

Las Virgenes – Triunfo Joint Powers Authority

Financial Statements and Independent Auditors' Reports

For the Years Ended June 30, 2020 and 2019

Las Virgenes-Triunfo Joint Powers Authority

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Las Virgenes-Triunfo Joint Powers Authority
Calabasas, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Las Virgenes-Triunfo Joint Powers Authority (the "JPA"), which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the JPA as of June 30, 2020 and 2019, and the respective changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 9 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 an opinion on the financial statements that collectively comprise the JPA's basic financial statements. The Schedule of Changes in Participants' Advance Accounts is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Changes in Participants' Advance Accounts is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Changes in Participants' Advance Accounts is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, on our consideration of the JPA'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 solely 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 the effectiveness of the JPA's 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 JPA's internal control over financial reporting and compliance.



Santa Ana, California
December 21, 2020



Coley Delaney, CPA
CPA Number: 115598



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

Independent Auditors' Report

To the Board of Directors
of the Las Virgenes-Triunfo Joint Powers Authority
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 basic financial statements of the Las Virgenes-Triunfo Joint Power Authority (the "JPA"), which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and have issued our report thereon dated December 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the JPA's internal control over financial reporting ("internal control") as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the JPA's internal control. Accordingly, we do not express an opinion on the effectiveness of the JPA'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 JPA'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 financial statements. 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-Triunfo Joint Powers Authority
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 PwC Group, LLP".

Santa Ana, California
December 21, 2020

Handwritten signature in blue ink that reads "Coley Delaney".

Coley Delaney, CPA
CPA Number: 115598

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Joint Powers Authority (JPA) annual financial report presents our analysis of the JPA’s financial performance during the Fiscal Years that ended on June 30, 2019 and June 30, 2020. Please read it in conjunction with the Financial Statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The JPA’s net position increased by \$3.4 million or 3.68% during FY 2020, this net position represented an increase of \$5.9 or 6.52% over FY 2018 and an increase of \$6.1 million or 6.72% over FY 2017.
- During FY 2020 the JPA’s operating expenses, not including depreciation expense, increased \$2.6 million, or by 16.0% over FY 2019, FY 2020 operating expenses showed an increase of \$2.9 million or 18.37% and \$3.8 million or 25.87% over FY 2018 and FY 2017 respectively.
- Billings to JPA participants decreased by \$0.67 million during FY 2020 or (4.88%) less than the prior fiscal year, it decreased \$0.2 million or (1.68%) compared to FY 2018 and increased \$0.5 million or 3.98% over FY 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to Las Virgenes - Triunfo Joint Powers Authority (JPA) financial statements. The JPA’s basic financial statements comprise two components: Financial Statements and Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

BASIC FINANCIAL STATEMENTS

The Financial Statements of the JPA report information about the JPA using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Comparative Statements of Net Position (CSNP) includes all of the JPA’s assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to JPA creditors (liabilities). The CSNP also provides the basis for evaluating the capital structure of the JPA.

All of the current year’s revenues and expenses are accounted for in the Comparative Statements of Revenues, Expenses and Changes in Net Position. These statements reflect the result of the JPA’s operations over the past year.

The final Financial Statements are the Comparative Statements of Cash Flows. The primary purpose of this statement is to provide information about the JPA’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 JOINT POWERS AUTHORITY

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, zoning, and new or changed government legislation.

The FY 2019-20 recycled water sales and sanitation reflect a long-term trend of reduced water usage that began with the 2011-2017 drought. Customer behaviors that changed during the drought, and the JPA's messaging promoting water use efficiency as a way of life, have contributed to a new normal of lower than long-term historical averages of water use that was seen in the current fiscal year.

Actions by the JPA during FY 2019-20 continued to reflect the change in focus which began in FY 2017-18 when the JPA Board approved the Basis of Design Report for indirect potable reuse using Las Virgenes Reservoir. During that time, the JPA Board also took action to minimize the number of new recycled water connections and focused efforts on the efficient use of recycled water. These efforts will ultimately provide the resourced necessary to support the indirect potable reuse project, now known as Pure Water Project Las Virgenes – Triunfo. During FY 2019-20 design efforts for the project continued with the opening of a demonstration project on Las Virgenes Municipal Water District headquarters property which was expected during the FY 2019-20. The opening of the demonstration project was delayed due to the onset of the COVID-19 Pandemic.

