



TRIUNFO
WATER & SANITATION DISTRICT

Comprehensive Annual Financial Report

**For the Fiscal Years Ended
June 30, 2020 and June 30, 2019**

Mark Norris, General Manager

Ventura County, California



Comprehensive Annual Financial Report

**For the Fiscal Years Ended
June 30, 2020 and June 30, 2019**



Ventura County, California

Prepared by Contract Staff of the Ventura Regional Sanitation District
Finance Department
Alvertina Rivera, Director of Finance



TRIUNFO WATER & SANITATION DISTRICT

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

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TRIUNFO WATER & SANITATION DISTRICT

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Introductory Section



Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2020 and June 30, 2019





Providing Outstanding Service Since 1963

Board of Directors

James Wall, Chair
Raymond Tjulander, Vice Chair
Jane Nye, Director
Janna Orkney, Director
Leon Shapiro, Director

January 28, 2021

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

Members of the Board of Directors:

The Comprehensive Annual Financial Report of the Triunfo Water & Sanitation District (District) as of and for the fiscal years ended June 30, 2020 and June 30, 2019; 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, 2020 and June 30, 2019. 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 (TSD). 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.

At the start of fiscal year 2020, District staff was provided entirely by contract with Mark Norris for the position of General Manager and the Ventura Regional Sanitation District (VRSD) for all other positions. On August 2019, the District's Board directed staff to move forward with the development of a TWSD Core Management Team which includes the General Manager, Financial Analyst, Management Analyst, and Engineering Analyst, as part of the District's plan to transition administrative and financial functions provided by VRSD in house. In fiscal year 2020, VRSD support consists of approximately seventeen (16.80) 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. The arrangement with VRSD, accomplished through a long-term reimbursable contract, allows the District to draw from a pool of sophisticated and technologically capable employees when needed and pay for only the services actually received. On June 4, 2015, a new ten-year contract agreement was entered into between TWSD and VRSD. This contract was amended on August 4, 2018 to address various matters pertaining to the TWSD General Manager whose services were previously engaged through VRSD. Effective on May 3, 2019, the District entered into a direct contract with the General Manager, eliminating VRSD as intermediary between the two parties.

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 \$13,875 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 7.5 million gallons of wastewater per day (mgd), the District flow averages about 2.2 mgd, representing 30% 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 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 2020, the District paid \$88,961 in capacity and treatment costs to the City and County of Los Angeles. In addition, the District paid \$53,310 toward the Tillman plant expansion. Future capital improvements for this facility are primarily funded through sewer connection fees ranging from \$3,025 to \$13,875 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. District recycled water sales were \$2,208,635 and \$2,176,845 in fiscal year 2020 and fiscal year 2019, respectively. The recycled water from Tapia travels through 5.4 miles of District retail recycled water lines to irrigate 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 recycled water (RW) system from Calleguas Municipal Water District (Calleguas). 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 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 2010 United States Census Bureau data indicates Oak Park has a population of approximately 13,811 with a median household income of \$121,348.

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 the increased rates from Calleguas Municipal Water District. The latest pass through rate increase will be effective January 1, 2021.

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 2020 were 2,034 acre-feet compared to 1,959 acre-feet in fiscal year 2019. These deliveries provided income of \$6,395,205 and \$5,790,358 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 \$181,378 for fiscal year 2020 and \$171,928 for fiscal year 2019.

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 842,886 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. As a result of the COVID19 pandemic, the economic outlook for Ventura County in 2020 has shifted drastically from 2019. Initially projecting record employment highs, unemployment falling to record lows, and trade and manufacturing output continuing to grow, this optimistic outlook rapidly changed when Governor Newsom ordered a Statewide Emergency to shelter-in-place, followed by a National Emergency that was declared on March 13, 2020. After an unprecedented decline in March and April, economic growth is sluggish, only regaining 31.1% of the over 2.6 million jobs lost in March and April.

Agriculture – Ventura County farmers grow over 100 different crops and often harvest two or three crops from the same parcel of land during any given year. In 2019, the estimated gross value for all agriculture in Ventura County was \$2.0 billion decreasing by 5.2% from 2018. Strawberries, celery, lemons, raspberries, and nursery stock are among the five leading crops grown. In 2017, the most recent data available from the California Department of Food and Agriculture, ranks Ventura County 8th among all counties in the California in total crop value.

Income and Unemployment – Ventura County's unemployment as of June 2020 sits at 12.6% down from 13.9% as of April, the highest rate recorded since 2010. Prior to the state lockdown, the unemployment was 4.7%, a 1.1% increase from June 2019. The largest percentage job declines are occurring in leisure and hospitality and other services, which include dry cleaning and personal care services. These two sectors accounted for over 45% of total job losses in Southern California in July. The smallest percentage decline was in financial services, a sector that has thus far been mostly unscathed during the recession partly due to estimates that nearly 78% of employees in the industry are able to work from home.

The Census 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 – Based on 2019 estimates the new housing market within Ventura County will add more units, both single family and apartments. Thomas fire rebuilds will continue, principally in Ventura, for the next year. Homebuilding is anticipated to accelerate to nearly 140,000 units in 2020, the highest level of new housing permits since 2008. Existing home sales in Ventura County climbed a modest 6.6% year-on-year in August, after plunging by double-digit rates from April to June. The median home sale price was \$697,754 in 2019, a 4.2% increase over 2018. Ventura County experienced positive home price growth from a year ago with a robust 12.0% increase. Home prices in Southern California are expected to level out and only increase 1.1% in 2021 as the supply of homes increases to meet demand. Continued strong out-migration is also expected to limit home price gains in the region in 2021.

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 reduce 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 \$120 million, but the cost will increase with annual inflation.

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 consists of bringing all administrative and financial functions in house. As part of this plan, in FY 2020 the TWSD Board moved forward with the development of a TWSD Core Management Team (CMT) through direct contracts. The CMT consists of the General Manager, Director of Finance, Engineering Program Manager, and Administrative Program Manager. On October 1, 2020 the TWSD Board approved employment contracts with the Core Management Team members, making them employees of the District. The TWSD Board directed staff to enter into discussions with Ventura Regional Sanitation District (VRSD) to negotiate a transition agreement for the remaining administrative and financial services provided by VRSD. As of the date of this report those discussions are ongoing.

Significant Event – Woolsey Fire

The Woolsey Fire was a destructive wildfire that ignited on November 8, 2018, burned 96,949 acres of land, destroyed 1,643 structures, killed three people, and prompted the evacuation of more than 295,000 people within Los Angeles and Ventura Counties. At a special meeting on November 14, 2018, the TWSD Board of Directors authorized financial relief to water and sewer service customers affected by the fire that burned in and around many sections of TWSD's service area. Water customers received a credit for the amount of water they used for 5 days, during and after the fire. In addition, TWSD sewer customers who lost their homes in the fire were issued a refund for 8 months (November to June) of sewer service charges previously assessed on their property tax bills for fiscal year 2019. The District filed a \$475,961 claim with the Federal Emergency Management Agency (FEMA) for costs incurred in connection with the fire, received a total reimbursement of \$376,150 and is eligible to receive an additional \$19,270 for general administrative costs.

Significant Event – COVID 19 Pandemic

On March 4, 2020, Governor Newsom proclaimed a State of Emergency in California as a result of the threat of COVID 19. On top of the tragedy of losing over a million lives globally, the economy has been hit severely, impacting individuals, families, and businesses. In an effort to provide assistance to its customers, on March 2020, the District Board authorized suspension of penalties, late fees, and service shut-offs for non-payment of a bill. On May 6, 2020, Governor Newsom issued an executive order suspending imposition of penalties and interests until May 6, 2021, on unpaid property taxes that became delinquent after March 4, 2020.

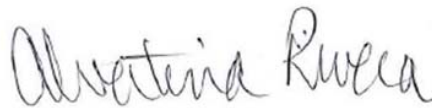
Awards & Acknowledgements

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 Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. 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. We believe this current report continues to meet the Certificate of Achievement program 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 contract Finance & Administration Department 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 Directors for their interest and support in planning and conducting the financial operations of the District in a responsive and effective manner.



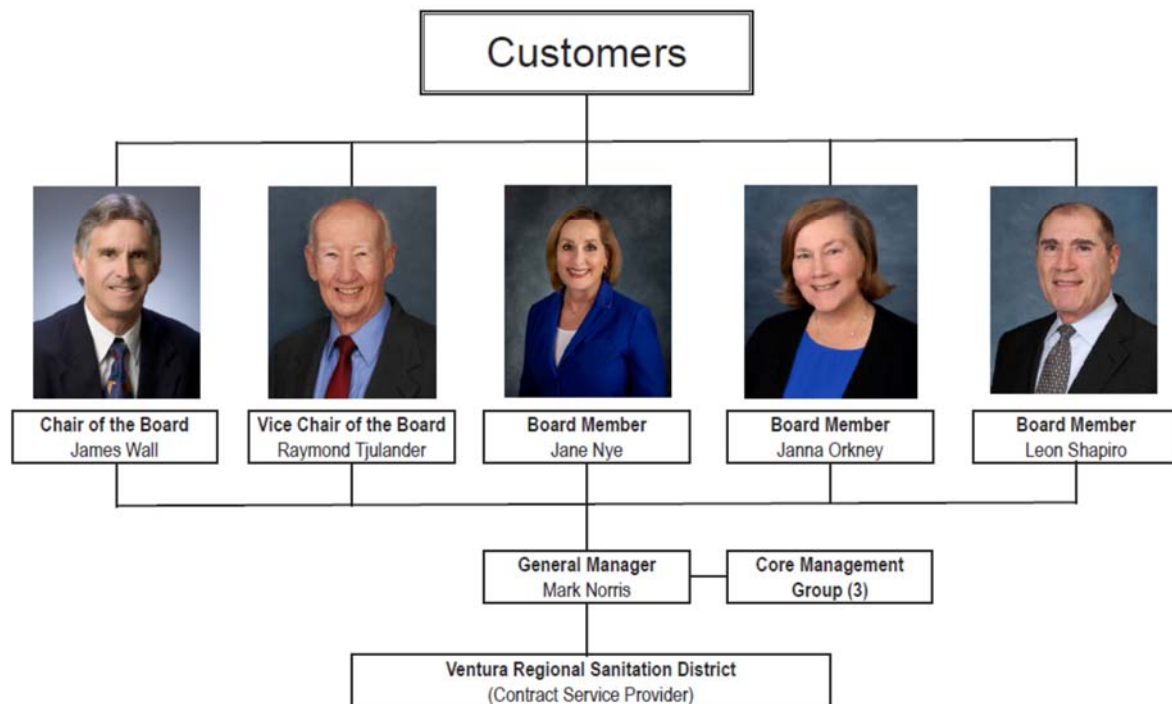
MARK NORRIS
General Manager



ALVERTINA RIVERA
Director of Finance

TRIUNFO WATER & SANITATION DISTRICT

Organization Chart





TRIUNFO
WATER & SANITATION DISTRICT

Ventura County, California

2020 Board of Directors

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

Contract Staff

Mark Norris	General Manager	(805) 658-4621
Alvertina Rivera	Director of Finance	(805) 658-4646
Matt Baumgardner	Director of Operations	(805) 658-4675
Juliet Rodriguez	Clerk of the Board	(805) 658-4642
John Mathews	Legal Counsel	(805) 988-9886



