

# **Ventura Regional Sanitation District**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2019 and June 30, 2018**



**Chris Theisen, General Manager**

**Ventura County, California**



# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2019 and June 30, 2018**



## **Ventura Regional Sanitation District**

**Ventura County, California**

**Prepared by  
Finance Department  
Alvertina Rivera, Director of Finance**



**Ventura Regional Sanitation District**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2019 and 2018**

**TABLE OF CONTENTS**

**Introductory Section:**

|   |    |
|---|----|
| Letter of Transmittal .....   | 1  |
| District Board of Directors and Executive Management .....                | 8  |
| Organization Chart .....  | 9  |
| Certificate of Achievement for Excellence in Financial Reporting .....    | 10 |
| Sites Served and/or Operated by Ventura Regional Sanitation District..... | 11 |
| Map of Area.....  | 12 |

**Financial Section:**

|   |    |
|---|----|
| Independent Auditor's Report .....                                  | 13 |
| Management's Discussion and Analysis (Unaudited).....               | 16 |
| Basic Financial Statements  |    |
| Statements of Net Position .....                                    | 23 |
| Statements of Revenues, Expenses, and Changes in Net Position ..... | 25 |
| Statements of Cash Flows .....                                      | 26 |
| Notes to the Basic Financial Statements .....                       | 28 |

*Required Supplementary Information:*

|   |    |
|---|----|
| Schedules of Funding Progress             |    |
| PARS Supplementary Retirement Plan .....  | 71 |
| VCERA Supplementary Retirement Plan ..... | 73 |
| Other Post-Employment Benefits Plan ..... | 74 |

*Supplementary Information:*

|   |    |
|---|----|
| Schedule of Net Position .....                                  | 77 |
| Schedule of Revenues, Expenses and Changes in Net Position..... | 79 |
| Schedule of Cash Flows .....                                    | 80 |

**Statistical Section:**

|   |    |
|---|----|
| Financial Trends – Last Ten Fiscal Years                    |    |
| Changes in Net Position and Net Position by Component ..... | 83 |
| Operating Revenue by Source .....                           | 85 |
| Operating Expenses by Activity .....                        | 86 |

**Ventura Regional Sanitation District  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019 and 2018**

**Table of Contents, Continued**

|  |    |
|--|----|
| Revenue Capacity – Last Ten Fiscal Years                       |    |
| Revenue Base.....  | 87 |
| Revenue Rates.....   | 88 |
| Principal Customers Current Fiscal Year & Nine Years Ago ..... | 89 |
| Debt Capacity  |    |
| Ratio of Outstanding Debt .....                                | 90 |
| Pledged-Revenue Coverage .....                                 | 91 |
| Demographic Information  |    |
| Demographic Statistics .....                                   | 93 |
| Principal Employers – County of Ventura                        |    |
| Current Fiscal Year & Nine Years Ago .....                     | 94 |
| Building Permits – County of Ventura .....                     | 95 |
| Housing Stock Estimates – County of Ventura .....              | 96 |
| Operating Information  |    |
| Operating and Capacity Indicators .....                        | 97 |

# Introductory Section



## Ventura Regional Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2019 and June 30, 2018





December 5, 2019

Chairman and Members of the Board of Directors,  
The Ventura Regional Sanitation District:

Here submitted, is the Comprehensive Annual Financial Report of the Ventura Regional Sanitation District (District) for the fiscal year ended June 30, 2019. State law requires all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements.

Management assumes full responsibility for the completeness and reliability of the information in this report. The District has established a comprehensive framework of internal controls to provide reasonable assurance that the District is meeting its basic objectives such as operating effectively and efficiently, providing a reliable financial report, and operating within certain constraints imposed by external parties and the District's governing body. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the District.

The District's financial statements have been audited by Rogers, Anderson, Malody & Scott, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District are free of material misstatement. The auditor has issued an unmodified opinion on the District's financial statements for the fiscal year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The District presently has one blended component unit with a June 30 year-end. Accordingly, the Ventura Regional Public Facilities Corporation (Corporation) is presented as a blended component unit of the District. The Corporation was formed on October 25, 1989 to facilitate the issuance of Certificates of Participation (COPs). The District currently has no outstanding COPs. No separate financial statements are prepared for the Corporation and therefore are not available.

## **PROFILE OF VENTURA REGIONAL SANITATION DISTRICT**

The District is an enterprise public waste management agency organized in July 1970 under the California County Sanitation District Act (Health & Safety Code Section 4700 et seq.). It covers about 1,600 square miles and serves approximately 90% of Ventura County.

### **District Governing Body**

The governing board of the District consists of eight members appointed by the eight cities listed on the next page and one member appointed by a committee of the Ventura County Special Districts Association. The Board regularly meets on the first and third Thursday of each month. Citizens are encouraged to attend and participate in the publicly noticed meetings.

## **District's Services**

The District employs a full-time staff of over seventy-four (74.1 FTEs) employees as of June 2019 and is capable of providing a full range of services, including integrated waste treatment and disposal services to:

- Eight cities (Camarillo, Fillmore, Ojai, Oxnard, Port Hueneme, Santa Paula, Thousand Oaks, and Ventura), each of which appoints an elected representative to the District Board of Directors; and
- Eight special districts (Camarillo Sanitary, Camrosa Water, Channel Islands Beach Community Services, Ojai Valley Sanitary, Saticoy Sanitary, Triunfo Sanitation District, and Ventura County Waterworks Nos. 1 & 16). Excluding Camarillo Sanitary and Ventura County Waterworks No. 1 & 16, the remaining five special districts on an annual basis jointly appoint a single elected representative to the District Board of Directors; and
- The County of Ventura's unincorporated areas. The unincorporated areas are not represented on the District Board of Directors because of the County's regulatory role relative to the District's solid waste activities.

On July 1, 1999, the District voluntarily transferred all of its property tax to the ten cities and County and began operating on a strictly enterprise basis. This was an unprecedented decision for a public agency in any of our memories, yet we believe a very important move in the right direction. Foregoing property tax subsidy causes us to be more productive and maximize the use of available revenues. The District and its employees are proud to be examples of government reinventing itself.

## **Mission Statement**

The Ventura Regional Sanitation District is a non-tax supported public agency providing sanitation services. We offer the highest quality service at the lowest possible cost for our customers, and we will provide solutions by involving our staff, our customers and our community.

## **Significant Event – *Write-off of Biosolids/Microturbine Facility***

The Biosolids Facility was placed in a permanent non-operational status in October 2015. From the end of 2015 through December 2018, the District still accepted biosolids sludge into the Toland Road Landfill. As of January 2019, the District ceased accepting sludge at the Toland Road Landfill from the cities of Oxnard, Ventura and Santa Paula. Concurrently, the District was engaged in a ten-year renewable power purchase and sales agreement (PPA) with Southern California Edison. For several years, the District struggled to maintain operational microturbines that could produce electricity. Due to increasingly higher costs to repair and maintain the microturbines, the District engaged in discussions with Southern California Edison to terminate the PPA, with an agreement reached on July 18, 2019. The Biosolids and Microturbine Facility, along with other related assets, have been written down the by \$11,532,000 as of June 30, 2019.

## **Significant Event - *Thomas Fire***

The Thomas Fire, one of the largest wildfires in California history, began on December 4, 2017 and was not fully contained until January 12, 2018. The fire directly affected the Toland Road Landfill, with significant damages incurred to above ground piping for the gas collection and water systems, as well as losses to communications, power distribution, and the landfill's scale. Also affected were District water and wastewater customers across the region, including Thomas Aquinas College, Cate School, and Thacher School. Although the acceptance of the additional debris generated from the Thomas Fire dwindled by June 2018, the District continued to feel the residual impact with repairs to the infrastructure severely damaged by the fire. As of June 30, 2019, the District incurred approximately \$1,127,600 in fire damage repairs. Anticipated in the upcoming fiscal year are an additional \$300,250 in repair costs to restore the drainage channel, as well as for the replacement of an 80,000-gallon water tank destroyed in the fire. Insurance proceeds and disaster assistance will cover these additional costs.

## **Solid Waste Operations**

The District manages six municipal waste landfills; the Toland Road Landfill, as well as the former sites of Santa Clara, Coastal, Bailard, Ozena, and Tierra Rejada landfills. The Toland Road Landfill is located in a confined, V-shaped canyon four miles east of Santa Paula and four miles west of Fillmore. The 216.5-acre site has been operating as a landfill since 1970. The District expanded the facility from 135-tons per day (tpd) to 1,500-tpd in FY1997 to provide 30 years of landfill capacity for western Ventura County after closure of the Bailard Landfill that same year.

The Toland Road Landfill received about 432,246 tons of refuse in FY2019. Approximately 90 percent of the total refuse disposed at the Toland Road Landfill comes from transfer stations operated by its two largest customers, the City of Oxnard and Gold Coast Recycling. Agreements with both customers guarantee this stable stream of refuse and revenue.

## **Water & Wastewater Operations**

The District is responsible for management, operation, and maintenance of water and wastewater facilities and equipment throughout Ventura County. Included in FY2019 are facilities owned by the Triunfo Sanitation, Saticoy Sanitary, Ojai Valley Sanitary, and Camrosa Water Districts; the Cities of Oxnard, Santa Paula and Thousand Oaks; the County of Ventura; California State University at Channel Islands; Thomas Aquinas College; Cate, Ojai Valley, and Thatcher Schools; and several small water agencies. In total, the District operates and maintains three potable water systems and one recycled water system.

Both the District and participating agencies benefit from economies of scale made possible by the sharing of District expertise and resources. Work is performed under fully reimbursable contracts for which annual budgets are presented to and approved by both agencies' governing bodies.

The largest contract agency managed and operated by the District is the Triunfo Sanitation District (Triunfo), which provides potable and reclaimed water services and wastewater disposal to residents in southeastern Ventura County. Wastewater treatment is provided at the Tapia Water Reclamation Facility via a Triunfo Joint Venture with the Las Virgenes Municipal Water District. Tapia serves nearly 12,000 Triunfo residences and businesses. Potable water is provided to about 4,800 residents in the Oak Park area and reclaimed water from the Tapia plant is provided to parks, schools, and homeowners associations in the unincorporated areas of Oak Park, Lake Sherwood, and North Ranch.

Triunfo staff consists exclusively of the five elected Board members and a contracted General Manager. Triunfo contracts with the District for most of its management, financial, engineering, maintenance, and operations functions. In fiscal year 2019, this support consists of approximately eighteen (17.72) full-time equivalent positions made up of the part-time efforts of more than forty-seven (47.05) individuals in ten (10) different areas of expertise.

The District entered into a contract with the Malibu Bay Club (MBC) in August 2003 to own and operate an On-site Wastewater Treatment System (OWTS) to serve this 136-unit condominium complex on the south coast of Ventura County. MBC's existing simple septic system is the subject of a Regional Water Quality Control Board order to improve wastewater treatment. In 2007, in order for the District to receive reimbursement for the \$2.7 million cost of the plant, it explored alternative financing options and entered into an Installment Purchase Contract with the Municipal Finance Corporation. In June 2016, the District paid off the 2007 Installment Purchase Contract with the Municipal Finance Corporation and refinanced the loan with Compass Bank, thereby, reducing the interest rate from 4.8% to 2.71%. The term of the loan did not change. MBC residents pay for their share of the cost through the Ventura County property tax roll.

## **Budgetary Control**

The District Board adopts an annual budget generally in June. This budget serves as an essential tool for financial planning and control. The Board of Directors has full authority to approve additional appropriations to the budget during the fiscal year, while the Director of Finance has limited appropriation authority.

## **ECONOMIC CONDITION AND OUTLOOK**

### ***Local Economy***

**Ventura County** – Located directly northwest of Los Angeles County, Ventura County covers 1,843 square miles and boasts 43 miles of Pacific Ocean coastline, 7.5 miles of shoreline in public beaches, and 411 acres in state beach parks. The majority of the County's 856,598 residents live in its southern half, while the Los Padres National Forest spans the northern half. An extensive network of roadways links the County's 10 incorporated cities, with rail, harbor, and airport facilities providing access to outside markets. The economic outlook for Ventura County in 2019 is similar to 2018, and is predictably restrained. The total value of the region's output continues to rise, as there are companies within the County that still need to expand their workforces, and incomes rise more convincingly due to the tight labor market for workers. Agricultural and manufacturing output contribute to positive economic growth in 2019. Assuming that companies can fill open positions for employment in Ventura County, growth in 2019 will likely exceed forecasts. Open job positions in California (and the nation) are a circumstance that companies now endure since the economy has reached full employment.

**Agriculture** - Ventura County farmers grow over 100 different crops and often harvest two or three crops from the same parcel of land during any given year. In 2018, the estimated gross value for all agriculture in Ventura County was \$2.1 billion decreasing by 0.2% from 2017. Strawberries, lemons, raspberries, nursery stock, and celery are among the five leading crops grown. In 2017, the most recent data available from the California Department of Food and Agriculture, ranks Ventura County 8<sup>th</sup> among all counties in the California in total crop value.

In December 2017, Ventura County's agricultural industry sustained more than \$170 million in damages from the Thomas Fire. According to Henry Gonzales, the County's agricultural commissioner, the Thomas Fire caused \$171,296,703 in damages to local agriculture and potentially affected 10,289 acres of irrigated crop land. Avocado groves were hit the hardest, with 6,603 acres potentially damaged, followed by lemon groves with 1,767 acres and orange groves at 541 acres. Approximately 4,030 tons of avocados were lost, at an estimated dollar loss of \$10,175,750, followed by lemons, with 7,591 tons lost and an estimated total loss of \$5,814,560 and oranges, with 3,680 tons lost and an estimated total loss of \$3,370,972. Although disaster funds and insurance will be partially offset these losses, fire impacts will likely be felt in succeeding years because replacement trees require up to 5 years to begin bearing fully.

**Income and Unemployment** – Ventura County's unemployment rate currently sits at 3.6%, the lowest rate recorded since 1990. The unemployment rate in Ventura County has declined continuously from a rate of 9.9 percent in 2012. The types of new job opportunities, however, tend to be in the lower paying sectors, such as healthcare and leisure and hospitality. Leisure and hospitality has the lowest average salary per worker of all sectors of the Ventura County economy. Nevertheless, the construction industry has higher average wages and with more housing and non-residential building, there has been an impressive rise in construction employment over the last few years. The Census ACS 1-year survey reports that the median household income for the Ventura County California area was \$82,857 in 2017, the latest figures available. Ventura County median household income is 13% higher than the median California household income and 27% greater than the US median household income. Median family and per capita income for Ventura County in 2017 was \$36,907, 15% higher than the national average and 5% higher than the California average.

**Real Estate** –The new housing market within Ventura County will add more units, both single family and apartments. Thomas fire rebuilds will continue, principally in Ventura, for the next two years. Homebuilding will accelerate to 135,000 units this year and nearly 140,000 units next year, the highest level of new housing permits since 2008. The median home sale price is \$697,754 in 2019, a 4.2% increase over the prior year. The median sales price for 2020 is predicted to increase by 6.3% to \$697,754. Non-residential construction has decreased from 2018 when the Conejo Spectrum in Thousand Oaks was completed (508,000sq.ft), but more than 200,000 square feet of space are still under construction, which includes a new helicopter repair facility in Fillmore and a large spec building in Simi Valley.

## **LONG-TERM FINANCIAL PLANNING**

The District's emphasis is to continue offering the highest level of service and lowest possible cost to our customers and member agencies. The many challenges facing the District are, for the most part, multi-year issues that involve multi-year solutions.

Staff is exploring opportunities to assist client agencies with upgrading wastewater treatment processes, disposal projects, asset management, environmental management, and water reclamation. These activities may provide opportunities for new District facilities as well as water and wastewater engineering, technology evaluation, and inspection services.

The District's Five-Year Capital Improvement Plan (CIP) was updated and approved by the District Board as part of the FY2020 budget process. The focus of the FY2020 CIP Plan is primarily on the various financial software upgrades, the gas collection system, Toland Road Landfill Phase 4 project, and replacement of aging vehicles and heavy equipment.

District staff also provides a five-year operational forecast to the District Board as part of the budget process and approved by the District Board. Although the forecast only includes information gathered from historical data and known future expenses, it is an important tool to assist in planning the budget from year-to-year.

Finally, the Five-Year District Reserve analysis is also included as part of the budget process and approved by the District Board. The District's Reserve Level Policy is a guideline District staff follows in maintaining reserves based on legal requirements, contractual agreements, Board's direction and express authorization and cash reserves to cover operating shortfalls for short-term cash flow, and contingency planning for unforeseen situations. Due to the economic conditions affecting the District, the Board has approved to first maintain and fund restricted reserves, then to fund the cash reserves to cover operating shortfalls.

### **Solid Waste Operations**

**Toland Road Landfill** – This is the only open solid waste facility operated by the District. Multi-year phased development of the Toland Road landfill provides for incremental construction of new areas just prior to completely filling the operating area. With the design of the entire landfill footprint complete, these small phases of construction can be accomplished with little disruption to landfill operations, minimal dust and noise impacts on neighbors. The District's waste disposal tipping fee remains very competitive compared to similar agencies. The tipping fees include solid waste facilities operations and maintenance costs, state and local regulatory agency fees, capital upgrade, and relevant future closure and post-closure costs. A table reflecting the District's 10-year service charge rate history for non-contracted customers is located on page 88 of the Statistical Section.

### **Water & Wastewater Operations**

The Water & Wastewater Division continues to focus on maintaining and expanding its customer base in an increasingly competitive environment. The District supports this continued emphasis on Water & Wastewater customer growth by including a section in the FY2020 Budget document to address Anticipated Reimbursable Work. In addition, the District developed and implemented a new rate calculation model. On an annual basis, as part of the budget process, the District publishes billing rates for its customers.

Water & Wastewater staff provides complete operational services for two member agencies, the Triunfo Water and Sanitation District and Satcoy Sanitary District. The District has installed and operates an Onsite Wastewater Treatment System (OWTS) at Malibu Bay Club and is promoting additional OWTS construction and operation services in Ventura County areas where it is not feasible to connect to sanitary sewers.

**Biosolids Project** – The Ventura County Board of Supervisors approved the Biosolids project in September 2007 and the District started receiving biosolids in November 2009. The project was operational for almost six years, but due to technical/mechanical, regulatory compliance, economic/budgetary, and landfill operation issues, the project was placed in a permanent non-operational status in October 2015. Additionally, due to the inability to produce consistent revenues from the microturbines, an early termination agreement was approved effective June 1, 2019. As of June 30, 2019, the District has written down the Biosolids and Microturbine Facility, along with other related assets by \$11,532,000, leaving only a nominal figure for scrap or residual value of the assets.

## **RELEVANT FINANCIAL POLICIES**

The District Investment Policy's primary objectives are safety of principal while maintaining liquidity to meet all operating requirements, and attaining a market rate of return on its portfolio. The policy is in accordance with provisions of the California Government Code and updated annually. The Director of Finance directs the collection and disbursement of all monies into and out of the District treasury, makes investments, and opens and closes bank accounts as necessary to conduct the business of the District. The Board receives a monthly Investment Report and Quarterly Investment Portfolio Update presentation.

The District's Reserve Level Policy, last revised in December 2016, is an essential fiscal management guideline to maintain the District's credit worthiness, offset cyclical variations in revenue and expenses, withstand economic downturns, and provide for cash flow needs. The District needs adequate reserves to ensure the District maintains a prudent level of financial resources to protect against reducing service levels or raising fees because of temporary revenue shortfalls or unexpected one-time expenses. The Board receives an annual reserve analysis during budget deliberations and/or when a major change in conditions threatens the reserve levels established in the policy.

The District Board adopted the Identity Theft Prevention Program issued by the Federal Trade Commission (FTC) Red Flags Rule that requires companies and creditors with covered account to develop and implement a written Identity Theft Prevention Program to detect, prevent, and mitigate identity theft in connection with opening and/or modifying customer accounts.

The Personnel and Finance Committee of the District is comprised of the Chair of the Board and three members of the Board. The Committee provides recommendations to the Board regarding the budget, financial policies, billing rates, and fees.

## **MAJOR INITIATIVES**

A 20-year fiscal sustainability forecast was prepared to ensure the District's fiscal viability and credit worthiness. Based on the preliminary results of the fiscal forecast, the District is engaged in looking at different strategies (rate increases, additional revenues, issue new debt) to reach the long-term financial sustainability goal.

The Toland Road Landfill's Conditional Use Permit (CUP) expires in 2027. The District is actively pursuing a time extension and an increased allowable daily tonnage of the Toland Road Landfill's CUP. The time extension and increased daily tonnage will help Toland Road Landfill reach its maximum capacity.

In concert with the CUP modifications, the District will need to secure agreements for additional tonnage. The CUP modifications along with the actual increase in daily tonnage deliveries are critical to the District's long-term viability.



## **AWARDS & ACKNOWLEDGMENTS**

**Independent Audit** - The District is required to have an annual audit of the books of account, financial records, and transactions conducted by independent Certified Public Accountants selected by the Board of Directors. The unmodified opinion of the District's auditor—Rogers, Anderson, Malody & Scott, LLP, San Bernardino, California—is included in this report.

**Certificate of Achievement** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ventura Regional Sanitation District for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2018. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements** – The preparation and completion of this report would not have been possible without the dedicated and coordinated team efforts of the entire District staff. We would like to acknowledge the special efforts of the Finance Department staff, and our independent auditors, Rogers, Anderson, Malody & Scott, LLP, for their assistance in the report preparation. These members have our sincere appreciation for the contributions made in the preparation of this report.

We also give recognition to the Board of Directors for its continued leadership, interest, and support in planning and conducting the financial operations of the District in a responsive and effective manner.



CHRIS THEISEN  
General Manager



ALVERTINA RIVERA  
Director of Finance

# Ventura Regional Sanitation District

Ventura County, California

## 2019 Board of Directors as of June 30, 2019

|                                       |                          |
|---------------------------------------|--------------------------|
| Kevin Kildee<br><i>Chairman</i>       | City of Camarillo        |
| Bert Perello<br><i>Chairman-Elect</i> | City of Oxnard           |
| Jim Friedman                          | City of San Buenaventura |
| Mark Austin                           | City of Fillmore         |
| Rick Araiza                           | City of Santa Paula      |
| Bob Nast                              | Special District         |
| Ed Jones                              | City of Thousand Oaks    |
| Laura Hernandez                       | City of Port Hueneme     |
| William Weirick                       | City of Ojai             |

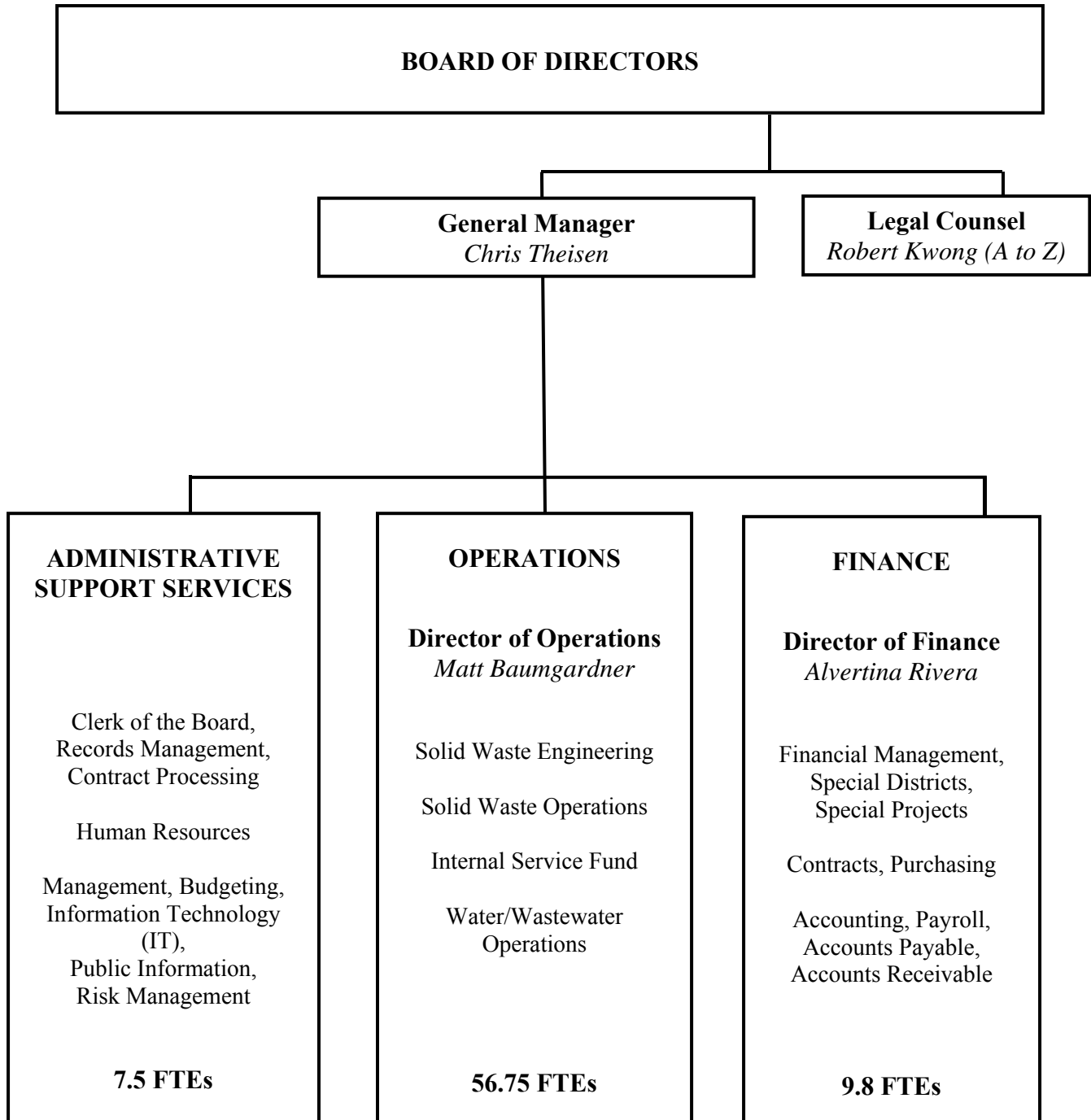
## District Staff

|                     |                        |                |
|---------------------|------------------------|----------------|
| Chris Theisen       | General Manager        | (805) 658-4600 |
| Alvertina Rivera    | Director of Finance    | (805) 658-4646 |
| Matt Baumgardner    | Director of Operations | (805) 658-4679 |
| Juliet I. Rodriguez | Clerk of the Board     | (805) 658-4642 |
| Robert Kwong        | Legal Counsel          | (805) 988-9886 |



# Ventura Regional Sanitation District

## Organization Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Ventura Regional Sanitation District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*














Executive Director/CEO

# VENTURA REGIONAL SANITATION DISTRICT







## Ventura County, California

### SITES SERVED AND/OR OPERATED






- **Water and Wastewater Sites**

-  Triunfo Water and Sanitation District – Lake Sherwood
-  Triunfo Water and Sanitation District – Oak Park Water Service
-  Thousand Oaks
-  Camrosa Water District Treatment Plant
-  CSA No. 29 (North Coast) Collection System
-  CWD No. 16 (Piru) Treatment Facility
-  Saticoy Sanitary District Treatment Facility
-  CWD No. 1 (Moorpark Area)
-  Thomas Aquinas College
-  City of Ventura
-  City of Santa Paula
-  Toland Water
-  Malibu Bay Club

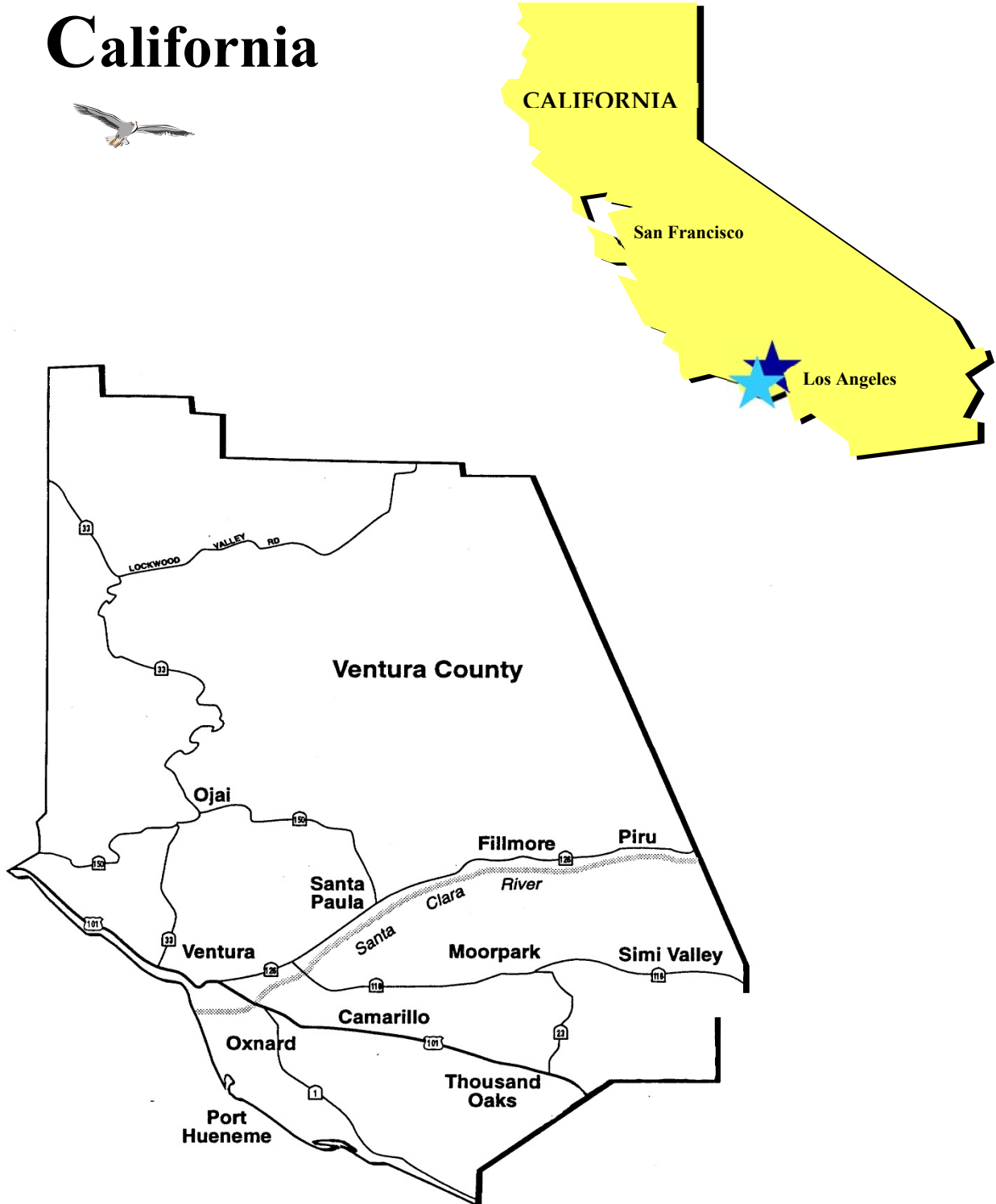
- **Solid Waste Sites**

-  Santa Clara Site (Closed)
-  Coastal Site (Closed)
-  Bailard Site (Closed)
-  Toland Road Sanitary Landfill
-  Ozena Modified Landfill (Closed)
-  Tierra Rejada Landfill (Closed)

- **Growth Projects**

-  Onsite Wastewater Treatment Systems (OWTS)
-  Environmental Monitoring & Source Control
-  Specialized Paintings & Coatings
-  Remote Telemetry & Controls
-  Manhole Lining and Renewal

# Ventura County, California



# Financial Section



## Ventura Regional Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2019 and June 30, 2018





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

## INDEPENDENT AUDITOR'S REPORT

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramsca.net

### PARTNERS

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradford A. Welebir, CPA, MBA, CGMA  
Jay H. Zercher, CPA (Partner Emeritus)  
Phillip H. Waller, CPA (Partner Emeritus)  
Kirk A. Franks, CPA (Partner Emeritus)

### DIRECTORS

Jenny Liu, CPA, MST

### MANAGERS / STAFF

Charles De Simoni, CPA  
Gardenya Duran, CPA  
Brianna Schultz, CPA  
Jingjie Wu, CPA  
Evelyn Morentin-Barcena, CPA  
Jin Gu, CPA, MT  
Veronica Hernandez, CPA  
Tara R. Thorp, CPA, MSA  
Laura Arvizu, CPA

### MEMBERS

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

Employee Benefit Plan  
Audit Quality Center

California Society of  
Certified Public Accountants



To the Board of Directors  
Ventura Regional Sanitation District  
Ventura, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Ventura Regional Sanitation District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District 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 and 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 the Ventura Regional Sanitation District as of June 30, 2019, and the changes in its financial position and its 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***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the 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 the District's basic financial statements. The introductory section, combining financial schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 them.



