

Las Virgenes Municipal Water District

Comprehensive Annual Financial Review
Fiscal Year 2019-20



City of Agoura Hills



City of Hidden Hills



City of Westlake Village



City of Calabasas



4232 Las Virgenes Road, Calabasas
Los Angeles County, California

Comprehensive Annual Financial Report

For the Year Ended June 30, 2020 and 2019



Prepared by:
The Finance and Administration Department

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

Las Virgenes Municipal Water District

BOARD OF DIRECTORS

Jay Lewitt	President
Leonard E. Polan	Vice President
Charles P. Caspary	Secretary
Lynda Lo-Hill	Treasurer
Lee Renger	Director

MANAGEMENT

David W. Pedersen	General Manager
John Zhao	Director of Facilities & Operations
Donald Patterson	Director of Finance & Administration
Joe McDermott	Director of Resource Conservation & Public Outreach

LEGAL COUNSEL

W. Keith Lemieux	Counsel
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Additional information may be found at www.lvmwd.com

Las Virgenes Municipal Water District

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

OFFICERS

President

Jay Lewitt

Director, Division 5

Vice President

Leonard E. Polan

Director, Division 4

Secretary

Charles P. Caspary

Director, Division 1

Treasurer

Lynda Lo-Hill

Director, Division 2

Lee Renger

Director, Division 3

David W. Pedersen, P. E.
General Manager

W. Keith 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

Glen D. Peterson
MWD Representative

December 21, 2020

To: Board of Directors

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

Subject: **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL
YEAR 2019-20**

California law requires that every local government publish a complete set of audited financial statements for each fiscal year. This report is published to fulfill that requirement for the fiscal year that ended on June 30, 2020.

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 controls 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 an unqualified ("clean") opinion on the Las Virgenes Municipal Water District's financial statements for the fiscal year that ended on June 30, 2020. 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 Water & 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 heads may transfer resources within a department or enterprise as they see fit, but transfers between departments or enterprises need special approval from the Board.

Local Economy

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

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

More than 80% of local housing is single-family dwellings, in sharp contrast to the countywide average of 56%. Median home prices in the District considerably exceed county averages. The District benefits from its close proximity to Los Angeles and quality commercial and retail spaces. The District has few 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, Farmers Insurance, IXIA Communication, The Cheesecake Factory corporate offices and bakery; Four Seasons Hotel; Move, Inc.; Dole Food Company; and Conversant LLC.

The local economy suffered significant impacts during the last quarter of Fiscal Year 2019-20 as a result of the COVID-19 pandemic and resulting Safer at Home Orders that have limited access to businesses, especially restaurants and fitness centers. Locally, the unemployment rate went from a historical low of 3.8% in February 2020 to a historical high of 17.8% in May 2020. These conditions have resulted in an increase in the number and total dollar amount of delinquent accounts for the District that will need to be monitored as the pandemic continues.

Financial Condition and Outlook

Over recent years, the District successfully recovered from the financial downturn that began in 2007 and implemented a five-year rate adjustment plan established in 2015 that ensures continued financial sustainability. District staffing levels continue to be stable and compensation has kept pace with comparable agencies, following a comprehensive compensation study in 2018. The District has continued to predominantly pay for capital projects with available resources (pay-as-you-go funding) ,redeemed its only outstanding bond approximately four years early, resulting in an cost-savings of approximately \$1 million due to reduced interest expenses., and issued \$10.1 million private placement debt for the Advanced Meter Infrastructure future project. This debt is solely the obligation of the Potable Water Enterprise.

The overall financial position of the District is stable, although risk exists with the ongoing COVID-19 pandemic. The District continued to experience expected decreases in water sales as compared to historical averages due to conservation and the implementation of water-budget based rates in 2015, which emphasize the efficient use of water. Improved water use efficiency is expected to be the new normal within the District's service area and, more broadly, California. In Fiscal Year 2020-21, the District will have an increasing effort to promote the efficient use of recycled water to begin to change behavior and increase the availability of supply for the Pure Water Las Virgenes-Triunfo that will transform recycled water into a new source of drinking water.

Overall, the effects of COVID-19 on the District were minimal in Fiscal Year 2019-20. However, as the pandemic continues and cases hit record highs during fall of 2020, the District will need to monitor its finances closely to react to any significant changes. During Fiscal Year 2019-20, the District experienced less than \$100,000 in increased costs due to the pandemic. As a result of State orders that prohibit shutting off water service for non-payment, the number of delinquent accounts increased by 30.6% to 879 accounts (4.13% of all accounts) from March 4, 2020 through June 30, 2020. The total dollar amount of delinquent amounts increased by 138.46% to \$178,565.29 during that period, which represents approximately 0.25% of total District revenues.

Long Term Financial Planning

The District presented a two-year budget plan on June 16, 2020 for Fiscal Years 2020-22. 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. In addition, the District prepared its Infrastructure Investment Plan for Fiscal Years 2020-21 through 2029-30, reflecting a longer 10-year planning horizon as compared to the prior year's five-year planning horizon. Finally, the District initiated a process to develop a new five-year rate adjustment plan for the period of January 1, 2021 through December 31, 2025, which will ensure the District continues to collect sufficient funds to support its on-going capital and operational needs.

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 annually and updated periodically to address changing conditions and adopted annually as an integral part of the budget.

Major initiatives

In November of 2018, the Board declared a state of emergency due to the Woolsey Fire that broke out on the afternoon of Thursday, November 8, 2018, in Ventura County. The District experienced significant damages at various facilities due to the fire. Since the event, staff has been working with the California Governor's Office of Emergency Services (CalOES), Federal

Emergency Management Agency (FEMA) and the District's insurance provider on reimbursement for the damages. During Fiscal Year 2019-20, the District made substantial progress to repair damages to its major facilities that resulted from the Woolsey Fire. In addition, the District received reimbursements for a significant portion of the associated costs.

During Fiscal Year 2019-20, the District substantially completed construction of the Las Virgenes-Triunfo Pure Water Demonstration Project. This project provides a small-scale version of the proposed advanced water treatment facility for the future Pure Water Project Las Virgenes-Triunfo that will treat recycled water to drinking water standards before adding it to the Las Virgenes Reservoir. As the District is fully dependent on imported supplies for its drinking water, this project represents the first source of locally generated potable water to supplement imported supplies.

The demonstration project treats up to 30 gallons per minute (gpm) of recycled water through a fully operational version of the proposed full-scale project. The demonstration project will allow for tours of facility to educate the public about the treatment process, complete with a sample of the resulting potable water. The project also includes a demonstration/sustainability garden that highlights climate-appropriate plants that can easily be utilized by the District's customers.

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, 2019. This was the 22nd 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 2018-19. The District posts all of its financial documents on its public website at www.LVMWD.com.

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**

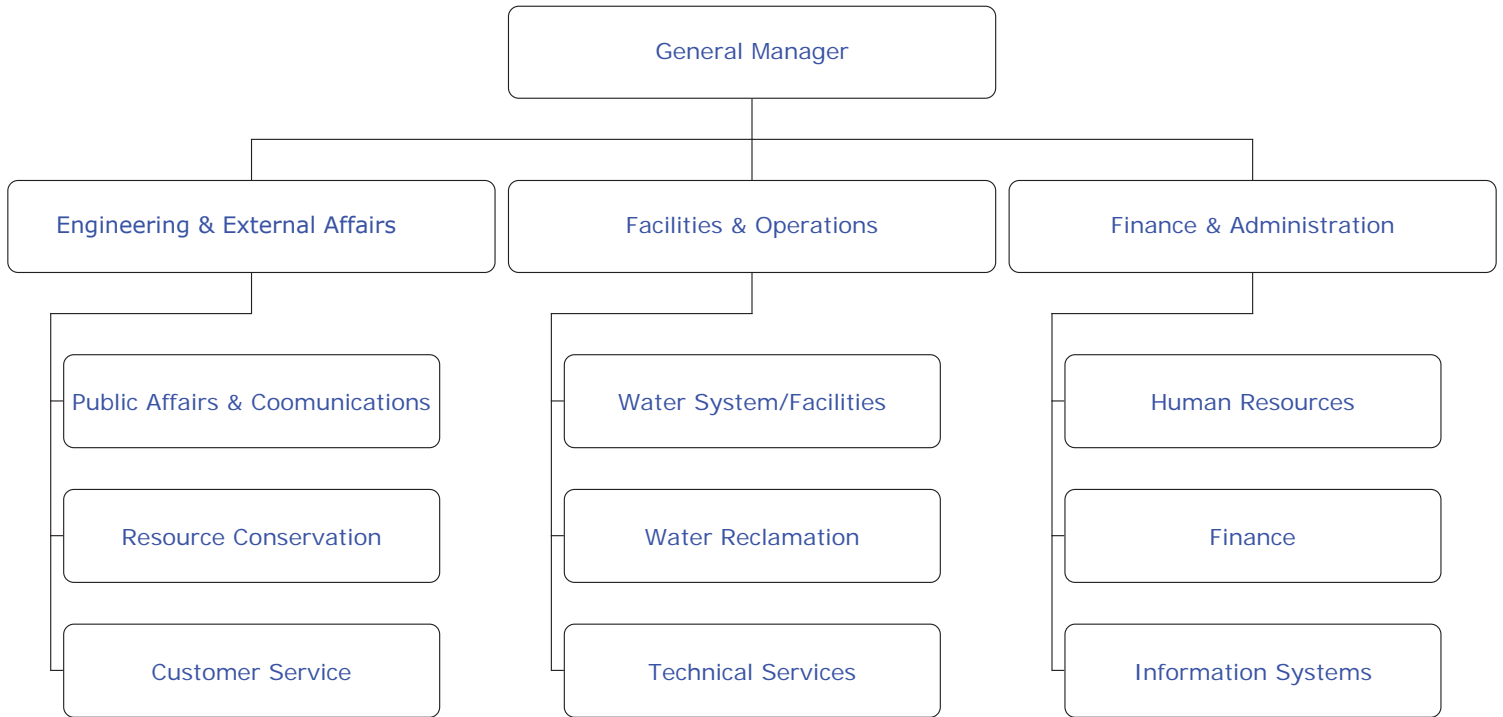
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

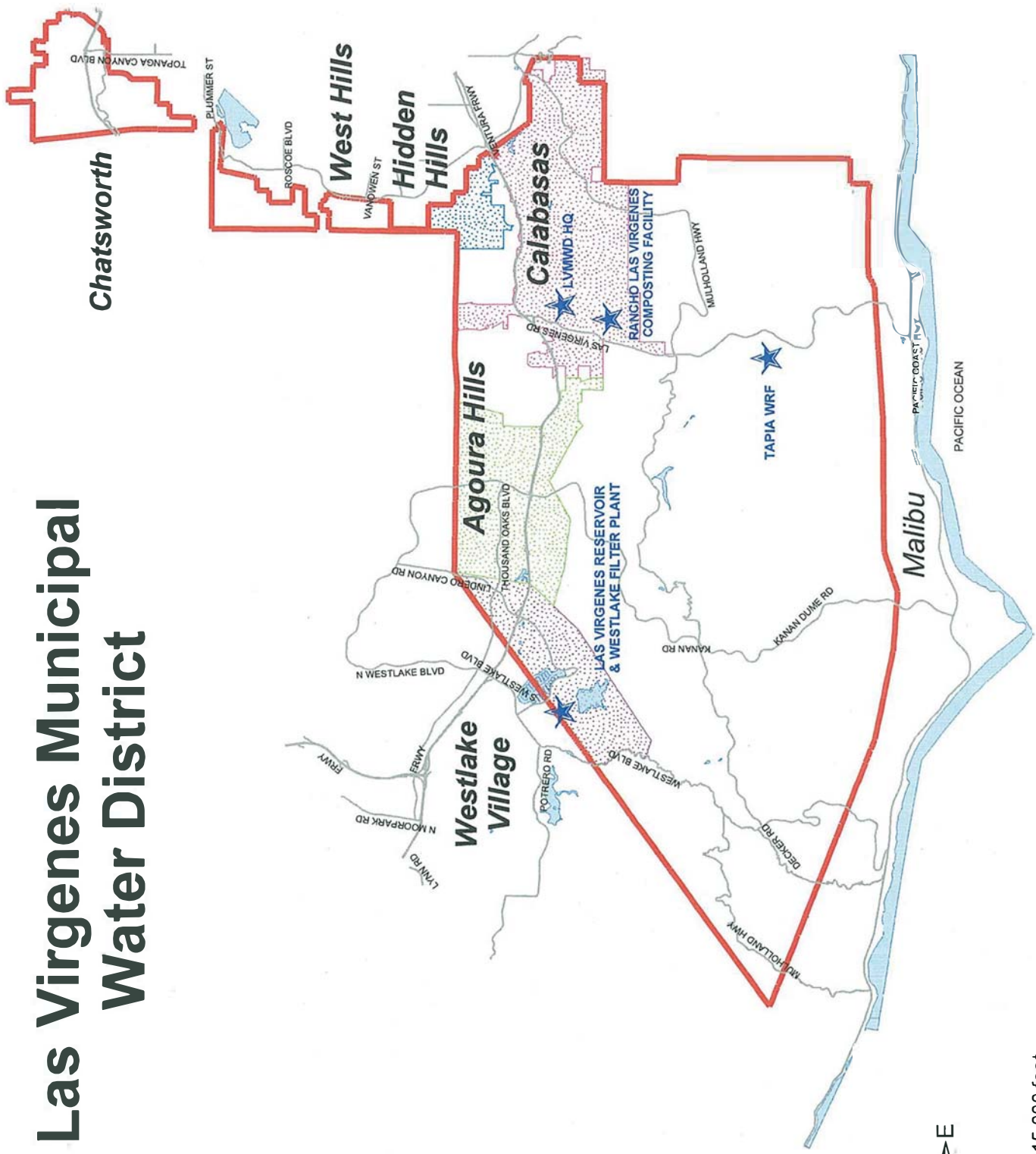
Christopher P. Morrill

Executive Director/CEO

LVMWD Organizational Chart



Las Virgenes Municipal Water District



1 inch equals 15,000 feet





INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Las Virgenes Municipal Water District, California (the "District"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the basic 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District, as of June 30, 2020 and 2019, 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.