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California**

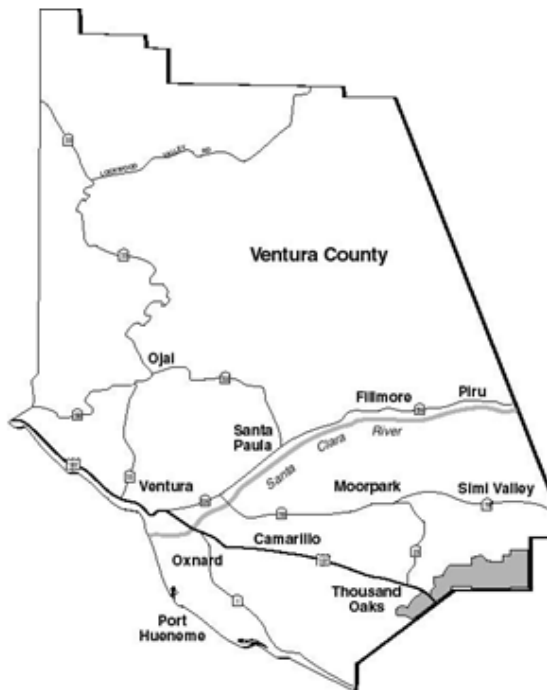
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Monill

Executive Director/CEO

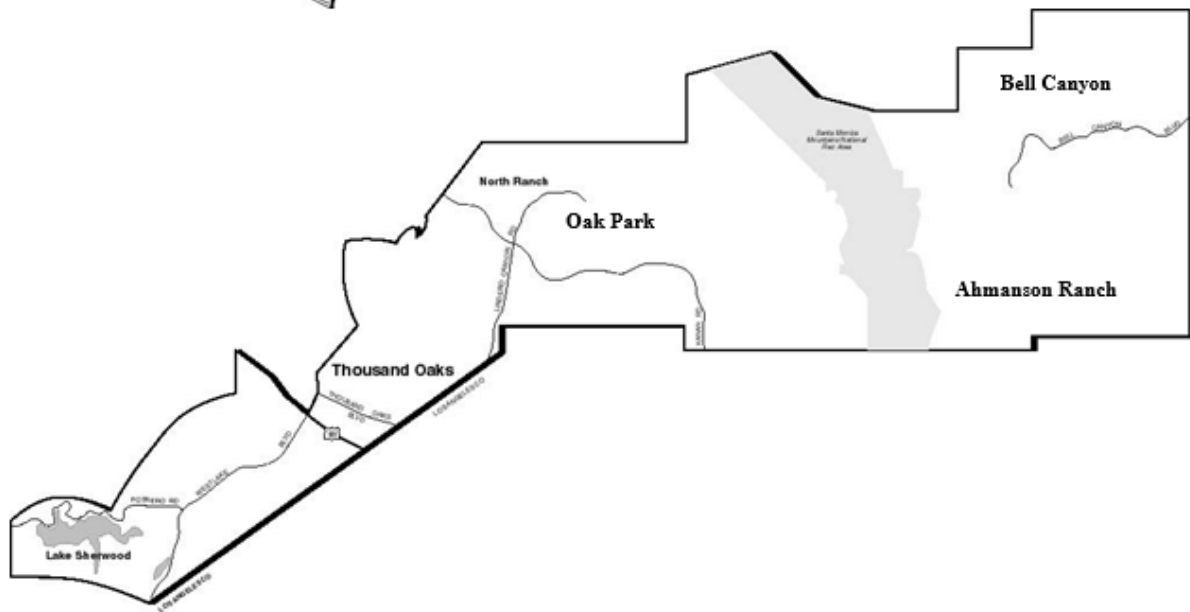
VENTURA COUNTY



CALIFORNIA



TRIUNFO SANITATION DISTRICT





Financial Section



TRIUNFO
WATER & SANITATION DISTRICT

Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2020 and June 30, 2019





ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

INDEPENDENT AUDITOR'S REPORT

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscca.net

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

Report on the Financial Statements

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST

We have audited the accompanying basic financial statements of the Triunfo Water & Sanitation District (District) as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA
Louis Fernandez, CPA
Abigail Hernandez Conde, CPA, MSA
Zoe Xinlu Zhang, CPA, MSA
John Maldonado, CPA, MSA

Auditor's Responsibility

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

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

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



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Triunfo Water & Sanitation District as of June 30, 2020 and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

We have compiled the accompanying statement of net position of the District as of June 30, 2019, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended. We have not audited or reviewed the accompanying 2019 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our 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, the budgetary comparison schedule and the introductory and statistical sections 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 relate 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021, on our consideration of the Triunfo Water & Sanitation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Triunfo Water & Sanitation District's (District) Comprehensive Annual Financial Report (CAFR) 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, 2020 and 2019. 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 assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$70.1 million (*net position*), an increase of \$3.9 million from the \$66.2 million ending balance in fiscal year 2019. Of the \$50.9 (*unrestricted net position*) in fiscal year 2020, \$18.6 million may be used to meet the District's ongoing obligations to citizens and creditors, in comparison to \$15.1 million in the prior year.
- The District's \$3.4 million net position increase in fiscal year 2020 represents 5.9%, an increase from the \$1.5 million or 2.3% increase in fiscal year 2019.
- In fiscal year 2020, the District's total revenues increased by 5.5% to \$21.4 million while total expenses decreased by 6.9% to \$17.5 million as compared to fiscal year 2019 in which revenues increased by 3.5% to \$20.3 million and total expenses increased by 6.9% to \$18.8 million.

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 CAFR.

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 26-29 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 stem 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.

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 30-53 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			
	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/TSD-joint venture	32,295,857	31,306,909	988,948	3.2%
Capital assets, net	35,519,593	37,264,240	(1,744,647)	-4.7%
Total assets	89,595,123	86,554,900	3,040,223	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	15,661,957	16,905,313	(1,243,356)	-7.4%
Total liabilities	19,515,407	20,361,615	(846,208)	-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	50,863,436	46,433,938	4,429,498	9.5%
Total net position	\$ 70,079,716	\$ 66,193,285	\$ 3,886,431	5.9%

Total assets experienced an increase \$3.0 million. While capital assets saw a \$1.7 million reduction, it was offset by increases in current assets and the LVMWD/TSD-joint venture. Total liabilities experienced a reduction of \$.8 million mainly due to the repayment long-term debt (\$1.2 million), resulting in an overall increase of \$3.9 million or 5.9% in net position in fiscal year 2020.

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

The investment in capital asset component of the District's net position is \$18.6 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, 2020 and 2019, the District's restricted net position was \$602,000 for both fiscal years.

The largest and final component of the District's net position (\$50.9 million) reflects unrestricted net position that may be used to meet the District's ongoing obligations to creditors and constituencies. This figure includes \$32.3 million for the District's capital assets investment in a Joint Venture with the Las Virgenes Municipal Water District, which reflects 46.1% of total District net position, and 63.5% of the District's unrestricted assets. The Joint Venture's capital assets investment is equivalent to property, plant, and equipment within the Joint Venture offset by operating costs. Additional information regarding the District's investment in the Joint Venture can be located in Note B5 on pages 43-45.

In fiscal year 2019, the District's net investment in capital assets was \$19.2 million and the unrestricted net position totaled \$46.4 million. The District's unrestricted net position of \$46.4 million includes capital assets investment in Joint Venture with the Las Virgenes Municipal Water District of \$31.3 million which reflects 47.3% of total District net position, and 67.5% of the District's unrestricted assets. As seen in the table on below, total net position increased by \$1.5 million to \$66.2 million in fiscal year 2019.

Condensed Statements of Net Position				
	2019	2018	Change	% Change
Assets:				
Current assets	\$ 16,707,711	\$ 15,870,458	\$ 837,253	5.3%
Restricted current assets	1,276,040	1,349,030	(72,990)	-5.4%
LVMWD/TSD-joint venture	31,306,909	30,611,211	695,698	2.3%
Capital assets, net	37,264,240	38,796,500	(1,532,260)	-3.9%
Total assets	86,554,900	86,627,199	(72,299)	-0.1%
Liabilities:				
Liabilities payable from unrestricted current assets	2,782,262	3,094,693	(312,431)	-10.1%
Liabilities payable from restricted current assets	674,040	704,638	(30,598)	-4.3%
Non-current liabilities	16,905,313	18,106,893	(1,201,580)	-6.6%
Total liabilities	20,361,615	21,906,224	(1,544,609)	-7.1%
Net Position:				
Net investment in capital assets	19,157,347	19,528,285	(370,938)	-1.9%
Restricted:				
Conifer Loan reserve requirement	602,000	602,000	-	0.0%
Escrow funds	-	42,392	(42,392)	-100.0%
Unrestricted	46,433,938	44,548,298	1,885,640	4.2%
Total net position	\$66,193,285	\$64,720,975	\$ 1,472,310	2.3%

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 \$3,886,431 in fiscal year 2020.

Total revenues increased by \$1,121,424 (5.5%) compared to fiscal year 2019, comprised of an increase of \$1,491,655 in operating revenues and a decrease of \$370,227 in non-operating revenues.

The \$1,491,655 increase in operating revenues resulted from the following activities:

- Sanitation fees rate increase of 9% resulted in a revenue increase of \$766,086 or 8.5%.
- Potable water rate increase of 3% and a pass through increase of 2% in January resulted in a revenue increase of \$604,847 or 10.4%.
- Recycled water rate increase of 3% and a pass through increase of 3% in January resulted in a revenue increase of \$31,790 or 1.5%.
- A 3% rate increase in Water meter service fees resulted in \$66,723 or 3.2% increase in revenue.
- Other revenues from violations, penalties and late fees increased by \$22,206 or 7.5%.

The \$370,227 decrease in non-operating revenues comprised of:

- A \$357,079 or 93% decrease in Other revenue is mainly the effect of accrued FEMA and insurance claims for property damages in fiscal year 2019.
- Although account balances were high, the declining interest rates resulted in a \$22,602 or 6.7% decrease in Interest and Investment Earnings; and
- Lease escalation adjustments based on cpi index resulted in a \$9,454 or 5.5% increase in Rental revenue.

Total expenses decreased by \$1,292,699 or 6.9% compared to fiscal year 2019. The decrease was primarily due to a decrease in operations, management and administrative costs of \$1,020,960 or 16.4%. The vast majority (\$822,521 or 81%) of the decrease in operations, management and administrative costs is attributed to expenses incurred in fiscal year 2019 due to the occurrence of significant events such as the Woolsey fire, name change project, water system repairs, legal fees and settlement funding. There were no major projects in fiscal year 2020 that required the same amount of resources. In addition, part of the decrease is a result of direct contracts for professional services entered into by the District shifting the expense to Professional services which saw an increase of \$432,102 or 85.7%.

Potable and recycled water purchase increased by \$204,318 and \$32,443 respectively due to a combination of a slight increase potable water units purchased and the increase in cost.

Other expense categories activity included decreases in wastewater treatment (\$337,808 or 7.6%), Investment in Joint Venture with LVMWD (\$542,008 or 33.6%), and Interest expense (\$39,328 or 6.1%), offset by the increase in Professional services (\$432,102 or 85.7%).

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>	5.5%
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/TSD	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>	-6.9%
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>	

In fiscal year 2019, total revenues increased by \$685,292 or 3.5% compared to fiscal year 2018. Recycled water sales decreased by \$398,474 and potable water sales by \$359,225. Sanitation fees increased by \$732,886, water meter service fees by \$76,218 and other revenues by \$80,196.

Total expenses increased by \$1,217,609 or 6.9%, compared to fiscal year 2018. The increase was attributable to an increase in wastewater treatment expenses, professional services and operations, management and administrative services.