### *Prior Year Comparative Information*

We have previously audited the District's 2018 financial statements, and we expressed an unmodified opinion in our report dated December 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 22, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
November 22, 2019

This page intentionally left blank.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Ventura Regional Sanitation District's (District) financial performance provides an overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. This section should be read in conjunction with the transmittal letter at the front of this report and the District's basic financial statements following this section.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$38.1 million (net position). The District's total net position decreased by \$10.2 million, or 21.2%, as a result of the write-off of the Biosolids Facility as it is no longer operational.
- Net deferred outflows/inflows of resources increased by \$0.7 million to \$2.0 million, due to pension related activity.
- During fiscal year 2019, the District's total revenues decreased by \$7.7 million to \$24.4 million, primarily due to the absence of the additional disposal and sanitation fees collected from the Thomas Fire during fiscal year 2018.
- Total expenses increased by 94.6% to \$34.7 million, due not only to the write-off of the Biosolids Facility but, in part due to the updated estimates related to the landfill closure/post-closure reserve requirements established in fiscal year 2018.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) enterprise fund financial statements; and 2) notes to the financial statements. Required supplementary information, supplementary information, and statistical information are also included in the CAFR.

Basic Financial Statements The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The basic financial statements can be found on pages 23-27 of this report.

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected assessments and earned but unused vacation leave).

The Statement of Cash Flows presents information about the District's cash receipts and cash payments during the reporting period. It shows the amount of cash received from services provided to customers, investment income including interest earnings as well as cash paid out for operating activities, debt financing, principal and interest payments on borrowed monies, and construction projects.

Notes to the Financial Statements Provide additional information that is essential to a full understanding of the data provided in the basic financial statements and are an integral part of the financial statements. The notes to the financial statements can be found on pages 28-70 of this report.

Supplementary Information Includes the combining schedule statements for the different types of District operations.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Analysis of the District

The Summary of Net Position and the Summary of Activities and Changes in Net Position report information about the District's current year activities and may serve over time as a useful indicator of the District's financial position. These two statements report the net position of the District and changes in them.

As can be seen from the table below, net position decreased \$10.2 million to \$38.1 million in FY 2019, down from \$48.3 million in FY 2018. The decrease in net position was attributable to a \$14.3 million decrease in assets, and a \$3.4 million decrease in liabilities, which was offset by a net of \$0.7 million deferred inflows/outflows activity.

The decrease in assets was due primarily to the write-off of the Biosolids Facility in the amount of \$11.5 million, as well as decreased accounts receivables due to the completion of activity related to the Thomas Fire in 2018. The decrease in liabilities was comprised of current year scheduled debt payments, reductions in accounts payables related to expenditures resulting from the Thomas Fire, offset by an increase in the net pension liability. Lastly, the net change in deferred outflows/inflows was primarily a result of \$0.7 million in pension related items.

### Summary of Net Position

A Summary of Net Position is presented in the following table for your analysis.

#### Summary of Net Position

(In thousands of dollars)

|  | <u>FY 2019</u>   | <u>FY 2018</u>   | <u>\$ Change</u>   | <u>% Change</u> |
|--|------------------|------------------|--------------------|-----------------|
| Assets:  |                  |                  |                    |                 |
| Current assets   | \$ 5,686         | \$ 10,082        | \$ (4,396)         | -43.6%          |
| Restricted current assets                                | 7,434            | 7,770            | (336)              | -4.3%           |
| Restricted non-current assets                            | 19,177           | 17,864           | 1,313              | 7.3%            |
| Capital assets, net                                      | 39,009           | 50,073           | (11,064)           | -22.1%          |
| Non-current assets                                       | 13,978           | 13,778           | 200                | 1.5%            |
| <b>Total assets</b>                                      | <u>85,284</u>    | <u>99,567</u>    | <u>(14,283)</u>    | -14.3%          |
| Deferred outflows of resources:                          | <u>2,962</u>     | <u>2,317</u>     | <u>645</u>         | 27.8%           |
| Liabilities:   |                  |                  |                    |                 |
| Liabilities payable from unrestricted current assets     | 4,519            | 5,554            | (1,035)            | -18.6%          |
| Liabilities payable from restricted current assets       | 2,202            | 2,170            | 32                 | 1.5%            |
| Liabilities payable from unrestricted non-current assets | 23,268           | 25,682           | (2,414)            | -9.4%           |
| Liabilities payable from restricted non-current assets   | 19,212           | 19,148           | 64                 | 0.3%            |
| <b>Total liabilities</b>                                 | <u>49,201</u>    | <u>52,554</u>    | <u>(3,353)</u>     | -6.4%           |
| Deferred inflows of resources:                           | <u>989</u>       | <u>1,042</u>     | <u>(53)</u>        | -5.1%           |
| Net position:  |                  |                  |                    |                 |
| Net investment in capital assets                         | 20,052           | 28,047           | (7,995)            | -28.5%          |
| Amounts restricted                                       | 7,164            | 5,839            | 1,325              | 22.7%           |
| Unrestricted amounts                                     | 10,840           | 14,402           | (3,562)            | -24.7%          |
| <b>Total net position</b>                                | <u>\$ 38,056</u> | <u>\$ 48,288</u> | <u>\$ (10,232)</u> | -21.2%          |

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

By far the largest component of the District's net position, \$20.1 million, reflects capital assets net of accumulated depreciation less any outstanding debt used to acquire them. The District uses these capital assets to provide services to its constituency; consequently, they are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another component of the District's net position, Amounts Restricted, comprising of \$7.2 million, represents resources that are subject to external restrictions on how they may be used. Loan agreements relating to long-term debt restrict certain amounts for debt service, while regulatory restrictions exist for anticipated closure and post closure costs. These restricted amounts are not available for other uses by the District.

The third and last component of the District's net position is the Unrestricted Amount of \$10.8 million which may be used to meet the District's ongoing obligations to creditors and constituencies.

### Summary of Net Position

(In thousands of dollars)

|  | <u>FY 2018</u>   | <u>FY 2017</u>   | <u>\$ Change</u> | <u>% Change</u> |
|--|------------------|------------------|------------------|-----------------|
| Assets:  |                  |                  |                  |                 |
| Current assets   | \$ 10,082        | \$ 4,837         | \$ 5,245         | 108.4%          |
| Restricted current assets                                | 7,770            | 7,291            | 479              | 6.6%            |
| Restricted non-current assets                            | 17,864           | 26,647           | (8,783)          | -33.0%          |
| Capital assets, net                                      | 50,073           | 52,839           | (2,766)          | -5.2%           |
| Non-current assets                                       | <u>13,778</u>    | <u>5,012</u>     | <u>8,766</u>     | <u>174.9%</u>   |
| <b>Total assets</b>                                      | <u>99,567</u>    | <u>96,626</u>    | <u>2,941</u>     | <u>3.0%</u>     |
| Deferred outflows of resources:                          | <u>2,317</u>     | <u>3,932</u>     | <u>(1,615)</u>   | <u>-41.1%</u>   |
| Liabilities:   |                  |                  |                  |                 |
| Liabilities payable from unrestricted current assets     | 5,554            | 4,414            | 1,140            | 25.8%           |
| Liabilities payable from restricted current assets       | 2,170            | 3,064            | (894)            | -29.2%          |
| Liabilities payable from unrestricted non-current assets | 25,682           | 30,158           | (4,476)          | -14.8%          |
| Liabilities payable from restricted non-current assets   | <u>19,148</u>    | <u>27,553</u>    | <u>(8,405)</u>   | <u>-30.5%</u>   |
| <b>Total liabilities</b>                                 | <u>52,554</u>    | <u>65,189</u>    | <u>(12,635)</u>  | <u>-19.4%</u>   |
| Deferred inflows of resources:                           | <u>1,042</u>     | <u>683</u>       | <u>359</u>       | <u>52.6%</u>    |
| Net position:  |                  |                  |                  |                 |
| Net investment in capital assets                         | 28,047           | 27,818           | 229              | 0.8%            |
| Amounts restricted                                       | 5,839            | 4,917            | 922              | 18.8%           |
| Unrestricted amounts                                     | <u>14,402</u>    | <u>1,951</u>     | <u>12,451</u>    | <u>638.2%</u>   |
| <b>Total net position</b>                                | <u>\$ 48,288</u> | <u>\$ 34,686</u> | <u>\$ 13,602</u> | <u>39.2%</u>    |

In FY 2018, net position increased by \$13.6 million to \$48.3 million, up from \$34.7 million in FY 2017. The increase in assets was due primarily to increased receivables activity related to the Thomas Fire, while the decrease in liabilities was a combination of a reduction in the net pension liability, current year scheduled debt payments, and an adjustment to the landfill closure/post-closure reserve in the amount of \$9.2 million. Finally, the net change in deferred outflows/inflows was primarily a result of \$1.7 million in pension related items.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Changes in Net Position of the District

The Summary of Activities and Changes in Net Position is presented in the following table for your analysis. While the Summary of Net Position shows the change in financial position, the Summary of Activities provides answers as to the nature and source of these changes.

The following table shows the revenue, expenses, and changes in net position for District type activities.

### Summary of Activities and Changes in Net Position

(In thousands of dollars)

|   | <u>FY 2019</u>   | <u>FY 2018</u>   | <u>\$ Change</u>   | <u>% Change</u> |
|---|------------------|------------------|--------------------|-----------------|
| Revenues:                               |                  |                  |                    |                 |
| <b>Operating revenues</b>               |                  |                  |                    |                 |
| Disposal and sanitation fees            | \$ 13,093        | \$ 20,175        | \$ (7,082)         | -35.1%          |
| Contract services                       | 9,099            | 7,902            | 1,197              | 15.1%           |
| Utility electricity sales               | 48               | 111              | (63)               | -56.8%          |
| Other revenue                           | 218              | 2,453            | (2,235)            | -91.1%          |
| <b>Total operating revenues</b>         | <u>22,458</u>    | <u>30,641</u>    | <u>(8,183)</u>     | <u>-26.7%</u>   |
| <b>Non-operating revenues</b>           |                  |                  |                    |                 |
| Interest and investment earnings        | 1,806            | 83               | 1,723              | 2075.9%         |
| Gain on sales of capital assets, net    | -                | 17               | (17)               | -100.0%         |
| Other, net                              | 169              | 1,352            | (1,183)            | -87.5%          |
| <b>Total non- operating revenues</b>    | <u>1,975</u>     | <u>1,452</u>     | <u>523</u>         | <u>36.0%</u>    |
| <b>Total revenues</b>                   | <u>24,433</u>    | <u>32,093</u>    | <u>(7,660)</u>     | <u>-23.9%</u>   |
| Expenses:                               |                  |                  |                    |                 |
| Operating expenses                      | 18,164           | 12,921           | 5,243              | 40.6%           |
| Depreciation and amortization           | 4,491            | 4,253            | 238                | 5.6%            |
| Loss on sales of capital assets, net    | 11,449           | -                | 11,449             | 100.0%          |
| Non-operating expenses                  | 561              | 635              | (74)               | -11.7%          |
| <b>Total expenses</b>                   | <u>34,665</u>    | <u>17,809</u>    | <u>16,856</u>      | <u>94.6%</u>    |
| <b>Change in net position</b>           | <u>(10,232)</u>  | <u>14,284</u>    | <u>(24,516)</u>    | <u>171.6%</u>   |
| <b>Net position, beginning of year</b>  | <u>48,288</u>    | <u>34,686</u>    | <u>13,602</u>      | <u>39.2%</u>    |
| Cumulative effect of accounting changes | <u>-</u>         | <u>(682)</u>     | <u>682</u>         | <u>-100.0%</u>  |
| <b>Net position, beginning of year</b>  | <u>48,288</u>    | <u>34,004</u>    | <u>14,284</u>      | <u>42.0%</u>    |
| <b>Net position, end of year</b>        | <u>\$ 38,056</u> | <u>\$ 48,288</u> | <u>\$ (10,232)</u> | <u>-21.2%</u>   |

Total revenues decreased by \$7,660,000, or 23.9% when compared to FY 2018. This is prominently due to a \$9,263,000 decrease in disposal and sanitation fees, as well as other revenue related to Thomas Fire debris collection. This decrease was offset primarily by a \$1,723,000 increase in interest and investment earnings resulting from an increase in the market value of the District's investments, as well as a \$1,197,000 increase in contract services resulting from the Woolsey Fire and general water wastewater contract increases.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Total expenses increased by \$16,856,000, or 94.6% from FY 2018. The majority of the increase, \$11,532,000, is due to the loss recognized in the write-off of the Biosolids Facility. In addition, operating expenses increased primarily due to a \$9,992,000 updated projection in the Toland Road landfill post-closure projected cost estimate in FY 2018, offset by decreased expenses related to the collection of fire debris.

### Summary of Activities and Changes in Net Position

(In thousands of dollars)

|   | <u>FY 2018</u>   | <u>FY 2017</u>   | <u>\$ Change</u> | <u>% Change</u> |
|---|------------------|------------------|------------------|-----------------|
| Revenues:                               |                  |                  |                  |                 |
| <b>Operating revenues</b>               |                  |                  |                  |                 |
| Disposal and sanitation fees            | \$ 20,175        | \$ 12,639        | \$ 7,536         | 59.6%           |
| Contract services                       | 7,902            | 8,325            | (423)            | -5.1%           |
| Utility electricity sales               | 111              | 77               | 34               | 44.2%           |
| Other revenue                           | 2,453            | 268              | 2,185            | 815.3%          |
| <b>Total operating revenues</b>         | <u>30,641</u>    | <u>21,309</u>    | <u>9,332</u>     | <u>43.8%</u>    |
| <b>Non-operating revenues</b>           |                  |                  |                  |                 |
| Interest and investment earnings        | 83               | 65               | 18               | 27.7%           |
| Gain on sales of capital assets, net    | 17               | 1                | 16               | 1600.0%         |
| Other, net                              | 1,352            | 41               | 1,311            | 3197.6%         |
| <b>Total non- operating revenues</b>    | <u>1,452</u>     | <u>107</u>       | <u>1,345</u>     | <u>1257.0%</u>  |
| <b>Total revenues</b>                   | <u>32,093</u>    | <u>21,416</u>    | <u>10,677</u>    | <u>49.9%</u>    |
| Expenses:                               |                  |                  |                  |                 |
| Operating expenses                      | 12,921           | 17,302           | (4,381)          | -25.3%          |
| Depreciation and amortization           | 4,253            | 4,210            | 43               | 1.0%            |
| Non-operating expenses                  | 635              | 650              | (15)             | -2.3%           |
| <b>Total expenses</b>                   | <u>17,809</u>    | <u>22,162</u>    | <u>(4,353)</u>   | <u>-19.6%</u>   |
| <b>Change in net position</b>           | 14,284           | (746)            | 15,030           | 2014.7%         |
| <b>Net position, beginning of year</b>  | 34,686           | 35,432           | (746)            | -2.1%           |
| Cumulative effect of accounting changes | (682)            | -                | (682)            | 100.0%          |
| <b>Net position, beginning of year</b>  | <u>34,004</u>    | <u>35,432</u>    | <u>(1,428)</u>   | <u>-4.0%</u>    |
| <b>Net position, end of year</b>        | <u>\$ 48,288</u> | <u>\$ 34,686</u> | <u>\$ 13,602</u> | <u>39.2%</u>    |

Total revenues increased by \$10,677,000, or 49.9% when compared to FY 2017. This is mainly due to a \$9,701,000 increase in disposal and sanitation fees related to Thomas Fire debris collection, as well as \$1,305,000 in insurance proceeds received to reimburse the District for damages incurred by the Thomas Fire. These increases were offset primarily by a \$1,197,000 decrease in Biosolids contract services resulting from a 50% decrease in tonnage received. As the biosolids portion of the facility remains in a non-operative status the tons are gradually no longer being accepted at the Toland Road Landfill.

Total expenses decreased by \$4,353,000, or 19.6% from FY 2017. The majority of the decrease, \$9,992,000, is due to an updated Toland Road landfill closure/post-closure projected cost estimate, which allowed for the reduction in current year expenses, as well as a credit for previous years' expenditures. This decrease is offset by \$5,611,000 in increased operating expenses related to the collection of Thomas Fire debris.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Capital Assets

The District's investment in capital assets as of June 30, 2019, amounted to \$79.7 million (at cost) or \$39.0 million (net of accumulated depreciation). District's capital assets include land and land improvements, structures and improvements, construction in progress, equipment, vehicles, and infrastructures. The capital assets of the District are more fully analyzed in Note B4 to the basic financial statements.

Capital assets are illustrated below and show changes from the prior year (in thousands):

Changes in capital asset amounts for 2019 were:

|   | <u>Balance 2018</u> | <u>Additions</u> | <u>Transfers/<br/>Deletions</u> | <u>Balance 2019</u> |
|---|---------------------|------------------|---------------------------------|---------------------|
| Capital Assets:                           |                     |                  |                                 |                     |
| Non-depreciable assets                    | \$ 3,018            | \$ 298           | \$ (42)                         | \$ 3,274            |
| Depreciable assets                        | 93,845              | 4,972            | (22,357)                        | 76,460              |
| Accumulated depreciation and amortization | (46,790)            | (4,491)          | 10,556                          | (40,725)            |
| Total capital assets, net                 | <u>\$ 50,073</u>    | <u>\$ 779</u>    | <u>\$ (11,843)</u>              | <u>\$ 39,009</u>    |

Changes in capital asset amounts for 2018 were:

|   | <u>Balance 2017</u> | <u>Additions</u>  | <u>Transfers/<br/>Deletions</u> | <u>Balance 2018</u> |
|---|---------------------|-------------------|---------------------------------|---------------------|
| Capital Assets:                           |                     |                   |                                 |                     |
| Non-depreciable assets                    | \$ 2,930            | \$ 194            | \$ (106)                        | \$ 3,018            |
| Depreciable assets                        | 92,503              | 1,400             | (58)                            | 93,845              |
| Accumulated depreciation and amortization | (42,594)            | (4,253)           | 57                              | (46,790)            |
| Total capital assets, net                 | <u>\$ 52,839</u>    | <u>\$ (2,659)</u> | <u>\$ (107)</u>                 | <u>\$ 50,073</u>    |

Major capital asset events during the current fiscal year include the following:

- Write-off of the Biosolids and Microturbines Facility
- Replacement of several heavy equipment vehicles to assist Toland Road Landfill operations
- Toland Road Landfill Gas Collection
- Disposal of Millenium Grove

The prior year's major capital asset transactions included:

- Toland Road Landfill Gas Well Expansion
- Toland Road Landfill Scale

Additional information about the District's capital assets is provided in Note B4 of the Notes to the Basic Financial Statements.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Debt Administration

The District total debt outstanding at June 30, 2019, was \$19.0 million excluding capital leases, compensated absences, and other liabilities. During the year, retirement of debt amounted to \$3,087,822.

The table below summarizes the debt outstanding balances at June 30, 2019.

| Direct Borrowings:<br>Description of Project                           | Beginning<br>Balance | Additions   | Payments/<br>Deletions | Ending<br>Balance    | Amounts Due in<br>One Year |
|--|----------------------|-------------|------------------------|----------------------|----------------------------|
| <i>Malibu Bay Club</i>   | \$ 1,522,969         | \$ -        | \$ (151,580)           | \$ 1,371,391         | \$ 155,715                 |
| <i>Toland Landfill Liner<br/>Biosolids Drying<br/>Facility Project</i> | 2,086,943            | -           | (581,585)              | 1,505,358            | 593,216                    |
| <i>Biosolids Drying Facility/<br/>Microturbine Project</i>             | 2,626,099            | -           | (562,233)              | 2,063,866            | 574,216                    |
| <i>Toland Landfill 3B Liner</i>  | 4,380,292            | -           | (689,480)              | 3,690,812            | 705,220                    |
| <i>Toland Landfill 4A Liner</i>  | 2,878,914            | -           | (349,249)              | 2,529,665            | 359,344                    |
|  | 8,625,022            | -           | (753,695)              | 7,871,326            | 776,017                    |
| Total long-term debt   | <u>\$ 22,120,239</u> | <u>\$ -</u> | <u>\$ (3,087,822)</u>  | <u>\$ 19,032,418</u> | <u>\$ 3,163,728</u>        |

Additional information on long-term debt is provided in Note B5 of the Notes to the Basic Financial Statements.

### Economic Factors and Next Year's Budgets and Rates

- The District's fiscal year 2019-20 Adopted Budget totaled \$25,282,910 or 5.81% increase when compared to the prior year.
- Malibu Bay Club sewer service charge per residential unit increased from \$158.43 to \$162.94 effective July 1, 2019. Of the FY2020 monthly sewer fee, \$120.04 will pay for maintenance and operations, \$36.77 will pay back a portion of the deficit accumulated prior to FY2016, and \$6.13 will establish a Reserve Fund.
- On July 1, 2019, the District implemented a new rate calculation formula which increased the hourly billing rates an average of 9.0%. These increases were offset by a reduction in overhead costs allocated to water wastewater customers.

The Board held workshops to assess the available working capital, the operating and capital needs of the District, potential customer growth, potential regulatory impact, and the uncertainty of the current economy. Additional information is provided in the transmittal letter on Page 1 of this report and Notes A6 of the Notes to the Basic Financial Statements.

### Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those interested. Questions concerning any of the information provided should be addressed to the Director of Finance, Ventura Regional Sanitation District, 1001 Partridge Drive, Suite 150, Ventura, California, 93003-0704. You may also visit the District's Web site at [www.vrsd.com](http://www.vrsd.com).

This page intentionally left blank.

# **Basic Financial Statements**



## **Ventura Regional Sanitation District**

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2019 and June 30, 2018



# VENTURA REGIONAL SANITATION DISTRICT

## STATEMENTS OF NET POSITION

June 30, 2019 (with comparative data for June 30, 2018)

| ASSETS  | 2019              | 2018              |
|---|-------------------|-------------------|
| Current assets:   |                   |                   |
| Cash and cash equivalents                               | \$ 2,658,013      | \$ 4,956,358      |
| Accrued interest receivable                             | 146,108           | 125,761           |
| Accounts receivable – disposal and sanitation fees, net | 1,438,498         | 3,740,336         |
| Accounts receivable – contract services, net            | 1,295,008         | 1,036,745         |
| Prepaid and other                                       | 147,914           | 223,088           |
| Total current assets – unrestricted                     | 5,685,541         | 10,082,288        |
| Restricted current assets:                              |                   |                   |
| Cash and cash equivalents                               | 120,222           | 192,437           |
| Investments   | 7,067,185         | 7,359,474         |
| Notes receivable  | 165,984           | 151,579           |
| Accrued interest receivable                             | 80,337            | 66,135            |
| Total current assets – restricted                       | 7,433,728         | 7,769,625         |
| Total current assets – unrestricted and restricted      | 13,119,269        | 17,851,913        |
| Restricted non-current assets:                          |                   |                   |
| Investments   | 17,961,742        | 16,492,952        |
| Notes receivable  | 1,215,676         | 1,371,390         |
| Total non-current assets – restricted                   | 19,177,418        | 17,864,342        |
| Non-current assets:                                     |                   |                   |
| Investments   | 13,951,720        | 13,778,104        |
| Capital assets, net                                     | 39,008,911        | 50,072,649        |
| Net OPEB asset  | 26,268            | -                 |
| Total non-current assets – unrestricted                 | 52,986,899        | 63,850,753        |
| Total non-current assets – unrestricted and restricted  | 72,164,317        | 81,715,095        |
| <b>Total assets</b>                                     | <b>85,283,586</b> | <b>99,567,008</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                   |                   |                   |
| Pension related   | 2,883,655         | 2,184,825         |
| OPEB related  | 2,788             | 37,794            |
| Loss on refunding of debt                               | 75,829            | 94,620            |
| <b>Total deferred outflows of resources</b>             | <b>2,962,272</b>  | <b>2,317,239</b>  |

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

# VENTURA REGIONAL SANITATION DISTRICT

## STATEMENTS OF NET POSITION (continued) June 30, 2019 (with comparative data for June 30, 2018)

| <b>LIABILITIES</b>  | <b>2019</b>          | <b>2018</b>          |
|---|----------------------|----------------------|
| Current liabilities:  |                      |                      |
| Payable from current assets:                                  |                      |                      |
| Accounts payable and accrued expenses                         | \$ 971,326           | \$ 2,204,339         |
| Accrued wages and compensated absences                        | 418,617              | 278,090              |
| Accrued interest payable                                      | 121,541              | 135,153              |
| Installment sale agreement - current portion                  | 3,008,013            | 2,936,243            |
| Payable from current assets – unrestricted                    | 4,519,497            | 5,553,825            |
| Payable from restricted current assets:                       |                      |                      |
| Customer deposits   | 50,796               | 46,388               |
| Landfill closure/postclosure costs - expected within one year | 1,995,114            | 1,971,797            |
| Installment purchase contract - current portion               | 155,715              | 151,579              |
| Payable from current assets – restricted                      | 2,201,625            | 2,169,764            |
| Total current liabilities – unrestricted and restricted       | 6,721,122            | 7,723,589            |
| Non-current liabilities:                                      |                      |                      |
| Payable from non-current assets:                              |                      |                      |
| Net pension liability   | 8,033,007            | 7,331,114            |
| Net OPEB liability  | -                    | 119,879              |
| Installment sale agreement                                    | 14,653,014           | 17,661,027           |
| Unearned revenue  | 375,984              | 375,984              |
| Accrued wages and compensated absences                        | 205,898              | 194,130              |
| Payable from non-current assets – unrestricted                | 23,267,903           | 25,682,134           |
| Payable from restricted non-current assets:                   |                      |                      |
| Malibu Bay Club reserve                                       | 40,017               | 30,455               |
| Landfill closure/postclosure costs                            | 17,956,028           | 17,746,173           |
| Installment purchase contract                                 | 1,215,676            | 1,371,390            |
| Payable from non-current assets – restricted                  | 19,211,721           | 19,148,018           |
| Total non-current liabilities – unrestricted and restricted   | 42,479,624           | 44,830,152           |
| <b>Total liabilities</b>                                      | <b>49,200,746</b>    | <b>52,553,741</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |                      |                      |
| Pension related   | 988,529              | 1,042,399            |
| <b>Total deferred inflows of resources</b>                    | <b>988,529</b>       | <b>1,042,399</b>     |
| <b>NET POSITION</b>   |                      |                      |
| Net investment in capital assets                              | 20,052,322           | 28,047,030           |
| Restricted for:   |                      |                      |
| Debt service  | 1,381,660            | 1,522,969            |
| Landfill closure and postclosure costs                        | 5,078,906            | 4,241,222            |
| Creditors   | 594,779              | -                    |
| Malibu Bay Club   | 108,625              | 74,962               |
| Unrestricted  | 10,840,291           | 14,401,924           |
| <b>Total net position</b>                                     | <b>\$ 38,056,583</b> | <b>\$ 48,288,107</b> |

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

# VENTURA REGIONAL SANITATION DISTRICT

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Fiscal year ended June 30, 2019 (with comparative data for June 30, 2018)

|   | 2019          | 2018          |
|---|---------------|---------------|
| <b>Operating revenues:</b>                            |               |               |
| Disposal and sanitation fees                          | \$ 13,093,423 | \$ 20,174,869 |
| Contract services                                     | 9,098,953     | 7,902,095     |
| Utility electricity sales                             | 47,954        | 110,755       |
| Other revenue   | 217,836       | 2,453,551     |
| Total operating revenues                              | 22,458,166    | 30,641,270    |
| <b>Operating expenses:</b>                            |               |               |
| Salaries and benefits                                 | 9,195,430     | 8,705,859     |
| Management and administrative                         | 527,310       | 378,310       |
| Services and supplies                                 | 3,142,015     | 4,653,117     |
| Professional services                                 | 1,851,660     | 3,966,343     |
| Facility maintenance                                  | 1,327,901     | 1,641,778     |
| Provision for landfill closure/postclosure            | 549,941       | (8,628,028)   |
| Permits, licences and fees                            | 1,569,268     | 2,203,748     |
| Total operating expenses                              | 18,163,525    | 12,921,127    |
| Operating income before depreciation and amortization | 4,294,641     | 17,720,143    |
| Depreciation and amortization                         | (4,491,164)   | (4,252,891)   |
| Operating income(loss)                                | (196,523)     | 13,467,252    |
| <b>Non-operating revenues(expenses):</b>              |               |               |
| Interest and investment earnings                      | 1,805,781     | 82,513        |
| Gain (loss) on sales/disposals of capital assets, net | (11,448,766)  | 16,823        |
| Interest expense                                      | (560,528)     | (634,937)     |
| Other, net  | 168,512       | 1,352,219     |
| Total non-operating revenues (expenses), net          | (10,035,001)  | 816,618       |
| Change in net position                                | (10,231,524)  | 14,283,870    |
| Net position, beginning of year                       | 48,288,107    | 34,686,086    |
| Cumulative effect of accounting changes               | -             | (681,849)     |
| Net position, beginning of year, as restated          | 48,288,107    | 34,004,237    |
| Net position, end of year                             | \$ 38,056,583 | \$ 48,288,107 |

