

Comprehensive Annual Financial Report

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

CAMROSA WATER DISTRICT

Board of Directors

Eugene F. West, *President*

Terry L. Foreman, *Vice-President*

Al E. Fox, *Director*

Jeffrey C. Brown, *Director*

Timothy H. Hoag, *Director*

BUILDING WATER SELF-RELIANCE

General Manager

Tony L. Stafford

Prepared By:

Tamara Sexton, Manager of Finance
and
Sandra Llamas, Senior Accountant

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

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Introductory Section

October 22, 2020

Members of the Board of Directors
Camrosa Water District

Letter of Transmittal

It is our pleasure to submit Camrosa Water District's Annual Financial Report for the fiscal year ending June 30, 2020 (FY2019-20). This report was prepared pursuant to the guidelines set forth by the Governmental Accounting Standards Board (GASB).

District staff prepared this financial report in conjunction with an unmodified opinion issued by the independent audit firm White, Nelson, Diehl, Evans LLP. The Independent Auditor's Report is located at the front of the Financial Section of this document. Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction to, and overview and analysis of, the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

This report consists of management's representations concerning the finances of Camrosa Water District. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with generally accepted accounting practices (GAAP). Because the cost of internal control should not outweigh its benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Management asserts that to the best of our knowledge, this financial report is complete and reliable in all material aspects.

District Structure and Leadership

The Camrosa Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District is governed by a five-member Board of Directors, elected at large from within the District's service area.

Director	Title	Division	Expiration of Term	Occupation
Eugene F. West	President	Division 4	November 2020	Attorney
Terry L. Foreman	Vice-President	Division 5	November 2022	Geologist/Hydrogeologist
Al E. Fox	Director	Division 1	November 2022	Realtor
Jeffrey C. Brown	Director	Division 2	November 2022	Investment Consultant
Timothy H. Hoag	Director	Division 3	November 2020	Pharmacist/Teacher

General Manager

Daily operation of the District falls under the responsibility of the General Manager, Tony Stafford. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. As General Manager, Mr. Stafford is responsible for the general oversight of the production and distribution of potable and non-potable water, as well as wastewater collection, treatment and water recycling at the Camrosa Water Reclamation Facility (CWRF).

The District employs a full-time staff of 24 employees as of June 30, 2020. The District's Board of Directors meets on the second and fourth Thursday of each month. Meetings are publicly noticed and the public are welcome to attend.

District Services

Currently, the District provides three classes of water (potable, non-potable, and recycled) to a population of more than 30,000 people through approximately 11,139 meters, which includes three master-metered communities. The majority of these connections are municipal and industrial, and the remainder (131 as of June 2020) is agricultural.

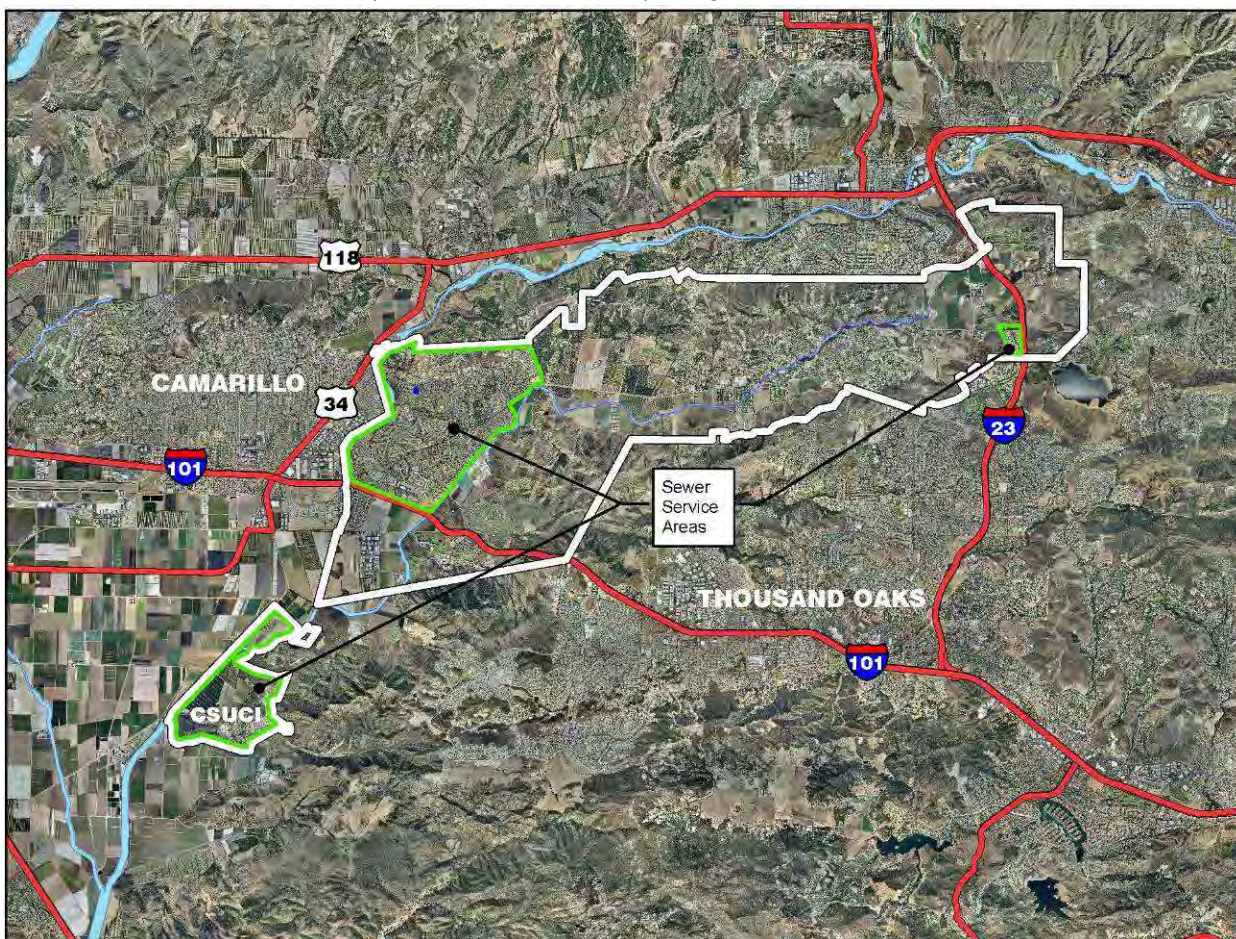


Figure 1 – District Boundaries

Potable water is a blend of local groundwater and imported water, primarily State Water Project (SWP) water from the Sacramento-San Joaquin Delta with a small percentage from the Colorado River Aqueduct (CRA). SWP and CRA water is imported via Metropolitan Water District (MWD) and accounts for approximately 63% of potable supplies. The remaining 37% is groundwater that

is treated at the wellhead and then pumped into the distribution system, either directly or after blending. The non-potable water the District serves is a combination of surface water diverted from Conejo Creek and local groundwater, and recycled water, which is a tertiary-treated product from the CWRP. In FY2019-20 the District delivered 6,900 acre-feet (AF) potable water, 5,724 AF non-potable water and 564 AF of recycled water, totaling 13,188 AF to its customers.

Residential customers make up approximately 88% (number of metered connections) of the District's customer base and consume approximately 38% of the water provided annually by the District.

Wastewater service is limited to 5,097 connections, which includes 8,930 equivalent dwelling units (EDUs), in a portion of the City of Camarillo and a sliver of the City of Thousand Oaks; the remainder of the District is either served by the Camarillo Sanitary District or on septic systems.

Mission and Vision Statement

In October 2008, the Board of Directors completed a long-range Strategic Plan. The Board reevaluated the core business services the District provides to its customers and established the following objectives as the primary strategy to fulfill the District's mission:

- Develop independence from imported water deliveries
- Develop water reliability
- Affordable water and wastewater services
- Provide high quality water
- Strengthen the District's financial position
- Fully develop staff potential
- Improve systems operations and maintenance
- Educate customers
- Protect water supplies
- Exceed all regulatory standards

Our Mission

The Mission of Camrosa Water District is to meet the current and future needs of the community for water and sanitary services. Our products and services will be reliable, affordable, responsive and of high quality. At the same time, the District will prudently manage and maintain the District's assets, honor the public's trust, and maintain public awareness and confidence in the District's activities.

Our Vision

Camrosa is a dynamic, resource-independent public entity that provides highly efficient and responsive service to its water and wastewater customers. The Board is prudent in the management of public resources and innovative in using modern tools to maintain system reliability and financial strength. The District is a lean organization, led by a cohesive Board and staffed by an honest, enthusiastic, highly competent and focused team, who find their work challenging and enjoyable and who have earned the trust of their well-informed customers.

Economic Condition and Outlook

Four main issues continue to impact the FY2020-21 operating revenue and expense budget: California's variable weather, the increasing cost of imported water, effective management of the District's capital assets to provide high-quality service and reliability at affordable rates, and new state mandates. These issues require that the District continue to pursue self-reliance to maximize flexibility in its water supply sources, maintain its infrastructure assets, promote water use efficiency, and proactively engage with state regulatory agencies.

California's Variable Weather

California experiences significant weather volatility. In the last eight years, Southern California has seen the wettest and driest months on record. In 2018, the District experienced the Hill Fire, which broke out at Hill Canyon Road, west of Santa Rosa Road, just before the Woolsey Fire began to grow out of control nearby, followed by a cool and very wet rainfall season that stretched late into 2019. These dramatic weather swings, and the annual precipitation variation depicted in Figure 2 below, exemplify the difficulty of forecasting water sales and highlight the necessity of maintaining a conservative financial outlook.

The FY2019-20 rainy season delivered average precipitation in the Ventura County area and slightly lower-than-normal precipitation in the rest of the state, including the Sierra Nevada. DWR's Final Snow Survey of 2020, measured on April 1, reported that the water content of California snowpack was 53.2 percent of normal. By comparison, the 2018 April survey reported 52 percent of normal, while 2019 reported 162 percent. The state received some precipitation after April 1, but not in any amount sufficient to drastically change projections. As of January 24, 2020, DWR had set the SWP allocation at 15 percent of contracted amounts. However, the state's six largest reservoirs contain between 82 and 100 percent of capacity, so even if the 2020-21 wet season underperforms, California as whole, and Camrosa in particular, won't likely be impacted. It is only after two sequential critically dry years that the state's drought emergency apparatus clicks into gear. With the implementation of The Water Conservation and Drought Planning Act of 2018, a new paradigm should be in place by that time that prioritizes local responses. (A 100-percent allocation is rare even in wet years due to Delta pumping restrictions to protect threatened and endangered fish species; the last 100-percent allocation was in 2006.)

Locally, rainfall, recorded from the Leisure Village CIMIS station, which is greater than the ten-year average through June 30 was 13.42 inches rainfall for the District of 10.76 inches a year and just below the historical average of 15.2 inches a year. By comparison, in FY208-19, the area received 20.57 inches of rain. Despite wide variability in rainfall over the last ten years, water demand in the Camrosa service area seems to have stabilized. This is likely due to the continuation of water use patterns established during the drought, and has been made possible by the investments in storage made across the state generally and by Metropolitan Water District in particular, as well as by Camrosa's development of local resources that have both transferred demand off the potable system and increased the volume and diversity of supply sources at our disposal.

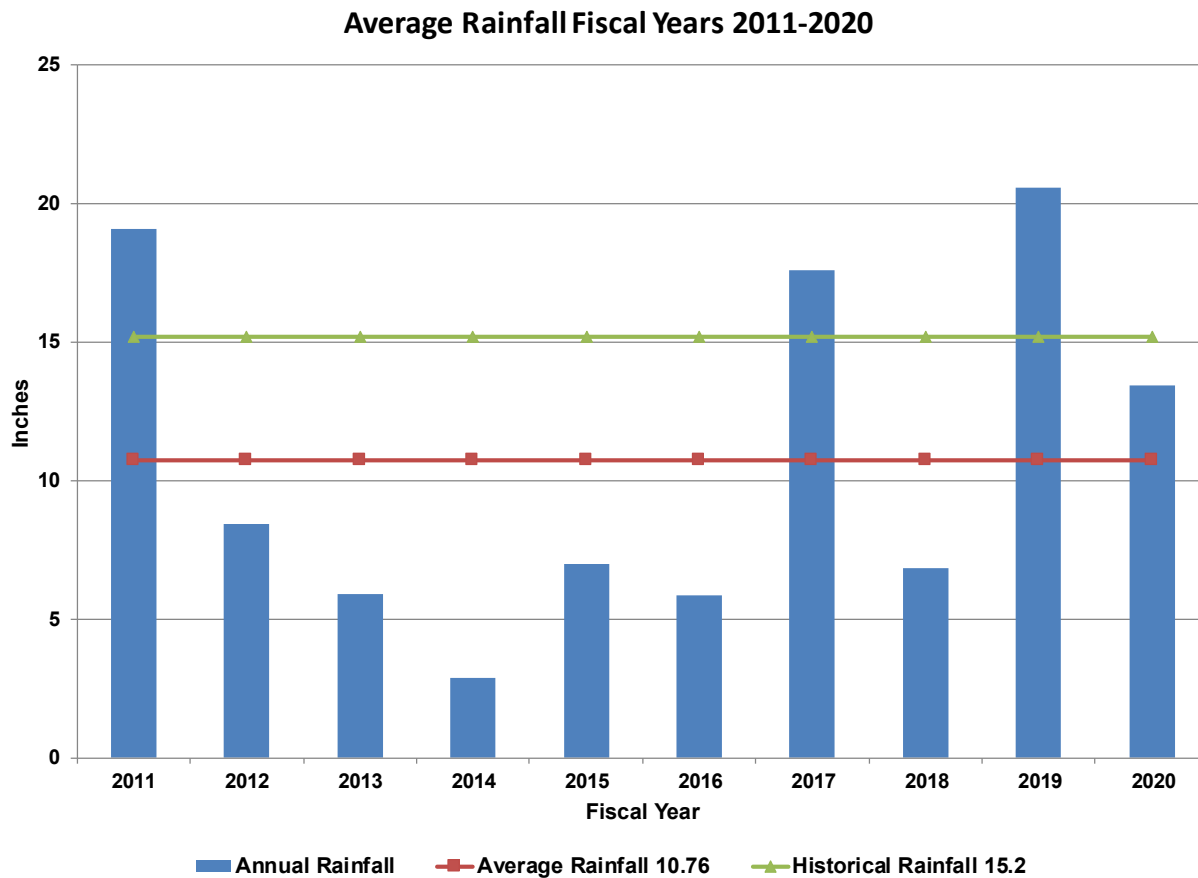


Figure 2 – Historical Rainfall

In general terms, the District went from delivering approximately 17,000 AFY before the drought to slightly less than 12,860 AFY in FY2015-16. Camrosa has experienced increased water sales beginning in FY2016-17, after the Water Supply Shortage was completely removed in May of 2017 and concerted conservation practices began to wane. However, the District has experienced a decline in water sales in FY2019-20 water sales were 13,188 AF and 13,177 AF in FY2018-19.

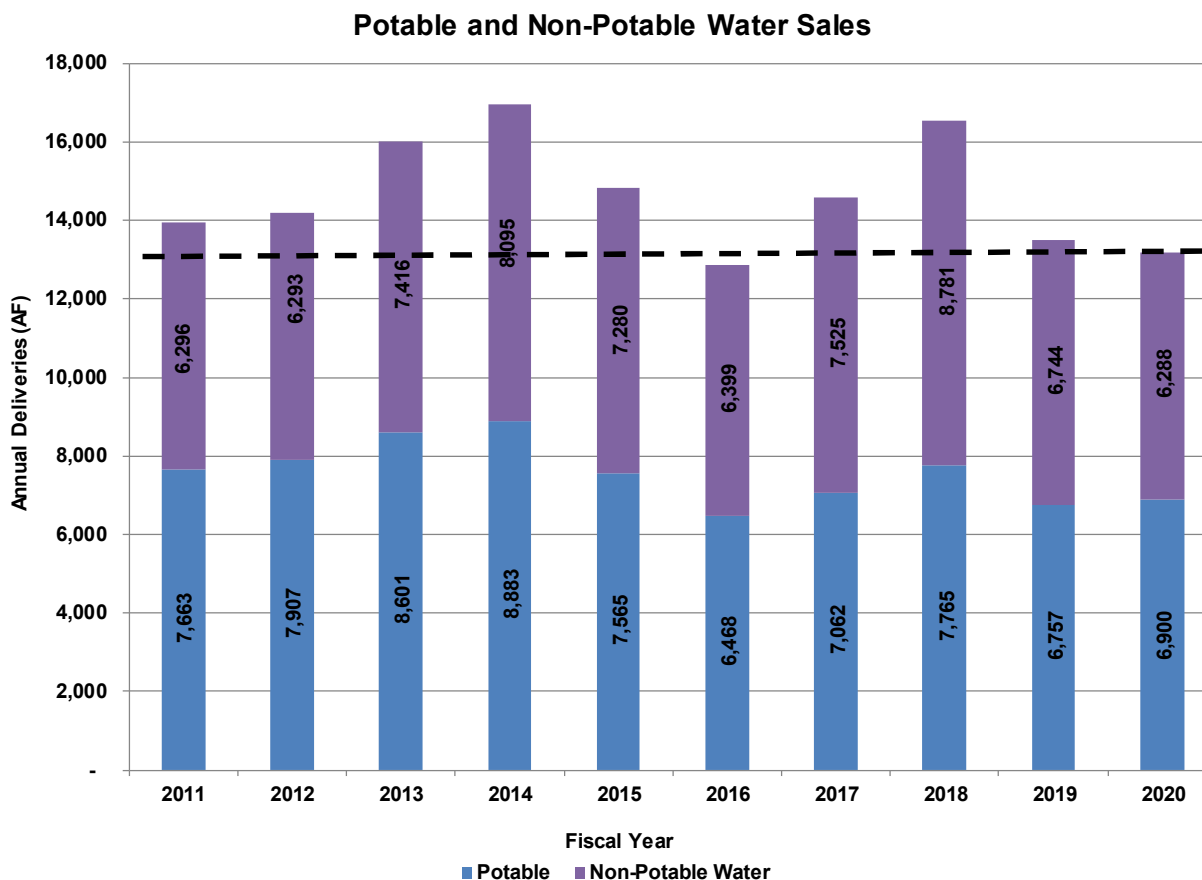


Figure 3 – Historical Acre-Feet Deliveries

Imported Water Rates

State Water Project (SWP) water, imported from the Sacramento-San Joaquin Delta by Metropolitan Water District of Southern California (MWD) and delivered via Calleguas Municipal Water District (CMWD), is the most expensive water in Camrosa’s supply portfolio. It has been the strategy of the District to reduce dependence on imported water by developing local resources. The following graph (Figure 4) reflects those efforts.

Camrosa continues to move toward self-reliance and reduce its dependence on the SWP through the development of local-resource projects. Reducing the proportion of Camrosa’s water supply that comes from the SWP helps mitigate the effects of reduced water sales; less of that total goes to cover the cost of imported water and can be redirected instead into additional local-resource projects.

During FY2019-20 the District experienced an increase in its imported water portfolio: 39 percent, up from 36 percent the prior year. The State Water Board implemented a new maximum contaminant limit (MCL) for 1,2,3,-Trichloropropane (TCP). In response to the recent appearance of TCP in Conejo wells, the Conejo Wellfield was shutoff, decreasing use of the local water supply and increasing our local to import blend ratio. Camrosa is pursuing treatment at the wellfield. As of this writing, Camrosa is in negotiations with an engineering firm regarding the scope of a design

proposal. Construction is expected to begin this calendar year and be complete in 2021. This development reinforces the need to be conservative on imported water projections.

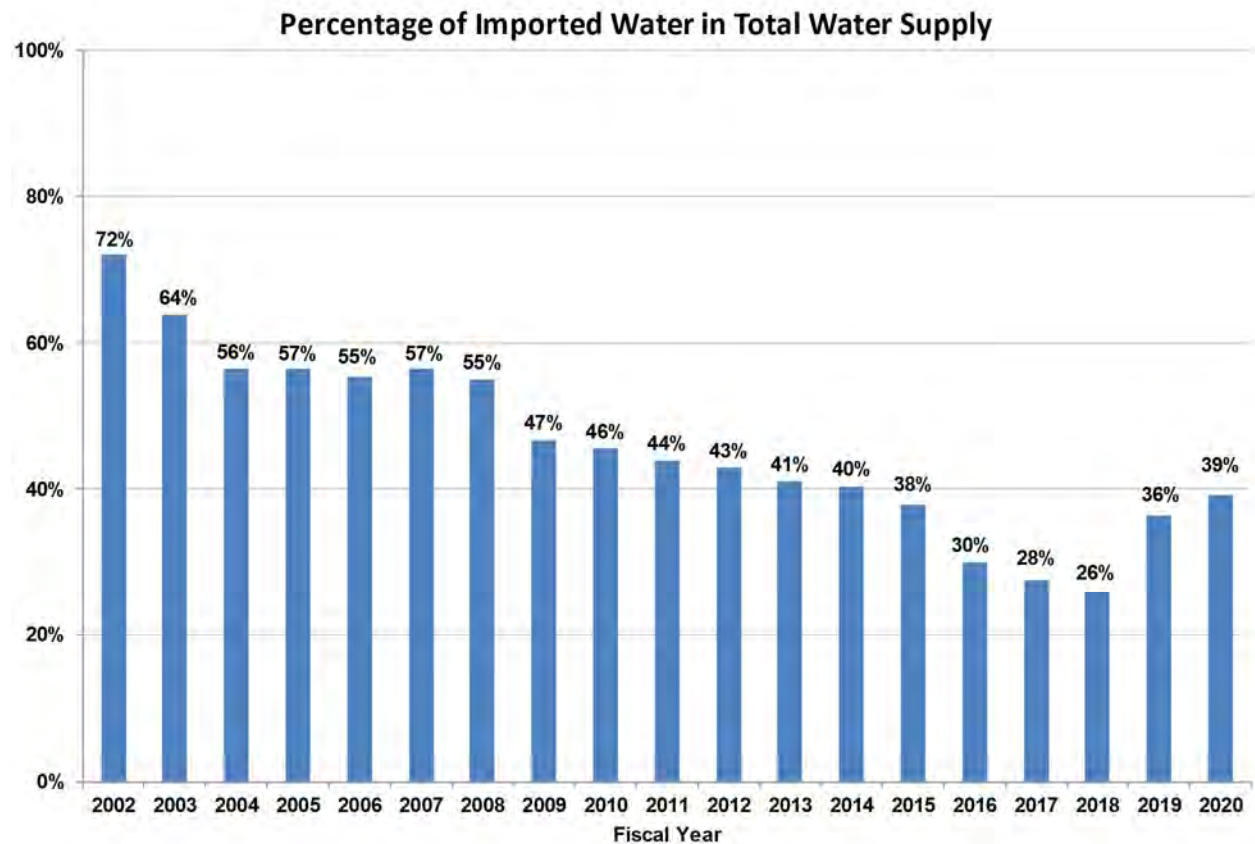


Figure 4 – Percentage of Imported Water in Total Water Supply

The following graph demonstrates the effects of Camrosa’s commitment to building self-reliance over the last 18 years. Since the Conejo Creek Project/Non-Potable Surface Water came online in 2003, Camrosa’s demand on imported water has fallen off dramatically. Optimizing operations—filling reservoirs, moving water, blending water—has also allowed us to further reduce imported demands. Reductions in total water use since 2014 reflect emergency conservation regulations mandated during the drought through 2016, residual efficient water use since the drought.