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Operating revenues:				
Sanitation fees	\$ 8,986,193	\$ 8,253,307	\$ 732,886	8.9%
Potable water sales	5,790,358	6,149,583	(359,225)	-5.8%
Recycled water sales	2,176,845	2,575,319	(398,474)	-15.5%
Water meter service fees	2,110,905	2,034,687	76,218	3.7%
Other	295,054	214,858	80,196	37.3%
Non-operating revenues:				
Rental revenue - cellular antennas	171,925	175,394	(3,469)	-2.0%
Interest and investment earnings	335,873	160,050	175,823	109.9%
Other	383,843	2,506	381,337	15217.0%
Total revenues	<u>20,250,996</u>	<u>19,565,704</u>	<u>685,292</u>	<u>3.5%</u>
Expenses:				
Operating expenses:				
Wastewater treatment	4,458,737	4,309,990	148,747	3.5%
Potable water purchased	3,232,450	3,366,431	(133,981)	-4.0%
Recycled water purchased	564,870	716,702	(151,832)	-21.2%
Professional services	504,359	103,494	400,865	387.3%
Operations, management and admin	6,234,896	5,071,651	1,163,245	22.9%
Depreciation and amortization	1,526,799	1,563,459	(36,660)	-2.3%
Change in investment LVMWD/TSD	1,610,974	1,744,428	(133,454)	-7.7%
Non-operating expenses:				
Interest expense	645,601	684,922	(39,321)	-5.7%
Total expenses	<u>18,778,686</u>	<u>17,561,077</u>	<u>1,217,609</u>	<u>6.9%</u>
Change in net position	<u>1,472,310</u>	<u>2,004,627</u>	<u>(532,317)</u>	<u>-26.6%</u>
Net position, beginning of fiscal year	<u>64,720,975</u>	<u>62,716,348</u>	<u>2,004,627</u>	
Net position, end of fiscal year	<u>\$66,193,285</u>	<u>\$64,720,975</u>	<u>\$ 1,472,310</u>	

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2020, (at cost) amounted to \$61.9 million or \$35.5 million (net of accumulated depreciation). The District's capital assets include land and land improvements, structures and improvements, construction in progress, equipment, and infrastructure.

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>

Changes in capital asset amounts for 2019 were:

	Balance at June 30, 2018	Additions	Deletions/ Transfers	Balance at June 30, 2019
Capital Assets:				
Non-depreciable assets	\$ 704,113	\$ 198,717	\$ (532,698)	\$ 370,132
Depreciable assets	61,409,018	-	328,520	61,737,538
Accumulated depreciation and amortization	(23,316,631)	(1,526,799)	-	(24,843,430)
Total capital assets, net	<u>\$ 38,796,500</u>	<u>\$ (1,328,082)</u>	<u>\$ (204,178)</u>	<u>\$ 37,264,240</u>

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

Major capital asset activity during the fiscal year 2019 included the following:

North Shore Gravity System – Wastewater - \$239,305
Lakeside Lift Station Improvement - \$45,685 Polo Lift Station - \$13,771
Accumulated depreciation - \$1,526,799
Expensing of various construction in progress projects that did not materialize

Additional information on the District's capital assets can be found in Note B4 starting on page 42 of this report.

Debt Administration

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>\$(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>

Additional information on the District's long-term liabilities can be found in Note B6 starting on page 45 of this report.

The District's long-term debt outstanding as of June 30, 2019 was \$17,745,799.

Description	Balance at June 30, 2018	Additions	Payments/ Deletions	Balance at June 30, 2019
Debt from Direct Borrowings:				
2017 RW System Purchase	\$ 11,095,462	\$ -	\$ (648,444)	\$ 10,447,018
2014 Automated Meter Read Loan	1,973,594	-	(151,996)	1,821,598
2011 Construction loan	5,810,811	-	(333,628)	5,477,183
Total long-term debt	18,879,867	\$ -	<u>\$(1,134,068)</u>	17,745,799
Less current portion	(1,134,068)			(1,174,326)
Total long-term portion	<u>\$ 17,745,799</u>			<u>\$ 16,571,473</u>

Economic Factors and Next Fiscal Year's Budget and Rates

- The District Board considered the factors mentioned above when setting the fiscal year 2021 budget, rates, and fees. The District's fiscal year 2020-21 Adopted Budget (expenses not including the change in investment-in-joint venture LVMWD/TSD) totaled \$17,696,113, representing a 1.87% 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. The 15% annual increase will generate approximately \$11.3 million in revenue for fiscal year 2021. In addition, sewer connection fee will also increase by 0.72% 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. The 6% annual increase will generate additional revenue of approximately \$475,000 for fiscal year 2021. In addition, water service connection fee will also increase by 0.72% 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. The 2% annual increase will generate additional revenue of approximately \$50,000 for fiscal year 2021. 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 a business plan to transition into an independent and self-reliant District which consists of bringing all administrative and financial functions in-house. On October 1, 2020, the TWSD Board moved forward with approving employment contracts with the TWSD Core Management Team (CMT), making them employees of the District.
- Calleguas Municipal Water District (CMWD) wholesale supply rate will increase effective January 1, 2021. 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 150, Ventura, California, 93003-0704. Please visit the District's website at www.triunfowsd.com.

Basic Financial Statements



**Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2020 and June 30, 2019**



TRIUNFO WATER & SANITATION DISTRICT

Statements of Net Position

June 30, 2020 and June 30, 2019

(With comparative data for prior year)

		2020	2019
Assets			
Current assets:			
Cash and cash equivalents	(Note B1)	\$ 13,853,421	\$ 11,371,097
Accrued interest receivable		54,800	83,579
Accounts receivable - water sales and services, net	(Note B3)	1,136,576	827,525
Accounts receivable - sanitation fees	(Note B3)	294,081	270,672
Accounts receivable - other	(Note B3)	19,270	375,910
Advance deposits - investment-in-joint venture LVMWD/TSD	(Note B5)	5,016,554	3,688,798
Water-in-storage inventory		23,558	18,806
Prepaid and other		78,688	71,324
Total current assets - unrestricted		20,476,948	16,707,711
Restricted current assets:			
Cash and cash equivalents	(Note B2)	1,302,725	1,276,040
Total current assets - restricted		1,302,725	1,276,040
Total current assets - unrestricted and restricted		21,779,673	17,983,751
Non-current assets:			
Capital assets, net	(Note B4)	35,519,593	37,264,240
Investment-in-joint venture LVMWD/TSD	(Note B5)	32,295,857	31,306,909
Total non-current assets		67,815,450	68,571,149
Total assets		89,595,123	86,554,900
Liabilities			
Current liabilities:			
Payable from current assets:			
Accounts payable and accrued expenses		1,693,590	1,351,669
Accrued interest payable - loan		215,779	229,013
Loans payable - current portion	(Note B6)	1,216,102	1,174,326
Developer refund agreements - current portion	(Note B6)	27,254	27,254
Payable from current assets - unrestricted		3,152,725	2,782,262
Payable from unrestricted current assets:			
Customer deposits		92,835	70,840
Unearned revenue	(Note A4)	607,890	603,200
Payable from restricted current assets		700,725	674,040
Total current liabilities - unrestricted and restricted		3,853,450	3,456,302
Non-current liabilities:			
Loans payable	(Note B6)	15,355,371	16,571,473
Developer refund agreements	(Note B6)	306,586	333,840
Total non-current liabilities		15,661,957	16,905,313
Total liabilities		19,515,407	20,361,615
Net Position			
Net investment in capital assets	(Note B7)	18,614,280	19,157,347
Restricted:			
Conifer loan reserve requirement	(Note B7)	602,000	602,000
Unrestricted		50,863,436	46,433,938
Total net position		\$ 70,079,716	\$ 66,193,285

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

TRIUNFO WATER & SANITATION DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position For the Fiscal Years Ended June 30, 2020 and June 30, 2019 (With comparative data for prior year)

	2020	2019
Operating revenues		
Sanitation fees	\$ 9,752,279	\$ 8,986,193
Potable water sales	6,395,205	5,790,358
Recycled water sales	2,208,635	2,176,845
Water meter service fees	2,177,628	2,110,905
Connection fees	166,166	118,833
Other charges for services	151,093	176,221
Total operating revenues	20,851,006	19,359,355
Operating expenses		
Wastewater treatment	4,120,929	4,458,737
Potable water purchased	3,436,768	3,232,450
Recycled water purchased	597,313	564,870
Professional services	936,461	504,359
Operations, management and admin	5,213,936	6,234,896
Total operating expenses	14,305,407	14,995,312
Operating income before depreciation	6,545,599	4,364,043
Depreciation and amortization	(1,505,341)	(1,526,799)
Operating income	5,040,258	2,837,244
Non-operating revenue (expense)		
Change in investment-in-joint venture LVMWD/TSD (Note B5)	(1,068,966)	(1,610,974)
Rental revenue - cellular antennas	181,379	171,925
Interest and investment earnings	313,269	335,873
Interest expense	(606,273)	(645,601)
Other income (expenses), net	26,764	383,843
Total non-operating revenue (expenses), net	(1,153,827)	(1,364,934)
Change in net position	3,886,431	1,472,310
Net position, beginning of fiscal year	66,193,285	64,720,975
Net position, end of fiscal year	\$ 70,079,716	\$ 66,193,285

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, 2020 and June 30, 2019

(With comparative data for prior year)

	2020	2019
Cash flows from operating activities		
Receipts from customers for water sales and services	\$ 10,784,479	\$ 10,327,241
Receipts from customers for sanitation services	10,156,702	8,959,725
Receipts for other services	317,259	250,186
Payments to vendors for materials and services	(14,066,103)	(15,346,092)
Advance deposits - investment-in-joint venture LVMWD/TSD facility	(3,385,670)	(3,540,297)
Net cash provided by operating activities	<u>3,806,667</u>	<u>650,763</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	-	(198,717)
Proceeds from disposition of capital assets	-	204,176
Principal paid on long-term debt	(1,201,580)	(1,161,322)
Interest paid on long-term debt	(619,507)	(659,763)
Net cash provided by (used in) capital and related financing activities	<u>(1,821,087)</u>	<u>(1,815,626)</u>
Cash flows from investing activities		
Proceeds from rental revenue - cellular antennas	181,379	171,925
Proceeds from interest and investment earnings	342,050	322,277
Net cash provided by investing activities	<u>523,429</u>	<u>494,202</u>
Net increase (decrease) in cash and cash equivalents	2,509,009	(670,661)
Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year	<u>12,647,137</u>	<u>13,317,798</u>
Cash and cash equivalents (unrestricted and restricted), end of fiscal year	<u>\$ 15,156,146</u>	<u>\$ 12,647,137</u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$ 13,853,421	\$ 11,371,097
Restricted cash and cash equivalents	1,302,725	1,276,040
Total cash and cash equivalents	<u>\$ 15,156,146</u>	<u>\$ 12,647,137</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, 2020 and June 30, 2019

(With comparative data for prior year)

	2020	2019
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 5,040,258	\$ 2,837,244
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,505,341	1,526,799
Other non-operating income, net	31,454	383,843
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable - water sales and services, net	(309,051)	160,897
Accounts receivable - sanitation fees	(23,409)	(26,468)
Accounts receivable - other, net	356,640	(309,878)
Water-in-storage inventory	(4,752)	3,232
Prepaid and other	(7,364)	(15,485)
Advance deposits - investment-in-joint venture LMWWD/TSD facility	(3,385,670)	(3,540,297)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	341,921	(338,526)
Customer deposits	21,995	(30,598)
Total adjustments	(1,472,895)	(2,186,481)
Net cash provided by operating activities	\$ 3,567,363	\$ 650,763
Schedule of noncash transactions:		
Accrued capitalized interest, net	\$ -	\$ (455,909)
Change in investment-in-joint venture LVMWD/TSD	(1,068,966)	(1,610,974)
Abandoned construction in progress	(239,303)	-

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

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

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/TSD 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 for management, engineering, operations & maintenance, and financial 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, 2020 and June 30, 2019

(With comparative data for prior year)

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 (GASBS No. 34, as amended by GASBS No. 63). 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.

GASBS No. 34 and its related GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net position replaces the balance sheet and reports assets, liabilities, and the difference between them as net position, not equity. A statement of revenues, expenses and changes in net position replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASBS No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

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/TSD – Pursuant to the Joint Powers Agreement, each participant is required to maintain advance deposits with the LVMWD/TSD 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, 2020 and 2019 were \$1,337,855 and \$1,077,498 respectively.

