

**Board of Directors**

Jane Nye, Chair

Janna Orkney, Vice Chair

Raymond Tjulander, Director

James Wall, Director

Leon Shapiro, Director

Providing Outstanding Service Since 1963

January 23, 2023

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

TWSD FY2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)**Summary**

The Annual Comprehensive Financial Report (ACFR) is a financial tool to communicate the District's financial position and financial activities to its customers, oversight bodies, management and creditors. The FY 2022 ACFR was prepared by District staff and the financial statements were independently audited by Rogers Anderson, Malody & Scott, LLP (RAMS), who gave an unmodified ('clean') opinion as to the accuracy and fairness of the financial statements.

The Management's Discussion and Analysis (MD&A), which begins on page 16, provides a narrative overview, analyses and explanation of the basic financial statements. The audited basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows, along with the notes to the basic financial statements. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also assesses the liquidity and financial flexibility of the District. The Statement of Revenues, Expenses, and Changes in Net Position accounts for the year's revenues and expenses. This statement measures the success of the District's operation over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other changes. Lastly, the Statement of Cash Flows provides information of where the cash came from, what it was used for, and what was the change in cash balance during the reporting period.

The Triunfo Board appointed two Board members to the Finance Committee to oversee the financial reporting process. The Finance Committee typically meets each year with the District's independent auditor addressing the scope of work, as well as the auditor's findings and recommendations during the meeting. The meeting is scheduled for January 23, 2023.

District staff submitted the ACFR to the Government Finance Officers Association

(GFOA) for consideration of its Certificate of Achievement for Excellence in Financial Reporting. Appropriations for the GFOA award submission and audit are included in the FY 2023 Adopted Budget.

Please contact me at 805-658-4649 or email vickiedragan@trunfowsd.com if you have any questions or need additional information regarding this item and attachments.

Fiscal Impact

None

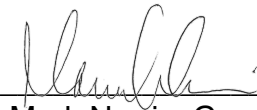
Recommendation

It is recommended the Board receive and file the Fiscal Year 2022 Annual Comprehensive Financial Report.



VICKIE DRAGAN - DIRECTOR OF FINANCE

REVIEWED AND APPROVED:



Mark Norris, General Manager

Attachments:

1. FY 2022 Annual Comprehensive Financial Report
2. Report on Internal Control
3. SAS 114 Report

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

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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



Providing Outstanding Service Since 1963

Board of Directors

Leon Shapiro, Chair

Jane Nye, Vice Chair

James Wall, Director

Janna Orkney, Director

Raymond Tjulander, Director

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 10th 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 1st 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.

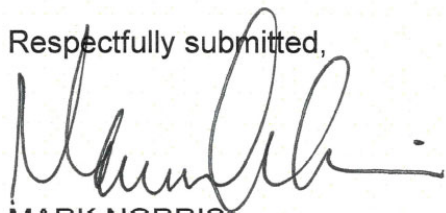
Awards & Acknowledgements

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,



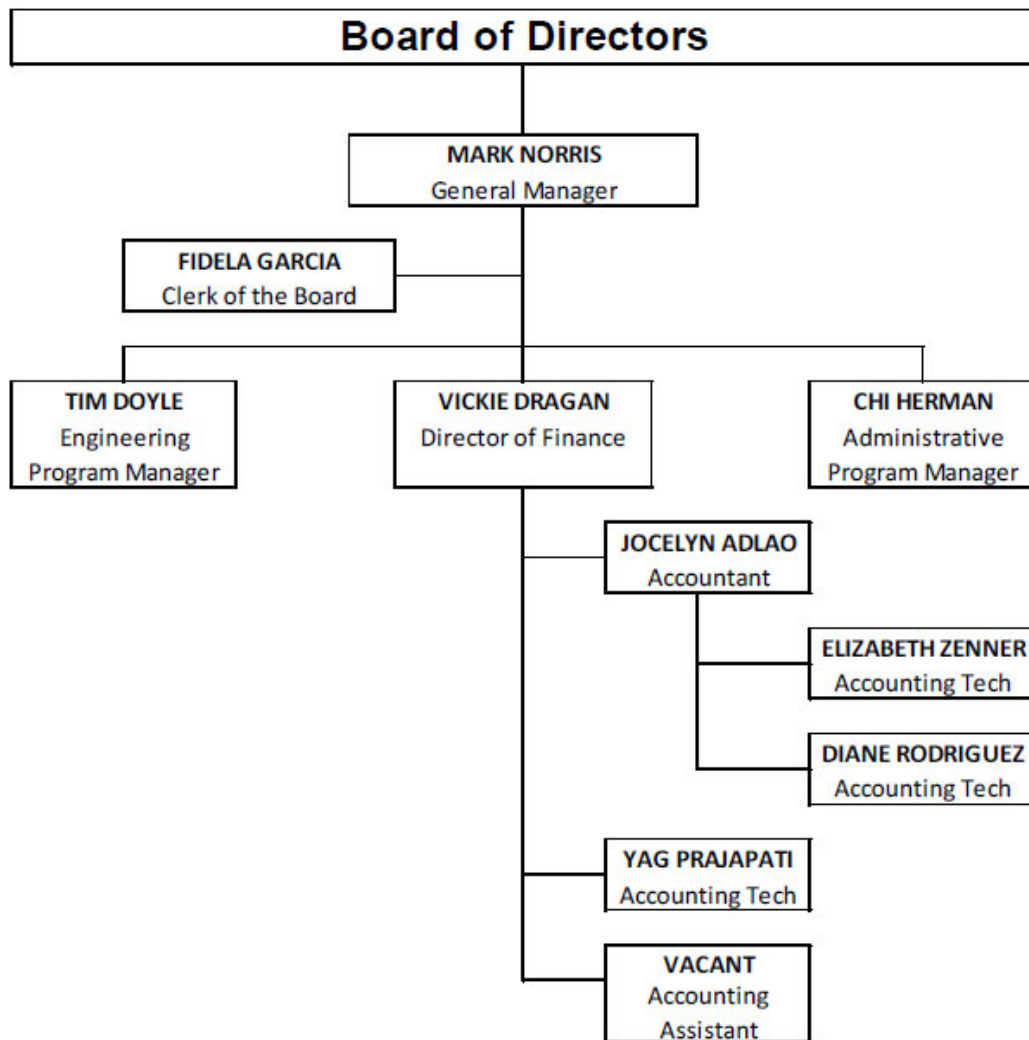
MARK NORRIS
General Manager



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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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Triunfo Water & Sanitation District
California**