NET POSITION

To begin our analysis, a summary of the JPA's Statement of Net Position is presented in Table 1.

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

| | <u>FY 2020</u> | <u>FY 2019</u> | <u>FY 2018</u> |
|---------------------|------------------|------------------|------------------|
| Current Assets | \$ 13,990 | \$ 10,509 | \$ 6,610 |
| Capital Assets | <u>97,127</u> | <u>93,680</u> | <u>91,175</u> |
| Total Assets | 111,117 | 104,189 | 97,785 |
| Due to Participants | 12,532 | 8,187 | 5,285 |
| Other Liabilities | <u>1,462</u> | <u>2,323</u> | <u>1,325</u> |
| Total Liabilities | 13,994 | 10,510 | 6,610 |
| Net Position | <u>\$ 97,123</u> | <u>\$ 93,679</u> | <u>\$ 91,175</u> |

The increase in Net Position (and capital assets) is primarily due to an increase in capitalized projects and expenditures less than the participants' contribution.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes.

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

| | FY 2020 | FY 2019 | FY 2018 |
|--------------------------------------|------------------|------------------|------------------|
| Recycled Water Sales | \$ 2,397 | \$ 2,069 | \$ 2,281 |
| Other Operating Revenue | 47 | 46 | 65 |
| Total Operating Revenue | 2,444 | 2,115 | 2,346 |
| Depreciation Expense | 5,624 | 5,721 | 5,695 |
| Other Operating Expense | 18,559 | 15,990 | 15,679 |
| Total Operating Expense | 24,183 | 21,711 | 21,374 |
| Operating Loss Before | | | |
| Billings to Participants | (21,739) | (19,596) | (19,028) |
| Billings to Participants | 13,041 | 13,710 | 13,264 |
| Non-operating Revenues/ Expenses | 3,070 | 162 | (168) |
| Net Loss Before Participants' | | | |
| Capital Contributions | (5,628) | (5,724) | (5,933) |
| Participant Capital Contributions | 9,072 | 8,229 | 6,098 |
| Change in Net Position | 3,444 | 2,504 | 165 |
| Net Position-Beginning of Year | 93,679 | 91,175 | 91,010 |
| Net Position-End of Year | \$ 97,123 | \$ 93,679 | \$ 91,175 |

As reflected in Table 2, FY 2020 revenue from recycled water sales increased by \$0.3 million or 15.56% compared to prior fiscal year primarily due to a 18.28% increase in recycled water purchases from Las Virgenes Municipal Water District. Total Operating Expenses not including depreciation, increased 16.1% in FY 2020 from prior fiscal year due to increased direct and allocated labor costs, including pension expenses.

FY 2018 revenue from recycled water sales increased compared to prior fiscal year due to a 10.01% increase in recycled water purchases from Las Virgenes Municipal Water District. Total Operating Expenses not including depreciation, increased 6.3% in FY 2018 from prior fiscal year due to increased direct and allocated labor costs, including pension expenses. Billings to Participants increased as a result of the increase in expenses in FY 2018 compared to prior fiscal year. Non-Operating Revenues saw an increase of \$2.8 million, a result of insurance recovery from the 2018 Woolsey Fire.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of FY 2020, the JPA had net capital assets of \$97.1 million compared to \$93.7 million for FY 2019 as shown in Table 3.

TABLE 3
Capital Assets
(in thousands of dollars)

| | <u>FY 2020</u> | <u>FY 2019</u> | <u>FY 2018</u> |
|--------------------------|------------------|------------------|------------------|
| Land & Land Rights | 14,368 | 14,368 | 14,368 |
| Sewer & Treatment Plant | 129,570 | 123,688 | 121,095 |
| Compost Plant | 76,218 | 76,219 | 71,783 |
| Recycled Water System | 34,819 | 34,819 | 34,819 |
| Construction in Progress | <u>9,302</u> | <u>6,111</u> | <u>4,955</u> |
| Subtotal | 264,277 | 255,205 | 247,020 |
| Accumulated Depreciation | 167,150 | 161,526 | 155,845 |
| Total Capital Assets | <u>\$ 97,127</u> | <u>\$ 93,679</u> | <u>\$ 91,175</u> |

Table 4 below is a summary of some of the major improvements to the system during FY 2020, FY 2019, and FY 2018.

