

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023



TRIUNFO
WATER & SANITATION DISTRICT

MARK NORRIS, GENERAL MANAGER
VENTURA COUNTY, CALIFORNIA

Previous page:

Top row: Justin Robbins, Triunfo Water & Sanitation District operations team member, conducts weekly water testing; Oak Canyon Community Park, Oak Park, California

Bottom row: Triunfo Water's administrative and customer service offices, Westlake Village, California; Abe Miguel, Triunfo operations team member, during sewer maintenance in Oak Park.

TRIUNFO WATER & SANITATION DISTRICT

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

Table of Contents

	<u>Page</u>
<i>Introductory Section</i>	
Transmittal Letter	1
Organization Chart	9
List of Principal Officials	10
Certificate of Achievement for Excellence in Financial Reporting	11
Map of Area	12
<i>Financial Section</i>	
Independent Auditor’s Report	13
Management’s Discussion and Analysis (Unaudited)	17
Basic Financial Statements:	
Statement of Net Position	23
Statement of Revenues, Expenses, and Changes in Net Position	24
Statement of Cash Flows	25
Notes to the Financial Statements	27
Supplementary Information:	
Combining Schedule of Net Position	52
Combining Schedule of Revenues, Expenses, and Changes in Net Position	53
Combining Schedule of Cash Flows	54
Budgetary Comparison Schedule	55
<i>Statistical Section (Unaudited)</i>	
Changes in Net Position and Net Position by Component - Last Ten Fiscal Years ..	57
Operating Revenue by Source – Last Ten Fiscal Years	59

TRIUNFO WATER & SANITATION DISTRICT

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

Table of Contents (Continued)

	<u>Page</u>
<i>Statistical Section (Unaudited) (Continued)</i>	
Operating Expenses by Activity – Last Ten Fiscal Years	60
Revenue Base – Last Ten Fiscal Years	61
Revenue Rates – Last Ten Fiscal Years	62
Water Customers by Type at Fiscal Year-End – Last Ten Fiscal Years	63
Principal Customers – Current Fiscal Year and Nine Years Ago	64
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	65
Pledged Revenue Coverage – Installment Purchase Agreement – Fiscal Years 2022 and 2021	66
Demographics and Economic Statistics – Last Ten Fiscal Years	67
Principal Employers – Ventura County – Current Fiscal Year and Ten Years Ago	68
Building Permits – County of Ventura – Last Ten Fiscal Years	69
Housing Stock Estimates – County of Ventura – Last Ten Fiscal Years	70
Operating and Capacity Indicators – Last Ten Fiscal Years	71

INTRODUCTORY SECTION



Previous page:
Lake Sherwood, CA



Board of Directors

Jane Nye, Chair

Janna Orkney, Vice Chair

Leon Shapiro, Director

Raymond Tjulander, Director

James Wall, Director

Providing Outstanding Service Since 1963

January 26, 2024

To the Citizens of Triunfo Water & Sanitation District and 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 year ended June 30, 2023.

Management assumes full responsibility for the completeness, reliability, and fairness of the financial data contained in this report, including disclosures. 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 year ended June 30, 2023. 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 fully transitioned to having its own staff in Administration and Operations and the District's main office is now located in Westlake Village.

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.

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 \$15,475 per Dwelling Unit.

The District presently owns 29.4% of the Joint Venture wastewater treatment facilities, 44.2% of the land, and 58.3% 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 8.1 million gallons of wastewater per day (mgd), the District flow averages about 2.3 mgd, representing 31.5% 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 2023, the District paid \$222,994 in capacity and treatment costs to the City and County of Los Angeles. In addition, the District paid \$67,162 toward the Tillman plant expansion. Future capital improvements for this facility are primarily funded through sewer connection fees ranging from \$3,375 to \$15,475 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 \$2,269,662 and \$2,511,500 in fiscal year 2023 and fiscal year 2022, 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 2022 dollars) of \$150,898 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, 2024.

Residential customers make up approximately 94% (number of metered connections) of the District's customer base and consumed approximately 91% of the potable water provided annually by the District. The remaining 9% was consumed by commercial customers.

Potable water deliveries in fiscal year 2023 were 1,345 acre-feet compared to 2,010 acre-feet in fiscal year 2022. These deliveries provided income of \$5,060,090 and \$7,088,168 respectively. The major decrease in water deliveries is due to the ongoing drought emergency restrictions from June 2022 through February 2023 followed by statewide precipitation that ended the water restrictions and continued to reduce water deliveries.

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 \$200,309 for fiscal year 2023 and \$211,497 for fiscal year 2022.

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 843,843 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.

Agriculture – Ventura County agriculture remains a thriving industry in Ventura County generating \$2.1 billion in 2022, a 2% increase compared to 2021. Strawberries, avocados, lemons, nursery stock, and celeries are among the five leading crops grown according to the County of Ventura Department of Agriculture. The 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 – The California Economic Forecast reports that the unemployment rate in Ventura County remains extraordinarily low at 4.2% but unfilled job openings remain extraordinarily high. Declining population led by rising net out-migration, has resulted in sluggish labor force growth. There are nearly 9,000 fewer labor force participants today compared to March 2020. The population in Ventura County has been in decline since 2017 as families left the county for jobs or more affordable housing. However, the employment in professional, scientific, and technical services in Ventura County has rebounded.

The 2022 Census Bureau ACS 1-year survey reports that the median household income for Ventura County was \$102,569, while California was \$91,551 and United States (US) at \$74,755. The per capita income in the past twelve (12) months for Ventura County was \$48,150, California is slightly lower at \$46,661, and US at \$41,804. The percent of persons in poverty in Ventura County was 9.4%, California at 12.2%, and US at 12.6%.

Real Estate –The Ventura County housing market has reversed from the robust activity in middle of 2020 and continued through early 2022. Since then, sales have fallen 38 percent and home prices are 15 percent off their peak value recorded in April 2022. Record increases in home prices together with rising financing costs, more households turned to rentals. Apartment utilization rose and average monthly rents significantly increased. There were over 1,000 new apartment units constructed and additional 238 units erected in the first quarter of 2023. However, these new units never got rented and the vacancy rate increased from 2.5 percent at the end of 2021 to 4.8 percent in 2023.

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 Five-Year Capital Improvement Plan (CIP) was updated to a Twenty-Year CIP. The projects are prioritized based on various criteria such as life, compliance with regulatory requirements, safety, and preservation of existing asset. The CIP is reviewed every year during the budget process to determine if the prioritized project can be delayed or if there are unanticipated capital projects that need to be added or moved up to be included in the upcoming fiscal year budget.

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. The next five-year rate study is included in FY2024 Adopted Budget.

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. The transition was completed and the District is now fully operational at its main office in Westlake Village.

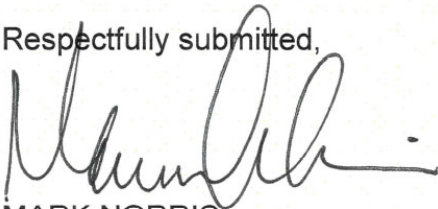
Awards & Acknowledgements

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,



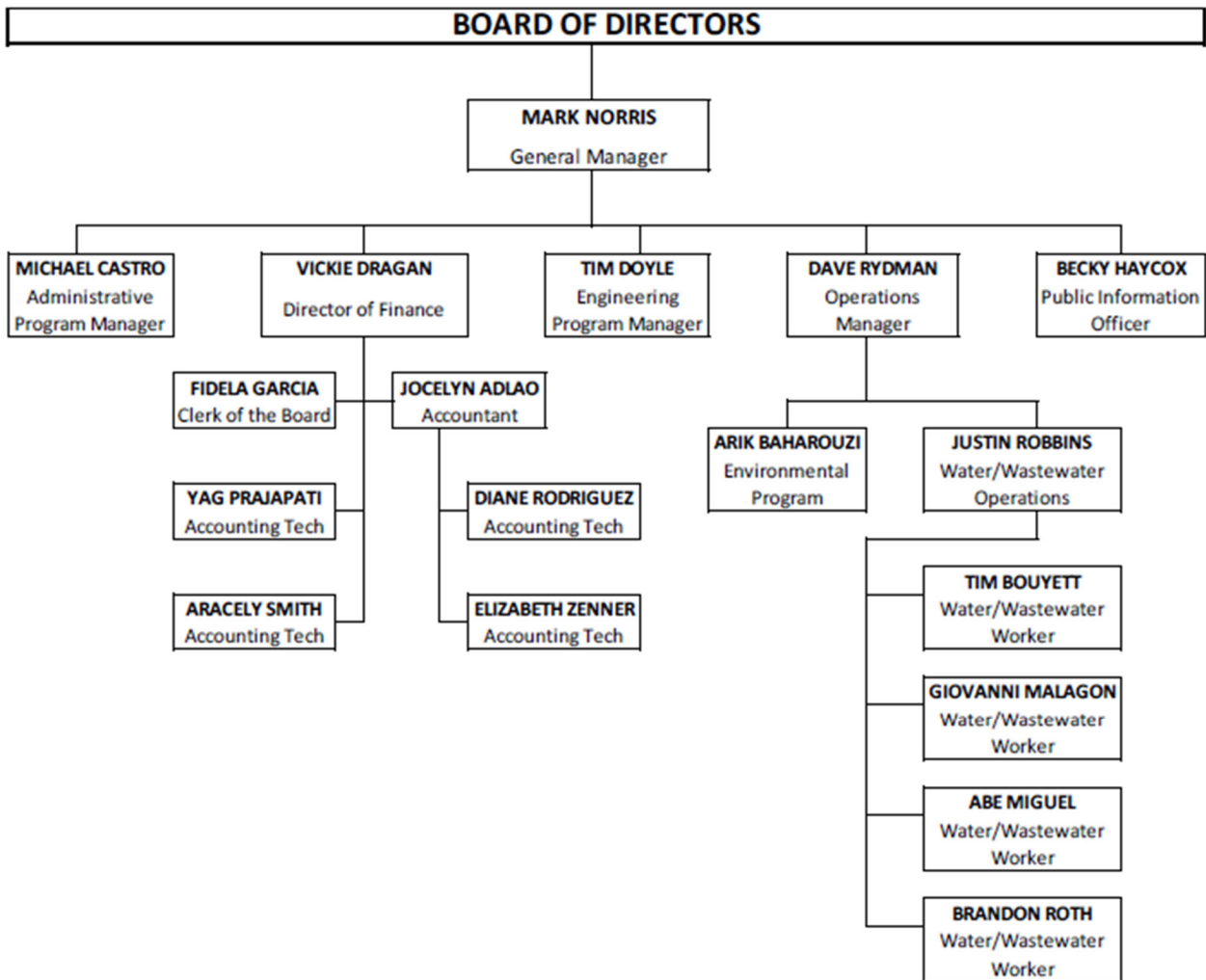
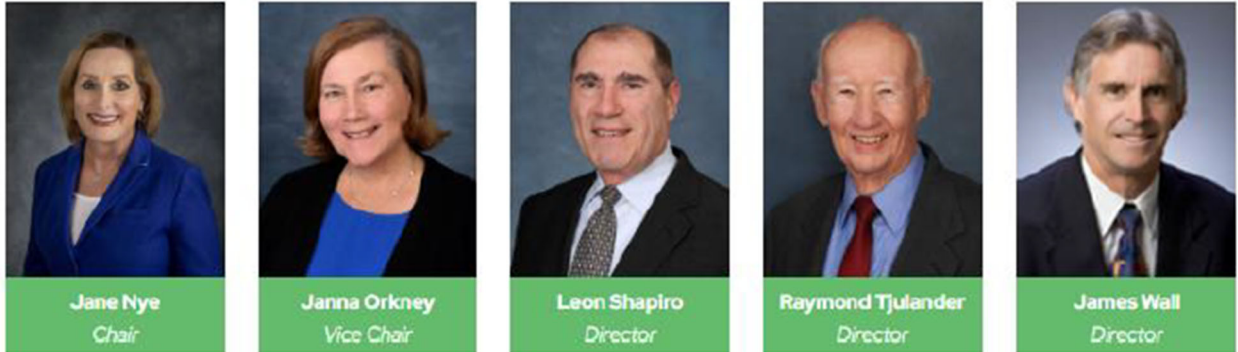
MARK NORRIS
General Manager



