LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY

BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Livermore-Amador Valley Water Management Agency
Dublin, California

Opinion

We have audited the accompanying financial statements of the business-type activities of the Livermore-Amador Valley Water Management Agency (Agency), California, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Agency as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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 generally accepted 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.

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In performing an audit in accordance with generally accepted 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 Agency'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 Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, 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 auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exits, we are required to describe it in our report.

Maze & Associates

Pleasant Hill, California
November 9, 2023

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This section presents management's analysis of the Livermore-Amador Valley Water Management Agency (the Agency) financial condition and activities as of and for the years ended June 30, 2023 and 2022. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the Agency's basic financial statements. The MDA represents management's examination and analysis of the Agency's financial condition and performance.

This information should be read in conjunction with the audited financial statements that follow this section. The information in the MDA is presented under the following headings:

- Organization and Business
- Overview of the Financial Statements
- Financial Analysis
- Request for Information

Organization and Business

Livermore-Amador Valley Water Management Agency (the Agency) is a joint powers agency that was formed in 1974 by a joint exercise of powers agreement between the cities of Pleasanton and Livermore and the Dublin San Ramon Services District. The Agency has implemented a water quality management program involving wastewater disposal. The Agency operates an export pump station and pipeline connecting with the East Bay Dischargers Authority's system and discharges treated wastewater, through a deep-water outfall, into San Francisco Bay. The Agency currently has an Amended and Restated Joint Exercise of Powers Agreement dated September 10, 1997, among the members. This agreement, among other things, sets forth capacity limitations and capacity rights of each member as well as cost-sharing procedures for debt service and fixed operating costs related to capacity rights and variable operating costs related to actual use of the export facilities. The Agency negotiated a Second Amended and Restated Sewer Service Contract dated August 1, 2021 as part of the 2022 LAVWMA debt refinancing.

For additional information, please see the notes to the basic financial statements.

Overview of the Financial Statements

The basic financial statements include a *statement of net position*, *a statement of revenues, expenses, and changes in net position, a statement of cash flows,* and *notes to financial statements.* The report also contains other required supplementary information in addition to the basic financial statements.

The Agency's basic financial statements include:

The *statement of net position* presents information on the Agency's assets and liabilities, with the difference between the two reported as net position. It provides information about the nature and amount of resources and obligations at year-end.

The *statement of revenues, expenses, and changes in net position* presents the results of the Agency's operations over the course of the fiscal year and information as to how the *net position* changed during the year.

The *statement of cash flows* presents changes in cash and cash equivalents resulting from operational, capital and related financing, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt.

The *notes to basic financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages _ to __ of this report.

Financial Analysis:

Table 1 summarizes net position at June 30, 2023 and 2022, and Table 2 summarizes revenues, expenses and changes in net position for the years ended June 30, 2023 and 2022. Both tables also include variances from the prior year.

Table 1

Summary of Net Position

June 30, 2023 and 2022

	2023	2022	Variance	2021	Variance
Assets:					
Current assets	$ 18,336,423	$ 17,320,847	$ 1,015,576	$ 19,301,378	$ (1,980,531)
Non-current assets	-	408,004	$ (408,004)	-	$ 408,004
Capital assets, net of accumulated depreciation	100,326,000	103,563,968	$ (3,237,968)	104,461,846	$ (897,878)
Total assets	118,662,423	121,292,819	(2,630,396)	123,763,224	(2,470,405)
Liabilities:					
Current liabilities	6,881,615	6,026,039	$ 855,576	6,908,367	$ (882,328)
Long-term debt outstanding	55,082,731	60,342,265	$ (5,259,534)	68,678,709	$ (8,336,444)
Total Liabilities	61,964,347	66,368,304	(4,403,957)	75,587,076	(9,218,772)
Deferred Inflows of Resources:					
Gain on refunding	2,803,378	3,561,106	$ (757,728)	0	$ 3,561,106
Total deferred inflows of resources	2,803,378	3,561,106	(757,728)	0	3,561,106
Net position:					
Invested in capital assets, net of related debt	47,277,622	45,473,716	$ 1,803,906	33,853,495	$ 11,620,221
Unrestricted	6,617,076	5,889,689	$ 727,387	14,322,653	$ (8,432,964)
Total net position	$ 53,894,698	$ 51,363,409	$ 2,531,290	$ 48,176,148	$ 3,187,261

