



November 6, 2017

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

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Las Virgenes Municipal Water District (the "District") for the years ended June 30, 2017 and 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 24, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the basic financial statements. As described in Note 2 to the financial statements, the District changed the following accounting policies:

GASB Statement No. 77, *Tax Abatement Disclosures*: this Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. Application of this statement is effective for the City's fiscal year ending June 30, 2017. This statement did not have a significant impact on the District's financial statements for the years ended June 30, 2017 and 2016.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*: this Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). Application of this statement is effective for the City's fiscal year ending June 30, 2017. This statement did not have a significant impact on the District's financial statements for the years ended June 30, 2017 and 2016.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*: this Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. Application of this statement is effective for the City's fiscal year ending June 30, 2017. This statement did not have a significant impact on the District's financial statements for the years ended June 30, 2017 and 2016.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707

Tel: 949-777-8800 • Fax: 949-777-8850

www.pungroup.com

GASB has issued Statement No. 82, *Pension Issues*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement became effective for periods beginning after June 15, 2016, 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, 2017 and 2016.

No other new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Management's estimate of the investment fair market value is based on information provided by the Union Bank, the trustee for the District's investments in municipal bonds and U.S. Government Sponsored Enterprise Securities. We evaluated the key factors and assumptions used to develop the estimate of the investment fair market value in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate for the allowance for doubtful accounts is based on the District's historical data with the collectability of its accounts receivable. We evaluated the key factors and assumptions used to develop the estimate for the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the annual other post employment benefit ("OPEB") cost is based on the actuarial valuation. We evaluated the key factors and assumptions used to develop the annual OPEB cost in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liabilities is based on the actuarial valuation on total pension liability and based on audited financial statements on fiduciary net position for CalPERS plans. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 2 – Summary of Significant Accounting Policies
- Note 3 – Cash and Investments
- Note 6 – Investment in Joint Powers Authority
- Note 10 – Pension Plans
- Note 11 – Other Post-Employment Benefits

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion & Analysis, the Schedule of Changes in Net Pension Liability and Related Ratio for CalPERS Pension Plan, the Schedule of Contributions for CalPERS Pension Plan, and the Schedule of Funding Progress for Other Post-Employment Benefits Plan, which is required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Introductory and Statistical Section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

To the Board of Directors of Directors
of the Las Virgenes Municipal Water District
Calabasas, California
Page 4

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Las Virgenes Municipal Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "The Pun Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California

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

LAS VIRGENES MUNICIPAL WATER DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEARS ENDED - JUNE 30, 2017 AND 2016



4232 LAS VIRGENES ROAD, CALABASAS
LOS ANGELES COUNTY, CALIFORNIA



Comprehensive Annual Financial Report

For the Years Ended June 30, 2017 and 2016



Prepared by:
The Finance and Administration Department

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

Las Virgenes Municipal Water District

BOARD OF DIRECTORS

Glen D. Peterson	President
Charles P. Caspary	Vice President
Jay Lewitt	Secretary
Lee Renger	Treasurer
Leonard E. Polan	Director

MANAGEMENT

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

W. Keith Lemieux	Counsel
------------------	---------

Additional information may be found at www.lvmwd.com

Las Virgenes Municipal Water District

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION (Unaudited)</u>	
Letter of Transmittal	i
GFOA Certificate of Achievement	v
Organization Chart.....	vi
Maps of Service Area	vii
<u>FINANCIAL SECTION</u>	
Independent Auditors' Reports:	
Report on Financial Statements	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Management's Discussion and Analysis (Required Supplementary Information) (Unaudited)	5
Basic Financial Statements:	
Statements of Net Position	14
Statements of Revenues, Expenses, and Changes in Net Position	16
Statements of Cash Flows	18
Notes to the Basic Financial Statements	21
Required Supplementary Information (Unaudited):	
Schedule of Changes in Net Pension Liability and Related Ratios – CalPERS Pension Plan	53
Schedule of Contributions – CalPERS Pension Plan	54
Schedule of Funding Progress – Other Post-Employment Benefits Plan.....	55
<u>STATISTICAL SECTION (Unaudited)</u>	
Index to Statistical Section	57
Net Position	58
Changes in Net Position	60
Revenue Base	62
Revenue Rates	63
Principal Revenue Payers.....	65
Property Tax Levies, Special Assessment and Collections.....	66
Ratios of Outstanding Debt by Type.....	67
Ratios of General Bonded Debt Outstanding.....	68
Direct and Overlapping District Debt	69
Pledged-Revenue Coverage	71
Demographic and Economic Statistics.....	72
Principal Employers	73
Full-Time Equivalent District Employees by Function.....	74
Operating Indicators by Function.....	75
Capital Assets Statistics by Function	76
Annual Water and Sewer Capacity Fee Deposits Report.....	77





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

OFFICERS

President

Glen D. Peterson
Director, Division 2
MWD Representative

Vice President

Charles P. Caspary
Director, Division 1

Secretary

Jay Lewitt
Director, Division 5

Treasurer

Lee Renger
Director, Division 3

Leonard E. Polan
Director, Division 4

David W. Pedersen, P. E.
General Manager

Wayne K. Lemieux
Counsel

HEADQUARTERS
4232 Las Virgenes Road
Calabasas, CA 91302
(818) 251-2100
Fax (818) 251-2109

WESTLAKE
FILTRATION PLANT
(818) 251-2370
Fax (818) 251-2379

TAPIA WATER
RECLAMATION FACILITY
(818) 251-2300
Fax (818) 251-2309

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

www.LVMWD.com

MEMBER AGENCY OF THE
METROPOLITAN WATER
DISTRICT
OF SOUTHERN CALIFORNIA

November 14, 2017

To: Board of Directors

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

Subject: **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL
YEAR 2016-17**

California law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year that ended on June 30, 2017.

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

The Pun Group, LLP, Accountants and Advisors, has issued unmodified opinions on the Las Virgenes Municipal Water District's financial statements for the fiscal year that ended on June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

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

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

Although not required by law, the Board adopts a final budget for the next fiscal year by the close of the current fiscal year. This annual budget serves as the foundation for LVMWD's financial planning and control. The budget is prepared by enterprise, function (e.g. system operations) and department (e.g. Facilities and Operations). Department directors 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 239.18-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 the Shoppes at Westlake Village, 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 vacant positions. The District has also been successful at minimizing impacts to ratepayers by utilizing working capital for major construction projects.

The overall financial position of the District is stable. The District is starting to see a gradual increase in potable water sales since the mandatory water use restrictions were lifted in April 2017. Potable water sales during Fiscal Year 2016-17 increased by 9.46% from Fiscal Year 2015-16. Recycled water sales during the same period were reduced by 28.33%. Recycled water use reductions were anticipated in the Fiscal Year 2016-17 due to historic rainfalls. For Fiscal Year 2017-18, the District has a stable outlook and continues to monitor economic and hydrologic conditions.

Long Term Financial Planning

The District presented its first two-year budget plan on June 14, 2016 for Fiscal Years 2016-18. The document improves long-range and strategic planning, financial management, and program monitoring. The two-year budget represents the concerted efforts of staff to estimate the financial needs of the District for two fiscal years to continue to provide high quality water and sanitation services to the District's customers. The budget is also aligned to meet the District's adopted Strategic Plan Goals and Financial Policies.

Relevant financial policies

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

On June 13, 2017, the Board adopted a revised Investment Policy that modified the time to present the Board with the Monthly Cash and Investment Report, from 30 to 45 days, to allow sufficient time for the month end financial closing. It also increased the minimum Moody's rating for investments from A1 to Aa3, and added flexibility by increasing the ability to purchase certificates of deposits and municipal bonds.

Major initiatives

During Fiscal Year 2016-17, the District neared completion on the multi-year, \$37.6-million Backbone Improvements Program. This program included completion of transmission mains in Agoura Hills and Calabasas, a five million gallon storage tank in Westlake Village, expansion of the Westlake Filtration Plant, and modernization of the Westlake Pump Station. These projects 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. Following two-years of study and community stakeholder input that focused on how to best manage discharge from the Tapia Water Reclamation Facility to Malibu Creek, the Pure Water Project Las Virgenes-Triunfo emerged as the preferred alternative to meet the goal, while also providing a local source of

potable water. The proposed Pure Water Project will take surplus recycled water from the Tapia Water Reclamation Facility and further treat it to better than drinking water standards. The treated water will be mixed with imported water stored in Las Virgenes Reservoir until needed. At that time, the water will be treated again prior to use in the potable water system.

In Fiscal Year 2017-18, the District will be spending \$1.3 million, its share of the Las Virgenes – Triunfo Joint Powers Authority project, on the design and the development of a demonstration facility to be built at the District's headquarters campus. Tours of the facility are intended to educate and promote public confidence in the treatment technology.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded LVMWD the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the Fiscal Year that ended on June 30, 2016. This was the 19th 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 2015-16. 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

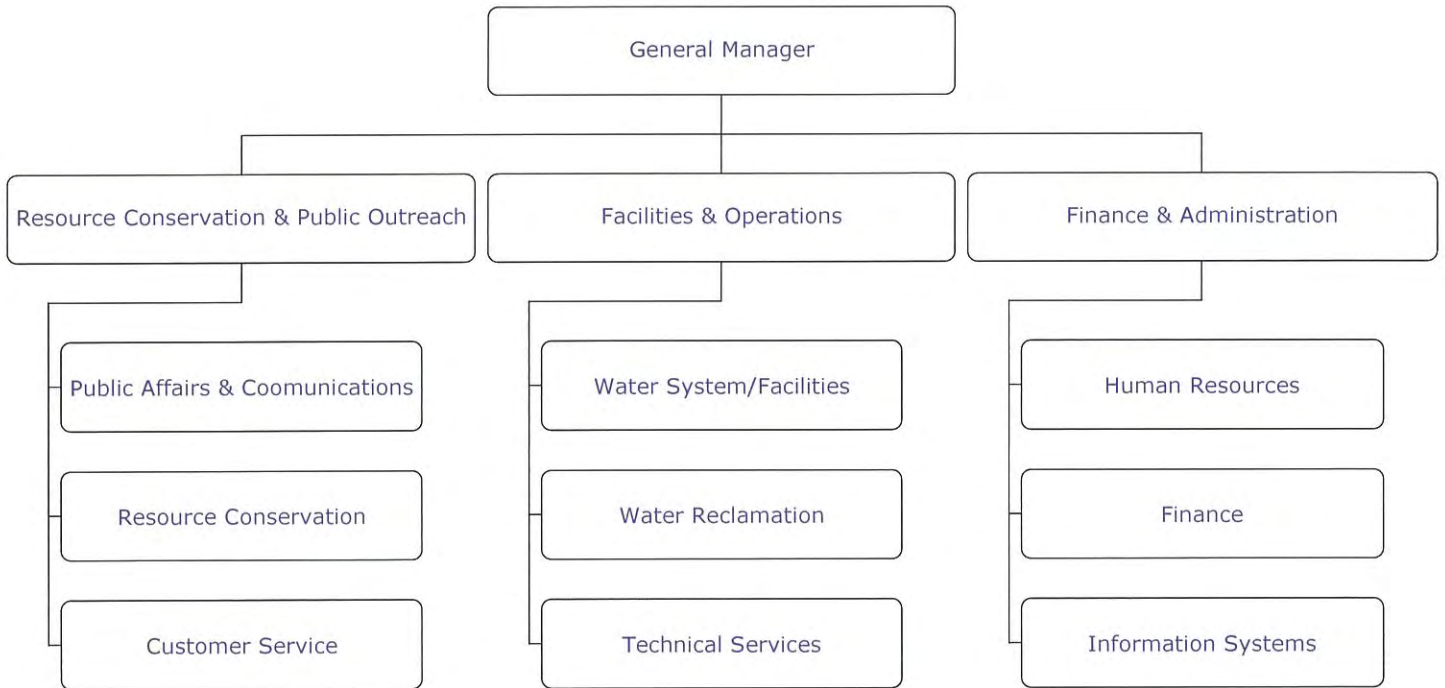
**Las Virgenes Municipal Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