VICKIE DRAGAN
Director of Finance

TRIUNFO WATER & SANITATION DISTRICT

Organizational Chart





Ventura County, California

2023 Board of Directors

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

Dennis McNulty	Legal Counsel	(805) 988-9886
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Presented to

**Triunfo Water & Sanitation District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

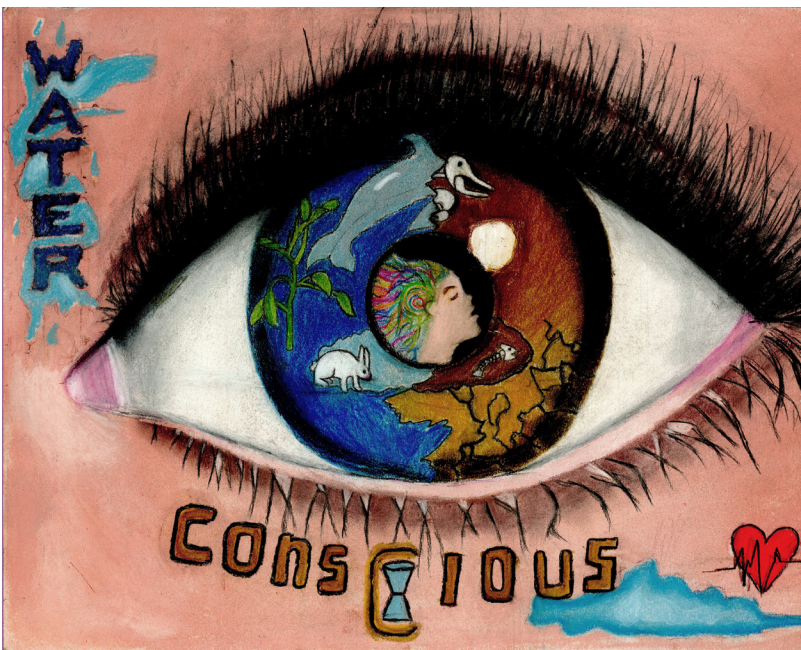
June 30, 2022

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



Previous page:

Left: Artwork by 5th grader Jessica Joel of Oak Park. Her work was selected by the Metropolitan Water District of Southern California (MWD) to appear in its 2024 print calendar and digital library.

Artwork from other young artists who live within the Triunfo service area:

Right, top: Artwork by Aarush Mane, 6th grader in Oak Park

Center: Artwork by Lily Kneller, 2nd grader in Oak Park.

Far right: Artwork by Cora Popek, kindergartner in Oak Park.



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Independent Auditor's Report

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

PARTNERS

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

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
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Quality Center*

California Society of
Certified Public Accountants

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Triunfo Water & Sanitation District (the District) as of and for the fiscal year ended June 30, 2023, 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, 2023, 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 B6 to the financial statements, in the year ended June 30, 2023, the District adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 January 26, 2024, 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
January 26, 2024

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 year ended June 30, 2023. 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 \$6.5 million or 8.1 percent from \$80.1 million to \$86.5 million. The net investment in capital assets and unrestricted assets increased for the fiscal year ended June 30, 2023.
- The District's total revenues increased by \$0.7 million or 2.7 percent from \$25.1 million to \$25.8 million primarily due to increases in sanitation fees, water meter service fees, and interest and investment earnings.
- Total expenses increased by \$3.9 million or 24.9 percent from \$15.5 million to \$19.3 million mainly due to an increase of \$1.1 million in wastewater treatment, \$1.9 million in the operations & maintenance contributions to the JPA, and \$1.9 million capital contributions to the JPA for the fiscal year ended June 30, 2023.

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 24-27 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 28-50 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 - as of June, 30				
	2023	2022	Change	% Change
Assets:				
Current assets	\$37,142,168	\$33,157,496	\$ 3,984,672	12.0%
Restricted current assets	754,122	741,935	12,187	1.6%
LVMWD/TWSD-joint venture	33,257,584	33,397,378	(139,794)	-0.4%
Capital assets, net	33,962,989	33,261,800	701,189	2.1%
Lease receivable	2,860,380	3,210,315	(349,935)	-10.9%
Total assets	107,977,243	103,768,924	4,208,319	4.1%
Liabilities:				
Liabilities payable from unrestricted current assets	4,592,978	6,643,776	(2,050,798)	-30.9%
Liabilities payable from restricted current assets	754,122	741,935	12,187	1.6%
Non-current liabilities	13,277,248	13,121,078	156,170	1.2%
Total liabilities	18,624,348	20,506,789	(1,882,441)	-9.2%
Deferred inflows:				
Lease related	2,818,495	3,184,591	(366,096)	-11.5%
Total deferred inflows	2,818,495	3,184,591	(366,096)	-11.5%
Net Position:				
Net investment in capital assets	19,106,745	18,740,468	366,277	2.0%
Unrestricted	67,427,655	61,337,076	6,090,579	9.9%
Total net position	\$86,534,400	\$80,077,544	\$ 6,456,856	8.1%

Total assets experienced an increase of \$4.2 million while lease receivable saw a \$.3 million reduction, it was offset by increases in current assets and the capital assets, net. Total liabilities experienced a decrease of \$1.9 million or 9.2% mainly due to the decrease in liabilities payable from unrestricted current assets (\$2.0 million), resulting in an overall increase of \$6.5 million or 8.1% in net position in fiscal year 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The investment in capital asset component of the District's net position is \$19.1 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 does not have any legal restrictions on its net position for fiscal year 2023.

The largest and final component of the District's net position (\$67.4 million) is the unrestricted net position. \$33.3 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 \$34.1 million may be used to meet the District's ongoing obligations to creditors and constituencies.

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 total increase in net position was \$6.5 million in fiscal year 2023.

Total revenues increased by \$674,748 (2.7%), compared to fiscal year 2022, comprised of an increase of \$771,870 in non-operating revenues and a decrease of \$97,122 in operating revenues.

The \$97,122 decrease in operating revenues resulted from the following activities:

- Sanitation fees rate increase of 15% resulted in a revenue increase of \$2,056,218 or 16.2%.
- Although potable water rate increased by 6% plus a pass through increase of 2.2% in January, revenue decreased by \$2,028,078 or 28.6% due to State mandated drought water use restrictions followed by high precipitation.
- Recycled water saw a revenue decrease of \$241,838 or 9.6% in spite of the rate increase of 2% and a pass through increase of 4.5% in January due to a decrease in the amount of units sold.
- A 6% rate increase in Water meter service fees resulted in \$127,340 or 5.2% increase in revenue.
- Other revenues decreased by \$10,763 or 3.2% as a result of a decrease in connection fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The \$771,870 increase in non-operating revenues comprised of:

- \$852,585 or 446.4% increase in interest and investment earnings.
- GASB 87 adjustments resulted in a decrease of \$11,188 or 5.3% in rental revenue; and
- Other revenue, mainly from property damage claims decreased by \$69,527 or 105%.

Total expenses increased by \$3,857,939 or 24.9% compared to fiscal year 2022. The three main decreases in expenses are as follows:

- Wastewater treatment increased by \$1,061,557 or 21.3%, operations & maintenance contributions to the JPA increased by \$1,898,855 or 122.8%, and capital contributions to the JPA increased by \$1,893,337 or 100%. The cost of investments in Joint Venture was separated between the operations & maintenance of the infrastructure and capital contributions.
- Potable water purchase decreased by \$787,400 (22.1%) while recycled water purchase increased by \$93,972 (15.8%). Potable and recycled water revenues are based on the amount of units purchased.
- The decreased cost in operations, management, and administration of \$373,435 or 6.9%, is due to the continued savings experienced in providing District services in-house.

Condensed Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30,

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Operating revenues:				
Sanitation fees	\$ 14,714,934	\$ 12,658,716	\$ 2,056,218	16.2%
Potable water sales	5,060,089	7,088,168	(2,028,079)	-28.6%
Recycled water sales	2,269,662	2,511,500	(241,838)	-9.6%
Water meter service fees	2,580,568	2,453,228	127,340	5.2%
Other	320,433	331,196	(10,763)	-3.2%
Non-operating revenues:				
Rental revenue - cellular antennas	200,309	211,497	(11,188)	-5.3%
Interest and investment earnings	661,604	(190,981)	852,585	446.4%
Other	(3,305)	66,222	(69,527)	-105.0%
Total revenues	<u>25,804,294</u>	<u>25,129,546</u>	<u>674,748</u>	2.7%
Operating expenses:				
Wastewater treatment	6,045,004	4,983,447	1,061,557	21.3%
Potable water purchased	2,770,670	3,558,070	(787,400)	-22.1%
Recycled water purchased	686,911	592,939	93,972	15.8%
Professional services	562,939	472,055	90,884	19.3%
Operations, management and admin	5,028,593	5,402,028	(373,435)	-6.9%
Depreciation and amortization	1,625,929	1,408,590	217,339	15.4%
Non-operating expenses:				
O&M contributions to joint venture	352,907	(1,545,948)	1,898,855	122.8%
Capital contributions to joint venture	1,893,337	-	1,893,337	100.0%
Interest expense	381,148	417,001	(35,853)	-8.6%
Debt issuance costs	-	201,317	(201,317)	100.0%
Total expenses	<u>19,347,438</u>	<u>15,489,499</u>	<u>3,857,939</u>	24.9%
Change in net position	6,456,856	9,640,047	(3,183,191)	-33.0%
Net position, beginning of fiscal year	80,077,544	70,437,497	9,640,047	
Net position, end of fiscal year	<u>\$ 86,534,400</u>	<u>\$ 80,077,544</u>	<u>\$ 6,456,856</u>	

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2023, (at cost) amounted to \$64.6 million or \$34.0 million, net of accumulated depreciation. The District's capital assets include land and land improvements, structures and improvements, construction in progress, equipment, and infrastructure.

Changes in capital asset amounts for 2023 were:

	Balance at June 30, 2022	Additions	Deletions/ Transfers	Balance at June 30, 2023
Capital Assets:				
Non-depreciable assets	\$ 360,717	\$ 522,669	\$ (568,124)	\$ 315,262
Depreciable assets	62,069,291	1,804,448	380,347	64,254,086
Accumulated depreciation and amortization	<u>(29,168,208)</u>	<u>(1,625,928)</u>	<u>187,777</u>	<u>(30,606,359)</u>
 Total capital assets, net	 <u>\$ 33,261,800</u>	 <u>\$ 701,189</u>	 <u>\$ -</u>	 <u>\$ 33,962,989</u>

Major capital asset activity during the fiscal year 2023 included the following:

- Computer/Software - \$20,644
- Bell Canyon Sewer Main - \$111,016
- Machinery and Equipment - \$137,891
- Furniture & Fixtures/Leasehold Improvements - \$253,118
- Intangible right to use assets - \$1,804,448
- Accumulated depreciation and amortization - \$1,625,928

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

Debt Administration

The District's long-term debt outstanding as of June 30, 2023 was \$14,604,165.

