiration rates. This new rate structure also increases the portion of the District's fixed cost recovered through its fixed fees which should improve long term financial resiliency by reducing the District's dependence on water sales to cover its fixed cost necessary to provide reliable service. These factors contributed to changes in the District's net position noted below.

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

NET POSITION

Table 1 shows a comparative analysis of the District's Net Position. As shown below, net position increased by \$0.8 million to \$215.1 million in FY 2016 and decreased by \$0.3 million to \$214.3 million in FY 2015. The tables below reflect the Fiscal Year 2014 positions that were restated due to the implementation of GASB 68 and 71 discussed in more detail in the Fiscal Year 2015 Comprehensive Financial Report.

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

	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u> (as restated)
Current and Other Assets	\$ 80,676	\$ 77,658	\$ 87,770
Capital Assets	120,197	120,949	113,119
Investment in JPA	63,943	66,721	68,788
Total Assets	\$ 264,816	\$ 265,328	\$ 269,677
Deferred Outflow of Resources	\$ 3,071	\$ 3,045	\$ 3,283
Long-Term Debt Outstanding	18,060	20,177	22,281
Net Pension Liability	15,171	15,870	21,405
Other Liabilities	15,646	13,114	14,647
Total Liabilities	\$ 48,877	\$ 49,161	\$ 58,333
Deferred Inflows of Resources	3,909	4,892	-
Net Position:			
Net Investment in Capital Assets,	\$ 101,274	\$ 100,170	\$ 90,476
Restricted	2,635	3,881	4,106
Unrestricted	111,192	110,269	120,046
Total Net Position	\$ 215,101	\$ 214,320	\$ 214,627

REVENUES, EXPENSES AND CHANGES IN NET POSITION

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides information concerning the nature and source of these changes. As shown in Table 2 below, the Income Before Capital Contributions were \$0.4 million and \$(1.3) million for FY 2016 and FY 2015, respectively. The Income plus Capital Contributions lead to the overall increase in net position of \$0.8 million and decrease in net position of \$(0.3) million in FY 2016 and FY 2015, respectively, when compared to last year's CAFR.

Water sales, the District's primary revenue source, were lower by volume sold as the drought persisted and the District continued restrictions during the first half of the fiscal year limiting outdoor watering to 3 days per week and increased conservation efforts. The water restrictions were lifted in January 2016 with the implementation of water budgets and wasteful water use penalties that impose increasing fines on customers who exceed their water budgets by 200%. Changes in taxes, 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.

Operating expenses were lower by 0.7% year-over-year primary due to decreased purchased water cost as usage continued to decline, especially during summer 2015 as the District imposed restrictions towards achievement of a State mandated 36% reduction in water use.

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

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

	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u> (as restated)
Operating Revenues:			
Water Sales	\$ 32,949	\$ 37,547	\$ 41,777
Sanitation and Other	20,080	18,636	17,503
Non-operating Revenues:			
Taxes and Penalties	926	904	892
Interest Income and Other	1,360	833	1,013
Total Revenues	<u>55,315</u>	<u>57,920</u>	<u>61,185</u>
Depreciation Expense	4,712	4,579	4,617
Other Operating Expenses	36,419	39,540	39,532
Share of JPA Net Expenses	12,955	13,828	13,602
Non-Operating Expenses	825	1,270	994
Total Expenses	<u>54,911</u>	<u>59,217</u>	<u>58,745</u>
Income (Loss) Before Capital Contributions	404	(1,297)	2,440
Capital Contributions	377	990	1,540
Change in Net Position	<u>781</u>	<u>(307)</u>	<u>3,980</u>
Net Position - Beginning of Year	<u>214,320</u>	<u>214,627</u>	<u>210,647</u>
Net Position - End of Year	\$ <u><u>215,101</u></u>	\$ <u><u>214,320</u></u>	\$ <u><u>214,627</u></u>

CAPITAL ASSETS

At the end of FY 2016 and 2015, the District had invested \$225.8 million and \$222.4 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 \$63.9 million and \$66.7 million as shown in Table 3, respectively. More information about the District's Capital Assets is presented beginning in the Notes to the Basic Financial Statements.

TABLE 3
Capital Assets
(In thousands of dollars)

	FY 2016	FY 2015	Dollar Change	Total Percent Change
Land	\$ 6,915	\$ 6,915	\$ 0	0.00%
Buildings and Improvements	22,023	22,018	5	0.02%
Machinery and Equipment	10,933	10,889	44	0.40%
Infrastructure	182,026	165,861	16,165	9.75%
Construction in Progress	3,867	16,737	(12,870)	(76.9)%
Subtotal	225,764	222,420	3,344	1.48%
Less Accumulated Depreciation	105,567	101,472	4,095	4.04%
Net Property, Plant and Equipment	120,197	120,948	(751)	(0.62)%
Investment in Joint Venture	63,943	66,721	(2,778)	(4.16)%
Total Capital Assets	\$ 184,140	\$ 187,669	\$ (3,529)	(1.88)%

	FY 2015	FY 2014	Dollar Change	Total Percent Change
Land	\$ 6,915	\$ 6,915	\$ 0	0.00%
Buildings and Improvements	22,018	21,797	211	1.01%
Machinery and Equipment	10,889	10,802	87	0.81%
Infrastructure	165,861	159,138	6,723	4.22%
Construction in Progress	16,737	11,527	5,210	45.20%
Subtotal	222,420	210,179	12,241	5.82%
Less Accumulated Depreciation	101,472	97,060	4,412	4.55%
Net Property, Plant and Equipment	120,948	113,119	7,829	6.92%
Investment in Joint Venture	66,721	68,788	(2,067)	(3.00)%
Total Capital Assets	\$ 187,669	\$ 181,907	\$ 5,762	(3.17)%

The following is a summary of some of the major improvements to the system during FY 2016 and 2015.

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

	FY 2016
Agoura Road Recycled Water Main Extension	\$ 1,248
Tapia Channel Mixing Improvements	1,105
Recycled Water Seasonal Storage Plan	526
Westlake Filtration Plant Expansion	479
Saddletree Potable Water Tank Improvements	408
Woodland Hills Golf Course Recycled Water Main Extension	378
Five Million Gallon Potable Water Tank	341
Westlake Pump Station Upgrade	245
Total	\$ 4,730
	FY 2015
Five Million Gallon Potable Water Tank	\$ 8,425
Calabasas Portable Water Tank renovation	2,537
Recycled Water Reservoir #2 Rehabilitation	1,425
Construct 3 rd Digester @ Rancho Las Virgenes	1,297
Bldg. 7 & 8 HVAC Integration	297
Westlake Filtration Plant Expansion	274
Tapia Primary Tank Rehabilitation	260
Total	\$ 14,515

LONG TERM DEBT

At year-end 2016 and 2015, the District had total long term debt of \$20.1 million and \$22.1 million, respectively, down from \$24.1 million in FY 2014. The majority of this, \$18.8 million is for the 2009 Sanitation Refunding Revenue Bond which had a FY 2015 year-end balance of \$20.7 million and FY 2014 year-end balance of \$22.6 million. This debt is solely the obligation of the Sanitation Enterprise. More detailed information about the District's long-term liabilities is presented in the Notes to the Basic Financial Statements. No new debt was incurred in FY 2016 and 2015.

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 2016 and FY 2015 were 2.61% and 2.47%, respectively.

TABLE 5
Debt Coverage Ratio
(In thousands of dollars)

	<u>FY</u> <u>2016</u>	<u>FY</u> <u>2015</u>	<u>Total</u> <u>Percent</u> <u>Change</u>
Total Operating Revenues	\$ 17,398	\$ 17,429	(0.18)%
Total Operating Expenses (less depreciation)	10,260	10,653	(3.69)%
Net Earnings	<u>7,138</u>	<u>6,776</u>	<u>5.34%</u>
Maximum Annual Debt Service	2,739	2,755	(0.58)%
Debt Coverage Ratio	<u>2.61</u>	<u>2.47</u>	<u>5.67%</u>
	<u>FY</u> <u>2015</u>	<u>FY</u> <u>2014</u>	<u>Total</u> <u>Percent</u> <u>Change</u>
Total Operating Revenues	\$ 17,429	\$ 18,149	(4.1)%
Total Operating Expenses (less depreciation)	10,653	10,692	(0.4)%
Net Earnings	<u>6,776</u>	<u>7,457</u>	<u>(9.3)%</u>
Maximum Annual Debt Service	2,755	2,756	(0.5)%
Debt Coverage Ratio	<u>2.47</u>	<u>2.71</u>	<u>(7.2)%</u>

The District has outstanding refunding revenue bonds issued in December 2009. The District's average cost of capital were 4.10% and 4.05% at June 30, 2016 and 2015, respectively, 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 at June 30, 2016	18,820	4.10%
Refunding Revenue Bonds at June 30, 2015	20,745	4.05%

CONTACTING THE DISTRICT’S FINANCIAL MANAGER

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

BASIC FINANCIAL STATEMENTS

Las Virgenes Municipal Water District
Statements of Net Position
June 30, 2016 and 2015

ASSETS	Primary Government		Discretely Presented Component Unit - JPA	
	2016	2015	2016	2015
Current assets:				
Cash and cash equivalents (Note 3)	\$ 23,596,272	\$ 19,832,815	\$ 4,352,680	\$ 4,759,547
Cash and cash equivalents - designated for capital projects (Note 3)	-	1,004,618	-	-
Investments (Note 3)	35,804,129	33,565,685	1,000,650	1,001,457
Receivables:				
Sales and services, net of allowance for uncollectible (Note 4)	6,279,424	7,694,515	889,662	850,601
Due from Joint Powers Authority (Note 6)	3,555,402	3,648,667	-	-
Interest	128,157	79,295	6,621	3,937
Interest receivable - designated for capital projects	237	58	-	-
Taxes	200,652	194,041	-	-
Other	54,525	92,912	-	-
Inventories (Note 5)	8,052,692	8,556,424	175,108	177,855
Prepaid items	243,408	228,230	38,372	39,131
Total current assets	77,914,898	74,897,260	6,463,093	6,832,528
Noncurrent assets:				
Restricted cash and cash equivalents (Note 3)	2,761,031	2,761,223	-	-
Investments in Joint Powers Authority (Note 6)	63,943,047	66,720,712	-	-
Capital assets (Note 7):				
Nondepreciable	10,782,415	23,652,105	14,475,926	22,509,038
Depreciable, net of accumulated depreciation	109,414,357	97,296,697	78,284,060	73,972,613
Capital assets, net	120,196,772	120,948,802	92,759,986	96,481,651
Total noncurrent assets	186,900,850	190,430,737	92,759,986	96,481,651
Total assets	264,815,748	265,327,997	99,223,079	103,314,179
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding	1,183,650	1,343,244	-	-
Pension related deferred outflows of resources	1,888,232	1,701,878	-	-
Total deferred outflows of resources	3,071,882	3,045,122	-	-

Las Virgenes Municipal Water District
Statements of Net Position (Continued)
June 30, 2016 and 2015