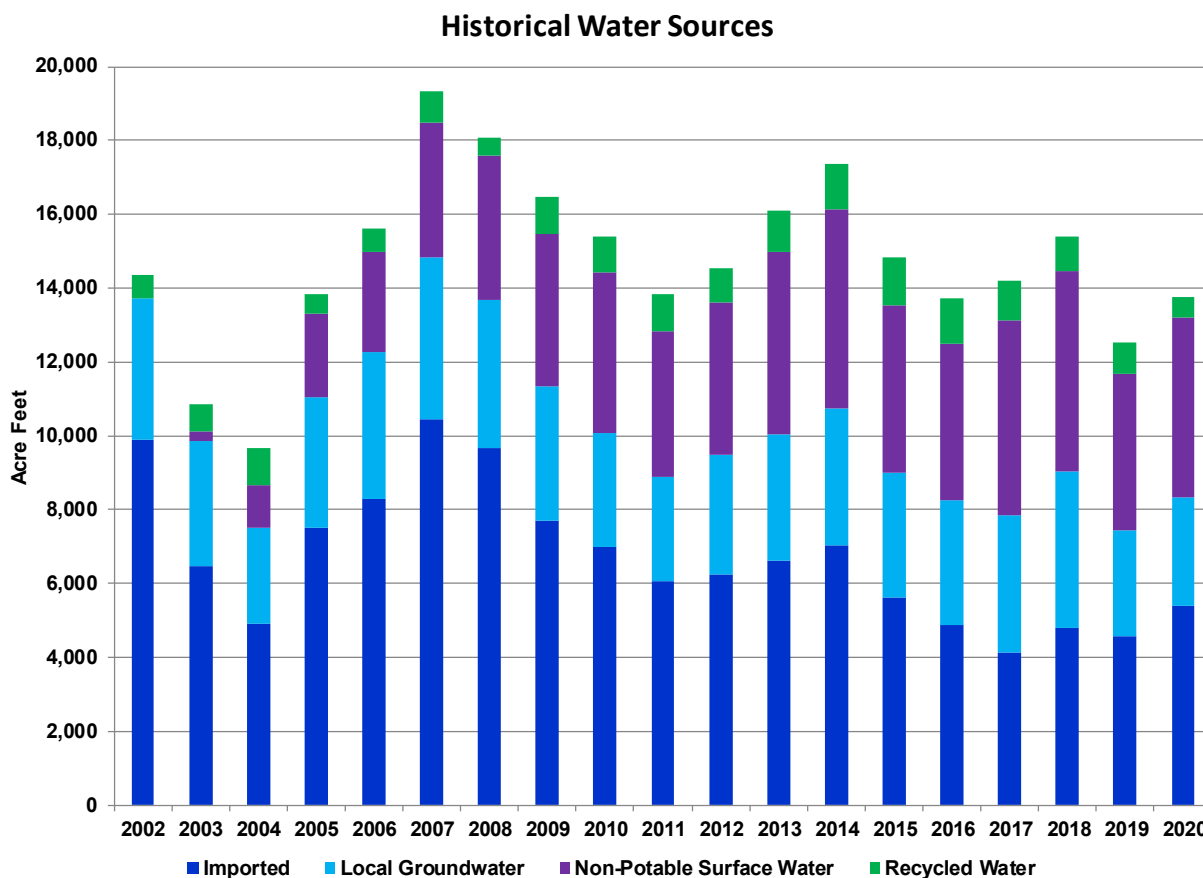


Figure 5 – Historical Water Sources

In addition to being the most expensive source of supply, imported water is also the single largest expense of the District, and the expectation that wholesale rates will continue to escalate provides another incentive to increase self-reliance. In 2019, the MWD Tier 1 wholesale rates increased by 3.4 percent and in 2020 the Tier 1 wholesale increased by an additional 2.7 percent. In addition to MWD’s rate increases, CMWD increased its Capital Construction Surcharge for a combined wholesale rate increase to the District of approximately 3.5 percent in 2019 and 3.4 percent in 2020.

Since the Conejo Creek Project came online in 2002, any diverted water surplus to Camrosa customers' demands has been delivered to Pleasant Valley County Water District (PVCWD), an agricultural district adjacent to Camrosa on the Oxnard Plain. PVCWD overlies a stressed portion of the Pleasant Valley Basin and every acre foot of creek water Camrosa delivers is one less PVCWD has to pump. This benefit to the basin was recognized by the Fox Canyon Groundwater Manager Agency (FCGMA), which oversees groundwater pumping in the PVCWD area (among others), in Resolution 2014-01, which transfers to Camrosa from PVCWD a pumping credit in the Pleasant Valley Basin for each acre foot of creek water delivered. Camrosa pumps these credits from the Woodcreek Well in the northeastern Pleasant Valley Basin, where groundwater levels are higher and the basin is less stressed.

With the completion of the CamSan Recycled Water Interconnection project in November 2019, Camrosa began receipt of surplus recycled water from the Camarillo Sanitary District (CamSan). Prior to this project, CamSan discharged its tertiary-treated plant effluent to the Conejo Creek (below Camrosa's diversion structure) but were violating their NPDES permit and were under a Time Schedule Order to stop discharging. The City of Camarillo has a limited recycled water distribution system but does not have any storage at the treatment plant; selling water to Camrosa helps the City avoid violating their NPDES permit and Salinity Management Pipeline discharge fees. Camrosa can store CamSan's water in the District's Storage Ponds and sell it to PVCWD—a practice codified in Camrosa's latest Waste Discharge Requirement permit authorized by the Los Angeles Regional Water Quality Control Board on October 10, 2019. That permit also allows Camrosa to deliver excess CWRP water to PVCWD, which is an operational benefit for the District. Recycled water does not accrue pumping credits as creek water does. It is unknown how long CamSan will continue to have excess recycled water as the City of Camarillo expands its recycled water distribution system, but in the meantime, it is clearly a beneficial project for both agencies. It increases Camrosa revenue improves Camrosa operations and contributes to regional water supply resilience.

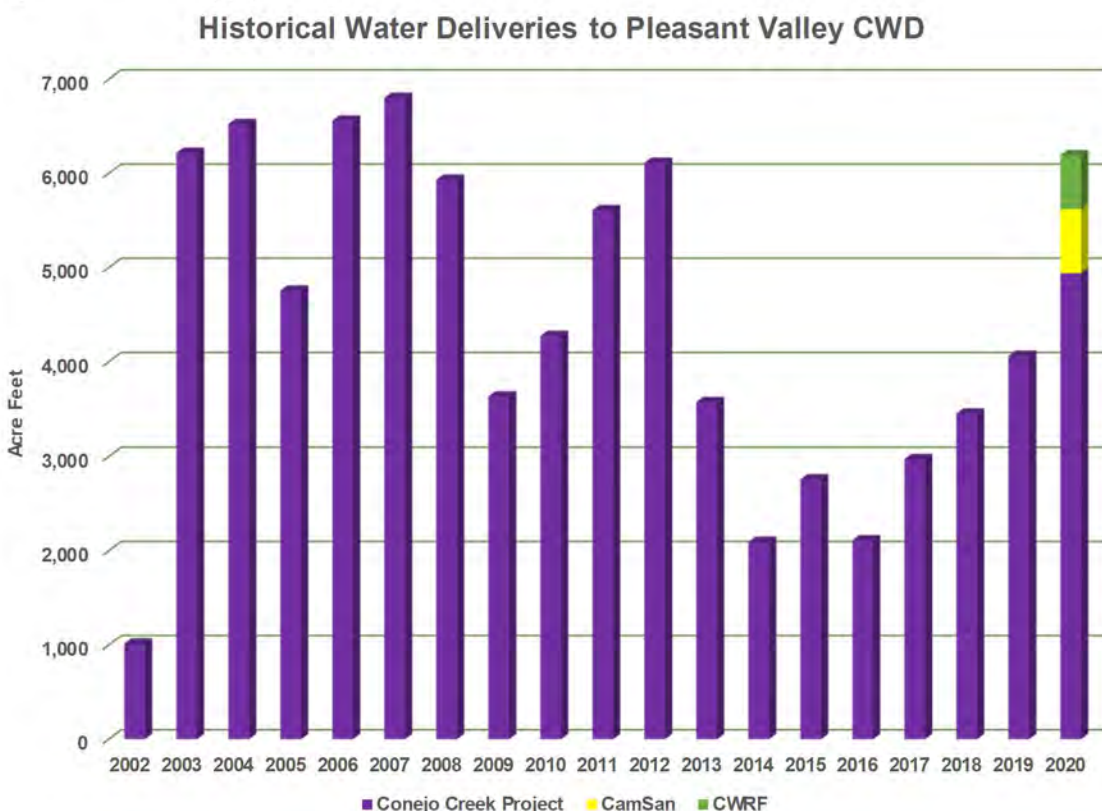


Figure 6 – Historical Water Deliveries to Pleasant Valley CWD

The expectation that wholesale rates will continue to escalate provides another incentive to increase self-reliance. In 2020, the MWD Tier 1 wholesale rates increased by 2.7 percent and in 2021 the Tier 1 wholesale rates will increase by an additional 2.4 percent. In addition to MWD's rate increases, CMWD increased its Capital Construction Surcharge, Readiness-to-Serve Charge, and Capacity Reservation Charge, for a combined wholesale rate increase to the District of approximately 3.4 percent in 2020 and 2.4 percent in 2021.

The following graph illustrates the projected cost of imported water.

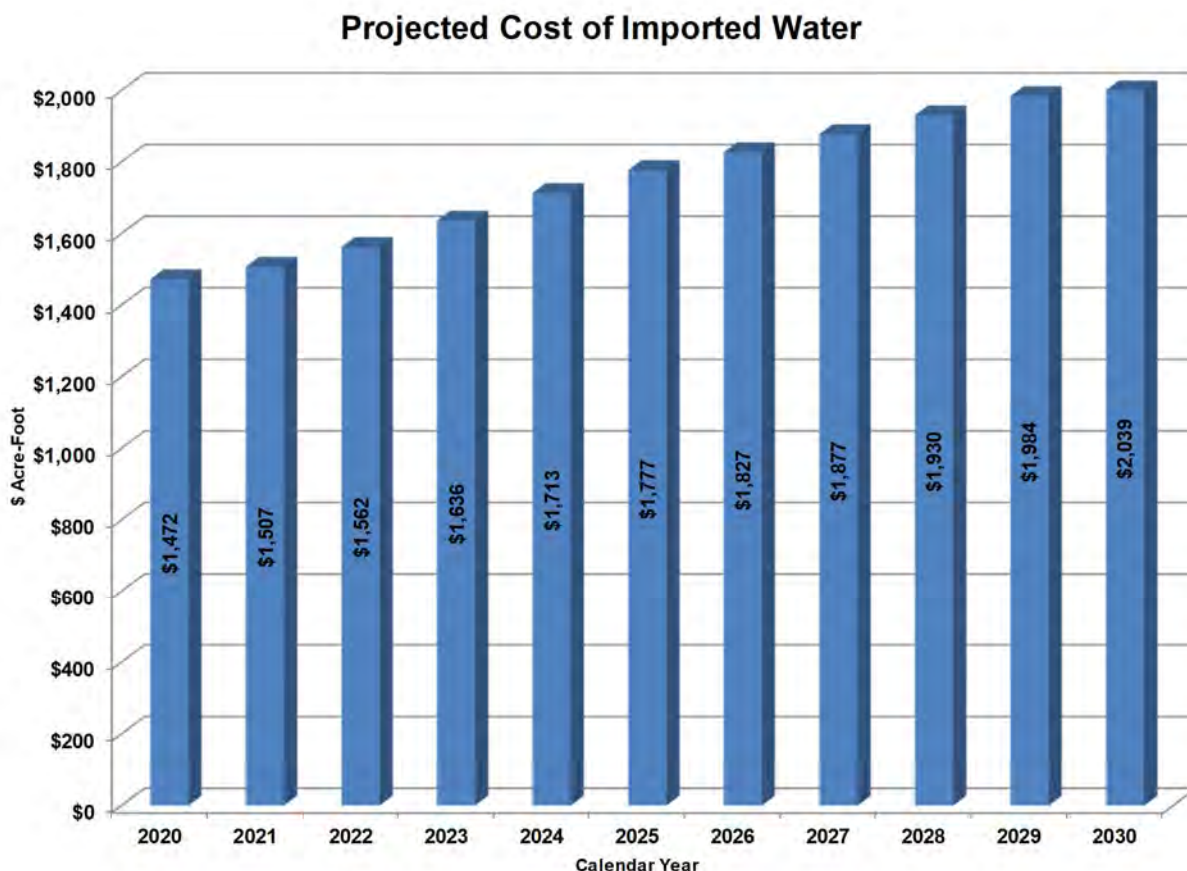


Figure 7 – Projected Cost of Imported Water

State Mandates

In May 2018, Governor Brown signed SB 606 and AB 1668, collectively known as the Water Conservation and Drought Planning Act. The act built upon Governor Brown's 2016 Executive Order B-37-16, "Making Conservation a Way of Life," and represents a new paradigm in urban retail water management in the state. The accessibility and affordability of safe, clean drinking water are also front and center at the State Water Board and California Legislature—with renewed vigor under the new Newsom administration. The programs resulting from these two broad policy developments could have significant impacts on California's water agencies.

Conservation as a Way of Life

The permanent regulations being developed by the SWRCB and other state agencies based on the Water Conservation and Drought Planning Act effectively impose allocation-based water management on urban water agencies across the state. By the end of 2021, the State anticipates providing each urban water agency with guidelines for how to determine their "water use

objective,” and agency-wide water budget comprising residential indoor water use, outdoor irrigation, and a water loss component. Commercial/industrial/institutional water use will be subtracted from total water production, but the State anticipates developing performance measures for that sector. There will be some allowance for recycled/non-potable water use, but it is unclear how that will factor into the calculation.

It is unknown at this time how such budgets will compare to historical water-use patterns, though the assumption is they are likely to constitute moderate to significant reductions from historical averages. Financial forecasting will be impacted by the imposition of state-mandated water budgets, and by the uncertainty that can be expected over the next few years as the industry transitions to a new management mode. Camrosa staff are involved in DWR workgroups helping shape the implementation of various aspects of the new legislation, including how water loss is assessed, how landscapes are measured, and what the reporting mechanisms and requirements will be, all of which have a bearing on Camrosa’s revenues and expenditures.

Water loss is a component of the conservation legislation as well as a mandate of SB 555 (2015), which required the State Board to develop a comprehensive statewide water loss standard and prevention program. The SWRCB has yet to promulgate any regulations regarding water loss, but they have developed a water loss economic model and are working through the stakeholder engagement portion of the regulatory process. The rulemaking is supposed to go forward in 2020, but new volumetric standards for water loss wouldn’t be enforceable until 2028. Camrosa is taking an active part in the ongoing coordination between water suppliers and the state to ensure a workable implementation of the legislative mandates.

Affordable Water

In July 2019, Governor Newsom signed Senate Bill 200 (Monning) into law. The bill established the Safe and Affordable Drinking Water Fund, which will provide \$130 million annually to the Safe and Affordable Drinking Water Program, intended to help local water systems provide safe drinking water. After a protracted battle over the source of funding for the program, California water suppliers prevailed upon the Legislature to avoid a tax on residential water. Instead, contributions will be continuously appropriated from the Greenhouse Gas Reduction Fund (five percent of the GGRF, capped at \$130 million). It is unlikely that this program will solve the issue entirely, and there remains concern and contention over the use of the GGRF for a drinking water program, but so far in 2020 the issue of a water tax has not been raised again.

AB 401 (Dodd), enacted in 2015, requires that the State establish a LIRA program to protect Californians who struggle to pay for their water bills. The State Water Board finally completed its report to the Legislature in February 2020. The report recommends structures for programs costing as much as \$660 million dollars a year. While it explores possibilities for funding, the report makes no definite recommendations. The Legislature has yet to respond in any official way to the LIRA report; given the COVID-19 pandemic, it is unlikely that any action will be taken that will impact Camrosa’s budget before the end of FY20-21.

While Camrosa supports all communities having safe and reliable drinking water, using residential water bills as the funding mechanism for a statewide social issue presents a variety of complications, including a conflict with Proposition 218. Camrosa and a large contingent of other water suppliers have worked with state legislators and administrative staff on alternatives through working groups, comment letters, and public testimony and will continue to do so whenever the proposal returns as a central issue.

Groundwater Management

Another landmark change in water management that will affect the cost of water is the Sustainable Groundwater Management Act (SGMA) of 2014. SGMA requires the formation of local groundwater sustainability agencies (GSAs) for basins the state determined were high- or medium-priority basins. GSAs are required to assess conditions in their local water basins and develop groundwater sustainability plans (GSPs). These GSPs are intended to define sustainability in the context of the respective basin and chart a path to achieving that by 2040, for high-priority basins, or 2042, for medium-priority basins.

The Arroyo Santa Rosa Groundwater Basin was designated as a medium-priority basin due to high nitrate concentrations, and the County of Ventura and Camrosa formed a GSA in 2016 to manage the portion of the basin east of the Bailey Fault (outside the Fox Canyon Groundwater Management Agency). Administrative fees to support the operation of the Arroyo Santa Rosa GSA (ASRGSA) will come from contributions by the County of Ventura and Camrosa. These costs are estimated at \$150,000 for FY2020-21 as they include the development of the GSP but are expected to drop significantly after the plan is written. In April 2018, DWR awarded the Arroyo Santa Rosa GSA a Sustainable Groundwater Planning Grant for half the cost of developing the Santa Rosa GSP, up to \$177,081. Preliminary work began on the GSP in FY2018-19, but the bulk of the undertaking will take place in FY2020-21. In December 2019, DWR finalized its reprioritization of California's basins; the Santa Rosa Basin was downgraded to "Very Low Priority," meaning there is no longer a statutory requirement that the basin have a GSA or write a GSP—at all, let alone by 2022. Camrosa and the ASRGSA are, however, committed to completing a GSP, for the general benefit of the basin and the users of its groundwater. As of this writing, the ASRGSA and Stantec are in negotiations regarding the scope of work for the GSP. It is expected that the GSP will be complete by the end of 2021.

Projects to reach sustainability will be developed in the GSP process. Because Camrosa is the primary groundwater producer in the Santa Rosa Basin, pumping by initial estimates over 50 percent of annual yield, the District has a vested interest in developing projects that ensure sustainability. Once the GSP has been developed, estimated costs of sustainability projects will be included in the budgeting process.

Predictable, Competitive Rates

The District kicked off a comprehensive utility rate study for both water and wastewater in FY2017-18 and set a public rate hearing to adopt a five-year rate schedule on June 13, 2019. Included in the study was a review of commodity component of rates, fixed meter service fees, and the District's aging infrastructure and preventative maintenance requirements. Even with the rate increases, the District's rates continue to be among the lowest in Ventura County.

Effective Asset Management

Camrosa Water District was established in 1962; some of what became the District's infrastructure predates even that. As the system ages, the value of the system decreases through depreciation while the costs of keeping the system functioning increase. An asset management plan that supports the development, security, preservation, renewal, and replacement of the District's assets is included in the comprehensive rate study, to ensure adequate reserves are set aside to utilize for the investment in the aging infrastructure. Such projects include replacing pipeline segments, maintaining and upgrading treatment facilities, repairing reservoirs and pump station equipment, and rehabilitating the wastewater collection system. Setting aside reserves today for these repairs will prevent the District from being susceptible to untimely financial burdens and ultimately having to excessively raise rates.

Major Accomplishments during FY2019-20

The District completed a number of capital projects during FY2019-20 that improved potable water, non-potable water, and wastewater operations.

General replacement projects included the completion of the Incident Command Center, located at the District headquarters, and procurement of portable generators, as part of the District's ongoing efforts to prepare for natural disasters to ensure uninterrupted service.

Potable water improvements included the completion of the Meter Station #6 and #9 rehabilitation, RMWTP pretreatment rehabilitation, Reservoir 3D slope stabilization and drainage improvements, distribution valve replacement, Conejo Well nitrate analyzers, Pump Station #5 and Penny Well VFD replacement.

Non-potable water improvements included completion of the construction of the Camarillo Sanitary District (CamSan) recycled water line, a section of pond rip-rap replacement, Diversion bypass pump motor and piping replacements. With the completion of the CamSan recycled water line Camrosa began delivering recycled water to Pleasant Valley County Water District. The District received \$564,000 in Proposition 84 grant funding towards the CamSan project.

Wastewater improvement projects include completion of the Leisure Village manhole raising. Two missing sewer manholes on the Mission Oaks trunk line, which run through the Leisure Village RV parking area. The two manholes were thought to have been covered over just below the surface, requiring a small grade adjustment but were much deeper than expected. The manhole covers were discovered more than 10 feet below ground, having never been stacked to grade during the original trunk line installation in 1968. A large excavation was required as well as new shafts and cones to raise the manholes up to grade.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The District views the budget as an essential tool for proper financial management. The budget is developed with input from the various program managers of the organization and is adopted prior to the start of each fiscal year. Any and all supplemental appropriations to the budget must be approved by the Board of Directors. The Board monitors the budget through Quarterly Financial Reports, Quarterly Investment Reports, and Year-End Budget Reports.

Financial Policies

The District's Reserve Policy, the most recent version of which was adopted by Resolution of the Board on May 30, 2019, is intended to assure adequate reserves for ongoing needs while minimizing the need for new debt. The reserve levels established in the policy also help provide rate stabilization and ensure adequate fund levels to meet aging infrastructure replacements, unanticipated emergencies, and future growth. The Board receives reports of the reserve levels during the budget preparation process to ensure continued conformance with long-term Board strategy.

The District's Investment Policy, the most recent version of which was adopted by Resolution of the Board on February 13, 2020, is intended to provide guidelines and restrictions for prudent investment of the District's cash reserves. The District's portfolio is carefully monitored by a four-member committee that includes the General Manager, the Manager of Finance, and two Board members. The full Board receives quarterly reports on the type of investments, the current yield, maturity dates, and market value, as appropriate. The criteria for selecting investment options are, in order of priority: safety, liquidity, and yield. Generally, maturities are limited to two-year periods, and at least 25% of the portfolio will be invested in securities that can be liquidated on one day's notice. Investments are generally limited to government-issued or government-insured securities; for instance, the District currently has approximately \$24.2 million invested in the State's Local Agency Investment Fund (LAIF) as of June 30, 2020.

The District formalized and adopted a Debt Management Policy on August 11, 2016. The policy provides the following: 1. establishes criteria for the issuance of debt obligations so that acceptable levels of indebtedness are maintained; 2. transmits the message to investors and rating agencies that the District is committed to sound financial management; and 3. provides consistency and continuity to public policy development when the elected Board of Directors work from guidelines that govern the planning and execution of transactions and projects.

The District's budget is presented as a policy document, an operational tool, a financial planning tool, a link to the Strategic Plan, and a method of communication with the District's community and stakeholders. The purpose of the Budget Policy is to provide guidelines that will influence and direct the financial management practice of the District. The District's Budget Policy was adopted by Resolution of the Board on January 26, 2017 to establish procedures ensuring consistent practices for developing the yearly budget.

In addition to the basic financial statements, the District includes a Statistical Section, which provides both financial and non-financial trend data about the District and its operations.

Audit and Financial Reporting

State law and bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of White, Nelson, Diehl, Evans LLP has conducted the audit of the District's financial statements. Their unmodified (clean) Independent Auditor's Report follows.

Other Information

More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements which follow the Independent Auditor's Report.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2019. This was the fifth year the District has received this national prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements.

A Certificate of Achievement is only valid for a period of one year. Staff believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

In addition, the District also received the California Society of Municipal Financial Officer's (CSMFO) Operating Budgeting Excellence Award for its FY2019-20 annual operating budget document. This program is intended to "encourage and assist local governments to prepare budget documents of the very highest quality that reflect the guidelines established by the National Advisory Council on State and Local Budgeting."

I would like to thank the Board of Directors for their continued interest and support towards achieving excellence in financial management. Additionally, this report could not have been accomplished without the hard work and dedication of staff. Special recognition is extended to Tamara Sexton, Manager of Finance, and Sandra Llamas, Senior Accountant. I would also like to thank all staff members for the efforts they put into the preparation of this report. District staff is dedicated to upholding the District's mission, implementing necessary improvements to operations and infrastructure, and pursuing alternatives to increase self-reliance, while remaining fiscally responsible and accountable to all those whom we serve.

Respectfully submitted,

A handwritten signature in black ink that reads "Tony Stafford". The signature is written in a cursive, flowing style.