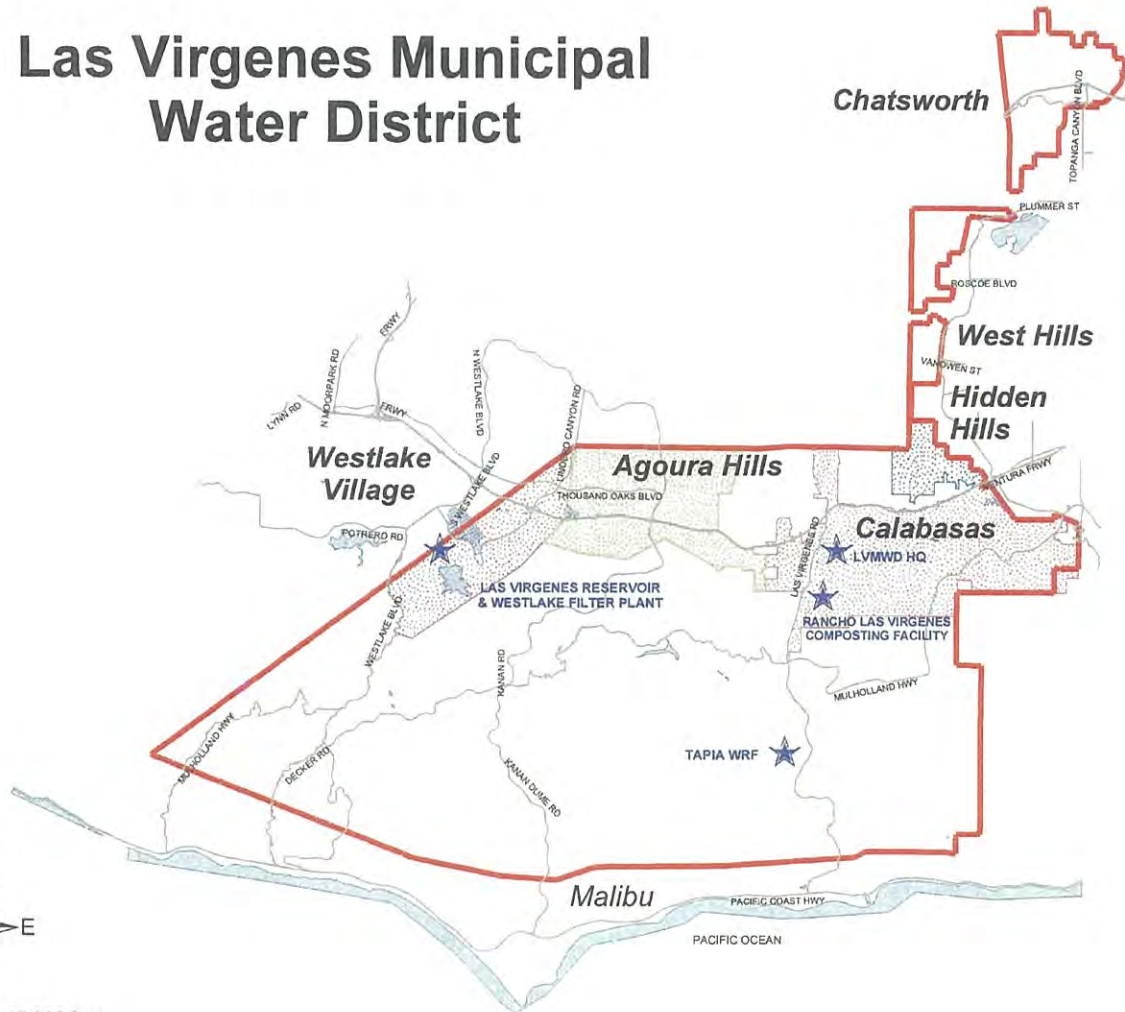
Executive Director/CEO

LVMWD Organizational Chart



Revised June 30, 2015

Las Virgenes Municipal Water District







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, 2017 and 2016, 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. 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, 2017 and 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707

Tel: 949-777-8800 • Fax: 949-777-8850

www.pungroup.com

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

Other Matters

Required Supplementary Information

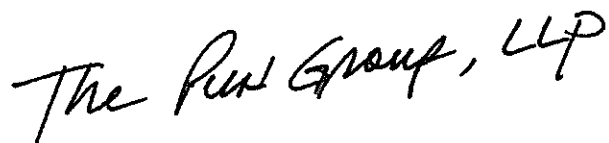
Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios – CalPERS Pension Plan, the Schedule of Contributions – CalPERS Pension Plan, and the Schedule of Funding Progress for Other Post-Employment Benefits Plan on pages 5 through 12 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 November 6, 2017 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
November 6, 2017

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, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2017.

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". The signature is written in a cursive, flowing style.

Santa Ana, California
November 6, 2017

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

LAS VIRGENES MUNICIPAL WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017 and 2016

This section of the District's annual financial report presents management's analysis of the District's financial performance during the Fiscal Year that ended on June 30, 2017 and 2016. Please read it in conjunction with the Financial Statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's 2017 net position increased by \$7.4 million to \$222.5 million, while the 2016 net position increased by \$0.8 million to \$215.1 million.
- During FY 2017, the District's revenues increased by 11.03% to \$61.4 million, while expenses decreased by 0.6% to \$54.6 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.
- In FY 2017, capital contributions to the District increased to \$0.62 million or 64% more than FY 2016. In FY 2016, capital contributions to the District decreased by \$0.4 million or 62% less than FY 2015.

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.

ACCOUNTING CHANGES TO THE FINANCIAL STATEMENTS

Governmental Accounting Standards Board (GASB) Statement 82

GASB 82, dated March 2016, was issued to improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. Implementation of GASB 82 had minimum impact on the Financial Statements of the District due to the nature of the District's pension liability.

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 Financial Statements provide information on whether the District, as a whole, is in a stronger or weaker financial position compared to the last year. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide a means to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, weather, and new or changed government legislation. For the beginning of Fiscal Year 2016-17 the District saw a continuation of water restrictions and other increased conservation methods as the State's drought continued, however in April 2017 the Governor lifted the drought state of emergency for most of California due to the historic rainfall over the winter. This has greatly improved water supply conditions for the state after five years of exceptional drought. Consistent with this action, the District modified the Water Shortage Condition, from Stage 3 – Water Shortage Emergency to Stage 1 – Water Shortage Alert, on April 25, 2017. Customers are urged to continue efficient water use and adhere to mandatory conservation measures. Additionally the District continued to see the effects of a 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 rate structure also increases the portion of the District's fixed cost recovered through its fixed fees each year, 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 \$7.4 million to \$222.5 million in FY 2017 and \$0.8 million to \$215.1 million in FY16..

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

	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Current and Other Assets	\$ 82,775	\$ 80,676	\$ 77,658
Capital Assets	125,810	120,197	120,949
Investment in JPA	62,556	63,943	66,721
Total Assets	\$ 271,140	\$ 264,816	\$ 265,328
Deferred Outflow of Resources	\$ 9,158	\$ 6,000	\$ 3,045
Long-Term Debt Outstanding	15,756	18,060	20,177
Net Pension Liability	19,563	15,171	15,870
Other Liabilities	17,761	15,646	13,114
Total Liabilities	\$ 53,079	\$ 48,877	\$ 49,161
Deferred Inflows of Resources	4,707	6,837	4,892
Net Position:			
Net Investment in Capital Assets,	\$ 108,932	\$ 101,274	\$ 100,170
Restricted	2,654	2,635	2,652
Unrestricted	110,926	111,192	111,498
Total Net Position	\$ 222,512	\$ 215,101	\$ 214,320

REVENUES, EXPENSES AND CHANGES IN NET POSITION

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides information concerning the nature and source of these changes. As shown in Table 2 below, the income before capital contributions was \$6.8 million. The income plus capital contributions lead to the overall increase in net position of \$7.4 million, when compared to last year's CAFR.

Water sales, the District's primary revenue source, were higher as the drought restrictions were lifted and customers adjusted to their water budgets. Wasteful water use penalties impose increasing fines on customers who exceed their water budgets by 200%, which has helped limit the increase.

Changes in taxes, interest income and other revenues was minimal. In FY16, the District received a reimbursement of \$0.4 million from the Los Angeles Department of Water and Power in conjunction with a potential partnership to provide recycled water to Woodland Hills golf course located within the City of Los Angeles, this reimbursement was not continued into FY 17

Operating expenses were slightly lower by 0.22% year-over-year primarily due to salary vacancies and decreased maintenance costs.

Capital contributions are irregular as the major residential potential developments have been completed and with the completion of the potable water enterprises backbone improvement project. The District anticipates future projects will focus on maintenance and upgrading of existing infrastructure and the development of the Las Virgenes Triunfo Pure Water Project that is planned to treat sanitation effluent into potable water.

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

	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Operating Revenues:			
Water Sales	\$ 39,113	\$ 32,949	\$ 37,547
Sanitation and Other	20,682	20,080	18,636
Non-operating Revenues:			
Taxes and Penalties	953	926	904
Interest Income and Other	645	1,360	833
Total Revenues	\$ 61,373	\$ 55,315	\$ 57,920
Depreciation Expense	4,076	4,712	4,579
Other Operating Expenses	36,501	36,419	39,540
Share of JPA Net Expenses	13,157	12,955	13,828
Non-Operating Expenses	868	825	1,270
Total Expenses	\$ 54,582	\$ 54,911	\$ 59,217
Income (Loss) Before Capital Contributions	6,791	404	(1,297)
Capital Contributions	620	377	990
Change in Net Position	<u>7,411</u>	<u>781</u>	<u>(307)</u>
Net Position - Beginning of Year	<u>215,101</u>	<u>214,320</u>	<u>214,627</u>
Net Position - End of Year	<u>\$ 222,512</u>	<u>\$ 215,101</u>	<u>\$ 214,320</u>

CAPITAL ASSETS

At the end of FY 2017, the District had invested \$234.9 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 \$62.6 million as shown in Table 3. This amount represents a net increase (including additions, deletions, and depreciation) of \$4.2 million from last year. The increase is predominantly due to completion of the backbone improvement project that included transmission mains, a five million gallon storage tank in Westlake Village, expansion of the Westlake Filtration Plant, and modernization of the Westlake Pump Station. These projects will improve system reliability by modernizing and expanding facilities to better meet current and future demands.

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

TABLE 3
Capital Assets
(In thousands of dollars)

	FY 2017	FY 2016	Dollar Change	Total Percent Change
Land	\$ 6,915	\$ 6,915	\$ 0	0.00%
Buildings and Improvements	22,023	22,023	0	0.00%
Machinery and Equipment	11,102	10,933	240	2.15%
Infrastructure	188,709	182,026	6,612	3.51%
Construction in Progress	6,108	3,867	2,241	36.69%
Subtotal	234,857	225,764	9,093	3.87%
Less Accumulated Depreciation	109,048	105,567	3,481	3.19%
Net Property, Plant and Equipment	125,809	120,197	5,612	4.40%
Investment in Joint Venture	62,556	63,943	(1,387)	(4.34)%
Total Capital Assets	\$ 188,365	\$ 184,140	\$ 4,225	2.24%

	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	8.88%
Construction in Progress	3,867	16,737	(12,870)	-
Subtotal	225,764	222,420	3,344	332.82%
Less Accumulated Depreciation	105,567	101,472	4,095	3.88%
Net Property, Plant and Equipment	120,197	120,948	(751)	-0.62%
Investment in Joint Venture	63,943	66,721	(2,778)	(4.34)%
Total Capital Assets	\$ 184,140	\$ 187,669	\$ (3,529)	-1.92%

The following is a summary of some of the major improvements to the system during FY 2017.