	Primary Government		Discretely Presented Component Unit - JPA	
	2016	2015	2016	2015
	LIABILITIES			
Current liabilities:				
Accounts and contracts payable and accrued expenses	5,700,901	4,585,021	651,396	880,409
Interest payable	130,312	146,354	-	-
Unearned capacity and developer fees	5,431,557	4,262,096	-	-
Due to primary government	-	-	3,555,402	3,648,667
Due to other government	-	-	2,256,295	2,303,452
Deposits and other	198,630	178,169	-	-
Compensated absences - due within one year (Note 8)	857,908	799,266	-	-
Long-term debt - due within one year (Note 9)	2,046,263	1,945,816	-	-
Total current liabilities	14,365,571	11,916,722	6,463,093	6,832,528
Noncurrent liabilities:				
Compensated absences (Note 8)	1,280,931	1,198,557	-	-
Long-term debt - due in more than one year (Note 9)	18,059,997	20,175,861	-	-
Net pension liabilities (Note 10)	15,170,783	15,870,322	-	-
Total noncurrent liabilities	34,511,711	37,244,740	-	-
Total liabilities	48,877,282	49,161,462	6,463,093	6,832,528
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows of resources	3,909,309	4,891,597	-	-
Total deferred inflows of resources	3,909,309	4,891,597	-	-
NET POSITION (Note 12)				
Primary government's net investment in capital assets	101,274,162	100,170,369	61,600,523	64,185,698
Other government's net investment in capital assets	-	-	31,159,463	32,295,953
Restricted for:				
Debt services	2,634,522	2,616,875	-	-
Capital Projects	-	1,263,837	-	-
Unrestricted	111,192,355	110,268,978	-	-
Total net position	\$ 215,101,039	\$ 214,320,060	\$ 92,759,986	\$ 96,481,651

Las Virgenes Municipal Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2016 and 2015

	Primary Government		Discretely Presented Component Unit - JPA	
	2016	2015	2016	2015
	2016	2015	2016	2015
Operating Revenues:				
Water sales and service fees	\$ 32,949,004	\$ 37,546,957	\$ -	\$ -
Sanitation service fees	17,050,198	16,725,924	-	-
Wholesale recycle water sales	-	-	2,286,663	2,134,678
Rental income	74,889	5,074	-	-
Other income	2,955,069	1,905,823	69,678	226,336
Total operating revenues	53,029,160	56,183,778	2,356,341	2,361,014
Operating Expenses:				
Water expenses:				
Source of supply	21,575,368	25,302,308	-	-
Pumping	1,491,242	1,581,852	-	-
Transmission and distribution	2,956,273	2,975,644	-	-
Meter	897,587	571,636	-	-
Water conservation	2,280,331	1,964,078	-	-
Rental	20,841	3,021	-	-
General and administrative	5,154,667	5,667,844	-	-
Total water expenses	34,376,309	38,066,383	-	-
Sanitation expenses:				
Other sewage treatment	473,992	227,282	-	-
Lifting	276,441	240,910	-	-
General and administrative	1,292,137	1,005,282	-	-
Total sanitation expenses	2,042,570	1,473,474	-	-
JPA expenses:				
Operating expenses	-	-	7,987,290	8,736,675
General and administrative	-	-	5,931,993	6,452,880
Total JPA expenses	-	-	13,919,283	15,189,555
Depreciation	4,712,262	4,579,330	6,491,741	6,318,589
Total operating expenses	41,131,141	44,119,187	20,411,024	21,508,144
Billings to primary government	-	-	7,623,145	8,624,539
Billings to other government	-	-	3,917,234	4,305,047
Total JPA billings	-	-	11,540,379	12,929,586
Net Operating Income (Loss)	11,898,019	12,064,591	(6,514,304)	(6,217,544)

Las Virgenes Municipal Water District
Statements of Revenues, Expenses, and Changes in Net Position (Continued)
For the Years Ended June 30, 2016 and 2015

	Primary Government		Discretely Presented Component Unit - JPA	
	2016	2015	2016	2015
Nonoperating Revenues (Expenses):				
Taxes and penalties	926,327	903,662	-	-
Interest income	571,517	478,133	22,563	13,136
Facilities charge	336,150	344,732	-	-
Interest expense and fiscal charges	(825,073)	(909,083)	-	-
Share of Joint Powers Authority (expense)	(12,954,731)	(13,828,084)	-	-
Gain (loss) on disposal of capital asset	50,637	10,270	(44,061)	(53,353)
Other revenues/(expenses)	401,183	(361,537)	-	(114,180)
Total nonoperating revenues (expenses)	(11,493,990)	(13,361,907)	(21,498)	(154,397)
Capital Contributions:				
Capital contributions from others	376,950	990,038	-	-
Capital contributions from primary government	-	-	1,986,781	2,581,699
Capital contributions from other government	-	-	827,356	1,075,099
Total capital contributions	376,950	990,038	2,814,137	3,656,798
Changes in Net Position	780,979	(307,278)	(3,721,665)	(2,715,143)
Net Position:				
Beginning of year	214,320,060	214,627,338	96,481,651	99,196,794
End of year	\$ 215,101,039	\$ 214,320,060	\$ 92,759,986	\$ 96,481,651

See accompanying notes to the Basic Financial Statements.

Las Virgenes Municipal Water District
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	Primary Government	
	2016	2015
Cash Flows From Operating Activities:		
Cash received from customers	\$ 51,509,643	\$ 56,846,055
Cash payments to suppliers for operations	(28,519,191)	(36,720,833)
Cash received from Joint Powers Authority	93,265	999,307
Cash payments for general and administrative expenses	(8,022,419)	(7,127,699)
Cash received from others	3,394,639	1,582,516
Receipt from facilities charges	336,150	344,732
Net cash provided by operating activities	18,792,087	15,924,078
Cash Flows From Noncapital Financing Activities:		
Property taxes and fee collected	919,716	919,380
Net cash provided by noncapital financing activities	919,716	919,380
Cash Flows From Capital and Related Financing Activities:		
Acquisition of capital assets	(3,975,561)	(12,698,054)
Proceeds from sale of assets	65,966	10,270
Repayment of bonds payable and capital leases	(1,856,122)	(1,864,829)
Interest payment	(840,816)	(921,050)
Capital facilities and developer fees received	1,666,681	1,842,510
Capital facilities and developer fees refunded and developer fees used	(120,270)	(42,050)
Net cash (used in) capital and related financing activities	(5,060,122)	(13,673,203)
Cash Flows From Investing Activities:		
Interest received	404,475	498,945
Contributions to Joint Power Authority	(10,177,066)	(11,761,025)
Investments matured	14,996,913	12,432,280
Purchase of investments	(17,117,356)	(2,014,354)
Net cash (used in) investing activities	(11,893,034)	(844,154)
Net Increase in Cash and Cash Equivalents	2,758,647	2,326,101
Cash and Cash Equivalents:		
Beginning of year	23,598,656	21,272,555
End of year	<u>\$ 26,357,303</u>	<u>\$ 23,598,656</u>
Financial Statement Presentation:		
Cash and cash equivalents	\$ 23,596,272	\$ 19,832,815
Cash and cash equivalents - designated for capital projects	-	1,004,618
Restricted cash and cash equivalents	2,761,031	2,761,223
Total cash and cash equivalents	<u>\$ 26,357,303</u>	<u>\$ 23,598,656</u>

Las Virgenes Municipal Water District
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2016 and 2015

	Primary Government	
	2016	2015
Reconciliation of Net Operating Income to Net Cash		
Provided By (Used In) Operating Activities:		
Net operating income (loss)	\$ 11,898,019	\$ 12,064,591
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	4,712,262	4,579,330
Write-off of construction in progress	-	463,651
Other revenues (expenses)	401,183	(361,537)
Receipt from facilities charges	336,150	344,732
Changes in operating assets and liabilities		
(Increase) decrease in accounts and other receivables	1,453,478	2,577,049
(Increase) decrease in due from Joint Powers Authority	93,265	999,307
(Increase) decrease in inventories	503,732	(1,592,320)
(Increase) decrease in prepaid items	(15,178)	(223)
(Increase) decrease in deferred outflows or resources - pension	(186,354)	78,128
Increase (decrease) in accounts and contracts payable and accrued expenses	1,256,896	(2,614,576)
Increase (decrease) in deposits and other	20,461	29,281
Increase (decrease) in net pension liability	(699,539)	(5,534,932)
Increase (decrease) in deferred inflows or resources - pension	(982,288)	4,891,597
Net cash provided by Operating Activities	\$ 18,792,087	\$ 15,924,078

Disclosure of Noncash Transactions:

1. The District received capital contributions in the form of donated capital assets totaling \$0 and \$174,682 for the years ended June 30, 2016 and 2015, respectively.
2. Projects funded by water and sewer capacity fees/connection fees and meter installation fees were completed during the fiscal year. As a result, capital contribution in the amount of \$367,068 and \$804,868 from capacity fee and \$9,882 and \$10,488 from meters installed were reclassified from deferred capacity and developer fees to contributed capital for the years ended June 30, 2016 and 2015, respectively.



Las Virgenes Municipal Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

Note 1 – Reporting Entity

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

Discretely Presented Component Unit

The *Las Virgenes-Triunfo Joint Powers Authority* (“JPA”) was created on October 12, 1964 between the District and Triunfo Sanitation District (“TSD”) for the purpose of constructing, operating, maintaining and providing for the replacement of a joint sewage system to serve the Malibu Canyon drainage area. The JPA consists of ten board members where five of them are the board members of the District and the other five are the board members of TSD. The JPA is fiscally dependent on the District and there is a financial benefit and burden relationship between the District and the JPA. The JPA issues a separate financial report that is available upon request from the District. The financial statements of the JPA are included as a discretely presented component of the District’s financial statements.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net assets from operations as "operating income" in the statement of revenues, expenses, and changes in net 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.

Cash, Cash Equivalents, and Investments

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

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

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

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

Restricted Cash and Investments

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

Fair Value Measurements

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

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

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

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

Receivables and Unbilled Revenues

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

Inventories

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

Prepaid Items

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

Capital Assets

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at their 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:

Primary Government

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

Discretely Presented Component Unit - JPA

Recycle Water Plants	Plant	10 - 100 Years
	Machinery and equipment	3 - 25 Years

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Contributions

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

Compensated Absences

District's policy permits its employees to accumulate not more than 288 hours of their current annual vacation for the miscellaneous general and office units and not more than 311 hours for the supervisor, professional, confidential and management units. General Managers are compensated 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.

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, 2016 and 2015.

Pension

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

The following timeframes are used for pension reporting:

For the Year Ended	June 30, 2016	June 30, 2015
Valuation Date	June 30, 2014	June 30, 2013
Measurement Date	June 30, 2015	June 30, 2014
Measurement Period	July 1, 2014 to June 30, 2015	July 1, 2013 to June 30, 2014

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

Pension (Continued)

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

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 certain reported amounts and disclosure. Accordingly, 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, 2016 and 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

Accounting Changes

GASB has issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the District's financial statements for the years ended June 30, 2016 and 2015.