Tony L. Stafford
General Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

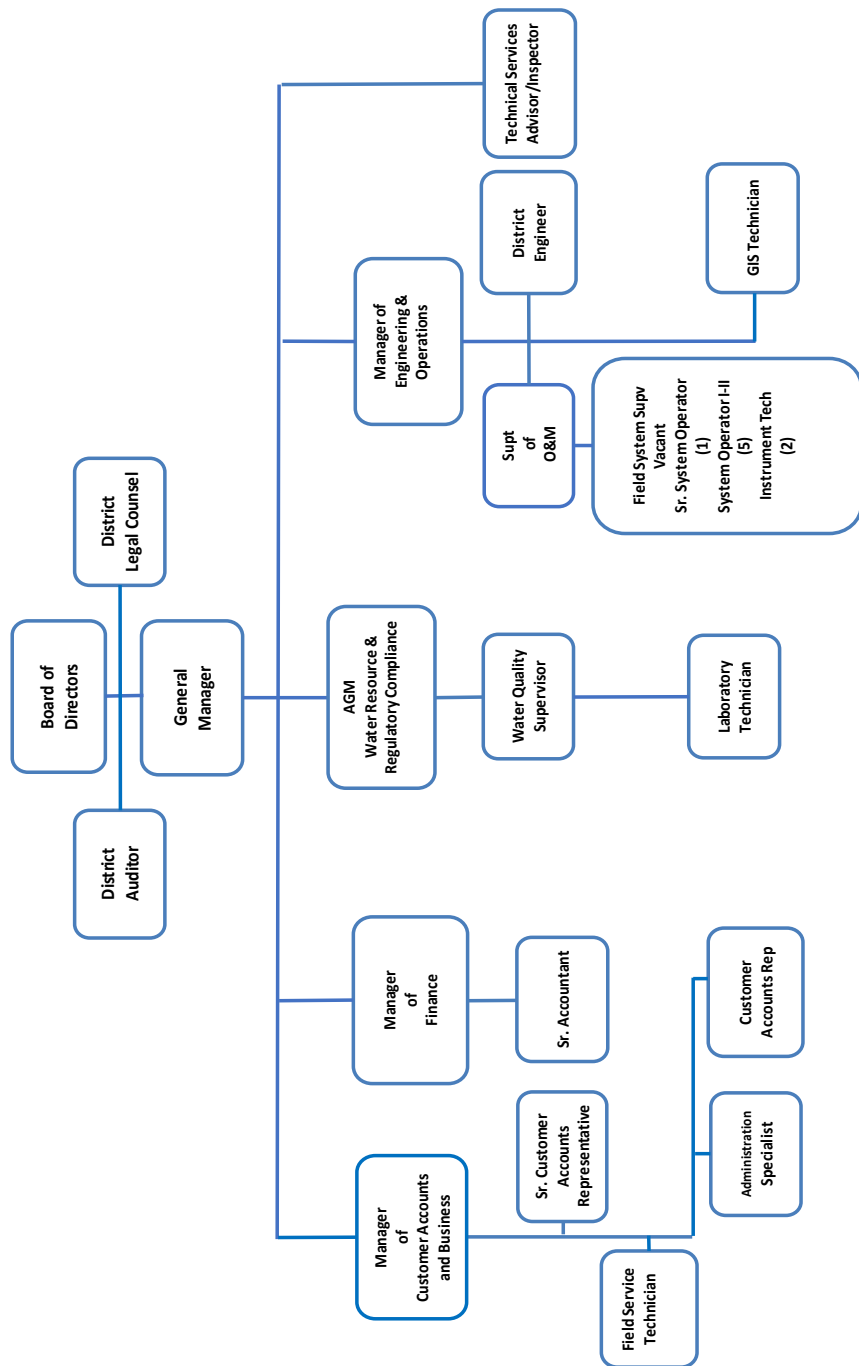
**Camrosa Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



CAMROSA WATER DISTRICT



BUILDING WATER SELF-RELIANCE

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Financial Section

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Camrosa Water District
Camarillo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Camrosa Water District (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Prior Period Financial Statements

The financial statements of the District as of June 30, 2019, were audited by other auditors whose report dated October 24, 2019, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and the schedule of contributions, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

White Nelson Diehl Evans LLP

Irvine, California
October 14, 2020

Management's Discussion and Analysis (MD&A)
(For the Fiscal Years Ended June 30, 2020 and June 30, 2019)

The following discussion and analysis of the Camrosa Water District's (District) financial performance during FY2019-20 provides an overview of the District's operational activities that impacted the financial performance of the District. It should be reviewed in conjunction with the transmittal letter and the District's basic financial statements that begin on page 13.

Financial Highlights

The following chart displays FY2019-20 financial changes in comparison to FY2018-19 and FY2017-18:

- In FY2019-20, the District's net position increased 3.9%, or \$2.9 million, to \$76.4 million. In FY2018-19, the District's net position increased by 12%, or \$7.9 million to \$73.5 million.
- In FY2019-20, the District's total revenues decreased by 9.5%, or \$2.4 million. Although water sales revenue increased by \$2.2 million as a result of a July 2019 rate increase, the District did not receive mitigation fees nor capital fees from new developments, which accounted for \$5.6 million of total revenue in FY2018-19. The District received \$0.9 million in in-kind capital contributions from a developer consisting of water and sewer lines and facilities. In FY2018-19, the District's total revenues increased by 16.4%, or \$3.9 million.
- In FY2019-20, the District's expenses increased by 12.7%, or \$2.5 million, which is mostly due to an increase of import water purchases due to the appearance of 1,2,3,-Trichloropropane (TCP) in Conejo wells. These wells were shutoff, decreasing use of the local water supply and increasing our import water purchases. In FY2018-19, the District's expenses increased 1.5%, or \$0.3 million.

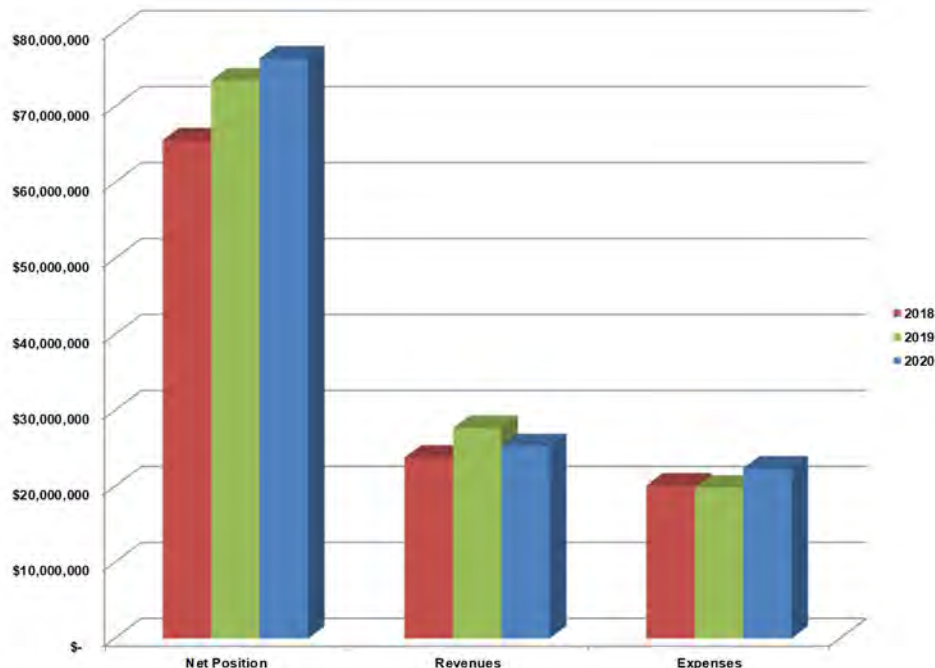


Figure 8 – Financial Highlights

Required Financial Statements

This annual report consists of a series of financial statements with accompanying notes. The *Statements of Net Position* reflects the solubility of the District at the end of FY2019-20 and provides a comparison of assets and liabilities as they existed at the end of the prior fiscal year. The *Statements of Revenues, Expenses and Changes in Net Position* compares operational results from FY2019-20 with FY2018-19. The *Statements of Cash Flows* provides information about the District's cash receipts and cash payments during the reporting periods.

Method of Accounting: The District uses a single enterprise fund for accounting and reporting the results of all operations. The statements referenced above include all assets and liabilities using an accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Notes to Financial Statements: The notes that follow the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 18-42.

District as a Whole

The District is operated and reported as a single enterprise fund. The operating results reported in the accompanying financial statements reflect the total performance of the District as a whole.

Net Position Analysis

One way of evaluating the District's financial health is through the *Statements of Net Position*. Over time, increases or decreases in the District's *net position* – the difference between assets (what the District owns) and deferred outflows of resources and liabilities (what the District owes) and deferred inflows of resources – indicate whether its financial health is improving or deteriorating. Other non-financial factors, such as changes in the District's jurisdiction, the status of capital projects, and the level of continuing constituent support, must always be considered in assessing the overall health of the District.

The following is a summary of the *Statements of Net Position* of the District and the change in comparison to the two prior fiscal years:

<u>Net Position</u>					
<i>(in millions)</i>					
<u>Assets</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
Current Assets	\$29.4	\$32.1	(\$2.7)	\$25.8	\$6.3
Restricted Cash	6.0	7.7	(1.7)	7.8	(\$0.1)
Capital Assets (net of depreciation)	56.3	54.2	2.1	53.9	\$0.3
Other Non-Current Assets	0.0	0.8	(0.8)	0.9	(\$0.1)
<u>Total Assets</u>	<u>91.7</u>	<u>94.8</u>	<u>(3.1)</u>	<u>88.4</u>	<u>6.4</u>
Deferred Outflows of Resources	6.8	1.9	4.9	2.1	(0.2)
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$98.5</u>	<u>\$96.7</u>	<u>\$1.8</u>	<u>\$90.5</u>	<u>\$6.2</u>
<u>Liabilities</u>					
Long-Term Debt	\$13.2	\$15.0	\$1.8	\$16.7	\$1.7
Net Pension Liability	4.8	4.5	(0.3)	4.5	\$0.0
Other Liabilities	3.8	3.4	(0.4)	3.3	(\$0.1)
<u>Total Liabilities</u>	<u>21.8</u>	<u>22.9</u>	<u>1.1</u>	<u>24.5</u>	<u>1.6</u>
Deferred Inflows of Resources	0.3	0.3	0.0	0.4	0.1
<u>Total Liabilities and Deferred Inflows of Resources</u>	<u>\$22.1</u>	<u>\$23.2</u>	<u>\$1.1</u>	<u>\$24.9</u>	<u>\$1.7</u>
<u>Net Position</u>					
Net Investment in Capital Assets	\$50.0	\$45.8	\$4.2	\$43.9	\$1.9
Unrestricted Net Position	26.4	27.7	(1.3)	21.7	6.0
<u>Total Net Position</u>	<u>\$76.4</u>	<u>\$73.5</u>	<u>\$2.9</u>	<u>\$65.6</u>	<u>\$7.9</u>

If net position serves as a useful indicator of an institution's financial position, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$76.4 million at June 30, 2020 and by \$73.5 million at June 30, 2019, which indicate it is of sound financial health.

By far the largest portion of the District's net position reflect Net Investment in Capital Assets, which represent Capital Assets, net of accumulated depreciation, less any related debt used to acquire those assets plus any unspent funds. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

For the year ended June 30, 2020, Total Net Position increased by \$2.9 million and by \$7.9 million for the year ended June 30, 2019. In FY2019-20 Current Assets decreased by \$2.7 mainly due to a prepayment to the District's CalPERS Unfunded Accrued Liability (UAL) in the amount of \$4.9 million offset by income received during the year in the amount of \$1.9 million. Restricted cash decreased by \$1.7 million due to a decrease in the 2016 bonds water and wastewater

acquisition funds related to reimbursement of capital expenses in the amount of \$1.6 million and the release of the 2012 reserve fund in the amount of \$0.9 million due to maturity of the bonds. The prepayment of the District's (UAL) is also reflected as a deferred outflow of resources due to the fact that the GASB 68 report used for pension calculations has a measurement date of June 30, 2019. Capital Assets Net of Depreciation increased by \$2.1 million due to projects completed during the year, and total liabilities decreased by \$1.1 million mainly as a result of principal payment of existing long term debt. Other non-current assets decreased by \$0.8 million.

In FY2018-19 Current Assets increased by \$6.3 million mainly due to the receipt of capital and mitigation fees from new developments. The decrease of \$0.2 million in Deferred Outflows of Resources is related to pension liability activities. Restricted Cash, Capital Assets and Other Current Assets increase by \$0.1 million. Liabilities decreased by \$1.6 million mainly as a result of principal payment of existing long term debt.

The following is a summary of the *Statements of Revenues, Expenses and Changes in Net Position* of the District with a comparison to the two prior fiscal years:

	<u>Changes in Net Position</u>				
	(in millions)				
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
Beginning Balance	\$73.5	\$65.6	\$7.9	\$62.0	\$3.6
Operating Revenues	22.6	20.3	2.3	22.4	(\$2.1)
Operating Expenses	(21.9)	(19.3)	(2.6)	(19.6)	\$0.3
Non-Operating Revenues	1.4	1.4	0.0	1.0	\$0.4
Non-Operating Expenses	(0.5)	(0.5)	0.0	(0.6)	\$0.1
Capital Contributions	1.0	5.7	(4.7)	0.3	\$5.4
Grants	0.3	0.3	0.0	0.1	\$0.2
<u>*Total Net Position</u>	\$76.4	\$73.5	\$2.9	\$65.6	\$7.9

Revenue

Revenue generated from operations produces 89% of total revenue. Capital Contributions and Grants contribute to 5% of total revenue. Other Non-Operating Revenues, such as taxes and interest revenue make up the remainder 6% of total revenue.

Water rates are comprised of a commodity (usage) charge and a fixed meter service fee. Sewer rates are a fixed fee, billed monthly. The District conducted a Proposition 218 public hearing on June 13, 2019, at which the Board adopted a five-year rate schedule that includes various increases for the commodity and meter service charges for both water and wastewater services.

The Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of the changes of financial position. The following summary of revenues by source is provided for the past three fiscal years:

	<u>Total Revenues</u> (in millions)				
<u>Operating Revenues</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
Water Revenue	\$16.6	\$14.1	\$2.5	\$16.2	(\$2.1)
Meter Revenue	2.3	2.6	(0.3)	2.6	\$0.0
Sewer Revenue	3.6	3.3	0.3	3.3	\$0.0
Other	0.1	0.3	(0.2)	0.3	\$0.0
<u>Total Operating Revenues</u>	<u>\$22.6</u>	<u>\$20.3</u>	<u>\$2.3</u>	<u>\$22.4</u>	<u>(\$2.1)</u>
<u>Non-Operating Revenues</u>					
Property Taxes	\$0.6	\$0.6	\$0.0	\$0.6	\$0.0
Interest Income	0.8	0.8	0.0	0.4	\$0.4
<u>Total Non-Operating Revenues</u>	<u>\$1.4</u>	<u>\$1.4</u>	<u>\$0.0</u>	<u>\$1.0</u>	<u>\$0.4</u>
<u>Total Revenues Before Capital Contributions and Grants</u>	<u>\$24.0</u>	<u>\$21.7</u>	<u>\$2.3</u>	<u>\$23.4</u>	<u>(\$1.7)</u>
Capital Contributions	\$1.0	\$5.7	(\$4.7)	\$0.3	\$5.4
Capital Grant Income	0.3	0.3	0.0	0.1	0.2
<u>Total Revenues After Capital Contributions and Grants</u>	<u>\$25.3</u>	<u>\$27.7</u>	<u>(\$2.4)</u>	<u>\$23.8</u>	<u>\$3.9</u>

The District's Operating Revenue increased by \$2.3 million in FY2019-20 and decreased by \$2.1 million in FY2018-19. The increase in FY2019-20 was due mainly to the adopted rate increase effective July 2019. The decrease in FY2018-19 was due to decreased water sales as a result of increased rain, which resulted in less water deliveries.

The District's Non-Operating Revenue remained the same in FY2019-20 and increased by \$0.4 in FY2018-19. The increase in FY2018-19 was due to increased interest income as a result of increasing interest rates and higher account balances.

Expenses

Expenses for Water Purchases and Utilities represent 56% of total Direct Operating Expenses while Salaries and Benefits account for 23%. All other expenses account for 21% of the total Direct Operating Expenses for the period. The following summary of expenses by category is provided for the past three fiscal years:

	<u>Total Expenses</u>				
	(in millions)				
<u>Operating Expenses</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
Water Purchases	\$9.5	\$7.8	\$1.7	\$7.9	(\$0.1)
Salaries and Benefits	4.3	3.9	0.4	3.7	\$0.2
Utilities	1.3	1.3	0.0	1.4	(\$0.1)
Other	4.0	3.5	0.5	3.9	(\$0.4)
<u>Direct Operating Expenses</u>	<u>\$19.1</u>	<u>\$16.5</u>	<u>\$2.6</u>	<u>\$16.9</u>	<u>(\$0.4)</u>
Depreciation	2.8	2.8	0.0	2.7	0.1
<u>Total Operating Expenses</u>	<u>\$21.9</u>	<u>\$19.3</u>	<u>\$2.6</u>	<u>\$19.6</u>	<u>(\$0.3)</u>
<u>Non-Operating Expenses</u>					
Loss of Asset	0.0	0.1	(0.1)	0.0	\$0.1
Interest Expense	0.5	0.5	0.0	0.6	(\$0.1)
<u>Total Non-Operating Expenses</u>	<u>\$0.5</u>	<u>\$0.6</u>	<u>(\$0.1)</u>	<u>\$0.6</u>	<u>\$0.0</u>
<u>Total Expenses</u>	<u>\$22.4</u>	<u>\$19.9</u>	<u>\$2.5</u>	<u>\$20.2</u>	<u>(\$0.3)</u>

Total Direct Operating Expenses increased by \$2.6 million in FY2019-20 and decreased by \$0.4 in FY2018-19. The increase in FY2019-20 is mainly related to increased water purchases. Due to the new maximum contaminant limit (MCL) for 1,2,3-Trichloropropane (TCP) implemented by the State Water Board, and the appearance of TCP in Conejo wells, the Conejo wellfield was shutoff, decreasing the use of water supply and increasing our purchases of imported water. The decrease in FY2018-19 is a result of lower pumping power usage due to decreased water deliveries. Also, unpredictable pipeline repairs were less than in the prior year.

Total Non-Operating Expenses decreased by \$0.1 million in FY2019-20 and remained the same in FY2018-19.

Capital Assets and Debt Administration

<u>Net Capital Assets</u>					
(in millions)					
<u>Capital Assets</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
Water Plant	\$71.3	\$68.0	\$3.3	\$66.9	\$1.1
Sanitation Plant	31.0	30.8	0.2	30.8	0.0
Buildings & Equipment	4.3	3.5	0.8	3.3	0.2
Land and Easements	1.7	1.7	0.0	1.6	0.1
Construction in Progress	4.2	3.5	0.7	1.9	1.6
	<u>\$112.5</u>	<u>\$107.5</u>	<u>\$5.0</u>	<u>\$104.5</u>	<u>\$3.0</u>
Less Accumulated Depreciation	<u>56.2</u>	<u>53.3</u>	<u>2.9</u>	<u>50.5</u>	<u>2.8</u>
<u>Net Capital Assets</u>	<u>\$56.3</u>	<u>\$54.2</u>	<u>\$2.1</u>	<u>\$54.0</u>	<u>\$0.2</u>

Total Capital Assets increased \$5.0 million (before depreciation) during the FY2019-20 and by \$3.0 million during FY2018-19, reflecting a net increase in the value of the Water Plant, Sanitation Plant and Construction in Progress. Please see note 4, page 29, to the basic financial statements for further detail.

Water system projects completed during the fiscal year include: Pump Station #4 Booster #3 and VFD, Diversion Bypass Pump Motor Repair, Diversion Bypass Piping Replacement, CamSan Recycled Line, Pond Pump VFD #4 Replacement, Pond Rip Rap, Conejo Well #3 Rehabilitation, University Well & RMWTP Generators, Meter Station #6, Meter Station #9, RMWTP Pretreatment Remediation Project.

Debt Administration

At year-end, the District had the following long-term debt obligations:

2016A Water and Wastewater Refunding Revenue Bonds	\$ 13,224,252
Less current portion	<u>659,188</u>
Net Long-Term Debt	\$ 12,565,064

The Series 2012 Refunding Revenue Bond was paid off in FY2019-20. It represents the refunding of the 2001 Refunding Revenue Bond. Refunding resulted in more than \$784,000 in net present value savings and in lower debt service payments to the District.

The District issued \$9,630,000 in 2011A project bonds in September 2011. Proceeds of the bonds were designated to fund \$6,508,000 of water capital projects and \$2,447,000 of wastewater capital projects. In September 2016, District advance refunded the 2011A bonds and obtained additional funding in the amount of \$6,000,000, with the issuance of the Water and Wastewater Refunding Revenue Bonds Series 2016A, for water projects. Please see note 5, page 30, to the basic financial statements for further discussion.

Economic Factors and Next Year's Budget

Local Water Supplies

In 2018, the State Water Resource Control Board (SWRCB) promulgated a new maximum contaminant level (MCL) for 1,2,3-Trichloropropane (TCP). Three Camrosa wells were taken out of service after detections of 1,2,3-TCP, which required a corresponding increase in imported water. From a financial forecasting perspective, this development has resulted in reductions in local water production and increased imported water purchases, which could adversely affect the District's financial position. The District is evaluating new treatment technologies to resume local water production.

Requests for Information

This financial report is designed to provide a general overview for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager, 7385 Santa Rosa Road, Camarillo, CA 93012.

Financial Statements

Camrosa Water District
Statements of Net Position
June 30, 2020 and 2019

Assets	Notes	2020	2019
Current Assets			
Cash and Cash Equivalents	2	\$ 25,193,410	\$ 28,556,655
Restricted Cash and Cash Equivalents	2	499,472	499,488
Receivables:			
Customer - Net of Allowance for Doubtful Accounts of \$19,500 and \$7,500 at June 30, 2020 and 2019, respectively		2,686,787	2,087,424
Interest		86,194	194,123
Property Taxes		14,707	15,810
Grants and Other Reimbursements		445,756	407,085
Prepaid Expenses and Inventory		403,536	290,131
Current Portion of Note Receivable	3	30,308	87,672
Total Current Assets		<u>29,360,170</u>	<u>32,138,388</u>
Non-current Assets			
Restricted Cash and Cash Equivalents	2	6,003,953	7,707,332
Certificates of Deposit	2	-	740,943
Capital Assets Not Being Depreciated	4	5,868,388	5,157,557
Capital Assets Being Depreciated	4	50,477,781	48,994,915
Note Receivable, Net of Current Portion	3	-	30,308
Total Non-current Assets		<u>62,350,122</u>	<u>62,631,055</u>
Total Assets		<u>91,710,292</u>	<u>94,769,443</u>
Deferred Outflows of Resources			
Deferred Loss From Debt Refunding		655,319	733,546
Deferred Outflows Related to Pensions	8	6,172,506	1,173,959
Total Deferred Outflows of Resources		<u>6,827,825</u>	<u>1,907,505</u>

Camrosa Water District
Statements of Net Position (Continued)
June 30, 2020 and 2019

Liabilities	Notes	2020	2019
Current Liabilities			
Accounts Payable		2,564,165	2,311,743
Accrued Interest Payable		200,190	234,958
Wages, Benefits and Payroll Taxes Payable		163,804	118,027
Current Portion of Compensated Absences		260,012	248,051
Customer Surety Deposits		299,282	262,164
Other Liabilities		175,174	145,694
Current Portion of Long-Term Debt	5	659,188	1,754,198
Total Current Liabilities		4,321,815	5,074,835
Long-Term Liabilities			
Long-Term Debt, Net of Current Portion	5	12,565,064	13,224,252
Compensated Absences, Net of Current Portion		149,731	108,539
Net Pension Liability	8	4,821,108	4,462,042
Total Long-Term Liabilities		17,535,903	17,794,833
Total Liabilities		21,857,718	22,869,668
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	8	292,190	330,212
Net Position			
Net Investment in Capital Assets		49,981,241	45,772,455
Unrestricted Net Position		26,406,968	27,704,613
Total Net Position	\$	76,388,209	\$ 73,477,068

Camrosa Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

	Notes	<u>2020</u>	<u>2019</u>
Operating Revenues			
Potable Water Sales	\$	10,683,709	\$ 9,480,862
Non-Potable Water Sales		5,866,235	4,647,217
Meter Service Fees		2,312,427	2,615,301
Sewer Service Fess		3,575,963	3,336,794
Other Revenue		107,061	249,548
Total Operating Revenues		<u>22,545,395</u>	<u>20,329,722</u>
Operating Expenses			
Potable Water Purchases		8,248,536	6,660,630
Non-Potable Water Purchases		1,283,656	1,168,281
Salaries		2,712,895	2,611,738
Employee Benefits		1,595,362	1,265,853
Outside Contracts		1,623,485	1,110,930
Professional Services		202,911	121,235
Utilities		1,273,725	1,257,242
Communications		74,806	57,353
Repairs and Maintenance		1,213,209	1,247,224
Supplies		377,328	411,385
Legal Services		33,091	75,956
Dues and Subscriptions		45,523	43,474
Conference and Travel		26,132	31,752
Safety and Training		22,855	37,037
Board		115,809	114,302
Bad Debt		4,420	19,598
Fees and Charges		155,579	133,753
Insurance		86,102	87,261
Depreciation		2,836,354	2,842,512
Total Operating Expenses		<u>21,931,778</u>	<u>19,297,516</u>
Operating Income		<u>613,617</u>	<u>1,032,206</u>
Non-Operating Revenues			
Investment Income		774,692	777,536
Gain on Sale of Asset		-	-
Property Taxes		661,932	620,590
Total Non-Operating Revenues		<u>1,436,624</u>	<u>1,398,126</u>
Non-Operating Expenses			
Interest Expense		(456,937)	(497,004)
Loss on Disposal of Asset		-	(57,615)
Total Non-Operating Expenses		<u>(456,937)</u>	<u>(554,619)</u>
Income Before Capital Contributions and Grants		1,593,304	1,875,713
Capital Contributions	6	991,422	5,689,517
Capital Grant Income		326,415	290,622
Change in Net Position		<u>2,911,141</u>	<u>7,855,852</u>
Net Position at Beginning of Year		<u>73,477,068</u>	<u>65,621,216</u>
Net Position at End of Year	\$	<u>\$ 76,388,209</u>	<u>\$ 73,477,068</u>

The Notes To Financial Statements Are An Integral Part Of These Statements.

