

VENTURA REGIONAL SANITATION DISTRICT

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2020**

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**Ventura Regional Sanitation District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

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	24
Statements of Revenues, Expenses, and Changes in Net Position	26
Statements of Cash Flows	27
Notes to the Basic Financial Statements	29

Required Supplementary Information:

Ventura County Employees' Retirement Association Pension Plan:

Schedule of the District's Proportionate Share of the Plan's Net Pension	
Liability and Related Ratios	70
Schedule of Plan Contributions	70

PARS Retirement Enhancement Plan:

Schedule of Changes in Net Pension Liability and Related Ratios	71
Schedule of Plan Contributions	72

Other Post Employment Benefit Plan:

Schedule of Changes in Net OPEB Liability and Related Ratios	73
Schedule of Employer Contributions	74

Supplementary Information:

Combining Schedule of Net Position	76
Combining Schedule of Revenues, Expenses and Changes in Net Position	78
Combining Schedule of Cash Flows	79
Tierra Rejada Closed Landfill – Mitigation and Monitoring Costs	81

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, 2020**

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 – Last Ten Fiscal Years	
Ratio of Outstanding Debt	90
Pledged-Revenue Coverage	91
Demographic Information – Last Ten Fiscal Years	
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 – Last Ten Fiscal Years	
Operating and Capacity Indicators.....	97



December 3, 2020

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, 2020. 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 Davis Farr 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, 2020. 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-eight (78.6 FTEs) employees as of June 2020 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, San Buenaventura, Santa Paula, and Thousand Oaks), each of which appoints an elected representative to the District Board of Directors; and
- Seven special districts (Camrosa Water, Channel Islands Beach Community Services, Ojai Valley Sanitary, Saticoy Sanitary, Triunfo Water & Sanitation, and Ventura County Waterworks Nos. 1 & 16). Excluding 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.

The District operates strictly on an enterprise basis, thus exclusively receiving all of its funding sources from charges for services.

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 - *Olivas Fire*

On Friday, October 11, 2019, before dawn, embers from the Olivas Fire in the Santa Clara River bed just north of the River Ridge Golf Course in Oxnard blew west across Victoria Avenue and started several small spot fires on the closed Bailard Landfill. These quickly grew out of control and eventually burned 100% of the landfill surface vegetation and virtually all of the landfill gas collection pipelines. Stormwater drainage systems were also heavily damaged. As of June 30, 2020, the District has incurred approximately \$1,127,600 in fire damage repair costs. The District filed a claim with its property insurance carrier for approximately \$1,092,798 of that amount the District has received claim payments totaling \$831,164. No additional recovery of funds is anticipated.

Significant Event – *Easy Fire*

The Easy Fire, which burned from October 30, 2019 to November 2, 2019, caused significant damage to the closed Tierra Rejada Landfill in the City of Simi Valley. The landfill gas collection and drainage systems were destroyed, as was the vegetative cover on the landfill surface, thus exposing the steep slopes to potential erosion from rainfall. While the District does not own the landfill, it provides operations and maintenance services as one of four member agencies of the Tierra Rejada Consortium that shares responsibility for the closed landfill. Each consortium member agency contributed \$548,554 to be used to fund the necessary fire remediation costs. As of June 30, 2020, approximately \$2,195,231 in repair costs have been incurred. At the beginning of fiscal year 2021, the District began the application process for financial assistance from the California Office of Emergency Services; any payments received will be allocated among the four Consortium members.

Significant Event – *COVID-19*

The coronavirus disease 2019 (COVID-19) began impacting the United States in January 2020. On March 4, 2020, California Governor Gavin Newsom proclaimed a Statewide Emergency as a result of the COVID-19 threat. By the end of the fiscal year the virus had evolved from an isolated disease in a region of China to a global pandemic. It brought countries to a halt, pushed hospital systems to full capacity, and drove the global economy into a recession. Beginning March 24, 2020, the District has been operating the Toland Road Landfill under an Emergency Waiver of Standards allowing the landfill to increase disposal tonnage from 1,500 to 2,000 tons per day. This was necessary to aid in the direct and indirect impacts of COVID-

19 on solid waste operations, as some transfer and recycling facilities may have shut downs or partial closures due to compliance measures directed by the Centers for Disease Control and Prevention. The initial waiver has been extended three times and is currently set to expire on December 19, 2020.

Solid Waste Operations

The District manages 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 FY1996 to provide 31 years of landfill capacity for western Ventura County after closure of the Bailard Landfill that same year.

The Toland Road Landfill received about 441,895 tons of refuse in FY2020. Approximately 91 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. The current agreements with the City of Oxnard and Gold Coast Recycling expire in FY2021. Negotiation of those agreements is currently underway with new agreements anticipated in place within FY2021.

