2020

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

Prepared By:

Finance Department
Margaret Moggia, CPA
Executive Manager of Finance

West Basin Municipal Water District

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2020
(With comparative totals for prior year)

Prepared by:
Finance Department

17140 S. Avalon Blvd.
Carson, California 90746

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December 23, 2020

TO THE BOARD OF DIRECTORS AND CUSTOMERS OF WEST BASIN MUNICIPAL WATER DISTRICT:

West Basin Municipal Water District (West Basin) staff is pleased to present the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year 2019-2020, which ended June 30, 2020.

The CAFR is intended to provide the Board of Directors, West Basin's customers, the public and interested parties with a broad financial outlook of West Basin. This report is also prepared for the purpose of meeting California law requiring special districts to submit an audited annual financial report to the State Controller within seven months after the end of the fiscal year. In addition, bond covenants require West Basin must file a CAFR within 270 days after the end of each fiscal year to the Municipal Securities Rulemaking Board website.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to West Basin for its CAFR for the fiscal year that ended on June 30, 2019. This was the 13th consecutive year that West Basin has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. West Basin believes our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another annual certificate.

West Basin staff prepared this financial report in conjunction with the Independent Auditors' Report issued by Roger, Anderson, Malody & Scott, LLP, a certified public accounting firm, and they have issued an unmodified (or "clean") opinion on West Basin's financial statements for the year ending on June 30, 2020. The independent auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative overview and analysis of the basic financial statement. MD&A and the Notes to the Financial Statements complement this letter of transmittal and should be read in conjunction with it.

This report consists of management's representations concerning the finances of West Basin. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report to the best of our knowledge.

ABOUT WEST BASIN MUNICIPAL WATER DISTRICT

West Basin Municipal Water District (West Basin), an innovative and award-winning public agency, is a special district of the State of California that provides imported drinking water, produces recycled water, and provides water-use efficiency and education programs to approximately 885,000 residents within a 185-square mile service area. Located in the heart of Southern California's coastal plain, its service area has a Mediterranean climate, characterized by warm, dry summers and wet, cool winters with moderate precipitation.

West Basin is governed by a Board of five directors who are elected by the public in alternating four-year terms. West Basin is a member agency of the Metropolitan Water District of Southern California (MWD), a cooperative of twenty-six member agencies including cities and water agencies. West Basin sells the imported water it purchases from MWD to cities, water agencies and private utility companies in coastal Los Angeles County.

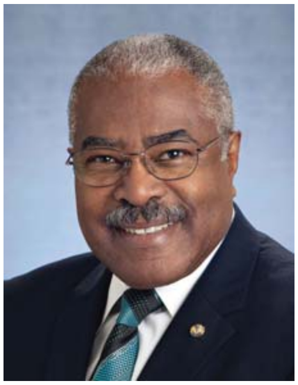
Recycled water is the cornerstone of West Basin's efforts to increase water reliability by augmenting local supplies. The District's award-winning Edward C. Little Water Recycling Facility in El Segundo, California and its satellite plants are the only facility network in the world that produces five different types of customer-specific recycled water including irrigation; industrial cooling towers; high- and low-pressure boiler feeds; and seawater barrier water for groundwater replenishment and protection. West Basin provides recycled water through more than 400 connections to industrial, commercial and public facilities in the service area.

To protect our local groundwater aquifer from seawater intrusion, West Basin currently provides imported and highly purified recycled water to the Water Replenishment District of Southern California (WRD) for injection into the West Coast seawater barrier. While West Basin does not pump groundwater, it is another source of water for many of the communities within our service area.

In August 2017, West Basin's Board of Directors approved an updated Strategic Business Plan. In March 2019, West Basin updated its Water Reliability Program to reflect current goals through a reinvigorated Water for Tomorrow Program. Water for Tomorrow brings new emphasis to West Basin's commitment to protecting, securing and diversifying its water supply while continuing its history of innovation and industry leadership. This includes reducing dependence while increasing reliability of our imported water supply, expanding conservation efforts, maximizing water recycling and evaluating ocean water desalination as a local, drought-resilient resource.

West Basin continues to invest in staff, operations and programs to maintain high standards within our workforce and reach out to the community through water-use efficiency programs, education, community partnerships, small and local business opportunities and other programs focused on providing value to our service area.

BOARD OF DIRECTORS



HAROLD C. WILLIAMS
VICE PRESIDENT
Division 1: Cities of Carson, Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills Estates, Rolling Hills and unincorporated Los Angeles County areas of Rancho Dominguez

GLORIA D. GRAY
PRESIDENT
Division 2: City of Inglewood, and unincorporated Los Angeles County areas of South Ladera Heights, Lennox, Athens and Westmont

CAROL W. KWAN
TREASURER
Division 3: Cities of Hermosa Beach, Lomita, Manhattan Beach, Redondo Beach, and a portion of Torrance

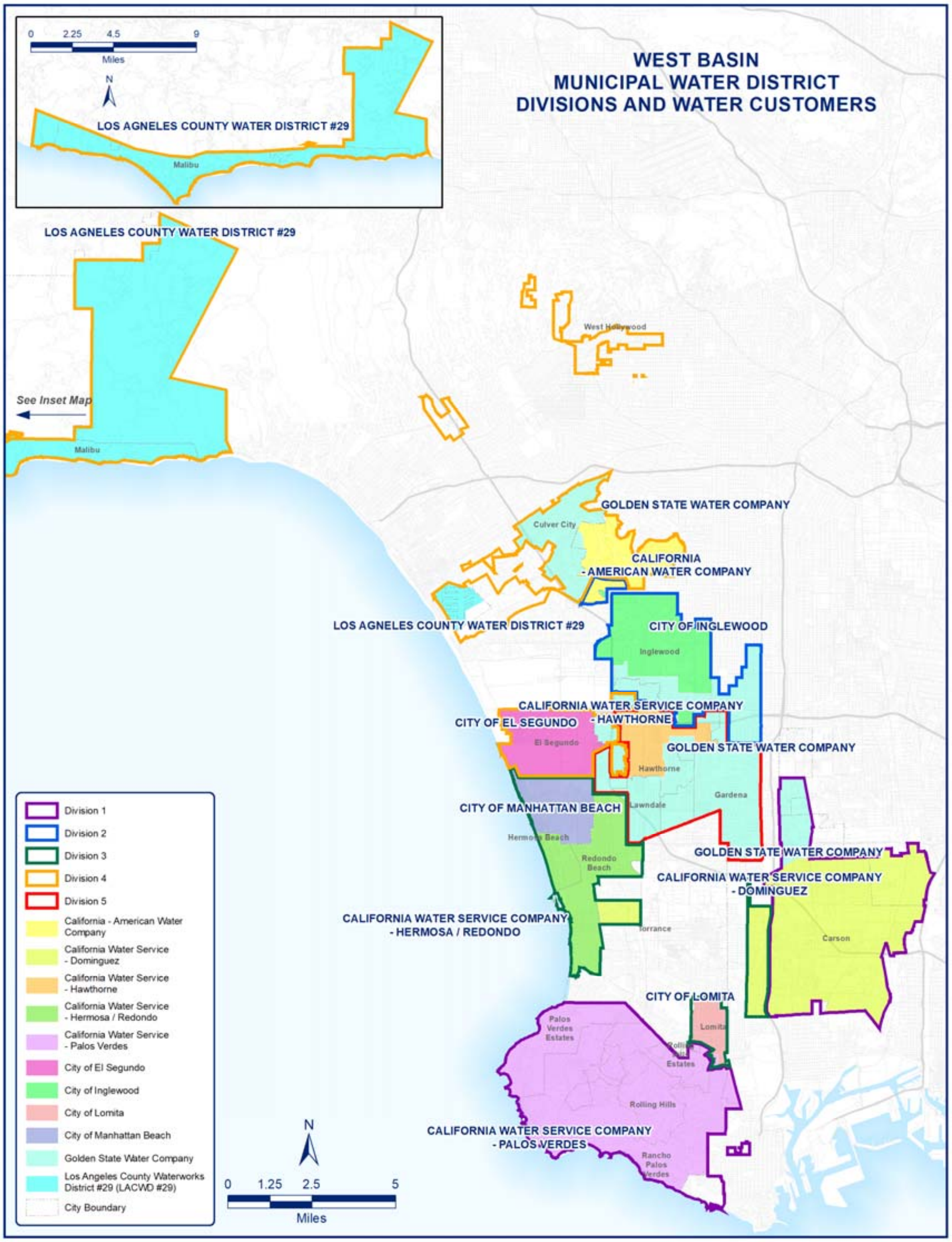
SCOTT HOUSTON
IMMEDIATE PAST PRESIDENT
Division 4: Cities of Culver City, El Segundo, Malibu, West Hollywood and unincorporated Los Angeles County areas of Lennox, North Ladera Heights, Del Aire, Marina Del Rey, Topanga, View Park, Wiseburn and Windsor Hills

DAVID L. DEAR
SECRETARY
Division 5: Cities of Gardena, Hawthorne, Lawndale and the unincorporated Los Angeles County area of El Camino Village

SERVICE AREA

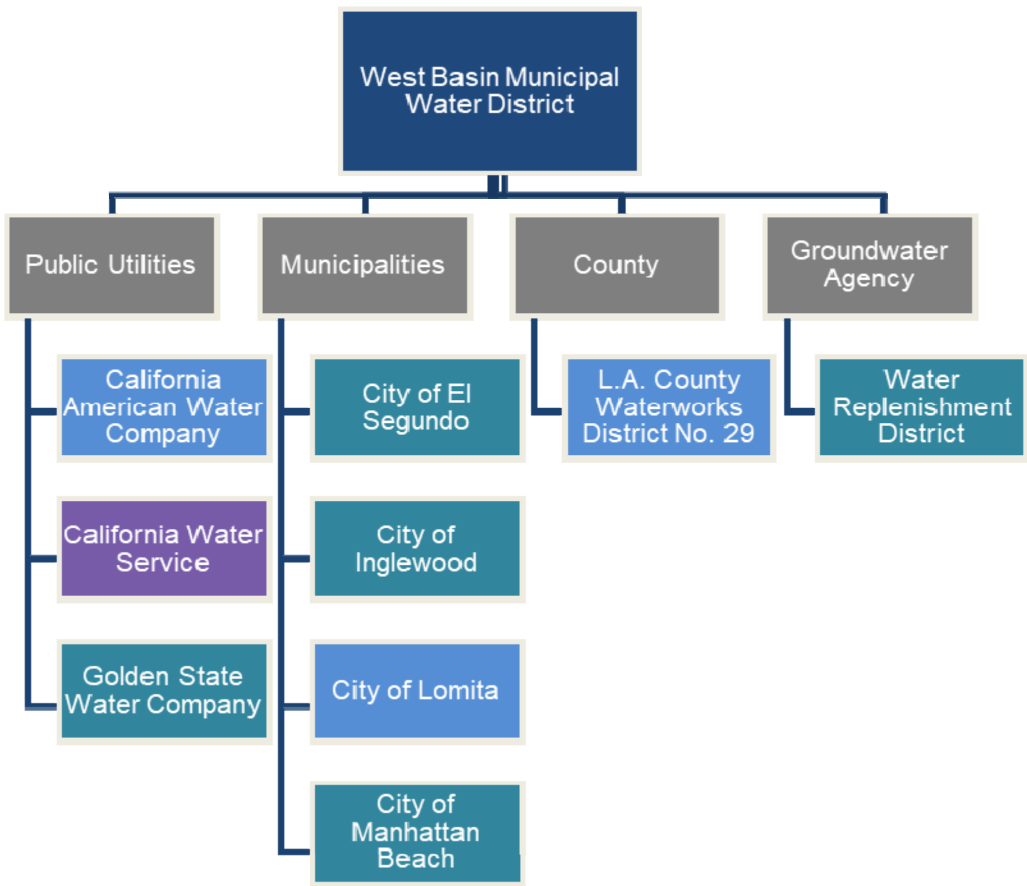
DIVISION OF BOUNDARIES

West Basin Municipal Water District serves a diverse population in 17 cities and parts of unincorporated coastal Los Angeles County.



DISTRICT STATISTICS

Formed	December 17, 1947
Estimated Population	885,000
Area Served	185 square miles
Water Portfolio	Potable, Recycled & Desalted
Average Residential Parcel Size	9,240 square feet
Lowest Median Income	$14,685 - Westmont
Highest Median Income	Over $250,000 – Manhattan Beach, Palos Verdes



= Potable Water Sales Only

= Potable & Recycled Water Sales

= Potable, Recycled and Desalted Water Sales

HISTORY

As early as 1918, the levels in local groundwater basins were dropping so low that salt water from the ocean was seeping in and contaminating groundwater. Lawns in coastal Los Angeles were dying from salty water, and well water was so salty it was often undrinkable. In the 1940s, studies showed that the local groundwater aquifer was being depleted at a much faster rate than it was being recharged or refilled.

At that time, one solution was to supply the region with imported water through MWD. In 1947, West Basin was formed by a vote of the people to serve as a wholesale agency to distribute imported water throughout its service area. In 1948, West Basin became a member agency of MWD, an agency that imports water from the Colorado River, and later would also import water from Northern California. For the next several decades, West Basin served its customer agencies and communities solely as a wholesale provider of imported water.

As a result of the extreme drought of the late 1980s and early 1990s, West Basin leaders decided to diversify the agency's water portfolio to include water use efficiency and water reuse to provide a more reliable supply of water for future generations. Early efforts included building the world's only water recycling facility that would convert treated sewer water into five different types of high-quality recycled water suitable for groundwater recharge, irrigation, municipal, industrial and commercial uses.

The benefits generated by the water recycling program include more affordable water rates for customers, a reliable, locally-controlled supply of recycled water, reduced energy use by importing less water from hundreds of miles away, reduced wastewater and biosolids discharged to the ocean, and use of recycled water as a sustainable resource. The drought of the early 1990s also increased awareness about water conservation and resulted in West Basin's addition of conservation as a new water supply alternative. West Basin currently offers free programs, classes, and events for residents and businesses to reduce their consumption of water and maximize water use efficiency indoors and outdoors.

Today, West Basin is an international water industry leader who hosts visitors from around the globe. West Basin is focused on providing value to its customers and achieving water reliability for the region through a diverse supply of water that includes imported, recycled, desalted and conserved water. All West Basin departments contribute to the agency's efforts to meet the goals and objectives of the Board of Directors' Strategic Business Plan.

MAJOR ACCOMPLISHMENTS

Water Supply Reliability

- Adopted Resolution No. 11-19-1105 to certify the final Environmental Impact Report for the proposed Ocean Water Desalination Project, and filed the Notice of Determination on November 21, 2019
- Successfully completed 5 free Rain Barrel Distribution Events and distributed 1,600 rain barrels
- Reached the 220-billion-gallon milestone of recycled water delivered to customers since the inception of the program
- Added 52 new meter connections to the recycled water distribution system, to add approximately 160 acre-feet of demand annually

Sound Financial and Resource Management

- Exceeded debt coverage ratio target of 1.75 by managing costs and higher water sales
- Implemented the second year of a three-year phase-in of the fixed revenue service charge resulting in $3.9 million of fixed revenue
- Continued to implement the Asset Management program

Water Quality

- Completed annual customer water quality reports for participating retailers for compliance with the Department of Drinking Water requirements for a public water
- Successfully met groundwater recharge regulations requirements and submitted monthly reports

Customer Service

- Implemented teleworking program for staff to maintain a high-level of customer service during COVID-19 pandemic
- Conducted monthly updates to our customer agencies and municipalities at the West Basin hosted MET Caucus meetings, and West Basin Water Association meetings
- Earned the District Transparency Certificate of Excellence from the Special District Leadership Foundation (SDLF)
- Reopened the renovated Water Education Center
- Hosted the Annual Water Harvest Festival at the Edward C. Little Water Recycling Facility which attracted approximately 1,100 attendees
- Developed online webinar class options for the public in response to COVID-19 pandemic

Environmental Stewardship

- Prevented approximately 11,760,000,000 gallons of secondary treated sewage from entering Santa Monica Bay in FY 19-20 through the implementation of West Basin's recycled water program
- Partnered with the SBESC to promote the Green Building Program to businesses
- Partnered with the South Bay Chapter of the Surfrider Foundation to provide support for its local Teach & Test Program

FINANCIAL INFORMATION

ACCOUNTING SYSTEM

As required by Generally Accepted Accounting Principles for enterprise funds, accounts are maintained and financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows. West Basin's Finance department is responsible for the overall accounting and finance functions, which include cash management, treasury and debt management, accumulation and processing of accounting information, financial reporting, and contracts administration.

INTERNAL CONTROLS

West Basin's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management uses cost estimates and judgments to attain reasonable assurance as to the adequacy of such controls. Recent audits have not uncovered any weakness in internal control that would cause concern when Recommendation for Improvements is made.

BUDGET PROCESS AND CONTROLS

Public agencies develop budgets as a performance tool to measure accountability to its stakeholders. For West Basin, the budget is developed based on meeting the priorities, goals and objectives established by the Board of Directors through its Strategic Business Plan (Plan), which was developed through a series of interviews with the Board of Directors, management, and key staff in addition to interviews with key stakeholders. The Plan provides direction for planning, budgeting, implementation, evaluation and reporting. The Plan is a "living" document in that it does not have a termination date, but it is constantly changing and evolving as the needs of West Basin change and evolve.