Camrosa Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Cash Received from User Charges	\$ 21,904,153	\$ 20,543,694
Other Operating Receipts	73,603	117,632
Cash Payments to Employees	(2,641,986)	(2,616,021)
Cash Payments for Operating Expenses	<u>(20,895,239)</u>	<u>(13,870,017)</u>
Net Cash Provided/(Used) By Operating Activities	<u>(1,559,469)</u>	<u>4,175,288</u>
Cash Flows From Noncapital Financing Activities		
Property Taxes	663,035	636,980
Surety Deposits	<u>37,118</u>	<u>104,786</u>
Net Cash Provided/(Used) By Non-Capital Financing Activities	<u>700,153</u>	<u>741,766</u>
Cash Flows From Capital and Related Financing Activities		
Purchases of Capital Assets	(4,048,454)	(3,104,802)
Proceeds from Water and Sewer Capital Fees	9,825	5,666,117
Receipt of Grants and Other Reimbursements	287,744	36,023
Payments Received on Capital Note Receivable	87,672	82,991
Proceeds from Sale of Capital Assets	-	-
Repayment of Long-Term Debt	(1,650,000)	(1,590,000)
Interest Payments	<u>(517,676)</u>	<u>(580,591)</u>
Net Cash Provided/(Used) By Capital and Related Financing Activities	<u>(5,830,889)</u>	<u>509,738</u>
Cash Flows From Investing Activities		
Investments redemptions	740,943	
Interest Income	<u>882,622</u>	<u>696,140</u>
Net Cash Provided/(Used) By Investing Activities	<u>1,623,565</u>	<u>696,140</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(5,066,640)	6,122,932
Cash and Cash Equivalents at Beginning of Year	<u>36,763,475</u>	<u>30,640,543</u>
Cash and Cash Equivalents at End of Year	<u>\$ 31,696,835</u>	<u>\$ 36,763,475</u>
Cash and Cash Equivalents- Financial Statement Classification:		
Current Assets:		
Cash and Cash Equivalents	25,193,410	28,556,655
Restricted Cash and Cash Equivalents	499,472	499,488
Non-current Assets		
Restricted Cash and Cash Equivalents	<u>6,003,953</u>	<u>7,707,332</u>
Total Cash and Cash Equivalents	<u>\$ 31,696,835</u>	<u>\$ 36,763,475</u>

Camrosa Water District
Statements of Cash Flows (Continued)
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Operating Income	\$ 613,617	\$ 1,032,206
Adjustments to Reconcile Operating Net Income to Net Cash Provided/(Used) by Operating Activities		
Depreciation	2,836,353	2,842,512
Pension Contribution in Excess of Pension Expense		5,887
(Increase)/Decrease in Operating Assets		
Customer Receivables	(599,362)	236,971
Prepaid Expenses and Other Current Assets	(113,405)	(33,163)
Deferred outflows related to pension	(4,998,547)	-
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	252,422	(2,606)
Wages, Benefits and Payroll Taxes Payable	17,756	3,409
Compensated Absences	53,153	(4,561)
Other Current Liabilities	57,499	94,633
Deferred inflows related to pensions	359,066	
Net pension liability	<u>(38,022)</u>	
Net Cash Provided/(Used) By Operating Activities	<u>\$ (1,559,470)</u>	<u>\$ 4,175,288</u>
Non-Cash Capital and Related Financing Activities		
Donated Easements & Water/Sewer Lines and Facilities	<u>\$ 981,597</u>	<u>\$ 23,400</u>

Note 1 - Summary of Significant Accounting Policies

A. Organization and Operation of the Reporting Entity

The Camrosa Water District (District), a special district of the State of California, was created in 1962 and operates under the authority of Division 12 of the California Water Code. The District is primarily engaged in the activities of selling and delivering water and collecting and treating sewage. The District's service area includes portions of the cities of Camarillo, Thousand Oaks and Moorpark, and an unincorporated portion of the County of Ventura. The District's five-member Board of Directors comprises representatives from five geographical divisions of the District who are elected at large.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District is discussed below.

These financial statements present the District and its component units, the Camrosa Water District Financing Authority and the Arroyo Santa Rosa Groundwater Sustainability Agency. As defined by GASB, the financial reporting entity consists of the primary government, as well as component units, for which the District is considered to be financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization, (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the District, (3) management (below the level of elected officials) of the primary government have operational responsibility for the activities of the component unit, or (4) the component unit's total debt is expected to be repaid entirely with resources of the primary government.

The Camrosa Water District Financing Authority (Authority) is authorized to buy, sell and lease property and to issue bonds, expend bond proceeds, and borrow and loan money for any of its corporate purposes pursuant to the Act and a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004, by and among the cities, counties, districts and other political subdivisions that are parties to that agreement. The District's Board of Directors acts as the governing body of the Authority. The decision to blend the Authority was reached due to the District's Board of Directors governing the Authority, as well as the District's management responsibility of the operations.

The Arroyo Santa Rosa Groundwater Sustainability Agency (GSA) serves as the GSA for the Arroyo Santa Rosa Valley Basin. The GSA was originally designated as a medium-priority basin due to high nitrate concentrations, and the County of Ventura and Camrosa formed a GSA in 2016 to manage the portion of the basin east of the Bailey Fault, outside the Fox Canyon Groundwater Management Agency (FCGMA). Administrative fees to support the operation of the Arroyo Santa Rosa GSA will come from contributions by the County of Ventura and Camrosa. These costs are estimated at \$150,000 for FY2020-21 as they include the development of the GSP but are expected to drop significantly after the plan is written. The decision to blend the Arroyo Santa Rosa Valley Basin GSA was reached due to the fact that the component unit has substantively the same governing body as the District, and the operational responsibility for the Component Unit rest with management of the District. Five of six board members are board members of the District and the General Manager of the District is also the Executive Officer of the GSA.

B. Basis of Accounting

The Camrosa Water District is accounted for as an enterprise fund in accordance with GAAP as applied to governmental units. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the expenses, including depreciation, of providing goods or services to the general public are recovered through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, and other purposes. Because the Camrosa Water District is accounted for as an enterprise fund, the District uses the economic resources measurement focus and the accrual basis of accounting is used for financial statement reporting purposes.

Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing goods and delivering goods in connection with an enterprise funds' principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses 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.

C. Basic Financial Statements

The basic financial statements provide information about the District's proprietary fund. The focus of proprietary fund measurement is upon determination of operating income, changes in net position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

D. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Significant estimates used in preparing these financial statements include:

- Depreciation expense
- Accrual of net pension liability

The District believes the techniques and assumptions used in establishing these estimates are appropriate.

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

F. Investments

Investments are carried at fair value.

G. Accounts Receivables and Allowance for Uncollectible Accounts

Water and Wastewater revenues are billed on the tenth of every month. Revenues resulting from customer usage occurring after the last meter reading date and prior to the end of the year are accrued. This accrual is reflected under customer receivables in the Statement of Net Position. As of June 30, 2020 the accrued customer receivables were approximately \$2,098,907 and \$1,813,665 at June 30, 2019.

The District uses the allowance method, and a provision has been made for bad debts. Accounts for which no payments have been received are written off at the discretion of management. Accounts receivable as reflected in the financial statements are from customers located within the cities of Camarillo, Thousand Oaks and Moorpark, and an unincorporated portion of the County of Ventura.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items under the consumption method. Examples of prepaid items for the District are property and liability insurance premiums and payments for software maintenance.

I. Inventory

Inventory consists mainly of meters that have not been installed, and it is valued at cost using specific identification method on a first in, first out basis.

J. Capital Assets

Capital assets that are acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Water Plant	20-40 years
Sanitation Plant	20-50 years
Buildings and Equipment	3-50 years

K. Construction in Progress

Construction in progress represents cost accumulated for the replacement and improvement of the District's water and wastewater systems as well as the rehabilitation of structures and other projects that were not completed as of year-end.

L. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category.

- Deferred amount on debt refunding. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflow related to pensions for differences between expected and actual experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions for the changes in employer's proportion and differences between employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

M. Compensated Absences

The District's personnel policies provide for accumulation of annual leave. Liabilities for annual leave are recorded when benefits are earned. Cash payment of unused annual leave is available to those qualified employees eligible to cash out or when retired or terminated.

The changes in compensated absences were as follows:

Balance July 1, 2019	Earned	Taken	Balance June 30, 2020	Current Portion	Long-Term Portion
\$ 356,590	\$ 345,009	\$ (291,856)	\$ 409,743	\$ 260,012	\$ 149,731

Balance July 1, 2018	Earned	Taken	Balance June 30, 2019	Current Portion	Long-Term Portion
\$ 361,151	\$ 284,022	\$ (288,583)	\$ 356,590	\$ 248,051	\$ 108,539

N. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category.

- Deferred inflow related to pensions resulting from net differences between projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over five years.
- Deferred inflow related to pensions for differences between expected and actual experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflow related to pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to pensions for the changes in employer's proportion and differences between employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

P. Contributed Capital

Deeded facilities received from developers are recorded at estimated construction cost. Such facilities are recorded as District assets and are depreciated in accordance with established policies for similar capital assets. Easements granted are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

The District requires prepayment of water and sewer capital fees prior to commencement of construction of residential and commercial developments. Such fees, which are nonrefundable, are recorded as contributed capital upon receipt. Grants for capital asset acquisition, facility development and rehabilitation are reported as capital grant income.

Q. Property Taxes

The District receives property taxes collected for the District by the County of Ventura. Property taxes attach as an enforceable lien on property as of November 1 each year for the fiscal year July 1 to June 30. Taxes are levied on November 1 and are due and payable on December 10 of that year. Half of the taxes levied on November 1 become delinquent December 10 of that year and the remaining half is due on February 10 of the following year and become delinquent on April 10 of that year.

R. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the financial statements.

Net position is classified in the following categories:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt related to the acquisition, construction or improvement of those assets.
- Restricted net position – Consists of net position with legal limitations imposed on their use by external restrictions by other governments, creditors, grantors, contributors, laws, or regulations, or through constitutional provision, or enabling legislation.
- Unrestricted net position – Consists of all other net position that does not meet the definition of restricted or invested in capital assets.

S. Use of Restricted/Unrestricted Net Position

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed. As of June 30, 2020, the District had no restricted resources.

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Note 2 - Deposits and Investments

Cash and Investments

Cash and investments as of June 30, 2020, are reported in the accompanying statement of net position as follows:

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 25,193,410	\$ 28,556,655
Restricted cash and cash equivalents	499,472	499,488
Non-current assets:		
Restricted cash and cash equivalents	6,003,953	7,707,332
Certificates of deposit	-	740,943
Total cash and investments	<u>\$ 31,696,835</u>	<u>\$ 37,504,418</u>

Cash and investments as of June 30, 2020, consisted of the following:

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 275	\$ 275
Deposit with financial institutions	1,195,714	1,948,064
Restricted investments	6,204,143	8,685,599
Unrestricted investments	24,296,703	26,870,480
Total cash and investments	<u>\$ 31,696,835</u>	<u>\$ 37,504,418</u>

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

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

The table below identifies the investment types that are authorized for the District by the California Government Code (or the 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 concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States Government-Sponsored			
Agency Obligations	5 years	None	None
United States Treasury Obligations	5 years	None	None
Collateralized Certificates of Deposit	5 years	None	Not to exceed FDIC insured limit
Negotiable Certificates of Deposit	5 years	30%	Not to exceed FDIC insured limit
Savings and Loan Association Deposits	None	None	Not to exceed FDIC insured limit
Repurchase Agreements	1 year	None	None
Banker's Acceptance	180 days	40%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
County of Ventura Investment Pool	N/A	None	None

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.
N/A Not applicable

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

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 rates risk is by structuring the District's portfolio so that securities mature to meet the District's cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to their maturity, investing primarily in short-term securities, and occasionally restructuring the portfolio to minimize the loss of fair value and/or to maximize cash flow.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2020 and 2019.

June 30, 2020

Investment Type	Remaining Maturity (in Years)
	Less than 1 Year
Local Agency Investment Fund (LAIF)	24,296,703
Held by Bond Trustee:	
Money Market Mutual Funds	5,643,495
Insured Cash Shelter Account	560,648
Total	<u>\$ 30,500,846</u>

June 30, 2019

Investment Type	Remaining Maturity (in Years)
	Less than 1 Year
Local Agency Investment Fund (LAIF)	26,870,480
Held by Bond Trustee:	
Money Market Mutual Funds	7,130,152
Insured Cash Shelter Account	814,504
Certificates of Deposit	740,943
Total	<u>\$ 35,556,079</u>

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

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 in the following table are the minimum rating required by (where applicable) the California Government Code, the District's investment policy or debt agreements and the actual S&P's credit rating as of June 30, 2020, and 2019 for each investment type.

June 30, 2020

Investment Type	Minimum Legal Rating	Total	Not Rated	AAA
LAIF	N/A	24,296,703	24,296,703	-
Held by Bond Trustee:				
Money Market Mutual Funds	AAA	5,643,495	-	5,643,495
Insured Cash Shelter Account	N/A	560,648	560,648	-
Total		<u>\$30,500,846</u>	<u>\$24,857,351</u>	<u>\$ 5,643,495</u>

June 30, 2019

Investment Type	Minimum Legal Rating	Total	Not Rated	AAA
LAIF	N/A	26,870,480	26,870,480	-
Held by Bond Trustee:				
Money Market Mutual Funds	AAA	7,130,152	-	7,130,152
Insured Cash Shelter Account	N/A	814,504	814,504	-
Certificates of Deposit	N/A	740,943	-	740,943
Total		<u>\$35,556,079</u>	<u>\$27,684,984</u>	<u>\$ 7,871,095</u>

Concentration of Credit Risk. The investment policy of the District contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code as noted in the Investments Authorized by the California Government Code and the District's Investment Policy section.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of depository financial institution, the District 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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial risk generally applies only to direct investments in marketable securities. Custodial credit

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investments pools (such as LAIF Investment Pool).

The Insured Cash Shelter Account held by Bond Trustee of \$560,648 are non-negotiable certificates of deposit held by the Bond Trustee's agent, not in the name of the District.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2020, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts, except for \$282,482, which is uninsured and uncollateralized.

Investment in State Investment Pool The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California.

The State Treasurer's Office audits the fund annually. The fair value of the District's investment in this pool is reported at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Fair Value Measurement The District categorizes its fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices of similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The District's investments in LAIF and investments held by bond trustee in money market mutual funds and insured cash account are not subject to the fair value measurement hierarchy. The investments held by bond trustee in certificates of deposit at June 30, 2019, are valued using quoted market prices (level 2 inputs).

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Note 3 - Note Receivable

The District has a note receivable from California State University, Channel Islands (CSUCI) for the construction of the water system on the premises of CSUCI. The note requires monthly payments of \$7,664.41 including interest of 5.5% through October 2020. The note receivable is comprised of the following at June 30th:

	2020	2019
CSUCI	\$ 30,308	\$ 117,980
Less Current Portion	(30,308)	(87,672)
Net Note Receivable	<u>\$ -</u>	<u>\$ 30,308</u>

Note 4 - Capital Assets

The activity for each of the major classes of capital assets and accumulated depreciation for the fiscal years ended June 30, 2020 and 2019 are shown in the following tables:

Capital Assets by Major Class:	June 30, 2019	Increases	Transfers/ Decreases	June 30, 2020
Capital Assets Not Being Depreciated:				
Land and Easements	\$ 1,669,380	\$ 15,000	\$ -	\$ 1,684,380
Construction in Progress	3,488,177	3,823,238	(3,127,407)	4,184,008
Total Capital Assets Not Being Depreciated	<u>5,157,557</u>	<u>3,838,238</u>	<u>(3,127,407)</u>	<u>5,868,388</u>
Capital Assets Being Depreciated:				
Water Plant	68,052,438	3,292,352	-	71,344,790
Sanitation Plant	30,767,634	282,693	(844)	31,049,483
Buildings and Equipment	3,524,259	744,175	(1,584)	4,266,850
Total Capital Assets Being Depreciated	<u>102,344,331</u>	<u>4,319,220</u>	<u>(2,428)</u>	<u>106,661,123</u>
Less Accumulated Depreciation for:				
Water Plant	35,269,479	1,854,679	-	37,124,158
Sanitation Plant	15,697,458	715,046	(844)	16,411,660
Buildings and Equipment	2,382,479	266,629	(1,584)	2,647,524
Total Accumulated Depreciation	<u>53,349,416</u>	<u>2,836,354</u>	<u>(2,428)</u>	<u>56,183,342</u>
Total Capital Assets Being Depreciated, Net	<u>48,994,915</u>	<u>1,482,866</u>	<u>-</u>	<u>50,477,781</u>
Capital Assets, Net	<u>\$ 54,152,472</u>	<u>\$ 5,321,104</u>	<u>\$ (3,127,407)</u>	<u>\$ 56,346,169</u>

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Capital Assets by Major Class:	June 30, 2018	Increases	Transfers/ Decreases	June 30, 2019
Capital Assets Not Being Depreciated:				
Land and Easements	\$ 1,618,170	\$ 51,210	\$ -	\$ 1,669,380
Construction in Progress	1,894,278	2,799,532	(1,205,633)	3,488,177
Total Capital Assets Not Being Depreciated	3,512,448	2,850,742	(1,205,633)	5,157,557
Capital Assets Being Depreciated:				
Water Plant	66,919,253	1,147,270	(14,085)	68,052,438
Sanitation Plant	30,767,634	-	-	30,767,634
Buildings and Equipment	3,253,617	278,208	(7,566)	3,524,259
Total Capital Assets Being Depreciated	100,940,504	1,425,478	(21,651)	102,344,331
Less Accumulated Depreciation for:				
Water Plant	33,426,469	1,857,095	(14,085)	35,269,479
Sanitation Plant	14,959,367	738,091	-	15,697,458
Buildings and Equipment	2,142,719	247,326	(7,566)	2,382,479
Total Accumulated Depreciation	50,528,555	2,842,512	(21,651)	53,349,416
Total Capital Assets Being Depreciated, Net	50,411,949	(1,417,034)	-	48,994,915
Capital Assets, Net	\$ 53,924,397	\$ 1,433,708	\$ (1,205,633)	\$ 54,152,472

Note 5 - Long-Term Debt

The District generally incurs long-term debt to finance projects or purchase assets that will have useful lives equal to or greater than the related debt. The District's debt rating is "AA" from Standard & Poor's.

The net revenues of the Water System are pledged toward the repayment of the Water Revenue Bonds. FY2019-20, net water revenues totaled \$3,770,071 and principal and interest payments for water revenue bonds were \$1,512,831. FY2018-19, net revenues totaled \$8,364,764, and principal and interest payments were \$1,536,881. Also, the net revenues of the Wastewater System are pledged toward the repayment of the Wastewater Revenue Bonds. During FY2019-20, net wastewater revenues totaled \$1,008,589 and principal and interest payments for wastewater revenue bonds totaled \$617,150. FY2018-19, net revenues totaled \$2,584,931 and principal and interest payments were \$633,250.

The District is subject to certain revenue bond covenants on outstanding debt, as defined, equal to at least 115% of the current annual debt service requirements. As of June 30, 2020, the debt service coverage for Water was 249% and for Wastewater was 163%. As of June 30, 2019, the debt service coverage for Water was 544% and for Wastewater was 408%.

The outstanding balances for each of these long-term obligations are reported as liabilities on the statement of net position. The amount of the obligation that is due within one year is shown as a current liability and the balance as a noncurrent liability.

Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums.

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Water and Wastewater Revenue Bonds Series 2016A

In September 2016, the District issued Revenue Bonds, Series 2016A, in an aggregate principal amount of \$14,020,000. The proceeds from the sale of the bonds is being used to finance additional improvements to the Water System, and were also used to refund all of the outstanding Water and Wastewater Revenue Bonds, Series 2011A, of which \$8,150,000 was outstanding, fund a reserve account established for the bonds and to pay costs incurred in connection with the issuance, sale, and delivery of bonds. The bonds require semi-annual payments, with interest ranging from 2.00% to 5.00%, through January 2046.

Proceeds, bond premiums and remaining 2011A reserve accounts amounting to \$9,261,855 were placed in escrow to pay the principal and interest of the 2011A bonds when due, resulting in a deferred loss of debt refunding \$885,000. The outstanding balance as of June 30, 2020 was \$6,590,000.

Water and Wastewater Refunding Revenue Bonds Series 2012

In February 2012, the District issued \$7,575,000 Water and Wastewater Refunding Revenue Bonds, Series 2012. The proceeds from the sale of the bonds were used to refund all of the outstanding Water and Wastewater Systems Refunding Revenue Bonds, Series 2001, previously issued by the District in the amount of \$11,700,000, of which \$8,085,000 was outstanding. These bonds were paid in full in January 2020.

The District's debt issues and transactions are summarized below:

	Balance June 30, 2019	Additions/ New Debt	Proceeds/ Retirement	Balance June 30, 2020	Current	Long-Term
Direct Borrowings:						
2012 Refunding Bonds	\$ 1,070,000	\$ -	\$ (1,070,000)	\$ -	\$ -	\$ -
2012 Refunding Bonds Premium	50,011	-	(50,011)	-	-	-
2016 Refunding Bonds	12,420,000	-	(580,000)	11,840,000	605,000	11,235,000
2016 Refunding Bonds Premium	1,438,440	-	(54,188)	1,384,252	54,188	1,330,064
	<u>\$ 14,978,451</u>	<u>\$ -</u>	<u>\$ (1,754,199)</u>	<u>\$ 13,224,252</u>	<u>\$ 659,188</u>	<u>\$12,565,064</u>

	Balance June 30, 2018	Additions/ New Debt	Proceeds/ Retirement	Balance June 30, 2019	Current	Long-Term
Direct Borrowings:						
2012 Refunding Bonds	\$ 2,100,000	\$ -	\$ (1,030,000)	\$ 1,070,000	\$ 1,070,000	\$ -
2012 Refunding Bonds Premium	142,031	-	(92,020)	50,011	50,011	-
2016 Refunding Bonds	12,980,000	-	(560,000)	12,420,000	580,000	11,840,000
2016 Refunding Bonds Premium	1,492,628	-	(54,188)	1,438,440	54,188	1,384,252
	<u>\$ 16,714,659</u>	<u>\$ -</u>	<u>\$ (1,736,208)</u>	<u>\$ 14,978,451</u>	<u>\$ 1,754,199</u>	<u>\$13,224,252</u>

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Future debt service requirements through maturity are as follows:

Fiscal Year Ending June 30	2016		
	Revenue Bonds	Total Interest	Total
2021	605,000	441,631	1,046,631
2022	640,000	417,431	1,057,431
2023	660,000	391,831	1,051,831
2024	695,000	358,831	1,053,831
2025	720,000	331,031	1,051,031
2026-2030	4,030,000	1,265,506	5,295,506
2031-2035	1,605,000	836,544	2,441,544
2036-2040	1,125,000	611,700	1,736,700
2041-2045	1,430,000	304,000	1,734,000
2046	330,000	16,500	346,500
	<u>\$ 11,840,000</u>	<u>\$ 4,975,005</u>	<u>\$ 16,815,005</u>

Debt Service Reserve The trust agreement of the revenue bonds series 2016A and refunding revenue bonds series 2012 require a reserve account to be created and held in trust by the Trustee for an amount equal to the Reserve Account Requirement. Moneys in the Reserve Account shall be used solely for the purpose of replenishing the Interest Account or the Principal Account under the Trust Agreement. The reserve accounts balance as of June 30, 2020 was \$879,529 for the 2016A issuance. The 2012 reserve account was released in the amount of \$760,516 to the District upon the maturity of these bonds

Arbitrage At June 30, 2020, the District has revenue bonds outstanding that are subject to arbitrage limitations. Arbitrage rebate refers to the required payment to the U.S. Treasury Department of excess earnings received on applicable tax-exempt bond proceeds that are invested at a higher yield than the yield of the tax-exempt bond issue. The District does not anticipate an arbitrage rebate liability.