Description	Balance at June 30, 2022	Additions	Payments/ Deletions	Balance at June 30, 2023
Direct Borrowings:				
2021 Potable Water loan	\$ 5,783,000	\$ -	\$ (638,000)	\$ 5,145,000
2021 Recycled Water loan	8,459,000	-	(735,000)	7,724,000
Lease liability	-	1,758,652	(56,180)	1,702,472
Subscription liability	-	45,796	(13,103)	32,693
Total long-term debt	<u>14,242,000</u>	<u>\$ 1,804,448</u>	<u>\$ (1,442,283)</u>	<u>14,604,165</u>
Less current portion	<u>(1,373,000)</u>			<u>(1,551,742)</u>
Total long-term portion	<u>\$ 12,869,000</u>			<u>\$ 13,052,423</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Fiscal Year's Budget and Rates

- The District Board considered the factors mentioned above when setting the fiscal year 2024 budget, rates, and fees. Fiscal year 2023-24 Adopted Budget (expenses not including the change in investment-in-joint venture LVMWD/TWSD) totaled \$20,156,988, representing a 5.5 percent 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 2023-24 is the fourth year of the 15% annual increase and is estimated to generate approximately \$16.8 million of total revenue. In addition, sewer connection fee will also increase by 4% 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 years 2024-2025. Fiscal year 2023-24 is the fourth year of the five-year programmed rate increase with 4% annual increase and is estimated to generate total revenue of approximately \$9.9 million. The water service connection fee will also increase by 4% 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 2023-24 is the fourth year of the 2% annual increase and is estimated to generate approximately \$3.0 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, 2024. The pass-through increase for potable water is \$0.22 per hundred cubic feet (HCF) and the pass-through increase for recycled water is \$0.37 HCF, while the recycled water wholesale supply rate is \$1,384.00 per acre-foot. The CMWD rate increase is a pass-through increase to the water customers of the District.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in them. Questions concerning any of the information provided should be addressed to the Director of Finance, Triunfo Water & Sanitation District, 370 N. Westlake Boulevard, Suite 100, Westlake Village, California, 91362. Please visit the District's website at www.triunfowsd.com.

BASIC FINANCIAL STATEMENTS



Previous page:

The Las Virgenes - Triunfo Joint Powers Authority (JPA) Pure Water Project Demonstration Facility and sustainability garden, Agoura Hills, CA

TRIUNFO WATER & SANITATION DISTRICT

Statement of Net Position June 30, 2023

Assets

Current assets:

Cash and cash equivalents	(Note B1)	\$	29,960,910
Accrued interest receivable			257,356
Accounts receivable	(Note B3)		1,473,536
Lease receivable	(Note B10)		152,136
Advance deposits - investment-in-joint venture LVMWD/TWSD	(Note B5)		4,944,398
Water-in-storage inventory			24,894
Prepaid and other			328,938
Total current assets - unrestricted			<u>37,142,168</u>

Restricted current assets:

Cash and cash equivalents	(Note B2)		754,122
Total current assets - restricted			<u>754,122</u>
Total current assets - unrestricted and restricted			<u>37,896,290</u>

Non-current assets:

Capital assets, net	(Note B4)		33,962,989
Investment-in-joint venture LVMWD/TWSD	(Note B5)		33,257,584
Lease receivable	(Note B10)		2,860,380
Total non-current assets			<u>70,080,953</u>
Total assets			<u>107,977,243</u>

Liabilities

Current liabilities:

Payable from current assets:

Accounts payable and accrued expenses			2,907,896
Accrued interest payable - loans			106,086
Long-term debt - current portion	(Note B6)		1,551,742
Developer refund agreements - current portion	(Note B6)		27,254
Payable from current assets - unrestricted			<u>4,592,978</u>

Payable from unrestricted current assets:

Customer deposits			137,155
Unearned revenue	(Note A4)		616,967
Payable from restricted current assets			<u>754,122</u>
Total current liabilities - unrestricted and restricted			<u>5,347,100</u>

Non-current liabilities:

Long-term debt	(Note B6)		13,052,423
Developer refund agreements	(Note B6)		224,825
Total non-current liabilities			<u>13,277,248</u>
Total liabilities			<u>18,624,348</u>

Deferred Inflows

Lease related	(Note B10)		2,818,495
Total deferred inflows			<u>2,818,495</u>

Net Position

Net investment in capital assets	(Note B8)		19,106,745
Unrestricted			67,427,655
Total net position			<u>\$ 86,534,400</u>

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

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TRIUNFO WATER & SANITATION DISTRICT

Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30, 2023

Operating revenues		
Sanitation fees	\$	14,714,934
Potable water sales		5,060,089
Recycled water sales		2,269,662
Water meter service fees		2,580,568
Connection fees		91,769
Other charges for services		<u>228,664</u>
Total operating revenues		<u>24,945,686</u>
Operating expenses		
Wastewater treatment		6,045,004
Potable water purchased		2,770,670
Recycled water purchased		686,911
Professional services		562,939
Operations, management and admin		<u>5,028,593</u>
Total operating expenses		<u>15,094,117</u>
Operating income before depreciation		9,851,569
Depreciation and amortization		<u>(1,625,929)</u>
Operating income		<u>8,225,640</u>
Non-operating revenue (expense)		
O&M contributions to joint venture	(Note B5)	(352,907)
Capital contributions to joint venture	(Note B5)	(1,893,337)
Rental revenue - cellular antennas		200,309
Interest and investment earnings		661,604
Interest expense		(381,148)
Other income (expenses), net		<u>(3,305)</u>
Total non-operating revenue (expenses), net		<u>(1,768,784)</u>
Change in net position		6,456,856
Net position, beginning of fiscal year		<u>80,077,544</u>
Net position, end of fiscal year	\$	<u><u>86,534,400</u></u>

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

TRIUNFO WATER & SANITATION DISTRICT

Statement of Cash Flows For the Fiscal Year Ended June 30, 2023

Cash flows from operating activities

Receipts from customers for water sales and services	\$ 9,834,359
Receipts from customers for sanitation services	12,470,201
Receipts for other services	320,433
Payments to vendors for materials and services	(15,094,117)
Advance deposits - investment-in-joint venture LVMWD/TWSD facility	(1,449,036)
Net cash provided by operating activities	<u>6,081,840</u>

Cash flows from capital and related financing activities

Acquisition and construction of capital assets	(2,327,119)
Proceeds from long-term debt	1,804,448
Principal paid on long-term debt	(1,469,536)
Interest paid on long-term debt	(400,398)
Net cash provided by (used in) capital and related financing activities	<u>(2,392,605)</u>

Cash flows from investing activities

Proceeds from rental revenue - cellular antennas	200,309
Proceeds from interest and investment earnings	456,867
Net cash provided by (used in) investing activities	<u>657,176</u>

Net increase (decrease) in cash and cash equivalents 4,346,411

Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year 26,368,621

Cash and cash equivalents (unrestricted and restricted), end of fiscal year \$ 30,715,032

Reconciliation of cash and cash equivalents to statement of net position:

Cash and cash equivalents	\$ 29,960,910
Restricted cash and cash equivalents	754,122
Total cash and cash equivalents	<u>\$ 30,715,032</u>

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

TRIUNFO WATER & SANITATION DISTRICT

Statements of Cash Flows (Continued) For the Fiscal Year Ended June 30, 2023

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 8,225,640</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,625,929
Other non-operating income, net	5,487
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable - water sales and services, net	145,729
Accounts receivable - sanitation fees	(72,356)
Water-in-storage inventory	(2,641)
Prepaid and other	(161,680)
Lease receivable	337,758
Advance deposits - investment-in-joint venture LMVWD/TWSD facility	(1,449,036)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(2,210,289)
Customer deposits	3,395
Deferred inflows	<u>(366,096)</u>
Total adjustments	<u>(2,143,800)</u>
Net cash provided by operating activities	<u><u>\$ 6,081,840</u></u>
Schedule of noncash transactions:	
Change in investment-in-joint venture LVMWD/TWSD	\$ (352,907)

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

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TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

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.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Measurement Focus and Basis of Accounting (Continued)

The District also recognizes the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

3. Financial Reporting

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

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 Year Ended June 30, 2023

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, 2023 was \$893,720.

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, 2023 was \$48,833.

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, 2023 was \$4,001,845.

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 Year Ended June 30, 2023

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, 2023, the balance related to the connections was \$603,200. An additional, unrelated amount of \$13,767 for prepayment of cell site lease is included in the statement of net position at June 30, 2023.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

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 Year Ended June 30, 2023**

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:

Cash and cash equivalents	\$ 29,960,910
Restricted cash and cash equivalents	<u>754,122</u>
Total Cash and Investments	<u><u>\$ 30,715,032</u></u>

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

Cash and cash equivalents	
Local Agency Investment Fund (LAIF)	\$ 19,219,498
Ventura County Treasury Pool	11,101,658
US Bank	<u>393,876</u>
Total Cash and Cash Equivalents	<u><u>\$ 30,715,032</u></u>

At June 30, 2023, the carrying amount of cash in bank deposits was \$393,876. All deposits are insured or collateralized.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

B. DETAILED NOTES (Continued)

1. Cash and Investments (Continued)

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

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

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

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

Credit Risk

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

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

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, 2023:	Fair Value Total	Remaining Maturity (In Months)
		<u>12 Month or Less</u>
<u>Investment Type</u>		
Local Agency Investment Fund (LAIF)	\$ 19,219,498	\$ 19,219,498
Ventura County Treasury Pool	11,101,658	11,101,658
Total	<u>\$ 30,321,156</u>	<u>\$ 30,321,156</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, 2023.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

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, 2023.

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, 2023, 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 Year Ended June 30, 2023

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 \$11,106,157 while the value of the pool shares totals \$11,205,140. 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 Year Ended June 30, 2023

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 \$1,000.
- Withdrawals of \$10,000,000 or more require 24 hours' advance notice.

The amounts invested in the California LAIF are not subject to categorization as they do not represent specifically identifiable investment securities. The share value of the District's investment in LAIF is \$19,219,497 at June 30, 2023.

2. Restricted Assets

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

Cash and cash equivalents restricted for:	
Customer deposits	\$ 137,155
Unearned revenue	<u>616,967</u>
Total restricted cash and cash equivalents	<u><u>\$ 754,122</u></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 \$1,189 at June 30, 2023.

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 Year Ended June 30, 2023**

B. DETAILED NOTES (Continued)

3. Accounts Receivable (Continued)

Other receivables include property damage claims of \$16,241 awarded by FEMA for administrative costs related to the Woolsey fire, and tenant improvements in the amount of \$46,488.

