



TRIUNFO
WATER & SANITATION DISTRICT

Annual Comprehensive Financial Report

**For the Fiscal Years Ended
June 30, 2021 and June 30, 2020**

Mark Norris, General Manager

Ventura County, California



TRIUNFO
WATER & SANITATION DISTRICT

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June 30, 2021 and June 30, 2020**



TRIUNFO
WATER & SANITATION DISTRICT

Ventura County, California

Prepared by the Triunfo Water & Sanitation District
Finance Department
Vickie Dragan, Director of Finance



TRIUNFO WATER & SANITATION DISTRICT

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021 and June 30, 2020**

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TRIUNFO WATER & SANITATION DISTRICT

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Introductory Section



TRIUNFO
WATER & SANITATION DISTRICT

Annual Comprehensive Financial Report
For the Fiscal Years Ended
June 30, 2021 and June 30, 2020



TRIUNFO
WATER & SANITATION DISTRICT



Board of Directors

Raymond Tjulander, Chair

Leon Shapiro, Vice Chair

James Wall, Director

Jane Nye, Director

Janna Orkney, Director

Providing Outstanding Service Since 1963

December 21, 2021

Honorable Board of Directors
Triunfo Water & Sanitation District
Ventura County, California

Members of the Board of Directors:

The Annual Comprehensive Financial Report (ACFR – formerly known as CAFR) of the Triunfo Water & Sanitation District (District) as of and for the fiscal years ended June 30, 2021 and June 30, 2020; is hereby submitted. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements.

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 it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Rogers, Anderson, Malody & Scott, LLP, has issued an unmodified (“clean”) opinion on the District’s financial statements for the fiscal years ended June 30, 2021 and 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. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF TRIUNFO

A public agency, the Triunfo Water & Sanitation District was organized November 12, 1963, as a special district under the County Sanitation District Act, California Health & Safety Code Section 4700 et seq., to provide sanitation services. The District covers approximately 50 square miles of the southeastern portion of Ventura County adjacent to the Los Angeles County line, and serves a population of approximately 33,000. The District receives no tax revenue and relies on fees and charges for services provided.

On October 12, 1964, the District and Las Virgenes Municipal Water District (LVMWD) entered into a joint powers agreement establishing a Joint Venture to construct, operate, maintain, and provide for a regional sewerage system to serve the area within the two Districts' boundaries. The ancillary production and sale of recycled water as a byproduct of the wastewater treatment process has been welcomed by the District's water customers.

The District expanded its service to the community in 1993 with the purchase of the Metropolitan Water Company located within the District's boundaries in Oak Park. The new venture became known as the Oak Park Water Service (OPWS), owned and operated by Triunfo Sanitation District (TWSD). On July 1, 2019, the District changed its name from Triunfo Sanitation District to Triunfo Water & Sanitation District (TWSD).

The District's five-member Board of Directors (Board) is comprised of five residents of the District elected at-large by the registered voters of the District. The District's Board meets on the fourth Monday of each month. Meetings are publicly noticed, and citizens are encouraged to attend and participate.

The TWSD Core Management Team and the Ventura Regional Sanitation District (VRSD) provided various services for the District. There were four (4) TWSD Core Management Team or approximately two (2.0) full-time equivalent position that includes the General Manager, Financial Analyst, Management Analyst, and Engineering Analyst while VRSD support consists of approximately seventeen (17.12) full-time equivalent positions made up of the part-time efforts of more than forty-two (42.55) individuals in ten (10) different areas of expertise.

Administration – The five directly elected Board members at-large are employees of the District. In addition, the District contracts directly with various consultants and VRSD for all of its management, financial, engineering, maintenance, and operations functions. In October 2020, the District hired the Core Management Team as employees which includes the General Manager, Director of Finance, Program Engineering Manager, and Administrative Program Manager. On June 30, 2021, the District hired the Clerk of the Board with the plan to hire the rest of the Finance staff effective July 1, 2021. The contract with VRSD was amended to only provide support for maintenance and operations functions with the contract expiring June 30, 2022.

Joint Venture – The bulk of the District's sanitation and recycled water activities occur in concert with those of its Joint Venture partner, LVMWD, located in western Los Angeles County. Joint Venture facilities include the Tapia Water Reclamation Facility (Tapia), Rancho Las Virgenes Composting Facility (Rancho), a pumping station and force main that conveys biosolids from Tapia to Rancho, and the portion of the recycled water distribution system which lies within Los Angeles County. A five-year capital improvement plan is in place, and updated at least annually, to maintain these facilities and protect the District's investment in them. Capital improvements are primarily funded through sewer connection fees of \$13,975 per Dwelling Unit.

The District presently owns 29.4% of the Joint Venture wastewater treatment facilities, 44.2% of the land, and 58.4% of the trunk sewers. The District's right to use the facilities is commensurate with its ownership share (29.4%), while recycled water rights are based on actual sewage flows into Tapia. In addition, the District owns 29.4% of the Joint Venture recycled water distribution system.

Tapia Water Reclamation Facility

The Tapia Water Reclamation Facility applies state-of-the-art technology to transform wastewater into high-quality recycled water. It serves residents living across 120 square miles of southeastern Ventura and western Los Angeles Counties. While the current flow to Tapia averages 7.7 million gallons of wastewater per day (mgd), the District flow averages about 2.2 mgd, representing 34.3% of the total. Tapia is potentially capable of treating up to 16 mgd.

The wastewater treatment process at Tapia duplicates and accelerates natural biological methods of cleaning wastewater. Filtration and disinfection, the third phase in Tapia's tertiary treatment process, ensures the treated water meets stringent water reuse standards, and is environmentally safe for wildlife and vegetation. The beneficial reuse of this high-quality water has been an important Joint Venture focus since 1972, long before it became a common practice.

Tapia has been honored with numerous awards, including:

- American Water Resources Association (AWRA) Sandor C. Csallany Institutional Award for Exemplary Contributions to Water Resources Management (2004)
- Association of California Water Agencies Environmental Achievement Award (1990 and 1995)
- California Water Pollution Control Association Plant of the Year (1989)
- U.S. Environmental Protection Agency national & regional Award of Excellence (1988)
- Los Angeles Area Plant of the Year (6 times)
- National Environmental Awards Council Outstanding Operation, Maintenance and Total Reuse
- Water Reuse Association Certificate for Contributions to Water Reuse in California

A major challenge for the Tapia plant occurred late in fiscal year 1998 in the form of revised National Pollution Discharge Elimination System (NPDES) permit requirements. Despite significant ongoing efforts, the onerous standards of the revised permit have not been significantly reduced. Discharge of recycled water into Malibu Creek is now prohibited from April 15 through November 15 each year. With extensive water recycling, approximately 300 million gallons (900 acre-feet) of water must either be diverted from the creek to approved recycled water uses, or stored for later use. An alternative is to discharge during this period to the Los Angeles River Watershed, known as "005 discharge."

Triunfo Sanitation – The Bell Canyon portion of the District was served for many years by a pump station and force main transporting wastewater up over a hill to Tapia. With the pump station reaching the end of its useful life and increasing demands expected on Tapia's capacity, a gravity trunk sewer was constructed in 1985. This allowed the transport of Bell Canyon's wastewater to the Tillman Water Reclamation Plant operated by the City of Los Angeles within Los Angeles County.

Bond debt was issued for the sewer line construction by Bell Canyon Sewer Assessment District No. 85-1, formed for this purpose. Principal and interest payments were subsequently funded through property owner assessments, which were then paid in full two years earlier than originally scheduled.

In fiscal year 2021, the District paid \$111,526 in capacity and treatment costs to the City and County of Los Angeles. In addition, the District paid \$86,601 toward the Tillman plant expansion. Future capital improvements for this facility are primarily funded through sewer connection fees ranging from \$3,050 to \$13,975 based on parcel identification in the Bell Canyon Sewer Assessment District No. 85-1 assessment area.

Bell Canyon homeowners not included in the assessment district began approaching District contract staff in September 1997 with requests to extend the Bell Canyon force main to serve their properties. Working together, the homeowners and Triunfo staff determined a grinder pump could be used to transport sewage solids to an extended main trunk line, and an agreement was reached relative to costs. Triunfo agreed to finance these costs over a five-year period, and the extension was in use by the end of May 1998. All of these original loans have been fully repaid. Triunfo extended itself to serve these property owners, creating a true public/private partnership. Further, the District Board developed a policy to cover future connections to the force main extension, and equalize costs for all participating homeowners over time. As a result, sewer service has been extended to over 100 additional lots in Bell Canyon, and more are expected as increasing numbers of Bell Canyon homeowners see the advantage of sewer service over aging septic systems.

Triunfo Recycled Water – The District provides recycled water treated at Tapia via the Joint Venture through two pipelines to the communities of Oak Park, Lake Sherwood and North Ranch. The District serves both wholesale and retail customers. District recycled water sales were \$2,745,232 and \$2,208,635 in fiscal year 2021 and fiscal year 2020, respectively. The recycled water from Tapia travels through 5.4 miles of District recycled water lines to serve a variety of retail customers which includes; 7 parks, 6 schools, 1 golf course, 15 acres of landscaping and medians, and 16 homeowners' associations. In hot summer months, local irrigation consumes all of the recycled water Tapia produces.

The Lake Sherwood Golf Course, a major recycled water customer, was built in 1989 expecting to use 100% recycled water for irrigation. Sherwood experienced difficulty maintaining turf quality and, in 1996, convinced the Ventura County Planning Department to approve the use of as much as 40% potable water for golf course irrigation. The District appealed based on a California law that requires recycled water be used for irrigation wherever available.

A study of Sherwood's recycled water use was conducted, with the cost split equally by Lake Sherwood Ranch, the Calleguas Municipal Water District, and Triunfo. The study concluded the golf course requires deep drainage to remove salts from irrigation, regardless of whether recycled or potable water is used. Sherwood felt the deep drainage was both excessively disruptive and expensive, and proposed a field test, which was inconclusive. In June 2000, Triunfo proposed a compromise wherein Sherwood agreed to use 250 acre feet of recycled water per year, about 60% of its typical irrigation water requirement.

In 2017, Triunfo purchased the Calleguas Municipal Water District's (Calleguas) wholesale recycled water (RW) system. The purchase of the RW system (at a cost of approximately \$12 million dollars) terminated the recycled water purchase agreement between Triunfo and Calleguas which allowed Triunfo to wholesale the RW to Hidden Valley and CalWater. The RW system includes 10 miles of pipeline (ranging from 4-18 inches), a 1.8 million gallon storage reservoir (Oak Park Reservoir), and a 5 million gallon per day pump station (Oak Park Pump Station). The RW combined system serves the communities of Oak Park, North Ranch, Lake Sherwood, and portions of Thousand Oaks.

The District also supported the Las Virgenes–Triunfo Joint Powers Authority in an extensive stakeholder-driven process to identify the best means to maximize the beneficial reuse of treated effluent from the Tapia Water Reclamation Facility. Following two years of study and community stakeholder input that focused on how to best manage discharge from the Tapia Water Reclamation Facility to Malibu Creek, the Pure Water Project Las Virgenes-Triunfo emerged as a preferred alternative to meet the goal, while also providing a local source of potable water. The Pure Water Project will take surplus recycled water from the Tapia Water Reclamation Facility and further treat it to better than drinking water standards. The treated water will be mixed with imported water stored in Las Virgenes Reservoir until needed. At that time, the water will be treated again prior to use in the potable water system.

Triunfo Potable Water – The District provides potable water service to the community of Oak Park which is mostly residential and is located at the eastern edge of Ventura County. The 2020 United States Census Bureau data indicates Oak Park has a population of approximately 13,898 with a median household income (in 2019 dollars) of \$132,578 with no local water supplies. The District is 100% dependent on imported water.

The District receives its potable water supply from the Metropolitan Water District of Southern California which is imported from the Sacramento Delta through Calleguas Municipal Water District, the regional water wholesale agency. The District’s policy is to increase the potable water and recycled water rates based on increases in the cost of providing service as well as the increased rates from Calleguas Municipal Water District. The latest pass through rate increase will be effective January 1, 2022.

Residential customers make up approximately 94% (number of metered connections) of the District’s customer base and consumed approximately 88% of the potable water provided annually by the District. The remaining 12% was consumed by commercial customers.

Potable water deliveries in fiscal year 2021 were 2,257 acre-feet compared to 2,034 acre-feet in fiscal year 2020. These deliveries provided income of \$7,668,684 and \$6,395,205 respectively.

The District’s water tank sites have proven useful to cellular communication companies. Five leases were in place at the end of the fiscal year. Collectively, cellular service companies provided income of \$185,772 for fiscal year 2021 and \$181,378 for fiscal year 2020.

Economic Condition and Outlook

Local Economy

Ventura County – Located directly northwest of Los Angeles County, Ventura County covers 1,843 square miles and boasts 43 miles of Pacific Ocean coastline, 7.5 miles of shoreline in public beaches, and 411 acres in state beach parks. The majority of the County’s 835,223 residents live in its southern half, while the Los Padres National Forest spans the northern half. An extensive network of roadways links the County’s 10 incorporated cities, with rail, harbor, and airport facilities providing access to outside markets. The COVID19 pandemic while still very much with us in the fall of 2021, the worst of the pandemic appeared to be over, and the economic outlook for Ventura County is already recovering. During the pandemic, unemployment increased by 14% in April 2020, but a year and half later it was down to 5.3%. However, the pandemic downturn looks to have long-lived effects on the economic lives of people in Ventura County. It expanded our social safety net, which reduced our national poverty rate even during a time of mass unemployment. It changed the relationship of employees with their jobs, leading thousands to

work from home and thousand more to quit to seek better opportunities. It also changed our travel patterns, commuting routines, and consumption habits. It seems as the pandemic fades, our economy will continue to grow.

Agriculture – Ventura County agriculture has fought against fires, drought, invasive pests, labor shortages, tariffs, ever-changing regulations, development pressure, increasing global completion, and a pandemic that disrupted supply chains, distorted consumer behavior and endangered workers. COVID-19 infected packinghouse employees and residents of farmworker housing in 2020, and the market for an array of products suddenly shifted as restaurants closed and consumers prepared meal at home. However, the 2021 drought and climate change seems to be the biggest threats of all. Farmers who grow vegetables such as leafy greens and plant multiple rotations per year, avocado growers, and lemons are the most affected. Even with all these challenges, agriculture remains a thriving industry in Ventura County generating almost \$2.0 billion in 2020. Strawberries, lemons, nursery stock, avocados, and raspberries are among the five leading crops grown.

Income and Unemployment – Ventura County's unemployment rate increased from 4.2% in March 2020 to 14.5% in April 2020. This extreme unemployment increase was fairly short-lived; the unemployment rate declined steadily to 6.4% in November 2020, and drop down to 5.3% in September 2021. The jobs in the leisure and hospitality industry which includes restaurants experienced the greatest decline by 27.6% between 2019 and 2020, far more than in any other industry. Every job classification charted by the California Employment Development Department shrank between 2019 and 2020 except agriculture, forestry, fishing, and hunting. In Ventura County, this is almost entirely agriculture which grew by 1.5%.

The Census Bureau will not release its standard 2020 ACS 1-year survey estimates because of COVID-19 and its impact on data collection. The ACS 1-year survey reports that the median household income for the Ventura County California area was \$92,236 in 2019, the latest figures available. Ventura County median household income is 13% higher than the median California household income and 29% greater than the US median household income. Median family and per capita income for Ventura County in 2019 was \$40,293, 11% higher than the national average and 2% higher than the California average.

Real Estate –Although COVID-19 pandemic turned upside down many areas of our lives, society, and economy, the housing market was not among them. The median home price in Ventura County jumped 20% from June 2020 to June 2021, and the average rent of a two-bedroom apartment increased by 10.9%. The rising demand for housing and apartments were a consequence of the pandemic. Americans who found themselves working from home were able to live anywhere they wanted at least until they had to return to their offices. Affluent office workers wanted to live someplace like Ventura County, or other coastal California communities which is making it harder for lower paid service workers to afford living here. The median home sale price was \$840,000 in June 2021, up 20% from June 2020. In the first quarter of 2021, only 27% of Ventura County's household could afford the median home.

Long-term Financial Planning

The Pure Water Project will create a new, local, sustainable and drought-proof drinking water supply through the purification of the Las Virgenes – Triunfo Joint Powers Authority (JPA) surplus recycled water. The recycled water will undergo advance treatment, after which it will be stored at the Las Virgenes Reservoir for later use as drinking water. The project would eliminate the need to discharge excess recycled water to Malibu Creek and is intended to diversify the region's water supply and reduce dependence on imported water by generating up to 6 million gallons per day of drinking water. The current estimated cost for the project is \$256 million, with potential other system requirements estimated at \$86 million.

Staff is in the process of updating and expanding its Capital Improvement Plan (CIP) from five-years to twenty-years. This approach will assist in planning for how to best fund future projects.

Relevant Financial Policies

The Board appointed one of the Board members to perform a monthly review of all invoices paid on their behalf by Ventura Regional Sanitation District. In addition, the Board also appointed two of the elected Board members to be on the Finance Committee to perform review and oversight in regards to financial matters such as the annual audit, proposed budget, and any other financial issues that require review, analysis, and recommendation before going to the full Board.

The District's investment policy's primary objectives are safety of principal while maintaining liquidity to meet all operating requirements, and attaining a market rate of return on its portfolio. The District's investment policy is in accordance with provisions of the California Government Code. Currently, the District's investment funds are placed in either the Ventura County Pooled investment account or the Local Agency Investment Fund (LAIF) account managed by the State Treasurer.

Staff continues to review the Five-Year Capital Improvement Plan (CIP) and makes recommendation to the District Board of any changes during the budget process. The CIP includes evaluation of the current water and wastewater systems, prioritization for acquisition, maintenance, replacement and retirement of capital assets, and recommendation on improving the operation and reliability of the existing systems.

Major Initiatives

After over 40-years of contracting for staffing services, the TWSD Board developed a business plan to transition into a more independent and self-reliant District. This transition plan initially consists of bringing all administrative and financial functions in house. On October 1, 2020, the TWSD Board approved employment contracts with the Core Management Team which consists of the General Manager, Director of Finance, Engineering Program Manager, and Administrative Program Manager, making them employees of the District. In July 2021, the District hired five additional employees to support the administration and finance services.

