

**Las Virgenes-Triunfo
Joint Powers Authority**

**Financial Statements and
Independent Auditor's Reports**

For the Years Ended June 30, 2025 and 2024

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Las Virgenes-Triunfo Joint Powers Authority

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Independent Auditor's Report

To the Board of Directors
Las Virgenes-Triunfo Joint Powers Authority
Calabasas, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Las Virgenes-Triunfo Joint Powers Authority (the Authority), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2025 and 2024, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America and State Controller's *Minimum Audit Requirements for California Special Districts*.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Changes in Participants' Advance Accounts is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025 on our consideration of Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino California
October 24, 2025

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Las Virgenes-Triunfo Joint Powers Authority

Management's Discussion and Analysis June 30, 2025

This section of the Joint Powers Authority (JPA) annual financial report presents analysis of the JPA's financial performance during the Fiscal Years that ended on June 30, 2025 and June 30, 2024. Please read it in conjunction with the Financial Statements, which follow this section.

FINANCIAL HIGHLIGHTS

- On June 30, 2025, the JPA's net position (excess of assets over liabilities) was \$126.6 million. The entirety of the net position consisted of the JPA's investment in capital assets by participants in the amounts of \$85.8 million for Las Virgenes Municipal Water District (LVMWD) and \$40.8 million for Triunfo Water & Sanitation District (TWSD).
- The JPA's Fiscal Year 2024-25 net position increased by \$20.8 million, compared to a increase of \$5.5 million in Fiscal Year 2023-24. Net position will increase or decrease from year to year in the JPA based on capital assets contributed by its participants within the year less any depreciation recorded.
- Total operating revenues in Fiscal Year 2024-25 were \$3.7 million, up \$1.3 million (or 54.2%) versus prior year revenues of \$2.4 million. The increase in revenues as compared to the prior year was due to higher wholesale recycled water sales to the JPA's customers LVMWD and TWSD and increased cell tower lease income.
- Total operating revenues in Fiscal Year 2023-24 were \$2.4 million, down \$0.6 million (or 20.0%) versus prior year revenues of \$3.0 million. The decrease in revenues as compared to the prior year was due to lower wholesale recycled water sales to the JPA's customers LVMWD and TWSD.
- Total operating expenses in Fiscal Year 2024-25 were \$32.3 million, \$2.3 million (or 7.7%) above the prior year's expenses of \$30 million. The overall increase in operating expenses as compared to the prior year was due primarily to a continued rise in chemical costs in the Tapia Reclamation Facility as well as increased general and administrative costs.
- Total operating expenses in Fiscal Year 2023-24 were \$30.0 million, \$0.4 million (or 1.4%) above the prior year's expenses of \$29.6 million. The overall increase in operating expenses as compared to the prior year was due primarily to increased general and administrative expenses (G&A), up \$1.0 million (or 8.5%) versus Fiscal Year 2022-23. Additionally, expenses of \$5.4 million at the Tapia Water Reclamation Facility were \$0.4 million (or 8.1 %) above prior year expenses of \$5.0 million.

BASIC FINANCIAL STATEMENTS

The Financial Statements of the JPA report information about the JPA using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Comparative Statements of Net Position (CSNP) includes all of the JPA's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to JPA creditors (liabilities). The CSNP also provides the basis for evaluating the capital structure of the JPA.

All of the current year's revenues and expenses are accounted for in the Comparative Statements of Revenues, Expenses and Changes in Net Position. These statements reflect the result of the JPA's operations over the past year.

The concluding Financial Statements are the Comparative Statements of Cash Flows. The primary purpose of this statement is to provide information about the JPA's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations and investments. It also provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE JOINT POWERS AUTHORITY

The Financial Statements provide information on whether the JPA is in a stronger or weaker financial position compared to the prior year. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide a means to measure the JPA's financial health or financial position. Over time, increases or decreases in the JPA's net position are one indicator of whether its financial health is improving or deteriorating. Considering other non-financial factors such as changes in economic conditions, population growth, weather, and new or changed government legislation is also vital. It is important to note that the JPA's goal is to have sufficient revenue to cover operating and capital expenses while maintaining affordable rates for its customers.

**Management's Discussion and Analysis
June 30, 2025**

The Fiscal Year 2024-25 recycled water sales and sanitation reflect an increase in water usage above that during record setting drought periods in the prior decade. Customer behaviors that changed during the drought, while the JPA's messaging promoting water use efficiency as a way of life, have contributed to lower than historical averages of water use seen in the recent fiscal years, it is higher than the previous period. In Fiscal Year 2024-25 the JPA delivered 4,918 acre-feet of recycled water to its customers LVMWD and TWSD. This is 20.7% above deliveries in Fiscal Year 2023-24 of 4,073 acre-feet and lower than deliveries in Fiscal Year 2022-23 of 5,194 acre-feet. The JPA has continued its efforts to maximize its use of recycled water, reduce charges to Malibu Creek, achieve long-term compliance with environmental regulations, and renew aging infrastructure.