Water & Wastewater Operations

The District is responsible for management, operation, and maintenance of water and wastewater facilities and equipment throughout Ventura County. Included in FY2020 are facilities owned by the Triunfo Water & 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 Thacher 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 Water & 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 four employees. Triunfo contracts with the District for most of its financial, accounting, maintenance, and operations functions. In fiscal year 2020, this support consists of approximately seventeen (16.80) full-time equivalent positions made up of the part-time efforts of more than forty-two (42.55) individuals in ten (10) different areas of expertise. In fiscal year 2021, Triunfo and the District are discussing modifications to exclude accounting and financial functions from the scope of services provided by VRSD.

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 staff 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 842,886 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 2020 has shifted drastically from 2019. Initially projecting record employment highs, unemployment falling to record lows, and trade and manufacturing output continuing to grow, this optimistic outlook rapidly changed when Governor Newsom ordered a Statewide Emergency to shelter-in-place, followed by a National Emergency was declared on March 13, 2020. After an unprecedented decline in March and April, economic growth is sluggish, only regaining 31.1% of the over 2.6 million jobs lost in March and April.

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 2019, the estimated gross value for all agriculture in Ventura County was \$2.0 billion decreasing by 5.2% from 2018. Strawberries, celery, lemons, raspberries, and nursery stock 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 8th among all counties in the California in total crop value.

Income and Unemployment – Ventura County's unemployment as of June 2020 sits at 12.6% down from 13.9% as of April, the highest rate recorded since 2010. Prior to the state lockdown, the unemployment was 4.7%, a 1.1% increase from June 2019. The largest percentage job declines are occurring in leisure and hospitality and other services, which include dry cleaning and personal care services. These two sectors accounted for over 45% of total job losses in Southern California in July. The smallest percentage decline was in financial services, a sector that has thus far been mostly unscathed during the recession partly due to estimates that nearly 78% of employees in the industry are able to work from home.

The Census ACS 1-year survey reports that the median household income for the Ventura County California area was \$92,236 in 2019, the latest figures available. Ventura County median household income is 13% higher than the median California household income and 29% greater than the US median household income. Median family and per capita income for Ventura County in 2019 was \$40,293, 11% higher than the national average and 2% higher than the California average.

Real Estate –Based on 2019 estimates 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 year. Homebuilding is anticipated to accelerate to nearly 140,000 units in 2020, the highest level of new housing permits since 2008. Existing home sales in Ventura County climbed a modest 6.6% year-on-year in August, after plunging by double-digit rates from April to June. The median home sale price was \$697,754 in 2019, a 4.2% increase over 2018. Ventura County experienced positive home price growth from a year ago with a robust 12.0% increase. Home prices in Southern California are expected to level out and only increase 1.1% in 2021 as the supply of homes increases to meet demand. Continued strong out-migration is also expected to limit home price gains in the region in 2021.

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. 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 & Sanitation District and Saticoy 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.

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 will strengthen 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—Davis Farr, LLP, Irvine, 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, 2019. 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.

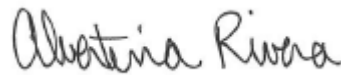
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, Davis Farr, 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

