

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED  
JUNE 30, 2022 AND JUNE 30, 2021



**MARK NORRIS, GENERAL MANAGER**  
VENTURA COUNTY, CALIFORNIA

**Previous page:**

*Top row, from left:* A pressure gauge at the Triunfo Water & Sanitation District (TWSD) Deer Hill pump station, Oak Park, California; a view of Oak Park from the TWSD Deer Hill reservoir

*Bottom row, from left:* The Las Virgenes - Triunfo Joint Powers Authority (JPA) Pure Water Project Demonstration Facility, Agoura Hills, CA; Justin Robbins, TWSD's Water & Wastewater Operations Supervisor

**TRIUNFO WATER & SANITATION DISTRICT**

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022 and June 30, 2021**

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**TRIUNFO WATER & SANITATION DISTRICT**

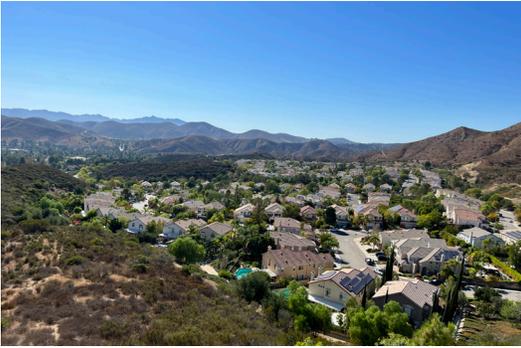
**Annual Comprehensive Financial Report  
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# INTRODUCTORY SECTION



**Previous page:**

*From left: Oak Park, California; Triunfo Water & Sanitation District's administrative and customer service offices, Westlake Village, California; Lake Sherwood, CA*



**Board of Directors**

Leon Shapiro, Chair

Jane Nye, Vice Chair

James Wall, Director

Janna Orkney, Director

Raymond Tjulander, Director

*Providing Outstanding Service Since 1963*

December 20, 2022

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

Members of the Board of Directors:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Triunfo Water & Sanitation District (District) as of and for the fiscal years ended June 30, 2022 and June 30, 2021. Responsibility for the accuracy, completeness, reliability, and fairness of the financial data herein, including all disclosures, rests with the administration and management of the District. The data presented in this report, to the best of our knowledge and belief, is accurate in all material aspects, and presented in a manner designed to fairly present the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

We have prepared the financial statements in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Government Accounting Standards Board (GASB). The District also follows the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for the contents of government financial reports and participates in the GFOA's review program for the Certificate of Achievement for Excellence in Financial Reporting.

The District is responsible for establishing and maintaining internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure sufficient and reliable accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. However, the cost of internal accounting control should not exceed anticipated benefit, instead it is designed to provide reasonable, but not 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, 2022 and June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A immediately follows the Independent Auditor's Report.

## PROFILE OF TRIUNFO

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

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

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

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

In October 2020, the District hired four senior management as employees that included the General Manager, Director of Finance, Program Engineering Manager, and Administrative Program Manager. The focus of the senior management team is to implement the transition plan by hiring the District's own Administration, Finance, and Operation Services employees and move the District office from Ventura to the Triunfo service area.

**Administration** – The five directly elected Board members at-large are employees of the District. In addition to the four senior management, the District hired the Clerk of the Board in June 2021, and the Finance staff that included an Accountant and three Accounting Technicians in July 2021.

**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 ten-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 \$14,050 per Dwelling Unit.

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

into Tapia. In addition, the District owns 29.4% of the Joint Venture recycled water distribution system.

### ***Tapia Water Reclamation Facility***

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

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

Tapia has been honored with numerous awards, including:

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

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

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

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

In fiscal year 2022, the District paid \$96,870 in capacity and treatment costs to the City and County of Los Angeles. In addition, the District paid \$49,758 toward the Tillman plant expansion. Future capital improvements for this facility are primarily funded through sewer connection fees ranging from \$3,075 to \$14,050 based on parcel identification in the Bell Canyon Sewer Assessment District No. 85-1 assessment area.

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

**Triunfo Recycled Water** – The District provides recycled water treated at Tapia via the Joint Venture through two pipelines to the communities of Oak Park, Lake Sherwood and North Ranch. The District serves both wholesale and retail customers. District recycled water sales were \$2,511,500 and \$2,745,232 in fiscal year 2022 and fiscal year 2021, respectively. The recycled water from Tapia travels through 5.4 miles of District recycled water lines to serve a variety of retail customers which includes: 7 parks, 6 schools, 1 golf course, 15 acres of landscaping and medians, and 16 homeowners' associations. In hot summer months, local irrigation consumes all of the recycled water Tapia produces.

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

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

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

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

**Triunfo Potable Water** – The District provides potable water service to the community of Oak Park which is mostly residential and is located at the eastern edge of Ventura County. The 2020 United States Census Bureau data indicates Oak Park has a population of approximately 13,898 with a median household income (in 2021 dollars) of \$143,153 with no local water supplies. The District is 100% dependent on imported water.

The District receives its potable water supply from the Metropolitan Water District of Southern California which is imported from the Sacramento Delta through Calleguas Municipal Water District, the regional water wholesale agency. The District’s policy is to increase the potable water and recycled water rates based on increases in the cost of providing service as well as the increased rates from Calleguas Municipal Water District. The latest pass-through rate increase will be effective January 1, 2023.

Residential customers make up approximately 96% (number of metered connections) of the District’s customer base and consumed approximately 89% of the potable water provided annually by the District. The remaining 11% was consumed by commercial customers.

Potable water deliveries in fiscal year 2022 were 2,009 acre-feet compared to 2,257 acre-feet in fiscal year 2021. These deliveries provided income of \$7,077,700 and \$7,668,684 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 \$211,497 for fiscal year 2022 and \$185,772 for fiscal year 2021.

## **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 839,784 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. Although the infection rates seemed to have flattened and the health crisis due to the pandemic appears to be in the rear-view mirror, Ventura County’s growth is slower than experienced in early 2020.

**Agriculture** – Ventura County agriculture has fought against fires, drought, invasive pests, labor shortages, tariffs, ever-changing regulations, development pressure, increasing global

competition and pandemic. Even with all these challenges, agriculture remains a thriving industry in Ventura County generating \$2.0 billion in 2021, a 5% increase from 2020. Strawberries, lemons, nursery stock, raspberries and avocados are among the five leading crops grown. In 2020, California Department of Food and Agriculture's most recent data ranks Ventura County 10<sup>th</sup> among all counties in California in gross value of agricultural production including timber.

**Income and Unemployment** – Ventura County created 6,675 jobs in 2021 with the majority of the new jobs created were in leisure and hospitality, retail, and professional and business services. Unemployment rate dropped down to 3.6% in March 2022 compared to 5.3% in September 2021. However, limited pool of unemployed residents are available to fill the job openings, making it a challenge to have a full labor market recovery.

The 2021 Census Bureau ACS 1-year survey reports that the median household income for Ventura County was \$96,454, while California was \$84,907 and United States (US) at \$69,717. The per capita income in the past twelve (12) months for Ventura County was \$42,913, California is slightly lower at \$42,396, and US at \$38,332. The percent of persons in poverty in Ventura County was 8.8%, California at 12.8%, and US at 12.3%.

**Real Estate** –The Ventura County housing market is extremely tight and no signs of home prices easing with inventory at record lows and demand seemingly high. The median home sale price was \$914,000 in March 2022, up to almost 16% from March 2021. The growth in housing inventory has been relatively non-existing since the pandemic while the demand for housing continued to increase. There has been very little increase in the housing inventory to date, which will further push prices even higher and exacerbating the problem of housing affordability in Ventura County. However, with the higher mortgage rates in 2022, the risk of recession, and the continued increase in home sale price, demand for housing should soften.

## OTHER INFORMATION

### ***Budget Process and Budgetary Control***

The District's budget is a detailed operating plan that identifies estimated costs and results in relation to estimated revenues. The District Board adopts a budget plan at the beginning of each fiscal year that includes an annual operating and capital budget prior to July 1<sup>st</sup> of each year. The adopted budget serves as the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the District Board.

The District maintains budgetary controls to ensure compliance with legal provisions contained in the annual appropriated budget approved by the District Board. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the department and object level (Salaries & Employee Benefits, Operating Expenses, and Capital Projects). The District's actual financial activity in relationship with the adopted budget is reviewed and approved by the District Board monthly. An encumbrance system is also used to account for purchase orders, contracts and other commitments. Encumbered balances of appropriations at year-end are carried forward and are not re-appropriated in the following year's budget.

## ***Internal Control***

Finance is responsible for establishing and maintaining an appropriate internal control structure. The internal control is designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely derived, and the valuation of costs and benefits requires estimates and judgments by management.

## ***Long-term Financial Planning***

The District takes a long range approach to capital spending by the adoption of a five year capital plan. In addition, the District continues to explore transitioning to being fully independent and self-reliant. Finally, the District developed a five-year rate adjustment plan from Fiscal Year 2021 through Fiscal Year 2025 to ensure collecting sufficient funds to support ongoing capital and operation needs.

## ***Relevant Financial Policies***

The District has adopted a comprehensive financial policy to provide guidance in making financial and resource allocation decisions. Some of the major financial policies the District has adopted include the Debt Management Policy, Investment Policy, Reserve Level Policy, and Purchasing Policy.

**Debt Management Policy:** The District's Debt Management Policy includes general guidelines and parameters for issuing and refunding debt and to guide current and future decisions to ensure adequate financial resources are available to support the District's long-term capital needs.

**Investment Policy:** The District's Investment Policy's 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. The policy is reviewed, updated if needed, and adopted by the Board annually.

**Reserve Level Policy:** The District's Reserve Level Policy designates all funds held in reserve to specific uses, and to take into consideration the minimum level necessary to maintain the District's credit worthiness and adequately provide for operating reserves, future debt or capital obligations, cash flow requirements, and legal requirements. The policy is reviewed, updated if needed, and adopted by the Board.

## ***Major Initiatives***

The Las Virgenes – Triunfo Joint Powers Authority (JPA) Pure Water Demonstration Project was completed and opened for public tours. This demonstration project provides a small-scale version of the proposed advanced water treatment facility for the future Pure Water Project (PWP). The PWP will create a new, local, sustainable and drought-proof drinking water supply through the purification of the Las Virgenes – Triunfo Joint Powers Authority (JPA) surplus recycled water. The recycled water will undergo advance treatment, after which it will be stored at the Las Virgenes Reservoir for later use as drinking water. The project would eliminate the need to

discharge excess recycled water to Malibu Creek and is intended to diversify the region's water supply and reduce dependence on imported water by generating up to 6 million gallons per day of drinking water. The current estimated cost for the project is \$364 million.

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. By July 1, 2021, the District hired the Administration and Finance employees. In addition, the District's field services contract with Ventura Regional Sanitation District ended June 30, 2022, and the District hired the field services employees and outside contractors on July 1, 2022.

The District also relocated its offices to the Triunfo Water & Sanitation District's service area on October 17, 2022.

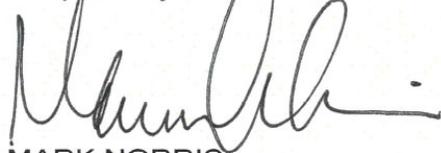
### **Awards & Acknowledgements**

**Excellence in Financial Reporting** – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Triunfo Water & Sanitation District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**Acknowledgements** – The preparation of this report could not have been accomplished without the professional and dedicated services of the Finance staff, and the District's independent auditors, Rogers, Anderson, Malody & Scott, LLP. We would like to express our appreciation to the District staff who assisted and contributed to the preparation of this report. Finally, we thank the District Board of Director's direction and policy oversight on the various fiscal and budget issues addressed during the fiscal year; and for their interest and support in planning and conducting the financial operations of the District in a responsible and effective manner.

Respectfully submitted,



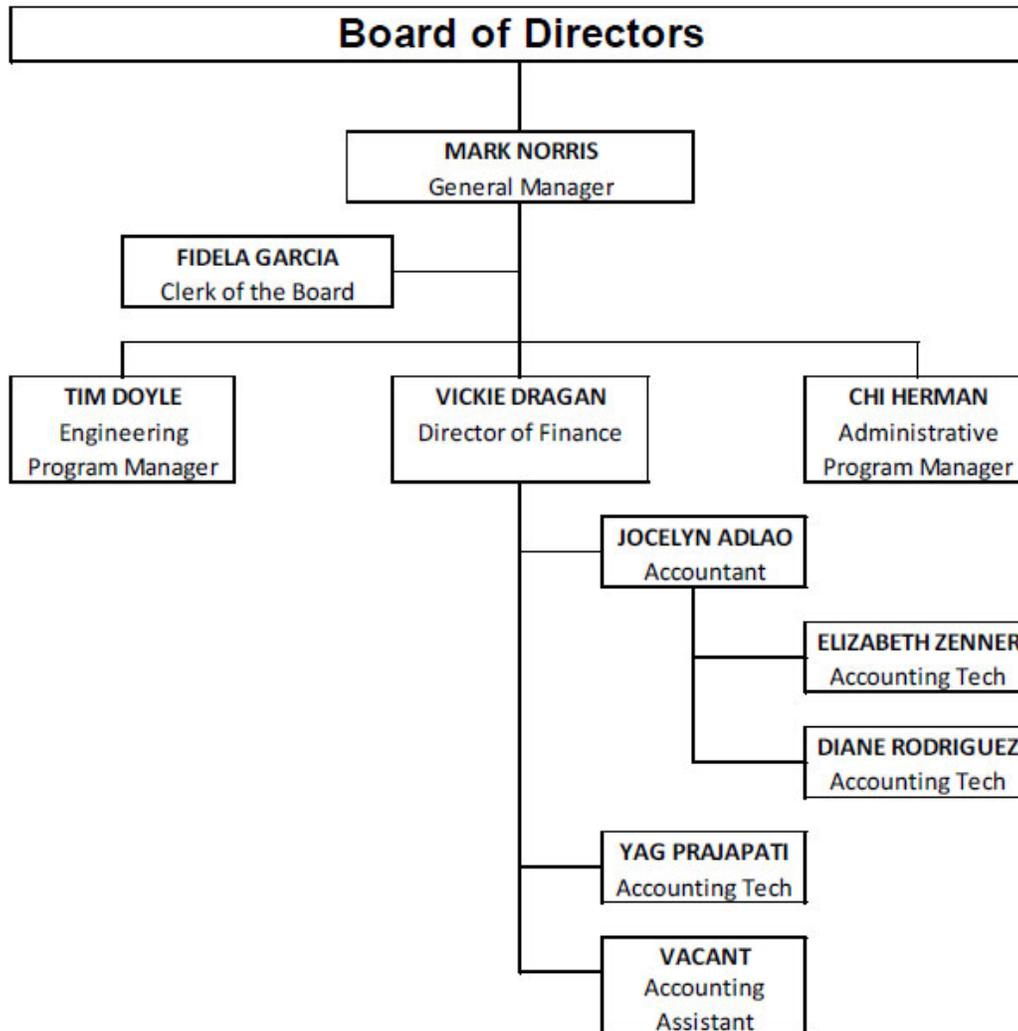
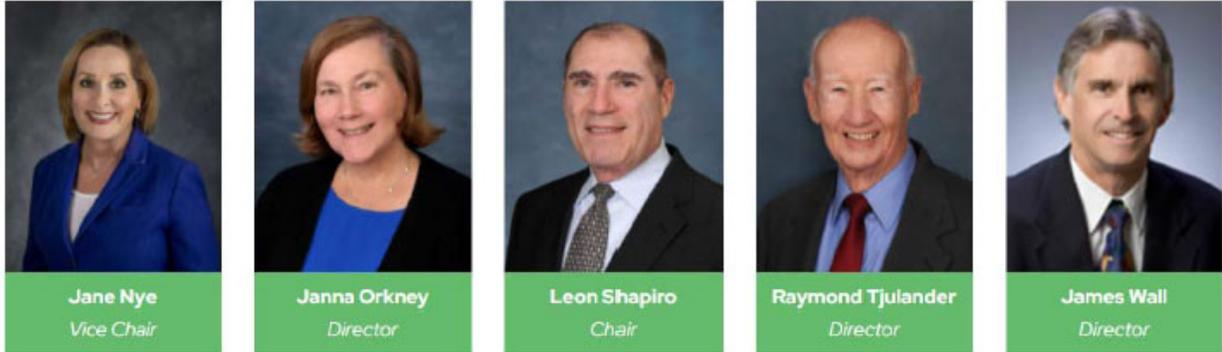
MARK NORRIS  
General Manager