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

	<u>FY 2017</u>
Westlake Pump Station Upgrade	\$ 4,236
Westlake Filtration Plant Expansion	3,838
Centrate Equalization Tank	1,785
Tapia Primary Tanks No. 2-5 Rehabilitation	874
Jed Smith Pipeline Replacement	643
Tapia Sluice Gates and Drives Replacement	437
Twin Lakes Tank Site Drainage Project	274
Recycled Water Seasonal Storage Study	<u>224</u>
Total	<u><u>\$ 12,311</u></u>
	<u>FY 2016</u>
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 Ext.	378
Five Million Gallon Potable Water Tank	341
Westlake Pump Station Upgrade	<u>245</u>
Total	<u><u>\$ 4,730</u></u>
	<u>FY 2015</u>
Five Million Gallon Potable Water Tank	\$ 8,425
Calabasas Potable 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	<u>260</u>
Total	<u><u>\$ 14,515</u></u>

LONG TERM DEBT

At year-end, the District had total long term debt of \$17.9 million, down from \$20.1 million in FY 2016. The majority of this, \$17.8 million is for the 2009 Sanitation Refunding Revenue Bond and Unamortized Premium, which had a FY 2016 year-end balance of \$20.0 million. This debt is solely the obligation of the Sanitation Enterprise. More detailed information about the District's long-term liabilities is presented in Note 9 to the Basic Financial Statements. No new debt was incurred in FY 2017.

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 2017 was 2.90%.

TABLE 5
Debt Coverage Ratio
(In thousands of dollars)

	<u>FY</u> <u>2017</u>	<u>FY</u> <u>2016</u>	<u>Total</u> <u>Percent</u> <u>Change</u>
Total Operating Revenues	\$ 18,613	\$ 17,398	6.98%
Total Operating Expenses (less depreciation)	10,614	10,260	3.45%
Net Earnings	<u>7,999</u>	<u>7,138</u>	<u>12.06%</u>
Maximum Annual Debt Service	2,756	2,739	0.62%
Debt Coverage Ratio	<u>2.90</u>	<u>2.61</u>	<u>11.37%</u>
	<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)	10,620	10,653	(0.31)%
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>2.71</u>	<u>5.67%</u>

The District has outstanding refunding revenue bonds issued in December 2009. The District's current average cost of capital were 3.93% and 4.10% at June 30, 2017 and 2016, 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 ,2017	16,795	3.93%
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, 2017 and 2016

ASSETS	Primary Government		Discretely Presented Component Unit - JPA	
	2017	2016	2017	2016
Current assets:				
Cash and cash equivalents (Note 3)	\$ 22,970,112	\$ 23,596,272	\$ 6,007,921	\$ 4,352,680
Investments (Note 3)	36,426,277	35,804,129	976,730	1,000,650
Receivables:				
Sales and services, net of allowance for uncollectible (Note 4)	7,112,281	6,279,424	955,388	889,662
Due from Joint Powers Authority (Note 6)	4,097,705	3,555,402	-	-
Interest	165,612	128,157	11,442	6,621
Interest receivable - designated for capital projects	293	237	-	-
Taxes	207,728	200,652	-	-
Other	188,158	54,525	-	-
Inventories (Note 5)	8,602,050	8,052,692	177,904	175,108
Prepaid items	243,104	243,408	42,692	38,372
Total current assets	80,013,320	77,914,898	8,172,077	6,463,093
Noncurrent assets:				
Restricted cash and cash equivalents (Note 3)	2,761,319	2,761,031	-	-
Investments in Joint Powers Authority (Note 6)	62,556,150	63,943,047	-	-
Capital assets (Note 7):				
Nondepreciable	13,023,662	10,782,415	15,298,574	14,475,926
Depreciable, net of accumulated depreciation	112,785,900	109,414,357	75,711,003	78,284,060
Capital assets, net	125,809,562	120,196,772	91,009,577	92,759,986
Total noncurrent assets	191,127,031	186,900,850	91,009,577	92,759,986
Total assets	271,140,351	264,815,748	99,181,654	99,223,079
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding	1,024,057	1,183,650	-	-
Pension related deferred outflows of resources (Note 10)	8,134,281	4,816,050	-	-
Total deferred outflows of resources	9,158,338	5,999,700	-	-

Las Virgenes Municipal Water District
Statements of Net Position (Continued)
June 30, 2017 and 2016

	Primary Government		Discretely Presented Component Unit - JPA	
	2017	2016	2017	2016
LIABILITIES				
Current liabilities:				
Accounts and contracts payable and accrued expenses	5,052,524	5,700,901	749,698	651,396
Interest payable	113,437	130,312	-	-
Unearned capacity and developer fees	8,084,637	5,431,557	-	-
Due to primary government (Note 6)	-	-	4,097,705	3,555,402
Due to other government	-	-	3,324,675	2,256,295
Deposits and other	240,353	198,630	-	-
Compensated absences - due within one year (Note 8)	944,020	857,908	-	-
Long-term debt - due within one year (Note 9)	2,146,467	2,046,263	-	-
Total current liabilities	16,581,438	14,365,571	8,172,078	6,463,093
Noncurrent liabilities:				
Compensated absences (Note 8)	1,179,331	1,280,931	-	-
Long-term debt - due in more than one year (Note 9)	15,755,520	18,059,997	-	-
Net pension liabilities (Note 10)	19,563,035	15,170,783	-	-
Total noncurrent liabilities	36,497,886	34,511,711	-	-
Total liabilities	53,079,324	48,877,282	8,172,078	6,463,093
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows of resources (Note 10)	4,707,151	6,837,127	-	-
Total deferred inflows of resources	4,707,151	6,837,127	-	-
NET POSITION (Note 12)				
Primary government's net investment in capital assets	108,931,632	101,274,162	60,406,116	61,600,523
Other government's net investment in capital assets	-	-	30,603,461	31,159,463
Restricted for:				
Debt services	2,654,235	2,634,522	-	-
Unrestricted	110,926,347	111,192,355	-	-
Total net position	\$ 222,512,214	\$ 215,101,039	\$ 91,009,577	\$ 92,759,986

Las Virgenes Municipal Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	Primary Government		Discretely Presented Component Unit - JPA	
	2017	2016	2017	2016
Operating Revenues:				
Water sales and service fees	\$ 39,113,394	\$ 32,949,004	\$ -	\$ -
Sanitation service fees	18,613,751	17,050,198	-	-
Wholesale recycle water sales	-	-	2,057,700	2,286,663
Rental income	99,017	74,889	-	-
Other income	1,968,713	2,955,069	110,537	69,678
Total operating revenues	59,794,875	53,029,160	2,168,237	2,356,341
Operating Expenses:				
Water expenses:				
Source of supply	23,609,097	21,575,368	-	-
Pumping	1,618,287	1,491,242	-	-
Transmission and distribution	2,808,087	2,956,273	-	-
Meter	850,676	897,587	-	-
Water conservation	394,452	2,280,331	-	-
Rental	4,406	20,841	-	-
General and administrative	5,644,825	5,154,667	-	-
Total water expenses	34,929,830	34,376,309	-	-
Sanitation expenses:				
Other sewage treatment	380,730	473,992	-	-
Lifting	198,711	276,441	-	-
General and administrative	991,347	1,292,137	-	-
Total sanitation expenses	1,570,788	2,042,570	-	-
JPA expenses:				
Operating expenses	-	-	8,114,992	7,987,290
General and administrative	-	-	6,640,031	5,931,993
Total JPA expenses	-	-	14,755,023	13,919,283
Depreciation	4,076,135	4,712,262	5,629,045	6,491,741
Total operating expenses	40,576,753	41,131,141	20,384,068	20,411,024
Billings to primary government	-	-	8,483,081	7,623,145
Billings to other government	-	-	4,058,695	3,917,234
Total JPA billings	-	-	12,541,776	11,540,379
Net Operating Income (Loss)	19,218,122	11,898,019	(5,674,055)	(6,514,304)

Las Virgenes Municipal Water District
Statements of Revenues, Expenses, and Changes in Net Position (Continued)
For the Years Ended June 30, 2017 and 2016

	Primary Government		Discretely Presented Component Unit - JPA	
	2017	2016	2017	2016
Nonoperating Revenues (Expenses):				
Taxes and penalties	952,892	926,327	-	-
Interest income	273,618	571,517	45,010	22,563
Facilities charge	371,357	336,150	-	-
Interest expense and fiscal charges	(748,692)	(825,073)	-	-
Share of Joint Powers Authority (expense)	(13,156,716)	(12,954,731)	-	-
Gain (loss) on disposal of capital asset	(45,860)	50,637	(25,621)	(44,061)
Other revenues/(expenses)	(73,803)	401,183	(528,443)	-
Total nonoperating revenues (expenses)	<u>(12,427,204)</u>	<u>(11,493,990)</u>	<u>(509,054)</u>	<u>(21,498)</u>
Capital Contributions:				
Capital contributions from others	620,257	376,950	-	-
Capital contributions from primary government	-	-	3,124,742	1,986,781
Capital contributions from other government	-	-	1,307,958	827,356
Total capital contributions	<u>620,257</u>	<u>376,950</u>	<u>4,432,700</u>	<u>2,814,137</u>
Changes in Net Position	7,411,175	780,979	(1,750,409)	(3,721,665)
Net Position:				
Beginning of year	215,101,039	214,320,060	92,759,986	96,481,651
End of year	<u>\$ 222,512,214</u>	<u>\$ 215,101,039</u>	<u>\$ 91,009,577</u>	<u>\$ 92,759,986</u>

Las Virgenes Municipal Water District
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	Primary Government	
	2017	2016
Cash Flows From Operating Activities:		
Cash received from customers	\$ 57,035,028	\$ 51,509,643
Cash payments to suppliers for operations	(31,045,419)	(28,519,191)
Cash received from Joint Powers Authority	-	93,265
Cash paid to Joint Powers Authority	(542,303)	-
Cash payments for general and administrative expenses	(7,452,737)	(8,022,419)
Cash received from others	1,761,277	3,394,639
Receipt from facilities charges	371,357	336,150
Net cash provided by operating activities	20,127,203	18,792,087
Cash Flows From Noncapital Financing Activities:		
Property taxes and fee collected	945,816	919,716
Net cash provided by noncapital financing activities	945,816	919,716
Cash Flows From Capital and Related Financing Activities:		
Acquisition of capital assets	(10,017,332)	(3,871,461)
Proceeds from sale of assets	11,211	65,966
Repayment of bonds payable and capital leases	(2,044,978)	(1,960,222)
Interest payment	(765,269)	(840,816)
Capital facilities and developer fees received	3,399,842	1,666,681
Capital facilities and developer fees refunded and developer fees used	(126,505)	(120,270)
Net cash (used in) capital and related financing activities	(9,543,031)	(5,060,122)
Cash Flows From Investing Activities:		
Interest received	636,651	404,475
Contributions to Joint Power Authority	(11,769,819)	(10,177,066)
Investments matured	16,596,926	14,996,913
Purchase of investments	(17,619,618)	(17,117,356)
Net cash (used in) investing activities	(12,155,860)	(11,893,034)
Net Change in Cash and Cash Equivalents	(625,872)	2,758,647
Cash and Cash Equivalents:		
Beginning of year	26,357,303	23,598,656
End of year	\$ 25,731,431	\$ 26,357,303
Financial Statement Presentation:		
Cash and cash equivalents	\$ 22,970,112	\$ 23,596,272
Restricted cash and cash equivalents	2,761,319	2,761,031
Total cash and cash equivalents	\$ 25,731,431	\$ 26,357,303
Noncash investing activities:		
Change in fair value of investments	\$ (400,544)	\$ 118,001
Noncash Activities from Capital and Related Financing Activities:		
Capital lease financing	\$ -	\$ 104,100