Table 4
Major Capital Improvement Projects
(in thousands of dollars)

| | FY 2020 |
|--|----------|
| Process Air Improvements | \$ 3,640 |
| Pure Water Demonstration Project | 3,428 |
| Rancho Las Virgenes Digester Cleaning and Repair | 578 |
| Tapia Headworks White Room | 318 |
| Summer Season TMDL Compliance | 260 |
| Total Major Projects FY 2020 | \$ 8,224 |
| | |
| | FY 2019 |
| Centrate Equalization Tank | \$ 2,176 |
| Tapia Rehabilitation | 1,934 |
| Rancho Las Virgenes Digester Cleaning and Repair | 1,901 |
| Rancho Lightine Efficiency Upgrade | 358 |
| Tapia Reliability Improvements | 138 |
| Pure Water Demonstration Project | 131 |
| Total Major Projects FY 2019 | \$ 6,638 |
| | |
| | FY 2018 |
| Land Acquisition | \$ 2,109 |
| Rancho Las Virgenes Digester Cleaning and Repair | 1,228 |
| Raw Sludge Wet Well Mixing Improvements | 491 |
| Tapia Lighting Efficiency Upgrade | 353 |
| Process Air Improvements | 203 |
| Total Major Projects FY 2018 | \$ 4,384 |

LONG TERM DEBT

The JPA currently has no long-term debt. All funding is provided by the participating agencies.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide our residents, customers and creditors with a general overview of the JPA's finances and to demonstrate the JPA's accountability for the money it receives. The responsibility for the JPA's accounting and financial reporting rests with the staff of the Las Virgenes Municipal Water District. 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.

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Las Virgenes-Triunfo Joint Powers Authority
Statements of Net Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalent | \$ 10,746,445 | \$ 8,703,228 |
| Investments | 805,296 | 1,008,571 |
| Accounts receivable | 2,216,387 | 683,809 |
| Interest receivable | 33,722 | 59,300 |
| Prepaid items | 188,328 | 55,080 |
| Total current assets | 13,990,178 | 10,509,988 |
| Noncurrent assets: | | |
| Capital assets, not being depreciated | 23,670,352 | 20,479,142 |
| Capital assets, being depreciated, net | 73,456,585 | 73,200,449 |
| Total capital assets | 97,126,937 | 93,679,591 |
| Total noncurrent assets | 97,126,937 | 93,679,591 |
| Total assets | 111,117,115 | 104,189,579 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts and contracts payable and accrued liabilities | 1,462,038 | 2,322,729 |
| Due to participants | 12,531,959 | 8,187,259 |
| Total current liabilities | 13,993,997 | 10,509,988 |
| Total liabilities | 13,993,997 | 10,509,988 |
| NET POSITION | | |
| Investments in Capital Assets by Participants: | | |
| Las Virgenes Municipal Water District | 64,831,080 | 62,372,682 |
| Triunfo Sanitation District | 32,295,857 | 31,306,909 |
| Investments in Capital Assets by Participants | 97,126,937 | 93,679,591 |
| Unrestricted | (3,819) | - |
| Total net position | \$ 97,123,118 | \$ 93,679,591 |