GASB has issued Statement No. 73, *Accounting and Financial reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the District's financial statements for the years ended June 30, 2016 and 2015.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes standards relating to the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement became effective for periods beginning after June 15, 2015, and should be applied retroactively. This statement did not have a significant impact on the District's financial statements for the years ended June 30, 2016 and 2015.

GASB has issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement establishes standards relating accounting and financial reporting for certain external investment pools and pool participants. This statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015 and did not have a significant impact on the District's financial statements for the years ended June 30, 2016 and 2015.

Reclassifications

Compensated absences in the amount of \$1,198,557 were reclassified from current liabilities to non-current liabilities at June 30, 2015.

Cash receipt from facilities charges in the amount of \$344,732 was reclassified from cash flows from non-capital financing activities to cash flows from operating activities for the year ended June 30, 2015.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 3 – Cash and Investments

At June 30, 2016 and 2015, cash and investments are classified in the accompanying statements of net position as follows:

	2016			2015		
	Primary Government	Discretely Presented Component Unit -		Primary Government	Discretely Presented Component Unit -	
		JPA	Total		JPA	Total
Unrestricted Assets:						
Cash and cash equivalents	\$ 23,596,272	\$ 4,352,680	\$ 27,948,952	\$ 20,837,433	\$ 4,759,547	\$ 25,596,980
Investments	35,804,129	1,000,650	36,804,779	33,565,685	1,001,457	34,567,142
Restricted Assets:						
Cash and cash equivalents	2,761,031	-	2,761,031	2,761,223	-	2,761,223
Total cash and investments	<u>\$ 62,161,432</u>	<u>\$ 5,353,330</u>	<u>\$ 67,514,762</u>	<u>\$ 57,164,341</u>	<u>\$ 5,761,004</u>	<u>\$ 62,925,345</u>

At June 30, 2016 and 2015, cash and investments consisted of the followings:

	2016			2015		
	Primary Government	Discretely Presented Component Unit -		Primary Government	Discretely Presented Component Unit -	
		JPA	Total		JPA	Total
Deposits:						
Demand Deposits	\$ 146,822	\$ 337,517	\$ 484,339	\$ 995,881	\$ 383,900	\$ 1,379,781
Petty Cash	1,950	-	1,950	1,950	-	1,950
Total deposits	<u>148,772</u>	<u>337,517</u>	<u>486,289</u>	<u>997,831</u>	<u>383,900</u>	<u>1,381,731</u>
Investments:						
Money market mutual funds	10,855	-	10,855	40,798	-	40,798
Municipal Bonds	7,724,909	-	7,724,909	4,577,672	-	4,577,672
U.S. Government Sponsored Agency Security	28,079,220	1,000,650	29,079,870	27,985,650	-	27,985,650
Investment Trust of California	-	-	-	1,002,363	1,001,457	2,003,820
California Local Agency Investment Fund	23,436,645	4,015,163	27,451,808	19,798,804	4,375,647	24,174,451
Total investments	<u>59,251,629</u>	<u>5,015,813</u>	<u>64,267,442</u>	<u>53,405,287</u>	<u>5,377,104</u>	<u>58,782,391</u>
Investments with Fiscal Agents:						
California Local Agency Investment Fund	2,761,031	-	2,761,031	2,761,223	-	2,761,223
Total investments with fiscal agents	<u>2,761,031</u>	<u>-</u>	<u>2,761,031</u>	<u>2,761,223</u>	<u>-</u>	<u>2,761,223</u>
Total cash and investments	<u>\$ 62,161,432</u>	<u>\$ 5,353,330</u>	<u>\$ 67,514,762</u>	<u>\$ 57,164,341</u>	<u>\$ 5,761,004</u>	<u>\$ 62,925,345</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 3 – Cash and Investments (Continued)

The statements of cash flows for the years ended June 30, 2016 and 2015 have been prepared by considering the following deposits and investment instruments to be cash and cash equivalents:

	2016			2015		
	Primary Government	Discretely Presented Component Unit -		Primary Government	Discretely Presented Component Unit -	
		JPA	Total		JPA	Total
Demand Deposits	\$ 146,822	\$ 337,517	\$ 484,339	\$ 995,881	\$ 383,900	\$ 1,379,781
Petty Cash	1,950	-	1,950	1,950	-	1,950
Money market mutual funds	10,855	-	10,855	40,798	-	40,798
California Local Agency Investment Fund	26,197,676	4,015,163	30,212,839	22,560,027	4,375,647	26,935,674
Total cash and cash equivalents	\$ 26,357,303	\$ 4,352,680	\$ 30,709,983	\$ 23,598,656	\$ 4,759,547	\$ 28,358,203

Demand Deposits

Demand deposits are held in pool by the District. The carrying amounts of cash deposits were \$484,339 and \$1,379,781 at June 30, 2016 and 2015, respectively. Bank balance at June 30, 2016 and 2015 were was \$1,010,158 and \$1,683,812, respectively, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the District’s name as discussed below.

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

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

California Local Agency Investment Funds

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 3 – Cash and Investments (Continued)

California Local Agency Investment Funds (Continued)

JPA’s investment in LAIF was pooled with the District. As of June 30, 2016 and 2015, the District had \$30,212,839 and \$26,935,674 invested in LAIF, which had invested 2.81% and 2.08% of the pool investment funds in Structured Notes and Asset-Backed Securities, respectively. The fair value of the investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are reported at fair market value.

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

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Bills, Bonds and Notes	5 years	None	None
United States Government Sponsored Agency Securities	5 years	None	None
Time Deposits	1 year	25%	None
Repurchase Agreements	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 States Government Sponsored Agency Securities	3 years	None	None
Time Deposits	360 days	None	None
Banker's Acceptances	360 days	None	None
Money Market Mutual Fund	None	None	None
Local Agency 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, 2016 and 2015

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, 2016 and 2015.

Investment Type	2016					Fair Value Total
	Remaining Maturity (in Years)					
	Less Than 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	
Money market mutual funds	\$ 10,855	\$ -	\$ -	\$ -	\$ -	\$ 10,855
Municipal Bonds	2,584,867	1,008,700	-	-	4,131,342	7,724,909
Federal Farm Credit Bank	1,000,530	999,260	1,000,010	1,004,550	-	4,004,350
Federal Home Loan Bank	1,004,510	1,010,010	4,036,260	-	1,999,990	8,050,770
Federal Home Loan Mortgage Corporation	1,000,600	4,006,100	1,000,650	2,006,550	3,001,390	11,015,290
Federal Nation Mortgage Association	2,001,360	-	1,002,290	3,005,810	-	6,009,460
Local Agency Investment Fund	27,451,808	-	-	-	-	27,451,808
Investment with fiscal agents:						
Local Agency Investment Fund	2,761,031	-	-	-	-	2,761,031
	<u>\$37,815,561</u>	<u>\$ 7,024,070</u>	<u>\$ 7,039,210</u>	<u>\$ 6,016,910</u>	<u>\$ 9,132,722</u>	<u>\$ 67,028,473</u>

Investment Type	2015					Fair Value Total
	Remaining Maturity (in Years)					
	Less Than 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	
Money market mutual funds	\$ 40,798	\$ -	\$ -	\$ -	\$ -	\$ 40,798
Municipal Bonds	1,000,320	2,581,551	995,801	-	-	4,577,672
Federal Farm Credit Bank	1,005,620	2,000,050	1,994,640	-	-	5,000,310
Federal Home Loan Bank	-	1,010,520	1,998,890	3,995,060	2,001,730	9,006,200
Federal Home Loan Mortgage Corporation	-	1,001,900	3,981,040	1,002,420	-	5,985,360
Federal Nation Mortgage Association	1,000,810	2,001,520	2,997,640	1,004,950	988,860	7,993,780
Local Agency Investment Fund	24,174,451	-	-	-	-	24,174,451
CalTrust Short Term Fund	2,003,820	-	-	-	-	2,003,820
Investment with fiscal agents:						
Local Agency Investment Fund	2,761,223	-	-	-	-	2,761,223
	<u>\$ 31,987,042</u>	<u>\$ 8,595,541</u>	<u>\$ 11,968,011</u>	<u>\$ 6,002,430</u>	<u>\$ 2,990,590</u>	<u>\$ 61,543,614</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

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 as of June 30, 2016 and 2015.

Investment	2016					
	Total As of June 30, 2016	Minimum Legal Requirement	AAA	AA+/-	A+	Unrated
Money market mutual funds	\$ 10,855	None	\$ 10,855	\$ -	\$ -	\$ -
Municipal Bonds	7,724,909	AA-	999,930	6,724,979	-	-
Federal Farm Credit Bank	4,004,350	None	-	2,999,800	-	1,004,550
Federal Home Loan Bank	8,050,770	None	-	5,032,670	-	3,018,100
Federal Home Loan Mortgage Corporation	11,015,290	None	1,001,410	8,008,280	-	2,005,600
Federal Nation Mortgage Association	6,009,460	None	1,000,230	3,003,650	-	2,005,580
Local Agency Investment Fund	27,451,808	None	-	-	-	27,451,808
Investment with fiscal agents:						
Local Agency Investment Fund	2,761,031	None	-	-	-	2,761,031
	<u>\$ 67,028,473</u>		<u>\$ 3,012,425</u>	<u>\$ 25,769,379</u>	<u>\$ -</u>	<u>\$ 38,246,669</u>

Investment	2015					
	Total As of June 30, 2015	Minimum Legal Requirement	AAA	AA+/-	A+	Unrated
Money market mutual funds	\$ 40,798	None	\$40,798	\$ -	\$ -	\$ -
Municipal Bonds	4,577,672	AA-	995,600	3,582,072	-	-
Federal Farm Credit Bank	5,000,310	None	-	5,000,310	-	-
Federal Home Loan Bank	9,006,200	None	-	4,008,250	-	4,997,950
Federal Home Loan Mortgage Corporation	5,985,360	None	-	5,985,360	-	-
Federal Nation Mortgage Association	7,993,780	None	-	7,004,920	-	988,860
Local Agency Investment Fund	24,174,451	None	-	-	-	24,174,451
CalTrust Short Term Fund	2,003,820	None	-	-	-	2,003,820
Investment with fiscal agents:						
Local Agency Investment Fund	2,761,223	None	-	-	-	2,761,223
	<u>\$ 61,543,614</u>		<u>\$ 1,036,398</u>	<u>\$ 25,580,912</u>	<u>\$ -</u>	<u>\$ 34,926,304</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

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:

Issuer	Investment Type	2016		2015	
		Reported Amount	Percentage of Investments	Reported Amount	Percentage of Investments
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	\$ 4,004,350	6.23%	\$ 5,000,310	8.51%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	8,050,770	12.53%	9,006,200	15.32%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	11,015,290	17.14%	5,985,360	10.18%
Federal National Mortgage Association	United States Government Sponsored Agency Securities	6,009,460	9.35%	7,993,780	13.60%

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).