- The total assets of the Agency decreased $2.6 million in 2023 from 2022, which had decreased $2.5 million in 2022 from 2021. The increase in current assets of $1.0 million is primarily due to JPA member contribution advances in FYE23. Capitalization of Pump Station MCC and Soft Starter Replacement project of $2.9 million and $3.4 million in depreciation resulted in a net decrease in capital assets of $3.2 million (Note 3).
- Total liabilities decreased $4.4 million in 2023 from 2022, which had decreased $9.2 million in 2022 from 2021. The decrease is primarily due to 2021 Sewer Revenue Refunding Bonds (Note 5).
- Net position overall has increased the last two years as debt is being paid down and refunding of 2011 Sewer Revenue Refunding Bonds.

Table 2

Summary of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2023 and 2022

	2023	2022	Variance	2021	Variance
Operating revenues:	$ 11,692,552	$ 11,261,431	$ 431,121	$ 12,139,023	$ (877,592)
Operating expenses:	8,775,041	6,775,191	$ 1,999,850	7,264,869	$ (489,678)
Net operating income (expenses)	2,917,511	4,486,240	(1,568,730)	4,874,154	(387,914)
Non operating revenues (expenses)	(386,219)	(1,306,125)	$ 919,906	(2,769,436)	$ 1,463,311
Change in net position	$ 2,531,291	$ 3,180,115	$ 648,824	$ 2,104,718	$ 1,075,397

- Operating revenues come from member agency contributions to cover operating costs, debt, and capital replacement. FYE23 operating revenues increased $0.4 million due to JPA member contribution advances and year-end expense true-up.
- Operating expenses increased $2.0 million in FYE 2023 compared to an decrease of $0.5 million in the prior fiscal year. The increase in operating expenses is primarily due to increase in power, professional services, and operation staff costs due to the winter wet weather and damage to Livermore pipeline.
- Non-operating revenues (expenses) reflect a net decrease in non-operating expenses over the last two years as debt is being paid down and refunding of 2011 Sewer Revenue Refunding Bonds.

Request for Information

This financial report is designed to provide readers with a general overview of the Livermore-Amador Valley Water Management Agency's finances and demonstrate the Agency's accountability for the monies it manages. If you have any questions about this report or need additional information, please contact: LAVWMA Agency Treasurer, 7051 Dublin Blvd., Dublin, CA 94568.

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current assets:		
Cash and investments (Note 2B)	$17,429,917	$17,310,382
Due From members (Note 4)	906,506	10,465
Total current assets	18,336,423	17,320,847
Non-current assets:		
Bond issuance costs	-	408,004
Capital assets (Note 3):		
Construction in progress	544,653	3,300,252
Depreciable, net of accumulated depreciation	99,781,347	100,263,716
Total non-current assets	100,326,000	103,971,972
Total assets	118,662,423	121,292,819
LIABILITIES		
Current liabilities:		
Accounts payable	1,309,199	448,683
Due to members (Note 4)	-	240,945
Interest payable	837,417	791,411
Current portion of long-term debt (Note 5)	4,735,000	4,545,000
Total current liabilities	6,881,616	6,026,039
Long-term liabilities:		
Bond issuance premium, net of amortization (Note 5)	9,572,731	10,097,265
Long-term debt less current portion (Note 5)	45,510,000	50,245,000
Total long-term liabilities	55,082,731	60,342,265
Total liabilities	61,964,347	66,368,304
DEFERRED INFLOWS OF RESOURCES		
Gain on refunding (Note 5)	2,803,378	3,561,106
Total deferred inflows of resources	2,803,378	3,561,106
NET POSITION (Note 7)		
Net investment in capital assets	47,277,622	45,473,716
Unrestricted	6,617,076	5,889,693
Total net position	$53,894,698	$51,363,409

The accompanying notes are an integral part of these financial statements

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Operating revenues:		
Service charges (Note 4)	$10,786,046	$11,491,911
Service charges - other (Note 4)	906,506	(230,480)
Total operating revenues	11,692,552	11,261,431
Operating expenses:		
Energy	2,030,320	1,360,016
EBDA O&M costs	788,239	849,203
Operations agreement	1,739,733	793,133
Professional services	626,471	223,323
Livermore sole use O&M	26,741	22,538
Miscellaneous	131,745	105,712
Repairs and maintenance	15,974	34,574
Depreciation and amortization	3,415,820	3,386,692
Total operating expenses	8,775,043	6,775,191
Operating income	2,917,509	4,486,240
Non-operating revenues (expenses)		
Interest income	478,215	69,075
Gain on refunding	594,656	-
Bond interest expense	(1,459,091)	(1,368,054)
Total non-operating revenues (expenses)	(386,220)	(1,298,979)
Change in net position	2,531,289	3,187,261
Net position, beginning of year	51,363,409	48,176,148
Net position, end of year	$53,894,698	$51,363,409