The budget is also used as a communication tool. Interested parties, such as bond holders, credit rating agencies, and its customers can review the budget to obtain a wide variety of information on West Basin's short- and long-term strategic planning and financial policies, as well as the current and future fiscal stability. For West Basin, the budget further demonstrates West Basin's commitment to fiscal responsibility and transparency of its operations. The budget shows how the agency will invest its revenues derived from user fees and fixed revenue sources to support its mission and programs.

The General Manager communicates the goals and the current year budget objectives to staff to ensure the budget includes the financial requirements necessary to achieve these goals and objectives. To ensure completion, the goals are also incorporated into each individual employee's performance goals. Furthermore, the high-level goals are also included in the monthly board memos to reflect the commitment to meet the Board's directives.

West Basin is not required to adopt a budget and therefore does not appropriate funds. However, as a good business practice, West Basin does prepare, adopt, monitor, and report budgeted information.

LONG-TERM FINANCIAL PLANNING

To maintain its financial strength, West Basin developed a Long-Range Financial Model. The model uses the current fiscal year budget, incorporates multiple year revenue and expense assumptions used to address anticipated operating and capital expenditures, and result in a dynamic financial model for West Basin. The capital recycled water expenditures are based on the Capital Improvement Program and estimates for the Ocean-water Desalination program costs. In addition, the model provides the basis for certain criteria to be incorporated into financial policy development, such as debt management, swap and designated fund levels. West Basin continues to monitor its assumptions to actual to ensure it remains a financially healthy organization.

CREDIT RATING AND DEBT COVERAGE

West Basin currently maintains a Aa2 from Moody's and a AA- from Standards & Poor's. In order to maintain these ratings, West Basin has internally set budgeted debt coverage goals, updated financial policies and updated rates as appropriate. West Basin's Board of Directors has approved a number of financial policies to effectively manage the agency. A copy of these policies can be found on West Basin's website at www.westbasin.org. Other non-financial policies are maintained by West Basin through its Administrative Code and are reviewed periodically to ensure compliance with legal statutes. These efforts lend to a solid management focus on fiscal policies and metrics and have assisted West Basin to receive strong credit ratings and allow West Basin to obtain low-cost financing for its capital projects. Please refer to Table 17 of the Statistical Section for the 10-year historical information on West Basin's debt coverage.

DESIGNATED FUNDS

West Basin maintains two major types of funds, either restricted or unrestricted. Restricted funds consist of custodial accounts and bond reserves that are subject to the conditions of the respective bond financing documents. The unrestricted reserves are then designated by the Board of Directors and are reviewed annually as further described in the board-approved policy.

Designated Funds are a strong indicator of an agency's financial health. West Basin's Designated Funds Policy is sometimes referred to as a Reserve Policy and was designed to ensure West Basin has adequate funds to protect its financial health and the furtherance of West Basin's mission.

The policy does not specifically state a target amount but staff has established an internal target approach in its Long-Range Financial Plan to fund West Basin's Designated Funds. The policy allows for the fluidity of a target and will change each year based on the anticipated expenditures. The target amounts are based on West Basin's experience, the current operating budget and capital improvement program. The sum of all the core components provide an overall target amount that serves as a trigger for the Board of Directors to consider options when funding levels fall near or below the overall target.

SOURCE OF REVENUE

West Basin primarily receives its source of revenue from imported and recycled water sales. Imported water sales and charges totaled $162 million for the fiscal year ending June 30, 2020, while recycled water sales amounted to $43 million for the same period. More detailed information regarding West Basin's revenues is presented in the statistical section Table 6: Payors-Potable Water Sales and Table 7: Payors-Recycled Water Sales.

WATER RATES

West Basin establishes rates and charges annually through a resolution by the Board of Directors. The statistical section provides more detailed information about the rates under Table 11: Average Water Rates Per Acre-Foot (Last 10 Fiscal Years) and Table 12: Imported Water Rates.

WEST BASIN STAFF SERVICES

West Basin currently has budgeted 53 full-time employees, 3 full-time limited term employees, and 6 interns.

ACKNOWLEDGEMENTS

We would like to thank the members of the Board of Directors for their continued support in the completion of this document and the implementation of projects throughout the year and recognize members of the finance staff who contributed to this report.

Respectfully,

Patrick Sheilds
General Manager

Margaret Moggia
Executive Manager of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Basin Municipal Water District
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

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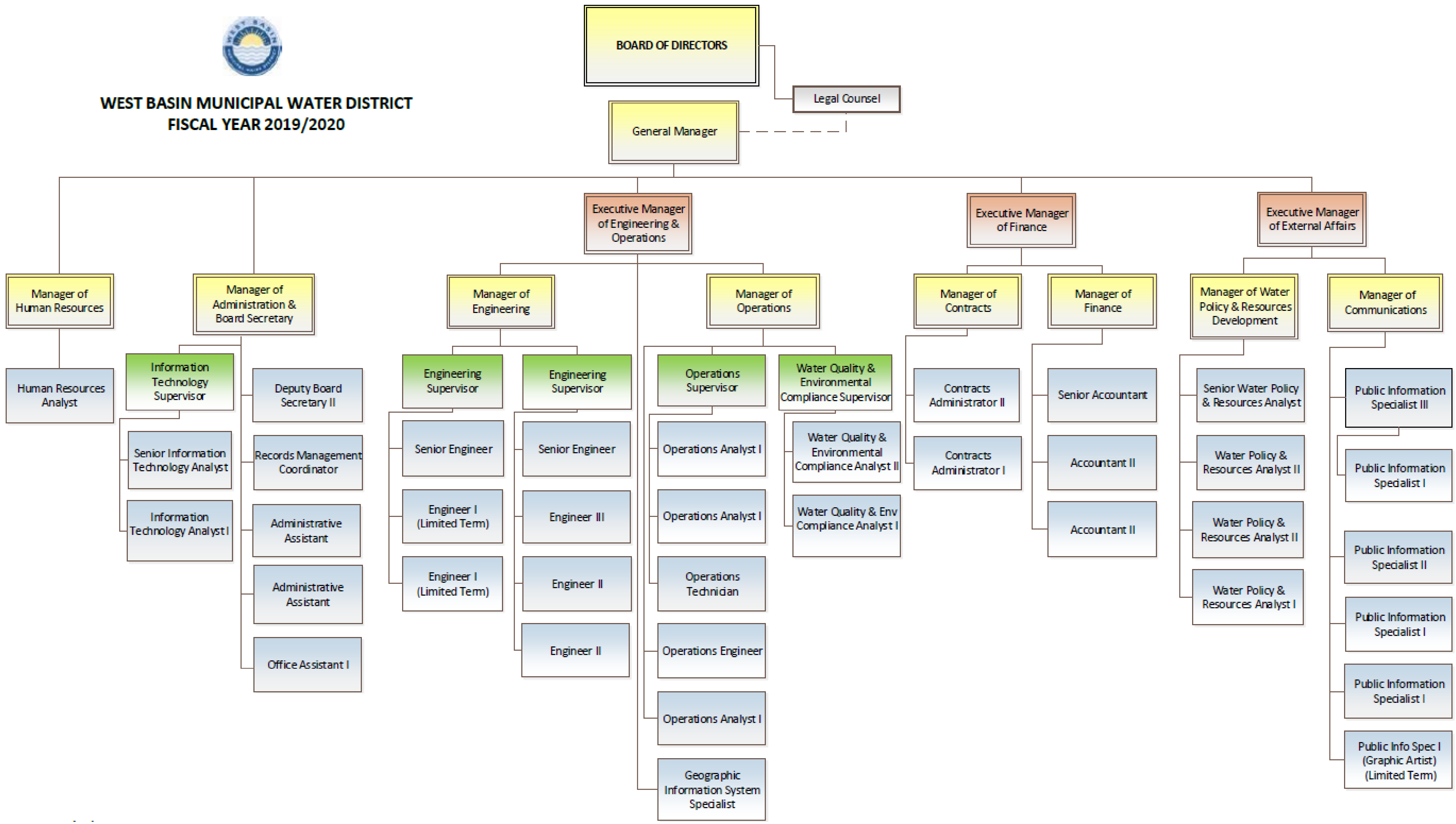
WEST BASIN MUNICIPAL WATER DISTRICT
FISCAL YEAR 2019/2020



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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Independent Auditor's Report

Board of Directors
West Basin Municipal Water District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Basin as of June 30 2020, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's office and state regulations governing special districts.

Other Matters

Prior Year Comparative Information

We have compiled the accompanying statement of net position of West Basin as of June 30, 2019, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended. We have not audited or reviewed the accompanying 2019 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise West Basin's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020, on our consideration of West Basin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 West Basin's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 3, 2020

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the West Basin Municipal Water District (or "West Basin") provides an introduction to the financial statement of West Basin for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the introductory section, the basic financial statements and related notes which follow this section.

MAJOR FINANCIAL ACTIVITIES

- West Basin implemented Government Accounting Standard Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) at the end of fiscal year 2018. As of June 30, 2020, West Basin had a Net Pension Asset of $1,191,091 for the OPEB program.

- West Basin implemented Government Accounting Standard Board (GASB) Statement No. 68 at the end of fiscal year 2015 for both their Public Employees' Retirement System (PERS) and Public Agency Retirement Services (PARS) programs. As of June 30, 2020, West Basin had a Net Pension Liability of $1,063,331 for the PERS program and had a Net Pension Asset of $395,393 for the PARS program

- In fiscal year 2020, West Basin's potable water and monitoring revenue is $161,573,938 and the potable water and monitoring expense is $131,450,213. It resulted in net revenue of $30,123,725.

- West Basin's water recycling revenue decreased from $46,518,136 in fiscal year 2019 to $43,428,442 in fiscal year 2020. The decrease was due to the reduction in demand in recycled water at the refineries due to declaration of the COVID-19 pandemic in March 2020. In addition, the local resource program incentive from Metropolitan Water District reached its termination date and West Basin is no longer eligible for this incentive for some of its recycled water sales. At the same time, water recycling costs increased from $37,575,664 in fiscal year 2019 to $38,950,560 in fiscal year 2020 due to repairs for the aging facilities.

- On October 27, 2016, pursuant to GASB 53, West Basin terminated hedge accounting and the balance of the deferral account was cleared on the termination date. The change in fair value of the swaps from the refunding date is reported in the Statement of Revenues, Expenses and Changes in Net Position as investment revenue or loss. On June 30, 2020, the change in fair value during the fiscal year resulted in a loss of $110,807.

- In fiscal year 2020, a total of $1,543,706 of fully depreciated capital assets were no longer in service and disposed (see Note 5 to Notes to Financial Statements). No loss on disposition of assets were incurred.

- Capital Contribution increased from $4,907,582 in fiscal year 2019 to $7,562,454 in fiscal year 2020 as West Basin renewed a contract with an existing customer who agreed to pay towards capital projects.

- Costs for district wide studies and cancelled construction project costs are being recorded into Project planning. The total cost for fiscal year 2020 is $1,309,637.

- Through active management of the investment portfolio, West Basin has been able to increase its yield and diversification, resulting in an increase of interest income from $1,819,464 in fiscal year 2019 to $2,208,492 in fiscal year 2020.

- West Basin has a positive Change in Net Position of $9,988,282 in fiscal year 2020.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of West Basin using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of West Basin's Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources with the difference between the four reported as Net Position. Net Position is displayed in the following categories: Net Investment in Capital Assets and Unrestricted Net Position. This statement provides the basis for evaluating the capital structure of West Basin and assessing the liquidity and financial flexibility of West Basin.

The Statement of Revenues, Expenses and Changes in Net Position present information that shows the results of West Basin financial performance during the year. All of the current year's revenues and expenses are accounted for in this statement. The Statement measures the success of West Basin's operations over the past year and determines whether West Basin has recovered its costs through user fees and other charges.

The Statement of Cash Flows provides information regarding West Basin's cash receipts, cash disbursements and net changes in cash resulting from operating, non-capital financing, capital financing and investing activities. This statement provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements as well as a description of the accounting policies used to prepare the financial statements. It also presents material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements. The Notes to the Financial Statements can be found on pages 16 through 53.

REQUIRED SUPPLEMENTARY INFORMATION

The required supplementary information provides additional information for West Basin's PARS, PERS and OPEB programs. It can be found on pages 54 through 59.

Condensed Statement of Net Position

	2020	2019	Change
Assets			
Current unrestricted assets	$ 117,076,823	$ 96,623,790	$ 20,453,033
Current restricted assets	4,225,549	4,652,865	(427,316)
Capital assets, net	462,511,263	474,253,855	(11,742,592)
Other assets	2,406,697	2,116,908	289,789
Total Assets	586,220,332	577,647,418	8,572,914
Deferred Outflows of Resources	13,605,488	15,447,367	(1,841,879)
Liabilities			
Current liabilities	59,602,006	50,067,287	9,534,719
Long term liabilities	243,345,979	257,272,797	(13,926,818)
Total Liabilities	302,947,985	307,340,084	(4,392,099)
Deferred Inflows of Resources	2,198,450	1,063,598	1,134,852
Net Position			
Net investment in capital assets	223,889,895	224,355,642	(465,747)
Unrestricted	70,789,490	60,335,461	10,454,029
Total Net Position	$ 294,679,385	$ 284,691,103	$ 9,988,282

STATEMENT OF NET POSITION

Net Position measures West Basin's financial health or financial position. Over time, increases or decreases in West Basin's net position are indicators of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, change in population, new or changed government legislation, etc. The Condensed Statement of Net Position shows that Assets and Deferred Outflows of West Basin exceeded Liabilities and Deferred Inflows by $294,679,385 and $284,691,103 as of June 30, 2020 and 2019, respectively. Increase in Net Position of $9,988,282 is shown in Condensed Statements of Revenue, Expense and Changes in Net Position.

A large portion of West Basin's net position ($223,889,895 and $224,355,642 as of June 30, 2020 and 2019, respectively) reflects the West Basin's net investment in capital assets (net of accumulated depreciation) less any related debts used to acquire those assets that are still outstanding. West Basin uses these capital assets to provide services to customers; consequently, these assets are not available for future spending.

STATEMENT OF NET POSITION

Condensed Statements of Revenue, Expenses and Changes in Net Position

	2020	2019	Change
Revenues			
Operating revenues			
Water and monitoring	$ 161,573,938	$ 162,280,132	$ (706,194)
Water recycling revenue	43,428,442	46,518,136	(3,089,694)
Water conservation	134,979	66,306	68,673
Desalting revenue	144,318	267,873	(123,555)
Total operating revenues	205,281,677	209,132,447	(3,850,770)
Non-Operating revenues			
Standby charges	9,986,787	10,029,508	(42,721)
Investment income	2,208,492	1,819,464	389,028
Other non-operating revenues	697,255	965,621	(268,366)
Total non-operating revenues	12,892,534	12,814,593	77,941
Total revenue	218,174,211	221,947,040	(3,772,829)
Expenses			
Operating expenses			
Source of supply and monitoring	131,450,213	132,386,651	(936,438)
Water recycling costs	38,950,560	37,575,664	1,374,896
Depreciation	24,103,404	23,645,635	457,769
Public information and education	3,988,770	2,988,152	1,000,618
Water policy and conservation	4,415,212	2,784,598	1,630,614
Project planning	1,309,637	1,342,791	(33,154)
Desalting operations	815,763	774,520	41,243
Total operating expenses	205,033,559	201,498,011	3,535,548
Non-Operating expenses			
Other non-operating expenses	110,807	96,041	14,766
Loss on disposition of assets	-	139,702	(139,702)
Interest expense	10,604,017	10,860,035	(256,018)
Total non-operating expenses	10,714,824	11,095,778	(380,954)
Total expenses	215,748,383	212,593,789	3,154,594
Net Income (loss) before capital contributions	2,425,828	9,353,251	(6,927,423)
Capital Contributions	7,562,454	4,907,582	2,654,872
Change in Net Position	9,988,282	14,260,833	(4,272,551)
Net position - Beginning of year	284,691,103	270,430,270	14,260,833
Net position - End of year	$ 294,679,385	$ 284,691,103	$ 9,988,282

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position reflects West Basin's net position changed during the fiscal year. Net position increased by $9,988,282 for the fiscal year ending June 30, 2020.

A closer examination of the sources of changes in net position reveals that:

- In 2020, West Basin's Total Operating Revenue decreased by $3,850,770 from the prior year. Water sales for potable water was lower than the prior year by approximately 3,000 acre-feet and is attributed to more significant rainfall in the spring of 2020 and a customer expanding its use of groundwater well which lessened their need for potable water. The decrease in recycling water sales were seen at the refineries due to the impact of the Stay at Home Orders due to the COVID-19 pandemic.

- In 2020, West Basin's Total Operating Expenses increased by $3,535,548 and can be attributed to higher costs of $1,374,896 to operate and maintain the recycled facilities, $1,000,618 increase in public outreach cost, and $1,630,614 increase in conservation for support towards grant-funded projects and additional rebate provided by the West Basin for the grass replacement program.