Actions by the JPA during Fiscal Year 2023-24 and proceeding years continue to reflect the change in focus which began in Fiscal Year 2017-18 when the JPA Board approved the Basis of Design Report for indirect potable reuse using Las Virgenes Reservoir. During that time, the JPA Board also took action to minimize the number of new recycled water connections and focused efforts on the efficient use of recycled water. These efforts ultimately contribute to providing the resources necessary to support the indirect potable reuse project, now known as Pure Water Project Las Virgenes-Triunfo (Pure Water Project). The Pure Water Project represents a unique opportunity to proactively address three major challenges facing the JPA:

1. Comply with more stringent regulatory requirements for discharge to Malibu Creek,
2. Balance seasonal variation in recycled water demand, and
3. Create a valuable resource to supplement the region's water supplies, supported by California's reservoir water augmentation regulations.

The fundamental plan is to build an Advanced Water Purification Facility (AWPF) to treat tertiary effluent from the Tapia Water Reclamation Facility (Tapia WRF) for indirect potable reuse, and convey the purified water to the Las Virgenes Reservoir, where it will be blended with Metropolitan Water District of Southern California (Metropolitan) supply. Water from the Las Virgenes Reservoir will continue to be subsequently treated at the Westlake Filtration Plant (WFP) prior to distribution. Additionally, four pipelines will be constructed to convey source water, purified water, reverse osmosis concentrate (ROC), and residuals.

The JPA will continue to own and operate the Tapia Water Reclamation Facility and will own and operate the new Advanced Water Purification Facility. Las Virgenes Municipal Water District will continue to own and operate Las Virgenes Reservoir and the Westlake Filtration Plant.

During Fiscal Year 2021-22, the JPA began developing the design criteria for the Pure Water Project and engaged in public outreach activities to help progress the project.

In Fiscal Year 2022-23, the JPA prepared and submitted applications to federal, state, and local funding sources to provide financing for the Pure Water Project. Included in these funding sources was an invitation to the JPA to apply for Water Infrastructure Finance and Innovation Act (WIFIA) funding up to 49% of the estimated project cost.

Las Virgenes-Triunfo Joint Powers Authority

**Management's Discussion and Analysis
June 30, 2025**

During Fiscal Year 2024-25, the District worked towards securing federal funding for the Pure Water Project Las-Virgenes Triunfo through the United States Environmental Protection Agency's Water Infrastructure Finance and Innovation Act (WIFIA). WIFIA Funding accounts for 49% of the estimated project cost. Additionally, the District completed an application for Clean Water State Revolving Fund (CWSRF) and other State Water Resources Control Board water recycling loans and grants. Both financing sources are expected to close during Fiscal Year 2025-26. Moving forward, the District will continue to develop this project and move towards construction in 2026.

NET POSITION

As shown below in Table 1, net position increased by \$20.8 million to \$126.6 million in Fiscal Year 2024-25, compared to a increase in net position of \$5.5 million in Fiscal Year 2023- 24.

TABLE 1
Condensed Statements of Net Position
as of June 30,
(in thousands of dollars)

	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2023</u>
Current assets	\$ 11,988	\$ 10,931	\$ 12,476
Capital assets	126,646	105,811	100,333
Total Assets	<u>138,635</u>	<u>116,742</u>	<u>112,809</u>
Due to participants	8,865	7,454	11,198
Other liabilities	3,123	3,477	1,278
Total Liabilities	<u>11,988</u>	<u>10,931</u>	<u>12,476</u>
Total Net Position	<u>\$ 126,646</u>	<u>\$ 105,811</u>	<u>\$ 100,333</u>

The increase in net position in Fiscal Year 2024-25 was due to participants' capital contributions of \$26.5 million outpacing depreciation expense of \$5.7 million within the fiscal year. Net Position represents the cumulative investments in capital assets of the JPA by its participants LVMWD and TWSD reduced by accumulated depreciation over time.

Las Virgenes-Triunfo Joint Powers Authority

Management's Discussion and Analysis June 30, 2025

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes.

TABLE 2
Condensed Statements Revenues,
Expenses and Changes in Net Position
For the Year Ended June 30,
(in thousands of dollars)

	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2023</u>
Recycled water sales	\$ 3,681	\$ 2,342	\$ 2,944
Other operating revenue	61	55	51
Total Operating Revenue	<u>3,742</u>	<u>2,397</u>	<u>2,995</u>
Depreciation expense	5,657	5,579	5,703
Other operating expenses	26,667	24,400	23,863
Total Operating Expenses	<u>32,324</u>	<u>29,979</u>	<u>29,566</u>
Operating Loss Before Billings to Participants	(28,582)	(27,582)	(26,571)
Billings to participants	22,420	21,175	19,952
Non-operating revenues/expenses	<u>505</u>	<u>827</u>	<u>915</u>
Net Loss Before Participants' Capital Contributions	(5,657)	(5,579)	(5,704)
Participant capital contributions	<u>26,493</u>	<u>11,057</u>	<u>4,903</u>
Change in Net Position	20,835	5,478	(801)
Net Position, beginning of year	<u>105,811</u>	<u>100,333</u>	<u>101,134</u>
Net Position, end of year	<u>\$ 126,646</u>	<u>\$ 105,811</u>	<u>\$ 100,333</u>

As reflected in Table 2, Fiscal Year 2024-25 revenue from recycled water sales increased by \$1.3 million (or 57.2%) compared to the prior fiscal year due to a 57.2% increase in recycled water sales generated from purchases from its two customers LVMWD and TWSD. Deliveries of recycled water to its customers by the JPA was up 20.8% year over year, driving the overall sales increase. Total Operating Expenses increased 7.8% in Fiscal Year 2024-25 versus Fiscal Year 2023-24 primarily from increased chemical costs as well as general and administrative costs by 11.5%, offset by decreases in recycled water transmission and distribution costs (down 1.3%).