2020 Board of Directors as of June 30, 2020

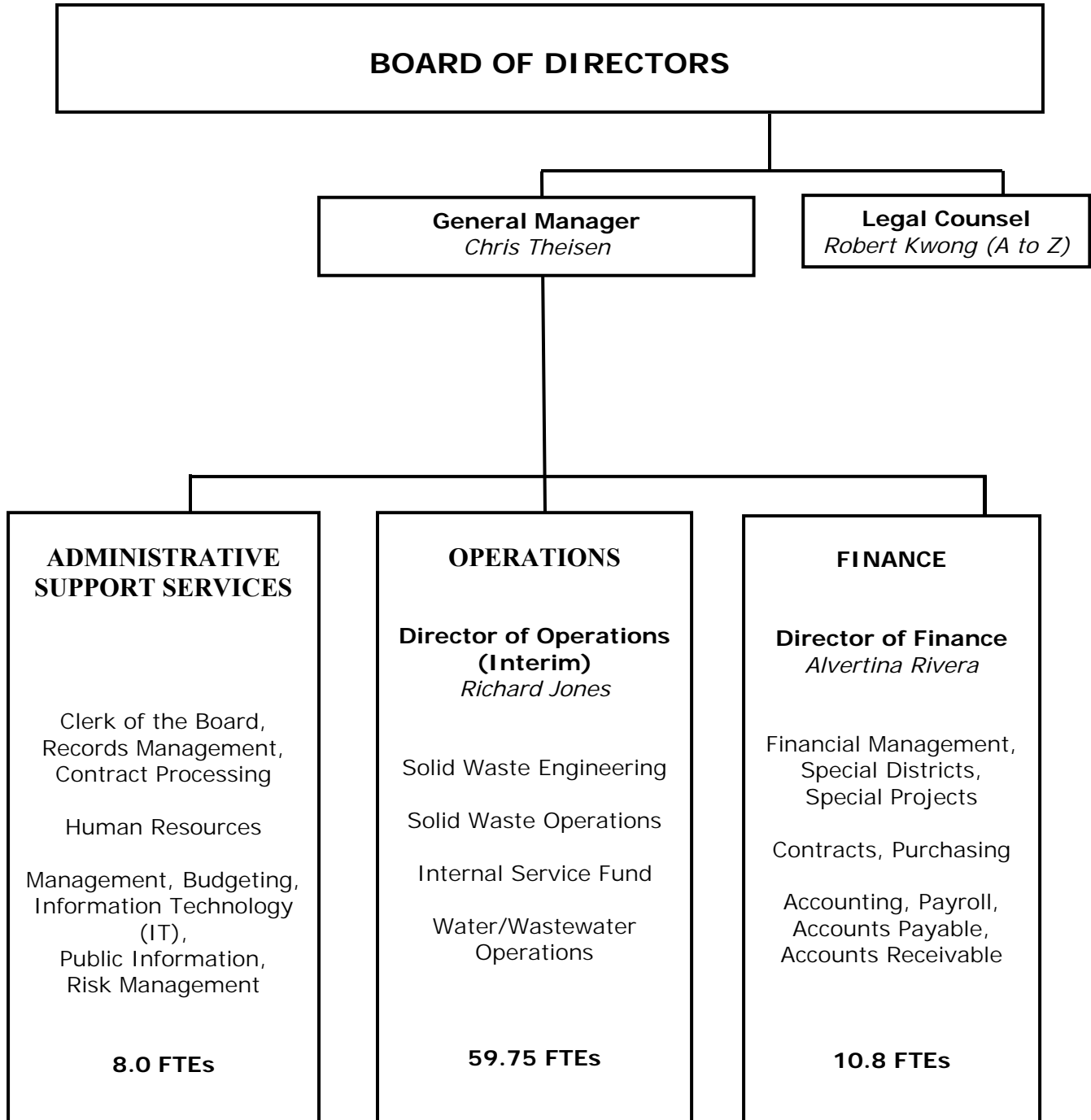
Bert Perello <i>Chairman</i>	City of Oxnard
Jim Friedman <i>Vice-Chairman</i>	City of San Buenaventura
Rick Araiza	City of Santa Paula
Mark Austin	City of Fillmore
Al E. Fox	Special District
Laura Hernandez	City of Port Hueneme
Ed Jones	City of Thousand Oaks
Kevin Kildee	City of Camarillo
William Weirick	City of Ojai

District Staff

Chris Theisen	General Manager	(805) 658-4600
Alvertina Rivera	Director of Finance	(805) 658-4646
Richard Jones	Director of Operations in Interim	(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, 2019