VICKIE DRAGAN  
Director of Finance

# TRIUNFO WATER & SANITATION DISTRICT

## Organization Chart





**Ventura County, California**

**2022 Board of Directors**

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

**Staff**

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

**Contract Staff**

John Mathews	Legal Counsel	(805) 988-9886
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Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Triunfo Water & Sanitation District  
California**

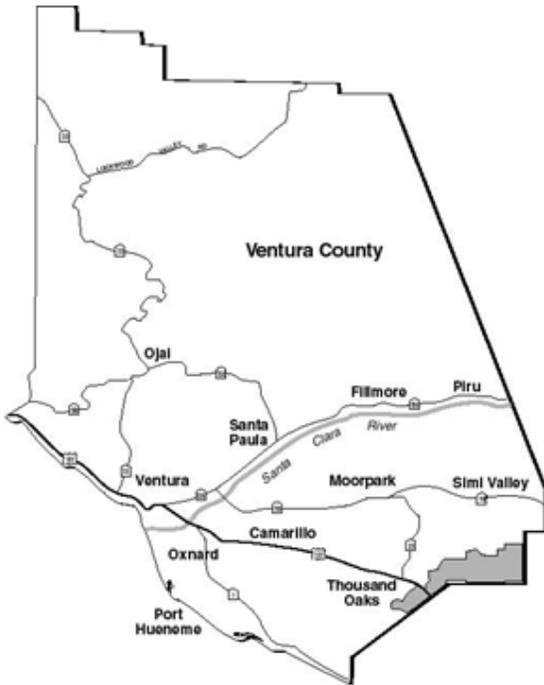
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO

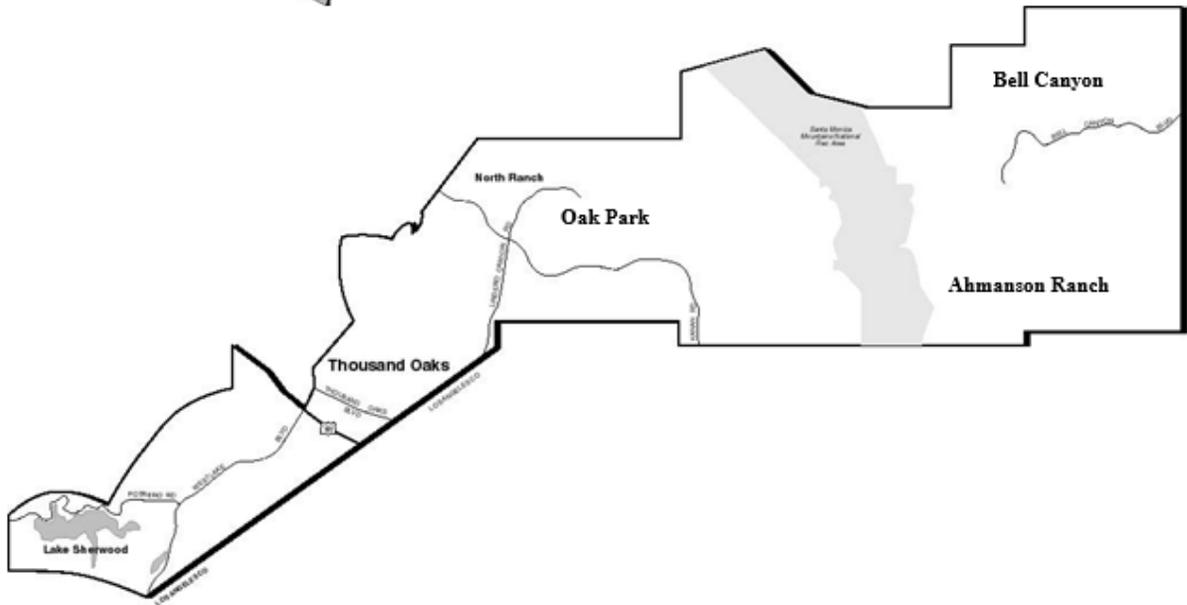
**VENTURA COUNTY**



**CALIFORNIA**



**TRIUNFO SANITATION DISTRICT**



# FINANCIAL SECTION



**Previous page:**

*From left: Lake Bard, Calleguas Municipal Water District's surface water reservoir, Simi Valley, California; The Las Virgenes - Triunfo Joint Powers Authority (JPA) Tapia Water Reclamation Facility, Agoura Hills, CA*



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*Independent Auditor's Report*

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

**PARTNERS**

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  
Brenda L. Odle, CPA, MST (Partner Emeritus)

**MANAGERS / STAFF**

Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
Xinlu Zoe Zhang, CPA, MSA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

*Employee Benefit Plan  
Audit Quality Center*

California Society of  
Certified Public Accountants



**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of Triunfo Water & Sanitation District (the District) as of and for the fiscal years ended June 30, 2022 and June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District, as of June 30, 2022 and June 30, 2021 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements for California Special Districts*.

***Basis for Opinion***

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

***Emphasis of Matter***

As discussed in Note B10 to the financial statements, in the year ended June 30, 2022, the District adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

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

### ***Other Information Included in the Annual Report***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
December 20, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Management's Discussion and Analysis* (MD&A) of the Triunfo Water & Sanitation District's (District) Annual Comprehensive Financial Report (ACFR) presents an overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2022. It should be read in conjunction with the transmittal letter beginning at page 1 and the District's basic financial statements, including the notes to the financial statements, which are an integral part of the statements that follow this narrative.

### Financial Highlights

- The District's net position increased by \$9.6 million or 13.7 percent from \$70.4 million to \$80.1 million due to the increase in unrestricted assets for the fiscal year ended June 30, 2022.
- The District's total revenues increased by \$0.9 million or 3.6 percent from \$24.3 million to \$25.1 million primarily due to increases in sanitation fees, water meter service fees, and other revenue.
- Total expenses decreased by \$8.5 million or 35.4 percent from \$24.0 million to \$15.5 million mainly due to a decrease of \$1.0 million in wastewater treatment, \$6.3 million in LVMWD/TWSD change in investment, and \$1.0 million in operations, management and administration expenses for the fiscal year ended June 30, 2022.

### 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, which are included in the District's annual report and include the Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows; and notes to the financial statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements. This report includes supplementary information and statistical section.

**Basic Financial Statements** The District's basic financial statements, prepared in accordance with generally accepted accounting principles (GAAP), offer key, high-level financial information about the District activities during the reporting periods. The financial statements of the District consist of three interrelated statements designed to provide the reader with relevant information of the District's financial condition and operating results. These statements offer short-term and long-term financial information about the District's activities utilizing the full accrual basis of accounting. 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 result from operating, non-capital financing, capital and related financing, and investing activities. It helps users assess the District's

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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 30-55 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				
	2022	2021	Change	% Change
<b>Assets:</b>				
Current assets	\$33,157,496	\$24,324,479	\$ 8,833,017	36.3%
Restricted current assets	741,935	1,316,115	(574,180)	-43.6%
LVMWD/TWSD-joint venture	33,397,378	32,620,366	777,012	2.4%
Capital assets, net	33,261,800	34,209,994	(948,194)	-2.8%
Lease receivable	3,210,315	3,350,273	(139,958)	-4.2%
<b>Total assets</b>	<u>103,768,924</u>	<u>95,821,227</u>	<u>7,947,697</u>	8.3%
<b>Liabilities:</b>				
Liabilities payable from unrestricted current assets	6,643,776	6,898,282	(254,506)	-3.7%
Liabilities payable from restricted current assets	741,935	714,115	27,820	3.9%
Non-current liabilities	13,121,078	14,375,245	(1,254,167)	-8.7%
<b>Total liabilities</b>	<u>20,506,789</u>	<u>21,987,642</u>	<u>(1,480,853)</u>	-6.7%
<b>Deferred inflows:</b>				
Lease related	3,184,591	3,396,088	(211,497)	-6.2%
<b>Total deferred inflows</b>	<u>3,184,591</u>	<u>3,396,088</u>	<u>(211,497)</u>	-6.2%
<b>Net Position:</b>				
Net investment in capital assets	18,740,468	18,548,037	192,431	1.0%
Restricted:				
Conifer Loan reserve requirement	-	602,000	(602,000)	-100.0%
Unrestricted	61,337,076	51,287,460	10,049,616	19.6%
<b>Total net position</b>	<u>\$80,077,544</u>	<u>\$70,437,497</u>	<u>\$ 9,640,047</u>	13.7%

Total assets experienced an increase of \$7.9 million. While capital assets saw a \$.9 million reduction, it was offset by increases in current assets and the LVMWD/TWSD-joint venture. Total liabilities experienced a decrease of \$1.5 million or 6.7% mainly due to the decrease in non-current liabilities (\$1.3 million) and liabilities from unrestricted current assets (\$0.3 million), resulting in an overall increase of \$9.6 million or 13.7% in net position in fiscal year 2022.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The investment in capital asset component of the District's net position is \$18.7 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. The District's restricted net position for fiscal year 2021 was \$602,000. The refinancing of loans in August, 2021 eliminated debt service restrictions for fiscal year 2022.

The largest and final component of the District's net position (\$61.3 million) is the unrestricted net position. \$33.4 million reflects the District's capital asset investment in a Joint Venture with the Las Virgenes Municipal Water District. The Joint Venture's capital assets investment includes land and land rights; sewer and treatment plant; compost plant and farm; water systems; and equipment, offset by operating costs. Additional information regarding the District's investment in the Joint Venture can be found in Note B5. The remaining \$27.9 million may be used to meet the District's ongoing obligations to creditors and constituencies.

In fiscal year 2021, the District's net investment in capital assets was \$18.5 million and the unrestricted net position totaled \$51.3 million. The District's unrestricted net position of \$51.3 million includes capital assets investment in TWSD Joint Venture partnership with the Las Virgenes Municipal Water District of \$32.6 million which reflects 63.6% of the District's unrestricted assets. As seen in the table below, total net position increased by \$0.4 million to \$70.4 million in fiscal year 2021.

<b>Condensed Statements of Net Position</b>				
	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>% Change</b>
<b>Assets:</b>				
Current assets	\$24,324,479	\$20,476,948	\$ 3,847,531	18.8%
Restricted current assets	1,316,115	1,302,725	13,390	1.0%
LVWWD/TWSD-joint venture	32,620,366	32,295,857	324,509	1.0%
Capital assets, net	34,209,994	35,519,593	(1,309,599)	-3.7%
Lease receivable	3,350,273	-	3,350,273	100.0%
<b>Total assets</b>	<b>95,821,227</b>	<b>89,595,123</b>	<b>6,226,104</b>	<b>6.9%</b>
<b>Liabilities:</b>				
Liabilities payable from unrestricted current assets	6,898,282	3,152,725	3,745,557	118.8%
Liabilities payable from restricted current assets	714,115	700,725	13,390	1.9%
Non-current liabilities	14,375,245	15,661,957	(1,286,712)	-8.2%
<b>Total liabilities</b>	<b>21,987,642</b>	<b>19,515,407</b>	<b>2,472,235</b>	<b>12.7%</b>
<b>Deferred inflows:</b>				
Lease related	3,396,088	-	3,396,088	100.0%
<b>Total deferred inflows</b>	<b>3,396,088</b>	<b>-</b>	<b>3,396,088</b>	<b>100.0%</b>
<b>Net Position:</b>				
Net investment in capital assets	18,548,037	18,614,280	(66,243)	-0.4%
<b>Restricted:</b>				
Conifer Loan reserve requirement	602,000	602,000	-	0.0%
Unrestricted	51,287,460	50,863,436	424,024	0.8%
<b>Total net position</b>	<b>\$70,437,497</b>	<b>\$70,079,716</b>	<b>\$ 357,781</b>	<b>0.5%</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

A condensed Statement of Revenues, Expenses, and Changes in Net Position is presented in the following table for our analysis. While the Statement of Net Position shows the change in financial position of the District's net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. As previously mentioned, the increase in total net position was \$9,640,047 in fiscal year 2022.

Total revenues increased by \$865,965 (3.6%), compared to fiscal year 2021, comprised of an increase of \$1,001,037 in operating revenues and a decrease of \$135,072 in non-operating revenues.

The \$1,001,037 increase in operating revenues resulted from the following activities:

- Sanitation fees rate increase of 15% resulted in a revenue increase of \$1,453,975 or 13.0%.
- Although potable water rate increased by 6% plus a pass through increase of 1.2% in January, revenue decreased by \$580,516 or 7.6% due to State mandated drought water use restrictions.
- Recycled water saw a revenue decrease of \$233,732 or 8.5% in spite of the rate increase of 2% and a pass through increase of 2.4% in January due to a decrease in the amount of units sold.
- A 6% rate increase in Water meter service fees resulted in \$156,806 or 6.8% increase in revenue.
- Other revenues increased by \$204,504 or 161.4% as a result of an increase in connection fees and the District's reinstatement of customer penalties and late fees previously waived due to the COVID-19 pandemic.

The \$135,072 decrease in non-operating revenues comprised of:

- A \$284,100 or 305.1% decrease in interest and investment earnings resulted from a decrease in fair market value of District investments.
- Lease escalation based on CPI index and GASB 87 adjustments resulted in an increase of \$85,274 or 67.6% in rental revenue; and
- Other revenue, mainly from property damage claims increased by \$63,754 or 2583.2%.

Total expenses decreased by \$8,501,034 or 35.4% compared to fiscal year 2021. The three main decreases in expenses are as follows:

- Wastewater treatment decreased by \$1,012,009 or 16.9% and Investment in Joint Venture with LVMD decreased by \$6,283,884 or 132.6%. The FY2021 Joint Venture investment is attributable to the deferred maintenance of JPA facilities in anticipation of the Pure Water Project and FY2022 mainly reflects the SCE "indifference payment" to the JPA.
- Potable and recycled water purchase decreased by \$306,372 (7.9%) and \$53,690 (8.3%) respectively due to a decrease in the amount of units purchased.
- The decreased cost in operations, management, and administration of \$1,011,554 or 15.8%, is due to a decrease in VRSD contract services (\$1.8 million), decrease in District's Administration & Management costs (\$182,500), and increase in salaries & benefits (\$927,600).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	2022	2021	Change	% Change
Revenues:				
Operating revenues:				
Sanitation fees	\$ 12,658,716	\$ 11,204,741	\$ 1,453,975	13.0%
Potable water sales	7,088,168	7,668,684	(580,516)	-7.6%
Recycled water sales	2,511,500	2,745,232	(233,732)	-8.5%
Water meter service fees	2,453,228	2,296,422	156,806	6.8%
Other	331,196	126,692	204,504	161.4%
Non-operating revenues:				
Rental revenue - cellular antennas	211,497	126,223	85,274	67.6%
Interest and investment earnings	(190,981)	93,119	(284,100)	-305.1%
Other	66,222	2,468	63,754	2583.2%
<b>Total revenues</b>	<u>25,129,546</u>	<u>24,263,581</u>	<u>865,965</u>	3.6%
Operating expenses:				
Wastewater treatment	4,983,447	5,995,456	(1,012,009)	-16.9%
Potable water purchased	3,558,070	3,864,442	(306,372)	-7.9%
Recycled water purchased	592,939	646,629	(53,690)	-8.3%
Professional services	472,055	360,666	111,389	30.9%
Operations, management and admin	5,402,028	6,413,582	(1,011,554)	-15.8%
Depreciation and amortization	1,408,590	1,410,847	(2,257)	-0.2%
Change in investment LVMWD/TWSD	(1,545,948)	4,737,936	(6,283,884)	-132.6%
Non-operating expenses:				
Interest expense	417,001	560,975	(143,974)	-25.7%
Debt issuance costs	201,317	-	201,317	100.0%
<b>Total expenses</b>	<u>15,489,499</u>	<u>23,990,533</u>	<u>(8,501,034)</u>	-35.4%
<b>Change in net position</b>	9,640,047	273,048	9,366,999	3430.5%
<b>Net position, beginning of fiscal year</b>	<u>70,437,497</u>	<u>70,164,449</u>	<u>273,048</u>	
<b>Net position, end of fiscal year</b>	<u>\$ 80,077,544</u>	<u>\$ 70,437,497</u>	<u>\$ 9,640,047</u>	

In fiscal year 2021, total revenues increased by \$2,891,163 or 13.5% compared to fiscal year 2020. Recycled water and potable water sales increased by \$536,597 and \$1,273,479 respectively. Sanitation fees increased by \$1,452,462 and water meter service fees by \$118,794, offset by a decrease in other revenues of \$190,567.