Las Virgenes-Triunfo Joint Powers Authority

**Management’s Discussion and Analysis
June 30, 2025**

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of Fiscal Year 2024-25, the JPA had net capital assets of \$126.6 million compared to \$105.8 million for Fiscal Year 2023-24 as shown in Table 3. See Note 4 for further information about capital assets.

**TABLE 3
Capital Assets
(in thousands of dollars)**

	FY 2025	FY 2024	FY 2023
Land and land rights	\$ 14,368	\$ 14,368	\$ 14,368
Sewer and treatment plant	144,660	134,465	131,176
Compost plant	85,859	85,444	83,690
Recycled water system	36,005	36,005	36,005
Construction in progress	37,049	21,166	15,152
Advanced water system	4,421	4,421	4,421
Subtotal	322,362	295,869	284,812
Accumulated depreciation	195,715	190,058	184,479
Total Capital Assets	\$ 126,646	\$ 105,811	\$ 100,333

Table 4 below is a summary of some of the major improvements to the system during Fiscal Year 2024-25, Fiscal Year 2023-24, and Fiscal Year 2022-23.

**TABLE 4
Major Capital Improvement Projects
(in thousands of dollars)**

	2025
Pure Water Project	\$ 22,620
Tapia Secondary Clarifier Rehab	96
Tapia Aluminum Sulfate Tank Replace	303
Rancho Boiler Replacement	616
Total major projects FY 2025	\$ 23,635
	2024
Pure Water Project	\$ 4,641
Summer Season Total Maximum Daily Load Compliance	2,731
Replace Rancho Agitators	1,028
Tapia Heating, Ventilation, and Air Conditioning Replacement	961
Total major projects FY 2024	\$ 9,361
	2023
Pure Water Project	\$ 2,381
Summer Season Total Maximum Daily Load Compliance	1,180
Woolsey Fire Repair Rancho	411
Tapia Programmable Logic Controller Upgrade	393
Total major projects FY 2023	\$ 4,365

Las Virgenes-Triunfo Joint Powers Authority

Management's Discussion and Analysis June 30, 2025

LONG TERM DEBT

As of June 30, 2025, The JPA has no long-term debt and all funding has been provided by the participating agencies LVMWD and TWSD. However, the JPA Board has approved several actions to support applications for outside funding required to finance the Pure Water Project. On August 7, 2023 the JPA Board authorized the formation of the Las Virgenes – Triunfo Public Financing Authority (PFA) to serve as the financing authority for the Pure Water Project. The PFA has been granted authority by the JPA Board to execute necessary agreements to finance the Pure Water Project including financing documents to close anticipated WIFIA and SRF loans in early calendar year 2025.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide our residents, customers and creditors with a general overview of the JPA's finances and to demonstrate the JPA's accountability for the money it receives. The responsibility for the JPA's accounting and financial reporting rests with the staff of the Las Virgenes Municipal Water District. If you have questions about this report or need additional financial information, contact the Las Virgenes Municipal Water District, Department of Finance and Technology by email at finance@lvmwd.gov , by phone at 818-251-2138, or by mail to 4232 Las Virgenes Road, Calabasas, California, 91302.

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Las Virgenes-Triunfo Joint Powers Authority

**Statements of Net Position
June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash and cash investments	\$ 7,127,350	\$ 9,058,046
Accounts receivable	4,336,465	1,367,751
Interest receivable	10,986	15,831
Prepaid items	513,622	489,611
Total current assets	<u>11,988,423</u>	<u>10,931,239</u>
Noncurrent assets:		
Capital assets, not being depreciated	51,417,149	35,534,371
Capital assets, being depreciated, net	75,229,280	70,276,656
Total capital assets	<u>126,646,429</u>	<u>105,811,027</u>
Total noncurrent assets	<u>126,646,429</u>	<u>105,811,027</u>
Total assets	<u>138,634,852</u>	<u>116,742,266</u>
LIABILITIES		
Current liabilities:		
Accounts and contracts payable and accrued expenses	3,123,220	3,477,338
Due to participants	8,865,203	7,453,901
Total current liabilities	<u>11,988,423</u>	<u>10,931,239</u>
Total liabilities	<u>11,988,423</u>	<u>10,931,239</u>
NET POSITION		
Investments in capital assets by participants:		
Las Virgenes Municipal Water District	85,791,120	69,845,438
Triunfo Water & Sanitation District	40,855,309	35,965,589
Investments in capital assets by participants	<u>126,646,429</u>	<u>105,811,027</u>
Total net position	<u>\$ 126,646,429</u>	<u>\$ 105,811,027</u>

The accompanying notes are an integral part of these statements.