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

Accounts receivable - Trade	Gross	Allowance	Net
Water sales and services	\$ 915,170	\$ (1,189)	\$ 913,981
Sanitation fees	496,866	-	496,866
Other receivables	62,689	-	62,689
Total accounts receivable	<u>\$ 1,474,725</u>	<u>\$ (1,189)</u>	<u>\$ 1,473,536</u>

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TRIUNFO WATER & SANITATION DISTRICT

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

B. DETAILED NOTES (Continued)

4. Capital Assets

Changes to capital assets during the fiscal year ended June 30, 2023, were as follows:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2023</u>
Non-depreciable assets:				
Land	\$ 71,370	\$ -	\$ -	\$ 71,370
Construction-in-progress	289,347	522,669	(568,124)	243,892
Total non-depreciation assets	<u>360,717</u>	<u>522,669</u>	<u>(568,124)</u>	<u>315,262</u>
Depreciable assets:				
Structures and improvements	889,188	-	73,519	962,707
Wastewater collection systems	17,053,820	-	(184,159)	16,869,661
Recycled water systems	15,794,331	-	-	15,794,331
Potable water systems	27,513,211	-	(3,618)	27,509,593
Other physical property	818,741	-	494,605	1,313,346
Right to use lease asset - building	-	1,758,652	-	1,758,652
Right to use subscription assets	-	45,796	-	45,796
Total depreciable assets	<u>62,069,291</u>	<u>1,804,448</u>	<u>380,347</u>	<u>64,254,086</u>
Accumulated depreciation/amortization:				
Structures and improvements	(320,181)	(24,283)	-	(344,464)
Wastewater collection systems	(11,023,147)	(301,502)	184,159	(11,140,490)
Recycled water systems	(3,938,715)	(394,199)	-	(4,332,914)
Potable water systems	(13,234,788)	(641,550)	3,618	(13,872,720)
Other physical property	(651,377)	(111,477)	-	(762,854)
Right to use lease asset - building	-	(146,554)	-	(146,554)
Right to use subscription assets	-	(6,363)	-	(6,363)
Total accumulated depreciation	<u>(29,168,208)</u>	<u>(1,625,928)</u>	<u>187,777</u>	<u>(30,606,359)</u>
Total depreciable assets, net	<u>32,901,083</u>	<u>178,520</u>	<u>568,124</u>	<u>33,647,727</u>
Total capital & intangible assets, net	<u>\$ 33,261,800</u>	<u>\$ 701,189</u>	<u>\$ -</u>	<u>\$ 33,962,989</u>

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

B. DETAILED NOTES (Continued)

4. Capital Assets (Continued)

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

<u>Construction Projects</u>	<u>2023</u>
Sewage Systems	\$ 155,209
Machinery & Equipment	88,683
Total	<u>\$ 243,892</u>

5. Joint Venture

The District and Las Virgenes Municipal Water District are parties to a joint exercise of powers agreement (LVMWD/TWSD Joint Venture Agreement) to provide for construction, operation, maintenance, and replacement of a joint sanitation system to serve the respective parties' needs. The LVMWD/TWSD Joint Venture is governed by the individual Board of Directors of the two districts meeting in joint session. Equipment costs and contributions for construction are shared in accordance with each district's capacity rights reserved in each component of the LVMWD/TWSD Joint Venture system. While the districts own the system jointly, they each account for their share of its financing individually. Thus, the LVMWD/TWSD Joint Venture itself has no long-term debt. Operating costs and local maintenance are prorated and billed to the districts in accordance with the average monthly flows contributed to the system. LVMWD is designated as the Administering Agent for facilities located in Los Angeles County. The following is a condensed summary of audited financial information for the LVMWD/TWSD Joint Venture as of and for the fiscal years ended June 30, 2023 and June 30, 2022:

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Assets:			
Current assets	\$ 12,476	\$ 12,737	\$ (261)
Capital assets, net	100,333	101,134	(801)
Total assets	<u>112,809</u>	<u>113,871</u>	<u>(1,062)</u>
Liabilities:			
Current liabilities	12,476	12,737	(261)
Total liabilities	<u>12,476</u>	<u>12,737</u>	<u>(261)</u>
Net position of participants net investment in capital assets:			
Las Virgenes Municipal Water District	67,075	67,736	(661)
Triunfo Water & Sanitation District	33,258	33,397	(139)
Net position	<u>\$ 100,333</u>	<u>\$ 101,133</u>	<u>\$ (800)</u>

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

B. DETAILED NOTES (Continued)

5. Joint Venture (Continued)

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 2,996	\$ 2,631	\$ 365
Non-operating revenues	915	2,848	(1,933)
Total revenues	<u>3,911</u>	<u>5,479</u>	<u>(1,568)</u>
Expenses:			
Operating expenses	23,863	20,845	3,018
Depreciation and amortization	5,703	5,825	(122)
Total expenses	<u>29,566</u>	<u>26,670</u>	<u>2,896</u>
Net loss before participant contributions	(25,655)	(21,191)	(4,464)
Billings to participants	19,952	15,366	4,586
Excess after billings to participants	(5,703)	(5,825)	122
Participants capital contributions	4,903	8,596	(3,693)
Change in Net Position	(800)	2,771	(3,571)
Beginning Net Position	<u>101,133</u>	<u>98,362</u>	<u>2,771</u>
Ending Net Position	<u>\$ 100,333</u>	<u>\$ 101,133</u>	<u>\$ (800)</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 Year Ended June 30, 2023

B. DETAILED NOTES (Continued)

5. Joint Venture (Continued)

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

<u>TWSD Joint Venture Advances</u>	<u>2023</u>	<u>2022</u>
Operating reserve advance	\$ 893,720	\$ 2,177,989
Construction advance	48,833	(104,725)
Replacement reserve advance	4,001,845	3,528,548
Total joint venture advances	\$ 4,944,398	\$ 5,601,812

6. Long Term Obligations

The following table summarizes the District's debt at June 30, 2023:

<u>Description</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Payments/ Deletions</u>	<u>Balance June 30, 2023</u>	<u>Due in One Year</u>	<u>Due in More Than One Year</u>
Direct Borrowings:						
2021 Potable Water loan	\$ 5,783,000	\$ -	\$ (638,000)	\$ 5,145,000	\$ 649,000	\$ 4,496,000
2021 Recycled Water loan	8,459,000	-	(735,000)	7,724,000	759,000	6,965,000
Lease liability	-	1,758,652	(56,180)	1,702,472	129,487	1,572,985
Subscription liability	-	45,796	(13,103)	32,693	14,255	18,438
Total long-term debt	<u>\$ 14,242,000</u>	<u>\$ 1,804,448</u>	<u>\$ (1,442,283)</u>	<u>14,604,165</u>	<u>\$ 1,551,742</u>	<u>\$ 13,052,423</u>

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 Year Ended June 30, 2023

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 annual debt service requirements for direct borrowings at June 30, 2023, are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
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	1,557,000	187,534	1,744,534
2029-2033	5,459,000	314,329	5,773,329
Total	<u>\$ 12,869,000</u>	<u>\$ 1,590,917</u>	<u>\$ 14,459,917</u>

Lease Liability

The District entered a lease agreement as lessee for the use of office space at 370 N Westlake Blvd. for a term of 120 months commencing September 1, 2022. An initial lease liability was recorded in the amount of \$1,758,652. As of June 30, 2023, the value of the lease liability is \$1,702,472. The District is required to make fixed monthly payments of \$15,754. The interest rate is 2.927%. The value of the right to use asset as of June 30, 2023 is \$1,758,652 with accumulated amortization of \$146,554.

The annual debt service requirements for the lease liability at June 30, 2023, are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2024	\$ 129,487	\$ 48,055	\$ 177,542
2025	155,605	43,977	199,582
2026	148,690	39,662	188,352
2027	176,952	34,786	211,738
2028	170,473	29,888	200,361
2029-2033	921,265	59,626	980,891
Total	<u>\$ 1,702,472</u>	<u>\$ 255,994</u>	<u>\$ 1,958,466</u>

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

B. DETAILED NOTES (Continued)

6. Long Term Obligations (Continued)

Subscription Liability

The District has entered into several subscriptions ranging from 29 to 42 months. An initial subscription liability was recorded in the amount of \$45,796. As of June 30, 2023, the value of the subscription liability is \$32,693. The District is required to make monthly fixed payments ranging from \$100 to \$450 and annual fixed payments of \$7,500. The subscriptions have interest rates ranging from 2.194% to 2.503%. The value of the right to use asset as of June 30, 2023, is \$45,796 with accumulated amortization of \$6,363.

The annual debt service requirements for the subscription liability as of June 30, 2023 is as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2024	\$ 14,255	\$ 745	\$ 15,000
2025	15,757	393	16,150
2025	2,681	19	2,700
Total	<u>\$ 32,693</u>	<u>\$ 1,157</u>	<u>\$ 33,850</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, 2023:

<u>Developer/Tract</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Payments/ Deletions</u>	<u>Balance June 30, 2023</u>
CalProp/4315	\$ 37,440	\$ -	\$ (3,744)	\$ 33,696
Grupe/3984	17,258	-	(4,930)	12,328
Morrison/4071	130,213	-	(11,834)	118,379
Warmington/4474	94,421	-	(6,745)	87,676
Total developer refunds	<u>279,332</u>	<u>\$ -</u>	<u>\$ (27,253)</u>	<u>252,079</u>
Less current portion	<u>(27,254)</u>			<u>(27,254)</u>
Total long-term portion	<u>\$ 252,078</u>			<u>\$ 224,825</u>

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

B. DETAILED NOTES (Continued)

6. Long Term Obligations (Continued)

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

<u>Fiscal Years</u> <u>Ending June 30,</u>	<u>Principal</u>
2024	\$ 27,254
2025	27,254
2026	24,788
2027	22,324
2028	22,324
2029-2033	107,874
2034-2036	20,261
Total	252,079
Less current portion	(27,254)
Total non-current	<u>\$ 224,825</u>

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, 2023 were \$217,855.

- 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 limit for 2023 was \$22,500. Furthermore, the contribution limit for 2024 will be \$23,000.

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.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

B. DETAILED NOTES (Continued)

8. Net Position

The following is the detail of net position:

Net investment in capital assets at June 30, 2023, consisted of the following:

Capital assets, net	\$ 33,962,989
Portion of loans payable used to purchase capital assets	(12,869,000)
Lease/subscription liability	(1,735,165)
Developer refund agreements	(252,079)
Total net investment in capital assets	<u>\$ 19,106,745</u>

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 120 days 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. The current contract was amended for VRSD to only provide operation and maintenance services and expires on June 30, 2027.

10. Leases Receivable

The District has entered into several leases ranging from 52 to 274 months as lessor. As of June 30, 2023, the value of the lease receivable is \$3,012,516. Lessees are required to make monthly fixed principal and interest payments ranging from \$1,615 to \$4,690. The leases have interest rates ranging from 0.6720% to 1.9980%. The value of the deferred inflow of resources as of June 30, 2023, ranges from \$52,912 to \$1,170,822, and the District recognized lease revenues ranging from \$20,335 to \$62,059 during the fiscal year.

Future payment requirements are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 152,136	\$ 55,634	\$ 207,770
2025	134,528	53,349	187,877
2026	122,750	51,164	173,914
2027	128,836	48,894	177,730
2028	135,155	46,505	181,660
2029-2033	725,093	192,933	918,026
2034-2038	860,083	118,304	978,387
2039-2043	753,935	31,901	785,836
Total	<u>\$ 3,012,516</u>	<u>\$ 598,684</u>	<u>\$ 3,611,200</u>

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

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.

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TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

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, 2023.

TRIUNFO WATER & SANITATION DISTRICT

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

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 \$1,154,649 in fiscal year 2023.