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, the Schedule of Changes in OPEB Liability and Related Ratios – Other Post-Employment Benefits Plan, and the Schedule of Contributions – Other Post-Employment Benefits Plan on pages 5 through 10 and 59 through 62, 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

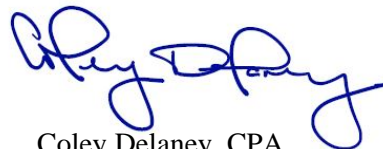
Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial 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 December 21, 2020 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
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 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, 2020 and 2019, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, 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 District'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 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 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 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 PwC Group, LLP".

Santa Ana, California
December 21, 2020

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

Coley Delaney, CPA
CPA Number: 115598

LAS VIRGENES MUNICIPAL WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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, 2020.

FINANCIAL HIGHLIGHTS

- The District's 2020 net position increased by \$18.2 million to \$252.2 million.
- During FY 2020, the District's revenues increased by 3.76% to \$67.4 million, expenses increased by 3.0% to \$45.2 million.
- In FY 2020, capital contributions to the District decreased to \$1.4 million, 63.6% less than FY 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

CHANGES TO THE FINANCIAL STATEMENTS

In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASB Statement No. 95), to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of provisions in certain GASB Statements and Implementation Guides which became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later. The District implemented GASB Statement No. 95 in the fiscal year ending June 30, 2020 and postponed the effective dates of the following GASB Statements:

- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 87, Leases
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- GASB Statement No. 90, Majority Equity Interests
- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 92, Omnibus 2020
- GASB Statement No. 93, Replacement of Interbank Offered Rates

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 stability 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. It is important to note that the District's goal is to have sufficient revenue to cover operating and capital expenses while maintaining affordable rates for its customers.

During Fiscal Year 2019-20 the District saw decreased water sales as a result of the District's targeted outreach program to increase conservation from inefficient and wasteful water users, this was offset by the District's rate increases and revenue was increased. The District's potable water-budget based rate structure supports a conservation philosophy through increasing tier structure and an annual incremental increase in the percentage of fixed cost recovered through fixed fees, which over time will reduce dependence on fluctuating water sales to meet revenue needs. The sanitation and recycled water enterprises continued to build additional reserves as the District prepares to construct its Pure Water Las Virgenes – Triunfo project that will take surplus recycled water and process it through an advanced treatment facility; then store it at Las Virgenes Reservoir for later use as drinking water. The District is well positioned to meet demands of a changing climate to meet its customer's water and sanitation needs.

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 \$18.2 million to \$252.2 million in FY 2020.

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

	<u>FY 2020</u>	<u>FY 2019</u>
Current and Other Assets	\$ 122,170	\$ 105,102
Capital Assets	121,812	123,727
Investment in JPA	66,420	64,137
Total Assets	\$ 310,402	\$ 292,966
Deferred Outflow of Resources	\$ 7,846	\$ 8,718
Long-Term Debt Outstanding	10,115	13,204
Net Pension Liability	18,224	16,055
Net OPEB Liability	18,004	19,301
Other Liabilities	17,551	15,466
Total Liabilities	\$ 63,894	\$ 64,026
Deferred Inflows of Resources	2,143	3,636
Net Position:		
Net Investment in Capital Assets,	\$ 111,697	\$ 111,229
Restricted	19	2,734
Unrestricted	140,495	120,058
Total Net Position	\$ 252,211	\$ 234,021

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 \$16.7 million. The income plus capital contributions lead to the overall increase in net position of \$18.2 million, when compared to last year's CAFR.

Water sales, the District's primary revenue source, were lower as a result of the District's targeted outreach efforts. Wasteful water use penalties impose increasing fines on customers who exceed their water budgets by 200%.

Operating expenses were higher by 3.0% year-over-year primarily due to salary and benefits increase and increased maintenance costs.

Capital contributions are irregular, as the District does not experience many large-scale projects. In July 2019, the District adopted a new capacity fee structure that focuses contributions on maintenance and upgrading of existing infrastructure,

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

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Operating Revenues:			
Water Sales	\$ 47,672	\$ 45,437	\$ 46,250
Sanitation and Other	19,746	19,536	20,467
Non-operating Revenues:			
Taxes and Penalties	915	984	946
Interest Income and Other	7,507	4,195	1,212
Total Revenues	\$ 75,840	\$ 70,152	\$ 68,875
Depreciation Expense	4,012	4,016	3,943
Other Operating Expenses	41,192	39,870	39,169
Share of JPA Net Expenses	13,634	13,958	13,718
Non-Operating Expenses	231	530	716
Total Expenses	\$ 59,069	\$ 58,374	\$ 57,546
Income (Loss) Before Capital Contributions	16,771	11,778	11,329
Capital Contributions	1,419	3,900	2,566
Change in Net Position	<u>18,190</u>	<u>15,678</u>	<u>13,895</u>
Net Position - Beginning of Year	<u>234,021</u>	<u>218,343</u>	<u>204,448</u>
Net Position - End of Year	<u>\$ 252,211</u>	<u>\$ 234,021</u>	<u>\$ 218,343</u>

CAPITAL ASSETS

At the end of FY 2020, the District had invested \$241.1million 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 \$60.4 million as shown in Table 3. This amount represents a net decrease (including additions, deletions, and depreciation) of \$2.1 million from last year. The decrease is predominantly due depreciation.

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)

CAPITAL ASSETS				
	FY 2020	FY 2019	Dollar Change	Total Percent Change
Land	\$ 6,915	\$ 6,915	\$ -	0.00%
Buildings and Improvements	22,095	22,095	-	0.00%
Machinery and Equipment	11,487	11,696	(209)	-1.79%
Infrastructure	197,724	197,673	51	0.03%
Construction in Progress	3,592	1,855	1,737	93.64%
Subtotal	241,813	240,234	1,579	0.66%
Less Accumulated Depreciation	120,001	116,506	3,495	3.00%
Net Property, Plant and Equipment	121,812	123,728	(1,916)	-1.55%
Investment in Joint Venture	66,420	64,138	2,282	3.56%
Total Capital Assets	\$ 188,232	\$ 187,866	\$ (2,139)	-1.15%

The following is a summary of some of the major improvements to the system during FY 2020.

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

	<u>FY 2020</u>
Process Air Improvements	\$ 3,640
Pure Water Demonstration Project	3,428
Total	<u>\$ 7,068</u>
<u>FY 2019</u>	
Process Air Improvements	\$ 2,240
Tapia Rehabilitation	1,934
Rancho Las Virgenes Digester Cleaning and Repair	1,901
Pure Water Demonstration Project	837
Total	<u>\$ 6,912</u>

LONG TERM DEBT

At year-end, the District had total long-term debt of \$10.1 million, down from \$10.15 million in FY 2019. The District retired \$10.15 million of remaining 2009 Refunding Sanitation Bonds and issued \$10.1 million private placement debt for the Advanced Meter Infrastructure future project. This debt is solely the obligation of the Potable Water Enterprise. More detailed information about the District's long-term liabilities is presented in Note 9 to the Basic Financial Statements.

TABLE 5
Debt Coverage Ratio
(In thousands of dollars)

	<u>FY 2020</u>
Total Operating Revenues	\$ 41,229
Total Operating Expenses (less depreciation)	35,192
Net Earnings	<u>6,037</u>
Maximum Annual Debt Service	971
Debt Coverage Ratio	<u><u>6.22</u></u>

The District has outstanding private placement debt issued in March 2020. The District's current average cost of capital was 2.47% at June 30, 2020 and 2019, respectively, as shown on Table 6.

TABLE 6
Cost of Capital
(In thousands of dollars)

	<u>Debt Balance</u>	<u>Average Coupon Rate</u>
Private Placement Bonds at June 30 ,2020	10,100	2.47%

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, 2020 and 2019

ASSETS	Primary Government		Discretely Presented Component Unit - JPA	
	2020	2019	2020	2019
Current assets:				
Cash and cash equivalents (Note 3)	\$ 40,559,658	\$ 24,674,984	\$ 10,746,445	\$ 8,703,228
Investments (Note 3)	53,843,756	56,658,658	805,296	1,008,571
Receivables:				
Sales and services, net of allowance for uncollectible (Note 4)	8,228,249	7,042,513	2,216,387	683,809
Due from Joint Powers Authority (Note 6)	7,515,405	4,498,461	-	-
Interest	377,160	465,069	33,722	59,300
Interest receivable - designated for capital projects	1,354	1,359	-	-
Taxes	132,006	203,114	-	-
Other	680,380	431,795	-	-
Inventories (Note 5)	9,616,894	8,034,354	-	-
Prepaid items	1,196,103	288,078	188,328	55,080
Total current assets	122,150,965	102,298,385	13,990,178	10,509,988
Noncurrent assets:				
Restricted cash and cash equivalents (Note 3)	19,414	2,801,720	-	-
Investments in Joint Powers Authority (Note 6)	66,419,847	64,137,736	-	-
Capital assets (Note 7):				
Nondepreciable	10,507,477	8,770,701	23,670,352	20,479,142
Depreciable, net of accumulated depreciation	111,304,877	114,957,221	73,456,585	73,200,449
Capital assets, net	121,812,354	123,727,922	97,126,937	93,679,591
Total noncurrent assets	188,251,615	190,667,378	97,126,937	93,679,591
Total assets	310,402,580	292,965,763	111,117,115	104,189,579
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding	-	704,871	-	-
Pension-related deferred outflows of resources (Note 10)	4,191,083	4,554,948	-	-
OPEB-related deferred outflows of resources (Note 11)	3,654,776	3,458,022	-	-
Total deferred outflows of resources	7,845,859	8,717,841	-	-

Las Virgenes Municipal Water District
Statements of Net Position (Continued)
June 30, 2020 and 2019

LIABILITIES	Primary Government		Discretely Presented Component Unit - JPA	
	2020	2019	2020	2019
Current liabilities:				
Accounts and contracts payable and accrued expenses	5,885,794	4,802,464	1,462,038	2,322,729
Interest payable	15,975	84,679	-	-
Unearned capacity and developer fees	9,024,424	8,196,224	-	-
Due to primary government	-	-	7,515,405	4,498,461
Due to other government	-	-	5,016,554	3,688,798
Deposits and other	265,753	256,494	-	-
Compensated absences - due within one year (Note 8)	873,343	854,249	-	-
Long-term debt - due within one year (Note 9)	455,488	2,329,815	-	-
Total current liabilities	16,520,777	16,523,925	13,993,997	10,509,988
Noncurrent liabilities:				
Compensated absences (Note 8)	1,484,790	1,271,556	-	-
Long-term debt - due in more than one year (Note 9)	9,660,000	10,874,040	-	-
Net pension liabilities (Note 10)	18,224,826	16,055,823	-	-
Net OPEB liabilities (Note 11)	18,003,904	19,301,046	-	-
Total noncurrent liabilities	47,373,520	47,502,465	-	-
Total liabilities	63,894,297	64,026,390	13,993,997	10,509,988
 DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows of resources (Note 10)	1,850,292	3,380,085	-	-
OPEB-related deferred inflows of resources (Note 11)	292,526	256,022	-	-
Total deferred inflows of resources	2,142,818	3,636,107	-	-
 NET POSITION (Note 12)				
Primary government's net investment in capital assets	111,696,866	111,228,938	64,831,080	62,372,682
Other government's net investment in capital assets	-	-	32,295,857	31,306,909
Restricted for:				
Debt service	19,414	2,734,029	-	-
Unrestricted (deficit)	140,495,044	120,058,140	(3,819)	-
Total net position	\$ 252,211,324	\$ 234,021,107	\$ 97,123,118	\$ 93,679,591

See accompanying Notes to the Basic Financial Statements.

Las Virgenes Municipal Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	Primary Government		Discretely Presented Component Unit - JPA	
	2020	2019	2020	2019
Operating Revenues:				
Water sales and service fees	\$ 45,431,192	\$ 43,369,671	\$ -	\$ -
Sanitation service fees	18,835,630	18,922,512	-	-
Wholesale recycle water sales	-	-	2,396,775	2,068,727
Rental income	80,211	53,474	-	-
Other income	3,071,015	2,627,494	47,367	46,547
Total operating revenues	67,418,048	64,973,151	2,444,142	2,115,274
Operating Expenses:				
Water expenses:				
Source of supply	24,762,261	24,374,779	-	-
Pumping	1,737,640	1,615,446	-	-
Transmission and distribution	3,298,835	3,998,588	-	-
Meter	831,909	759,665	-	-
Water conservation	635,230	617,814	-	-
Rental	14,145	27,658	-	-
General and administrative	7,356,760	6,440,804	-	-
Total water expenses	38,636,780	37,834,754	-	-
Sanitation expenses:				
Other sewage treatment	383,887	483,920	-	-
Lifting	255,393	190,412	-	-
General and administrative	1,915,960	1,361,602	-	-
Total sanitation expenses	2,555,240	2,035,934	-	-
JPA expenses:				
Operating expenses	-	-	8,900,521	8,520,451
General and administrative	-	-	9,658,613	7,469,557
Total JPA expenses	-	-	18,559,134	15,990,008
Depreciation	4,011,992	4,015,571	5,624,458	5,721,381
Total operating expenses	45,204,012	43,886,259	24,183,592	21,711,389
Billings to primary government	-	-	8,920,047	9,251,781
Billings to other government	-	-	4,120,930	4,458,737
Total JPA billings	-	-	13,040,977	13,710,518
Net Operating Income (Loss)	22,214,036	21,086,892	(8,698,473)	(5,885,597)

Las Virgenes Municipal Water District
Statements of Revenues, Expenses, and Changes in Net Position (Continued)
For the Years Ended June 30, 2020 and 2019

	Primary Government		Discretely Presented Component Unit - JPA	
	2020	2019	2020	2019
	Nonoperating Revenues (Expenses):			
Taxes and penalties	914,603	984,049	-	-
Interest income	3,158,010	3,095,752	131,787	138,859
Facilities charge	355,452	377,619	-	-
Interest expense and fiscal charges	(231,742)	(530,649)	-	-
Share of Joint Powers Authority (expense)	(13,633,579)	(13,957,894)	-	-
Gain (loss) on disposal of capital asset	8,231	152	-	(1,790)
Other revenues/(expenses)	3,986,317	721,868	2,938,410	24,168
Total nonoperating revenues (expenses)	(5,442,708)	(9,309,103)	3,070,197	161,237
Capital Contributions:				
Capital contributions from others	1,418,889	3,899,980	-	-
Capital contributions from primary government	-	-	6,404,693	5,809,903
Capital contributions from other government	-	-	2,667,110	2,419,422
Total capital contributions	1,418,889	3,899,980	9,071,803	8,229,325
Changes in Net Position	18,190,217	15,677,769	3,443,527	2,504,965
Net Position:				
Beginning of year	234,021,107	218,343,338	93,679,591	91,174,626
End of year	<u>\$ 252,211,324</u>	<u>\$ 234,021,107</u>	<u>\$ 97,123,118</u>	<u>\$ 93,679,591</u>