Note 6 - Capital Fees and Capital Contributions

Capital Fees and Capital Contributions consisted of the following at June 30:

	2020	2019
Potable Water Capital Contributions:		
Capital Fees	\$ 9,825	\$ 1,986,350
Mitigation Fees	-	1,686,260
In-Kind Capital Contributions	740,246	23,400
Total Potable Water Capital Contributions	<u>750,071</u>	<u>3,696,010</u>
Non-Potable Water Mitigation Fees	-	637,597
Sewer Capital Contributions:		
Sewer Capital Fees	\$ -	\$ 1,355,910
In-Kind Capital Contributions	241,351	-
Total Sewer Capital Contributions	<u>\$ 241,351</u>	<u>\$ 1,355,910</u>
Total Capital Contributions	<u>\$ 991,422</u>	<u>\$ 5,689,517</u>

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Note 7 - Deferred Compensation Plan

For the benefit of its employees, the District participates in three 457 Deferred Compensation Programs (Programs). The multiple Programs were created in accordance with Internal Revenue Code Section 457. The purpose of these Programs is to provide deferred compensation for employees that elect to participate in the Programs. Generally, eligible employees may defer a receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. The trusts hold the assets for the exclusive benefit of plan participants and their beneficiaries. Plan assets are not the property of the District, or subject to the claims of the District's general creditors. The ending investment balance was \$2,513,596 and \$2,294,945 as of June 30, 2020 and 2019, respectively.

Note 8 - Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Descriptions, All qualified permanent and probationary employees are eligible to participate in the Camrosa Water District's Miscellaneous Plan (Plan). The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits provided CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Prior January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit Formula	2% @ 55	2% @ 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50	52
Monthly Benefit as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	7%	6.25%
Required Employer Contribution Rates		
Normal Cost Rate	8.892%	6.842%
Paymnet of Unfunded liability	\$255,811	\$0

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Contributions Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contributions rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

B. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020, the District's reported net liability for its proportionate share of the net pension liability was \$4,821,108.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2018 and 2019 was as follows:

Proportion - June 30, 2018	0.11840%
Proportion - June 30, 2019	0.12039%
Change - Increase (Decrease)	0.00199%

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

For the year ended June 30, 2020, the District recognized pension expense of \$899,916. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions paid after measurement date	\$ 5,560,556	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	84,289
Differences between Expected and Actual Experiences	334,846	25,944
Changes in Assumptions	229,893	81,495
Changes in Proportion and Difference between Actual Contributions and Proportionate Share of Contributions	<u>47,211</u>	<u>100,462</u>
Total	<u>\$ 6,172,506</u>	<u>\$ 292,190</u>

The \$5,560,556 reported as deferred outflows of resources is related to pensions the District contributed after the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(inflows) of Resources
2021	312,033
2022	(54,220)
2023	44,916
2024	17,031
Thereafter	0

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Actuarial Methods and Assumptions The total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The total pension liability was based on the following assumptions:

Miscellaneous

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method

Actuarial Assumptions

Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service

(2) The mortality table used was developed based on CalPERS-specific data.

The probability of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to, CalPERS experiences Study and Review of Actuarial Assumptions report from December 2017 that can be found on CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

Discount Rate The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Sensitivity of the Net Pension Liability to Changes in Discount Rate The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$7,144,730
Current Discount Rate	7.15%
Net Pension Liability	\$4,821,108
1% Increase	8.15%
Net Pension Liability	\$2,903,122

Long-term Expected Rate of Return The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11 + years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rate of return by asset class are as follows:

Asset Class (a)	Current Target Allocation	Real Return Years 1-10 *	Real Return Years 11+ **
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00 %	(0.92)%

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities;
Liquidity is included in Short-term Investments; Inflation Assets are included
in both Global Equity Securities and Global Debt Securities

* An expected inflation of 2% used for this period

**An expected inflation of 2.92% used for this period

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Pension Plan Fiduciary Net Position Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2020, the District reported a payable of \$3,493 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

Note 9 - Profit Share Plan

The District has a profit sharing plan, pursuant to Section 401 of the Internal Revenue Code. The plan includes a provision under Section 414(h)(2) whereby each plan participant that is classified as management is required to contribute 5% of salary. Mandatory contributions totaled \$74,970 and \$75,928 in 2020 and 2019, respectively. The amount of payroll subject to the contributions totaled \$1,499,388 and \$1,518,570 in 2020 and 2019, respectively.

Note 10 - Major Customers

The District's top ten water customers represent 23% of the water revenue sales during the fiscal year ended June 30, 2020. The District's top ten wastewater customers represent 43% of the wastewater revenue during the fiscal year ended June 30, 2020.

Note 11 - Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2020, the District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage of \$50,000,000 (total insurable values of \$23,528,829). The District has a \$5,000 deductible for buildings, personal property, \$1,000 deductible for mobile equipment and vehicles, deductibles ranging from \$25,000 to \$50,000 based on type of equipment for boiler and machinery.

General Liability The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence with an annual aggregate limit of \$55,000,000.

Auto Liability The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence with an annual aggregate limit of \$55,000,000.

Public Official's Liability The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage of \$55,000,000.

Cyber Liability The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence and with a \$5,000,000 aggregate limit.

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Crime Bond The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District did not purchase excess insurance coverage. The District has \$1,000 deductible.

Worker's Compensation The Insurance Authority has pooled self-insurance up to \$2,000,000 and has purchased excess insurance coverage to the statutory limits.

The District pays annual premiums for the coverages. There were no instances in the past three years when a settlement exceeded the District's coverage, and there were no reductions in the District's insurance coverage for the past three years.

Note 12 - Joint Powers Agreement creating the Arroyo Santa Rosa Valley Basin Groundwater Sustainability Agency (GSA)

The District, along with the County of Ventura, participate as members of the Arroyo Santa Rosa Valley Basin Groundwater Sustainability Agency (GSA), to provide sustainable management of the Arroyo Santa Rosa Valley Basin pursuant to the Sustainable Groundwater Management Act of 2014 (SGMA). The Basin underlies the Santa Rosa Valley.

At June 30, 2020, the GSA had total assets of \$90,165, total liabilities of \$16,217 and net position of \$73,948.

The GSA will develop, adopt, and implement a Groundwater Sustainability Plan (GSP) for the Basin pursuant to SGMA and other applicable provisions of law. It has been determined that the GSA is a blended component unit of the District.

Note 13 - Leases

The District has various leases for vehicles and equipment that are classified as operating leases. Total rent expense for all operating leases for 2020 and 2019 were \$63,897 and \$62,096, respectively.

Future minimum lease payments under the operating leases with initial or remaining terms of one year or more are as follows:

Year Ending June 30:	
2021	12,666
2022	8,458
2023	7,056
2024	5,292
2025	-
Total	<u>\$ 33,472</u>

Note 14 - Commitments and Contingencies

Grant Award Grant funds received by the District are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Litigation In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Long Term Commitments The District has an agreement with the City of Thousand Oaks to purchase non-potable surface water. The term of the agreement is for 40 years, effective June 5, 2013. The parties, by mutual consent, may extend the term of the agreement for additional five-year periods. The average yearly purchase of non-potable water for the last four years is \$596,400. Upon the effective date of the agreement, the price per acre foot of non-potable water was \$104.89, and the parties agreed to adjust the unit price per acre foot on September 1st of each year by adjusting the unit price by the annual percentage change from the preceding July to July period of the Consumer Price Index of Los Angeles-Riverside-Orange County. The FY2019-20 price per acre foot of non-potable water is \$122.28.

Contingencies On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of an outbreak of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the District’s financial condition, liquidity, operations and workforce. The District cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have a material effect on the District’s results of future operations and financial position in fiscal year 2021.

Note 15 - Governmental Accounting Standards Board Statements

Current Year Standards

In June 2018, GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in an enterprise fund. The requirements of this Statement should be applied prospectively. There was no material impact on the District’s financial statements resulting from the implementation of GASB 69.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—*

an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these paragraphs did not impact the District.

Pending Accounting Standards

In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, early application is encouraged.

In June 2017, GASB issued Statement No. 87 – *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, early application is encouraged.

In May 2020, GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability;

Camrosa Water District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

(3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Early application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. This Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted.

Note 16 - Subsequent Events

Events occurring after June 30, 2020 have been evaluated for possible adjustment to the financial statements or disclosure as of October 14, 2020, which is the date the financial statements were available to be issued. No subsequent events occurred.

Camrosa Water District
Required Supplementary Information
California Public Employees' Retirement System
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

	Miscellaneous					
Fiscal year ended	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.12039%	0.11840%	0.11469%	0.11286%	0.09775%	0.04777%
Plan's proportionate share of the net pension liability	\$ 4,821,108	\$ 4,462,042	\$ 4,521,229	\$ 3,920,511	\$ 2,681,851	\$ 2,972,338
Plan's covered payroll	\$ 2,412,241	\$ 2,251,315	\$ 2,073,238	\$ 1,801,650	\$ 1,855,543	\$ 1,793,513
Plan's proportionate share of the net pension liability as a percentage of covered payroll	199.86%	198.20%	218.08%	217.61%	144.53%	165.73%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	72.09%	72.65%	72.83%	74.03%	78.40%	78.74%
Plan's proportionate share of aggregate employer contributions	\$ 516,065	\$ 451,562	\$ 458,454	\$ 416,260	\$ 387,878	\$ 297,748

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

Camrosa Water District
Required Supplementary Information
California Public Employees' Retirement System
For the Fiscal Years Ended June 30, 2020 and June 30, 2019

Schedule of Contributions

Last Ten Fiscal Years*

Fiscal year ended	Miscellaneous					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 561,959	\$ 458,869	\$ 406,564	\$ 358,336	\$ 299,168	\$ 268,188
Contributions in relation to the actuarially determined contributions	(5,560,556)	(458,869)	(406,564)	(358,336)	(299,168)	(268,188)
Contribution deficiency (excess)	\$ (4,998,597)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,546,212	\$ 2,412,241	\$ 2,251,315	\$ 2,073,238	\$ 1,801,650	\$ 1,855,543
Contributions as a percentage of covered payroll	218.39%	19.02%	18.06%	17.28%	16.61%	14.45%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) Prior January 1, 2013- 2%@55, On or after January 1, 2013-2%@62
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* - Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CAMROSA WATER DISTRICT



BUILDING WATER
SELF-RELIANCE

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Camrosa Water District
Other Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual Budget Basis</u>	<u>Variance with Budget Positive (Negative)</u>
Operating Revenue			
Potable Water Sales	\$ 11,106,000	\$ 10,655,664	\$ (450,336)
Recycle/Non-Potable Water Sales	4,650,500	4,507,819	(142,681)
Water Sales to PV	704,700	1,340,423	635,723
Meter Revenue	2,292,300	2,312,427	20,127
Sewer Revenue	3,533,382	3,575,963	42,581
Special Services	58,600	97,957	39,357
Pump Zone/Miscellaneous	43,700	49,366	5,666
Total Operating Revenue	22,389,182	22,539,619	150,437
Non-Operating Revenue			-
Property Taxes	536,000	661,932	125,932
Interest Income	130,000	655,911	525,911
Total Non-Operating Revenues	666,000	1,317,843	651,843
Operating Expenses			
Water Purchases - CMWD	6,556,057	7,974,574	(1,418,517)
CMWD Fixed Charges	817,642	764,544	53,098
CCP	618,963	658,919	(39,956)
SMP CMWD	251,662	134,156	117,506
Utilities	1,736,338	1,273,725	462,613
Salaries & Benefits	4,755,019	4,308,257	446,762
Contract/Prof. Svcs	2,701,848	1,821,908	879,940
Supplies & Services	2,863,602	2,152,543	711,059
Total Operating Expenses	20,301,131	19,088,626	1,212,505
Non-Operating Expenses			
Debt Service 2011A/2016	1,045,731	1,045,731	-
Debt Service 2012	561,750	561,750	-
Rate Stabilization Contribution	100,000	100,000	-
Capital Replacement Contribution	250,000	1,790,000	(1,540,000)
Total Non-Operating Expenses	1,957,481	3,497,481	(1,540,000)
Net Operating Results	796,570	1,271,355	474,785
Capital Fees	-	9,825	9,825
Grants	-	326,415	326,415
Net Operating Results	\$ 796,570	\$ 1,607,595	\$ 811,025
Adjustments to Accounting Principles Generally Accepted in The United States of America			
Depreciation Expense		(2,836,354)	
Loss of Asset		-	
Unrealized Gain on Investments		118,781	
Blended component unit activity-Arroyo Santa Rosa GSA		(1,022)	
Rate Stabilization Contribution		100,000	
Capital Replacement Contribution		1,790,000	
Contributed Capital In-Kind		981,597	
Principal Payments on Debt		1,127,500	
Amortization of Bonds Premium		23,044	
Change in Net Position		2,911,141	
Net Position at Beginning of Year		73,477,068	
Net Position at End of Year		\$ 76,388,209	

Camrosa Water District
Other Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u> <u>Budget Basis</u>	<u>Variance with</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
Operating Revenue			
Potable Water Sales	\$ 10,044,700	\$ 9,451,209	\$ (593,491)
Recycle/Non-Potable Water Sales	4,355,000	3,951,614	(403,386)
Water Sales to PV	444,500	678,598	234,098
Meter Revenue	2,572,700	2,615,301	42,601
Sewer Revenue	3,319,300	3,336,794	17,494
Special Services	151,343	224,468	73,125
Pump Zone/Miscellaneous	47,257	55,913	8,656
Total Operating Revenue	20,934,800	20,313,897	(620,903)
Non-Operating Revenue			-
Property Taxes	626,167	620,590	(5,577)
Interest Income	313,462	777,592	464,130
Total Non-Operating Revenues	939,629	1,398,182	458,553
Operating Expenses			
Water Purchases - CMWD	6,708,625	6,279,972	428,653
CMWD Fixed Charges	797,578	790,926	6,652
CCP	600,935	645,223	(44,288)
SMP CMWD	207,281	112,790	94,491
Utilities	1,607,516	1,257,243	350,273
Salaries & Benefits	4,110,457	3,877,592	232,865
Contract/Prof. Svcs	1,880,634	1,209,398	671,236
Supplies & Services	2,430,176	2,255,358	174,818
Total Operating Expenses	18,343,202	16,428,502	1,914,700
Non-Operating Expenses			
Debt Service 2011A/2016	1,046,031	1,046,031	-
Debt Service 2012	1,124,100	1,124,100	-
Rate Stabilization Contribution	-	-	-
Capital Replacement Contribution	1,270,000	2,950,000	(1,680,000)
Total Non-Operating Expenses	3,440,131	5,120,131	(1,680,000)
Net Operating Results	91,096	163,446	72,350
Capital Fees	-	5,666,117	5,666,117
Grants	-	290,622	290,622
Net Operating Results	\$ 91,096	\$ 6,120,185	\$ 6,029,089
Adjustments to Accounting Principles Generally Accepted in The United States of America			
Depreciation Expense		(2,842,511)	
Loss of Asset		(57,615)	
Unrealized Loss on Investments		(56)	
Blended component unit activity-Arroyo Santa Rosa GSA		(10,678)	
Capital Replacement Contribution		2,950,000	
Contributed Capital In-Kind		23,400	
Principal Payments on Debt		1,620,000	
Amortization of Bonds Premium		53,127	
Change in Net Position		7,855,852	
Net Position at Beginning of Year		65,621,216	
Net Position at End of Year		\$ 73,477,068	

Camrosa Water District
Other Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Years Ended June 30, 2019 and June 30, 2018

Budgetary Policy The District prepares annual operating budgets for planning, control, and evaluation purposes. Project-length budgets, which generally encompass more than one fiscal year, are also prepared for major construction projects.

Adopted Operating and Capital Budget In June 2019, the Board of Directors adopted a \$24.3 million budget for FY2019-20. The District adheres to the budget policies and budgetary controls. The schedule on the previous page presents the Adopted Operating Budget amounts and compares them to actual amounts as presented on a modified accrual basis, which are different from the amounts presented in the Statements of Revenues, Expenses, and Changes in Net Position for the Fiscal Years ended June 30, 2020 and 2019.

Monthly and Quarterly Financial Reporting In accordance with best financial management practices, Finance provides monthly financial reports to District Staff and quarterly financial reports to the Board of Directors. Performance compared to the budget is monitored throughout the year. These monthly financial reports are prepared to provide timely information on the financial progress of the District.

Annual Financial Reporting The District elects to present the budgetary schedule, optional for Enterprise Funds, in accordance with best practices recommended by professional accounting organizations and in keeping the District's commitment to transparency in financial reporting and disclosure. The schedule is prepared on a budgetary basis and compares the adopted budget to actual expenses for the period as presented on Budgetary Comparison Schedule in Other Supplementary Information.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Camrosa Water District
Camarillo, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Camrosa Water District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

White Nelson Dick Evans LLP

Irvine, California
October 14, 2020

CAMROSA WATER DISTRICT



BUILDING WATER
SELF-RELIANCE

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Statistical Section

This part of the District's annual financial report presents detailed background to the financial statements and preceding narrative sections, and corroboration of statements as to the District's overall financial health.

Contents:	Pages:
<u>Financial Trends</u> schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	52-59
<u>Revenue Capacity</u> schedules contain information to help the reader assess the District's most significant local revenue source; water sales.	60-71
<u>Debt Capacity</u> 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.	72-74
<u>Operational Information</u> schedules present historical water demand, water Source and District's facilities to help the reader understand how the information in the District's financial reports relates to the services the District provides and the activities it performs.	76-80
<u>Demographic and Economic Information</u> schedules assist reader to understand the environment within which the District's financial activities take place.	82-83

Financial Trends

Camrosa Water District
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net Position				
Net investment in capital assets	\$ 38,692,636	\$ 30,139,020	\$ 32,243,467	\$ 41,338,152
Restricted	-	-	-	-
Unrestricted	9,168,791	18,808,381	19,597,906	14,197,247
Total Net Position	<u>\$ 47,861,427</u>	<u>\$ 48,947,401</u>	<u>\$ 51,841,373</u>	<u>\$ 55,535,399</u>

Table 1 – Net Position by Component (1 of 2)

Camrosa Water District
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 41,644,267	\$ 43,002,970	\$ 43,454,256	\$ 43,930,663	\$ 45,772,455	\$ 49,981,241
-	-	-	-	-	-
11,883,870	14,821,731	18,496,514	21,690,553	27,704,613	26,406,968
<u>\$ 53,528,137</u>	<u>\$ 57,824,701</u>	<u>\$ 61,950,770</u>	<u>\$ 65,621,216</u>	<u>\$ 73,477,068</u>	<u>\$ 76,388,209</u>

Table 1 – Net Position by Component (2 of 2)

Camrosa Water District
Changes in Net Position
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Water Revenue	\$ 10,314,160	\$ 10,925,574	\$ 12,263,213	\$ 13,563,401
Sewer Revenue	2,715,834	2,860,876	2,886,205	3,121,845
Meter Revenue	1,628,392	1,622,818	1,642,204	2,146,078
Other	<u>173,426</u>	<u>113,114</u>	<u>77,870</u>	<u>123,790</u>
Total Operating Revenues	14,831,812	15,522,382	16,869,492	18,955,114
Operating Expenses				
Water Purchases	6,595,635	7,039,814	8,058,511	9,008,654
Utilities	1,103,378	1,019,844	1,066,593	1,393,717
Salaries & Benefits	2,611,732	2,646,411	2,462,314	2,619,886
Outside Contract/Professional Services	983,420	1,058,357	946,930	821,497
Supplies & Services	1,032,974	848,344	847,752	1,064,287
Amortization	-	14,191	-	-
Depreciation	<u>2,065,661</u>	<u>2,077,598</u>	<u>2,123,625</u>	<u>2,133,668</u>
Operating Expenses	14,392,800	14,704,559	15,505,725	17,041,709
Operating Income	439,012	817,823	1,363,767	1,913,405
Non-Operating Revenues				
Property Taxes	506,299	499,273	498,948	509,066
Interest Income	104,910	61,341	87,209	86,291
Unrealized Gain on Investments	-	-	-	-
Gain on Disposal of Fixed Asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-Operating Revenues	611,209	560,614	586,157	595,357
Non-Operating Expenses				
Loss of Capital Asset	73,920	14	423	246
Debt Issuance Costs	-	-	-	-
Unrealized loss on Investment	-	-	-	-
Interest Expense	<u>444,148</u>	<u>573,241</u>	<u>567,140</u>	<u>542,633</u>
Non-Operating Expenses	518,068	573,255	567,563	542,879
Income Before Capital Contributions	<u>532,153</u>	<u>805,182</u>	<u>1,382,361</u>	<u>1,965,883</u>
Capital Contributions	92,737	280,792	51,400	1,201,427
Grants	<u>-</u>	<u>-</u>	<u>1,460,211</u>	<u>839,789</u>
	92,737	280,792	1,511,611	2,041,216
Effects	624,890	1,085,974	2,893,972	4,007,099
Cummulative Effect of Accounting Changes	<u>(186,956)</u>	<u>-</u>	<u>-</u>	<u>(313,073)</u>
Change in Net Position	<u>437,934</u>	<u>1,085,974</u>	<u>2,893,972</u>	<u>3,694,026</u>
Net Position Beginning of Year	<u>47,423,493</u>	<u>47,861,427</u>	<u>48,947,401</u>	<u>51,841,373</u>
Net Position at End of Year	<u>\$ 47,861,427</u>	<u>\$ 48,947,401</u>	<u>\$ 51,841,373</u>	<u>\$ 55,535,399</u>

Table 2 – Changes in Net Position (1 of 2)