Total expenses increased by \$6,504,546 or 37.2% compared to fiscal year 2020. The increase was attributable to an increase in costs of operations, management and administration, wastewater treatment, water purchase, and investment in LVMWD/TWSD joint venture.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Operating revenues:				
Sanitation fees	\$ 11,204,741	\$ 9,752,279	\$ 1,452,462	14.9%
Potable water sales	7,668,684	6,395,205	1,273,479	19.9%
Recycled water sales	2,745,232	2,208,635	536,597	24.3%
Water meter service fees	2,296,422	2,177,628	118,794	5.5%
Other	126,692	317,259	(190,567)	-60.1%
Non-operating revenues:				
Rental revenue - cellular antennas	126,223	181,379	(55,156)	-30.4%
Interest and investment earnings	93,119	313,269	(220,150)	-70.3%
Other	2,468	26,764	(24,296)	-90.8%
<b>Total revenues</b>	<u>24,263,581</u>	<u>21,372,418</u>	<u>2,891,163</u>	13.5%
Expenses:				
Operating expenses:				
Wastewater treatment	5,995,456	4,120,929	1,874,527	45.5%
Potable water purchased	3,864,442	3,436,768	427,674	12.4%
Recycled water purchased	646,629	597,313	49,316	8.3%
Professional services	360,666	936,461	(575,795)	-61.5%
Operations, management and admin	6,413,582	5,213,936	1,199,646	23.0%
Depreciation and amortization	1,410,847	1,505,341	(94,494)	-6.3%
Change in investment LVMWD/TWSD	4,737,936	1,068,966	3,668,970	343.2%
Non-operating expenses:				
Interest expense	560,975	606,273	(45,298)	-7.5%
<b>Total expenses</b>	<u>23,990,533</u>	<u>17,485,987</u>	<u>6,504,546</u>	37.2%
<b>Change in net position</b>	273,048	3,886,431	(3,613,383)	-93.0%
<b>Net position, beginning of fiscal year, as restated</b>	<u>70,164,449</u>	<u>66,193,285</u>	<u>3,971,164</u>	
<b>Net position, end of fiscal year</b>	<u>\$ 70,437,497</u>	<u>\$ 70,079,716</u>	<u>\$ 357,781</u>	

### Capital Asset and Debt Administration

#### *Capital Assets*

The District's investment in capital assets as of June 30, 2022, (at cost) amounted to \$62.4 million or \$33.3 million, net of accumulated depreciation. The District's capital assets include land and land improvements, structures and improvements, construction in progress, equipment, and infrastructure.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in capital asset amounts for 2022 were:

	Balance at June 30, 2021	Additions	Deletions/ Transfers	Balance at June 30, 2022
Capital Assets:				
Non-depreciable assets	\$ 232,074	\$ 460,396	\$ (331,753)	\$ 360,717
Depreciable assets	61,737,538	-	331,753	62,069,291
Accumulated depreciation and amortization	<u>(27,759,618)</u>	<u>(1,408,590)</u>	<u>-</u>	<u>(29,168,208)</u>
Total capital assets, net	<u>\$ 34,209,994</u>	<u>\$ (948,194)</u>	<u>\$ -</u>	<u>\$ 33,261,800</u>

Changes in capital asset amounts for 2021 were:

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

Major capital asset activity during the fiscal year 2022 included the following:

Financial/Billing software and IT/Computer Equipment - \$55,406  
 Bell Canyon Sewer Main - \$36,193  
 Machinery and Equipment - \$96,500  
 Accumulated depreciation - \$1,408,590

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

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

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

### **Debt Administration**

The District's long-term debt outstanding as of June 30, 2022 was \$14,242,000.

Description	Balance at June 30, 2021	Additions	Payments/ Deletions	Balance at June 30, 2022
Debt from Direct Borrowings:				
2021 Potable Water loan	\$ -	\$ 6,453,000	\$ (670,000)	\$ 5,783,000
2021 Recycled Water loan	-	8,818,000	(359,000)	8,459,000
2017 RW System Purchase	9,091,031	-	(9,091,031)	-
2014 Automated Meter Read Loan	1,502,550	-	(1,502,550)	-
2011 Construction loan	4,761,790	-	(4,761,790)	-
Total long-term debt	<u>15,355,371</u>	<u>\$ 15,271,000</u>	<u>\$ (16,384,371)</u>	<u>14,242,000</u>
Less current portion	<u>(1,259,458)</u>			<u>(1,373,000)</u>
Total long-term portion	<u>\$ 14,095,913</u>			<u>\$ 12,869,000</u>

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

### Economic Factors and Next Fiscal Year's Budget and Rates

- The District Board considered the factors mentioned above when setting the fiscal year 2023 budget, rates, and fees. Fiscal year 2022-23 Adopted Budget (expenses not including the change in investment-in-joint venture LVMWD/TWSD) totaled \$19,042,915, representing a 3.75% increase when compared to the prior year.
- In May 2020, based on the wastewater rate study, the Board approved a five-year programmed rate that will increase sewer service fees by 15% for fiscal years 2021-2024 and 7% for fiscal year 2025. Fiscal year 2022-23 is the third year of the 15% annual increase and is estimated to generate approximately \$14.6 million of total revenue. In addition, sewer connection fee will also increase by 10.1% based on the Construction Cost Index (CCI) for the Los Angeles area. Revenues derived from the sewer charges were calculated to provide sufficient funding for implementing mandated treatment standards, funding reserves, and the Joint Powers Authority (JPA) capital needs including the Pure Water Project (PWP).
- In May 2020, based on the potable water rate study, the Board approved a five-year programmed rate that will increase quantity rates and monthly service charges by 6% for fiscal years 2021-2023 and 4% for fiscal year 2024-2025. Fiscal year 2022-23 is the third year of the 6% annual increase and is estimated to generate total revenue of approximately \$7.2 million. The estimated decreased revenue reflects anticipated water conservation efforts. The water service connection fee will also increase by 10.1% based on the Construction Cost Index (CCI) for the Los Angeles area. Revenues derived from the water charges will provide sufficient revenue to meet operating and capital expenses, and to build and maintain adequate reserves.
- In May 2020, based on the recycled water rate study, the Board approved a five-year programmed rate that will increase quantity rates and monthly service charges by 2% for fiscal years 2021-2025. Fiscal year 2022-23 is the third year of the 2% annual increase and is estimated to generate approximately \$3.4 million of total revenue. Revenues derived from the water charges will provide sufficient revenue to meet operating and capital expenses, and to build and maintain adequate reserves.
- Calleguas Municipal Water District (CMWD) wholesale supply rate will increase effective January 1, 2023. The CMWD rate increase is a pass-through increase to the water customers of the District.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 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, 370 N. Westlake Boulevard, Suite 100, Westlake Village, California, 91362. Please visit the District's website at [www.triunfowsd.com](http://www.triunfowsd.com).

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# BASIC FINANCIAL STATEMENTS



**Previous page:**

*From left: The Las Virgenes - Triunfo Joint Powers Authority (JPA) Pure Water Project Demonstration Facility and sustainability garden, Agoura Hills, California; Water clarifier at JPA's Tapia Water Reclamation Facility in Agoura Hills*

# TRIUNFO WATER & SANITATION DISTRICT

## Statements of Net Position June 30, 2022 and June 30, 2021

		<u>2022</u>	<u>2021</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	(Note B1)	\$ 25,626,686	\$ 19,983,560
Accrued interest receivable		52,619	17,073
Accounts receivable	(Note B3)	1,546,909	1,628,879
Lease receivable	(Note B10)	139,959	130,548
Advance deposits - investment-in-joint venture LVMWD/TWSD	(Note B5)	5,601,812	2,453,224
Water-in-storage inventory		22,253	23,925
Prepaid and other		167,258	87,270
Total current assets - unrestricted		<u>33,157,496</u>	<u>24,324,479</u>
Restricted current assets:			
Cash and cash equivalents	(Note B2)	741,935	1,316,115
Total current assets - restricted		<u>741,935</u>	<u>1,316,115</u>
Total current assets - unrestricted and restricted		<u>33,899,431</u>	<u>25,640,594</u>
Non-current assets:			
Capital assets, net	(Note B4)	33,261,800	34,209,994
Investment-in-joint venture LVMWD/TWSD	(Note B5)	33,397,378	32,620,366
Lease receivable	(Note B10)	3,210,315	3,350,273
Total non-current assets		<u>69,869,493</u>	<u>70,180,633</u>
<b>Total assets</b>		<u>103,768,924</u>	<u>95,821,227</u>
<b>Liabilities</b>			
Current liabilities:			
Payable from current assets:			
Accounts payable and accrued expenses		5,118,186	5,412,547
Accrued interest payable - loans		125,336	199,023
Loans payable - current portion	(Note B6)	1,373,000	1,259,458
Developer refund agreements - current portion	(Note B6)	27,254	27,254
Payable from current assets - unrestricted		<u>6,643,776</u>	<u>6,898,282</u>
Payable from unrestricted current assets:			
Customer deposits		133,760	106,085
Unearned revenue	(Note A4)	608,175	608,030
Payable from restricted current assets		<u>741,935</u>	<u>714,115</u>
Total current liabilities - unrestricted and restricted		<u>7,385,711</u>	<u>7,612,397</u>
Non-current liabilities:			
Loans payable	(Note B6)	12,869,000	14,095,913
Developer refund agreements	(Note B6)	252,078	279,332
Total non-current liabilities		<u>13,121,078</u>	<u>14,375,245</u>
<b>Total liabilities</b>		<u>20,506,789</u>	<u>21,987,642</u>
<b>Deferred Inflows</b>			
Lease related	(Note B10)	3,184,591	3,396,088
<b>Total deferred inflows</b>		<u>3,184,591</u>	<u>3,396,088</u>
<b>Net Position</b>			
Net investment in capital assets	(Note B8)	18,740,468	18,548,037
Restricted:			
Conifer loan reserve requirement	(Note B8)	-	602,000
Unrestricted		61,337,076	51,287,460
<b>Total net position</b>		<u>\$ 80,077,544</u>	<u>\$ 70,437,497</u>

*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, 2022 and June 30, 2021

	<u>2022</u>	<u>2021</u>
<b>Operating revenues</b>		
Sanitation fees	\$ 12,658,716	\$ 11,204,741
Potable water sales	7,088,168	7,668,684
Recycled water sales	2,511,500	2,745,232
Water meter service fees	2,453,228	2,296,422
Connection fees	149,771	59,892
Other charges for services	181,425	66,800
	<u>25,042,808</u>	<u>24,041,771</u>
<b>Operating expenses</b>		
Wastewater treatment	4,983,447	5,995,456
Potable water purchased	3,558,070	3,864,442
Recycled water purchased	592,939	646,629
Professional services	472,055	360,666
Operations, management and admin	5,402,028	6,413,582
	<u>15,008,539</u>	<u>17,280,775</u>
Operating income before depreciation	10,034,269	6,760,996
Depreciation and amortization	<u>(1,408,590)</u>	<u>(1,410,847)</u>
Operating income	<u>8,625,679</u>	<u>5,350,149</u>
<b>Non-operating revenue (expense)</b>		
Change in investment-in-joint venture LVMWD/TWSD (Note B5)	1,545,948	(4,737,936)
Rental revenue - cellular antennas	211,497	126,223
Interest and investment earnings	(190,981)	93,119
Interest expense	(417,001)	(560,975)
Debt issuance costs	(201,317)	-
Other income (expenses), net	66,222	2,468
	<u>1,014,368</u>	<u>(5,077,101)</u>
Total non-operating revenue (expenses), net	<u>1,014,368</u>	<u>(5,077,101)</u>
Change in net position	9,640,047	273,048
Net position, beginning of fiscal year, as restated (Note B11)	<u>70,437,497</u>	<u>70,164,449</u>
Net position, end of fiscal year	<u>\$ 80,077,544</u>	<u>\$ 70,437,497</u>

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

# TRIUNFO WATER & SANITATION DISTRICT

## Statements of Cash Flows

For the Fiscal Years Ended June 30, 2022 and June 30, 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Receipts from customers for water sales and services	\$ 11,523,156	\$ 13,051,254
Receipts from customers for sanitation services	12,910,843	14,398,303
Receipts for other services	331,196	126,692
Payments to vendors for materials and services	(15,008,539)	(17,280,775)
Advance deposits - investment-in-joint venture LVMWD/TWSD facility	<u>(2,379,652)</u>	<u>(2,499,115)</u>
Net cash provided by operating activities	<u>7,377,004</u>	<u>7,796,359</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(460,398)	(88,812)
Proceeds from loans	15,271,000	-
Principal paid on long-term debt	(16,411,625)	(1,243,356)
Interest paid on long-term debt	(490,688)	(577,731)
Debt issuance costs	<u>(201,317)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(2,293,028)</u>	<u>(1,909,899)</u>
<b>Cash flows from investing activities</b>		
Proceeds from rental revenue - cellular antennas	211,497	185,772
Proceeds from interest and investment earnings	<u>(226,527)</u>	<u>71,297</u>
Net cash provided by (used in) investing activities	<u>(15,030)</u>	<u>257,069</u>
Net increase (decrease) in cash and cash equivalents	5,068,946	6,143,529
Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year	<u>21,299,675</u>	<u>15,156,146</u>
Cash and cash equivalents (unrestricted and restricted), end of fiscal year	<u>\$ 26,368,621</u>	<u>\$ 21,299,675</u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$ 25,626,686	\$ 19,983,560
Restricted cash and cash equivalents	<u>741,935</u>	<u>1,316,115</u>
Total cash and cash equivalents	<u>\$ 26,368,621</u>	<u>\$ 21,299,675</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, 2022 and June 30, 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 8,625,679	\$ 5,350,149
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,408,590	1,410,847
Other non-operating income, net	66,367	2,608
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable - water sales and services, net	171,665	(101,171)
Accounts receivable - sanitation fees	(127,431)	(59,315)
Accounts receivable - other, net	37,736	(18,466)
Water-in-storage inventory	1,672	(367)
Prepaid and other	(79,988)	(8,582)
Lease receivable	130,547	-
Advance deposits - investment-in-joint venture LMVWD/TWSD facility	(2,379,652)	(2,499,115)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(294,360)	3,706,521
Customer deposits	27,675	13,250
Deferred inflows	(211,496)	-
Total adjustments	<u>(1,248,675)</u>	<u>2,446,210</u>
Net cash provided by operating activities	<u>\$ 7,377,004</u>	<u>\$ 7,796,359</u>
Schedule of noncash transactions:		
Change in investment-in-joint venture LVMWD/TWSD	\$ 1,545,948	\$ (4,737,936)
Construction in process in accounts payable	-	12,436

*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, 2022 and June 30, 2021

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### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. Reporting Entity

Triunfo Water & Sanitation District (District) was organized on November 12, 1963, as a special District under the County Sanitation District Act, State of California Health & Safety Code Section 4700 et seq., to provide sanitation services for the southeastern portion of Ventura County, adjacent to the Los Angeles County line. The District Board is comprised of five directly-elected members-at-large. On October 12, 1964, the District and Las Virgenes Municipal Water District (LVMWD) entered into a joint powers agreement establishing a Joint Venture (LVMWD/TWSD Joint Venture) to construct, operate, maintain and provide for a regional sewerage system to serve the area within the two districts.

The 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 potable water, recycled water, sewer service 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.

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

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2. Measurement Focus and Basis of Accounting (Continued)

system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

#### 3. Financial Reporting

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

#### 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 and prepaid sewer connection fees for the Lake Sherwood project.

**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.

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

**Operating Reserve Advance Account** – Both participants are required to advance amounts estimated to provide for three months operating expenses. The District's share of operating reserve advance balances at June 30, 2022 and 2021 were \$2,177,989 and \$747,472 respectively.

**Construction Advance Account** – Cash flow during construction is proportionately shared by both participants. Amounts are advanced to the LVMWD/TWSD Joint Venture to meet construction cash flow requirements. The District's share of construction advance balances at June 30, 2022 and 2021 were \$(104,725) and \$71,371 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, 2022 and 2021 were \$3,528,548 and \$1,634,380 respectively.