- There were no significant changes in West Basin's Total Non-Operating Revenue (Expenses) from fiscal year 2019 to fiscal year 2020. Interest earnings were slightly higher in fiscal year 2020 and the West Basin did not have any loss on disposition of assets.

- The Capital Contributions include the fixed payments from major recycled water customers and from other governmental agencies. In 2020, one of the existing customers amended its contract with West Basin which included a new capital contribution. Therefore, the total contributions increased from $4,907,582 in 2019 to $7,562,454 in 2020.

WEST BASIN MUNICIPAL WATER DISTRICT CAPITAL ASSETS

On June 30, 2020, West Basin investment in capital assets totaled $759,773,036. Capital Assets include land, discharge capacity rights, water facilities, potable distribution system, education center, buildings and improvements, furniture, fixtures and equipment and construction in progress.

The following is a summary of capital assets:

	2020	2019	Change
Land	$ 25,211,646	$ 25,211,646	$ -
Discharge capacity	621,189	621,189	-
Water facilities	650,526,046	583,392,155	67,133,891
Building and improvements	4,676,307	4,676,307	-
Potable distribution system	1,241,681	1,241,681	-
Furniture, fixtures, and equipment	2,513,279	2,430,833	82,446
Construction in progress	74,982,888	132,592,238	(57,609,350)
Total capital assets	$ 759,773,036	$ 750,166,049	$ 9,606,987

West Basin continues its internal review of the capital asset accounts at year-end. Capital assets that were either no longer in service or disposed of in the current year were disposed at the year-end. In 2020, West Basin completed $68 million in water facility capital projects and disposed of $1.5 million (fully depreciated) assets that are no longer in service. The net increase of $67,133,891 is shown in the table above. Construction in progress (CIP) decreased by $57,609,350 due to the transfer of completed projects from CIP to assets.

Additional information regarding capital assets can be found in Note 5 in Notes to Basic Financial Statements.

WEST BASIN MUNICIPAL WATER DISTRICT LONG-TERM LIABILITIES

The following is a summary of the long-term liabilities for the years 2020 and 2019:

	2020	2019	Change
Long-term debt			
Refunding revenue bonds	$ 252,232,124	$ 265,972,468	$ (13,740,344)
Other long-term liabilities			
Compensated absences	1,305,346	1,187,123	118,223
Net pension liability	1,063,331	647,679	415,652
Net OPEB liability	-	503,715	(503,715)
Interest rate swaps	1,434,689	1,323,882	110,807
Total long-term liabilities	$ 256,035,490	$ 269,634,867	$ (13,599,377)

As of June 30, 2020, West Basin had $256,035,490 in total long-term liabilities, including compensated absences, long-term debt, net pension liability, and interest rate swaps. Note 6 in the Notes to Basic Financial Statements disclose the detail of all long-term debt.

West Basin has four separate refunding revenue bonds (series 2011A, series 2011B, series 2012A and series 2016A). The total outstanding balance for the four bonds is $252,232,124 as of June 30, 2020.

West Basin's net pension liability of $1,063,331 reflected on this year's financial statement is only for West Basin's PERS program. West Basin's PARS program shows a net pension asset of $395,393; a slight increase from $376,365 in 2019. Please see Note 9 in the Notes to Basic Financial Statements for details. West Basin's net OPEB asset was $1,191,091 in fiscal year 2020; for fiscal year 2019, West Basin had a liability of $503,715.

West Basin has two outstanding swaps at the end of the fiscal year with the total notional amount of $13 million. Due to the issuance of 2016A Refunding Revenue Bonds on October 27, 2016, these two swaps are no longer associated with 2010A Adjustable Rate Revenue Certificate of Participation. West Basin terminated hedge accounting and the balance of the deferral account was cleared on the termination date. On June 30, 2020, the change from the refunding date resulted in a loss of $110,807. Note 8 in the Notes to Basic Financial Statements disclose the detail of the swaps.

West Basin established its Tax-Exempt Commercial Paper Program in October 2018. Bank of the West agreed to extend up to $50,000,000 authorization of credit to West Basin. As of June 30, 2020, West Basin issued $10,000,000 of the Tax-Exempt Commercial Paper Program. Please see Note 7 in the Notes to Basic Financial Statements for details.

CONDITION AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any conditions that would have a significant impact on West Basin's financial position, net position, or operating results in terms of past, present and future.

CONTACTING WEST BASIN'S EXECUTIVE MANAGER OF FINANCE

This financial report is designed to provide our citizens, customers, investors, and creditors with an overview of West Basin's financial operations and overall financial condition. If you have questions about this report or need additional financial information, please contact Margaret Moggia, Executive Manager of Finance, at West Basin.

Statement of Net Position
June 30, 2020 (With Comparative totals for June 30, 2019)

ASSETS

		2020		2019
CURRENT ASSETS				
Unrestricted assets:				
Cash and cash equivalents (note 2)	$	42,863,849	$	23,620,436
Investments (note 2)		37,671,096		37,172,990
Accounts receivable		35,479,726		34,683,823
Accrued interest receivable		324,255		371,983
Inventory		656,184		494,434
Prepaid expenses		81,713		280,124
Total unrestricted assets		117,076,823		96,623,790
Restricted assets:				
Cash and cash equivalents (note 4)		4,173,752		4,176,810
Custodial cash (note 4)		51,797		476,055
Total restricted assets		4,225,549		4,652,865
TOTAL CURRENT ASSETS		121,302,372		101,276,655
NONCURRENT ASSETS				
Other receivable		2,406,697		2,116,908
Capital assets, not depreciable (note 5)		100,815,723		158,425,073
Capital assets, net of depreciation (note 5)		360,109,056		315,452,417
Net pension asset - PARS (note 9)		395,393		376,365
Net OPEB asset - (note 10)		1,191,091		-
TOTAL NONCURRENT ASSETS		464,917,960		476,370,763
TOTAL ASSETS		586,220,332		577,647,418
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension contributions (note 9)		631,830		745,280
Deferred outflows - pension actuarial (note 9)		815,080		896,534
Deferred outflows - OPEB contributions (note 10)		368,456		615,957
Deferred outflows - OPEB actuarial (note 10)		766,634		915,786
Deferred amount on refunding		11,023,488		12,273,810
TOTAL DEFERRED OUTFLOWS		13,605,488		15,447,367

(Continued)

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

Statement of Net Position
June 30, 2020 (With Comparative totals for June 30, 2019)

LIABILITIES AND NET POSITION

	2020	2019
CURRENT LIABILITIES		
Accounts payable and accrued expense	$ 32,277,803	$ 32,912,986
Accrued interest payable	4,634,692	4,792,231
Commercial Paper (note 7)	10,000,000	-
Current portion of long-term liabilities (note 6)	12,689,511	12,362,070
TOTAL CURRENT LIABILITIES	59,602,006	50,067,287
LONG-TERM LIABILITIES (note 6)		
Compensated absences	1,305,346	1,187,123
2011A refunding revenue bonds	22,220,540	26,655,060
2011B refunding revenue bonds	62,280,823	62,606,095
2012A refunding revenue bonds	40,195,566	43,046,182
2016A refunding revenue bonds	127,535,195	133,665,131
Net pension liability (note 9)	1,063,331	647,679
Net OPEB liability (note 10)	-	503,715
Interest rate swaps (note 8)	1,434,689	1,323,882
Subtotal	256,035,490	269,634,867
Less: current portion above	(12,689,511)	(12,362,070)
TOTAL LONG-TERM LIABILITIES	243,345,979	257,272,797
TOTAL LIABILITIES	302,947,985	307,340,084
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension actuarial (note 9)	415,587	698,506
Deferred inflows - OPEB actuarial (note 10)	1,782,863	365,092
TOTAL DEFERRED INFLOWS	2,198,450	1,063,598
NET POSITION		
Net investment in capital assets	223,889,895	224,355,642
Unrestricted	70,789,490	60,335,461
TOTAL NET POSITION	$ 294,679,385	$ 284,691,103

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

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020 (With Comparative totals for June 30, 2019)

	2020	2019
OPERATING REVENUES		
Water and monitoring	$ 161,573,938	$ 162,280,132
Water recycling revenue	43,428,442	46,518,136
Water conservation	134,979	66,306
Desalting revenue	144,318	267,873
TOTAL OPERATING REVENUES	205,281,677	209,132,447
OPERATING EXPENSES		
Sources of supply and monitoring	131,450,213	132,386,651
Water recycling costs	38,950,560	37,575,664
Depreciation	24,103,404	23,645,635
Public information and education	3,988,770	2,988,152
Water policy and conservation	4,415,212	2,784,598
Project planning	1,309,637	1,342,791
Desalting operations	815,763	774,520
TOTAL OPERATING EXPENSES	205,033,559	201,498,011
OPERATING INCOME (LOSS)	248,118	7,634,436
NONOPERATING REVENUES (EXPENSES)		
Standby charges	9,986,787	10,029,508
Investment income	2,208,492	1,819,464
Miscellaneous income	255,258	199,525
Noncapital grants	441,997	766,096
Change in fair value of interest rate swap	(110,807)	(96,041)
Loss on disposition of assets	-	(139,702)
Interest expense	(10,604,017)	(10,860,035)
TOTAL NONOPERATING REVENUES (EXPENSES)	2,177,710	1,718,815
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	2,425,828	9,353,251
CAPITAL CONTRIBUTIONS		
Capital contributions	7,562,454	4,907,582
CHANGE IN NET POSITION	9,988,282	14,260,833
NET POSITION - BEGINNING OF YEAR	284,691,103	270,430,270
NET POSITION - END OF YEAR	**$ 294,679,385**	**$ 284,691,103**

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

Statement of Cash Flows
Year Ended June 30, 2020 (With Comparative totals for June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 214,485,758	$ 207,862,897
Cash payments to suppliers for goods and services	(173,436,549)	(159,417,344)
Cash paid for employee services and benefits	(7,545,678)	(9,878,290)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	33,503,531	38,567,263
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants received	441,997	766,096
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	441,997	766,096
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on long-term debt	(11,425,000)	(11,000,000)
Proceeds from debt	10,000,000	-
Acquisition and construction of capital assets	(11,150,693)	(38,421,055)
Interest paid on long-term debt	(11,826,578)	(12,160,890)
Capital contributions	7,562,454	4,907,582
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(16,839,817)	(56,674,363)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	30,536,612	20,659,982
Purchase of investments	(30,339,139)	(21,283,274)
Investment received	1,512,913	1,306,220
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	1,710,386	682,928
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,816,097	(16,658,076)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,273,301	44,931,377
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 47,089,398	$ 28,273,301
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS REPORTED ON THE STATEMENT OF NET POSITION:		
Cash and cash equivalents	$ 42,863,849	$ 23,620,436
Restricted cash and cash equivalents	4,173,752	4,176,810
Restricted custodial cash	51,797	476,055
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 47,089,398	$ 28,273,301

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

Statement of Cash Flows
Year Ended June 30, 2020 (With Comparative totals for June 30, 2019)

	2020	2019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	$ 248,118	$ 7,634,436
Standby charges	9,986,787	10,029,508
Depreciation	24,103,404	23,645,635
Nonoperating miscellaneous income (expense)	255,258	199,525
CHANGE IN ASSETS AND LIABILITIES:		
(Increase) decrease in accounts receivable	(1,037,964)	(1,269,550)
(Increase) decrease in inventory	(161,750)	131,798
(Increase) decrease in prepaid expenses	198,411	(1,864)
(Increase) decrease in net pension asset - PARS	(1,210,119)	(89,768)
(Increase) decrease in deferred outflows - pension	194,904	386,098
(Increase) decrease in deferred outflows - OPEB	396,653	(152,937)
Increase (decrease) in accounts payable and accrued expenses	(635,183)	(1,456,679)
Increase (decrease) in compensated absences	118,223	(206,830)
Increase (decrease) in net pension liability	415,652	(97,675)
Increase (decrease) in net OPEB liability	(503,715)	204,739
Increase (decrease) in deferred inflows - pension actuarial	(282,919)	(348,264)
Increase (decrease) in deferred inflows - OPEB actuarial	1,417,771	(40,909)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 33,503,531	$ 38,567,263
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Gain (loss) on disposition of assets	$ -	$ (139,702)
Unrealized gain (loss) from investments	$ 617,927	$ (544,075)
Change in fair value of interest rate swap	$ (110,807)	$ (96,041)

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and description of West Basin - West Basin Municipal Water District (West Basin) was incorporated on December 17, 1947, which operates under the authority of Division 20 of the California Water Code for the purpose of providing water and related services to the properties within West Basin. West Basin is governed by a five-member Board of Directors elected by the voters in the area to serve a four-year term.

The mission of West Basin is to provide a safe and reliable supply of high-quality water to the communities we serve. West Basin's customers consist of nine agencies, private and public, within its 185-square mile service area plus two additional agencies outside its service area. West Basin provides drinking and recycled water and water efficiency programs to its customers.

Basis of accounting - West Basin financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes to the financial statements.

West Basin uses an enterprise fund to record its activities. An enterprise fund is a type of proprietary fund used to account for operations where the costs of providing services to the general public on a continuing basis are recovered primarily through user fees and charges or debt backed by fees and charges.

West Basin uses "accrual basis of accounting", where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

West Basin distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from producing and delivering water to the customers and providing education and conservation services to the community. Revenues not meeting this definition are reported as non-operating revenues.

Estimates - The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments. Actual results could defer from those estimates.

Cash and cash equivalents - For purposes of the statements of cash flows, West Basin considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Investments - Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Inventory - Inventory consists primarily of chemicals and spare parts used at the treatment plant and are stated at cost, these inventories are not held for resale.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets - Capital assets are classified into two major criteria of the business:

Capital assets used to support General Administration must meet (2) conditions:

1. Each individual item has a cost of $3,000 or more or a group of same type assets has a cost of $5,000 or more; and
2. Useful life of at least three years

All purchased or constructed capital assets are reported at historical cost. Contributed assets are reported at acquisition cost on the date received. Donated assets are reported at acquisition value on the date received. Replacements, refurbishments and other capital outlays that significantly extend the useful life of an asset by at least three years and the cost of the individual project are $10,000 or more are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	Useful Life
Water facilities	3 - 75 year
Buildings and improvements	3 - 40 year
Furniture, fixtures, and equipment	3 - 10 year

Depreciation aggregated $24,103,404 for the year ended June 30, 2020.

Construction in progress includes those projects that are currently under design and construction to expand or refurbish District facilities and distribution system. In addition, construction in progress costs are considered by management to be integral and necessary to the successful completion and installation of the desalination facilities.

Amortization - Bond premiums and the deferred amount on refunding are being amortized on the straight line method over periods not to exceed debt maturities. Amortization expense aggregated $1,065,020 for the year ended June 30, 2020.

Compensated absences - Vested or accumulated vacation, sick and personal holiday leave is recorded as an expense and liability as benefits accrue to employees.

Prior year data - Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived. West Basin has reclassified certain prior year information to conform with current year presentations.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital contributions - Capital contributions of $7,562,454 include capital contributions, and capital recovery charges for the fiscal year ended June 30, 2020.

Capital grants and contributions - West Basin receives grants from other entities/agencies for several ongoing projects.

Capital-recovery charges (recycling operations) - West Basin receives fixed payments from major recycled water customers, which are intended to cover the cost of recycled water facilities owned by West Basin, but that were exclusively constructed to meet their recycling needs.

Risk management - West Basin is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. It is a member of the Association of California Water Agencies Joint Powers Insurance Authority ("Insurance Authority"). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The ACWA-JPIA board is composed of representatives from a number of water districts, including the West Basin Municipal Water District.

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

> **Property loss -** The Insurance Authority has pooled self-insurance up to $100,000 per occurrence and has purchased excess insurance coverage up to $500,000,000. West Basin has a $25,000 deductible for buildings, personal property and fixed equipment and a $1,000 deductible on mobile equipment.
>
> **General liability -** The Insurance Authority has pooled self-insurance up to $5,000,000 per occurrence and has purchased excess insurance coverage up to $55,000,000.
>
> **Auto liability -** The Insurance Authority has pooled self-insurance up to $5,000,000 per occurrence and has purchased excess insurance coverage up to $55,000,000.
>
> **Public officials' liability -** The Insurance Authority has pooled self-insurance up to $5,000,000 and has purchased excess insurance coverage up to $55,000,000.
>
> **Fidelity bond -** The Insurance Authority has pooled self-insurance up to $100,000. West Basin has a $1,000 deductible.

At June 30, 2020, West Basin also had insurance coverage with Alliant Insurance for crime up to $3,000,000 with a $2,500 deductible.

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions - For purposes of measuring the net pension liability or asset, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office and PARS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS' website under Forms and Publications.

Generally accepted accounting principles requires that the reported results must pertain to liability and asset information within certain defined timeframes. For the CalPERS report, the following timeframes are used:

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

For the PARS report, the following timeframes are used:

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

Other Postemployment Benefits (OPEB) - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of West Basin's plan (OPEB Plan), the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred outflows/inflows of resources - In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. West Basin has five items that qualify for reporting in this category: the deferred outflows on pension contributions, the deferred outflows on OPEB contributions, the deferred outflows – pension actuarial, the deferred outflows – OPEB actuarial and the deferred amounts on debt refundings.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as inflow of resources (revenue) until that time. West Basin has two items that qualifies for reporting in this category: deferred inflow – pension actuarial and deferred inflows – OPEB actuarial.