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:

Triunfo operations team member Abe Miguel performing routine maintenance at Triunfo's Deer Hill Pump Station, Oak Park, 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, 2023

	Administration	Wastewater	Recycled Water	Potable Water	Eliminations	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ 13,592,735	\$ 5,069,704	\$ 11,298,471	\$ -	\$ 29,960,910
Accrued interest receivable	-	247,188	-	10,168	-	257,356
Accounts receivable, net	-	553,183	796,372	123,981	-	1,473,536
Lease receivable	-	-	-	152,136	-	152,136
Advance deposits - investment-in-joint venture LVMWD/TWSD	-	4,944,398	-	-	-	4,944,398
Due from other funds	-	160,424	-	-	(160,424)	-
Water-in-storage inventory	-	-	-	24,894	-	24,894
Prepaid and other	116,932	19,792	32,098	160,116	-	328,938
Total current assets - unrestricted	116,932	19,517,720	5,898,174	11,769,766	(160,424)	37,142,168
Restricted current assets:						
Cash and cash equivalents	-	678,950	-	75,172	-	754,122
Total current assets - restricted	-	678,950	-	75,172	-	754,122
Total current assets - unrestricted and restricted	116,932	20,196,670	5,898,174	11,844,938	(160,424)	37,896,290
Non-current assets - capital assets, net						
Capital assets, net	2,073,743	6,291,998	11,492,059	14,105,189	-	33,962,989
Investment-in-joint venture LVMWD/TWSD	-	33,257,584	-	-	-	33,257,584
Lease receivable	-	-	-	2,860,380	-	2,860,380
Total non-current assets	2,073,743	39,549,582	11,492,059	16,965,569	-	70,080,953
Total assets	2,190,675	59,746,252	17,390,233	28,810,507	(160,424)	107,977,243
LIABILITIES						
Current liabilities:						
Payable from current assets:						
Accounts payable and accrued expenses	305,971	1,869,233	390,764	341,928	-	2,907,896
Accrued interest payable - loan	4,188	-	89,449	12,449	-	106,086
Long-term debt - current portion	138,017	-	763,200	650,525	-	1,551,742
Due to other funds	160,424	-	-	-	(160,424)	-
Developer refund agreements - current portion	-	-	-	27,254	-	27,254
Payable from current assets - unrestricted	608,600	1,869,233	1,243,413	1,032,156	(160,424)	4,592,978
Payable from restricted current assets:						
Customer deposits	-	75,750	-	61,405	-	137,155
Unearned revenue	-	603,200	-	13,767	-	616,967
Payable from restricted current assets	-	678,950	-	75,172	-	754,122
Total current liabilities - unrestricted and restricted	608,600	2,548,183	1,243,413	1,107,328	(160,424)	5,347,100
Non-current liabilities:						
Long-term debt	1,583,229	-	6,987,155	4,482,039	-	13,052,423
Developer refund agreements	-	-	-	224,825	-	224,825
Total non-current liabilities	1,583,229	-	6,987,155	4,706,864	-	13,277,248
Total liabilities	2,191,829	2,548,183	8,230,568	5,814,192	(160,424)	18,624,348
DEFERRED INFLOWS						
Lease related	-	-	-	2,818,495	-	2,818,495
Total deferred inflows	-	-	-	2,818,495	-	2,818,495
NET POSITION						
Net investment in capital assets	352,497	6,291,998	3,741,704	8,720,546	-	19,106,745
Restricted:						
Debt service	-	-	-	-	-	-
Unrestricted	(353,651)	50,906,071	5,417,961	11,457,274	-	67,427,655
Total net position	\$ (1,154)	\$ 57,198,069	\$ 9,159,665	\$ 20,177,820	\$ -	\$ 86,534,400

TRIUNFO WATER & SANITATION DISTRICT

Combining Schedule of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30, 2023

	<u>Administration</u>	<u>Wastewater</u>	<u>Recycled Water</u>	<u>Potable Water</u>	<u>Total</u>
Operating revenues:					
Sanitation fees	\$ -	\$ 14,714,934	\$ -	\$ -	\$ 14,714,934
Potable water sales	-	-	-	5,060,089	5,060,089
Recycled water sales	-	-	2,269,662	-	2,269,662
Water meter service fees	-	-	265,757	2,314,811	2,580,568
Connection fees	-	91,769	-	-	91,769
Other charges for services	-	95,206	12,432	121,026	228,664
Total operating revenues	-	14,901,909	2,547,851	7,495,926	24,945,686
Operating expenses:					
Wastewater treatment	-	6,045,004	-	-	6,045,004
Potable water purchased	-	-	-	2,770,670	2,770,670
Recycled water purchased	-	-	686,911	-	686,911
Professional services	256,067	87,089	8,946	210,837	562,939
Operations, management and admin	2,331,582	1,324,850	236,804	1,135,357	5,028,593
Total operating expenses	2,587,649	7,456,943	932,661	4,116,864	15,094,117
Operating income before depreciation	(2,587,649)	7,444,966	1,615,190	3,379,062	9,851,569
Depreciation and amortization	(147,235)	(373,788)	(398,804)	(706,102)	(1,625,929)
Operating income	(2,734,884)	7,071,178	1,216,386	2,672,960	8,225,640
Non-operating revenue (expense):					
O&M contributions to joint venture	-	(352,907)	-	-	(352,907)
Capital contributions to joint venture	-	(1,893,337)	-	-	(1,893,337)
Rental revenue - cellular antennas	-	-	-	200,309	200,309
Interest and investment earnings (loss)	-	255,374	111,214	295,016	661,604
Interest expense	(42,532)	-	(237,486)	(101,130)	(381,148)
Other income (expense), net	-	176	-	(3,481)	(3,305)
Central administration expense allocation	2,776,262	(1,554,707)	(360,914)	(860,641)	-
Total non-operating revenues, net	2,733,730	(3,545,401)	(487,186)	(469,927)	(1,768,784)
Change in net position	(1,154)	3,525,777	729,200	2,203,033	6,456,856
Net position, beginning of fiscal year	-	53,672,292	8,430,465	17,974,787	80,077,544
Net position, end of fiscal year	\$ (1,154)	\$ 57,198,069	\$ 9,159,665	\$ 20,177,820	\$ 86,534,400

TRIUNFO WATER & SANITATION DISTRICT

Combining Schedule of Cash Flows For the Fiscal Year Ended June 30, 2023

	Wastewater	Recycled Water	Potable Water	Total
Cash flows from operating activities:				
Receipts from customers for water sales and services	\$ -	\$ 2,767,436	\$ 7,066,923	\$ 9,834,359
Receipts from customers for sanitation services	12,470,201	-	-	12,470,201
Receipts for other services	186,975	12,432.00	121,026	320,433
Payments to vendors for materials and services	(10,044,592)	(932,661)	(4,116,864)	(15,094,117)
Advance deposits - investment-in-joint venture LVMWD/TWSD facility	(1,449,036)	-	-	(1,449,036)
Net cash provided by (used in) operating activities	<u>1,163,548</u>	<u>1,847,207</u>	<u>3,071,085</u>	<u>6,081,840</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(2,210,464)	(28,699)	(87,956)	(2,327,119)
Proceeds from long-term debt	1,784,926	-	19,522	1,804,448
Principal paid on long-term debt	(63,680)	(739,131)	(666,725)	(1,469,536)
Interest paid on long-term debt	(38,344)	(255,311)	(106,743)	(400,398)
Debt issuance costs	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(527,562)</u>	<u>(1,023,141)</u>	<u>(841,902)</u>	<u>(2,392,605)</u>
Cash flows from non-capital financing activities:				
Transfers in (out)	1,221,555	(360,914)	(860,641)	-
Net cash provided by (used in) non-capital financing activities	<u>1,221,555</u>	<u>(360,914)</u>	<u>(860,641)</u>	<u>-</u>
Cash flows from investing activities:				
Proceeds from rental revenue - cellular antennas	-	-	200,309	200,309
Proceeds from interest and investment earnings	54,604	111,214	291,049	456,867
Net cash provided by (used in) investing activities	<u>54,604</u>	<u>111,214</u>	<u>491,358</u>	<u>657,176</u>
Net increase in cash and cash equivalents	1,912,145	574,366	1,859,900	4,346,411
Cash and cash equivalents (unrestricted and restricted), beginning of year	12,359,540	4,495,338	9,513,743	26,368,621
Cash and cash equivalents (unrestricted and restricted), end of year	<u>\$ 14,271,685</u>	<u>\$ 5,069,704</u>	<u>\$ 11,373,643</u>	<u>\$ 30,715,032</u>
Reconciliation of cash and cash equivalents to statement of net position:				
Cash and cash equivalents	\$ 13,592,735	\$ 5,069,704	\$ 11,298,471	\$ 29,960,910
Restricted cash and cash equivalents	678,950	-	75,172	754,122
Total cash and cash equivalents	<u>\$ 14,271,685</u>	<u>\$ 5,069,704</u>	<u>\$ 11,373,643</u>	<u>\$ 30,715,032</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	<u>\$ 4,336,294</u>	<u>\$ 1,216,386</u>	<u>\$ 2,672,960</u>	<u>\$ 8,225,640</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	521,023	398,804	706,102	1,625,929
Other non-operating income, net	176	-	5,311	5,487
Changes in assets and liabilities:				
(Increase) decrease in net assets:				
Accounts receivable - water sales and services, net	-	26,388	119,341	145,729
Accounts receivable - sanitation fees	(72,356)	-	-	(72,356)
Accounts receivable - other, net	-	-	-	-
Water in-storage inventory	-	-	(2,641)	(2,641)
Prepaid and other	(23,072)	(8,343)	(130,265)	(161,680)
Lease receivable	-	-	337,758	337,758
Advance deposits - investment-in-joint venture LVMWD/TWSD facility	(1,449,036)	-	-	(1,449,036)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(2,166,231)	213,972	(258,030)	(2,210,289)
Customer deposits	16,750	-	(13,355)	3,395
Deferred inflows	-	-	(366,096)	(366,096)
Total adjustments	<u>(3,172,746)</u>	<u>630,821</u>	<u>398,125</u>	<u>(2,143,800)</u>
Net cash provided by (used in) operating activities	<u>\$ 1,163,548</u>	<u>\$ 1,847,207</u>	<u>\$ 3,071,085</u>	<u>\$ 6,081,840</u>
Schedule of noncash transactions:				
Change in investment-in-joint venture LVMWD/TSD	\$ (352,907)	\$ -	\$ -	\$ (352,907)

Note: Activities related to Administration are included in Wastewater for cash flow presentation.

TRIUNFO WATER & SANITATION DISTRICT

**Budgetary Comparison Schedule – All Funds
For the Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Sanitation fees	\$ 14,645,488	\$ 14,714,934	\$ 69,446
Potable water sales	4,863,001	5,060,089	197,088
Recycled water sales	3,173,244	2,269,662	(903,582)
Water meter service fees	2,525,973	2,580,568	54,595
Connection fees	84,300	91,769	7,469
Other charges for services	201,164	228,664	27,500
Total operating revenues	<u>25,493,170</u>	<u>24,945,686</u>	<u>(547,484)</u>
Operating expenses			
Wastewater treatment	6,564,000	6,045,004	518,996
Potable water purchased	2,387,975	2,770,670	(382,695)
Recycled water purchased	848,157	686,911	161,246
Professional services	2,185,449	562,939	1,622,510
Operations, management and admin	10,911,131	5,028,593	5,882,538
Total operating expenses	<u>22,896,712</u>	<u>15,094,117</u>	<u>7,802,595</u>
Operating income before depreciation	2,596,458	9,851,569	7,255,111
Depreciation and amortization	<u>(1,408,510)</u>	<u>(1,625,929)</u>	<u>(217,419)</u>
Operating income	<u>1,187,948</u>	<u>8,225,640</u>	<u>7,037,692</u>
Non-operating revenue (expense)			
O&M contributions to joint venture	(62,313)	(352,907)	(290,594)
Capital contributions to joint venture	-	(1,893,337)	(1,893,337)
Rental revenue - cellular antennas	192,352	200,309	7,957
Interest and investment earnings	49,600	661,604	612,004
Interest expense	(337,446)	(381,148)	(43,702)
Other income (expenses), net	<u>-</u>	<u>(3,305)</u>	<u>(3,305)</u>
Total non-operating expenses, net	<u>(157,807)</u>	<u>(1,768,784)</u>	<u>(1,610,977)</u>
Change in net position	1,030,141	6,456,856	<u>\$ 5,426,715</u>
Net position, beginning of fiscal year	<u>80,077,544</u>	<u>80,077,544</u>	
Net position, ending of fiscal year	<u>\$ 81,107,685</u>	<u>\$ 86,534,400</u>	