In April 2021, as the second step of the District's plan to sever its contractual relationship with Ventura Regional Sanitation District (VRSD), the Board requested staff to move forward with transitioning the water/wastewater field services from VRSD to a hybrid structure which includes District in-house staffing and outside contracts. The District's field services contract with VRSD ends June 30, 2022, and staff is in the process of hiring the field services employees and outside contractors.

The District refinanced in full the prior obligations for the 2011 and 2014 Potable Water loans including the 2017 Recycled Water System loan to realize lower interest rate savings and more flexibility in managing the long-term obligations.

In addition to severing the District's contractual relationship with VRSD, the District is planning to relocate its offices to the Triunfo Water & Sanitation District's service area. This move is planned to be completed by July 1, 2022.

Awards & Acknowledgements

Excellence in Financial Reporting – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Triunfo Water & Sanitation District for its annual comprehensive financial report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Staff believe this current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements – The preparation of this report was possible because of the dedicated services of the District's Finance & Administration staff, each of whom has our sincere appreciation. We also express our appreciation to our independent auditors, Rogers, Anderson, Malody & Scott, LLP, for their contribution and assistance in preparing this report. Finally, we thank the District Board of Director's direction and policy oversight on the various fiscal and budget issues addressed during the fiscal year; and for their interest and support in planning and conducting the financial operations of the District in a responsive and effective manner.



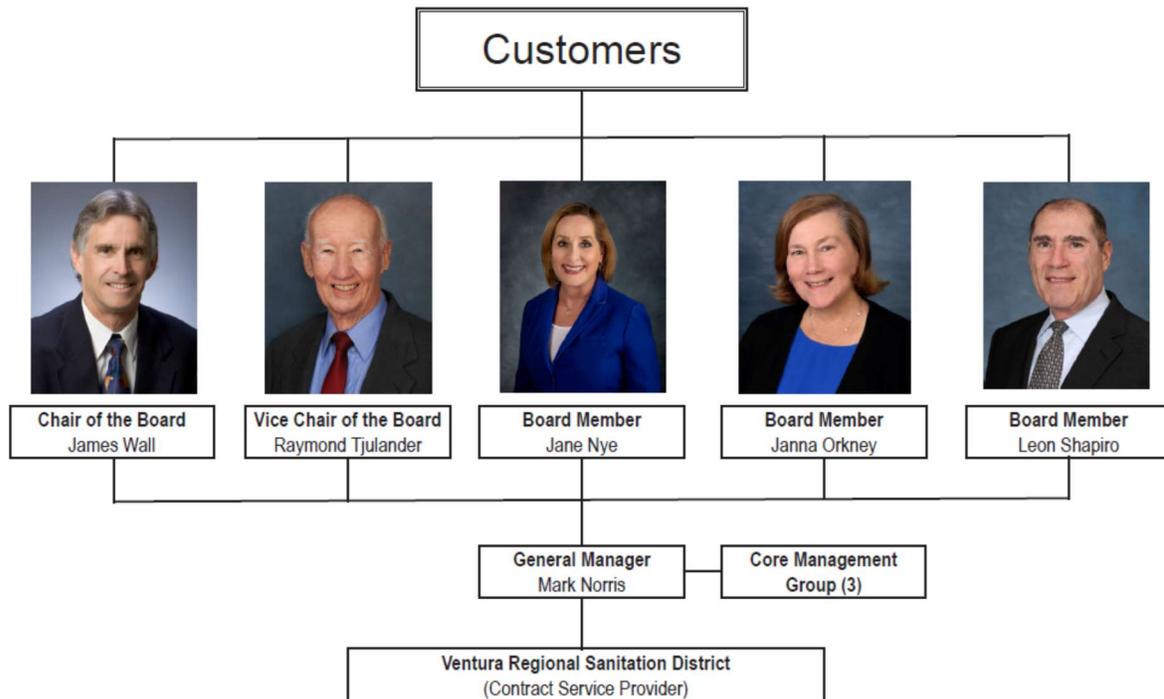
MARK NORRIS
General Manager



VICKIE DRAGAN
Director of Finance

TRIUNFO WATER & SANITATION DISTRICT

Organization Chart





TRIUNFO

WATER & SANITATION DISTRICT

Ventura County, California

2021 Board of Directors

Raymond Tjulander	Chair
Leon Shapiro	Vice-Chair
Jane Nye	Member
Janna Orkney	Member
James Wall	Member

Staff

Mark Norris	General Manager	(805) 658-4621
Vickie Dragan	Director of Finance	(805) 658-4649
Fidela Garcia	Clerk of the Board	(805) 658-4602

Contract Staff

Richard Jones	Director of Operations	(805) 658-4602
John Mathews	Legal Counsel	(805) 988-9886



Government Finance Officers Association

Certificate of
Achievement
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in Financial
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Presented to

**Triunfo Water & Sanitation District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

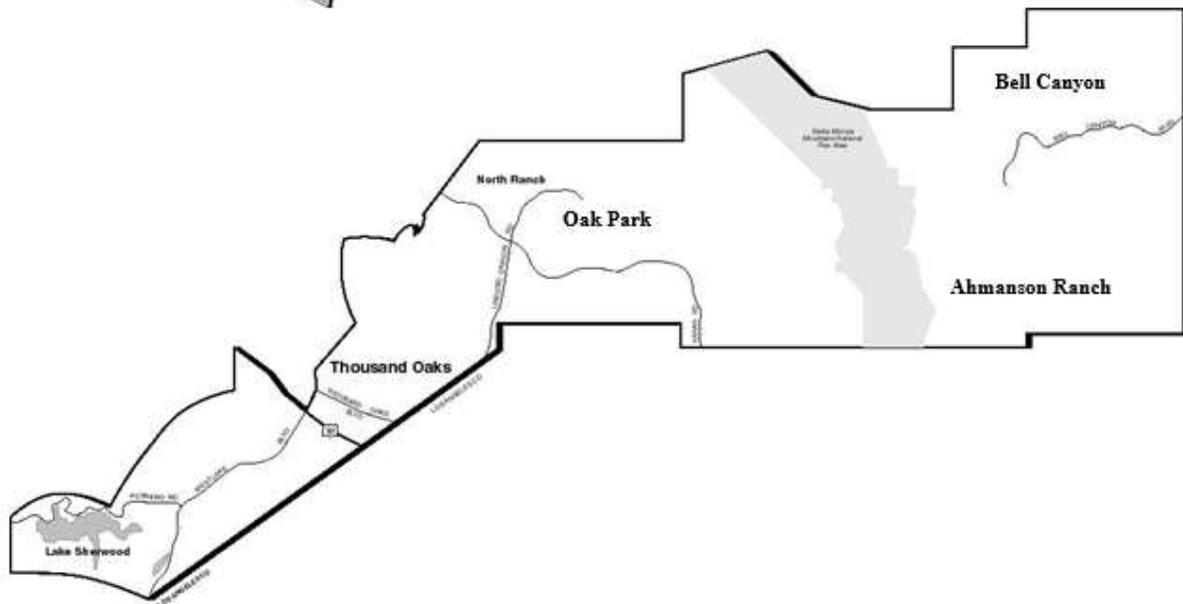
VENTURA COUNTY



CALIFORNIA



TRIUNFO SANITATION DISTRICT



Financial Section



Annual Comprehensive Financial Report
For the Fiscal Years Ended
June 30, 2021 and June 30, 2020



TRIUNFO
WATER & SANITATION DISTRICT

Independent Auditor's Report

To the Board of Directors
Triunfo Water & Sanitation District
Ventura, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Triunfo Water & Sanitation District (the District) as of and for the fiscal years ended June 30, 2021 and June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District, as of June 30, 2021 and June 30, 2020 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining schedules and the budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules and the budgetary comparison schedule are the responsibility of management and were derived from and directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the identified supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 21, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Triunfo Water & Sanitation District's (District) Annual Comprehensive Financial Report (ACFR) offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2021. This discussion and analysis should be read in conjunction with the transmittal letter beginning at page 1 and the District's basic financial statements following this section.

Financial Highlights

- The District's net position increased slightly by \$0.3 million or 0.4 percent from \$70.1 million to \$70.4 million due to the increase in unrestricted assets for the fiscal year ended June 30, 2021.
- The District's total revenues increased by \$2.9 million or 13.5 percent from \$21.4 million to \$24.3 million primarily due to increases in sanitation, potable water, and recycled water fees.
- Operating expenses increased by \$6.5 million or 37.2 percent from \$17.5 million to \$24.0 million mainly due to an increase of \$1.9 million in wastewater treatment, \$3.7 million in LVMWD/TWSD change in investment, and \$1.2 million in operations, management and administration expenses for the fiscal year ended June 30, 2021.

Overview of the Financial Statements

The Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include two components: 1) enterprise fund financial statements; and 2) notes to the financial statements. In addition, required supplementary information, supplementary information, and statistical information are also included in the ACFR.

Basic Financial Statements The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The basic financial statements can be found on pages 25-28 of this report.

The *Statements of Net Position* present information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statements of Revenues, Expenses, and Changes in Net Position* present information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *Statements of Cash Flows* present relevant information about the cash receipts and cash payments for the period categorized according to whether they result from operating, non-capital financing, capital and related financing, and investing activities. It helps users assess the District's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its needs for financing. It also helps assess the effects on the District's financial position of changes in its cash and non-cash investing, capital, and financing transactions during the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements and are an integral part of the financial statements. The notes to the financial statements can be found on pages 29-51 of this report.

Financial Analysis of the District

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer questions as to whether the District, as a whole, is better or worse off as a result of the year's activities. These two statements report the net position of the District and changes in them. You can think of the District's net position as the difference between assets (what is owned) and liabilities (what is owed) and one way to measure its financial health or position.

Condensed Statements of Net Position

To begin our analysis, a Condensed Statement of Net Position is presented in the following table for our analysis.

Condensed Statements of Net Position				
	2021	2020	Change	% Change
Assets:				
Current assets	\$24,193,931	\$20,476,948	\$ 3,716,983	18.2%
Restricted current assets	1,316,115	1,302,725	13,390	1.0%
LVMWD/TWSD-joint venture	32,620,366	32,295,857	324,509	1.0%
Capital assets, net	34,209,994	35,519,593	(1,309,599)	-3.7%
Total assets	92,340,406	89,595,123	2,745,283	3.1%
Liabilities:				
Liabilities payable from unrestricted current assets	6,898,282	3,152,725	3,745,557	118.8%
Liabilities payable from restricted current assets	714,115	700,725	13,390	1.9%
Non-current liabilities	14,375,245	15,661,957	(1,286,712)	-8.2%
Total liabilities	21,987,642	19,515,407	2,472,235	12.7%
Net Position:				
Net investment in capital assets	18,548,037	18,614,280	(66,243)	-0.4%
Restricted:				
Conifer Loan reserve requirement	602,000	602,000	-	0.0%
Unrestricted	51,202,727	50,863,436	339,291	0.7%
Total net position	\$70,352,764	\$70,079,716	\$ 273,048	0.4%

Total assets experienced an increase of \$2.7 million. While capital assets saw a \$1.3 million reduction, it was offset by increases in current assets and the LVMWD/TWSD-joint venture. Total liabilities experienced an increase of \$2.5 million or 12.7% mainly due to the increase of liabilities from unrestricted current assets (\$3.7 million), resulting in an overall increase of \$0.3 million or 0.4% in net position in fiscal year 2021.

Net position includes three components: *Net investment in capital assets; restricted net position; and unrestricted net position.*

MANAGEMENT'S DISCUSSION AND ANALYSIS

The investment in capital asset component of the District's net position is \$18.5 million and is reflected net of accumulated depreciation and related debt, which represents capital assets used by the District to provide services to its constituency. Although the District's investment in its capital assets is reported net of related debt and other payables, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another component of the District's net position is the restricted net position which represents resources that are subject to external restrictions of how they may be used. Loan agreements relating to long-term debt restrict certain amounts for debt service, as well as restricted funding received in advance of expenses. The restricted net position is not available for other uses by the District. At June 30, 2021 and 2020, the District's restricted net position was \$602,000 for both fiscal years.

The largest and final component of the District's net position (\$51.2 million) reflects unrestricted net position that may be used to meet the District's ongoing obligations to creditors and constituencies. The \$51.2 million includes \$32.6 million or 63.7% for the District's capital asset investment in a Joint Venture with the Las Virgenes Municipal Water District. The Joint Venture's capital assets investment includes land and land rights; sewer and treatment plant; compost plant and farm; water systems; and equipment, offset by operating costs. Additional information regarding the District's investment in the Joint Venture can be located in Note B5.

In fiscal year 2020, the District's net investment in capital assets was \$18.6 million and the unrestricted net position totaled \$50.9 million. The District's unrestricted net position of \$50.9 million includes capital assets investment in TWSD Joint Venture partnership with the Las Virgenes Municipal Water District of \$32.3 million which reflects 63.5% of the District's unrestricted assets. As seen in the table below, total net position increased by \$3.9 million to \$70.1 million in fiscal year 2020.

Condensed Statements of Net Position				
	2020	2019	Change	% Change
Assets:				
Current assets	\$ 20,476,948	\$ 16,707,711	\$ 3,769,237	22.6%
Restricted current assets	1,302,725	1,276,040	26,685	2.1%
LVMWD/TWSD-joint venture	32,295,857	31,306,909	988,948	3.2%
Capital assets, net	<u>35,519,593</u>	<u>37,264,240</u>	<u>(1,744,647)</u>	-4.7%
Total assets	<u>89,595,123</u>	<u>86,554,900</u>	<u>3,040,223</u>	3.5%
Liabilities:				
Liabilities payable from unrestricted current assets	3,152,725	2,782,262	370,463	13.3%
Liabilities payable from restricted current assets	700,725	674,040	26,685	4.0%
Non-current liabilities	<u>15,661,957</u>	<u>16,905,313</u>	<u>(1,243,356)</u>	-7.4%
Total liabilities	<u>19,515,407</u>	<u>20,361,615</u>	<u>(846,208)</u>	-4.2%
Net Position:				
Net investment in capital assets	18,614,280	19,157,347	(543,067)	-2.8%
Restricted:				
Conifer Loan reserve requirement	602,000	602,000	-	0.0%
Unrestricted	<u>50,863,436</u>	<u>46,433,938</u>	<u>4,429,498</u>	9.5%
Total net position	<u>\$ 70,079,716</u>	<u>\$ 66,193,285</u>	<u>\$ 3,886,431</u>	5.9%

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

A condensed Statement of Revenues, Expenses, and Changes in Net Position is presented in the following table for our analysis. While the Statement of Net Position shows the change in financial position of the District's net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. As previously mentioned, the increase in total net position was \$273,048 in fiscal year 2021.

Total revenues increased by \$2,891,163 (13.5%) compared to fiscal year 2020, comprised of an increase of \$3,190,765 in operating revenues and a decrease of \$299,602 in non-operating revenues.

The \$3,190,765 increase in operating revenues resulted from the following activities:

- Sanitation fees rate increase of 15% resulted in a revenue increase of \$1,452,462 or 14.9%.
- Potable water rate increase of 6% and a pass through increase of 1.2% in January resulted in a revenue increase of \$1,273,479 or 19.9%.
- Recycled water rate increase of 2% and a pass through increase of 2.4% in January resulted in a revenue increase of \$536,597 or 24.3%.
- A 6% rate increase in Water meter service fees resulted in \$118,794 or 5.5% increase in revenue.
- Other revenues from violations, penalties and late fees decreased by \$190,567 or 60.1%. This is mainly due to the District waiving customer penalties & late fees due to the COVID-19 pandemic.

The \$299,602 decrease in non-operating revenues comprised of:

- A \$24,296 or 90.8% decrease in other revenue is mainly claims for property damages in fiscal year 2020.
- Although account balances were high, the declining interest rates resulted in a \$279,699 or 89.3% decrease in interest and investment earnings; and
- Lease escalation adjustments based on CPI index resulted in a \$4,393 or 2.4% increase in rental revenue.

Total expenses increased by \$6,504,546 or 37.2% compared to fiscal year 2020. The three main increases in expenses are as follows:

- Wastewater treatment increased by \$1,874,527 or 45.5% and Investment in Joint Venture with LVMD increased by \$3,668,970 or 343.2%. The increase is mainly due to the increased cost of operating and maintaining the wastewater and recycled water systems.
- Potable and recycled water purchase increased by \$427,674 and \$49,316 respectively due to a combination of an increase in potable water units purchased and cost.
- The increased cost in operations, management, and administration of \$1,199,646 or 23%, is mainly due to increases in VRSD contract services (\$385,444 or 9%), permits and fees (\$72,222 or 29%), and general & administrative costs (\$40,961 or 10%). In addition, the District hired the core management team consultants as employees resulting an increase of \$701,106 in salaries & benefits, offset by the decrease in Professional services (\$575,795 or 61.5%).

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Operating revenues:				
Sanitation fees	\$ 11,204,741	\$ 9,752,279	\$ 1,452,462	14.9%
Potable water sales	7,668,684	6,395,205	1,273,479	19.9%
Recycled water sales	2,745,232	2,208,635	536,597	24.3%
Water meter service fees	2,296,422	2,177,628	118,794	5.5%
Other	126,692	317,259	(190,567)	-60.1%
Non-operating revenues:				
Rental revenue - cellular antennas	185,772	181,379	4,393	2.4%
Interest and investment earnings	33,570	313,269	(279,699)	-89.3%
Other	2,468	26,764	(24,296)	-90.8%
Total revenues	<u>24,263,581</u>	<u>21,372,418</u>	<u>2,891,163</u>	13.5%
Operating expenses:				
Wastewater treatment	5,995,456	4,120,929	1,874,527	45.5%
Potable water purchased	3,864,442	3,436,768	427,674	12.4%
Recycled water purchased	646,629	597,313	49,316	8.3%
Professional services	360,666	936,461	(575,795)	-61.5%
Operations, management and admin	6,413,582	5,213,936	1,199,646	23.0%
Depreciation and amortization	1,410,847	1,505,341	(94,494)	-6.3%
Change in investment LVMWD/TWSD	4,737,936	1,068,966	3,668,970	343.2%
Non-operating expenses:				
Interest expense	560,975	606,273	(45,298)	-7.5%
Total expenses	<u>23,990,533</u>	<u>17,485,987</u>	<u>6,504,546</u>	37.2%
Change in net position	273,048	3,886,431	(3,613,383)	-93.0%
Net position, beginning of fiscal year	<u>70,079,716</u>	<u>66,193,285</u>	<u>3,886,431</u>	
Net position, end of fiscal year	<u>\$ 70,352,764</u>	<u>\$ 70,079,716</u>	<u>\$ 273,048</u>	

In fiscal year 2020, total revenues increased by \$1,121,422 or 5.5% compared to fiscal year 2019. Recycled water sales increased by \$31,790 and potable water sales by \$604,847. Sanitation fees increased by \$766,086, water meter service fees by \$66,723 and other revenues by \$22,205.