Las Virgenes-Triunfo Joint Powers Authority
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| OPERATING REVENUES: | | |
| Wholesale recycled water sales | \$ 2,396,775 | \$ 2,068,727 |
| Other income | 47,367 | 46,547 |
| Total operating revenues | <u>2,444,142</u> | <u>2,115,274</u> |
| OPERATING EXPENSES: | | |
| Treatment plant | 4,860,287 | 4,325,125 |
| Recycled water transmission and distribution | 1,270,102 | 1,066,181 |
| Compost plant | 2,513,607 | 2,786,044 |
| Sewer | 45,201 | 141,033 |
| Depreciation | 5,624,458 | 5,721,381 |
| General and administrative | 9,658,613 | 7,469,557 |
| Other operating expenses | 211,324 | 202,068 |
| Total operating expenses | <u>24,183,592</u> | <u>21,711,389</u> |
| OPERATING (LOSS) BEFORE BILLINGS TO PARTICIPANTS | (21,739,450) | (19,596,115) |
| Billings to participants | <u>13,040,977</u> | <u>13,710,518</u> |
| OPERATING (LOSS) | (8,698,473) | (5,885,597) |
| NONOPERATING REVENUES (EXPENSES): | | |
| Interest income | 131,787 | 138,859 |
| Other revenues (expenses) | 2,938,410 | 24,168 |
| Loss on disposal of capital assets | - | (1,790) |
| Total nonoperating revenues (expenses) | <u>3,070,197</u> | <u>161,237</u> |
| NET (LOSS) BEFORE PARTICIPANTS' CAPITAL CONTRIBUTIONS | (5,628,276) | (5,724,360) |
| Participants' capital contributions | <u>9,071,803</u> | <u>8,229,325</u> |
| CHANGES IN NET POSITION | 3,443,527 | 2,504,965 |
| NET POSITION: | | |
| Beginning of year | 93,679,591 | 91,174,626 |
| End of year | <u>\$ 97,123,118</u> | <u>\$ 93,679,591</u> |

Las Virgenes-Triunfo Joint Powers Authority
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|-----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from participants | \$ 13,905,174 | \$ 16,207,643 |
| Cash paid to suppliers for operations | (16,614,664) | (14,799,424) |
| Other revenue | 47,367 | 46,547 |
| Net cash provided by (used in) operating activities | <u>(2,662,123)</u> | <u>1,454,766</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition of capital assets | (9,071,804) | (8,228,136) |
| Capital contributions | 9,071,803 | 8,229,325 |
| Cash paid to participants | 4,344,700 | 2,901,980 |
| Net cash provided by capital and related financing activities | <u>4,344,699</u> | <u>2,903,169</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest received | 360,641 | 63,209 |
| Net cash provided by investing activities | <u>360,641</u> | <u>63,209</u> |
| Net change in cash and cash equivalents | 2,043,217 | 4,421,144 |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | 8,703,228 | 4,282,084 |
| End of year | <u>\$ 10,746,445</u> | <u>\$ 8,703,228</u> |
| NONCASH INVESTING ACTIVITIES | | |
| Change in fair value of investments | <u>\$ 8,571</u> | <u>\$ 8,571</u> |
| RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Operating (loss) | \$ (8,698,473) | \$ (5,885,597) |
| Adjustments to reconcile operating (loss) to net cash provided by operating activities: | | |
| Depreciation | 5,624,458 | 5,721,381 |
| Other revenues | 2,938,410 | 24,168 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (1,532,578) | 428,398 |
| (Increase) decrease in inventories | - | 171,555 |
| (Increase) decrease in prepaid items | (133,248) | (2,653) |
| Increase (decrease) in accounts and contracts payable and accrued liabilities | (860,692) | 997,514 |
| Net cash provided by (used in) operating activities | <u>\$ (2,662,123)</u> | <u>\$ 1,454,766</u> |

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Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements
For the Years Ended June 30, 2020 and 2019

Note 1 – Reporting Entity

On October 12, 1964, Las Virgenes Municipal Water District (“LVMWD”) and Triunfo Sanitation District (“TSD”) established Las-Virgenes-Triunfo Joint Powers Authority (“JPA”) to construct, operate, maintain and provide for the replacement of a joint sewerage system to serve the Malibu Creek drainage area. The equity of each member is equal to the member’s pro-rata share of capital assets, net of depreciation. LVMWD has been the designated administering agent.

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 Statements 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 JPA.

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. 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.

Operating revenues are those revenues that are generated from the primary operations of the JPA. The JPA reports a measure of operations by presenting the change in net position from operations as "operating income" in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the JPA as all activities other than financing and investing activities (interest expense and investment income), and other infrequently occurring transaction of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the JPA. 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 JPA 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 based on net asset value.