Las Virgenes-Triunfo Joint Powers Authority

Statements of Revenues, Expenses, and Changes in Net Position For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Wholesale recycled water sales	\$ 3,681,284	\$ 2,342,051
Other income	60,770	55,124
Total operating revenues	<u>3,742,054</u>	<u>2,397,175</u>
Operating expenses:		
Treatment plant	5,758,784	5,411,042
Recycled water transmission and distribution	2,193,986	2,223,429
Compost plant	3,669,803	3,210,927
Sewer	359,544	306,569
Depreciation	5,657,305	5,579,368
General and administrative	14,393,734	12,907,231
Other operating expenses	291,097	340,435
Total operating expenses	<u>32,324,253</u>	<u>29,979,001</u>
Operating loss before billings to participants	(28,582,199)	(27,581,826)
Billings to participants	<u>22,419,696</u>	<u>21,175,232</u>
Operating loss	<u>(6,162,503)</u>	<u>(6,406,594)</u>
Nonoperating revenues (expenses):		
Interest income	284,251	724,199
Interest (expense)	9,936	17,969
Other revenues	211,011	85,058
Total nonoperating revenues (expenses)	<u>505,198</u>	<u>827,226</u>
Net loss before participants' capital contributions	(5,657,305)	(5,579,368)
Participants' capital contributions	<u>26,492,707</u>	<u>11,057,297</u>
Change in net position	20,835,402	5,477,929
Net position:		
Beginning of year	105,811,027	100,333,098
End of year	<u>\$ 126,646,429</u>	<u>\$ 105,811,027</u>

The accompanying notes are an integral part of these statements.

Las Virgenes-Triunfo Joint Powers Authority

**Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received from participants	\$ 23,193,036	\$ 24,446,725
Cash paid to suppliers for operations	(26,753,980)	(21,922,440)
Other revenue (expenses)	(291,097)	(340,435)
Net cash provided (used) by operating activities	<u>(3,852,041)</u>	<u>2,183,850</u>
Cash flows from noncapital financing activities:		
Other revenues	211,011	85,058
Net cash provided by noncapital financing activities	<u>211,011</u>	<u>85,058</u>
Cash flows from capital and related financing activities:		
Interest paid	9,936	-
Net cash received from (paid to) participants	1,411,302	(3,744,351)
Net cash provided by (used in) capital and related financing activities	<u>1,421,238</u>	<u>(3,744,351)</u>
Cash flows from investing activities:		
Interest received	289,096	741,517
Net cash provided by investing activities	<u>289,096</u>	<u>741,517</u>
Net change in cash and cash equivalents	(1,930,696)	(733,926)
Cash and cash equivalents:		
Beginning of year	9,058,046	9,791,972
End of year	<u>\$ 7,127,350</u>	<u>\$ 9,058,046</u>
Noncash investing activities:		
Change in fair value of investments	<u>\$ 162,839</u>	<u>\$ 359,025</u>
Noncash capital and related financing activities:		
Participants' capital contributions	<u>\$ 26,492,707</u>	<u>\$ 11,057,297</u>
Reconciliation of net operating (loss) to net cash provided by (used in) operating activities:		
Operating (loss)	\$ (6,162,503)	\$ (6,406,594)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:		
Depreciation	5,657,305	5,579,368
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(2,968,714)	874,318
(Increase) decrease in prepaid items	(24,011)	(62,596)
Increase (decrease) in accounts and contracts payable and accrued liabilities	(354,118)	2,199,354
Net cash provided by (used in) operating activities	<u>\$ (3,852,041)</u>	<u>\$ 2,183,850</u>

The accompanying notes are an integral part of these statements.

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Las Virgenes-Triunfo Joint Powers Authority

Notes to the Basic Financial Statements For the Years Ended June 30, 2025 and 2024

Note 1 – Reporting Entity

On October 12, 1964, Las Virgenes Municipal Water District (“LVMWD”) and Triunfo Water & Sanitation District (“TWSD”) established Las Virgenes-Triunfo Joint Powers Authority (“JPA”) to construct, operate, maintain and provide for the replacement of a joint sewerage system to serve the Malibu Creek drainage area. The equity of each member is equal to the member’s pro-rata share of capital assets, net of depreciation. LVMWD has been the designated administering agent.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (“GASB”) commonly referred to as accounting principles generally accepted in the United States of America (“U.S. GAAP”). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus, Basis of Accounting and Financial Statements Presentation

The Financial Statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the JPA.

The Financial Statements are reported using the “economic resources” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Operating revenues are those revenues that are generated from the primary operations of the JPA. The JPA reports a measure of operations by presenting the change in net position from operations as "operating income" in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the JPA as all activities other than financing and investing activities (interest expense and investment income), and other infrequently occurring transaction of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the JPA. All other expenses are reported as non-operating expenses.