Construction Advance Account – Cash flow during construction is proportionately shared by both participants. Amounts are advanced to the LVMWD/TSD Joint Venture to meet construction cash flow requirements. The District's share of construction advance balances at June 30, 2020 and 2019 were \$88,284 and \$79,255 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, 2020 and 2019 were \$3,187,165 and \$2,532,045 respectively.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

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, 2020 and June 30, 2019

(With comparative data for prior year)

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 TSD Board accepted the completed sewer laterals and improvements as part of the District's sewer system. At June 30, 2020 and 2019, the balances related to the connections was \$603,200. An additional, unrelated amount of \$4,690 for prepayment of cell site lease is included in the statement of net position at June 30, 2020.

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, 2020 and June 30, 2019

(With comparative data for prior year)

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 13,853,421	\$ 11,371,097
Restricted cash and cash equivalents	<u>1,302,725</u>	<u>1,276,040</u>
Total Cash and Investments	<u><u>\$ 15,156,146</u></u>	<u><u>\$ 12,647,137</u></u>

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents		
Local Agency Investment Fund (LAIF)	\$ 13,418,508	\$ 10,875,116
Ventura County Treasury Pool	1,158,459	1,132,273
City National Bank	<u>579,179</u>	<u>639,748</u>
Total Cash and Cash Equivalents	<u><u>\$ 15,156,146</u></u>	<u><u>\$ 12,647,137</u></u>

At June 30, 2020, and 2019, the carrying amount of cash in bank deposits was \$579,179 and \$639,748 respectively. All deposits are insured or collateralized.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

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.

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.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

B. DETAILED NOTES (Continued)

1. Cash and Investments (Continued)

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, 2020:		Remaining Maturity (In Months)
<u>Investment Type</u>	<u>Fair Value Total</u>	<u>12 Month or Less</u>
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>

Investments at June 30, 2019:		Remaining Maturity (In Months)
<u>Investment Type</u>	<u>Fair Value Total</u>	<u>12 Month or Less</u>
Local Agency Investment Fund (LAIF)	\$ 10,875,116	\$ 10,875,116
Ventura County Treasury Pool	1,132,273	1,132,273
Total	<u>\$ 12,007,389</u>	<u>\$ 12,007,389</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, 2020 or 2019.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

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, 2020 and 2019.

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, 2020, 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, 2020 and June 30, 2019

(With comparative data for prior year)

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 3:00 p.m. the previous day.
- Wire transfers \$200,000-\$1,000,000 require a minimum of 24 hours advance notice.
- Transfers greater than \$1,000,000 require a minimum of 1 week advance notice.
- Transfers greater than \$10,000,000 require a minimum of 2 weeks 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, 2020 and June 30, 2019

(With comparative data for prior year)

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.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

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 \$13,418,508 and \$10,875,116 at June 30, 2020 and 2019, respectively.

2. Restricted Assets

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

	2020	2019
Cash and cash equivalents restricted for:		
Customer deposits	\$ 92,835	\$ 70,840
Unearned revenue	607,890	603,200
Conifer loan reserve requirement	602,000	602,000
Total restricted cash and cash equivalents	<u>\$ 1,302,725</u>	<u>\$ 1,276,040</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 \$7,114 and \$8,360 at June 30, 2020 and 2019, 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, 2020 and June 30, 2019

(With comparative data for prior year)

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.

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

June 30, 2020

Accounts receivable - Trade	Gross	Allowance	Net
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>

June 30, 2019

Accounts receivable - Trade	Gross	Allowance	Net
Water sales and services	\$ 835,885	\$ (8,360)	\$ 827,525
Sanitation fees	270,672	-	270,672
Other receivables	492,465	(116,555)	375,910
Total accounts receivable	<u>\$ 1,599,022</u>	<u>\$ (124,915)</u>	<u>\$ 1,474,107</u>

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

B. DETAILED NOTES (Continued)

4. Capital Assets

Changes to capital assets during fiscal years ended June 30, 2020 and 2019, were as follows:

	Balance June 30, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020
Non-depreciable assets:				
Land	\$ 71,370	\$ -	\$ -	\$ 71,370
Construction-in-progress	298,762	-	(239,306)	59,456
Total non-depreciation assets	370,132	-	(239,306)	130,826
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	61,737,538	-	-	61,737,538
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	(24,843,430)	(1,505,341)	-	(26,348,771)
Total depreciation assets, net	36,894,108	(1,505,341)	-	35,388,767
Total capital assets, net	\$ 37,264,240	\$ (1,505,341)	\$ (239,306)	\$ 35,519,593
	Balance June 30, 2018	Additions	Deletions/ Transfers	Balance June 30, 2019
Non-depreciable assets:				
Land	\$ 71,370	\$ -	\$ -	\$ 71,370
Construction-in-progress	632,743	198,717	(532,698)	298,762
Total non-depreciation assets	704,113	198,717	(532,698)	370,132
Depreciable assets:				
Structures and improvements	720,834	-	-	720,834
Wastewater collection systems	16,890,421	-	-	16,890,421
Recycled water systems	15,703,087	-	91,244	15,794,331
Potable water systems	27,513,211	-	-	27,513,211
Other physical property	581,465	-	237,276	818,741
Total depreciable assets	61,409,018	-	328,520	61,737,538
Accumulated depreciation:				
Structures and improvements	(246,107)	(18,256)	-	(264,363)
Wastewater collection systems	(9,816,491)	(302,271)	-	(10,118,762)
Recycled water systems	(2,362,678)	(393,439)	-	(2,756,117)
Potable water systems	(10,513,047)	(730,429)	-	(11,243,476)
Other physical property	(378,308)	(82,404)	-	(460,712)
Total accumulated depreciation	(23,316,631)	(1,526,799)	-	(24,843,430)
Total depreciation assets, net	38,092,387	(1,526,799)	328,520	36,894,108
Total capital assets, net	\$ 38,796,500	\$ (1,328,082)	\$ (204,178)	\$ 37,264,240

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

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:

Construction Projects	2020	2019
Lakeside Lift Station Improvements	\$ 45,685	\$ 45,685
North Shore Gravity System - WW	-	239,306
Polo Lift Station	13,771	13,771
Total	\$ 59,456	\$ 298,762

5. Joint Venture

The District and Las Virgenes Municipal Water District are parties to a joint exercise of powers agreement (LVMWD/TSD Joint Venture Agreement) to provide for construction, operation, maintenance and replacement of a joint sanitation system to serve the respective parties' needs. The LVMWD/TSD 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/TSD Joint Venture system. While the districts own the system jointly, they each account for their share of its financing individually. Thus, the LVMWD/TSD 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 the Administering Agent for facilities located in Los Angeles County. The following is a condensed summary of audited financial information for the LVMWD/TSD Joint Venture as of and for the fiscal years ended June 30, 2020 and June 30, 2019:

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

	2020	2019	Change
Assets:			
Current assets	\$ 13,990	\$ 10,510	\$ 3,480
Capital assets, net	97,127	93,680	3,447
Total assets	111,117	104,190	6,927
Liabilities:			
Current liabilities	13,993	10,510	3,483
Total liabilities	13,993	10,510	3,483
Net position of participants net investment in capital assets:			
Las Virgenes Municipal Water District	64,830	62,373	2,457
Triunfo Sanitation District	32,294	31,307	987
Net position	\$ 97,124	\$ 93,680	\$ 3,444

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

B. DETAILED NOTES (Continued)

5. Joint Venture (Continued)

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

	2020	2019	Change
Revenues:			
Operating revenues	\$ 2,444	\$ 2,115	\$ 329
Non-operating revenues	3,070	163	2,907
Total revenues	<u>5,514</u>	<u>2,278</u>	<u>3,236</u>
Expenses:			
Operating expenses	18,559	15,990	2,569
Non-operating expenses	-	2	(2)
Depreciation and amortization	5,624	5,721	(97)
Total expenses	<u>24,183</u>	<u>21,713</u>	<u>2,470</u>
Net loss before participant contributions	(18,669)	(19,435)	766
Billings to participants	13,041	13,711	(670)
Excess after billings to participants	(5,628)	(5,724)	96
Participants capital contributions	9,072	8,229	843
Change in Net Position	3,444	2,505	939
Beginning Net Position	<u>93,680</u>	<u>91,175</u>	<u>2,505</u>
Ending Net Position	<u>\$ 97,124</u>	<u>\$ 93,680</u>	<u>\$ 3,444</u>

The Financial Statements of the LVMWD/TSD 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 150
Ventura, California 93003

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

B. DETAILED NOTES (Continued)

5. Joint Venture (Continued)

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

TSD Joint Venture Advances	2020	2019
Operating reserve advance	\$ 1,114,683	\$ 1,077,498
Construction advance	82,548	79,255
Replacement reserve advance	3,819,323	2,532,045
Total joint venture advances	\$ 5,016,554	\$ 3,688,798

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, 2020 and June 30, 2019

(With comparative data for prior year)

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, 2020 and June 30, 2019

(With comparative data for prior year)

B. DETAILED NOTES (Continued)

6. Long Term Obligations (Continued)

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	<u>\$ 16,571,473</u>			<u>\$ 15,355,371</u>	

The following table summarizes the District's debt at June 30, 2019:

Description	Balance June 30, 2018	Additions	Payments/ Deletions	Balance June 30, 2019	Amounts Due in One Year
Direct Borrowings:					
2017 RW System Purchase	\$ 11,095,462	\$ -	\$ (648,444)	\$ 10,447,018	\$ 667,941
2014 Automated Meter Read Loan	1,973,594	-	(151,996)	1,821,598	156,961
2011 Construction loan	5,810,811	-	(333,628)	5,477,183	349,424
Total long-term debt	18,879,867	\$ -	\$ (1,134,068)	17,745,799	\$ 1,174,326
Less current portion	(1,134,068)			(1,174,326)	
Total long-term portion	<u>\$ 17,745,799</u>			<u>\$ 16,571,473</u>	

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
2021	\$ 1,216,102	\$ 577,730	\$ 1,793,832
2022	1,259,459	534,373	1,793,832
2023	1,304,456	489,375	1,793,831
2024	1,351,165	442,668	1,793,833
2025	1,399,649	394,183	1,793,832
2026-2030	7,576,443	1,177,999	8,754,442
2031-2032	2,464,199	92,312	2,556,511
Total	16,571,473	3,708,640	20,280,113
Less current portion	(1,216,102)	(577,730)	(1,793,832)
Total non-current	<u>\$ 15,355,371</u>	<u>\$ 3,130,910</u>	<u>\$ 18,486,281</u>

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

B. DETAILED NOTES (Continued)

6. Long Term Obligations (Continued)

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.

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

Developer/Tract	Balance June 30, 2019	Additions	Payments/ Deletions	Balance June 30, 2020	Amounts Due in One Year
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	<u>\$ 333,840</u>			<u>\$ 306,586</u>	

The following summarizes the District's Developer Refund Agreement obligations at June 30, 2019:

Developer/Tract	Balance June 30, 2018	Additions	Payments/ Deletions	Balance June 30, 2019	Amounts Due in One Year
CalProp/4315	\$ 52,416	\$ -	\$ (3,744)	\$ 48,672	\$ 3,744
Grupe/3984	36,978	-	(4,930)	32,048	4,930
Morrison/4071	177,553	-	(11,835)	165,718	11,835
Warmington/4474	121,401	-	(6,745)	114,656	6,745
Total developer refunds	388,348	\$ -	\$ (27,254)	361,094	\$ 27,254
Less current portion	(27,254)			(27,254)	
Total long-term portion	<u>\$ 361,094</u>			<u>\$ 333,840</u>	

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

B. DETAILED NOTES (Continued)

6. Long Term Obligations (Continued)

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

Fiscal Years Ending June 30,	Principal
2021	\$ 27,254
2022	27,254
2023	27,254
2024	27,254
2025	27,254
2026-2030	114,083
2031-2035	76,742
2035	6,745
Total	333,840
Less current portion	(27,254)
Total non-current	<u>\$ 306,586</u>

7. Net Position

The following is the detail of net position:

The balance at June 30, consisted of the following:

	2020	2019
Capital assets, net	\$ 35,519,593	\$ 37,264,240
Portion of loans payable used to purchase capital assets	(16,571,473)	(17,745,799)
Developer refund agreements	(333,840)	(361,094)
Total net investment in capital assets	<u>\$ 18,614,280</u>	<u>\$ 19,157,347</u>

Restricted for:

	2020	2019
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, 2020 and June 30, 2019

(With comparative data for prior year)

B. DETAILED NOTES (Continued)

8. Management Agreement

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 total cost of services paid by the District to VRSD in fiscal year 2020 was \$4,534,375 and \$5,352,043 in fiscal year 2019. There were no major projects in fiscal year 2020 which resulted in a decrease of approximately \$1million can be attributed to:

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. The current contract expires on June 30, 2026. 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.