Camrosa Water District
Changes in Net Position
Last Ten Fiscal Years

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 12,870,854	\$ 12,059,982	\$ 13,084,503	\$ 16,235,441	\$ 14,128,079	\$ 16,549,944
3,189,312	3,233,519	3,267,395	3,314,305	3,336,794	3,575,963
2,289,890	2,338,102	2,488,157	2,557,753	2,615,301	2,312,427
90,392	157,472	159,719	324,256	249,548	109,305
<u>18,440,448</u>	<u>17,789,075</u>	<u>18,999,774</u>	<u>22,431,755</u>	<u>20,329,722</u>	<u>22,547,639</u>
8,305,257	7,147,319	6,500,815	7,890,983	7,828,911	9,532,192
1,477,011	1,335,096	1,240,947	1,426,842	1,257,242	1,273,725
2,709,587	2,553,178	3,392,976	3,740,012	3,877,591	4,308,257
1,015,370	1,154,828	1,313,596	1,377,908	1,232,165	1,828,640
1,502,354	1,864,428	1,827,780	2,462,144	2,259,095	2,154,855
-	-	-	-	-	-
<u>2,179,599</u>	<u>2,354,424</u>	<u>2,601,408</u>	<u>2,684,495</u>	<u>2,842,512</u>	<u>2,836,353</u>
<u>17,189,178</u>	<u>16,409,273</u>	<u>16,877,522</u>	<u>19,582,384</u>	<u>19,297,516</u>	<u>21,934,022</u>
1,251,270	1,379,802	2,122,252	2,849,371	1,032,206	613,617
544,911	559,558	582,211	657,620	620,590	661,932
87,466	105,523	186,302	393,147	777,593	655,911
-	27,581	2,194	-	-	118,781
-	-	11,260	10,146	-	-
<u>632,377</u>	<u>692,662</u>	<u>781,967</u>	<u>1,060,913</u>	<u>1,398,183</u>	<u>1,436,624</u>
110,092	-	-	-	57,615	-
-	-	227,159	-	-	-
-	-	-	2,065	57	-
<u>515,489</u>	<u>475,167</u>	<u>486,119</u>	<u>561,227</u>	<u>497,004</u>	<u>456,937</u>
<u>625,581</u>	<u>475,167</u>	<u>713,278</u>	<u>563,292</u>	<u>554,676</u>	<u>456,937</u>
<u>1,258,066</u>	<u>1,597,298</u>	<u>2,190,941</u>	<u>3,346,992</u>	<u>1,875,713</u>	<u>1,593,304</u>
116,963	2,107,391	1,842,037	255,935	5,689,517	991,422
<u>76,298</u>	<u>633,159</u>	<u>93,091</u>	<u>67,519</u>	<u>290,622</u>	<u>326,415</u>
<u>193,261</u>	<u>2,740,550</u>	<u>1,935,128</u>	<u>323,454</u>	<u>5,980,139</u>	<u>1,317,837</u>
1,451,327	4,337,848	4,126,069	3,670,446	7,855,852	2,911,141
<u>(3,458,589)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(2,007,262)</u>	<u>4,337,848</u>	<u>4,126,069</u>	<u>3,670,446</u>	<u>7,855,852</u>	<u>2,911,141</u>
<u>55,535,399</u>	<u>53,528,137</u>	<u>57,824,701</u>	<u>61,950,770</u>	<u>65,621,216</u>	<u>73,477,068</u>
<u>\$ 53,528,137</u>	<u>\$ 57,865,985</u>	<u>\$ 61,950,770</u>	<u>\$ 65,621,216</u>	<u>\$ 73,477,068</u>	<u>\$ 76,388,209</u>

Table 2 – Changes in Net Position (2 of 2)

Revenues and Capital Contributions by Source
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Revenue										
Water Revenue	\$ 10,314,160	\$ 10,925,574	\$ 12,263,213	\$ 13,563,401	\$ 12,870,854	\$ 12,059,982	\$ 13,084,503	\$ 16,235,441	\$ 14,128,079	\$ 16,549,944
Sewer Revenue	2,715,834	2,860,876	2,886,205	3,121,845	3,189,312	3,233,519	3,267,395	3,314,305	3,336,794	3,575,963
Meter Revenue	1,628,392	1,622,818	1,642,204	2,146,078	2,289,890	2,338,102	2,488,157	2,557,753	2,615,301	2,312,427
Other	173,426	113,114	77,870	123,790	90,392	157,472	159,719	324,256	249,548	109,305
Non-Operating Revenue										
Property Taxes	506,299	499,273	498,948	509,066	544,911	559,558	582,211	657,620	620,590	661,932
Interest Income	104,910	61,341	87,209	86,291	87,466	105,523	186,302	393,147	777,593	655,911
Unrealized Gain on Investments	-	-	-	-	-	27,581	2,194	-	-	-
Capital Contributions	92,737	280,792	51,400	1,201,427	116,963	2,107,391	1,842,037	255,935	5,689,517	991,422
Capital Grant Income	-	-	1,460,211	839,789	76,298	633,159	93,091	67,519	290,622	326,415
Total Revenue	\$ 15,535,758	\$ 16,363,788	\$ 18,967,260	\$ 21,591,687	\$ 19,266,086	\$ 21,222,287	\$ 21,705,609	\$ 23,805,976	\$ 27,708,044	\$ 25,183,319

Table 3 – Revenues and Capital Contributions by Source

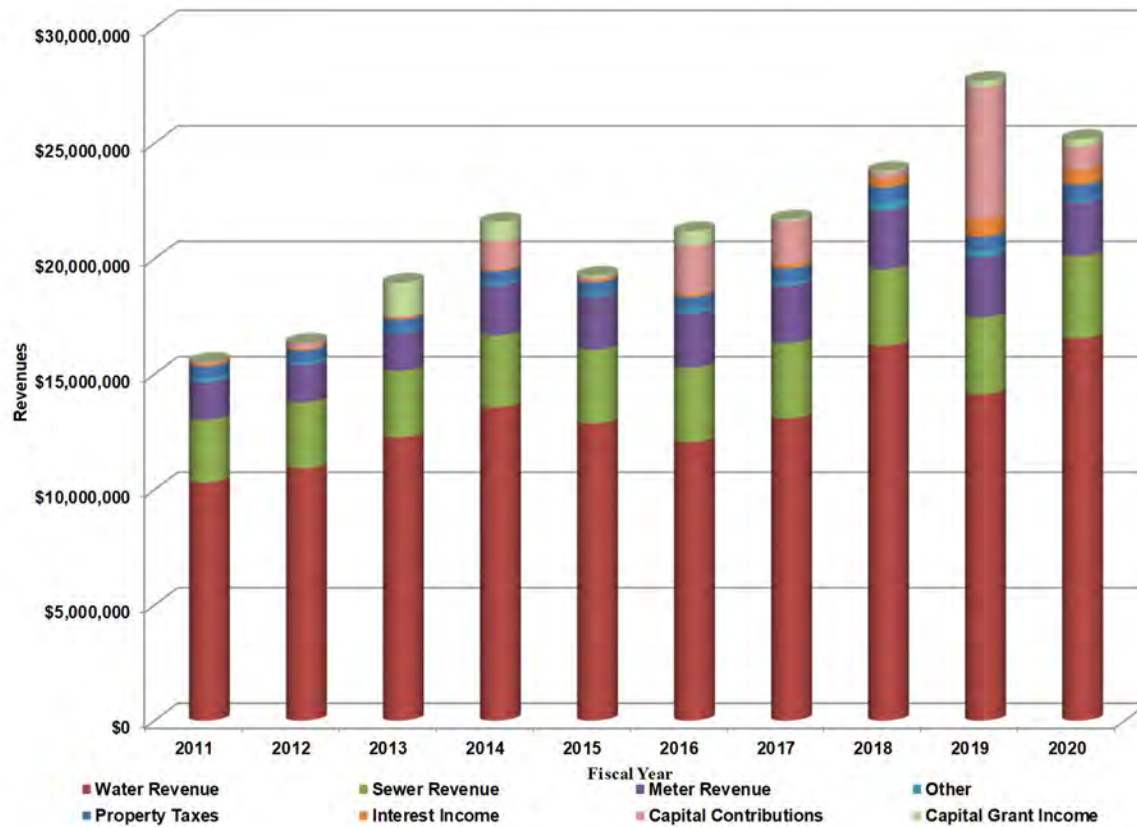


Figure 9 – Historical Revenues and Capital Contributions

Connection Fees & Other Contributions

Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Connection Fees	\$ 92,737	\$ 121,438	\$ 51,400	\$ -	\$ 82,113	\$ 2,104,091	\$ 1,484,132	\$ 158,549	\$ 5,666,117	\$ 9,825
CSUCI Recycle Line	53,503	56,521	59,709	63,077	66,635	70,394	74,365	78,559	82,991	87,672
In-Kind Contributions	-	159,354	-	1,201,427	34,850	3,300	357,905	97,386	23,400	981,597
Grant	-	-	1,460,211	839,789	76,298	633,159	93,091	67,519	290,622	326,415
Totals	\$ 146,240	\$ 337,313	\$ 1,571,320	\$ 2,104,293	\$ 259,896	\$ 2,810,944	\$ 2,009,492	\$ 402,013	\$ 6,063,130	\$ 1,405,509

Table 4 – Connection Fees & Other Contributions

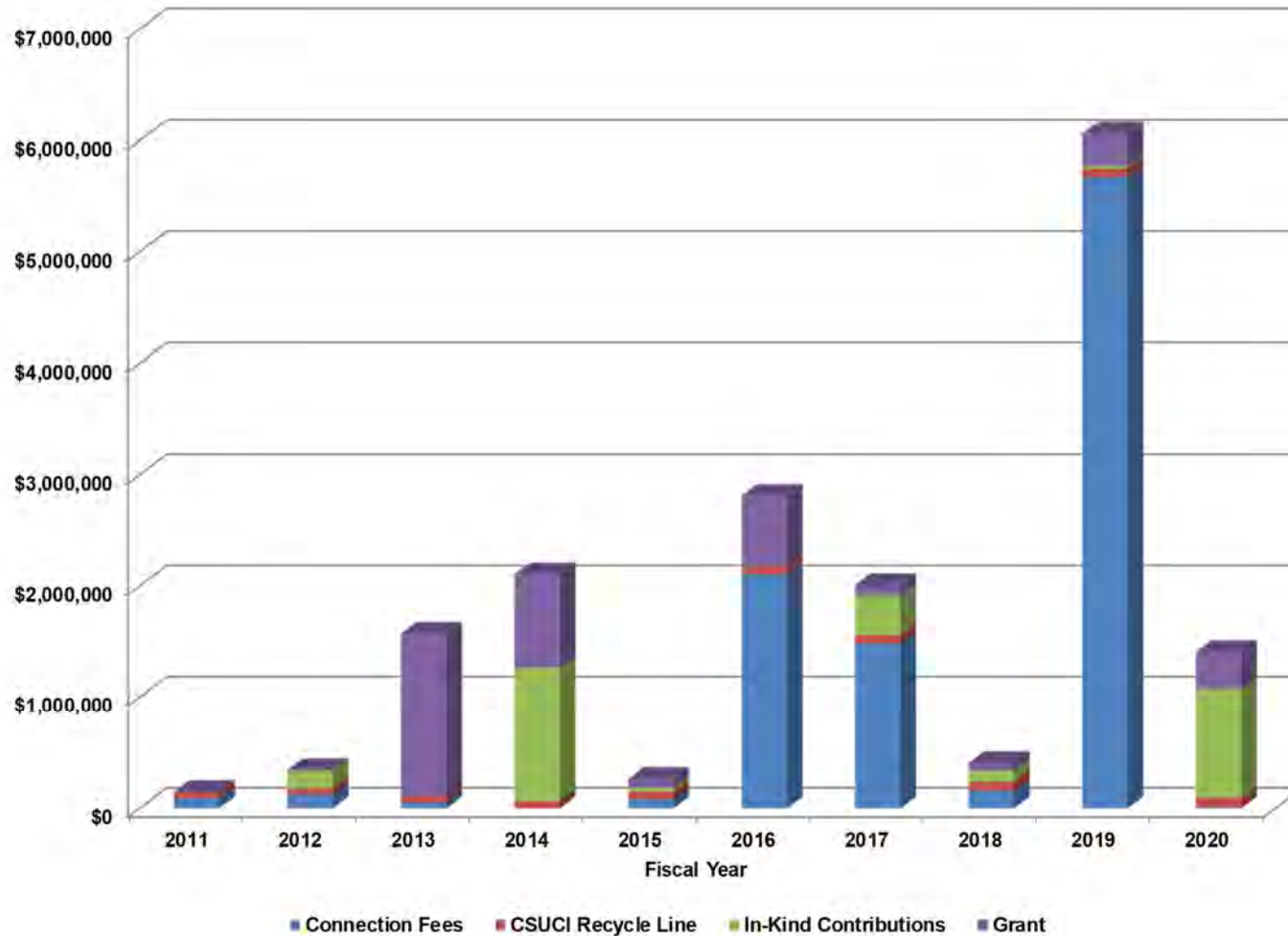


Figure 10 – Historical Connection Fees & Other Contributions

**Operating Expenses
Last Ten Fiscal Years**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water Purchases	\$ 6,595,635	\$ 7,039,814	\$ 8,058,511	\$ 9,008,654	\$ 8,305,257	\$ 7,147,319	\$ 6,500,815	\$ 7,890,983	\$ 7,828,911	\$ 9,532,192
Utilities	1,103,378	1,019,844	1,066,593	1,393,717	1,477,011	1,335,096	1,240,947	1,426,842	1,257,242	1,273,725
Salaries & Benefits	2,611,732	2,646,411	2,462,314	2,619,886	2,709,587	2,553,178	3,392,976	3,740,012	3,877,591	4,308,257
Contract/Prof. Svcs	983,420	1,058,357	946,930	821,497	1,015,370	1,154,828	1,313,596	1,377,908	1,232,165	1,828,640
Supplies & Services	1,032,974	848,344	847,752	1,064,287	1,502,354	1,864,428	1,827,780	2,462,144	2,259,095	2,154,855
Total Operating Expenses	12,327,139	12,612,770	13,382,100	14,908,041	15,009,579	14,054,849	14,276,114	16,897,889	16,455,004	19,097,669
Non-Operating Expenses										
Interest Expense	444,148	573,241	567,140	542,633	515,489	475,167	486,119	561,227	497,004	456,937
Loss on Disposal of Capital Assets	73,920	14	423	246	-	-	-	-	-	-
Debt Issuance Costs	-	-	-	-	-	-	227,159	-	-	-
Loss on Capital Asset	-	-	-	-	110,092	-	-	-	57,615	-
Total Non-Op Expenses	518,068	573,255	567,563	542,879	625,581	475,167	713,278	561,227	554,619	456,937
Depreciation & Amortization	2,065,661	2,091,789	2,123,625	2,133,668	2,179,599	2,354,424	2,601,408	2,684,495	2,842,512	2,836,353
Debt Service	950,000	500,000	1,245,000	1,225,000	1,265,000	1,317,500	1,465,000	1,525,000	1,590,000	1,650,000
Total Expenses	\$ 15,860,868	\$ 15,777,814	\$ 17,318,288	\$ 18,809,588	\$ 19,079,759	\$ 18,201,940	\$ 19,055,800	\$ 21,668,611	\$ 21,442,135	\$ 24,040,959

Table 5 – Historical Operating Expenses

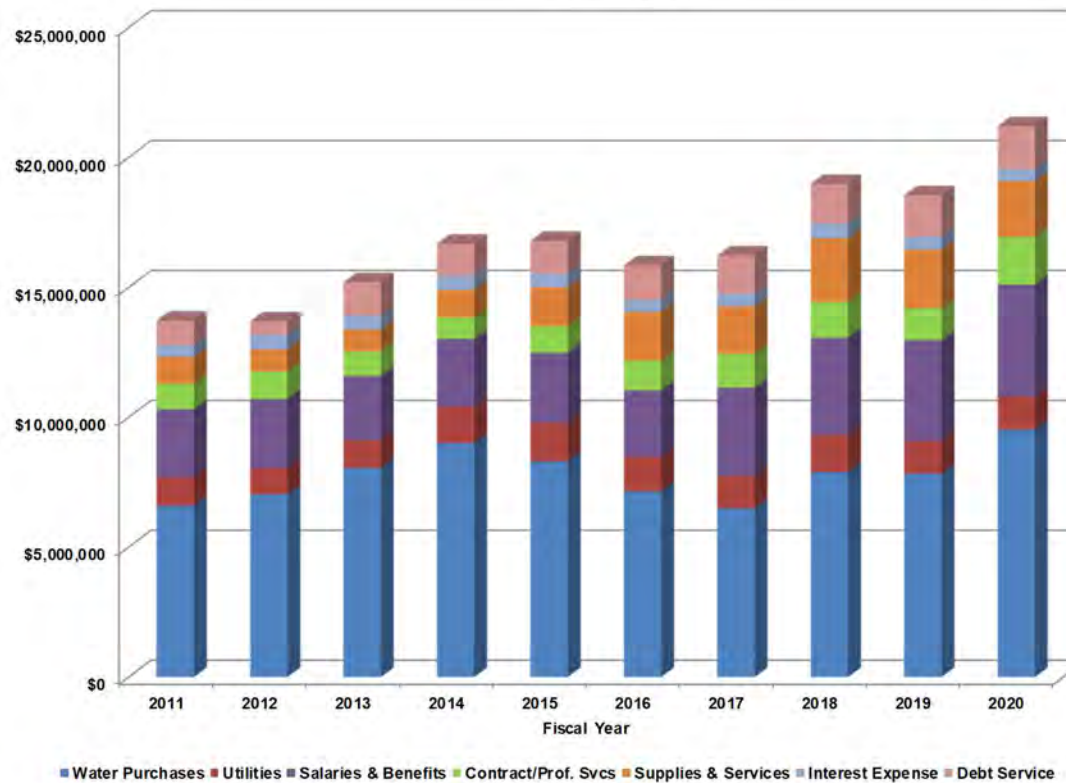


Figure 11 – Historical Operating Expenses

Revenue Capacity

Import Water Rates Last Ten Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
MWD	\$744	\$794	\$847	\$890	\$923	\$942	\$979	\$1,015	1,050	1,078
Calleguas	\$237	\$262	\$272	\$283	\$287	\$315	\$321	\$360	373	394
\$ A/F	\$981	\$1,056	\$1,119	\$1,173	\$1,210	\$1,257	\$1,300	\$1,375	\$1,423	\$1,472

Table 6 – Historical Imported Water Rates

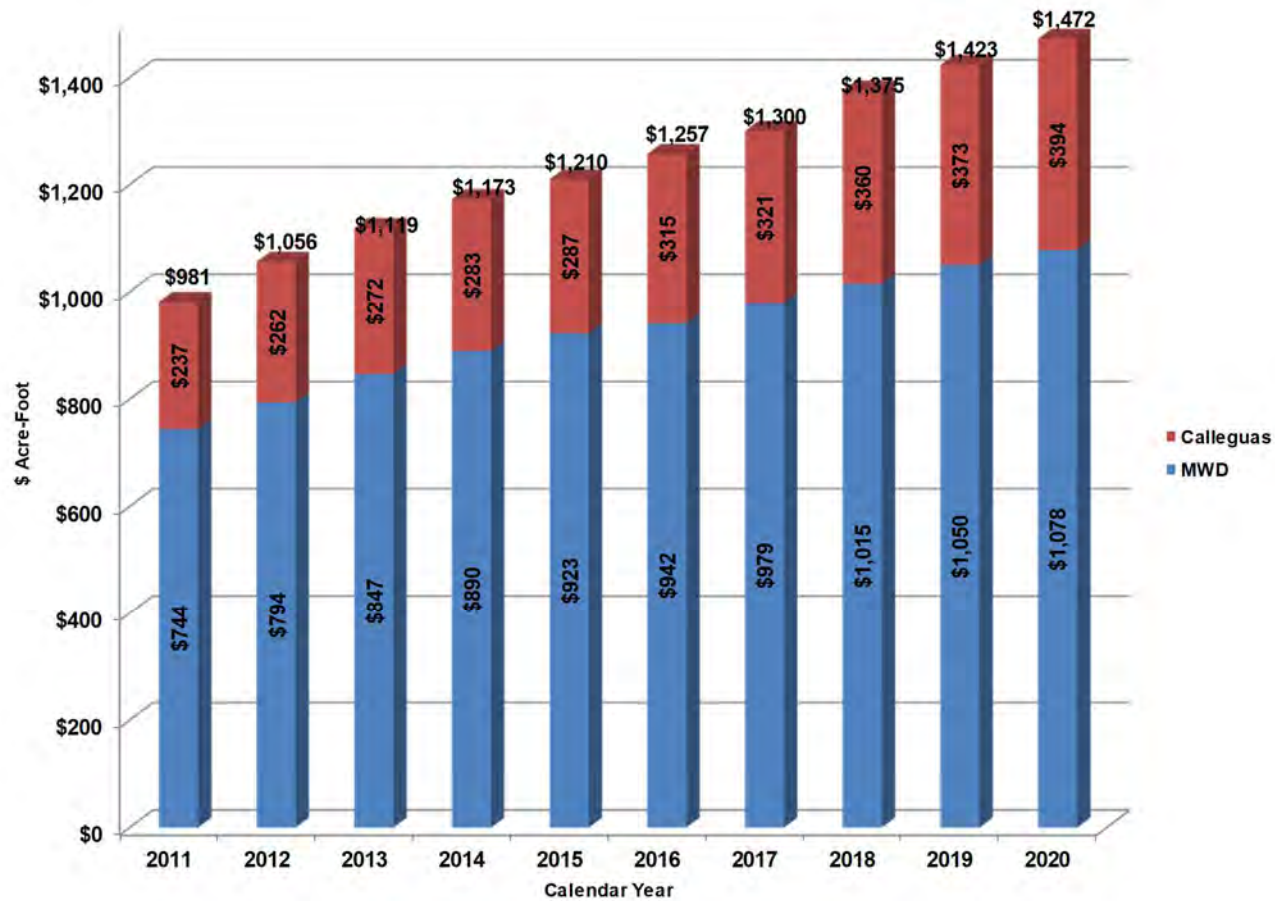


Figure 12 – Historical Imported Water Rates

Historical Water Commodity Rates

Potable Water	January 2010	January 2011	February 2013	July 2013	July 2014	July 2015	July 2016	July 2017	July 2019	July 2020
Residential/Master Meter/Domestic Agricultural First 12 Units	\$2.18	\$2.26	\$2.37	\$2.46	\$2.66	\$2.80	\$2.94	\$3.08	\$3.28	\$3.47
Residential/Master Meter/Domestic Agricultural 13 Units and Higher	\$2.53	\$2.63	\$2.69	\$2.69	\$2.90	\$3.05	\$3.19	\$3.34	\$3.65	\$3.82
Commercial/Industrial/Public	\$2.53	\$2.63	\$2.69	\$2.69	\$2.90	\$3.05	\$3.19	\$3.34	\$3.65	\$3.82
Municipal Irrigation/Residential Irrigation	\$2.53	\$2.63	\$2.69	\$2.69	\$2.90	\$3.05	\$3.19	\$3.34	\$3.65	\$3.82
Fire Service/Other	\$2.53	\$2.63	\$2.90	\$2.69	\$2.90	\$3.05	\$3.19	\$3.34	\$3.65	\$3.82
Agricultural Irrigation										
Tier 1	\$2.53	\$2.63	\$2.69	\$2.69	\$2.90	\$3.05	\$3.19	\$3.34	\$3.65	\$3.82
Tier 2	\$2.84	\$2.95	\$3.29	\$3.28	\$3.54	\$3.72	\$3.89	\$4.07	n/a	n/a
Temporary Construction/Temporary Agricultural	\$2.53	\$2.63	\$2.69	\$2.69	\$2.90	\$3.05	\$3.19	\$3.34	\$4.91	\$5.29
Temporary Municipal	\$3.09	\$3.21	\$3.28	\$3.28	\$3.54	\$3.72	\$3.90	\$4.08	\$4.91	\$5.29
Emergency Water Service	\$3.82	\$3.97	\$4.06	\$4.06	\$4.37	\$4.60	\$4.82	\$5.05	\$4.91	\$5.29
Commercial/Industrial/Public Out of Bounds	\$2.65	\$2.75	\$2.81	\$3.32	\$3.58	\$3.76	\$3.94	\$4.13	\$4.91	\$5.29
Residential Out of Bounds First 12 Units	\$2.65	\$2.75	\$2.81	\$2.81	\$3.03	\$3.19	\$3.34	\$3.50	\$4.91	\$5.29
Residential Out of Bounds 13 Units and Higher	\$3.12	\$3.24	\$3.32	\$3.32	\$3.58	\$3.76	\$3.94	\$4.13	n/a	n/a
Non-Potable Commercial Agricultural	\$0.70	\$0.70	\$0.70	\$0.89	\$1.08	\$1.26	\$1.45	\$1.64	\$1.92	\$2.08
Non-Potable Landscape Irrigation Water	\$0.70	\$0.70	\$0.70	\$0.89	\$1.08	\$1.26	\$1.45	\$1.64	\$1.92	\$2.08
Non-Potable Residential Landscape	\$0.70	\$0.70	\$0.70	\$0.89	\$1.08	\$1.26	\$1.45	\$1.64	\$1.92	\$2.08
Non-Potable Temporary Construction	\$0.70	\$0.70	\$0.70	\$0.89	\$1.08	\$1.26	\$1.45	\$1.64	\$1.92	\$2.08
Non-Potable Commercial Agricultural (contractal)	\$0.46	\$0.46	\$0.46	\$0.50	\$0.54	\$0.59	\$0.60	\$0.61	\$0.61	\$0.61
Blended Non-Potable Agricultural										
Tier 1	\$1.76	\$1.76	\$1.92	\$2.03	\$2.24	\$2.46	\$2.67	\$2.88	\$2.46	\$2.70
Tier 2	\$1.98	\$1.98	\$2.17	\$2.29	\$2.53	\$2.78	\$3.02	\$3.25	n/a	n/a
Recycled Commercial Agricultural	\$0.37	\$0.37	\$0.37	\$0.89	\$1.08	\$1.26	\$1.45	\$1.64	\$1.92	\$2.08
Recycled Landscape Irrigation	\$0.55	\$0.55	\$0.55	\$0.89	\$1.08	\$1.26	\$1.45	\$1.64	\$1.92	\$2.08
Recycled Commercial Agricultural (contractual)	\$0.37	\$0.37	\$0.37	\$0.37	\$0.38	\$0.38	\$0.39	\$0.40	\$0.40	\$0.40
Recycled Surplus Water (Served Outside District)	\$0.49	\$0.49	\$0.49	\$0.89	\$1.08	\$1.26	\$1.45	\$1.64	\$1.92	\$2.08