Las Virgenes-Triunfo Joint Powers Authority

Notes to the Basic Financial Statements For the Years Ended June 30, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Investments

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

The JPA participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and assets-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is based on net asset value.

The JPA is also a voluntary participant in CAMP, a Joint Powers Authority established in 1989, to provide California public agencies with professional investment services. The CAMP pool is a permitted investment for all local agencies under California Government Code Section 601(p). CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers. There are no withdrawal limitations or restrictions.

Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest rate risk
- Credit risk
 - Overall
 - Custodial credit risk
 - Concentration of credit risk
- Foreign currency risk

Fair Value Measurements

In accordance with U.S. GAAP, investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

**Notes to the Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

Note 2 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts, if any. The JPA also accrues an estimated amount for services that have been provided, but not yet billed. Management has evaluated the accounts and believes they are all collectible.

Prepaid items

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

Capital Assets

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at acquisition value on the date donated. The JPA policy has set the capitalization threshold for reporting capital assets at \$10,000, all of which must have an estimated useful life in excess of one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets, which range from 3 to 100 years.

Plant	10-100 years
Machinery and equipment	3-25 years

Capital assets are shared in accordance with each participant's capacity rights reserved in each component of the joint system. The allocation of costs for projects in process is based upon engineering estimates of the capacity rights and could increase or decrease when the final capacity rights are determined.

Net Position

Net position represents the difference between all other elements in the statement of net position and may be displayed in the following three components:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Las Virgenes-Triunfo Joint Powers Authority

**Notes to the Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

Note 2 – Summary of Significant Accounting Policies (Continued)

Use of Restricted/Unrestricted Net Position

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Note 3 – Cash and Investments

At June 30, 2025 and 2024, cash and investments are reported in the accompanying statements of net position as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 179,348	\$ 151,696
Investments	<u>6,948,002</u>	<u>8,906,350</u>
Total Cash and Investments	<u><u>\$ 7,127,350</u></u>	<u><u>\$ 9,058,046</u></u>

At June 30, 2025 and 2024, cash and investments consisted of the followings:

	<u>2025</u>	<u>2024</u>
Deposits:		
Pooled with Las Virgenes Municipal Water District	\$ 179,348	\$ 151,696
Investments:		
US Treasuries	179,223	373,680
Municipal bonds	666,526	978,798
US Government sponsored agency securities	3,191,768	4,076,900
Certificates of deposit	607,101	752,697
California Asset Management Program	1,843,642	2,234,640
California Local Agency Investment Fund	446,329	483,360
Money market mutual funds	13,413	6,275
Total investments	<u>6,948,002</u>	<u>8,906,350</u>
Total Cash and Investments	<u><u>\$ 7,127,350</u></u>	<u><u>\$ 9,058,046</u></u>

Demand Deposits

At June 30, 2025 and 2024, the carrying amounts of cash deposits were \$179,348 and \$151,696 respectively, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the LVMWD's name as discussed below.

Las Virgenes-Triunfo Joint Powers Authority

Notes to the Basic Financial Statements For the Years Ended June 30, 2025 and 2024

Note 3 – Cash and Investments (Continued)

Demand Deposits (Continued)

The California Government Code requires California banks and savings and loan associations to secure the LVMWD's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the LVMWD's name.

The fair value of pledged securities must equal at least 110% of the LVMWD's cash deposits. California law also allows institutions to secure the LVMWD's deposits by pledging first trust deed mortgage notes having a value of 150% of the LVMWD's total cash deposits. LVMWD may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. LVMWD, however, has not waived the collateralization requirements.

Local Agency Investment Fund

The JPA's investments with Local Agency Investment Fund (LAIF) include a portion of the pool funds invested in structured notes and asset-backed securities. These investments include the following:

Structured Notes - debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

As of June 30, 2025, the JPA had \$446,329 invested in LAIF, which had invested 2.02% of the pool investment funds in Structured Notes and Asset-Backed Securities compared to \$483,360 and 1.40% at June 30, 2024.

California Asset Management Program (CAMP)

The JPA is also a voluntary participant in CAMP, a Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP pool is a permitted investment for all local agencies under California Government Code Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers. There are no withdrawal limitations or restrictions.

Las Virgenes-Triunfo Joint Powers Authority

**Notes to the Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

Note 3 – Cash and Investments (Continued)

Investments Authorized by the California Government Code and the JPA’s Investment Policy

The JPA follows LVMWD’s investment policy. The table below identifies the investment types that are authorized for the JPA by the California Government Code (or the LVMWD’s investment policy, where more restrictive). The table also identifies certain provisions of the California Code (or the LVMWD’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Maximum Investment in One Issuer
United States treasury bills, bonds and notes	5 years	None	None
United States government sponsored agency securities	5 years	None	None
Time deposits	1 year	25%	None
Repurchase agreements/reverse repurchase	30 days	25%/10%	None
California Asset Management Program (CAMP)	None	25%	None
California Local Agency Investment Fund (LAIF)	None	None	\$75,000,000
Bonds issue by local agencies or states	5 years	None	None
Certificates of deposits	5 years	25%	\$250,000
Money market mutual funds	None	20%	10%