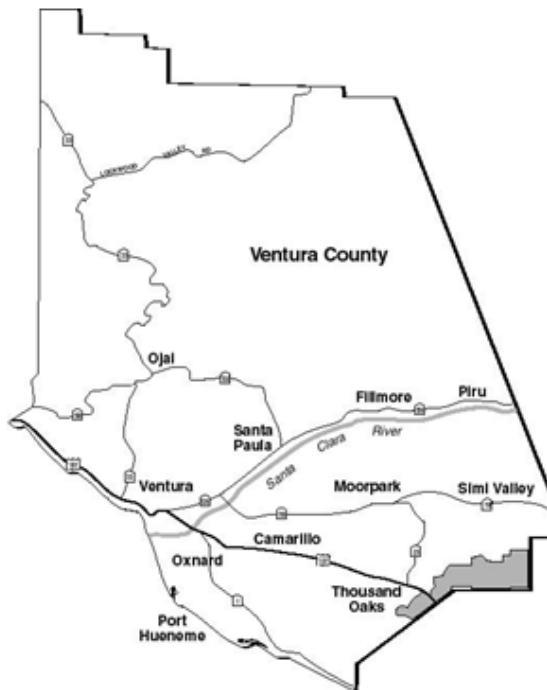
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

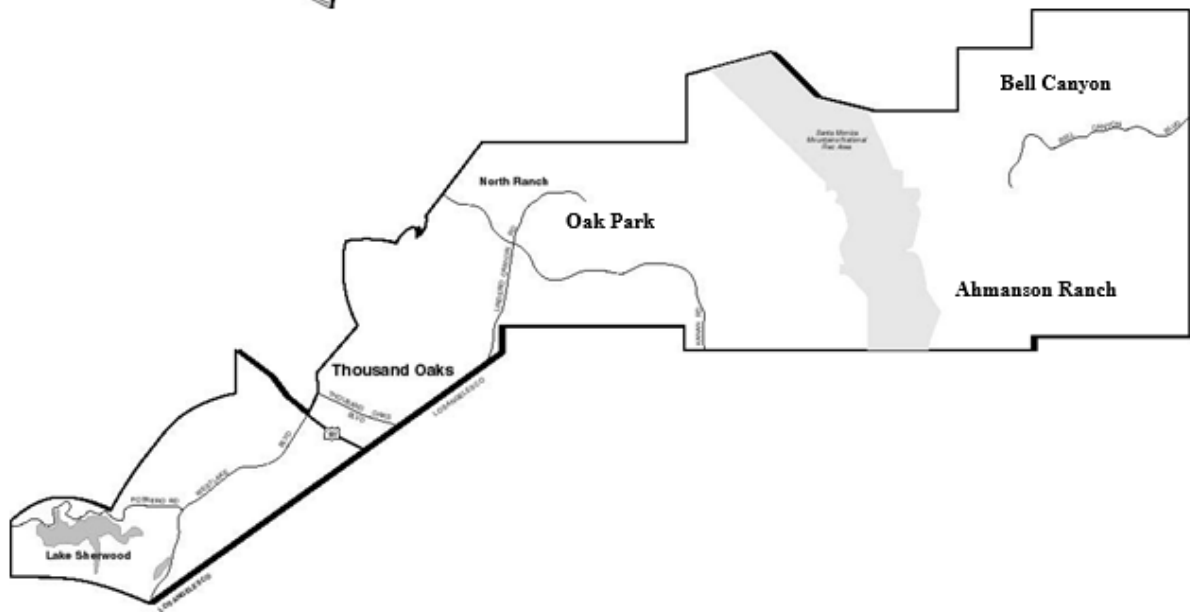
VENTURA COUNTY



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

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
Assets:				
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%
Total assets	103,768,924	95,821,227	7,947,697	8.3%
Liabilities:				
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%
Total liabilities	20,506,789	21,987,642	(1,480,853)	-6.7%
Deferred inflows:				
Lease related	3,184,591	3,396,088	(211,497)	-6.2%
Total deferred inflows	3,184,591	3,396,088	(211,497)	-6.2%
Net Position:				
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%
Total net position	\$80,077,544	\$70,437,497	\$ 9,640,047	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.

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

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%
Total revenues	<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%
Total expenses	<u>15,489,499</u>	<u>23,990,533</u>	<u>(8,501,034)</u>	-35.4%
Change in net position	9,640,047	273,048	9,366,999	3430.5%
Net position, beginning of fiscal year	<u>70,437,497</u>	<u>70,164,449</u>	<u>273,048</u>	
Net position, end of fiscal year	<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%
Total revenues	<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%
Total expenses	<u>23,990,533</u>	<u>17,485,987</u>	<u>6,504,546</u>	37.2%
Change in net position	273,048	3,886,431	(3,613,383)	-93.0%
Net position, beginning of fiscal year, as restated	<u>70,164,449</u>	<u>66,193,285</u>	<u>3,971,164</u>	
Net position, end of fiscal year	<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	(27,759,618)	(1,408,590)	-	(29,168,208)
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	(26,348,771)	(1,410,847)	-	(27,759,618)
Total capital assets, net	<u>\$ 35,519,593</u>	<u>\$ (1,309,599)</u>	<u>\$ -</u>	<u>\$ 34,209,994</u>

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	15,355,371	<u>\$ 15,271,000</u>	<u>\$ (16,384,371)</u>	14,242,000
Less current portion	(1,259,458)			(1,373,000)
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.