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

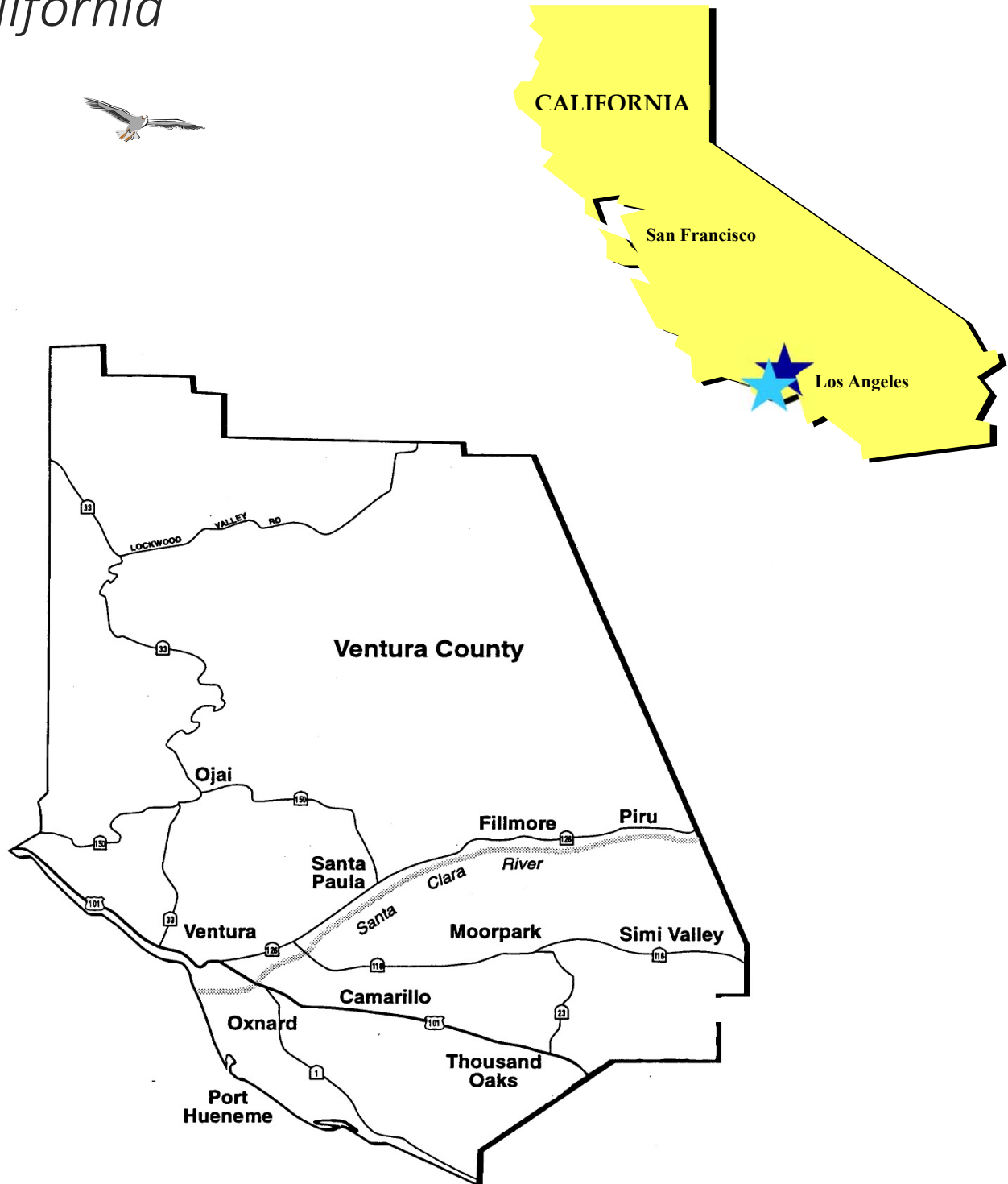
• **Solid Waste Sites**

-  Santa Clara Site (Closed)
-  Coastal Site (Closed)
-  Baillard 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



Independent Auditor's Report

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 opinions.

Opinions

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

Report on Summarized Comparative Information

The financial statements of the District for the year ended June 30, 2019 were audited by other auditors whose report dated November 22, 2019 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, VCERA - Schedule of District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios, VCERA - Schedule of Plan Contributions, PARS - Schedule of Changes in Net Pension Liability and Related Ratios, PARS - Schedule of Plan Contributions, Schedule of Changes in Net OPEB Liability and Related Ratios, and OPEB - Schedule of Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Government 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses, Change in Net Position, and Combining Schedule of Cash Flows, Schedule of Tierra Rejada Closed Landfill - Mitigation and Monitoring Costs and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses, and Change in Net Position, Combining Schedule of Cash Flows and Schedule of Tierra Rejada Closed Landfill - Mitigation and Monitoring Costs 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 fund financial statements and Schedule of Tierra Rejada Closed Landfill – Mitigation and Monitoring Costs are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
November 25, 2020

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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, 2020. 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 \$39.6 million (net position). The District's total net position increased by \$1.5 million, or 3.9%, primarily as a result of a decrease in the net pension liability.
- During fiscal year 2020, the District's total revenues remained constant at \$24.4 million, primarily due to the additional disposal and sanitation fees collected which offset contract service revenue reductions resulting from the permanent closure of the Biosolids Facility in fiscal year 2019, as well as reductions in Water Wastewater services provided.
- Total expenses decreased by 33.8% to \$22.9 million, due to the \$11.5 million write-off of the Biosolids Facility in fiscal year 2019.

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 24-28 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 29-69 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

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 increased \$1.5 million to \$39.6 million in FY 2020, up from \$38.1 million in FY 2019. The increase in net position was attributable primarily to a decrease in net pension liability. As shown in the chart below there was a \$2.9 million decrease in assets, and a \$5.6 million decrease in liabilities, which was offset by a net of \$1.2 million deferred inflows/outflows activity.