Disclosures Relating to Fair Value Measurement

Information about the fair value measurement of the JPA’s investments is as follows:

	2025			2024		
	Significant Other Observable Input		Total	Significant Other Observable Input		Total
	(Level 2)	Uncategorized		(Level 2)	Uncategorized	
US Treasuries	\$ 179,223	\$ -	\$ 179,223	\$ 373,680	\$ -	\$ 373,680
Municipal bonds	666,526	-	666,526	978,798	-	978,798
US Government sponsored agency securities	3,191,768	-	3,191,768	4,076,900	-	4,076,900
Certificates of deposit	607,101	-	607,101	752,697	-	752,697
California Asset Management Program	-	1,843,642	1,843,642	-	2,234,640	2,234,640
California Local Agency Investment Fund	-	446,329	446,329	-	483,360	483,360
Money market mutual funds	-	13,413	13,413	-	6,275	6,275
Total Investments	\$ 4,644,618	\$ 2,303,384	\$ 6,948,002	\$ 6,182,075	\$ 2,724,275	\$ 8,906,350

Investments securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

Las Virgenes-Triunfo Joint Powers Authority

Notes to the Basic Financial Statements For the Years Ended June 30, 2025 and 2024

Note 3 – Cash and Investments (Continued)

Disclosures Relating to 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 JPA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

The JPA's investments of \$6,948,002 and \$8,906,350 at June 30, 2025 and 2024, respectively, made up mostly of investments in LAIF, CAMP, and US Government Sponsored Agency Securities. Investments in LAIF and CAMP are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. The investment in U.S. Government Sponsored Agency Securities matures in the year ending June 30, 2025.

Disclosures Relating to 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. Investments in US Government sponsored agency securities, municipal bonds, and certificates of deposit totaling \$4,465,395 and \$5,808,395, as of June 30, 2025 and 2024, respectively, are at least AA-. Investments in LAIF in the amounts of \$446,329 and \$483,360 as of June 30, 2025 and 2024, respectively, are unrated. Investment in US Treasuries in the amount of \$179,223 and \$373,680 as of June 30, 2025 and 2024, respectively, are unrated. Investments in California Asset Management Program (CAMP) in the amounts of \$1,843,642 and \$2,234,640 as of June 30, 2025 and 2024, are AAA+. Investments in money market mutual funds as of June 30, 2025 and 2024, totaling \$13,413 and \$6,275, respectively, are unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the JPA's investment in a single investment. As of June 30, 2025 and 2024, the JPA had no investments exceed this limit.

Las Virgenes-Triunfo Joint Powers Authority

**Notes to the Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

Note 3 – Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The 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, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the JPA'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 fair 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 JPA deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, the JPA's deposits with financial institutions are interest bearing, and have a limited insurance coverage with the federal deposit insurance corporation up to \$250,000. Any amounts in excess of \$250,000 per institution are collateralized by the bank with pledged securities.

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Las Virgenes-Triunfo Joint Powers Authority

Notes to the Basic Financial Statements For the Years Ended June 30, 2025 and 2024

Note 4 – Capital Assets

A summary of changes in capital assets for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Reclassification	Balance June 30, 2025
Capital assets, not being depreciated					
Land and land rights	\$ 14,368,150	\$ -	\$ -	\$ -	\$ 14,368,150
Construction in progress	21,166,221	26,492,707	-	(10,609,929)	37,048,999
Total capital assets, not being depreciated	35,534,371	26,492,707	-	(10,609,929)	51,417,149
Capital assets, being depreciated					
Sewer and treatment plant	134,465,039	-	-	10,194,501	144,659,540
Compost plant and farm	85,443,699	-	-	415,428	85,859,127
Recycled water system	36,005,381	-	-	-	36,005,381
Advanced water system	4,420,623	-	-	-	4,420,623
Total capital assets, being depreciated	260,334,742	-	-	10,609,929	270,944,671
Less accumulated depreciation					
Sewer and treatment plant	(103,175,545)	(3,396,773)	-	-	(106,572,318)
Compost plant and farm	(60,261,682)	(1,771,298)	-	-	(62,032,980)
Recycled water system	(26,275,089)	(400,821)	-	-	(26,675,910)
Advanced water system	(345,770)	(88,413)	-	-	(434,183)
Total accumulated depreciation	(190,058,086)	(5,657,305)	-	-	(195,715,391)
Total capital assets, being depreciated, net	70,276,656	(5,657,305)	-	10,609,929	75,229,280
Total capital assets, net	\$ 105,811,027	\$ 20,835,402	\$ -	\$ -	\$ 126,646,429