The accompanying notes are an integral part of these financial statements

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Receipts from member contributions	$10,963,570	$11,820,725
Payments to suppliers	(4,498,707)	(3,340,790)
Net cash provided (used) by operating activities	6,464,863	8,479,935
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(177,852)	(2,488,814)
Principal paid on long-term debt	(4,545,000)	(69,360,000)
Interest paid on long-term debt	(2,100,691)	(2,994,093)
Proceeds from issuance of long-term debt	-	65,280,664
Net cash (used) by capital and related financing activities	(6,823,543)	(9,562,243)
Cash flows from investing activities:		
Interest on cash and investments	478,215	69,075
Net cash provided by investing activities	478,215	69,075
Net (decrease) in cash and cash equivalents	119,535	(1,013,233)
Cash and cash equivalents - beginning of period	17,310,382	18,323,615
Cash and cash equivalents - end of period	$17,429,917	$17,310,382
Reconciliation of operating income to net cash provided (used) in operating activities:		
Operating income	$2,917,509	$4,486,240
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation and amortization	3,415,820	3,386,692
Changes in certain assets and liabilities:		
Decrease (increase) in due from members	(1,136,986)	967,298
Decrease (increase) in bond issuance costs	408,004	(408,004)
Increase (decrease) in accounts payable	860,516	(37,621)
Increase in due (from) to members	-	85,330
Net cash provided (used) by operating activities	$6,464,863	$8,479,935

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

Livermore-Amador Valley Water Management Agency (the Agency) is a joint powers agency that was formed in 1974 by a joint exercise of powers agreement between the cities of Pleasanton and Livermore and the Dublin-San Ramon Services District. The Agency has implemented a water quality management program involving wastewater disposal. The Agency operates an export pipeline connecting with the East Bay Dischargers Authority's (EBDA) system and discharges treated wastewater, through a deep-water outfall, into San Francisco Bay. The Agency currently has an Amended and Restated Joint Exercise of Powers Agreement dated September 10, 1997, among the members. This agreement, among other things, sets forth capacity limitations and capacity rights of each member as well as cost-sharing procedures for debt service and fixed operating costs related to capacity rights and variable operating costs related to actual use of the export facilities.

The Agency has a separate Master Agreement with EBDA that governs the terms and conditions by which the Agency uses capacity in the EBDA facilities. The Master Agreement was entered into in 2007 and was set to expire on January 1, 2020. It was extended three times. First through June 30, 2020, secondly through December 31, 2020, and most recently through June 30, 2021. The most recent extension was approved by the Board at the November 18, 2020 meeting. These extensions were granted to give the parties more time to negotiate the terms and conditions for an amended and restated Master Agreement. The Amended and Restated Master Agreement between the Agency and EBDA was approved by both parties in May 2021. The agreement became effective July 1, 2021 and will be in effect until June 30, 2040. The cost terms were retroactive to July 1, 2020.

B. Reporting Entity

The Agency is the only entity included in these financial statements.

C. Fund Accounting

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The Agency maintains a proprietary fund that is used to account for the financing of goods or services provided by the Agency to other governments on a cost-reimbursement basis.

The Agency is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded in its balance sheet, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Records of the Agency are maintained on the accrual basis. Revenues are recognized when earned and expenses are recognized when incurred.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-exchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, include member contributions.

Revenue from member contributions is recognized in the fiscal year in which it is earned. Nonoperating revenues, such as interest income, result from nonexchange transactions or ancillary activities.

E. Use of Estimates

The basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles, and as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

The Agency places certain funds with the State of California's Local Agency Investment Fund (LAIF). The Agency is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements based upon the Agency'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 monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

Cash and investments are used in preparing the statement of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

G. Capital Assets

Capital assets are recorded at cost. Assets with an initial cost of more than $10,000 and an estimated useful life greater than three years are capitalized. Infrastructure assets with an initial cost of more than $25,000 are capitalized. Depreciation of property and equipment is provided on the straight-line method over the following useful lives:

Pipeline and Export Facility	20-50 years
Pump Station	10-25 years
Intangible	33 years
Equipment	3-25 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Bond Issuance Costs and Bond Premium*

Bond issuance costs and premium are amortized on a straight-line basis over the term of the bond.

I. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs - other than quoted prices included within level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

J. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflows of resources (revenue) until that time. The Agency reports deferred inflows from one source, gain on refunding of long-term debt. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 – CASH AND INVESTMENTS

A. Policies

California Law generally requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Agency's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the Agency's name and places the Agency ahead of general creditors of the institution. The Agency has waived collateral requirements for the portion of deposits covered by federal depository insurance. As of June 30, 2023 and 2022, the Agency's cash in bank was insured or collateralized as discussed above.

Cash and investments are recorded at market value.

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Composition

Cash and investments consist of the following as of June 30:

	2023	2022
Cash in Bank	$553,471	$827,543
California Local Agency Investment Fund	3,069,842	16,482,839
U.S. Treasury Bills	13,806,604	
Total cash and investments	$17,429,917	$17,310,382

C. Investments Authorized by the California Government Code and the Agency's Investment Policy

The Agency's Investment Policy and the California Government Code allow the Agency to invest in the following provided the credit ratings of the issuers are acceptable to the Agency; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Agency's Investment Policy where the Agency's Investment Policy is more restrictive.

Limit	Minimum Rating	Maximum Maturity	Authorized Investment
None	None	5 years	Collateralized Certificate of Deposits purchased from banks or savings and loan institutions as authorized by statute
30%	None	5 years	Negotiable Certificates of Deposit
None	None	5 years	U.S. Treasury Bills, Notes, and Bonds
None	None	5 years	Securities of Government Agencies (e.g., Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Government National Mortgage Association, Federal Farm Credit Bank, Tennessee Valley Authority)
30%	A	5 years	Medium-Term Corporate Notes
20%	None	N/A	Mutual Funds (Shares of beneficial interest issued by diversified management companies who invest in securities authorized by § 53601)
None	None	5 years	Indebtedness issued by LAVWMA or any local agency in California
Maximum allowed by LAIF	None	N/A	The State of California Local Agency Investment Fund
Maximum allowed by CAMP	None	N/A	The California Asset Management Program

NOTE 2 – CASH AND INVESTMENTS (Continued)

D. Credit Risk

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. At June 30, 2023, the Agency's investments in U.S. Treasury Bills had a rating, as provided by Moody's investment rating system, of A-1+. The Agency's investment in LAIF is not rated.

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. At June 30, 2023 and 2022, there are no instances of concentration risk.

E. Interest Rate Risk

Interest rate risk is the risk that changes in 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. California Government Code limits investments in U.S. Treasury Obligations, commercial paper, and negotiable certificates of deposit to a maximum maturity of five years, 270 days, and five years, respectively, which helps to mitigate this risk since the prices of fixed-income securities with a longer time to maturity tend to be more sensitive to changes in interest rates. At June 30, 2023 and 2022, the Agency's investments had a maturity of less than one year.

F. Local Agency Investment Fund

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Agency reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2023 and 2022, these investments matured in an average of 260 and 311 days, respectively.

G. Fair Value Measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Agency's investment in U.S. Treasury Bills are Level 1, valued using quoted market prices. The Agency's investment in the Local Agency Investment Fund is exempt from the fair value measurement hierarchy.

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance at June 30, 2021	Additions	Transfers	Balance at June 30, 2022	Additions	Transfers	Balance at June 30, 2023
Non-depreciable assets:							
Construction in progress	$1,248,351	$2,488,814	($436,913)	$3,300,252	$177,852	($2,933,451)	$544,653
Total non-depreciable assets	$1,248,351	2,488,814	(436,913)	3,300,252	177,852	(2,933,451)	544,653
Capital assets being depreciated:							
Pipeline	118,274,222	-	-	118,274,222	-	-	118,274,222
Pump station	18,951,323	-	436,913	19,388,236	-	2,875,427	22,263,663
Export facility	5,767,500	-	-	5,767,500	-	58,024	5,825,524
Intangibles	10,000,000	-	-	10,000,000	-	-	10,000,000
Total capital assets being depreciated/amortized:	152,993,045	-	436,913	153,429,958	-	2,933,451	156,363,409
Less:							
Accumulated depreciation	(42,506,826)	(3,083,662)	-	(45,590,488)	(3,112,790)	-	(48,703,278)
Accumulated amortization	(7,272,724)	(303,030)	-	(7,575,754)	(303,030)	-	(7,878,784)
Net capital assets being depreciated/amortized	103,213,495	(3,386,692)	436,913	100,263,716	(3,415,820)	2,933,451	99,781,347
Total capital assets, net	$104,461,846	($897,878)	-	103,563,968	($3,237,968)	-	$100,326,000