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

## VENTURA REGIONAL SANITATION DISTRICT

### STATEMENTS OF CASH FLOWS

Fiscal year ended June 30, 2019 (with comparative data for June 30, 2018)

|  | <u>2019</u>         | <u>2018</u>         |
|--|---------------------|---------------------|
| Cash flows from operating activities:                                      |                     |                     |
| Receipts from customers for disposal and sanitation services               | \$ 15,398,419       | \$ 17,795,114       |
| Receipts from customers for contract services                              | 8,807,027           | 8,061,665           |
| Receipts from customers for utility electricity sales                      | 47,954              | 110,755             |
| Receipts for other services  | 386,347             | 3,805,777           |
| Payments to vendors for materials and services                             | (9,892,763)         | (12,448,447)        |
| Payments for salaries, benefits and contract labor                         | <u>(9,203,831)</u>  | <u>(8,416,787)</u>  |
| Net cash provided by operating activities                                  | <u>5,543,153</u>    | <u>8,908,077</u>    |
| Cash flows from capital and related financing activities:                  |                     |                     |
| Acquisition and construction of capital assets                             | (5,228,432)         | (1,487,677)         |
| Principal received on notes receivable                                     | 141,309             | 149,612             |
| Proceeds from the sale of capital assets                                   | 352,241             | 17,717              |
| Principal paid on capital debt   | (3,087,822)         | (3,013,781)         |
| Interest paid on capital debt  | <u>(555,351)</u>    | <u>(629,408)</u>    |
| Net cash (used for) capital and related financing activities               | <u>(8,378,055)</u>  | <u>(4,963,537)</u>  |
| Cash flows from investing activities:                                      |                     |                     |
| Interest on cash and cash equivalents                                      | 12,786              | 9,849               |
| Interest and dividends from investments                                    | 1,758,448           | 14,540              |
| Proceeds from sales and maturities of investments                          | 20,159,333          | 18,564,973          |
| Purchases of investments   | <u>(21,466,225)</u> | <u>(21,611,713)</u> |
| Net cash (used for) provided by investing activities                       | <u>464,342</u>      | <u>(3,022,351)</u>  |
| Net (decrease) increase in cash and cash equivalents                       | (2,370,560)         | 922,189             |
| Cash and cash equivalents (unrestricted and restricted), beginning of year | <u>5,148,795</u>    | <u>4,226,606</u>    |
| Cash and cash equivalents (unrestricted and restricted), end of year       | <u>\$ 2,778,235</u> | <u>\$ 5,148,795</u> |
| Reconciliation of cash and cash equivalents to statement of net position:  |                     |                     |
| Cash and cash equivalents  | \$ 2,658,013        | \$ 4,956,358        |
| Restricted cash and cash equivalents                                       | <u>120,222</u>      | <u>192,437</u>      |
| Total cash and cash equivalents  | <u>\$ 2,778,235</u> | <u>\$ 5,148,795</u> |

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



# **VENTURA REGIONAL SANITATION DISTRICT**

## **STATEMENTS OF CASH FLOWS (continued)**

**Fiscal year ended June 30, 2019 (with comparative data for June 30, 2018)**

|  | <u>2019</u>         | <u>2018</u>         |
|--|---------------------|---------------------|
| Reconciliation of operating income (loss) to net cash provided by operating activities:        |                     |                     |
| Operating income(loss)   | \$ (196,523)        | \$ 13,467,252       |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: |                     |                     |
| Depreciation and amortization  | 4,491,164           | 4,252,891           |
| Other non-operating revenues and expenses, net   | 168,512             | 1,352,219           |
| Changes in assets and liabilities:   |                     |                     |
| (Increase)decrease in assets:  |                     |                     |
| Accounts receivable – disposal and sanitation fees, net  | 2,301,838           | (2,393,255)         |
| Accounts receivable – contract services, net   | (258,263)           | 159,561             |
| Net OPEB asset   | (26,268)            | 516,866             |
| Prepaid and other  | 75,174              | (102,753)           |
| Increase(decrease) in liabilities:   |                     |                     |
| Accounts payable and accrued expenses  | (1,233,013)         | 1,045,345           |
| Accrued wages and compensated absences   | 152,295             | 76,845              |
| Customer deposits  | 4,408               | 13,500              |
| Net pension liability  | (50,807)            | (80,857)            |
| Net OPEB liability   | (84,873)            | (599,764)           |
| Unearned revenue   | -                   | 375,984             |
| Tierra Rejada consortium reserve   | -                   | (53,107)            |
| Malibu Bay Club reserve  | (33,663)            | 8                   |
| Landfill closure/postclosure costs   | 233,172             | (9,122,658)         |
| Total adjustments  | 5,739,676           | (4,559,175)         |
| Net cash provided by operating activities  | <u>\$ 5,543,153</u> | <u>\$ 8,908,077</u> |
| Noncash investing, capital, and financing activities:  |                     |                     |
| Disposal of capital assets   | \$ 11,673,865       | \$ -                |

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

This page intentionally left blank.

## **VENTURA REGIONAL SANITATION DISTRICT**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019 (with comparative data for 2018)**

---

#### **A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **1. Reporting Entity**

The Ventura Regional Sanitation District (District) was formed in 1970 under the County Sanitation District Act, California Health & Safety Code 4700 et seq., to coordinate wastewater disposal services within Ventura County. Solid waste management responsibilities were added in 1972. The District provides services to the general public, private industry and various governmental entities. The District's nine-member Board of Directors (Board) is composed of one representative from each of the eight member cities and one representative of special districts in Ventura County.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards. The District is the primary governmental unit based on the foundation of a separately appointed governing board. Component units are legally separate organizations for which the governing board of the primary government is financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The Ventura Regional Public Facilities Corporation (Corporation) was formed on October 25, 1989, to facilitate the issuance of certificates of participation for the acquisition, construction, operation and maintenance of facilities, equipment, or other property needed by the District and leasing or selling such property to the District. As such, it has no employees or other operations. Although the Corporation is legally separate, it is included as a blended component unit of the District, as it is in substance part of the District's operations. There were no outstanding certificates of participation at June 30, 2019, or 2018. No separate financial statements are prepared for the Corporation.

##### **2. Basis of Accounting and Measurement Focus**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing sanitation and contract services to its customers on a continuing basis be financed or recovered primarily through user charges (charges for services), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Ventura Regional Sanitation District, for the sanitation and service contracts, are charges to customers for sales and services. Operating expenses for enterprise funds included the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### 3. Financial Reporting

The District's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards.

#### 4. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

**Use of estimates** - The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**Capital contributions** - Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

**Budgetary policies** - The District adopts an annual budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services, with the exception of non-cancelable orders.

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

##### **Current assets - unrestricted:**

**Cash and cash equivalents** - For purposes of reporting cash flows, the District considers cash and funds invested in the State of California Local Agency Investment Fund (LAIF) and money market funds to be cash equivalents. In addition, all investments with an original maturity of three months or less when purchased are considered cash equivalents.

**Investments** - Investments are stated at fair value, which is based on quoted market prices as of the valuation date. The gain/loss resulting from valuation is reported in the revenue account "Interest and investment earnings" on the accompanying Statement of Revenues, Expenses and Changes in Net Position.

**Accounts receivable** - These amounts are comprised of services provided to customers at the District's Toland Road Landfill, services to other governmental agencies by contract and other amounts due under other operating agreements, such as landfill gas royalties, and are shown net of allowance for uncollectible accounts, if applicable.

**Prepaid expenses** - Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

##### **Current assets - restricted:**

**Notes receivable** - Include amounts due from the Malibu Bay Club Assessment District for the costs of constructing an onsite wastewater treatment system for the Malibu Bay Club, a California non-profit mutual benefit corporation.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### **Current liabilities - payable from current assets:**

**Accounts payable and accrued expenses** - An estimated loss is recorded in this category, net of insurance coverage and inclusive of an estimate for incurred but not reported claims, when it is probable that a claim liability has been incurred and the amount of the loss can be reasonably estimated.

**Accrued wages and compensated absences** - The District's personnel policies provide for accumulation of comprehensive annual leave (CAL). Cash payment of unused CAL is available to those employees who retire or otherwise terminate their employment. Liabilities for CAL is payable upon termination and recorded when benefits are earned. A portion of CAL, based on a 3-year average is recorded as a current liability with the balance reported as a non-current liability.

#### **Current liabilities - payable from restricted current assets:**

**Customer deposits** - The District requires landfill customers to provide a security deposit to activate a charge account. The security deposit can be in the form of cash, certificate of deposit (payable to and held by the District), bonds and/or a letter of credit. The cash deposits are carried on the Statement of Net Position as restricted current assets. The portion of deposits covered by certificates of deposit (held in the customer's name), bonds and letters of credit were \$376,000 at June 30, 2019 and 2018, and are not carried on the Statement of Net Position.

**Capital assets** - Property and equipment with a cost of \$5,000 or more and a life greater than three years are capitalized and stated at cost, except for the portions acquired by contribution, which are reported at their fair market value on the date received. Donated assets are valued at acquisition value on the date donated. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the straight-line method over estimated useful lives of the assets as shown below:

|                            |               |
|----------------------------|---------------|
| Sewage treatment facility  | 40 years      |
| Structure and improvements | 3 to 30 years |
| Equipment                  | 3 to 15 years |

Property and equipment having a cost of less than \$5,000 and all equipment purchased for the District's clients and other entities under various contracts is reported in the expense category "Contracted services - materials and supplies" on the Statement of Revenues, Expenses and Changes in Net Position. Reimbursements from such other entities for these costs are included in the revenue category "Contract services".

**Construction in progress** - Costs associated with developmental stage projects are accumulated in an in-progress account until the project is fully developed. Once the project is complete, the entire cost of the project is transferred to a capital asset account and depreciated over its estimated useful life. The District is continuing the expansion of the Toland Road Landfill to accept a total of 15 million tons of municipal solid waste. Completion of the landfill is estimated to be by the year 2027.

**Landfill Closure/Postclosure Costs** - *expected within one year* - This is the amount approved in the District's annual budget for expected closure/postclosure costs for all landfills for the next fiscal year.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

**Other Assets** - The District established an orchard, named the Millennium Grove, in the year 2000. The approximately 15-acre orchard consisted of about 1,700 avocado trees in an agricultural area on District owned property adjacent to the Toland Road Landfill entrance. In FY 2006, the grove was expanded by four acres and 400 trees. On December 6, 2017, the orchard was severely damaged by the Thomas Fire and deemed non-operational. As of June 30, 2019, the orchard was written-off and the District recognized a \$141,430 loss on the disposal of the asset.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until then. The District currently has pension related and loss on refunding of debt related deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has pension related deferred inflows of resources.

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.
- **Amounts Restricted For** - This component of net position consists of constraints placed on net assets used through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Amounts** - This component of net position consists of amounts that do not meet the definition of restricted or net investment in capital assets.

**Revenue recognition of commodity sales** - In March 2009, the District purchased and installed nine microturbine electric generators at the Toland Road Landfill. The District signed agreements with Southern California Edison (SCE) to interconnect to the power grid. The SCE Power Purchase Agreement (PPA) falls within the scope of the State of California Renewables Portfolio Standard Program (RPS) Program, established in 2002 by Senate Bill 1078. The RPS Program requires investors owned utilities procure an increasing percentage of electricity from the “eligible renewable energy resources”, with an overall target of 20% of their retail sales from such resources by 2010. Eligible renewable energy resources include, among other facilities, any facility in the state that uses biomass, municipal solid waste conversion, or landfill gas technology to generate electricity. The contract allowed the District to generate between 1.0 Megawatt (MW) and 5 MW; however, 3.82 MW is the limit allowed in the District’s California Environmental Quality Act (CEQA) document. The revenues generated from the electrical grid which are purchased by SCE were in the amount of \$47,954 and \$110,755 for the fiscal years ended June 30, 2019 and 2018, respectively. Due to the inability to produce consistent revenues to offset the annual energy damage replacement penalty and the extremely high repair and maintenance costs, the PPA was terminated effective June 1, 2019.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### 5. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

Certain reclassifications have been made to prior year's balances to conform to classifications used in 2019, with no effect on net position.

#### 6. Implementation of new GASB pronouncements

GASB has issued Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements – Amendment of GASB Statement No. 34*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

## B. DETAILED NOTES

### 1. Cash and Investments

|                                      | <u>2019</u>          | <u>2018</u>          |
|--------------------------------------|----------------------|----------------------|
| Cash and cash equivalents            | \$ 2,658,013         | \$ 4,956,358         |
| Restricted cash and cash equivalents | 120,222              | 192,437              |
| Investments                          | 13,951,720           | 13,778,104           |
| Restricted investments               | <u>25,028,927</u>    | <u>23,852,426</u>    |
| Total cash and investments           | <u>\$ 41,758,882</u> | <u>\$ 42,779,325</u> |

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

|                                     | <u>2019</u>         | <u>2018</u>         |
|-------------------------------------|---------------------|---------------------|
| Cash and cash equivalents:          |                     |                     |
| Local Agency Investment Fund (LAIF) | \$ 68,503           | \$ 66,744           |
| Ventura County Treasury Pool        | 58,236              | 56,839              |
| Money market funds                  | 163,984             | 262,026             |
| Sweep account                       | 2,456,053           | 4,736,741           |
| Claims cash account                 | 29,859              | 24,845              |
| Cash on hand                        | <u>1,600</u>        | <u>1,600</u>        |
| Total cash and cash equivalents     | <u>\$ 2,778,235</u> | <u>\$ 5,148,795</u> |

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

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

|                                       | <u>2019</u>          | <u>2018</u>          |
|---------------------------------------|----------------------|----------------------|
| Cash on hand                          | \$ 1,600             | \$ 1,600             |
| Deposits with financial institutions: |                      |                      |
| Sweep account                         | 2,456,053            | 4,736,741            |
| Claims cash account                   | 29,859               | 24,845               |
| Investments:                          |                      |                      |
| Federal Agency                        | 8,222,106            | 6,803,212            |
| Municipal Bonds                       | 752,330              | 731,114              |
| Asset-Backed                          | 3,046,780            | 1,961,489            |
| Corporate Notes                       | 5,619,162            | 5,260,806            |
| U.S. Treasury Notes                   | 16,878,010           | 16,855,872           |
| CD Negotiable                         | 1,946,645            | 3,220,675            |
| Supranational Obligations             | 430,658              | 912,064              |
| Commercial Paper                      | 1,293,899            | 1,086,860            |
| Certificates of deposits              | 791,057              | 798,438              |
| Money market funds                    | 163,984              | 262,026              |
| Local Agency Investment Fund (LAIF)   | 68,503               | 66,744               |
| Ventura County Treasury Pool          | 58,236               | 56,839               |
| Total cash and investments            | <u>\$ 41,758,882</u> | <u>\$ 42,779,325</u> |

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

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



## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

| <u>Authorized Investment Types</u>     | <u>Maximum<br/>Maturity</u> | <u>Maximum<br/>Percentage<br/>of Portfolio</u> | <u>Maximum<br/>Investment in<br/>One Issuer</u> |
|--|-----------------------------|--|---|
| U.S. Government Securities             | 5 years                     | None   | None  |
| U.S. Agency Securities                 | 5 years                     | None   | None  |
| State Municipal Securities             | 5 years                     | None   | None  |
| LAIF                                   | 5 years                     | None   | None  |
| Ventura County Investment Pool         | 5 years                     | None   | None  |
| Local Agency Municipal Securities      | 5 years                     | None   | 5%  |
| Non-Negotiable Certificates of Deposit | 1 years                     | 20%  | 5%  |
| Negotiable Certificates of Deposit     | 5 years                     | 30%  | 5%  |
| Banker's Acceptances                   | 180 days                    | 40%  | 30%   |
| Commercial Paper                       | 270 days                    | 25%  | 10%   |
| Corporate Notes                        | 5 years                     | 30%  | 5%  |
| Mutual Funds                           | N/A                         | 20%  | 5%  |
| Asset-Backed Securities                | 5 years                     | 20%  | 5%  |
| Supranational                          | 5 years                     | 30%  | None  |

#### ***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investment in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions 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 individual collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2019, all of the District's deposits with financial institutions in excess of federal depository insurance limits were collateralized by an interest in an undivided collateral pool as required by State law.

#### ***Cash and Cash Equivalents***

At June 30, 2019 and 2018, the carrying amount of cash in banks was \$2,485,912 and \$4,761,586, respectively, and the corresponding bank balance was \$2,679,234 and \$5,132,739, respectively. The difference between the carrying amount of cash in banks and the corresponding bank balance is due to deposits in transit and outstanding checks.

## **VENTURA REGIONAL SANITATION DISTRICT**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)**

---

#### ***Investment in Ventura County Treasurer Investment Pool***

The District is a voluntary participant in the Ventura County Treasurer's investment pool, which complies with the requirements of the California Government Code. Investments are stated at fair value. The fair value of the District's position in the pool is the same as the value of the pool shares. The District maintains a separate balance and investment income is allocated on a pro rata basis. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments is required under generally accepted accounting principles. The District's deposits in the fund are considered highly liquid.

All wire transfer requests must be delivered to the Auditor's office for transmission the following banking day as follows:

- Wire transfers less than \$200,000 by 3:00 p.m. the previous day.
- Wire transfers \$200,000-\$1,000,000 require a minimum of 24 hours advance notice.
- Transfers greater than \$1,000,000 require a minimum of 1 week advance notice.
- Transfers greater than \$10,000,000 require a minimum of 2 weeks advance notice.
- Deviations from the above schedule or estimated dollar values requires advance approval.

Additional information about the Ventura County investment pool can be obtained from the County of Ventura, California – Treasurer-Tax Collector, 800 South Victoria Avenue, California 93009.

#### ***Investment in State Investment Pool***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying basic financial statements at amounts based on the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Included in LAIF's investment portfolio are structured notes and other asset-backed securities and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The total amount invested by all public agencies in LAIF at June 30, 2019 and 2018 is \$24.6 billion and \$22.5 billion, respectively. LAIF is a part of the California Pooled Money Investment Account (PMIA), which at June 30, 2019 and 2018 had a balance of \$105.7 billion and \$88.8 billion, respectively. Of that amount, 1.77% and 2.67%, respectively, is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 173 days and 193 days as of June 30, 2019 and 2018, respectively.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of a \$1,000 dollars.
- Withdrawals of \$10,000,000 or more require 24 hours advance notice.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

The District's proportionate share of LAIF's market value was \$68,503 and \$66,744 at June 30, 2019 and 2018, respectively. The amounts invested in the California LAIF are not subject to categorization as they do not represent specifically identifiable investment securities.

#### ***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity date:

# **VENTURA REGIONAL SANITATION DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)** **June 30, 2019 (with comparative data for 2018)**

### **Investments at June 30, 2019:**

| <u>Investment Type</u>              | Fair Value<br>Total  | Remaining Maturity (in months) |                     |                      |
|-------------------------------------|----------------------|--------------------------------|---------------------|----------------------|
|                                     |                      | 12 or Less                     | 13-24               | 25-60                |
| Federal Agency                      | \$ 8,222,106         | \$ 2,132,565                   | \$ 1,803,014        | \$ 4,286,527         |
| Municipal Bonds                     | 752,330              | -                              | 416,400             | 335,930              |
| Asset-Backed                        | 3,046,780            | -                              | 233,514             | 2,813,266            |
| Corporate Notes                     | 5,619,162            | 614,035                        | 1,741,943           | 3,263,184            |
| U.S. Treasury Notes                 | 16,878,010           | 2,283,211                      | 2,017,388           | 12,577,411           |
| CD Negotiable                       | 1,946,645            | 743,475                        | 821,063             | 382,107              |
| Supranational Obligations           | 430,658              | -                              | 181,130             | 249,528              |
| Commercial Paper                    | 1,293,899            | 1,293,899                      | -                   | -                    |
| Certificates of deposits            | 791,057              | 66,057                         | -                   | 725,000              |
| Money market funds                  | 163,984              | 163,984                        | -                   | -                    |
| Local Agency Investment Fund (LAIF) | 68,503               | 68,503                         | -                   | -                    |
| Ventura County Treasury Pool        | 58,236               | 58,236                         | -                   | -                    |
| Total                               | <u>\$ 39,271,370</u> | <u>\$ 7,423,965</u>            | <u>\$ 7,214,452</u> | <u>\$ 24,632,953</u> |

### **Investments at June 30, 2018:**

| <u>Investment Type</u>              | Fair Value<br>Total  | Remaining Maturity (in months) |                     |                      |
|-------------------------------------|----------------------|--------------------------------|---------------------|----------------------|
|                                     |                      | 12 or Less                     | 13-24               | 25-60                |
| Federal Agency                      | \$ 6,803,212         | \$ 1,740,446                   | \$ 3,194,592        | \$ 1,868,174         |
| Municipal Bonds                     | 731,114              | -                              | -                   | 731,114              |
| Asset-Backed                        | 1,961,489            | 15,506                         | 238,348             | 1,707,635            |
| Corporate Notes                     | 5,260,806            | 1,134,428                      | 819,636             | 3,306,742            |
| U.S. Treasury Notes                 | 16,855,872           | 1,973,116                      | 3,163,709           | 11,719,047           |
| CD Negotiable                       | 3,220,675            | 1,409,118                      | 1,507,383           | 304,174              |
| Supranational Obligations           | 912,064              | -                              | 496,445             | 415,619              |
| Commercial Paper                    | 1,086,860            | 1,086,860                      | -                   | -                    |
| Certificates of deposits            | 798,438              | 692,573                        | 100,000             | 5,865                |
| Money market funds                  | 262,026              | 262,026                        | -                   | -                    |
| Local Agency Investment Fund (LAIF) | 66,744               | 66,744                         | -                   | -                    |
| Ventura County Treasury Pool        | 56,839               | 56,839                         | -                   | -                    |
| Total                               | <u>\$ 38,016,139</u> | <u>\$ 8,437,656</u>            | <u>\$ 9,520,113</u> | <u>\$ 20,058,370</u> |

# **VENTURA REGIONAL SANITATION DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)** **June 30, 2019 (with comparative data for 2018)**

### ***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy and the actual rating as of year-end for each investment type:

| Investment Type                        | Total as of<br>June 30, 2019 | Minimum<br>Legal<br>Rating | Exempt<br>From<br>Disclosure | AAA                 | AA- to AA+          | A- to A+            | BBB+              | Not rated           |
|--|------------------------------|----------------------------|------------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|
| Federal Agency                         | \$ 8,222,106                 | A                          | \$ -                         | \$ -                | \$ 6,993,303        | \$ -                | \$ -              | \$ 1,228,803        |
| Municipal Bonds                        | 752,330                      | A                          | -                            | -                   | 752,330             | -                   | -                 | -                   |
| Asset-Backed                           | 3,046,780                    | A                          | -                            | 1,806,556           | -                   | -                   | -                 | 1,240,224           |
| Corporate Notes                        | 5,619,162                    | A                          | -                            | -                   | 324,363             | 4,034,302           | 552,479           | 708,018             |
| U.S. Treasury Notes                    | 16,878,010                   | N/A                        | 16,878,010                   | -                   | -                   | -                   | -                 | -                   |
| CD Negotiable                          | 1,946,645                    | N/A                        | -                            | -                   | 489,571             | 220,601             | -                 | 1,236,473           |
| Supranational                          | 430,658                      | N/A                        | -                            | 329,951             | -                   | -                   | -                 | 100,707             |
| Commercial Paper                       | 1,293,899                    | N/A                        | -                            | -                   | -                   | -                   | -                 | 1,293,899           |
| Certificates of deposits               | 791,057                      | N/A                        | 791,057                      | -                   | -                   | -                   | -                 | -                   |
| Money market funds                     | 163,984                      | N/A                        | 163,984                      | -                   | -                   | -                   | -                 | -                   |
| Local Agency Investment<br>Fund (LAIF) | 68,503                       | N/A                        | -                            | -                   | -                   | -                   | -                 | 68,503              |
| Ventura County Treasury<br>Pool        | 58,236                       | N/A                        | -                            | -                   | -                   | -                   | -                 | 58,236              |
| <b>Total</b>                           | <b>\$ 39,271,370</b>         |                            | <b>\$ 17,833,051</b>         | <b>\$ 2,136,507</b> | <b>\$ 8,559,567</b> | <b>\$ 4,254,903</b> | <b>\$ 552,479</b> | <b>\$ 5,934,863</b> |

| Investment Type                        | Total as of<br>June 30, 2018 | Minimum<br>Legal<br>Rating | Exempt<br>From<br>Disclosure | AAA                 | AA- to AA+          | A- to A+            | BBB+                | Not rated           |
|--|------------------------------|----------------------------|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Federal Agency                         | \$ 6,803,212                 | A                          | \$ -                         | \$ -                | \$ 5,393,240        | \$ -                | \$ -                | \$ 1,409,972        |
| Municipal Bonds                        | 731,114                      | A                          | -                            | -                   | 731,114             | -                   | -                   | -                   |
| Asset-Backed                           | 1,961,489                    | A                          | -                            | 939,805             | -                   | -                   | -                   | 1,021,684           |
| Corporate Notes                        | 5,260,806                    | A                          | -                            | -                   | 1,140,402           | 2,510,689           | 1,609,715           | -                   |
| U.S. Treasury Notes                    | 16,855,872                   | N/A                        | 16,855,872                   | -                   | -                   | -                   | -                   | -                   |
| CD Negotiable                          | 3,220,675                    | N/A                        | -                            | -                   | 1,141,351           | 219,991             | -                   | 1,859,333           |
| Obligations                            | 912,064                      | N/A                        | -                            | 812,933             | -                   | -                   | -                   | 99,131              |
| Commercial Paper                       | 1,086,860                    | N/A                        | -                            | -                   | -                   | -                   | -                   | 1,086,860           |
| Certificates of deposits               | 798,438                      | N/A                        | 798,438                      | -                   | -                   | -                   | -                   | -                   |
| Money market funds                     | 262,026                      | N/A                        | 262,026                      | -                   | -                   | -                   | -                   | -                   |
| Local Agency Investment<br>Fund (LAIF) | 66,744                       | N/A                        | -                            | -                   | -                   | -                   | -                   | 66,744              |
| Ventura County Treasury<br>Pool        | 56,839                       | N/A                        | -                            | -                   | -                   | -                   | -                   | 56,839              |
| <b>Total</b>                           | <b>\$ 38,016,139</b>         |                            | <b>\$ 17,916,336</b>         | <b>\$ 1,752,738</b> | <b>\$ 8,406,107</b> | <b>\$ 2,730,680</b> | <b>\$ 1,609,715</b> | <b>\$ 5,600,563</b> |

# VENTURA REGIONAL SANITATION DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

### *Fair Value Measurement*

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Investments reflect prices quoted in active markets;
- *Level 2:* Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and,
- *Level 3:* Investments reflect prices based upon unobservable sources.

The District has the following recurring fair value measurements as of June 30, 2019:

| Investments by Fair Value Level   | Total as of<br>June 30, 2019 | Fair Value Measurements Using   |   |  |
|---|------------------------------|---|---|--|
|   |                              | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Federal Agency  | \$ 8,222,106                 | \$ -  | \$ 8,222,106  | \$ -   |
| Municipal Bonds   | 752,330                      | -   | 752,330   | -  |
| Asset-Backed  | 3,046,780                    | -   | 3,046,780   | -  |
| Corporate Notes   | 5,619,162                    | -   | 5,619,162   | -  |
| CD Negotiable   | 1,946,645                    | -   | 1,946,645   | -  |
| Supranational Obligations   | 430,658                      | -   | 430,658   | -  |
| Commercial Paper  | 1,293,899                    | -   | 1,293,899   | -  |
| U.S. Treasury Notes   | 16,878,010                   | 16,878,010  | -   | -  |
| Total investments measured by fair value level                                  | 38,189,590                   | <u>\$ 16,878,010</u>  | <u>\$ 21,311,580</u>                                      | <u>\$ -</u>  |
| Investments measured at the Net Asset Value (NAV) which approximates fair value |                              |   |   |  |
| Money market funds  | 163,984                      |   |   |  |
| Investments not subject to Fair Value hierarchy                                 |                              |   |   |  |
| Local Agency Investment Fund (LAIF)   | 68,503                       |   |   |  |
| Ventura County Treasury Pool  | 58,236                       |   |   |  |
| Certificates of deposits  | 791,057                      |   |   |  |
|   | <u>917,796</u>               |   |   |  |
| Total   | <u>\$ 39,271,370</u>         |   |   |  |

# **VENTURA REGIONAL SANITATION DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)** **June 30, 2019 (with comparative data for 2018)**

The District has the following recurring fair value measurements as of June 30, 2018:

| Investments by Fair Value Level   | Total as of<br>June 30, 2018 | Fair Value Measurements Using   |   |  |
|---|------------------------------|---|---|--|
|   |                              | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Federal Agency  | \$ 6,803,212                 | \$ -  | \$ 6,803,212  | \$ -   |
| Municipal Bonds   | 731,114                      | -   | 731,114   | -  |
| Asset-Backed  | 1,961,489                    | -   | 1,961,489   | -  |
| Corporate Notes   | 5,260,806                    | -   | 5,260,806   | -  |
| CD Negotiable   | 3,220,675                    | -   | 3,220,675   | -  |
| Supranational Obligations   | 912,064                      | -   | 912,064   | -  |
| Commercial Paper  | 1,086,860                    | -   | 1,086,860   | -  |
| U.S. Treasury Notes   | 16,855,872                   | 16,855,872  | -   | -  |
| Total investments measured by fair value level                                  | 36,832,092                   | <u>\$ 16,855,872</u>  | <u>\$ 19,976,220</u>                                      | <u>\$ -</u>  |
| Investments measured at the Net Asset Value (NAV) which approximates fair value |                              |   |   |  |
| Money market funds  | 262,026                      |   |   |  |
| Investments not subject to Fair Value hierarchy                                 |                              |   |   |  |
| Local Agency Investment Fund (LAIF)   | 66,744                       |   |   |  |
| Ventura County Treasury Pool  | 56,839                       |   |   |  |
| Certificates of deposits  | 798,438                      |   |   |  |
|   | 922,021                      |   |   |  |
| Total   | <u>\$ 38,016,139</u>         |   |   |  |

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than for 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           | 2019         | 2018         |
|---------------------------------------|---------------------------|--------------|--------------|
| Federal Home Loan Bank                | Federal Agency Securities | \$ 2,893,049 | \$ 1,863,339 |
| Federal National Mortgage Association | Federal Agency Securities | 2,691,119    | 2,522,271    |
| Federal Home Loan Mortgage            | Federal Agency Securities | 2,637,938    | 2,417,602    |

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### 2. Accounts Receivable

Disposal and sanitation fees, net - These receivables are comprised of services provided to customers at the District's Toland Road Landfill. They are shown net of an allowance for uncollectable accounts. The allowance totals \$15,690 and \$35,240 at June 30, 2019 and 2018, respectively.