Total expenses decreased by \$1,292,699 or 6.9% compared to fiscal year 2019. The decrease was attributable to a decrease in operations, management and administrative costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Operating revenues:				
Sanitation fees	\$ 9,752,279	\$ 8,986,193	\$ 766,086	8.5%
Potable water sales	6,395,205	5,790,358	604,847	10.4%
Recycled water sales	2,208,635	2,176,845	31,790	1.5%
Water meter service fees	2,177,628	2,110,905	66,723	3.2%
Other	317,259	295,054	22,205	7.5%
Non-operating revenues:				
Rental revenue - cellular antennas	181,379	171,925	9,454	5.5%
Interest and investment earnings	313,269	335,873	(22,604)	-6.7%
Other	26,764	383,843	(357,079)	-93.0%
Total revenues	<u>21,372,418</u>	<u>20,250,996</u>	<u>1,121,422</u>	<u>5.5%</u>
Expenses:				
Operating expenses:				
Wastewater treatment	4,120,929	4,458,737	(337,808)	-7.6%
Potable water purchased	3,436,768	3,232,450	204,318	6.3%
Recycled water purchased	597,313	564,870	32,443	5.7%
Professional services	936,461	504,359	432,102	85.7%
Operations, management and admin	5,213,936	6,234,896	(1,020,960)	-16.4%
Depreciation and amortization	1,505,341	1,526,799	(21,458)	-1.4%
Change in investment LVMWD/TWSD	1,068,966	1,610,974	(542,008)	-33.6%
Non-operating expenses:				
Interest expense	606,273	645,601	(39,328)	-6.1%
Total expenses	<u>17,485,987</u>	<u>18,778,686</u>	<u>(1,292,699)</u>	<u>-6.9%</u>
Change in net position	3,886,431	1,472,310	2,414,121	164.0%
Net position, beginning of fiscal year	<u>66,193,285</u>	<u>64,720,975</u>	<u>1,472,310</u>	
Net position, end of fiscal year	<u>\$ 70,079,716</u>	<u>\$ 66,193,285</u>	<u>\$ 3,886,431</u>	

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2021, (at cost) amounted to \$62.0 million or \$34.2 million, net of accumulated depreciation. The District's capital assets include land and land improvements, structures and improvements, construction in progress, equipment, and infrastructure.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in capital asset amounts for 2021 were:

	Balance at June 30, 2020	Additions	Deletions/ Transfers	Balance at June 30, 2021
Capital Assets:				
Non-depreciable assets	\$ 130,826	\$ 101,248	\$ -	\$ 232,074
Depreciable assets	61,737,538	-	-	61,737,538
Accumulated depreciation and amortization	(26,348,771)	(1,410,847)	-	(27,759,618)
Total capital assets, net	<u>\$ 35,519,593</u>	<u>\$ (1,309,599)</u>	<u>\$ -</u>	<u>\$ 34,209,994</u>

Changes in capital asset amounts for 2020 were:

	Balance at June 30, 2019	Additions	Deletions/ Transfers	Balance at June 30, 2020
Capital Assets:				
Non-depreciable assets	\$ 370,132	\$ -	\$ (239,306)	\$ 130,826
Depreciable assets	61,737,538	-	-	61,737,538
Accumulated depreciation and amortization	(24,843,430)	(1,505,341)	-	(26,348,771)
Total capital assets, net	<u>\$ 37,264,240</u>	<u>\$ (1,505,341)</u>	<u>\$ (239,306)</u>	<u>\$ 35,519,593</u>

Major capital asset activity during the fiscal year 2021 included the following:

Financial/Billing software and IT/Computer Equipment - \$93,248
 Bell Canyon Sewer Main - \$8,000
 Accumulated depreciation - \$1,410,847

Major capital asset activity during the fiscal year 2020 included the following:

North Shore Gravity System – Expended - \$239,306 – Abandoned project
 Accumulated depreciation - \$1,505,341

Additional information on the District's capital assets can be found in Note B4 of this report.

Debt Administration

The District's long-term debt outstanding as of June 30, 2021 was \$15,355,371.

Description	Balance at June 30, 2020	Additions	Payments/ Deletions	Balance at June 30, 2021
Debt from Direct Borrowings:				
2017 RW System Purchase	\$ 9,779,077	\$ -	\$ (688,046)	\$ 9,091,031
2014 Automated Meter Read Loan	1,664,637	-	(162,087)	1,502,550
2011 Construction loan	5,127,759	-	(365,969)	4,761,790
Total long-term debt	<u>16,571,473</u>	<u>\$ -</u>	<u>\$(1,216,102)</u>	15,355,371
Less current portion	(1,174,326)			(1,259,458)
Total long-term portion	<u>\$ 15,397,147</u>			<u>\$ 14,095,913</u>

Additional information on the District's long-term liabilities can be found in Note B6 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The District's long-term debt outstanding as of June 30, 2020 was \$16,571,473.

Description	Balance at June 30, 2019	Additions	Payments/ Deletions	Balance at June 30, 2020
Debt from Direct Borrowings:				
2017 RW System Purchase	\$ 10,447,018	\$ -	\$ (667,941)	\$ 9,779,077
2014 Automated Meter Read Loan	1,821,598	-	(156,961)	1,664,637
2011 Construction loan	5,477,183	-	(349,424)	5,127,759
Total long-term debt	17,745,799	<u>\$ -</u>	<u>\$(1,174,326)</u>	16,571,473
Less current portion	(1,174,326)			(1,216,102)
Total long-term portion	<u>\$ 16,571,473</u>			<u>\$ 15,355,371</u>

Economic Factors and Next Fiscal Year's Budget and Rates

- The District Board considered the factors mentioned above when setting the fiscal year 2022 budget, rates, and fees. Fiscal year 2021-22 Adopted Budget (expenses not including the change in investment-in-joint venture LVMWD/TWSD) totaled \$18,138,400, representing a 2.44% increase when compared to the prior year.
- In May 2020, based on the wastewater rate study, the Board approved a five-year programmed rate that will increase sewer service fees by 15% for fiscal years 2021-2024 and 7% for fiscal year 2025. Fiscal year 2021-22 is the second year of the 15% annual increase and is estimated to generate approximately \$12.9 million of total revenue. In addition, sewer connection fee will also increase by 0.6% based on the Construction Cost Index (CCI) for the Los Angeles area. Revenues derived from the sewer charges were calculated to provide sufficient funding for implementing mandated treatment standards, funding reserves, and the Joint Powers Authority (JPA) capital needs including the Pure Water Project (PWP).
- In May 2020, based on the potable water rate study, the Board approved a five-year programmed rate that will increase quantity rates and monthly service charges by 6% for fiscal years 2021-2023 and 4% for fiscal year 2024-2025. Fiscal year 2021-22 is the second year of the 6% annual increase and is estimated to generate total revenue of approximately \$9.5 million. In addition, water service connection fee will also increase by 0.6% based on the Construction Cost Index (CCI) for the Los Angeles area. Revenues derived from the water charges will provide sufficient revenue to meet operating and capital expenses, and to build and maintain adequate reserves.
- In May 2020, based on the recycled water rate study, the Board approved a five-year programmed rate that will increase quantity rates and monthly service charges by 2% for fiscal years 2021-2025. Fiscal year 2021-22 is the second year of the 2% annual increase and is estimated to generate approximately \$3.2 million of total revenue. Revenues derived from the water charges will provide sufficient revenue to meet operating and capital expenses, and to build and maintain adequate reserves.
- The TWSD Board developed the second phase of their business plan to transition into an independent and self-reliant District and moved forward with creating a hybrid structure of in-house staffing and outside contracts for the water/wastewater field services. This final transition is estimated to be completed by July 1, 2022.
- The 2011 and 2014 Potable Water loans and the 2017 Recycled Water System loan was refinanced in August 2021 to realize lower interest rate and better flexibility in managing the long-term obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Calleguas Municipal Water District (CMWD) wholesale supply rate will increase effective January 1, 2023. The CMWD rate increase is a pass-through increase to the water customers of the District.
- **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in them. Questions concerning any of the information provided should be addressed to the Director of Finance, Triunfo Water & Sanitation District, 1001 Partridge Drive, Suite 100, Ventura, California, 93003-0704. Please visit the District's website at www.triunfowsd.com.

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Basic Financial Statements



**Annual Comprehensive Financial Report
For the Fiscal Years Ended
June 30, 2021 and June 30, 2020**



TRIUNFO
WATER & SANITATION DISTRICT

TRIUNFO WATER & SANITATION DISTRICT

Statements of Net Position June 30, 2021 and June 30, 2020

		<u>2021</u>	<u>2020</u>
Assets			
Current assets:			
Cash and cash equivalents	(Note B1)	\$ 19,983,560	\$ 13,853,421
Accrued interest receivable		17,073	54,800
Accounts receivable - water sales and services, net	(Note B3)	1,237,747	1,136,576
Accounts receivable - sanitation fees	(Note B3)	353,396	294,081
Accounts receivable - other	(Note B3)	37,736	19,270
Advance deposits - investment-in-joint venture LVMWD/TWSD	(Note B5)	2,453,224	5,016,554
Water-in-storage inventory		23,925	23,558
Prepaid and other		87,270	78,688
Total current assets - unrestricted		<u>24,193,931</u>	<u>20,476,948</u>
Restricted current assets:			
Cash and cash equivalents	(Note B2)	1,316,115	1,302,725
Total current assets - restricted		<u>1,316,115</u>	<u>1,302,725</u>
Total current assets - unrestricted and restricted		<u>25,510,046</u>	<u>21,779,673</u>
Non-current assets:			
Capital assets, net	(Note B4)	34,209,994	35,519,593
Investment-in-joint venture LVMWD/TWSD	(Note B5)	32,620,366	32,295,857
Total non-current assets		<u>66,830,360</u>	<u>67,815,450</u>
Total assets		<u>92,340,406</u>	<u>89,595,123</u>
Liabilities			
Current liabilities:			
Payable from current assets:			
Accounts payable and accrued expenses		5,412,547	1,693,590
Accrued interest payable - loan		199,023	215,779
Loans payable - current portion	(Note B6)	1,259,458	1,216,102
Developer refund agreements - current portion	(Note B6)	27,254	27,254
Payable from current assets - unrestricted		<u>6,898,282</u>	<u>3,152,725</u>
Payable from unrestricted current assets:			
Customer deposits		106,085	92,835
Unearned revenue	(Note A4)	608,030	607,890
Payable from restricted current assets		<u>714,115</u>	<u>700,725</u>
Total current liabilities - unrestricted and restricted		<u>7,612,397</u>	<u>3,853,450</u>
Non-current liabilities:			
Loans payable	(Note B6)	14,095,913	15,355,371
Developer refund agreements	(Note B6)	279,332	306,586
Total non-current liabilities		<u>14,375,245</u>	<u>15,661,957</u>
Total liabilities		<u>21,987,642</u>	<u>19,515,407</u>
Net Position			
Net investment in capital assets	(Note B7)	18,548,037	18,614,280
Restricted:			
Conifer loan reserve requirement	(Note B7)	602,000	602,000
Unrestricted		<u>51,202,727</u>	<u>50,863,436</u>
Total net position		<u>\$ 70,352,764</u>	<u>\$ 70,079,716</u>

The accompanying notes are an integral part of these financial statements.

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TRIUNFO WATER & SANITATION DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position For the Fiscal Years Ended June 30, 2021 and June 30, 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Sanitation fees	\$ 11,204,741	\$ 9,752,279
Potable water sales	7,668,684	6,395,205
Recycled water sales	2,745,232	2,208,635
Water meter service fees	2,296,422	2,177,628
Connection fees	59,892	166,166
Other charges for services	66,800	151,093
	<u>24,041,771</u>	<u>20,851,006</u>
Operating expenses		
Wastewater treatment	5,995,456	4,120,929
Potable water purchased	3,864,442	3,436,768
Recycled water purchased	646,629	597,313
Professional services	360,666	936,461
Operations, management and admin	6,413,582	5,213,936
	<u>17,280,775</u>	<u>14,305,407</u>
Operating income before depreciation	6,760,996	6,545,599
Depreciation and amortization	<u>(1,410,847)</u>	<u>(1,505,341)</u>
Operating income	<u>5,350,149</u>	<u>5,040,258</u>
Non-operating revenue (expense)		
Change in investment-in-joint venture LVMWD/TWSD (Note B5)	(4,737,936)	(1,068,966)
Rental revenue - cellular antennas	185,772	181,379
Interest and investment earnings	33,570	313,269
Interest expense	(560,975)	(606,273)
Other income (expenses), net	2,468	26,764
	<u>(5,077,101)</u>	<u>(1,153,827)</u>
Change in net position	273,048	3,886,431
Net position, beginning of fiscal year	<u>70,079,716</u>	<u>66,193,285</u>
Net position, end of fiscal year	<u>\$ 70,352,764</u>	<u>\$ 70,079,716</u>

The accompanying notes are an integral part of these financial statements.

TRIUNFO WATER & SANITATION DISTRICT

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2021 and June 30, 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Receipts from customers for water sales and services	\$ 13,051,254	\$ 10,784,479
Receipts from customers for sanitation services	14,398,303	10,156,702
Receipts for other services	126,692	317,259
Payments to vendors for materials and services	(17,280,775)	(14,066,103)
Advance deposits - investment-in-joint venture LVMWD/TWSD facility	<u>(2,499,115)</u>	<u>(3,385,670)</u>
Net cash provided by operating activities	<u>7,796,359</u>	<u>3,806,667</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(88,812)	-
Principal paid on long-term debt	(1,243,356)	(1,201,580)
Interest paid on long-term debt	<u>(577,731)</u>	<u>(619,507)</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,909,899)</u>	<u>(1,821,087)</u>
Cash flows from investing activities		
Proceeds from rental revenue - cellular antennas	185,772	181,379
Proceeds from interest and investment earnings	<u>71,297</u>	<u>342,050</u>
Net cash provided by investing activities	<u>257,069</u>	<u>523,429</u>
Net increase (decrease) in cash and cash equivalents	6,143,529	2,509,009
Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year	<u>15,156,146</u>	<u>12,647,137</u>
Cash and cash equivalents (unrestricted and restricted), end of fiscal year	<u>\$ 21,299,675</u>	<u>\$ 15,156,146</u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$ 19,983,560	\$ 13,853,421
Restricted cash and cash equivalents	<u>1,316,115</u>	<u>1,302,725</u>
Total cash and cash equivalents	<u>\$ 21,299,675</u>	<u>\$ 15,156,146</u>

The accompanying notes are an integral part of these financial statements.

TRIUNFO WATER & SANITATION DISTRICT

Statements of Cash Flows (Continued) For the Fiscal Years Ended June 30, 2021 and June 30, 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 5,350,149	\$ 5,040,258
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,410,847	1,505,341
Other non-operating income, net	2,608	31,454
Abandoned construction in progress	-	239,304
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable - water sales and services, net	(101,171)	(309,051)
Accounts receivable - sanitation fees	(59,315)	(23,409)
Accounts receivable - other, net	(18,466)	356,640
Water-in-storage inventory	(367)	(4,752)
Prepaid and other	(8,582)	(7,364)
Advance deposits - investment-in-joint venture LMWWD/TWSD facility	(2,499,115)	(3,385,670)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	3,706,521	341,921
Customer deposits	13,250	21,995
Total adjustments	<u>2,446,210</u>	<u>(1,233,591)</u>
Net cash provided by operating activities	<u>\$ 7,796,359</u>	<u>\$ 3,806,667</u>
Schedule of noncash transactions:		
Change in investment-in-joint venture LVMWD/TWSD	\$ (4,737,936)	\$ (1,068,966)
Abandoned construction in progress	-	(239,304)
Construction in process in accounts payable	12,436	-

The accompanying notes are an integral part of these financial statements.

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TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2021 and June 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Triunfo Water & Sanitation District (District) was organized on November 12, 1963, as a special District under the County Sanitation District Act, State of California Health & Safety Code Section 4700 et seq., to provide sanitation services for the southeastern portion of Ventura County, adjacent to the Los Angeles County line. The District Board is comprised of five directly-elected members-at-large. On October 12, 1964, the District and Las Virgenes Municipal Water District (LVMWD) entered into a joint powers agreement establishing a Joint Venture (LVMWD/TWSD Joint Venture) to construct, operate, maintain and provide for a regional sewerage system to serve the area within the two districts. The District contracts with Ventura Regional Sanitation District (VRSD) for management, engineering, operations & maintenance, and financial services. The VRSD contract for management and financial services ended June 30, 2021, and the District hired in-house staff. The contract with VRSD for engineering, operations and maintenance services will expire June 30, 2022, and the District will have in-house staff for the water/wastewater field services.

The criteria used in determining the scope of the financial reporting entity is based on generally accepted accounting principles. The District is the primary governmental unit based on the foundation of a separately appointed governing board. Component units are legally separate organizations for which the governing board of the primary government is financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) The primary government and the component unit have a financial benefit or burden relationship; or 2) Management of the primary government have operational responsibility for the activities of the component unit.

The Triunfo Public Facilities Corporation (Corporation) was formed on June 30, 1987, to facilitate the issuance of certificates of participation for the acquisition, construction, operation and maintenance of facilities, equipment, or other property needed by the District and leasing or selling such property to the District and as such has no employees or other operations. Although the Corporation is legally separate, it is included as a blended component unit of the District, as it is in substance part of the District's operations and the District's Board is also the governing board of the Corporation. No separate financial statements are prepared for the Corporation.