Fair value measurements - Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect West Basin's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include West Basin's own data.

2) CASH AND INVESTMENTS

Financial Statement Classification:

Unrestricted assets:	
Cash and cash equivalents	$ 42,863,849
Investments	37,671,096
Restricted assets:	
Cash and cash equivalents	4,173,752
Custodial cash	51,797
Total Cash and Investments	$ 84,760,494

Cash and investments held by West Basin were comprised of the following at June 30, 2020:

	Maturity in Year			
	1 Year Or Less	1 - 5 Years	More than 5 Years	Total
Local agency investment fund	$ 38,231,685	$ -	$ -	$ 38,231,685
Money market mutual funds	4,217,181	-	-	4,217,181
Deposits with financial institutions	4,640,532	-	-	4,640,532
U.S. agency securities	4,365,868	8,450,498	-	12,816,366
U.S. treasury securities	-	16,295,769	-	16,295,769
State municipal obligations	325,354	67,035	-	392,389
Corporate notes	913,702	4,780,099	-	5,693,801
Negotiable certificates of deposit	1,119,979	1,136,519	-	2,256,498
Supranationals	-	216,273	-	216,273
Total cash and investments	$ 53,814,301	$ 30,946,193	$ -	$ 84,760,494

2) CASH AND INVESTMENTS (continued)

Investments authorized by the California government code and West Basin's investment policy - The table below identifies the investment types that are authorized for West Basin by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of West Basin, rather than the general provision of the California Government Code or West Basin's investment policy.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer*
U.S. treasury obligations	Yes	5 year	None	None
U.S. agency securities	Yes	5 year	None	None
Bankers acceptances	Yes	180 days	15%	5%
California municipal obligations	Yes	5 year	10%	5%
State municipal obligations	Yes	5 year	10%	5%
Commercial paper	Yes	270 days	25%	10%
Negotiable Certificates of deposit	Yes	5 year	30%	5%
Repurchase agreements	No	1 year	None	None
Reverse repurchase agreements	No	92 days	20% of base value	None
Medium-term notes	Yes	5 year	30%	5%
Mutual funds	No	N/A	20%	10%
Money market mutual funds	Yes	N/A	20%	10%
Mortgage pass-through securities	No	5 year	20%	None
LAIF	Yes	N/A	None	$75m**
Supranaturals	Yes	5 year	30%	None

*Based on State law or investment policy requirements, whichever is more restrictive.

**LAIF's maximum allowed investment.

2) CASH AND INVESTMENTS (continued)

Investments authorized by debt agreements - Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or West Basin's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Investment in One Issuer
Cash	None	None	None
U.S. treasury obligations	None	None	None
U.S. agency securities	None	None	None
Bankers acceptances	180 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	N/A	None	None
Guaranteed investment contracts	30 year	None	None
Negotiable Certificates of deposit	360 days	None	None
LAIF	None	None	None
State Municipal Obligations	None	None	None

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.

In accordance with the Investment Policy, West Basin manages its exposure to interest rate risk 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 over time as necessary to provide the cash flows and liquidity needed for operations and the payments of debt service.

Information about the sensitivity of the fair values of West Basin's investments to market interest rate fluctuations is provided in the previous table that shows the distribution of West Basin's investments by maturity as of June 30, 2020.

2) CASH AND INVESTMENTS (continued)

Disclosure 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. In accordance with the Investment Policy, West Basin only purchases investments that are rated "A" or higher by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year end for each investment under current assets and restricted assets.

Authorized Investment Type	Amount	Minimum Legal Rating	Rating as of Year End AAA	AA	A	BBB*	Not Rated
LAIF	$ 38,231,685	N/A	$ -	$ -	$ -	$ -	$ 38,231,685
Money market mutual funds	4,217,181	N/A	43,429	-	4,173,752	-	-
Deposits with financial institutions	4,640,532	N/A	-	-	-	-	4,640,532
U.S. agency securities	12,816,366	N/A	-	12,816,366	-	-	-
U.S. treasury securities	16,295,769	N/A	-	16,295,769	-	-	-
State municipal obligations	392,389	A	-	325,354	67,035	-	-
Corporate notes	5,693,801	A	-	866,102	4,061,816	765,883	-
Negotiable certificates of deposit	2,256,498	A	-	1,129,680	1,126,818	-	-
Supranationals	216,273	AA	216,273	-	-	-	-
Total	**$ 84,760,494**		**$ 259,702**	**$ 31,433,271**	**$ 9,429,421**	**$ 765,883**	**$ 42,872,217**

* On June 30, 2020, S&P rated five corporate notes at BBB for a total of $765,883 and Moody's rated only one corporate note at BBB for $126,567

Concentration of credit risk - Concentration of credit is the risk of loss attributed to the magnitude of West Basin's investment in a single issue.

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. Agency Securities	$5,765,556
Federal Home Loan Mortgage Corp	U.S. Agency Securities	6,664,778

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, West Basin 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 counter-party (e.g. broker) West Basin 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 West Basin'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 waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

2) CASH AND INVESTMENTS (continued)

Investment in state investment pool - West Basin is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of West Basin's investment in this pool is reported in the accompanying financial statements at amounts based upon West Basin's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF which are recorded on an amortized cost basis. The weighted average maturity of the LAIF portfolio as of June 30, 2020 is 191 days at a rate of 1.41%.

3) FAIR VALUE MEASUREMENT

West Basin categorizes certain assets and liabilities within the fair value hierarchy established by generally accepted accounting principles. West Basin has the following recurring fair value measurements as of June 30, 2020:

	Fair Value Hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total**
U.S. agency securities	$ -	$ 12,816,366	$ -	$ 12,816,366
U.S. treasury securities	16,295,769	-	-	16,295,769
State municipal obligations	-	392,389	-	392,389
Supranationals	-	216,273	-	216,273
Negotiable CDs	-	2,256,498	-	2,256,498
Corporate notes	-	5,693,801	-	5,693,801
Interest rate swaps	-	(1,434,689)	-	(1,434,689)
Total assets and liabilities reported at fair value	$ 16,295,769	$ 19,940,638	$ -	$ 36,236,407

4) RESTRICTED ASSETS

Restricted assets were provided by, and are to be used for, the following at June 30, 2020:

Funding source	Use	Amount
Refunding Revenue Bonds	Reserve Requirement	$ 4,173,752
Custodial Account	Custodial costs	51,797
	Total	$ 4,225,549

5) CAPITAL ASSETS

The investment in capital assets consists of the following at June 30, 2020:

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets, not being depreciated:				
Land - Recycling facilities	$ 23,541,078	$ -	$ -	$ 23,541,078
Land - Carson	1,670,568	-	-	1,670,568
Discharge Capacity	621,189	-	-	621,189
Construction in progress	132,592,238	11,079,506	(68,688,856)	74,982,888
Total capital assets, not being depreciated	158,425,073	11,079,506	(68,688,856)	100,815,723
Capital assets, being depreciated:				
Building - Carson	2,343,574	-	-	2,343,574
Building improvement	2,332,733	-	-	2,332,733
Potable distribution system	1,241,681	-	-	1,241,681
Recycling facilities	578,087,697	68,636,456	(1,543,706)	645,180,447
Groundwater desalting facility	5,304,458	41,141	-	5,345,599
Machinery and equipment	2,276,812	82,446	-	2,359,258
Furniture and fixtures	154,021	-	-	154,021
Total capital assets, being depreciated	591,740,976	68,760,043	(1,543,706)	658,957,313
Less accumulated depreciation:				
Building - Carson	(1,117,104)	(93,743)	-	(1,210,847)
Building improvement	(772,890)	(236,256)	-	(1,009,146)
Potable distribution system	(527,714)	(62,083)	-	(589,797)
Recycling facilities	(269,309,105)	(23,275,332)	1,543,706	(291,040,731)
Groundwater desalting facility	(2,563,417)	(241,780)	-	(2,805,197)
Machinery and equipment	(1,860,252)	(186,818)	-	(2,047,070)
Furniture and fixtures	(138,077)	(7,392)	-	(145,469)
Total accumulated depreciation	(276,288,559)	(24,103,404)	1,543,706	(298,848,257)
Total capital assets, being depreciated, net	315,452,417	44,656,639	-	360,109,056
Total capital assets, net	$ 473,877,490	$ 55,736,145	$ (68,688,856)	$ 460,924,779

6) LONG-TERM LIABILITIES

The following amounts of long-term liabilities were outstanding June 30, 2020:

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Current Portion
Long-term debt					
2011A Refunding Revenue Bonds	$ 26,655,060	$ -	$ (4,434,520)	$ 22,220,540	$ 4,260,000
2011B Refunding Revenue Bonds	62,606,095	-	(325,272)	62,280,823	-
2012A Refunding Revenue Bonds	43,046,182	-	(2,850,616)	40,195,566	2,550,000
2016A Refunding Revenue Bonds	133,665,131	-	(6,129,936)	127,535,195	5,025,000
Subtotal long-term debt	265,972,468	-	(13,740,344)	252,232,124	11,835,000
Other long-term liabilities					
Compensated Absences	1,187,123	666,341	(548,118)	1,305,346	854,511
Total	$ 267,159,591	$ 666,341	$ (14,288,462)	$ 253,537,470	$ 12,689,511

2011 A refunding revenue bonds - In September 2011, West Basin issued $34,190,000 Refunding Revenue Bonds ("2011A Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed and refinanced from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the State of California loan, and to pay costs of delivery of the 2011A Refunding Revenue Bonds.

The 2011A Refunding Revenue Bonds have interest rates from the original issue date ranging from 2.0% to 5.0% with maturities through August 2024. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$ 20,875,000
Unamortized premium	1,345,540
Net liability	**$ 22,220,540**

2011B refunding revenue bonds - In November 2011, West Basin issued $60,275,000 Refunding Revenue Bonds ("2011B Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed and refinanced from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the 2010A Adjustable Rate Revenue Certificates of Participation, to fund capitalized interest, to fund a reserve fund and to pay costs of delivery of the 2011B Refunding Revenue Bonds.

6) LONG-TERM DEBT (continued)

The 2011B Refunding Revenue Bonds have interest rates from the original issue date ranging from 4.0% to 5.0% with maturities through August 2036. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$ 60,275,000
Unamortized premium	2,005,823
Net liability	**$ 62,280,823**

2012A refunding revenue bonds - In April 2012, West Basin issued $50,325,000 Refunding Revenue Bonds ("2012A Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the 2010A Adjustable Rate Revenue Certificates of Participation, to fund capitalized interest, to fund a portion of a reserve fund and to pay costs of delivery of the 2012A Refunding Revenue Bonds.

The 2012A Refunding Revenue Bonds have interest rates from the original issue date ranging from 3.0% to 5.0% with maturities through August 2029. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$ 36,815,000
Unamortized premium	3,380,566
Net liability	**$ 40,195,566**

2016A refunding revenue bonds - On October 27, 2016, West Basin issued Series 2016A Refunding Revenue Bonds in the amount of $112,875,000 to advance refund the callable portions (approximately $98 million) of the 2008B Refunding Revenue Certificates of Participation and repay the outstanding balance of the 2010A Adjustable Rate Revenue Certificates of Participation.

The 2016A Refunding Revenue Bonds have interest rates ranging from 3.0% to 5.0% with maturities through August 2036. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$ 106,655,000
Unamortized premium	20,880,195
Net liability	**$ 127,535,195**

6) LONG-TERM DEBT (continued)

Debt Coverage - West Basin has pledged revenues, net of specified operating expenses, as security for debt service associated with indebtedness incurred to finance various capital facilities of West Basin. The bonds are payable solely from net revenues and are payable through fiscal year 2037. For the year ended June 30, 2020, debt coverage (net revenues divided by total debt service) for all debt was approximately 1.89.

Debt Service Requirements - The Refunding Revenue Bonds debt service requirements subsequent to June 30, 2020, are as follows:

	Refunding Revenue Bonds		
	Principal	Interest	Total
2020/21	$ 11,835,000	$ 11,024,750	$ 22,859,750
2021/22	12,325,000	10,523,250	22,848,250
2022/23	12,825,000	9,959,000	22,784,000
2023/24	13,670,000	9,330,250	23,000,250
2024/25	14,330,000	8,646,750	22,976,750
2025/26	15,210,000	7,961,250	23,171,250
2026/27	15,730,000	7,200,750	22,930,750
2027/28	16,585,000	6,434,750	23,019,750
2028/29	17,420,000	5,605,500	23,025,500
2029/30	18,290,000	4,734,500	23,024,500
2030/31	12,355,000	3,820,000	16,175,000
2031/32	12,970,000	3,202,250	16,172,250
2032/33	9,230,000	2,553,750	11,783,750
2033/34	9,700,000	2,092,250	11,792,250
2034/35	10,190,000	1,607,250	11,797,250
2035/36	10,705,000	1,097,750	11,802,750
2036/37	11,250,000	562,500	11,812,500
Total	$ 224,620,000	$ 96,356,500	$ 320,976,500

7) COMMERCIAL PAPER

West Basin established its Tax-Exempt Commercial Paper Program in October 2018. Commercial paper is a form of variable-rate debt issued with maturities of 1 to 270 days. When the commercial paper matures, it may be rolled over to new investors by its commercial paper dealer. Bank of the West agreed to extend up to $50,000,000 authorization of credit to West Basin. West Basin pays a letter of credit fee of 0.30% on the unutilized portion of the commercial paper and pays a dealer fee of 0.075% on the utilized portion of the commercial paper.

On July 24, 2019, the District requested $10 Million from its Commercial Paper (CP) line to fund capital projects for its water recycling facilities. This draw represents projects that are reflected on the reimbursement resolution approved in July 2019, and is within the authorization limit of the CP line.

As of June 30, 2020, the outstanding balance was $10,000,000.

8) SWAP TRANSACTION AGREEMENTS

In June 2004, West Basin entered into a swap transaction in the original notional amount of $22,875,000 for the purpose of hedging the variable interest rate that related to one of West Basin's Adjustable Rate Refunding Certificates of Participation at the time. This swap was executed and confirmed on June 8, 2004. In 2008, West Basin refinanced this Adjustable Rate Refunding Revenue Certificates of Participation and the swap was amended and restated as of June 6, 2008 for the original notional amount of $22,875,000. The agreement is scheduled to terminate August 1, 2027 unless terminated earlier. Under the amended and restated swap transaction, West Basin pays a fixed rate of 3.662% and receives 65% of the British Bankers Association - London Interbank offered rate (BBA - LIBOR). West Basin engaged independent consultants with no vested interest in the swap transactions to perform the mark-to-market and fair value calculations of the swaps. The fair value of this swap was ($1,360,961) as of June 30, 2020.

In April 2005, West Basin entered into a swap transaction in the notional amount of $18,175,000 for the purpose of hedging the variable interest rate that related to another one of West Basin's Adjustable Rate Refunding Revenue Certificates of Participation at the time. This swap became effective on June 7, 2004. In 2008, West Basin refinanced the 2008A-2 Adjustable Rate Refunding Revenue Certificates of Participation and the swap was amended and restated as of May 22, 2008 for the original notional amount of $18,175,000 and is scheduled to terminate August 1, 2021, unless terminated earlier. Under the amended and restated swap transaction, West Basin pays a fixed rate of 3.515% and receives the floating rate of 65% of BBA - LIBOR. The fair value of this swap was ($73,728) as of June 30, 2020.

8) SWAP TRANSACTION AGREEMENTS (continued)

In 2010, West Basin refinanced the 2008A Adjustable Rate Refunding Revenue Certificates of Participation. On October 27, 2016, West Basin refunded the 2010A Adjustable Rate Refunding Revenue Certificates of Participation with a Fixed Rate Revenue Certificates of Participation. The Series 2016A paid off the balance of the Series 2010A, resulting in West Basin having no outstanding variable rate debt. Based on GASB 53, the swaps are potential hedges currently deemed Investment Derivatives until associated with new variable debt.

The income approach is used to obtain the fair value of the swaps, where future amounts (the expected swap cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows, and time value of money. Where applicable under the income approach, the option pricing model technique, such as the Black-Derman-Toy model, or other appropriate option pricing model is used. This valuation technique is applied consistently across all the swaps. Given the observability of inputs that are significant to the entire measurement, the fair values of West Basin swaps are categorized as Level 2.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2020, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

(Debit (Credit))

	Change in Fair Value		Fair Value at June 30, 2020		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Investment derivative instruments:					
Pay-fixed interest rate swaps (WESTBASIN200406080001)	Investment revenue	$ (166,704)	Investment	$ (1,360,961)	$ 10,275,000
Pay-fixed interest rate swaps (WESTBASIN200504260001)	Investment revenue	55,897	Investment	(73,728)	3,200,000

The fair value of each of the above interest rate swap agreements has been reported as a liability in the accompanying statement of net position. All derivatives are reported on the statement of net assets at fair value. On the refunding date, October 27, 2016, pursuant to GASB 53, West Basin terminated hedge accounting and the balance of the deferral account was cleared on the termination date. Change in fair value of the swaps from the refunding date is reported in the statement of activities as investment revenue or loss. On June 30, 2020 the change during the fiscal year resulted in a loss of $110,807.