A summary of changes in capital assets for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Reclassification	Balance June 30, 2024
Capital assets, not being depreciated					
Land and land rights	\$ 14,368,150	\$ -	\$ -	\$ -	\$ 14,368,150
Construction in progress	15,151,554	11,057,297	-	(5,042,630)	21,166,221
Total capital assets, not being depreciated	29,519,704	11,057,297	-	(5,042,630)	35,534,371
Capital assets, being depreciated					
Sewer and treatment plant	131,176,425	-	-	3,288,614	134,465,039
Compost plant and farm	83,689,683	-	-	1,754,016	85,443,699
Recycled water system	36,005,381	-	-	-	36,005,381
Advanced water system	4,420,623	-	-	-	4,420,623
Total capital assets, being depreciated	255,292,112	-	-	5,042,630	260,334,742
Less accumulated depreciation					
Sewer and treatment plant	(99,877,807)	(3,297,738)	-	-	(103,175,545)
Compost plant and farm	(58,480,471)	(1,781,211)	-	-	(60,261,682)
Recycled water system	(25,863,082)	(412,007)	-	-	(26,275,089)
Advanced water system	(257,358)	(88,412)	-	-	(345,770)
Total accumulated depreciation	(184,478,718)	(5,579,368)	-	-	(190,058,086)
Total capital assets, being depreciated, net	70,813,394	(5,579,368)	-	5,042,630	70,276,656
Total capital assets, net	\$ 100,333,098	\$ 5,477,929	\$ -	\$ -	\$ 105,811,027

Note 5 – Due to Participants

During the years ended June 30, 2025 and 2024, additional advances received from the participants were in the amount of \$22,419,696 and \$21,750,637, respectively (see supplementary information). The advances received from the participants are used to pay for the operating, capital, and administrative cost of the JPA. At June 30, 2025 and 2024, due to participants were in the amount of \$8,865,203 and \$7,453,901, respectively.

Las Virgenes-Triunfo Joint Powers Authority

Notes to the Basic Financial Statements For the Years Ended June 30, 2025 and 2024

Note 6 – Participant Contributions

Cost of the JPA is shared by the participants based on the following methodology. Variable operation and maintenance cost are prorated between the participants based on the average sewage flow contributed to the joint system. Fixed operating and maintenance cost are prorated between the participants based on the participants' respective capacity rights in the facility. Capital costs are prorated between the participants based on the participants' respective capacity rights in the facility. Annual audit costs are shared equally. General and administrative costs are based on the actual cost of labor. Lastly, land acquisition costs are shared based on the capacity rights in the project for which the land is acquired. As of January 1, 2005, the joint system, except for the sewer collection system, is allocated by 70.6% to LVMWD and 29.4% to TWSD.

The following is the summary of the contributions made by the participants for the years ended June 30, 2025 and 2024:

		2025			
		Operating		Capital	
		Contribution	Percentage	Contribution	Percentage
LVMWD		\$ 15,021,196	67.0%	\$ 15,975,102	60.3%
TWSD		7,398,500	33.0%	10,517,605	39.7%
	Total	<u>\$ 22,419,696</u>	<u>100.0%</u>	<u>\$ 26,492,707</u>	<u>100.0%</u>

		2024			
		Operating		Capital	
		Contribution	Percentage	Contribution	Percentage
LVMWD		\$ 14,187,405	67.0%	\$ 6,667,550	60.3%
TWSD		6,987,827	33.0%	4,389,747	39.7%
	Total	<u>\$ 21,175,232</u>	<u>100.0%</u>	<u>\$ 11,057,297</u>	<u>100.0%</u>

Note 7 – Risk Management

The JPA is covered under the LVMWD's insurance policies. LVMWD has contracted with Allied World Assurance Company/Joint Powers Risk Management Authority (JPRIMA) as its primary insurance provider for general liability, property, inverse condemnation, auto, and physical damage. The coverage for the general liability provides \$11 million per occurrence and \$61 million in the aggregate with a \$100,000 self-insured retention per occurrence. During the past three fiscal years, none of the above programs of protection have had settlement or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability cover from coverage in the prior year.

Las Virgenes-Triunfo Joint Powers Authority

**Notes to the Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

Note 8 – Commitment and Contingencies

Lawsuits

The JPA is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the JPA's legal counsel and the JPA's management that resolution of these matters will not have a material adverse effect on the financial condition of the JPA.

Commitments

As of June 30, 2025, the JPA had material construction commitments evidenced by contractual commitments with contractors in the amount of \$19,146,317.

<u>Project Name</u>	<u>Contractual Commitment</u>
Pure Water Project	\$ 17,937,441
Rancho New Flare	406,200
Tapia Aluminum Sulfate Tank	359,405
Various construction projects	443,271
Total	<u>\$ 19,146,317</u>

As of June 30, 2024, the JPA had material construction commitments evidenced by contractual commitments with contractors in the amount of \$31,296,105.