Las Virgenes Municipal Water District
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	Primary Government	
	2020	2019
Cash Flows From Operating Activities:		
Cash received from customers	\$ 63,170,556	\$ 62,742,998
Cash payments to suppliers for operations	(35,491,536)	(34,495,018)
Cash received from Joint Powers Authority	(1,506,471)	(1,668,356)
Cash received from others	2,822,430	2,632,024
Net cash provided by operating activities	21,665,271	19,891,016
Cash Flows From Noncapital Financing Activities:		
Receipt from facilities charges	355,452	377,618
Receipt from other revenues	2,539,662	644,035
Property taxes and fee collected	985,711	993,589
Net cash provided by noncapital financing activities	3,880,825	2,015,242
Cash Flows From Capital and Related Financing Activities:		
Acquisition of capital assets	(2,110,757)	(3,232,844)
Proceeds from sale of assets	22,565	16,553
Capital contribution	1,418,889	3,899,980
Repayment of bonds payable and capital leases	(2,384,815)	(2,233,076)
Interest payment	(299,127)	(541,699)
Capital facilities and developer fees received	2,346,414	1,610,698
Capital facilities and developer fees refunded and developer fees used	(1,518,215)	(2,539,192)
Net cash (used in) capital and related financing activities	(2,525,046)	(3,019,580)
Cash Flows From Investing Activities:		
Interest received	1,845,335	1,641,500
Contributions to Joint Power Authority	(15,915,690)	(15,575,938)
Investments matured	30,108,818	12,059,236
Purchase of investments	(25,957,145)	(20,112,490)
Net cash (used in) investing activities	(9,918,682)	(21,987,692)
Net Change in Cash and Cash Equivalents	13,102,368	(3,101,014)
Cash and Cash Equivalents:		
Beginning of year	27,476,704	30,577,718
End of year	\$ 40,579,072	\$ 27,476,704
Financial Statement Presentation:		
Cash and cash equivalents	\$ 40,559,658	\$ 24,674,984
Restricted cash and cash equivalents	19,414	2,801,720
Total cash and cash equivalents	\$ 40,579,072	\$ 27,476,704
Noncash investing activities:		
Change in fair value of investments	\$ 1,684,868	\$ 348,097

Las Virgenes Municipal Water District
Statement of Cash Flows (Continued)
For the Years Ended June 30, 2020 and 2019

	Primary Government	
	2020	2019
Reconciliation of Net Operating Income to Net Cash Provided By Operating Activities:		
Net operating income	\$ 22,214,036	\$ 21,086,892
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,011,992	4,015,571
Changes in operating assets and liabilities		
(Increase) decrease in accounts and other receivables	(1,434,321)	430,141
(Increase) decrease in due from Joint Powers Authority	(1,506,471)	(1,668,356)
(Increase) decrease in inventories	(1,582,540)	(997,923)
(Increase) decrease in prepaid items	(908,025)	(20,054)
(Increase) decrease in deferred outflows or resources - pension	363,865	2,013,442
(Increase) decrease in deferred outflows or resources - OPEB	(196,754)	(1,825,467)
Increase (decrease) in accounts and contracts payable and accrued expenses	1,083,330	(131,671)
Increase (decrease) in compensated absences	232,328	(26,195)
Increase (decrease) in deposits and other	9,259	(28,270)
Increase (decrease) in net pension liability	2,169,003	(4,437,532)
Increase (decrease) in net OPEB liability	(1,297,142)	117,950
Increase (decrease) in deferred inflows or resources - pension	(1,529,793)	1,106,466
Increase (decrease) in deferred inflows or resources - OPEB	36,504	256,022
Net cash provided by Operating Activities	\$ 21,665,271	\$ 19,891,016

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 contributions in the amount of \$1,367,969 from capacity fees and \$50,921 from meters installed were reclassified from deferred capacity and developer fees to contributed capital for the year ended June 30, 2020.



Las Virgenes Municipal Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2020 and 2019

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, 2020 and 2019

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 position. 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

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, 2020 and 2019

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 as of June 30. 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:

Primary Government

Water Plant	Source of supply (primarily water tanks)	10 - 100 Years
	Plant	10 - 75 Years
	Structures	25 - 35 Years
Sanitation Plant	Plant	10 - 100 Years
	Machinery and equipment	3 - 25 Years
General Utility Plant	Building and improvements	10 - 50 Years
	Machinery and equipment	3 - 25 Years

Discretely Presented Component Unit - JPA

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

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

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 five days into accrued sick leave bank at onset of employment and eight hours per month thereafter up to 96 hours per year with a maximum of 311 hours accrual. Non-represented employees are compensated eight hours per month. The annual accrual of sick leave has no maximum accrual. The combined unused vacation and sick pay will be paid to the employee or his/her beneficiary upon leaving the District's employment. The amount due will be determined using the 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, 2020 and 2019.

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, 2020
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Pension (Continued)

For the Year Ended	June 30, 2019
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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.

Other Postemployment Benefits (“OPEB”)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Retiree Benefits Plan (“OPEB Plan”) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for pension reporting:

For the Year Ended	June 30, 2020
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019
For the Year Ended	June 30, 2019
Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Net Position

Net position represents the difference between all other elements in the statement of net position and is 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 and deferred inflows and outflows of resources 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.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

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.

Accounting Changes

During the fiscal year ended June 30, 2020, the District implemented the following accounting standards:

- In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB Statement No. 95), to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of provisions in certain GASB Statements and Implementation Guides which became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later. The District implemented GASB Statement No. 95 in the fiscal year ending June 30, 2020 and postponed the effective dates of the following GASB Statements:
 - GASB Statement No. 84, Fiduciary Activities
 - GASB Statement No. 87, Leases
 - GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
 - GASB Statement No. 90, Majority Equity Interests
 - GASB Statement No. 91, Conduit Debt Obligations
 - GASB Statement No. 92, Omnibus 2020
 - GASB Statement No. 93, Replacement of Interbank Offered Rates

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Upcoming New GASB Pronouncements

The District is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local governments. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB Statement No. 84 originally effective for the District's fiscal year ending June 30, 2020, has been postponed to fiscal year ending June 30, 2021.
- In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB Statement No. 87 originally effective for the District's fiscal year ending June 30, 2021, has been postponed to fiscal year ending June 30, 2022.
- In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB Statement No. 89), to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 originally effective for the District's fiscal year ending June 30, 2021, has been postponed to fiscal year ending June 30, 2022.
- In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61* (GASB Statement No. 90), to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. GASB Statement No. 90 originally effective for the District's fiscal year ending June 30, 2020, has been postponed to fiscal year ending June 30, 2021.
- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB Statement No. 91), to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Upcoming New GASB Pronouncements (Continued)

required note disclosures. GASB Statement No. 91 originally effective for the District’s fiscal year ending June 30, 2022, has been postponed to fiscal year ending June 30, 2023.

- In January 2020, GASB issued Statement No. 92, *Omnibus 2020* (GASB Statement No. 92), to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics. GASB Statement No. 92 originally effective for the District’s fiscal year ending June 30, 2021, has been postponed to fiscal year ending June 30, 2022.
- In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB Statement No. 93), to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR) which is expected to cease to exist in its current form at the end of 2021. GASB Statement No. 93 originally effective for the District’s fiscal year ending June 30, 2022, has been postponed to fiscal year ending June 30, 2023.
- In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB Statement No. 94) to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). GASB Statement No. 94 is effective for the District’s fiscal year ending June 30, 2023.
- In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB Statement No. 96), to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 is effective for the District’s fiscal year ending June 30, 2023.
- In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* (GASB Statement No. 97), to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 is effective for the District’s fiscal year ending June 30, 2022.

Las Virgenes Municipal Water District
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 classified in the accompanying statements of net position as follows:

	2020			2019		
	Discretely Presented			Discretely Presented		
	Primary Government	Component Unit - JPA	Total	Primary Government	Component Unit - JPA	Total
Unrestricted Assets:						
Cash and cash equivalents	\$ 40,559,658	\$ 10,746,445	\$ 51,306,103	\$ 24,674,984	\$ 8,703,228	\$ 33,378,212
Investments	53,843,756	805,296	54,649,052	56,658,658	1,008,571	57,667,229
Restricted Assets:						
Cash and cash equivalents	19,414	-	19,414	2,801,720	-	2,801,720
Total cash and investments	<u>\$ 94,422,829</u>	<u>\$ 11,551,741</u>	<u>\$ 105,974,570</u>	<u>\$ 84,135,363</u>	<u>\$ 9,711,799</u>	<u>\$ 93,847,162</u>

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

	2020			2019		
	Discretely Presented			Discretely Presented		
	Primary Government	Component Unit - JPA	Total	Primary Government	Component Unit - JPA	Total
Deposits:						
Demand Deposits	\$ 79,413	\$ 1,832,760	\$ 1,912,173	\$ 76,738	\$ 939,036	\$ 1,015,774
Petty Cash	2,200	-	2,200	2,200	-	2,200
Total deposits	<u>81,613</u>	<u>1,832,760</u>	<u>1,914,373</u>	<u>78,938</u>	<u>939,036</u>	<u>1,017,974</u>
Investments:						
Money market mutual funds	34,638	-	34,638	33,107	-	33,107
Municipal Bonds	15,420,139	-	15,420,139	13,088,448	-	13,088,448
U.S. Government Sponsored Agency Security Certificate of Deposit	30,492,590	805,296	31,297,886	37,672,311	1,008,571	38,680,882
California Local Agency Investment Fund	7,931,027	-	7,931,027	5,897,900	-	5,897,900
	40,452,579	8,913,685	49,366,264	24,564,065	7,764,192	32,328,257
Total investments	<u>94,330,973</u>	<u>9,718,981</u>	<u>104,049,954</u>	<u>81,255,831</u>	<u>8,772,763</u>	<u>90,028,594</u>
Investments with Fiscal Agents:						
California Local Agency Investment Fund	10,243	-	10,243	2,800,594	-	2,800,594
Total investments with fiscal agents	<u>10,243</u>	<u>-</u>	<u>10,243</u>	<u>2,800,594</u>	<u>-</u>	<u>2,800,594</u>
Total cash and investments	<u>\$ 94,422,829</u>	<u>\$ 11,551,741</u>	<u>\$ 105,974,570</u>	<u>\$ 84,135,363</u>	<u>\$ 9,711,799</u>	<u>\$ 93,847,162</u>

The statements of cash flows for the year ended June 30, 2020 and 2019 have been prepared by considering the following deposits and investment instruments to be cash and cash equivalents:

	2020			2019		
	Discretely Presented			Discretely Presented		
	Primary Government	Component Unit - JPA	Total	Primary Government	Component Unit - JPA	Total
Demand Deposits	\$ 79,413	\$ 1,832,760	\$ 1,912,173	\$ 76,738	\$ 939,036	\$ 1,015,774
Petty Cash	2,200	-	2,200	2,200	-	2,200
California Local Agency Investment Fund	40,462,822	8,913,685	49,376,507	27,364,659	7,764,192	35,128,851
Total cash and cash equivalents	<u>\$ 40,579,073</u>	<u>\$ 10,746,445</u>	<u>\$ 51,325,518</u>	<u>\$ 27,476,704</u>	<u>\$ 8,703,228</u>	<u>\$ 36,179,932</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 3 – Cash and Investments (Continued)

Fair Value Measurement

At June 30, 2020 and 2019, 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, 2020 and 2019:

	2020			2019		
	Significant Other Observable Input (Level 2)	Uncategorized	Total	Significant Other Observable Input (Level 2)	Uncategorized	Total
	Money market mutual funds	\$ -	\$ 34,638	\$ 34,638	\$ -	\$ 33,107
Municipal Bonds	15,420,139	-	15,420,139	13,088,448	-	13,088,448
Federal Agricultural Mortgage Corporation	5,721,486	-	5,721,486	2,507,352	-	2,507,352
Federal Farm Credit Bank	7,260,280	-	7,260,280	9,057,520	-	9,057,520
Federal Home Loan Bank	7,203,110	-	7,203,110	9,126,770	-	9,126,770
Federal Home Loan Mortgage Corporation	9,098,870	-	9,098,870	12,013,540	-	12,013,540
Federal Nation Mortgage Association	1,001,050	-	1,001,050	5,975,700	-	5,975,700
Tennessee Valley Authority	1,013,090	-	1,013,090	-	-	-
Certificate of Deposit	7,931,027	-	7,931,027	5,897,900	-	5,897,900
California Local Agency Investment Fund	-	49,366,264	49,366,264	-	32,328,257	32,328,257
Investment with fiscal agents:						
California Local Agency Investment Fund	-	10,243	10,243	-	2,800,594	2,800,594
Total investments	\$ 54,649,052	\$ 49,411,145	\$ 104,060,197	\$ 57,667,230	\$ 35,161,958	\$ 92,829,188

Demand Deposits

Demand deposits are held in pool by the District. The carrying amounts of cash deposits were \$1,912,173 and \$1,015,774 at June 30, 2020 and 2019, respectively. Bank balances at June 30, 2020 and 2019 were \$2,166,692 and \$1,630,171, respectively, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the District’s name as discussed below.

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

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

California Local Agency Investment Funds

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

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 3 – Cash and Investments (Continued)

California Local Agency Investment Funds (Continued)

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, 2020, and 2019, the District had \$49,376,507 and \$35,128,851, respectively, invested in LAIF, which had invested 3.37% and 1.77% 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.

<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
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.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 3 – Cash and Investments (Continued)

Investments Authorized by Debt Agreements (Continued)

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
California Local Agency Investment 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.

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 tables that shows the distribution of the District's investments by maturity as of June 30, 2020 and 2019.