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STATISTICAL SECTION



Previous page:
Bell Canyon, CA

**Triunfo Water & Sanitation District
Statistical Section**

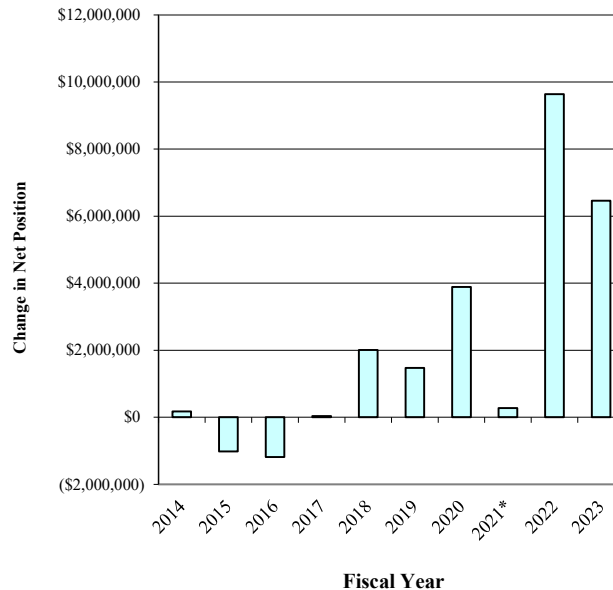
This part of the District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Table of Contents

	<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.	56-59
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.	60-63
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.	64-65
Demographic Information These schedules offer demographic indicators to help the reader understand the environment within which the District's financial activities take place.	66-69
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.	70

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Changes in net position:					
Operating revenues	\$ 16,262,169	\$ 15,009,561	\$ 15,008,613	\$ 16,586,688	\$ 19,227,754
Operating expenses	(13,461,380)	(13,372,916)	(12,902,162)	(13,129,632)	(13,568,268)
Depreciation and amortization	(865,402)	(899,549)	(1,288,281)	(1,271,388)	(1,563,459)
Operating income(loss)	1,935,387	737,096	818,170	2,185,668	4,096,027
Non-operating revenues(expenses)					
Investment income/(loss)	26,290	38,939	69,338	50,628	160,050
Rental income - cellular antennas	153,863	120,147	112,270	111,672	175,394
Change in investment in LVMWD/TSD Joint Venture	(1,917,034)	(1,915,400)	(1,827,859)	(1,874,056)	(1,744,428)
Gain/(loss) on sale of assets	-	28,179	-	-	-
Interest expense	(236)	(26,078)	(367,450)	(444,335)	(684,922)
Bond administration expense	(20,000)	-	-	-	-
Other revenue/(expense), net	-	-	11,450	7,249	2,506
Total non-operating revenues(expenses), net	(1,757,117)	(1,754,213)	(2,002,251)	(2,148,842)	(2,091,400)
Net income before capital contributions	178,270	(1,017,117)	(1,184,081)	36,826	2,004,627
Capital contributions	-	-	-	-	-
Changes in net position	\$ 178,270	\$ (1,017,117)	\$ (1,184,081)	\$ 36,826	\$ 2,004,627
Net position by component:					
Net investment in capital assets	\$ 21,228,218	\$ 21,277,799	\$ 20,705,185	\$ 19,800,725	\$ 19,528,285
Restricted	602,000	602,000	602,000	668,312	644,392
Unrestricted	43,050,502	41,983,804	41,372,337	42,247,311	44,548,298
Total net position	\$ 64,880,720	\$ 63,863,603	\$ 62,679,522	\$ 62,716,348	\$ 64,720,975

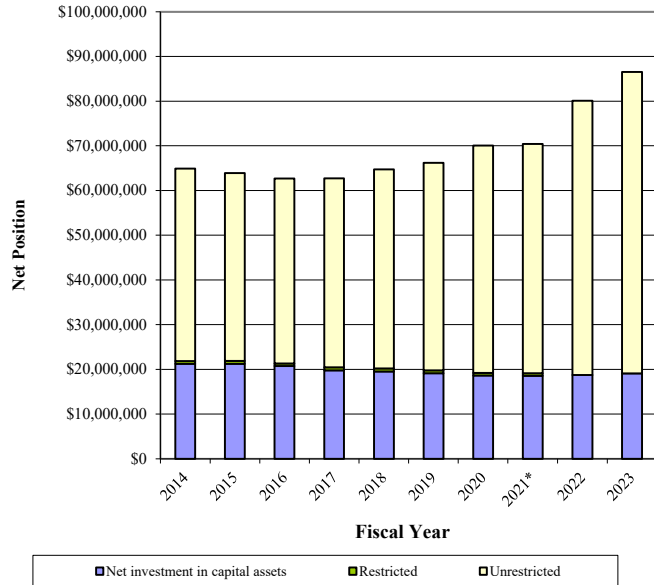


* The presentation of certain prior year balances have been reclassified to conform to current year presentation.

Source: Triunfo Water & Sanitation District

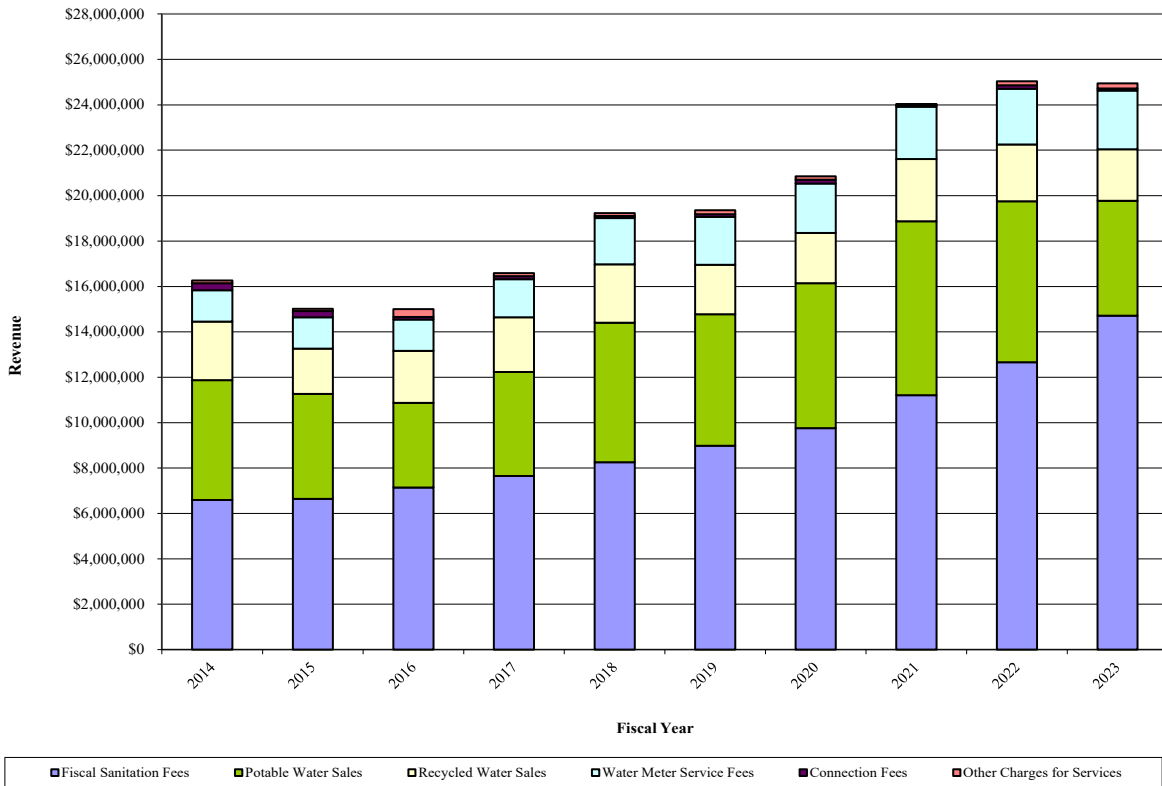
Triunfo Water & Sanitation District
Changes in Net Position and Net Position by Component (Continued)
Last Ten Fiscal Years

Fiscal Year				
2019	2020	2021*	2022	2023
\$ 19,359,355	\$ 20,851,006	\$ 24,041,771	\$ 25,042,808	\$ 24,945,686
(14,995,312)	(14,305,407)	(17,280,775)	(15,008,539)	(15,094,117)
(1,526,799)	(1,505,341)	(1,410,847)	(1,408,590)	(1,625,929)
2,837,244	5,040,258	5,350,149	8,625,679	8,225,640
335,873	313,269	93,119	(190,981)	661,604
171,925	181,379	126,223	211,497	200,309
(1,610,974)	(1,068,966)	(4,737,936)	1,545,948	(2,246,244)
-	-	-	-	-
(645,601)	(606,272)	(560,975)	(417,001)	(381,148)
-	-	-	(201,317)	-
383,843	26,764	2,468	66,222	(3,305)
(1,364,934)	(1,153,827)	(5,077,101)	1,014,368	(1,768,784)
1,472,310	3,886,431	273,048	9,640,047	6,456,856
-	-	-	-	-
\$ 1,472,310	\$ 3,886,431	\$ 273,048	\$ 9,640,047	\$ 6,456,856
\$ 19,157,347	\$ 18,614,280	\$ 18,548,037	\$ 18,740,468	\$ 19,106,745
602,000	602,000	602,000	-	-
46,433,938	50,863,436	51,287,460	61,337,076	67,427,655
\$ 66,193,285	\$ 70,079,716	\$ 70,437,497	\$ 80,077,544	\$ 86,534,400