2. Measurement Focus and Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its customers on a continuing basis be financed or recovered primarily through user charges (charges for services), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2021 and June 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Measurement Focus and Basis of Accounting (Continued)

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Triunfo Water & Sanitation District of the potable, recycled, and wastewater services are charges to customers for sales and services. The District also recognizes the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

Each year, District staff prepares an annual budget. This annual budget, as adopted by the District Board of Directors is used for planning, serves as a basis for monitoring financial progress, and determines future service charge rates. During the fiscal year, the budget may be amended as circumstances or levels of operations dictates.

3. Financial Reporting

The District's basic financial statements are presented in conformance with generally accepted accounting principles (GAAP). These statements established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2021 and June 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Assets, Liabilities, and Net Position

Cash and Investments – The District’s cash and investments are governed by the District’s Investment Policy and in compliance with the California Government Code. For purposes of reporting cash flows, the District considers cash and funds invested in the State of California Local Agency Investment Fund (LAIF), the Ventura County Treasury Pool (VCTP) and money market funds to be cash equivalents. In addition, all investments with an original maturity of three months or less when purchased are considered cash equivalents. Investments are generally stated at fair value, which is based on quoted market prices as of the valuation date. The gain/loss resulting from valuation is reported in the revenue account.

“Interest and Investment Earnings” on the statements of revenues, expenses and changes in net position.

Restricted assets – Amounts shown as restricted assets have been restricted for customer deposits, prepaid sewer connection fees for the Lake Sherwood project and reserve fund for the Oak Canyon Reservoir Installment Purchase Financing.

Accounts receivable water sales and services – These receivables are comprised of services provided to water customers in the Oak Park service area.

Accounts receivable sanitation fees – These receivables are comprised of services provided to wastewater customers throughout the District as well as potable and reclaimed water customers of the District.

Advance deposits – investment-in-joint venture LVMWD/TWSD – Pursuant to the Joint Powers Agreement, each participant is required to maintain advance deposits with the LVMWD/TWSD Joint Venture for the following purposes:

Operating Reserve Advance Account – Both participants are required to advance amounts estimated to provide for three months operating expenses. The District’s share of operating reserve advance balances at June 30, 2021 and 2020 were \$747,472 and \$1,114,684 respectively.

Construction Advance Account – Cash flow during construction is proportionately shared by both participants. Amounts are advanced to the LVMWD/TWSD Joint Venture to meet construction cash flow requirements. The District’s share of construction advance balances at June 30, 2021 and 2020 were \$71,371 and \$82,549 respectively.

Replacement Reserve Advance Account – Both participants are required to advance amounts for the cost to replace existing assets. The District’s share of replacement reserve advance balances at June 30, 2021 and 2020 were \$1,634,381 and \$3,819,321 respectively.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2021 and June 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Assets, Liabilities, and Net Position (Continued)

Water-in-storage inventory – Potable water available within the distribution pipelines and storage tanks is estimated and valued by the conversion of cubic feet to acre-feet and multiplied by current cost.

Prepaid and other – Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid.

Capital assets – Property and equipment with a cost of \$5,000 or more and a life greater than one year is capitalized and stated at cost, except for the portions acquired by contribution, which are reported at acquisition value on the date received. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the straight-line method over estimated useful lives of the assets as shown below:

Equipment	5 to 25 years
Potable water system	40 years
Recycled water system	40 years
Wastewater collection system	50 years

Construction in progress – Costs associated with developmental stage projects are accumulated in an in-progress account until the project is fully developed. Once the project is complete, the entire cost of the project is transferred to a capital asset account and depreciated over the estimated useful life.

Accounts payable and accrued expenses – Short-term liability for amounts owed to suppliers, contractors and other organizations that have provided goods and services to the District by the end of the fiscal year for which payment had not been made. All properly documented payables and contract payments are processed within thirty days of invoice. In addition, an estimated loss is recorded in this category, net of insurance coverage and inclusive of an estimate for incurred but not reported claims, when it is probable that a claim liability has been incurred and the amount of the loss can be reasonably estimated.

Long-term obligations – Long-term debt is recognized as a liability of the enterprise fund when incurred, and is reported on the balance sheet as current and long-term portions.

Developer refund agreements – Long-term payables paid at the rate of one-fortieth (1/40) of the total agreement amount with no interest accruing or paid.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2021 and June 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Assets, Liabilities, and Net Position (Continued)

Customer deposits – Deposits are required on all new water customer accounts at start of service. The deposit shall be returned to the customer provided the customer's account has been in good standing for twelve consecutive months. A Project Completion Deposit (PCD) is required for sewer connection and tenant improvement projects that need a final audit or inspection by District staff. The PCD shall be refunded upon final completion and final inspection of the project, less any applicable charges.

Unearned revenue – In October 2005, Sherwood Development Company, L.P. (Sherwood), paid the District \$666,373 in advance for the connection and inspection fees for Tract 4409, Phases 4 through 8 with an estimated total of sixty-five (65) lots. In 2006, the County of Ventura approved the tract map and Sherwood is expecting to start construction from between five to ten years, or more. In March 2014, one lot was connected to the sewer decreasing unearned revenue by 1.42% to \$656,948. The TWSD Board accepted the completed sewer laterals and improvements as part of the District's sewer system. At June 30, 2021 and 2020, the balances related to the connections was \$603,200. An additional, unrelated amount of \$4,830 for prepayment of cell site lease is included in the statement of net position at June 30, 2021.

Net Position – Net position reported on the statement of net position is displayed in three components: net investment in capital assets; restricted net position; and unrestricted net position. These three components are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.

Restricted net position – This component of net position consists of restricted assets reduced by liabilities related to those assets. Constraints on net position can be used through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that do not meet the definition of restricted or net investment in capital assets.

Use of estimates – The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES

1. Cash and Investments

Generally accepted accounting principles adopted by the District require that certain investments and external investment pools be reported at fair value and disclosure be made of certain deposit and investment risks.

The District's investment policy is governed by and in compliance with the California Government Code. The investment policy's objectives are to provide safety of principal, maintain liquidity, and earn a competitive yield. The District is authorized to invest funds in the California State Treasurer's Local Agency Investment Fund (LAIF), Ventura County Treasurer's Investment Pool (County Pool), and other qualified investments in accordance with the District's investment policy.

Cash and Cash Equivalents

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 19,983,560	\$ 13,853,421
Restricted cash and cash equivalents	<u>1,316,115</u>	<u>1,302,725</u>
Total Cash and Investments	<u>\$ 21,299,675</u>	<u>\$ 15,156,146</u>

Cash and cash equivalents as of June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents		
Local Agency Investment Fund (LAIF)	\$ 19,621,276	\$ 13,418,508
Ventura County Treasury Pool	1,165,320	1,158,459
City National Bank	<u>513,079</u>	<u>579,179</u>
Total Cash and Cash Equivalents	<u>\$ 21,299,675</u>	<u>\$ 15,156,146</u>

At June 30, 2021, and 2020, the carrying amount of cash in bank deposits was \$513,079 and \$579,179 respectively. All deposits are insured or collateralized.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

1. Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or 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 the 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 Types</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
LAIF	N/A	None	\$75 million
Ventura County Investment Pool	N/A	None	None

The District's Investment Policy is more restrictive than the California Government Code by prohibiting repurchase and reverse repurchase agreements.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy and the actual rating as of year-end for each investment type. LAIF and the Ventura County Pool are both not rated by a rating agency. In addition, neither has a minimum legal rating.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

1. Cash and Investments (Continued)

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 matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity date:

Investments at June 30, 2021:	Fair Value Total	Remaining Maturity (In Months)
		12 Month or Less
Investment Type		
Local Agency Investment Fund (LAIF)	\$ 19,621,276	\$ 19,621,276
Ventura County Treasury Pool	1,165,320	1,165,320
Total	<u>\$ 20,786,596</u>	<u>\$ 20,786,596</u>

Investments at June 30, 2020:	Fair Value Total	Remaining Maturity (In Months)
		12 Month or Less
Investment Type		
Local Agency Investment Fund (LAIF)	\$ 13,418,508	\$ 13,418,508
Ventura County Treasury Pool	1,158,459	1,158,459
Total	<u>\$ 14,576,967</u>	<u>\$ 14,576,967</u>

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and
- Level 3: Investments reflect prices based upon unobservable sources.

The District does not have any investments subject to the fair value hierarchy at June 30, 2021 or 2020.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

1. Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Other than amounts invested in the Local Agency Investment Fund (LAIF) and the Ventura County Treasurer Investment Pool, there are no investments in any one issuer that represent 5% or more of total District investments as of June 30, 2021 and 2020.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Triunfo Water & Sanitation District investment policy do not contain legal or policy requirements that limit the exposure to custodial credit risk for deposits, other than the following provisions: The California Government Code requires that financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of pledged securities must equal 110% of the District's deposits. California law allows financial institutions to secure District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits.

The custodial risk for investment 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 investments or collateral securities that are in the possession of another party. All securities held in the Ventura County Treasurer investment pool are deposited in trust for safekeeping with a custodial bank different from the County's primary bank. Securities are not held in broker accounts. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). As of June 30, 2021, all of the District's deposits with financial institutions in excess of federal depository insurance limits were collateralized by an interest in an undivided collateral pool as required by State law.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

1. Cash and Investments (Continued)

Investment in Ventura County Treasurer Investment Pool

The District is a voluntary participant in the Ventura County Treasurer's investment pool, which complies with the requirements of the California Government Code. Investments are stated at fair value. The fair value of the District's position in the pool is the same as the value of the pool shares. The District maintains a separate balance and investment income is allocated on a pro rata basis. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments is required under generally accepted accounting principles. The District's deposits in the fund are considered highly liquid.

All wire transfer requests must be delivered to the Auditor's office for transmission the following banking day as follows:

- Wire transfers less than \$200,000 by 1:00 p.m. the previous day.
- Wire transfers \$200,000-\$1,000,000 require a minimum of 2 days' advance notice.
- Transfers greater than \$1,000,000 require a minimum of 7 days' advance notice.
- Transfers greater than \$10,000,000 require a minimum of 14 days' advance notice.
- Deviations from the above schedule or estimated dollar values requires advance approval.

Additional information about the Ventura County investment pool can be obtained from the County of Ventura, California – Treasurer-Tax Collector, 800 South Victoria Avenue, California 93009.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF is an external investment pool that is not registered with the Securities and Exchange Commission. It is, however, regulated by the California Government Code. The State of California's LAIF has oversight by the Local Agency Investment Advisory Board, which consists of the State Treasurer, two qualified members in the field of investment or finance, and two qualified government members of the state. Investments are stated at fair value and investment income is allocated on a pro rata basis. The fair value of the District's position in the pool is the same as the value of the pool shares. The District maintains a separate balance and investment income is allocated on a pro rata basis. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments is required under generally accepted accounting principles. The deposits in the fund are considered highly liquid.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

1. Cash and Investments (Continued)

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of a \$1,000 dollars.
- Withdrawals of \$10,000,000 or more require 24 hours' advance notice.
- Maximum 15 transactions (combination of deposits and withdrawals) per month.

The amounts invested in the California LAIF are not subject to categorization as they do not represent specifically identifiable investment securities. The share value of the District's investment in LAIF is \$19,621,276 and \$13,418,508 at June 30, 2021 and 2020, respectively.

2. Restricted Assets

Detail of restricted assets as reported in the accompanying statement of net position is shown in the following table:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents restricted for:		
Customer deposits	\$ 106,085	\$ 92,835
Unearned revenue	608,030	607,890
Conifer loan reserve requirement	<u>602,000</u>	<u>602,000</u>
Total restricted cash and cash equivalents	<u>\$ 1,316,115</u>	<u>\$ 1,302,725</u>

3. Accounts Receivable

Water sales and services, net – These receivables are comprised of services provided to customers in the Oak Park service area and are shown net of an allowance for uncollectible accounts. The allowance totals \$12,503 and \$11,481 at June 30, 2021 and 2020, respectively.

Sanitation fees – The District annually submits a list of customers and service charge amounts to the County of Ventura (County) who, in accordance with the California Government Code, adds these amounts to the annual property tax billing; then collects and distributes the amounts received to the District. Unpaid property tax bills become a lien on the property and, ultimately are collected by the County and paid to the District. Receivable amounts are shown net without an allowance for uncollectible accounts because all are deemed collectable.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

3. Accounts Receivable (Continued)

Other receivables, Property damage claims include \$19,270 awarded by FEMA for administrative costs related to - Woolsey fire, CSRMA pooled liability program dividends of \$16,787 and tenant improvements in the amount of \$1,679.

Summary of accounts receivable as reported in the accompanying statement of net position are shown as follows:

June 30, 2021

<u>Accounts receivable - Trade</u>	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Water sales and services	\$ 1,250,250	\$ (12,503)	\$ 1,237,747
Sanitation fees	353,396	-	353,396
Other receivables	37,736	-	37,736
Total accounts receivable	<u>\$ 1,641,382</u>	<u>\$ (12,503)</u>	<u>\$ 1,628,879</u>

June 30, 2020

<u>Accounts receivable - Trade</u>	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Water sales and services	\$ 1,148,057	\$ (11,481)	\$ 1,136,576
Sanitation fees	294,081	-	294,081
Other receivables	19,270	-	19,270
Total accounts receivable	<u>\$ 1,461,408</u>	<u>\$ (11,481)</u>	<u>\$ 1,449,927</u>

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

4. Capital Assets

Changes to capital assets during fiscal years ended June 30, 2021 and 2020, were as follows:

	Balance June 30, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 71,370	\$ -	\$ -	\$ 71,370
Construction-in-progress	59,456	101,248	-	160,704
Total non-depreciation assets	<u>130,826</u>	<u>101,248</u>	<u>-</u>	<u>232,074</u>
Depreciable assets:				
Structures and improvements	720,834	-	-	720,834
Wastewater collection systems	16,890,421	-	-	16,890,421
Recycled water systems	15,794,331	-	-	15,794,331
Potable water systems	27,513,211	-	-	27,513,211
Other physical property	818,741	-	-	818,741
Total depreciable assets	<u>61,737,538</u>	<u>-</u>	<u>-</u>	<u>61,737,538</u>
Accumulated depreciation:				
Structures and improvements	(282,617)	(18,256)	-	(300,873)
Wastewater collection systems	(10,421,033)	(302,712)	-	(10,723,745)
Recycled water systems	(3,150,316)	(394,199)	-	(3,544,515)
Potable water systems	(11,951,688)	(641,550)	-	(12,593,238)
Other physical property	(543,117)	(54,130)	-	(597,247)
Total accumulated depreciation	<u>(26,348,771)</u>	<u>(1,410,847)</u>	<u>-</u>	<u>(27,759,618)</u>
Total depreciation assets, net	<u>35,388,767</u>	<u>(1,410,847)</u>	<u>-</u>	<u>33,977,920</u>
Total capital assets, net	<u>\$ 35,519,593</u>	<u>\$ (1,309,599)</u>	<u>\$ -</u>	<u>\$ 34,209,994</u>
	Balance		Deletions/ Transfers	Balance
	June 30, 2019	Additions		June 30, 2020
Non-depreciable assets:				
Land	\$ 71,370	\$ -	\$ -	\$ 71,370
Construction-in-progress	298,762	-	(239,306)	59,456
Total non-depreciation assets	<u>370,132</u>	<u>-</u>	<u>(239,306)</u>	<u>130,826</u>
Depreciable assets:				
Structures and improvements	720,834	-	-	720,834
Wastewater collection systems	16,890,421	-	-	16,890,421
Recycled water systems	15,794,331	-	-	15,794,331
Potable water systems	27,513,211	-	-	27,513,211
Other physical property	818,741	-	-	818,741
Total depreciable assets	<u>61,737,538</u>	<u>-</u>	<u>-</u>	<u>61,737,538</u>
Accumulated depreciation:				
Structures and improvements	(264,363)	(18,254)	-	(282,617)
Wastewater collection systems	(10,118,762)	(302,271)	-	(10,421,033)
Recycled water systems	(2,756,117)	(394,199)	-	(3,150,316)
Potable water systems	(11,243,476)	(708,212)	-	(11,951,688)
Other physical property	(460,712)	(82,405)	-	(543,117)
Total accumulated depreciation	<u>(24,843,430)</u>	<u>(1,505,341)</u>	<u>-</u>	<u>(26,348,771)</u>
Total depreciation assets, net	<u>36,894,108</u>	<u>(1,505,341)</u>	<u>-</u>	<u>35,388,767</u>
Total capital assets, net	<u>\$ 37,264,240</u>	<u>\$ (1,505,341)</u>	<u>\$ (239,306)</u>	<u>\$ 35,519,593</u>

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

4. Capital Assets (Continued)

Construction in progress - The District has been involved in various construction projects throughout the fiscal year. The balances of the various construction projects that comprise the construction in progress balances at June 30 are as follows:

<u>Construction Projects</u>	<u>2021</u>	<u>2020</u>
Lakeside Lift Station Improvements	\$ 45,685	\$ 45,685
Polo Lift Station	13,771	13,771
Computer Upgrades	93,248	-
Sewage Systems	8,000	-
Total	<u>\$ 160,704</u>	<u>\$ 59,456</u>

5. Joint Venture

The District and Las Virgenes Municipal Water District are parties to a joint exercise of powers agreement (LVMWD/TWSD Joint Venture Agreement) to provide for construction, operation, maintenance and replacement of a joint sanitation system to serve the respective parties' needs. The LVMWD/TWSD Joint Venture is governed by the individual Board of Directors of the two districts meeting in joint session. Equipment costs and contributions for construction are shared in accordance with each district's capacity rights reserved in each component of the LVMWD/TWSD Joint Venture system. While the districts own the system jointly, they each account for their share of its financing individually. Thus, the LVMWD/TWSD Joint Venture itself has no long-term debt. Operating costs and local maintenance are prorated and billed to the districts in accordance with the average monthly flows contributed to the system. LVMWD is designated as the Administering Agent for facilities located in Los Angeles County. The following is a condensed summary of audited financial information for the LVMWD/TWSD Joint Venture as of and for the fiscal years ended June 30, 2021 and June 30, 2020:

TWSD/LVMWD Joint Venture Condensed Statements of Net Position (In Thousands of Dollars)

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Assets:			
Current assets	\$ 7,439	\$ 13,990	\$ (6,551)
Capital assets, net	98,362	97,127	1,235
Total assets	<u>105,801</u>	<u>111,117</u>	<u>(5,316)</u>
Liabilities:			
Current liabilities	7,439	13,993	(6,554)
Total liabilities	<u>7,439</u>	<u>13,993</u>	<u>(6,554)</u>
Net position of participants net investment in capital assets:			
Las Virgenes Municipal Water District	65,742	64,830	912
Triunfo Water & Sanitation District	32,620	32,294	326
Net position	<u>\$ 98,362</u>	<u>\$ 97,124</u>	<u>\$ 1,238</u>