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Investments (Continued)

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

Fair Value Measurements

In accordance with U.S. GAAP, 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.

Accounts Receivable

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 JPA also accrues an estimated amount for services that have been provided, but not yet billed. Management has evaluated the accounts and believes they are all collectible.

Inventories

Inventories consist of expendable supplies and are valued at average cost method.

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 acquisition value on the date donated. The JPA 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, which range from 3 to 100 years.

| | |
|-------------------------|----------------|
| Plant | 10 - 100 Years |
| Machinery and equipment | 3 - 25 Years |

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital assets are shared in accordance with each participant’s capacity rights reserved in each component of the joint system. The allocation of costs for projects in process is based upon engineering estimates of the capacity rights and could increase or decrease when the final capacity rights are determined.

Net Position

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

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

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

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

At June 30, 2020 and 2019 there were no restricted or unrestricted net position reported.

Use of Restricted/Unrestricted Net Position

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

Use of Estimates

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

Accounting Changes

GASB Statement No. 95,

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement did not have a material effect on the JPA’s financial statements for the fiscal year ending June 30, 2020.

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 3 – Cash and Investments

At June 30, 2020 and 2019, cash and investments are reported in the accompanying statements of net position as follows:

| | 2020 | 2019 |
|---------------------------|---------------|--------------|
| Cash and cash equivalents | \$ 10,746,445 | \$ 8,703,228 |
| Investments | 805,296 | 1,008,571 |
| | \$ 11,551,741 | \$ 9,711,799 |

At June 30, 2020 and 2019, cash and investments consisted of the followings:

| | 2020 | 2019 |
|---|----------------------|---------------------|
| Deposits: | | |
| Pooled with Las Virgenes Municipal Water District | \$ 1,832,760 | \$ 939,036 |
| Investments: | | |
| California Local Agency Investment Fund | 8,913,685 | 7,764,192 |
| U.S. Government Sponsored Agency Security | 805,296 | 1,008,571 |
| Total cash and investments | \$ 11,551,741 | \$ 9,711,799 |

Demand Deposits

At June 30, 2020 and 2019, the carrying amounts of cash deposits were \$1,832,760 and \$939,036, respectively, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the LVMWD's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the LVMWD'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 are considered to be held in the LVMWD's name.

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

Local Agency Investment Fund

The JPA's investments with Local Agency Investment Fund (LAIF) include a portion of the pool funds invested in structured notes and asset-backed securities. These investments include the following:

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

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 3 – Cash and Investments (Continued)

Local Agency Investment Fund (Continued)

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

As of June 30, 2020, the JPA had \$8,913,685 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes and Asset-Backed Securities compared to \$7,764,192 and 1.77% at June 30, 2019.

Investments Authorized by the California Government Code and the JPA’s Investment Policy

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

| Authorized Investment Type | Maximum Maturity | Percentage of Portfolio | Maximum Investment In One Issuer |
|--|------------------|-------------------------|----------------------------------|
| U.S. Treasury Bills, Bonds and Notes | 5 Years | None | None |
| U.S. Government Sponsored Agency Securities | 5 Years | None | None |
| Time Deposits | 1 Year | 25% | None |
| Repurchase Agreements | 30 days | 10% | None |
| California Local Agency Investment Fund (LAIF) | None | None | \$50,000,000 |
| Bond issued by Local Agencies or States | 5 Years | None | None |
| Money Market Mutual Funds | None | 20% | 10% |
| Certificates of Deposits | 5 years | 25% | \$250,000 |

Disclosures Relating to Fair Value Measurement

Information about the fair value measurement of the JPA’s investments is as follows:

| | 2020 | | | 2019 | | |
|---|--|---------------------|---------------------|--|---------------------|---------------------|
| | Significant Other Observable Input (Level 2) | Uncategorized | Total | Significant Other Observable Input (Level 2) | Uncategorized | Total |
| | California Local Agency Investment Fund | \$ - | \$ 8,913,685 | \$ 8,913,685 | \$ - | \$ 7,764,192 |
| U.S. Government Sponsored Agency Security | 805,296 | - | 805,296 | 1,008,571 | - | 1,008,571 |
| Total Investments | \$ 805,296 | \$ 8,913,685 | \$ 9,718,981 | \$ 1,008,571 | \$ 7,764,192 | \$ 8,772,763 |