8) SWAP TRANSACTION AGREEMENTS (continued)

Fair value values take into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. Fair values reflect the effect of non-performance risk, which includes West Basin's credit risk.

Terms of Derivative Instruments

The following table displays the terms of West Basin's hedging derivative instruments outstanding at June 30, 2020, along with the credit rating of the associated counterparty.

Type	Current Notional Amount Date	Effective Date	Maturity Date	Rate Paid	Rate Received	Bank Counterparty	Counterparty Ratings (Moody's/ S&P/Fitch)
Pay-fixed interest rate swaps	$ 10,275,000	5/22/2008	8/1/2027	3.662%	65% of USD-LIBOR	Citibank, N.A., New York	Aa3/A+/A+
Pay-fixed interest rate swaps	$ 3,200,000	5/22/2008	8/1/2021	3.515%	65% of USD-LIBOR	Citibank, N.A., New York	Aa3/A+/A+

Credit risk. This is the risk that a counterparty will not fulfill its obligations. As of June 30, 2020, West Basin was not exposed to credit risk because the swaps had a negative mark-to-market value of $1,445,195, meaning the counterparties are exposed to West Basin in the amount of the derivatives' mark-to-market values. However, should interest rates change and the mark-to-market values of the swaps become positive, West Basin would be exposed to credit risk. To minimize its potential exposure to loss related to credit risk, it is West Basin's policy to require counterparty collateral posting provisions in its swap transactions. These terms require full collateralization of the mark-to-market value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty, or its guarantor, not have credit ratings from two nationally recognized rating agencies in at least the two highest rating categories. Collateral posted is to be in the form of cash, U.S. Treasury Securities or Agency Securities rated "Aaa" or "AAA" by two of the nationally recognized rating agencies held by a third-party custodian.

Interest rate risk. West Basin is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR and prevailing interest rates decrease, West Basin's net payments and liability mark-to-market value on the swap increases.

8) SWAP TRANSACTION AGREEMENTS (continued)

Termination risk. West Basin or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In such event, West Basin may either receive or owe a payment to the counterparty. The amount and the direction of the payment are dependent on prevailing swap interest rates and it reflects the mark-to-market value of the swap at the time of such termination.

9) DEFINED BENEFIT PENSION PLAN

The pension plans and related deferred inflows and outflows of resources are summerized as follows:

	PERS - Misc	PARS	Total
Net Pension Liability	$ 1,063,331	$ -	$ 1,063,331
Net Pension Asset	-	395,393	395,393
Deferred Outflows - Pension Related	1,376,166	70,744	1,446,910
Deferred Inflows - Pension Related	324,658	90,929	415,587
Pension expense	931,396	9,044	940,440

CalPERS Plan:

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. West Basin sponsors a miscellaneous plan. Benefit provisions under the Plan are established by State statute and West Basin resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

9) DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided

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

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.0% to 2.5%
Required employer contribution rates	15.206%	7.072%

9) DEFINED BENEFIT PENSION PLAN (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2020 were $569,830. The actual employer payments of $684,280 made to CalPERS by West Basin during the measurement period ended June 30, 2019 differed from the West Basin's proportionate share of the employer's contributions of $784,669 by $100,389, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

Net Pension Liability

West Basin's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

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

9) DEFINED BENEFIT PENSION PLAN (continued)

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Long-term Expected Rate of Return

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

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

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

Asset Class[1]	Assumed Asset Allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92%)

[1] In the System's CAFR, fixed income is included in Global Debt Securities; Liquidity is include in Short-term Investments; Inflation Assets are include in both Global Equity Securities and Global Debt Securities.

[2] An expected inflation of 2.00% used for this period

[3] An expected inflation of 2.92% used for this period

Change of Assumptions

There were no changes in assumptions.

9) DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate

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

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

9) DEFINED BENEFIT PENSION PLAN (continued)

Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2018 (VD)	$ 17,418,157	$ 16,770,478	$ 647,679
Balance at: 6/30/2019 (MD)	20,000,215	18,936,884	1,063,331
Net Changes during 2018-19	2,582,058	2,166,406	415,652

Valuation Date (VD), Measurement Date (MD).

West Basin's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. West Basin's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. West Basin's proportionate share of the net pension liability for the miscellaneous Plan as of the June 30, 2018 and 2019 measurement dates was as follows:

Proportionate Share - June 30, 2018	0.01719%
Proportionate Share - June 30, 2019	0.02655%
Change - Increase (Decrease)	0.00936%

9) DEFINED BENEFIT PENSION PLAN (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents West Basin's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	$ 3,753,421	$ 1,063,331	$ (1,157,148)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

9) DEFINED BENEFIT PENSION PLAN (continued)

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2018), West Basin's net pension liability was $647,679. For the measurement period ending June 30, 2019 (the measurement date), the West Basin incurred a pension expense of $931,396.

As of June 30, 2020, the West Basin has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 73,853	$ 5,722
Changes of Assumptions	50,705	17,974
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	18,590
Changes in employer's proportion	661,256	208,401
Differences between the employer's contributions and the employer's proportionate share of contributions	20,522	73,971
Pension Contributions Subsequent to Measurement Date	569,830	-
Total	$ 1,376,166	$ 324,658

9) DEFINED BENEFIT PENSION PLAN (continued)

These amounts above are net of outflows and inflows recognized in the 2018-19 measurement period expense. Contributions subsequent to the measurement date of $569,830 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	$ 180,214
2022	242,618
2023	55,091
2024	3,755
2025	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2020, the West Basin reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year then ended.

PARS Plan:

General Information about the Pension Plan

Plan Description

West Basin has established a defined benefit, single-employer retirement plan that provides a pension benefit for full time elected or appointed Directors:

Tier I: Members retired from West Basin after July 1, 2002 and assumed office prior to January 1, 2013, who are at least age 50 with 5 or more years of continuous service, who have not been a CalPERS member prior to January 1, 2003.

Tier II: Members retired from West Basin after July 1, 2002 and assumed office prior to January 1, 2013, who have assumed office on or after January 1, 1995, who are at least age 55 with 12 or more years of continuous service, and who are not eligible for another District retiree benefit.

Tier III: Members assumed office on or after January 1, 2013, who are at least age 52 with five or more years of continuous service, and who have not been a CalPERS member prior to January 2003.

This plan is administered for West Basin through a third party administrator, PARS. Copies of PARS' annual financial report may be obtained from its executive office at 4350 Von Karman Ave. Suite 100, Newport Beach, California 92660.

9) DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided

The pension benefit for Tier I members starts at 2% of the highest average annual salary for a one year period of employment with West Basin at age 50, increases by 0.1% for each year after age of 50, and capped at 3% at 60. For Tier II members, the benefit is increased by a 2% annual Cost of Living Adjustment (COLA) after retirement with the annual Supplemental benefit of $5,000. West Basin contributes to each benefit on behalf of the eligible directors. For Tier III members, the benefit starts at 1% of the highest average annual compensation paid during any 36 consecutive months, capped at 2.5% at age 67. The Tier III members contribute up to 50% of the normal cost which was 17.25% at June 30, 2018 the valuation date.

Employees Covered

At June 30, 2018 the valuation date, the following employees were covered by the benefit terms for the Plan:

	PARS
Inactive employees or beneficiaries currently receiving benefits	1
Terminated employees	1
Active employees	5
Total	7

Contribution Description

West Basin's funding policy is to make the contribution as determined by the Plan's actuary, expressed as a percentage of total Director's payroll. The Plan's annual pension cost for the measurement period ending June 30, 2019, is based on an actuarial valuation as of June 30, 2018. For the fiscal year ending June 30, 2020, West Basin's annual pension cost was $9,044.

Actuarial Methods

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) method. The Present Value of Projected Benefits (PVPB) is the present value of all future benefits for current plan participants. The Actuarial Accrued Liability (AAL) represents the portion of the PVPB attributable to past service. The AAL is recognized over service through the date a participant is expected to commence benefits.

9) DEFINED BENEFIT PENSION PLAN (continued)

The initial unfunded AAL for the original multiple employer plan was amortized over 20 years as of July 1, 2002 as a level percentage of expected payroll. Subsequent gains or losses are amortized over 15 years, and plan amendments, methods and assumption changes are amortized over 20 years. The maximum combined amortization period is 30 years. Effective June 30, 2006, the plan was split into two plans. At that time, all West Basin Municipal Water District bases were combined into a single fresh start base amortized over 16 years, which was the remaining period of the initial UAL. Currently, 4 years remain on this base.

Plan funded status based on the excess of Actuarial Accrued Liability minus Plan Assets. Actuarial assets are equal to market value assets, which is provided by PARS.

A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Asset Valuation Method	Set equal to Market Value of Assets
Actuarial Assumptions	
Discount Rate	5.25%
Salary increase	3.25%
Inflation	2.75%
Mortality Rate Table	CalPERS 1997-2015 experience study

9) DEFINED BENEFIT PENSION PLAN (continued)

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

Asset Class Component	Target Allocation Conservative	Expected Real Rate of Return
Global equity	29.00%	4.82%
Fixed income	65.00%	1.47%
REITs	1.00%	3.76%
Cash	5.00%	0.06%

Assumed long-term rate of inflation: 2.75%, Expected long-term net rate of return, rounded: 5.25%

Change of Assumptions

There were no changes of assumptions.

Discount rate

The discount rate used to measure the total pension liability (asset) was 5.25 percent. West Basin chose a moderately conservative investment strategy when setting up the plan. The current 5.25 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected rate return of 5.25 percent is applied to the plan. Administrative expenses are expected to be 0.30 percent of assets, this is added to the discount rate bringing the Expected long-term net rate of return to 5.25 percent.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 5.25 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 0.30 percent of assets. An investment return excluding administrative expenses would have been 5.54 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability (Asset).

9) DEFINED BENEFIT PENSION PLAN (continued)

Changes in net pension liability/(asset)

The following table shows the changes in net pension liability/(asset) recognized over the measurement period:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c)=(a)-(b)
Balance at 6/30/2018 (MD)	$ 1,238,514	$ 1,614,879	$ (376,365)
Changes Recognized for the Measurement Period			
• Service Cost	66,639	-	66,639
• Interest on the Total Pension Liability	68,121	-	68,121
• Changes of Benefit Terms	-	-	-
• Differences between Expected and Actual Experience	-	-	-
• Changes of Assumptions	-	-	-
• Contributions from the Employer	-	61,000	(61,000)
• Contributions from the Employee	-	13,049	(13,049)
• Net Investment Income	-	106,699	(106,699)
• Benefit Payments	(15,224)	(15,224)	-
• Administrative Expenses	-	(26,960)	26,960
Net Change during 2018-19	119,536	138,564	(19,028)
Balance at: 6/30/2019 (MD)	$ 1,358,050	$ 1,753,443	$ (395,393)

Valuation Date (VD), Measurement Date (MD)

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 5.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.25 percent) or 1 percentage-point higher (6.25 percent) than the current rate:

	Discount Rate - 1% (4.25%)	**Current Discount Rate (5.25%)**	**Discount Rate + 1% (6.25%)**
PARS Plan's Net Pension Liability/(Asset)	$ 245,085	$ (395,393)	$ (522,633)

9) DEFINED BENEFIT PENSION PLAN (continued)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability/(asset) and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the measurement date ending June 30, 2019 rolled forward from the June 30, 2018 valuation date is 3.9 years, which was obtained by dividing the total service years of 27 (the sum of remaining service lifetimes of the active employees) by 7 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members’ probability of decrementing due to an event other than receiving a cash refund.

9) DEFINED BENEFIT PENSION PLAN (continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2018), the Plan's net pension asset was $376,365. For the measurement period ending June 30, 2019 (the measurement date), the Plan incurred a pension expense of $9,044. A complete breakdown of the pension expense is as follows:

Description	Amount
Service Cost	$ 66,639
Interest on the Total Pension Liability	68,121
Projected Earnings on Investments	(85,171)
Employee Contributions	(13,049)
Administrative Expenses	26,960
Recognition of deferred outflows/(inflows):	
Experience	(72,053)
Assumptions	(2,509)
Asset returns	20,106
Total Pension Expense	$ 9,044

As of June 30, 2020, the Plan has deferred outflows and deferred inflows of resources related to pensions as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ -	$ 86,160
Changes of Assumptions	-	4,769
Net Difference between Projected and Actual Earnings on Pension Plan Investments	8,744	-
Pension Contributions Subsequent to Measurement Date	62,000	-
Total	$ 70,744	$ 90,929

These amounts above are net of outflows and inflows recognized in the 2018-19 measurement period expense. Contributions subsequent to the measurement date of $62,000 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

9) DEFINED BENEFIT PENSION PLAN (continued)

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

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	$ (48,732)
2022	(31,687)
2023	2,538
2024	(4,304)
2025	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2020, the Plan reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year then ended.

10) OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

West Basin Municipal Water District provides postretirement medical benefits to employees who retire directly from West Basin under CalPERS under a single-employer defined benefit post-employment benefits plan. To be eligible for District-paid healthcare benefits, retirees must be at least age 55 with 10 years of District service at retirement, or meet the eligibility requirement of age 50 and the Rule of 75 (age plus CalPERS service equals 75, with a minimum of 5 years District service). For eligible retirees, West Basin pays the full medical and dental premiums, plus a reimbursement for out-of- pocket medical, dental, and vision expenses up to the active employees' reimbursement caps. Benefit provisions are established and amended by the Board of Directors.

Employees Covered

As of the June 30, 2019 the valuation date, the following current and former employees were covered by the benefit terms under the Plan:

Category	Count
Active employees	47
Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefit payments	-
Total	66

10) OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Contributions

The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the West Basin and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2019, West Basin's cash contributions were $278,539 in direct benefit payments not reimbursed by the California Employers' Retiree Benefit Trust (CERBT), and the estimated implicit subsidy of $89,917 resulting in total payments of $368,456.

Net OPEB liability/(asset)

West Basin's net OPEB liability/(asset) was measured as of June 30, 2019 and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Valuation date	June 30, 2019
Measurement date	June 30, 2019
Actuarial cost method	Entry age normal cost, level percent of pay
Asset valuation method	Market value of assets
Discount Rate	7.10%
Inflation	2.75%
Salary Increases	3.25% - Per annum
Investment Rate of Return	7.10%
Mortality Rate	CalPERS 2017 experience assumptions; Mortality projections using MacLeod Watts Scale 2018 applied generationally.
Healthcare Trend Rate	6.5% to 5% Step 0.5%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
TIPS	5%	0.25%
Fixed Income	25%	1.10%
Global Equities	59%	4.80%
REIT's	8%	3.20%
Commodities	3%	1.50%
Total	100%	

10) OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Discount Rate

The discount rate used to measure the total OPEB liability/(asset) was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

Changes in the OPEB Liability/(asset)

The changes in the net OPEB liability/(asset) for the Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019			
(Measurement Date June 30, 2018)	$ 10,995,818	$ 10,492,103	$ 503,715
Changes for the year:			
Service Cost	575,615	-	575,615
Interest	811,988	-	811,988
Changes of assumptions	(780,809)	-	(780,809)
Plan experience differences	(1,020,285)	-	(1,020,285)
Contributions - employer	-	615,957	(615,957)
Net investment income	-	667,630	(667,630)
Benefit payments	(269,960)	(269,960)	-
Administrative expenses	-	(2,272)	2,272
Net Changes	(683,451)	1,011,355	(1,694,806)
Balance at June 30, 2020			
(Measurement Date June 30, 2019)	$ 10,312,367	$ 11,503,458	$ (1,191,091)

10) OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) of West Basin if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
Net OPEB Liability	$ 320,441	$ (1,191,091)	$ (2,417,437)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability/(asset) of West Basin if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ (2,609,603)	$ (1,191,091)	$ 697,144

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability/(asset) and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Difference between projected and actual trust earnings	5 years straight-line recognition
All other amounts	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.

10) OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, West Basin recognized OPEB expense of $488,074. A complete breakdown of the OPEB expense is as follows:

Description		Amount
Service Cost	$	575,615
Interest		811,988
Projected Earnings on Investments		(757,142)
Employee Contributions		-
Administrative Expenses		2,272
Recognition of deferred outflows/(inflows):		
Experience		(150,210)
Assumptions		54,278
Asset returns		(48,727)
Total OPEB Expense	$	488,074

As of fiscal year ended June 30, 2020, West Basin reported deferred outflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$	368,456	$	-
Changes of assumptions		766,634		685,935
Differences between expected and actual experience		-		1,024,888
Net difference between projected and actual earnings on OPEB plan investments		-		72,040
Total	$	1,135,090	$	1,782,863

The $368,456 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability/(asset) during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:		Deferred Outflows/(Inflows) of Resources
2021	$	(144,659)
2022		(144,660)
2023		(88,421)
2024		(78,028)
2025		(104,650)
Thereafter:		(455,811)

11) COMMITMENTS AND CONTINGENCIES

West Basin has entered into various contracts for the purchase of materials, construction of the utility plant, professional and nonprofessional services. Certain amounts are based on the contractor's estimated cost to complete. At June 30, 2020, the total unpaid amount on these contracts is $100.9 million.