The decrease in assets is primarily due to the reduction in cash and cash equivalents resulting from mitigation efforts related to the Easy Fire, as well as the Olivas Fire in the fall of 2019. The decrease in liabilities was comprised of current year scheduled debt payments and a decrease in the net pension liability. Lastly, the net change in deferred outflows/inflows was primarily a result of \$1.2 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 2020</u>	<u>FY 2019</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 5,819	\$ 5,686	\$ 133	2.3%
Restricted current assets	6,223	7,434	(1,211)	-16.3%
Restricted non-current assets	20,386	19,177	1,209	6.3%
Capital assets, net	37,626	39,009	(1,383)	-3.5%
Non-current assets	<u>12,285</u>	<u>13,978</u>	<u>(1,693)</u>	-12.1%
Total assets	<u>82,339</u>	<u>85,284</u>	<u>(2,945)</u>	-3.5%
Deferred outflows of resources:	<u>3,036</u>	<u>2,962</u>	<u>74</u>	2.5%
Liabilities:				
Liabilities payable from unrestricted current assets	4,477	4,519	(42)	-0.9%
Liabilities payable from restricted current assets	838	2,202	(1,364)	-61.9%
Liabilities payable from unrestricted non-current assets	18,069	23,268	(5,199)	-22.3%
Liabilities payable from restricted non-current assets	<u>20,257</u>	<u>19,212</u>	<u>1,045</u>	5.4%
Total liabilities	<u>43,641</u>	<u>49,201</u>	<u>(5,560)</u>	-11.3%
Deferred inflows of resources:	<u>2,176</u>	<u>989</u>	<u>1,187</u>	120.0%
Net position:				
Net investment in capital assets	21,814	20,052	1,762	8.8%
Amounts restricted	6,729	7,164	(435)	-6.1%
Unrestricted amounts	<u>11,015</u>	<u>10,840</u>	<u>175</u>	1.6%
Total net position	<u>\$ 39,558</u>	<u>\$ 38,056</u>	<u>\$ 1,502</u>	3.9%

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, \$21.8 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 \$6.7 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 \$11.0 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 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	<u>13,978</u>	<u>13,778</u>	<u>200</u>	<u>1.5%</u>
Total assets	<u>85,284</u>	<u>99,567</u>	<u>(14,283)</u>	<u>-14.3%</u>
Deferred outflows of resources:	<u>2,962</u>	<u>2,317</u>	<u>645</u>	<u>27.8%</u>
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	<u>19,212</u>	<u>19,148</u>	<u>64</u>	<u>0.3%</u>
Total liabilities	<u>49,201</u>	<u>52,554</u>	<u>(3,353)</u>	<u>-6.4%</u>
Deferred inflows of resources:	<u>989</u>	<u>1,042</u>	<u>(53)</u>	<u>-5.1%</u>
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	<u>10,840</u>	<u>14,402</u>	<u>(3,562)</u>	<u>-24.7%</u>
Total net position	<u>\$ 38,056</u>	<u>\$ 48,288</u>	<u>\$ (10,232)</u>	<u>-21.2%</u>

Net position decreased by \$10.2 million to \$38.1 million in FY2019, 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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.

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 2020</u>	<u>FY 2019</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Operating revenues				
Disposal and sanitation fees	\$ 14,391	\$ 13,093	\$ 1,298	9.9%
Contract services	7,741	9,099	(1,358)	-14.9%
Utility electricity sales	-	48	(48)	-100.0%
Other revenue	191	218	(27)	-12.4%
Total operating revenues	<u>22,323</u>	<u>22,458</u>	<u>(135)</u>	-0.6%
Non-operating revenues				
Interest and investment earnings	1,772	1,806	(34)	-1.9%
Gain on sales of capital assets, net	2	-	2	100.0%
Other, net	339	169	170	100.6%
Total non- operating revenues	<u>2,113</u>	<u>1,975</u>	<u>138</u>	7.0%
Total revenues	<u>24,436</u>	<u>24,433</u>	<u>3</u>	0.0%
Expenses:				
Operating expenses	17,738	18,164	(426)	-2.3%
Depreciation and amortization	4,184	4,491	(307)	-6.8%
Loss on sales of capital assets, net	-	11,449	(11,449)	-100.0%
Non-operating expenses	1,012	561	451	80.4%
Total expenses	<u>22,934</u>	<u>34,665</u>	<u>(11,731)</u>	-33.8%
Change in net position	1,502	(10,232)	11,734	114.7%
Net position, beginning of year	<u>38,056</u>	<u>48,288</u>	<u>(10,232)</u>	-21.2%
Net position, end of year	<u>\$ 39,558</u>	<u>\$ 38,056</u>	<u>\$ 1,502</u>	3.9%

Total revenues remained unchanged, when compared to FY 2019. The District experienced a \$1,298,000 increase in disposal and sanitation fees due to an inflationary rate increase of approximately 2.2%, additional tons being accepted during the COVID-19 state of emergency waiver, as well as a shift of biosolid waste to municipal solid waste, due to the permanent closure of the Biosolids Facility. During FY 2020, the District also received approximately \$300,000 in additional insurance proceeds to reimburse the District for damages incurred by the Thomas Fire, which is reflected in other non-operating revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

These increases were offset by a \$1,358,000 decrease in contract services and a combined decrease of \$109,000 in utility electricity sales, other revenues, and interest and investment earnings. Of the \$1,358,000 decrease in contract services, \$888,000 was due to the discontinued operation of the Biosolids Facility. The remaining \$470,000 decrease was due to a reduction in administrative services provided to Triunfo and other general contracted services provided to water wastewater customers.

The reductions in Contract Services revenues had a direct impact, although not necessarily an equal impact, on expenditures. Specifically, the discontinued Biosolids Facility, which was written-off in 2019, reduced depreciation and operating expenses. The reduction in services to Triunfo and other water wastewater customers also reduced the District's operating expenses.