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

5. Joint Venture (Continued)

**TWSD/LVMWD Joint Venture
Condensed Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands of Dollars)**

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 2,690	\$ 2,444	\$ 246
Non-operating revenues	228	3,070	(2,842)
Total revenues	<u>2,918</u>	<u>5,514</u>	<u>(2,596)</u>
Expenses:			
Operating expenses	21,915	18,559	3,356
Depreciation and amortization	5,800	5,624	176
Total expenses	<u>27,715</u>	<u>24,183</u>	<u>3,532</u>
Net loss before participant contributions	(24,797)	(18,669)	(6,128)
Billings to participants	19,000	13,041	5,959
Excess after billings to participants	(5,797)	(5,628)	(169)
Participants capital contributions	7,035	9,072	(2,037)
Change in Net Position	1,238	3,444	(2,206)
Beginning Net Position	<u>97,124</u>	<u>93,680</u>	<u>3,444</u>
Ending Net Position	<u>\$ 98,362</u>	<u>\$ 97,124</u>	<u>\$ 1,238</u>

The Financial Statements of the LVMWD/TWSD Joint Venture can be obtained from:

Las Virgenes Municipal Water District
4232 Las Virgenes Road
Calabasas, California 91302

Triunfo Water & Sanitation District
1001 Partridge Drive, Suite 100
Ventura, California 93003

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

5. Joint Venture (Continued)

Advance deposits – Investment in Joint Venture - Pursuant to the LVMWD/TWSD Joint Powers Agreement, each District is required to maintain advances with the LVMWD/TWSD Joint Venture for the following purposes:

<u>TWSD Joint Venture Advances</u>	<u>2021</u>	<u>2020</u>
Operating reserve advance	\$ 747,473	\$ 1,114,683
Construction advance	71,371	82,548
Replacement reserve advance	1,634,380	3,819,323
Total joint venture advances	\$ 2,453,224	\$ 5,016,554

6. Long Term Obligations

Direct Borrowings:

2011 Bank of America, N.A. – Installment Purchase Agreement

The District entered into an Installment Purchase Agreement with the Triunfo Public Facilities Corporation for \$7,760,000. The funds were received to provide financing for the acquisition and construction of a single 2.1 million gallon buried water storage tank located nearly due north of the intersection of Kanan Road and Churchwood Street on the northeast side of the ridge facing into Oak Canyon Community Park. The existing 1.0 million gallon water storage tank located southwest of the western terminus of Conifer Street was demolished. Additionally, approximately four miles of existing water supply lines and a non-usable water tank and its pump station were acquired through easement agreements and decommissioned. The Triunfo Public Facilities Corporation assigned all of its rights, title and interest in the Installment Purchase Agreement dated February 1, 2011 to Bank of America. Semiannual principal and interest payments of \$300,858 are due February 1 and August 1, commencing August 1, 2011 through February 1, 2031. Interest is at 4.68%. The District has pledged its Net Revenues for the repayment of the Installment Sale Agreement. The Installment Purchase Agreement contains a provision that in the event of default, the Lender may by notice in writing to the District, declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

6. Long Term Obligations (Continued)

2014 Bank of America, N.A. – Master Equipment Lease/Purchase Agreement

The District entered into a Master Equipment Lease/Purchase Agreement with Bank of America, National Association for \$2,535,000. The funds were received to provide financing to replace all potable and recycled water meters with Automated Meters. This project eliminated manual reading of the meters and provided the District with timely and more accurate meter reading. Semiannual principal and interest payments of \$107,360 are due May 22 and November 22, commencing November 22, 2014 through May 22, 2029. Interest is at 3.24%. The District has pledged its Net Revenues for the repayment of the Master Equipment Lease/Purchase Agreement. The Installment Purchase Agreement contains a provision that in the event of default, the Lender may by notice in writing to the District, declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately.

2017 Bank of America, N.A. – Lease Purchase Agreement

The District entered into a Lease Purchase Agreement with Bank of America, National Association for \$11,725,000. The funds were received to provide financing for the acquisition of the Calleguas Municipal Water District (CMWD) Recycled Water Pipeline and related facilities including improvements but not limited to a supervisory control and data acquisition (“SCADA”) system. Semiannual principal and interest payments of \$488,699 are due February 15 and August 15, commencing August 15, 2017 through February 15, 2032. Interest rate for the taxable component of \$1,876,000 is at 4.39% and the tax exempt component of \$9,849,000 is at 2.74%. The District has pledged its Net Revenues for the repayment of the Master Equipment Lease/Purchase Agreement. The Installment Purchase Agreement contains a provision that in the event of default, the Lender may by notice in writing to the District, declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

6. Long Term Obligations (Continued)

The following table summarizes the District's debt at June 30, 2021:

Description	Balance June 30, 2020	Additions	Payments/ Deletions	Balance June 30, 2021	Amounts Due in One Year
Direct Borrowings:					
2017 RW System Purchase	\$ 9,779,077	\$ -	\$ (688,046)	\$ 9,091,031	\$ 708,780
2014 Automated Meter Read Loan	1,664,637	-	(162,087)	1,502,550	167,382
2011 Construction loan	5,127,759	-	(365,969)	4,761,790	383,296
Total long-term debt	16,571,473	\$ -	\$ (1,216,102)	15,355,371	\$ 1,259,458
Less current portion	(1,216,102)			(1,259,458)	
Total long-term portion	\$ 15,355,371			\$ 14,095,913	

The following table summarizes the District's debt at June 30, 2020:

Description	Balance June 30, 2019	Additions	Payments/ Deletions	Balance June 30, 2020	Amounts Due in One Year
Direct Borrowings:					
2017 RW System Purchase	\$ 10,447,018	\$ -	\$ (667,941)	\$ 9,779,077	\$ 688,046
2014 Automated Meter Read Loan	1,821,598	-	(156,961)	1,664,637	162,087
2011 Construction loan	5,477,183	-	(349,424)	5,127,759	365,969
Total long-term debt	17,745,799	\$ -	\$ (1,174,326)	16,571,473	\$ 1,216,102
Less current portion	(1,174,326)			(1,216,102)	
Total long-term portion	\$ 16,571,473			\$ 15,355,371	

The annual requirements to amortize the installment purchase agreement and master equipment lease loans are as follows:

Direct Borrowings			
Fiscal Years Ending June 30,	Principal	Interest	Total
2022	\$ 1,259,458	\$ 534,374	\$ 1,793,832
2023	1,304,457	489,375	1,793,832
2024	1,351,165	442,668	1,793,833
2025	1,399,650	394,183	1,793,833
2026	1,449,983	343,849	1,793,832
2027-2031	7,635,035	904,688	8,539,723
2032	955,623	21,774	977,397
Total	15,355,371	3,130,911	18,486,282
Less current portion	(1,259,458)	(534,374)	(1,793,832)
Total non-current	\$ 14,095,913	\$ 2,596,537	\$ 16,692,450

Developer Refund Agreements - Long-term payables consisting of Developer Refund Agreements acquired by the District with the purchase of the Metropolitan Water Company for the repayment of water system construction costs. Developer Refund Agreements are paid at the rate of one-fortieth of the total agreement amount annually in October with no interest accruing or paid.

TRIUNFO WATER & SANITATION DISTRICT

**Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2021 and June 30, 2020**

B. DETAILED NOTES (Continued)

6. Long Term Obligations (Continued)

The following summarizes the District's Developer Refund Agreement obligations at June 30, 2021:

<u>Developer/Tract</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Payments/ Deletions</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due in One Year</u>
CalProp/4315	\$ 44,928	\$ -	\$ (3,744)	\$ 41,184	\$ 3,744
Grupe/3984	27,118	-	(4,930)	22,188	4,930
Morrison/4071	153,883	-	(11,835)	142,048	11,835
Warmington/4474	107,911	-	(6,745)	101,166	6,745
Total developer refunds	333,840	\$ -	\$ (27,254)	306,586	\$ 27,254
Less current portion	(27,254)			(27,254)	
Total long-term portion	\$ 306,586			\$ 279,332	

The following summarizes the District's Developer Refund Agreement obligations at June 30, 2020:

<u>Developer/Tract</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Payments/ Deletions</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due in One Year</u>
CalProp/4315	\$ 48,672	\$ -	\$ (3,744)	\$ 44,928	\$ 3,744
Grupe/3984	32,048	-	(4,930)	27,118	4,930
Morrison/4071	165,718	-	(11,835)	153,883	11,835
Warmington/4474	114,656	-	(6,745)	107,911	6,745
Total developer refunds	361,094	\$ -	\$ (27,254)	333,840	\$ 27,254
Less current portion	(27,254)			(27,254)	
Total long-term portion	\$ 333,840			\$ 306,586	

The annual maturities of the Developer Refund Agreements are as follows:

<u>Fiscal Years Ending June 30,</u>	<u>Principal</u>
2022	\$ 27,254
2023	27,254
2024	27,254
2025	27,254
2026	24,788
2027-2031	111,618
2032-2035	61,164
Total	306,586
Less current portion	(27,254)
Total non-current	\$ 279,332

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

7. Employees' Retirement Plan – Defined Contribution and Deferred Compensation Plan

- a. *Defined Contribution Plan* – All permanent employees are covered under the Triunfo Water & Sanitation District's Pension Plan (the Plan) 401(a) administered by the District through Lincoln Financial Group acting as trustee. The Plan is fully funded by a contribution rate of 16.5% of eligible salaries and wages made entirely by the District. The Board of Directors of the District has the authority, in its sole discretion, to amend, reduce contributions or terminate the plan at any time.

The District's contributions to the employees' retirement plans for the year ended June 30, 2021 were \$50,605.

- b. *Deferred Compensation – Employee Contribution Deferred Compensation Plan* – The District offer to its employees a deferred compensation plan created in accordance with Section 457(b) of the Internal Revenue Code. The plan is available to all District employees and allows a portion of an employee's compensation deferred to provide funds upon retirement, termination, unforeseeable emergencies, reaching 70 and a half, or upon death. The annual plan contribution limits for 2021 and 2020 was \$19,500. Furthermore, the contribution limit for 2022 will be \$20,500.

The plan is administered by Lincoln Financial Group. While the District has fiduciary duties under California law, it does not perform investing functions and has no fiduciary accountability for the plan. The plan's assets and any related liability to plan participants have been excluded from the accompanying basic financial statements.

8. Net Position

The following is the detail of net position:

The balance at June 30, consisted of the following:

	2021	2020
Capital assets, net	\$ 34,209,994	\$ 35,519,593
Portion of loans payable used to purchase capital assets	(15,355,371)	(16,571,473)
Developer refund agreements	(306,586)	(333,840)
Total net investment in capital assets	<u>\$ 18,548,037</u>	<u>\$ 18,614,280</u>

Restricted for:

	2021	2020
Loan reserve requirement	\$ 602,000	\$ 602,000
Total restricted	<u>\$ 602,000</u>	<u>\$ 602,000</u>

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2021 and June 30, 2020

B. DETAILED NOTES (Continued)

9. Management Agreement (Continued)

The District has an agreement with the Ventura Regional Sanitation District (VRSD) for VRSD to provide staffing, management, operation and maintenance of facilities; to provide staffing for the administration and management of the District; and support services to the District Governing Board, as well as other closely-related services. The agreement to provide staffing for administration and management expired June 30, 2021. The total cost of services paid by the District to VRSD in fiscal year 2021 was \$4,919,819 and \$4,534,375 in fiscal year 2020. The increase of \$385,444 in fiscal year 2021 is mainly due to the labor rate increases in the different classifications. The agreement to provide operation and maintenance of facilities will expire June 30, 2022.

The original agreement between the two agencies started back in September 1977. Since then, the two agencies have determined it would be to the mutual benefit of both parties to revise and/or amend the contract to reflect changes that have occurred during the past years. The District has the right to evaluate the performance of VRSD's services under the agreement. Both the District and VRSD may terminate this agreement for its convenience and without cause by giving the party one year prior written notice. In addition, both parties may also terminate this agreement in the event of a material default if such default remains uncured upon the expiration of sixty (60) days after receipt of written notice. The current contract was amended for VRSD to only provide operation and maintenance services. This contract amendment will expire on June 30, 2022.

C. OTHER INFORMATION

1. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The following is how these risks are addressed.

Liability and Worker's Compensation Insurance

The District's liability and workers' compensation coverage is provided through California Sanitation Risk Management Authority (CSRMA). CSRMA is a joint powers authority (JPA) created to provide self-insurance program to sanitation agencies in the State of California. CSRMA provides liability, property and workers' compensation insurance for approximately 58 sanitation agencies for losses in excess of the members' specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers.

A Board of Directors composed of members from participating districts governs CSRMA. The Board controls the operations of CSRMA, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the Board. Each member of CSRMA shares surpluses and deficiencies proportionate to its participation in CSRMA.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Years Ended June 30, 2021 and June 30, 2020

C. OTHER INFORMATION (Continued)

1. Risk Management (Continued)

Liability and Worker's Compensation Insurance (Continued)

The financial statements of CSRMA may be obtained from:

CSRMA
c/o Driver Alliant Insurance Services
100 Pine Street, 11th Floor
San Francisco, California 94111-5101

Property Insurance

The District has property insurance coverage with Hanover Insurance Group through Tolman & Wiker Insurance Service LLC, for the following properties located within the unincorporated areas of Oak Park and Lake Sherwood in the City of Thousand Oaks, California:

• Pump Station (4 pump)	\$777,242
• Sherwood RW System (pipeline/meters)	\$2,232,227
• 1.8 MG Reservoir	\$2,057,417
• Oak Park/North Ranch RW System	\$6,553,114
• SCADA System	\$105,000

Joint Venture Insurance

The District is insured for a variety of potential exposures associated with the LVMWD/TWSD Joint Venture. The LVMWD/TWSD Joint Venture is a named insured in the liability and property insurance program of the LVMWD. LVMWD retained Allied World Assurance Company/Joint Powers Risk and Insurance Management Authority, for general liability, property, inverse condemnation, auto and physical damage. The coverage for the general liability provides \$11 million per occurrence and \$20 million in the aggregate with a \$100,000 deductible per occurrence. The coverage for the property provides \$61 million of coverage with a deductible of \$100,000 per occurrence.

Effective August 1, 2012, the LVMWD/TWSD Joint Power's Authority retained ACWA/JPIA for its workers' compensation insurance coverage.

Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2021 and 2020.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2021 and June 30, 2020

C. OTHER INFORMATION (Continued)

2. Commitments and Contingencies

The District had contractual commitments with outside firms for engineering, consulting, or other various supplies and services totaling approximately \$74,840 and \$21,920 in fiscal years 2021 and 2020, respectively.

Liability and Worker's Compensation Insurance

The District is involved in litigation encountered in the normal course of business. In certain of these matters, the defense costs and settlement costs, if any, are covered by the District's liability insurance policies. In the opinion of management, there is no pending litigation that would materially affect the District's liability insurance policies or financial position.

3. Subsequent Events

On August 2, 2021, the District refinanced all outstanding debt (2011 Construction Loan, 2014 Meter Read Loan, and 2017 RW System Purchase Loan). The debt was refinanced as follows:

- Direct borrowing of \$4,925,000 (Series A) with a stated interest rate of 1.960% and \$1,528,000 (Series B) with a stated interest rate of 1.700% to refinance the 2011 Construction Loan and 2014 Meter Read Loan, respectively. Economic gain on the refunding was \$515,700 and 60,170, for the 2011 Construction Loan and 2014 Meter Read Loan, respectively.
- Direct borrowing of \$5,569,000 (Series A) with a stated interest rate of 2.550% and \$3,249,000 (Series B) with a stated interest rate of 3.950% to refinance the 2017 RW System Purchase Loan. Economic loss on the refunding was \$107,485.

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Supplementary Section



Supplementary Section

Annual Comprehensive Financial Report
For the Fiscal Years Ended
June 30, 2021 and June 30, 2020



TRIUNFO
WATER & SANITATION DISTRICT



TRIUNFO
WATER & SANITATION DISTRICT

**COMBINING
SUPPLEMENTARY SCHEDULES
FISCAL YEAR ENDED JUNE 30, 2021**



TRIUNFO
WATER & SANITATION DISTRICT

TYPES OF OPERATIONS

Wastewater Operations – The Triunfo Water & Sanitation District owns, operates and maintains a wastewater collection system including piping; pump stations, force mains and pressure mains within its boundaries. The collection system delivers effluent to the Tapia Wastewater Reclamation Facility located in Los Angeles County. There is a joint partnership between the Triunfo Water & Sanitation District and the Las Virgenes Municipal Water District for the ownership and operation of this facility.

Recycled Water Operations – The District provides recycled water from Tapia through two pipelines to the communities of Oak Park, Lake Sherwood and North Ranch. The recycled water from Tapia travels through 5.4 miles of District retail recycled water lines to irrigate 7 parks, 6 schools, a golf course, 15 acres of landscaping and medians, and 16 homeowners associations. In hot summer months, local irrigation consumes all of the recycled water Tapia produces.

Potable Water Operations – The District provides potable water service to households in the community of Oak Park. The Oak Park community is mostly residential and is located at the eastern edge of the county.