West Basin is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

On October 6, 2020, the District reached a tentative settlement with respect to previous ongoing litigation. The settlement includes a potential reduction in future standby charges and also stipulates the District shall be responsible for various costs associated with the litigation and settlement agreement. These costs could potentially be in excess of $9 million. The court must approve the terms of this settlement and is not expected to have final approval until February 2021 at the earliest.

12) ASSOCIATED WITH WEST BASIN'S RECYCLED WATER PROGRAM

For West Basin's recycled water program, West Basin has entered into agreements with various entities that desire to use the recycled water that is produced by West Basin's recycled water treatment facilities.

These agreements entitle those parties to purchase a prescribed amount of recycled water. In return for access to such water, these parties have agreed to pay for the water actually supplied to that user at a rate annually established by West Basin for its recycled water customers.

Because of the significant contingencies associated with each of these agreements and in accordance with the revenue recognition criteria established for voluntary nonexchange transactions, capital contribution revenue and a related receivable was not accrued at the inception of the agreement.

13) COVID 19 CONSIDERATIONS

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders.

Although West Basin's services are considered essential, the West Basin's office was closed to the public. West Basin has been able to maintain its operations of its recycled water and brackish water treatment facilities while still practicing the appropriate social distance requirements for its contract operators. In addition, West Basin has been able to transition its education and other outreach activities to online. West Basin's major revenue sources for the delivery of high quality water may be directly impacted by these shelter in place orders; the impact has been minimal, however the ultimate financial impact and duration cannot be estimated at this time.

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios – CalPERS

Measurement date	Employer's proportion of the collective net pension liability (asset) [1]	Employer's proportionate share of the collective net pension liability	Covered payroll	Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	Pension plan's fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.02076%	$ 1,259,725	$ 3,867,694	32.57%	85.90%
June 30, 2015	0.01910%	1,311,119	4,335,349	30.24%	87.60%
June 30, 2016	0.02226%	1,926,502	4,389,575	43.89%	84.60%
June 30, 2017	0.00752%	745,354	4,586,588	16.25%	95.20%
June 30, 2018	0.00672%	647,679	5,522,647	11.73%	96.30%
June 30, 2019	0.01038%	1,063,331	5,501,582	19.33%	94.70%

[1] Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

** Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

Schedule of Plan Contributions – CalPERS

Fiscal year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	$ 711,101	$ (711,101)	$ -	$ 4,335,349	16.40%
June 30, 2016	622,460	(622,460)	-	4,389,575	14.18%
June 30, 2017	613,167	(2,226,416)	(1,613,249)	4,586,588	48.54%
June 30, 2018	659,118	(659,118)	-	5,522,647	11.93%
June 30, 2019	684,280	(684,280)	-	5,501,582	12.44%
June 30, 2020	569,830	(569,830)	-	5,255,691	10.84%

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

** Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

Required Supplementary Information
Year Ended June 30, 2020
Last Ten Fiscal Years*

Schedule of Changes on Net Pension Liability and Related Ratios – PARS

	June 30,					
Measurement date	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
TOTAL PENSION LIABILITY						
Service Cost	$ 66,639	$ 75,190	$ 73,000	$ 77,000	$ 75,000	$ 73,000
Interest	68,121	72,180	65,268	68,175	61,470	55,000
Changes of Benefit Terms		-	-	-	-	-
Difference between Expected and Actual Experience		(128,778)	-	(179,554)	-	-
Changes of Assumptions		(9,787)	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(15,224)	(14,926)	(14,633)	(14,346)	(18,745)	-
Net Change in Total Pension Liability	119,536	(6,121)	123,635	(48,725)	117,725	128,000
Total Pension Liability - Beginning	1,238,514	1,244,635	1,121,000	1,169,725	1,052,000	924,000
Total Pension Liability - Ending (a)	1,358,050	1,238,514	1,244,635	1,121,000	1,169,725	1,052,000
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	61,000	78,000	76,000	87,000	90,583	115,000
Contributions - Employee	13,049	7,921	12,712	5,372	-	-
Investment Income	106,699	50,895	88,081	26,278	21,327	102,000
Administrative Expense	(26,960)	(38,243)	(22,240)	(36,201)	(23,956)	(33,000)
Benefit Payments, Including Refunds of Employee Contributions	(15,224)	(14,926)	(14,633)	(14,346)	(18,745)	-
Other Changes in Net Fiduciary Position	-	-	-	-	-	-
Net Change in Fiduciary Net Position	138,564	83,647	139,920	68,103	69,209	184,000
Plan Fiduciary Net Position - Beginning	1,614,879	1,531,232	1,391,312	1,323,209	1,254,000	1,070,000
Plan Fiduciary Net Position - Ending (b)	1,753,443	1,614,879	1,531,232	1,391,312	1,323,209	1,254,000
PLAN NET PENSION LIABILITY - Ending (a) - (b)	$ (395,393)	$ (376,365)	$ (286,597)	$ (270,312)	$ (153,484)	$ (202,000)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	129.1%	130.4%	123.0%	124.1%	113.1%	119.2%
Covered Payroll	$ 184,906	$ 167,478	$ 179,740	$ 168,909	$ 139,328	$ 143,680
Plan Net Pension Liability as a Percentage of Payroll	-213.8%	-224.7%	-159.5%	-160.0%	-110.2%	-140.6%

Notes to schedule:

Benefit changes: There were no changes to benefit terms specific to the plan.
Changes of assumptions: There were no changes in assumptions.

** Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

Required Supplementary Information
Year Ended June 30, 2020
Last Ten Fiscal Years*

Schedule of Plan Contributions – PARS

Fiscal year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	$ 92,026	$ (92,026)	$ -	$ 139,328	66.05%
June 30, 2016	87,000	(87,000)	-	168,909	51.51%
June 30, 2017	76,000	(76,000)	-	179,740	42.28%
June 30, 2018	78,000	(78,000)	-	167,478	46.57%
June 30, 2019	61,000	(61,000)	-	184,906	32.99%
June 30, 2020	62,000	(62,000)	-	167,478	37.02%

Notes to Schedule:

Valuation date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	14.7 years
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increases	5.0%, average, including inflation of 3.0%
Investment rate of return	5.25%, net of pension plan investments expense, including inflation
Retirement age	67 years
Mortality	CalPERS 1997-2015 Experience Study

** Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

Required Supplementary Information
Year Ended June 30, 2020
Last Ten Fiscal Years*

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

	June 30,		
Measurement date	**2019**	**2018**	**2017**
Total OPEB Liability			
Service Cost	$ 575,615	$ 534,301	$ 406,900
Interest on the Total OPEB Liability	811,988	735,231	616,794
Actual and expected experience difference	(1,020,285)	-	(207,291)
Changes in assumptions	(780,809)	282,757	895,541
Benefit payments	(269,960)	(242,988)	(181,950)
Net change in Total OPEB Liability	(683,451)	1,309,301	1,529,994
Total OPEB Liability - beginning	10,995,818	9,686,517	8,156,523
Total OPEB Liability - ending (a)	10,312,367	10,995,818	9,686,517
Plan Fiduciary Net Position			
Contribution - employer	615,957	616,651	410,213
Net investment income	667,630	748,339	891,549
Benefit payments	(269,960)	(242,988)	(181,950)
Administrative expense	(2,272)	(5,020)	(4,504)
Other	-	(12,420)	-
Net change in Plan Fiduciary Net Position	1,011,355	1,104,562	1,115,308
Plan Fiduciary Net Position - beginning	10,492,103	9,387,541	8,272,233
Plan Fiduciary Net Position - ending (b)	11,503,458	10,492,103	9,387,541
Net OPEB Liability/(Asset) - ending (a) - (b)	$ (1,191,091)	$ 503,715	$ 298,976
Plan fiduciary net position as a percentage of the total OPEB liability	111.55%	95.42%	96.91%
Covered-employee payroll	$ 5,135,869	$ 5,679,646	$ 5,038,972
Net OPEB liability as a percentage of covered-employee payroll	-23.19%	8.87%	5.93%

Notes to schedule:
Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

The following assumptions were changed from the prior valuation:

Demographic assumptions: Assumed termination, disability and retirement rates were updated to the rates in the most recent available experience study (2017) of the CalPERS program

Mortality Improvement: The mortality improvement scale was updated from MacLeod Watts Scale 2017 to the 2018 scale.

Healthcare trend: Medical plan premiums are assumed to increase at somewhat lower rates than assumed in the prior valuation between 2020 and 2024, increasing at a 0.5% slower rate per year compared to the prior valuation.

Excise Tax on high cost coverage: The valuation reflects the two year delay in the effective date from of the excise tax attributable to retirees for high cost healthcare plans under the Affordable Care Act. A the effective tax rate was reduced to 40%.

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Schedule of OPEB Plan Contributions

Fiscal year	Actuarially determined contribution	Contributions in relation to the contractually determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of employee covered payroll
June 30, 2018	$ 596,625	$ (596,625)	$ -	$ 5,679,646	10.50%
June 30, 2019	615,957	(615,957)	-	5,135,869	11.99%
June 30, 2020	440,474	(368,456)	72,018	5,266,105	7.00%

Notes to schedule:

Actuarial methods and assumptions used to set actuarially determined contributions for fiscal year 2020 were from the June 30, 2019 actuarial valuation.

Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry age normal cost, level percent of pay
Amortization Methodology	Level percent of payroll over a closed 30 year period (18 years remaining)
Asset Valuation Method	Market value of assets
Inflation	2.75%
Payroll Growth	3.25%
Investment Rate of Return	7.10% per annum. Assumes investing in California Employers' Retiree Benefit Trust assets allocation Strategy 1
Healthcare Trend	6.50% in 2021 to 5.00% in steps of 0.50%
Retirement Age	50 to 75 years
Mortality	CalPERS 2017 Experience Study

** Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

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Statistical Section

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

Contents **Page**

Financial Trends

These schedules contain information to help the reader understand how West Basins' financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the reader understand West Basins' revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of West Basins' current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic Information

These schedules offer demographic and economic information to help the reader understand the environment within which West Basin's financial activities take place.

Operating Information

These schedules contain information about West Basins' operations and infrastructure data to help the reader understand how West Basin's financial report relates to the services that West Basin Provides and the activities it performs.

Table 1: Net Position
Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30	Net Investment In Capital Assets (1)	Unrestricted	Total Net Position (1)	
2011	$ 142,314	$ 58,122	$ 200,436	(2)
2012	152,042	62,585	214,627	
2013	174,081	54,470	228,551	
2014	175,455	64,098	239,553	(3)
2015	155,923	75,248	231,171	(4)
2016	175,437	59,146	234,583	
2017	180,967	74,686	255,653	
2018	197,595	72,835	270,430	(5)
2019	224,356	60,335	284,691	
2020	223,890	70,790	294,680	

(1) In Fiscal Year 2013, West Basin adopted GASB No. 63, which reflects the name change on this table.

(2) Fiscal Year 2011 Beginning Net Position was restated in Fiscal Year 2012 to reflect the deduction of $1.2M in the Construction-In-Progress account from Fiscal Year 2008.

(3) In Fiscal Year 2014, West Basin adopted GASB No. 65, resulting in a prior year adjustment of $3.5M to write off all bond issuance costs.

(4) Fiscal Year 2015 beginning Net Position was restated for two reasons: (1) Due to the implementation of GASB No. 68, a prior year adjustment of $0.9M liability was recorded (2) Due to the internal review of the capital asset accounts, a prior year adjustment of $9.2M was made to reduce capital assets no longer in service.

(5) Fiscal Year 2018 Beginning Net Position was restated due to the implementation of GASB No. 75, the Beginning Net Position was increased by $525,823.

Table 2: Changes in Net Position
Last Ten Fiscal Years (In Thousands)

	Operating Revenue (Loss)			Nonoperating Revenue (Loss)				
Fiscal Year Ended June 30	Operating Revenues	Operating Expenses	Operating Revenue (Loss)	Standby Charges	Investment Income	Realized Gain (Swap Termination)	Grant Income Misc. Inc (Exp) Loss on Disposal	Interest Expense
	(1)	(2)			(3)	(4)	(5)	(6)
2011	$ 134,352	$ 144,604	$(10,252)	$ 9,899	$ 1,216	$ -	$ 567	$ (12,038)
2012	146,147	147,932	(1,785)	9,632	1,323	4,916	546	(11,002)
2013	164,216	162,390	1,826	9,805	2,872	-	100	(9,209)
2014	179,224	180,710	(1,486)	9,683	234	-	272	(10,651)
2015	178,584	183,273	(4,689)	9,741	295	-	(122)	(11,139)
2016	177,192	177,763	(571)	9,655	506	-	(3,632)	(9,859)
2017	191,123	185,573	5,550	9,614	458	-	2,137	(8,161)
2018	204,923	193,347	11,576	10,038	848	-	(3,508)	(11,418)
2019	209,132	201,498	7,634	10,030	1,819	-	826	(10,860)
2020	205,282	205,034	248	9,987	2,209	-	697	(10,604)

(1) Further detail is shown on Table 3 - "Operating Revenues by Source".

(2) Further detail is shown on Table 4 - "Operating Expenses by Source".

(3) In Fiscal Year 2013, West Basin sold a $12.1M guaranteed investment contract (GIC) investment for the 2003A Refunding Revenue Certificates of Participation debt service reserve fund and realized a gain of $2.0M. In Fiscal Year 2019 and 2020, Investment Income increased due to increases in interest rates and the duration of the investments.

(4) In Fiscal Year 2012, one interest rate swap was terminated resulting in a $4.9M realized gain.

(5) The District recognized $3.8M, $1.6M and $4.0 loss from disposition of capital assets in Fiscal Year 2016, 2017 and 2018, respectively. Also in Fiscal Year 2017, the District wrote-off a $3.6M liability resulting in $3.6M miscellaneous revenue.

(6) The interest expense declined in Fiscal Year 2012 and 2013 due to refunding of the 2003A Refunding Revenue Certificates of Participation and declined in Fiscal Year 2016 and 2017 due to refunding of the 2008B Refunding Revenue Certificates of Participation.

(7) In Fiscal Year 2011, 2017, 2018, 2019, and 2020, per GASB No. 53, the interest rate swap agreements did not conform to the hedge accounting criteria referred to as investment derivatives. The changes in fair value associated with investment derivative are reported as a gain or loss in the statement of revenues, expenses and changes in net position.

(8) Further detail is shown on Table 5 - "Capital Contributions by Source" with explanations of the nature of these contributions.

Nonoperating Revenue (Loss)				
Change in Fair Value of Swap (Nonhedged)	Total Nonoperating Revenue (Loss)	Income (Loss) Before Contributions	Capital Contributions	Change in Net Position
(7)			(8)	
$ 5,033	$ 4,675	$ (5,577)	$ 13,196	$ 7,619
-	5,413	3,631	10,560	14,191
-	3,566	5,395	8,528	13,923
-	(462)	(1,948)	16,447	14,499
-	(1,225)	(5,914)	7,663	1,749
-	(3,330)	(3,901)	7,302	3,401
713	4,762	10,313	10,758	21,071
806	(3,234)	8,342	5,909	14,251
(96)	1,719	9,353	4,908	14,261
(111)	2,178	2,426	7,562	9,988

Table 3: Operating Revenues by Source
Last Ten Fiscal Years (In Thousands)

	Water Sales				
Fiscal Year Ended June 30	Water and Monitoring	Water Recycling	Desalting	Conservation	Total
	(1)	(2)	(3)	(4)	
2011	$ 106,427	$ 26,382	$ 802	$ 741	$ 134,352
2012	114,974	29,258	1,074	841	146,147
2013	129,607	32,629	879	1,101	164,216
2014	135,310	42,151	790	973	179,224
2015	136,762	40,386	700	736	178,584
2016	136,338	39,539	815	500	177,192
2017	145,048	45,401	281	393	191,123
2018	155,312	49,444	76	91	204,923
2019	162,280	46,518	268	66	209,132
2020	161,574	43,429	144	135	205,282

(1) Includes non-interruptible, seawater barrier, and Capacity Charge (CC). In Fiscal Year 2015, the monitoring revenues were grouped within this line item.

(2) Includes recycled sales and incentives from Metropolitan Water District of Southern California Local Resource Programs (LRP) which offers $250 incentive per acre-foot of the recycled water sold. This incentive ended March 31, 2020. Explanation of the fluctuations in recycled water sales is on Table 10 - "Recycled Water Sales in Acre-Feet".

(3) Includes desalting water sales and incentives from Metropolitan Water District of Southern California Groundwater Recovery Program (GRP) which offers $250 incentive per acre-foot of the desalting water sold. This incentive ended in Fiscal Year 2013. Sales were down between 2017 through 2020 due to the facility being shut down for major repairs.

(4) Monitoring revenue was grouped with Conservation in the prior years. In Fiscal Year 2015, it was reclassed to group with water revenue.