C. OTHER INFORMATION

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error s 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.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

C. OTHER INFORMATION (Continued)

1. Risk Management (Continued)

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. 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/TSD Joint Venture. The LVMWD/TSD 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/TSD 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, 2020 and 2019.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

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 \$21,920 and \$60,986 in fiscal years 2020 and 2019, respectively.

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 January 1, 2021, the Calleguas Municipal Water District (CMWD) increased the wholesale potable water rate charge to the District by 2.38% which directly impacts recycled water costs as well. CMWD's increase results in a pass through rate increase to the District's water customers to cover CMWD's increase as follows:

- Potable water tiered rates by eight cents per hundred cubic feet (\$0.08/HCF)
- Recycled water retail rates by seventeen cents per hundred cubic feet (\$0.3/HCF)
- Recycled water wholesale rate by thirty-nine dollars and twenty cents per acre foot (\$28/AF)

The District's water rate increases are effective January 1, 2021.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(With comparative data for prior year)

D. FUTURE ACCOUNTING PRONOUNCEMENTS

The following GASB Statements will be implemented in future financial statements:

<i>Statement No. 84</i>	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
<i>Statement No. 87</i>	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
<i>Statement No. 89</i>	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
<i>Statement No. 90</i>	"Majority Equity Interests an Amendment of GASB Statement No. 14 & No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
<i>Statement No. 91</i>	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
<i>Statement No. 92</i>	"Omnibus 2017"	The provisions of this statement are effective for the earliest period beginning after June 15, 2021.
<i>Statement No. 93</i>	"Replacement of Interbank Offered Rates"	The provisions of this statement are effective for periods beginning after June 15, 2021.
<i>Statement No. 94</i>	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for periods beginning after June 15, 2022.
<i>Statement No. 96</i>	"Subscription Based IT Arrangements"	The provisions of this statement are effective for periods beginning after June 15, 2022.
<i>Statement No. 97</i>	"Certain CU Criteria and Accounting and reporting for IRS Code 457 Deferred Comp Plans"	The provisions of this statement are effective for periods beginning after June 15, 2021.

Supplementary Section



Supplementary Section

Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2020 and June 30, 2019





TRIUNFO
WATER & SANITATION DISTRICT

**COMBINING
SUPPLEMENTARY SCHEDULES
FISCAL YEAR ENDED JUNE 30, 2020**



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 – Through the Oak Park Water Service (OPWS), 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, 2020

	Wastewater	Recycled Water	Potable Water	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,439,942	\$ 3,382,640	\$ 4,030,839	\$ 13,853,421
Accrued interest receivable	52,456	-	2,344	54,800
Accounts receivable - water sales and services, net	-	704,337	432,239	1,136,576
Accounts receivable - sanitation fees	294,081	-	-	294,081
Accounts receivable - other, net	11,711	-	7,559	19,270
Advance deposits - investment-in-joint venture LVMWD/TSD	5,016,554	-	-	5,016,554
Water-in-storage inventory	-	-	23,558	23,558
Prepaid and other	36,961	22,348	19,379	78,688
Total current assets - unrestricted	11,851,705	4,109,325	4,515,918	20,476,948
Restricted current assets:				
Cash and cash equivalents	639,200	-	663,525	1,302,725
Total current assets - restricted	639,200	-	663,525	1,302,725
Total current assets - unrestricted and restricted	12,490,905	4,109,325	5,179,443	21,779,673
Non-current assets - capital assets, net				
Capital assets, net	6,940,578	12,650,564	15,928,451	35,519,593
Investment-in-joint venture LVMWD/TSD	32,295,857	-	-	32,295,857
Total non-current assets	39,236,435	12,650,564	15,928,451	67,815,450
Total assets	51,727,340	16,759,889	21,107,894	89,595,123
LIABILITIES				
Current liabilities:				
Payable from current assets:				
Accounts payable and accrued expenses	653,676	438,241	601,673	1,693,590
Accrued interest payable - loan	-	110,754	105,025	215,779
Loan payable - current portion	-	691,726	524,376	1,216,102
Developer refund agreements - current portion	-	-	27,254	27,254
Payable from current assets - unrestricted	653,676	1,240,721	1,258,328	3,152,725
Payable from restricted current assets:				
Customer deposits	36,000	-	56,835	92,835
Unearned revenue	603,200	-	4,690	607,890
Payable from restricted current assets	639,200	-	61,525	700,725
Total current liabilities - unrestricted and restricted	1,292,876	1,240,721	1,319,853	3,853,450
Non-current liabilities:				
Loans payable	-	9,125,139	6,230,232	15,355,371
Developer refund agreements	-	-	306,586	306,586
Total non-current liabilities	-	9,125,139	6,536,818	15,661,957
Total liabilities	1,292,876	10,365,860	7,856,671	19,515,407
NET POSITION				
Net investment in capital assets	6,940,578	2,833,699	8,840,003	18,614,280
Restricted:				
Conifer loan reserve requirement	-	-	602,000	602,000
Unrestricted	43,493,886	3,560,330	3,809,220	50,863,436
Total net position	\$ 50,434,464	\$ 6,394,029	\$ 13,251,223	\$ 70,079,716

TRIUNFO WATER & SANITATION DISTRICT

Combining Schedule of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30, 2020

	Wastewater	Recycled Water	Potable Water	Total
Operating revenues:				
Sanitation fees	\$ 9,752,279	\$ -	\$ -	\$ 9,752,279
Potable water sales	-	-	6,395,205	6,395,205
Recycled water sales	-	2,208,635	-	2,208,635
Water meter service fees	-	222,189	1,955,439	2,177,628
Connection fees	166,166	-	-	166,166
Other charges for services	39,408	28,515	83,170	151,093
Total operating revenues	9,957,853	2,459,339	8,433,814	20,851,006
Operating expenses:				
Wastewater treatment	4,120,929	-	-	4,120,929
Potable water purchased	-	-	3,436,768	3,436,768
Recycled water purchased	-	597,313	-	597,313
Professional services	803,361	38,602	94,498	936,461
Operations, management and admin	2,715,840	261,893	2,236,203	5,213,936
Total operating expenses	7,640,130	897,808	5,767,469	14,305,407
Operating income before depreciation	2,317,723	1,561,531	2,666,345	6,545,599
Depreciation and amortization	(347,904)	(394,199)	(763,238)	(1,505,341)
Operating income	1,969,819	1,167,332	1,903,107	5,040,258
Non-operating revenue (expense):				
Change in investment-in-joint venture LVMWD/TSD	(1,068,966)	-	-	(1,068,966)
Rental revenue - cellular antennas	-	-	181,379	181,379
Interest and investment earnings	295,891	-	17,378	313,269
Interest expense	-	(304,129)	(302,144)	(606,273)
Other income (expense),net	54,133	-	(27,369)	26,764
Central administration expense allocation	688,148	(178,649)	(509,499)	-
Total non-operating revenues, net	(30,794)	(482,778)	(640,255)	(1,153,827)
Change in net position	1,939,025	684,554	1,262,852	3,886,431
Net position, beginning of fiscal year	48,495,439	5,709,475	11,988,371	66,193,285
Net position, end of fiscal year	\$ 50,434,464	\$ 6,394,029	\$ 13,251,223	\$ 70,079,716

TRIUNFO WATER & SANITATION DISTRICT

Combining Schedule of Cash Flows For the Fiscal Year Ended June 30, 2020

	Wastewater	Recycled Water	Potable Water	Total
Cash flows from operating activities:				
Receipts from customers for water sales and services	\$ -	\$ 2,564,276	\$ 8,220,203	\$ 10,784,479
Receipts from customers for sanitation services	10,156,702	-	-	10,156,702
Receipts for other services	205,574	28,515	83,170	317,259
Payments to vendors for materials and services	(7,400,826)	(897,808)	(5,767,469)	(14,066,103)
Advance deposits - investment-in-joint venture LVMWD/TSD facility	(3,385,670)	-	-	(3,385,670)
Net cash provided by (used in) operating activities	(424,220)	1,694,983	2,535,904	3,806,667
Cash flows from capital and related financing activities:				
Principal paid on long-term debt	-	(671,503)	(530,077)	(1,201,580)
Interest paid on long-term debt	-	(310,768)	(308,739)	(619,507)
Net cash provided by (used in) capital and related financing activities	-	(982,271)	(838,816)	(1,821,087)
Cash flows from non-capital financing activities:				
Transfers in (out)	688,148	(178,649)	(509,499)	-
Net cash provided by (used in) non-capital financing activities	688,148	(178,649)	(509,499)	-
Cash flows from investing activities:				
Proceeds from rental revenue - cellular antennas	-	-	181,379	181,379
Proceeds from interest and investment earnings	322,755	-	19,295	342,050
Net cash provided by investing activities	322,755	-	200,674	523,429
Net increase in cash and cash equivalents	586,683	534,063	1,388,263	2,509,009
Cash and cash equivalents (unrestricted and restricted, beginning of year)	6,492,459	2,848,577	3,306,101	12,647,137
Cash and cash equivalents (unrestricted and restricted, end of year)	\$ 7,079,142	\$ 3,382,640	\$ 4,694,364	\$ 15,156,146
Reconciliation of cash and cash equivalents to statement of net position:				
Cash and cash equivalents	\$ 6,439,942	\$ 3,382,640	\$ 4,030,839	\$ 13,853,421
Restricted cash and cash equivalents	639,200	-	663,525	1,302,725
Total cash and cash equivalents	\$ 7,079,142	\$ 3,382,640	\$ 4,694,364	\$ 15,156,146
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,969,819	\$ 1,167,332	\$ 1,903,107	\$ 5,040,258
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	347,904	394,199	763,238	1,505,341
Other non-operating income, net	54,133	-	(22,679)	31,454
Abandoned CIP projects	239,304	-	-	239,304
Changes in assets and liabilities:				
(Increase) decrease in net assets:				
Accounts receivable - water sales and services, net	-	(198,893)	(110,158)	(309,051)
Accounts receivable - sanitation fees	(23,409)	-	-	(23,409)
Accounts receivable - other, net	177,018	-	179,622	356,640
Water in-storage inventory	-	-	(4,752)	(4,752)
Prepaid and other	(7,405)	22	19	(7,364)
Advance deposits - investment-in-joint venture LVMWD/TSD facility	(3,385,670)	-	-	(3,385,670)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	188,086	332,323	(178,488)	341,921
Customer deposits	16,000	-	5,995	21,995
Total adjustments	(2,394,039)	527,651	632,797	(1,233,591)
Net cash provided by (used in) operating activities	\$ (424,220)	\$ 1,694,983	\$ 2,535,904	\$ 3,806,667

TRIUNFO WATER & SANITATION DISTRICT

Budgetary Comparison Schedule For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance
Operating revenues:			
Sanitation fees	\$ 9,818,732	\$ 9,752,279	\$ (66,453)
Potable water sales	6,306,989	6,395,205	88,216
Recycled water sales	2,776,756	2,208,635	(568,121)
Water meter service fees	2,151,160	2,177,628	26,468
Connection fees	70,000	166,166	96,166
Other charges for services	121,460	151,093	29,633
Total operating revenues	<u>21,245,097</u>	<u>20,851,006</u>	<u>(394,091)</u>
Operating expenses:			
Wastewater treatment	4,824,819	4,120,929	703,890
Potable water purchased	3,402,736	3,436,768	(34,032)
Recycled water purchased	714,625	597,313	117,312
Professional services	779,842	936,461	(156,619)
Operations, management and admin	5,955,439	5,213,936	741,503
Total operating expenses	<u>15,677,461</u>	<u>14,305,407</u>	<u>1,372,054</u>
Operating income before depreciation	5,567,636	6,545,599	977,963
Depreciation and amortization	<u>(1,497,496)</u>	<u>(1,505,341)</u>	<u>(7,845)</u>
Operating income	<u>4,070,140</u>	<u>5,040,258</u>	<u>970,118</u>
Non-operating revenue (expense)			
Change in investment-in-joint venture LVMWD/TSD	(3,053,302)	(1,068,966)	1,984,336
Rental revenue - cellular antennas	176,020	181,379	5,359
Interest and investment earnings	300,708	313,269	12,561
Interest expense	(619,507)	(606,273)	13,234
Other income (expenses), net	<u>-</u>	<u>26,764</u>	<u>26,764</u>
Total non-operating expenses, net	<u>(3,196,081)</u>	<u>(1,153,827)</u>	<u>2,042,254</u>
Change in net position	874,059	3,886,431	<u>3,012,372</u>
Net position, beginning	<u>66,193,285</u>	<u>66,193,285</u>	
Net position, ending	<u>\$ 67,067,344</u>	<u>\$ 70,079,716</u>	

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Statistical Section



Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2020 and June 30, 2019



**Triunfo Water & Sanitation District
Statistical Section**

This part of the District's comprehensive annual 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.