Las Virgenes Municipal Water District
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2017 and 2016

	Primary Government	
	2017	2016
Reconciliation of Net Operating Income to Net Cash Provided By Operating Activities:		
Net operating income	\$ 19,218,122	\$ 11,898,019
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,076,135	4,712,262
Write-off of construction in progress	271,336	-
Other revenues (expenses)	(73,803)	401,183
Receipt from facilities charges	371,357	336,150
Changes in operating assets and liabilities		
(Increase) decrease in accounts and other receivables	(966,490)	1,453,478
(Increase) decrease in due from Joint Powers Authority	(542,303)	93,265
(Increase) decrease in inventories	(549,358)	503,732
(Increase) decrease in prepaid items	304	(15,178)
(Increase) decrease in deferred outflows or resources - pension	(3,318,231)	(186,354)
Increase (decrease) in accounts and contracts payable and accrued expenses	(663,865)	1,256,896
Increase (decrease) in deposits and other	41,723	20,461
Increase (decrease) in net pension liability	4,392,252	(699,539)
Increase (decrease) in deferred inflows or resources - pension	(2,129,976)	(982,288)
Net cash provided by Operating Activities	\$ 20,127,203	\$ 18,792,087

Disclosure of Noncash Transactions:

- 1 Projects funded by water and sewer capacity fees/connection fees and meter installation fees were completed during the fiscal year. As a result, capital contribution in the amount of \$597,423 and \$367,068 from capacity fee and \$22,834 and \$9,882 from meters installed were reclassified from deferred capacity and developer fees to contributed capital for the years ended June 30, 2017 and 2016, respectively.



Las Virgenes Municipal Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2017 and 2016

Note 1 – Reporting Entity

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

Discretely Presented Component Unit

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

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

- Level 1 — Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
- Level 2 — Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.
- Level 3 — Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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 acquisition value on the date donated. The District policy has set the capitalization threshold for reporting capital assets at \$5,000, all of which must have an estimated useful life in excess of one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

<u>Primary Government</u>		
Water Plant	Source of supply (primarily water tanks)	10 - 100 Years
	Plant	10 - 75 Years
	Structures	25 - 35 Years
Sanitation Plant	Plant	10 - 100 Years
	Machinery and equipment	3 - 25 Years
General Utility Plant	Building and improvements	10 - 50 Years
	Machinery and equipment	3 - 25 Years
<u>Discretely Presented Component Unit - JPA</u>		
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, 2017 and 2016

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, 2017 and 2016.

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, 2017	June 30, 2016
Valuation Date	June 30, 2015	June 30, 2014
Measurement Date	June 30, 2016	June 30, 2015
Measurement Period	July 1, 2015 to June 30, 2016	July 1, 2014 to June 30, 2015

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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 and related deferred outflows of resources 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, 2017 and 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Accounting Changes

GASB Statement No. 77, *Tax Abatement Disclosures*: this Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. Application of this statement is effective for the City's fiscal year ending June 30, 2017. This statement did not have a significant impact on the District's financial statements for the years ended June 30, 2017 and 2016.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*: this Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). Application of this statement is effective for the City's fiscal year ending June 30, 2017. This statement did not have a significant impact on the District's financial statements for the years ended June 30, 2017 and 2016.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*: this Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. Application of this statement is effective for the City's fiscal year ending June 30, 2017. This statement did not have a significant impact on the District's financial statements for the years ended June 30, 2017 and 2016.

GASB has issued Statement No. 82, *Pension Issues*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement became effective for periods beginning after June 15, 2016, 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, 2017 and 2016.

Reclassifications

Investments in municipal bonds, and US Government Sponsored Enterprise Securities were reclassified from level 1 to level 2 in the amount of \$36,804,779. Investment in local agency investment funds were reclassified from level 2 to uncategorized in the amount of \$30,212,839. Investment in the money market mutual funds were reclassified from level 1 to uncategorized in the amount of \$10,855.

Pension related deferral in the amount \$2,927,818 was reclassified from deferred inflows of resources to deferred outflows of resources at June 30, 2016.

Capital leases in the amount of \$104,100 was reclassified from acquisition of capital assets and repayment of bonds payable and capital leases to noncash capital and related financing activities at June 30, 2016.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 3 – Cash and Investments

At June 30, 2017 and 2016, cash and investments are classified in the accompanying statements of net position as follows:

	2017			2016		
	Discretely Presented			Discretely Presented		
	Primary Government	Component Unit - JPA	Total	Primary Government	Component Unit - JPA	Total
Unrestricted Assets:						
Cash and cash equivalents	\$ 22,970,112	\$ 6,007,921	\$ 28,978,033	\$ 23,596,272	\$ 4,352,680	\$ 27,948,952
Investments	36,426,277	976,730	37,403,007	35,804,129	1,000,650	36,804,779
Restricted Assets:						
Cash and cash equivalents	2,761,319	-	2,761,319	2,761,031	-	2,761,031
Total cash and investments	<u>\$ 62,157,708</u>	<u>\$ 6,984,651</u>	<u>\$ 69,142,359</u>	<u>\$ 62,161,432</u>	<u>\$ 5,353,330</u>	<u>\$ 67,514,762</u>

At June 30, 2017 and 2016, cash and investments consisted of the followings:

	2017			2016		
	Discretely Presented			Discretely Presented		
	Primary Government	Component Unit - JPA	Total	Primary Government	Component Unit - JPA	Total
Deposits:						
Demand Deposits	\$ 483,232	\$ 1,035,616	\$ 1,518,848	\$ 146,822	\$ 337,517	\$ 484,339
Petty Cash	1,950	-	1,950	1,950	-	1,950
Total deposits	<u>485,182</u>	<u>1,035,616</u>	<u>1,520,798</u>	<u>148,772</u>	<u>337,517</u>	<u>486,289</u>
Investments:						
Money market mutual funds	26,499	-	26,499	10,855	-	10,855
Municipal Bonds	9,121,184	-	9,121,184	7,724,909	-	7,724,909
U.S. Government Sponsored Agency Security Certificate of Deposit	25,845,290	976,730	26,822,020	28,079,220	1,000,650	29,079,870
California Local Agency Investment Fund	1,459,803	-	1,459,803	-	-	-
	22,458,431	4,972,305	27,430,736	23,436,645	4,015,163	27,451,808
Total investments	<u>58,911,207</u>	<u>5,949,035</u>	<u>64,860,242</u>	<u>59,251,629</u>	<u>5,015,813</u>	<u>64,267,442</u>
Investments with Fiscal Agents:						
California Local Agency Investment Fund	2,761,319	-	2,761,319	2,761,031	-	2,761,031
Total investments with fiscal agents	<u>2,761,319</u>	<u>-</u>	<u>2,761,319</u>	<u>2,761,031</u>	<u>-</u>	<u>2,761,031</u>
Total cash and investments	<u>\$ 62,157,708</u>	<u>\$ 6,984,651</u>	<u>\$ 69,142,359</u>	<u>\$ 62,161,432</u>	<u>\$ 5,353,330</u>	<u>\$ 67,514,762</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 3 – Cash and Investments (Continued)

The statements of cash flows for the years ended June 30, 2017 and 2016 have been prepared by considering the following deposits and investment instruments to be cash and cash equivalents:

	2017			2016				
	Primary Government	Discretely Presented Component Unit - JPA		Total	Primary Government	Discretely Presented Component Unit - JPA		Total
Demand Deposits	\$ 483,232	\$ 1,035,616	\$ 1,518,848	\$ 146,822	\$ 337,517	\$ 484,339		
Petty Cash	1,950	-	1,950	1,950	-	1,950		
Money market mutual funds	26,499	-	26,499	10,855	-	10,855		
California Local Agency Investment Fund	25,219,750	4,972,305	30,192,055	26,197,676	4,015,163	30,212,839		
Total cash and cash equivalents	\$ 25,731,431	\$ 6,007,921	\$ 31,739,352	\$ 26,357,303	\$ 4,352,680	\$ 30,709,983		

Fair Value Measurement

At June 30, 2017 and 2016, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2017 and 2016:

	2017			2016		
	Significant Other Observable Input (Level 2)		Uncategorized Total	Significant Other Observable Input (Level 2)		Uncategorized Total
Money market mutual funds	\$ -	\$ 26,499	\$ 26,499	\$ 10,855	\$ 10,855	
Municipal Bonds	9,121,184	-	9,121,184	7,724,909	7,724,909	
Federal Farm Credit Bank	2,981,230	-	2,981,230	4,004,350	4,004,350	
Federal Home Loan Bank	6,958,940	-	6,958,940	8,050,770	8,050,770	
Federal Home Loan Mortgage Corporation	9,955,380	-	9,955,380	11,015,290	11,015,290	
Federal Nation Mortgage Association	6,926,470	-	6,926,470	6,009,460	6,009,460	
Certificate of Deposit	1,459,803	-	1,459,803	-	-	
Local Agency Investment Fund	-	27,430,736	27,430,736	-	27,451,808	
Investment with fiscal agents:						
Local Agency Investment Fund	-	2,761,319	2,761,319	-	2,761,031	
Total Investments	\$ 37,403,007	\$ 30,218,554	\$ 67,621,561	\$ 36,804,779	\$ 30,223,694	

Demand Deposits

Demand deposits are held in pool by the District. The carrying amounts of cash deposits were \$1,518,848 and \$484,339 at June 30, 2017 and 2016, respectively. Bank balance at June 30, 2017 and 2016 were was \$2,006,094 and \$1,010,158, 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.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 3 – Cash and Investments (Continued)

Demand Deposits (Continued)

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.

JPA's investment in LAIF was pooled with the District. As of June 30, 2017 and 2016, the District had \$30,192,055 and \$30,212,839 invested in LAIF, which had invested 2.89% and 2.81% of the pool investment funds in Structured Notes and Asset-Backed Securities, respectively. The value of the investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are reported at net asset value.

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

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

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 3 – Cash and Investments (Continued)

Investments Authorized by the California Code and The District's Investment Policy (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Bills, Bonds and Notes	5 years	None	None
United States Government Sponsored Agency Securities	5 years	None	None
Time Deposits	1 year	25%	None
Repurchase Agreements/Reverse Repurchase Agreement	30 days	25%/10%	None
California Local Agency Investment Fund (LAIF)	None	25%	\$65,000,000
Bonds Issue by Local Agencies or States	5 years	None	None
Money Market Mutual Funds	None	20%	10%
Certificates of Deposits	5 years	25%	\$250,000

Investments Authorized by Debt Agreements

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

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.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District’s investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity as of June 30, 2017 and 2016.

2017						
Investment Type	Remaining Maturity (in Years)					Fair Value Total
	Less Than 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	
Money market mutual funds	\$ 26,499	\$ -	\$ -	\$ -	\$ -	\$ 26,499
Municipal Bonds	1,654,818	902,712	1,000,530	4,972,844	590,280	9,121,184
Federal Farm Credit Bank	-	1,990,170	991,060	-	-	2,981,230
Federal Home Loan Bank	1,000,270	2,000,100	-	985,990	2,972,580	6,958,940
Federal Home Loan Mortgage Corporation	2,993,190	-	1,995,300	2,980,430	1,986,460	9,955,380
Federal Nation Mortgage Association	998,650	-	3,964,110	1,963,710	-	6,926,470
Certificate of Deposit	-	245,237	242,004	240,742	731,820	1,459,803
Local Agency Investment Fund	27,430,736	-	-	-	-	27,430,736
Investment with fiscal agents:						
Local Agency Investment Fund	2,761,319	-	-	-	-	2,761,319
	<u>\$36,865,482</u>	<u>\$ 5,138,219</u>	<u>\$ 8,193,004</u>	<u>\$ 11,143,716</u>	<u>\$ 6,281,140</u>	<u>\$ 67,621,561</u>

2016						
Investment Type	Remaining Maturity (in Years)					Fair Value Total
	Less Than 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	
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>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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 District's investments as of June 30, 2017 and 2016.