Depreciation and amortization expense for the Agency for June 30, 2023 and June 30, 2022 was $3,415,820 and $3,386,692, respectively.

NOTE 4 – SERVICE CHARGES TO MEMBERS

Under the terms of the Agency's Sewer Service Contract with its members, the members pay the Agency a service charge equal to their share of the actual costs of operating the pipeline and pump station. The members are required to make advance payments to the Agency based on estimated costs. When advance payments are more or less than actual costs, differences are billed or refunded to the members in accordance with their participation percentage as specified in the agreement.

The following schedule reconciles the advance payments received from members with the actual costs of operating the pipeline and pump station determine what is owed to or from the members as of June 30, 2023 and 2022:

	2023	2022
Advance payments received from members		
City of Livermore	$3,194,550	$3,375,291
City of Pleasanton	3,733,530	3,953,092
Dublin San Ramon Services District	3,857,966	4,163,528
Total services charges	$10,786,046	$11,491,911
Advance payments received from members	$10,786,046	$11,491,911
Interest earned on operating advances	72,302	5,145
Less advances for:		
Debt service	(6,645,700)	(7,481,431)
Joint Use replacement	(400,000)	(400,000)
Net available for operations and maintenance	3,812,648	3,615,625
Operations and maintenance expenses:		
Power	2,030,320	1,360,016
LAVWMA share of EBDA O&M Costs	788,239	849,203
Operations agreement	1,516,960	793,133
Professional services	218,349	223,323
Livermore Sole Use O&M	26,741	22,538
Miscellaneous	122,571	102,358
Repairs and maintenance	15,974	34,574
Total operations and maintenance expenses	4,719,154	3,385,145
Amount due to (due from) members, net	($906,506)	$230,480
Amount due to (due from):		
City of Livermore	($312,917)	($10,648)
City of Pleasanton	(307,966)	21,009
Dublin San Ramon Services District	(285,623)	220,119
	($906,506)	$230,480

NOTE 5 – LONG-TERM DEBT

The following is a summary of changes in general long-term liabilities during the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Amount due within one year	More than one year
Revenue Bonds						
2021 Sewer Revenue Refunding Bonds 4%, due 8/1/2031	$54,790,000	$ -	$ 4,545,000	$ 50,245,000	$ 4,735,000	$ 45,510,000
Total Long-Term Debt	54,790,000		4,545,000	50,245,000	4,735,000	45,510,000
Plus: Unamortized bond premium	10,097,265	-	524,534	9,572,731	-	9,572,731
Total Long-Term Debt, net	$64,887,265	$ -	$5,069,534	$59,817,731	$4,735,000	$55,082,731

The following is a summary of changes in general long-term liabilities during the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Amount due within one year	More than one year
Revenue Bonds						
2011 Sewer Revenue Refunding Bonds 2% - 5%, due 8/1/2031	$69,360,000	$ -	$69,360,000	$ -	$ -	$ -
2021 Sewer Revenue Refunding Bonds 4%, due 8/1/2031	-	54,790,000	-	54,790,000	4,545,000	50,245,000
Total Long-Term Debt	69,360,000	54,790,000	69,360,000	54,790,000	4,545,000	50,245,000
Plus: Unamortized bond premium	4,258,709	10,490,664	4,652,108	10,097,265	-	10,097,265
Total Long-Term Debt, net	$73,618,709	$65,280,664	$74,012,108	$64,887,265	$4,545,000	$60,342,265

A. 2011 Sewer Revenue Refunding Bonds

The Agency issued $105,345,000 of 2011 Sewer Revenue Refunding Bonds on September 28, 2011. Proceeds of the issuance were used to refund and retire the Series A Sewer Revenue Bonds and to pay costs of issuance. Principal payments are due annually beginning August 1, 2012 through August 1, 2031.