<u>Investment Type</u>	<u>2020</u>					<u>Fair Value Total</u>
	<u>Remaining Maturity (in Years)</u>					
	<u>Less Than 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 3 Years</u>	<u>3 to 4 Years</u>	<u>4 to 5 Years</u>	
Money market mutual funds	\$ 34,638	\$ -	\$ -	\$ -	\$ -	\$ 34,638
Municipal Bonds	4,776,959	2,661,710	3,633,535	3,423,244	924,691	15,420,139
Federal Agricultural Mortgage Corporation	-	481,126	1,046,550	1,077,770	3,116,040	5,721,486
Federal Farm Credit Bank	-	-	2,098,790	2,142,220	3,019,270	7,260,280
Federal Home Loan Bank	-	-	2,086,800	2,112,250	3,004,060	7,203,110
Federal Home Loan Mortgage Corporation	-	2,066,190	-	1,007,420	6,025,260	9,098,870
Federal Nation Mortgage Association	-	-	-	-	1,001,050	1,001,050
Tennessee Valley Authority	-	-	-	-	1,013,090	1,013,090
Certificate of Deposit	741,914	1,755,700	1,295,087	1,590,856	2,547,470	7,931,027
California Local Agency Investment Fund	49,366,264	-	-	-	-	49,366,264
Investment with fiscal agents:						
California Local Agency Investment Fund	10,243	-	-	-	-	10,243
	<u>\$ 54,930,018</u>	<u>\$ 6,964,726</u>	<u>\$ 10,160,762</u>	<u>\$ 11,353,760</u>	<u>\$ 20,650,931</u>	<u>\$ 104,060,197</u>

Las Virgenes Municipal Water District
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)

Investment Type	2019					Fair Value Total
	Remaining Maturity (in Years)					
	Less Than 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	
Money market mutual funds	\$ 33,107	\$ -	\$ -	\$ -	\$ -	\$ 33,107
Municipal Bonds	1,999,380	4,949,044	2,607,902	1,478,272	2,053,850	13,088,448
Federal Agricultural Mortgage Corporation	-	-	465,702	1,005,920	1,035,730	2,507,352
Federal Farm Credit Bank	994,170	1,001,280	-	3,026,280	4,035,790	9,057,520
Federal Home Loan Bank	-	998,770	1,993,450	4,059,550	2,075,000	9,126,770
Federal Home Loan Mortgage Corporation	1,992,100	1,999,490	4,017,110	1,002,120	3,002,720	12,013,540
Federal Nation Mortgage Association	3,986,310	1,989,390	-	-	-	5,975,700
Certificate of Deposit	1,469,108	732,570	977,460	1,232,707	1,486,055	5,897,900
California Local Agency Investment Fund	32,328,257	-	-	-	-	32,328,257
Investment with fiscal agents:						
California Local Agency Investment Fund	2,800,594	-	-	-	-	2,800,594
	<u>\$ 45,603,026</u>	<u>\$ 11,670,544</u>	<u>\$ 10,061,624</u>	<u>\$ 11,804,849</u>	<u>\$ 13,689,145</u>	<u>\$ 92,829,188</u>

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 tables are the Standard and Poor's credit ratings for the Districts investments as of June 30, 2020 and 2019.

Investment	2020					Unrated
	Total As of June 30, 2020	Minimum Legal Requirement	AAA	AA+/-	A+	
Money market mutual funds	\$ 34,638	None	\$ 34,638	\$ -	\$ -	\$ -
Municipal Bonds	15,420,139	AA-	2,306,023	13,114,116	-	-
Federal Agricultural Mortgage Corporation	5,721,486	None	-	-	-	5,721,486
Federal Farm Credit Bank	7,260,280	None	-	5,178,320	-	2,081,960
Federal Home Loan Bank	7,203,110	None	-	4,199,050	-	3,004,060
Federal Home Loan Mortgage Corporation	9,098,870	None	-	4,074,610	-	5,024,260
Federal Nation Mortgage Association	1,001,050	None	-	-	-	1,001,050
Tennessee Valley Authority	1,013,090	None	-	1,013,090	-	-
Certificate of Deposit	7,931,027	None	-	-	-	7,931,027
California Local Agency Investment Fund	49,366,264	None	-	-	-	49,366,264
Investment with fiscal agents:						
California Local Agency Investment Fund	10,243	None	-	-	-	10,243
	<u>\$ 104,060,197</u>		<u>\$ 2,340,661</u>	<u>\$ 27,579,186</u>	<u>\$ -</u>	<u>\$ 74,140,350</u>

Las Virgenes Municipal Water District
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 Credit Risk (Continued)

Investment	2019					
	Total As of June 30, 2019	Minimum Legal Requirement	AAA	AA+/-	A+	Unrated
Money market mutual funds	\$ 33,107	AA-	\$33,107	\$ -	\$ -	\$ -
Municipal Bonds	13,088,448	AA-	2,009,010	10,079,028	1,000,410	-
Federal Agricultural Mortgage Corporation	2,507,352	None	-	-	-	2,507,352
Federal Farm Credit Bank	9,057,520	None	-	6,032,910	-	3,024,610
Federal Home Loan Bank	9,126,770	None	-	6,133,320	-	2,993,450
Federal Home Loan Mortgage Corporation	12,013,540	None	-	4,998,020	-	7,015,520
Federal Nation Mortgage Association	5,975,700	None	-	2,988,830	-	2,986,870
Certificate of Deposit	5,897,900	None	-	-	-	5,897,900
California Local Agency Investment Fund	32,328,257	None	-	-	-	32,328,257
Investment with fiscal agents:						
California Local Agency Investment Fund	2,800,594	None	-	-	-	2,800,594
	<u>\$ 92,829,188</u>		<u>\$2,042,117</u>	<u>\$30,232,108</u>	<u>\$1,000,410</u>	<u>\$59,554,553</u>

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	2020		2019	
		Reported Amount	Percentage of Investments	Reported Amount	Percentage of Investments
Municipal Bonds	Other investments approved by bond issuer	\$ 15,420,139	14.82%	\$ 13,088,448	14.54%
Federal Agricultural Mortgage Corporation	United States Government Sponsored Agency Securities	5,721,486	5.50%	N/A	N/A
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	7,260,280	6.98%	9,057,520	10.06%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	7,203,110	6.92%	9,126,770	10.14%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	9,098,870	8.74%	12,013,540	13.34%
Federal National Mortgage Association	United States Government Sponsored Agency Securities	N/A	N/A	5,975,700	6.64%
Certificate of Deposit	Certificate of Deposit	7,931,027	7.62%	5,897,900	6.55%
California Local Agency Investment Fund	California Local Agency Investment Fund	49,366,264	47.44%	32,328,257	35.91%

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).

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

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 Los Angeles County. As of June 30, 2020, and 2019, sales and services receivable, net of allowance for uncollectible accounts, were in the amount of \$8,228,249 and \$7,042,513 for the District and \$2,216,387 and \$683,809 for the JPA, respectively.

Note 5 – Inventories

Inventories consisted of the following as of June 30, 2020 and 2019:

	2020	2019
<u>Primary Government</u>		
Material and supplies	\$ 1,007,824	\$ 1,008,909
Water in storage	8,609,070	7,025,445
Total	\$ 9,616,894	\$ 8,034,354

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

Note 6 – Investment in Joint Powers Authority

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

A summary of changes in investment in Joint Powers Authority is as follows:

	2020	2019
Beginning of year	\$ 64,137,736	\$ 62,520,957
Contributions	15,915,691	15,575,937
Share in income (loss):		
Sanitation expenses	(9,510,998)	(9,766,869)
Depreciation expenses	(4,122,582)	(4,191,025)
Loss on disposal of capital assets	-	(1,264)
End of year	\$ 66,419,847	\$ 64,137,736

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 6 – Investment in Joint Powers Authority (Continued)

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

	2020	2019
Primary government's net investment in JPA's capital assets	\$ 64,831,080	\$ 62,372,682
Capitalized interest, net	1,588,767	1,765,054
Investment in JPA	\$ 66,419,847	\$ 64,137,736

Condensed financial statement of the JPA as of and for the year ended June 30, 2020 and 2019 including the participants’ approximate percentage shares as follows:

	2020			2019		
	Amount	Las Virgenes Municipal Water District	Triunfo Sanitation District	Amount	Las Virgenes Municipal Water District	Triunfo Sanitation District
		67%	33%		67%	33%
Total assets	\$ 111,117,115	67%	33%	\$ 104,189,582	67%	33%
Total liabilities	13,993,997	67%	33%	10,509,988	67%	33%
Total equity	97,123,118	70%	30%	93,679,591	70%	30%
Billings to participants	13,710,518	67%	33%	13,710,518	67%	33%
Depreciation	5,624,458	70%	30%	5,721,381	70%	30%
Construction cost	9,071,803	71%	29%	8,229,325	71%	29%

The amount due from the JPA at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Beginning of year	\$ 4,498,461	\$2,830,105
Additions	11,425,014	1,668,356
(Deletions)	(8,408,070)	-
End of year	\$ 7,515,405	4,498,461

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 7 – Capital Assets

Primary Government

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 depreciated					
Land and land rights:					
Water plant	\$ 6,804,117	\$ 6	\$ -	\$ -	\$ 6,804,123
Sanitation plant	111,235	-	-	-	111,235
Construction in progress	1,855,349	2,110,752	(14,334)	(359,648)	3,592,119
Total capital assets, not depreciated	8,770,701	2,110,758	(14,334)	(359,648)	10,507,477
Capital assets, being depreciated					
Water plant:					
Source of supply	41,737,630	-	-	-	41,737,630
Plant	127,400,320	-	-	-	127,400,320
Structure	21,061,975	-	-	51,720	21,113,695
Sanitation plant:					
Plant	7,472,620	-	-	-	7,472,620
Machinery and equipment	17,318	-	-	-	17,318
General utility plant					
Building and improvements	22,094,928	-	-	-	22,094,928
Machinery and equipment	11,678,599	-	(517,120)	307,928	11,469,407
Total capital assets, being depreciated	231,463,390	-	(517,120)	359,648	231,305,918
Less accumulated depreciation					
Water plant:					
Source of supply	(12,254,699)	(906,051)	-	-	(13,160,750)
Plant	(58,455,838)	(1,842,822)	-	-	(60,298,660)
Structure	(18,028,775)	(232,389)	-	-	(18,261,164)
Sanitation plant:					
Plant	(4,059,062)	(137,944)	-	-	(4,197,006)
Machinery and equipment	(17,318)	-	-	-	(17,318)
General utility plant					
Building and improvements	(13,381,101)	(501,067)	-	-	(13,882,168)
Machinery and equipment	(10,309,376)	(391,719)	517,120	-	(10,183,975)
Total accumulated depreciation	(116,506,169)	(4,011,992)	517,120	-	(120,001,041)
Total capital assets, being depreciated, net	114,957,221	(4,011,992)	-	359,648	111,304,877
Total capital assets, net	\$ 123,727,922	\$ (1,901,234)	\$ (14,334)	\$ -	\$ 121,812,354

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 7 – 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 depreciated					
Land and land rights:					
Water plant	\$ 6,804,111	\$ 6	\$ -	\$ -	\$ 6,804,117
Sanitation plant	111,235	-	-	-	111,235
Construction in progress	1,289,556	1,698,210	-	(1,132,417)	1,855,349
Total capital assets, not depreciated	8,204,902	1,698,216	-	(1,132,417)	8,770,701
Capital assets, being depreciated					
Water plant:					
Source of supply	41,737,630	-	-	-	41,737,630
Plant	125,759,072	1,187,082	(24,094)	478,260	127,400,320
Structure	20,672,454	347,546	-	41,975	21,061,975
Sanitation plant:					
Plant	7,472,620	-	-	-	7,472,620
Machinery and equipment	17,318	-	-	-	17,318
General utility plant					
Building and improvements	22,094,343	-	(42,436)	43,021	22,094,928
Machinery and equipment	11,327,047	-	(217,609)	569,161	11,678,599
Total capital assets, being depreciated	229,080,484	1,534,628	(284,139)	1,132,417	231,463,390
Less accumulated depreciation					
Water plant:					
Source of supply	(11,348,647)	(906,052)	-	-	(12,254,699)
Plant	(56,660,410)	(1,818,045)	22,617	-	(58,455,838)
Structure	(17,776,983)	(251,792)	-	-	(18,028,775)
Sanitation plant:					
Plant	(3,914,702)	(144,360)	-	-	(4,059,062)
Machinery and equipment	(17,318)	-	-	-	(17,318)
General utility plant					
Building and improvements	(12,886,524)	(523,433)	28,856	-	(13,381,101)
Machinery and equipment	(10,155,096)	(371,889)	217,609	-	(10,309,376)
Total accumulated depreciation	(112,759,680)	(4,015,571)	269,082	-	(116,506,169)
Total capital assets, being depreciated, net	116,320,804	(2,480,943)	(15,057)	1,132,417	114,957,221
Total capital assets, net	\$ 124,525,706	\$ (782,727)	\$ (15,057)	\$ -	\$ 123,727,922

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 7 – Capital Assets (Continued)

Discretely Presented Component Unit – JPA

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 depreciated					
Land and land rights	\$ 14,368,150	\$ -	\$ -	\$ -	\$ 14,368,150
Construction in progress	6,110,992	3,191,210	-	-	9,302,202
Total capital assets, not depreciated	20,479,142	3,191,210	-	-	23,670,352
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	234,726,844	5,880,594	-	-	240,607,438
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	(161,526,395)	(5,624,458)	-	-	(167,150,853)
Total capital assets, being depreciated, net	73,200,449	256,136	-	-	73,456,585
Total capital assets, net	\$ 93,679,591	\$ 3,447,346	\$ -	\$ -	\$ 97,126,937

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 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 depreciated	19,322,622	8,229,325	(1,185)	(7,071,620)	20,479,142
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	227,697,066	-	(41,842)	7,071,620	234,726,844
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	(155,845,062)	(5,721,381)	40,048	-	(161,526,395)
Total capital assets, being depreciated, net	71,852,004	(5,721,381)	(1,794)	7,071,620	73,200,449
Total capital assets, net	\$ 91,174,626	\$ 2,507,944	\$ (2,979)	\$ -	\$ 93,679,591

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 8 – Compensated Absences

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

Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More than One Year
\$ 2,125,805	\$ 1,137,777	\$ (905,449)	\$ 2,358,133	\$ 873,343	\$ 1,484,790

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

Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in More than One Year
\$ 2,152,000	\$ 814,991	\$ (841,186)	\$ 2,125,805	\$ 854,249	\$ 1,271,556

Note 9 – Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
Direct borrowing:						
2020 Installment purchase agreement	\$ -	\$ 10,100,000	\$ -	\$ 10,100,000	\$ 440,000	\$ 9,660,000
Public offering:						
2009 Sanitation refunding revenue bonds	12,460,000	-	(12,460,000)	-	-	-
Add: unamortized premium	703,551	-	(703,551)	-	-	-
Capital lease	40,304	-	(24,816)	15,488	15,488	-
Total long-term debt	\$ 13,203,855	\$ -	\$ (13,188,367)	\$ 10,115,488	\$ 455,488	\$ 9,660,000

A summary of changes in long-term debt for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in More Than One Year
Public offering:						
2009 Sanitation refunding revenue bonds	\$ 14,670,000	\$ -	\$ (2,210,000)	\$ 12,460,000	\$ 2,305,000	\$ 10,155,000
Add: unamortized premium	862,846	-	(159,295)	703,551	-	703,551
Capital lease	63,379	-	(23,075)	40,304	24,815	15,489
Total long-term debt	\$ 15,596,225	\$ -	\$ (2,392,370)	\$ 13,203,855	\$ 2,329,815	\$ 10,874,040

2020 Installment Purchase Agreement

The District entered into an installment purchase agreement as of June 1, 2020 with the Key Government Finance, Inc. totaling \$10,100,00. The purpose of the installment purchase agreement was to finance the acquisition and installation of smart meters and other water system improvements.