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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

		2022	2021
Assets			
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		33,157,496	24,324,479
Restricted current assets:			
Cash and cash equivalents	(Note B2)	741,935	1,316,115
Total current assets - restricted		741,935	1,316,115
Total current assets - unrestricted and restricted		33,899,431	25,640,594
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		69,869,493	70,180,633
Total assets		103,768,924	95,821,227
Liabilities			
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		6,643,776	6,898,282
Payable from unrestricted current assets:			
Customer deposits		133,760	106,085
Unearned revenue	(Note A4)	608,175	608,030
Payable from restricted current assets		741,935	714,115
Total current liabilities - unrestricted and restricted		7,385,711	7,612,397
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		13,121,078	14,375,245
Total liabilities		20,506,789	21,987,642
Deferred Inflows			
Lease related	(Note B10)	3,184,591	3,396,088
Total deferred inflows		3,184,591	3,396,088
Net Position			
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
Total net position		\$ 80,077,544	\$ 70,437,497

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>
Operating revenues		
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>
Total operating revenues		
Operating expenses		
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>
Total operating expenses		
Operating income before depreciation	10,034,269	6,760,996
Depreciation and amortization	(1,408,590)	(1,410,847)
	<u>8,625,679</u>	<u>5,350,149</u>
Operating income		
Non-operating revenue (expense)		
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		
Change in net position	9,640,047	273,048
Net position, beginning of fiscal year, as restated (Note B11)	70,437,497	70,164,449
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

	2022	2021
Cash flows from operating activities		
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	(2,379,652)	(2,499,115)
Net cash provided by operating activities	<u>7,377,004</u>	<u>7,796,359</u>
Cash flows from capital and related financing activities		
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	(201,317)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,293,028)</u>	<u>(1,909,899)</u>
Cash flows from investing activities		
Proceeds from rental revenue - cellular antennas	211,497	185,772
Proceeds from interest and investment earnings	(226,527)	71,297
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	21,299,675	15,156,146
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	741,935	1,316,115
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

	2022	2021
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	(1,248,675)	2,446,210
Net cash provided by operating activities	\$ 7,377,004	\$ 7,796,359
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

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

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

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

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

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

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

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.

Authorized Investment Types	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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

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:		Remaining Maturity (In Months)
Investment Type	Fair Value Total	12 Month or Less
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:		Remaining Maturity (In Months)
Investment Type	Fair Value Total	12 Month or Less
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

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

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

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:

	2022	2021
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

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

Accounts receivable - Trade	Gross	Allowance	Net
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

Accounts receivable - Trade	Gross	Allowance	Net
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	232,074	460,396	(331,753)	360,717
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	61,737,538	-	331,753	62,069,291
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	(27,759,618)	(1,408,590)	-	(29,168,208)
Total depreciation assets, net	33,977,920	(1,408,590)	331,753	32,901,083
Total capital assets, net	\$ 34,209,994	\$ (948,194)	\$ -	\$ 33,261,800
	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	130,826	101,248	-	232,074
Depreciable assets:				
Structures and improvements	720,834	-	-	720,834
Wastewater collection systems	16,890,421	-	-	16,890,421
Recycled water systems	15,794,331	-	-	15,794,331
Potable water systems	27,513,211	-	-	27,513,211
Other physical property	818,741	-	-	818,741
Total depreciable assets	61,737,538	-	-	61,737,538
Accumulated depreciation:				
Structures and improvements	(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	(26,348,771)	(1,410,847)	-	(27,759,618)
Total depreciation assets, net	35,388,767	(1,410,847)	-	33,977,920
Total capital assets, net	\$ 35,519,593	\$ (1,309,599)	\$ -	\$ 34,209,994

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:

Construction Projects	2022	2021
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	
Total	\$ 289,347	\$ 160,704

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)

	2022	2021	Change
Assets:			
Current assets	\$ 12,737	\$ 7,439	\$ 5,298
Capital assets, net	101,134	98,362	2,772
Total assets	113,871	105,801	8,070
Liabilities:			
Current liabilities	12,737	7,439	5,298
Total liabilities	12,737	7,439	5,298
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
Net position	\$ 101,133	\$ 98,362	\$ 2,771

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)

	2022	2021	Change
Revenues:			
Operating revenues	\$ 2,631	\$ 2,690	\$ (59)
Non-operating revenues	2,848	228	2,620
Total revenues	<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
Total expenses	<u>26,670</u>	<u>27,715</u>	<u>(1,045)</u>
Net loss before participant contributions	(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
Change in Net Position	2,771	1,238	1,533
Beginning Net Position	<u>98,362</u>	<u>97,124</u>	<u>1,238</u>
Ending Net Position	<u><u>\$ 101,133</u></u>	<u><u>\$ 98,362</u></u>	<u><u>\$ 2,771</u></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

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:

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

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

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:

Developer/Tract	Balance June 30, 2021	Additions	Payments/ Deletions	Balance June 30, 2022	Amounts Due in One Year
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

B. DETAILED NOTES (Continued)

6. Long Term Obligations (Continued)

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

Developer/Tract	Balance June 30, 2020	Additions	Payments/ Deletions	Balance June 30, 2021	Amounts Due in One Year
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:

Fiscal Years Ending June 30,	Principal
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

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:

	2022	2021
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:

	2022	2021
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

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

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

B. DETAILED NOTES (Continued)

10. Leases (Continued)

Future payment requirements are as follows:

Fiscal Year	Principal	Interest	Total
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

Deferred Inflow of Resources	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
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
Total Deferred Inflow of Resources	\$ 3,396,088	\$ -	\$ 211,497	\$ 3,184,591

Lease Receivable	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
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
Total Lease Receivable	\$ 3,480,821	\$ -	\$ 130,549	\$ 3,350,272

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)

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

C. OTHER INFORMATION (Continued)

1. Risk Management (Continued)

Liability and Worker's Compensation Insurance (Continued)

The financial statements of CSRMA may be obtained from:

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

Property Insurance

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

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

C. OTHER INFORMATION (Continued)

2. Commitments and Contingencies

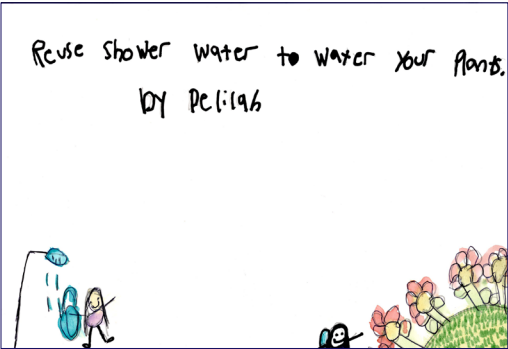
The District had contractual commitments with outside firms for engineering, consulting, or other various supplies and services totaling approximately \$156,045 and \$74,840 in fiscal years 2022 and 2021, respectively.