Investment	2017					
	Total	Minimum				
	As of June 30, 2017	Legal Requirement	AAA	AA+/-	A+	Unrated
Money market mutual funds	\$ 26,499	None	\$ 26,499	\$ -	\$ -	\$ -
Municipal Bonds	9,121,184	AA-	1,000,530	7,038,444	1,082,210	-
Federal Farm Credit Bank	2,981,230	None	-	1,990,170	-	991,060
Federal Home Loan Bank	6,958,940	None	-	2,987,490	-	3,971,450
Federal Home Loan Mortgage Corporation	9,955,380	None	-	7,968,410	-	1,986,970
Federal Nation Mortgage Association	6,926,470	None	-	3,960,770	-	2,965,700
Certificate of Deposit	1,459,803	None	-	-	-	1,459,803
Local Agency Investment Fund	27,430,736	None	-	-	-	27,430,736
Investment with fiscal agents:						
Local Agency Investment Fund	2,761,319	None	-	-	-	2,761,319
	<u>\$ 67,621,561</u>		<u>\$ 1,027,029</u>	<u>\$ 23,945,284</u>	<u>\$ 1,082,210</u>	<u>\$ 41,567,038</u>

Investment	2016					
	Total	Minimum				
	As of June 30, 2016	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>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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	2017		2016	
		Reported Amount	Percentage of Investments	Reported Amount	Percentage of Investments
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	\$ 2,981,230	4.60%	\$ 4,004,350	6.23%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	6,958,940	10.73%	8,050,770	12.53%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	9,955,380	15.35%	11,015,290	17.14%
Federal National Mortgage Association	United States Government Sponsored Agency Securities	6,926,470	10.68%	6,009,460	9.35%

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).

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, 2017 and 2016, sales and services receivable, net of allowance for uncollectible accounts, were in the amount of \$7,112,281 and \$6,279,424 for the District and \$955,388 and \$889,662 for the JPA, respectively.

Note 5 – Inventories

Inventories consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<u>Primary Government</u>		
Material and supplies	\$ 936,387	\$ 929,714
Water in storage	7,665,663	7,122,978
Total	\$ 8,602,050	\$ 8,052,692
<u>Discretely Presented Component Unit - JPA</u>		
Material and supplies	\$ 177,904	\$ 175,108

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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:

	<u>2017</u>	<u>2016</u>
Beginning of year	\$ 63,943,047	\$ 66,720,712
Contributions	11,769,819	10,177,066
Share in income (loss):		
Sanitation expenses	(9,013,414)	(8,190,286)
Depreciation expenses	(4,125,214)	(4,733,338)
Loss on disposal of capital assets	(18,088)	(31,107)
End of year	<u>\$ 62,556,150</u>	<u>\$ 63,943,047</u>

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>2017</u>	<u>2016</u>
Primary government's net investment in JPA's capital assets	\$ 60,406,116	\$ 61,600,523
Capitalized interest, net	2,150,034	2,342,524
Investment in JPA	<u>\$ 62,556,150</u>	<u>\$ 63,943,047</u>

Condensed financial statement of the JPA as of and for the years ended June 30, 2017 and 2016 including the participants’ approximate percentage shares as follows:

	<u>2017</u>			<u>2016</u>		
	Amount	Las Virgenes Municipal Water District	Triunfo Sanitation District	Amount	Las Virgenes Municipal Water District	Triunfo Sanitation District
Total assets	\$ 99,181,654	66%	34%	\$ 99,223,079	67%	33%
Total liabilities	8,172,077	67%	33%	6,463,093	67%	33%
Total equity	91,009,577	66%	34%	92,759,986	67%	33%
Billings to participants	12,541,776	68%	32%	11,540,379	67%	33%
Depreciation	5,629,045	70%	30%	6,491,741	70%	30%
Construction cost	4,432,700	71%	29%	2,814,137	71%	29%

The amount due from the JPA at June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Beginning of year	\$ 3,555,402	\$3,648,667
Additions (Deletions)	542,303	(93,265)
End of year	<u>\$ 4,097,705</u>	<u>3,555,402</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 7 – Capital Assets

Primary Government

Summary of changes in capital assets for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Reclassification	Balance June 30, 2017
Capital assets, not depreciated					
Land and land rights:					
Water plant	\$ 6,804,093	\$ 6	\$ -	\$ -	\$ 6,804,099
Sanitation plant	111,235	-	-	-	111,235
Construction in progress	3,867,087	10,017,326	(271,336)	(7,504,749)	6,108,328
Total capital assets, not depreciated	10,782,415	10,017,332	(271,336)	(7,504,749)	13,023,662
Capital assets, being depreciated					
Water plant:					
Source of supply	40,852,848	-	-	884,782	41,737,630
Plant	113,261,344	-	(448,246)	6,173,233	118,986,331
Structure	20,483,543	-	-	29,125	20,512,668
Sanitation plant:					
Plant	7,427,396	-	(9,137)	54,361	7,472,620
Machinery and equipment	17,318	-	-	-	17,318
General utility plant					
Building and improvements	22,023,030	-	-	-	22,023,030
Machinery and equipment	10,916,241	-	(195,256)	363,248	11,084,233
Total capital assets, being depreciated	214,981,720	-	(652,639)	7,504,749	221,833,831
Less accumulated depreciation					
Water plant:					
Source of supply	(9,511,087)	(931,509)	-	-	(10,442,596)
Plant	(53,605,641)	(1,776,328)	463,060	-	(54,918,909)
Structure	(17,225,248)	(361,044)	-	-	(17,586,292)
Sanitation plant:					
Plant	(3,628,458)	(147,530)	9,137	-	(3,766,851)
Machinery and equipment	(14,722)	(1,732)	-	-	(16,454)
General utility plant					
Building and improvements	(11,934,660)	(519,939)	-	-	(12,454,599)
Machinery and equipment	(9,647,549)	(338,053)	123,371	-	(9,862,231)
Total accumulated depreciation	(105,567,363)	(4,076,135)	595,568	-	(109,047,931)
Total capital assets, being depreciated, net	109,414,357	(4,076,135)	(57,071)	7,504,749	112,785,900
Total capital assets, net	\$ 120,196,772	\$ 5,941,197	\$ (328,407)	\$ -	\$ 125,809,562

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 7 – Capital Assets (Continued)

Primary Government (Continued)

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, 2017 and 2016

Note 7 – Capital Assets (Continued)

Discretely Presented Component Unit – JPA

Summary of changes in capital assets for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Reclassification	Balance June 30, 2017
Capital assets, not depreciated					
Land and land rights	\$ 12,258,791	\$ -	\$ -	\$ -	\$ 12,258,791
Construction in progress	2,217,135	4,304,341	(400,084)	(3,081,609)	3,039,783
Total capital assets, not depreciated	14,475,926	4,304,341	(400,084)	(3,081,609)	15,298,574
Capital assets, being depreciated					
Sewer and treatment plant	118,814,505	-	(268,939)	2,136,266	120,681,832
Compost plant and farm	70,971,846	-	(56,548)	280,994	71,196,292
Recycled water system	33,348,740	-	-	664,349	34,013,089
Total capital assets, being depreciated	223,135,091	-	(325,487)	3,081,609	225,891,213
Less accumulated depreciation					
Sewer and treatment plant	(79,279,313)	(2,793,048)	263,514	-	(81,808,847)
Compost plant and farm	(46,378,352)	(1,894,081)	36,352	-	(48,236,081)
Recycled water system	(19,193,366)	(941,916)	-	-	(20,135,282)
Total accumulated depreciation	(144,851,031)	(5,629,045)	299,866	-	(150,180,210)
Total capital assets, being depreciated, net	78,284,060	(5,629,045)	(25,621)	3,081,609	75,711,003
Total capital assets, net	\$ 92,759,986	\$ (1,324,704)	\$ (425,705)	\$ -	\$ 91,009,577

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 8 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2017 is as follows:

Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within One Year	Due in More than One Year
\$ 2,138,839	\$ 994,051	\$ (1,009,539)	\$ 2,123,351	\$ 944,020	\$ 1,179,331

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

Note 9 – Long-Term Debt

Summary of changes in long-term debt for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within One Year	Due in More Than One Year
2009 Sanitation Refunding Revenue Bonds	\$ 18,820,000	\$ -	\$ (2,025,000)	\$ 16,795,000	\$ 2,125,000	\$ 14,670,000
Add: Unamortized Premium	1,181,436	-	(159,295)	1,022,141	-	1,022,141
Capital Lease	104,824	-	(19,978)	84,846	21,467	63,379
Total long-term debt	\$ 20,106,260	\$ -	\$ (2,204,273)	\$ 17,901,987	\$ 2,146,467	\$ 15,755,520

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

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, 2017 and 2016

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, 2017 and 2016, net of unamortized premium was as follows:

	2017	2016
Principal outstanding	\$ 16,795,000	\$ 18,820,000
Add unamortized premium	1,022,141	1,181,436
Net bonds outstanding	\$ 17,817,141	\$ 20,001,436

The annual debt service requirements at June 30, 2017 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	2,480,000	272,975	2,752,975
2023-2024	5,275,000	232,588	5,507,588
Total	\$ 16,795,000	\$ 2,478,563	\$ 19,273,563

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 \$84,493.

Year Ended June 30,	
2018	\$ 26,940
2019	26,940
2020	26,942
2021	15,873
Subtotal	96,694
Less amount representing interest	(11,848)
Present value of future minimum lease payments	\$ 84,846

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 10 – Pension Plan – Defined Benefit Plan

The Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources at June 30, 2017 and 2016 are as follows:

	2017	2016
Deferred outflows of resources:		
Pension contribution after measurement date	\$ 1,992,743	\$ 1,888,232
Projected earning on pension plan investments in excess of actual earnings on pension plan investments	6,141,538	2,927,818
Total deferred outflows of resources	\$ 8,134,281	\$ 4,816,050
Net pension liabilities:		
Net pension liabilities	\$ 19,563,035	\$ 15,170,783
Total net pension liabilities	\$ 19,563,035	\$ 15,170,783
Deferred inflows of Resources:		
Difference between expected and actual experiences	\$ 1,646,847	\$ 2,114,992
Changes of assumption	614,505	1,053,437
Actual earning on pension plan investments in excess of projected earnings on pension plan investments	2,445,799	3,668,698
Total deferred inflows of resources	\$ 4,707,151	\$ 6,837,127

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, 2015 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.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Employees Covered by Benefit Terms

At June 30, 2015 and 2014, the valuation date, the members covered by the benefit terms are as follow:

<u>Employees covered by benefit terms</u>	2015	2014
Active employees	108	114
Transferred and terminated employees	69	69
Retired employees and beneficiaries	135	128
	312	311

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, 2016 and 2015, the employees' contribution rates were 6.990% and 6.970% of annual pay, and the employer's contribution rates were 17.351% and 16.077 % of employee annual payroll, respectively.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement periods ended June 30, 2016 and 2015, the total pension liability was determined by rolling forward the June 30, 2015 and 2014 total pension liability, respectively. The June 30, 2016 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65%
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, 2015 and 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.

Discount Rate

The discount rate used to measure the June 30, 2016 and 2015 total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees' Retirement Fund ("PERF"). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

Net Pension Liability (Continued)

Discount Rate (Continued)

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2015 and 2014.