The installment purchase agreement has an interest rate of 1.95% and is scheduled to be paid in full on November 1, 2029 and Interest is payable semiannually on May 1 and November 1, beginning November 1, 2020. The installment purchase agreement is subject to prepayment provisions set forth in the installment agreement.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 9 – Long-Term Debt (Continued)

2020 Installment Purchase Agreement (Continued)

Total balance outstanding as of June 30, 2020 was as follows:

	2020
Principal outstanding	\$ 10,100,000
Net amount outstanding	\$ 10,100,000

The annual debt service requirements at June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 440,000	\$ 181,718	\$ 621,718
2022	995,000	178,669	1,173,669
2023	1,010,000	159,120	1,169,120
2024	1,030,000	139,230	1,169,230
2025	1,050,000	118,950	1,168,950
2026-2030	5,575,000	276,071	5,851,071
Total	\$ 10,100,000	\$ 1,053,758	\$ 11,153,758

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. All sanitation system revenues and all amounts on deposit in the sanitation system revenue fund are irrevocably pledged to the payment of the installment payments as provided in the installment purchase contract; and the sanitation systems revenues will not be used for any other purpose while any of the installment payments remain unpaid.

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

The District completed the refunding to reduce its debt service over the next 14 years by approximately \$7,604,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$4,796,000.

Upon the occurrence of an event of default, which shall constitute a default under the indenture, and in each and every such case during the continuance of such event of default, the trustee or the owners of not less than a majority in aggregate principal amount of 2009 Bonds at the time outstanding shall be entitled, upon notice in writing to the District, to exercise the remedies provided to the Calleguas-Las Virgenes Public Financing Authority in the installment purchase contract, including the right to declare the entire principal amount of the unpaid installment payments and the accrued interest thereon to be due and payable immediately, pursuant to the terms of the installment agreement. Upon declaration of the entire principal amount of the unpaid installment payments and the accrued interest thereon to be due and payable immediately and provided such declarations is not rescinded or annulled, all in accordance with the installment purchase contract, the trustee shall apply all revenues to the payment of the entire principal amount of the 2009 Bonds and the accrued interest with respect thereto, with interest on the overdue 2009 Bonds at the rate or rates of interest or yields-to-maturity applicable to the 2009 Bonds if paid in accordance with their terms.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 9 – Long-Term Debt (Continued)

2009 Sanitation Refunding Revenue Bonds (Continued)

The 2009 Bonds were defeased and paid in full on December 16, 2019.

Total balance outstanding as of June 30, 2019, net of unamortized premium was as follows:

	2019
Principal outstanding	\$ 12,460,000
Add: unamortized premium	703,551
Net bonds outstanding	\$ 13,163,551

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 \$116,882.

Year Ended June 30,	
2021	\$ 15,872
Subtotal	15,872
Less amount representing interest	(384)
Present value of future minimum lease payments	\$ 15,488

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, 2020 and 2019 are as follows:

	2020	2019
Deferred outflows of resources:		
Pension contributions after measurement date	\$ 2,588,931	\$ 2,414,889
Projected earnings on pension plan investments in excess of actual earnings on pension plan investments	-	184,579
Difference between expected and actual experience	1,276,238	-
Changes of assumptions	325,914	1,955,480
Total deferred outflows of resources	\$ 4,191,083	\$ 4,554,948
Net pension liabilities:		
Net pension liabilities	\$ 18,224,826	\$ 16,055,823
Total net pension liabilities	\$ 18,224,826	\$ 16,055,823
Deferred inflows of resources:		
Difference between expected and actual experience	\$ 491,965	\$ 1,574,290
Changes of assumptions	902,898	1,805,795
Actual earnings on pension plan investments in excess of projected earnings on pension plan investments	455,429	-
Total deferred inflows of resources	\$ 1,850,292	\$ 3,380,085

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

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

General Information about the Pension Plan

Plan Description

The District contributes to the California Public Employees’ Retirement System (“CalPERS”), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2017 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 five years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least five 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 PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation.

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

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

Employees Covered by Benefit Terms

At June 30, 2018 and 2017 valuation date, the members covered by the benefit terms are as follows:

	2018	2017
<u>Employees covered by benefit terms</u>		
Active employees	114	111
Transferred and terminated employees	73	74
Retired employees and beneficiaries	150	141
Total	337	326

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

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

General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement periods ended June 30, 2019 and 2018, the employees’ contribution rates were 6.935% and 6.958% of annual pay, and the employer’s contribution rates were 9.459% and 8.845% of employee annual payroll, respectively.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
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 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

All other actuarial assumptions used in the June 30, 2018 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.

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
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 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

All other actuarial assumptions used in the June 30, 2017 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, 2019 and 2018 total pension liability was 7.15 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 7.15 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 7.15 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.

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.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

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

Net Pension Liability (Continued)

Discount Rate (Continued)

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, 2018.

Asset Class ¹	New Strategic Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

¹ In the CalPERS's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.0% used

³ An expected inflation of 2.92% used

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period of July 1, 2018 to June 30, 2019.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018 (Valuation Date)	\$ 95,934,534	\$ 79,878,711	\$ 16,055,823
Changes Recognized for the Measurement Period:			
Service cost	1,783,579	-	1,783,579
Interest on the total pension liability	6,894,754	-	6,894,754
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,883,971	-	1,883,971
Changes of assumptions	-	-	-
Net plan to plan resource movement	-	-	-
Contributions from the employer	-	2,414,889	(2,414,889)
Contributions from employees	-	766,262	(766,262)
Net investment income, net of administrative expense	-	5,268,968	(5,268,968)
Benefit payments, including refunds of employee contributions	(4,560,334)	(4,560,334)	-
Administrative expense	-	(57,003)	57,003
Other miscellaneous income (expense)	-	185	(185)
Net Changes during July 1, 2018 to June 30, 2019	<u>6,001,970</u>	<u>3,832,967</u>	<u>2,169,003</u>
Balance at June 30, 2019 (Measurement Date)	<u>\$ 101,936,504</u>	<u>\$ 83,711,678</u>	<u>\$ 18,224,826</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

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

Changes in the Net Pension Liability (Continued)

The following table shows the changes in net pension liability recognized over the measurement period of July 1, 2017 to June 30, 2018.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2017 (Valuation Date)	\$ 95,765,371	\$ 75,272,016	\$ 20,493,355
Changes Recognized for the Measurement Period:			
Service cost	1,744,796	-	1,744,796
Interest on the total pension liability	6,486,599	-	6,486,599
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,061,287)	-	(1,061,287)
Changes of assumptions	(2,708,692)	-	(2,708,692)
Net plan to plan resource movement	-	(185)	185
Contributions from the employer	-	2,100,676	(2,100,676)
Contributions from employees	-	815,450	(815,450)
Net investment income, net of administrative expense	-	6,323,046	(6,323,046)
Benefit payments, including refunds of employee contributions	(4,292,253)	(4,292,253)	-
Administrative expense	-	(117,295)	117,295
Other miscellaneous income (expense)	-	(222,744)	222,744
Net Changes during July 1, 2017 to June 30, 2018	<u>169,163</u>	<u>4,606,695</u>	<u>(4,437,532)</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$ 95,934,534</u>	<u>\$ 79,878,711</u>	<u>\$ 16,055,823</u>

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 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
	June 30, 2019 Measurement Date	\$ 31,051,615	\$ 18,224,826

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
	June 30, 2018 Measurement Date	\$ 28,268,898	\$ 16,055,823

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

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

Changes in the Net Pension Liability (Continued)

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, 2019 and 2018, the District incurred a pension expense of \$832,882 and \$1,827,392, respectively.

As of measurement dates of June 30, 2019 and 2018, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Pension contribution made after the measurement period	\$ 2,588,931	\$ -	\$ 2,414,889	\$ -
Difference between expected and actual experience	1,276,238	(491,965)	-	(1,574,290)
Changes of assumptions	325,914	(902,898)	1,955,480	(1,805,795)
Net difference between projected and actual earning on pension plan investments	-	(455,429)	184,579	-
Total	<u>\$ 4,191,083</u>	<u>\$ (1,850,292)</u>	<u>\$ 4,554,948</u>	<u>\$ (3,380,085)</u>

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

\$2,588,931 and \$2,414,889 were 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, 2019 and 2018, respectively, was recognized as a reduction of the net pension liability in the years ended June 30, 2019 and 2018 respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Year Ended June 30,</u>	<u>2020</u>
	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ (170,932)
2022	(88,405)
2023	(65,249)
2024	76,446
Total	<u>\$ (248,140)</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 11 – Other Postemployment Benefits

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

	2019	
Year Ended June 30,	Deferred Outflows/(Inflows) of Resources	
2020	\$	590,136
2021		(855,111)
2022		(772,584)
2023		(202,467)
Total	\$	(1,240,026)

Aggregate net OPEB liabilities and deferred outflows of resources and deferred inflows of resources are reported in the accompanying Statement of Net Position as follows:

	2020		2019	
Deferred outflows of resources:				
OPEB contribution after measurement date	\$	3,038,663	\$	2,695,215
Changes of assumptions		616,113		762,807
Total deferred outflows of resources	\$	3,654,776	\$	3,458,022
Net OPEB liabilities:				
Net OPEB liabilities	\$	18,003,904	\$	19,301,046
Total net OPEB liabilities	\$	18,003,904	\$	19,301,046
Deferred inflows of resources:				
Difference between expected and actual experience	\$	121,261	\$	150,132
Difference between projected and actual earnings		171,265		105,890
Total deferred inflows of resources	\$	292,526	\$	256,022

General Information about the OPEB Plan

Plan Description

The District contributes to a multiple 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 five years of service to 75% of the lowest cost plan for employee only after ten years of service. The plan does not provide a publicly available financial report.

The District has elected to join the *California Employers' Retiree Benefit Trust* (the "Trust") in accordance with GASB Statement No. 75, which provides a means to fund the annual OPEB costs, referred to as the *Actuarially Determined Contribution* (ADC). The ADC includes the normal cost (current accrual for benefits being earned) plus an amortization of the unfunded accrued liability or net OPEB liability over 15 years on level-percentage of pay basis. The ADC for fiscal year ended 2019 and 2018 was \$1,647,145 and \$1,364,910, respectively.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 11 – Other Postemployment Benefits (Continued)

General Information about the OPEB Plan (Continued)

Eligibility

Employees of the District are eligible for retiree health benefits if they retire from the District and commence pension benefits under PERS (typically on or after age 50 with at least five years of PERS eligible service). Membership in the plan consisted of the following at June 30, 2019 and 2018, the date of the latest actuarial valuations, respectively.

	2019	2018
Active employees	109	109
Retired employees and beneficiaries	87	87
Total	196	196

Net OPEB Liability

Actuarial Assumptions

The net OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	3.00%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.00%
Mortality Rate Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rates	Hired before 2013: 2014 CalPERS 2.0% @55 Rates for Miscellaneous Employees. Hired after 2013: 2014 CalPERS Retirement Rates for Miscellaneous Employees 2% @60 adjusted to minimum retirement age of 52

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2018.

The net OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	3.00%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.00%
Mortality Rate Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rates	Hired before 2013: 2014 CalPERS 2.0% @55 Rates for Miscellaneous Employees. Hired after 2013: 2014 CalPERS Retirement Rates for Miscellaneous Employees 2% @60 adjusted to minimum retirement age of 52

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2017.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 11 – Other Postemployment Benefits (Continued)

Net OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the net OPEB liability was 6.0%. This discount rate assumes the District continues to fully fund for its retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) under its investment allocation strategy 1. The rate reflects the CERBT published median interest rate for strategy 1 of 7.28% with an additional margin for adverse deviation.