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Table 4: Operating Expenses by Source
Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30	Source of Supply & Monitoring (1)	Water Recycling Costs (2)	Desalting Operations (3)	Public Information and Education (4)	Water Policy and Conservation (4)
2011	$94,855	$25,277	$668	$4,643	$ 893
2012	99,019	23,595	901	4,940	1,194
2013	110,530	27,103	892	4,731	1,612
2014	118,117	32,683	811	6,004	2,302
2015	116,723	34,512	870	2,906	3,163
2016	114,271	32,770	881	2,477	2,436
2017	118,289	35,651	592	2,754	3,001
2018	125,745	34,828	475	3,201	3,257
2019	132,387	37,576	774	2,988	2,784
2020	131,450	38,951	816	3,989	4,415

(1) Includes water purchases from Metropolitan Water District of Southern California, Capacity Charges, and Readiness-to-Serve Charge. MWD rate adjustments are passed on to West Basin customers. Explanation of the fluctuations in source of supply is on Table 8 - "All Water Sold in Acre-Feet". In Fiscal Year 2015, monitoring program costs were added to this line item.

(2) Represents West Basin's costs to operate and maintain its recycling facilities.

(3) Represents West Basin's costs to operate and maintain its brackish desalting facility.

(4) The fluctuation in Fiscal Year 2014 was the result of organizational restructuring. In Fiscal Year 2015, monitoring expense was reclassed to be grouped with source of supply.

(5) New category added in Fiscal Year 2018 to capture costs such as district wide planning and cancelled construction projects. In Fiscal Year 2019 West Basin entered into a partnership with the City of Los Angeles Hyperion Reclamation Plant and the Los Angeles County Sanitation District and contributed $1 million towards a mutually benefitting project.

(6) Fiscal Year 2016 to 2020 amounts only represent depreciation expense; amortization expenses are included in Interest Expense.

(Continued)

Project Planning (5)	Depreciation and Amortization (6)	Total Operating Expenses
$ -	$18,268	$144,604
-	18,283	147,932
-	17,522	162,390
-	20,793	180,710
-	25,099	183,273
-	24,928	177,763
-	25,286	185,573
653	25,188	193,347
1,343	23,646	201,498
1,310	24,103	205,034

Table 5: Capital Contributions by Source
Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30	Recycling Operations (1)	U.S. Army Corps of Engineers (2)	California Department of Water Resources (3)	Other (4)	Total
2011	$ 6,887	$ 4,628	$ 1,239	$ 442	$ 13,196
2012	7,241	2,398	94	827	10,560
2013	7,360	-	-	1,168	8,528
2014	7,296	-	-	9,151	16,447
2015	7,240	-	-	423	7,663
2016	7,156	-	6	140	7,302
2017	7,075	1,641	720	1,322	10,758
2018	5,909	-	-	-	5,909
2019	4,805	-	66	37	4,908
2020	7,457	-	61	44	7,562

(1) West Basin receives fixed payments from major recycled water customers based on contract terms. The capital costs of recycled water facilities are intended to cover the capital construction. Certain fixed payments will continue to Fiscal Year 2027. In Fiscal Year 2018, a contract with a major recycled customer expired, in Fiscal Year 2020, this contract was renewed.

(2) Represents the contributed value of 75% of the construction costs related to the Harbor-South Bay Water Recycling Project are from a grant with the U.S. Army Corps of Engineers. To date, the total contributions received was $35M.

(3) West Basin received grants from the California Department of Water Resources (DWR) to assist with the design and construction of the expansion to the Edward C. Little Water Recycling Facility as well as seawater desalination project.

(4) West Basin received contributions from other agencies such as Los Angeles Department of Water & Power, Marathon (formerly Tesoro), Southern California Edison (SCE), and Metropolitan Water District of Southern California. In Fiscal Year 2014, West Basin received a capital reimbursement of $8.3M from NRG for the facilities and pipelines built to meet their recycled water demand.

Table 6: Payors – Potable Water Sales
Current Year and Nine Years Prior (In Thousands)

Tables below show potable water sales to principal customers of West Basin (excluding the Meter Charges, Capacity Charges and late penalties)

2020

Customer	in US $	%
California Water Service (CalWater)	$ 75,967	48.7%
Golden State Water Company (GSWC)	32,372	20.7%
Los Angeles County Water Works (LA County)	10,953	7.0%
City of El Segundo	8,785	5.6%
Water Replenishment District (WRD)	8,768	5.6%
City of Inglewood	7,702	4.9%
City of Manhattan Beach	6,419	4.1%
City of Lomita	2,794	1.8%
California American Water Company (CAWC)	2,364	1.5%
Total	$156,124	100.0%

2011

Customer	in US $	%
California Water Service (CalWater)	$ 49,821	47.9%
Golden State Water Company (GSWC)	14,353	13.8%
City of Inglewood	12,034	11.6%
Los Angeles County Water Works (LA County)	8,880	8.5%
Water Replenishment District (WRD)	7,463	7.2%
City of El Segundo	6,229	6.0%
City of Manhattan Beach	2,764	2.7%
City of Lomita	1,885	1.8%
California American Water Company (CAWC)	645	0.6%
Total	$104,074	100.0%

Table 7: Payors – Recycled Water Sales
Current Year and Nine Years Prior (In Thousands)

Tables below show recycled water sales to principal customers of West Basin (excluding LRP rebate)

2020

Customer	in US $	%
Water Replenishment District (WRD)	$ 12,574	33.5%
City of El Segundo	8,533	22.7%
California Water Service (CalWater)	6,604	17.6%
City of Torrance	6,489	17.3%
L.A. Dept of Water & Power	1,733	4.6%
City of Inglewood	806	2.1%
Golden State Water Company (GSWC)	454	1.2%
City of Manhattan Beach	315	0.8%
Total	$ 37,508	100.0%

2011

Customer	in US $	%
California Water Service (CalWater)	$ 6,289	32.2%
City of Torrance	4,025	20.6%
Water Replenishment District (WRD)	3,953	20.2%
City of El Segundo	3,909	20.0%
L.A. Dept of Water & Power	553	2.8%
City of Inglewood	389	2.0%
Golden State Water Company (GSWC)	232	1.2%
City of Manhattan Beach	180	0.9%
Inglewood Unified School District	22	0.1%
Total	$ 19,552	100.0%

Table 8: All Water Delivered in Acre-Feet
Last Ten Fiscal Years

This table presents a summary of water delivered by West Basin MWD. Except for groundwater, West Basin delivers potable and recycled water to its customers within its service area and to two (2) additional customers outside its service area. Imported water is purchased from Metropolitan Water District of Southern California (MWD), however, West Basin produces and delivers potable desalted water and recycled water. The groundwater is delivered by a neighboring agency.

	Potable Water						
	Imported						
Fiscal Year Ended June 30	Non-Interruptible	Saltwater Barrier	Ground-water	Desalting	Total Potable Water	Recycled	All Water Deliveries
	(1)	(2)	(3)	(4)		(5)	
2011	102,611	13,534	44,215	882	161,242	26,419	187,661
2012	105,309	8,057	38,152	958	152,476	27,659	180,135
2013	108,550	11,320	43,303	825	163,998	29,962	193,960
2014	111,659	9,285	42,294	817	164,055	36,720	200,775
2015	105,540	7,354	39,096	690	152,680	35,251	187,931
2016	103,638	3,681	31,635	779	139,733	35,003	174,736
2017	103,333	6,563	27,642	284	137,821	36,330	174,151
2018	106,601	7,740	33,917	50	148,307	37,060	185,367
2019	108,365	8,674	27,569	238	144,846	33,192	178,038
2020	105,686	6,950	28,667	124	141,426	34,903	176,329

(1) The decline in non-interruptible potable sales between Fiscal Year 2015 and 2017 is the result of a statewide mandate to reduce consumption due to the prolonged drought. The decrease in non-interruptible potable sales in Fiscal Year 2020 was largely due to a customer adding a new groundwater well.

(2) Saltwater Barrier sales are affected by flucutations in recycled water sales and repairs performed by Los Angeles County.

(3) Groundwater does not represent water deliveries from West Basin. This information is included in the table above only for analysis. West Basin's deliveries of non-interruptible and saltwater barrier water are affected by the amount of groundwater pumped.

(4) The Desalting operation was shut down during portions of Fiscal Year 2017 to 2020 due to major rehabilitations.

(5) In Fiscal Year 2011 to 2013, recycled water sales fluctuated due to poor source water and other operational constraints. In Fiscal Year 2014, recycled water sales increased due to West Basin completion of the Phase V construction. The decrease in Fiscal Year 2015 was due to rehabilitation of the biofors and reduced capacity at one of the refineries. The decrease in Fiscal Year 2019 was due to the major repair work that was done by the LA County Sanitation District that interrupted sales to the barrier.

Table 9: All Water Sales to Customers in Acre-Feet
Last Ten Fiscal Years

The following table presents a summary of all water sales by West Basin to each retail agency for the last ten fiscal years.
Water sales include desalted, imported (non-interruptible and saltwater barrier), and recycled.

	2011	2012	2013	2014	2015
California Water Service (CalWater)	61,127	62,797	65,185	70,679	70,361
Water Replenishment District (WRD) (1)	20,854	14,587	23,679	21,657	19,757
City of El Segundo	16,522	17,848	17,144	16,681	17,387
Golden State Water Company (GSWC)	16,352	15,399	11,637	16,516	12,622
Los Angeles County Water Works (LA County)	8,331	8,802	9,234	10,090	9,182
City of Inglewood	7,545	8,327	9,021	9,028	8,174
City of Torrance	5,785	6,352	6,634	6,529	5,270
City of Lomita	2,096	2,336	2,275	1,788	1,463
City of Manhattan Beach	3,359	3,757	3,863	3,849	3,496
California American Water Company (CAWC)	712	902	1,019	667	238
L.A. Dept of Water & Power	763	876	966	998	886
Inglewood Unified School District	33	-	-	-	-
Total (2)	143,479	141,983	150,657	158,481	148,835

(1) Sales decreased due to well & pipeline repairs in Fiscal Year 2012 and 2016.

(2) Overall sales decreased from Fiscal Year 2011 to 2012 and again in Fiscal Year 2015 and 2016 due to local residents' response towards conservation/water efficiency programs to address drought conditions. In Fiscal Year 2020, West Basin sales declined to the City of Inglewood due to their adding a new well and to the City of Segundo purchasing less recycled water.

(Continued)

2016	2017	2018	2019	2020
57,367	58,216	60,431	60,213	59,581
17,358	19,577	20,788	18,412	20,034
16,782	16,482	16,335	17,078	14,953
25,791	24,272	21,830	24,211	23,607
7,932	8,414	8,809	7,839	7,856
7,458	7,127	8,117	8,261	6,205
4,012	5,037	6,685	5,887	5,424
1,374	1,549	1,416	1,520	2,004
3,738	4,582	4,788	4,794	4,868
415	428	1,397	1,426	1,696
874	825	855	829	1,433
-	-	-	-	-
143,101	146,509	151,451	150,469	147,662

Table 10: Recycled Water Sales in Acre-Feet
Last Ten Fiscal Years

Table below shows recycled water accounts and sales for the last ten fiscal years identified by the four largest purchasers and others.

Fiscal Year Ended June 30	Number of Accounts	Chevron Refinery (1)	Torrance Refinery (1)		Marathon Refinery (1)	Total Refineries (2)	West Coast Barrier (3)	Disinfected Tertiary	Total
2011	359	6,163	5,538		3,973	15,674	7,320	3,425	26,419
2012	376	6,397	6,060		5,019	17,476	6,530	3,653	27,659
2013	390	7,146	6,348		5,208	18,702	6,622	4,638	29,962
2014	394	7,891	6,167		5,572	19,630	12,372	4,718	36,720
2015	404	8,635	4,887	(4)	5,024	18,546	12,403	4,302	35,251
2016	424	8,290	3,596	(4)	5,183	17,070	13,677	4,256	35,003
2017	436	8,978	4,725		5,571	19,273	13,014	4,043	36,330
2018	475	8,454	6,231		4,751	19,436	13,047	4,577	37,060
2019	434	9,061	5,532		4,803	19,395	9,738	4,059	33,192
2020	446	8,006	5,128		4,014	17,148	13,084	4,671	34,903

(1) Chevron refinery is located in the city of El Segundo, Torrance Refining Company (formerly Exxon Mobil Refinery) is located in Torrance, and Marathon (formerly Tesoro) is located in Carson.

(2) Recycled Water Sales include deliveries to refineries for nitrification, low and high pressure boiler feed. In Fiscal Year 2011, sales to all refineries were decreased due to water quality issues. In Fiscal Year 2020, sales to all refineries were decreased due to a combination of poor water quality during the 1st two quarters and the impact of COVID-19 pandemic on travel during the 4th quarter of the fiscal year.

(3) Low recycled water sales in Fiscal Year 2010 to 2013 were due to poor source water quality. In Fiscal Year 2014, sales increased due to the completion of the Phase V project. Sales decreased in Fiscal Year 2019 due to repair work done by LA County Sanitation District that impacted the barrier.

(4) Sales to the Torrance Refining Company decreased in Fiscal Year 2015 and 2016 due to refurbishment of the biofors.

Table 11: Average Water Rates Per Acre-Foot
Last Ten Fiscal Years

Type of Water	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Purchased from MWD (1)										
Non-interruptible	$898	$994	$1,063	$1,132	$1,188	$1,242	$1,301	$1,343	$1,370	$1,380
Saltwater Barrier	898	994	1,063	1,132	1,188	1,242	1,301	1,343	1,370	1,380
Seasonal Storage - LT	645	721	865	-	-	-	-	-	-	
West Basin Recycled Water (2)										
Recycled - Disinfected Tertiary	$686	$775	$840	$908	$955	$1,005	$1,069	$1,105	$1,151	$1,186
Recycled - Disinfected Tertiary- Outside Service Area	728	817	882	950	997	1,047	1,111	1,147	1,193	1,228
Recycled - Barrier	540	553	565	578	586	605	618	836	896	961
Recycled - Low Pressure Boiler Feed (3)	914	1,003	1,068	1,136	1,183	1,233	1,297	1,333	1,379	1,075
Recycled - High Pressure Boiler Feed (3)	1,270	1,359	1,424	1,492	1,539	1,589	1,653	1,689	1,735	856
Recycled - Nitrified	666	755	820	888	935	985	1,049	1,085	1,131	1,166
West Basin Desalting Plant (4)										
Desalted Water	$746	$792	$840	$978	$1,019	$1,048	$1,078	$1,106	$1,133	$1,158

(1) MWD Water rates are comprised of three components: Metropolitan Water District of Southern California (MWD) commodity charge, West Basin's reliability service charge, and the MWD's Readiness-to-Serve (RTS) Charge. The rates presented above represent the average rates for the period due to MWD changing its rates effective January 1st each year. In December 2012, MWD discontinued the Long-Term (LT) Seasonal Storage Program.

(2) West Basin Recycled Water Rates exclude MWD's Local Resources Program incentive of $250 per acre-foot of recycled water sold. For Disinfected Tertiary water sales within and outside West Basin's service area, rate decreases as the volume of recycled water purchases increases. Rates shown above are for purchases of 0 - 25 AF per month.

(3) During Fiscal Year 2020, West Basin negotiated an amendment to one of its recycled water refinery contracts, lowering the average rate.

(4) West Basin Desalting Plant Rates exclude MWD's Groundwater Recovery Program incentive of $250 per acre-foot of desalting water sold. This incentive ended in Fiscal Year 2013.

West Basin adopts its water rates annually by resolution.

Table 12: Imported Water Rates
For the Years Ended June 30, 2019 and 2020

Tables below delineate the fiscal years ended June 30, 2019 and 2020 water rates for West Basin and Metropolitan Water District of Southern California (MWD).

	MWD	Readiness-to-Serve Charge	West Basin Reliability Service Charge (1)	Total
Fiscal Year Ended June 30, 2019				
July 1, 2018 to December 31, 2018				
Non-Interruptible & Barrier (Tier 1)	$1,015	$102	$237	$1,354
Non-Interruptible & Barrier (Tier 2)	1,101	102	237	1,440
January 1, 2019 to June 30, 2019				
Non-Interruptible & Barrier (Tier 1)	$1,050	$98	$237	$1,385
Non-Interruptible & Barrier (Tier 2)	1,136	98	237	1,471
Fiscal Year Ended June 30, 2020				
July 1, 2019 to December 31, 2019				
Non-Interruptible & Barrier (Tier 1)	$1,050	$98	$237	$1,385
Non-Interruptible & Barrier (Tier 2)	1,136	98	237	1,471
January 1, 2020 to June 30, 2020				
Non-Interruptible & Barrier (Tier 1)	$1,078	$90	$237	$1,405
Non-Interruptible & Barrier (Tier 2)	1,165	90	237	1,492

(1) Reliability Service Charge did not increase due to West Basin adopting a new Fixed Service Charge in FY 2018-19.

Table 13: Outstanding Debt to Capital Assets
Last Ten Fiscal Years (In Thousands)

Table below provides an overview of the ratio of the total capital assets to debt outstanding as of fiscal year-end. Total long-term (LT) debt includes certificates of participation, state loan and refunding revenue bonds.