**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

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

**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.

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

**Unearned revenue** – In October 2005, Sherwood Development Company, L.P. (Sherwood), paid the District \$666,373 in advance for the connection and inspection fees for Tract 4409, Phases 4 through 8 with an estimated total of sixty-five (65) lots. In 2006, the County of Ventura approved the tract map and Sherwood is expecting to start construction from between five to ten years, or more. In March 2014, one lot was connected to the sewer decreasing unearned revenue by 1.42% to \$656,948. The TWSD Board accepted the completed sewer laterals and improvements as part of the District's sewer system. At June 30, 2022 and 2021, the balances related to the connections was \$603,200. An additional, unrelated amount of \$4,975 for prepayment of cell site lease is included in the statement of net position at June 30, 2022.

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

**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.

### 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.

**TRIUNFO WATER & SANITATION DISTRICT**

**Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2022 and June 30, 2021**

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**B. DETAILED NOTES (Continued)**

**1. Cash and Investments (Continued)**

***Cash and Cash Equivalents***

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 25,626,686	\$ 19,983,560
Restricted cash and cash equivalents	<u>741,935</u>	<u>1,316,115</u>
Total Cash and Investments	<u>\$ 26,368,621</u>	<u>\$ 21,299,675</u>

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents		
Local Agency Investment Fund (LAIF)	\$ 25,046,510	\$ 19,621,276
Ventura County Treasury Pool	1,151,766	1,165,320
City National Bank	-	513,079
US Bank	<u>170,345</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 26,368,621</u>	<u>\$ 21,299,675</u>

At June 30, 2022, and 2021, the carrying amount of cash in bank deposits was \$170,345 and \$513,079 respectively. All deposits are insured or collateralized.

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### B. DETAILED NOTES (Continued)

#### 1. Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and the concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Types</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
LAIF	N/A	None	\$75 million
Ventura County Investment Pool	N/A	None	None

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

##### **Credit Risk**

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

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### B. DETAILED NOTES (Continued)

#### 1. Cash and Investments (Continued)

##### *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

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

Investments at June 30, 2022:	Fair Value Total	Remaining Maturity (In Months)
		12 Month or Less
Investment Type		
Local Agency Investment Fund (LAIF)	\$ 25,046,510	\$ 25,046,510
Ventura County Treasury Pool	1,151,766	1,151,766
Total	<u>\$ 26,198,276</u>	<u>\$ 26,198,276</u>

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

##### *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, 2022 or 2021.

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### 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, 2022 and 2021.

##### ***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, 2022, 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, 2022 and June 30, 2021

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### B. DETAILED NOTES (Continued)

#### 1. Cash and Investments (Continued)

##### *Investment in Ventura County Treasurer Investment Pool*

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

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

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

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

##### *Investment in State Investment Pool*

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

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### B. DETAILED NOTES (Continued)

#### 1. Cash and Investments (Continued)

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

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

The amounts invested in the California LAIF are not subject to categorization as they do not represent specifically identifiable investment securities. The share value of the District's investment in LAIF is \$25,046,510 and \$19,621,276 at June 30, 2022 and 2021, respectively.

#### 2. Restricted Assets

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents restricted for:		
Customer deposits	\$ 133,760	\$ 106,085
Unearned revenue	608,175	608,030
Conifer loan reserve requirement	-	602,000
Total restricted cash and cash equivalents	<u>\$ 741,935</u>	<u>\$ 1,316,115</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 \$2,395 and \$12,503 at June 30, 2022 and 2021, 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, 2022 and June 30, 2021**

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**B. DETAILED NOTES (Continued)**

**3. Accounts Receivable (Continued)**

Other receivables include property damage claims of \$19,145 awarded by FEMA for administrative costs related to - Woolsey fire, and tenant improvements in the amount of \$7,600.

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

**June 30, 2022**

<b>Accounts receivable - Trade</b>	<b>Gross</b>	<b>Allowance</b>	<b>Net</b>
Water sales and services	\$ 1,062,106	\$ (2,395)	\$ 1,059,711
Sanitation fees	463,357	-	463,357
Other receivables	23,841	-	23,841
Total accounts receivable	<u>\$ 1,549,304</u>	<u>\$ (2,395)</u>	<u>\$ 1,546,909</u>

**June 30, 2021**

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

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements For the Fiscal Years Ended June 30, 2022 and June 30, 2021

### B. DETAILED NOTES (Continued)

#### 4. Capital Assets

Changes to capital assets during fiscal years ended June 30, 2022 and 2021, were as follows:

	Balance June 30, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Non-depreciable assets:				
Land	\$ 71,370	\$ -	\$ -	\$ 71,370
Construction-in-progress	160,704	460,396	(331,753)	289,347
Total non-depreciation assets	<u>232,074</u>	<u>460,396</u>	<u>(331,753)</u>	<u>360,717</u>
Depreciable assets:				
Structures and improvements	720,834	-	168,354	889,188
Wastewater collection systems	16,890,421	-	163,399	17,053,820
Recycled water systems	15,794,331	-	-	15,794,331
Potable water systems	27,513,211	-	-	27,513,211
Other physical property	818,741	-	-	818,741
Total depreciable assets	<u>61,737,538</u>	<u>-</u>	<u>331,753</u>	<u>62,069,291</u>
Accumulated depreciation:				
Structures and improvements	(300,873)	(19,308)	-	(320,181)
Wastewater collection systems	(10,723,745)	(299,402)	-	(11,023,147)
Recycled water systems	(3,544,515)	(394,200)	-	(3,938,715)
Potable water systems	(12,593,238)	(641,550)	-	(13,234,788)
Other physical property	(597,247)	(54,130)	-	(651,377)
Total accumulated depreciation	<u>(27,759,618)</u>	<u>(1,408,590)</u>	<u>-</u>	<u>(29,168,208)</u>
Total depreciation assets, net	<u>33,977,920</u>	<u>(1,408,590)</u>	<u>331,753</u>	<u>32,901,083</u>
Total capital assets, net	<u>\$ 34,209,994</u>	<u>\$ (948,194)</u>	<u>\$ -</u>	<u>\$ 33,261,800</u>
	Balance June 30, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 71,370	\$ -	\$ -	\$ 71,370
Construction-in-progress	59,456	101,248	-	160,704
Total non-depreciation assets	<u>130,826</u>	<u>101,248</u>	<u>-</u>	<u>232,074</u>
Depreciable assets:				
Structures and improvements	720,834	-	-	720,834
Wastewater collection systems	16,890,421	-	-	16,890,421
Recycled water systems	15,794,331	-	-	15,794,331
Potable water systems	27,513,211	-	-	27,513,211
Other physical property	818,741	-	-	818,741
Total depreciable assets	<u>61,737,538</u>	<u>-</u>	<u>-</u>	<u>61,737,538</u>
Accumulated depreciation:				
Structures and improvements	(282,617)	(18,256)	-	(300,873)
Wastewater collection systems	(10,421,033)	(302,712)	-	(10,723,745)
Recycled water systems	(3,150,316)	(394,199)	-	(3,544,515)
Potable water systems	(11,951,688)	(641,550)	-	(12,593,238)
Other physical property	(543,117)	(54,130)	-	(597,247)
Total accumulated depreciation	<u>(26,348,771)</u>	<u>(1,410,847)</u>	<u>-</u>	<u>(27,759,618)</u>
Total depreciation assets, net	<u>35,388,767</u>	<u>(1,410,847)</u>	<u>-</u>	<u>33,977,920</u>
Total capital assets, net	<u>\$ 35,519,593</u>	<u>\$ (1,309,599)</u>	<u>\$ -</u>	<u>\$ 34,209,994</u>

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements For the Fiscal Years Ended June 30, 2022 and June 30, 2021

### B. DETAILED NOTES (Continued)

#### 4. Capital Assets (Continued)

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

<u>Construction Projects</u>	<u>2022</u>	<u>2021</u>
Lakeside Lift Station Improvements	\$ -	\$ 45,685
Polo Lift Station	-	13,771
Computer Upgrades	148,654	93,248
Sewage Systems	44,193	8,000
Machinery & Equipment	96,500	
<b>Total</b>	<u>\$ 289,347</u>	<u>\$ 160,704</u>

#### 5. Joint Venture

The District and Las Virgenes Municipal Water District are parties to a joint exercise of powers agreement (LVMWD/TWSD Joint Venture Agreement) to provide for construction, operation, maintenance, and replacement of a joint sanitation system to serve the respective parties' needs. The LVMWD/TWSD Joint Venture is governed by the individual Board of Directors of the two districts meeting in joint session. Equipment costs and contributions for construction are shared in accordance with each district's capacity rights reserved in each component of the LVMWD/TWSD Joint Venture system. While the districts own the system jointly, they each account for their share of its financing individually. Thus, the LVMWD/TWSD Joint Venture itself has no long-term debt. Operating costs and local maintenance are prorated and billed to the districts in accordance with the average monthly flows contributed to the system. LVMWD is designated as the Administering Agent for facilities located in Los Angeles County. The following is a condensed summary of audited financial information for the LVMWD/TWSD Joint Venture as of and for the fiscal years ended June 30, 2022 and June 30, 2021:

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

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Assets:			
Current assets	\$ 12,737	\$ 7,439	\$ 5,298
Capital assets, net	101,134	98,362	2,772
<b>Total assets</b>	<u>113,871</u>	<u>105,801</u>	<u>8,070</u>
Liabilities:			
Current liabilities	12,737	7,439	5,298
<b>Total liabilities</b>	<u>12,737</u>	<u>7,439</u>	<u>5,298</u>
Net position of participants net investment in capital assets:			
Las Virgenes Municipal Water District	67,736	65,742	1,994
Triunfo Water & Sanitation District	33,397	32,620	777
<b>Net position</b>	<u>\$ 101,133</u>	<u>\$ 98,362</u>	<u>\$ 2,771</u>

**TRIUNFO WATER & SANITATION DISTRICT**

**Notes to the Financial Statements**

**For the Fiscal Years Ended June 30, 2022 and June 30, 2021**

**B. DETAILED NOTES (Continued)**

**5. Joint Venture (Continued)**

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

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 2,631	\$ 2,690	\$ (59)
Non-operating revenues	2,848	228	2,620
<b>Total revenues</b>	<u>5,479</u>	<u>2,918</u>	<u>2,561</u>
Expenses:			
Operating expenses	20,845	21,915	(1,070)
Depreciation and amortization	5,825	5,800	25
<b>Total expenses</b>	<u>26,670</u>	<u>27,715</u>	<u>(1,045)</u>
<b>Net loss before participant contributions</b>	(21,191)	(24,797)	3,606
Billings to participants	15,366	19,000	(3,634)
Excess after billings to participants	(5,825)	(5,797)	(28)
Participants capital contributions	8,596	7,035	1,561
<b>Change in Net Position</b>	2,771	1,238	1,533
<b>Beginning Net Position</b>	<u>98,362</u>	<u>97,124</u>	<u>1,238</u>
<b>Ending Net Position</b>	<u>\$ 101,133</u>	<u>\$ 98,362</u>	<u>\$ 2,771</u>

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

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

Triunfo Water & Sanitation District  
370 N. Westlake Boulevard, Suite 100  
Westlake Village, California 91362

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### B. DETAILED NOTES (Continued)

#### 5. Joint Venture (Continued)

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

<u>TWSD Joint Venture Advances</u>	<u>2022</u>	<u>2021</u>
Operating reserve advance	\$ 2,177,989	\$ 747,473
Construction advance	(104,725)	71,371
Replacement reserve advance	3,528,548	1,634,380
<b>Total joint venture advances</b>	<b>\$ 5,601,812</b>	<b>\$ 2,453,224</b>

#### 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. On August 2, 2021, the District refinanced this loan with the 2021 Bank of America Public Capital Corp. – Potable Water Loan Agreement.

## TRIUNFO WATER & SANITATION DISTRICT

### Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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#### 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. On August 2, 2021, the District refinanced this loan with the 2021 Bank of America Public Capital Corp. – Potable Water Loan Agreement.

###### ***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. On August 2, 2021, the District refinanced this loan with the 2021 Pacific Premier Bank – Recycled Water Loan Agreement.

###### ***2021 Bank of America Public Capital Corp. – Potable Water Loan Agreement***

The District entered into a Loan Agreement with Bank of America Public Capital Corp. for \$6,453,000. The funds were received for the refinancing of the 2011 Installment Purchase Agreement and 2014 Master Equipment Lease/Purchase Agreement previously entered into with Bank of America, N.A. Semiannual principal and interest payments are due November 15 and May 15, commencing November 15, 2021, through November 15, 2030. The interest rate for the Series A component of \$4,925,000 is 1.960% and the Series B component of \$1,528,000 is 1.700%. Series A maturities range from \$210,000 to \$535,000 and Series B maturities range from \$2,066 to \$98,707. Both components are tax-exempt. In the event of default, the Lender may declare all components of the unpaid loan repayments, together with accrued interest thereon, to be immediately due and payable.

**TRIUNFO WATER & SANITATION DISTRICT**

**Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2022 and June 30, 2021**

**B. DETAILED NOTES (Continued)**

**6. Long Term Obligations (Continued)**

***2021 Pacific Premier Bank – Recycled Water Loan Agreement***

The District entered into a Loan Agreement with Pacific Premier Bank for \$8,818,000. The funds were received for the refinancing of the 2017 Lease Purchase Agreement previously entered into with Bank of America, N.A. Semiannual principal and interest payments are due February 15 and August 15, commencing February 15, 2022, through February 15, 2032. The interest rate for the Series A tax-exempt component of \$5,569,000 is 2.550% and the Series B taxable component of \$3,249,000 is 3.950%. Series A maturities range from \$234,000 to \$304,000 and Series B maturities range from \$55,000 to \$183,000. In the event of default, the Lender may declare all components of the unpaid loan repayments, together with accrued interest thereon, to be immediately due and payable.

The following table summarizes the District's debt at June 30, 2022:

Description	Balance June 30, 2021	Additions	Payments/ Deletions	Balance June 30, 2022	Amounts Due in One Year
Direct Borrowings:					
2021 Potable Water loan	\$ -	\$ 6,453,000	\$ (670,000)	\$ 5,783,000	\$ 638,000
2021 Recycled Water loan	-	8,818,000	(359,000)	8,459,000	735,000
2017 RW System Purchase	9,091,031	-	(9,091,031)	-	-
2014 Automated Meter Read Loan	1,502,550	-	(1,502,550)	-	-
2011 Construction loan	4,761,790	-	(4,761,790)	-	-
Total long-term debt	15,355,371	\$ 15,271,000	\$ (16,384,371)	14,242,000	\$ 1,373,000
Less current portion	(1,259,458)			(1,373,000)	
Total long-term portion	\$ 14,095,913			\$ 12,869,000	

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

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

**TRIUNFO WATER & SANITATION DISTRICT**

**Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2022 and June 30, 2021**

**B. DETAILED NOTES (Continued)**

**6. Long Term Obligations (Continued)**

The annual requirements to amortize the Potable Water and Recycled Water loans are as follows:

Direct Borrowings			
Fiscal Years Ending June 30,	Principal	Interest	Total
2023	\$ 1,373,000	\$ 361,658	\$ 1,734,658
2024	1,408,000	326,890	1,734,890
2025	1,445,000	291,155	1,736,155
2026	1,482,000	254,392	1,736,392
2027	1,518,000	216,617	1,734,617
2028-2032	7,016,000	492,170	7,508,170
Total	14,242,000	1,942,882	16,184,882
Less current portion	(1,373,000)	(361,658)	(1,734,658)
Total non-current	<u>\$ 12,869,000</u>	<u>\$ 1,581,224</u>	<u>\$ 14,450,224</u>

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, 2022:

<u>Developer/Tract</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Payments/ Deletions</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due in One Year</u>
CalProp/4315	\$ 41,184	\$ -	\$ (3,744)	\$ 37,440	\$ 3,744
Grupe/3984	22,188	-	(4,930)	17,258	4,930
Morrison/4071	142,048	-	(11,835)	130,213	11,835
Warmington/4474	101,166	-	(6,745)	94,421	6,745
Total developer refunds	306,586	\$ -	\$ (27,254)	279,332	\$ 27,254
Less current portion	(27,254)			(27,254)	
Total long-term portion	<u>\$ 279,332</u>			<u>\$ 252,078</u>	

**TRIUNFO WATER & SANITATION DISTRICT**

**Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2022 and June 30, 2021**

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**B. DETAILED NOTES (Continued)**

**6. Long Term Obligations (Continued)**

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

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

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

<u>Fiscal Years Ending June 30,</u>	<u>Principal</u>
2023	\$ 27,254
2024	27,254
2025	27,254
2026	24,788
2027	22,324
2028-2032	111,618
2033-2035	38,840
Total	279,332
Less current portion	(27,254)
Total non-current	\$ 252,078

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### B. DETAILED NOTES (Continued)

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

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

The District's contributions to the employees' retirement plans for the year ended June 30, 2022 were \$180,802.