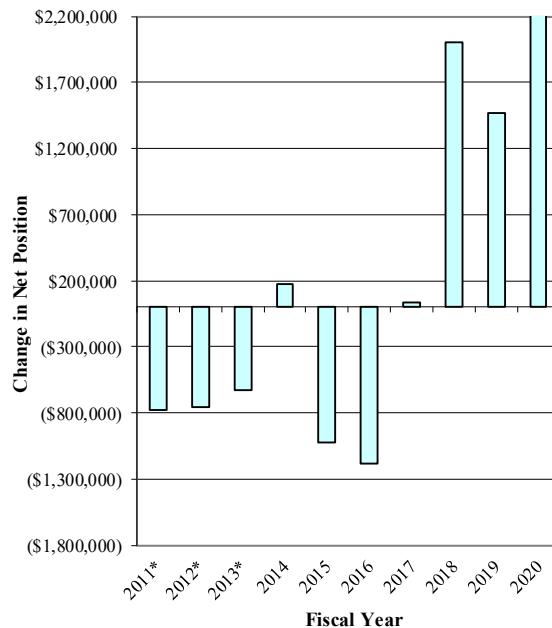
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	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	60-63
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenues, wastewater service, potable water sales, and recycled water sales.	64-67
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.	68-69
Demographic Information These schedules offer demographic indicators to help the reader understand the environment within which the District's financial activities take place.	70-73
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.	74



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

	Fiscal Year				
	2011*	2012*	2013*	2014	2015
Changes in net position:					
Operating revenues (see Schedule 2)	\$12,986,803	\$13,744,712	\$15,176,216	\$16,262,169	\$15,009,561
Operating expenses (see Schedule 3)	(11,273,168)	(12,026,778)	(13,035,013)	(13,461,380)	(13,372,916)
Depreciation and amortization	(822,844)	(905,549)	(904,630)	(865,402)	(899,549)
Operating income(loss)	890,791	812,385	1,236,573	1,935,387	737,096
Non-operating revenues(expenses)					
Investment income/(loss)	131,781	51,006	11,586	26,290	38,939
Rental income - cellular antennas	159,874	169,416	149,093	153,863	120,147
Change in investment in LVMWD/TSD Joint Venture	(1,634,383)	(1,920,297)	(2,018,902)	(1,917,034)	(1,915,400)
Gain/(loss) on sale of assets	-	-	-	-	28,179
Interest expense	(223,304)	(23,281)	(9,081)	(236)	(26,078)
Bond administration expense	(104,808)	-	-	(20,000)	-
Other revenue/(expense), net	-	153,259	-	-	-
Total non-operating revenues(expenses), net	(1,670,840)	(1,569,897)	(1,867,304)	(1,757,117)	(1,754,213)
Net income before capital contributions	(780,049)	(757,512)	(630,731)	178,270	(1,017,117)
Capital contributions	-	-	-	-	-
Changes in net position	\$ (780,049)	\$ (757,512)	\$ (630,731)	\$ 178,270	\$ (1,017,117)
Net position by component:					
Net investment in capital assets	\$21,366,364	\$22,233,510	\$21,726,237	\$21,228,218	\$21,277,799
Restricted	602,000	602,000	602,000	602,000	602,000
Unrestricted	44,122,329	42,497,671	42,374,213	43,050,502	41,983,804
Total net position	\$66,090,693	\$65,333,181	\$64,702,450	\$64,880,720	\$63,863,603

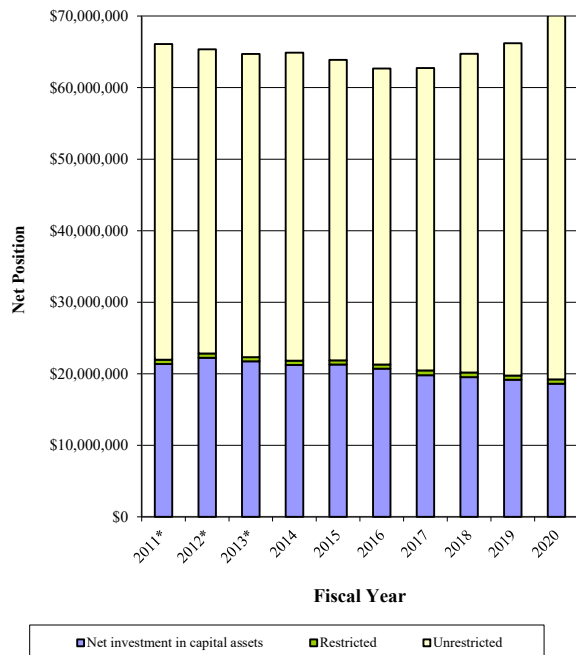


* The presentation of certain prior year balances have been reclassified to conform to current year presentation.

Source: Triunfo Water & Sanitation District

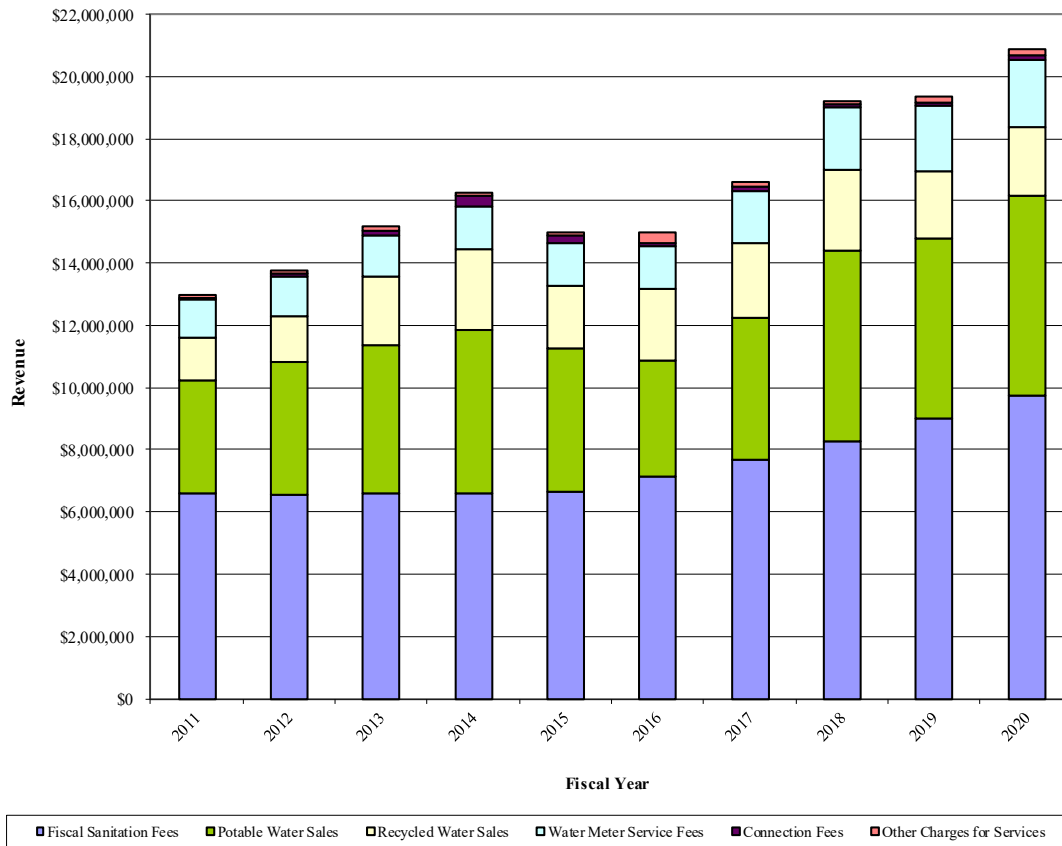
Triunfo Sanitation District
Changes in Net Position and Net Position by Component (Continued)
Last Ten Fiscal Years

Fiscal Year				
2016	2017	2018	2019	2020
\$ 15,008,613	\$ 16,586,688	\$ 19,227,754	\$ 19,359,355	\$ 20,851,006
(12,902,162)	(13,129,632)	(13,568,268)	(14,995,312)	(14,305,407)
(1,288,281)	(1,271,388)	(1,563,459)	(1,526,799)	(1,505,341)
818,170	2,185,668	4,096,027	2,837,244	5,040,258
69,338	50,628	160,050	335,873	313,269
112,270	111,672	175,394	171,925	181,379
(1,827,859)	(1,874,056)	(1,744,428)	(1,610,974)	(1,068,966)
-	-	-	-	-
(367,450)	(444,335)	(684,922)	(645,601)	(606,273)
-	-	-	-	-
11,450	7,249	2,506	383,843	26,764
(2,002,251)	(2,148,842)	(2,091,400)	(1,364,934)	(1,153,827)
(1,184,081)	36,826	2,004,627	1,472,310	3,886,431
-	-	-	-	-
<u>\$ (1,184,081)</u>	<u>\$ 36,826</u>	<u>\$ 2,004,627</u>	<u>\$ 1,472,310</u>	<u>\$ 3,886,431</u>
\$ 20,705,185	\$ 19,800,725	\$ 19,528,285	\$ 19,157,347	\$ 18,614,280
602,000	668,312	644,392	602,000	602,000
41,372,337	42,247,311	44,548,298	46,433,938	50,863,436
<u>\$ 62,679,522</u>	<u>\$ 62,716,348</u>	<u>\$ 64,720,975</u>	<u>\$ 66,193,285</u>	<u>\$ 70,079,716</u>