Asset Class	New Strategic Allocation		Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
	2015	2014		
Global Equity	51.00%	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	6.00%	0.45%	3.36%
Private Equity	10.00%	10.00%	6.83%	6.95%
Real Estate	10.00%	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	2.00%	4.50%	5.09%
Liquidity	1.00%	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, 2017 and 2016

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, 2015 to June 30, 2016.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2015 (Valuation Date)	\$ 85,010,458	\$ 69,839,675	\$ 15,170,783
Changes Recognized for the Measurement Period:			
Service Cost	1,511,819	-	1,511,819
Interest on the total pension liability	6,362,749	-	6,362,749
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(600,876)	-	(600,876)
Changes of assumptions	-	-	-
Contributions from the employer	-	1,888,232	(1,888,232)
Contributions from employees	-	694,766	(694,766)
Net investment income, net of administrative expense	-	341,006	(341,006)
Benefit payments, including refunds of employee contributions	(3,984,639)	(3,984,639)	-
Administrative Expense	-	(42,564)	42,564
Net Changes during July 1, 2015 to June 30, 2016	<u>3,289,053</u>	<u>(1,103,199)</u>	<u>4,392,252</u>
Balance at June 30, 2016 (Measurement Date)	<u>\$ 88,299,511</u>	<u>\$ 68,736,476</u>	<u>\$ 19,563,035</u>

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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (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	<u>(841,624)</u>	<u>(142,085)</u>	<u>(699,539)</u>
Balance at June 30, 2015 (Measurement Date)	<u>\$ 85,010,458</u>	<u>\$ 69,839,675</u>	<u>\$ 15,170,783</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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, 2016 Measurement Date	\$ 30,970,726	\$ 19,563,035	\$ 10,044,523
June 30, 2015 Measurement Date	\$ 26,435,067	\$ 15,170,783	\$ 5,788,730

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, 2016 and 2015, the District incurred a pension expense of \$936,788 and \$20,051, respectively.

As of measurement date of June 30, 2016 and June 30, 2015, 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
Pension contribution made after the measurement period	\$ 1,992,743	\$ -	\$ 1,888,232	\$ -
Difference between expected and actual experience	-	(1,646,847)	-	(2,114,992)
Changes of assumptions	-	(614,505)	-	(1,053,437)
Net difference between projected and actual earning on pension plan investments	6,141,538	(2,445,799)	2,927,818	(3,668,698)
Total	\$ 8,134,281	\$ (4,707,151)	\$ 4,816,050	\$ (6,837,127)

The amounts above are net of outflows and inflows recognized in the 2015-16 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 2015-16 and 2014-15 measurement periods are 3.2 and 3.4 years, which was obtained by dividing the total service years of 999 and 1,043 (the sum of remaining service lifetimes of the active employees) by 312 and 311 (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, 2017 and 2016

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

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

\$1,992,743 and \$1,888,232 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, 2017 and June 30, 2016 are recognized as a reduction of the net pension liability in the years ended June 30, 2018 and 2017, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

2017		2016	
Year Ended June 30,	Deferred Outflows/(Inflows) of Resources	Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	\$ (1,012,480)	2017	\$ (1,811,124)
2019	(220,373)	2018	(1,811,124)
2020	1,680,820	2019	(1,019,017)
2021	986,420	2020	731,956
	\$ 1,434,387		\$ (3,909,309)

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 year ended June 30, 2017 and 2016, 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 2017 and 2016 were \$1,499,539 and \$1,459,405, respectively.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 11 – Other Post-Employment Benefits (Continued)

Annual OPEB Cost

For the year ended June 30, 2017 and 2016, the District annual OPEB costs were \$1,499,539 and \$1,459,405, respectively, and were equal to the District’s required and actual contribution. The required contribution for the year ended June 30, 2017 and 2016 were determined as part of the June 30, 2015 actuarial valuation using the entry age 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)
6/30/2015	1,386,033	1,386,033	100%	-
6/30/2016	1,459,405	1,459,405	100%	-
6/30/2017	1,499,539	1,499,539	100%	-

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.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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:

	2017		2016	
	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	\$ 125,809,562	\$ 91,009,577	\$ 120,196,772	\$ 92,759,986
Less:				
Capital lease obligations	(84,846)	-	(104,824)	-
2009 Sanitation refunding revenue bond, net	(16,793,084)	-	(18,817,786)	-
Total investment in capital assets, net of related debt	108,931,632	91,009,577	101,274,162	92,759,986
Restricted for:				
Debt Service	2,654,235	-	2,634,522	-
Total restricted	2,654,235	-	2,634,522	-
Unrestricted:				
Designated for:				
Investment in JPA	62,556,150	-	63,943,047	-
Rate stabilization	7,750,000	-	7,750,000	-
Insurance	7,378,555	-	6,930,919	-
Operating emergencies	11,458,843	-	11,230,261	-
Retirement fund contributions	634,898	-	626,610	-
Undesignated	21,147,901	-	20,711,518	-
Total unrestricted	110,926,347	-	111,192,355	-
Total net position	\$ 222,512,214	\$ 91,009,577	\$ 215,101,039	\$ 92,759,986

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 12 – Net Position (Continued)

As of June 30, 2017 and 2016, the restricted net position for the District consisted of the following:

	2017			2016		
	Debt Service	Capital Projects	Total	Debt Service	Capital Projects	Total
Restricted Assets:						
Restricted cash and investments	\$ 2,761,319	\$ -	\$ 2,761,319	\$ 2,761,031	\$ -	\$ 2,761,031
Restricted receivables						
Interest	6,353	293	6,646	3,803	237	4,040
Other	-	3,367,937	3,367,937	-	2,591,648	2,591,648
Total restricted assets	2,767,672	3,368,230	6,135,902	2,764,834	2,591,885	5,356,719
Current Liabilities Payable from Restricted Assets:						
Interest payable	(113,437)	-	(113,437)	(130,312)	-	(130,312)
Other liabilities	-	(8,506,958)	(8,506,958)	-	(6,333,170)	(6,333,170)
Total current liabilities payable from restricted assets	(113,437)	(8,506,958)	(8,620,395)	(130,312)	(6,333,170)	(6,463,482)
Total restricted net position	2,654,235	-	2,654,235	2,634,522	-	2,634,522
Total unrestricted net position (deficit)	-	(5,138,728)	(5,138,728)	-	(3,741,285)	(3,741,285)
Total net position (deficit)	\$ 2,654,235	\$ (5,138,728)	\$ (2,484,493)	\$ 2,634,522	\$ (3,741,285)	\$ (1,106,763)

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 \$754,728 and \$713,889 for the years ended June 2017 and 2016, 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 \$313,978 and \$245,316 the years ended June 30, 2017 and 2016, respectively.

Note 14 – Construction and Other Significant Commitments

Lawsuits

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 14 – Construction and Other Significant Commitments (Continued)

Contract Commitments

As of June 30, 2017, the District had no material construction commitments evidenced by contractual commitments with contractors. As of June 30, 2016, the District had outstanding contract commitments evidenced by contractual commitments in the amount of \$9,696,308.

As of June 30, 2017, the JPA had five material construction commitments evidenced by contractual commitments with contractors in the amount of \$766,831.

Project Name	Contractual Commitment
Centrate Tank Equalization Project	\$ 122,620
Reservoir Water Study	189,974
Tapia Process Air Pipeline Evaluation	148,438
Calleguas Intertie Design	190,883
Amendmnet Bid Design Services	124,915
	<u>776,830</u>

As of June 30, 2016, the JPA had five material construction commitments evidenced by contractual commitments with contractors in the amount of \$2,319,964.

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, 2017 and 2016

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS")

Measurement period	2015-16 ¹	2014-15	2013-14
Total pension liability			
Service cost	\$ 1,511,819	\$ 1,593,701	\$ 1,694,463
Interest	6,362,749	6,129,355	6,040,285
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(600,876)	(2,996,239)	-
Changes of assumptions	-	(1,492,369)	-
Benefit payments, including refunds of employee contributions	(3,984,639)	(4,076,072)	(3,145,116)
Net change in total pension liability	3,289,053	(841,624)	4,589,632
Total pension liability - beginning	85,010,458	85,852,082	81,262,450
Total pension liability - ending (a)	\$ 88,299,511	\$ 85,010,458	\$ 85,852,082
Pension fiduciary net position			
Contributions - employer	\$ 1,888,232	\$ 1,701,878	\$ 1,780,006
Contributions - employee	694,766	700,118	919,090
Net investment income ²	341,006	1,610,606	10,570,584
Benefit payments, including refunds of employee contributions	(3,984,639)	(4,076,072)	(3,145,116)
Other	(42,564)	(78,615)	-
Net change in plan fiduciary net position	(1,103,199)	(142,085)	10,124,564
Plan fiduciary net position - beginning	69,839,675	69,981,760	59,857,196
Plan fiduciary net position - ending (b)	\$ 68,736,476	\$ 69,839,675	\$ 69,981,760
District's net pension liability - ending (a) - (b)	\$ 19,563,035	\$ 15,170,783	\$ 15,870,322
Plan fiduciary net position as a percentage of the total pension liability	77.84%	82.15%	81.51%
Covered payroll	\$ 9,882,462	\$ 10,333,277	\$ 10,635,596
District's net pension liability as a percentage of covered payroll	197.96%	146.81%	149.22%

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

² Net of administrative expenses in 2013-14.

Notes to Schedule:

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

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

**Las Virgenes Municipal Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Years Ended June 30, 2017 and 2016**

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS")

	2016-17 ¹	2015-16	2014-15	2013-14
Actuarially determined contribution	\$ 1,992,743	\$ 1,888,232	\$ 1,701,878	\$ 1,780,006
Contributions in relation to the actuarially determined contribution	(1,992,743)	(1,888,232)	(1,701,878)	(1,780,006)
Contribution deficiency (excess)	-	-	-	-
Covered payroll ²	\$ 10,178,936	\$ 9,882,462	\$ 10,333,277	\$ 10,635,596
Contributions as a percentage of covered-employee payroll ²	19.58%	19.11%	16.47%	16.74%

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

² Payroll from 2015-16 in the amount of \$9,882,462 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 2016-17 were from the June 30, 2014 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Remaining amortization period	20 years
Asset valuation method	Market Value of Assets
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50%, 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, 2017 and 2016

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, 2017

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.

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

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

- | | |
|--|----|
| 3. Revenue Base | 62 |
| 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.

- | | |
|--|----|
| 7. Ratios of Outstanding Debt by Type | 67 |
| 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.

- | | |
|---|----|
| 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.