Total expenses decreased by \$11,734,000, or 33.8% from FY 2019. The majority of the decrease, \$11,449,000, is due to the loss recognized in FY 2019 for the write-off of the Biosolids Facility. The increase in non-operating expenses was primarily related to the Easy Fire remediation efforts at the Tierra Rejada Landfill.

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:				
Operating revenues				
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%
Total operating revenues	<u>22,458</u>	<u>30,641</u>	<u>(8,183)</u>	<u>-26.7%</u>
Non-operating revenues				
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%
Total non- operating revenues	<u>1,975</u>	<u>1,452</u>	<u>523</u>	<u>36.0%</u>
Total revenues	<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%
Total expenses	<u>34,665</u>	<u>17,809</u>	<u>16,856</u>	<u>94.6%</u>
Change in net position	(10,232)	14,284	(24,516)	171.6%
Net position, beginning of year	48,288	34,686	13,602	39.2%
Cumulative effect of accounting changes	-	(682)	682	-100.0%
Net position, beginning of year	<u>48,288</u>	<u>34,004</u>	<u>14,284</u>	<u>42.0%</u>
Net position, end of year	<u>\$ 38,056</u>	<u>\$ 48,288</u>	<u>\$ (10,232)</u>	<u>-21.2%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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.

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.

Capital Assets

The District's investment in capital assets as of June 30, 2020, amounted to \$82.5 million (at cost) or \$37.6 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 2020 were:	Balance 2019	Additions	Transfers/ Deletions	Balance 2020
Capital Assets:				
Non-depreciable assets	\$ 3,274	\$ 967	\$ (978)	\$ 3,263
Depreciable assets	76,460	2,818	(73)	79,205
Accumulated depreciation and amortization	(40,725)	(4,184)	67	(44,842)
Total capital assets, net	<u>\$ 39,009</u>	<u>\$ (399)</u>	<u>\$ (984)</u>	<u>\$ 37,626</u>
Changes in capital asset amounts for 2019 were:	Balance 2018	Additions	Transfers/ Deletions	Balance 2019
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>

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

- Addition of a vactor truck and closed-circuit television van to aid Water Wastewater operations
- Addition of a few heavy equipment vehicles to assist Toland Road Landfill operations
- Toland Road Landfill Drainage and Basin modification
- Toland Road Landfill Gas Collection

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The prior year's major capital asset transactions included:

- 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

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

Debt Administration

The District total debt outstanding at June 30, 2020, was \$15.9 million excluding capital leases, compensated absences, and other liabilities. During the year, retirement of debt amounted to \$3,163,728.

The table below summarizes the debt outstanding balances at June 30, 2020.

Direct Borrowings: Description of Project	Beginning Balance	Additions	Payments/ Deletions	Ending Balance	Amounts Due in One Year
<i>Malibu Bay Club</i>	\$ 1,371,391	\$ -	\$ (155,715)	\$ 1,215,676	\$ 159,963
<i>Toland Landfill Liner Biosolids Drying Facility Project</i>	1,505,358	-	(593,217)	912,141	605,080
<i>Biosolids Drying Facility/ Microturbine Project</i>	2,063,866	-	(574,215)	1,489,651	586,453
<i>Toland Landfill 3B Liner</i>	3,690,812	-	(705,220)	2,985,592	721,319
<i>Toland Landfill 4A Liner</i>	2,529,665	-	(359,344)	2,170,321	369,732
	7,871,326	-	(776,017)	7,095,309	799,000
Total long-term debt	<u>\$ 19,032,418</u>	<u>\$ -</u>	<u>\$ (3,163,728)</u>	<u>\$ 15,868,690</u>	<u>\$ 3,241,547</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 2020-21 Adopted Budget totaled \$23,751,952 or decreased 6.06% when compared to the prior year.
- Malibu Bay Club sewer service charge per residential unit decreased from \$162.94 to \$22.67, effective July 2, 2020. The FY2021 monthly sewer fee was reduced due to a one-time use of a \$150,000 accumulated reserve balance.
- The District's billable hourly rates for fiscal year 2020-21, effective July 1, 2020, on average, remained the same when compared to fiscal year 2019-20. The equipment usage rates increased by 50% to cover costs associated with the equipment.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 A4 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.