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
ASSETS				
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	17,940,049	5,341,853	9,875,594	33,157,496
Restricted current assets:				
Cash and cash equivalents	662,200	-	79,735	741,935
Total current assets - restricted	662,200	-	79,735	741,935
Total current assets - unrestricted and restricted	18,602,249	5,341,853	9,955,329	33,899,431
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	40,073,679	11,862,165	17,933,649	69,869,493
Total assets	58,675,928	17,204,018	27,888,978	103,768,924
LIABILITIES				
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	4,341,436	1,023,198	1,279,142	6,643,776
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	662,200	-	79,735	741,935
Total current liabilities - unrestricted and restricted	5,003,636	1,023,198	1,358,877	7,385,711
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	-	7,750,355	5,370,723	13,121,078
Total liabilities	5,003,636	8,773,553	6,729,600	20,506,789
DEFERRED INFLOWS				
Lease related	-	-	3,184,591	3,184,591
Total deferred inflows	-	-	3,184,591	3,184,591
NET POSITION				
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
Total net position	\$ 53,672,292	\$ 8,430,465	\$ 17,974,787	\$ 80,077,544

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
Total operating revenues	12,845,579	2,797,750	9,399,479	25,042,808
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
Total operating expenses	8,711,491	857,986	5,439,062	15,008,539
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)
Operating income	3,805,999	1,545,565	3,274,115	8,625,679
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)	-
Total non-operating revenues, net	1,481,937	(441,593)	(25,976)	1,014,368
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	\$ 53,672,292	\$ 8,430,465	\$ 17,974,787	\$ 80,077,544

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	2,006,563	1,182,589	4,187,852	7,377,004
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	(292,044)	(1,025,170)	(975,814)	(2,293,028)
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	187,902	(47,057)	(140,845)	-
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	(279,979)	-	264,949	(15,030)
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	\$ 12,359,540	\$ 4,495,338	\$ 9,513,743	\$ 26,368,621
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	\$ 12,359,540	\$ 4,495,338	\$ 9,513,743	\$ 26,368,621
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	(1,799,436)	(362,976)	913,737	(1,248,675)
Net cash provided by (used in) operating activities	\$ 2,006,563	\$ 1,182,589	\$ 4,187,852	\$ 7,377,004
Schedule of noncash transactions:				
Change in investment-in-joint venture LVMWD/TSD	\$ 1,545,948	\$ -	\$ -	\$ 1,545,948

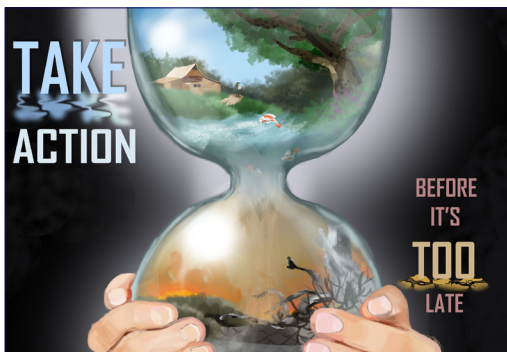
TRIUNFO WATER & SANITATION DISTRICT

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

	Budget	Actual	Variance
Operating revenues			
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>
Operating expenses			
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>
Non-operating revenue (expense)			
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	<u>-</u>	<u>66,222</u>	<u>66,222</u>
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.

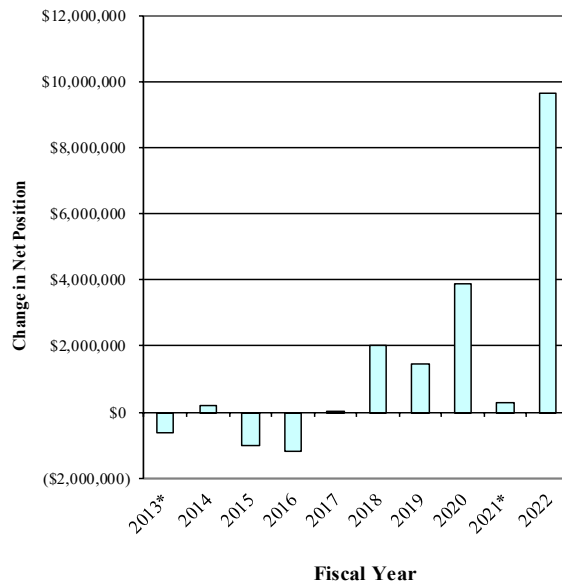
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	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	63-66
Revenue Capacity These schedules contain information to help the 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)
Operating income(loss)	1,236,573	1,935,387	737,096	818,170	2,185,668
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)
Net income before capital contributions	(630,731)	178,270	(1,017,117)	(1,184,081)	36,826
Capital contributions	-	-	-	-	-
Changes in net position	\$ (630,731)	\$ 178,270	\$ (1,017,117)	\$ (1,184,081)	\$ 36,826
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
Total net position	\$ 64,702,450	\$ 64,880,720	\$ 63,863,603	\$ 62,679,522	\$ 62,716,348

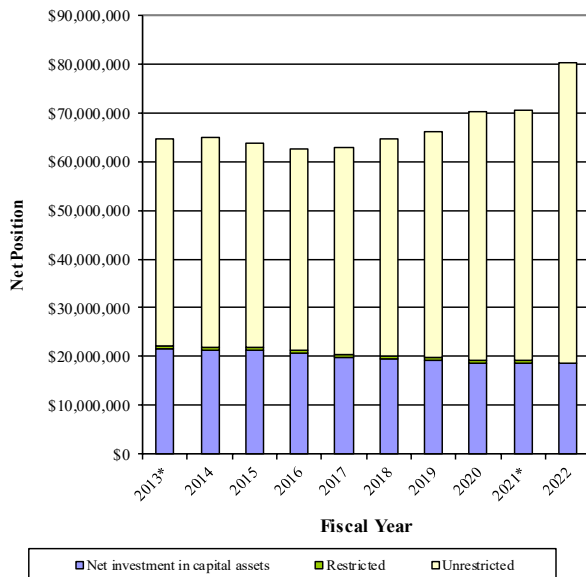


* The presentation of certain prior year balances have been reclassified to conform to current year presentation.