Table 7 – Historical Water Commodity Rates

Camrosa Water District
Historical Water Meter Service Charge

Potable/Non-Potable Irrigation/Blended Agricultural	February 2009	July 2013	July 2014	July 2015	July 2016	July 2017	July 2019	July 2020
3/4" (MM)	\$8.43	\$5.55	\$5.90	\$6.11	\$6.32	\$6.55	\$6.21	\$6.19
3/4"	\$8.60	\$11.56	\$12.29	\$12.72	\$13.17	\$13.64	\$12.79	\$12.77
1"	\$14.33	\$19.26	\$20.48	\$21.20	\$21.95	\$22.72	\$21.41	\$21.40
1.5"	\$28.67	\$38.54	\$40.98	\$42.42	\$43.91	\$45.46	\$42.94	\$42.93
2"	\$45.87	\$61.66	\$65.57	\$67.87	\$70.25	\$72.73	\$68.89	\$68.89
3"	\$100.33	\$134.87	\$143.41	\$148.44	\$153.66	\$159.09	\$151.09	\$151.12
4"	\$172.00	\$231.21	\$245.86	\$254.48	\$263.43	\$272.73	\$259.02	\$259.09
6"	\$258.00	\$346.82	\$368.79	\$381.72	\$395.15	\$409.10	\$388.69	\$388.81
8"	n/a	\$578.03	\$614.65	\$636.19	\$358.58	\$681.83	\$647.90	\$648.11
Domestic								
3/4"	\$17.03	\$17.11	\$18.19	\$18.83	\$19.49	\$20.18	\$12.79	\$12.77
1"	\$22.76	\$24.81	\$26.38	\$27.31	\$28.27	\$29.27	\$21.41	\$21.40
1.5"	\$37.10	\$44.09	\$46.88	\$48.53	\$50.23	\$52.01	\$42.94	\$42.93
3"	\$108.76	\$140.42	\$149.31	\$154.55	\$159.99	\$165.60	\$151.09	\$151.12
4"	\$180.43	\$236.76	\$251.76	\$260.58	\$269.75	\$279.28	\$259.02	\$259.09
6"	n/a	\$352.37	\$374.69	\$387.82	\$401.47	\$415.64	\$388.69	\$288.81
8"	n/a	\$583.58	\$620.55	\$642.30	\$664.90	\$688.37	\$647.90	\$648.11
Blended Agricultural								
1"	\$14.33	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.5"	\$22.30	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2"	\$29.06	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3"	\$36.63	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4"	\$62.51	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6"	\$108.30	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fire Service								
1"	\$40.00	\$43.61	\$46.38	\$48.00	\$49.69	\$51.45	\$51.03	\$51.65
1.5"	\$40.00	\$43.61	\$46.38	\$48.00	\$49.69	\$51.45	\$51.03	\$51.65
2"	\$40.00	\$43.61	\$46.38	\$48.00	\$49.69	\$51.45	\$51.03	\$51.65
3"	\$40.00	\$43.61	\$46.38	\$48.00	\$49.69	\$51.45	\$51.03	\$51.65
4"	\$40.00	\$43.61	\$46.38	\$48.00	\$49.69	\$51.45	\$51.03	\$51.65
6"	\$40.00	\$87.20	\$92.73	\$95.98	\$99.35	\$102.86	\$77.09	\$78.03
8"	\$40.00	\$156.98	\$166.92	\$172.77	\$178.85	\$185.17	\$129.17	\$130.74
10"	\$40.00	\$261.68	\$278.26	\$288.01	\$298.15	\$308.67	\$343.45	\$347.63

Table 8 – Historical Water Meter Service Charge

July 2010	July 2011	July 2013	July 2014	July 2015	July 2016	July 2019	July 2020
\$26.10	\$27.35	\$29.51	\$30.10	\$30.70	\$31.32	\$33.49	\$35.83

Table 9 – Historical Sewer Rates

Historical Billed Wastewater Connections Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Number of Connections</u>	<u>Percentage Increase</u>
2011	8,698	-0.28%
2012	8,752	0.62%
2013	8,810	0.66%
2014	8,857	0.53%
2015	8,858	0.01%
2016	8,811	-0.53%
2017	8,768	-0.49%
2018	8,843	0.86%
2019	8,926	0.94%
2020	8,929	0.03%

Table 10 – Historical Billed Wastewater Connections

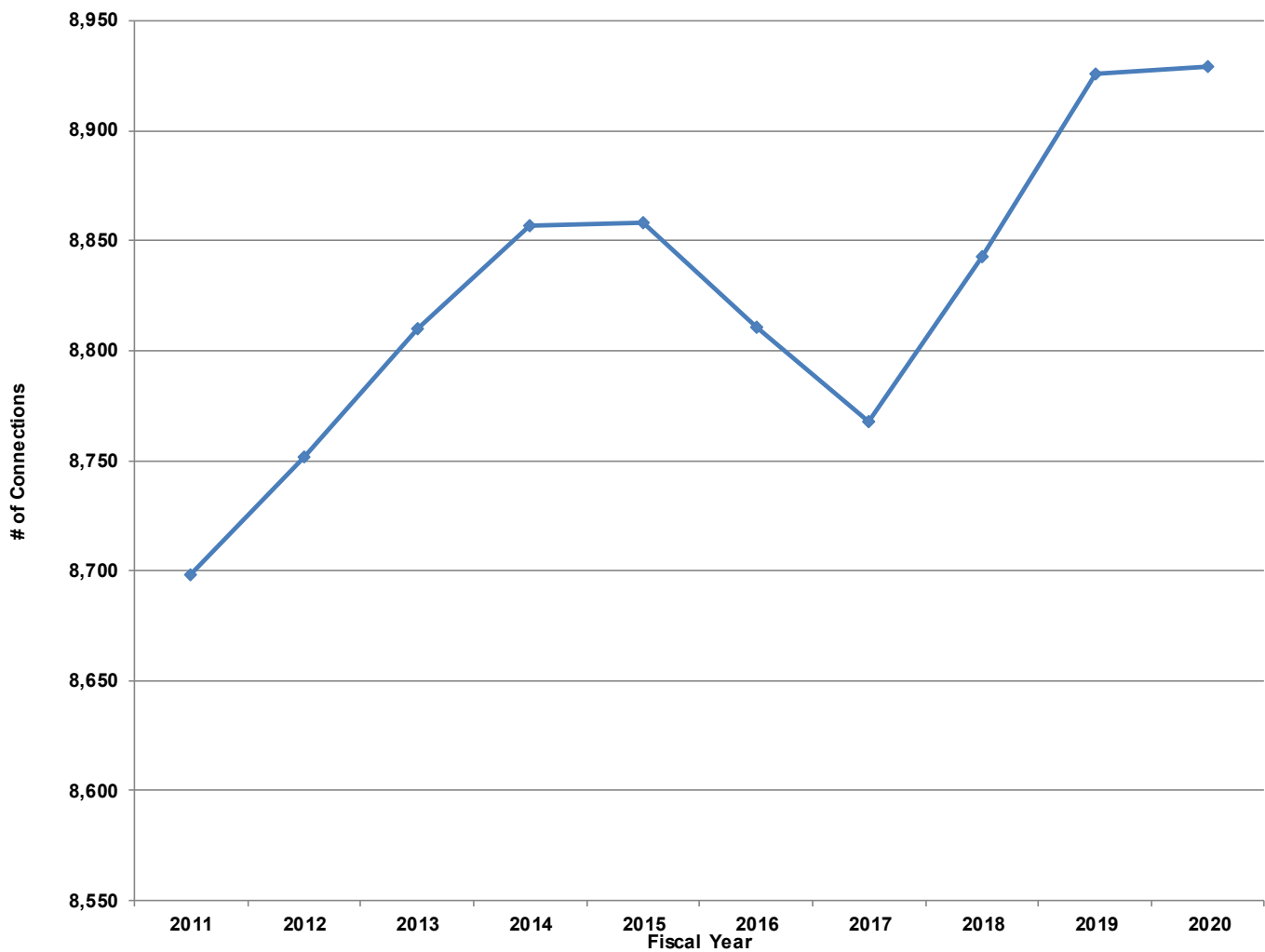


Figure 13 – Historical Billed Wastewater Connections

Note: Beginning in 2008 through 2011, the decline of EDUs is directly related to the effort made by CSUCI to upgrade aging sewer system on campus to minimize infiltration and otherwise reduce wastewater flows.

**Historical Billed Water Connections
Last Ten Fiscal Years**

Fiscal Year	Single Family Residential	Multi-Family Residential	Commercial/ Industrial/Public	Irrigation	Agricultural	Other	Total
2011	7,332	3	216	497	131	115	8,294
2012	7,387	3	217	496	125	112	8,340
2013	7,309	3	219	495	128	114	8,268
2014	7,288	3	217	493	128	112	8,241
2015	7,343	3	219	498	122	115	8,300
2016	7,304	3	204	504	123	115	8,253
2017	7,276	3	224	518	115	118	8,254
2018	7,326	3	228	529	133	117	8,336
2019	7,398	3	221	532	132	139	8,425
2020	7,431	3	225	533	133	144	8,469

Table 11 – Historical Billed Water Connections

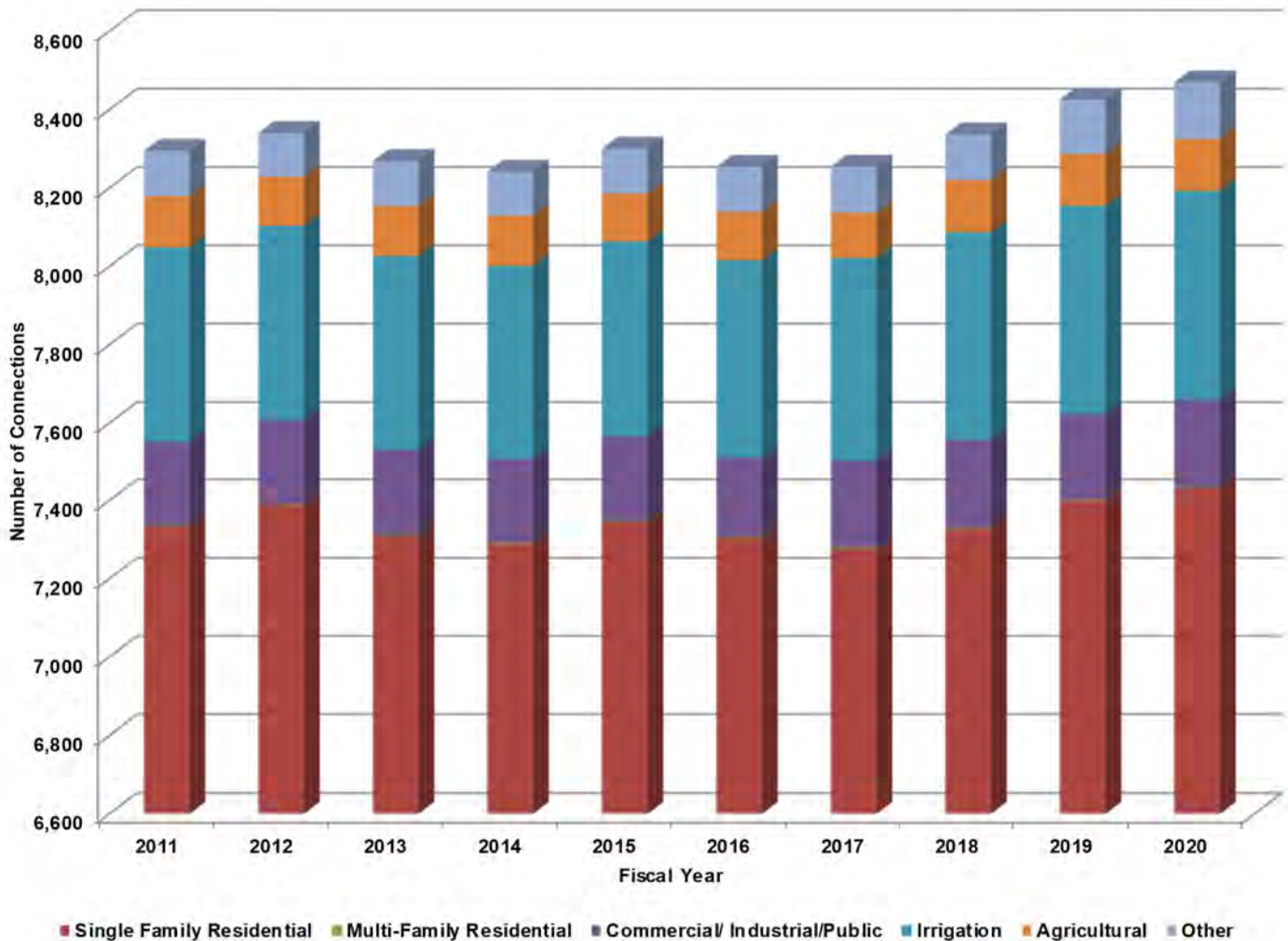


Figure 14 – Historical Billed Water Connections

Ten Largest Water Customers - Current Year and Nine Years Ago
Fiscal Year 2020

	<u>Customer</u>	<u>Customer Type</u>	<u>Acre-Feet</u>	<u>Annual Revenues</u>	<u>% of Water Sales</u>
1	Leisure Village	Residential	783	\$ 1,091,650	5.79%
2	Reiter Brother, Inc.	Agricultural	1133	887,681	4.71%
3	Laubacher Farms	Agricultural	465	402,292	2.13%
4	Mahan Ranch Golf Club LLC.	Commercial	248	399,247	2.12%
5	Cal State University CI	Commercial	341	398,116	2.11%
6	A Hartman Ranch, Inc.	Agricultural	346	290,628	1.54%
7	Alfonso Lopez	Agricultural	268	231,721	1.23%
8	Camlam Farms Inc.	Agricultural	643	206,317	1.09%
9	Marz Farms, Inc.	Agricultural	219	204,603	1.08%
10	Waters Family Farm, Inc.	Agricultural	179	204,441	1.08%
	Total Ten Largest Customers		4,625	4,316,696	22.89%
	All Other Customers		8,563	14,545,675	77.11%
	Total Water Revenue for District		13,188	\$ 18,862,371	100.00%

Fiscal Year 2011

	<u>Customer</u>	<u>Customer Type</u>	<u>Acre-Feet</u>	<u>Annual Revenues</u>	<u>% of Water Sales</u>
1	Leisure Village	Residential	815	\$ 640,268	5.36%
2	Reiter Brother Inc	Agricultural	1,227	597,681	5.00%
3	Cal State University CI	Commercial	420	335,253	2.81%
4	Kruger (golf)	Commercial	262	296,849	2.49%
5	Boskovich	Agricultural	905	287,337	2.41%
6	3 H Custom Farming	Agricultural	815	150,090	1.26%
7	Brucker Farms	Agricultural	654	137,511	1.15%
8	A Hartman Ranch	Agricultural	85	100,574	0.84%
9	Cam Springs County Club	Commercial	205	89,224	0.75%
10	Rancho Adolfo Estate HOA	Residential	62	86,290	0.72%
	Total Ten Largest Customers		5,449	2,721,077	22.78%
	All Other Customers		8,510	9,221,475	77.22%
	Total Water Revenue for District		13,959	\$ 11,942,552	100.00%

Table 12 – Ten Largest Water Customers

Ten Largest Wastewater Customers - Current Year and Nine Years Ago

Fiscal Year 2020

	<u>Customer</u>	<u>EDUs</u>	<u>Annual Revenue</u>	<u>% of Wastewater Sales</u>
1	Leisure Village	2,162	\$ 868,664	26.21%
2	CSUCI	748	300,606	9.07%
3	Rancho Adolfo Mobile Home Estates	255	102,479	3.09%
4	Corte Madera/Avalonbay Comm. Inc	161	64,301	1.94%
5	Essex Camino Inc.	161	64,301	1.94%
6	Cam High School	59	23,711	0.72%
7	Emeritus at Camarillo	56	22,505	0.68%
8	Camino Ruiz LLC	47	18,888	0.57%
9	Marriott Brighton Gardens	42	16,879	0.51%
10	Pleasant Valley School	38	15,271	0.46%
	Total Ten Largest Wastewater Customers	3,729	\$ 1,497,605	41.88%
	All Other Customers	5,200	2,078,358	58.12%
	Total Wastewater Revenue for District	8,929	\$ 3,575,963	100.00%

Fiscal Year 2011

	<u>Customer</u>	<u>EDUs</u>	<u>Annual</u>	<u>% of</u>
1	Leisure Village	2,149	\$ 673,067	27.14%
2	CSUCI	697	218,300	8.80%
3	Rancho Adolfo Mobile Home Estates	255	79,866	3.22%
4	Essex Camino Inc.	160	50,425	2.03%
5	Corte Madera Appartments	160	50,425	2.03%
6	Cam High School	59	18,479	0.75%
7	Emeritus At Camarillo	56	17,588	0.71%
8	Kilroy Realty	47	14,720	0.59%
9	Marriot Corp.	42	13,154	0.53%
10	Pleasant Valley School	38	11,902	0.48%
	Total Ten Largest Wastewater Customers	3,663	\$ 1,147,927	42.27%
	All Other Customers	5,035	1,567,907	57.73%
	Total Wastewater Revenue for District	8,698	\$ 2,715,834	100.00%

Table 13 – Ten Largest Wastewater Customers

CAMROSA WATER DISTRICT



BUILDING WATER
SELF-RELIANCE

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Water Deliveries By Class - Acre-Feet
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Potable Water										
Residential	5,464	5,663	5,988	6,388	5,449	4,610	5,139	5,486	4,854	5,052
Commercial/Industrial	570	594	672	677	584	539	545	562	500	502
Institutional and Governmental	413	390	432	408	352	336	332	368	286	257
Landscape	669	698	795	887	745	567	665	783	650	675
Agriculture	534	550	694	488	396	401	360	374	333	371
Other (Misc)	<u>13</u>	<u>12</u>	<u>20</u>	<u>36</u>	<u>38</u>	<u>15</u>	<u>21</u>	<u>30</u>	<u>34</u>	<u>43</u>
Total Potable Water	7,663	7,907	8,601	8,884	7,564	6,468	7,062	7,603	6,657	6,900
Non-Potable Water										
Landscape	1,146	1,182	1,359	1,505	1,327	1,233	1,328	1,418	1,207	1,255
Agriculture	4,150	4,166	4,953	5,340	4,630	3,962	5,093	5,772	4,463	4,469
Recycled Water	<u>1,000</u>	<u>945</u>	<u>1,104</u>	<u>1,249</u>	<u>1,323</u>	<u>1,204</u>	<u>1,104</u>	<u>958</u>	<u>850</u>	<u>564</u>
Total Non-Potable Water	6,296	6,293	7,416	8,094	7,280	6,399	7,525	8,148	6,520	6,288
Total Acre-Feet Deliveries	13,959	14,200	16,017	16,978	14,844	12,867	14,587	15,751	13,177	13,188

Table 14 – Water Deliveries by Class

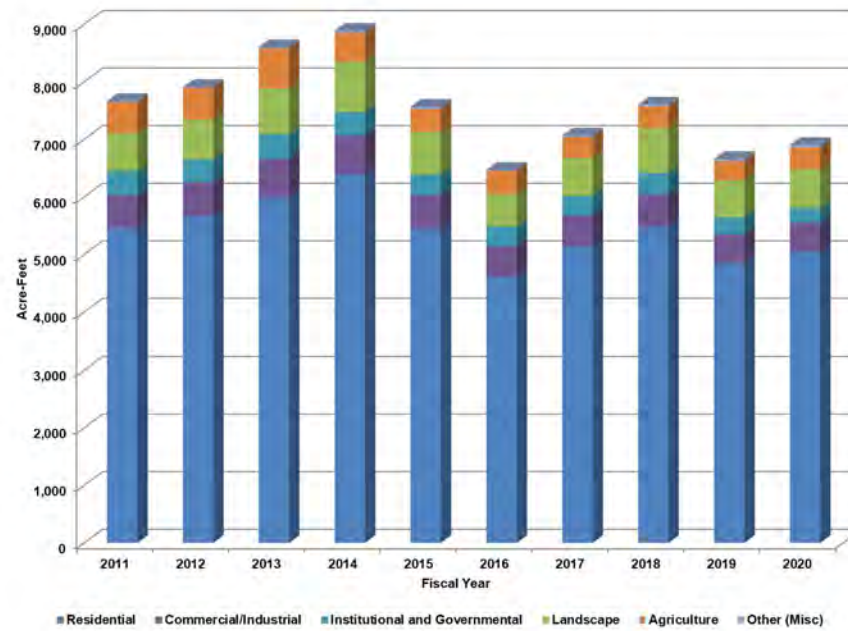


Figure 15 – Historical Potable Water Deliveries

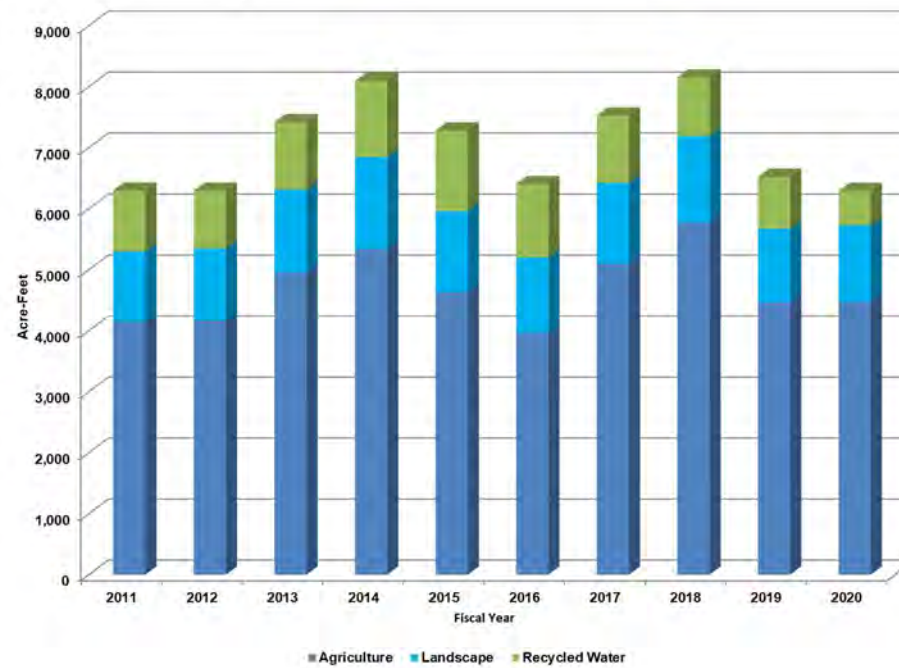


Figure 16 – Historical Non-Potable Water Deliveries

Assessed Valuations

<u>Fiscal Year</u>	<u>Secured Assessed Valuation</u>	<u>Unsecured Assessed Valuation</u>	<u>Total</u>	<u>% Change</u>
2011	4,562,003,372	261,933,824	4,823,937,196	-1.05%
2012	4,539,279,662	216,151,708	4,755,431,370	-1.42%
2013	4,567,072,569	209,920,926	4,776,993,495	0.45%
2014	4,678,271,589	139,077,637	4,817,349,226	0.84%
2015	4,907,112,472	128,877,820	5,035,990,292	4.54%
2016	5,145,103,092	115,142,342	5,260,245,434	4.45%
2017	5,330,477,983	121,837,738	5,452,315,721	3.65%
2018	5,583,931,181	165,603,337	5,749,534,518	5.45%
2019	5,821,051,039	168,334,118	5,989,385,157	4.17%
2020	6,061,204,136	190,366,546	6,251,570,682	4.38%