	2016			2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Money market mutual funds	\$ 10,855	\$ -	\$ 10,855	\$ 40,798	\$ -	\$ 40,798
Municipal Bonds	7,724,909	-	7,724,909	4,577,672	-	4,577,672
Federal Farm Credit Bank	4,004,350	-	4,004,350	5,000,310	-	5,000,310
Federal Home Loan Bank	8,050,770	-	8,050,770	9,006,200	-	9,006,200
Federal Home Loan Mortgage Corporation	11,015,290	-	11,015,290	5,985,360	-	5,985,360
Federal Nation Mortgage Association	6,009,460	-	6,009,460	7,993,780	-	7,993,780
Local Agency Investment Fund	-	27,451,808	27,451,808	-	24,174,451	24,174,451
CalTrust Short Term Fund	-	-	-	-	2,003,820	2,003,820
Investment with fiscal agents:						
Local Agency Investment Fund	-	2,761,031	2,761,031	-	2,761,223	2,761,223
Total Investments	\$ 36,815,634	\$ 30,212,839	\$ 67,028,473	\$ 32,604,120	\$ 28,939,494	\$ 61,543,614

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

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, 2016 and 2015, sales and services receivable, net of allowance for uncollectible accounts, were in the amount of \$6,279,424 and \$7,694,515 for the District and \$889,662 and \$850,601 for the JPA, respectively.

Note 5 – Inventories

Inventories consisted of the following as of June 30, 2016 and 2015:

	2016	2015
<u>Primary Government</u>		
Material and supplies	\$ 929,714	\$ 969,384
Water in storage	7,122,978	7,587,040
Total	\$ 8,052,692	\$ 8,556,424
<u>Discretely Presented Component Unit - JPA</u>		
Material and supplies	\$ 175,108	\$ 177,855

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

Note 6 – Investment in Joint Powers Authority

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

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

	2016	2015
Beginning of year	\$ 66,720,712	\$ 68,787,771
Contributions	10,177,066	11,761,025
Share in income (loss):		
Sanitation expenses	(8,190,286)	(9,179,325)
Depreciation expenses	(4,733,338)	(4,611,093)
Loss on disposal of capital assets	(31,107)	(37,666)
End of year	\$ 63,943,047	\$ 66,720,712

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 6 – Investment in Joint Powers Authority (Continued)

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

	<u>2016</u>	<u>2015</u>
Primary government's net investment in		
JPA's capital assets	\$ 61,600,523	\$ 64,185,698
Capitalized interest, net	2,342,524	2,535,014
Investment in JPA	<u>\$ 63,943,047</u>	<u>\$ 66,720,712</u>

Condensed financial statement of the JPA as of and for the years ended June 30, 2016 and 2015 including the participants’ approximate percentage shares as follows:

	<u>2016</u>			<u>2015</u>		
	Amount	Las Virgenes Municipal Water District	Triunfo Sanitation District	Amount	Las Virgenes Municipal Water District	Triunfo Sanitation District
Total assets	\$ 99,223,079	67%	33%	\$ 103,314,179	67%	33%
Total liabilities	6,463,093	67%	33%	6,832,528	67%	33%
Total equity	92,759,986	67%	33%	96,481,651	67%	33%
Billings to participants	11,540,379	67%	33%	12,929,586	68%	32%
Depreciation	6,491,741	70%	30%	6,318,589	70%	30%
Construction cost	2,814,137	71%	29%	3,656,798	71%	29%

The amount due from the JPA at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Beginning of year	\$ 3,648,667	\$ 4,647,974
Additions (Deletions)	(93,265)	(999,307)
End of year	<u>\$ 3,555,402</u>	<u>3,648,667</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 7 – Capital Assets

Primary Government

Summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Reclassification	Balance June 30, 2016
Capital assets, not depreciated					
Land and land rights:					
Water plant	\$ 6,804,090	\$ 3	\$ -	\$ -	\$ 6,804,093
Sanitation plant	111,235	-	-	-	111,235
Construction in progress	16,736,780	3,860,609	-	(16,730,302)	3,867,087
Total capital assets, not depreciated	23,652,105	3,860,612	-	(16,730,302)	10,782,415
Capital assets, being depreciated					
Water plant:					
Source of supply	25,031,442	-	-	15,821,406	40,852,848
Plant	112,922,814	-	(5,620)	344,150	113,261,344
Structure	20,480,068	-	(5,508)	8,983	20,483,543
Sanitation plant:					
Plant	7,427,396	-	-	-	7,427,396
Machinery and equipment	17,318	-	-	-	17,318
General utility plant					
Building and improvements	22,017,814	-	(5,262)	10,478	22,023,030
Machinery and equipment	10,872,126	114,949	(616,119)	545,285	10,916,241
Total capital assets, being depreciated	198,768,978	114,949	(632,509)	16,730,302	214,981,720
Less accumulated depreciation					
Water plant:					
Source of supply	(8,756,813)	(754,274)	-	-	(9,511,087)
Plant	(51,089,927)	(2,518,003)	2,289	-	(53,605,641)
Structure	(16,748,660)	(481,725)	5,137	-	(17,225,248)
Sanitation plant:					
Plant	(3,482,015)	(146,443)	-	-	(3,628,458)
Machinery and equipment	(12,990)	(1,732)	-	-	(14,722)
General utility plant					
Building and improvements	(11,417,533)	(522,389)	5,262	-	(11,934,660)
Machinery and equipment	(9,964,345)	(287,696)	604,492	-	(9,647,549)
Total accumulated depreciation	(101,472,281)	(4,712,262)	617,180	-	(105,567,363)
Total capital assets, being depreciated, net	97,296,697	(4,597,313)	(15,329)	16,730,302	109,414,357
Total capital assets, net	\$ 120,948,802	\$ (736,701)	\$ (15,329)	\$ -	\$ 120,196,772

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 7 – Capital Assets (Continued)

Primary Government (Continued)

Summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Reclassification	Balance June 30, 2015
Capital assets, not depreciated					
Land and land rights:					
Water plant	\$ 6,804,087	\$ 3	\$ -	\$ -	\$ 6,804,090
Sanitation plant	111,235	-	-	-	111,235
Construction in progress	11,526,682	12,698,051	(463,651)	(7,024,302)	16,736,780
Total capital assets, not depreciated	18,442,004	12,698,054	(463,651)	(7,024,302)	23,652,105
Capital assets, being depreciated					
Water plant:					
Source of supply	24,995,557	-	-	35,885	25,031,442
Plant	106,311,742	121,182	-	6,489,890	112,922,814
Structure	20,403,025	53,500	-	23,543	20,480,068
Sanitation plant:					
Plant	7,427,396	-	-	-	7,427,396
Machinery and equipment	17,318	-	-	-	17,318
General utility plant					
Building and improvements	21,797,289	-	(3,877)	224,402	22,017,814
Machinery and equipment	10,784,239	-	(162,695)	250,582	10,872,126
Total capital assets, being depreciated	191,736,566	174,682	(166,572)	7,024,302	198,768,978
Less accumulated depreciation					
Water plant:					
Source of supply	(8,194,886)	(561,927)	-	-	(8,756,813)
Plant	(48,537,575)	(2,552,352)	-	-	(51,089,927)
Structure	(16,228,637)	(520,023)	-	-	(16,748,660)
Sanitation plant:					
Plant	(3,335,572)	(146,443)	-	-	(3,482,015)
Machinery and equipment	(11,258)	(1,732)	-	-	(12,990)
General utility plant					
Building and improvements	(10,921,957)	(499,453)	3,877	-	(11,417,533)
Machinery and equipment	(9,829,640)	(297,400)	162,695	-	(9,964,345)
Total accumulated depreciation	(97,059,523)	(4,579,330)	166,572	-	(101,472,281)
Total capital assets, being depreciated, net	94,677,043	(4,404,648)	-	7,024,302	97,296,697
Total capital assets, net	\$ 113,119,047	\$ 8,293,406	\$ (463,651)	\$ -	\$ 120,948,802

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 7 – Capital Assets (Continued)

Discretely Presented Component Unit – JPA

Summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Reclassification	Balance June 30, 2016
Capital assets, not depreciated					
Land and land rights	\$ 12,258,791	\$ -	\$ -	\$ -	\$ 12,258,791
Construction in progress	10,250,247	2,814,135	-	(10,847,247)	2,217,135
Total capital assets, not depreciated	22,509,038	2,814,135	-	(10,847,247)	14,475,926
Capital assets, being depreciated					
Sewer and treatment plant	117,534,566	-	-	1,279,939	118,814,505
Compost plant and farm	63,275,176	-	(367,174)	8,063,844	70,971,846
Recycled water system	31,845,276	-	-	1,503,464	33,348,740
Total capital assets, being depreciated	212,655,018	-	(367,174)	10,847,247	223,135,091
Less accumulated depreciation					
Sewer and treatment plant	(75,900,762)	(3,378,551)	-	-	(79,279,313)
Compost plant and farm	(44,506,034)	(2,195,433)	323,115	-	(46,378,352)
Recycled water system	(18,275,609)	(917,757)	-	-	(19,193,366)
Total accumulated depreciation	(138,682,405)	(6,491,741)	323,115	-	(144,851,031)
Total capital assets, being depreciated, net	73,972,613	(6,491,741)	(44,059)	10,847,247	78,284,060
Total capital assets, net	\$ 96,481,651	\$ (3,677,606)	\$ (44,059)	\$ -	\$ 92,759,986

Summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Reclassification	Balance June 30, 2015
Capital assets, not depreciated					
Land and land rights	\$ 12,258,791	\$ -	\$ -	\$ -	\$ 12,258,791
Construction in progress	7,320,411	3,656,796	-	(726,960)	10,250,247
Total capital assets, not depreciated	19,579,202	3,656,796	-	(726,960)	22,509,038
Capital assets, being depreciated					
Sewer and treatment plant	117,197,572	-	(122,393)	459,387	117,534,566
Compost plant and farm	63,062,993	-	(55,390)	267,573	63,275,176
Recycled water system	31,845,276	-	-	-	31,845,276
Total capital assets, being depreciated	212,105,841	-	(177,783)	726,960	212,655,018
Less accumulated depreciation					
Sewer and treatment plant	(72,630,780)	(3,350,101)	80,119	-	(75,900,762)
Compost plant and farm	(42,461,046)	(2,089,300)	44,312	-	(44,506,034)
Recycled water system	(17,396,423)	(879,186)	-	-	(18,275,609)
Total accumulated depreciation	(132,488,249)	(6,318,587)	124,431	-	(138,682,405)
Total capital assets, being depreciated, net	79,617,592	(6,318,587)	(53,352)	726,960	73,972,613
Total capital assets, net	\$ 99,196,794	\$ (2,661,791)	\$ (53,352)	\$ -	\$ 96,481,651

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 8 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2016 is as follows:

Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within One Year	Due in More than One Year
\$ 1,997,823	\$ 1,019,518	\$ (878,502)	\$ 2,138,839	\$ 857,908	\$ 1,280,931