- | | |
|--|----|
| 13. Full-Time Equivalent District Employees by Function | 74 |
| 14. Operating Indicators by Function | 75 |
| 15. Capital Assets Statistics by Function | 76 |
| 16. Annual Water and Sewer Capacity Fee Deposits Reports | 77 |

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				
	2008	2009	2010	2011	2012
Business-type Activities					
Net investment in capital assets	\$ 69,595	\$ 68,886	\$ 77,351	\$ 79,319	\$ 83,425
Restricted:					
Debt service	3,574	3,529	2,602	2,581	2,588
Capital projects	12,959	10,752	9,766	7,645	5,935
Total restricted	16,533	14,281	12,368	10,226	8,523
Unrestricted	146,195	149,444	140,981	140,373	137,785
Total Net Position	\$ 232,323	\$ 232,611	\$ 230,700	\$ 229,918	\$ 229,733

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Business-type Activities					
Net investment in capital assets	\$ 82,870	\$ 90,476	\$ 100,170	\$ 101,272	\$ 108,932
Restricted:					
Debt service	2,595	2,608	2,617	2,634	2,654
Capital projects	4,614	1,498	1,264	-	-
Total restricted	7,208	4,106	3,881	2,634	2,654
Unrestricted	140,793	139,671	110,269	111,195	110,926
Total Net Position	\$ 230,871	\$ 234,253	\$ 214,320	\$ 215,101	\$ 222,512

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				
	2008	2009	2010	2011	2012
Expenses					
Water	\$ 30,385	\$ 30,912	\$ 30,845	\$ 31,556	\$ 35,972
Sanitation (includes JPA)	15,304	16,134	15,628	15,727	14,894
Total Operating Expenses	<u>45,689</u>	<u>47,046</u>	<u>46,473</u>	<u>47,283</u>	<u>50,866</u>
Program Revenues					
Water	30,419	29,708	26,160	26,974	31,205
Sanitation	12,937	15,847	15,473	16,402	16,394
Capital contributions	4,167	1,203	1,632	859	1,569
Other	534	419	414	278	749
Total Program Revenues	<u>48,057</u>	<u>47,177</u>	<u>43,679</u>	<u>44,513</u>	<u>49,917</u>
Net (Expense)/Revenue	<u>2,368</u>	<u>131</u>	<u>(2,794)</u>	<u>(2,770)</u>	<u>(950)</u>
General Revenues and Other Changes in Net Assets					
Taxes and penalties	905	917	898	879	884
Investment earnings	3,770	2,596	1,297	890	747
Miscellaneous (includes JPA)	(979)	(3,357)	(1,312)	219	(828)
Total General Revenues	<u>3,696</u>	<u>156</u>	<u>883</u>	<u>1,988</u>	<u>804</u>
Changes in Net Assets (Business-type activities)	<u>\$ 6,064</u>	<u>\$ 287</u>	<u>\$ (1,911)</u>	<u>\$ (782)</u>	<u>\$ (146)</u>

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				
	2013	2014	2015	2016	2017
Expenses					
Water	\$ 38,468	\$ 42,270	\$ 42,497	\$ 38,940	\$ 38,857
Sanitation (includes JPA)	15,022	15,421	15,412	15,115	14,859
Total Operating Expenses	<u>53,490</u>	<u>57,691</u>	<u>57,909</u>	<u>54,055</u>	<u>53,716</u>
Program Revenues					
Water	35,637	41,177	37,547	34,019	39,962
Sanitation	16,588	16,552	16,726	17,050	18,614
Capital contributions	2,168	1,540	990	377	620
Other	842	951	1,911	1,960	1,219
Total Program Revenues	<u>55,235</u>	<u>60,220</u>	<u>57,174</u>	<u>53,406</u>	<u>60,415</u>
Net (Expense)/Revenue	<u>1,745</u>	<u>2,529</u>	<u>(735)</u>	<u>(649)</u>	<u>6,699</u>
General Revenues and Other Changes in Net Assets					
Taxes and penalties	888	892	904	926	953
Investment earnings	610	496	477	574	254
Miscellaneous (includes JPA)	(1,655)	(536)	(953)	(70)	(495)
Total General Revenues	<u>(157)</u>	<u>852</u>	<u>428</u>	<u>1,430</u>	<u>712</u>
Changes in Net Assets (Business-type activities)	<u>\$ 1,587</u>	<u>\$ 3,381</u>	<u>\$ (307)</u>	<u>\$ 781</u>	<u>\$ 7,411</u>

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	
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
2017	35,146	18,881	832	257	19,970

Sanitation				
Fiscal Year	Operating Revenue in thousand \$	Number of Customers		Total
		Residential	Commercial	
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
2017	18,614	16,202	715	16,917

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	←-----→									Monthly
	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	1/1/2017
3/4"	\$22.23	\$23.79	\$25.34	\$26.35	\$27.40	\$28.77	\$30.21	\$31.73	\$18.30	\$21.73
1"	32.74	35.03	37.31	38.80	40.35	42.37	44.49	46.72	29.47	35.14
1-1/2"	58.99	63.12	67.22	69.91	72.71	76.35	80.17	84.18	57.39	68.65
2"	90.50	96.84	103.00	107.00	112.00	117.60	123.48	129.66	90.89	108.86
3"	175.00	187.00	199.00	207.00	215.00	225.75	237.04	248.90	196.97	236.20
4"	269.00	288.00	307.00	319.00	332.00	348.60	366.03	384.34	353.30	423.85
6"	532.00	569.00	606.00	630.00	655.00	675.75	722.14	758.25	894.89	1,073.94
8"	847.00	906.00	965.00	1,003.00	1,044.00	1,096.20	1,151.01	1,208.57	1,564.89	1,878.17
10"	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	2,816.44

Volume Charges (per 100 cubic feet of water use)

	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	1/1/2017
Tier 1	\$1.24	\$1.28	\$1.32 - \$1.53	\$1.58 - \$1.71	\$1.78	\$1.98	\$2.19	\$2.31	\$2.36	\$2.46
Tier 2	1.55	1.60	\$1.65 - \$1.86	\$1.93 - \$2.08	2.15	2.37	2.60	2.80	3.18	3.24
Tier 3	2.32	2.39	\$2.46 - \$2.67	\$2.77 - \$2.95	3.02	3.29	3.56	3.81	3.96	4.00
Tier 4	3.48	3.58	\$3.69 - \$3.90	\$4.05 - \$4.28	4.35	4.68	5.02	5.34	4.98	5.02
Tier 1 End(Hcf)	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	varies	varies
Tier 2 End(Hcf)	67.00	67.00	67.00	67.00	67.00	67.00	67.00	67.00	by water	by water
Tier 3 End(Hcf)	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	budget	budget

Elevation Surcharges (per 100 cubic feet of water use)

	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	1/1/2017
Zone 1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Zone 2	0.32	0.33	0.34	0.35	0.36	0.38	0.40	0.42	0.42	0.44
Zone 3	0.54	0.56	0.58	0.60	0.62	0.66	0.70	0.74	0.98	1.03
Zone 4	0.95	0.98	1.01	1.05	1.09	1.15	1.21	1.28	1.56	1.64
Zone 5	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	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	1/1/2017
3/4"	-	-	-	-	-	-	-	-	\$9.15	\$13.04
1"	-	-	-	-	-	-	-	-	14.74	21.09
1-1/2"	-	-	-	-	-	-	-	-	28.70	41.19
2"	-	-	-	-	-	-	-	-	45.45	65.32
3"	-	-	-	-	-	-	-	-	98.49	141.72
4"	-	-	-	-	-	-	-	-	176.65	254.31
6"	-	-	-	-	-	-	-	-	447.45	644.37
8"	-	-	-	-	-	-	-	-	782.45	1,126.91
10"	-	-	-	-	-	-	-	-	1,173.28	1,689.87

Volume Charges (per 100 cubic feet of water use)

	11/01/2007	7/1/2008	1/1/2010	1/1/2011	1/1/2013	1/1/2015	1/1/2016	1/1/2017
Tier 1	\$0.92	\$0.94	\$1.00	\$1.04	\$1.07	\$1.09	\$1.18	\$1.19
Tier 2	1.20	1.23	1.31	1.36	1.40	1.42	2.91	2.83
Tier 3	1.90	1.95	2.08	2.16	2.23	2.26	3.73	3.67
Tier 4	2.94	3.02	3.23	3.36	3.46	3.51	-	-

Elevation Surcharges (per 100 cubic feet of water use)

	11/01/2007	7/1/2008	1/1/2010	1/1/2011	1/1/2013	1/1/2015	1/1/2016	1/1/2017
L.V. Valley	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
East/West	0.19	0.20	0.22	0.23	0.24	0.24	0.33	0.34

Source: LVMWD Rate Ordinance

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

Bi-Monthly Sewer Service Charges:

	2007	11/1/2007	7/1/2008	07/01/2009	2010-2012	7/1/2013	7/1/2014
Residential							
Single-family	\$57.19-60.26	\$84.00	\$102.00	\$102.00	\$108.00	\$74.31-\$108	\$75.80-\$110.74
Multi-family	\$57.19	\$53.00	\$64.25	\$64.25	\$68.03	\$68.59	\$69.97
Commercial							
ERU-based Charge	\$57.19	\$84.00	\$84.00	\$90.79	\$90.79	\$91.35	\$91.35
Account Service	\$0.00	\$13.50	\$16.25	\$16.25	\$17.21	\$17.21	\$17.21
Base Water Use:							
Class 1 (Hcf)	24.10	29.50	29.50	29.50	29.50	29.50	29.50
Per hcf of water	\$2.37-\$2.58	\$2.85	\$2.91	\$2.91	\$3.08	\$3.10	\$3.10
Class 2 (Hcf)	24.10	17.30	17.30	17.30	17.30	17.30	17.30
Per hcf of water	\$4.18-\$4.53	\$4.87	\$4.96	\$4.96	\$5.25	\$5.29	\$5.29
Class 3 (Hcf)	24.10	11.40	11.40	11.40	11.40	11.40	11.40
Per hcf of water	\$6.31-\$6.85	\$6.19	\$7.53	\$7.53	\$7.96	\$8.02	\$8.02

Monthly Sewer Charge

	1/1/2016	1/1/2017
Residential		
Household Size:		
1	\$21.37	\$21.37
2	35.75	35.75
3	50.13	50.13
4	64.51	64.51
5	78.90	78.90
6 or more	93.28	93.28
Commercial		
Account Charge	\$6.98	\$6.98
Base Charge, inclusive of 6.6 hcf/ERU		
Class 1	\$41.94	\$41.94
Class 2	57.82	57.82
Class 3	76.56	76.56
Class 4	96.36	96.36
Per Excess ERU		
Class 1	\$6.35	\$6.35
Class 2	8.75	8.75
Class 3	11.58	11.58
Class 4	14.58	14.58

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

Potable Water Customer Name	2017			2008		
	Potable Water Revenue	Rank	Percentage of Total Operating Revenue	Potable Water Revenue	Rank	Percentage of Total Operating Revenue
Westlake Wellbeing Properties LLC	\$ 242,597	1	0.45%	\$ 207,743	1	0.47%
ERP-Operating Ltd Partnership	145,254	2	0.27%	94,744	4	0.22%
LVUSD	133,735	3	0.25%	74,893	8	0.17%
Malibu Canyon Apartments	133,498	4	0.25%	-	-	-
California West HOA	100,898	5	0.19%	-	-	-
Calabasas Crest LTD	99,440	6	0.18%	87,251	6	0.20%
Malibu Conference Center	93,234	7	0.17%	86,943	7	0.20%
Archstone Communities Calabasas	93,011	8	0.17%	-	-	-
Semler, Ronnie	89,269	9	0.17%	96,731	3	0.22%
Annandale II HOA	82,803	10	0.15%	-	-	-
The Cheesecake Factory	-	-	-	131,258	2	0.30%
LACO Internal Service Dept.	-	-	-	92,052	5	0.21%
Mountain View Mobile Estate	-	-	-	72,504	8	0.17%
Oakview Garen Homes	-	-	-	68,023	10	0.15%
Total	\$ 1,213,739		2.26%	\$ 1,012,142		2.31%

Sanitation Customer Name	2017			2008		
	Sanitation Revenue	Rank	Percentage of Total Operating Revenue	Sanitation Revenue	Rank	Percentage of Total Operating Revenue
Westlake Wellbeing Properties LLC	\$ 527,675	1	0.98%	\$ 354,374	1	0.81%
Archstone Communities Calabasas	364,336	2	0.68%	185,316	3	0.42%
Malibu Canyon Apts	284,247	3	0.53%	213,101	2	0.49%
Archstone Oak Creek I LLC	205,081	4	0.38%	-	-	-
LVUSD	188,880	5	0.35%	154,959	5	0.35%
The Cheesecake Factory	187,537	6	0.35%	181,553	4	0.41%
Annandale II HOA	176,866	7	0.33%	92,972	7	0.21%
Pepperdine University	150,725	8	0.28%	-	-	-
Steeplechase HOA	144,982	9	0.27%	-	-	-
Seminole Springs Mobile Home	131,146	10	0.24%	-	-	-
Archstone-Smith	-	-	-	102,177	6	0.23%
ERP-Operating Ltd Partnership	-	-	-	91,742	8	0.21%
Oak Park Calabasas HOA	-	-	-	89,849	9	0.20%
Countrywide Home Loans	-	-	-	82,298	10	0.19%
Total	\$ 2,361,475		4.39%	\$ 1,548,341		3.52%