Source: Triunfo Water & Sanitation District

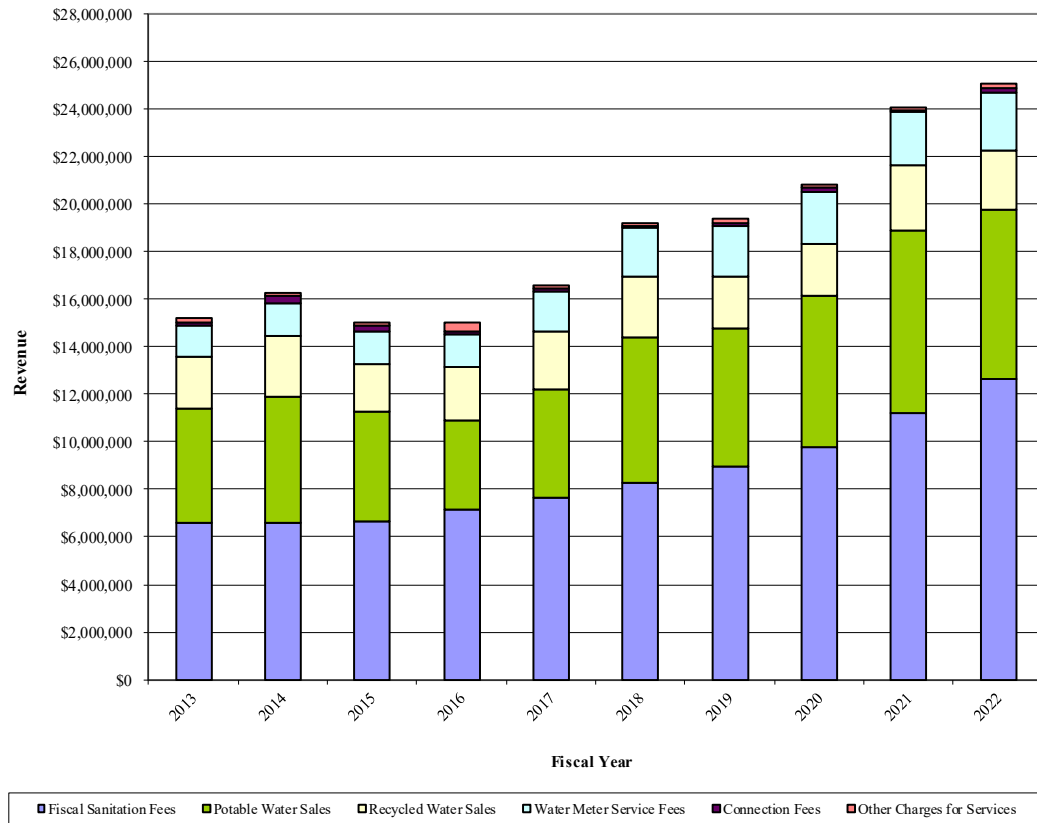
Triunfo Water & Sanitation District
Changes in Net Position and Net Position by Component (Continued)
Last Ten Fiscal Years

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)
4,096,027	2,837,244	5,040,258	5,350,149	8,625,679
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)
2,506	383,843	26,764	2,468	66,222
(2,091,400)	(1,364,934)	(1,153,827)	(5,077,101)	1,014,368
2,004,627	1,472,310	3,886,431	273,048	9,640,047
-	-	-	-	-
\$ 2,004,627	\$ 1,472,310	\$ 3,886,431	\$ 273,048	\$ 9,640,047
\$ 19,528,285	\$ 19,157,347	\$ 18,614,280	\$ 18,548,037	\$ 18,740,468
644,392	602,000	602,000	602,000	-
44,548,298	46,433,938	50,863,436	51,287,460	61,337,076
\$ 64,720,975	\$ 66,193,285	\$ 70,079,716	\$ 70,437,497	\$ 80,077,544



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

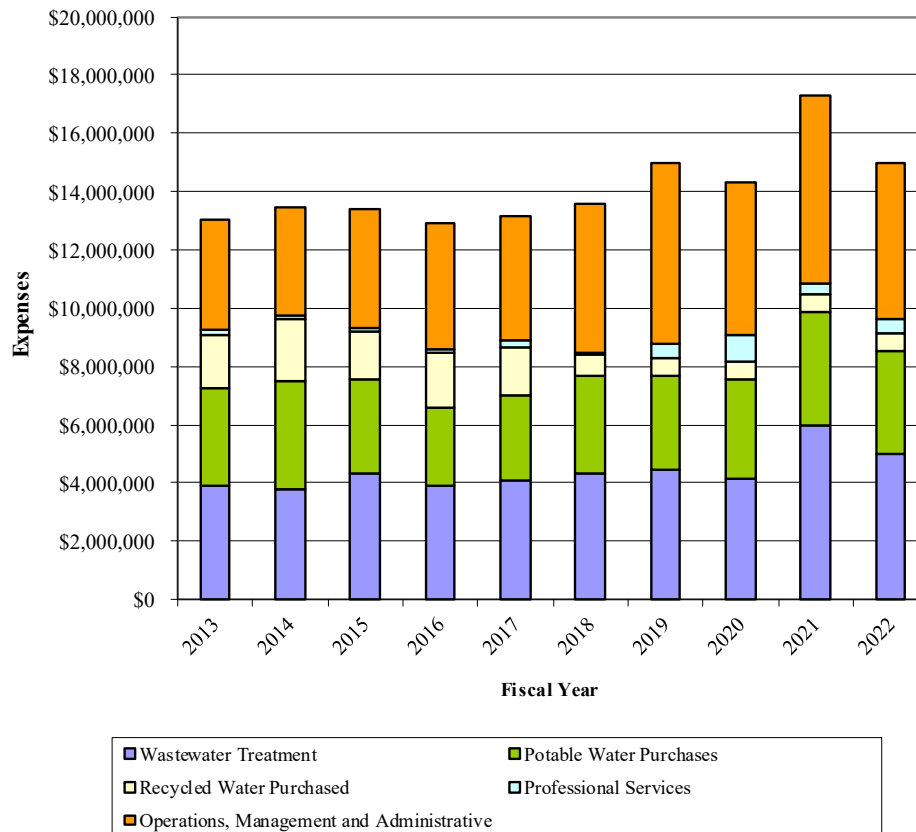
Fiscal Year	Sanitation Fees	Potable Water Sales	Recycled Water Sales	Water Meter Service Fees	Connection Fees	Other Charges for Services	Total Operating Revenue
2013	\$ 6,594,736	\$ 4,779,539	\$ 2,211,030	\$ 1,327,623	\$ 115,299	\$ 147,989	\$ 15,176,216
2014	6,590,649	5,282,011	2,580,139	1,385,935	309,650	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**