Summary of changes in compensated absences for the year ended June 30, 2015 is as follows:

Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within One Year	Due in More than One Year
\$ 1,933,836	\$ 901,301	\$ (837,314)	\$ 1,997,823	\$ 799,266	\$ 1,198,557

Note 9 – Long-Term Debt

Summary of changes in long-term debt for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within One Year	Due in More Than One Year
2009 Sanitation Refunding Revenue Bonds	\$ 20,745,000	\$ -	\$ (1,925,000)	\$ 18,820,000	\$ 2,025,000	\$ 16,795,000
Add: Unamortized Premium	1,340,731	-	(159,295)	1,181,436	-	1,181,436
Capital Lease	35,946	104,100	(35,222)	104,824	21,263	83,561
Total long-term debt	\$ 22,121,677	\$ 104,100	\$ (2,119,517)	\$ 20,106,260	\$ 2,046,263	\$ 18,059,997

Summary of changes in long-term debt for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within One Year	Due in More Than One Year
2009 Sanitation Refunding Revenue Bonds	\$ 22,585,000	\$ -	\$ (1,840,000)	\$ 20,745,000	\$ 1,925,000	\$ 18,820,000
Add: Unamortized Premium	1,500,026	-	(159,295)	1,340,731	-	1,340,731
Capital Lease	60,774	-	(24,828)	35,946	20,816	15,130
Total long-term debt	\$ 24,145,800	\$ -	\$ (2,024,123)	\$ 22,121,677	\$ 1,945,816	\$ 20,175,861

2009 Sanitation Refunding Revenue Bonds

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

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 9 – Long-Term Debt (Continued)

2009 Sanitation Refunding Revenue Bonds (Continued)

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 balance outstanding as of June 30, 2016, net of unamortized premium was as follows:

Principal outstanding	\$ 18,820,000
Add unamortized premium	1,181,436
Net bonds outstanding	<u><u>\$ 20,001,436</u></u>

The annual debt service requirements at June 30, 2016 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	2,305,000	450,450	2,755,450
2021	2,400,000	353,825	2,753,825
2022-2024	7,755,000	505,563	8,260,563
Total	<u><u>\$ 18,820,000</u></u>	<u><u>\$ 3,209,813</u></u>	<u><u>\$ 22,029,813</u></u>

Capital Leases

The District entered into various leases agreement for the copiers at interest rates range from 2% to 6.72%. These leases are classified as capital leases and have been recorded at the present value of the future minimum lease payments at the inception date of the leases. The assets acquired through capital leases are included in the District's capital assets in the amount of \$128,377, net of accumulated depreciation in the amount of \$18,209.

Year Ended June 30,	
2017	\$ 26,940
2018	26,940
2019	26,940
2020	27,199
2021	15,876
Subtotal	<u>123,895</u>
Less amount representing interest	<u>(19,070)</u>
Present value of future minimum lease payments	<u><u>\$ 104,825</u></u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 10 – Pension Plan – Defined Benefit Plan

The summary of changes in net pension liabilities and the related deferred outflows of resources and deferred inflows of resources for year ended June 30, 2016 are as follows:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Deferred outflows of resources:				
Pension contribution after measurement date	\$ 1,701,878	\$ 1,888,232	\$ (1,701,878)	\$ 1,888,232
Total deferred outflows of resources	<u>\$ 1,701,878</u>	<u>\$ 1,888,232</u>	<u>\$ (1,701,878)</u>	<u>\$ 1,888,232</u>
Net pension liabilities:				
Net pension liabilities	\$ 15,870,322	\$ 7,801,671	\$ (8,501,210)	\$ 15,170,783
Total net pension liabilities	<u>\$ 15,870,322</u>	<u>\$ 7,801,671</u>	<u>\$ (8,501,210)</u>	<u>\$ 15,170,783</u>
Deferred inflows of Resources:				
Difference between expected and actual experiences	\$ -	\$ 2,996,239	\$ (881,247)	\$ 2,114,992
Changes of assumption	-	1,492,369	(438,932)	1,053,437
Difference in projected and actual earnings on pension plan investments	4,891,597	-	(4,150,717)	740,880
Total deferred inflows of resources	<u>\$ 4,891,597</u>	<u>\$ 4,488,608</u>	<u>\$ (5,470,896)</u>	<u>\$ 3,909,309</u>

The summary of changes in net pension liabilities and the related deferred outflows of resources and deferred inflows of resources for year ended June 30, 2015 are as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Deferred outflows of resources:				
Pension contribution after measurement date	\$ 1,780,006	\$ 1,701,878	\$ (1,780,006)	\$ 1,701,878
Total deferred outflows of resources	<u>\$ 1,780,006</u>	<u>\$ 1,701,878</u>	<u>\$ (1,780,006)</u>	<u>\$ 1,701,878</u>
Net pension liabilities:				
Net pension liabilities	\$ 21,405,254	\$ 7,734,748	\$ (13,269,680)	\$ 15,870,322
Total net pension liabilities	<u>\$ 21,405,254</u>	<u>\$ 7,734,748</u>	<u>\$ (13,269,680)</u>	<u>\$ 15,870,322</u>
Deferred inflows of Resources:				
Difference in projected and actual earnings on pension plan investments	\$ -	\$ 6,114,496	\$ (1,222,899)	\$ 4,891,597
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 6,114,496</u>	<u>\$ (1,222,899)</u>	<u>\$ 4,891,597</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

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

General Information about the Pension Plan

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2014 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% of the average final 12 months compensation. Retirement benefits for PEPRAs miscellaneous employees are calculated as 2% of the average final 36 months compensation.

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

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

Employees Covered by Benefit Terms

At June 30, 2014 and 2013, the valuation date, the following employees were covered by the benefit terms

<u>Employees covered by benefit terms</u>	2014	2013
Active employees	114	117
Transferred and terminated employees	69	64
Retired employees and beneficiaries	128	124
	311	305

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

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

General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015 and 2014, the average active contribution rates were 6.970% and 6.990% of annual pay, and the employer’s contribution rates were 16.077% and 15.897% of employee annual payroll, respectively.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015 and 2014, the total pension liability was determined by rolling forward the June 30, 2014 and 2013 total pension liability, respectively. The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65% for June 30, 2014 and 7.50% for June 30, 2013
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website under Forms and Publications.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

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

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the June 30, 2015 total pension liability was 7.65 percent. The discount rate used to measure the June 30, 2014 total pension liability was 7.50 percent, which is net of administrative expenses. An investment return excluding administrative expenses would have been 7.65 percent. Management has determined that using the lower discount rate has resulted in a slightly higher total pension liability and net pension liability and the difference was deemed immaterial to the financial statements. The long-term expected rate of return on pension plan investments was determined in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are used for both June 30, 2014 and 2013 valuation date. However, the geometric rates of return are net of administrative expenses for June 30, 2014 valuation date.

Asset Class	New Strategic Allocation		Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
	2014	2013		
Global Equity	51.00%	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	6.00%	0.45%	3.36%
Private Equity	10.00%	12.00%	6.83%	6.95%
Real Estate	10.00%	11.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	3.00%	4.50%	5.09%
Liquidity	2.00%	2.00%	-0.55%	-1.05%
	<u>100.00%</u>	<u>100.00%</u>		

¹ An expected inflation of 2.5% used

² An expected inflation of 3.0% used

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

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

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period of July 1, 2014 to June 30, 2015.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	\$ 85,852,082	\$ 69,981,760	\$ 15,870,322
Changes Recognized for the Measurement Period:			
Service Cost	1,593,701	-	1,593,701
Interest on the total pension liability	6,129,355	-	6,129,355
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(2,996,239)	-	(2,996,239)
Changes of assumptions	(1,492,369)	-	(1,492,369)
Contributions from the employer	-	1,701,878	(1,701,878)
Contributions from employees	-	700,118	(700,118)
Net investment income, net of administrative expense	-	1,610,606	(1,610,606)
Benefit payments, including refunds of employee contributions	(4,076,072)	(4,076,072)	-
Administrative Expense	-	(78,615)	78,615
Net Changes during July 1, 2014 to June 30, 2015	(841,624)	(142,085)	(699,539)
Balance at June 30, 2015 (Measurement Date)	\$ 85,010,458	\$ 69,839,675	\$ 15,170,783

The following table shows the changes in net pension liability recognized over the measurement period of July 1, 2013 to June 30, 2014.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2013 (Valuation Date)	\$ 81,262,450	\$ 59,857,196	\$ 21,405,254
Changes Recognized for the Measurement Period:			
Service Cost	1,694,463	-	1,694,463
Interest on the total pension liability	6,040,285	-	6,040,285
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	1,780,006	(1,780,006)
Contributions from employees	-	919,090	(919,090)
Net investment income, net of administrative expense	-	10,570,584	(10,570,584)
Benefit payments, including refunds of employee contributions	(3,145,116)	(3,145,116)	-
Net Changes during July 1, 2013 to June 30, 2014	4,589,632	10,124,564	(5,534,932)
Balance at June 30, 2014 (Measurement Date)	\$ 85,852,082	\$ 69,981,760	\$ 15,870,322

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

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

Changes in the Net Pension Liability (Continued)

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
June 30, 2015 Measurement Date	\$ 26,435,067	\$ 15,170,783	\$ 5,788,730
June 30, 2014 Measurement Date	\$ 26,954,337	\$ 15,870,322	\$ 6,584,837

Pension Plan Fiduciary Net Position

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

For the measurement periods ended June 30, 2015 and 2014, the District incurred a pension expense of \$20,051 and \$1,136,671, respectively.

As of measurement date of June 30, 2015 and June 30, 2014, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	2016		2015	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ -	\$ (2,114,992)	\$ -	\$ -
Changes of assumptions	-	(1,053,437)	-	-
Net difference between projected and actual earning on pension plan investments	2,927,818	(3,668,698)	-	(4,891,597)
Total	\$ 2,927,818	\$ (6,837,127)	\$ -	\$ (4,891,597)

The amounts above are net of outflows and inflows recognized in the 2014-15 measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the Plan for the 2014-15 and 2013-14 measurement periods are 3.4 and 3.5 years, which was obtained by dividing the total service years of 1,043 and 1,075 (the sum of remaining service lifetimes of the active employees) by 311 and 305 (the total number of participants: active, inactive, and retired), respectively.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

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

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

\$1,888,232 and \$1,701,878 reported as deferred outflows of resources related to pension resulting from the District’s contributions subsequent to the measurement date during the year ended June 30, 2016 and June 30, 2015 are recognized as a reduction of the net pension liability in the years ended June 30, 2017 and 2016, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

2016		2015	
Year Ended June 30,	Deferred Outflows/(Inflows) of Resources	Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (1,811,124)	2016	\$ (1,222,899)
2018	(1,811,124)	2017	(1,222,899)
2019	(1,019,017)	2018	(1,222,899)
2020	731,956	2019	(1,222,900)
	\$ (3,909,309)		\$ (4,891,597)

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 11 – 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. The level of benefit and vesting time varies based on the entry date and employee bargaining unit. Benefits range from 100% coverage for employee plus one dependent after 5 years of service to 75% of lowest cost plan for employee only after 10 years of service. 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, 2016 and 2015, 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 year ended 2016 and 2015 were \$1,459,405 and \$1,386,033, respectively.