VENTURA REGIONAL SANITATION DISTRICT
STATEMENT OF NET POSITION
June 30, 2020
(with comparative data for June 30, 2019)

ASSETS	2020	2019
Current assets:		
Cash and cash equivalents	\$ 2,300,663	\$ 2,658,013
Accrued interest receivable	111,589	146,108
Accounts receivable – disposal and sanitation fees, net	2,221,899	1,438,498
Accounts receivable – contract services, net	902,537	1,295,008
Prepaid and other	282,921	147,914
Total current assets – unrestricted	<u>5,819,609</u>	<u>5,685,541</u>
Restricted current assets:		
Cash and cash equivalents	333,170	120,222
Investments	5,649,867	7,067,185
Notes receivable	170,514	165,984
Accrued interest receivable	69,215	80,337
Total current assets – restricted	<u>6,222,766</u>	<u>7,433,728</u>
Total current assets – unrestricted and restricted	<u>12,042,375</u>	<u>13,119,269</u>
Restricted non-current assets:		
Investments	19,330,295	17,961,742
Notes receivable	1,055,713	1,215,676
Total non-current assets – restricted	<u>20,386,008</u>	<u>19,177,418</u>
Non-current assets:		
Investments	12,284,703	13,951,720
Capital assets, net	37,626,382	39,008,911
Net OPEB asset	-	26,268
Total non-current assets – unrestricted	<u>49,911,085</u>	<u>52,986,899</u>
Total non-current assets – unrestricted and restricted	<u>70,297,093</u>	<u>72,164,317</u>
Total assets	<u>82,339,468</u>	<u>85,283,586</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	2,677,414	2,883,655
OPEB related	301,583	2,788
Loss on refunding of debt	56,988	75,829
Total deferred outflows of resources	<u>3,035,985</u>	<u>2,962,272</u>

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

VENTURA REGIONAL SANITATION DISTRICT
STATEMENT OF NET POSITION (continued)
June 30, 2020
(with comparative data for June 30, 2019)

LIABILITIES	2020	2019
Current liabilities:		
Payable from current assets:		
Accounts payable and accrued expenses	\$ 992,636	\$ 971,326
Accrued wages and compensated absences	295,329	418,617
Accrued interest payable	107,610	121,541
Installment sale agreement - current portion	3,081,584	3,008,013
Payable from current assets – unrestricted	<u>4,477,159</u>	<u>4,519,497</u>
Payable from restricted current assets:		
Customer deposits	54,950	50,796
Landfill closure/postclosure costs - expected within one year	623,180	1,995,114
Installment purchase contract - current portion	159,963	155,715
Payable from current assets – restricted	<u>838,093</u>	<u>2,201,625</u>
Total current liabilities – unrestricted and restricted	<u>5,315,252</u>	<u>6,721,122</u>
Non-current liabilities:		
Payable from non-current assets:		
Net pension liability	5,669,927	8,033,007
Net OPEB liability	179,086	-
Installment sale agreement	11,571,430	14,653,014
Unearned revenue	375,984	375,984
Accrued wages and compensated absences	272,259	205,898
Payable from non-current assets – unrestricted	<u>18,068,686</u>	<u>23,267,903</u>
Payable from restricted non-current assets:		
Malibu Bay Club reserve	50,021	40,017
Landfill closure/postclosure costs	19,151,595	17,956,028
Installment purchase contract	1,055,713	1,215,676
Payable from non-current assets – restricted	<u>20,257,329</u>	<u>19,211,721</u>
Total non-current liabilities – unrestricted and restricted	<u>38,326,015</u>	<u>42,479,624</u>
Total liabilities	<u>43,641,267</u>	<u>49,200,746</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	2,173,191	988,529
OPEB related	2,471	-
Total deferred inflows of resources	<u>2,175,662</u>	<u>988,529</u>
NET POSITION		
Net investment in capital assets	21,814,680	20,052,322
Restricted for:		
Debt service	1,226,227	1,381,660
Landfill closure and postclosure costs	5,330,347	5,078,906
Creditors	-	594,779
Malibu Bay Club	172,454	108,625
Unrestricted	11,014,816	10,840,291
Total net position	<u>\$ 39,558,524</u>	<u>\$ 38,056,583</u>

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

VENTURA REGIONAL SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2020
(with comparative data for June 30, 2019)

	2020	2019
Operating revenues:		
Disposal and sanitation fees	\$ 14,390,887	\$13,093,423
Contract services	7,740,883	9,098,953
Utility electricity sales	-	47,954
Other revenue	191,367	217,836
Total operating revenues	<u>22,323,137</u>	<u>22,458,166</u>
Operating expenses:		
Salaries and benefits	9,443,115	9,195,430
Management and administrative	465,949	527,310
Services and supplies	3,094,852	3,142,015
Professional services	1,762,139	1,851,660
Facility maintenance	1,124,887	1,327,901
Provision for landfill closure/postclosure	385,844	549,941
Permits, licences and fees	1,461,594	1,569,268
Total operating expenses	<u>17,738,380</u>	<u>18,163,525</u>
Operating income before depreciation and amortization	4,584,757	4,294,641
Depreciation and amortization	<u>(4,183,680)</u>	<u>(4,491,164)</u>
Operating income (loss)	<u>401,077</u>	<u>(196,523)</u>
Non-operating revenues (expenses):		
Interest and investment earnings	1,772,372	1,805,781
Gain (loss) on sales/disposals of capital assets, net	1,587	(11,448,766)
Interest expense	(484,527)	(560,528)
Tierra Rejada Consortium	(527,781)	-
Other, net	339,213	168,512
Total non-operating revenues (expenses), net	<u>1,100,864</u>	<u>(10,035,001)</u>
Change in net position	<u>1,501,941</u>	<u>(10,231,524)</u>
Net position, beginning of year	38,056,583	48,288,107
Net position, end of year	<u>\$ 39,558,524</u>	<u>\$ 38,056,583</u>