Debt service on the 2011 Bonds is repayable from Agency Net Revenues which are defined as Gross Revenues less Maintenance and Operations costs, excluding in all cases depreciation, replacement and obsolescence charges or reserves therefore, debt service, amortization of intangibles or other book-keeping entries of a similar nature, and costs paid out of the Sole-Use, Dual-Use and Joint-Use Replacement Funds.

The Agency refunded the 2011 Sewer Revenue Refunding Bonds on August 11, 2021 with the issuance of the 2021 Sewer Revenue Refunding Bonds as discussed below. As a result, the 2011 Sewer Revenue Refunding Bonds are considered defeased and the liability for those bonds has been removed from the Agency's Statement of Net Position.

NOTE 5 – LONG-TERM DEBT (Continued)

B. 2021 Sewer Revenue Refunding Bonds

The Agency issued $54,790,000 of 2021 Sewer Revenue Refunding Bonds on August 11, 2021. Proceeds of the issuance were used to refund the 2011 Sewer Revenue Refunding Bonds and pay costs of issuance. Interest payments are due semi-annually on February 1 and August 1, beginning August 1, 2021. Principal payments are due annually beginning August 1, 2022. The interest rate on the bonds is 4%. The refunding resulted in a net present value savings over the life of the bonds in the amount of $13,775,080. In fiscal year 2022, the Agency recorded a gain on the refunding in the amount of $3,561,106 as deferred inflow of resources, which will be amortized over the life of the bonds. The District recognized a portion of the gain on the refunding during fiscal year 2023 in the amount of $594,656. The balance of the gain on the refunding is $2,803,378 at June 30, 2023.

Pursuant to the official statement, each member agency is required to set rates to achieve coverage of 1.1 times debt service. Furthermore, the official statement contains events of default that require the net revenue of the Agency and Members to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the Agency or Members to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the Agency or Members; or if any court or competent jurisdiction shall assume custody or control of the Agency or Members.

C. Debt Service Maturity

At June 30, 2023, future annual repayment requirements for long-term debt were as follows:

For The Year Ending June 30	Principal	Interest	Total
2024	$4,735,000	$1,915,100	$6,650,100
2025	4,925,000	1,721,900	6,646,900
2026	5,125,000	1,520,900	6,645,900
2027	5,335,000	1,311,700	6,646,700
2028	5,555,000	1,093,900	6,648,900
2028-2032	24,570,000	2,014,600	26,584,600
Total payments due	$50,245,000	$9,578,100	$59,823,100

NOTE 6 – RISK MANAGEMENT

The Agency's insurance coverage is as follows:

The Agency is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The Agency joined together with other entities to form the Special District Risk Management Authority (SDRMA), a public entity risk pool currently operating as a common risk management and insurance program for member entities. The purpose of SDRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. The Agency pays annual premiums to SDRMA for its general, liability, and property damage.

SDRMA is governed by a Board composed of one representative from each member agency. The Board controls the operations of SDRMA including selection of management and approval of operating budgets, independent of any influence by member entities.

In addition to the primary insurance types provided for through SDRMA listed above, the Agency also maintains commercial fidelity bonds, public employee dishonesty and public official bonds to protect against employee theft or defalcation. Settled claims for SDRMA or commercial fidelity bonds have not exceeded coverage in any of the past three fiscal years.

The following is a summary of the insurance policies carried by the Agency as of June 30, 2023:

Company Name	Type of Coverage	Limits	Deductibles
Uninsured/underinsured motorists	Each occurrence	$1,000,000	None
Auto Liability	Comprehensive liability	5,000,000	$1,000
Property coverage	Comprehensive liability	800,000,000	1,000
Employee dishonesty	Blanket bond	1,000,000	None
Personal liability coverage (board)	Comprehensive liability	500,000	None
General liability	Comprehensive liability	5,000,000	500
Public officials and employee errors	Comprehensive liability	5,000,000	None
Employment practices liability	Comprehensive liability	5,000,000	None
Employee benefits liability	Comprehensive liability	5,000,000	None
Boiler and machinery coverage	Comprehensive liability	100,000,000	1,000

Claims and judgments, including provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the Agency has coverage for such claims, but it had retained the risk for the deductible or uninsured portion of these claims.

The Agency's liability for uninsured claims is limited to general liability claims, as discussed above, and was estimated to be immaterial. The Agency has not exceeded its insurance coverage limits in any of the last three years.