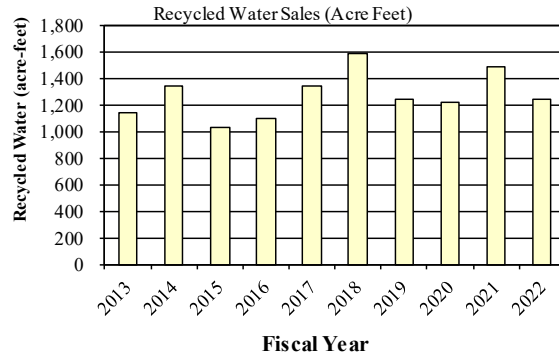
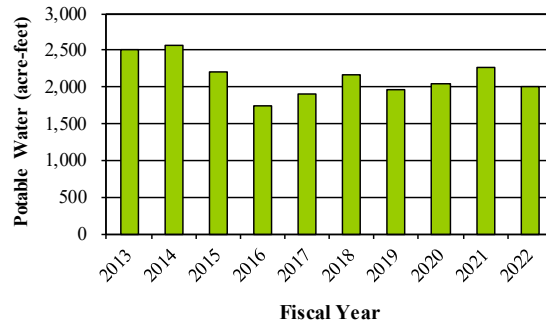
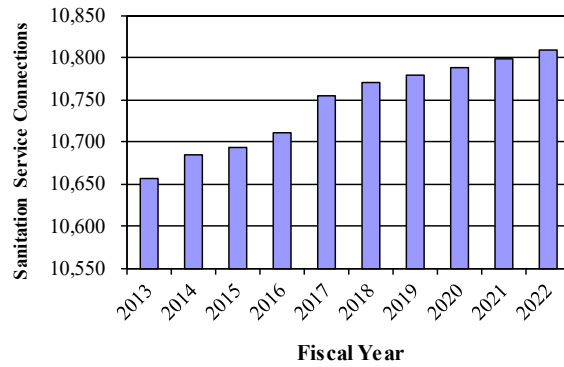
Fiscal Year	Wastewater Treatment	Potable Water Purchases	Recycled Water Purchased	Professional Services	Operations, Management and Administrative	Total Operating Expenses
2013	\$ 3,873,043	\$ 3,386,897	\$ 1,838,525	\$ 181,497	\$ 3,755,051	\$ 13,035,013
2014	3,783,274	3,731,891	2,131,331	95,968	3,718,916	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**

Fiscal Year	Sanitation Service Connections	Potable Water Sales (Acre Feet)	Recycled Water Sales (Acre Feet)
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⁽¹⁾
Last Ten Fiscal Years

Sanitation Fees										
Connection Type⁽²⁾	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⁽³⁾	2013	2014	2015	2016						
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⁽³⁾					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⁽³⁾	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	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 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	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 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.

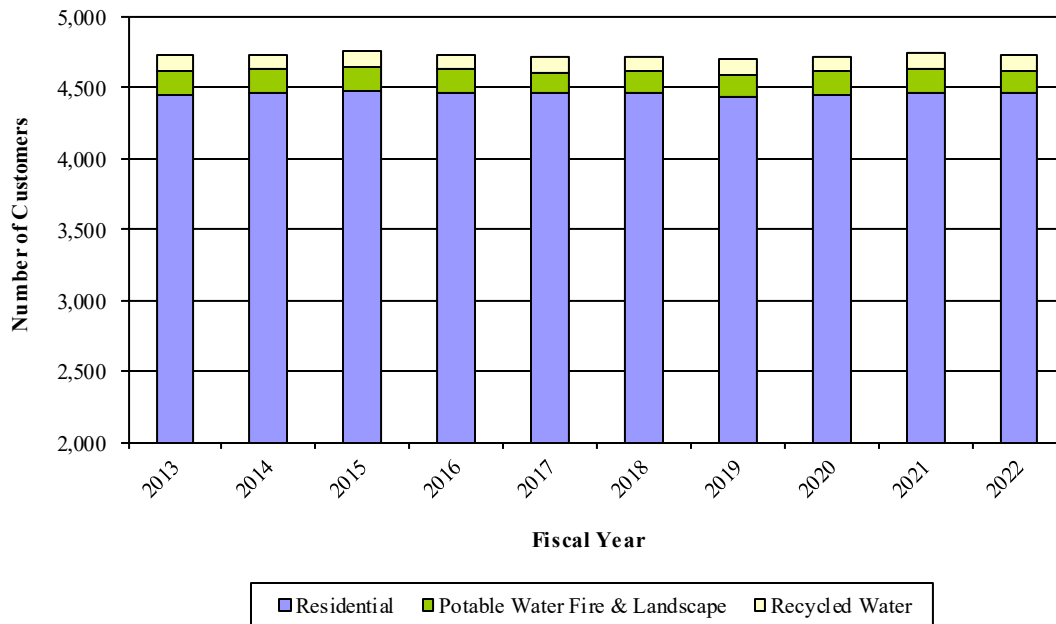
(2) Per Equivalent Residential Unit (ERU)

(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

Customer	Potable Water - Retail			
	2022		2013	
	Water Consumed	Percentage of Total	Water Consumed	Percentage of Total
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%
Total	126,165	14.41%	138,615	12.72%
Total Potable Water Consumed	875,296	100.00%	1,090,111	100.00%

Customer	Recycled Water - Retail and Wholesale			
	2022		2013	
	Water Consumed	Percentage of Total	Water Consumed	Percentage of Total
California Water Service Company	189,516	35.02%	N/A ⁽¹⁾	N/A ⁽¹⁾
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 ⁽¹⁾	N/A ⁽¹⁾
Country Vista III Owners	11,583	2.14%	17,681	3.58%
Oak Park Village Assoc	9,117	1.68%	10,673	2.16%
Total	474,250	87.64%	407,018	82.33%
Total Recycled Water Consumed	541,158	100.00%	494,356	100%