- b. *Deferred Compensation – Employee Contribution Deferred Compensation Plan* – The District offer to its employees a deferred compensation plan created in accordance with Section 457(b) of the Internal Revenue Code. The plan is available to all District employees and allows a portion of an employee's compensation to be deferred to provide funds upon retirement, termination, unforeseeable emergencies, reaching seventy-two (72), or upon death. The annual plan contribution limits for 2022 and 2021 was \$20,500 and \$19,500 respectively. Furthermore, the contribution limit for 2023 will be \$22,500.

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

#### 8. Net Position

The following is the detail of net position:

The balance at June 30, consisted of the following:

	<b>2022</b>	<b>2021</b>
Capital assets, net	\$ 33,261,800	\$ 34,209,994
Portion of loans payable used to purchase capital assets	(14,242,000)	(15,355,371)
Developer refund agreements	(279,332)	(306,586)
Total net investment in capital assets	<u>\$ 18,740,468</u>	<u>\$ 18,548,037</u>

Restricted for:

	<b>2022</b>	<b>2021</b>
Loan reserve requirement	\$ -	\$ 602,000
Total restricted	<u>\$ -</u>	<u>\$ 602,000</u>

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### B. DETAILED NOTES (Continued)

#### 9. Management Agreement

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

#### 10. Leases

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below. Note that for each lease, the land estimated useful life was -0- months as of the contract commencement. The District is involved in five agreements as a lessor that qualify as long-term lease agreements as the term of the agreements surpasses one year. The five cell tower agreements are as follows:

The remaining term of the cell tower lease agreement for the use of 4997 Kilburn Court, T93-14 is 52-months. A lease receivable was recorded in the amount of \$168,356. As of June 30, 2022, the value of the lease receivable is \$97,500. The lessee is required to make monthly fixed payments of \$3,022 until November 1, 2021, when the payment will increase to \$3,173. The lease has an interest rate of 0.672%. The value of the deferred inflow of resources as of June 30, 2022 was \$91,394, and the District recognized lease revenue of \$38,481 during the fiscal year.

## TRIUNFO WATER & SANITATION DISTRICT

### Notes to the Financial Statements For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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#### B. DETAILED NOTES (Continued)

##### 10. Leases (Continued)

The remaining term of the cell tower lease agreement is 127-months for the use of Savoy Reservoir, T99-5. An initial lease receivable was recorded in the amount of \$245,649. As of June 30, 2022, the value of the lease receivable is \$210,902. The lessee is required to make monthly fixed payments of \$1,630 until September 1, 2021, when the payment will increase to \$1,712. The lease has an interest rate of 1.178%. The value of the deferred inflow of resources as of 06/30/2022 was \$199,227, and the District recognized lease revenue of \$23,211 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

The remaining term of the cell tower lease agreement is 251-months for the use of 4996 Kilburn Ct T18-002. An initial lease receivable was recorded in the amount of \$1,298,065. As of June 30, 2022, the value of the lease receivable is \$1,230,293. The lessee is required to make monthly fixed payments of \$4,830 until June 1, 2022, when the payment will increase to \$4,975. The lease has an interest rate of 1.930%. The value of the deferred inflow of resources as of June 30, 2022 was \$1,173,947, and the District recognized lease revenue of \$62,059 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

The remaining term of the cell tower lease agreement is 274-months for the use of 4996 Kilburn Ct T18-004. An initial lease receivable was recorded in the amount of \$1,347,402. As of June 30, 2022, the value of the lease receivable is \$1,289,660. The lessee is required to make monthly fixed payments of \$4,553 until May 1, 2022, when the payment will increase to \$4,690. The lease has an interest rate of 1.998%. The value of the deferred inflow of resources as of June 30, 2022 was \$1,229,682, and the District recognized lease revenue of \$58,860 during the fiscal year. The lessee has 4 extension option(s), each for 60 months.

The remaining term of the cell tower lease agreement is 227-months for the use of 4997 Kilburn Ct T09-001. An initial lease receivable was recorded in the amount of \$548,113. As of June 30, 2022, the value of the lease receivable is \$521,917. The lessee is required to make monthly fixed payments of \$1,834 until September 1, 2022, when the payment will increase to \$1,919. The lease has an interest rate of 1.816%. The value of the deferred inflow of resources as of June 30, 2022 was \$490,341, and the District recognized lease revenue of \$28,886 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

**TRIUNFO WATER & SANITATION DISTRICT**

**Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2022 and June 30, 2021**

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**B. DETAILED NOTES (Continued)**

**10. Leases (Continued)**

Future payment requirements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 139,958	\$ 61,189	\$ 201,147
2024	149,831	59,045	208,876
2025	134,418	56,789	191,207
2026	125,149	54,596	179,745
2027	133,910	52,278	186,188
2028 - 2032	768,980	221,107	990,087
2033 - 2037	902,905	143,632	1,046,537
2038 - 2042	902,627	48,823	951,450
2043 - 2044	92,495	928	93,423

<u>Deferred Inflow of Resources</u>	<u>Balance as of July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2022</u>
4997 Kilburn Court, T93-14	\$ 129,875	\$ -	\$ 38,481	\$ 91,394
Savoy Reservoir, T99-5	222,438	-	23,211	199,227
4996 Kilburn Ct T18-002	1,236,006	-	62,059	1,173,947
4996 Kilburn Ct T18-004	1,288,542	-	58,860	1,229,682
4997 Kilburn Ct T09-001	519,227	-	28,886	490,341
<b>Total Deferred Inflow of Resources</b>	<b>\$ 3,396,088</b>	<b>\$ -</b>	<b>\$ 211,497</b>	<b>\$ 3,184,591</b>

<u>Lease Receivable</u>	<u>Balance as of July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2022</u>
4997 Kilburn Court, T93-14	\$ 134,187	\$ -	\$ 36,687	\$ 97,500
Savoy Reservoir, T99-5	228,679	-	17,777	210,902
4996 Kilburn Ct T18-002	1,264,299	-	34,006	1,230,293
4996 Kilburn Ct T18-004	1,318,487	-	28,827	1,289,660
4997 Kilburn Ct T09-001	535,169	-	13,252	521,917
<b>Total Lease Receivable</b>	<b>\$ 3,480,821</b>	<b>\$ -</b>	<b>\$ 130,549</b>	<b>\$ 3,350,272</b>

# TRIUNFO WATER & SANITATION DISTRICT

## Notes to the Financial Statements For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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### B. DETAILED NOTES (Continued)

#### 11. Prior period restatement

As described in Note B10, the District implemented a new GASB pronouncement (GASB 87) in the fiscal year ended June 30, 2022, and effective for the fiscal year ended June 30, 2021. The implementation resulted in an increase to the prior period's beginning net position as follows:

Beginning net position, as previously stated	\$ 70,079,716
GASB 87 implementation	<u>84,733</u>
Beginning net position, as restated	<u><u>\$ 70,164,449</u></u>

### C. OTHER INFORMATION

#### 1. Risk Management

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

##### ***Liability and Worker's Compensation Insurance***

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

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

## TRIUNFO WATER & SANITATION DISTRICT

### Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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#### C. OTHER INFORMATION (Continued)

##### 1. Risk Management (Continued)

###### *Liability and Worker's Compensation Insurance (Continued)*

The financial statements of CSRMA may be obtained from:

CSRMA  
c/o Driver Alliant Insurance Services  
100 Pine Street, 11<sup>th</sup> 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
• 2 Base Station mounted on pole	\$131,000
• Water Meters	\$2,468,000

###### *Joint Venture Insurance*

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

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

Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2022 and 2021.

## TRIUNFO WATER & SANITATION DISTRICT

### Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2022 and June 30, 2021

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#### C. OTHER INFORMATION (Continued)

##### 2. Commitments and Contingencies

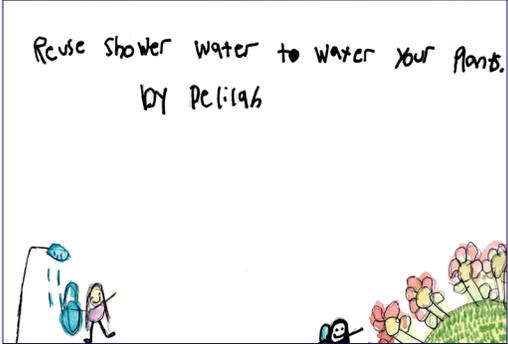
The District had contractual commitments with outside firms for engineering, consulting, or other various supplies and services totaling approximately \$156,045 and \$74,840 in fiscal years 2022 and 2021, respectively.

##### Liability and Worker's Compensation Insurance

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

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# SUPPLEMENTARY SECTION



**Previous page:**

*Left:* “Reuse Shower Water” by Delilah Bovatsek, a second grader at Brookside Elementary School in Oak Park, California. Her artwork was selected by the Metropolitan Water District of Southern California (MWD) to appear in its 2023 print calendar and digital library.

*Center:* Delilah (with her mother, Jennifer) is presented with a certificate and gift card by Triunfo Water & Sanitation District board chair Leon Shapiro.

*Right:* Calendar artwork on display at the MWD headquarters in Los Angeles, CA.

## **TYPES OF OPERATIONS**

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

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

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

# TRIUNFO WATER & SANITATION DISTRICT

## Combining Schedule of Net Position June 30, 2022

	Wastewater	Recycled Water	Potable Water	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 11,697,340	\$ 4,495,338	\$ 9,434,008	\$ 25,626,686
Accrued interest receivable	46,418	-	6,201	52,619
Accounts receivable - water sales and services, net	480,827	822,760	243,322	1,546,909
Lease receivable	-	-	139,959	139,959
Advance deposits - investment-in-joint venture LVMWD/TWSD	5,601,812	-	-	5,601,812
Water-in-storage inventory	-	-	22,253	22,253
Prepaid and other	113,652	23,755	29,851	167,258
Total current assets - unrestricted	<u>17,940,049</u>	<u>5,341,853</u>	<u>9,875,594</u>	<u>33,157,496</u>
Restricted current assets:				
Cash and cash equivalents	662,200	-	79,735	741,935
Total current assets - restricted	<u>662,200</u>	<u>-</u>	<u>79,735</u>	<u>741,935</u>
Total current assets - unrestricted and restricted	<u>18,602,249</u>	<u>5,341,853</u>	<u>9,955,329</u>	<u>33,899,431</u>
Non-current assets - capital assets, net				
Capital assets, net	6,676,301	11,862,165	14,723,334	33,261,800
Investment-in-joint venture LVMWD/TWSD	33,397,378	-	-	33,397,378
Lease receivable	-	-	3,210,315	3,210,315
Total non-current assets	<u>40,073,679</u>	<u>11,862,165</u>	<u>17,933,649</u>	<u>69,869,493</u>
<b>Total assets</b>	<u>58,675,928</u>	<u>17,204,018</u>	<u>27,888,978</u>	<u>103,768,924</u>
<b>LIABILITIES</b>				
Current liabilities:				
Payable from current assets:				
Accounts payable and accrued expenses	4,341,436	176,793	599,957	5,118,186
Accrued interest payable - loan	-	107,274	18,062	125,336
Loan payable - current portion	-	739,131	633,869	1,373,000
Developer refund agreements - current portion	-	-	27,254	27,254
Payable from current assets - unrestricted	<u>4,341,436</u>	<u>1,023,198</u>	<u>1,279,142</u>	<u>6,643,776</u>
Payable from restricted current assets:				
Customer deposits	59,000	-	74,760	133,760
Unearned revenue	603,200	-	4,975	608,175
Payable from restricted current assets	<u>662,200</u>	<u>-</u>	<u>79,735</u>	<u>741,935</u>
Total current liabilities - unrestricted and restricted	<u>5,003,636</u>	<u>1,023,198</u>	<u>1,358,877</u>	<u>7,385,711</u>
Non-current liabilities:				
Loans payable	-	7,750,355	5,118,645	12,869,000
Developer refund agreements	-	-	252,078	252,078
Total non-current liabilities	<u>-</u>	<u>7,750,355</u>	<u>5,370,723</u>	<u>13,121,078</u>
<b>Total liabilities</b>	<u>5,003,636</u>	<u>8,773,553</u>	<u>6,729,600</u>	<u>20,506,789</u>
<b>DEFERRED INFLOWS</b>				
Lease related	-	-	3,184,591	3,184,591
<b>Total deferred inflows</b>	<u>-</u>	<u>-</u>	<u>3,184,591</u>	<u>3,184,591</u>
<b>NET POSITION</b>				
Net investment in capital assets	6,676,301	3,372,679	8,691,488	18,740,468
Restricted:				
Debt service	-	-	-	-
Unrestricted	46,995,991	5,057,786	9,283,299	61,337,076
<b>Total net position</b>	<u>\$ 53,672,292</u>	<u>\$ 8,430,465</u>	<u>\$ 17,974,787</u>	<u>\$ 80,077,544</u>

## TRIUNFO WATER & SANITATION DISTRICT

### Combining Schedule of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30, 2022

	Wastewater	Recycled Water	Potable Water	Total
Operating revenues:				
Sanitation fees	\$ 12,658,716	\$ -	\$ -	\$ 12,658,716
Potable water sales	-	-	7,088,168	7,088,168
Recycled water sales	-	2,511,500	-	2,511,500
Water meter service fees	-	275,593	2,177,635	2,453,228
Connection fees	149,771	-	-	149,771
Other charges for services	37,092	10,657	133,676	181,425
	<u>12,845,579</u>	<u>2,797,750</u>	<u>9,399,479</u>	<u>25,042,808</u>
Total operating revenues				
Operating expenses:				
Wastewater treatment	4,983,447	-	-	4,983,447
Potable water purchased	-	-	3,558,070	3,558,070
Recycled water purchased	-	592,939	-	592,939
Professional services	241,636	3,372	227,047	472,055
Operations, management and admin	3,486,408	261,675	1,653,945	5,402,028
	<u>8,711,491</u>	<u>857,986</u>	<u>5,439,062</u>	<u>15,008,539</u>
Total operating expenses				
Operating income before depreciation	4,134,088	1,939,764	3,960,417	10,034,269
Depreciation and amortization	(328,089)	(394,199)	(686,302)	(1,408,590)
	<u>3,805,999</u>	<u>1,545,565</u>	<u>3,274,115</u>	<u>8,625,679</u>
Operating income				
Non-operating revenue (expense):				
Change in investment-in-joint venture LVMWD/TWSD	1,545,948	-	-	1,545,948
Rental revenue - cellular antennas	-	-	211,497	211,497
Interest and investment earnings (loss)	(250,090)	-	59,109	(190,981)
Interest expense	-	(277,789)	(139,212)	(417,001)
Other income (expense), net	(1,823)	-	68,045	66,222
Debt issuance costs	-	(116,747)	(84,570)	(201,317)
Central administration expense allocation	187,902	(47,057)	(140,845)	-
	<u>1,481,937</u>	<u>(441,593)</u>	<u>(25,976)</u>	<u>1,014,368</u>
Total non-operating revenues, net				
Change in net position	5,287,936	1,103,972	3,248,139	9,640,047
Net position, beginning of fiscal year	48,384,356	7,326,493	14,726,648	70,437,497
Net position, end of fiscal year	<u>\$ 53,672,292</u>	<u>\$ 8,430,465</u>	<u>\$ 17,974,787</u>	<u>\$ 80,077,544</u>