Contract services, net - These receivables result from contractual agreements to provide services such as operation & maintenance of wastewater treatment plants; collection & potable water systems; and engineering, management & administration. They are shown net of an allowance for uncollectable accounts. The allowance totals \$12,932 and \$10,358 at June 30, 2019 and 2018, respectively.

Summary of accounts receivable as reported on the accompanying Statement of Net Position is shown as follows:

| <b>June 30, 2019</b>               |                     |                    |                     |
|------------------------------------|---------------------|--------------------|---------------------|
| <u>Accounts Receivable - Trade</u> | <u>Gross</u>        | <u>Allowance</u>   | <u>Net</u>          |
| Disposal and sanitation            | \$ 1,454,188        | \$ (15,690)        | \$ 1,438,498        |
| Contract services                  | 1,307,940           | (12,932)           | 1,295,008           |
| Total accounts receivable          | <u>\$ 2,762,128</u> | <u>\$ (28,622)</u> | <u>\$ 2,733,506</u> |
| <b>June 30, 2018</b>               |                     |                    |                     |
| <u>Accounts Receivable - Trade</u> | <u>Gross</u>        | <u>Allowance</u>   | <u>Net</u>          |
| Disposal and sanitation            | \$ 3,775,576        | \$ (35,240)        | \$ 3,740,336        |
| Contract services                  | 1,047,103           | (10,358)           | 1,036,745           |
| Total accounts receivable          | <u>\$ 4,822,679</u> | <u>\$ (45,598)</u> | <u>\$ 4,777,081</u> |

#### 3. Notes Receivable

Include amounts due from the Malibu Bay Club Assessment District for the costs of constructing an onsite wastewater treatment system for the Malibu Bay Club, a California non-profit mutual benefit corporation.

#### 4. Capital Assets

Construction/Production in Process - The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction/production in process balances at June 30 are as follows:

| <u>Construction in Progress</u>        | <u>2019</u>       | <u>2018</u>       |
|--|-------------------|-------------------|
| Toland Landfill Phase 2C               | \$ 60,411         | \$ 51,573         |
| Toland Landfill Leachate System        | 219,532           | 37,489            |
| Toland Landfill CUP Extension          | 160,405           | 67,775            |
| Toland Drainage and Basin Modification | 9,775             | -                 |
| MBC System Configuration               | -                 | 42,039            |
| Toland Scalehouse                      | 4,245             | -                 |
| Bailard Shop Upgrade                   | 3,044             | 2,274             |
| Grand total                            | <u>\$ 457,412</u> | <u>\$ 201,150</u> |



# **VENTURA REGIONAL SANITATION DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)** **June 30, 2019 (with comparative data for 2018)**

A summary of changes in capital assets for the years ended June 30, 2019 and 2018 follows:

|  | Beginning<br>Balance<br>June 30, 2018 | Additions         | Deletions              | Ending<br>Balance<br>June 30, 2019 |
|--|---------------------------------------|-------------------|------------------------|------------------------------------|
| Capital assets, not being depreciated        |                                       |                   |                        |                                    |
| Land   | \$ 2,817,108                          | \$ -              | \$ -                   | \$ 2,817,108                       |
| Construction-in-Progress                     | 201,150                               | 298,301           | (42,039)               | 457,412                            |
| Total capital assets, not being depreciated  | 3,018,258                             | 298,301           | (42,039)               | 3,274,520                          |
| Capital assets, being depreciated            |                                       |                   |                        |                                    |
| Structures and improvements                  | 74,292,815                            | 693,358           | (13,538,687)           | 61,447,486                         |
| Equipment                                    | 19,551,585                            | 4,278,812         | (8,818,321)            | 15,012,076                         |
| Total capital assets, being depreciated      | 93,844,400                            | 4,972,170         | (22,357,008)           | 76,459,562                         |
| Less accumulated depreciation for:           |                                       |                   |                        |                                    |
| Structures and improvements                  | (33,477,030)                          | (3,041,064)       | 3,943,020              | (32,575,074)                       |
| Equipment                                    | (13,312,979)                          | (1,450,100)       | 6,612,982              | (8,150,097)                        |
| Total accumulated depreciation               | (46,790,009)                          | (4,491,164)       | 10,556,002             | (40,725,171)                       |
| Total capital assets, being depreciated, net | 47,054,391                            | 481,006           | (11,801,006)           | 35,734,391                         |
| Net capital assets                           | <u>\$ 50,072,649</u>                  | <u>\$ 779,307</u> | <u>\$ (11,843,045)</u> | <u>\$ 39,008,911</u>               |

|  | Beginning<br>Balance<br>June 30, 2017 | Additions             | Deletions           | Ending<br>Balance<br>June 30, 2018 |
|--|---------------------------------------|-----------------------|---------------------|------------------------------------|
| Capital assets, not being depreciated        |                                       |                       |                     |                                    |
| Land   | \$ 2,817,108                          | \$ -                  | \$ -                | \$ 2,817,108                       |
| Construction-in-Progress                     | 113,129                               | 194,390               | (106,369)           | 201,150                            |
| Total capital assets, not being depreciated  | 2,930,237                             | 194,390               | (106,369)           | 3,018,258                          |
| Capital assets, being depreciated            |                                       |                       |                     |                                    |
| Structures and improvements                  | 73,202,780                            | 1,090,035             | -                   | 74,292,815                         |
| Equipment                                    | 19,299,635                            | 309,621               | (57,671)            | 19,551,585                         |
| Total capital assets, being depreciated      | 92,502,415                            | 1,399,656             | (57,671)            | 93,844,400                         |
| Less accumulated depreciation for:           |                                       |                       |                     |                                    |
| Structures and improvements                  | (30,497,360)                          | (2,979,670)           | -                   | (33,477,030)                       |
| Equipment                                    | (12,096,534)                          | (1,273,221)           | 56,776              | (13,312,979)                       |
| Total accumulated depreciation               | (42,593,894)                          | (4,252,891)           | 56,776              | (46,790,009)                       |
| Total capital assets, being depreciated, net | 49,908,521                            | (2,853,235)           | (895)               | 47,054,391                         |
| Net capital assets                           | <u>\$ 52,838,758</u>                  | <u>\$ (2,658,845)</u> | <u>\$ (107,264)</u> | <u>\$ 50,072,649</u>               |

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### 5. Long-Term Debt

##### *Direct Borrowings:*

##### *1) Installment Purchase Agreement*

On June 24, 2016, the District entered into an Installment Purchase Agreement with Compass Mortgage Corporation (Lender) in the amount of \$1,825,000. The funds were used to retire an existing loan with Citizens Bank. The purpose of the original loan was to reimburse the District for the costs advanced for an advanced onsite wastewater treatment system for the Malibu Bay Club, a California non-profit mutual benefit corporation. Semiannual principal and interest payments of \$95,916 are due October 4 and April 4, commencing October 4, 2016 through April 4, 2027. Interest is at 2.71%. The District has pledged the Net Revenues of the Solid Waste operations for the repayment of the loan. The Installment Purchase Agreement contains a provision that in the event of default, the Lender may declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and impose a default rate equal to an additional 5.00%.

##### *2) Installment Sale Agreement*

On January 29, 2016, the District entered into an Installment Sale Agreement with Banc of America Public Capital Corp (Lender) in the amount of \$3,491,504. The funds were used to retire an existing loan with City National Bank. The purpose of the original loan was to provide financing for the expansion of the Toland Road Landfill. Semiannual principal and interest payments of \$310,118 are due June 4 and December 4, commencing June 4, 2016 through December 4, 2021. Interest is at 1.99%. The District has pledged the Net Revenues of the Solid Waste operations for the repayment of the Installment Sale Agreement. The loan contains a provision that in the event of default, the Lender may declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and impose a default rate equal to an additional 4.00%.

##### *3) Installment Sale Agreement*

On January 29, 2016, the District entered into an Installment Sale Agreement with Banc of America Public Capital Corp (Lender) in the amount of \$3,980,887. The funds were received to retire the existing loan with Citizens Bank. The purpose of the original loan was to provide financing for the acquisition and construction of a biosolids drying facility project. Semiannual principal and interest payments of \$307,471 are due June 21 and December 21, commencing June 21, 2016 through December 21, 2022. Interest is at 2.12%. The District has pledged the Net Revenues of the Solid Waste operations for the repayment of the Installment Sale Agreement. The loan contains a provision that in the event of default, the Lender may declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and impose a default rate equal to an additional 4.00%.

##### *4) Installment Sale Agreement*

On January 29, 2016, the District entered into an Installment Sale Agreement with Banc of America Public Capital Corp (Lender) in the amount of \$6,037,415. The funds were used to retire an existing loan with City National Bank. The purpose of the original loan was to provide financing for the acquisition and construction of a biosolids drying facility and microturbine project. Semiannual principal and interest payments of \$392,511 are due November 13 and May 13, commencing May 13, 2016 through May 13, 2024. Interest is at 2.27%. The District has pledged the Net Revenues of the Solid Waste operations for

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

the repayment of the Installment Sale Agreement. The loan contains a provision that in the event of default, the Lender may declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and impose a default rate equal to an additional 4.00%.

#### 5) *Installment Sale Agreement*

On January 29, 2016, the District entered into an Installment Sale Agreement with Banc of America Public Capital Corp (Lender) in the amount of \$3,709,711. The funds were used to retire an existing loan with Bank of America. The purpose of the original loan was to provide financing for the expansion of the Toland Road Landfill. Semiannual principal and interest payments of \$214,693 are due June 23 and December 23, commencing June 23, 2016 through December 23, 2025. Interest is at 2.87%. The District has pledged the District's Net Revenues for the repayment of the Installment Sale Agreement. The loan contains a provision that in the event of default, the Lender may declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and impose a default rate equal to an additional 4.00%.

#### 6) *Installment Sale Agreement*

The District entered into an Installment Sale Agreement with Banc of America Public Capital Corp (Lender) for \$10,068,000. The funds were received to provide financing for the Phase 4 liner project at the Toland Road Landfill. Semiannual principal and interest payments of \$500,886 are due July 29 and January 29, commencing July 29, 2016 through January 29, 2028. Interest is at 2.94%. The District has pledged the District's Net Revenues for the repayment of the Installment Sale Agreement. The loan contains a provision that in the event of default, the Lender may declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and impose a default rate equal to an additional 4.00%.

The following is a schedule of changes in long-term debt of the District for the fiscal year ended June 30, 2019:

| Direct Borrowings:  | Beginning<br>Balance | Additions   | Payments/<br>Deletions | Ending<br>Balance    | Amounts Due<br>in<br>One Year |
|---|----------------------|-------------|------------------------|----------------------|-------------------------------|
| 1) Malibu Bay Club:<br>Jun. 24, 2016                                    | \$ 1,522,969         | \$ -        | \$ (151,580)           | \$ 1,371,391         | \$ 155,715                    |
| 2) Toland Landfill Liner:<br>Jan. 29, 2016                              | 2,086,943            | -           | (581,585)              | 1,505,358            | 593,216                       |
| 3) Biosolids Drying Facility<br>Project: Jan. 29, 2016                  | 2,626,099            | -           | (562,233)              | 2,063,866            | 574,216                       |
| 4) Biosolids Drying Facility/<br>Microturbine Project:<br>Jan. 29, 2016 | 4,380,292            | -           | (689,480)              | 3,690,812            | 705,220                       |
| 5) Toland Landfill 3B Liner:<br>Jan. 29, 2016                           | 2,878,914            | -           | (349,249)              | 2,529,665            | 359,344                       |
| 6) Toland Landfill 4A Liner:<br>Jan. 29, 2016                           | 8,625,022            | -           | (753,695)              | 7,871,326            | 776,017                       |
| Total long-term debt  | <u>\$ 22,120,239</u> | <u>\$ -</u> | <u>\$ (3,087,822)</u>  | <u>\$ 19,032,418</u> | <u>\$ 3,163,728</u>           |

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

The following schedule illustrates the debt service requirements to maturity for loans outstanding as of June 30, 2019:

| Fiscal Years<br>Ending June 30, | Direct Borrowings    |                     |                      |
|---------------------------------|----------------------|---------------------|----------------------|
|                                 | Principal            | Interest            | Total                |
| 2020                            | \$ 3,163,728         | \$ 479,462          | \$ 3,643,190         |
| 2021                            | 3,241,547            | 401,643             | 3,643,190            |
| 2022                            | 3,011,211            | 321,861             | 3,333,072            |
| 2023                            | 2,466,129            | 249,354             | 2,715,483            |
| 2024                            | 2,220,116            | 187,896             | 2,408,012            |
| 2025-2028                       | 4,929,687            | 296,976             | 5,226,663            |
| Total                           | <u>\$ 19,032,418</u> | <u>\$ 1,937,192</u> | <u>\$ 20,969,610</u> |

#### 6. Landfill Closure/Postclosure Costs

As the District's landfill sites reach capacity, the District is responsible for closing them in accordance with applicable regulatory requirements. The District is also responsible for postclosure maintenance of the Ozena Modified Sanitary Landfill, Toland Road Landfill, Coastal Landfill site, Bailard Landfill site, and for water monitoring of the River Ridge Landfill site (the latter under an agreement with the City of Oxnard). District engineers estimate expected closure and postclosure costs related to all of the District's landfill sites. These estimates are updated every five years, with the latest revision taking place in 2017. Such costs are accrued over the estimated useful life of each site. The amount accrued for closure and postclosure costs, using the estimated useful life, represents the ratio of refuse accepted at the site to the sites expected capacity multiplied by the sites total estimated closure and postclosure costs and are subject to changes resulting from inflation, deflation, technology or changes in applicable laws or regulations. The \$19,951,142 reported as landfill closure and postclosure care liability at June 30, 2019, represents the cumulative amount reported to date based on the use of 100% of estimated capacity for the closed landfills, and on 62.1% for the Toland Road Landfill. The District will recognize the remaining estimated cost of closure and postclosure care for the Toland Road Landfill of \$5,715,319 as the remaining estimated capacity is filled.

The District expects to incur continuing maintenance costs related to the closed sites for at least 30 years after closure.

Title 27, California Code of Regulations, Division 2, Subdivision 1, Chapter 6, Subchapter 3, Article 1, Section 22236, requires the estimated closure and postclosure costs for operating landfills and the remaining estimated postclosure costs for certain closed landfills be adjusted for the previous year by a specified inflation percentage. Current regulations also require the District to provide financial assurance to CalRecycle. From the available financial assurance mechanisms, the District has chosen the enterprise fund account method. The District is required to make annual contributions to finance closure and postclosure care. The amount of financial assurance required is adjusted each year to the updated closure/postclosure requirements. In addition, an adjustment percentage to account for inflation of 2.2% and 1.8% was included for the years 2019 and 2018, respectively. The District is in compliance with these requirements, and, at June 30, 2019, cash and cash equivalents and investments of \$24,999,257 are held for these purposes. These are reported as restricted assets on the Statement of Net Position.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

The District has provided the required financial assurance to the CalRecycle estimated closure and postclosure costs for the Coastal, Bailard and Toland Road Landfill sites. The CalRecycle does not require financial assurance for the other District sites; however, the District has set aside funds to provide the required postclosure maintenance of these sites.

The table below shows each landfill or landfill site, capacity of each, remaining life, costs associated with each, and the remaining costs to be recognized as of June 30, 2019.

| <u>Landfill/Site:</u>                          | <u>Bailard</u> | <u>Coastal</u> | <u>Ozena</u> | <u>River Ridge</u> | <u>Toland</u>    |
|--|----------------|----------------|--------------|--------------------|------------------|
| <u>Landfill Capacity:</u>                      |                |                |              |                    |                  |
| Estimated capacity (tons)                      | 3,150,000      | 3,210,289      | 6,250        | 2,400,000          | 15,000,000       |
| Percent used to date                           | 100.0%         | 100.0%         | 100.0%       | 100.0%             | 62.1%            |
| <u>Closure Costs:</u>                          | \$ 13,541,650  | \$ 9,954,107   | \$ 250,000   | \$ 2,250,000       | \$ 5,475,020 (1) |
| Estimated corrective action                    | 499,483        | 366,458        | -            | -                  | 547,637          |
| Total est. postclosure/corrective action costs | 3,866,949      | 3,418,675      | 467,394      | 1,741,316          | 9,057,061        |
| Total costs                                    | 17,908,082     | 13,739,240     | 717,394      | 3,991,316          | 15,079,718       |
| Closures/postclosure recognized                | 17,908,082     | 13,739,240     | 717,394      | 3,991,316          | 9,364,399        |
| Remaining closure/postclosure to be recognized | \$ -           | \$ -           | \$ -         | \$ -               | \$ 5,715,319     |
| (1) Estimated Closure Costs                    |                |                |              |                    |                  |
| <u>Remaining landfill life</u>                 | Closed FY 97   | Closed FY 95   | Closed FY 87 | Closed FY 82       | 8 years          |

The River Ridge site has been closed since 1982, the Ozena Landfill since 1987, the Coastal site since 1995, and the Bailard site since 1997. Postclosure costs for all four have been recognized.

In accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, landfill closure costs and costs to maintain and monitor a landfill site for 30 years after closure are to be accrued during the period the landfill is operated. The District adopted this standard in FY 1994.

#### ***Tierra Rejada Consortium Reserve:***

The District is acting as the project manager to complete the mitigation process on the closed Tierra Rejada Landfill and as trustee of the Consortium's mitigation funds. The District does not own nor has it ever provided tonnage to the Tierra Rejada Landfill. The District was named project manager because of its expertise in the landfill closure/post-closure maintenance process. The Consortium is comprised of the District, the County of Ventura, Simi Valley County Sanitation District and Rancho Simi Recreation and Park District. Prior to fiscal year 2019, the District categorized this reserve as a restricted non-current asset on the Statements of Net Position. As the District incurred expenses related to this project, the restricted reserve decreased to offset the District's expenses incurred on behalf of the Tierra Rejada Consortium project. As of June 30, 2018, the ending balance was depleted. During 2019, the Consortium agreed to continue funding the mitigation costs on an annual basis, rather than pre-funding the reserve. In 2019 and 2018, \$54,688 and \$58,800 in expenses were incurred at the Tierra Rejada Landfill, respectively.

# VENTURA REGIONAL SANITATION DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

### 7. Segment Information

The Water & Wastewater division accounts for the management, operation, and maintenance of water and wastewater facilities throughout Ventura County. The Solid Waste division accounts for the management and operation of six municipal waste landfills, only one of which is active. The Biosolids division includes the management and operation of the Biosolids and Microturbines facilities. Selected segment information for the year ended June 30, 2019, is as follows:

#### Condensed Statement of Net Position

|  | Water and<br>Wastewater | Solid Waste          | Biosolids              |
|--|-------------------------|----------------------|------------------------|
| Current assets   | \$ (2,468,910)          | \$ 35,692,358        | \$ (15,246,971)        |
| Restricted current assets                                | 165,984                 | 7,266,494            | -                      |
| Restricted non-current assets                            | 1,364,318               | 17,813,100           | -                      |
| Capital assets, net                                      | 2,721,445               | 35,043,489           | 1,088,586              |
| Non-current assets                                       | 10,312                  | 9,180                | -                      |
| Total assets   | <u>1,793,149</u>        | <u>95,824,621</u>    | <u>(14,158,385)</u>    |
| Deferred outflows of resources                           | 1,110,410               | 968,924              | 50,676                 |
| Liabilities payable from unrestricted current assets     | 244,199                 | 2,756,490            | 1,329,721              |
| Liabilities payable from restricted current assets       | 155,715                 | 2,044,660            | -                      |
| Liabilities payable from unrestricted non-current assets | 3,284,646               | 12,952,636           | 4,475,243              |
| Liabilities payable from restricted non-current assets   | 1,255,693               | 17,956,028           | -                      |
| Total liabilities  | <u>4,940,253</u>        | <u>35,709,814</u>    | <u>5,804,964</u>       |
| Deferred inflows of resources                            | 374,881                 | 702,900              | -                      |
| Net position   |                         |                      |                        |
| Net investment in capital assets                         | 1,362,248               | 23,150,100           | (4,615,417)            |
| Restricted   | 1,490,285               | 5,078,906            | -                      |
| Unrestricted   | (5,264,108)             | 32,151,825           | (15,297,256)           |
| Total net position (deficit)                             | <u>\$ (2,411,575)</u>   | <u>\$ 60,380,831</u> | <u>\$ (19,912,673)</u> |

# **VENTURA REGIONAL SANITATION DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)** **June 30, 2019 (with comparative data for 2018)**

### **Condensed Statement of Revenues, Expenses and Changes in Net Position**

|   | Water and<br>Wastewater | Solid Waste          | Biosolids              |
|---|-------------------------|----------------------|------------------------|
| Operating revenues:                       |                         |                      |                        |
| Disposal and sanitation fees              | \$ -                    | \$ 13,093,423        | \$ -                   |
| Contract services                         | 6,517,072               | -                    | 913,439                |
| Utility electricity sales                 | -                       | -                    | 47,954                 |
| Other revenue                             | 10,736                  | 184,436              | 15,476                 |
| Total operating revenues                  | <u>6,527,808</u>        | <u>13,277,859</u>    | <u>976,869</u>         |
| Operating expenses:                       |                         |                      |                        |
| Salaries and benefits                     | 3,577,575               | 3,335,735            | -                      |
| Depreciation                              | 304,576                 | 3,058,348            | 1,051,330              |
| Other operating expenses                  | 1,853,299               | 5,088,895            | 544,498                |
| Total operating expenses                  | <u>5,735,450</u>        | <u>11,482,978</u>    | <u>1,595,828</u>       |
| Operating income                          | <u>792,358</u>          | <u>1,794,881</u>     | <u>(618,959)</u>       |
| Non-operating revenues(expenses):         |                         |                      |                        |
| Interest and investment earnings          | 192,606                 | 1,554,478            | 11,139                 |
| Interest expense                          | (40,845)                | (361,875)            | (157,808)              |
| Other non-operating revenue(expense)      | 43,110                  | 33,893               | (11,357,596)           |
| Total non-operating revenues (expenses)   | <u>194,871</u>          | <u>1,226,496</u>     | <u>(11,504,265)</u>    |
| Transfers in/(out)                        | <u>(85,449)</u>         | <u>(949,723)</u>     | <u>(51,049)</u>        |
| Change in net position                    | <u>901,780</u>          | <u>2,071,654</u>     | <u>(12,174,273)</u>    |
| Net position (deficit), beginning of year | <u>(3,313,355)</u>      | <u>58,309,177</u>    | <u>(7,738,400)</u>     |
| Net position (deficit), end of year       | <u>\$ (2,411,575)</u>   | <u>\$ 60,380,831</u> | <u>\$ (19,912,673)</u> |

### **Condensed Statement of Cash Flows**

|   | Water and<br>Wastewater | Solid Waste          | Biosolids              |
|---|-------------------------|----------------------|------------------------|
| Net cash provided by<br>operating activities                    | \$ 1,023,147            | \$ 6,477,251         | \$ 353,209             |
| Net cash (used for)<br>non-capital financing activities         | (85,451)                | (949,723)            | (51,046)               |
| Net cash (used for)<br>capital and related financing activities | (130,716)               | (7,193,615)          | (1,034,331)            |
| Net cash provided by<br>investing activities                    | 192,609                 | 398,420              | 11,139                 |
| Net increase (decrease)   | <u>999,589</u>          | <u>(1,267,667)</u>   | <u>(721,029)</u>       |
| Cash and cash equivalents,<br>beginning of year                 | <u>(4,531,153)</u>      | <u>35,540,014</u>    | <u>(14,533,495)</u>    |
| Cash and cash equivalents,<br>end of year                       | <u>\$ (3,531,564)</u>   | <u>\$ 34,272,347</u> | <u>\$ (15,254,524)</u> |

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### 8. Defined Benefit Pension Plans

##### *General Information about the Pension Plan*

The District participates in two defined benefit pension plans, the Ventura County Employees' Retirement Association (VCERA) pension plan and a Public Agency Retirement System (PARS) Retirement Enhancement Plan. The pension plans consist of a cost-sharing multiple employer defined benefit pension and a defined benefit single-employer retirement plan, respectively. The summary of the pension related liability, deferred inflows of resources and deferred outflows of resources, and pension expense/expenditures are as follows:

|   | VCERA Plan   | PARS Plan  | Total        |
|---|--------------|------------|--------------|
| Deferred Outflows of Resources -<br>Pension Related | \$ 2,647,644 | \$ 236,011 | \$ 2,883,655 |
| Net Pension Liability                               | 3,678,779    | 4,354,228  | 8,033,007    |
| Deferred Inflows of Resources -<br>Pension Related  | 937,610      | 50,919     | 988,529      |
| Pension expenses                                    | 741,688      | 804,588    | 1,546,276    |

#### A. **Ventura County Employees' Retirement Association (VCERA)**

##### *Plan Description*

The District participates in the Ventura County Employees' Retirement Association (VCERA) pension plan, a cost-sharing multiple-employer defined benefit pension plan (the Plan). VCERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The Board of Retirement is responsible for the general management of VCERA and for determining VCERA's investment objectives, strategies, and policies. The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the County of Ventura Board of Supervisors, the VCERA Board of Retirement, and/or the District's Boards of Directors. VCERA is a tax qualified plan under Section 401(a) of the Internal Revenue Code. Membership to the plan is mandatory for employees with regular bi-weekly work schedule of 64 hours or more. Members employed up to and including June 30, 1979 and certain management personnel who entered service prior to October 16, 2001 are designated as Tier 1 members. Currently, there are no District



## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

staff members that fall into this category. Members employed after June 30, 1979 through December 31, 2012, are designated as Tier 2 members (Classic members). New members employed after January 1, 2013 are designated as PEPRA members.

VCERA is a legally separate entity from the District, not a component unit, and there is no financial interdependency with the County of Ventura. For these reasons, the District's financial statements exclude the VCERA pension plan as of June 30, 2019. VCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, that can be obtained by writing VCERA at, 1190 South Victoria Avenue, Suite 200, Ventura, California 93003 or visiting the website at: [www.vcera.org](http://www.vcera.org).

#### **Benefits Provided**

VCERA provides retirement, disability, death and survivor benefits to eligible members. The retirement benefit the member will receive is based upon age at retirement, final compensation, years of service, and retirement plan tier as follows:

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

|  | <b>Tier 1</b>  | <b>Tier 2</b>  | <b>PEPRA</b>  |
|--|--|--|---|
| <b>Hire Date</b>   | Prior to July 1, 1979  | July 1, 1979 to December 31, 2012  | On or after January 1, 2013   |
| <b>Final Average Compensation</b>  | Highest 12 consecutive months  | Highest 36 consecutive months  | Highest 36 consecutive months   |
| <b>Normal Retirement Age</b>   | Age 55   | Age 55   | Age 55  |
| <b>Early Retirement: Years of service required and/or age eligible for</b> | Age 70 any years<br>10 years age 50<br>30 years any age  | Age 70 any years<br>10 years age 50<br>30 years any age  | Age 70 any years<br>5 years age 52<br>N/A   |
| <b>Benefit percent per year of service for normal retirement age</b>       | The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from section 31676.11. | The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from section 31676.11. | The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from section 7522.20(a). |
| <b>Final Average Compensation Limitation</b>                               | 100% of final compensation   | 100% of final compensation   | May be over 100% subject to the provisions of PEPRA   |
| <b>Required employee contribution rates</b>                                | Varies   | Varies   | Varies  |
| <b>Required employer contribution rates</b>                                | 18.18%   | 17.36%   | 16.12%  |

## **VENTURA REGIONAL SANITATION DISTRICT**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)**

---

VCERA provides an annual cost-of-living benefit to Tier 1 general member retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the Los Angeles, Riverside, Orange County area, is capped at 3.0%. Certain Tier 2 general member retirees receive a fixed 2% cost-of-living adjustment pursuant to collective bargaining agreements.

#### ***Contributions***

Participating employers and active members are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454, for participating employers and Government Code sections 31621.6, 31639.25 and 7522.30 for active members. The contribution requirements are established and may be amended by the VCERA Board of Retirement pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and employer contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability. Participating employers may pay a portion of the active members' contributions through negotiations and bargaining agreements.

Employer Contributions to the Plan for the fiscal year ended June 30, 2019 were \$959,239. The actual employer payments of \$959,239 made to VCERA by the District during the measurement period ended June 30, 2019 differed from the District's proportionate share of the employer's contributions of \$926,679 by \$32,560, which is being amortized over the expected average remaining service lifetime in the VCERA Cost-Sharing Multiple Employer Plan.

#### ***Net Pension Liability***

The District's Net Pension Liability (NPL) 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, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

# VENTURA REGIONAL SANITATION DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

### *Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

|   |  |
|---|--|
| Valuation date                            | June 30, 2017  |
| Measurement date                          | June 30, 2018  |
| Actuarial Cost Method                     | Entry Age Normal   |
| Asset Valuation Method                    | Market value of assets   |
| Actuarial Assumptions                     |  |
| Discount rate                             | 7.25%  |
| Inflation                                 | 2.75%  |
| Real across-the-board salary increase     | 0.50%  |
| Projected salary increases <sup>(1)</sup> | 3.75% - 11.75% varying by service,<br>including inflation              |
| Investment rate of return                 | 7.25%, net of pension plan<br>investment expenses, including inflation |
| Cost of living adjustments                | 2% to 3%   |
| Mortality rate table <sup>(2)</sup>       | Derived using VCERA participant<br>Data for all employees              |

(1) Annual increases vary by category, entry age, and duration of service.

(2) Post-retirement mortality is based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables projected generationally with two-dimensional mortality improvement scale MP-2017.

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 inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

| <b>Asset Class</b>             | <b>Target Allocation</b> | <b>Long-Term Expected Arithmetic Real Rate of Return</b> |
|--------------------------------|--------------------------|--|
| Large Cap U.S. Equity          | 27.04%                   | 5.32%  |
| Small Cap U.S. Equity          | 4.48%                    | 6.07%  |
| Developed International Equity | 17.32%                   | 6.68%  |
| Emerging Market Equity         | 4.16%                    | 8.87%  |
| Core Bonds                     | 9.00%                    | 1.04%  |
| Real Estate                    | 8.00%                    | 4.65%  |
| Master Limited Partnerships    | 4.00%                    | 6.31%  |
| Absolute Return (Fixed Income) | 7.00%                    | 1.71%  |
| Private Debt/Credit Strategies | 3.00%                    | 5.50%  |
| Absolute Return (Risk Parity)  | 6.00%                    | 4.63%  |
| Private Equity                 | 10.00%                   | 8.97%  |
| <b>Total</b>                   | <b>100.00%</b>           |  |

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### *Change of Assumptions*

The original discount rate used to determine the Total Pension Liability (TPL) and NPL as of June 30, 2018 was 7.50%, following the same assumption used by VCERA in the pension funding valuation as of June 30, 2017. The Retirement Board approved a new discount rate of 7.25% (together with other new actuarial assumptions) for use in the pension funding valuation as of June 30, 2018. The impact of this assumption change is reflected by (1) revaluing the actuarial TPL as of June 30, 2017 (before the roll forward) and (2) using this revalued TPL in rolling forward the results from June 30, 2017 to June 30, 2018.