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

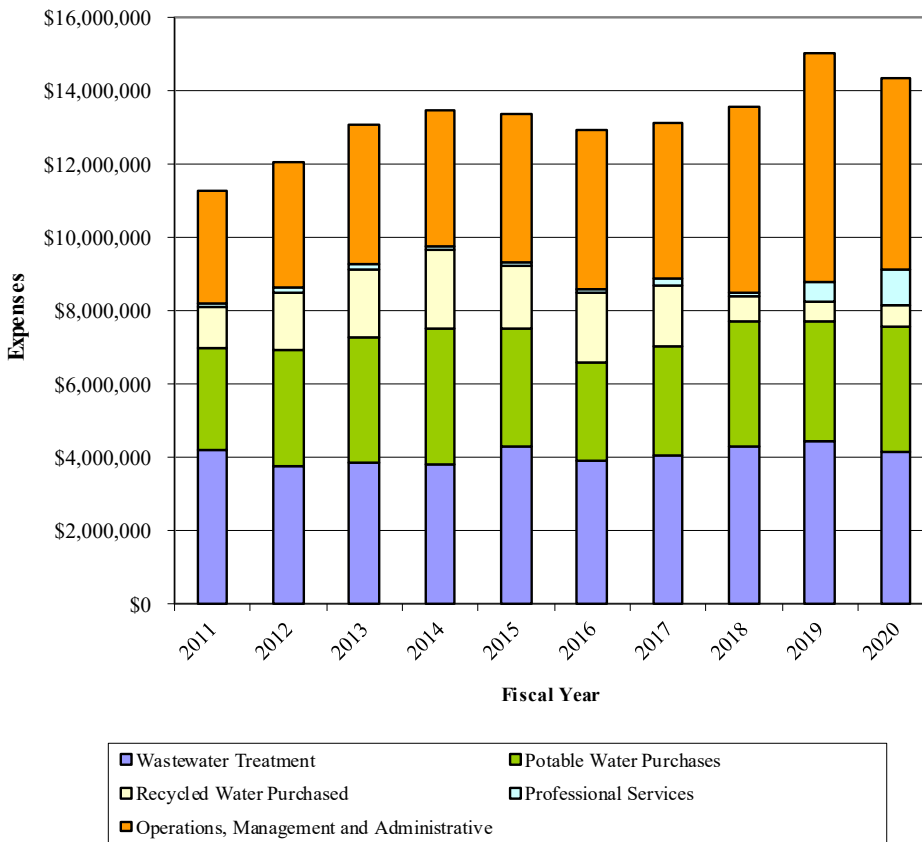
Fiscal Year	Sanitation Fees	Potable Water Sales	Recycled Water Sales	Water Meter Service Fees	Connection Fees	Other Charges for Services	Total Operating Revenue
2011	\$ 6,592,768	\$ 3,635,156	\$ 1,393,523	\$ 1,215,722	\$ 61,437	\$ 88,197	\$ 12,986,803
2012	6,573,309	4,245,741	1,481,830	1,263,052	80,960	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



Source: Triunfo Water & Sanitation District

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

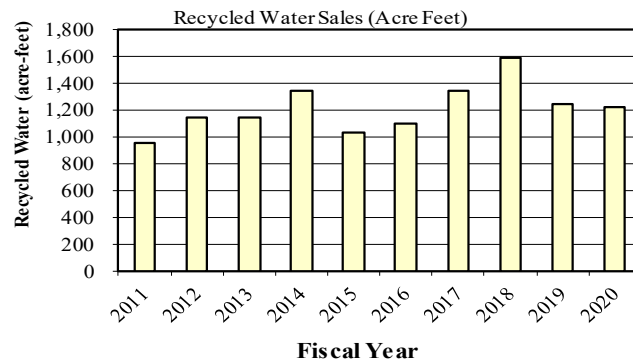
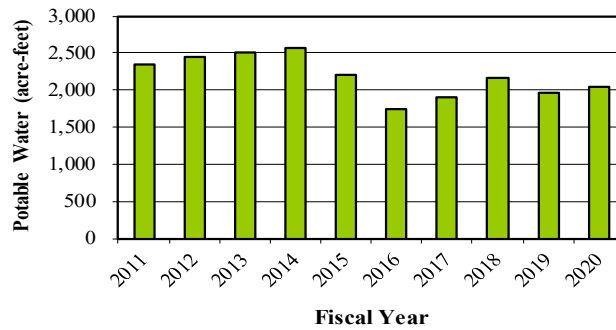
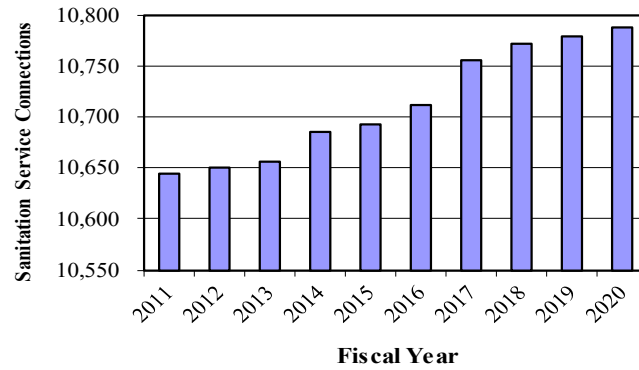
Fiscal Year	Wastewater Treatment	Potable Water Purchases	Recycled Water Purchased	Professional Services	Operations, Management and Administrative	Total Operating Expenses
2011	\$ 4,202,269	\$ 2,784,699	\$ 1,118,921	\$ 77,491	\$ 3,089,788	\$ 11,273,168
2012	3,766,205	3,148,276	1,583,652	106,839	3,421,806	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



Source: Triunfo Water & Sanitation District

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

Fiscal Year	Sanitation Service Connections	Potable Water Sales (Acre Feet)	Recycled Water Sales (Acre Feet)
2011	10,644	2,338	951
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



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

Source: Triunfo Water & Sanitation District

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

Sanitation Fees										
Connection Type ⁽²⁾	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Single/Multi Residential	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 44.52	\$ 47.41	\$ 50.49	\$ 55.03	\$ 59.98
Apartment Units	33.44	33.44	33.44	33.44	33.44	35.61	37.92	40.38	44.01	47.97
Commercial/Hotels	41.80	41.80	41.80	41.80	41.80	44.52	47.41	50.49	55.03	59.98
Shopping Centers	74.22	74.22	74.22	74.22	74.22	79.04	84.18	89.65	97.72	106.51
Restaurants & Markets	96.14	96.14	96.14	96.14	96.14	102.39	109.05	116.14	126.59	137.96

Potable Water Consumption Fees										
Water Consumed ⁽³⁾	2011	2012	2013	2014	2015					
0 - 6 HCF	\$ 2.95	\$ 3.33	\$ 3.67	\$ 3.93	\$ 4.01					
6 - 28 HCF	3.67	4.07	4.49	4.75	4.83					
Over 28 HCF	4.63	5.19	5.73	5.99	6.07					
Water Consumed ⁽³⁾						2016	2017	2018	2019	2020
0 - 7 HCF						\$ 4.24	\$ 5.06	\$ 5.88	\$ 6.16	\$ 6.45
>7 - 28 HCF						5.33	5.78	6.69	7.00	7.31
Over 28 HCF						6.79	7.14	8.23	8.58	8.94

Recycled Water Consumption Fees										
Water Consumed ⁽³⁾	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
All Units (HCF)	\$ 2.60	\$ 2.60	\$ 2.86	\$ 2.96	\$ 3.03	\$ 3.25	\$ 3.82	\$ 4.63	\$ 4.93	\$ 5.23

Potable Water Meter Service Fees										
Meter Size	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
5/8 inch	\$ 13.75	\$ 13.75	\$ 14.51	\$ 15.23	\$ 15.23	\$ 15.23	\$ N/A	\$ N/A	\$ N/A	\$ N/A
3/4 inch	20.63	20.63	21.76	22.85	22.85	22.85	24.79	28.02	28.87	29.74
1 inch	34.39	34.39	36.28	38.10	38.10	38.10	39.15	44.24	45.57	46.94
1 1/2 inch	68.77	68.77	72.55	76.18	76.18	76.18	75.05	84.81	87.36	89.99
2 inch	110.04	110.04	116.09	121.90	121.90	121.90	118.14	133.50	137.51	141.64
3 inch	206.31	206.31	217.66	228.54	228.54	228.54	254.57	287.67	296.31	305.20
4 inch	343.87	343.87	362.78	380.92	380.92	380.92	455.63	514.87	530.32	546.23
6 inch	687.68	687.68	725.51	761.78	761.78	761.78	1,008.55	1,139.67	1,173.87	1,209.09

Recycled Water Meter Service Fees										
Meter Size	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
5/8 inch	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.71	\$ N/A	\$ N/A	\$ N/A	\$ N/A
3/4 inch	19.74	19.74	19.74	19.74	19.74	20.53	N/A	N/A	N/A	N/A
1 inch	32.91	32.91	32.91	32.91	32.91	34.23	N/A	N/A	N/A	N/A
1 1/2 inch	65.81	65.81	65.81	65.81	65.81	68.45	N/A	N/A	N/A	N/A
2 inch	105.30	105.30	105.30	105.30	105.30	109.52	125.95	144.84	149.19	153.66
3 inch	197.43	197.43	197.43	197.43	197.43	205.33	236.13	271.55	279.70	288.09
4 inch	329.06	329.06	329.06	329.06	329.06	342.23	393.56	452.60	466.18	480.16
6 inch	658.07	658.07	658.07	658.07	658.07	684.40	787.06	905.12	932.27	960.24

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

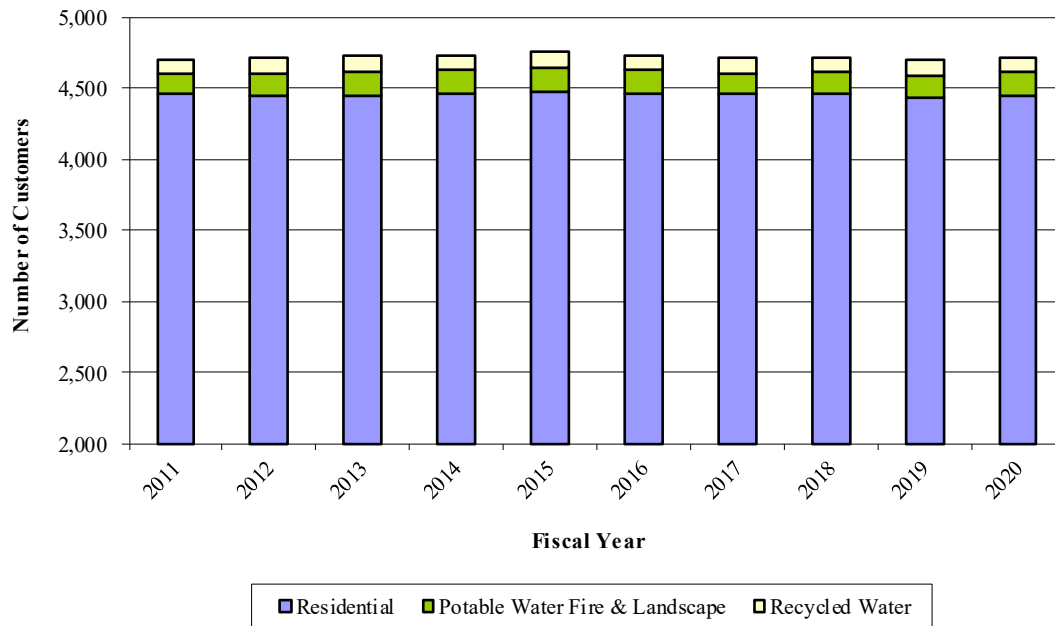
(2) Per Equivalent Residential Unit (ERU)

(3) Per Hundred Cubic Feet (HCF)

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

**Triunfo 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	
2011	4,459	137	105	4,701
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



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

Source: Triunfo Water & Sanitation District

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

Customer	Potable Water - Retail			
	2020		2011	
	Water Consumed	Percentage of Total	Water Consumed	Percentage of Total
ERP Operating, LLP	45,329	5.12%	44,581	3.06%
Shadow Ridge HOA	21,760	2.46%	39,394	2.70%
Morrison Estates HOA	8,118	0.92%	9,294	0.64%
Capri	7,683	0.00%	8,310	0.57%
Concord Consulting	7,437	0.84%	7,482	0.51%
Oak Park First Plaza (Shopping Center)	4,336	0.49%	7,538	0.52%
Rancho Simi Recreation & Park	8,053	0.00%	56,953	3.90%
County of Ventura	7,839	0.88%	24,074	1.65%
Regency Hills Neighborhood	8,426	0.95%	30,426	2.09%
Shadow Oaks	5,905	0.67%	-	0.00%
Oak Park Unified School District	4,196	0.47%	-	0.00%
Tract 3141 HOA	3,510	0.40%	-	0.00%
Hillcrest Homes HOA	2,080	0.23%	4,489	0.31%
Total	134,673	15.20%	232,541	15.94%
Total Potable Water Consumed	886,017	100.00%	1,458,509	100.00%