# TRIUNFO WATER & SANITATION DISTRICT

## Combining Schedule of Cash Flows For the Fiscal Year Ended June 30, 2022

	Wastewater	Recycled Water	Potable Water	Total
Cash flows from operating activities:				
Receipts from customers for water sales and services	\$ -	\$ 2,029,918	\$ 9,493,238	\$ 11,523,156
Receipts from customers for sanitation services	12,910,843	-	-	12,910,843
Receipts for other services	186,863	10,657.00	133,676	331,196
Payments to vendors for materials and services	(8,711,491)	(857,986)	(5,439,062)	(15,008,539)
Advance deposits - investment-in-joint venture LVMWD/TWSD facility	(2,379,652)	-	-	(2,379,652)
Net cash provided by (used in) operating activities	<u>2,006,563</u>	<u>1,182,589</u>	<u>4,187,852</u>	<u>7,377,004</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(292,044)	-	(168,354)	(460,398)
Proceeds from loans	-	8,818,000	6,453,000	15,271,000
Principal paid on long-term debt	-	(9,453,653)	(6,957,972)	(16,411,625)
Interest paid on long-term debt	-	(272,770)	(217,918)	(490,688)
Debt issuance costs	-	(116,747)	(84,570)	(201,317)
Net cash provided by (used in) capital and related financing activities	<u>(292,044)</u>	<u>(1,025,170)</u>	<u>(975,814)</u>	<u>(2,293,028)</u>
Cash flows from non-capital financing activities:				
Transfers in (out)	187,902	(47,057)	(140,845)	-
Net cash provided by (used in) non-capital financing activities	<u>187,902</u>	<u>(47,057)</u>	<u>(140,845)</u>	<u>-</u>
Cash flows from investing activities:				
Proceeds from rental revenue - cellular antennas	-	-	211,497	211,497
Proceeds from interest and investment earnings	(279,979)	-	53,452	(226,527)
Net cash provided by (used in) investing activities	<u>(279,979)</u>	<u>-</u>	<u>264,949</u>	<u>(15,030)</u>
Net increase in cash and cash equivalents	1,622,442	110,362	3,336,142	5,068,946
Cash and cash equivalents (unrestricted and restricted), beginning of year	10,737,098	4,384,976	6,177,601	21,299,675
Cash and cash equivalents (unrestricted and restricted), end of year	<u>\$ 12,359,540</u>	<u>\$ 4,495,338</u>	<u>\$ 9,513,743</u>	<u>\$ 26,368,621</u>
Reconciliation of cash and cash equivalents to statement of net position:				
Cash and cash equivalents	\$ 11,697,340	\$ 4,495,338	\$ 9,434,008	\$ 25,626,686
Restricted cash and cash equivalents	662,200	-	79,735	741,935
Total cash and cash equivalents	<u>\$ 12,359,540</u>	<u>\$ 4,495,338</u>	<u>\$ 9,513,743</u>	<u>\$ 26,368,621</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 3,805,999	\$ 1,545,565	\$ 3,274,115	\$ 8,625,679
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	328,089	394,199	686,302	1,408,590
Other non-operating income, net	(1,823)	-	68,190	66,367
Changes in assets and liabilities:				
(Increase) decrease in net assets:				
Accounts receivable - water sales and services, net	-	(41,006)	212,671	171,665
Accounts receivable - sanitation fees	(127,431)	-	-	(127,431)
Accounts receivable - other, net	30,177	-	7,559.00	37,736
Water in-storage inventory	-	-	1,672	1,672
Prepaid and other	(69,980)	(1,351)	(8,657)	(79,988)
Lease receivable	-	-	130,547	130,547
Advance deposits - investment-in-joint venture LVMWD/TWSD facility	(2,379,652)	-	-	(2,379,652)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	402,184	(714,818)	18,274	(294,360)
Customer deposits	19,000	-	8,675	27,675
Deferred inflows	-	-	(211,496)	(211,496)
Total adjustments	<u>(1,799,436)</u>	<u>(362,976)</u>	<u>913,737</u>	<u>(1,248,675)</u>
Net cash provided by (used in) operating activities	<u>\$ 2,006,563</u>	<u>\$ 1,182,589</u>	<u>\$ 4,187,852</u>	<u>\$ 7,377,004</u>
Schedule of noncash transactions:				
Change in investment-in-joint venture LVMWD/TSD	\$ 1,545,948	\$ -	\$ -	\$ 1,545,948

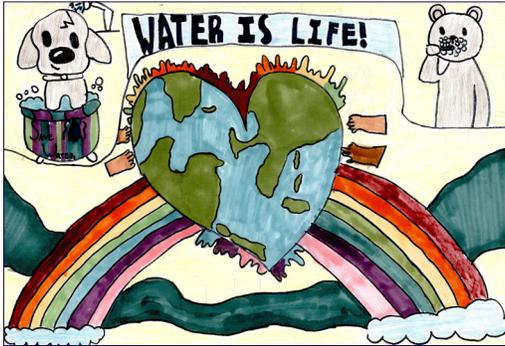
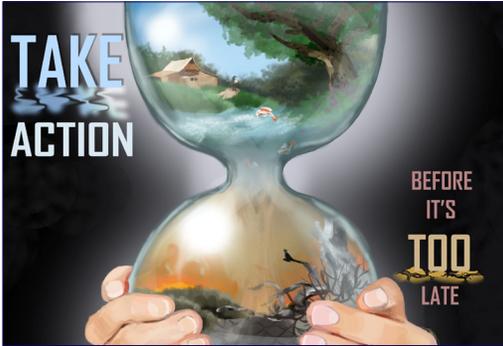
**TRIUNFO WATER & SANITATION DISTRICT**

**Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating revenues</b>			
Sanitation fees	\$ 12,526,678	\$ 12,658,716	\$ 132,038
Potable water sales	7,273,663	7,088,168	(185,495)
Recycled water sales	3,005,604	2,511,500	(494,104)
Water meter service fees	2,390,866	2,453,228	62,362
Connection fees	159,390	149,771	(9,619)
Other charges for services	149,917	181,425	31,508
Total operating revenues	<u>25,506,118</u>	<u>25,042,808</u>	<u>(463,310)</u>
<b>Operating expenses</b>			
Wastewater treatment	5,192,000	4,983,447	208,553
Potable water purchased	3,641,762	3,558,070	83,692
Recycled water purchased	679,082	592,939	86,143
Professional services	385,113	472,055	(86,942)
Operations, management and admin	10,895,454	5,402,028	5,493,426
Total operating expenses	<u>20,793,411</u>	<u>15,008,539</u>	<u>5,784,872</u>
Operating income before depreciation	4,712,707	10,034,269	5,321,562
Depreciation and amortization	<u>(1,439,723)</u>	<u>(1,408,590)</u>	<u>31,133</u>
Operating income	<u>3,272,984</u>	<u>8,625,679</u>	<u>5,352,695</u>
<b>Non-operating revenue (expense)</b>			
Change in investment-in-joint venture LVMWD/TWSD	-	1,545,948	1,545,948
Rental revenue - cellular antennas	186,313	211,497	25,184
Interest and investment earnings (loss)	33,075	(190,981)	(224,056)
Interest expense	(534,374)	(417,001)	117,373
Debt issuance costs	-	(201,317)	(201,317)
Other income (expenses), net	-	66,222	66,222
Total non-operating expenses, net	<u>(314,986)</u>	<u>1,014,368</u>	<u>1,329,354</u>
Change in net position	2,957,998	9,640,047	<u>\$ 6,682,049</u>
Net position, beginning of fiscal year	<u>70,437,497</u>	<u>70,437,497</u>	
Net position, ending of fiscal year	<u>\$ 73,395,495</u>	<u>\$ 80,077,544</u>	

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# STATISTICAL SECTION



**Previous page:**

Artwork from young artists who live within the Triunfo Water & Sanitation District service area:

*From left:* "Take Action" by Eve Zhong; "Water is Life!" by Micah Aliling; "Save Water" by Marco Aliling

**Triunfo Water & Sanitation District  
Statistical Section**

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

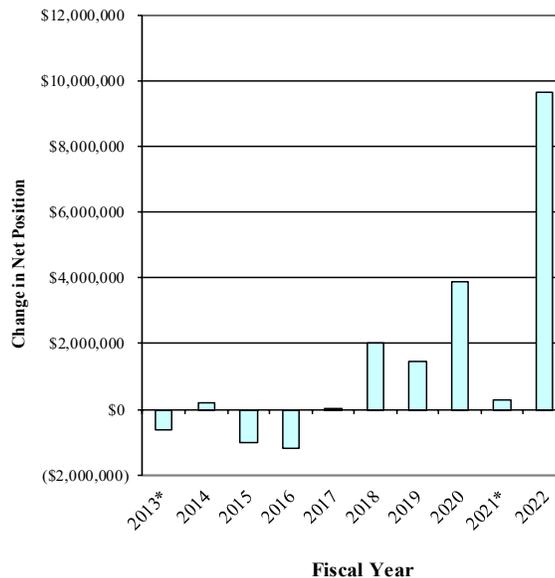
**Table of Contents**

	<b><u>Page No.</u></b>
Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	63-66
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.	67-70
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.	71-72
Demographic Information These schedules offer demographic indicators to help the reader understand the environment within which the District's financial activities take place.	73-76
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.	77

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

	Fiscal Year				
	2013*	2014	2015	2016	2017
Changes in net position:					
Operating revenues (see Schedule 2)	\$15,176,216	\$16,262,169	\$15,009,561	\$15,008,613	\$16,586,688
Operating expenses (see Schedule 3)	(13,035,013)	(13,461,380)	(13,372,916)	(12,902,162)	(13,129,632)
Depreciation and amortization	(904,630)	(865,402)	(899,549)	(1,288,281)	(1,271,388)
<b>Operating income(loss)</b>	<b>1,236,573</b>	<b>1,935,387</b>	<b>737,096</b>	<b>818,170</b>	<b>2,185,668</b>
Non-operating revenues(expenses)					
Investment income/(loss)	11,586	26,290	38,939	69,338	50,628
Rental income - cellular antennas	149,093	153,863	120,147	112,270	111,672
Change in investment in LVMWD/TSD Joint Vent	(2,018,902)	(1,917,034)	(1,915,400)	(1,827,859)	(1,874,056)
Gain/(loss) on sale of assets	-	-	28,179	-	-
Interest expense	(9,081)	(236)	(26,078)	(367,450)	(444,335)
Bond administration expense	-	(20,000)	-	-	-
Other revenue/(expense), net	-	-	-	11,450	7,249
Total non-operating revenues(expenses), net	(1,867,304)	(1,757,117)	(1,754,213)	(2,002,251)	(2,148,842)
<b>Net income before capital contributions</b>	<b>(630,731)</b>	<b>178,270</b>	<b>(1,017,117)</b>	<b>(1,184,081)</b>	<b>36,826</b>
Capital contributions	-	-	-	-	-
<b>Changes in net position</b>	<b>\$ (630,731)</b>	<b>\$ 178,270</b>	<b>\$ (1,017,117)</b>	<b>\$ (1,184,081)</b>	<b>\$ 36,826</b>
Net position by component:					
Net investment in capital assets	\$ 21,726,237	\$ 21,228,218	\$ 21,277,799	\$ 20,705,185	\$ 19,800,725
Restricted	602,000	602,000	602,000	602,000	668,312
Unrestricted	42,374,213	43,050,502	41,983,804	41,372,337	42,247,311
<b>Total net position</b>	<b>\$ 64,702,450</b>	<b>\$ 64,880,720</b>	<b>\$ 63,863,603</b>	<b>\$ 62,679,522</b>	<b>\$ 62,716,348</b>

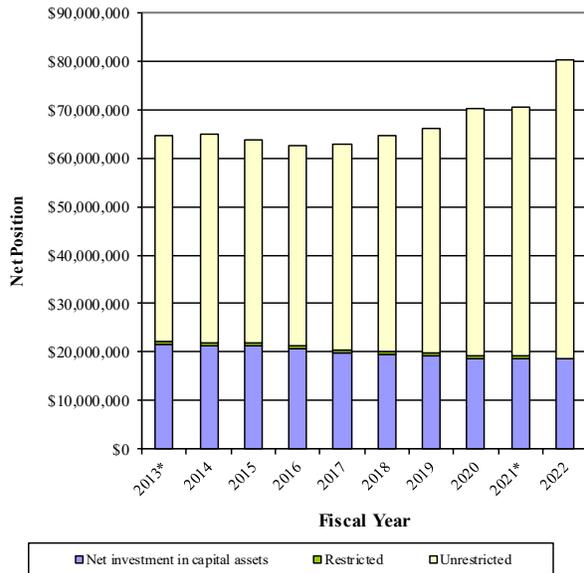


\* The presentation of certain prior year balances have been reclassified to conform to current year presentation.

Source: Triunfo Water & Sanitation District

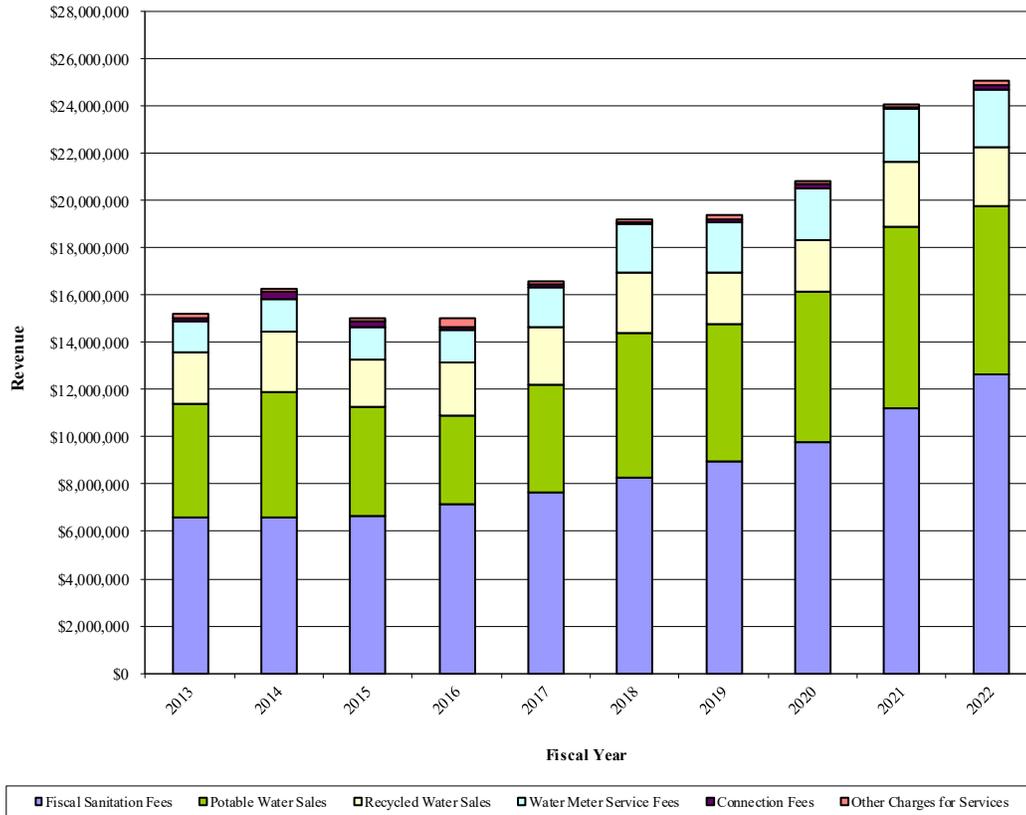
**Triunfo Water & Sanitation District**  
**Changes in Net Position and Net Position by Component (Continued)**  
**Last Ten Fiscal Years**

Fiscal Year				
2018	2019	2020	2021*	2022
\$19,227,754	\$19,359,355	\$20,851,006	\$ 24,041,771	\$ 25,042,808
(13,568,268)	(14,995,312)	(14,305,407)	(17,280,775)	(15,008,539)
(1,563,459)	(1,526,799)	(1,505,341)	(1,410,847)	(1,408,590)
<u>4,096,027</u>	<u>2,837,244</u>	<u>5,040,258</u>	<u>5,350,149</u>	<u>8,625,679</u>
160,050	335,873	313,269	93,119	(190,981)
175,394	171,925	181,379	126,223	211,497
(1,744,428)	(1,610,974)	(1,068,966)	(4,737,936)	1,545,948
-	-	-	-	-
(684,922)	(645,601)	(606,272)	(560,975)	(417,001)
-	-	-	-	(201,317)
<u>2,506</u>	<u>383,843</u>	<u>26,764</u>	<u>2,468</u>	<u>66,222</u>
<u>(2,091,400)</u>	<u>(1,364,934)</u>	<u>(1,153,827)</u>	<u>(5,077,101)</u>	<u>1,014,368</u>
2,004,627	1,472,310	3,886,431	273,048	9,640,047
-	-	-	-	-
<u>\$ 2,004,627</u>	<u>\$ 1,472,310</u>	<u>\$ 3,886,431</u>	<u>\$ 273,048</u>	<u>\$ 9,640,047</u>
\$19,528,285	\$19,157,347	\$18,614,280	\$ 18,548,037	\$ 18,740,468
644,392	602,000	602,000	602,000	-
<u>44,548,298</u>	<u>46,433,938</u>	<u>50,863,436</u>	<u>51,287,460</u>	<u>61,337,076</u>
<u>\$64,720,975</u>	<u>\$66,193,285</u>	<u>\$70,079,716</u>	<u>\$ 70,437,497</u>	<u>\$ 80,077,544</u>