Annual OPEB Cost

For the year ended June 30, 2016 and 2015, the District annual OPEB costs were \$1,459,405 and \$1,386,033, respectively, and were equal to the District’s required and actual contribution. The required contribution for the year ended June 30, 2016 and 2015 were determined as part of the June 30, 2015 actuarial valuation using the entry ago normal actuarial cost method. The actuarial assumptions included a 7.0% 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

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:

Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 1,348,937	\$ 1,348,937	100%	\$ -
6/30/2015	1,386,033	1,386,033	100%	-
6/30/2016	1,459,405	1,459,405	100%	-

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 11 – Other Post-Employment Benefits (Continued)

Funded Status and Funding Progress

As of June 30, 2015, the latest actuarial valuation date, the plan was 15.34% funded. The actuarial accrued liability for benefits was \$22,376,865, and the actuarial value of assets was \$3,432,069, resulting in an unfunded actuarial accrued liability (UAAL) of \$18,944,796. The covered payroll (annual payroll of active employees covered by the plan) was \$9,859,726 and the ratio of the UAAL to the covered payroll was 192.14%.

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.

Note 12 – Net Position

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

	2016		2015	
	Primary Government	Discretely Presented Component Unit - JPA	Primary Government	Discretely Presented Component Unit - JPA
Net investments in capital assets:				
Capital assets,				
net of accumulated depreciation	\$ 120,196,772	\$ 92,759,986	\$ 120,948,802	\$ 96,481,651
Less:				
Capital lease obligations	(104,824)	-	(35,946)	-
2009 Sanitation refunding revenue bond, net	(18,817,786)	-	(20,742,487)	-
Total investment in capital assets, net of related debt	<u>101,274,162</u>	<u>92,759,986</u>	<u>100,170,369</u>	<u>96,481,651</u>
Restricted for:				
Debt Service	2,634,522	-	2,616,875	-
Capital projects	-	-	1,263,837	-
Total restricted	<u>2,634,522</u>	<u>-</u>	<u>3,880,712</u>	<u>-</u>
Unrestricted:				
Designated for:				
Investment in JPA	63,943,047	-	66,720,712	-
Rate stabilization	7,750,000	-	8,000,000	-
Insurance	6,930,919	-	3,300,098	-
Operating emergencies	11,230,261	-	12,252,573	-
Retirement fund contributions	626,610	-	517,417	-
Undesignated	20,711,518	-	19,478,179	-
Total unrestricted	<u>111,192,355</u>	<u>-</u>	<u>110,268,979</u>	<u>-</u>
Total net position	<u>\$ 215,101,039</u>	<u>\$ 92,759,986</u>	<u>\$ 214,320,060</u>	<u>\$ 96,481,651</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2016 and 2015

Note 12 – Net Position (Continued)

As of June 30, 2016 and 2015, the restricted net position for the District consisted of the following:

	2016			2015		
	Debt Service	Capital Projects	Total	Debt Service	Capital Projects	Total
Restricted Assets:						
Restricted cash and investments	\$ 2,761,031	\$ -	\$ 2,761,031	\$ 2,761,223	\$ 1,004,618	\$ 3,765,841
Restricted receivables						
Interest	3,803	237	4,040	2,006	58	2,064
Other	-	2,591,648	2,591,648	-	8,407,276	8,407,276
Total restricted assets	2,764,834	2,591,885	5,356,719	2,763,229	9,411,952	12,175,181
Current Liabilities Payable from Restricted Assets:						
Interest payable	(130,312)	-	(130,312)	(146,354)	-	(146,354)
Other liabilities	-	(6,333,170)	(6,333,170)	-	(8,148,115)	(8,148,115)
Total current liabilities payable from restricted assets	(130,312)	(6,333,170)	(6,463,482)	(146,354)	(8,148,115)	(8,294,469)
Total restricted net position	2,634,522	-	2,634,522	2,616,875	1,263,837	3,880,712
Total unrestricted net position (deficit)	-	(3,741,285)	(3,741,285)	-	-	-
Total net position (deficit)	\$ 2,634,522	\$ (3,741,285)	\$ (1,106,763)	\$ 2,616,875	\$ 1,263,837	\$ 3,880,712

Note 13 – Risk Management

The District retained Tolman & Wiker Insurance Services, LLC, for general liability, property, inverse condemnation, auto and physical damage. In addition, reinsurance support for the program is provided by Swiss Reinsurance of America and Travelers Reinsurance. The coverage for the general liability provides \$11 million per occurrence and \$61 million in the aggregate with a \$50,000 self insured retention limit per occurrence. The coverage for the property provides \$61 million of coverage with a deductible of \$50,000 per occurrence. The District paid premiums of \$713,889 and \$724,414 for the years ended June 2016 and 2015, respectively.

Effective August 1, 2012, the District retained the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/APIA) for its workers' compensation insurance coverage. The District paid premiums of \$245,316 and \$182,426 the years ended June 30, 2016 and 2015, 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 outstanding contract commitments in the amounts of \$9,696,308 and \$1,094,358 at June 30, 2016 and 2015, respectively. The JPA had outstanding contract commitments in the amounts of \$2,319,964 and \$2,216,416 at June 30, 2016 and 2015, respectively.



REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)



Las Virgenes Municipal Water District
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Years Ended June 30, 2016 and 2015

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS")

Measurement period	2014-15 ¹	2013-14 ¹
Total pension liability		
Service cost	\$ 1,593,701	\$ 1,694,463
Interest	6,129,355	6,040,285
Changes of benefit terms	-	-
Differences between expected and actual experience	(2,996,239)	-
Changes of assumptions	(1,492,369)	-
Benefit payments, including refunds of employee contributions	(4,076,072)	(3,145,116)
Net change in total pension liability	(841,624)	4,589,632
Total pension liability - beginning	85,852,082	81,262,450
Total pension liability - ending (a)	\$ 85,010,458	\$ 85,852,082
Pension fiduciary net position		
Contributions - employer	\$ 1,701,878	\$ 1,780,006
Contributions - employee	700,118	919,090
Net investment income ²	1,610,606	10,570,584
Benefit payments, including refunds of employee contributions	(4,076,072)	(3,145,116)
Other	(78,615)	-
Net change in plan fiduciary net position	(142,085)	10,124,564
Plan fiduciary net position - beginning	69,981,760	59,857,196
Plan fiduciary net position - ending (b)	\$ 69,839,675	\$ 69,981,760
District's net pension liability - ending (a) - (b)	\$ 15,170,783	\$ 15,870,322
Plan fiduciary net position as a percentage of the total pension liability	82.15%	81.51%
Covered-employee payroll	\$ 10,333,277	\$ 10,635,596
District's net pension liability as a percentage of covered-employee payroll	146.81%	149.22%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

**Las Virgenes Municipal Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Years Ended June 30, 2016 and 2015**

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS")

	2015-16 ¹	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 1,888,232	\$ 1,701,878	\$ 1,780,006
Contributions in relation to the actuarially determined contribution	(1,888,232)	(1,701,878)	(1,780,006)
Contribution deficiency (excess)	-	-	-
Covered-employee payroll ^{2,4}	\$ 10,643,275	\$ 10,333,277	\$ 10,635,596
Contributions as a percentage of covered-employee payroll ²	17.74%	16.47%	16.74%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

³ Payroll from 2014-15 in the amount of \$10,333,277 was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the June 30, 2012 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Remaining amortization period	21 years
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Las Virgenes Municipal Water District
Required Supplementary Information (Unaudited)
Schedule of Funding Progress
For the Years Ended June 30, 2016 and 2015

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
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%
June 30, 2015	22,376,865	3,432,069	18,944,796	15.34%	9,859,726	192.14%



Las Virgenes Municipal Water District
Index to Statistical Section
June 30, 2016

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:

Pages

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

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| 1. | Net Position | 58 |
| 2. | Changes in Net Position | 60 |

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

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| 4. | Revenue Rates | 63 |
| 5. | Principal Revenue Payers | 65 |
| 6. | Property Tax Levies, Special Assessment and Collections | 66 |

Debt Capacity - 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.

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| 8. | Ratios of General Bonded Debt Outstanding | 68 |
| 9. | Direct and Overlapping District Debt | 69 |
| 10. | Pledged-Revenue Coverage | 71 |

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

- | | | |
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| 11. | Demographic and Economic Statistics | 72 |
| 12. | Principal Employers | 73 |

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Business-type Activities					
Net investment in capital assets	\$ 68,310	\$ 69,595	\$ 68,886	\$ 77,351	\$ 79,319
Restricted:					
Debt service	3,667	3,574	3,529	2,602	2,581
Capital projects	13,227	12,959	10,752	9,766	7,645
Total restricted	<u>16,894</u>	<u>16,533</u>	<u>14,281</u>	<u>12,368</u>	<u>10,226</u>
Unrestricted	<u>141,055</u>	<u>146,195</u>	<u>149,444</u>	<u>140,981</u>	<u>140,373</u>
Total Net Position	<u><u>\$ 226,259</u></u>	<u><u>\$ 232,323</u></u>	<u><u>\$ 232,611</u></u>	<u><u>\$ 230,700</u></u>	<u><u>\$ 229,918</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				
	2012	2013	2014	2015	2016
Business-type Activities					
Net investment in capital assets	\$ 83,425	\$ 82,870	\$ 90,476	\$ 100,170	\$ 101,272
Restricted:					
Debt service	2,588	2,595	2,608	2,617	2,634
Capital projects	5,935	4,614	1,498	1,264	-
Total restricted	<u>8,523</u>	<u>7,209</u>	<u>4,106</u>	<u>3,881</u>	<u>2,634</u>
Unrestricted	<u>137,785</u>	<u>140,793</u>	<u>139,671</u>	<u>110,269</u>	<u>111,192</u>
Total Net Position	<u><u>\$ 229,733</u></u>	<u><u>\$ 230,872</u></u>	<u><u>\$ 234,253</u></u>	<u><u>\$ 214,320</u></u>	<u><u>\$ 215,098</u></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				
	2007	2008	2009	2010	2011
Expenses					
Water	\$ 30,238	\$ 30,385	\$ 30,912	\$ 30,845	\$ 31,556
Sanitation(includes JPA)	14,647	15,304	16,134	15,628	15,727
Total Operating Expenses	44,885	45,689	47,046	46,473	47,283
Program Revenues					
Water	29,368	30,419	29,708	26,160	26,974
Sanitation	10,917	12,937	15,847	15,473	16,402
Capital contributions	3,959	4,167	1,203	1,632	859
Other	400	534	419	414	278
Total Program Revenues	44,644	48,057	47,177	43,679	44,513
Net (Expense)/Revenue	(241)	2,368	131	(2,794)	(2,770)
General Revenues and Other Changes in Net Assets					
Taxes and penalties	875	905	917	898	879
Investment earnings	4,003	3,770	2,596	1,297	890
Miscellaneous(includes JPA)	(2,249)	(979)	(3,357)	(1,312)	219
Total General Revenues	2,629	3,696	156	883	1,988
Changes in Net Assets (Business-type activities)	\$ 2,388	\$ 6,064	\$ 287	\$ (1,911)	\$ (782)