TRIUNFO WATER & SANITATION DISTRICT

Combining Schedule of Net Position June 30, 2021

	Wastewater	Recycled Water	Potable Water	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 10,093,898	\$ 4,384,976	\$ 5,504,686	\$ 19,983,560
Accrued interest receivable	16,529	-	544	17,073
Accounts receivable - water sales and services, net	-	781,754	455,993	1,237,747
Accounts receivable - sanitation fees	353,396	-	-	353,396
Accounts receivable - other, net	30,177	-	7,559	37,736
Advance deposits - investment-in-joint venture LVMWD/TWSD	2,453,224	-	-	2,453,224
Water-in-storage inventory	-	-	23,925	23,925
Prepaid and other	43,672	22,404	21,194	87,270
Total current assets - unrestricted	<u>12,990,896</u>	<u>5,189,134</u>	<u>6,013,901</u>	<u>24,193,931</u>
Restricted current assets:				
Cash and cash equivalents	643,200	-	672,915	1,316,115
Total current assets - restricted	<u>643,200</u>	<u>-</u>	<u>672,915</u>	<u>1,316,115</u>
Total current assets - unrestricted and restricted	<u>13,634,096</u>	<u>5,189,134</u>	<u>6,686,816</u>	<u>25,510,046</u>
Non-current assets - capital assets, net				
Capital assets, net	6,712,347	12,256,365	15,241,282	34,209,994
Investment-in-joint venture LVMWD/TWSD	32,620,366	-	-	32,620,366
Total non-current assets	<u>39,332,713</u>	<u>12,256,365</u>	<u>15,241,282</u>	<u>66,830,360</u>
Total assets	<u>52,966,809</u>	<u>17,445,499</u>	<u>21,928,098</u>	<u>92,340,406</u>
LIABILITIES				
Current liabilities:				
Payable from current assets:				
Accounts payable and accrued expenses	3,939,252	891,612	581,683	5,412,547
Accrued interest payable - loan	-	102,255	96,768	199,023
Loan payable - current portion	-	712,580	546,878	1,259,458
Developer refund agreements - current portion	-	-	27,254	27,254
Payable from current assets - unrestricted	<u>3,939,252</u>	<u>1,706,447</u>	<u>1,252,583</u>	<u>6,898,282</u>
Payable from restricted current assets:				
Customer deposits	40,000	-	66,085	106,085
Unearned revenue	603,200	-	4,830	608,030
Payable from restricted current assets	<u>643,200</u>	<u>-</u>	<u>70,915</u>	<u>714,115</u>
Total current liabilities - unrestricted and restricted	<u>4,582,452</u>	<u>1,706,447</u>	<u>1,323,498</u>	<u>7,612,397</u>
Non-current liabilities:				
Loans payable	-	8,412,559	5,683,354	14,095,913
Developer refund agreements	-	-	279,332	279,332
Total non-current liabilities	<u>-</u>	<u>8,412,559</u>	<u>5,962,686</u>	<u>14,375,245</u>
Total liabilities	<u>4,582,452</u>	<u>10,119,006</u>	<u>7,286,184</u>	<u>21,987,642</u>
NET POSITION				
Net investment in capital assets	6,712,347	3,131,226	8,704,464	18,548,037
Restricted:				
Conifer loan reserve requirement	-	-	602,000	602,000
Unrestricted	41,672,010	4,195,267	5,335,450	51,202,727
Total net position	<u>\$ 48,384,357</u>	<u>\$ 7,326,493</u>	<u>\$ 14,641,914</u>	<u>\$ 70,352,764</u>

TRIUNFO WATER & SANITATION DISTRICT

Combining Schedule of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30, 2021

	Wastewater	Recycled Water	Potable Water	Total
Operating revenues:				
Sanitation fees	\$ 11,204,741	\$ -	\$ -	\$ 11,204,741
Potable water sales	-	-	7,668,684	7,668,684
Recycled water sales	-	2,745,232	-	2,745,232
Water meter service fees	-	223,216	2,073,206	2,296,422
Connection fees	59,892	-	-	59,892
Other charges for services	42,927	-	23,873	66,800
	<u>11,307,560</u>	<u>2,968,448</u>	<u>9,765,763</u>	<u>24,041,771</u>
Total operating revenues				
Operating expenses:				
Wastewater treatment	5,995,456	-	-	5,995,456
Potable water purchased	-	-	3,864,442	3,864,442
Recycled water purchased	-	646,629	-	646,629
Professional services	320,221	7,332	33,113	360,666
Operations, management and admin	2,914,849	470,868	3,027,865	6,413,582
	<u>9,230,526</u>	<u>1,124,829</u>	<u>6,925,420</u>	<u>17,280,775</u>
Total operating expenses				
Operating income before depreciation	2,077,034	1,843,619	2,840,343	6,760,996
Depreciation and amortization	(329,479)	(394,199)	(687,169)	(1,410,847)
	<u>1,747,555</u>	<u>1,449,420</u>	<u>2,153,174</u>	<u>5,350,149</u>
Operating income				
Non-operating revenue (expense):				
Change in investment-in-joint venture LVMWD/TWSD	(4,737,936)	-	-	(4,737,936)
Rental revenue - cellular antennas	20	-	185,752	185,772
Interest and investment earnings	33,261	-	309	33,570
Interest expense	-	(282,047)	(278,928)	(560,975)
Other income (expense),net	914	-	1,554	2,468
Central administration expense allocation	906,079	(234,909)	(671,170)	-
	<u>(3,797,662)</u>	<u>(516,956)</u>	<u>(762,483)</u>	<u>(5,077,101)</u>
Total non-operating revenues, net				
Change in net position	(2,050,107)	932,464	1,390,691	273,048
Net position, beginning of fiscal year	<u>50,434,464</u>	<u>6,394,029</u>	<u>13,251,223</u>	<u>70,079,716</u>
Net position, end of fiscal year	<u>\$ 48,384,357</u>	<u>\$ 7,326,493</u>	<u>\$ 14,641,914</u>	<u>\$ 70,352,764</u>

TRIUNFO WATER & SANITATION DISTRICT

Combining Schedule of Cash Flows For the Fiscal Year Ended June 30, 2021

	Wastewater	Recycled Water	Potable Water	Total
Cash flows from operating activities:				
Receipts from customers for water sales and services	\$ -	\$ 3,344,346	\$ 9,706,908	\$ 13,051,254
Receipts from customers for sanitation services	14,398,303	-	-	14,398,303
Receipts for other services	102,819	-	23,873	126,692
Payments to vendors for materials and services	(9,230,526)	(1,124,829)	(6,925,420)	(17,280,775)
Advance deposits - investment-in-joint venture LVMWD/TWSD facility	(2,499,115)	-	-	(2,499,115)
Net cash provided by (used in) operating activities	<u>2,771,481</u>	<u>2,219,517</u>	<u>2,805,361</u>	<u>7,796,359</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(88,812)	-	-	(88,812)
Principal paid on long-term debt	-	(691,726)	(551,630)	(1,243,356)
Interest paid on long-term debt	-	(290,546)	(287,185)	(577,731)
Net cash provided by (used in) capital and related financing activities	<u>(88,812)</u>	<u>(982,272)</u>	<u>(838,815)</u>	<u>(1,909,899)</u>
Cash flows from non-capital financing activities:				
Transfers in (out)	906,079	(234,909)	(671,170)	-
Net cash provided by (used in) non-capital financing activities	<u>906,079</u>	<u>(234,909)</u>	<u>(671,170)</u>	<u>-</u>
Cash flows from investing activities:				
Proceeds from rental revenue - cellular antennas	20	-	185,752	185,772
Proceeds from interest and investment earnings	69,188	-	2,109	71,297
Net cash provided by investing activities	<u>69,208</u>	<u>-</u>	<u>187,861</u>	<u>257,069</u>
Net increase in cash and cash equivalents	3,657,956	1,002,336	1,483,237	6,143,529
Cash and cash equivalents (unrestricted and restricted, beginning of year)	<u>7,079,142</u>	<u>3,382,640</u>	<u>4,694,364</u>	<u>15,156,146</u>
Cash and cash equivalents (unrestricted and restricted, end of year)	<u>\$ 10,737,098</u>	<u>\$ 4,384,976</u>	<u>\$ 6,177,601</u>	<u>\$ 21,299,675</u>
Reconciliation of cash and cash equivalents to statement of net position:				
Cash and cash equivalents	\$ 10,093,898	\$ 4,384,976	\$ 5,504,686	\$ 19,983,560
Restricted cash and cash equivalents	643,200	-	672,915	1,316,115
Total cash and cash equivalents	<u>\$ 10,737,098</u>	<u>\$ 4,384,976</u>	<u>\$ 6,177,601</u>	<u>\$ 21,299,675</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	<u>\$ 1,747,555</u>	<u>\$ 1,449,420</u>	<u>\$ 2,153,174</u>	<u>\$ 5,350,149</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	329,479	394,199	687,169	1,410,847
Other non-operating income, net	914	-	1,694	2,608
Changes in assets and liabilities:				
(Increase) decrease in net assets:				
Accounts receivable - water sales and services, net	-	(77,417)	(23,754)	(101,171)
Accounts receivable - sanitation fees	(59,315)	-	-	(59,315)
Accounts receivable - other, net	(18,466)	-	-	(18,466)
Water in-storage inventory	-	-	(367)	(367)
Prepaid and other	(6,711)	(56)	(1,815)	(8,582)
Advance deposits - investment-in-joint venture LVMWD/TWSD facility	(2,499,115)	-	-	(2,499,115)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	3,273,140	453,371	(19,990)	3,706,521
Customer deposits	4,000	-	9,250	13,250
Total adjustments	<u>1,023,926</u>	<u>770,097</u>	<u>652,187</u>	<u>2,446,210</u>
Net cash provided by (used in) operating activities	<u>\$ 2,771,481</u>	<u>\$ 2,219,517</u>	<u>\$ 2,805,361</u>	<u>\$ 7,796,359</u>

TRIUNFO WATER & SANITATION DISTRICT

**Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021**

	Budget	Actual	Variance
Operating revenues			
Sanitation fees	\$ 11,220,872	\$ 11,204,741	\$ (16,131)
Potable water sales	7,245,686	7,668,684	422,998
Recycled water sales	2,873,597	2,745,232	(128,365)
Water meter service fees	2,263,044	2,296,422	33,378
Connection fees	154,000	59,892	(94,108)
Other charges for services	144,847	66,800	(78,047)
Total operating revenues	<u>23,902,046</u>	<u>24,041,771</u>	<u>139,725</u>
Operating expenses			
Wastewater treatment	5,692,486	5,995,456	(302,970)
Potable water purchased	3,864,809	3,864,442	367
Recycled water purchased	623,345	646,629	(23,284)
Professional services	313,549	360,666	(47,117)
Operations, management and admin	6,502,755	6,413,582	89,173
Total operating expenses	<u>16,996,944</u>	<u>17,280,775</u>	<u>(283,831)</u>
Operating income before depreciation	6,905,102	6,760,996	(144,106)
Depreciation and amortization	<u>(1,439,723)</u>	<u>(1,410,847)</u>	<u>28,876</u>
Operating income	<u>5,465,379</u>	<u>5,350,149</u>	<u>(115,230)</u>
Non-operating revenue (expense)			
Change in investment-in-joint venture LVMWD/TWSD	(3,272,373)	(4,737,936)	(1,465,563)
Rental revenue - cellular antennas	181,768	185,772	4,004
Interest and investment earnings	253,581	33,570	(220,011)
Interest expense	(561,030)	(560,975)	55
Other income (expenses), net	<u>-</u>	<u>2,468</u>	<u>2,468</u>
Total non-operating expenses, net	<u>(3,398,054)</u>	<u>(5,077,101)</u>	<u>(1,679,047)</u>
Change in net position	2,067,325	273,048	<u>\$ (1,794,277)</u>
Net position, beginning of fiscal year	<u>70,079,716</u>	<u>70,079,716</u>	
Net position, ending of fiscal year	<u>\$ 72,147,041</u>	<u>\$ 70,352,764</u>	

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Statistical Section



Annual Comprehensive Financial Report
For the Fiscal Years Ended
June 30, 2021 and June 30, 2020



TRIUNFO
WATER & SANITATION DISTRICT

**Triunfo Water & Sanitation District
Statistical Section**

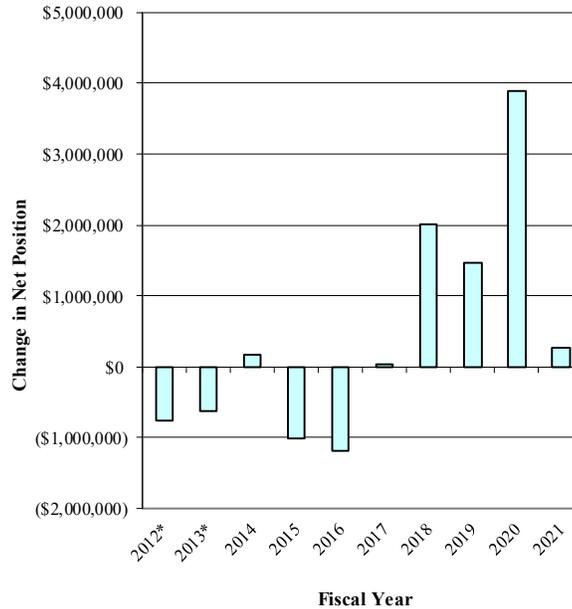
This part of the District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	58-61
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenues, wastewater service, potable water sales, and recycled water sales.	62-65
Debt Capacity These schedules 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.	66-67
Demographic Information These schedules offer demographic indicators to help the reader understand the environment within which the District's financial activities take place.	68-71
Operating Information This schedule contains 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.	72

Triunfo Water & Sanitation District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2012*	2013*	2014	2015	2016
Changes in net position:					
Operating revenues (see Schedule 2)	\$13,744,712	\$15,176,216	\$16,262,169	\$15,009,561	\$15,008,613
Operating expenses (see Schedule 3)	(12,026,778)	(13,035,013)	(13,461,380)	(13,372,916)	(12,902,162)
Depreciation and amortization	(905,549)	(904,630)	(865,402)	(899,549)	(1,288,281)
Operating income(loss)	812,385	1,236,573	1,935,387	737,096	818,170
Non-operating revenues(expenses)					
Investment income/(loss)	51,006	11,586	26,290	38,939	69,338
Rental income - cellular antennas	169,416	149,093	153,863	120,147	112,270
Change in investment in LVMWD/TWSD Joint Venture	(1,920,297)	(2,018,902)	(1,917,034)	(1,915,400)	(1,827,859)
Gain/(loss) on sale of assets	-	-	-	28,179	-
Interest expense	(23,281)	(9,081)	(236)	(26,078)	(367,450)
Bond administration expense	-	-	(20,000)	-	-
Other revenue/(expense), net	153,259	-	-	-	11,450
Total non-operating revenues(expenses), net	(1,569,897)	(1,867,304)	(1,757,117)	(1,754,213)	(2,002,251)
Net income before capital contributions	(757,512)	(630,731)	178,270	(1,017,117)	(1,184,081)
Capital contributions	-	-	-	-	-
Changes in net position	\$ (757,512)	\$ (630,731)	\$ 178,270	\$ (1,017,117)	\$ (1,184,081)
Net position by component:					
Net investment in capital assets	\$22,233,510	\$21,726,237	\$21,228,218	\$21,277,799	\$20,705,185
Restricted	602,000	602,000	602,000	602,000	602,000
Unrestricted	42,497,671	42,374,213	43,050,502	41,983,804	41,372,337
Total net position	\$65,333,181	\$64,702,450	\$64,880,720	\$63,863,603	\$62,679,522

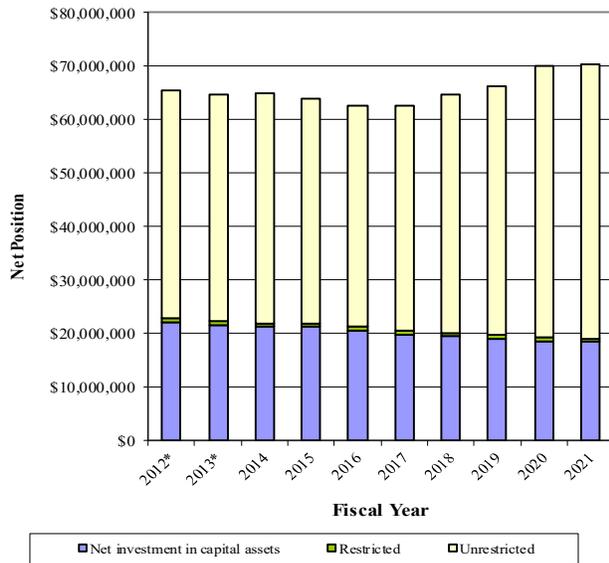


* The presentation of certain prior year balances have been reclassified to conform to current year presentation.