#### *Discount Rate*

The discount rate used to measure the TPL for the measurement date June 30, 2018 was 7.25%. The discount rate used to measure the TPL in the previous year was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2018 and June 30, 2017.

#### *Pension Plan Fiduciary Net Position*

Detailed information about the VCERA's fiduciary net position is available in a separately issued VCERA comprehensive annual financial report. That report may be obtained on the Internet at [www.ventura.org/vcera](http://www.ventura.org/vcera); by writing to VCERA at 1190 S. Victoria Avenue, Suite 200, Ventura, CA 93003; or by calling (805) 339-4250.

#### *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<br>Liability | Plan Fiduciary Net<br>Position | Plan Net Pension<br>Liability |
|                            | (a)                             | (b)                            | (c) = (a) - (b)               |
| Balance at: 6/30/2017 (VD) | \$ 22,766,459                   | \$ 19,908,208                  | \$ 2,858,251                  |
| Balance at: 6/30/2018 (MD) | 31,038,300                      | 27,359,521                     | 3,678,779                     |
| Net changes during 2017-18 | 8,271,841                       | 7,451,313                      | 820,528                       |

Valuation Date (VD), Measurement Date (MD)

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan was as follows:

|  |        |
|--|--------|
| Proportionate share at June 30, 2018<br>(measurement date June 30, 2017) | 0.401% |
| Proportionate share at June 30, 2019<br>(measurement date June 30, 2018) | 0.507% |
| Change - Increase (Decrease)   | 0.106% |

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

The following presents the District's proportionate share of the net pension liability of the Plan as of June 30, 2018, the measurement date, calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

|                       | <b>1.00% Decrease<br/>(6.25%)</b> | <b>Current Discount<br/>Rate (7.25%)</b> | <b>1.00% Increase<br/>(8.25%)</b> |
|-----------------------|-----------------------------------|--|-----------------------------------|
| Net Pension Liability | \$ 7,932,506                      | \$ 3,678,779                             | \$ 172,589                        |

#### *Subsequent Events*

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

#### *Recognition of Gains and Losses*

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.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

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

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

There are differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2018. These differences are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through VCERA which is 5.48 years determined as of June 30, 2017 (the beginning of the measurement period ending June 30, 2018).

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

As of the start of the measurement period (July 1, 2017), the net pension liability for the plan was \$2,858,251. For the measurement period ending June 30, 2018 (the measurement date), the District incurred pension expense of \$741,688 for the Plan.

As of June 30, 2019, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Changes in employer's proportion  | \$ 718,897                                    | \$ 339,751                                   |
| Net difference between projected and actual earnings on pension plan investments                        | -   | 208,553                                      |
| Difference between expected and actual experience in the Total Pension Liability                        | 110,118                                       | 389,306                                      |
| Changes of assumptions or other inputs  | 809,606                                       | -  |
| Difference between the employer's contributions and the employer's proportionate share of contributions | 49,783  | -  |
| Pension contributions subsequent to measurement date  | 959,239                                       | -  |
| Total   | <u>\$ 2,647,644</u>                           | <u>\$ 937,610</u>                            |

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

These amounts on the previous page are net of outflows and inflows recognized in the 2017-18 measurement period expense. \$959,239 reported as deferred outflows of resources related to contributions subsequent to the measurement date are contributions made after the measurement date of the net pension liability but before the end of the District's reporting period, which will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal year. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| <b>Fiscal Year<br/>Ended June 30:</b> | <b>Deferred<br/>Outflows/(Inflows)<br/>of Resources</b> |
|---------------------------------------|---|
| 2020                                  | \$ 509,090  |
| 2021                                  | 156,610   |
| 2022                                  | (180,022)   |
| 2023                                  | 131,390   |
| 2024                                  | 133,726   |
| Thereafter                            | -   |

#### ***Payable to the Pension Plan***

As of June 30, 2019, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

## **B. Public Agency Retirement System (PARS) – Retirement Enhancement Plan**

### ***Plan Description***

In accordance with the Federal Omnibus Budget Reconciliation Act of 1990, the District established a supplemental pension benefit for substantially all of its employees through the Public Agency Retirement System (PARS) Retirement Enhancement Plan (REP). The REP is a defined benefit plan, single-employer retirement plan, and is administered for the District through a third party administrator, PARS. The REP provides for a pension retirement benefit to substantially all District employees as long as they meet the eligibility requirements.

The Public Agency Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Agency Retirement System, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### *Benefits Provided*

The Retirement Enhancement Plan (REP) was adopted in December 2003 and amended in July 2005, October 2009, and January 2011. The REP is comprised of the following two groups:

- Group 1 – This plan was adopted in December 2003 and provides a benefit to active employees on or after January 1, 2004, equal to the difference of the CalPERS “2% at 55” formula and the Ventura County Employees’ Retirement Association (VCERA) Tier 1 or Tier 2 benefit formula. The Tier 1 and Tier 2 VCERA monthly benefits include the \$108.44 per month supplement.
- Group 2 – This plan was adopted in July 2005 and provides a 2% cost-of-living benefit to active employees retiring on or after July 1, 2005 if they are VCERA Tier 2 member that does not receive a cost-of-living adjustment (COLA) under VCERA. The Group 2 benefit is a 2% COLA on the member’s underlying VCERA plan benefit.

The Plan was amended in 2009, reflecting the addition of Group 3/Early Retirement Incentive Plan (ERIP) which provided a benefit for employees who terminated employment with the District effective March 30, 2010, and concurrently retired under a Regular Service Retirement under VCERA. The District began funding for the ERIP in March of 2010. All funding obligations were satisfied after the District’s final contribution was made in March of 2014.

The District has amended the Plan effective July 1, 2011, such that eligible employees in Groups 1 and 2 must be hired prior to a specific date (“soft-freeze”) depending on their bargaining unit as follows:

- IUOE and Independently Represented – hired in a regular status position prior to July 1, 2011.
- SEIU – hired in a regular status position prior to July 1, 2012.

The Plan’s provisions and benefits in effect at June 30, 2019, (measurement date) are summarized as follows:

|   | <b>Group 1</b>   | <b>Group 2</b>   |
|---|--|--|
| <b>Hire Date</b>  | On or after January 1, 2004 but before "soft freeze" date of bargaining unit | On or after July 1, 2005, but before "soft freeze" date of bargaining unit |
| <b>Benefit formula</b>                                  | CalPERS "2% @ 55" formula less VCERA Tier 1 or 2 formula                     | CalPERS "2% @ 55" formula less VCERA Tier 1 or 2 formula 2% COLA           |
| <b>Benefit vesting schedule</b>                         | From date of hire  | From date of hire  |
| <b>Benefit payments</b>                                 | Life-only annuity  | Life-only annuity  |
| <b>Retirement age</b>                                   | On or after 50   | On or after 50   |
| <b>Monthly benefits as a % of eligible compensation</b> | Various, coordinated with VCERA benefits                                     | Various, coordinated with VCERA benefits                                   |
| <b>Required employee contribution rates</b>             | 1% of annual compensation  | 1% of annual compensation  |
| <b>Required employer contribution rates</b>             | 23.08%   | 23.08%   |



## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### *Employees Covered*

At June 30, 2017 (valuation date), the following employees were covered by the benefit terms:

|                                     | PARS      |
|-------------------------------------|-----------|
| Active employees                    | 29        |
| Retirees and beneficiaries          | 33        |
| Terminated, vested & other inactive | 3         |
|                                     | <u>65</u> |

#### *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 PARS' actuarial valuation process, performed at least every two years. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance 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. Employer Contributions to the Plan for the fiscal year ended June 30, 2019 were \$547,428.

Commencing January 1, 2013, employees are required to contribute a percentage equal to one percent (1 %) of their compensation each year. The mandatory employee contribution percentage is subject to change from time to time. Employees who terminate employment with VRSD prior to being eligible for a REP benefit will receive the return of their employee contributions with three percent (3%) interest per annum payable as a lump sum distribution.

#### *Net Pension Liability*

The District's net pension liability for the Retirement Enhancement 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, 2017. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### *Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

|                           | <b>PARS</b>  |
|---------------------------|--|
| Valuation date            | June 30, 2017  |
| Measurement date          | June 30, 2019  |
| Actuarial cost method     | Entry age normal   |
| Asset valuation method    | None   |
| Actuarial assumptions:    |  |
| Discount rate             | 6.50%  |
| Inflation                 | 2.75%  |
| Salary increases (1)      | 3.50% - 12.20%   |
| Investment rate of return | 6.50%  |
| Cost of living adjustment | 2.00%  |
| Mortality rate table      | <b>Pre-Retirement:</b> Non-Industrial rates used to value the Miscellaneous Agency CalPERS Pension Plans.<br><b>Post-Retirement:</b> CalPERS 1997-2011 Healthy Retiree Tables (sex-distinct) with an assumed base year of 2008 and full generational projections using Scale AA. |

(1) Includes inflation. Graded rates based on years of service, 3.50% after 30 years of service.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

#### ***Discount Rate***

The discount rate used to measure the total pension liability was 6.50 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The current 6.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. Refer to the sensitivity of the net pension liability to changes in the discount rate section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2018. The following table reflects long-term expected real rate of return by asset class.

| <b>Asset Class</b>         | <b>Target<br/>Allocation</b> | <b>Long-Term<br/>Expected<br/>Arithmetic Real<br/>Rate of Return</b> | <b>Long-Term<br/>Expected<br/>Geometric Real<br/>Rate of Return</b> |
|----------------------------|------------------------------|--|---|
| Cash                       | 2.66%                        | 0.31%  | 0.31%   |
| Core fixed income          | 46.59%                       | 2.14%  | 2.02%   |
| Broad US equities          | 37.19%                       | 4.59%  | 3.32%   |
| Foreign Developed Equities | 8.58%                        | 5.52%  | 3.91%   |
| Emerging market equities   | 3.57%                        | 7.82%  | 4.59%   |
| US REITs                   | 1.41%                        | 5.04%  | 3.27%   |
|                            | <u>100.00%</u>               |  |   |
| Assumed inflation - mean   |                              | 2.32%  | 2.30%   |

#### *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 PARS' GASB 68 disclosure report. PARS' actuarial valuation report is derived from unaudited plan information. 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.

# **VENTURA REGIONAL SANITATION DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)** **June 30, 2019 (with comparative data for 2018)**

### ***Changes in Net Pension Liability***

The following table shows the changes in net pension liability recognized over the measurement period.

|   | Increase (Decrease)     |                             |                       |
|---|-------------------------|-----------------------------|-----------------------|
|   | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|   | (a)                     | (b)                         | (c) = (a) - (b)       |
| <b>Balance at: 6/30/2018</b>                                    | <b>\$ 10,510,520</b>    | <b>\$ 6,037,657</b>         | <b>\$ 4,472,863</b>   |
| <b>Changes recognized for the measurement period:</b>           |                         |                             |                       |
| • Service cost  | 125,717                 | -                           | 125,717               |
| • Interest on the total pension liability                       | 679,136                 | -                           | 679,136               |
| • Contributions from the employer                               | -                       | 547,428                     | (547,428)             |
| • Contributions from employees                                  | -                       | 22,976                      | (22,976)              |
| • Net investment income   | -                       | 389,917                     | (389,917)             |
| • Administrative expenses                                       | -                       | (36,833)                    | 36,833                |
| • Benefit payments, including refunds of employee contributions | (375,995)               | (375,995)                   | -                     |
| <b>Net changes during 2018-19</b>                               | <b>\$ 428,858</b>       | <b>\$ 547,493</b>           | <b>\$ (118,635)</b>   |
| <b>Balance at: 6/30/2019</b>                                    | <b>\$ 10,939,378</b>    | <b>\$ 6,585,150</b>         | <b>\$ 4,354,228</b>   |

### ***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.50 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 (5.50 percent) or 1 percentage-point higher (7.50 percent) than the current rate:

|                            | 1.00% Decrease<br>(5.50%) | Current<br>Discount Rate<br>(6.50%) | 1.00% Increase<br>(7.50%) |
|----------------------------|---------------------------|-------------------------------------|---------------------------|
| PARS net pension liability | \$ 5,800,741              | \$ 4,354,228                        | \$ 3,065,544              |

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### *Subsequent Events*

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

#### *Recognition of Gains and Losses*

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:

|  |  |
|--|--|
| Difference between projected and actual earnings | 5 year straight-line amortization  |
| All other amounts                                | Straight-line amortization over the average expected remaining service lives 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).

#### *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 net pension liability is \$4,472,863.

For the measurement period ending June 30, 2019 (the measurement date), the District incurred a pension expense of \$804,588 for the Plan. A complete breakdown of the pension expense is as follows:

| <b>Components of pension expense:</b>                   |                   |
|---|-------------------|
| Service cost  | \$ 125,717        |
| Interest on the total pension liability                 | 679,136           |
| Expected investment income (net of investment expenses) | (397,193)         |
| Member contributions                                    | (22,976)          |
| Administrative expense                                  | 36,833            |
| Recognition of deferred inflows/outflows of resources   |                   |
| Economic/demographic gains or losses                    | 37,849            |
| Assumption changes or inputs                            | 257,607           |
| Investment gains or losses                              | 87,615            |
| <b>Pension expense</b>                                  | <b>\$ 804,588</b> |

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

As of June 30, 2019, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Difference between expected and<br>actual experience                                | \$ 69,316                                     | \$ 50,919                                    |
| Changes of assumptions  | 140,102                                       | -  |
| Net difference between projected and<br>actual earnings on pension plan investments | 26,594  | -  |
| Total   | <u>\$ 236,012</u>                             | <u>\$ 50,919</u>                             |

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

| <b>Fiscal Year Ended<br/>June 30:</b> | <b>Deferred<br/>Outflows/(Inflows) of<br/>Resources</b> |
|---------------------------------------|---|
| 2020                                  | \$ 195,472  |
| 2021                                  | (18,095)  |
| 2022                                  | 6,260   |
| 2023                                  | 1,456   |
| 2024                                  | -   |
| Thereafter                            | -   |

#### ***Payable to the Pension Plan***

At June 30, 2019, the District reported a payable of \$21,446 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### 9. Other Post Employment Benefits

##### *Plan Description*

The District provides post-retirement healthcare benefits, in accordance with California Public Employees' Retirement System (CalPERS), to all employees who retire from the District after attaining the age of 50 with at least ten years of service and elect to be covered. Benefits are set by the Board of Directors and can be amended by the Board. The benefits consist of a fixed monthly amount which is adjusted based on the medical care component of the CPI. The District is part of the Public Agency portion of the Public Agency Retirement System (PARS), an agent multiple-employer plan administered by PARS, which acts as a common investment and administrative agent for participating public employees within the State of California. The Public Agency Retirement System issues a separate Comprehensive Annual Financial Report. Copies of the PARS annual financial report may be obtained from the Public Agency Retirement System, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

##### *Employees Covered*

As of July 1, 2017 (valuation date), the following participants were covered by the benefit terms under the District's healthcare plan:

|                     |           |
|---------------------|-----------|
| Active employees    | 64        |
| Retirees            | 15        |
| Beneficiaries       | 0         |
| Spouses of Retirees | <u>2</u>  |
| Total               | <u>81</u> |

##### *Contributions*

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, the District's contributions were \$234,099, which included an implicit subsidy of \$40,149.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### *Net OPEB Liability*

The District's net OPEB liability is measured as of June 30, 2019 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2017. A summary of key actuarial assumptions used to calculate the net OPEB liability is listed below.

#### *Actuarial Methods and Assumptions Used to Determine Total OPEB Liability*

|                                  |  |
|----------------------------------|--|
| Valuation date                   | July 1, 2017   |
| Measurement date                 | June 30, 2019  |
| Actuarial cost method            | Entry Age Normal   |
| Amortization method:             |  |
| Level percent or level dollar    | Level percent  |
| Closed, open, or layered periods | Closed   |
| Amortization period              | 21 years   |
| Amortization growth rate         | 2.75%  |
| Pre-retirement mortality         | Consistent with the rates used to value the Miscellaneous CalPERS Pension Plans. This assumption is described in the January 2014 experience study of the California Public Employees Retirement System. |
| Post-retirement mortality        | CalPERS 1997-2011 Healthy Retiree Tables (sex-distinct) with an assumed base year of 2008 and fully generational projection using Scale AA.  |
| Asset valuation method           | Market Value   |
| Inflation                        | 2.75%  |
| Discount rate                    | 5.00%  |
| Salary increases                 | Graded scale based on service  |
| Healthcare trend rates           | 2.00% in 2017, then 6.00% to 4.00% over 62 years   |

#### *Discount Rate*

The discount rate used to measure the total OPEB liability was 5.00 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return. The current 5.00 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. Refer to the sensitivity of the net pension liability to changes in the discount rate section of this note, which provides information on the sensitivity of the net OPEB liability to changes in the discount rate.



## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

The assumption for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2017. The following table reflects long-term expected real rate of return by asset class.

| Asset Class                       | Target Allocation* | Long-Term Expected Arithmetic Real Rate of Return | Long-Term Expected Geometric Real Rate of Return |
|-----------------------------------|--------------------|---|--|
| US Interim Bonds                  | 64.10%             | 2.20%   | 2.09%  |
| US Short Bonds                    | 14.40%             | 1.63%   | 1.58%  |
| US Cash                           | 5.90%              | 0.52%   | 0.51%  |
| US Large Caps                     | 4.50%              | 4.57%   | 3.37%  |
| Global Equity                     | 3.10%              | 5.23%   | 3.86%  |
| US Small Caps                     | 2.90%              | 5.81%   | 3.86%  |
| US Large Value                    | 2.00%              | 4.45%   | 3.23%  |
| US Large Growth                   | 1.50%              | 5.27%   | 3.76%  |
| US MidCap Growth                  | 1.20%              | 5.99%   | 3.71%  |
| US REITs                          | 0.40%              | 5.07%   | 3.27%  |
| Assumed inflation - mean          |                    | 2.75%   | 2.75%  |
| Long-Term Expected Rate of Return |                    |   | 5.00%  |

\* As outlined in the Plan's investment policy dated June 30, 2018.

### Changes in Net OPEB Liability

The following table shows the changes in net OPEB liability recognized over the measurement period.

|   | Total OPEB Liability<br>(a) | Increase (Decrease)<br>Plan Fiduciary Net Position<br>(b) | Net OPEB Liability(Asset)<br>(c) = (a) - (b) |
|---|-----------------------------|---|--|
| Balance at: 6/30/2018                                 | \$ 1,500,698                | \$ 1,380,819  | \$ 119,879                                   |
| <b>Changes recognized for the measurement period:</b> |                             |   |  |
| • Service cost  | 107,344                     | -   | 107,344                                      |
| • Interest on the total OPEB liability                | 78,886                      | -   | 78,886                                       |
| • Benefit payments                                    | (60,629)                    | (60,629)  | -  |
| • Employer contributions                              | -                           | 234,099   | (234,099)                                    |
| • Net investment income                               | -                           | 106,328   | (106,328)                                    |
| • Administrative expenses                             | -                           | (8,050)   | 8,050  |
| <b>Net changes during 2018-19</b>                     | <b>\$ 125,601</b>           | <b>\$ 271,748</b>   | <b>\$ (146,147)</b>                          |
| <b>Balance at: 6/30/2019</b>                          | <b>\$ 1,626,299</b>         | <b>\$ 1,652,567</b>                                       | <b>\$ (26,268)</b>                           |

# **VENTURA REGIONAL SANITATION DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)** **June 30, 2019 (with comparative data for 2018)**

### ***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the Plan as of the measurement date, calculated using the discount rate of 5.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.00 percent) or 1 percentage-point higher (6.00 percent) than the current rate:

|                    |    | <b>1.00% Decrease<br/>(4.00%)</b> | <b>Current Discount<br/>Rate<br/>(5.00%)</b> | <b>1.00% Increase<br/>(6.00%)</b> |
|--------------------|----|-----------------------------------|--|-----------------------------------|
| Net OPEB liability | \$ | 147,653                           | \$ (26,268)                                  | \$ (175,621)                      |

### ***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates***

The following presents the net OPEB liability of the Plan as of the measurement date, calculated using the current healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

|                    |    | <b>1.00% Decrease<br/>(4.00%)</b> | <b>Current Discount<br/>Rate<br/>(5.00%)</b> | <b>1.00% Increase<br/>(6.00%)</b> |
|--------------------|----|-----------------------------------|--|-----------------------------------|
| Net OPEB liability | \$ | (250,785)                         | \$ (26,268)                                  | \$ 249,892                        |

### ***OPEB Plan Fiduciary Net Position***

The Public Agency Retirement System issues a separate Comprehensive Annual Financial Report. Copies of the PARS annual financial report may be obtained from the Public Agency Retirement System, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

### ***Recognition of Deferred Outflows and Deferred Inflows of Resources***

Under GASB 74 and 75, gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year in 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 earnings | 5 year straight-line amortization  |
| All other amounts                                | Straight-line amortization over the average expected remaining service lives 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 (EARS�) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$122,958. As of fiscal year ended June 30, 2019, the District reported deferred outflows of resources related to OPEB as follows:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings | \$ 2,788                             | \$ -                                |
| Total  | <u>\$ 2,788</u>                      | <u>\$ -</u>                         |

Amounts reported as deferred outflows and deferred inflows of resources related to other postemployment benefits will be recognized in future OPEB expense as follows:

| Fiscal Year Ended<br>June 30: | Deferred<br>Outflows/(Inflows) of<br>Resources |
|-------------------------------|--|
| 2020                          | \$ 3,060                                       |
| 2021                          | 3,060  |
| 2022                          | 3,058  |
| 2023                          | (6,390)  |
| 2024                          | -  |
| Thereafter                    | -  |

#### **10. Deferred Compensation**

##### **Employee Contribution Deferred Compensation Plans**

The District offers to its employees optional deferred compensation plans created in accordance with Section 457(b) of the Internal Revenue Code. These plans are available to substantially all District employees and allows a portion of an employee's compensation deferred to provide funds upon retirement, termination, unforeseeable emergencies, reaching age 70 and a half, or upon death. The annual plans' contribution limits for 2019 and 2018 was \$19,000 and \$18,500, respectively. Further, the contribution limit will increase to \$19,500 for 2020.

The plans are administered through third-party administrators. While the District has fiduciary duties under California law, it does not perform investing functions and has no fiduciary accountability for the plan. The plans' assets and any related liability to plan participants have been excluded from the accompanying basic financial statements.

##### **Social Security**

Employees of the District are also covered by the Federal Insurance Contribution Act (FICA), which is commonly known as Social Security. Contributions for Social Security are 6.2% of covered wages up to \$132,900 per employee and are paid by the District. Earnings subject to Social Security will increase by \$4,600 in 2020, to \$137,700. The District also pays contributions for Medicare of 1.45% of covered wages. Contributions made by the District for Social Security and Medicare for 2019 and 2018 were \$448,425 and \$428,427, respectively.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### C. OTHER INFORMATION

##### 1. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the California Sanitation Risk Management Authority (CSRMA), an intergovernmental risk sharing joint powers authority currently operating as a common risk management and loss prevention program for more than 50 California sanitation districts. The District pays an annual premium to CSRMA for its public liability and workers compensation risk coverage. The Agreement for formation of CSRMA provides that it will be self-sustaining through member premiums and will provide specific excess insurance through commercial companies. CSRMA is allowed to make additional assessments to its members based on a retroactive premium adjustment process. At June 30, 2019, the District participated in the CSRMA risk sharing pool as follows:

- The District's General Liability, Auto Liability, Errors & Omissions, and Employment Practices Liability coverage are provided through CSRMA's Pooled Liability Program.

In addition to coverage through the CSRMA's Pooled Liability Program, the District also has the following insurance coverage through carriers evaluated, recommended, and administered by TWIW Insurance Services, a Ventura-based brokerage:

- Equipment, tools and machinery
- Computer equipment
- Blanket building and content
- Blanket earnings and extra expense coverage up to \$255,000
- Vehicle coverage (actual cash value) - \$500 to \$1,000 deductible
- Public employee blanket bond (theft \$1,000,000, computer fraud \$1,000,000, faithful performance \$1,000,000), subject to a \$10,000 deductible per occurrence
- Biosolids Facility and Malibu Bay Club Wastewater Collection and Treatment System

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years.

Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2019 and 2018.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) June 30, 2019 (with comparative data for 2018)

---

#### 2. Commitments and Contingencies

The District's contractual commitments with outside firms for engineering, consulting, and various other services end with the fiscal year and generally do not carry forward to the next fiscal year. As of June 30, 2019, there was \$594,779 committed for custom vehicles ordered, but, not yet delivered. The District leases its administrative office under an operating lease that expires in 2022. Rent expense for the years ended June 30, 2019 and 2018 was approximately \$182,098 and \$128,908, respectively. Future minimum lease payments required under the lease are:

| <u>Fiscal Year Ended<br/>June 30,</u> | <u>Annual Lease<br/>Commitment</u> |
|---------------------------------------|------------------------------------|
| 2020                                  | \$ 169,654                         |
| 2021                                  | 174,744                            |
| 2022                                  | 179,986                            |
|                                       | <u>\$ 524,384</u>                  |

In addition, the District is involved in litigation encountered in the normal course of business. In certain of these matters, the defense costs and settlement costs, if any, are covered by the District's liability insurance policies. In the opinion of management, there is no pending litigation that would materially affect the District's liability insurance policies or financial position.

This page intentionally left blank.

# Required Supplementary Information



Required  
Supplementary Information

## Ventura Regional Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2019 and June 30, 2018





# VENTURA REGIONAL SANITATION DISTRICT

## REQUIRED SUPPLEMENTARY INFORMATION FISCAL YEAR ENDED JUNE 30, 2019

### Public Agency Retirement System (PARS) - Retirement Enhancement Plan (Group 1 & Group 2)

#### Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Years\*

| Measurement Period  | 2018-19              | 2017-18              | 2016-17             | 2015-16             | 2014-15             |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|
| <b>TOTAL PENSION LIABILITY</b>  |                      |                      |                     |                     |                     |
| Service Cost  | \$ 125,717           | \$ 119,356           | \$ 141,501          | \$ 137,380          | \$ 160,741          |
| Interest  | 679,136              | 638,593              | 614,981             | 585,486             | 547,331             |
| Changes of Benefit Terms  | -                    | -                    | -                   | -                   | -                   |
| Difference Between Expected and Actual Experience                                 | -                    | -                    | -                   | -                   | -                   |
| Economic/demographic gains or losses  | -                    | 223,354              | -                   | -                   | -                   |
| Net Investment Income   | -                    | -                    | -                   | (207,599)           | -                   |
| Changes of Assumptions or Inputs  | -                    | -                    | 642,798             | 332,945             | -                   |
| Benefit Payments, Including Refunds of Employee Contributions                     | (375,995)            | (346,423)            | (329,592)           | (282,451)           | (248,094)           |
| <b>Net Change in Total Pension Liability</b>                                      | <b>428,858</b>       | <b>634,880</b>       | <b>1,069,688</b>    | <b>565,761</b>      | <b>459,978</b>      |
| <b>Total Pension Liability - Beginning</b>  | <b>10,510,520</b>    | <b>9,875,640</b>     | <b>8,805,952</b>    | <b>8,240,191</b>    | <b>7,780,213</b>    |
| <b>Total Pension Liability - Ending (a)</b>                                       | <b>\$ 10,939,378</b> | <b>\$ 10,510,520</b> | <b>\$ 9,875,640</b> | <b>\$ 8,805,952</b> | <b>\$ 8,240,191</b> |
| <b>PLAN FIDUCIARY NET POSITION</b>  |                      |                      |                     |                     |                     |
| Contributions - Employer  | \$ 547,428           | \$ 495,809           | \$ 417,249          | \$ 376,419          | \$ 394,281          |
| Contributions - Employee  | 22,976               | 22,922               | 26,725              | 29,566              | 30,728              |
| Net Investment Income   | 389,917              | 341,726              | 508,099             | (1,218)             | 111,586             |
| Benefit Payments, Including Refunds of Employee Contributions                     | (375,995)            | (346,423)            | (329,592)           | (282,451)           | (248,094)           |
| Administrative Expenses   | (36,833)             | (36,453)             | (35,759)            | (35,294)            | (38,944)            |
| <b>Net Change in Fiduciary Net Position</b>                                       | <b>547,493</b>       | <b>477,581</b>       | <b>586,722</b>      | <b>87,022</b>       | <b>249,557</b>      |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | <b>6,037,657</b>     | <b>5,560,076</b>     | <b>4,973,354</b>    | <b>4,886,332</b>    | <b>4,636,775</b>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | <b>\$ 6,585,150</b>  | <b>\$ 6,037,657</b>  | <b>\$ 5,560,076</b> | <b>\$ 4,973,354</b> | <b>\$ 4,886,332</b> |
| <b>Plan Net Pension Liability - Ending (a) - (b)</b>                              | <b>\$ 4,354,228</b>  | <b>\$ 4,472,863</b>  | <b>\$ 4,315,564</b> | <b>\$ 3,832,598</b> | <b>\$ 3,353,859</b> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | <b>60.20%</b>        | <b>57.44%</b>        | <b>56.30%</b>       | <b>56.48%</b>       | <b>59.30%</b>       |
| <b>Covered Payroll</b>  | <b>\$ 2,296,318</b>  | <b>\$ 2,718,992</b>  | <b>\$ 2,843,429</b> | <b>\$ 3,397,512</b> | <b>\$ 3,072,800</b> |
| <b>Plan Net Pension Liability as a Percentage of Covered Payroll</b>              | <b>189.62%</b>       | <b>164.50%</b>       | <b>151.77%</b>      | <b>112.81%</b>      | <b>109.15%</b>      |

\* Measurement period 2014-15 (fiscal year 2015) was the 1st year of implementation, therefore, only four years are presented.

#### Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In fiscal year 2017 the discount rate changed from 7.00% to 6.50% based on a change in assumptions relating to the expected rate of return on plan assets.

# **VENTURA REGIONAL SANITATION DISTRICT**

## **REQUIRED SUPPLEMENTARY INFORMATION (continued)** **FISCAL YEAR ENDED JUNE 30, 2019**

### **Public Agency Retirement System (PARS) - Retirement Enhancement Plan (Group 1 & Group 2)**

#### *Schedule of Plan Contributions - Last 10 Years\**

| Fiscal Year | Actuarially<br>Determined<br>Contribution | Contributions<br>in Relation to<br>the Actuarially<br>Determined<br>Contribution | Contribution<br>Deficiency/<br>(Excess) | Covered<br>Payroll | Contributions<br>as a<br>Percentage of<br>Covered<br>Payroll |
|-------------|---|--|---|--------------------|--|
| 2014-15     | \$ 395,604                                | \$ 394,281   | \$ 1,323                                | \$ 3,072,800       | 12.83%   |
| 2015-16     | \$ 394,507                                | \$ 376,419   | \$ 18,088                               | \$ 3,397,512       | 11.08%   |
| 2016-17     | \$ 502,927                                | \$ 417,249   | \$ 85,678                               | \$ 2,843,429       | 14.67%   |
| 2017-18     | \$ 390,954                                | \$ 495,809   | \$ (104,855)                            | \$ 2,718,992       | 18.24%   |
| 2018-19     | \$ 627,393                                | \$ 547,428   | \$ 79,965                               | \$ 2,296,318       | 23.84%   |

\* Measurement period 2014-15 (fiscal year 2015) was the 1st year of implementation, therefore, only four years are presented.