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

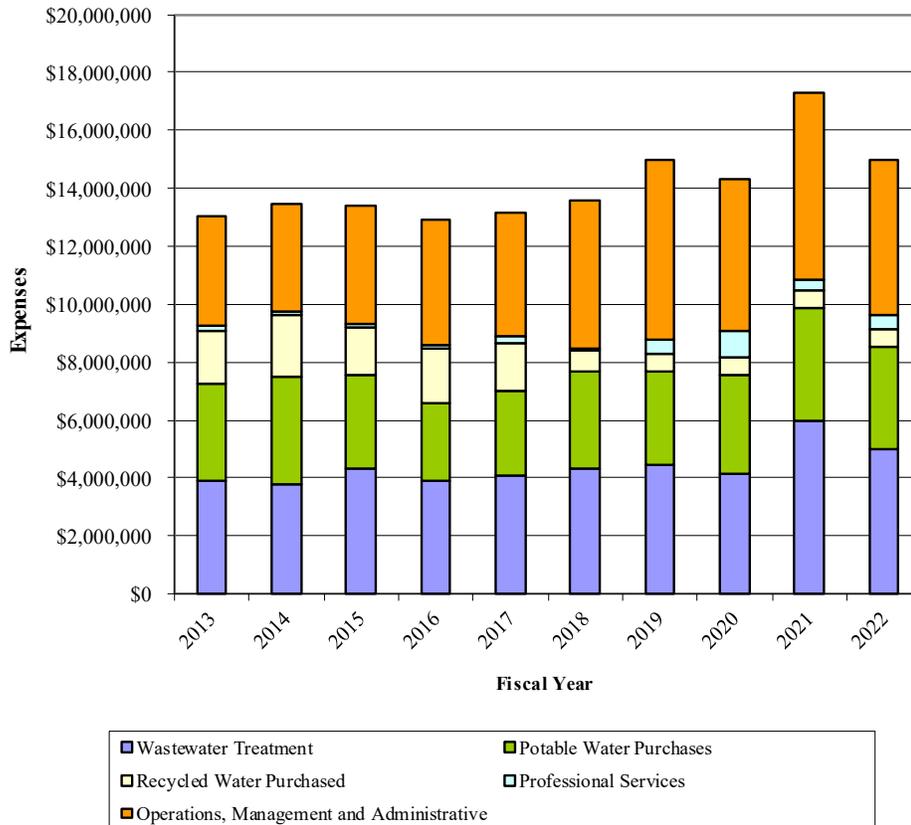
Fiscal Year	Sanitation Fees	Potable Water Sales	Recycled Water Sales	Water Meter Service Fees	Connection Fees	Other Charges for Services	Total Operating Revenue
2013	\$ 6,594,736	\$ 4,779,539	\$ 2,211,030	\$ 1,327,623	\$ 115,299	\$ 147,989	\$ 15,176,216
2014	6,590,649	5,282,011	2,580,139	1,385,935	309,650	113,785	16,262,169
2015	6,644,859	4,622,483	1,994,508	1,385,771	262,406	99,534	15,009,561
2016	7,144,479	3,725,085	2,295,803	1,379,077	107,975	356,194	15,008,613
2017	7,657,139	4,575,323	2,406,038	1,679,051	138,650	130,487	16,586,688
2018	8,253,307	6,149,583	2,575,319	2,034,687	91,279	123,579	19,227,754
2019	8,986,193	5,790,358	2,176,845	2,110,905	118,833	176,221	19,359,355
2020	9,752,279	6,395,205	2,208,635	2,177,628	166,166	151,093	20,851,006
2021	11,204,741	7,668,684	2,745,232	2,296,422	59,892	66,800	24,041,771
2022	12,658,716	7,088,168	2,511,500	2,453,228	149,771	181,425	25,042,808



Source: Triunfo Water & Sanitation District

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

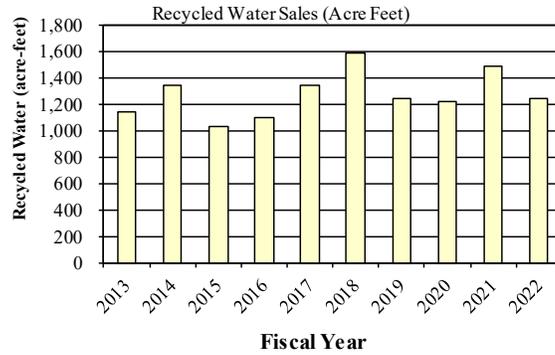
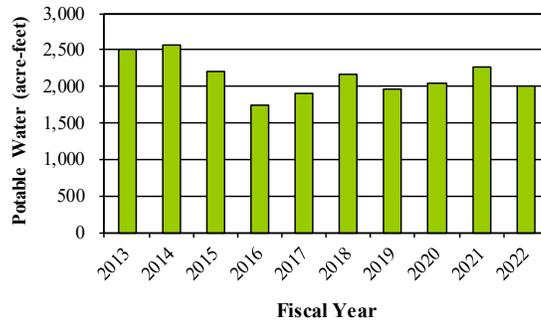
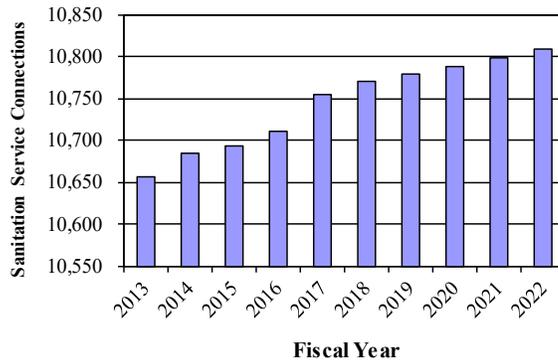
<b>Fiscal Year</b>	<b>Wastewater Treatment</b>	<b>Potable Water Purchases</b>	<b>Recycled Water Purchased</b>	<b>Professional Services</b>	<b>Operations, Management and Administrative</b>	<b>Total Operating Expenses</b>
2013	\$ 3,873,043	\$ 3,386,897	\$ 1,838,525	\$ 181,497	\$ 3,755,051	\$ 13,035,013
2014	3,783,274	3,731,891	2,131,331	95,968	3,718,916	13,461,380
2015	4,305,047	3,223,673	1,665,181	127,670	4,051,345	13,372,916
2016	3,917,234	2,680,573	1,871,720	94,030	4,338,605	12,902,162
2017	4,058,695	2,961,082	1,629,682	230,423	4,249,750	13,129,632
2018	4,309,990	3,366,431	716,702	103,494	5,071,651	13,568,268
2019	4,458,737	3,232,450	564,870	504,359	6,234,896	14,995,312
2020	4,120,929	3,436,768	597,313	936,461	5,213,936	14,305,407
2021	5,995,456	3,864,442	646,629	360,666	6,413,582	17,280,775
2022	4,983,447	3,558,070	592,939	472,055	5,402,028	15,008,539



Source: Triunfo Water & Sanitation District

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

<b>Fiscal Year</b>	<b>Sanitation Service Connections</b>	<b>Potable Water Sales (Acre Feet)</b>	<b>Recycled Water Sales (Acre Feet)</b>
2013	10,656	2,503	1,140
2014	10,685	2,560	1,343
2015	10,693	2,213	1,028
2016	10,711	1,746	1,099
2017	10,755	1,912	1,334
2018	10,771	2,167	1,583
2019	10,779	1,959	1,240
2020	10,787	2,035	1,212
2021	10,799	2,257	1,482
2022	10,808	2,010	1,242



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

**Source:** Triunfo Water & Sanitation District

**Triunfo Water & Sanitation District**  
**Revenue Rates<sup>(1)</sup>**  
**Last Ten Fiscal Years**

**Sanitation Fees**

Connection Type <sup>(2)</sup>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Single/Multi Residential	\$ 41.80	\$ 41.80	\$ 41.80	\$ 44.52	\$ 47.41	\$ 50.49	\$ 55.03	\$ 59.98	\$ 68.98	\$ 79.32
Apartment Units	33.44	33.44	33.44	35.61	37.92	40.38	44.01	47.97	55.17	63.44
Commercial/Hotels	41.80	41.80	41.80	44.52	47.41	50.49	55.03	59.98	68.98	79.32
Shopping Centers	74.22	74.22	74.22	79.04	84.18	89.65	97.72	106.51	122.49	140.86
Restaurants & Markets	96.14	96.14	96.14	102.39	109.05	116.14	126.59	137.96	158.68	182.48

**Potable Water Consumption Fees**

Water Consumed <sup>(3)</sup>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
0 - 6 HCF	\$ 3.67	\$ 3.93	\$ 4.01	\$ 4.24						
6 - 28 HCF	4.49	4.75	4.83	5.33						
Over 28 HCF	5.73	5.99	6.07	6.79						
Water Consumed <sup>(3)</sup>					2017	2018	2019	2020	2021	2022
0 - 7 HCF					\$ 5.06	\$ 5.88	\$ 6.16	\$ 6.45	\$ 6.92	\$ 7.46
>7 - 28 HCF					5.78	6.69	7.00	7.31	7.83	8.42
Over 28 HCF					7.14	8.23	8.58	8.94	9.56	10.25

**Recycled Water Consumption Fees**

Water Consumed <sup>(3)</sup>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
All Units (HCF)	\$ 2.86	\$ 2.96	\$ 3.03	\$ 3.25	\$ 3.82	\$ 4.63	\$ 4.93	\$ 5.23	\$ 5.39	\$ 5.70

**Potable Water Meter Service Fees**

Meter Size	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
5/8 inch	\$ 14.51	\$ 15.23	\$ 15.23	\$ 15.23	\$ N/A					
3/4 inch	21.76	22.85	22.85	22.85	24.79	28.02	28.87	29.74	31.53	33.43
1 inch	36.28	38.10	38.10	38.10	39.15	44.24	45.57	46.94	49.76	52.75
1 1/2 inch	72.55	76.18	76.18	76.18	75.05	84.81	87.36	89.99	94.72	100.41
2 inch	116.09	121.90	121.90	121.90	118.14	133.50	137.51	141.64	148.02	156.91
3 inch	217.66	228.54	228.54	228.54	254.57	287.67	296.31	305.20	316.78	335.79
4 inch	362.78	380.92	380.92	380.92	455.63	514.87	530.32	546.23	565.49	599.42
6 inch	725.51	761.78	761.78	761.78	1,008.55	1,139.67	1,173.87	1,209.09	1,249.44	1,324.41

**Recycled Water Meter Service Fees**

Meter Size	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
5/8 inch	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.71	\$ N/A					
3/4 inch	19.74	19.74	19.74	20.53	N/A	N/A	N/A	N/A	N/A	N/A
1 inch	32.91	32.91	32.91	34.23	N/A	N/A	N/A	N/A	N/A	N/A
1 1/2 inch	65.81	65.81	65.81	68.45	N/A	N/A	N/A	N/A	N/A	N/A
2 inch	105.30	105.30	105.30	109.52	125.95	144.84	149.19	153.66	154.37	157.46
3 inch	197.43	197.43	197.43	205.33	236.13	271.55	279.70	288.09	289.43	295.22
4 inch	329.06	329.06	329.06	342.23	393.56	452.60	466.18	480.16	482.38	492.03
6 inch	658.07	658.07	658.07	684.40	787.06	905.12	932.27	960.24	964.68	983.98
8 inch	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,721.09
10 inch	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,580.93

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

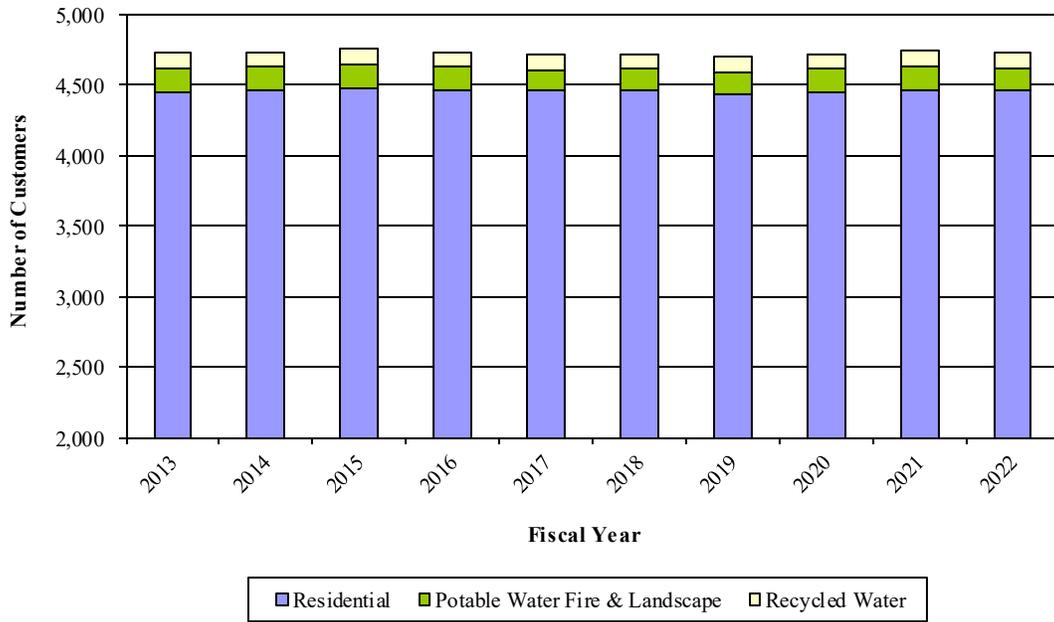
(2) Per Equivalent Residential Unit (ERU)

(3) Per Hundred Cubic Feet (HCF)

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

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

Fiscal Year	Customer Type			Total
	Potable Water Residential	Potable Water Fire & Landscape	Recycled Water	
2013	4,449	165	110	4,724
2014	4,452	169	110	4,731
2015	4,475	167	107	4,749
2016	4,457	165	106	4,728
2017	4,459	144	108	4,711
2018	4,451	155	108	4,714
2019	4,429	159	108	4,696
2020	4,442	168	108	4,718
2021	4,458	170	108	4,736
2022	4,451	165	108	4,724



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

**Source:** Triunfo Water & Sanitation District

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

<u>Customer</u>	<u>Potable Water - Retail</u>			
	<u>2022</u>		<u>2013</u>	
	<u>Water Consumed</u>	<u>Percentage of Total</u>	<u>Water Consumed</u>	<u>Percentage of Total</u>
ERP Operating, LLP	42,223	4.82%	44,623	4.09%
Shadow Ridge HOA	19,243	2.20%	22,661	2.08%
Morrison Estates HOA	9,036	1.03%	11,207	1.03%
Capri	7,513	0.00%	10,898	1.00%
Concord Consulting	5,965	0.68%	8,895	0.82%
Oak Park First Plaza (Shopping Center)	4,849	0.55%	8,177	0.75%
Rancho Simi Recreation & Park	7,013	0.00%	5,145	0.47%
County of Ventura	8,135	0.93%	7,238	0.66%
Regency Hills Neighborhood	5,562	0.64%	5,325	0.49%
Shadow Oaks	5,178	0.59%	6,450	0.59%
Oak Park Unified School District	4,469	0.51%	3,881	0.36%
Tract 3141 HOA	3,463	0.40%	-	0.00%
Hillcrest Homes HOA	3,516	0.40%	4,115	0.38%
<b>Total</b>	<b>126,165</b>	<b>14.41%</b>	<b>138,615</b>	<b>12.72%</b>
<b>Total Potable Water Consumed</b>	<b>875,296</b>	<b>100.00%</b>	<b>1,090,111</b>	<b>100.00%</b>