Source: Triunfo Water & Sanitation District

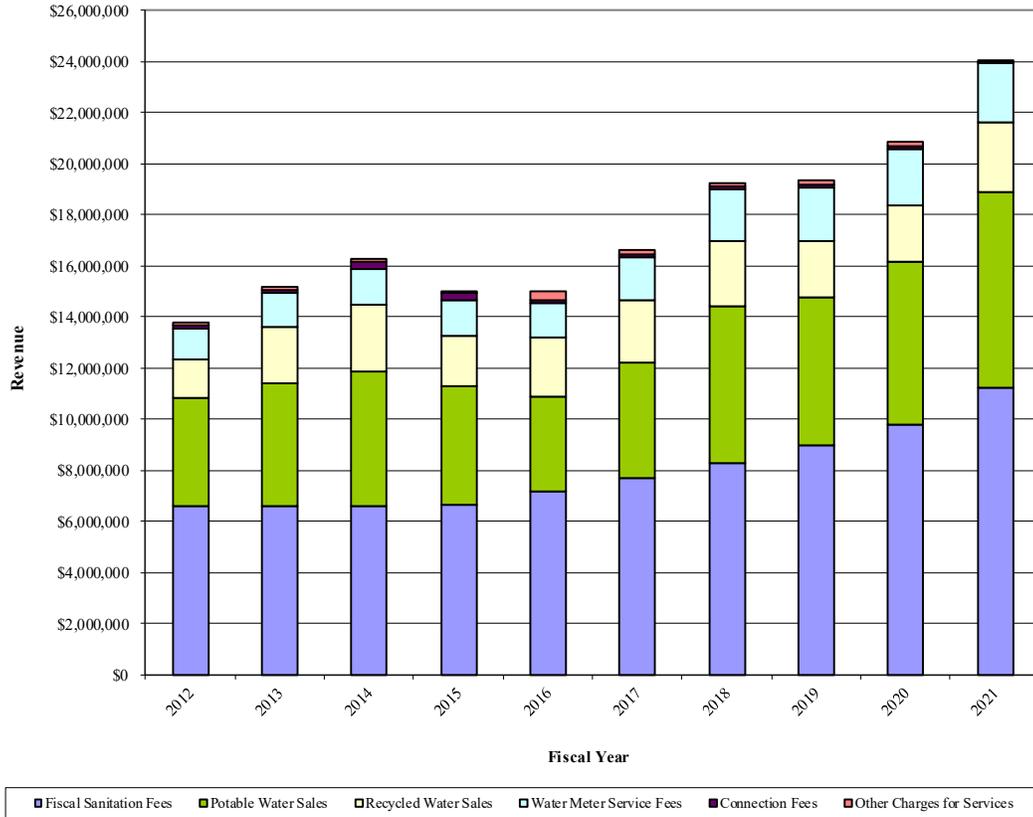
Triunfo Water & Sanitation District
Changes in Net Position and Net Position by Component (Continued)
Last Ten Fiscal Years

Fiscal Year				
2017	2018	2019	2020	2021
\$16,586,688	\$19,227,754	\$19,359,355	\$ 20,851,006	\$ 24,041,771
(13,129,632)	(13,568,268)	(14,995,312)	(14,305,407)	(17,280,775)
(1,271,388)	(1,563,459)	(1,526,799)	(1,505,341)	(1,410,847)
2,185,668	4,096,027	2,837,244	5,040,258	5,350,149
50,628	160,050	335,873	313,269	33,570
111,672	175,394	171,925	181,379	185,772
(1,874,056)	(1,744,428)	(1,610,974)	(1,068,966)	(4,737,936)
-	-	-	-	-
(444,335)	(684,922)	(645,601)	(606,272)	(560,975)
-	-	-	-	-
7,249	2,506	383,843	26,764	2,468
(2,148,842)	(2,091,400)	(1,364,934)	(1,153,827)	(5,077,101)
36,826	2,004,627	1,472,310	3,886,431	273,048
-	-	-	-	-
\$ 36,826	\$ 2,004,627	\$ 1,472,310	\$ 3,886,431	\$ 273,048
\$ 19,800,725	\$ 19,528,285	\$ 19,157,347	\$ 18,614,280	\$ 18,548,037
668,312	644,392	602,000	602,000	602,000
42,247,311	44,548,298	46,433,938	50,863,436	51,202,727
\$ 62,716,348	\$ 64,720,975	\$ 66,193,285	\$ 70,079,716	\$ 70,352,764



**Triunfo Water & Sanitation District
Operating Revenue By Source
Last Ten Fiscal Years**

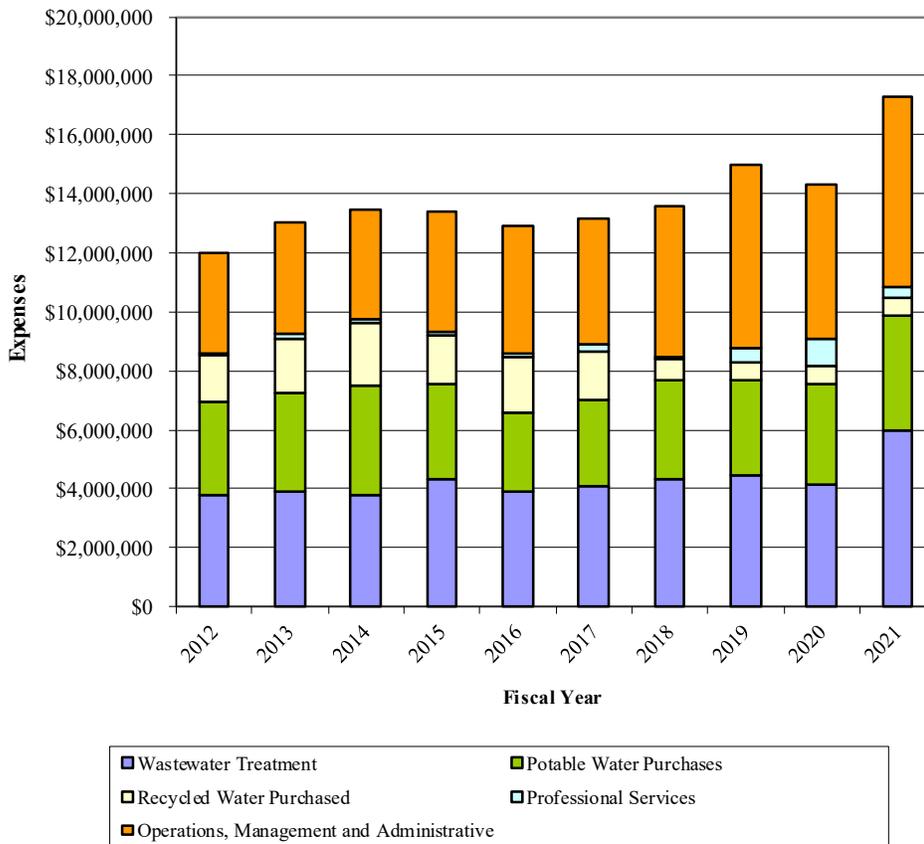
Fiscal Year	Sanitation Fees	Potable Water Sales	Recycled Water Sales	Water Meter Service Fees	Connection Fees	Other Charges for Services	Total Operating Revenue
2012	6,573,309	4,245,741	1,481,830	1,263,052	80,960	99,820	13,744,712
2013	6,594,736	4,779,539	2,211,030	1,327,623	115,299	147,989	15,176,216
2014	6,590,649	5,282,011	2,580,139	1,385,935	309,650	113,785	16,262,169
2015	6,644,859	4,622,483	1,994,508	1,385,771	262,406	99,534	15,009,561
2016	7,144,479	3,725,085	2,295,803	1,379,077	107,975	356,194	15,008,613
2017	7,657,139	4,575,323	2,406,038	1,679,051	138,650	130,487	16,586,688
2018	8,253,307	6,149,583	2,575,319	2,034,687	91,279	123,579	19,227,754
2019	8,986,193	5,790,358	2,176,845	2,110,905	118,833	176,221	19,359,355
2020	9,752,279	6,395,205	2,208,635	2,177,628	166,166	151,093	20,851,006
2021	11,204,741	7,668,684	2,745,232	2,296,422	59,892	66,800	24,041,771



Source: Triunfo Water & Sanitation District

**Triunfo Water & Sanitation District
Operating Expenses by Activity
Last Ten Fiscal Years**

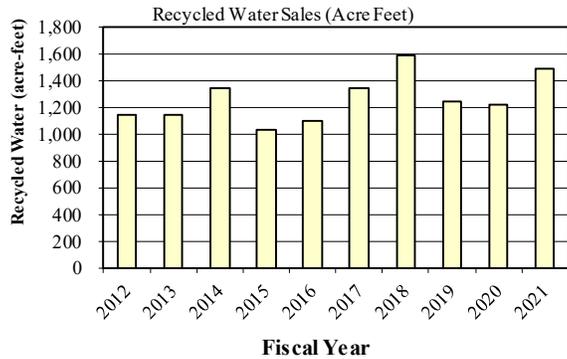
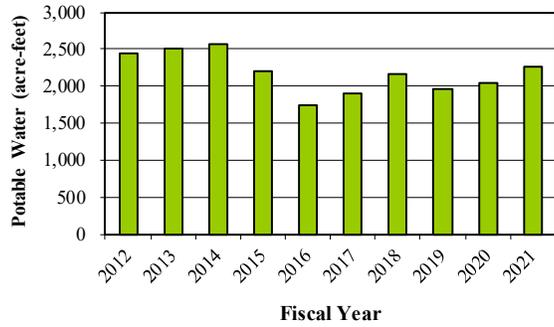
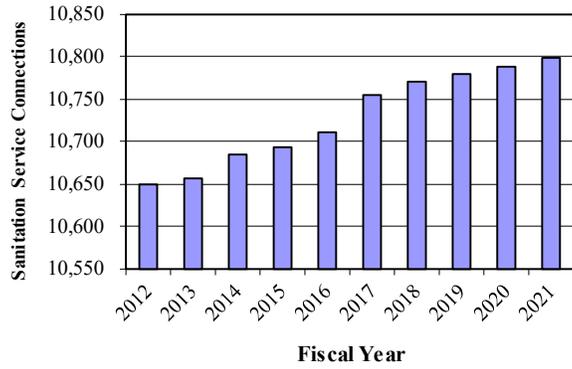
Fiscal Year	Wastewater Treatment	Potable Water Purchases	Recycled Water Purchased	Professional Services	Operations, Management and Administrative	Total Operating Expenses
2012	3,766,205	3,148,276	1,583,652	106,839	3,421,806	12,026,778
2013	3,873,043	3,386,897	1,838,525	181,497	3,755,051	13,035,013
2014	3,783,274	3,731,891	2,131,331	95,968	3,718,916	13,461,380
2015	4,305,047	3,223,673	1,665,181	127,670	4,051,345	13,372,916
2016	3,917,234	2,680,573	1,871,720	94,030	4,338,605	12,902,162
2017	4,058,695	2,961,082	1,629,682	230,423	4,249,750	13,129,632
2018	4,309,990	3,366,431	716,702	103,494	5,071,651	13,568,268
2019	4,458,737	3,232,450	564,870	504,359	6,234,896	14,995,312
2020	4,120,929	3,436,768	597,313	936,461	5,213,936	14,305,407
2021	5,995,456	3,864,442	646,629	360,666	6,413,582	17,280,775



Source: Triunfo Water & Sanitation District

**Triunfo Water & Sanitation District
Revenue Base
Last Ten Fiscal Years**

Fiscal Year	Sanitation Service Connections	Potable Water Sales (Acre Feet)	Recycled Water Sales (Acre Feet)
2012	10,650	2,444	1,138
2013	10,656	2,503	1,140
2014	10,685	2,560	1,343
2015	10,693	2,213	1,028
2016	10,711	1,746	1,099
2017	10,755	1,912	1,334
2018	10,771	2,167	1,583
2019	10,779	1,959	1,240
2020	10,787	2,035	1,212
2021	10,799	2,257	1,482



Note: See Schedule 2 "Operating Revenue by Source" for information regarding sanitation revenues.

Source: Triunfo Water & Sanitation District

**Triunfo Water & Sanitation District
Revenue Rates⁽¹⁾
Last Ten Fiscal Years**

Sanitation Fees

Connection Type⁽²⁾	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single/Multi Residential	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 44.52	\$ 47.41	\$ 50.49	\$ 55.03	\$ 59.98	\$ 68.98
Apartment Units	33.44	33.44	33.44	33.44	35.61	37.92	40.38	44.01	47.97	55.17
Commercial/Hotels	41.80	41.80	41.80	41.80	44.52	47.41	50.49	55.03	59.98	68.98
Shopping Centers	74.22	74.22	74.22	74.22	79.04	84.18	89.65	97.72	106.51	122.49
Restaurants & Markets	96.14	96.14	96.14	96.14	102.39	109.05	116.14	126.59	137.96	158.68

Potable Water Consumption Fees

Water Consumed⁽³⁾	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
0 - 6 HCF	\$ 3.33	\$ 3.67	\$ 3.93	\$ 4.01	\$ 4.24					
6 - 28 HCF	4.07	4.49	4.75	4.83	5.33					
Over 28 HCF	5.19	5.73	5.99	6.07	6.79					
						2017	2018	2019	2020	2021
0 - 7 HCF						\$ 5.06	\$ 5.88	\$ 6.16	\$ 6.45	\$ 6.92
>7 - 28 HCF						5.78	6.69	7.00	7.31	7.83
Over 28 HCF						7.14	8.23	8.58	8.94	9.56

Recycled Water Consumption Fees

Water Consumed⁽³⁾	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
All Units (HCF)	\$ 2.60	\$ 2.86	\$ 2.96	\$ 3.03	\$ 3.25	\$ 3.82	\$ 4.63	\$ 4.93	\$ 5.23	\$ 5.39

Potable Water Meter Service Fees

Meter Size	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
5/8 inch	\$ 13.75	\$ 14.51	\$ 15.23	\$ 15.23	\$ 15.23	\$ N/A				
3/4 inch	20.63	21.76	22.85	22.85	22.85	24.79	28.02	28.87	29.74	31.53
1 inch	34.39	36.28	38.10	38.10	38.10	39.15	44.24	45.57	46.94	49.76
1 1/2 inch	68.77	72.55	76.18	76.18	76.18	75.05	84.81	87.36	89.99	94.72
2 inch	110.04	116.09	121.90	121.90	121.90	118.14	133.50	137.51	141.64	148.02
3 inch	206.31	217.66	228.54	228.54	228.54	254.57	287.67	296.31	305.20	316.78
4 inch	343.87	362.78	380.92	380.92	380.92	455.63	514.87	530.32	546.23	565.49
6 inch	687.68	725.51	761.78	761.78	761.78	1,008.55	1,139.67	1,173.87	1,209.09	1,249.44

Recycled Water Meter Service Fees

Meter Size	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
5/8 inch	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.71	\$ N/A				
3/4 inch	19.74	19.74	19.74	19.74	20.53	N/A	N/A	N/A	N/A	N/A
1 inch	32.91	32.91	32.91	32.91	34.23	N/A	N/A	N/A	N/A	N/A
1 1/2 inch	65.81	65.81	65.81	65.81	68.45	N/A	N/A	N/A	N/A	N/A
2 inch	105.30	105.30	105.30	105.30	109.52	125.95	144.84	149.19	153.66	154.37
3 inch	197.43	197.43	197.43	197.43	205.33	236.13	271.55	279.70	288.09	289.43
4 inch	329.06	329.06	329.06	329.06	342.23	393.56	452.60	466.18	480.16	482.38
6 inch	658.07	658.07	658.07	658.07	684.40	787.06	905.12	932.27	960.24	964.68

(1) Rates as of June 30 of each fiscal year.

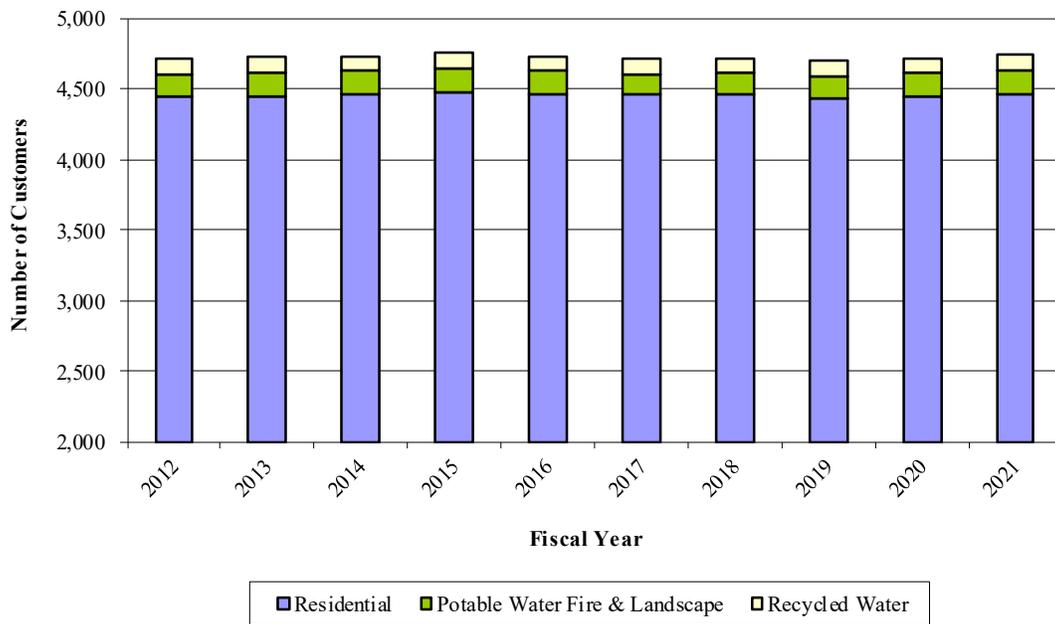
(2) Per Equivalent Residential Unit (ERU)

(3) Per Hundred Cubic Feet (HCF)

Source: Triunfo Water & Sanitation District Board of Directors approved rate ordinances and resolutions

**Triunfo Water & Sanitation District
Water Customers by Type at Fiscal Year-End
Last Ten Fiscal Years**

Fiscal Year	Customer Type			Total
	Potable Water Residential	Potable Water Fire & Landscape	Recycled Water	
2012	4,443	157	107	4,707
2013	4,449	165	110	4,724
2014	4,452	169	110	4,731
2015	4,475	167	107	4,749
2016	4,457	165	106	4,728
2017	4,459	144	108	4,711
2018	4,451	155	108	4,714
2019	4,429	159	108	4,696
2020	4,442	168	108	4,718
2021	4,458	170	108	4,736



Note: Number of customers as of June 30 of fiscal year.