<u>Project Name</u>	<u>Contractual Commitment</u>
Pure Water Project	\$ 27,474,125
Malibou Siphon Lake	1,571,064
Various construction projects	2,250,916
Total	<u>\$ 31,296,105</u>

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SUPPLEMENTARY INFORMATION

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Las Virgenes-Triunfo Joint Powers Authority

**Schedule of Changes in Participants' Advance Accounts
For the Years Ended June 30, 2025 and 2024**

	Construction Funds		Operating Funds	
	Tapia Plant and Trunk Sewers		Operations and Maintenance	
	Las Virgenes Municipal Water District	Triunfo Sanitation District	Las Virgenes Municipal Water District	Triunfo Sanitation District
Due to (from) participants - July 1, 2024	\$ 108,551	\$ 81,885	\$ 2,615,823	\$ 864,976
Advance from participants	18,601	(28,935)	16,630,761	8,737,534
Construction costs allocated	(4,831)	(2,012)	-	-
Change in fair market value of LAIF	2,357	982	(2,550)	(1,062)
Other miscellaneous income	378	158	176,283	73,409
Grant income	-	-	-	-
Woolsey fire settlement	-	-	-	-
Billings to participants for operating expenses	-	-	(15,446,710)	(7,143,080)
Billings to participants from replacement fund interest income	-	-	-	-
Interest income from (to) participants	4,658	1,940	10,116	4,213
Recycled water billings to Triunfo Sanitation District	-	-	-	(803,277)
Due to (from) participants - June 30, 2025	<u>\$ 129,714</u>	<u>\$ 54,018</u>	<u>\$ 3,983,723</u>	<u>\$ 1,732,713</u>

	Construction Funds		Operating Funds	
	Tapia Plant and Trunk Sewers		Operations and Maintenance	
	Las Virgenes Municipal Water District	Triunfo Sanitation District	Las Virgenes Municipal Water District	Triunfo Sanitation District
Due to (from) participants - July 1, 2023	\$ 122,370	\$ 87,640	\$ 2,641,308	\$ 875,588
Advance from participants	-	-	15,199,494	7,150,165
Construction costs allocated	(22,092)	(9,200)	-	-
Change in fair market value of LAIF	8,273	3,445	(25,485)	(10,613)
Change in fair market value of LAIF - prior year	-	-	-	-
Grant income	-	-	-	-
Woolsey fire settlement	-	-	-	-
Billings to participants for operating expenses	-	-	(15,199,494)	(6,624,614)
Billings to participants from replacement fund interest income	-	-	-	-
Recycled water billings to Triunfo Sanitation District	-	-	-	(525,550)
Due to (from) participants - June 30, 2024	<u>\$ 108,551</u>	<u>\$ 81,885</u>	<u>\$ 2,615,823</u>	<u>\$ 864,976</u>

Las Virgenes-Triunfo Joint Powers Authority

Schedule of Changes in Participants' Advance Accounts (Continued) For the Years Ended June 30, 2025 and 2024

	Construction Funds			
	Tapia Plant and Trunk Sewers			
	Las Virgenes Municipal Water District	Triunfo Sanitation District	Total	
			2025	2024
Due to (from) participants - July 1, 2024	\$ 2,078,379	\$ 1,704,287	\$ 7,453,901	\$ 11,198,252
Advance from participants	18,303,875	7,248,515	50,910,351	21,750,910
Construction costs allocated	(19,894,250)	(6,591,619)	(26,492,712)	(11,057,297)
Change in fair market value of LAIF	-	-	(273)	(122,706)
Other miscellaneous income	4,453	1,854	256,535	-
Grant income	-	-	-	2,276,966
Woolsey fire settlement	-	-	-	5,151,381
Billings to participants for operating expenses	-	-	(22,589,790)	(21,824,108)
Billings to participants from replacement fund interest income	109,541	-	109,541	606,053
Interest income from (to) participants	-	-	20,927	-
Recycled water billings to Triunfo Sanitation District	-	-	(803,277)	(525,550)
Due to (from) participants - June 30, 2025	<u>\$ 601,998</u>	<u>\$ 2,363,037</u>	<u>\$ 8,865,203</u>	<u>\$ 7,453,901</u>

	Operating Funds			
	Replacement of Capital Assets			
	Las Virgenes Municipal Water District	Triunfo Sanitation District	Total	
			2024	2023
Due to (from) participants - July 1, 2023	\$ 3,548,719	\$ 3,922,627	\$ 11,198,252	\$ 10,842,687
Advance from participants	(291,363)	(307,386)	21,750,910	26,128,803
Construction costs allocated	(6,645,335)	(4,380,670)	(11,057,297)	(4,902,783)
Change in fair market value of LAIF	(69,418)	(28,908)	(122,706)	70,322
Change in fair market value of LAIF - prior year	-	-	-	(269,449)
Grant income	1,607,538	669,428	2,276,966	-
Woolsey fire settlement	3,636,875	1,514,506	5,151,381	-
Billings to participants for operating expenses	-	-	(21,824,108)	(20,721,233)
Billings to participants from replacement fund interest income	291,363	314,690	606,053	736,816
Recycled water billings to Triunfo Sanitation District	-	-	(525,550)	(686,911)
Due to (from) participants - June 30, 2024	<u>\$ 2,078,379</u>	<u>\$ 1,704,287</u>	<u>\$ 7,453,901</u>	<u>\$ 11,198,252</u>

**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**

Independent Auditor's Report

To the Board of Directors
Las Virgenes-Triunfo Joint Powers Authority
Calabasas, California

We have audited, in accordance with the 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 the Las Virgenes-Triunfo Joint Power Authority (the Authority), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the basic financial statements and have issued our report thereon dated October 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 24, 2025