Investments securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

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 JPA 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 evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

The JPA's investments of \$9,718,981 and \$8,772,763 at June 30, 2020 and 2019, respectively, made up of investments in LAIF and U.S. Government Sponsored Agency Securities at June 30, 2020 and 2019. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. The investment in U.S. Government-Sponsored Agency Securities matures in the year ending June 30, 2021.

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. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in LAIF in the amounts of \$8,913,685 and \$7,764,192 at June 30, 2020 and 2019, respectively, are unrated. Investment in U.S. Government Sponsored Agency Securities in the amount of \$805,296 and \$1,008,571 are unrated and unrated at June 30, 2020 and 2019, respectively.

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 LVMWD'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 government investment pools (such as LAIF).

Note 4 – Capital Assets

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

| | Balance July 1, 2019 | Additions | Deletions | Reclassification | Balance June 30, 2020 |
|--|-------------------------|---------------------|-------------|--------------------|--------------------------|
| Capital assets, not being depreciated: | | | | | |
| Land and land rights | \$ 14,368,150 | \$ - | \$ - | \$ - | \$ 14,368,150 |
| Construction in progress | 6,110,992 | 9,071,804 | - | (5,880,594) | 9,302,202 |
| Total capital assets, not being depreciated | <u>20,479,142</u> | <u>9,071,804</u> | <u>-</u> | <u>(5,880,594)</u> | <u>23,670,352</u> |
| Capital assets, being depreciated: | | | | | |
| Sewer and treatment plant | 123,688,663 | - | - | 5,880,594 | 129,569,257 |
| Compost plant and farm | 76,218,777 | - | - | - | 76,218,777 |
| Recycled water system | 34,819,404 | - | - | - | 34,819,404 |
| Total capital assets, being depreciated | <u>234,726,844</u> | <u>-</u> | <u>-</u> | <u>5,880,594</u> | <u>240,607,438</u> |
| Less: accumulated depreciation | | | | | |
| Sewer and treatment plant | (87,513,966) | (3,118,383) | - | - | (90,632,349) |
| Compost plant and farm | (51,931,306) | (1,547,389) | - | - | (53,478,695) |
| Recycled water system | (22,081,123) | (958,686) | - | - | (23,039,809) |
| Total accumulated depreciation | <u>(161,526,395)</u> | <u>(5,624,458)</u> | <u>-</u> | <u>-</u> | <u>(167,150,853)</u> |
| Total capital assets, being depreciated, net | <u>73,200,449</u> | <u>(5,624,458)</u> | <u>-</u> | <u>5,880,594</u> | <u>73,456,585</u> |
| Total capital assets, net | <u>\$ 93,679,591</u> | <u>\$ 3,447,346</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 97,126,937</u> |

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 4 – Capital Assets (Continued)

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

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

Note 5 – Due to Participants

During the year ended June 30, 2020 and 2019, additional advances received from the participants were in the amount of \$25,272,163 and \$25,109,541, respectively. The advances received from the participants are used to pay for the operating, capital, and administrative cost of the JPA. At June 30, 2020 and 2019, due to participants were in the amount of \$12,531,959 and \$8,187,259, respectively.

Note 6 – Participant Contributions

Cost of the JPA is shared by the participants based on the following methodology. Variable operation and maintenance cost are prorated between the participants based on the average sewage flow contributed to the joint system. Fixed operating and maintenance cost are prorated between the participants based on the participants' respective capacity rights in the facility. Capital costs are prorated between the participants based on the participants' respective capacity rights in the facility. Annual audit costs are shared equally. General and administrative costs are based on the actual cost of labor. Lastly, land acquisition costs are shared based on the capacity rights in the project for which the land is acquired. As of January 1, 2005, the joint system, except for the sewer collection system, is allocated by 70.6% to LVMWD and 29.4% to TSD.