<u>Customer</u>	<u>Recycled Water - Retail and Wholesale</u>			
	<u>2022</u>		<u>2013</u>	
	<u>Water Consumed</u>	<u>Percentage of Total</u>	<u>Water Consumed</u>	<u>Percentage of Total</u>
California Water Service Company	189,516	35.02%	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>
Sherwood County Club	52,041	9.62%	146,425	29.62%
Rancho Simi Recreation & Park	60,570	11.19%	64,776	13.10%
Oak Park Unified School District	32,705	6.04%	54,475	11.02%
Tract 3141 HOA	22,903	4.23%	24,067	4.87%
Country Glenn	13,319	2.46%	18,884	3.82%
County of Ventura	23,565	4.35%	26,195	5.30%
Regency Hill Neighborhood	16,948	3.13%	27,908	5.65%
Shadow Ridge HOA	11,794	2.18%	15,934	3.22%
Hidden Valley	30,188	5.58%	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>
Country Vista III Owners	11,583	2.14%	17,681	3.58%
Oak Park Village Assoc	9,117	1.68%	10,673	2.16%
<b>Total</b>	<b>474,250</b>	<b>87.64%</b>	<b>407,018</b>	<b>82.33%</b>
<b>Total Recycled Water Consumed</b>	<b>541,158</b>	<b>100.00%</b>	<b>494,356</b>	<b>100%</b>

**Note:**  
Per Hundred Cubic Feet (HCF)

(1) Recycled Water - Wholesale data for 2013 is not available

**Source:** Triunfo Water & Sanitation District

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

<b>Fiscal Year</b>	<b>Developer Refund Agreements [1]</b>	<b>Installment Purchase Agreement [2]</b>	<b>Lease Purchase Agreement [3]</b>	<b>Lease Purchase Agreement [4]</b>	<b>Total</b>	<b>Per Capita</b>	<b>As a Share of Personal Income</b>
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	503.22	0.80%
2021	306,586	4,761,790	1,502,550	9,091,031	15,661,957	466.21	0.74%

**Refinanced Outstanding Debt by Type**

<b>Fiscal Year</b>	<b>Developer Refund Agreements [1]</b>	<b>Potable Water [2] [3]</b>	<b>Recycled Water [4]</b>	<b>Total</b>	<b>Per Capita</b>	<b>As a Share of Personal Income</b>
2022	\$ 279,332	\$ 5,783,000	\$ 8,459,000	\$ 14,521,332	432.26	0.64%

- [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.  
This loan was refinanced on 8/2021.
- [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.  
This loan was refinanced on 8/2021.
- [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.  
This loan was refinanced on 8/2021.

**Source:** Triunfo Water & Sanitation District

**Triunfo Water & Sanitation District**  
**Pledged-Revenue Coverage**  
**Installment Purchase Agreement**  
**Fiscal Years 2022 and 2021**

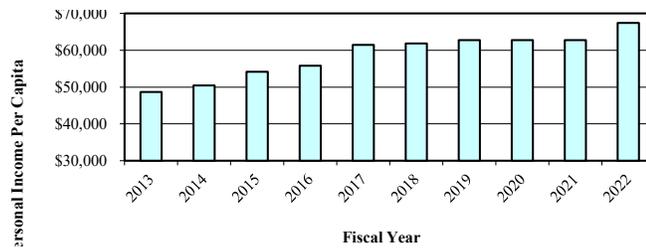
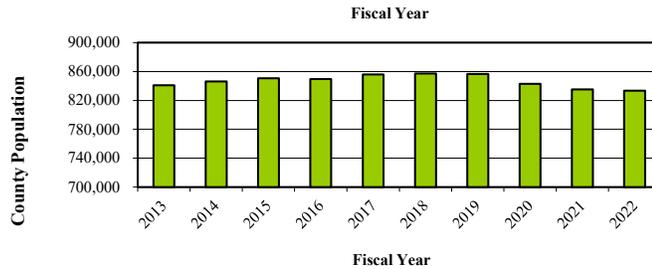
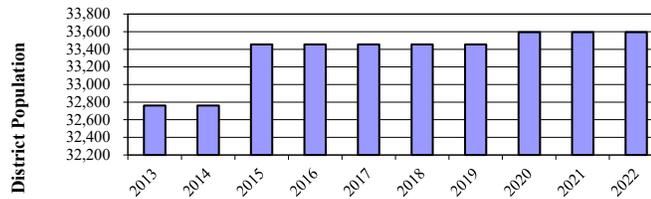
	<b>Fiscal Year 2022</b>			
	<b>Wastewater</b>	<b>Recycled</b>	<b>Potable Water</b>	<b>Total</b>
<b>Revenue sources</b>				
Operating revenues	\$ 12,845,579	\$ 2,797,750	\$ 9,399,479	\$ 25,042,808
Non-operating revenues	187,902	-	338,651	526,553
Total revenue sources	<u>13,033,481</u>	<u>2,797,750</u>	<u>9,738,130</u>	<u>25,569,361</u>
<b>Expenses</b>				
Operating expenses	\$ 8,711,491	\$ 857,986	\$ 5,439,062	\$ 15,008,539
Non-operating expenses	251,913	47,057	140,845	439,815
Total expenses	<u>8,963,404</u>	<u>905,043</u>	<u>5,579,907</u>	<u>15,448,354</u>
Net Revenues (Expenses)	4,070,077	1,892,707	4,158,223	10,121,007
<b>Installment payments</b>				
Principal	-	363,200	665,800	1,029,000
Interest	-	277,789	139,212	417,001
Total installment payments	-	640,989	805,012	1,446,000
Debt Service Coverage (min 1.25x)	n/a	n/a	n/a	7.00

	<b>Fiscal Year 2021</b>			
	<b>Wastewater</b>	<b>Recycled</b>	<b>Potable Water</b>	<b>Total</b>
<b>Revenue sources</b>				
Operating revenues	\$ 11,307,560	\$ 2,968,448	\$ 9,773,113	\$ 24,049,121
Non-operating revenues	1,117,916	-	186,058	1,303,974
Total revenue sources	<u>12,425,476</u>	<u>2,968,448</u>	<u>9,959,171</u>	<u>25,353,095</u>
<b>Expenses</b>				
Operating expenses	\$ 9,052,882	\$ 1,170,884	\$ 7,057,007	\$ 17,280,773
Non-operating expenses	-	280,965	802,758	1,083,723
Total expenses	<u>9,052,882</u>	<u>1,451,849</u>	<u>7,859,765</u>	<u>18,364,496</u>
Net Revenues (Expenses)	3,372,594	1,516,599	2,099,406	6,988,599
<b>Installment payments</b>				
Principal	-	691,726	524,377	1,216,103
Interest	-	282,047	278,928	560,975
Total installment payments	-	973,773	803,305	1,777,077
Debt Service Coverage (min 1.25x)	n/a	n/a	n/a	3.93

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

**County of Ventura**

<b>Year</b>	<b>Population within District(1)</b>	<b>Unemployment Rate(4)</b>	<b>Population (persons)(1)</b>	<b>Personal Income(2,3)</b>	<b>Personal Income per Capita(2,3)</b>
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	33,594	8.4%	842,886 (1)	55,500,000 (5)	62,738 (5)
2021	33,594	6.5%	835,223 (1)	55,500,000 (5)	62,738 (5)
2022	33,594	3.3%	833,652 (1)	56,728,142 (3)	67,422 (3)



- 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 - 2021 has not been published. 2019 data is used.

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

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

<b>Employer</b>	<b>2022</b>		<b>2013</b>	
	<b>Number of Employees</b>	<b>Percentage of Total Employed</b>	<b>Number of Employees</b>	<b>Percentage of Total Employed</b>
Naval Base of Ventura	18,776	4.60%	5,000 - 19,999	n/a
County of Ventura - Government Center	8,435	2.07%	5,000 - 9,999	n/a
Amgen	5,500	1.35%	5,000 - 9,999	n/a
Wellpoint Health Network, Inc.	2,860	0.70%	1,000 - 4,999	n/a
Simi Valley Unified School District	2,737	0.67%	1,000 - 4,999	n/a
Community Memorial Hospital of San Buenaver	2,300	0.56%	1,000 - 4,999	n/a
Conejo Valley Unified School District	2,050	0.50%	1,000 - 4,999	n/a
Dignity Health	2,016	0.49%	-	n/a
Ventura Unified School District	1,835	0.45%	1,000 - 4,999	n/a
Oxnard Union High School District	1,654	0.41%	-	n/a
St John's Regional Medical Center	-	n/a	1,000 - 4,999	n/a
Countrywide Home Loans Headquarters	-	n/a	5,000 - 9,999	n/a
Ventura County Health Care Agency	-	n/a	1,000 - 4,999	n/a
Vons	-	n/a	1,000 - 4,999	n/a
Verizon Communication	-	n/a	1,000 - 4,999	n/a
Top Ten Employers Total	<u>48,163</u>	11.80%	<u>-</u>	n/a
Total Employed in County	<u>408,300</u>	100.00%	<u>395,900</u>	100.00%

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

**Sources:**

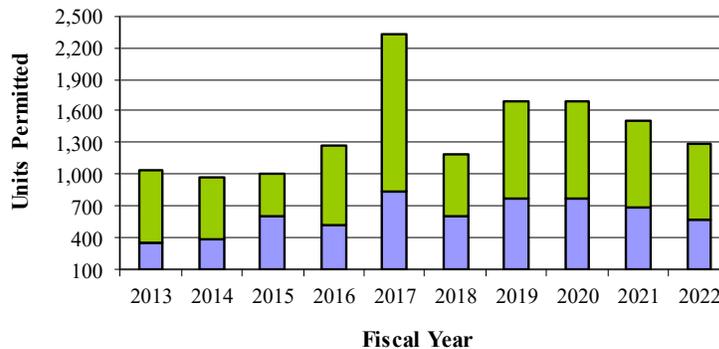
(a) 2019 Los Angeles County and Ventura County Economic Outlook.

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

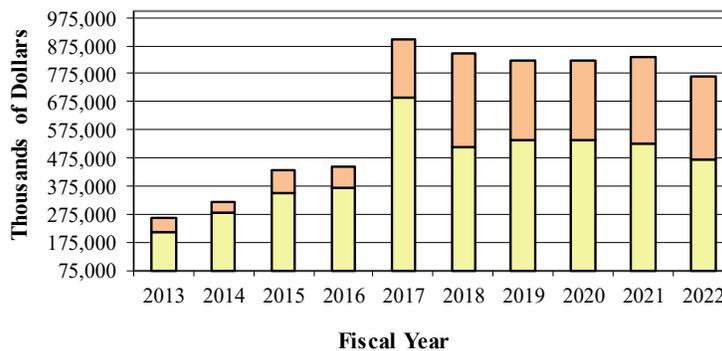
**Triunfo Water & Sanitation District  
Building Permits - County of Ventura  
Last Ten Fiscal Years**

Fiscal Year	New Single Family Units	New Multiple Family Units	Total New Residential Units	Total New Residential Investment (000's)	Non-residential Investment (000's)	Total New Structure Investment (000's)
2013	360	688	1,048	213,378	48,219	261,597
2014	396	585	981	279,531	37,251	316,782
2015	615	394	1,009	350,485	77,805	428,290
2016	528	744	1,272	367,000	74,537	441,537
2017	847	1,479	2,326	690,000	205,000	895,000
2018	608	585	1,193	512,000	335,000	847,000
2019	776	914	1,690	538,000	284,000	822,000
2020	776	914	1,690	538,000	284,000	822,000
2021	698	802	1,500	524,000	309,000	833,000
2022	574	715	1,289	469,000	295,000	764,000

**New Residential Building Units Permitted**



**Investment in New Structures**

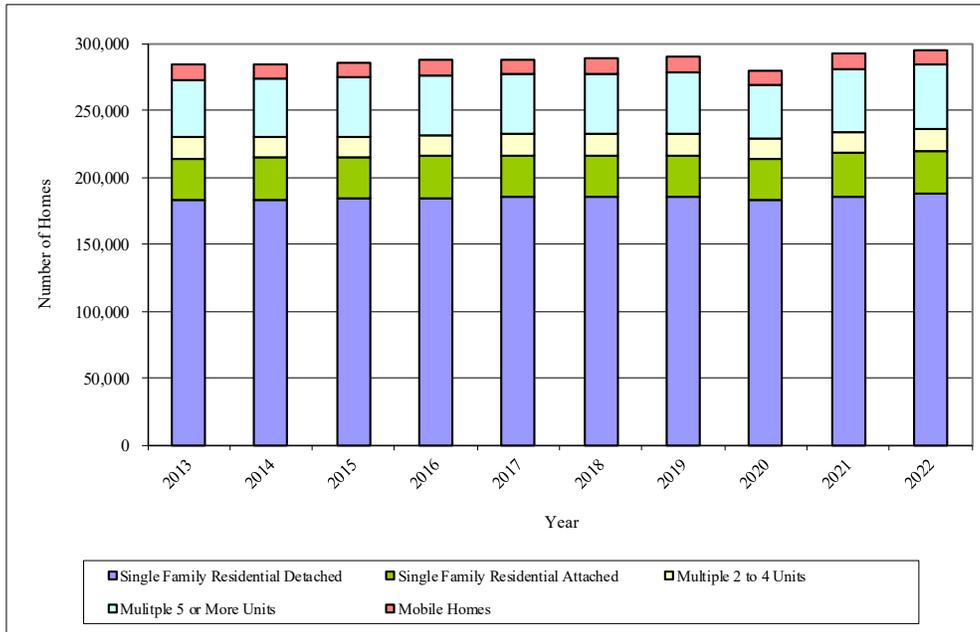


**Note:** Building Permit statistic updated 2018 to include number of permits, and total investment in residential and non-residential units; as more detailed breakdown is no longer accessible. Prior years are actual, current year forecasted.

**Sources:** 2019 Los Angeles County and Ventura County Economic Outlook - 2019 to 2023 Forecast.

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

<b>Fiscal Year</b>	<b>Single Family Residential Detached</b>	<b>Single Family Residential Attached</b>	<b>Multiple 2 to 4 Units</b>	<b>Multiple 5 or More Units</b>	<b>Mobile Homes</b>	<b>Total All Housing</b>
2013	183,151	30,966	15,560	42,561	11,337	283,575
2014	183,389	31,018	15,641	43,100	11,341	284,489
2015	183,775	31,038	15,759	43,890	11,346	285,808
2016	184,141	31,259	15,886	44,444	11,350	287,080
2017	184,761	31,270	15,953	44,738	11,352	288,074
2018	185,053	31,281	15,947	44,949	11,349	288,579
2019	184,929	31,539	15,981	45,848	11,350	289,647
2020	182,703	30,893	15,000	40,081	11,320	279,997
2021	185,739	31,954	16,067	46,986	11,354	292,100
2022	187,124	32,164	16,439	47,839	11,418	294,984



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

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

<b>Sanitation Services</b>				
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Collection System (Miles)</b>	<b>Treatment Capacity (MGD)</b>	<b>Average Dry Weather Flow (MGD)</b>
2013	50	120	4.70	3.30
2014	50	120	4.70	3.30
2015	50	120	4.70	3.30
2016	50	120	4.70	3.30
2017	50	120	4.70	3.30
2018	50	120	4.70	3.30
2019	50	120	4.70	3.30
2020	50	120	4.70	3.30
2021	50	120	4.70	3.30
2022	50	120	4.70	3.30

<b>Potable Water Sales</b>			
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Potable Water Capacity (MGM)</b>	<b>Potable Water System (Miles)</b>
2013	50	82.72	50
2014	50	82.72	50
2015	50	82.72	50
2016	50	82.72	50
2017	50	82.72	50
2018	50	82.72	50
2019	50	82.72	50
2020	50	82.72	50
2021	50	82.72	50
2022	50	82.72	50

<b>Recycled Water Sales</b>			
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Recycled Water Capacity (MGM)</b>	<b>Recycled Water System (Miles)</b>
2013	50	40.73	5
2014	50	40.73	5
2015	50	40.73	5
2016	50	40.73	5
2017	50	40.73	5
2018	50	40.73	5
2019	50	40.73	5
2020	50	40.73	5
2021	50	40.73	5
2022	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

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