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				
	2012	2013	2014	2015	2016
Expenses					
Water	\$ 35,972	\$ 38,468	\$ 42,270	\$ 42,497	\$ 38,940
Sanitation(includes JPA)	14,894	15,022	15,421	15,412	15,115
Total Operating Expenses	50,866	53,490	57,691	57,909	54,055
Program Revenues					
Water	31,205	35,637	41,177	37,547	34,019
Sanitation	16,394	16,588	16,552	16,726	17,050
Capital contributions	1,569	2,168	1,540	990	377
Other	749	842	951	1,911	1,960
Total Program Revenues	49,917	55,235	60,220	57,174	53,406
Net (Expense)/Revenue	(950)	1,745	2,529	(735)	(649)
General Revenues and Other Changes in Net Assets					
Taxes and penalties	884	888	892	904	926
Investment earnings	747	610	496	477	574
Miscellaneous(includes JPA)	(828)	(1,655)	(536)	(953)	(70)
Total General Revenues	804	(157)	852	428	1,430
Changes in Net Assets (Business-type activities)	\$ (146)	\$ 1,587	\$ 3,381	\$ (307)	\$ 781

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	
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
2015	34,306	18,853	825	257	19,935
2016	29,417	18,873	825	255	19,953

Sanitation

Fiscal Year	Operating Revenue in thousand \$	Number of Customers		Total
		Residential	Commercial	
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
2015	16,726	16,133	712	16,845
2016	17,050	16,157	711	16,868

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

NOTE: Effective January 1, 2016, the District implemented a new water budget based rate structure. "-" indicates no rate established.

Potable Water Rates for Residential and Commercial Customers:

Readiness to Serve Charge

Meter Size	← Bi-monthly →									Monthly
	7/1/2006	11/01/2007	7/1/2008	7/1/2009	7/1/2010	7/1/2011	1/1/2013	1/1/2014	1/1/2015	1/1/2016
3/4"	\$14.05	\$22.23	\$23.79	\$25.34	\$26.35	\$27.40	\$28.77	\$30.21	\$31.73	\$18.30
1"	18.73	32.74	35.03	37.31	38.80	40.35	42.37	44.49	46.72	29.47
1-1/2"	30.43	58.99	63.12	67.22	69.91	72.71	76.35	80.17	84.18	57.39
2"	46.79	90.50	96.84	103.00	107.00	112.00	117.60	123.48	129.66	90.89
3"	84.23	175.00	187.00	199.00	207.00	215.00	225.75	237.04	248.90	196.97
4"	128.68	269.00	288.00	307.00	319.00	332.00	348.60	366.03	384.34	353.30
6"	257.35	532.00	569.00	606.00	630.00	655.00	675.75	722.14	758.25	894.89
8"	397.73	847.00	906.00	965.00	1,003.00	1,044.00	1,096.20	1,151.01	1,208.57	1,564.89
10"	608.29	1,214.00	1,299.00	1,384.00	1,439.00	1,497.00	1,571.85	1,650.45	1,732.98	2,346.55

Volume Charges (per 100 cubic feet of water use)

	2005-2007	11/1/2007	07/01/2008	2009 - 2010	2011-2012	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016
Tier 1	\$1.18	\$1.24	\$1.28	\$1.32 - \$1.53	\$1.58 - \$1.71	\$1.78	\$1.98	\$2.19	\$2.31	\$2.36
Tier 2	1.31	1.55	1.60	\$1.65 - \$1.86	\$1.93 - \$2.08	2.15	2.37	2.60	2.80	3.18
Tier 3	1.91	2.32	2.39	\$2.46 - \$2.67	\$2.77 - \$2.95	3.02	3.29	3.56	3.81	3.96
Tier 4	2.48	3.48	3.58	\$3.69 - \$3.90	\$4.05 - \$4.28	4.35	4.68	5.02	5.34	4.98
Tier 1 End(Hcf)	12.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	varies
Tier 2 End(Hcf)	24.00	67.00	67.00	67.00	67.00	67.00	67.00	67.00	67.00	by water
Tier 3 End(Hcf)	115.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	budget

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	1/1/2015	1/1/2016
Zone 1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Zone 2	0.31	0.32	0.33	0.34	0.35	0.36	0.38	0.40	0.42	0.42
Zone 3	0.52	0.54	0.56	0.58	0.60	0.62	0.66	0.70	0.74	0.98
Zone 4	0.92	0.95	0.98	1.01	1.05	1.09	1.15	1.21	1.28	1.56
Zone 5	1.85	1.91	1.97	2.03	2.11	2.19	2.30	2.42	2.55	-

Monthly Recycled Water Charges:

Readiness to Serve Charge

Meter Size	7/1/2006	11/01/2007	7/1/2008	7/1/2009	7/1/2010	7/1/2011	1/1/2013	1/1/2014	1/1/2015	1/1/2016
3/4"	-	-	-	-	-	-	-	-	-	\$9.15
1"	-	-	-	-	-	-	-	-	-	14.74
1-1/2"	-	-	-	-	-	-	-	-	-	28.70
2"	-	-	-	-	-	-	-	-	-	45.45
3"	-	-	-	-	-	-	-	-	-	98.49
4"	-	-	-	-	-	-	-	-	-	176.65
6"	-	-	-	-	-	-	-	-	-	447.45
8"	-	-	-	-	-	-	-	-	-	782.45
10"	-	-	-	-	-	-	-	-	-	1,173.28

Volume Charges (per 100 cubic feet of water use)

	2005-2007	11/01/2007	7/1/2008	1/1/2010	1/1/2011	1/1/2013	1/1/2015	1/1/2016
Tier 1	\$0.58	\$0.92	\$0.94	\$1.00	\$1.04	\$1.07	\$1.09	\$1.18
Tier 2	0.80	1.20	1.23	1.31	1.36	1.40	1.42	2.91
Tier 3	1.34	1.90	1.95	2.08	2.16	2.23	2.26	3.73
Tier 4	1.85	2.94	3.02	3.23	3.36	3.46	3.51	-

Elevation Surcharges (per 100 cubic feet of water use)

	2005-2007	11/01/2007	7/1/2008	1/1/2010	1/1/2011	1/1/2013	1/1/2015	1/1/2016
L.V. Valley	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
East/West	0.18	0.19	0.20	0.22	0.23	0.24	0.24	0.33

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

Bi-Monthly Sewer Service Charges:

	<u>2005-2006</u>	<u>2007</u>	<u>11/1/2007</u>	<u>7/1/2008</u>	<u>07/01/2009</u>	<u>2010-2012</u>	<u>7/1/2013</u>	<u>7/1/2014</u>
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

Monthly Sewer Charge

	<u>1/1/2016</u>
Residential	
Household Size:	
1	\$21.37
2	35.75
3	50.13
4	64.51
5	78.90
6 or more	93.28
Commercial	
Account Charge	\$6.98
Base Charge, inclusive of 6.6 hcf/ERU	
Class 1	\$41.94
Class 2	57.82
Class 3	76.56
Class 4	96.36
Per Excess ERU	
Class 1	\$6.35
Class 2	8.75
Class 3	11.58
Class 4	14.58

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

Potable Water Customer Name	2016			2007		
	Potable Water Revenue	Rank	Percentage of Total Operating Revenue	Potable Water Revenue	Rank	Percentage of Total Operating Revenue
Westlake Wellbeing Properties LLC	\$ 226,420	1	0.44%	\$ 136,013	1	0.33%
ERP-Operating LTD Partnership	134,226	2	0.26%	92,891	5	0.23%
Malibu Conference Center	130,354	3	0.26%	70,122	8	0.17%
Ronnie Semler	129,122	4	0.25%	-	-	-
Malibu Canyon Apartments	122,288	5	0.24%	-	-	-
LACO Internal Service Dept.	116,979	6	0.23%	109,094	2	0.27%
LVUSD	115,452	7	0.23%	66,835	9	0.16%
Valley Industrial	112,077	8	0.22%	-	-	-
Calabasas Crest LTD	105,061	9	0.21%	76,484	7	0.19%
Mountain View Mobile Estate	101,334	10	0.20%	-	-	-
The Cheesecake Factory	-	-	-	102,280	3	0.25%
Summit Mobile Park	-	-	-	97,085	4	0.24%
Oakview Garden Homes	-	-	-	81,298	6	0.20%
Countrywide Home Loans	-	-	-	66,527	10	0.16%
Total	\$ 1,293,313		2.53%	\$ 898,629		2.20%

Sanitation Customer Name	2016			2007		
	Sanitation Revenue	Rank	Percentage of Total Operating Revenue	Sanitation Revenue	Rank	Percentage of Total Operating Revenue
Westlake Wellbeing Properties LLC	\$ 376,929	1	0.74%	\$ 209,134	2	0.51%
Malibu Canyon Apartments	301,284	2	0.59%	235,114	1	0.58%
Archstone Communities Calabasas	300,582	3	0.59%	207,005	3	0.51%
LVUSD	186,094	4	0.36%	121,835	5	0.30%
Archstone Oak Creek I LLC	169,186	5	0.33%	-	-	-
The Cheesecake Factory	152,318	6	0.30%	163,848	4	0.40%
Annandale II HOA	145,700	7	0.29%	100,517	9	0.25%
ERP-Operating LTD Partnership	140,562	8	0.28%	102,448	7	0.25%
Oak Park Calabasas HOA	136,780	9	0.27%	101,075	8	0.25%
Town & Country HOA	127,814	10	0.25%	-	-	-
Archstone-Smith	-	-	-	112,990	6	0.28%
Steeplechase HOA	-	-	-	82,296	10	0.20%
Total	\$ 2,037,249		3.99%	\$ 1,436,262		3.53%

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
2007	315	291	92.38%	24	315	100.00%
2008	344	314	91.28%	30	344	100.00%
2009	351	65	18.52%	29	94	26.78%
2010	361	333	92.24%	28	361	100.00%
2011	352	328	93.18%	24	352	100.00%
2012	354	324	91.53%	30	354	100.00%
2013	358	345	96.37%	13	358	100.00%
2014	369	360	97.56%	1	361	97.83%
2015	379	377	99.47%	-	377	99.47%
2016	405	396	97.78%	-	396	97.78%

Note:

1. Total tax collection does not include standby charge direct assessments.
2. 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
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%	71	514	100.00%
2013	510	467	91.57%	43	510	100.00%
2014	509	463	90.96%	31	494	97.05%
2015	495	455	91.92%	-	455	91.92%
2016	497	457	91.95%	-	457	91.95%

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			
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
2015	20,745	36	20,781	0.60%	1,234
2016	18,820	105	18,925	0.54%	1,122