The tables below reflect long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Measurement date June 30, 2019:

Asset Class	Percentage of Portfolio	Real Return ¹
Global ex-U.S. Equity	24.00%	5.500%
U.S. Fixed	39.00%	1.500%
Treasury Inflation Protected Securities (TIPS)	26.00%	1.200%
Real Estate	8.00%	3.700%
Commodities	3.00%	0.600%
	<u>100.00%</u>	

Measurement date June 30, 2018:

Asset Class	Percentage of Portfolio	Real Return ¹
Global ex-U.S. Equity	24.00%	5.500%
U.S. Fixed	39.00%	1.500%
Treasury Inflation Protected Securities (TIPS)	26.00%	1.200%
Real Estate	8.00%	3.700%
Commodities	3.00%	0.600%
	<u>100.00%</u>	

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 11 – Other Postemployment Benefits (Continued)

Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018 (Valuation Date)	\$ 25,713,197	\$ 6,412,151	\$ 19,301,046
Changes Recognized for the Measurement Period:			
Service cost	722,811	-	722,811
Interest on the total OPEB liability	1,494,153	-	1,494,153
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	2,975,568	(2,975,568)
Contributions from employees	-	-	-
Net investment income, net of administrative expense	-	544,469	(544,469)
Benefit payments, including refunds of employee contributions	(1,645,263)	(1,645,263)	-
Administrative expense	-	(5,931)	5,931
Net Changes during July 1, 2018 to June 30, 2019	571,701	1,868,843	(1,297,142)
Balance at June 30, 2019 (Measurement Date)	\$ 26,284,898	\$ 8,280,994	\$ 18,003,904

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate:

	Plan's OPEB Liability/(Asset)		
	Discount Rate - 1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate + 1% (7.00%)
June 30, 2019 Measurement Date	\$ 20,925,835	\$ 18,003,904	\$ 15,517,318

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	Plan's OPEB Liability/(Asset)		
	Healthcare Trend - 1% (5.00%)	Healthcare Cost Trend rate Rate (6.00%)	Healthcare Trend + 1% (7.00%)
June 30, 2018 Measurement Date	\$ 1,500,810	\$ 18,003,904	\$ 21,595,796

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 11 – Other Postemployment Benefits (Continued)

Change in the Net OPEB Liability (Continued)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 (Valuation Date)	\$ 24,540,649	\$ 5,357,553	\$ 19,183,096
Changes Recognized for the Measurement Period:			
Service cost	650,429	-	650,429
Interest on the total OPEB liability	1,424,176	-	1,424,176
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(179,003)	-	(179,003)
Changes of assumptions	909,501	-	909,501
Contributions from the employer	-	2,216,227	(2,216,227)
Contributions from employees	-	-	-
Net investment income, net of administrative expense	-	470,926	(470,926)
Benefit payments, including refunds of employee contributions	(1,632,555)	(1,632,555)	-
Administrative expense	-	-	-
Net Changes during July 1, 2017 to June 30, 2018	1,172,548	1,054,598	117,950
Balance at June 30, 2018 (Measurement Date)	\$ 25,713,197	\$ 6,412,151	\$ 19,301,046

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate:

	Plan's OPEB Liability/(Asset)		
	Discount Rate - 1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate + 1% (7.00%)
June 30, 2018 Measurement Date	\$ 22,174,034	\$ 19,301,046	\$ 16,859,801

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	Plan's OPEB Liability/(Asset)		
	Healthcare Trend - 1% (5.00%)	Healthcare Cost Trend rate Rate (6.00%)	Healthcare Trend + 1% (7.00%)
June 30, 2018 Measurement Date	\$ 16,560,576	\$ 19,301,046	\$ 22,573,254

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 11 – Other Postemployment Benefits (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources to OPEB

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, change in Total OPEB Liability (“TOL”) due to plan changes; all adjusted for deferred inflows and outflows. The District determined that it was not reasonable to rerun prior valuations under GASB 75. Therefore, we used the transition approach provided in GASB 75, Paragraph 244 where in circumstances in which OPEB is provided through OPEB plans that are not administered through trusts, no other beginning balances for deferred outflows of resources and deferred inflows of resources related to OPEB should be reported. If restatement of all prior periods presented is not practical, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. That means that there are no deferred inflows/outflows in the first year (with the possible exception of contributions after the measurement date). The OPEB expense shown below is considered to be preliminary because there can be employer specific deferred items (e.g., contributions made after the measurement date, and active employee contributions toward the OPEB plan).

Certain types of TOL changes are subject to deferral, as are investment gains/losses. To qualify for deferral, gains and losses must be based on GASB 74/75 compliant valuations. Since the District’s prior valuation was performed in accordance with GASB 43/45, it is not practical to calculate compliant deferred outflows and inflows as stated in GASB 75 Appendix E, Paragraph 244. Therefore, valuation-based deferred items will not begin until the next valuation. However, there could be employer-specific deferred items that need to be reflected, as mentioned earlier.

For the year ended June 30, 2020 and 2019, the City recognized OPEB expense of \$867,823 and \$867,823, respectively, for the District Plan. At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contribution made after the measurement period	\$ 3,038,663	\$ -	\$ 2,695,215	\$ -
Difference between expected and actual experience	-	(121,261)	-	(150,132)
Changes of assumptions	616,113	-	762,807	-
Net difference between projected and actual earnings on OPEB plan investments	-	(171,265)	-	(105,890)
Total	<u>\$ 3,654,776</u>	<u>\$ (292,526)</u>	<u>\$ 3,458,022</u>	<u>\$ (256,022)</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 11 – Other Postemployment Benefits (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources to OPEB (Continued)

The \$3,038,663 and \$2,695,215 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date during the year ended June 30, 2020 and 2019, respectively will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021 and 2020, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future expenses as follows:

2020		2019	
Year Ended June 30,	Deferred Outflows/(Inflows) of Resources	Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 68,389	2020	\$ 91,351
2022	68,389	2021	91,351
2023	68,389	2022	91,351
2024	94,860	2023	91,351
2025	23,560	2024	117,823
Thereafter	-	Thereafter	23,558
Total	<u>\$ 323,587</u>	Total	<u>\$ 506,785</u>

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:

Restricted Net Position:

	2020	2019
	Debt Service	Debt Service
Restricted Assets:		
Restricted cash and investments	\$ 19,414	\$ 2,801,720
Restricted receivables		
Interest	-	16,988
Total restricted assets	<u>19,414</u>	<u>2,818,708</u>
Current Liabilities Payable from Restricted Assets:		
Interest payable	-	(84,679)
Total current liabilities payable from restricted assets	<u>-</u>	<u>(84,679)</u>
Total restricted net position	<u>\$ 19,414</u>	<u>\$ 2,734,029</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 12 – Net Position (Continued)

As of June 30, 2020, and 2019, the net position for the District consisted of the following:

	2020		2019	
	Primary Government	Discretely Presented Component Unit - JPA	Primary Government	Discretely Presented Component Unit - JPA
Net investment in capital assets:				
Capital assets,				
net of accumulated depreciation	\$ 121,812,354	\$ 97,126,937	\$ 123,727,922	\$ 93,679,591
Less:				
Capital lease obligations	(15,488)	-	(40,303)	-
2009 Sanitation refunding revenue bond, net	-	-	(12,458,681)	-
2020 Installment purchase agreement	(10,100,000)	-	-	-
Total net investment in capital assets	<u>111,696,866</u>	<u>97,126,937</u>	<u>111,228,938</u>	<u>93,679,591</u>
Restricted for:				
Debt service	19,414	-	2,734,029	-
Total restricted	<u>19,414</u>	<u>-</u>	<u>2,734,029</u>	<u>-</u>
Unrestricted:				
Designated for:				
Investment in JPA	66,419,847	-	64,137,736	-
Rate stabilization	8,000,000	-	8,000,000	-
Insurance	7,953,180	-	7,560,087	-
Operating emergencies	14,388,563	-	10,948,870	-
Pure water	15,000,000	-	15,000,000	-
Undesignated	28,733,454	(3,819)	14,411,447	-
Total unrestricted	<u>140,495,044</u>	<u>(3,819)</u>	<u>120,058,140</u>	<u>-</u>
Total net position	<u>\$ 252,211,324</u>	<u>\$ 97,123,118</u>	<u>\$ 234,021,107</u>	<u>\$ 93,679,591</u>

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 \$987,146 for the year ended June 30, 2020.

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 \$216,049 and \$272,048 the year ended June 30, 2020 and 2019, respectively.

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

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.

Contract Commitments

As of June 30, 2020, the District had 5 material construction commitments evidenced by contractual commitments with contractors in the amount of \$15,849,333.

Project Name	Contractual Commitment
AMR / AMI	\$ 9,578,581
LV - Calleguas Interconnection	4,683,271
Various Construction Projects	1,587,481
	<u>\$ 15,849,333</u>

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

Project Name	Contractual Commitment
Pure Water Project Demonstration	\$ 6,867,000
SCADA Upgrade for Tapia	2,003,277
Rancho Digester Rehabilitation	1,344,000
Various Construction Projects	2,351,161
	<u>\$ 12,565,438</u>

As of June 30, 2019, the District had one material construction commitments evidenced by contractual commitments with contractors in the amount of \$462,062.

Project Name	Contractual Commitment
Weather Based Irrigated Controllers	\$ 462,062
	<u>\$ 462,062</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	Contractual Commitment
Pure Water Project Demonstration	\$ 939,014
	<u>\$ 939,014</u>

Las Virgenes Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2020 and 2019

Note 14 – Construction and Other Significant Commitments (Continued)

COVID-19

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the District and the duration cannot be estimated at this time.

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, 2020 and 2019

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS")

Measurement period	2018-19 ¹	2017-18 ¹	2016-17	2015-16	2014-15	2013-14
Total pension liability						
Service cost	\$1,783,579	\$1,744,796	\$1,813,978	\$ 1,511,819	\$ 1,593,701	\$ 1,694,463
Interest	6,894,754	6,486,599	6,456,858	6,362,749	6,129,355	6,040,285
Differences between expected and actual experience	1,883,971	(1,061,287)	(2,211,229)	(600,876)	(2,996,239)	-
Changes of assumptions	-	(2,708,692)	5,214,612	-	(1,492,369)	-
Benefit payments, including refunds of employee contributions	(4,560,334)	(4,292,253)	(3,808,359)	(3,984,639)	(4,076,072)	(3,145,116)
Net change in total pension liability	6,001,970	169,163	7,465,860	3,289,053	(841,624)	4,589,632
Total pension liability - beginning	95,934,534	95,765,371	88,299,511	85,010,458	85,852,082	81,262,450
Total pension liability - ending (a)	<u>\$ 101,936,504</u>	<u>\$ 95,934,534</u>	<u>\$ 95,765,371</u>	<u>\$ 88,299,511</u>	<u>\$ 85,010,458</u>	<u>\$ 85,852,082</u>
Pension fiduciary net position						
Contributions - employer	\$ 2,414,889	\$ 2,100,676	\$ 1,992,743	\$ 1,888,232	\$ 1,701,878	\$ 1,780,006
Contributions - employee	766,262	815,450	741,264	694,766	700,118	919,090
Net investment income ²	5,268,968	6,323,046	7,711,377	341,006	1,610,606	10,570,584
Benefit payments, including refunds of employee contributions	(4,560,334)	(4,292,253)	(3,808,359)	(3,984,639)	(4,076,072)	(3,145,116)
Other	(56,818)	(340,224)	(101,485)	(42,564)	(78,615)	-
Net change in plan fiduciary net position	3,832,967	4,606,695	6,535,540	(1,103,199)	(142,085)	10,124,564
Plan fiduciary net position - beginning	79,878,711	75,272,016	68,736,476	69,839,675	69,981,760	59,857,196
Plan fiduciary net position - ending (b)	<u>\$ 83,711,678</u>	<u>\$ 79,878,711</u>	<u>\$ 75,272,016</u>	<u>\$ 68,736,476</u>	<u>\$ 69,839,675</u>	<u>\$ 69,981,760</u>
District's net pension liability - ending (a) - (b)	<u>\$ 18,224,826</u>	<u>\$ 16,055,823</u>	<u>\$ 20,493,355</u>	<u>\$ 19,563,035</u>	<u>\$ 15,170,783</u>	<u>\$ 15,870,322</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>82.12%</u>	<u>83.26%</u>	<u>78.60%</u>	<u>77.84%</u>	<u>82.15%</u>	<u>81.51%</u>
Covered payroll	<u>\$ 10,718,623</u>	<u>\$ 10,448,503</u>	<u>\$ 10,538,421</u>	<u>\$ 9,882,462</u>	<u>\$ 10,333,277</u>	<u>\$ 10,635,596</u>
District's net pension liability as a percentage of covered payroll	<u>170.03%</u>	<u>153.67%</u>	<u>194.46%</u>	<u>197.96%</u>	<u>146.81%</u>	<u>149.22%</u>

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 2017, amounts reported reflect an adjustment of the discount rate from 7.65 percent (net of administrative expense) to 7.15 percent (without a reduction for pension plan administrative expense). 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, 2020 and 2019**

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS")

	2019-20 ¹	2018-19 ¹	2017-18 ¹	2016-17 ¹	2015-16	2014-15	2013-14
Actuarially determined contribution	\$ 2,588,931	\$ 2,414,889	\$ 2,100,676	\$ 1,992,743	\$ 1,888,232	\$ 1,701,878	\$ 1,780,006
Contributions in relation to the actuarially determined contribution	(2,588,931)	(2,414,889)	(2,100,676)	(1,992,743)	(1,888,232)	(1,701,878)	(1,780,006)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll ²	\$ 11,040,182	\$ 10,718,623	\$ 10,448,503	\$ 10,538,421	\$ 9,882,462	\$ 10,333,277	\$ 10,635,596
Contributions as a percentage of covered-employee payroll ²	23.45%	22.53%	20.11%	18.91%	19.11%	16.47%	16.74%

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

² Payroll from 2018-19 in the amount of \$10,718,623 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 2019-20 were from the June 30, 2017 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	7.15%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on a CalPERS Experience study for the period from 1997 to 2011.
Mortality	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.

Las Virgenes Municipal Water District
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Years Ended June 30, 2020 and 2019

Measurement period	2018-19 ¹	2017-18 ¹	2016-17 ¹
Total OPEB liability			
Service cost	\$ 722,811	\$ 650,429	\$ 174,032
Interest	1,494,153	1,424,176	1,412,981
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(179,003)	-
Changes of assumptions	-	909,501	-
Benefit payments, including refunds of employee contributions	(1,645,263)	(1,632,555)	(1,022,844)
Net change in total OPEB liability	571,701	1,172,548	564,169
Total OPEB liability - beginning	25,713,197	24,540,649	23,976,480
Total OPEB liability - ending (a)	<u>\$ 26,284,898</u>	<u>\$ 25,713,197</u>	<u>\$ 24,540,649</u>
OPEB fiduciary net position			
Contributions - employer	\$ 2,975,568	\$ 2,216,227	\$ 1,657,742
Contributions - employee	-	-	-
Net investment income ²	544,469	470,926	472,252
Benefit payments, including refunds of employee contributions	(1,645,263)	(1,632,555)	(1,022,844)
Other	(5,931)	-	(3,938)
Net change in plan fiduciary net position	1,868,843	1,054,598	1,103,212
Plan fiduciary net position - beginning	6,412,151	5,357,553	4,254,341
Plan fiduciary net position - ending (b)	<u>\$ 8,280,994</u>	<u>\$ 6,412,151</u>	<u>\$ 5,357,553</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 18,003,904</u>	<u>\$ 19,301,046</u>	<u>\$ 19,183,096</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>31.50%</u>	<u>24.94%</u>	<u>21.83%</u>
Covered payroll	<u>\$ 11,460,768</u>	<u>\$ 10,687,095</u>	<u>\$ 10,031,195</u>
District's net OPEB liability as a percentage of covered payroll	<u>157.09%</u>	<u>180.60%</u>	<u>191.23%</u>

¹ Ten year historical information is not available.