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

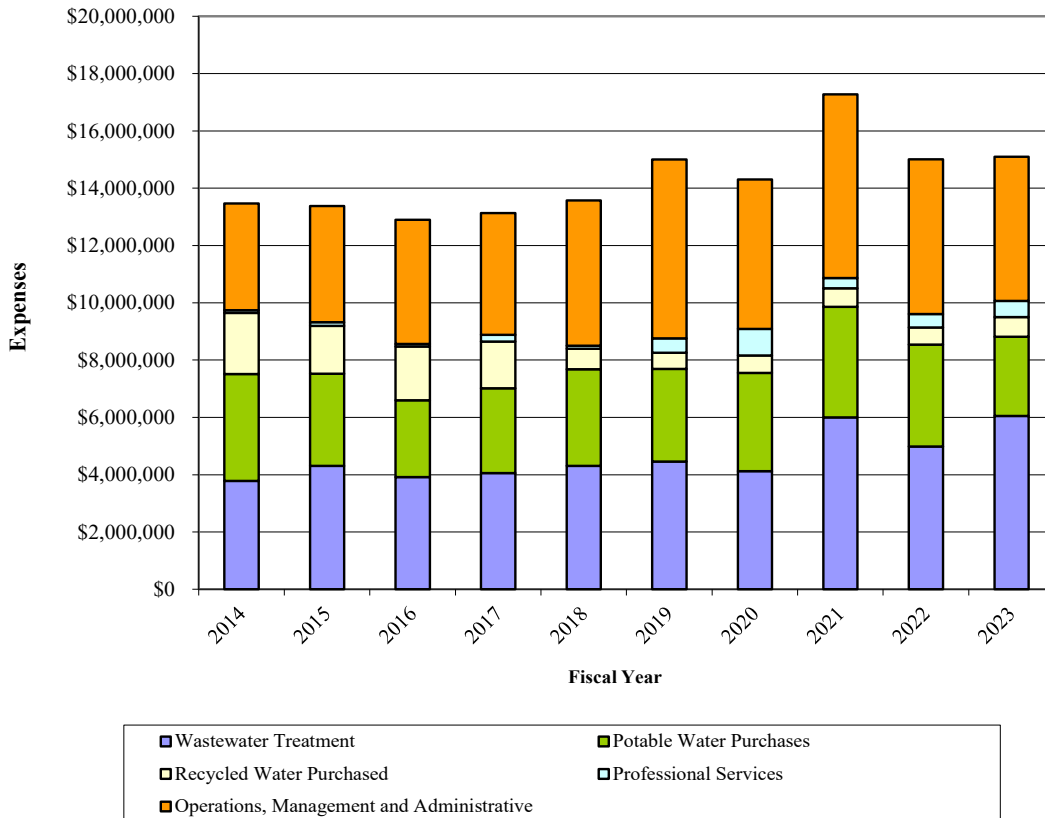
Fiscal Year	Sanitation Fees	Potable Water Sales	Recycled Water Sales	Water Meter Service Fees	Connection Fees	Other Charges for Services	Total Operating Revenue
2014	\$ 6,590,649	\$ 5,282,011	\$ 2,580,139	\$ 1,385,935	\$ 309,650	\$ 113,785	\$ 16,262,169
2015	6,644,859	4,622,483	1,994,508	1,385,771	262,406	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
2023	14,714,934	5,060,089	2,269,662	2,580,568	91,769	228,664	24,945,686



Source: Triunfo Water & Sanitation District

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

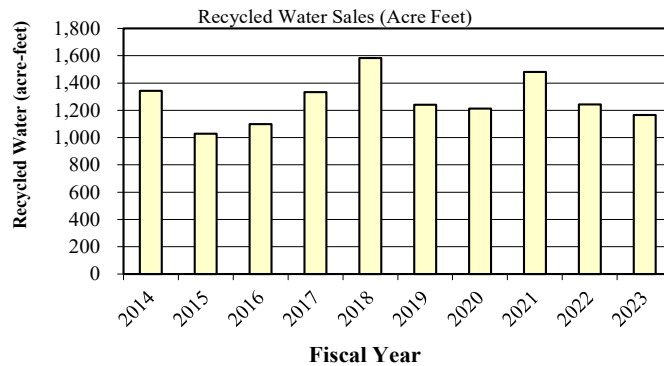
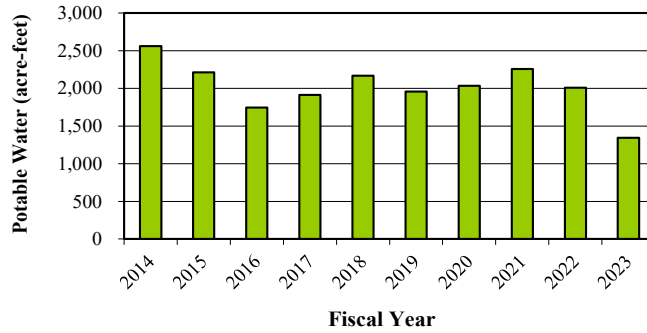
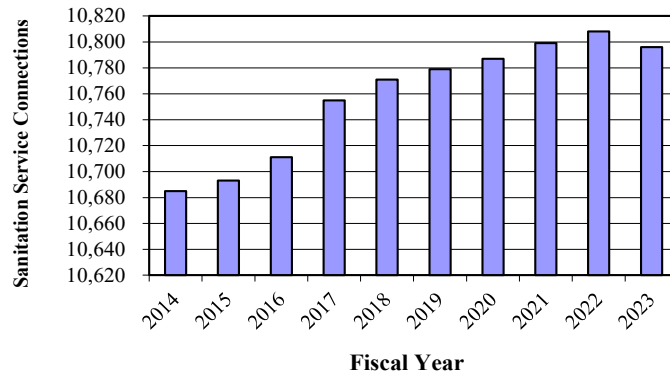
Fiscal Year	Wastewater Treatment	Potable Water Purchases	Recycled Water Purchased	Professional Services	Operations, Management and Administrative	Total Operating Expenses
2014	\$ 3,783,274	\$ 3,731,891	\$ 2,131,331	\$ 95,968	\$ 3,718,916	\$ 13,461,380
2015	4,305,047	3,223,673	1,665,181	127,670	4,051,345	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
2023	6,045,004	2,770,670	686,911	562,939	5,028,593	15,094,117



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)
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
2023	10,796	1,345	1,165



Note: See "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⁾	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single/Multi Residential	\$ 41.80	\$ 41.80	\$ 44.52	\$ 47.41	\$ 50.49	\$ 55.03	\$ 59.98	\$ 68.98	\$ 79.32	\$ 91.22
Apartment Units	33.44	33.44	35.61	37.92	40.38	44.01	47.97	55.17	63.44	72.96
Commercial/Hotels	41.80	41.80	44.52	47.41	50.49	55.03	59.98	68.98	79.32	91.22
Shopping Centers	74.22	74.22	79.04	84.18	89.65	97.72	106.51	122.49	140.86	161.99
Restaurants & Markets	96.14	96.14	102.39	109.05	116.14	126.59	137.96	158.68	182.48	209.85

Potable Water Consumption Fees

Water Consumed ⁽³⁾	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
0 - 6 HCF	\$ 3.93	\$ 4.01	\$ 4.24							
6 - 28 HCF	4.75	4.83	5.33							
Over 28 HCF	5.99	6.07	6.79							
Water Consumed ⁽³⁾	2017	2018	2019	2020	2021	2022	2023			
0 - 7 HCF	\$ 5.06	\$ 5.88	\$ 6.16	\$ 6.45	\$ 6.92	\$ 7.46	\$ 8.07			
>7 - 28 HCF	5.78	6.69	7.00	7.31	7.83	8.42	9.09			
Over 28 HCF	7.14	8.23	8.58	8.94	9.56	10.25	11.03			

Recycled Water Consumption Fees

Water Consumed ⁽³⁾	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
All Units (HCF)	\$ 2.96	\$ 3.03	\$ 3.25	\$ 3.82	\$ 4.63	\$ 4.93	\$ 5.23	\$ 5.39	\$ 5.70	\$ 6.07

Potable Water Meter Service Fees

Meter Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
5/8 inch	\$ 15.23	\$ 15.23	\$ 15.23	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
3/4 inch	22.85	22.85	22.85	24.79	28.02	28.87	29.74	31.53	33.43	35.44
1 inch	38.10	38.10	38.10	39.15	44.24	45.57	46.94	49.76	52.75	55.92
1 1/2 inch	76.18	76.18	76.18	75.05	84.81	87.36	89.99	94.72	100.41	106.44
2 inch	121.90	121.90	121.90	118.14	133.50	137.51	141.64	148.02	156.91	166.33
3 inch	228.54	228.54	228.54	254.57	287.67	296.31	305.20	316.78	335.79	355.94
4 inch	380.92	380.92	380.92	455.63	514.87	530.32	546.23	565.49	599.42	635.39
6 inch	761.78	761.78	761.78	1,008.55	1,139.67	1,173.87	1,209.09	1,249.44	1,324.41	1,403.88

Recycled Water Meter Service Fees

Meter Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
5/8 inch	\$ 13.16	\$ 13.16	\$ 13.71	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
3/4 inch	19.74	19.74	20.53	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1 inch	32.91	32.91	34.23	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1 1/2 inch	65.81	65.81	68.45	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2 inch	105.30	105.30	109.52	125.95	144.84	149.19	153.66	154.37	157.46	160.61
3 inch	197.43	197.43	205.33	236.13	271.55	279.70	288.09	289.43	295.22	301.13
4 inch	329.06	329.06	342.23	393.56	452.60	466.18	480.16	482.38	492.03	501.88
6 inch	658.07	658.07	684.40	787.06	905.12	932.27	960.24	964.68	983.98	1,003.66
8 inch	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,721.09	1,755.51
10 inch	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,580.93	2,632.55

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

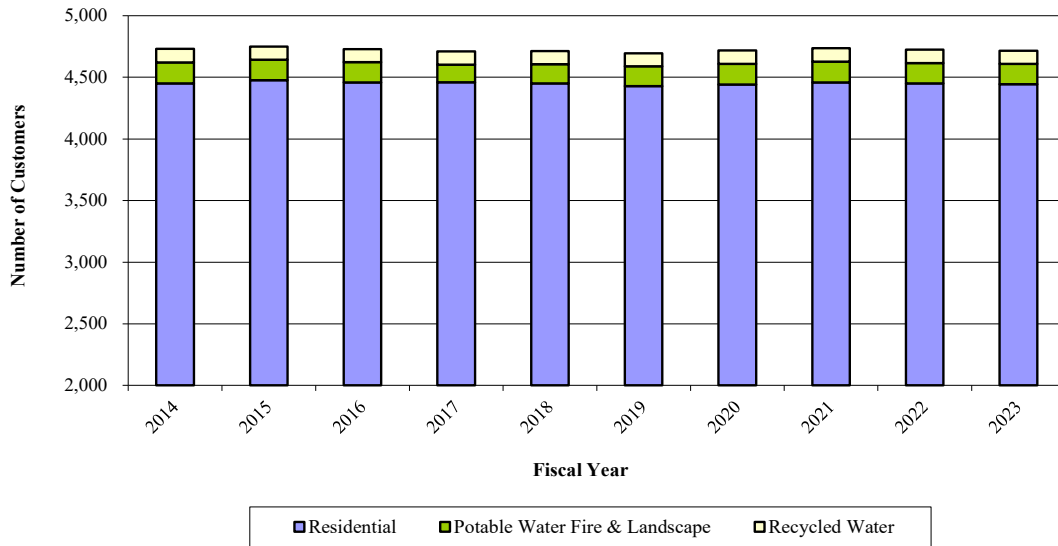
(2) Per Equivalent Residential Unit (ERU)

(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	
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
2023	4,444	164	108	4,716



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

Source: Triunfo Water & Sanitation District

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

<u>Customer</u>	<u>Potable Water - Retail</u>			
	<u>2023</u>		<u>2014</u>	
	<u>Water Consumed</u>	<u>Percentage of Total</u>	<u>Water Consumed</u>	<u>Percentage of Total</u>
ERP Operating, LLP	34,608	5.91%	46,259	4.15%
Shadow Ridge HOA	19,235	3.28%	21,129	1.89%
Morrison Estates HOA	4,554	0.78%	11,051	0.99%
Capri	3,195	0.00%	11,125	1.00%
Concord Consulting	2,633	0.45%	9,648	0.86%
Oak Park First Plaza (Shopping Center)	4,205	0.72%	9,084	0.81%
Rancho Simi Recreation & Park	3,366	0.00%	6,618	0.59%
County of Ventura	2,528	0.43%	7,898	0.71%
Regency Hills Neighborhood	2,619	0.45%	5,413	0.49%
Shadow Oaks	4,412	0.75%	6,249	0.56%
Oak Park Unified School District	4,517	0.77%	3,660	0.33%
Tract 3141 HOA	2,795	0.48%	-	0.00%
Hillcrest Homes HOA	2,807	0.48%	4,664	0.42%
Total	91,474	15.61%	142,798	12.80%
Total Potable Water Consumed	585,826	100.00%	1,115,772	100.00%