Note:

1. Per Capita is based on number of customers for the District.
2. Years 2007-2009: Personal Income is based on 2000 census information with population of 50,813.
Years 2010-2016: 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
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
2015	20,745	20,745	119.95%	1,232
2016	18,820	18,820	108.17%	1,116

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, 2016

2015-16 Assessed Valuation: \$21,364,812,745

DIR	Total Debt June 30, 2016	Percent Applicable (1)	District's Share of Debt June 30, 2016
Los Angeles County Flood Control District	\$12,630,000	1.710%	\$ 215,973
Metropolitan Water District	92,865,000	0.872%	809,783
Los Angeles Community College District	3,671,000,000	2.889%	106,055,190
Santa Monica Community College District	423,733,508	2.153%	9,122,982
Las Virgenes Joint Unified School District	140,428,289	95.146%	133,611,900
Los Angeles Unified School District	10,457,615,000	0.131%	13,699,476
Santa Monica-Malibu Unified School District	339,223,144	2.150%	7,293,298
City of Los Angeles	790,385,000	0.026%	205,500
Las Virgenes Municipal Water District	-	100.000%	- (2)
City of Calabasas Community Facilities District No. 1998-1	5,160,000	100.000%	5,160,000
City of Calabasas Community Facilities District No. 2001-1	19,930,000	100.000%	19,930,000
Los Angeles County Community Facilities District Nos. 4C	165,000	100.000%	165,000
Los Angeles County Regional Park and Open Space Assessment District	50,610,000	1.677%	848,730
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 297,117,832</u>

- (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, 2016

	Total Debt June 30, 2016	Percent Applicable (1)	District's Share of Debt June 30, 2016
OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	\$2,029,010,694	1.677%	\$ 34,026,509
Los Angeles County Superintendent of Schools Certificates of Participation	7,944,360	1.677%	133,227
Santa Monica Community College District Certificates of Participation	14,840,000	2.153%	319,505
Las Virgenes Joint Unified School District Certificates of Participation	10,875,000	95.146%	10,347,128
Los Angeles Unified School District Certificates of Participation	273,805,000	0.131%	358,685
Santa Monica-Malibu Unified School District Certificates of Participation	9,701,501	2.150%	208,582
City of Agoura Hills General Fund Obligations	13,905,000	100.000%	13,905,000
City of Calabasas Certificates of Participation	41,380,000	99.177%	41,039,443
City of Los Angeles General Fund and Judgment Obligations	1,603,876,794	0.026%	417,008
City of Westlake Village Certificates of Participation	16,880,000	100.000%	16,880,000
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			117,635,087
Less: Los Angeles Unified School District self-supporting QZABs supported by investment fund			(17,720)
TOTAL NET OVERLAPPING GENERAL FUND DEBT			<u>\$ 117,617,367</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	6,450,000	100.000%	\$ 6,450,000
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 421,202,919
TOTAL NET OVERLAPPING DEBT			\$ 421,185,199
GROSS COMBINED TOTAL DEBT			\$ 421,202,919 (3)
NET COMBINED TOTAL DEBT			\$ 421,185,199

- (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 2015-16 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.39%
Gross Combined Total Debt	1.97%
Net Combined Total Debt	1.97%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$637,987,298)

Total Overlapping Tax Increment Debt	1.01%
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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					
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2015	17,429	10,653	6,776	1,840	903	2.47
2016	17,398	10,260	7,138	1,925	814	2.61

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
2016	55,730	n/a	n/a	5.20%	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-Glendale, CA Metropolitan area, Source: U.S. Department of Labor
4. Population 25 and over, High School Graduate, and Bachelor's degree or higher are based on 2010, 2000 and 1990 census information.

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

Employer by Industry	2016			2007		
	Number of Employees	Rank	Percentage of Total Area Employment	Number of Employees	Rank	Percentage of Total Area Employment
Professional, Scientific, and Technical Services	5,476	1	14.39%	3,940	2	9.90%
Finance and Insurance	5,120	2	13.45%	5,803	1	14.57%
Accommodation and Food Services	4,488	3	11.79%	3,893	3	9.78%
Administrative, Support, Waste Management & Remediation Service	2,574	4	6.76%	3,449	4	8.66%
Retail Trade	2,507	5	6.59%	2,820	7	7.08%
Manufacturing	2,436	6	6.40%	2,946	6	7.40%
Educational Services	1,962	7	5.15%	3,270	5	8.21%
Government	1,866	8	4.90%	1,882	10	4.73%
Health Care and Social Assistance	1,839	9	4.83%	-	-	-
Construction	1,655	10	4.35%	2,679	8	6.73%
Information	-	-	-	2,040	9	5.12%
Total	29,923		78.61%	32,722		82.18%

Source: California State Employment Development Department Labor Market Information Division
Quarterly Census of Employment and Wages - Preliminary Data 1st Quarter 2016
Areas covered by Las Virgenes Municipal Water District: zip codes 91301, 91302, 91361, 90263.

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Manager Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Facilities and Operations:										
Administration	4.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
Facilities Maintenance	16.5	16.5	16.5	17.5	17.2	17.2	16.2	16.2	16.2	16.2
Water Treatment and Production	13.0	13.0	13.0	13.5	12.8	11.8	11.8	11.8	11.8	11.8
Reclamation	23.5	23.5	24.5	25.0	25.0	24.0	24.0	24.0	24.0	24.0
Construction	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0
Technical Service	8.5	8.5	8.5	9.0	9.0	9.0	8.0	8.0	8.0	8.0
<i>Subtotal</i>	<i>73.5</i>	<i>72.5</i>	<i>73.5</i>	<i>76.0</i>	<i>75.0</i>	<i>71.0</i>	<i>69.0</i>	<i>69.0</i>	<i>69.0</i>	<i>69.0</i>
Finance and Administration:										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance and Accounting	10.0	10.0	10.0	10.0	10.0	9.0	9.0	9.0	9.0	9.0
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Information System	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0
<i>Subtotal</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>
Resource Conservation and Public Outreach:										
Administration	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Customer Service	14.0	14.0	14.0	18.0	18.0	19.0	19.0	19.0	19.0	20.0
Water Conservation	5.0	6.0	6.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Information	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Planning/New Customer	7.5	7.5	7.5	5.0	5.0	0.0	0.0	0.0	0.0	0.0
<i>Subtotal</i>	<i>31.5</i>	<i>32.5</i>	<i>32.5</i>	<i>31.0</i>	<i>31.0</i>	<i>27.0</i>	<i>27.0</i>	<i>27.0</i>	<i>27.0</i>	<i>28.0</i>
Total	126.0	126.0	127.0	128.0	127.0	119.0	117.0	117.0	117.0	118.0

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

Function	2007	2008	2009	2010	2011
Water:					
New Connections	112	39	53	25	15
Water Main Leak Repairs	50	40	49	55	28
Average Daily Consumption (thousands of gallons)	23,011	22,723	20,917	17,029	16,954
Potable Water:					
Connections	20,216	20,255	20,308	20,333	20,240
Deliveries (acre-feet)	25,772	25,449	23,427	19,072	18,988
Realized Capacity Fee/Connection Fee Deposits	\$ 1,286,210	\$ 1,153,072	\$ 772,170	\$ 823,836	\$ 283,662
Wastewater/Sanitation:					
Connections	16,694	16,727	16,720	16,726	16,740
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	8,446	8,755	8,219	8,001	8,053
LVMWD	5,397	5,814	5,488	5,322	5,400
Triunfo Sanitation District	3,049	2,971	2,731	2,679	2,653
Realized Capacity Fee/Connection Fee Deposits	\$ 1,912,750	\$ 2,161,700	\$ 282,250	\$ 537,800	\$ 448,350
Function	2012	2013	2014	2015	2016
Water:					
New Connections	14	51	18	15	7
Water Main Leak Repairs	56	39	47	83	67
Average Daily Consumption (thousands of gallons)	18,577	19,879	21,310	18,132	15,316
Potable Water:					
Connections	19,854	19,879	19,893	19,935	19,953
Deliveries (acre-feet)	20,806	22,264	23,867	20,307	17,153
Realized Capacity Fee/Connection Fee Deposits	\$ 282,454	\$ 513,062	\$ 359,934	\$ 342,868	\$ 143,068
Wastewater/Sanitation:					
Connections	16,792	16,802	16,817	16,845	16,868
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	7,610	7,579	7,281	6,397	6,109
LVMWD	4,983	5,031	4,880	3,956	3,667
Triunfo Sanitation District	2,627	2,548	2,401	2,441	2,442
Realized Capacity Fee/Connection Fee Deposits	\$ 918,600	\$ 1,085,000	\$ 1,124,550	\$ 462,000	\$ 224,000

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

Function	2007	2008	2009	2010	2011
Potable Water					
Water Main (miles)	382.4	382.4	382.4	382.4	383.6
Fire Hydrants (#)	3,102	3,109	3,123	3,134	3,138
Valves (#)	4,391	4,392	4,393	4,395	4,419
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)	63.6	63.6	63.6	63.8	65.5
Valves (#)	338	338	338	338	344
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	57.1	56.2
Treatment Capacity (millions of gallons)	16	16	16	16	16
Function	2012	2013	2014	2015	2016
Potable Water					
Water Main (miles)	384.5	387.1	389.1	389.3	388.8
Fire Hydrants (#)	3,147	3,154	3,167	3,172	3,171
Valves (#)	4,434	4,452	4,477	4,485	4,472
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	38.8
Recycled Water					
Water Main (miles)	65.9	65.9	66.2	66.2	67.1
Valves (#)	341	342	342	342	359
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)	56.2	56.1	56.9	56.9	56.9
Treatment Capacity (millions of gallons)	16	16	16	16	16

Schedule 16
Las Virgenes Municipal Water District
Annual Water and Sewer Capacity Fee Deposits Report
Per Government Code Section 66013 (d) and (e)
Fiscal Year Ended June 30, 2016

Beginning Balance:			
Capacity Fees		\$ 3,584,039	
Developer Fees		676,535	
Interest		<u>1,405,761</u>	
Total Beginning Balance			\$ 5,666,335
Fees Collected:			
Capacity Fees	\$ 1,481,246		
Developer Fees	<u>185,435</u>		
Total Fees Collected		\$ 1,666,681	
Reimbursed to Developer/Rec. as Exp.		-	
Interest Earned		<u>42,705</u>	
Fees Available		\$ 1,709,386	
Applied to:			
Capital Costs Funded by:			
Capacity Fees	\$ 367,068		
Meter Installation	9,882		
Developer Fees	66,105		
Interest Earned	<u>7,634</u>		
Total Capital Costs		\$ 450,689	
Refunds		<u>54,165</u>	
Total Funds Applied		\$ 504,854	
Net Changes for the Year			1,204,532
Ending Balance:			
Capacity Fees		\$ 4,631,465	
Developer Fees		798,569	
Interest (1)		<u>1,440,833</u>	
Total Ending Balance			<u><u>\$ 6,870,867</u></u>

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

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

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

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

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

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