Secured Tax Charges and Delinquencies

<u>Fiscal Year</u>	<u>Secured Assessed Charge</u>	<u>Amount Delinquent June 30</u>	<u>% Delinquent June 30</u>
2011	488,083	\$20,315	4%
2012	482,308	\$11,761	2%
2013	484,896	\$6,987	1.44%
2014	489,840	\$5,749	1.17%
2015	512,858	\$4,255	0.83%
2016	540,450	\$7,397	1.37%
2017	567,163	\$4,543	0.80%
2018	591,316	\$4,466	0.76%
2019	614,392	\$11,173	1.82%
2020	640,500	\$20,848	3.25%

Table 15 – Historical Assessed Valuations

Debt Capacity

<u>Fiscal</u> <u>Year</u>	<u>2001</u>	<u>2011A</u>	<u>2011A</u> <u>Bond</u> <u>Premium</u>	<u>2012</u> <u>Refunding</u>	<u>2012</u> <u>Refunding</u> <u>Bond</u> <u>Premium</u>	<u>2016A</u>	<u>2016</u> <u>Refunding</u> <u>Bond</u> <u>Premium</u>	<u>Total</u> <u>Outstanding</u> <u>Debt</u>	<u>Per Capita</u>
2011	9,085,000	-	-	-	-	-	-	9,085,000	\$ 138.01
2012	-	9,630,000	289,259	7,575,000	694,152	-	-	18,188,410	\$ 273.89
2013	-	9,275,000	273,658	6,685,000	602,131	-	-	16,835,789	\$ 253.44
2014	-	8,910,000	258,057	5,825,000	510,111	-	-	15,503,168	\$ 232.25
2015	-	8,535,000	242,456	4,935,000	418,091	-	-	14,130,547	\$ 210.42
2016	-	8,150,000	226,854	4,030,000	326,071	-	-	12,732,925	\$ 182.10
2017	-	-	-	3,085,000	234,051	13,520,000	1,546,815	18,385,866	\$ 264.70
2018	-	-	-	2,100,000	142,031	12,980,000	1,492,627	16,714,658	\$ 241.44
2019	-	-	-	1,070,000	50,011	12,420,000	1,438,439	14,978,450	\$ 216.14
2020	-	-	-	-	-	11,840,000	1,384,252	13,224,252	\$ 190.82

Table 16 – Total Outstanding Debt

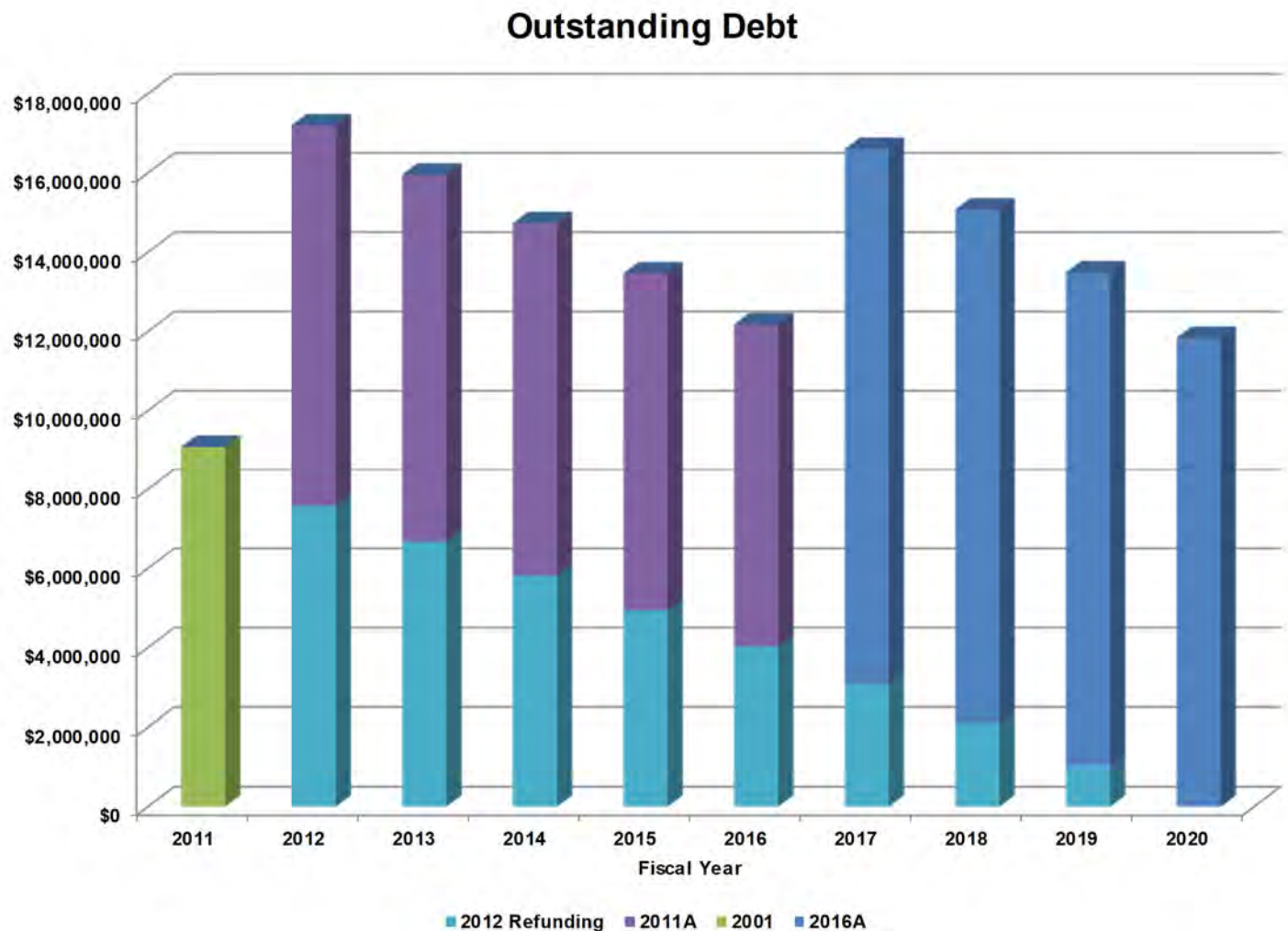


Figure 17 – Outstanding Debt

Camrosa Water District
Water Debt Coverage

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Operating & Maint. Costs</u>	<u>Net Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage Ratio</u>
2011	12,550,739	10,396,830	2,153,909	576,650	261,359	838,009	2.57
2012	13,033,994	10,696,641	2,337,353	303,500	406,810	710,310	3.29
2013	14,318,654	11,606,550	2,712,104	795,000	442,000	1,237,000	2.19
2014	16,362,572	13,206,095	3,156,477	785,000	423,600	1,208,600	2.61
2015	15,858,152	13,150,593	2,707,559	810,000	404,975	1,214,975	2.23
2016	16,651,844	12,294,192	4,357,652	847,500	380,325	1,227,825	3.55
2017	17,864,464	11,983,683	5,880,781	980,000	412,969	1,392,969	4.22
2018	20,041,849	14,368,286	5,673,563	1,040,000	493,881	1,533,881	3.70
2019	22,369,158	14,004,394	8,364,764	1,082,500	454,381	1,536,881	5.44
2020	20,110,052	16,339,981	3,770,071	1,105,000	407,831	1,512,831	2.49

Table 17 – Historical Water Debt Coverage

Camrosa Water District
Wastewater Debt Coverage

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Operating & Maint. Costs</u>	<u>Net Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage Ratio</u>
2011	2,985,019	1,930,308	1,054,711	373,350	169,216	542,566	1.94
2012	3,170,439	1,919,638	1,250,801	196,500	201,559	398,059	3.14
2013	3,188,395	1,779,060	1,409,335	450,000	205,800	655,800	2.15
2014	3,187,900	1,705,455	1,482,445	440,000	195,900	635,900	2.33
2015	3,296,787	1,858,986	1,437,801	455,000	185,925	640,925	2.24
2016	3,905,306	1,760,668	2,144,638	470,000	172,175	642,175	3.34
2017	3,385,467	2,292,431	1,093,036	505,000	114,399	619,399	1.76
2018	3,581,230	2,501,042	1,080,188	517,500	115,850	633,350	1.71
2019	5,009,039	2,424,108	2,584,931	537,500	95,750	633,250	4.08
2020	3,759,479	2,750,890	1,008,589	545,000	72,150	617,150	1.63

Table 18 – Historical Wastewater Debt Coverage

CAMROSA WATER DISTRICT



BUILDING WATER
SELF-RELIANCE

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Operational Information

**Historical Water Demand/Sources
Last Ten Fiscal Years
(Acre-Feet)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Demand - Acre-Feet	13,959	14,200	16,017	16,978	14,845	12,867	14,587	15,751	13,177	13,188
Groundwater/Wells										
Tierra Rejada Basin	435	514	428	443	367	36	164	350	278	290
Santa Rosa Basin	1,666	1,908	2,822	2,981	1,997	1,462	2,123	2,995	1,416	655
Pleasant Valley Basin	720	809	183	295	761	972	777	902	827	819
Perched Aquifer	-	-	-	10	263	883	664	1	363	628
Groundwater/Wells	2,821	3,231	3,433	3,729	3,388	3,353	3,728	4,248	2,884	2,392
Imported Water										
Calleguas	5,551	5,594	5,910	6,196	4,978	4,125	3,612	3,979	4,194	5,188
Imported Water	5,551	5,594	5,910	6,196	4,978	4,125	3,612	3,979	4,194	5,188
Non-Potable/Recycled Water										
Conejo Creek	3,743	4,061	4,930	5,736	5,109	4,886	4,718	5,849	4,373	3,841
Santa Rosa Basin	1,178	1,009	1,109	883	722	586	542	513	728	1,060
Imported Water	530	695	701	837	997	1,412	975	1,459	695	828
Camrosa WRF (Recycled)	899	1,071	1,006	1,250	1,323	1,204	1,104	958	850	617
CamSan WWTP (Recycled)	-	-	-	-	-	-	-	-	-	781
Non-Potable/Recycled Water	6,350	6,836	7,746	8,706	8,151	8,088	7,339	8,780	6,645	7,127
Total Sources of Production	14,722	15,661	17,089	18,631	16,517	15,566	14,679	17,007	13,723	14,707

Table 19 – Historical Water Demand/Sources

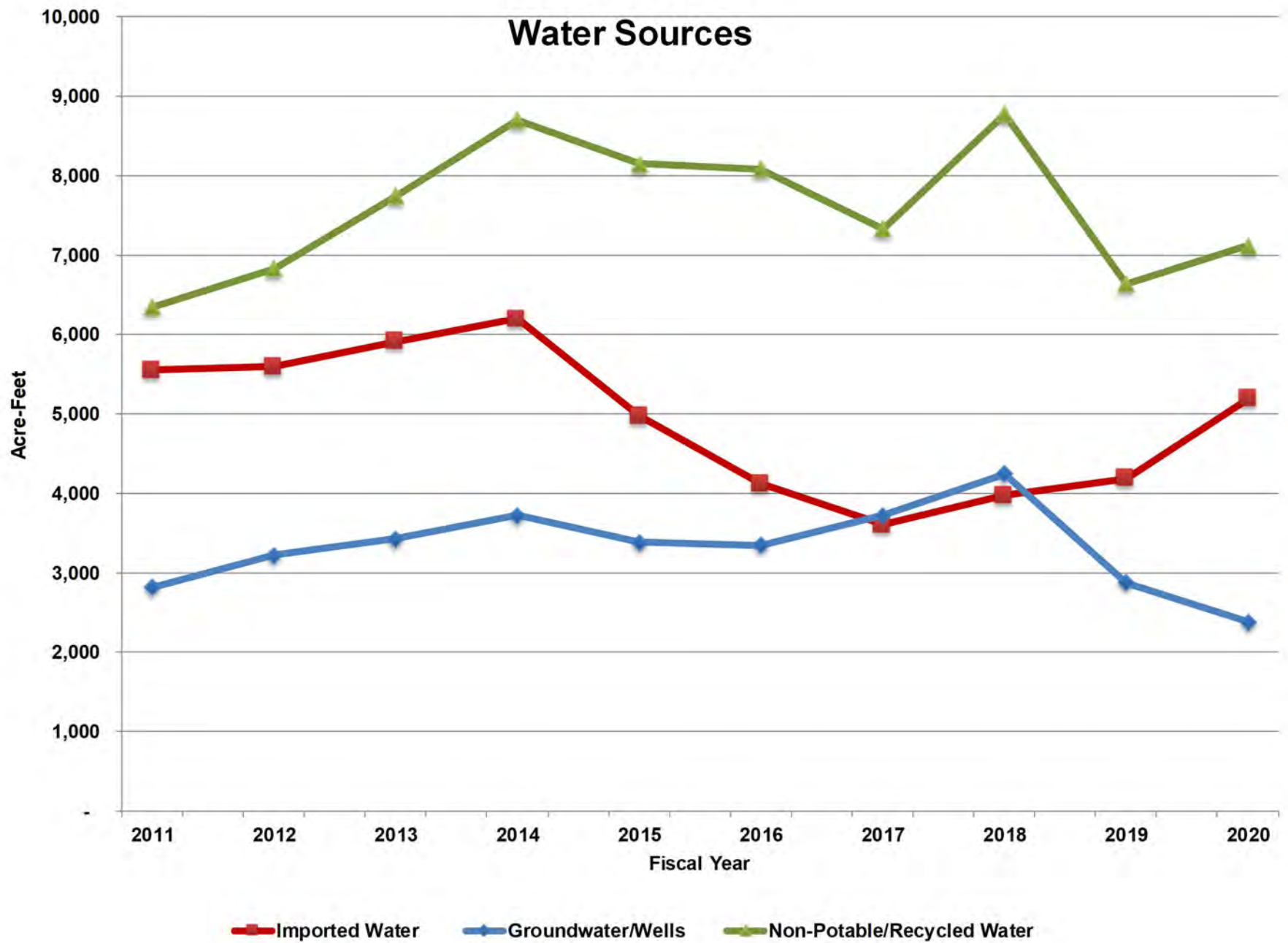


Figure 18 – Historical Water Demand by Source

Camrosa Water District
Facilities Information

Established Water System Service Area 31 (Square miles)	<u>Water System</u>	
	1962	
Water Facilities:	Potable	Non-Potable
Miles of pipeline	171	37
Number of groundwater wells	8	3
Number of pumping stations	8	8
Number of meter stations	12	
Number of reservoirs	10	4
Number of treatment plants	1	
Number of fire hydrants	1098	43.00
Average Daily Water Production, Acft	20.70	42.89
Average Daily Water Production, Acft Delivered to CWD		18.72
Average Daily Water Production, Acft Delivered to PVCWD		15.57
Maximum Daily Water Production, Acft	31.64	73.82
Maximum Daily Water Production, Acft Delivered to CWD		47.31
Maximum Daily Water Production, Acft Delivered to PVCWD		35.53
Minimum Daily Water Production, Acft	7.53	4.72
Minimum Daily Water Production, Acft Delivered to CWD		4.57
Minimum Daily Water Production, Acft Delivered to PVCWD		0.00
Wastewater Facilities:		
Tertiary-treated Title 22 water		
Sewer Lift Stations	5	
Primary treatment, MGD	2.25	
Average Daily Wastewater Flow, MGD	1.22	
Maximum Daily Wastewater Flow, MGD	1.9	
Minimum Daily Wastewater Flow, MGD	1.14	

Table 20 – District Facilities Information

**Camrosa Water District
Historical Capital Assets**

Fiscal Year	Water Plant	Sanitation Plant	Buildings & Equipment	Accumulated Depreciation	Net Capital Assets (less Construction in Progress)	Construtcion in Progress
2011	48,533,925	29,287,966	2,264,143	(34,812,429)	45,273,605	1,548,836
2012	50,240,680	28,208,866	2,364,852	(36,878,808)	43,935,590	2,806,680
2013	50,859,678	28,305,869	2,485,603	(38,902,145)	42,749,005	4,773,887
2014	52,739,159	28,412,029	2,507,268	(41,010,945)	42,647,511	10,601,204
2015	53,155,862	28,411,372	2,579,360	(43,152,352)	40,994,242	11,306,033
2016	63,438,656	29,108,335	2,830,255	(45,455,622)	49,921,624	2,544,641
2017	64,799,973	29,782,538	3,053,596	(47,909,462)	49,726,646	3,359,879
2018	66,919,253	30,767,634	3,253,617	(50,528,555)	50,411,949	1,894,279
2019	68,052,438	30,767,634	3,524,259	(53,349,416)	48,994,915	3,488,177
2020	71,344,790	31,049,483	4,266,850	(56,183,342)	50,477,782	4,184,008

Table 21 – Historical Capital Assets

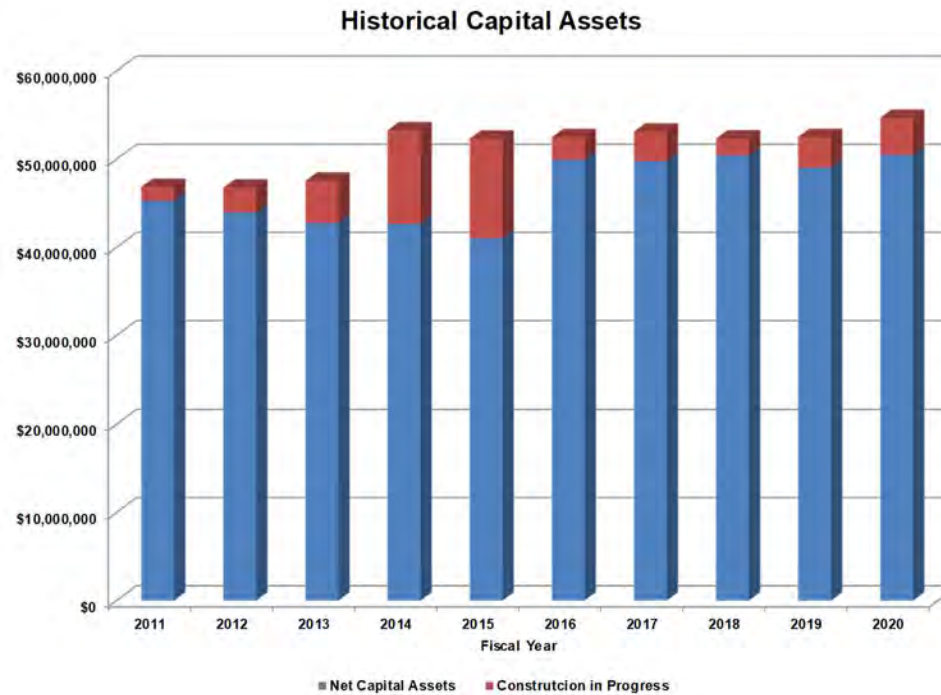


Figure 19 – Historical Capital Assets

CAMROSA WATER DISTRICT



BUILDING WATER
SELF-RELIANCE

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Demographic and Economic Information

Camrosa Water District
Demographic and Economic Statistics
Last Ten Calendar Years
City of Camarillo (1)

Year	Unemployment Rate	Population	Personal Income (in thousands)	Per Capital Personal Income
2011	7.3%	65,830	2,477,973	37,642
2012	6.6%	66,407	2,439,394	36,734
2013	5.6%	66,428	2,613,278	39,340
2014	4.4%	66,752	2,572,222	38,534
2015	4.4%	67,154	2,586,638	38,518
2016	5.8%	69,924	2,963,380	42,380
2017	4.5%	69,460	2,958,440	42,592
2018	3.6%	69,229	3,271,440	47,225
2019	4.3%	69,301	3,231,171	46,625
2020	4.1%	68,975	3,461,602	50,186

Source: UCSB Economic Forecast Project

Note (1) The District has chosen to use the City of Camarillo's data as a representative of the District.

Table 22 – Demographic and Economic Statistics

Population 10 Years

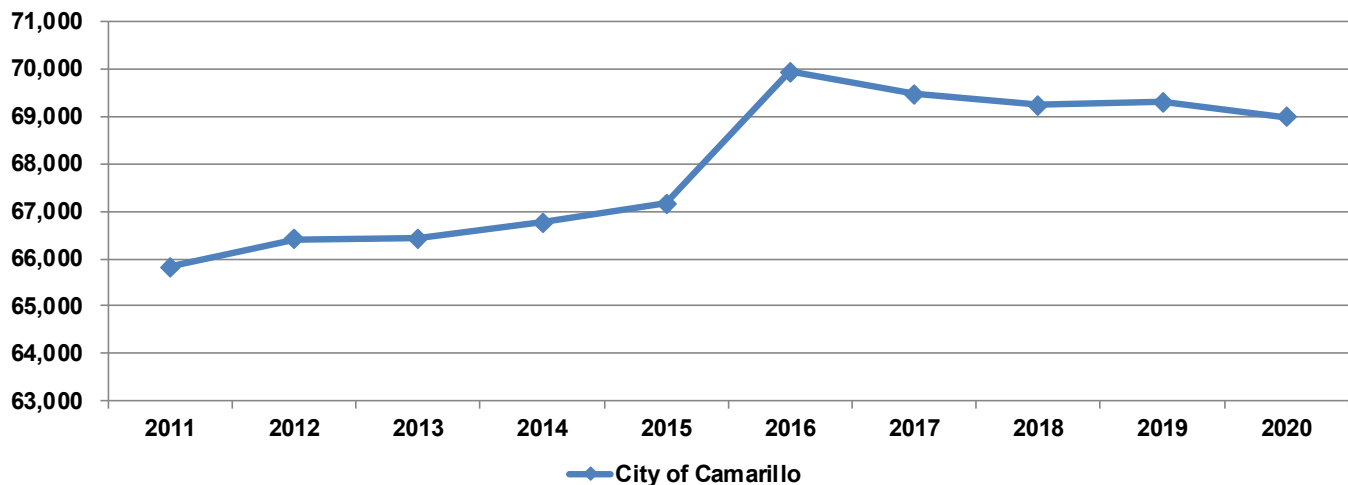


Figure 20 – City of Camarillo Population

City of Camarillo Unemployment Rate

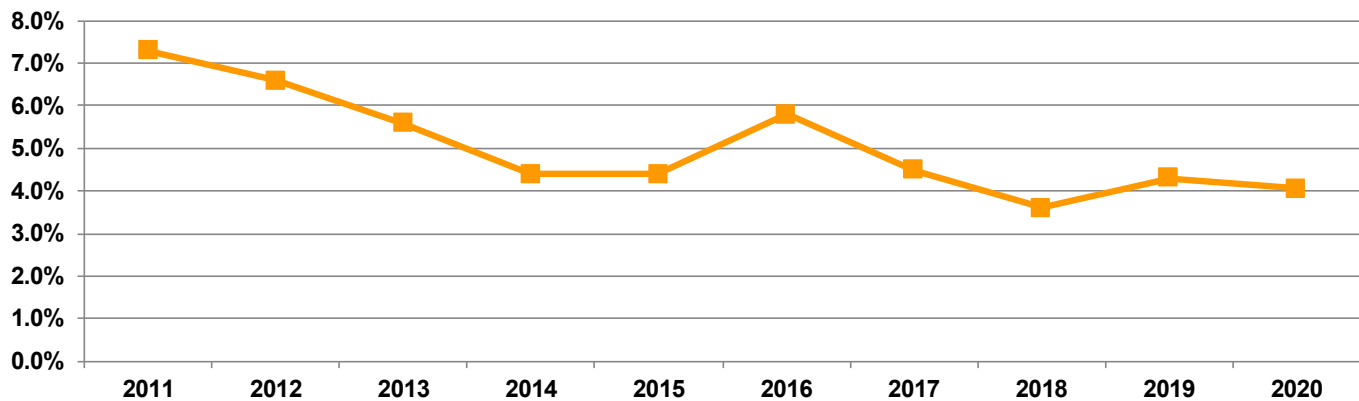


Figure 21 – City of Camarillo Unemployment Rate