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 6 – Participant Contributions (Continued)

The following is the summary of the contributions made by the participants for the years ended June 30, 2020 and 2019:

| | | 2020 | | | |
|--|-------|---------------------------|------------|-------------------------|------------|
| | | Operating Contribution | Percentage | Capital Contribution | Percentage |
| | LVMWD | \$ 8,920,048 | 68.4% | \$ 6,404,693 | 70.6% |
| | TSD | 4,120,929 | 31.6% | 2,667,110 | 29.4% |
| | Total | \$ 13,040,977 | 100.0% | \$ 9,071,803 | 100.0% |
| | | 2019 | | | |
| | | Operating Contribution | Percentage | Capital Contribution | Percentage |
| | LVMWD | \$ 9,251,780 | 67.5% | \$ 5,809,903 | 70.6% |
| | TSD | 4,458,738 | 32.5% | 2,419,422 | 29.4% |
| | Total | \$ 13,710,518 | 100.0% | \$ 8,229,325 | 100.0% |

Note 7 – Risk Management

The JPA is covered under the LVMWD’s insurance policies. The LVMWD retained Tolman & Wiker Insurance Service, LLC for general liability, property, auto and physical damage. The coverage for the general liability provided for \$11 million per occurrence and \$61 million for the aggregate, with a \$50,000 self-insured retention limit per occurrence. The coverage for the property provided for \$61 million per occurrence with a self-insured retention limit of \$50,000 per occurrence.

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

Note 8 – Commitment and Contingencies

Lawsuits

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

Las Virgenes-Triunfo Joint Powers Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 8 – Commitment and Contingencies (Continued)

Commitments

As of June 30, 2020, the JPA had four material construction commitments evidenced by contractual commitments with contractors in the amount of \$12,565,438.

| Project Name | <u>Contractual Commitment</u> |
|----------------------------------|--|
| Pure Water Project Demonstration | \$ 12,565,438 |
| Total | <u>\$ 12,565,438</u> |

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

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

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SUPPLEMENTARY INFORMATION

Las Virgenes-Triunfo Joint Powers Authority
Schedule of Changes in Participants' Advance Accounts
For the Years Ended June 30, 2020 and 2019

| | Construction Funds | | Operating Funds | |
|--|---|-----------------------------------|---|-----------------------------------|
| | Tapia Plant and Truck Sewers | | Operations and Maintenance | |
| | Las Virgenes Municipal Water District | Triunfo Sanitation District | Las Virgenes Municipal Water District | Triunfo Sanitation District |
| Due to (from) Participants - July 1, 2019 | \$ 426,033 | \$ 79,255 | \$ 2,319,689 | \$ 1,077,498 |
| Advance from participants | - | 14,224 | 9,126,529 | 4,755,428 |
| Constructions costs allocated | (45,869) | (19,101) | - | - |
| Change in fair market value of LAIF | 58,634 | 11,662 | - | - |
| Change in fair market value of LAIF - prior year | (3,377) | (5,194) | - | - |
| Other miscellaneous income | - | - | - | - |
| Billings to participants for operating expenses | - | - | (9,126,529) | (4,120,929) |
| Billings to participants from replacement fund interest income | - | - | - | - |
| Interest income from (to) participants | 8,561 | 1,703 | - | - |
| Recycled water billings to Triunfo Sanitation District | - | - | - | (597,313) |
| Due to (from) Participants - June 30, 2020 | <u>\$ 443,982</u> | <u>\$ 82,549</u> | <u>\$ 2,319,689</u> | <u>\$ 1,114,684</u> |