Las Virgenes Municipal Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions - OPEB
For the Years Ended June 30, 2020 and 2019

	2020	2019	2018
Actuarially determined employer contribution	\$ 3,038,663	\$ 2,216,227	\$ 1,657,743
Actual employer contribution	(3,038,663)	(2,216,227)	(1,657,743)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 11,460,768	\$ 10,687,095	\$ 10,031,195
Contributions as a percentage of covered-employee payroll	26.51%	20.74%	16.53%

Las Virgenes Municipal Water District
Index to Statistical Section
June 30, 2020

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	
1. Net Position	64
2. Changes in Net Position	66
<u>Revenue Capacity</u> - These schedule contain information to help the reader assess the District's most significant revenue source.	
3. Revenue Base	69
4. Revenue Rates	70
5. Principal Revenue Payers	72
6. Property Tax Levies, Special Assessment and Collections	73
<u>Debt Capacity</u> - These schedule present information to help the reader assess the affordability of the district's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
7. Ratios of Outstanding Debt by Type	74
8. Ratios of General Bonded Debt Outstanding	75
9. Direct and Overlapping District Debt	76
10. Pledged-Revenue Coverage	78
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
11. Demographic and Economic Statistics	79
12. Principal Employers	80
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	
13. Full-Time Equivalent District Employees by Function	81
14. Operating Indicators by Function	82
15. Capital Assets Statistics by Function	83
16. Annual Water and Sewer Capacity Fee Deposits Reports	84

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				
		2011	2012	2013	2014	2015
Business-type Activities						
Net investment in capital assets	64	\$ 79,319	\$ 83,425	\$ 82,870	\$ 90,476	\$ 100,170
Restrict	66					
Debt service		2,581	2,588	2,595	2,608	2,617
Capital projects		7,645	5,935	4,614	1,498	1,264
Total restricted		<u>10,226</u>	<u>8,523</u>	<u>7,208</u>	<u>4,106</u>	<u>3,881</u>
Unrestricted	69					
	72	<u>140,373</u>	<u>137,785</u>	<u>140,793</u>	<u>139,671</u>	<u>110,269</u>
Total Net Position		<u>\$ 229,918</u>	<u>\$ 229,733</u>	<u>\$ 230,871</u>	<u>\$ 234,253</u>	<u>\$ 214,320</u>

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Business-type Activities					
Net investment in capital assets	\$ 101,272	\$ 108,930	\$ 109,815	\$ 111,254	\$ 111,697
Restricted:					
Debt service	2,634	2,654	2,683	2,734	19,414
Capital projects	-	-	-	-	-
Total restricted	<u>2,634</u>	<u>2,654</u>	<u>2,683</u>	<u>2,734</u>	<u>19,414</u>
Unrestricted	<u>111,195</u>	<u>110,928</u>	<u>110,014</u>	<u>120,033</u>	<u>140,495</u>
Total Net Position	<u><u>\$ 215,101</u></u>	<u><u>\$ 222,512</u></u>	<u><u>\$ 222,512</u></u>	<u><u>\$ 234,021</u></u>	<u><u>\$ 271,606</u></u>

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

		Fiscal Year				
		2011	2,012	2013	2014	2015
Expenses						
Water		\$ 31,556	\$ 35,972	\$ 38,468	\$ 42,270	\$ 42,497
Sanitat	64	15,727	14,894	15,022	15,421	15,412
	66					
Total Operating Expenses		47,283	50,866	53,490	57,691	57,909
Program Revenues						
Water	69	26,974	31,205	35,637	41,177	37,547
Sanitation		16,402	16,394	16,588	16,552	16,726
Capita	72	859	1,569	2,168	1,540	990
Other		278	749	842	951	1,911
Total Program Revenues		44,513	49,917	55,235	60,220	57,174
Net (Expense)/Revenue		(2,770)	(950)	1,745	2,529	(735)
General Revenues and Other Changes in Net Assets						
Taxes and penalties		879	884	888	892	904
Investment earnings		890	747	610	496	477
Miscellaneous(includes JPA)		219	(828)	(1,655)	(536)	(953)
Total General Revenues		1,988	804	(157)	852	428
Changes in Net Assets		\$ (782)	\$ (146)	\$ 1,587	\$ 3,381	\$ (307)
(Business-type activities)						

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				
	2016	2017	2018	2019	2020
Expenses					
Water	\$ 38,940	\$ 38,857	\$ 37,294	\$ 37,835	\$ 38,637
Sanitation(includes JPA)	15,115	14,859	15,594	15,994	16,189
Total Operating Expenses	<u>54,055</u>	<u>53,716</u>	<u>52,888</u>	<u>53,829</u>	<u>54,826</u>
Program Revenues					
Water	34,019	39,962	46,250	44,316	45,511
Sanitation	17,050	18,614	18,818	18,923	18,836
Capital contributions	377	620	2,566	3,900	1,419
Other	1,960	1,219	1,649	1,735	3,072
Total Program Revenues	<u>53,406</u>	<u>60,415</u>	<u>69,283</u>	<u>68,874</u>	<u>68,838</u>
Net (Expense)/Revenue	<u>(649)</u>	<u>6,699</u>	<u>16,395</u>	<u>15,045</u>	<u>14,012</u>
General Revenues and Other Changes in Net Assets					
Taxes and penalties	926	953	945	984	915
Investment earnings	574	254	452	3,096	3,158
Miscellaneous(includes JPA)	(70)	(495)	(3,898)	(3,447)	105
Total General Revenues	<u>1,430</u>	<u>712</u>	<u>(2,501)</u>	<u>633</u>	<u>4,178</u>
Changes in Net Assets (Business-type activities)	<u>\$ 781</u>	<u>\$ 7,411</u>	<u>\$ 13,894</u>	<u>\$ 15,678</u>	<u>\$ 18,190</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	
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
2018	40,502	19,053	874	287	20,214
2019	40,713	18,745	836	266	19,847
2020	45,511	18,863	845	279	19,987

Sanitation				
Fiscal Year	Operating Revenue in thousand \$	Number of Customers		Total
		Residential	Commercial	
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
2018	18,818	16,328	749	17,077
2019	18,923	16,171	724	16,895
2020	18,836	16,323	734	17,057

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	Monthly
	7/1/2010	7/1/2011	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
3/4"	\$ 26.35	\$ 27.40	\$ 28.77	\$ 30.21	\$ 31.73	\$ 18.30	\$ 21.73	\$ 25.43	\$ 29.42	\$ 33.72
1"	38.80	40.35	42.37	44.49	46.72	29.47	35.14	41.25	47.87	54.97
1-1/2"	69.91	72.71	76.35	80.17	84.18	57.39	68.65	80.80	90.95	108.07
2"	107.00	112.00	117.60	123.48	129.66	90.89	108.86	128.26	149.25	171.8
3"	207.00	215.00	225.75	237.04	248.90	196.97	236.20	278.55	324.37	373.61
4"	319.00	332.00	348.60	366.03	384.34	353.30	423.85	500.02	582.48	671.00
6"	630.00	655.00	675.75	722.14	758.25	894.89	1,073.94	1,267.29	1,476.47	1,701.28
8"	1,003.00	1,044.00	1,096.20	1,151.01	1,208.57	1,564.89	1,878.17	2,216.48	2,582.49	2,975.84
10"	1,439.00	1,497.00	1,571.85	1,650.45	1,732.98	2,346.55	2,816.44	3,323.86	3,872.84	4,462.83

Volume Charges (per 100 cubic feet of water use)

	2011-2012	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Tier 1	\$1.58 - \$1.71	\$ 1.78	\$ 1.98	\$ 2.19	\$ 2.31	\$ 2.36	\$ 2.46	\$ 2.59	\$ 2.71	\$ 2.85
Tier 2	\$1.93 - \$2.08	2.15	2.37	2.60	2.80	3.18	3.24	3.32	3.41	3.50
Tier 3	\$2.77 - \$2.95	3.02	3.29	3.56	3.81	3.96	4.00	4.06	4.16	4.20
Tier 4	\$4.05 - \$4.28	4.35	4.68	5.02	5.34	4.98	5.02	5.08	5.14	5.22
Tier 1 End(Hcf)	16.00	16.00	16.00	16.00	16.00	varies	varies	varies	varies	varies
Tier 2 End(Hcf)	67.00	67.00	67.00	67.00	67.00	by water	by water	by water	by water	by water
Tier 3 End(Hcf)	200.00	200.00	200.00	200.00	200.00	budget	budget	budget	budget	budget

Elevation Surcharges (per 100 cubic feet of water use)

	07/01/2010	2011-2012	01/01/2013	01/01/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Zone 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Zone 2	0.35	0.36	0.38	0.40	0.42	0.42	0.44	0.46	0.52	0.52
Zone 3	0.60	0.62	0.66	0.70	0.74	0.98	1.03	1.08	1.19	1.19
Zone 4	1.05	1.09	1.15	1.21	1.28	1.56	1.64	1.72	1.82	1.82
Zone 5	2.11	2.19	2.30	2.42	2.55	-	-	-	-	-

Monthly Recycled Water Charges:

Readiness to Serve Charge

Meter Size	7/1/2010	7/1/2011	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
3/4"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.15	\$ 13.04	\$ 19.08	\$ 25.01	\$ 25.01
1"	-	-	-	-	-	14.74	21.09	30.94	40.69	40.69
1-1/2"	-	-	-	-	-	28.70	41.19	60.60	79.86	79.86
2"	-	-	-	-	-	45.45	65.32	96.20	126.87	126.87
3"	-	-	-	-	-	98.49	141.72	208.92	275.72	275.72
4"	-	-	-	-	-	176.65	254.31	375.02	495.07	495.07
6"	-	-	-	-	-	447.45	644.37	950.47	1,255.00	1,255.00
8"	-	-	-	-	-	782.45	1,126.91	1,662.36	2,195.12	2,195.12
10"	-	-	-	-	-	1,173.28	1,689.87	2,492.90	3,291.92	3,291.92

Volume Charges (per 100 cubic feet of water use)

	1/1/2011	1/1/2013	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Tier 1	\$ 1.04	\$ 1.07	\$ 1.09	\$ 1.18	\$ 1.19	\$ 1.19	\$ 1.18	\$ 1.16
Tier 2	1.36	1.40	1.42	2.91	2.83	2.67	2.52	2.27
Tier 3	2.16	2.23	2.26	3.73	3.67	3.52	3.37	3.13
Tier 4	3.36	3.46	3.51	-	-	-	-	-

Elevation Surcharges (per 100 cubic feet of water use)

	1/1/2011	1/1/2013	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
L. V. Valley	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
East/West	0.23	0.24	0.24	0.33	0.34	0.35	0.36	0.37

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

Bi-Monthly Sewer Service Charges:

	2010-2012	7/1/2013	7/1/2014	7/1/2013	7/1/2014
Residential					
Single-family	\$ 108.00	\$74.31-\$108.00	\$75.80-\$110.74	\$74.31-\$108.56	\$75.80-\$110.74
Multi-family	68.03	68.59	69.97	68.59	69.97
Commercial					
ERU-based Charge	\$ 90.79	\$ 91.35	\$ 91.35	\$ 91.35	\$ 91.35
Account Service	17.21	17.21	17.21	17.21	17.21
Base Water Use:					
Class 1 (Hcf)	29.50	29.50	29.50	29.50	29.50
Per hcf of water	3.08	3.10	3.10	3.10	3.10
Class 2 (Hcf)	17.30	17.30	17.30	17.30	17.30
Per hcf of water	5.25	5.29	5.29	5.29	5.29
Class 3 (Hcf)	11.40	11.40	11.40	11.40	11.40
Per hcf of water	7.96	8.02	8.02	8.02	8.02

Monthly Sewer Charge

	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Residential					
Household Size:					
1	\$ 21.37	\$ 21.37	\$ 21.82	\$ 22.27	\$ 22.73
2	35.75	35.75	36.51	37.27	38.04
3	50.13	50.13	51.20	52.27	53.35
4	64.51	64.51	65.89	67.27	68.66
5	78.90	78.90	80.58	82.27	83.97
6 or more	93.28	93.28	95.27	97.27	99.28
Commercial					
Account Charge	\$ 6.98	\$ 6.98	\$ 7.12	\$ 7.27	\$ 7.42
Base Charge, inclusive of 6.6 hcf/ERU					
Class 1	\$ 41.94	\$ 41.94	\$ 42.78	\$ 43.64	\$ 44.52
Class 2	57.82	57.82	58.98	60.16	61.37
Class 3	76.56	76.56	78.10	79.67	81.27
Class 4	96.36	96.36	98.29	100.26	102.27
Per Excess ERU					
Class 1	\$ 6.35	\$ 6.35	\$ 6.48	\$ 6.61	\$ 6.75
Class 2	8.75	8.75	8.93	9.11	9.30
Class 3	11.58	11.58	11.82	12.06	12.31
Class 4	14.58	14.58	14.88	15.18	15.49

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

Potable Water Customer Name	2020			2011		
	Potable Water 64	Rank	Percentage of Total Operating Revenue	Potable Water Revenue	Rank	Percentage of Total Operating Revenue
	66					
ERP-Operating Ltd Partnership		1	0.44%	\$ 97,227	5	0.22%
Annandale II HOA	149,196	2	0.33%	-	-	0.00%
Westlake Wellbeing Properties LLC	146,424	3	0.32%	137,471	2	0.31%
California West HOA	69	4	0.29%	-	-	0.00%
Archstone Communities Calabasas	121,602	5	0.27%	-	-	0.00%
Malibu Conference Center	72	6	0.25%	-	-	0.00%
Oakview Garden Homes	109,468	7	0.24%	79,802	8	0.18%
Malibu Canyon Apartments	107,924	8	0.24%	87,808	6	0.20%
LVUSD	55,805	9	0.12%	78,639	9	0.18%
The Cheesecake Factory	53,008	10	0.12%	124,406	3	0.28%
Malibu Golf Club, LLC	-			214,299	1	0.49%
LACO Internal Service Dept.	-		-	99,579	4	0.23%
Mountain View Mobile Estates	-			81,808	7	0.19%
Calabasas Crest LTD				77,805	10	0.18%
Total	\$ 743,568		2.62%	\$ 1,078,844		2.46%