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

Fiscal Year	Developer Refund Agreements [1]	Installment Purchase Agreement [2]	Lease Purchase Agreement [3]	Lease Purchase Agreement [4]	Total	Per Capita	As a Share of Personal Income
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

Fiscal Year	Developer Refund Agreements [1]	Potable Water [2] [3]	Recycled Water [4]	Total	Per Capita	As a Share of Personal Income
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

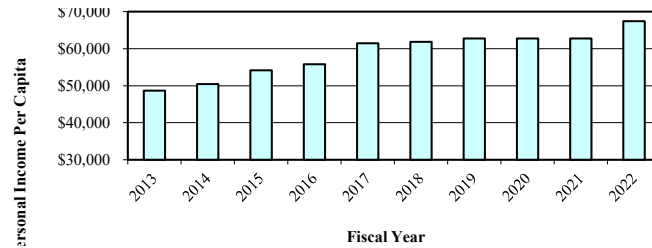
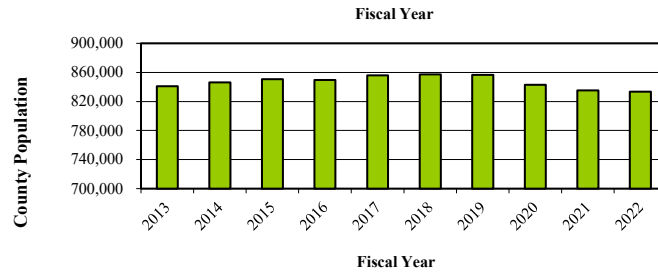
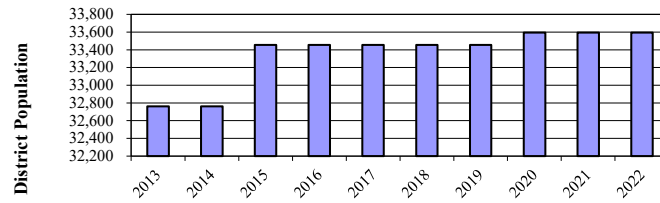
	Fiscal Year 2022			
	Wastewater	Recycled	Potable Water	Total
Revenue sources				
Operating revenues	\$ 12,845,579	\$ 2,797,750	\$ 9,399,479	\$ 25,042,808
Non-operating revenues	187,902	-	338,651	526,553
Total revenue sources	13,033,481	2,797,750	9,738,130	25,569,361
Expenses				
Operating expenses	\$ 8,711,491	\$ 857,986	\$ 5,439,062	\$ 15,008,539
Non-operating expenses	251,913	47,057	140,845	439,815
Total expenses	8,963,404	905,043	5,579,907	15,448,354
Net Revenues (Expenses)	4,070,077	1,892,707	4,158,223	10,121,007
Installment payments				
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

	Fiscal Year 2021			
	Wastewater	Recycled	Potable Water	Total
Revenue sources				
Operating revenues	\$ 11,307,560	\$ 2,968,448	\$ 9,773,113	\$ 24,049,121
Non-operating revenues	1,117,916	-	186,058	1,303,974
Total revenue sources	12,425,476	2,968,448	9,959,171	25,353,095
Expenses				
Operating expenses	\$ 9,052,882	\$ 1,170,884	\$ 7,057,007	\$ 17,280,773
Non-operating expenses	-	280,965	802,758	1,083,723
Total expenses	9,052,882	1,451,849	7,859,765	18,364,496
Net Revenues (Expenses)	3,372,594	1,516,599	2,099,406	6,988,599
Installment payments				
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

Year	Population within District(1)	Unemployment Rate(4)	Population (persons)(1)	Personal Income(2,3)	Personal Income per Capita(2,3)
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**

Employer	2022		2013	
	Number of Employees	Percentage of Total Employed	Number of Employees	Percentage of Total Employed
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:

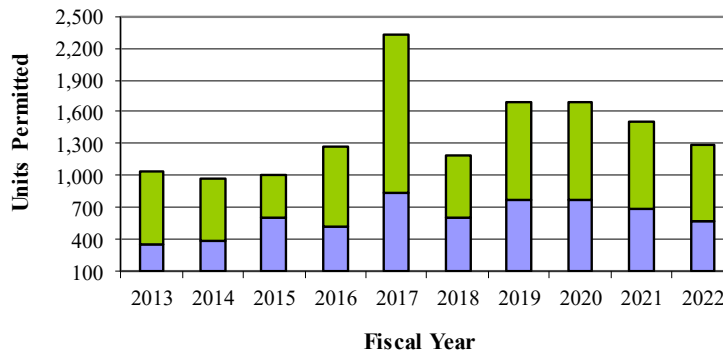
(a) 2019 Los Angeles County and Ventura County Economic Outlook.

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

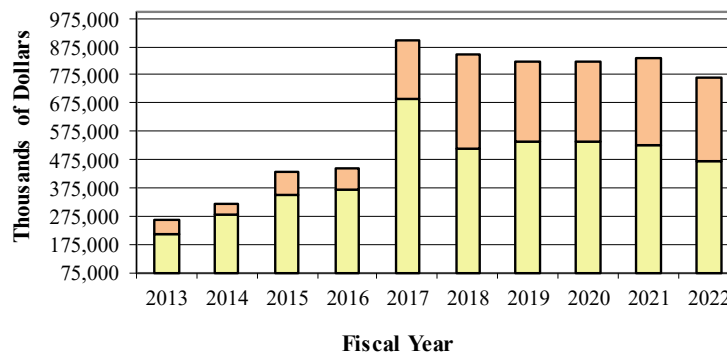
**Triunfo Water & Sanitation District
Building Permits - County of Ventura
Last Ten Fiscal Years**