(Continued)

| | Construction Funds | | Operating Funds | |
|--|---|-----------------------------------|---|-----------------------------------|
| | Tapia Plant and Truck Sewers | | Operations and Maintenance | |
| | Las Virgenes Municipal Water District | Triunfo Sanitation District | Las Virgenes Municipal Water District | Triunfo Sanitation District |
| Due to (from) Participants - July 1, 2018 | \$ 424,291 | \$ 840,052 | \$ 2,319,689 | \$ 1,014,675 |
| Advance from participants | - | (797,480) | 9,320,967 | 5,110,009 |
| Constructions costs allocated | (21,282) | (8,863) | - | - |
| Constructions reclass to operating expenses | - | - | - | - |
| Change in fair market value of LAIF | 3,377 | 5,194 | - | - |
| Change in fair market value of LAIF - prior year | 9,351 | 24,516 | - | - |
| Other miscellaneous income | - | - | - | - |
| Billings to participants for operating expenses | - | - | (9,320,967) | (4,482,317) |
| Billings to participants from replacement fund interest income | - | - | - | - |
| Interest income from (to) participants | 10,296 | 15,836 | - | - |
| Recycled water billings to Triunfo Sanitation District | - | - | - | (564,869) |
| Due to (from) Participants - June 30, 2019 | <u>\$ 426,033</u> | <u>\$ 79,255</u> | <u>\$ 2,319,689</u> | <u>\$ 1,077,498</u> |

(Continued)

Las Virgenes-Triunfo Joint Powers Authority
Schedule of Changes in Participants' Advance Accounts (Continued)
For the Years Ended June 30, 2020 and 2019

| | Operating Funds | | | |
|--|---|-----------------------------------|----------------------|---------------------|
| | Replacement of | | | |
| | Capital Assets | | Total | |
| | Las Virgenes Municipal Water District | Triunfo Sanitation District | 2020 | 2019 |
| Due to (from) Participants - July 1, 2019 | \$ 1,752,739 | \$ 2,532,045 | \$ 8,187,259 | \$ 5,285,279 |
| Advance from participants | 8,030,806 | 3,345,177 | 25,272,164 | 25,109,541 |
| Constructions costs allocated | (6,358,824) | (2,648,009) | (9,071,803) | (8,229,325) |
| Change in fair market value of LAIF | - | - | 70,296 | 8,571 |
| Change in fair market value of LAIF - prior year | - | - | (8,571) | 33,867 |
| Other miscellaneous income | - | - | - | 228,581 |
| Billings to participants for operating expenses | - | - | (13,247,458) | (13,803,284) |
| Billings to participants from replacement fund interest income | 1,327,013 | 590,108 | 1,917,121 | 92,766 |
| Interest income from (to) participants | - | - | 10,264 | 26,132 |
| Recycled water billings to Triunfo Sanitation District | - | - | (597,313) | (564,869) |
| Due to (from) Participants - June 30, 2020 | <u>\$ 4,751,734</u> | <u>\$ 3,819,321</u> | <u>\$ 12,531,959</u> | <u>\$ 8,187,259</u> |

(Concluded)

| | Operating Funds | | | |
|--|---|-----------------------------------|---------------------|---------------------|
| | Replacement of | | | |
| | Capital Assets | | Total | |
| | Las Virgenes Municipal Water District | Triunfo Sanitation District | 2019 | 2018 |
| Due to (from) Participants - July 1, 2018 | \$ 86,124 | \$ 600,448 | \$ 5,285,279 | \$ 7,422,380 |
| Advance from participants | 7,224,671 | 4,251,374 | 25,109,541 | 17,779,585 |
| Constructions costs allocated | (5,788,621) | (2,410,559) | (8,229,325) | (6,097,896) |
| Constructions reclass to operating expenses | - | - | - | 60,715 |
| Change in fair market value of LAIF | - | - | 8,571 | (33,867) |
| Change in fair market value of LAIF - prior year | - | - | 33,867 | 28,537 |
| Other miscellaneous income | 161,378 | 67,203 | 228,581 | 96,086 |
| Billings to participants for operating expenses | - | - | (13,803,284) | (13,293,129) |
| Billings to participants from replacement fund interest income | 69,187 | 23,579 | 92,766 | 28,926 |
| Interest income from (to) participants | - | - | 26,132 | 10,645 |
| Recycled water billings to Triunfo Sanitation District | - | - | (564,869) | (716,703) |
| Due to (from) Participants - June 30, 2019 | <u>\$ 1,752,739</u> | <u>\$ 2,532,045</u> | <u>\$ 8,187,259</u> | <u>\$ 5,285,279</u> |

(Concluded)

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