Sanitation Customer Name	2,020			2,011		
	Sanitation Revenue	Rank	Percentage of Total Operating Revenue	Sanitation Revenue	Rank	Percentage of Total Operating Revenue
Archstone Communities Calabasas	\$ 415,910	1	2.21%	\$ 223,502	3	0.51%
Malibu Canyon Apts	\$ 325,652	2	1.73%	\$ 258,711	1	0.59%
Westlake Wellbeing Properties LLC	315,633	3	1.68%	252,497	2	0.58%
Annandale II HOA	222,419	4	1.18%	113,161	7	0.26%
Archstone Oak Creek I LLC	214,710	5	1.14%	-	0	0.00%
Archstone-Smith	214,710	6	1.14%	124,869	6	0.29%
LVUSD	178,179	7	0.95%	177,650	4	0.41%
The Cheesecake Factory	145,234	8	0.77%	169,639	5	0.39%
Summit Mobile Park	128,645	9	0.68%	-	0	0.00%
Pepperdine University	119,535	10	1	99,246	10	0.23%
ERP-Operating Ltd Partnership	-		0.00%	111,260	8	0.25%
Oak Park Calabasas HOA	-		0.00%	107,025	9	0.25%
Total	\$ 2,280,627		74.48%	\$ 1,637,560		3.76%

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	
		64	Percentage of Levy		Amount	Percentage of Levy
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%	9	405	100.00%
2017	427	409	95.78%	18	427	100.00%
2018	451	429	95.12%	15	444	98.45%
2019	467	452	96.79%	-	452	96.79%
2020	495	487	98.38%	-	487	98.38%

Note:

1. Total tax collection does not include standby charge direct assessments.

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
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%	40	495	100.00%
2016	497	457	91.95%	40	497	100.00%
2017	496	457	92.14%	39	496	100.00%
2018	488	438	89.75%	3	441	90.37%
2019	487	433	88.91%	-	445	91.38%
2020	487	429	88.09%	-	486	99.79%

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			
		64			
2011	\$ 27,622	69	\$ 27,691	0.00%	0
2012	25,944	69	26,013	0.75%	1,549
2013	24,230	72	24,302	0.70%	1,446
2014	22,585	61	22,646	0.65%	1,347
2015	20,745	36	20,781	0.60%	1,234
2016	18,820	105	18,925	0.54%	1,122
2017	16,795	84	16,879	0.48%	998
2018	14,670	63	14,733	0.42%	863
2019	12,460	40	12,500	0.36%	740
2020	- (2)	16	16	0.00%	1

Note:

1. Per Capita is based on number of customers for the District.
2. Refunding Revenue Bonds Paid in Fully in FY 2020.

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	64	Percentage of Gross Revenue for Bond Coverage	Per Capita
		66		
2011	\$ 27,622	27,622	159.03%	1,650
2012	25,944	72	0.40%	4
2013	24,230	24,230	132.82%	1,442
2014	22,585	22,585	124.44%	1,343
2015	20,745	20,745	119.95%	1,232
2016	18,820	18,820	108.17%	1,116
2017	16,795	16,795	90.23%	993
2018	14,670	14,670	77.96%	859
2019	14,670	14,670	77.52%	737
2020	-	-	0.00%	-

Note:

1. Gross revenue includes operating, non-operating and capacity fee revenues
2. Refunding Revenue Bonds Paid in Full in FY 2020.

Schedule 9
Las Virgenes Municipal Water District
Direct and Overlapping District Debt
June 30, 2020

2019-20 Assessed Valuation: \$25,195,449,340

	Total Debt June 30, 2020	Percent Applicable (1)	District's Share of Debt June 30, 2020
DIR			
Metropolitan Water District	\$ 37,300,000	0.815%	\$ 303,995
Los Angeles Community College District	4,234,460,000	2.659%	112,594,291
Sar	596,884,412	1.854%	11,066,237
Las Virgenes Joint Unified School District	119,776,070	95.230%	114,062,751
Los	10,624,010,000	0.124%	13,173,772
Santa Monica-Malibu Unified School District	566,375,232	1.851%	10,483,606
Santa Monica-Mailibu Unified School District School Facilities Improvement District No. 2	35,000,000	5.533%	1,936,550
City of Los Angeles	729,520,000	0.025%	182,380
Las Virgenes Municipal Water District	0	100.000%	- (2)
City of Calabasas Community Facilities District No. 1998-1	\$ 2,765,748	100.000%	2,765,748
City of Calabasas Community Facilities District No. 2001-1	15,555,880	100.000%	15,555,880
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 282,125,210
Less :Los Angeles Unified School District General Obligation Bonds, Election of 2005 Series J -2010 Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Aside for Repayment			<u>109,442</u>
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 282,015,768

- (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, 2020

	Total Debt June 30, 2019	Percent Applicable (1)	District's Share of Debt June 30, 2019
OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	\$ 2,317,550,679	1.562%	\$ 36,200,142
Los Angeles County Superintendent of Schools Certificates of Participation	5,182,434	1.562%	80,950
Santa Monica Community College District Certificates of Participation	12,421,229	1.854%	230,290
Las Virgenes Joint Unified School District Certificates of Participation	9,969,276	95.230%	9,493,742
Los Angeles Unified School District Certificates of Participation	164,430,000	0.124%	203,893
Santa Monica-Malibu Unified School District Certificates of Participation	4,559,389	1.851%	84,394
City of Agoura Hills General Fund Obligations	12,400,000	100.000%	12,400,000
City of Calabasas Certificates of Participation	38,770,000	99.183%	38,453,249
City of Los Angeles General Fund and Judgment Obligations	1,430,854,980	0.025%	357,714
City of Westlake Village Certificates of Participation	14,990,000	100.000%	14,990,000
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			112,494,374
Less: Los Angeles Unified School District self-supporting QZABs supported by investment fund			\$12,097
TOTAL NET OVERLAPPING GENERAL FUND DEBT			<u>\$ 112,482,277</u>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	 6,020,000	 100.000%	 \$ 6,020,000
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 400,639,584
TOTAL NET OVERLAPPING DEBT			\$ 400,518,045
GROSS COMBINED TOTAL DEBT			\$ 400,639,584 (3)
NET COMBINED TOTAL DEBT			\$ 400,518,045

(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 2017-18 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.12%
Total Net Direct and Overlapping Tax and Assessment Debt	1.12%
Gross Combined Total Debt	1.29%
Net Combined Total Debt	1.59%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$804,750,898)

Total Overlapping Tax Increment Debt	0.75%
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Schedule 10
Las Virgenes Municipal Water District
Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands except coverage)

Fiscal Year	Refunding Revenue Bonds						Coverage
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
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	69	8,034	1,725	1,031	2.92	
2014	18,149	10,692	7,457	1,765	987	2.71	
2015	17,429	72	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	
2018	18,818	11,449	7,369	2,125	610	2.69	
2019	18,923	11,803	7,120	2,210	531	2.60	
2020	- (3)	-	-	-	-	-	

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 (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (2)</u>	<u>Median Age</u>	<u>High School Graduate (3)</u>	<u>Bachelor's Degree or Higher (3)</u>
		64					
2011	54,191	\$66	\$76,108	5.10%	42.5	97%	60%
2012	54,266		76,001	4.80%	44.5	96%	59%
2013	54,532	3,657,713	77,814	4.00%	44.6	97%	60%
2014	54,747	3,549,122	75,837	3.70%	45.5	97%	59%
2015	54,989	69	76,963	5.00%	45.5	97%	59%
2016	55,148	3,510,560	75,538	4.30%	46.1	97%	63%
2017	55,683	72	77,343	3.60%	45.9	97%	63%
2018	55,564	3,874,981	79,931	3.10%	46.9	97%	65%
2019	55,321	3,821,856	80,325	3.10%	46.6	97%	66%
2020	55,123	4,154,791	84,912	6.10%	46.7	97%	65%

Note:

- (1) Includes City of Calabasas, City of Hidden Hills, City of Agoura Hills, City of Westlake Village
- (2) Total Personal Income, Per Capita Personal Income, and Unemployment Rate information for Cities of Calabasas, Agoura Hills and Westlake Village based on city's published CAFR. City of Hidden Hills Source U.S Department of Labor and California Department of Finance
- (3) Population 25 and over, High School Graduate, and Bachelor's degree or higher. Source U.S. Census
- (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	2,020			2011		
	Number of Employees	Rank	Percentage of Total Area Employment	Number of Employees	Rank	Percentage of Total Area Employment
	64					
Finance and Insurance	66	1	6.82%	2,905	1	10.88%
Government & Education		2	4.98%	2,698	2	10.11%
Retail Trade	1,654	3	4.80%	1,150	3	4.31%
Professional and Technical Services	1,448	4	4.20%	965	4	3.61%
Hotel & Tourism	69	5	2.28%	720	6	2.70%
Restaurants	776	6	2.25%	855	5	3.20%
Technology	72	7	0.98%	420	10	1.57%
Information	456	8	1.32%	585	7	2.19%
Manufacturing	198	9	0.57%	-		
Publishing	110	10	0.32%	425	9	1.59%
Wholesale	-			537	8	2.01%
Total	4,913		28.52%	11,260		31.30%

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

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Facilities Maintenance	17.2	17.2	16.2	16.2	16.2	16.2	16.2	16.7	16.7	16.7
Water Treatment and Production	12.8	11.8	11.8	11.8	11.8	11.8	11.8	11.3	11.3	11.3
Reclamation	25.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Construction	8.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0
Technical Service	9.0	9.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0	0.0
<i>Subtotal</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>	<i>69.0</i>	<i>69.0</i>	<i>61.0</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	9.0	9.0	9.0	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	6.0	6.0	6.0	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	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Customer Service	18.0	19.0	19.0	19.0	19.0	20.0	20.0	19.0	19.0	19.0
Water Conservation	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Information	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Planning/New Customer	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technical Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.0
<i>Subtotal</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>	<i>27.0</i>	<i>27.0</i>	<i>36.0</i>
Total	127.0	119.0	117.0	117.0	117.0	118.0	118.0	117.0	117.0	118.0

Source: LVMWD Budget, data presented is authorized positions as of June 30.

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

Function	2011	2012	2013	2014	2015
Water:					
New Connections	15	14	51	18	15
Water Main Leak Repairs	28	56	39	47	83
Average Daily Consumption (thousands of gallons)	16,954	18,577	19,879	21,310	18,132
Potable Water:					
Connections	20,240	19,854	19,879	19,893	19,935
Deliveries (acre-feet)	18,988	20,806	22,264	23,867	20,307
Realized Capacity Fee/Connection Fee Deposits	\$ 283,662	\$ 282,454	\$ 513,062	\$ 359,934	\$ 342,868
Wastewater/Sanitation:					
Connections	16,740	16,792	16,802	16,817	16,845
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	8,053	7,610	7,579	7,281	6,397
LVMWD	5,400	4,983	5,031	4,880	3,956
Triunfo Sanitation District	2,653	2,627	2,548	2,401	2,441
Realized Capacity Fee/Connection Fee Deposits	\$ 448,350	\$ 918,600	\$ 1,085,000	\$ 1,124,550	\$ 462,000
Function	2016	2017	2018	2019	2020
Water:					
New Connections	15	11	32	19	11
Water Main Leak Repairs	67	48	49	51	58
Average Daily Consumption (thousands of gallons)	15,316	16,202	17,227	16,566	19,294
Potable Water:					
Connections	19,953	19,970	20,214	19,847	19,858
Deliveries (acre-feet)	17,153	18,146	19,294	18,553	18,280
Realized Capacity Fee/Connection Fee Deposits	\$ 143,068	\$ 138,833	\$ 386,226	\$ 641,334	\$ 329,748
Wastewater/Sanitation:					
Connections	16,868	16,917	17,077	16,895	17,057
Average Daily Sewage Flow/Dry Weather Flow (thousands of gallons):					
Tapia Plant	6,109	6,029	6,246	6,118	6,340
LVMWD	3,667	3,688	3,941	3,815	3,890
Triunfo Sanitation District	2,442	2,341	2,305	2,303	2,450
Realized Capacity Fee/Connection Fee Deposits	\$ 224,000	\$ 458,590	\$ 790,921	\$ 553,000	\$ 1,089,141

Source: LVMWD Operations and Accounting

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

Function	2011	2012	2013	2014	2015
Potable Water					
Water Main (miles)	383.6	384.5	387.1	389.1	389.3
Fire Hydrants (#)	3,138	3,147	3,154	3,167	3,172
Valves (#)	4,419	4,434	4,452	4,477	4,485
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)	65.5	65.9	65.9	66.2	66.2
Valves (#)	344	341	342	342	342
Storage Capacity (millions of gallons)					
Reservoirs	19.3	19.3	19.3	19.3	19.3
Tanks	5.6	5.6	5.6	5.6	5.6
Wastewater					
Sanitary Sewers (miles)	56.2	56.2	56.1	56.9	56.9
Treatment Capacity (millions of gallons)	16	16	16	16	16
Function	2016	2017	2018	2019	2020
Potable Water					
Water Main (miles)	388.8	389.2	390.3	391.5	392.8
Fire Hydrants (#)	3,171	3,175	3,181	3,192	3,212
Valves (#)	4,472	4,447	4,461	4,489	4,503
Storage Capacity (millions of gallons)					
Reservoirs	3,100	3,100	3,100	3,100	3,100
Tanks	38.8	38.8	38.8	38.8	38.8
Recycled Water					
Water Main (miles)	67.1	68.1	68.1	68.1	68.1
Valves (#)	359	365	366	367	367
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)	56.9	56.9	56.8	57.4	57.4
Treatment Capacity (millions of gallons)	16	16	16	16	16

Schedule 16
Las Virgenes Municipal Water District
Annual Water and Sewer Capacity Fee Deposits Report
Per Government Code Section 66013 (d) and (e)
Fiscal Year Ended June 30, 2020

Beginning Balance:			
Capacity Fees		\$ 7,403,458	
Developer Fees		791,244	
Interest		<u>1,729,409</u>	
Total Beginning Balance			\$ 9,924,111
Fees Collected:			
Capacity Fees	\$ 2,243,481		
Developer Fees	<u>102,932</u>		
Total Fees Collected		\$ 2,346,413	
Interest Earned		<u>228,140</u>	
Fees Available		\$ 2,574,553	
Applied to:			
Capital Costs Funded by:			
Capacity Fees	\$ 1,367,969		
Meter Installation	50,921		
Developer Fees	54,097		
Interest Earned	<u>83,270</u>		
Total Capital Costs		\$ 1,556,257	
Refunds		<u>45,227</u>	
Total Funds Applied		\$ 1,601,484	
Net Changes for the Year			973,069
Ending Balance:			
Capacity Fees		\$ 8,180,999	
Developer Fees		841,902	
Interest (1)		<u>1,874,279</u>	
Total Ending Balance			<u><u>\$ 10,897,180</u></u>

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

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

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

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

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

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