#### **Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2017 public agency valuations.

|                            |  |
|----------------------------|--|
| Actuarial Cost Method      | Entry Age Normal   |
| Amortization Method/Period | Level dollar   |
|                            | Closed period  |
|                            | Amortization period at 06/30/2017 - 15 years   |
|                            | Amortization growth rate equals 0.00%  |
| Asset Valuation Method     | Smoothing period - None  |
|                            | Recognition period - None  |
|                            | Corridor - None  |
| Inflation                  | 2.75%  |
| Salary increases           | 3.50% - 12.20%   |
| Payroll Growth             | 3.00%  |
| Investment Rate of Return  | 6.50%  |
| Retirement Age             | Consistent with Non-Industrial rates used to value the<br>Miscellaneous CalPERS Pension Plans. |
| Mortality                  | Consistent with Non-Industrial rates used to value the<br>Miscellaneous CalPERS Pension Plans. |

# VENTURA REGIONAL SANITATION DISTRICT

## REQUIRED SUPPLEMENTARY INFORMATION (continued) FISCAL YEAR ENDED JUNE 30, 2019

### Ventura County Employees' Retirement Association (VCERA)

#### *Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date - Last 10 Years\**

| Measurement Date | Proportion of the Net Pension Liability | Proportionate share of Net Pension Liability | Covered payroll <sup>(1)</sup> | Proportionate share of the Net Pension Liability as a percentage of its covered payroll | Plan's Fiduciary Net Position as a percentage of the Total Pension Liability |
|------------------|---|--|--------------------------------|---|--|
| 6/30/2014        | 0.455%                                  | \$ 2,516,758                                 | \$ 4,758,000                   | 52.90%  | 88.54%   |
| 6/30/2015        | 0.451%                                  | \$ 3,853,220                                 | \$ 4,948,000                   | 77.87%  | 83.63%   |
| 6/30/2016        | 0.478%                                  | \$ 5,090,253                                 | \$ 5,194,000                   | 98.00%  | 80.47%   |
| 6/30/2017        | 0.401%                                  | \$ 2,858,251                                 | \$ 4,640,000                   | 61.60%  | 87.44%   |
| 6/30/2018        | 0.507%                                  | \$ 3,678,779                                 | \$ 5,311,000                   | 69.27%  | 88.15%   |

(1) Covered payroll represents earnable and pensionable compensation.

#### *Schedule of Plan Contributions - Last 10 Years\**

| Fiscal Year | Contractually Required Contribution | Actual Employer Contributions | Contribution (Excess)/ Deficiency | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|-------------------------------------|-------------------------------|-----------------------------------|-----------------|--|
| 2014-15     | \$ 849,102                          | \$ 845,123                    | \$ 3,979                          | \$ 4,948,000    | 17.08%   |
| 2015-16     | \$ 882,357                          | \$ 897,617                    | \$ (15,260)                       | \$ 5,194,000    | 17.28%   |
| 2016-17     | \$ 901,879                          | \$ 857,714                    | \$ 44,165                         | \$ 4,640,000    | 18.49%   |
| 2017-18     | \$ 851,903                          | \$ 914,793                    | \$ (62,890)                       | \$ 5,311,000    | 17.22%   |
| 2018-19     | \$ 926,679                          | \$ 959,239                    | \$ (32,560)                       | \$ 5,805,000    | 16.52%   |

\* Fiscal year 2014-15 was the first year of implementation, therefore, only four years are presented.

Change in Assumptions: There were no changes in assumptions.

# VENTURA REGIONAL SANITATION DISTRICT

## REQUIRED SUPPLEMENTARY INFORMATION (continued) FISCAL YEAR ENDED JUNE 30, 2019

### Other Post Employment Benefits

#### *Schedule of Changes in Net OPEB Liability and Related Ratios - Last 10 Years\**

| Measurement Date                                      | 6/30/2018           | 6/30/2019           |
|---|---------------------|---------------------|
| <b>Total OPEB Liability</b>                           |                     |                     |
| Service cost  | \$ 104,217          | \$ 107,344          |
| Interest on total OPEB liability                      | 72,982              | 78,886              |
| Effect of plan changes                                | -                   | -                   |
| Effect of economic/demographic (gains) or losses      | -                   | -                   |
| Effect of assumption changes or inputs                | -                   | -                   |
| Benefit payments                                      | (63,093)            | (60,629)            |
| <b>Net change in total OPEB liability</b>             | <b>114,106</b>      | <b>125,601</b>      |
| <b>Total OPEB liability, beginning</b>                | <b>1,386,592</b>    | <b>1,500,698</b>    |
| <b>Total OPEB liability, ending (a)</b>               | <b>\$ 1,500,698</b> | <b>\$ 1,626,299</b> |
| <b>Fiduciary Net Position</b>                         |                     |                     |
| Employer contributions                                | \$ 204,962          | \$ 234,099          |
| Member contributions                                  | -                   | -                   |
| Net Investment income                                 | 17,341              | 106,328             |
| Benefit payments                                      | (63,093)            | (60,629)            |
| Administrative expenses                               | -                   | (8,050)             |
| <b>Net change in plan fiduciary net position</b>      | <b>159,210</b>      | <b>271,748</b>      |
| <b>Fiduciary net position, beginning</b>              | <b>1,221,609</b>    | <b>1,380,819</b>    |
| <b>Fiduciary net position, ending (b)</b>             | <b>\$ 1,380,819</b> | <b>\$ 1,652,567</b> |
| Net OPEB liability(asset), ending = (a) - (b)         | \$ 119,879          | \$ (26,268)         |
| Fiduciary net position as a % of total OPEB liability | 92.01%              | 101.62%             |
| Covered payroll                                       | \$ 4,992,766        | \$ 5,833,461        |
| Net OPEB liability as a % of covered payroll          | 2.40%               | -0.45%              |

\*Measurement date 6/30/18 (fiscal year 2018) was the first year of implementation, therefore, only current year is presented.

**VENTURA REGIONAL SANITATION DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION (continued)**  
**FISCAL YEAR ENDED JUNE 30, 2019**

---

**Other Post Employment Benefits**

*Schedule of Employer Contributions - Last 10 Years\**

| Fiscal Year<br>Ended<br>June 30, | Actuarially<br>Determined<br>Contribution | Actual<br>Employer<br>Contribution | Contribution<br>Deficiency/<br>(Excess) | Covered Payroll | Contribution as a<br>Percentage of<br>Covered Payroll |
|----------------------------------|---|------------------------------------|---|-----------------|---|
| 2018                             | \$ 119,584                                | \$ 204,962                         | \$ (85,378)                             | \$ 4,992,766    | 4.11%   |
| 2019                             | \$ 122,873                                | \$ 234,099                         | \$ (111,226)                            | \$ 5,833,461    | 4.01%   |

\*Fiscal year 2018 was the first year of implementation, therefore, only current year is presented.

This page intentionally left blank.

# Supplementary Section



Supplementary  
Section

## Ventura Regional Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2019 and June 30, 2018





## **SUPPLEMENTARY INFORMATION**

### **TYPES OF OPERATIONS**

**Water and Wastewater** The District is responsible for management, operation and maintenance of water and wastewater facilities and equipment throughout Ventura County. Included are facilities owned by the Triunfo Sanitation, Saticoy Sanitary and Camarillo Sanitary Districts; Cities of Fillmore, Santa Paula, Thousand Oaks and Ventura; County of Ventura; California State University at Channel Islands; and several small water agencies. In total, the District operates and maintains three potable water systems and one recycled water system.

**Solid Waste** The District manages six municipal waste landfills, only one of which is active. The Toland Road landfill is located in a confined, V-shaped canyon four miles east of Santa Paula and four miles west of Fillmore. The 216.5-acre site has been operated as a landfill since 1970.

**Biosolids/Microturbine Electrical Generation** The District's Biosolids facility was designed to convert Biosolids from local wastewater treatment facilities into EPA Class A recyclable material, using landfill gas to heat two 80-ton-per-day batch dryers. The end product was to be applied as alternative daily cover for refuse deposited at the landfill. The nine low emission microturbines used compressed landfill gas to generate 2.32 megawatts of electricity. Roughly one-third was used to power the Biosolids facility and the remainder was delivered to the local power grid. This project was placed in a permanent non-operational status in October 2015 and written-off the District's assets as of June 30, 2019.

**Administration** The Finance and Administration Department manages three public agency's finance and accounting functions through contracted services. The District provides finance and accounting functions to Saticoy Sanitary District (SSD), Triunfo Sanitation District (TSD) and Ventura County Regional Energy Alliance (VCREA).

# **VENTURA REGIONAL SANITATION DISTRICT** **SCHEDULE OF NET POSITION**

**JUNE 30, 2019**

| <b>ASSETS</b>  | <b>Water and<br/>Wastewater</b> | <b>Solid Waste</b> | <b>Biosolids</b>    | <b>Administration</b> | <b>Total</b>      |
|--|---------------------------------|--------------------|---------------------|-----------------------|-------------------|
| Current assets:  |                                 |                    |                     |                       |                   |
| Cash and cash equivalents                                  | \$ (3,531,564)                  | \$ 34,153,375      | \$ (15,254,524)     | \$ (12,709,274)       | \$ 2,658,013      |
| Accrued interest receivable                                | -                               | 63,578             | -                   | 82,530                | 146,108           |
| Accounts receivable – disposal and sanitation<br>fees, net | -                               | 1,436,136          | 2,362               | -                     | 1,438,498         |
| Accounts receivable – contract services, net               | 1,053,629                       | -                  | -                   | 241,379               | 1,295,008         |
| Prepaid and other  | 9,025                           | 39,269             | 5,191               | 94,429                | 147,914           |
| Total current assets – unrestricted                        | (2,468,910)                     | 35,692,358         | (15,246,971)        | (12,290,936)          | 5,685,541         |
| Restricted current assets:                                 |                                 |                    |                     |                       |                   |
| Cash and cash equivalents                                  | -                               | 118,972            | -                   | 1,250                 | 120,222           |
| Investments  | -                               | 7,067,185          | -                   | -                     | 7,067,185         |
| Notes receivable   | 165,984                         | -                  | -                   | -                     | 165,984           |
| Accrued interest receivable                                | -                               | 80,337             | -                   | -                     | 80,337            |
| Total current assets – restricted                          | 165,984                         | 7,266,494          | -                   | 1,250                 | 7,433,728         |
| Total current assets – unrestricted<br>and restricted      | (2,302,926)                     | 42,958,852         | (15,246,971)        | (12,289,686)          | 13,119,269        |
| Restricted non-current assets:                             |                                 |                    |                     |                       |                   |
| Investments  | 148,642                         | 17,813,100         | -                   | -                     | 17,961,742        |
| Notes receivable   | 1,215,676                       | -                  | -                   | -                     | 1,215,676         |
| Total non-current assets – restricted                      | 1,364,318                       | 17,813,100         | -                   | -                     | 19,177,418        |
| Non-current assets:  |                                 |                    |                     |                       |                   |
| Investments  | -                               | -                  | -                   | 13,951,720            | 13,951,720        |
| Capital assets, net  | 2,721,445                       | 35,043,489         | 1,088,586           | 155,391               | 39,008,911        |
| Net OPEB asset   | 10,312                          | 9,180              | -                   | 6,776                 | 26,268            |
| Total non-current assets – unrestricted                    | 2,731,757                       | 35,052,669         | 1,088,586           | 14,113,887            | 52,986,899        |
| Total non-current assets – unrestricted<br>and restricted  | 4,096,075                       | 52,865,769         | 1,088,586           | 14,113,887            | 72,164,317        |
| <b>Total assets</b>  | <b>1,793,149</b>                | <b>95,824,621</b>  | <b>(14,158,385)</b> | <b>1,824,201</b>      | <b>85,283,586</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                      |                                 |                    |                     |                       |                   |
| Pension related  | 1,097,122                       | 954,990            | -                   | 831,543               | 2,883,655         |
| OPEB related   | 1,094                           | 975                | -                   | 719                   | 2,788             |
| Loss on refunding of debt                                  | 12,194                          | 12,959             | 50,676              | -                     | 75,829            |
| <b>Total deferred outflows of resources</b>                | <b>1,110,410</b>                | <b>968,924</b>     | <b>50,676</b>       | <b>832,262</b>        | <b>2,962,272</b>  |

# **VENTURA REGIONAL SANITATION DISTRICT** **SCHEDULE OF NET POSITION (CONTINUED)**

**JUNE 30, 2019**

|   | Water and<br>Wastewater | Solid Waste   | Biosolids       | Administration | Total         |
|---|-------------------------|---------------|-----------------|----------------|---------------|
| <b>LIABILITIES</b>  |                         |               |                 |                |               |
| Current liabilities:  |                         |               |                 |                |               |
| Payable from current assets:                                  |                         |               |                 |                |               |
| Accounts payable and accrued expenses                         | \$ 81,245               | \$ 786,748    | \$ 38,281       | \$ 65,052      | \$ 971,326    |
| Accrued wages and compensated absences                        | 154,103                 | 140,479       | -               | 124,035        | 418,617       |
| Accrued interest payable                                      | 8,851                   | 100,686       | 12,004          | -              | 121,541       |
| Installment sale agreement – current portion                  | -                       | 1,728,577     | 1,279,436       | -              | 3,008,013     |
| Payable from current assets – unrestricted                    | 244,199                 | 2,756,490     | 1,329,721       | 189,087        | 4,519,497     |
| Payable from restricted current assets:                       |                         |               |                 |                |               |
| Customer deposits   | -                       | 49,546        | -               | 1,250          | 50,796        |
| Landfill closure/postclosure costs – expected within one year | -                       | 1,995,114     | -               | -              | 1,995,114     |
| Installment purchase contract – current portion               | 155,715                 | -             | -               | -              | 155,715       |
| Payable from current assets – restricted                      | 155,715                 | 2,044,660     | -               | 1,250          | 2,201,625     |
| Total current liabilities – unrestricted and restricted       | 399,914                 | 4,801,150     | 1,329,721       | 190,337        | 6,721,122     |
| Non-current liabilities:                                      |                         |               |                 |                |               |
| Payable from non-current assets:                              |                         |               |                 |                |               |
| Net pension liability   | 3,206,428               | 2,716,755     | -               | 2,109,824      | 8,033,007     |
| Installment sale agreement                                    | -                       | 10,177,771    | 4,475,243       | -              | 14,653,014    |
| Unearned revenue  | -                       | 375,984       | -               | -              | 375,984       |
| Accrued wages and compensated absences                        | 78,218                  | 58,110        | -               | 69,570         | 205,898       |
| Payable from non-current assets – unrestricted                | 3,284,646               | 13,328,620    | 4,475,243       | 2,179,394      | 23,267,903    |
| Payable from restricted non-current assets:                   |                         |               |                 |                |               |
| Malibu Bay Club reserve                                       | 40,017                  | -             | -               | -              | 40,017        |
| Landfill closure/postclosure costs                            | -                       | 17,956,028    | -               | -              | 17,956,028    |
| Installment purchase contract                                 | 1,215,676               | -             | -               | -              | 1,215,676     |
| Payable from non-current assets – restricted                  | 1,255,693               | 17,956,028    | -               | -              | 19,211,721    |
| Total non-current liabilities – unrestricted and restricted   | 4,540,339               | 31,284,648    | 4,475,243       | 2,179,394      | 42,479,624    |
| <b>Total liabilities</b>                                      | 4,940,253               | 36,085,798    | 5,804,964       | 2,369,731      | 49,200,746    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |                         |               |                 |                |               |
| Pension related   | 374,881                 | 326,916       | -               | 286,732        | 988,529       |
| <b>Total deferred inflows of resources</b>                    | 374,881                 | 326,916       | -               | 286,732        | 988,529       |
| <b>NET POSITION</b>   |                         |               |                 |                |               |
| Net investment in capital assets                              | 1,362,248               | 23,150,100    | (4,615,417)     | 155,391        | 20,052,322    |
| Restricted for:   |                         |               |                 |                |               |
| Debt service  | 1,381,660               | -             | -               | -              | 1,381,660     |
| Landfill closure and postclosure costs                        | -                       | 5,078,906     | -               | -              | 5,078,906     |
| Creditors   | -                       | 594,779       | -               | -              | 594,779       |
| Malibu Bay Club   | 108,625                 | -             | -               | -              | 108,625       |
| Unrestricted amounts (deficit)                                | (5,264,108)             | 31,557,046    | (15,297,256)    | (155,391)      | 10,840,291    |
| <b>Total net position(deficit)</b>                            | \$ (2,411,575)          | \$ 60,380,831 | \$ (19,912,673) | \$ -           | \$ 38,056,583 |

# VENTURA REGIONAL SANITATION DISTRICT

## SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**FISCAL YEAR ENDED JUNE 30, 2019**

|  | <b>Water and<br/>Wastewater</b> | <b>Solid Waste</b>   | <b>Biosolids</b>       | <b>Administration</b> | <b>Total</b>         |
|--|---------------------------------|----------------------|------------------------|-----------------------|----------------------|
| <b>Operating revenues:</b>                                   |                                 |                      |                        |                       |                      |
| Disposal and sanitation fees                                 | \$ -                            | \$ 13,093,423        | \$ -                   | \$ -                  | \$ 13,093,423        |
| Contract services  | 6,517,072                       | -                    | 913,439                | 1,668,442             | 9,098,953            |
| Utility electricity sales                                    | -                               | -                    | 47,954                 | -                     | 47,954               |
| Other revenue  | 10,736                          | 184,436              | 15,476                 | 7,188                 | 217,836              |
| Total operating revenues                                     | <u>6,527,808</u>                | <u>13,277,859</u>    | <u>976,869</u>         | <u>1,675,630</u>      | <u>22,458,166</u>    |
| <b>Operating expenses:</b>                                   |                                 |                      |                        |                       |                      |
| Salaries and benefits  | 3,577,575                       | 3,335,735            | -                      | 2,282,120             | 9,195,430            |
| Management and administrative                                | 80,544                          | 119,271              | 39,078                 | 288,417               | 527,310              |
| Services and supplies  | 1,438,137                       | 1,331,536            | 281,830                | 90,512                | 3,142,015            |
| Professional services  | 73,196                          | 882,134              | 8,817                  | 887,513               | 1,851,660            |
| Facility maintenance   | 226,391                         | 858,056              | 28,657                 | 214,797               | 1,327,901            |
| Provision for landfill closure/postclosure                   | -                               | 549,941              | -                      | -                     | 549,941              |
| Permits, licences and fees                                   | 35,031                          | 1,347,957            | 186,116                | 164                   | 1,569,268            |
| Total operating expenses                                     | <u>5,430,874</u>                | <u>8,424,630</u>     | <u>544,498</u>         | <u>3,763,523</u>      | <u>18,163,525</u>    |
| Operating income (loss) before depreciation and amortization | 1,096,934                       | 4,853,229            | 432,371                | (2,087,893)           | 4,294,641            |
| Depreciation and amortization                                | <u>(304,576)</u>                | <u>(3,058,348)</u>   | <u>(1,051,330)</u>     | <u>(76,910)</u>       | <u>(4,491,164)</u>   |
| Operating income (loss)                                      | <u>792,358</u>                  | <u>1,794,881</u>     | <u>(618,959)</u>       | <u>(2,164,803)</u>    | <u>(196,523)</u>     |
| <b>Non-operating revenues (expenses):</b>                    |                                 |                      |                        |                       |                      |
| Interest and investment earnings                             | 192,606                         | 1,554,478            | 11,139                 | 47,558                | 1,805,781            |
| Loss on sales and/or disposals of capital assets, net        | -                               | (91,170)             | (11,357,596)           | -                     | (11,448,766)         |
| Interest expense   | (40,845)                        | (361,875)            | (157,808)              | -                     | (560,528)            |
| Other, net   | 43,110                          | 125,063              | -                      | 339                   | 168,512              |
| Total non-operating revenues (expenses)                      | <u>194,871</u>                  | <u>1,226,496</u>     | <u>(11,504,265)</u>    | <u>47,897</u>         | <u>(10,035,001)</u>  |
| Income (loss) before transfers                               | <u>987,229</u>                  | <u>3,021,377</u>     | <u>(12,123,224)</u>    | <u>(2,116,906)</u>    | <u>(10,231,524)</u>  |
| Transfers in   | 923,642                         | 2,053,696            | 140,218                | 1,815,194             | 4,932,750            |
| Transfers out  | <u>(1,009,091)</u>              | <u>(3,003,419)</u>   | <u>(191,267)</u>       | <u>(728,973)</u>      | <u>(4,932,750)</u>   |
| Change in net position                                       | 901,780                         | 2,071,654            | (12,174,273)           | (1,030,685)           | (10,231,524)         |
| Net position (deficit), beginning of year                    | <u>(3,313,355)</u>              | <u>58,309,177</u>    | <u>(7,738,400)</u>     | <u>1,030,685</u>      | <u>48,288,107</u>    |
| Net position (deficit), end of year                          | <u>\$ (2,411,575)</u>           | <u>\$ 60,380,831</u> | <u>\$ (19,912,673)</u> | <u>\$ -</u>           | <u>\$ 38,056,583</u> |

# **VENTURA REGIONAL SANITATION DISTRICT** **SCHEDULE OF CASH FLOWS**

**FISCAL YEAR ENDED JUNE 30, 2019**

|  | <b>Water and<br/>Wastewater</b> | <b>Solid Waste</b>   | <b>Biosolids</b>       | <b>Administration</b>  | <b>Total</b>        |
|--|---------------------------------|----------------------|------------------------|------------------------|---------------------|
| Cash flows from operating activities:                                      |                                 |                      |                        |                        |                     |
| Receipts from customers for disposal and sanitation services               | \$ -                            | \$ 15,220,642        | \$ 177,777             | \$ -                   | \$ 15,398,419       |
| Receipts from customers for contract services                              | 6,335,639                       | 5,693                | 913,439                | 1,552,256              | 8,807,027           |
| Receipts from customers for utility electricity sales                      | -                               | -                    | 47,954                 | -                      | 47,954              |
| Receipts for other services  | 53,846                          | 309,497              | 15,477                 | 7,527                  | 386,347             |
| Payments to vendors for materials and services                             | (1,852,779)                     | (5,770,299)          | (773,829)              | (1,495,856)            | (9,892,763)         |
| Payments for salaries, benefits and contract labor                         | (3,513,559)                     | (3,288,282)          | (27,609)               | (2,374,381)            | (9,203,831)         |
| Net cash provided by (used for) operating activities                       | 1,023,147                       | 6,477,251            | 353,209                | (2,310,454)            | 5,543,153           |
| Cash flows from non-capital financing activities:                          |                                 |                      |                        |                        |                     |
| Transfers in (out)   | (85,451)                        | (949,723)            | (51,046)               | 1,086,220              | -                   |
| Net cash provided by (used for) non-capital financing activities           | (85,451)                        | (949,723)            | (51,046)               | 1,086,220              | -                   |
| Cash flows from capital and related financing activities:                  |                                 |                      |                        |                        |                     |
| Acquisition and construction of capital assets                             | (80,210)                        | (5,187,801)          | 58,972                 | (19,393)               | (5,228,432)         |
| Principal received on notes receivable                                     | 141,309                         | -                    | -                      | -                      | 141,309             |
| Proceeds from the sale of capital assets                                   | -                               | 45,580               | 306,661                | -                      | 352,241             |
| Principal paid on capital debt   | (151,579)                       | (1,684,530)          | (1,251,713)            | -                      | (3,087,822)         |
| Interest paid on capital debt  | (40,236)                        | (366,864)            | (148,251)              | -                      | (555,351)           |
| Net cash provided by (used for) capital and related financing activities   | (130,716)                       | (7,193,615)          | (1,034,331)            | (19,393)               | (8,378,055)         |
| Cash flows from investing activities:                                      |                                 |                      |                        |                        |                     |
| Interest on cash and cash equivalents                                      | 2,060                           | 10,279               | 165                    | 282                    | 12,786              |
| Interest and dividends from investments                                    | 190,549                         | 1,521,417            | 10,974                 | 35,508                 | 1,758,448           |
| Proceeds from sales and maturities of investments                          | -                               | 10,402,078           | -                      | 9,757,255              | 20,159,333          |
| Purchases of investments   | -                               | (11,535,354)         | -                      | (9,930,871)            | (21,466,225)        |
| Net cash provided by (used for) investing activities                       | 192,609                         | 398,420              | 11,139                 | (137,826)              | 464,342             |
| Net increase (decrease) in cash and cash equivalents                       | 999,589                         | (1,267,667)          | (721,029)              | (1,381,453)            | (2,370,560)         |
| Cash and cash equivalents (unrestricted and restricted), beginning of year | (4,531,153)                     | 35,540,014           | (14,533,495)           | (11,326,571)           | 5,148,795           |
| Cash and cash equivalents (unrestricted and restricted), end of year       | <u>\$ (3,531,564)</u>           | <u>\$ 34,272,347</u> | <u>\$ (15,254,524)</u> | <u>\$ (12,708,024)</u> | <u>\$ 2,778,235</u> |
| Reconciliation of cash and cash equivalents to statement of net position:  |                                 |                      |                        |                        |                     |
| Cash and cash equivalents  | \$ (3,531,564)                  | \$ 34,153,375        | \$ (15,254,524)        | \$ (12,709,274)        | \$ 2,658,013        |
| Restricted cash and cash equivalents                                       | -                               | 118,972              | -                      | 1,250                  | 120,222             |
| Total cash and cash equivalents  | <u>\$ (3,531,564)</u>           | <u>\$ 34,272,347</u> | <u>\$ (15,254,524)</u> | <u>\$ (12,708,024)</u> | <u>\$ 2,778,235</u> |

# **VENTURA REGIONAL SANITATION DISTRICT** **SCHEDULE OF CASH FLOWS (CONTINUED)**

**FISCAL YEAR ENDED JUNE 30, 2019**

|   | <b>Water and<br/>Wastewater</b> | <b>Solid Waste</b> | <b>Biosolids</b> | <b>Administration</b> | <b>Total</b>  |
|---|---------------------------------|--------------------|------------------|-----------------------|---------------|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:        |                                 |                    |                  |                       |               |
| Operating income (loss)   | \$ 792,358                      | \$ 1,794,881       | \$ (618,959)     | \$ (2,164,803)        | \$ (196,523)  |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                                 |                    |                  |                       |               |
| Deprecation and amortization  | 304,576                         | 3,058,348          | 1,051,330        | 76,910                | 4,491,164     |
| Other non-operating revenues and expenses, net  | 43,110                          | 125,063            | -                | 339                   | 168,512       |
| Changes in assets and liabilities:  |                                 |                    |                  |                       |               |
| (Increase)decrease in assets:   |                                 |                    |                  |                       |               |
| Accounts receivable – disposal and sanitation fees, net   | -                               | 2,124,061          | 177,777          | -                     | 2,301,838     |
| Accounts receivable – contract services, net  | (147,770)                       | 5,693              | -                | (116,186)             | (258,263)     |
| Net OPEB asset  | (10,312)                        | (9,180)            | -                | (6,776)               | (26,268)      |
| Prepaid and other   | 8,138                           | (1,966)            | 58,961           | 10,041                | 75,174        |
| Increase (decrease) in liabilities:   |                                 |                    |                  |                       |               |
| Accounts payable and accrued expenses   | (7,618)                         | (912,609)          | (288,293)        | (24,493)              | (1,233,013)   |
| Accrued wages and compensated absences  | 39,784                          | 62,823             | (2,557)          | 52,245                | 152,295       |
| Customer deposits   | -                               | 3,158              | -                | 1,250                 | 4,408         |
| Net pension liability   | 54,696                          | 13,393             | (25,050)         | (93,846)              | (50,807)      |
| Net OPEB liability  | (20,152)                        | (19,586)           | -                | (45,135)              | (84,873)      |
| Malibu Bay Club reserve   | (33,663)                        | -                  | -                | -                     | (33,663)      |
| Landfill closure/postclosure costs  | -                               | 233,172            | -                | -                     | 233,172       |
| Total adjustments   | 230,789                         | 4,682,370          | 972,168          | (145,651)             | 5,739,676     |
| Net cash provided by (used for) operating activities  | \$ 1,023,147                    | \$ 6,477,251       | \$ 353,209       | \$ (2,310,454)        | \$ 5,543,153  |
| Noncash investing, capital, and financing activities:   |                                 |                    |                  |                       |               |
| Disposal of capital assets  | \$ -                            | \$ 141,430         | \$ 11,532,435    | \$ -                  | \$ 11,673,865 |

# Statistical Section



## Ventura Regional Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2019 and June 30, 2018





# Ventura Regional Sanitation District

## Statistical Section

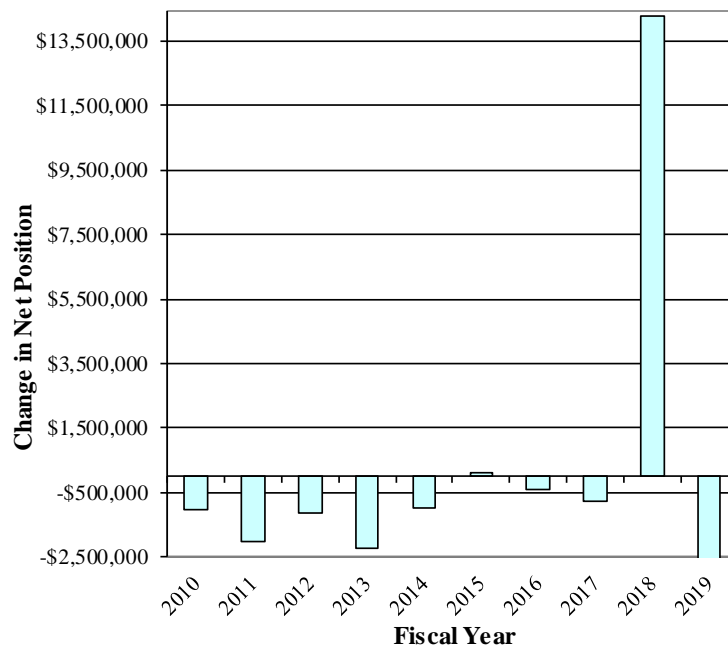
This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

### Table of Contents

|   | <b>Page</b> |
|---|-------------|
| <b>Financial Trends</b>   | 83          |
| These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.                                   |             |
| <b>Revenue Capacity</b>   | 87          |
| These schedules contain information to help the reader assess the District's most significant own-source revenues and wastewater service.   |             |
| <b>Debt Capacity</b>  | 90          |
| These schedules help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.          |             |
| <b>Demographic Information</b>  | 93          |
| These schedules offer demographic indicators to help the reader understand the environment within which the District's financial activities take place.                                   |             |
| <b>Operating Information</b>  | 97          |
| This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides. |             |