Customer	Recycled Water - Retail and Wholesale			
	2020		2011	
	Water Consumed	Percentage of Total	Water Consumed	Percentage of Total
California Water Service Company	180,338	34.18%	N/A ⁽¹⁾	N/A ⁽¹⁾
Sherwood County Club	31,446	5.96%	119,857	30.15%
Rancho Simi Recreation & Park	67,819	12.85%	45,963	11.56%
Oak Park Unified School District	37,628	7.13%	39,189	9.86%
Tract 3141 HOA	23,884	4.53%	19,630	4.94%
Country Glenn	17,511	3.32%	13,100	3.30%
County of Ventura	23,992	4.55%	17,762	4.47%
Regency Hill Neighborhood	25,984	4.92%	20,396	5.13%
Shadow Ridge HOA	12,905	2.45%	14,371	3.61%
Hidden Valley	18,112	3.43%	N/A ⁽¹⁾	N/A ⁽¹⁾
Country Vista III Owners	14,558	2.76%	15,871	3.99%
Oak Park Village Assoc	7,929	1.50%	7,755	1.95%
Total	462,104	87.58%	313,894	78.96%
Total Recycled Water Consumed	527,651	100.00%	397,546	100%

Note:
Per Hundred Cubic Feet (HCF)

(1) Recycled Water - Wholesale data for 2011 is not available

Source: Triunfo Water & Sanitation District

Triunfo 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
2011	\$ 579,124	\$ 7,760,000	\$ -	\$ -	\$ 8,339,124	\$ 254.55	0.55%
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%

- [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 Sanitation District
Pledged-Revenue Coverage
Installment Purchase Agreement
Fiscal Years 2020 and 2019**

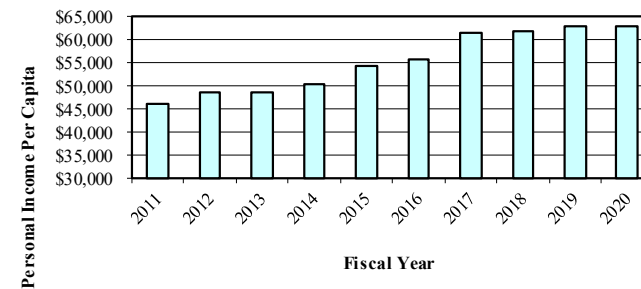
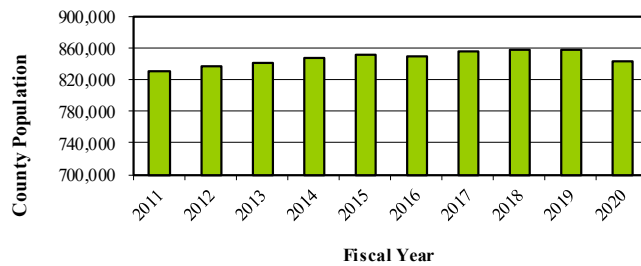
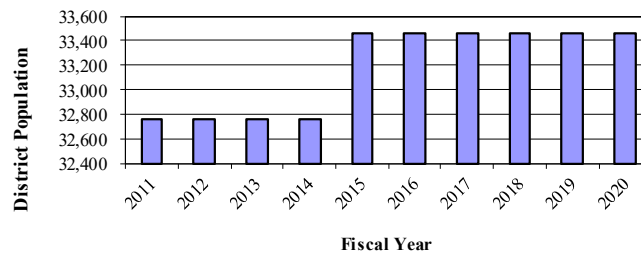
	Fiscal Year 2020			
	Wastewater	Recycled	Potable Water	Total
Revenue sources				
Operating revenues	\$ 9,957,853	\$ 2,459,339	\$ 8,433,814	\$ 20,851,006
Non-operating revenues	1,038,172	-	198,757	1,236,929
Total revenue sources	10,996,025	2,459,339	8,632,571	22,087,935
Expenses				
Operating expenses	\$ 7,640,130	\$ 897,808	\$ 5,767,469	\$ 14,305,407
Non-operating expenses	-	178,649	536,868	715,517
Total expenses	7,640,130	1,076,457	6,304,337	15,020,924
Net Revenues (Expenses)	3,355,895	1,382,882	2,328,234	7,067,011
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	3.97

	Fiscal Year 2019			
	Wastewater	Recycled	Potable Water	Total
Revenue sources				
Operating revenues	\$ 9,187,287	\$ 2,394,068	\$ 7,778,000	\$ 19,359,355
Non-operating revenues	989,811	-	191,701	1,181,512
Total revenue sources	10,177,098	2,394,068	7,969,701	20,540,867
Expenses				
Operating expenses	\$ 7,955,010	\$ 1,263,695	\$ 5,776,607	\$ 14,995,312
Non-operating expenses	-	173,839	489,007	662,846
Total expenses	7,955,010	1,437,534	6,265,614	15,658,158
Net Revenues (Expenses)	2,222,088	956,534	1,704,087	4,882,709
Installment payments				
Principal	-	651,894	482,174	1,134,068
Interest	-	329,387	330,376	659,763
Total installment payments	-	981,281	812,550	1,793,830
Debt Service Coverage (min 1.25x)	n/a	n/a	n/a	2.72

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

County of Ventura

Year	Population within District(1)	Unemployment Rate(4)	Population (persons)(1)	Personal Income(2,3)	Personal Income per Capita(2,3)
2011	32,760	10.3%	830,973	38,195,055	45,964
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)



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 Sanitation District
Principal Employers - Ventura County
Current Fiscal Year and Ten Years Ago

Employer	2020^(a)		2011^(b)	
	Number of Employees	Percentage of Total Employed	Number of Employees	Percentage of Total Employed
Naval Base of Ventura	5,000 - 19,999	n/a	5,000 - 19,999	n/a
County of Ventura - Government Center	5,000 - 9,999	n/a	5,000 - 9,999	n/a
Amgen	5,000 - 9,999	n/a	5,000 - 9,999	n/a
Wellpoint Health Network, Inc.	1,000 - 4,999	n/a	1,000 - 4,999	n/a
Simi Valley Unified School District	1,000 - 4,999	n/a	1,000 - 4,999	n/a
Community Memorial Hospital of San Buenaver	1,000 - 4,999	n/a	1,000 - 4,999	n/a
Conejo Valley Unified School District	1,000 - 4,999	n/a	1,000 - 4,999	n/a
Dignity Health	1,000 - 4,999	n/a	-	n/a
Ventura Unified School District	1,000 - 4,999	n/a	1,000 - 4,999	n/a
Oxnard Union High School District	1,000 - 4,999	n/a	-	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	-	n/a	-	n/a
Total Employed in County	401,200	100.00%	384,400	100.00%

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

Sources:

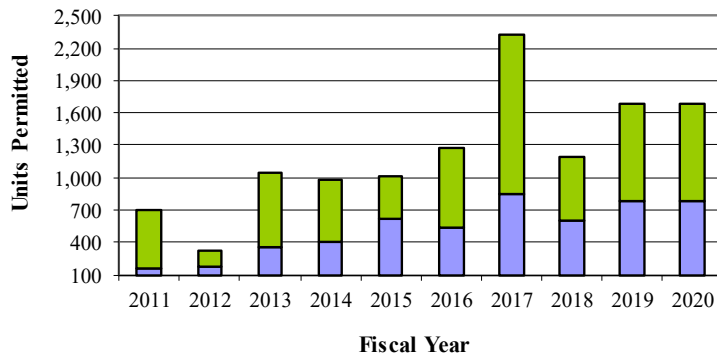
(a) 2019 Los Angeles County and Ventura County Economic Outlook.

(b) Ventura County Economy and Employment & California EDD Labor Market Info - June 2011

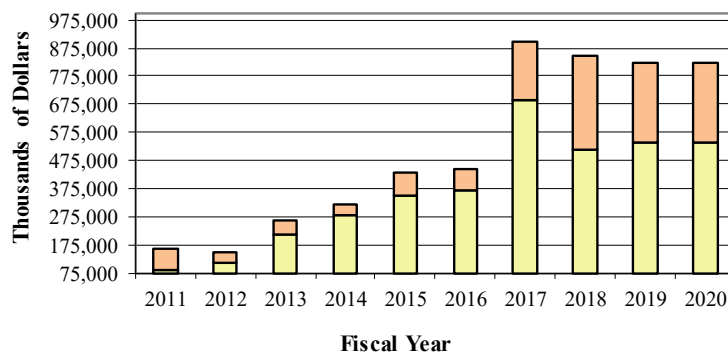
Triunfo Sanitation District
Building Permits - County of Ventura
Last Ten Fiscal Years

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)
2011	156	541	697	84,947	73,482	158,429
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

New Residential Building Units Permitted



Investment in New Structures

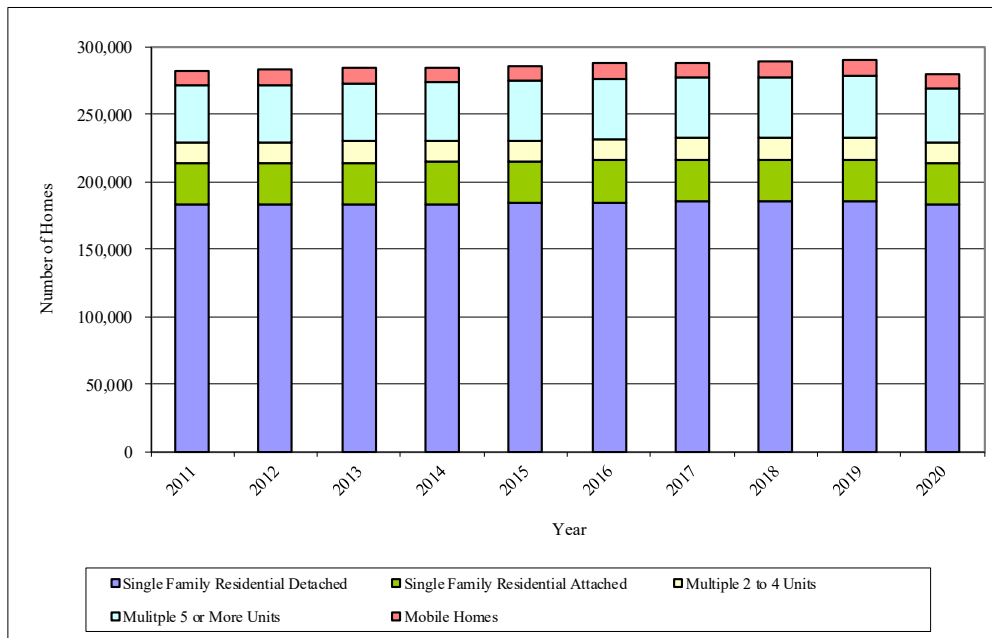


Note: Building Permit statistic updated 2017 to include number of permits, and total investment in residential and non-residential units; as more detailed breakdown is no longer accessible. Prior years are actual, current year forecasted.

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

**Triunfo 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
2011	182,857	30,922	15,286	41,879	11,324	282,268
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



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

**Triunfo 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)
2011	50	120	4.70	3.30
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

Potable Water Sales			
Fiscal Year	District Area (Square Miles)	Potable Water Capacity (MGM)	Potable Water System (Miles)
2011	50	82.72	50
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

Recycled Water Sales			
Fiscal Year	District Area (Square Miles)	Recycled Water Capacity (MGM)	Recycled Water System (Miles)
2011	50	40.73	5
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

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