	TOTAL DEBT				CAPITAL ASSETS			
Fiscal Year Ended June 30 (1)	Certificates of Participation & Revenue Bonds	CP (4)	State Loan	Total LT Debt	Capitalized Assets (2)	Construction-in-Progress (3)	Total Capital Assets	Total Debt/ Capital Assets
2011	$300,050	$ -	$1,440	$301,490	$507,066	$59,081	$566,147	0.53
2012	327,023	-	-	327,023	520,501	103,279	623,780	0.52
2013	338,686	-	-	338,686	527,816	135,530	663,346	0.51
2014	329,755	-	-	329,755	590,272	63,152	653,424	0.50
2015	312,682	-	-	312,682	590,732	75,144	665,876	0.47
2016	295,831	-	-	295,831	599,282	79,015	678,297	0.44
2017	292,377	-	-	292,377	611,438	88,061	699,499	0.42
2018	279,300	-	-	279,300	611,756	109,785	721,541	0.39
2019	265,972	-	-	265,972	617,574	132,592	750,166	0.35
2020	252,232	10,000	-	262,232	684,790	74,983	759,773	0.35

(1) Beginning with Fiscal Year 2012, premiums on outstanding revenue bonds and certificates of participation have been included in the outstanding debt along with the outstanding principal balances.

(2) See details at "General Operating Information".

(3) Amounts include all of West Basin's Construction-in-Progress projects.

(4) A Commercial Paper Program was established in October 2018, however, the first draw occurred in July 2019.

Table 14: Debt Per Capita
Last Ten Fiscal Years

Table below provides an overview of the ratio of the total debt outstanding as compared to West Basin's service area total population as of fiscal year-end.

Fiscal Year Ended June 30	Total LT Debt (1)	West Basin Population	Debt Per Capita
2011	$ 301,490,000	857,545	$ 352
2012	327,023,000	861,545	380
2013	338,686,000	865,882	391
2014	329,755,000	870,219	379
2015	312,682,000	874,219	358
2016	295,831,000	877,798	337
2017	292,377,000	881,392	332
2018	279,300,000	885,001	316
2019	265,972,000	885,000	301
2020	262,232,000	885,000	296

(1) Numbers are rounded to the nearest thousand.

Table 15: Annual Debt Payments to Expenses
Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30	Principal Payments (1)	Interest Payments (1)	Total Debt Payment (2)	Operating Expenses	Ratio Debt/ Expenses
2011	$ 10,448	$ 11,989	$ 22,437	$ 144,604	0.16
2012	86,072	10,317	96,389	147,932	0.65
2013	12,410	8,612	21,022	162,390	0.13
2014	5,760	10,478	16,238	180,710	0.09
2015	15,592	13,569	29,161	183,273	0.16
2016	15,370	13,031	28,401	177,763	0.16
2017	36,599	12,120	48,719	185,573	0.26
2018	10,610	12,739	23,349	193,347	0.12
2019	11,000	12,161	23,161	201,498	0.11
2020	11,425	11,827	23,252	205,034	0.11

(1) Data obtained from the Statement of Cash Flows. Principal payments were higher in Fiscal Year 2012 and 2017 due to refundings.

(2) In Fiscal Year 2014, the Debt Payment decreased due to refunding of the 2003A Refunding Revenue Certificates of Participation.

Table 16: Standby Charge and Capital Fixed Payments
Last Ten Fiscal Years (In Thousands)

Standby Charges and Capital Fixed Payments are both revenues to West Basin. West Basin uses them to pay the debts incurred for the constructions and improvements of its recycled water facilities. For the past ten years, majority of West Basin's bonds were issued to finance the recycled water projects. The table below shows the information on these revenues as compared to debt service.

Fiscal Year Ended June 30	Standby Charge (1)	Capital Fixed Payments (2)	Total	Debt Payment Cash Basis (3)	% of Debt Service
2011	$ 9,899	$ 6,887	$ 16,786	$ 22,437	75%
2012	9,632	7,241	16,873	96,389	18%
2013	9,805	7,360	17,165	21,022	82%
2014	9,683	7,296	16,979	16,238	105%
2015	9,741	7,240	16,981	29,161	58%
2016	9,655	7,156	16,811	28,401	59%
2017	9,614	7,075	16,689	48,719	34%
2018	10,038	5,909	15,947	23,349	68%
2019	10,030	4,908	14,938	23,161	64%
2020	9,987	7,562	17,549	23,252	75%

(1) Considered for approval annually by the Board, the Standby Charge is imposed by West Basin on land owners within its service area. The charge is collected by means of the property owner's tax bill through the County of Los Angeles. The Standby Charge was designed to help drought-proof the area through construction of recycled water distribution and treatment facilities.

(2) Capital Fixed Payments are paid by Marathon/Tesoro, Chevron, Torrance Refining Company, and Los Angeles Department of Water and Power and are used to repay the cost of the treatment and distribution facilities that were constructed for delivery of recycled water to these entities. Amounts are based on contractual terms. These fixed revenues are reported as Capital Contribution in the basic financial statements, see Table 5 - "Capital Contribution By Source".

(3) During Fiscal Year 2013, West Basin refunded its 2003A Refunding Revenue Certificates of Participation which resulted in a lower debt payment in Fiscal Year 2014. Breakdown is shown on Table 15 - "Annual Debt Service to Expenses".

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Table 17: Debt Coverage
Last Ten Fiscal Years (In Thousands)

	2011	2012	2013	2014	2015
Changes in Net Position (1)	$7,619	$14,191	$13,923	$14,499	$1,749
Add: Interest Expense	12,038	11,002	9,209	10,651	11,139
Add: Depreciation/Amortization	18,268	18,283	17,522	20,793	25,099
Less: Non-cash items (2)	(9,109)	(6,805)	(133)	(550)	764
Net Revenues for Coverage	$28,816	$36,671	$40,521	$45,393	$38,751
Parity Debt Service	$16,517	$16,115	$17,790	$17,205	$17,695
Reserve Fund Earnings	**(762)**	**(763)**	**(681)**	**170**	**(1)**
Total Net Senior Debt Service	**15,755**	**15,352**	**17,109**	**17,375**	**17,694**
Debt Coverage	**1.78**	**2.34**	**2.33**	**2.62**	**2.19**
Subordinate Debt Service	$7,968	$8,817	$9,056	$8,993	$9,017
Reserve Fund Earnings	-	-	-	-	-
Total Net Subordinate Debt Service	$7,968	$8,817	$9,056	$8,993	$9,017
Debt Coverage	**1.54**	**2.33**	**2.51**	**3.13**	**2.34**
All-In Debt Coverage	**1.22**	**1.52**	**1.55**	**1.73**	**1.45**
Cash Available for Additional Subordinate Debt Service, Capital Projects and Other Purposes	$5,093	$12,502	$14,356	$19,025	$12,040

(1) See Table 2 - "Changes in Net Position" for more detail.

(2) Non-cash items represent grant funding from the U.S. Army Corps of Engineer, unrealized gains/losses, change in fair value of swap instruments, loss on disposition of assets, and nonroutine litigation settlements.

2016	2017	2018	2019	2020
$3,401	$21,071	$14,251	$14,261	$9,988
9,859	8,161	11,418	10,860	10,604
24,928	25,286	25,188	23,646	24,103
3,652	(936)	3,436	(308)	(358)
$41,840	$53,582	$54,293	$48,459	$44,337
$13,646	$17,821	$19,422	$22,912	$23,292
(2)	**(6)**	**(9)**	**(14)**	**(7)**
13,644	**17,815**	**19,413**	**22,898**	**23,285**
3.07	**3.01**	**2.80**	**2.12**	**1.90**
$9,058	$5,774	$4,120	$460	$171
-	-	(1)	(1)	-
$9,058	$5,774	$4,119	$459	$171
3.11	**6.19**	**8.47**	**55.66**	**123.07**
1.84	**2.27**	**2.31**	**2.07**	**1.89**
$19,138	$29,993	$30,761	$25,102	$20,881

Table 18: Ten Largest Employers Within West Basin Service Area
Calendar Year 2019 and Nine Years Prior

Employer	2019 Number of Employees (1)	Rank	2010 Number of Employees	Rank
Northrop Grumman Corporation	11,283	1	5,901	2
Sony Pictures Entertainment	6,000	2	2,020	5
Raytheon Company	5,189	3	8,386	1
Space Exploration Technologies	4,718	4	-	N/A
Boeing Satellite Systems Inc.	2,959	5	4,571	3
Aerospace Corporation	2,711	6	2,991	4
Accenture	1,685	7	-	N/A
Mattel, Inc.	1,674	8	1,625	7
PV Unified School District	1,175	9	1,970	6
Tesoro Refining & Marketing Co, LLC	1,164	10	-	N/A
Total Employment Within West Basin's Service Area (2):				Not Available
Percentage of Each Employer of Total Employment Within West Basin Service Area (2):				Not Available

(1) Most current available data.

(2) West Basin service area includes 17 cities and part of unincorporated coastal Los Angeles County. The total employment within our service area is not available therefore West Basin can not provide each employer's percentage of the total employment.

Table 19: Population and Economic Statistics
Last Ten Calendar Years

Calendar Year	West Basin Population	LA County Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate
	(1)	(2)	(2)	(2)	(3)
2011	857,545	9,889,056	$ 454,935,533	$45,969	12.2%
2012	861,545	9,951,690	486,733,508	48,818	10.9%
2013	865,882	10,017,068	483,578,594	48,140	9.8%
2014	870,219	10,069,036	512,846,779	50,730	8.2%
2015	874,219	10,170,292	544,324,900	53,521	6.6%
2016	877,798	10,137,915	563,907,868	55,624	5.3%
2017	870,000	10,163,507	593,741,110	58,419	3.7%
2018	885,001	10,105,518	628,808,732	62,224	4.8%
2019	885,000	10,039,107	Not Available	Not Available	4.5%
2020	885,000	Not Available	Not Available	Not Available	19.6%

(1) Data obtained from Water Policy and Resource Development Department.

(2) Data obtained from the Bureau of Economic Analysis. Other information for Calendar year 2019 through 2020 is not available. 2019 data was obtained for the US Census Bureau website.

(3) Data obtained from the State of California Employment Development Department for Los Angeles County.

Demographics

Service Area

Estimated Total Population Served	885,000
Area	185 square miles

Division I – Represented by Harold C. Williams
Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills Estates, Rolling Hills and Carson

Division II – Represented by Director Gloria D. Gray
Inglewood, South Ladera Heights, a portion of Lennox, Athens, Howard and Ross-Sexton

Division III – Represented by Director Carol W. Kwan
Hermosa Beach, Lomita, Manhattan Beach, Redondo Beach and a portion of Torrance

Division IV – Represented by Director Scott Houston
Culver City, Del Aire, El Segundo, Malibu, North Ladera Heights, Topanga, View Park, West Hollywood, Windsor Hills and a portion of Lennon

Division V – Represented by Director Donald L. Dear
Gardena, Hawthorne, Lawndale and El Camino Village

Customers

Number of Direct Customers	11

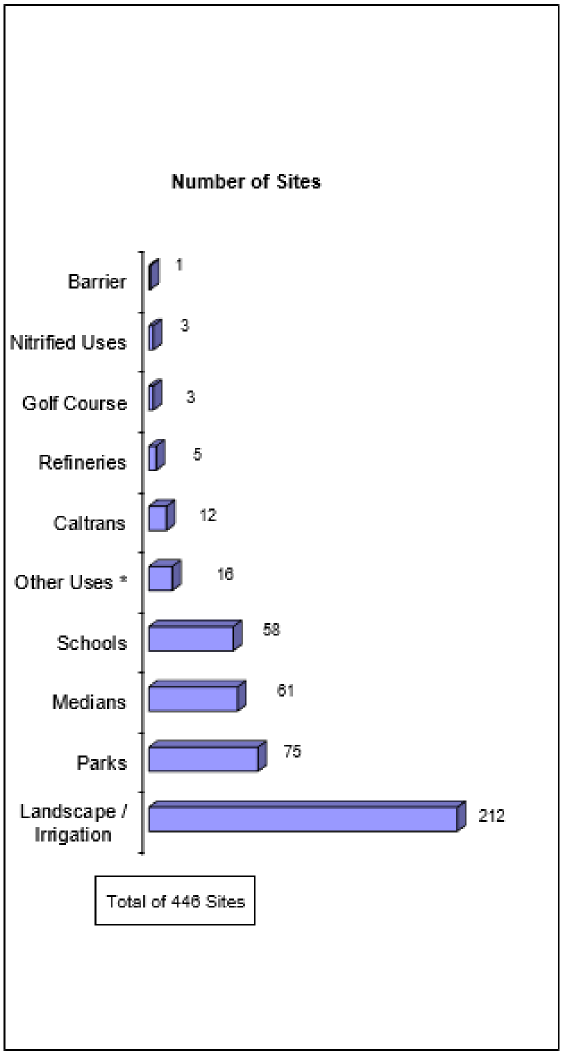
West Basin's direct customers are comprised of cities and retail water agencies that purchase potable non-interruptible water and recycled water for further sales to the end-user or use in the seawater barrier.

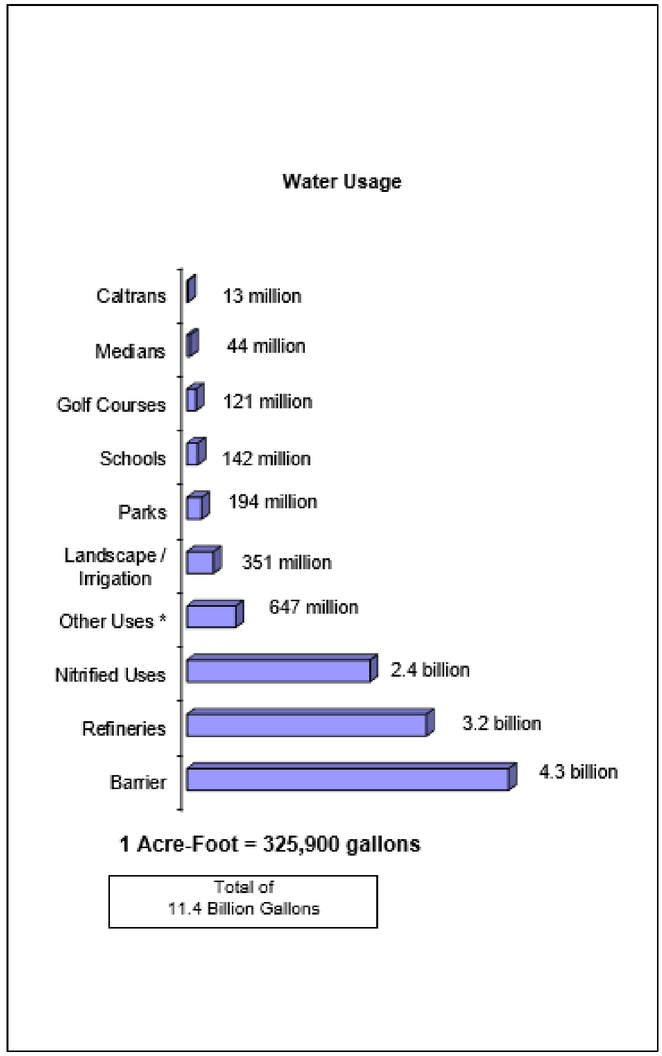
Annual Water Deliveries

Potable Water (including desalting)	112,760 acre-feet
Recycled Water	34,903 acre-feet

Recycled Water Users

Fiscal Year Ended June 30, 2020





Other Uses *

- Cemetery use
- Multi-industrial / irrigation use
- Construction use
- College use
- Draining / Sump Pumps use

General Operating Information
Fiscal Year Ended June 30, 2020

NUMBER OF BUDGETED FULL-TIME PERSONNEL

2011	36
2012	36
2013	36
2014	40
2015	41
2016	43
2017	49
2018	56
2019	56
2020	56

CERTIFICATIONS AND LICENSES HELD BY DISTRICT EMPLOYEES

Professional Engineer	5
Certified Public Accountant	3
Licensed attorneys	1
Masters Degree	17
Doctorate Degree	0
State Water Certification:	
Distribution Operator	3
Treatment Plant Operator	3
Wastewater Operator	1

CAPITAL ASSETS (IN THOUSANDS)

	Recycling Facilities	Desalting	Machinery & Equipment	Construction-in-Progress	Admin. Facility	West Basin Capital Assets (1)
2011	$ 493,065	$ 5,299	$ 3,761	$ 59,081	$ 4,941	$ 566,147
2012	506,311	4,904	3,775	103,279	5,511	623,780
2013	513,437	4,904	3,911	135,530	5,564	663,346
2014	576,537	4,041	3,349	63,152	6,345	653,424
2015	576,941	4,059	3,376	75,144	6,356	665,876
2016	585,211	4,079	3,625	79,015	6,367	678,297
2017	597,046	4,079	3,941	88,061	6,372	699,499
2018	597,661	4,079	3,484	109,785	6,532	721,541
2019	602,250	5,304	3,519	132,592	6,501	750,166
2020	669,343	5,346	3,600	74,983	6,501	759,773

(1) Excludes accumulated depreciation. Total Capital Assets decreased in Fiscal Year 2014 as a result of a prior period adjustment in Fiscal Year 2015 due to the write-off of $27M of capital assets that were either disposed or no longer in service.

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District Main Line
310-217-2411

Board of Directors
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