**Ventura Regional Sanitation District**  
**Changes in Net Position and Net Position by Component**  
**Last Ten Fiscal Years**

|  | <b>Fiscal Year</b>    |                    |                            |                            |                                  |
|--|-----------------------|--------------------|----------------------------|----------------------------|----------------------------------|
|  | <b>2010</b>           | <b>2011</b>        | <b>2012</b>                | <b>2013</b>                | <b>2014</b>                      |
| Changes in net position:                       |                       |                    |                            |                            |                                  |
| Operating revenues <sup>(4)</sup>              | \$ 17,633,198         | 18,344,046         | 18,573,500                 | 18,674,905                 | 20,033,901                       |
| Operating expenses <sup>(5)</sup>              | (16,077,364)          | (16,104,155)       | (16,538,575)               | (16,443,180)               | (16,946,768)                     |
| Depreciation and amortization                  | (2,213,614)           | (3,771,550)        | (3,733,126)                | (3,535,354)                | (3,529,371)                      |
| <b>Operating income(loss)</b>                  | <b>(657,780)</b>      | <b>(1,531,659)</b> | <b>(1,698,201)</b>         | <b>(1,303,629)</b>         | <b>(442,238)</b>                 |
| Non-operating revenues(expenses)               |                       |                    |                            |                            |                                  |
| Interest income                                | 1,145,112             | 564,387            | 590,889                    | 40,184                     | 360,060                          |
| Gain/(loss) on sale of assets                  | (565,110)             | (4,461)            | 5,022                      | -                          | 4,832                            |
| Interest expense                               | (1,065,108)           | (1,166,432)        | (1,152,492) <sup>(1)</sup> | (1,079,159) <sup>(1)</sup> | (1,002,525) <sup>(1)</sup>       |
| Other revenue/(expense), net                   | 117,434               | 111,907            | 138,782                    | 95,021                     | 108,262                          |
| Total non-operating revenues(expenses), net    | (367,672)             | (494,599)          | (417,799)                  | (943,954)                  | (529,371)                        |
| <b>Net income before capital contributions</b> | <b>(1,025,452)</b>    | <b>(2,026,258)</b> | <b>(2,116,000)</b>         | <b>(2,247,583)</b>         | <b>(971,609)</b>                 |
| Capital contributions                          | -                     | -                  | 975,000                    | -                          | -                                |
| <b>Changes in net position</b>                 | <b>\$ (1,025,452)</b> | <b>(2,026,258)</b> | <b>(1,141,000)</b>         | <b>(2,247,583)</b>         | <b>(971,609)</b>                 |
| Net position by component:                     |                       |                    |                            |                            |                                  |
| Net investment in capital assets               | \$ 34,691,895         | 31,989,522         | 31,430,945                 | 30,327,602                 | 29,915,287                       |
| Amounts restricted                             | 4,250,295             | 6,978,210          | 7,128,963                  | 6,829,325                  | 6,737,432                        |
| Unrestricted amounts                           | 9,953,923             | 7,902,123          | 7,168,948 <sup>(1)</sup>   | 6,324,346 <sup>(1)</sup>   | 5,856,945 <sup>(1)</sup>         |
| <b>Total net position</b>                      | <b>\$ 48,896,113</b>  | <b>46,869,855</b>  | <b>45,728,856</b>          | <b>43,481,273</b>          | <b>42,509,664 <sup>(2)</sup></b> |



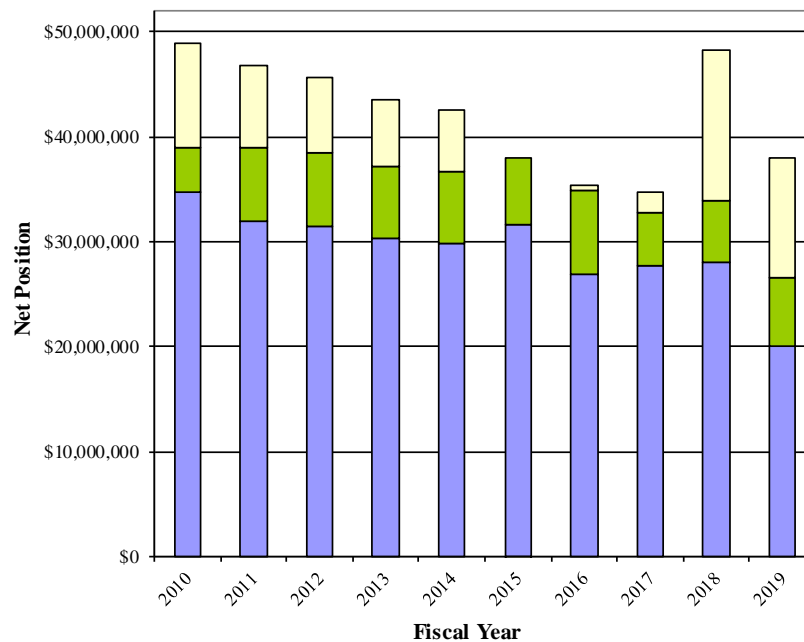
**Notes:**

- (1) The District made an adjustment to reflect the implementation of GASB Statement No. 63.
- (2) The District made an adjustment to reflect the implementation of GASB Statement No. 68.
- (3) The District made an adjustment to reflect the implementation of GASB Statement No. 74.
- (4) See Operating Revenue by Source Schedule.
- (5) See Operating Expenses by Activity Schedule.

**Source:** Ventura Regional Sanitation District Finance Department

**Ventura Regional Sanitation District**  
**Changes in Net Position and Net Position by Component (Continued)**  
**Last Ten Fiscal Years**

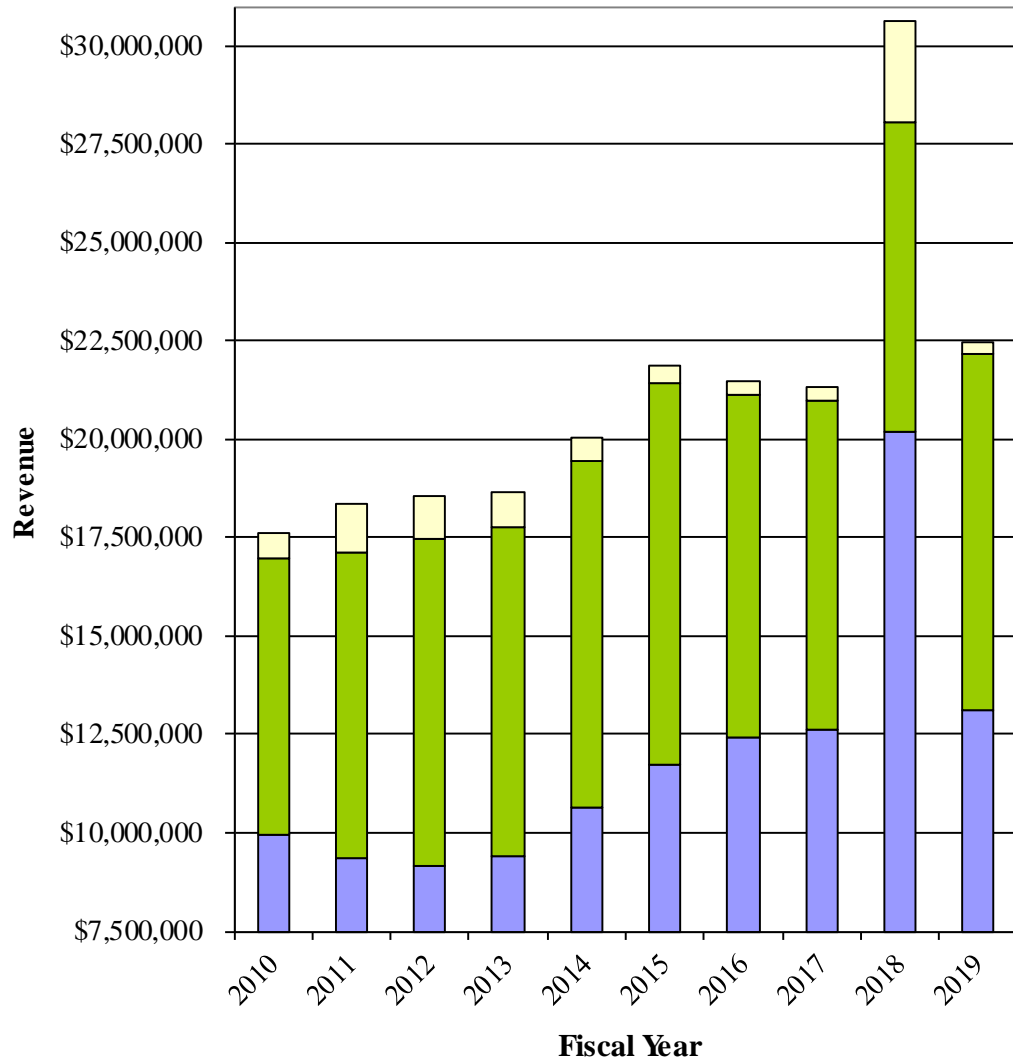
| <b>Fiscal Year</b> |              |              |                           |              |  |
|--------------------|--------------|--------------|---------------------------|--------------|--|
| <b>2015</b>        | <b>2016</b>  | <b>2017</b>  | <b>2018</b>               | <b>2019</b>  |  |
| \$ 21,872,303      | 21,495,639   | 21,309,468   | 30,641,270                | 22,458,166   | Changes in net position:                       |
| (17,505,500)       | (17,786,909) | (17,302,219) | (12,921,127)              | (18,163,525) | Operating revenues <sup>(4)</sup>              |
| (3,776,744)        | (3,813,050)  | (4,210,079)  | (4,252,891)               | (4,491,164)  | Operating expenses <sup>(5)</sup>              |
| 590,059            | (104,320)    | (202,830)    | 13,467,252                | (196,523)    | Depreciation and amortization                  |
|                    |              |              |                           |              | <b>Operating income(loss)</b>                  |
| 367,627            | 636,112      | 64,990       | 82,513                    | 1,805,781    | Non-operating revenues(expenses)               |
| (12,552)           | 47,883       | 1,100        | 16,823                    | (11,448,766) | Interest income                                |
| (922,435)          | (909,095)    | (649,977)    | (634,937)                 | (560,528)    | Gain/(loss) on sale of assets                  |
| 95,784             | (69,081)     | 40,783       | 1,352,219                 | 168,512      | Interest expense                               |
| (471,576)          | (294,181)    | (543,104)    | 816,618                   | (10,035,001) | Other revenue/(expense), net                   |
| 118,483            | (398,501)    | (745,934)    | 14,283,870                | (10,231,524) | Total non-operating revenues(expenses), net    |
| -                  | -            | -            | -                         | -            | <b>Net income before capital contributions</b> |
| \$ 118,483         | (398,501)    | (745,934)    | 14,283,870                | (10,231,524) | Capital contributions                          |
|                    |              |              |                           |              | <b>Changes in net position</b>                 |
| \$ 31,633,318      | 26,936,724   | 27,818,147   | 28,047,030                | 20,052,322   | Net position by component:                     |
| 6,307,850          | 7,956,948    | 4,916,679    | 5,839,153                 | 7,163,970    | Net investment in capital assets               |
| (2,110,647)        | 538,348      | 1,951,260    | 14,401,924                | 10,840,291   | Amounts restricted                             |
| \$ 35,830,521      | 35,432,020   | 34,686,086   | 48,288,107 <sup>(3)</sup> | 38,056,583   | Unrestricted amounts                           |
|                    |              |              |                           |              | <b>Total net position</b>                      |



## Ventura Regional Sanitation District

### Operating Revenue by Source Last Ten Fiscal Years

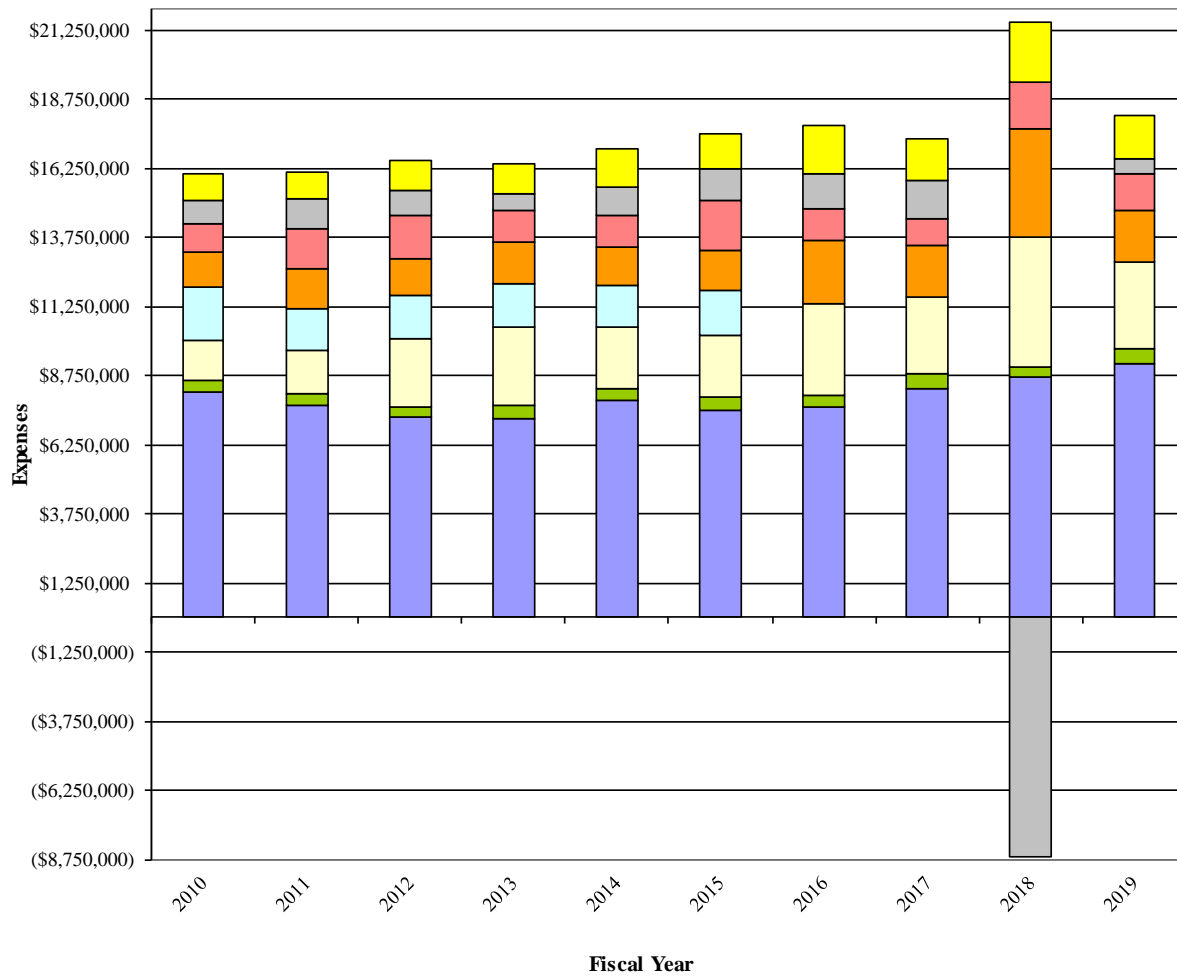
| Fiscal Year | Disposal and Sanitation Fees | Contract Services | Other Revenues and Services | Total Operating Revenue |
|-------------|------------------------------|-------------------|-----------------------------|-------------------------|
| 2010        | 9,966,760                    | 7,012,791         | 653,647                     | 17,633,198              |
| 2011        | 9,355,858                    | 7,762,500         | 1,225,688                   | 18,344,046              |
| 2012        | 9,152,054                    | 8,318,925         | 1,102,521                   | 18,573,500              |
| 2013        | 9,394,086                    | 8,367,014         | 913,805                     | 18,674,905              |
| 2014        | 10,618,088                   | 8,810,556         | 605,257                     | 20,033,901              |
| 2015        | 11,745,287                   | 9,670,442         | 456,574                     | 21,872,303              |
| 2016        | 12,412,112                   | 8,737,303         | 346,224                     | 21,495,639              |
| 2017        | 12,639,373                   | 8,325,187         | 344,908                     | 21,309,468              |
| 2018        | 20,174,869                   | 7,902,095         | 2,564,306                   | 30,641,270              |
| 2019        | 13,093,423                   | 9,098,953         | 265,790                     | 22,458,166              |



**Source:** Ventura Regional Sanitation District Finance Department

**Ventura Regional Sanitation District**  
Operating Expenses by Activity  
Last Ten Fiscal Years

| Fiscal Year | Salaries and Benefits | Management and Administrative | Services and Supplies | Contracted Services | Professional Services | Facility Maintenance | Provision for Landfill Closure and Postclosure | Permits, Licenses and Fees | Total Operating Expenses |
|-------------|-----------------------|-------------------------------|-----------------------|---------------------|-----------------------|----------------------|--|----------------------------|--------------------------|
| 2010        | 8,149,361             | 437,040                       | 1,449,145             | 1,893,266           | 1,281,810             | 1,038,288            | 845,629  | 982,825                    | 16,077,364               |
| 2011        | 7,706,235             | 379,680                       | 1,561,329             | 1,530,910           | 1,454,889             | 1,422,248            | 1,100,128                                      | 948,736                    | 16,104,155               |
| 2012        | 7,275,785             | 342,981                       | 2,461,250             | 1,555,190           | 1,345,856             | 1,545,223            | 950,318  | 1,061,972                  | 16,538,575               |
| 2013        | 7,194,101             | 505,660                       | 2,801,974             | 1,551,441           | 1,502,462             | 1,162,453            | 635,289  | 1,089,800                  | 16,443,180               |
| 2014        | 7,838,224             | 413,873                       | 2,248,325             | 1,518,522           | 1,369,881             | 1,153,284            | 1,055,618                                      | 1,349,041                  | 16,946,768               |
| 2015        | 7,491,214             | 490,233                       | 2,241,771             | 1,582,187           | 1,503,108             | 1,774,248            | 1,162,802                                      | 1,259,937                  | 17,505,500               |
| 2016        | 7,602,026             | 421,601                       | 3,346,233             | -                   | 2,284,767             | 1,115,384            | 1,306,015                                      | 1,710,883                  | 17,786,909               |
| 2017        | 8,276,815             | 535,080                       | 2,760,303             | -                   | 1,915,247             | 951,660              | 1,364,226                                      | 1,498,888                  | 17,302,219               |
| 2018        | 8,705,859             | 378,310                       | 4,653,117             | -                   | 3,966,343             | 1,641,778            | (8,628,028)                                    | 2,203,748                  | 12,921,127               |
| 2019        | 9,195,430             | 527,310                       | 3,142,015             | -                   | 1,851,660             | 1,327,901            | 549,941  | 1,569,268                  | 18,163,525               |

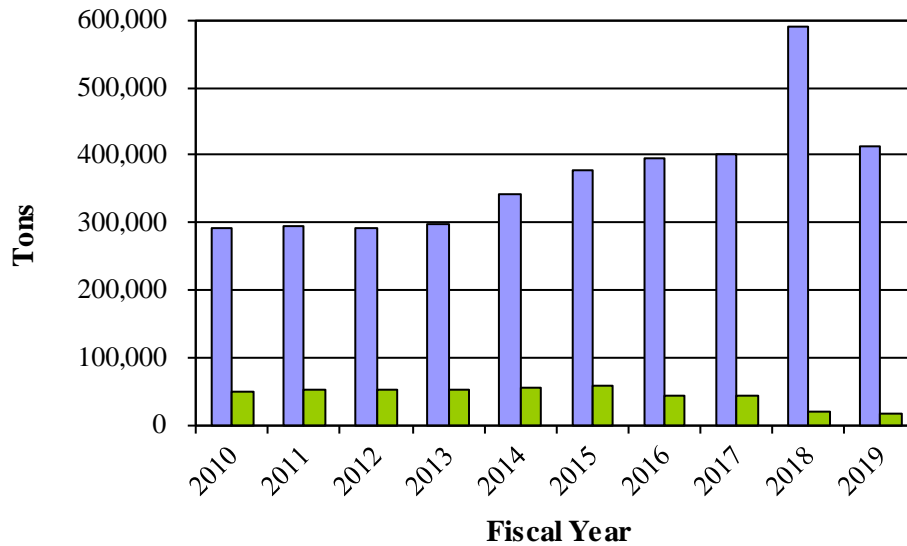


Source: Ventura Regional Sanitation District Finance Department

## Ventura Regional Sanitation District

### Revenue Base Last Ten Fiscal Years

| Fiscal Year | Solid Waste Received (tons) | Biosolids Received (tons) |
|-------------|-----------------------------|---------------------------|
| 2010        | 291,572                     | 48,095                    |
| 2011        | 295,821                     | 52,373                    |
| 2012        | 291,109                     | 51,923                    |
| 2013        | 297,595                     | 53,265                    |
| 2014        | 342,268                     | 54,972                    |
| 2015        | 376,756                     | 58,871                    |
| 2016        | 395,365                     | 44,322                    |
| 2017        | 401,543                     | 42,104                    |
| 2018        | 590,693                     | 20,915                    |
| 2019        | 414,008                     | 18,238                    |



**Note:** See Schedule 2 "Operating Revenue by Source" for information regarding sanitation revenues.

**Sources:** Ventura Regional Sanitation District Finance Department

Ventura Regional Sanitation District  
Revenue Rates<sup>(1)(3)</sup>  
Last Ten Fiscal Years

| <b>Tipping Fees<sup>(2)</sup></b> | <b>Fiscal Year</b> |             |             |             |             |             |             |             |             |             |
|-----------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                   | <b>2010</b>        | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> |
| Refuse <sup>(4)</sup>             | \$ 39.60           | \$ 39.60    | \$ 39.60    | \$ 39.60    | \$ 39.60    | \$ 39.60    | \$ 39.60    | \$ 39.60    | \$ 39.60    | \$ 39.60    |
| Residual Refuse <sup>(5)</sup>    | 34.54              | 34.54       | 34.54       | 34.54       | 34.54       | 34.54       | 34.54       | 34.54       | 34.54       | 34.54       |
| Hard-to-handle <sup>(6)</sup>     | 110.00             | 110.00      | 110.00      | 110.00      | 110.00      | 110.00      | 110.00      | 110.00      | 110.00      | 110.00      |

**Notes:**

- (1) Rates as of June 30 of each fiscal year.
- (2) Rates are per ton
- (3) Rates only represent non-contracted rates. Contracted rates making up over 90% of disposed refuse is not included.
- (4) "Refuse" is solid waste material legally permitted for disposal at the Landfill.
- (5) "Residual Refuse" is refuse transported by transfer trucks routed from transfer/materials recovery facilities.
- (6) "Hard-to-handle" fees apply to materials requiring special handling as determined by the Solid Waste Site Superintendent.

**Source:** Ventura Regional Sanitation District Board of Directors approved rate ordinances and resolutions

Ventura Regional Sanitation District  
Principal Customers  
Current Fiscal Year and Nine Years Ago

| <b>Customer</b>                            | <b>2019</b>               |                                | <b>2010</b>               |                                |
|--|---------------------------|--------------------------------|---------------------------|--------------------------------|
|  | <b>Tons<br/>Processed</b> | <b>Percentage<br/>of Total</b> | <b>Tons<br/>Processed</b> | <b>Percentage<br/>of Total</b> |
| Gold Coast Recycling                       | 264,052                   | 61.1%                          | 219,597                   | 64.3%                          |
| City of Oxnard                             | 124,251                   | 28.8%                          | 39,570                    | 11.6%                          |
| Araco Enterprises, LLC                     | 17,267                    | 4.0%                           | -                         | N/A                            |
| E.J. Harrison & Sons                       | 14,516                    | 3.4%                           | 14,409                    | 4.2%                           |
| City of Ventura Wastewater Treatment Plant | 3,826                     | 0.9%                           | 13,139                    | 3.8%                           |
| City of Santa Paula                        | 1,490                     | 0.3%                           | 8,976                     | 2.6%                           |
| Staben Brothers                            | 597                       | 0.1%                           | -                         | N/A                            |
| Geske's Hauling Service, Inc.              | 502                       | 0.1%                           | -                         | N/A                            |
| Chrisp Company                             | 399                       | 0.1%                           | -                         | N/A                            |
| Oxnard Wastewater Treatment Plant          | -                         | N/A                            | 24,561                    | 7.2%                           |
| Hill Canyon Wastewater Treatment Plant     | -                         | N/A                            | 8,029                     | 2.3%                           |
| Consolidated disposal Services             | -                         | N/A                            | 2,644                     | 0.8%                           |
| Fillmore Wastewater Treatment Plant        | -                         | N/A                            | 2,347                     | 0.7%                           |
| City of Santa Barbara                      | -                         | N/A                            | 1,504                     | 0.4%                           |
| JTZ Inc. DBA Zaccaro Roll-off              | -                         | N/A                            | 830                       | 0.2%                           |
| Other Customers                            | 5,346                     | 1.2%                           | 6,188                     | 1.8%                           |
| <b>Total Tons Processed</b>                | <b>432,246</b>            | <b>100.0%</b>                  | <b>341,794</b>            | <b>100.0%</b>                  |

**Source:** Ventura Regional Sanitation District



Ventura Regional Sanitation District  
Ratio of Outstanding Debt  
Last Ten Fiscal Years

| Fiscal Year | Total                 |                              |   |
|-------------|-----------------------|------------------------------|---|
|             | Amount <sup>(1)</sup> | Per<br>Capita <sup>(2)</sup> | As a Share<br>of Personal<br>Income <sup>(3)(4)</sup> |
| 2010        | \$ 22,840,478         | 34.36                        | 0.075%  |
| 2011        | 26,405,632            | 39.34                        | 0.082%  |
| 2012        | 24,782,531            | 36.67                        | 0.074%  |
| 2013        | 23,086,368            | 33.89                        | 0.068%  |
| 2014        | 21,313,850            | 31.07                        | 0.060%  |
| 2015        | 19,461,538            | 28.23                        | 0.052%  |
| 2016        | 28,086,421            | 40.62                        | 0.073%  |
| 2017        | 25,134,020            | 36.31                        | 0.059%  |
| 2018        | 22,120,239            | 31.91                        | 0.052%  |
| 2019        | 19,032,418            | 27.51                        | 0.044%  |

**Sources:**

- (1) Ventura Regional Sanitation District Finance Department
- (2) State of California, Department of Finance; E-1 Population Estimates for Cities and Counties
- (3) US Bureau of Economic Analysis CA1 Personal Income Summary: 2016 and prior data
- (4) Personal Income and Personal Income per Capital for 2017 forward was obtained from the California County-Level Economic Forecast 2019

Ventura Regional Sanitation District  
Pledged-Revenue Coverage  
Installment Agreements  
Last Ten Fiscal Years

| District Total             | Fiscal Year   |               |               |               |               |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
|                            | 2010          | 2011          | 2012          | 2013          | 2014          |
| Revenue sources            |               |               |               |               |               |
| Operating revenues         | \$ 11,934,180 | \$ 13,211,178 | \$ 13,096,130 | \$ 13,342,394 | \$ 14,456,429 |
| Non-operating revenues     | 933,690       | 556,878       | 575,536       | 38,929        | 354,195       |
| Total revenue sources      | 12,867,870    | 13,768,056    | 13,671,666    | 13,381,323    | 14,810,624    |
| Expenses                   |               |               |               |               |               |
| Operating expenses         | 8,123,134     | 8,575,181     | 9,161,608     | 9,459,671     | 9,637,740     |
| Non-operating expenses     | -             | -             | -             | -             | -             |
| Total expenses             | 8,123,134     | 8,575,181     | 9,161,608     | 9,459,671     | 9,637,740     |
| Change in net position     | 4,744,736     | 5,192,875     | 4,510,058     | 3,921,652     | 5,172,884     |
| Installment payments       |               |               |               |               |               |
| Principal                  | 1,256,942     | 1,434,846     | 1,623,101     | 1,696,163     | 1,772,519     |
| Interest                   | 1,070,302     | 1,119,503     | 1,158,353     | 1,085,291     | 1,008,935     |
| Total installment payments | \$ 2,327,244  | \$ 2,554,349  | \$ 2,781,454  | \$ 2,781,454  | \$ 2,781,454  |
| Coverage                   | 2.0           | 2.0           | 1.6           | 1.4           | 1.9           |
| <b><u>Solid Waste</u></b>  |               |               |               |               |               |
| Revenue sources            |               |               |               |               |               |
| Operating revenues         | \$ 10,831,600 | \$ 9,619,349  | \$ 9,504,453  | \$ 9,632,869  | \$ 10,894,198 |
| Non-operating revenues     | 933,690       | 553,317       | 563,883       | 37,270        | 348,189       |
| Total revenue sources      | 11,765,290    | 10,172,666    | 10,068,336    | 9,670,139     | 11,242,387    |
| Expenses                   |               |               |               |               |               |
| Operating expenses         | 7,323,930     | 6,487,285     | 6,637,981     | 6,819,665     | 7,008,171     |
| Non-operating expenses     | -             | -             | -             | -             | -             |
| Total expenses             | 7,323,930     | 6,487,285     | 6,637,981     | 6,819,665     | 7,008,171     |
| Change in net position     | 4,441,360     | 3,685,381     | 3,430,355     | 2,850,474     | 4,234,216     |
| Installment payments       |               |               |               |               |               |
| Principal                  | 464,654       | 606,851       | 757,787       | 791,851       | 827,450       |
| Interest                   | 388,398       | 473,306       | 549,474       | 515,410       | 479,811       |
| Total installment payments | \$ 853,052    | \$ 1,080,157  | \$ 1,307,261  | \$ 1,307,261  | \$ 1,307,261  |
| <b><u>Biosolids</u></b>    |               |               |               |               |               |
| Revenue sources            |               |               |               |               |               |
| Operating revenues         | \$ 1,102,580  | \$ 3,591,829  | \$ 3,591,677  | \$ 3,709,525  | \$ 3,562,231  |
| Non-operating revenues     | -             | 3,561         | 11,653        | 1,659         | 6,006         |
| Total revenue sources      | 1,102,580     | 3,595,390     | 3,603,330     | 3,711,184     | 3,568,237     |
| Expenses                   |               |               |               |               |               |
| Operating expenses         | 799,204       | 2,087,896     | 2,523,627     | 2,640,006     | 2,629,569     |
| Non-operating expenses     | -             | -             | -             | -             | -             |
| Total expenses             | 799,204       | 2,087,896     | 2,523,627     | 2,640,006     | 2,629,569     |
| Change in net position     | 303,376       | 1,507,494     | 1,079,703     | 1,071,178     | 938,668       |
| Installment payments       |               |               |               |               |               |
| Principal                  | 792,288       | 827,995       | 865,314       | 904,312       | 945,069       |
| Interest                   | 681,904       | 646,197       | 608,879       | 569,881       | 529,124       |
| Total installment payments | \$ 1,474,192  | \$ 1,474,192  | \$ 1,474,193  | \$ 1,474,193  | \$ 1,474,193  |