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

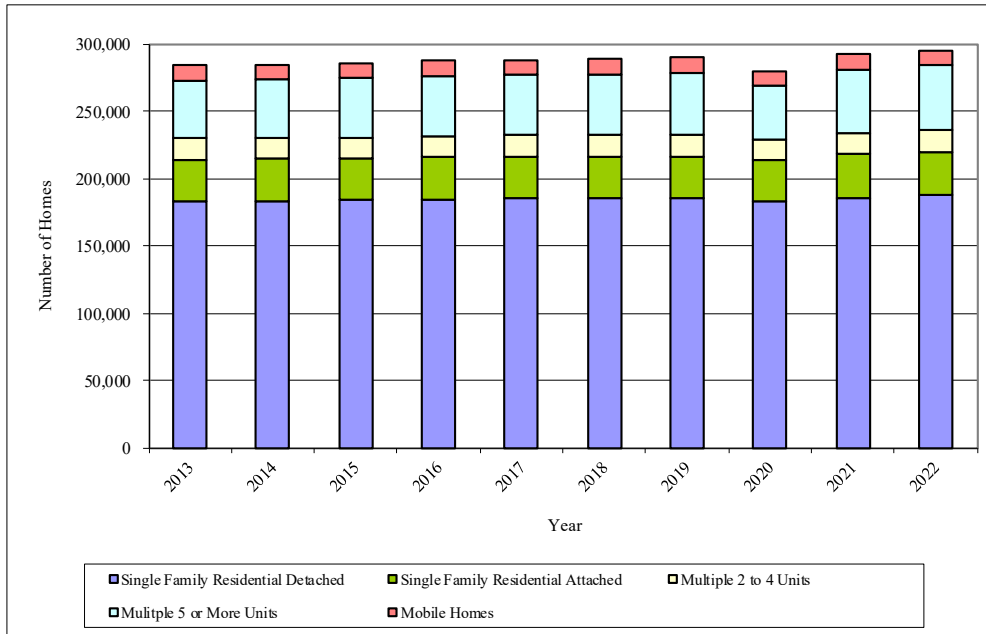


Note: Building Permit statistic updated 2018 to include number of permits, and total investment in residential and non-residential units; as more detailed breakdown is no longer accessible. Prior years are actual, current year forecasted.

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

Fiscal Year	Single Family Residential Detached	Single Family Residential Attached	Multiple 2 to 4 Units	Multiple 5 or More Units	Mobile Homes	Total All Housing
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**

Sanitation Services				
Fiscal Year	District Area (Square Miles)	Collection System (Miles)	Treatment Capacity (MGD)	Average Dry Weather Flow (MGD)
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

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

Recycled Water Sales			
Fiscal Year	District Area (Square Miles)	Recycled Water Capacity (MGM)	Recycled Water System (Miles)
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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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Brenda L. Odle, CPA, MST (Partner Emeritus)

Independent Auditor's Report

To the Board of Directors
Triunfo Water & Sanitation District

MANAGERS / STAFF

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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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Triunfo Water & Sanitation District (the District) as of and for the year 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, and have issued our report thereon dated December 20, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 20, 2022



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December 20, 2022

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

We have audited the financial statements of Triunfo Water & Sanitation District (the District) as of and for the year ended June 30, 2022 and June 30, 2021, and have issued our report thereon dated December 20, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 9, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



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Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks

We have identified the possibility of the following significant risks:

Management's override of internal controls over financial reporting – Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition – Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note A to the financial statements. The District adopted GASB Statement No. 87, *Leases*, during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events.

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital asset depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of leases receivable, deferred inflows of resources related to leases, and lease amortization is based on present value calculations using certain terms and assumptions in the lease agreements in accordance with generally accepted accounting principles. We evaluated the key factors and assumptions used to develop the lease related estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of fair value of investments in the notes to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of accumulated depreciation in the notes to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of leases receivable, deferred inflows of resources related to leases, and lease amortization in the basic financial statements is based on certain terms and assumptions in the lease agreements which could differ from actual amounts.

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 20, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have applied certain limited procedures to the Required Supplementary Information (RSI). Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on the RSI.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 20, 2022



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Board of Directors

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Jane Nye, Vice Chair

Janna Orkney, Director

Raymond Tjulander, Director

James Wall, Director

December 20, 2022

Rogers, Anderson, Malody & Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, California 92408

This representation letter is provided in connection with your audit of the financial statements of Triunfo Water & Sanitation District (the District) as of June 30, 2022 and June 30, 2021 and for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, of the District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 20, 2022:

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 9, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility 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.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- 6) We have a process to track the status of audit findings and recommendations.

- 7) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 8) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 9) All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 10) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 11) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 12) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 13) All components of net position are properly classified and, if applicable, approved.
- 14) Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- 15) Deposit and investment risks have been properly and fully disclosed.
- 16) Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- 17) All required supplementary information is measured and presented within the prescribed guidelines.
- 18) We have evaluated all of our lease agreements and have given you our assessment as to whether each lease agreement is subject to GASB Statement No. 87, *Leases*.
- 19) With regard to investments and other instruments reported at fair value:
 - a) The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b) The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c) The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - d) There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 20) With respect to your assistance with the preparation of the financial statements and related notes, we have performed the following:
 - a) Made all management decisions and performed all management functions;
 - b) Assigned a competent individual to oversee the services;
 - c) Evaluated the adequacy of the services performed;
 - d) Evaluated and accepted responsibility for the result of the service performed; and
 - e) Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

21) We have provided you with:

- a) Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the District, such as records, documentation, meeting minutes, and other matters;
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
- d) A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report.
- e) A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.

22) The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.

23) All transactions have been recorded in the accounting records and are reflected in the financial statements.

24) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

25) We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans. We have no reason to believe the District will not 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.

26) We have no knowledge of any fraud or suspected fraud that affects the District and involves:

- a) Management,
- b) Employees who have significant roles in internal control, or
- c) Others where the fraud could have a material effect on the financial statements.

27) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.

28) We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

29) We have disclosed to you the identity of all the District's related parties and all the related party relationships and transactions of which we are aware.

30) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

31) The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

32) We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.

- 33) We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- 34) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- 35) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 36) There are no:
- a) Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b) Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - d) Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- 37) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 38) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Supplementary Information in Relation to the Financial Statements as a Whole

- 39) With respect to the District's supplementary information accompanying the financial statements:
- a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
 - b) We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c) The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
 - d) When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to


the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

- e) We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- f) We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the District of the supplementary information and the auditor's report thereon.

Required Supplementary Information

40) With respect to the District's required supplementary information accompanying the financial statements:

- a) We acknowledge our responsibility for presenting the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
- b) We believe the required supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- c) The methods of measurement and presentation of the required supplementary information have not changed from those used in the prior period.
- d) We have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the required supplementary information.



Vickie Dragan
Director of Finance