NOTE 7 – NET POSITION

Net Position is the excess of all the Agency's assets over all its liabilities. Net Position is divided into three categories which are described as follows:

- ***Net investment in capital assets*** describes the portion of net position that is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets.

- ***Restricted*** describes the portion of net position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the Agency cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes. The Agency had no restricted net position.

- ***Unrestricted*** describes the portion of net position that is not restricted to use.

NOTE 8 – CONTINGENT LIABILITIES

The Agency is involved in various claims and litigation arising in the ordinary course of business. Agency management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters will not have a materially adverse effect on the Agency's financial position or results of operations.

NOTE 9 – MEMBER EQUITY ALLOCATION

A review of the member equity calculation was conducted and each type of asset is allocated according to contractually agreed ownership shares. At June 30, 2023, the members' respective shares of the Agency's net position, based on this calculation, are as follows:

	Operation & Maintenance	EBDA Capacity	2021 Debt Service*	Joint-Use Replacement	Dual-Use Replacement	Sole-Use Replacement	TOTAL
Net Position:							
Total Assets	$1,637,662	$2,121,215	$71,009	$109,876,543	$486,622	$4,469,372	$118,662,423
Total Liabilities and Deferred Inflows	1,142,950	-	63,458,526	166,249	-	-	64,767,725
	$494,712	**$2,121,215**	**($63,387,517)**	**$109,710,294**	**$486,622**	**$4,469,372**	**$53,894,698**
Allocation:							
Livermore	30.10%	18.18%	27.83%	30.10%	-	100.00%	
Pleasanton	34.95%	34.14%	33.27%	34.95%	50.00%	-	
DSRSD	34.95%	47.68%	38.90%	34.95%	50.00%	-	
Member Equity:							
Livermore	$148,908	$385,637	($17,640,226)	$33,022,798	-	$4,469,372	$20,386,489
Pleasanton	172,902	724,183	(21,092,021)	38,343,748	$243,311	-	18,392,123
DSRSD	172,902	1,011,395	(24,655,270)	38,343,748	243,311	-	15,116,086
	$494,712	**$2,121,215**	**($63,387,517)**	**$109,710,294**	**$486,622**	**$4,469,372**	**$53,894,698**

** Note that for debt service, blended allocations are shown above. Actual allocations are below:*

	Livermore	Pleasanton	DSRSD
Repair (30.46% of total debt)	39.95%	36.71%	23.34%
Expansion (69.54% of total debt)	22.52%	31.77%	45.71%

At June 30, 2022, the members' respective share of the Agency's net position, based on this calculation, is as follows:

	Operation & Maintenance	EBDA Capacity	2011 Debt Service*	2021 Debt Service*	Joint-Use Replacement	Dual-Use Replacement	Sole-Use Replacement	TOTAL
Net Position:								
Total Assets	$1,109,705	$2,424,245	$1,019,637	($541,660)	$112,105,988	$483,377	$4,691,527	$121,292,819
Total Liabilities and Deferred Inflows	614,993	-	3,561,106	65,678,676	74,635	-	-	69,929,410
	$494,712	**$2,424,245**	**($2,541,469)**	**($66,220,336)**	**$112,031,353**	**$483,377**	**$4,691,527**	**$51,363,409**
Allocation:								
Livermore	30.10%	18.18%	27.83%	27.83%	30.10%	-	100.00%	
Pleasanton	34.95%	34.14%	33.27%	33.27%	34.95%	50.00%	-	
DSRSD	34.95%	47.68%	38.90%	38.90%	34.95%	50.00%	-	
Member Equity:								
Livermore	$148,908	$440,728	($707,271)	($18,428,575)	$33,721,437	-	$4,691,527	$19,866,754
Pleasanton	172,902	827,637	(845,666)	(22,034,634)	39,154,958	$241,689	-	17,516,886
DSRSD	172,902	1,155,880	(988,532)	(25,757,127)	39,154,958	241,688	-	13,979,769
	$494,712	**$2,424,245**	**($2,541,469)**	**($66,220,336)**	**$112,031,353**	**$483,377**	**$4,691,527**	**$51,363,409**

** Note that for debt service, blended allocations are shown above. Actual allocations are below:*

	Livermore	Pleasanton	DSRSD
Repair (30.46% of total debt)	39.95%	36.71%	23.34%
Expansion (69.54% of total debt)	22.52%	31.77%	45.71%