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
2008	344	314	91.28%	30	344	100.00%
2009	351	322	91.74%	29	351	100.00%
2010	361	333	92.24%	28	361	100.00%
2011	352	328	93.18%	24	352	100.00%
2012	354	324	91.53%	30	354	100.00%
2013	358	345	96.37%	13	358	100.00%
2014	369	360	97.56%	9	369	100.00%
2015	379	377	99.47%	2	379	100.00%
2016	405	396	97.78%	2	398	98.27%
2017	427	409	95.78%	-	409	95.78%

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
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%	46	509	100.00%
2015	495	455	91.92%	25	480	96.97%
2016	497	457	91.95%	-	457	91.95%
2017	496	457	92.14%	-	457	92.14%

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			
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	20,001	105	20,106	0.58%	1,192
2017	17,817	84	17,901	0.51%	1,058

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	20,001	20,001	114.96%	1,186
2017	17,817	17,817	95.72%	1,053

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, 2017

2016-17 Assessed Valuation:	\$22,249,820,968		
	Total Debt June 30, 2017	Percent Applicable (1)	District's Share of Debt June 30, 2017
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	\$74,905,000	0.861%	\$ 644,932
Los Angeles Community College District	3,847,880,000	2.839%	109,241,313
Santa Monica Community College District	474,764,922	2.090%	9,922,587
Las Virgenes Joint Unified School District	132,851,686	95.122%	126,371,181
Los Angeles Unified School District	9,815,110,000	0.133%	13,054,096
Santa Monica-Malibu Unified School District	383,670,710	2.086%	8,003,371
City of Los Angeles	720,435,000	0.025%	180,109
Las Virgenes Municipal Water District	\$	100.000%	- (2)
City of Calabasas Community Facilities District No. 1998-1	\$4,635,000	100.000%	4,635,000
City of Calabasas Community Facilities District No. 2001-1	19,040,000	100.000%	19,040,000
Los Angeles County Community Facilities District Nos. 4C	85,000	100.000%	85,000
Los Angeles County Regional Park and Open Space Assessment District	38,895,000	1.655%	643,712
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 291,821,302</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, 2017

	Total Debt June 30, 2017	Percent Applicable (1)	District's Share of Debt June 30, 2017
OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	\$1,996,576,065	1.655%	\$ 33,043,334
Los Angeles County Superintendent of Schools Certificates of Participation	7,204,988	1.655%	119,243
Santa Monica Community College District Certificates of Participation	13,310,000	2.090%	278,179
Las Virgenes Joint Unified School District Certificates of Participation	10,575,000	95.122%	10,059,152
Los Angeles Unified School District Certificates of Participation	239,440,000	0.133%	318,455
Santa Monica-Malibu Unified School District Certificates of Participation	8,066,501	2.086%	168,267
City of Agoura Hills General Fund Obligations	13,355,000	100.000%	13,355,000
City of Calabasas Certificates of Participation	40,925,000	99.187%	40,592,280
City of Los Angeles General Fund and Judgment Obligations	1,560,752,898	0.025%	390,188
City of Westlake Village Certificates of Participation	16,425,000	100.000%	16,425,000
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			114,749,097
Less: Los Angeles Unified School District self-supporting QZABs supported by investment fund			13,011
TOTAL NET OVERLAPPING GENERAL FUND DEBT			<u>\$ 114,736,086</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	6,350,000	100.000%	\$ 6,350,000
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 412,920,399
TOTAL NET OVERLAPPING DEBT			\$ 412,907,388
GROSS COMBINED TOTAL DEBT			\$ 412,920,399 (3)
NET COMBINED TOTAL DEBT			\$ 412,907,388

- (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 2016-17 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.31%
Gross Combined Total Debt	1.86%
Net Combined Total Debt	1.86%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$660,922,306)

Total Overlapping Tax Increment Debt	0.96%
--------------------------------------	-------

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

Fiscal Year	Refunding Revenue Bonds						Coverage
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2017	18,613	10,584	8,029	2,025	731	2.91	

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
2017	55,475	n/a	n/a	5.10%	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	2017			2008		
	Number of Employees	Rank	Percentage of Total Area Employment	Number of Employees	Rank	Percentage of Total Area Employment
Professional, Scientific, and Technical Services	5,019	1	13.18%	4,250	2	9.90%
Finance and Insurance	4,764	2	12.51%	5,408	1	14.57%
Accommodation and Food Services	4,685	3	12.31%	3,945	3	9.78%
Administrative, Support, Waste Management & Remediation Service	2,473	4	6.50%	3,275	4	8.66%
Retail Trade	2,452	5	6.44%	3,095	5	7.08%
Manufacturing	2,237	6	5.88%	2,792	7	7.40%
Educational Services	1,942	7	5.10%	3,037	6	8.21%
Health Care and Social Assistance	1,928	8	5.06%			
Government	1,904	9	5.00%	1,947	10	4.73%
Construction	1,708	10	4.49%	2,009	9	6.73%
Information	-		-	2,234	8	5.12%
Total	29,112		76.48%	31,992		82.18%

Source: California State Employment Development Department Labor Market Information Division
Quarterly Census of Employment and Wages - Preliminary Data 1st Quarter 2017
Areas covered by Las Virgenes Municipal Water District: zip codes 91301, 91302, 91361, 90263.

Source: California State Employment Development Department Labor Market Information Division
Quarterly Census of Employment and Wages - Preliminary Data 1st Quarter 2016

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Manager Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Facilities and Operations:										
Administration	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
Facilities Maintenance	16.5	16.5	17.5	17.2	17.2	16.2	16.2	16.2	16.2	16.2
Water Treatment and Production	13.0	13.0	13.5	12.8	11.8	11.8	11.8	11.8	11.8	11.8
Reclamation	23.5	24.5	25.0	25.0	24.0	24.0	24.0	24.0	24.0	24.0
Construction	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0
Technical Service	8.5	8.5	9.0	9.0	9.0	8.0	8.0	8.0	8.0	8.0
<i>Subtotal</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>	<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	9.0	9.0	9.0	9.0	9.0	9.0
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Information System	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0
<i>Subtotal</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>
Resource Conservation and Public Outreach:										
Administration	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Customer Service	14.0	14.0	18.0	18.0	19.0	19.0	19.0	19.0	20.0	20.0
Water Conservation	6.0	6.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Information	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Planning/New Customer	7.5	7.5	5.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Subtotal</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>	<i>28.0</i>
Total	126.0	127.0	128.0	127.0	119.0	117.0	117.0	117.0	118.0	118.0

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

Function	Fiscal Year				
	2008	2009	2010	2011	2012
Water:					
New Connections	39	53	25	15	14
Water Main Leak Repairs	40	49	55	28	56
Average Daily Consumption (thousands of gallons)	22,723	20,917	17,029	16,954	18,577
Potable Water:					
Connections	20,255	20,308	20,333	20,240	19,854
Deliveries (acre-feet)	25,449	23,427	19,072	18,988	20,806
Realized Capacity Fee/Connection Fee Deposits	\$ 1,153,072	\$ 772,170	\$ 823,836	\$ 283,662	\$ 282,454
Wastewater/Sanitation:					
Connections	16,727	16,720	16,726	16,740	16,792
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	8,755	8,219	8,001	8,053	7,610
LVMWD	5,814	5,488	5,322	5,400	4,983
Triunfo Sanitation District	2,971	2,731	2,679	2,653	2,627
Realized Capacity Fee/Connection Fee Deposits	\$ 2,161,700	\$ 282,250	\$ 537,800	\$ 448,350	\$ 918,600
Function	Fiscal Year				
	2013	2014	2015	2016	2017
Water:					
New Connections	51	18	15	15	11
Water Main Leak Repairs	39	47	83	67	48
Average Daily Consumption (thousands of gallons)	19,879	21,310	18,132	15,316	16,202
Potable Water:					
Connections	19,879	19,893	19,935	19,953	19,970
Deliveries (acre-feet)	22,264	23,867	20,307	17,153	18,146
Realized Capacity Fee/Connection Fee Deposits	\$ 513,062	\$ 359,934	\$ 342,868	\$ 143,068	\$ 138,833
Wastewater/Sanitation:					
Connections	16,802	16,817	16,845	16,868	16,917
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	7,579	7,281	6,397	6,109	6,029
LVMWD	5,031	4,880	3,956	3,667	3,688
Triunfo Sanitation District	2,548	2,401	2,441	2,442	2,341
Realized Capacity Fee/Connection Fee Deposits	\$ 1,085,000	\$ 1,124,550	\$ 462,000	\$ 224,000	\$ 458,590

Source: LVMWD Operations and Accounting

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

Function	Fiscal Year				
	2008	2009	2010	2011	2012
Potable Water					
Water Main (miles)	382.4	382.4	382.4	383.6	384.5
Fire Hydrants (#)	3,109	3,123	3,134	3,138	3,147
Valves (#)	4,392	4,393	4,395	4,419	4,434
Storage Capacity (millions of gallons)					
Reservoirs	3,100	3,100	3,100	3,100	3,100
Tanks	33.3	33.3	33.3	33.3	33.3
Recycled Water					
Water Main (miles)	63.6	63.6	63.8	65.5	65.9
Valves (#)	338	338	338	344	341
Storage Capacity (millions of gallons)					
Reservoirs	19.3	19.3	19.3	19.3	19.3
Tanks	5.6	5.6	5.6	5.6	5.6
Wastewater					
Sanitary Sewers (miles)	55.7	55.7	57.1	56.2	56.2
Treatment Capacity (millions of gallons)	16	16	16	16	16

Function	Fiscal Year				
	2013	2014	2015	2016	2017
Potable Water					
Water Main (miles)	387.1	389.1	389.3	388.8	389.2
Fire Hydrants (#)	3,154	3,167	3,172	3,171	3,175
Valves (#)	4,452	4,477	4,485	4,472	4,447
Storage Capacity (millions of gallons)					
Reservoirs	3,100	3,100	3,100	3,100	3,100
Tanks	33.3	33.3	33.3	38.8	38.8
Recycled Water					
Water Main (miles)	65.9	66.2	66.2	67.1	68.1
Valves (#)	342	342	342	359	365
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)	56.1	56.9	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 & Sewer Capacity Fee Deposits Report
Per Government Code Section 66013 (d) and (e)
Fiscal Year Ended June 30, 2017

Beginning Balance:			
Capacity Fees		\$ 4,631,465	
Developer Fees		798,569	
Interest		<u>1,440,833</u>	
Total Beginning Balance			\$ 6,870,867
Fees Collected:			
Capacity Fees	\$ 3,272,955		
Developer Fees	<u>126,887</u>		
Total Fees Collected		\$ 3,399,842	
Interest Earned			
		<u>72,760</u>	
Fees Available		\$ 3,472,602	
Applied to:			
Capital Costs Funded by:			
Capacity Fees	\$ 593,503		
Meter Installation	22,834		
Developer Fees	115,232		
Interest Earned	<u>28,657</u>		
Total Capital Costs		\$ 760,226	
Refunds		<u>15,193</u>	
Total Funds Applied		\$ 775,419	
Net Changes for the Year			2,697,183
Ending Balance:			
Capacity Fees		\$ 7,274,546	
Developer Fees		808,568	
Interest (1)		<u>1,484,936</u>	
Total Ending Balance			<u><u>\$ 9,568,050</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 \$1,080,375 Potable Water Projects, \$1,782,085 for Recycled Water Projects, and \$1,110,820 for Sanitation Projects.