<u>Customer</u>	<u>Recycled Water - Retail and Wholesale</u>			
	<u>2023</u>		<u>2014</u>	
	<u>Water Consumed</u>	<u>Percentage of Total</u>	<u>Water Consumed</u>	<u>Percentage of Total</u>
California Water Service Company	211,211	41.60%	N/A ⁽¹⁾	N/A ⁽¹⁾
Sherwood County Club	63,947	12.59%	204,609	34.97%
Rancho Simi Recreation & Park	37,707	7.43%	60,561	10.35%
Oak Park Unified School District	29,091	5.73%	55,338	9.46%
Tract 3141 HOA	16,389	3.23%	29,453	5.03%
Country Glenn	13,218	2.60%	22,035	3.77%
County of Ventura	13,780	2.71%	29,902	5.11%
Regency Hill Neighborhood	14,857	2.93%	22,148	3.79%
Shadow Ridge HOA	13,522	2.66%	16,564	2.83%
Hidden Valley	32,168	6.34%	N/A ⁽¹⁾	N/A ⁽¹⁾
Country Vista III Owners	10,286	2.03%	20,584	3.52%
Oak Park Village Assoc	3,627	0.71%	11,646	1.99%
Total	459,803	90.56%	472,840	80.82%
Total Recycled Water Consumed	507,733	100.00%	585,065	100%

Note:

Per Hundred Cubic Feet (HCF)

(1) Recycled Water - Wholesale data for 2014 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
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	5,752,514	8,489,487	14,521,332	432.26	0.64%
2023	252,079	5,118,645	7,750,355	13,121,079	390.58	0.53%

- [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 2023 and 2022

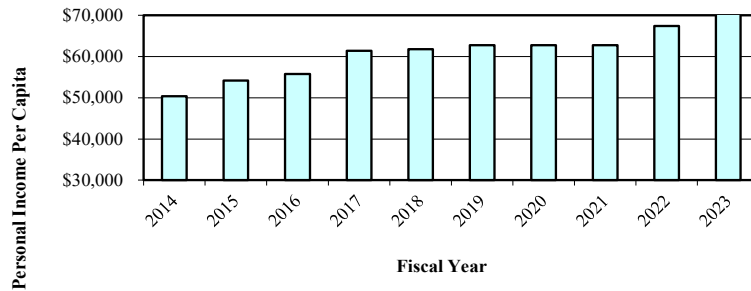
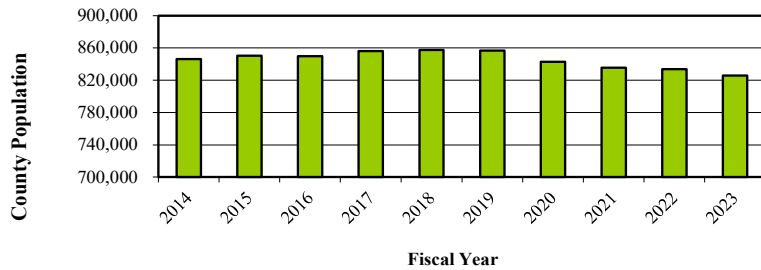
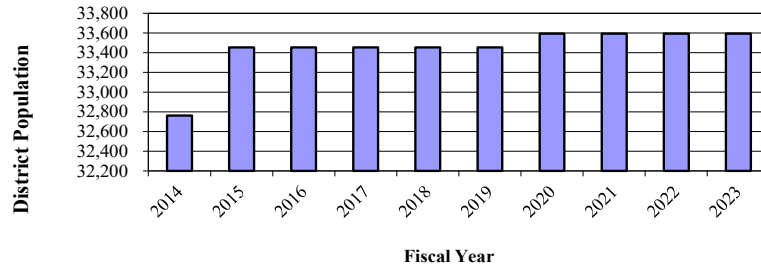
	Fiscal Year 2023			
	Wastewater	Recycled	Potable Water	Total
Revenue sources				
Operating revenues	\$ 14,901,909	\$ 2,547,851	\$ 7,495,926	\$ 24,945,686
Non-operating revenues	255,550	111,214	495,326	862,090
Total revenue sources	15,157,459	2,659,065	7,991,252	25,807,776
Expenses				
Operating expenses	\$ 7,456,943	\$ 932,661	\$ 4,116,863	\$ 12,506,467
Non-operating expenses	1,907,613	360,914	864,122	3,132,649
Total expenses	9,364,556	1,293,575	4,980,985	15,639,116
Net Revenues (Expenses)	5,792,903	1,365,490	3,010,267	10,168,660
Installment payments				
Principal	-	\$ 739,131	\$ 633,869	\$ 1,373,000
Interest	-	100,721	237,486	338,207
Total installment payments	-	839,852	871,355	1,711,206
Debt Service Coverage (min 1.10x)	n/a	1.6	3.5	

	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

**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)
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)
2023	33,594	4.6%	825,653 (1)	61,619,080 (2)	73,375 (2)



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: 2021 and prior data
 (3) Personal Income and Personal Income per Capita for 2021 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 2022 - 2023 has not been published. 2021 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	2023 ⁽¹⁾		2014 ⁽¹⁾	
	Number of Employees	Percentage of Total Employed	Number of Employees	Percentage of Total Employed
Naval Base of Ventura	20,060	5.10%	5,000 - 19,999	n/a
County of Ventura - Government Center	9,837	2.50%	5,000 - 9,999	n/a
Amgen	5,500	1.40%	5,000 - 9,999	n/a
Community Memorial Hospital of San Buenaventura	3,000	0.76%	1,000 - 4,999	n/a
Bank of America	2,910	0.74%	1,000 - 4,999	n/a
Simi Valley Unified School District	2,500	0.64%	1,000 - 4,999	n/a
Conejo Valley Unified School District	2,100	0.53%	1,000 - 4,999	n/a
Ventura Unified School District	2,150	0.55%	1,000 - 4,999	n/a
Oxnard Union High School District	1,654	0.42%	-	n/a
Dignity Health	-	n/a	-	n/a
St John's Regional Medical Center	-	n/a	1,000 - 4,999	n/a
Countrywide Home Loans Headquarters	-	n/a	5,000 - 9,999	n/a
Ventura County Health Care Agency	-	n/a	1,000 - 4,999	n/a
Vons	-	n/a	1,000 - 4,999	n/a
Verizon Communication	-	n/a	1,000 - 4,999	n/a
Top Ten Employers Total	<u>49,711</u>	12.65%	<u>-</u>	n/a
Total Employed in County	<u>393,000</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.

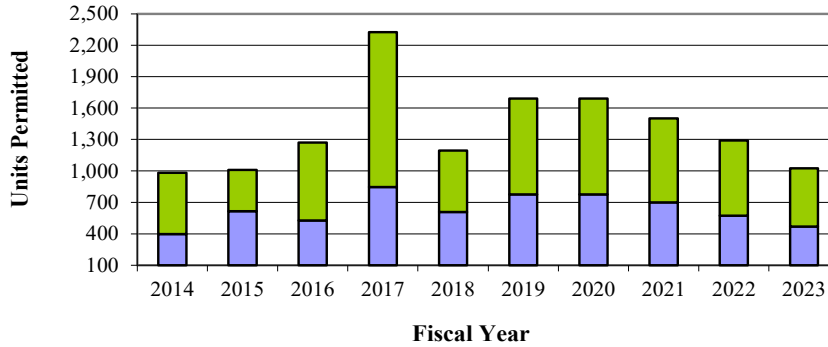
Sources:

- (a) 2019 Los Angeles County and Ventura County Economic Outlook.
- (b) Ventura County Economy and Employment & California EDD Labor Market Info
- (1) Represents most recent available data at time of reporting.

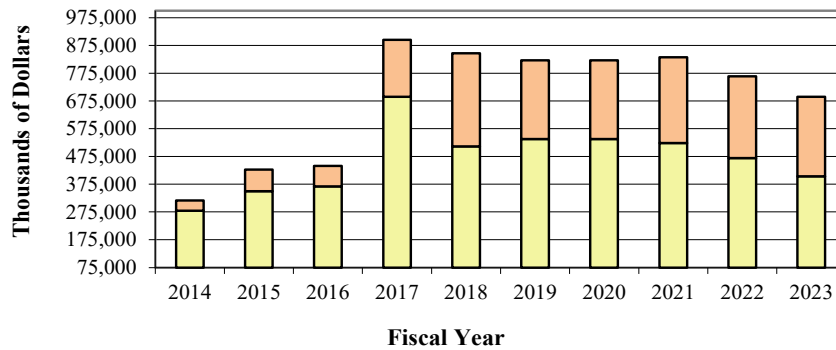
**Triunfo Water & Sanitation District
Building Permits - County of Ventura
Last Ten Fiscal Years**

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)
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
2023	469	556	1,025	404,000	286,000	690,000

New Residential Building Units Permitted



Investment in New Structures

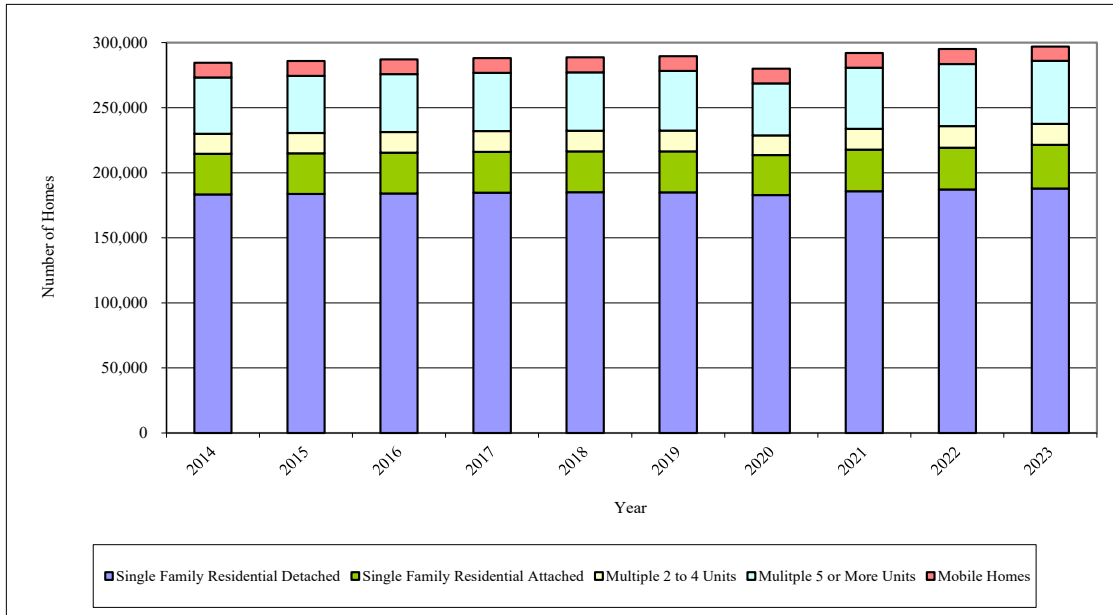


Note: Building Permit statistic updated 2018 to include number of permits, and total investment in residential and non-residential units; as more detailed breakdown is no longer accessible. Prior years are actual, current year forecasted.

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
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
2023	187,968	33,413	16,086	48,546	10,879	296,892



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

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**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)
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
2023	50	120	4.70	3.30

Potable Water Sales			
Fiscal Year	District Area (Square Miles)	Potable Water Capacity (MGM)	Potable Water System (Miles)
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
2023	50	82.72	50

Recycled Water Sales			
Fiscal Year	District Area (Square Miles)	Recycled Water Capacity (MGM)	Recycled Water System (Miles)
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
2023	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