Source: Triunfo Water & Sanitation District

Triunfo Water & Sanitation District
Principal Customers
Current Fiscal Year and Nine Years Ago

<u>Customer</u>	<u>Potable Water - Retail</u>			
	<u>2021</u>		<u>2012</u>	
	<u>Water Consumed</u>	<u>Percentage of Total</u>	<u>Water Consumed</u>	<u>Percentage of Total</u>
ERP Operating, LLP	46,306	4.71%	45,799	4.30%
Shadow Ridge HOA	21,428	2.18%	23,408	2.20%
Morrison Estates HOA	11,555	1.18%	6,753	0.63%
Capri	7,672	0.00%	9,151	0.86%
Concord Consulting	8,533	0.87%	8,917	0.84%
Oak Park First Plaza (Shopping Center)	3,984	0.41%	7,390	0.69%
Rancho Simi Recreation & Park	6,676	0.00%	5,582	0.52%
County of Ventura	10,016	1.02%	5,896	0.55%
Regency Hills Neighborhood	12,269	1.25%	6,028	0.57%
Shadow Oaks	7,555	0.77%	5,210	0.49%
Oak Park Unified School District	2,114	0.22%	3,961	0.37%
Tract 3141 HOA	4,523	0.46%	-	0.00%
Hillcrest Homes HOA	3,059	0.31%	3,924	0.37%
Total	145,690	14.82%	132,019	12.40%
Total Potable Water Consumed	983,097	100.00%	1,064,623	100.00%

<u>Customer</u>	<u>Recycled Water - Retail and Wholesale</u>			
	<u>2021</u>		<u>2012</u>	
	<u>Water Consumed</u>	<u>Percentage of Total</u>	<u>Water Consumed</u>	<u>Percentage of Total</u>
California Water Service Company	234,591	36.34%	N/A ⁽¹⁾	N/A ⁽¹⁾
Sherwood County Club	33,452	5.18%	171,129	34.52%
Rancho Simi Recreation & Park	66,038	10.23%	55,245	11.14%
Oak Park Unified School District	44,444	6.88%	47,368	9.55%
Tract 3141 HOA	26,630	4.12%	23,597	4.76%
Country Glenn	21,905	3.39%	17,011	3.43%
County of Ventura	30,055	4.66%	19,446	3.92%
Regency Hill Neighborhood	39,789	6.16%	26,085	5.26%
Shadow Ridge HOA	12,205	1.89%	15,619	3.15%
Hidden Valley	30,672	4.75%	N/A ⁽¹⁾	N/A ⁽¹⁾
Country Vista III Owners	14,374	2.23%	16,850	3.40%
Oak Park Village Assoc	11,940	1.85%	10,016	2.02%
Total	566,095	87.69%	402,366	81.16%
Total Recycled Water Consumed	645,597	100.00%	495,772	100%

Note:
Per Hundred Cubic Feet (HCF)

(1) Recycled Water - Wholesale data for 2012 is not available

Source: Triunfo Water & Sanitation District

**Triunfo Water & Sanitation District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Developer Refund Agreements [1]	Installment Purchase Agreement [2]	Lease Purchase Agreement [3]	Lease Purchase Agreement [4]	Total	Per Capita	As a Share of Personal Income
2012	551,870	7,518,662	-	-	8,070,532	246.35	0.51%
2013	524,616	7,265,897	-	-	7,790,513	237.81	0.49%
2014	497,363	7,001,164	2,535,000	-	10,033,526	306.27	0.61%
2015	470,109	6,723,896	2,401,341	-	9,595,346	286.81	0.53%
2016	442,855	6,433,501	2,263,316	-	9,139,672	273.19	0.49%
2017	415,601	6,129,356	2,120,783	11,725,000	20,390,740	609.50	0.99%
2018	388,348	5,810,811	1,973,594	11,095,462	19,268,215	575.94	0.93%
2019	361,094	5,477,183	1,821,598	10,447,018	18,106,893	541.23	0.86%
2020	333,840	5,127,759	1,664,637	9,779,077	16,905,313	505.31	0.81%
2021	306,586	4,761,790	1,502,550	9,091,031	15,661,957	468.15	0.75%

- [1] Developer Refund Agreements acquired by the District with the purchase of the Metropolitan Water Company for the repayment of water system construction costs in the amount of \$1,419,961.
- [2] 2011 Bank of America Installment Purchase Agreement - loan in the amount of \$7,760,000 for the acquisition and construction of a single 2.1 million gallon buried water storage tank.
- [3] 2014 Bank of America Lease/Purchase Agreement - loan in the amount of \$2,535,000 for the acquisition and implementation of a new potable water automated meter read for the Oak Park service area.
- [4] 2017 Bank of America Lease/Purchase Agreement - loan in the amount of \$11,725,000 for the purchase of the recycled water system (pipelines) from Calleguas Municipal Water District.

Source: Triunfo Water & Sanitation District

Triunfo Water & Sanitation District
Pledged-Revenue Coverage
Installment Purchase Agreement
Fiscal Years 2021 and 2020

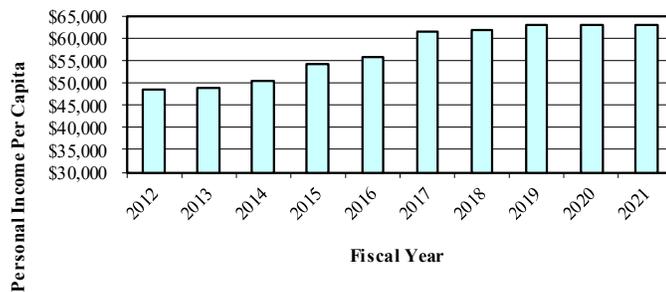
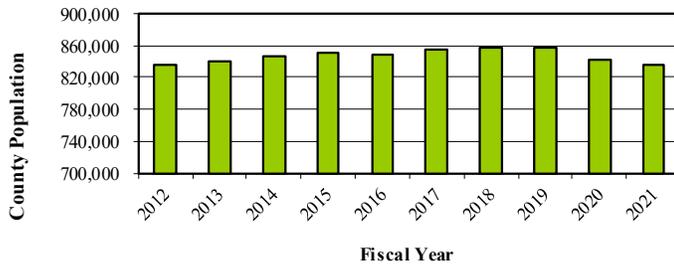
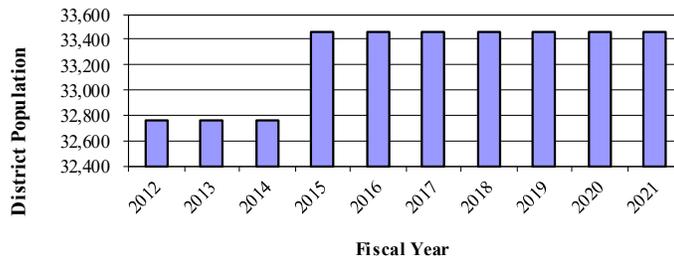
	Fiscal Year 2021			
	Wastewater	Recycled	Potable Water	Total
Revenue sources				
Operating revenues	\$ 11,307,560	\$ 2,968,448	\$ 9,773,113	\$ 24,049,121
Non-operating revenues	1,117,916	-	186,058	1,303,974
Total revenue sources	<u>12,425,476</u>	<u>2,968,448</u>	<u>9,959,171</u>	<u>25,353,095</u>
Expenses				
Operating expenses	\$ 9,052,882	\$ 1,170,884	\$ 7,057,007	\$ 17,280,773
Non-operating expenses	-	280,965	802,758	1,083,723
Total expenses	<u>9,052,882</u>	<u>1,451,849</u>	<u>7,859,765</u>	<u>18,364,496</u>
Net Revenues (Expenses)	3,372,594	1,516,599	2,099,406	6,988,599
Installment payments				
Principal	-	691,726	524,377	1,216,102
Interest	-	282,047	278,928	560,975
Total installment payments	-	973,773	803,305	1,777,076
Debt Service Coverage (min 1.25x)	n/a	n/a	n/a	3.93

	Fiscal Year 2020			
	Wastewater	Recycled	Potable Water	Total
Revenue sources				
Operating revenues	\$ 9,957,857	\$ 2,459,339	\$ 8,433,814	\$ 20,851,010
Non-operating revenues	1,038,169	-	198,759	1,236,928
Total revenue sources	<u>10,996,026</u>	<u>2,459,339</u>	<u>8,632,573</u>	<u>22,087,938</u>
Expenses				
Operating expenses	\$ 7,640,131	\$ 897,808	\$ 5,767,469	\$ 14,305,408
Non-operating expenses	-	178,649	509,499	688,148
Total expenses	<u>7,640,131</u>	<u>1,076,457</u>	<u>6,276,968</u>	<u>14,993,556</u>
Net Revenues (Expenses)	3,355,895	1,382,882	2,355,605	7,094,382
Installment payments				
Principal	-	671,504	502,822	1,174,326
Interest	-	304,129	302,144	606,273
Total installment payments	-	975,633	804,966	1,780,598
Debt Service Coverage (min 1.25x)	n/a	n/a	n/a	3.98

**Triunfo Water & Sanitation District
Demographics and Economic Statistics
Last Ten Calendar Years**

County of Ventura

<u>Year</u>	<u>Population within District(1)</u>	<u>Unemployment Rate(4)</u>	<u>Population (persons)(1)</u>	<u>Personal Income(2,3)</u>	<u>Personal Income per Capita(2,3)</u>
2012	32,760	10.3%	835,476	40,391,098	48,345
2013	32,760	7.8%	840,972	40,940,858	48,683
2014	32,760	6.2%	846,178	42,651,306	50,405
2015	33,455	5.3%	850,536	46,060,353	54,155
2016	33,455	5.8%	849,738	47,397,620	55,779
2017	33,455	4.5%	855,973 (1)	50,600,000 (3)	61,405 (3)
2018	33,455	3.6%	857,415 (1)	52,900,000 (3)	61,804 (3)
2019	33,455	3.6%	856,598 (1)	55,500,000 (3)	62,738 (3)
2020	33,455	8.4%	842,886 (1)	55,500,000 (5)	62,738 (5)
2021	33,455	6.5%	835,223 (1)	55,500,000 (5)	62,738 (5)



Sources: (1) Population data obtained from California Department of Finance, prior years are actual; current year is forecasted.
 (2) US Bureau of Economic Analysis CA1 Personal Income Summary: 2016 and prior data
 (3) Personal Income and Personal Income per Capita for 2017 forward was obtained from the California County-Level Economic Forecast
 (4) State of California, Employment Development Department, Labor Market Information Division
 (5) Income information for 2020 has not been published. 2019 data is used.

Notes: Only County data is updated annually. Therefore, the District has chosen to use its data since the District believes that the County data is representative of the conditions and experience of the District.

**Triunfo Water & Sanitation District
Principal Employers - Ventura County
Current Fiscal Year and Ten Years Ago**

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Number of Employees</u>	<u>Percentage of Total Employed</u>	<u>Number of Employees</u>	<u>Percentage of Total Employed</u>
Naval Base of Ventura	18,776	4.60%	5,000 - 19,999	n/a
County of Ventura - Government Center	8,435	2.07%	5,000 - 9,999	n/a
Amgen	5,500	1.35%	5,000 - 9,999	n/a
Wellpoint Health Network, Inc.	2,860	0.70%	1,000 - 4,999	n/a
Simi Valley Unified School District	2,737	0.67%	1,000 - 4,999	n/a
Community Memorial Hospital of San Buenaventu	2,300	0.56%	1,000 - 4,999	n/a
Conejo Valley Unified School District	2,050	0.50%	1,000 - 4,999	n/a
Dignity Health	2,016	0.49%	-	n/a
Ventura Unified School District	1,835	0.45%	1,000 - 4,999	n/a
Oxnard Union High School District	1,654	0.41%	-	n/a
St John's Regional Medical Center	-	n/a	1,000 - 4,999	n/a
Countrywide Home Loans Headquarters	-	n/a	5,000 - 9,999	n/a
Ventura County Health Care Agency	-	n/a	1,000 - 4,999	n/a
Vons	-	n/a	1,000 - 4,999	n/a
Verizon Communication	-	n/a	1,000 - 4,999	n/a
Top Ten Employers Total	<u>48,163</u>	11.80%	<u>-</u>	n/a
Total Employed in County	<u>408,300</u>	100.00%	<u>395,900</u>	100.00%

Notes: Exact number of employees by employer not available. Therefore, no percentage of total employed available.

Sources:

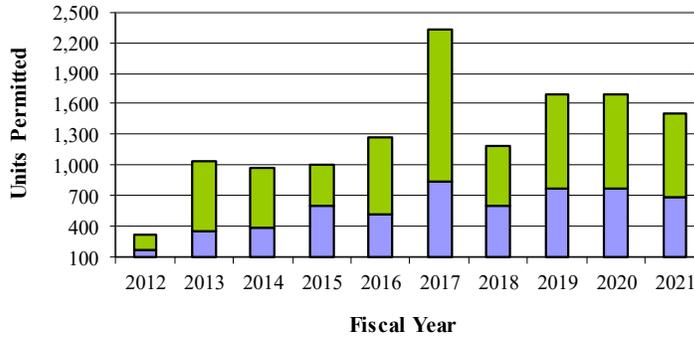
(a) 2019 Los Angeles County and Ventura County Economic Outlook.

(b) Ventura County Economy and Employment & California EDD Labor Market Info

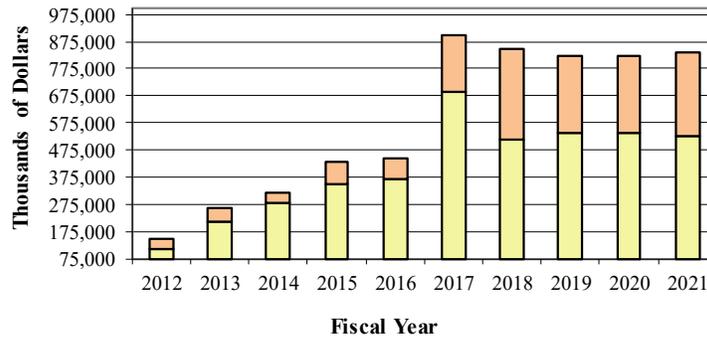
**Triunfo Water & Sanitation District
Building Permits - County of Ventura
Last Ten Fiscal Years**

Fiscal Year	New Single Family Units	New Multiple Family Units	Total New Residential Units	Total New Residential Investment (000's)	Non-residential Investment (000's)	Total New Structure Investment (000's)
2012	175	147	322	112,704	32,189	144,893
2013	360	688	1,048	213,378	48,219	261,597
2014	396	585	981	279,531	37,251	316,782
2015	615	394	1,009	350,485	77,805	428,290
2016	528	744	1,272	367,000	74,537	441,537
2017	847	1,479	2,326	690,000	205,000	895,000
2018	608	585	1,193	512,000	335,000	847,000
2019	776	914	1,690	538,000	284,000	822,000
2020	776	914	1,690	538,000	284,000	822,000
2021	698	802	1,500	524,000	309,000	833,000

New Residential Building Units Permitted



Investment in New Structures

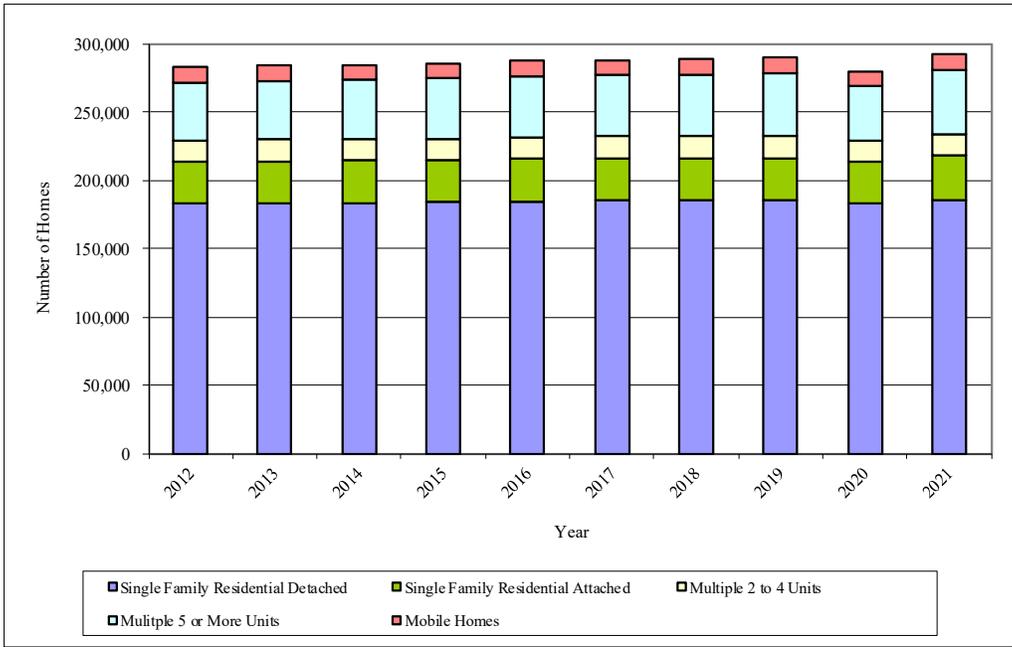


Note: Building Permit statistic updated 2017 to include number of permits, and total investment in residential and non-residential units; as more detailed breakdown is no longer accessible. Prior years are actual, current year forecasted.

Sources: 2019 Los Angeles County and Ventura County Economic Outlook. Information for 2020 has not been published.

**Triunfo Water & Sanitation District
Housing Stock Estimates - County of Ventura
Last Ten Calendar Years**

Fiscal Year	Single Family Residential Detached	Single Family Residential Attached	Multiple 2 to 4 Units	Multiple 5 or More Units	Mobile Homes	Total All Housing
2012	183,011	30,906	15,406	42,271	11,329	282,923
2013	183,151	30,966	15,560	42,561	11,337	283,575
2014	183,389	31,018	15,641	43,100	11,341	284,489
2015	183,775	31,038	15,759	43,890	11,346	285,808
2016	184,141	31,259	15,886	44,444	11,350	287,080
2017	184,761	31,270	15,953	44,738	11,352	288,074
2018	185,053	31,281	15,947	44,949	11,349	288,579
2019	184,929	31,539	15,981	45,848	11,350	289,647
2020	182,703	30,893	15,000	40,081	11,320	279,997
2021	185,739	31,954	16,067	46,986	11,354	292,100



Source: CA Dept. of Finance Demographic Research Unit, E-5 City/County Population & Housing Estimates

**Triunfo Water & Sanitation District
Operating and Capacity Indicators
Last Ten Fiscal Years**

Sanitation Services				
Fiscal Year	District Area (Square Miles)	Collection System (Miles)	Treatment Capacity (MGD)	Average Dry Weather Flow (MGD)
2012	50	120	4.70	3.30
2013	50	120	4.70	3.30
2014	50	120	4.70	3.30
2015	50	120	4.70	3.30
2016	50	120	4.70	3.30
2017	50	120	4.70	3.30
2018	50	120	4.70	3.30
2019	50	120	4.70	3.30
2020	50	120	4.70	3.30
2021	50	120	4.70	3.30

Potable Water Sales			
Fiscal Year	District Area (Square Miles)	Potable Water Capacity (MGM)	Potable Water System (Miles)
2012	50	82.72	50
2013	50	82.72	50
2014	50	82.72	50
2015	50	82.72	50
2016	50	82.72	50
2017	50	82.72	50
2018	50	82.72	50
2019	50	82.72	50
2020	50	82.72	50
2021	50	82.72	50

Recycled Water Sales			
Fiscal Year	District Area (Square Miles)	Recycled Water Capacity (MGM)	Recycled Water System (Miles)
2012	50	40.73	5
2013	50	40.73	5
2014	50	40.73	5
2015	50	40.73	5
2016	50	40.73	5
2017	50	40.73	5
2018	50	40.73	5
2019	50	40.73	5
2020	50	40.73	5
2021	50	40.73	5

MGD - Millions of Gallons per Day
MGM - Millions of Gallons per Month

Note: The District contracts with Ventura Regional Sanitation District for all administration, management and operation services.

Source: Triunfo Water & Sanitation District



TRIUNFO
WATER & SANITATION DISTRICT

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