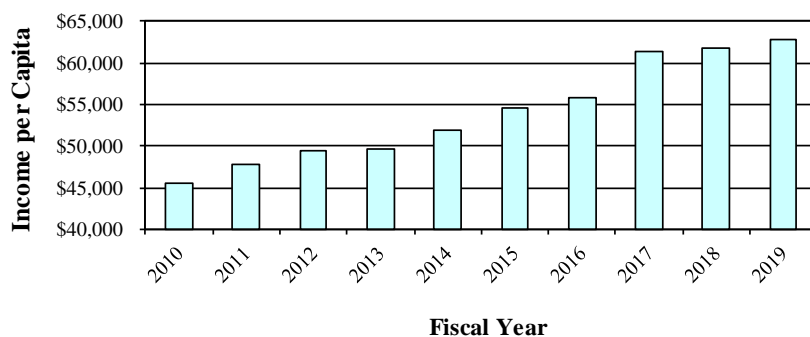
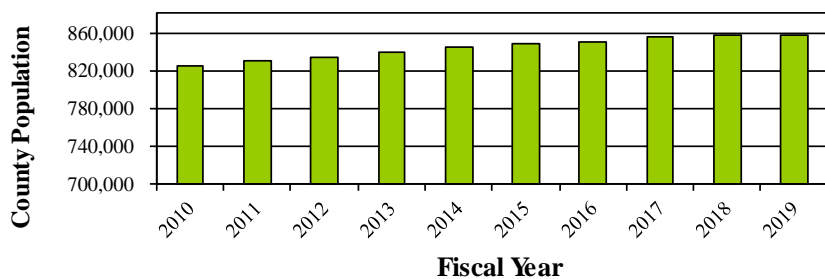
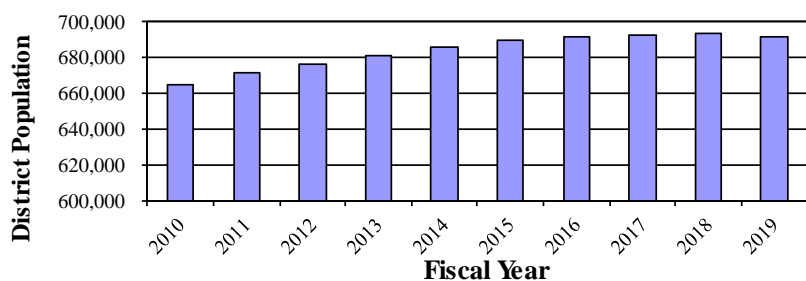
Source: Ventura Regional Sanitation District

Ventura Regional Sanitation District  
Pledged-Revenue Coverage (Continued)  
Installment Agreements  
Last Ten Fiscal Years

| Fiscal Year   |               |               |               |               | District Total             |
|---------------|---------------|---------------|---------------|---------------|----------------------------|
| 2015          | 2016          | 2017          | 2018          | 2019          |                            |
|               |               |               |               |               | Revenue sources            |
| \$ 15,804,940 | \$ 15,348,667 | \$ 15,206,961 | \$ 23,773,784 | \$ 14,254,728 | Operating revenues         |
| 353,340       | 621,765       | 62,062        | 73,913        | 1,565,617     | Non-operating revenues     |
| 16,158,280    | 15,970,432    | 15,269,023    | 23,847,697    | 15,820,345    | Total revenue sources      |
|               |               |               |               |               | Expenses                   |
| 10,054,954    | 10,016,270    | 9,427,194     | 4,352,288     | 8,969,128     | Operating expenses         |
| -             | -             | -             | -             | -             | Non-operating expenses     |
| 10,054,954    | 10,016,270    | 9,427,194     | 4,352,288     | 8,969,128     | Total expenses             |
| 6,103,326     | 5,954,162     | 5,841,829     | 19,495,409    | 6,851,217     | Change in net position     |
|               |               |               |               |               | Installment payments       |
| 1,852,312     | 2,043,316     | 2,952,400     | 3,013,781     | 3,087,822     | Principal                  |
| 929,142       | 952,437       | 690,788       | 629,408       | 555,367       | Interest                   |
| \$ 2,781,454  | \$ 2,995,753  | \$ 3,643,188  | \$ 3,643,189  | \$ 3,643,189  | Total installment payments |
| 2.2           | 2.0           | 1.6           | 5.4           | 1.9           | Coverage                   |
|               |               |               |               |               | <b><u>Solid Waste</u></b>  |
|               |               |               |               |               | Revenue sources            |
| \$ 11,921,343 | \$ 12,586,681 | \$ 12,852,217 | \$ 22,540,839 | \$ 13,277,859 | Operating revenues         |
| 351,066       | 616,587       | 60,931        | 69,847        | 1,554,478     | Non-operating revenues     |
| 12,272,409    | 13,203,268    | 12,913,148    | 22,610,686    | 14,832,337    | Total revenue sources      |
|               |               |               |               |               | Expenses                   |
| 7,428,993     | 8,482,137     | 8,608,387     | 4,052,019     | 8,424,630     | Operating expenses         |
| -             | -             | -             | -             | -             | Non-operating expenses     |
| 7,428,993     | 8,482,137     | 8,608,387     | 4,052,019     | 8,424,630     | Total expenses             |
| 4,843,416     | 4,721,131     | 4,304,761     | 18,558,667    | 6,407,707     | Change in net position     |
|               |               |               |               |               | Installment payments       |
| 864,649       | 943,656       | 1,754,341     | 1,789,189     | 1,836,109     | Principal                  |
| 442,612       | 446,043       | 488,883       | 454,036       | 407,116       | Interest                   |
| \$ 1,307,261  | \$ 1,389,699  | \$ 2,243,224  | \$ 2,243,225  | \$ 2,243,225  | Total installment payments |
|               |               |               |               |               | <b><u>Biosolids</u></b>    |
|               |               |               |               |               | Revenue sources            |
| \$ 3,883,597  | \$ 2,761,986  | \$ 2,354,744  | \$ 1,232,945  | \$ 976,869    | Operating revenues         |
| 2,274         | 5,178         | 1,131         | 4,066         | 11,139        | Non-operating revenues     |
| 3,885,871     | 2,767,164     | 2,355,875     | 1,237,011     | 988,008       | Total revenue sources      |
|               |               |               |               |               | Expenses                   |
| 2,625,961     | 1,534,133     | 818,807       | 300,269       | 544,498       | Operating expenses         |
| -             | -             | -             | -             | -             | Non-operating expenses     |
| 2,625,961     | 1,534,133     | 818,807       | 300,269       | 544,498       | Total expenses             |
| 1,259,910     | 1,233,031     | 1,537,068     | 936,742       | 443,510       | Change in net position     |
|               |               |               |               |               | Installment payments       |
| 987,663       | 1,099,660     | 1,198,059     | 1,224,592     | 1,251,713     | Principal                  |
| 486,530       | 506,394       | 201,905       | 175,372       | 148,251       | Interest                   |
| \$ 1,474,193  | \$ 1,606,054  | \$ 1,399,964  | \$ 1,399,964  | \$ 1,399,964  | Total installment payments |

Ventura Regional Sanitation District  
Demographic Statistics  
Last Ten Fiscal Years

| Year | County of Ventura                         |                                  |                                     |                                |   |
|------|---|----------------------------------|-------------------------------------|--------------------------------|---|
|      | Population within District <sup>(1)</sup> | Unemployment Rate <sup>(4)</sup> | Population (persons) <sup>(2)</sup> | Personal Income <sup>(2)</sup> | Personal Income per Capita <sup>(2)</sup> |
| 2010 | 664,660                                   | 10.9%                            | 825,320                             | 37,605,326                     | 45,565                                    |
| 2011 | 671,136                                   | 10.2%                            | 830,707                             | 39,627,111                     | 47,703                                    |
| 2012 | 675,898                                   | 9.1%                             | 834,519                             | 41,294,216                     | 49,483                                    |
| 2013 | 681,149                                   | 7.8%                             | 839,498                             | 41,728,050                     | 49,706                                    |
| 2014 | 685,963                                   | 6.2%                             | 844,078                             | 43,878,654                     | 51,984                                    |
| 2015 | 689,341                                   | 5.3%                             | 847,719                             | 46,269,484                     | 54,581                                    |
| 2016 | 691,441                                   | 5.4%                             | 849,738                             | 47,397,620                     | 55,779                                    |
| 2017 | 692,257                                   | 4.2%                             | 855,973 <sup>(1)</sup>              | 50,600,000 <sup>(3)</sup>      | 61,405 <sup>(3)</sup>                     |
| 2018 | 693,166                                   | 3.8%                             | 857,415 <sup>(1)</sup>              | 52,900,000 <sup>(3)</sup>      | 61,804 <sup>(3)</sup>                     |
| 2019 | 691,862                                   | 3.9%                             | 856,598 <sup>(1)</sup>              | 55,500,000 <sup>(3)</sup>      | 62,738 <sup>(3)</sup>                     |



**Sources:** (1) Population data obtained from California Department of Finance, prior years are actual; current year is forecasted.  
 (2) US Bureau of Economic Analysis CA1 Personal Income Summary: 2016 and prior data  
 (3) Personal Income and Personal Income per Capital for 2017 forward was obtained from the California County-Level Economic Forecast  
 (4) State of California, Employment Development Department, Labor Market Information Division

**Notes:** Only County data is updated annually. Therefore, the District has chosen to use its data since the District believes that the County data is representative of the conditions and experience of the District.

Ventura Regional Sanitation District  
Principal Employers – County of Ventura  
Current Fiscal Year and Nine Years Ago

| <b>Employer</b>                             | <b>2019<sup>(a)</sup></b>         |             |   | <b>2009<sup>(b)</sup></b>         |             |   |
|---|-----------------------------------|-------------|---|-----------------------------------|-------------|---|
|   | <b>Number<br/>of<br/>Employee</b> | <b>Rank</b> | <b>Percentage<br/>of Total<br/>Employed</b> | <b>Number<br/>of<br/>Employee</b> | <b>Rank</b> | <b>Percentage<br/>of Total<br/>Employed</b> |
| Naval Base of Ventura                       | 18,776                            | 1           | 4.68%                                       | 19,000                            | 1           | 5.89%                                       |
| County of Ventura - Government Center       | 8,435                             | 2           | 2.10%                                       | 8,121                             | 2           | 2.52%                                       |
| Amgen                                       | 5,500                             | 3           | 1.37%                                       | 6,500                             | 3           | 2.01%                                       |
| Wellpoint Health Network, Inc.              | 2,860                             | 4           | 0.71%                                       | 3,623                             | 5           | 1.12%                                       |
| Simi Valley Unified School District         | 2,737                             | 5           | 0.68%                                       | 2,591                             | 6           | 0.80%                                       |
| Community Memorial Hospital of San Buenaver | 2,300                             | 6           | 0.57%                                       | 2,000                             | 13          | 0.62%                                       |
| Conejo Valley Unified School District       | 2,050                             | 7           | 0.51%                                       | 2,169                             | 11          | 0.67%                                       |
| Dignity Health                              | 2,016                             | 8           | 0.50%                                       | -                                 |             | n/a   |
| Ventura Unified School District             | 1,835                             | 9           | 0.46%                                       | 2,197                             | 10          | 0.68%                                       |
| Oxnard Union High School District           | 1,654                             | 10          | 0.41%                                       | -                                 |             | n/a   |
| St John's Regional Medical Center           | -                                 |             | n/a   | 2,011                             | 12          | 0.62%                                       |
| Countrywide Home Loans Headquarters         | -                                 |             | n/a   | 5,588                             | 4           | 1.73%                                       |
| Ventura County Health Care Agency           | -                                 |             | n/a   | 2,430                             | 7           | 0.75%                                       |
| Vons  | -                                 |             | n/a   | 2,282                             | 8           | 0.71%                                       |
| Verizon Communication                       | -                                 |             | n/a   | 2,200                             | 9           | 0.68%                                       |
| Top Ten Employers Total                     | <u>48,163</u>                     |             | 11.99%                                      | <u>60,712</u>                     |             | 18.81%                                      |
| Total Employed in County                    | <u>401,200</u>                    |             | 100.00%                                     | <u>322,700</u>                    |             | 100.00%                                     |

**Sources:**

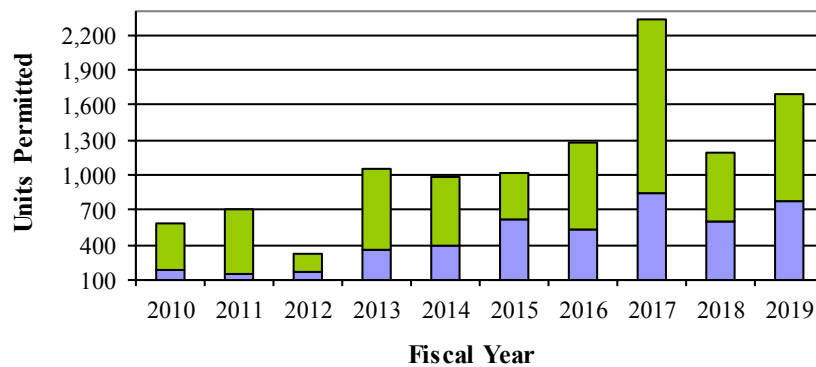
(a) 2019 Los Angeles County and Ventura County Economic Outlook.

(b) UC Santa Barbara Economic Forecast Project; includes both full and part-time employees

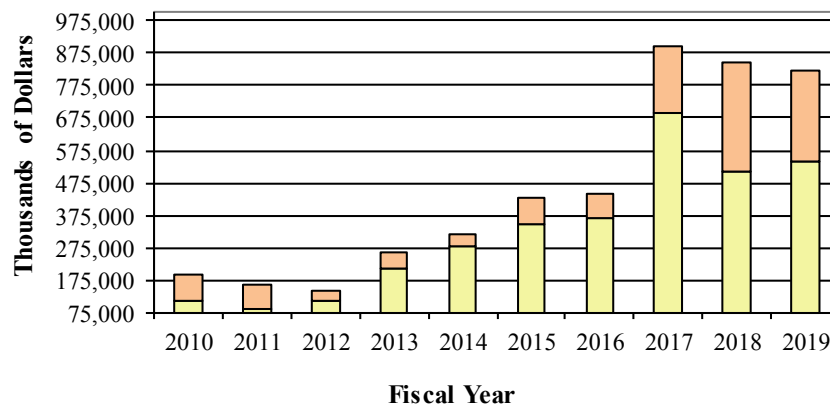
Ventura Regional Sanitation District  
Building Permits – County of Ventura  
Last Ten Years

| Fiscal Year | New Single Family Units | New Multiple Family Units | Total New Residential Units | Total New Residential Investment (000's) | Non-residential Investment (000's) | Total New Structure Investment (000's) |
|-------------|-------------------------|---------------------------|-----------------------------|--|------------------------------------|--|
| 2010        | 192                     | 398                       | 590                         | 111,044                                  | 80,403                             | 191,447                                |
| 2011        | 156                     | 541                       | 697                         | 84,947                                   | 73,482                             | 158,429                                |
| 2012        | 175                     | 147                       | 322                         | 112,704                                  | 32,189                             | 144,893                                |
| 2013        | 360                     | 688                       | 1,048                       | 213,378                                  | 48,219                             | 261,597                                |
| 2014        | 396                     | 585                       | 981                         | 279,531                                  | 37,251                             | 316,782                                |
| 2015        | 615                     | 394                       | 1,009                       | 350,485                                  | 77,805                             | 428,290                                |
| 2016        | 528                     | 744                       | 1,272                       | 367,000                                  | 74,537                             | 441,537                                |
| 2017        | 847                     | 1,479                     | 2,326                       | 690,000                                  | 205,000                            | 895,000                                |
| 2018        | 608                     | 585                       | 1,193                       | 512,000                                  | 335,000                            | 847,000                                |
| 2019        | 776                     | 914                       | 1,690                       | 538,000                                  | 284,000                            | 822,000                                |

**New Residential Building Units Permitted**



**Investment in New Structures**

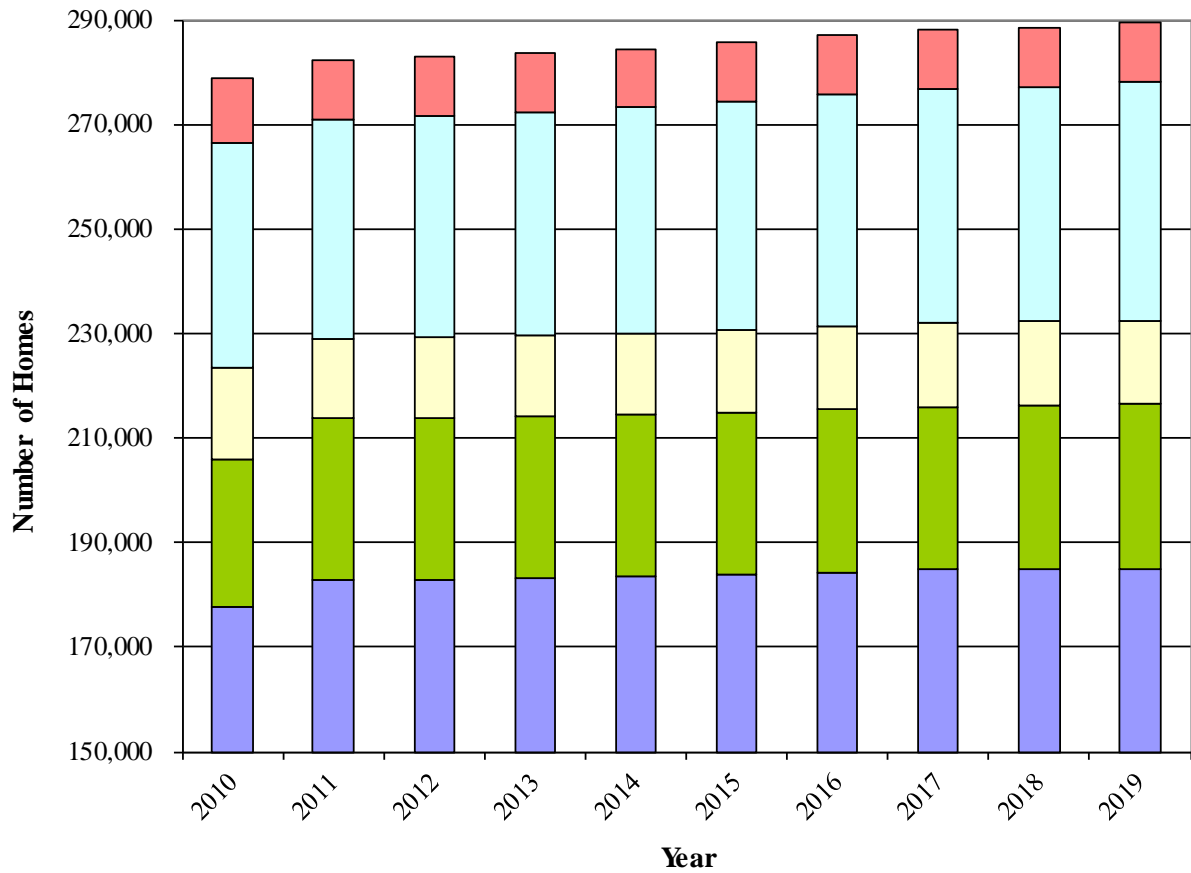


**Note:** Building Permit statistic updated 2017 to include number of permits, and total investment in residential and non-residential units; as more detailed breakdown is no longer available. Prior years are actual, current year forecasted.

**Sources:** 2019 Los Angeles County and Ventura County Economic Outlook

Ventura Regional Sanitation District  
Housing Stock Estimates – County of Ventura  
Last Ten Fiscal Years

| Fiscal Year | Single Family Residential Detached | Single Family Residential Attached | Multiple 2 to 4 Units | Multiple 5 or More Units | Mobile Homes | Total All Housing |
|-------------|------------------------------------|------------------------------------|-----------------------|--------------------------|--------------|-------------------|
| 2010        | 177,564                            | 28,185                             | 17,591                | 43,049                   | 12,362       | 278,751           |
| 2011        | 182,857                            | 30,922                             | 15,286                | 41,879                   | 11,324       | 282,268           |
| 2012        | 183,011                            | 30,906                             | 15,406                | 42,271                   | 11,329       | 282,923           |
| 2013        | 183,151                            | 30,966                             | 15,560                | 42,561                   | 11,337       | 283,575           |
| 2014        | 183,389                            | 31,018                             | 15,641                | 43,100                   | 11,341       | 284,489           |
| 2015        | 183,775                            | 31,038                             | 15,759                | 43,890                   | 11,346       | 285,808           |
| 2016        | 184,141                            | 31,259                             | 15,886                | 44,444                   | 11,350       | 287,080           |
| 2017        | 184,761                            | 31,270                             | 15,953                | 44,738                   | 11,352       | 288,074           |
| 2018        | 185,053                            | 31,281                             | 15,947                | 44,949                   | 11,349       | 288,579           |
| 2019        | 184,929                            | 31,539                             | 15,981                | 45,848                   | 11,350       | 289,647           |

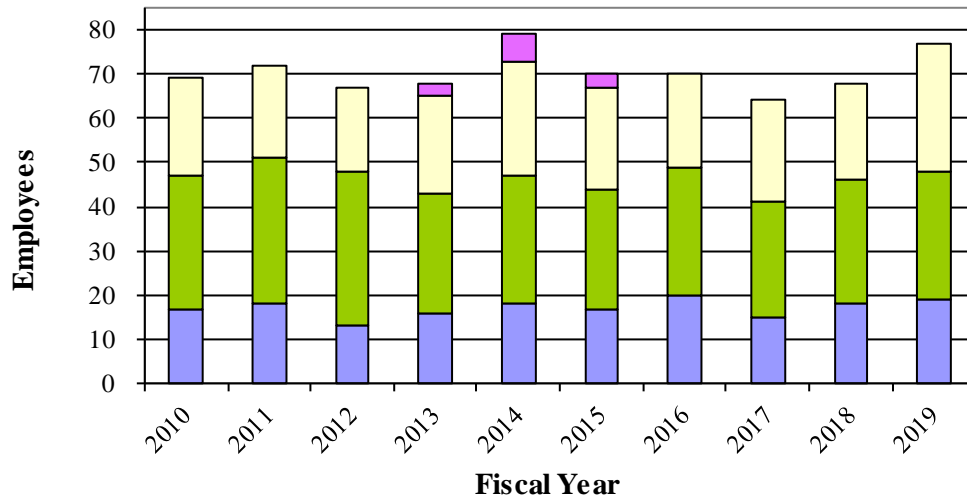


Source: CA Dept. of Finance Demographic Research Unit, E-5 City/County Population & Housing Estimates

Ventura Regional Sanitation District  
Operating and Capacity Indicators (continued)  
Capital Asset Statistics by Function

**District Employees by Department**

| Fiscal Year | Central Services | Water & Wastewater | Solid Waste | Biosolids | Total |
|-------------|------------------|--------------------|-------------|-----------|-------|
| 2010        | 17               | 30                 | 22          | -         | 69    |
| 2011        | 18               | 33                 | 21          | -         | 72    |
| 2012        | 13               | 35                 | 19          | -         | 67    |
| 2013        | 16               | 27                 | 22          | 3         | 68    |
| 2014        | 18               | 29                 | 26          | 6         | 79    |
| 2015        | 17               | 27                 | 23          | 3         | 70    |
| 2016        | 20               | 29                 | 21          | -         | 70    |
| 2017        | 15               | 26                 | 23          | -         | 64    |
| 2018        | 18               | 28                 | 22          | -         | 68    |
| 2019        | 19               | 29                 | 29          | -         | 77    |



### Other Operating and Capacity Indicators

| Fiscal Year | District Area (Square Miles) | Collection System (Miles) | Treatment Capacity (MGD) | Average Dry Weather Flow (MGD) | Potable Water Capacity (MGM) | Recycled Water Capacity (MGM) | Landfill Acreage | Daily Landfill Capacity (tons) |
|-------------|------------------------------|---------------------------|--------------------------|--------------------------------|------------------------------|-------------------------------|------------------|--------------------------------|
| 2010        | 1,864                        | 150                       | 5.95                     | 3.63                           | 70.32                        | 27.57                         | 216.5            | 1,500                          |
| 2011        | 1,864                        | 150                       | 5.95                     | 3.63                           | 70.32                        | 27.57                         | 216.5            | 1,500                          |
| 2012        | 1,864                        | 150                       | 5.95                     | 3.63                           | 70.32                        | 27.57                         | 216.5            | 1,500                          |
| 2013        | 1,864                        | 150                       | 5.95                     | 3.63                           | 70.32                        | 27.57                         | 216.5            | 1,500                          |
| 2014        | 1,864                        | 150                       | 5.95                     | 3.63                           | 70.32                        | 27.57                         | 216.5            | 1,500                          |
| 2015        | 1,864                        | 150                       | 5.95                     | 3.63                           | 70.32                        | 27.57                         | 216.5            | 1,500                          |
| 2016        | 1,864                        | 150                       | 5.95                     | 3.63                           | 70.32                        | 27.57                         | 216.5            | 1,500                          |
| 2017        | 1,864                        | 150                       | 5.95                     | 3.63                           | 70.32                        | 27.57                         | 216.5            | 1,500                          |
| 2018        | 1,864                        | 150                       | 5.95                     | 3.63                           | 70.32                        | 27.57                         | 216.5            | 1,500                          |
| 2019        | 1,864                        | 150                       | 5.95                     | 3.63                           | 70.32                        | 27.57                         | 216.5            | 1,500                          |

MGD - Millions of Gallons per Day

MGM - Millions of Gallons per Month

**Sources:** Ventura Regional Sanitation District Finance Department



Ventura Regional Sanitation District  
Operating and Capacity Indicators (continued)  
Capital Asset Statistics by Function

| Function                        | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Wastewater</b>               |       |       |       |       |       |       |       |       |       |       |
| Vehicles                        | 13    | 13    | 13    | 23    | 24    | 27    | 26    | 26    | 28    | 22    |
| Water truck                     | -     | -     | -     | -     | 1     | 1     | -     | -     | -     | -     |
| Forklifts/Hydraulic lifts       | -     | -     | -     | -     | -     | -     | -     | -     | 1     | 1     |
| Golf Cart                       | 1     | 1     | 1     | 1     | 1     | 1     | -     | -     | -     | 1     |
| Machinery & Equipment           | 17    | 17    | 17    | 14    | 16    | 16    | 15    | 15    | 15    | 17    |
| Cranes                          | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Heavy equipment                 | 3     | 3     | 3     | 3     | 3     | 4     | 3     | 3     | 1     | 1     |
| Trailers                        | 2     | 2     | 2     | -     | -     | -     | -     | -     | -     | -     |
| Furniture & Fixtures            | 16    | 16    | 16    | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Computer equipment              | 1     | 1     | 1     | 3     | 3     | 4     | 5     | 5     | 5     | 5     |
| Buildings                       | 3     | 3     | 3     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Buildings (square footage)      | 5,880 | 5,880 | 5,880 | 5,880 | 5,880 | 5,880 | 5,880 | 5,880 | 5,880 | 5,880 |
| Wastewater treatment system     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Valew vacuum system             | 1     | 1     | 1     | 2     | 2     | 2     | 3     | 3     | 4     | 3     |
| <b>Solid Waste</b>              |       |       |       |       |       |       |       |       |       |       |
| Vehicles                        | 8     | 8     | 8     | 17    | 14    | 14    | 15    | 13    | 12    | 22    |
| Golf Cart                       | -     | -     | -     | 1     | 1     | 1     | 2     | 2     | 2     | 1     |
| Trailers                        | -     | -     | -     | 1     | -     | -     | -     | -     | -     | -     |
| Machinery & Equipment           | 15    | 15    | 15    | 20    | 23    | 23    | 26    | 26    | 30    | 29    |
| Forklifts/Hydraulic lifts       | 2     | 2     | 2     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Heavy equipment                 | 5     | 5     | 5     | 6     | 6     | 6     | 8     | 6     | 4     | 7     |
| Compactor                       | 1     | 1     | 1     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Fuel truck                      | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Water truck                     | 1     | 1     | 1     | 2     | 2     | 2     | 2     | 2     | 3     | 3     |
| Bulldozers                      | 5     | 5     | 5     | 3     | 3     | 3     | 3     | 5     | 6     | 10    |
| Computer equipment              | 6     | 6     | 6     | 9     | 10    | 11    | 13    | 13    | 13    | 13    |
| Fuel tanks                      | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Solar system                    | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Buildings                       | 3     | 3     | 3     | 3     | 3     | 3     | 4     | 4     | 4     | 4     |
| Buildings (square footage)      | 3,480 | 3,480 | 3,480 | 3,480 | 3,480 | 3,480 | 3,480 | 3,480 | 3,480 | 3,480 |
| Landfills                       | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     |
| Scalehouse                      | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 1     | 1     | 1     |
| Site security system            | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Leachate systems                | 2     | 2     | 2     | 2     | 2     | 2     | 1     | 1     | -     | -     |
| Gas monitoring wells            | 5     | 5     | 5     | 3     | 4     | 4     | 4     | 4     | 4     | 4     |
| Water wells                     | 4     | 4     | 4     | 7     | 7     | 7     | 7     | 7     | 7     | 7     |
| Water tanks                     | 3     | 3     | 3     | 4     | 4     | 4     | 4     | 4     | 4     | 4     |
| Land (acreage)                  | 652   | 652   | 652   | 652   | 652   | 652   | 652   | 652   | 652   | 652   |
| <b>Biosolids</b>                |       |       |       |       |       |       |       |       |       |       |
| Trailers                        | 13    | 16    | 16    | 16    | 16    | 16    | 15    | 15    | 14    | -     |
| Machinery & Equipment           | -     | -     | -     | 3     | 3     | 3     | 3     | 3     | 3     | -     |
| Vehicles                        | -     | -     | -     | 1     | 1     | 1     | 1     | 1     | 1     | -     |
| Water tank                      | -     | -     | -     | -     | 2     | 2     | 2     | 2     | 2     | -     |
| Irrigation system               | -     | -     | -     | -     | 1     | 1     | 1     | 1     | 1     | -     |
| Biosolids facility              | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Microturbine generation station | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Landfill gas treatment skid     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| <b>Central Administration</b>   |       |       |       |       |       |       |       |       |       |       |
| Vehicles                        | 1     | 1     | 1     | 1     | 1     | 1     | 2     | 2     | 1     | 1     |
| Machinery & Equipment           | 1     | 1     | 1     | 5     | 6     | 6     | 10    | 10    | 10    | 9     |
| Furniture & Fixtures            | 11    | 11    | 11    | 5     | 6     | 6     | 2     | 2     | 2     | 2     |
| Computer equipment              | 9     | 9     | 9     | 8     | 8     | 11    | 16    | 18    | 19    | 19    |

Sources: Ventura Regional Sanitation District Finance Department

This page intentionally left blank.