SUPPLEMENTAL INFORMATION

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
SCHEDULE OF SUB FUND ACCOUNT STATEMENTS OF NET POSITION
JUNE 30, 2023

	Maintenance & Operation	EBDA Capacity	2021 Debt Service
ASSETS			
Cash and equivalents	$171,401	$ -	$27,640
Investments	559,755	-	43,369
Due from members	906,506	-	-
Capital assets, construction in progress	-	-	-
Capital assets, net of accumulated depreciation	-	2,121,215	-
Total assets	1,637,662	2,121,215	71,009
LIABILITIES			
Accounts payable	1,142,950	-	-
Interest payable	-	-	837,417
Long-term debt:			
Bond issuance premium, net of amortization	-	-	9,572,731
Due within one year	-	-	4,735,000
Due in more than one year	-	-	45,510,000
Total liabilities	1,142,950	-	60,655,148
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding	-	-	2,803,378
NET POSITION			
Net investment in capital assets	-	2,121,215	(53,048,378)
Unrestricted	494,712	-	(10,339,139)
Total net position	$494,712	$2,121,215	($63,387,517)

Repair and Replacement Reserve			
Joint-use Replacement	Dual-use Replacement	Sole-use Replacement	Total
$325,572	$13,747	$15,111	$553,471
14,175,472	442,635	1,655,215	16,876,446
-	-	-	906,506
544,653	-	-	544,653
94,830,846	30,240	2,799,046	99,781,347
109,876,543	486,622	4,469,372	118,662,423
166,249	-	-	1,309,199
-	-	-	837,417
-	-	-	9,572,731
-	-	-	4,735,000
-	-	-	45,510,000
166,249	-	-	61,964,347
-	-	-	2,803,378
95,375,499	30,240	2,799,046	47,277,622
14,334,795	456,382	1,670,326	6,617,076
$109,710,294	$486,622	$4,469,372	$53,894,698

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
SCHEDULE OF SUB FUND ACCOUNT ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2023

	Maintenance & Operation	EBDA Capacity	2021 Debt Service
Operating revenues:			
Service charges - City of Livermore	$1,224,706	$ -	$1,849,444
Service charges - City of Pleasanton	1,382,392	-	2,211,338
Service charges - Dublin San Ramon Services District	1,133,248	-	2,584,918
Service charges other	906,506	-	-
Total operating revenues	4,646,852	-	6,645,700
Operating expenses:			
Power	2,030,320	-	-
LAVWMA share of EBDA O&M	788,239	-	-
Operations agreement	1,516,960	-	-
Professional services	218,349	-	408,122
Livermore sole use O&M	26,741	-	-
Miscellaneous	122,571	-	-
Total operating expenses and capital outlay	4,703,180	-	408,122
Repairs and maintenance	15,974	-	-
Total operating expenses	4,719,154	-	408,122
Operating income (loss)	(72,302)	-	6,237,578
Non-operating revenues (expenses)			
Depreciation and amortization	-	(303,030)	-
Interest income	72,302	-	1,145
Gain on refunding	-	-	594,656
Bond interest expense and fiscal agent fees	-	-	(1,459,091)
Total non-operating revenues (expenses)	72,302	(303,030)	(863,290)
Changes in net position	-	(303,030)	5,374,288
Net position beginning of period	494,712	2,424,245	(68,761,805)
Net position end of period	$494,712	$2,121,215	($63,387,517)

Repair and Replacement Reserve			
Joint-use Replacement	Dual-use Replacement	Sole-use Replacement	Total
$120,400	$ -	$ -	$3,194,550
139,800	-	-	3,733,530
139,800	-	-	3,857,966
-	-	-	906,506
400,000	-	-	11,692,552
-	-	-	2,030,320
-	-	-	788,239
222,773	-	-	1,739,733
-	-	-	626,471
-	-	-	26,741
8,008	250	916	131,745
230,781	250	916	5,343,249
-	-	-	15,974
230,781	250	916	5,359,223
169,219	(250)	(916)	6,333,329
(2,843,528)	(7,560)	(261,702)	(3,415,820)
353,250	11,055	40,463	478,215
-	-	-	594,656
-	-	-	(1,459,091)
(2,490,278)	3,495	(221,239)	(3,802,040)
(2,321,059)	3,245	(222,155)	2,531,289
112,031,353	483,377	4,691,527	51,363,409
$109,710,294	$486,622	$4,469,372	$53,894,698

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