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

VENTURA REGIONAL SANITATION DISTRICT
STATEMENT OF CASH FLOWS
Year ended June 30, 2020
(with comparative data for June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Receipts from customers for disposal and sanitation services	\$ 13,631,745	\$ 15,398,419
Receipts from customers for contract services	7,720,771	8,807,027
Receipts from customers for utility electricity sales	-	47,954
Receipts for other services	191,367	386,347
Payments to vendors for materials and services	(8,371,596)	(9,892,763)
Payments for salaries, benefits and contract labor	(10,563,009)	(9,203,831)
Net cash provided by operating activities	<u>2,609,278</u>	<u>5,543,153</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,806,553)	(5,228,432)
Principal received on notes receivable	155,433	141,309
Proceeds from the sale of capital assets	6,990	352,241
Principal paid on capital debt	(3,163,728)	(3,087,822)
Interest paid on capital debt	(479,617)	(555,351)
Net cash (used for) capital and related financing activities	<u>(6,287,475)</u>	<u>(8,378,055)</u>
Cash flows from investing activities:		
Interest on cash and cash equivalents	-	12,786
Interest and dividends from investments	1,818,013	1,758,448
Malibu Bay Club easement construction reserve	(73,833)	-
Proceeds from sales and maturities of investments	25,118,183	20,159,333
Purchases of investments	(23,328,568)	(21,466,225)
Net cash (used for) provided by investing activities	<u>3,533,795</u>	<u>464,342</u>
Net (decrease) increase in cash and cash equivalents	(144,402)	(2,370,560)
Cash and cash equivalents (unrestricted and restricted), beginning of year	2,778,235	5,148,795
Cash and cash equivalents (unrestricted and restricted), end of year	<u>\$ 2,633,833</u>	<u>\$ 2,778,235</u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$ 2,300,663	\$ 2,658,013
Restricted cash and cash equivalents	333,170	120,222
Total cash and cash equivalents	<u>\$ 2,633,833</u>	<u>\$ 2,778,235</u>

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

VENTURA REGIONAL SANITATION DISTRICT
STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2020
(with comparative data for June 30, 2019)

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income(loss)	\$ 401,077	\$ (196,523)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	4,183,680	4,491,164
Other non-operating revenues and expenses, net	(188,478)	168,512
Changes in assets and liabilities:		
(Increase)decrease in assets:		
Accounts receivable – disposal and sanitation fees, net	(783,401)	2,301,838
Accounts receivable – contract services, net	392,471	(258,263)
Net OPEB asset	26,268	(26,268)
Prepaid and other	(135,007)	75,174
Deferred outflows	(92,734)	-
Increase(decrease) in liabilities:		
Accounts payable and accrued expenses	21,399	(1,233,013)
Accrued wages and compensated absences	(56,927)	152,295
Customer deposits	4,154	4,408
Net pension liability	(2,363,080)	(50,807)
Net OPEB liability	179,086	(84,873)
Malibu Bay Club reserve	10,004	(33,663)
Landfill closure/postclosure costs	(176,367)	233,172
Deferred inflows	1,187,133	-
Total adjustments	2,208,201	5,739,676
Net cash provided by operating activities	<u>\$ 2,609,278</u>	<u>\$ 5,543,153</u>
Noncash investing, capital, and financing activities:		
Disposal of capital assets	\$ 72,763	\$ 11,673,865

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

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VENTURA REGIONAL SANITATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2020 (with comparative data for 2019)

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, 2020. 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) Year Ended June 30, 2020 (with comparative data for 2019)

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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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.

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 \$426,000 and \$376,000 at June 30, 2020 and 2019, respectively, 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".

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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.

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, OPEB 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 and OPEB related deferred inflows of resources.

Net Position - 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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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 for the fiscal year ended June 30, 2019. 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.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's Ventura County Employee's Retirement Association (VCERA) and PARS plan (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

	<u>VCERA</u>	<u>PARS</u>
• Valuation Date:	June 30, 2019	June 30, 2019
• Measurement Date:	June 30, 2019	June 30, 2020
• Measurement Period:	July 1, 2018 to June 30, 2019	July 1, 2019 to June 30, 2020

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Health Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

GASB requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2019
- Measurement Date: June 30, 2020
- Measurement Period: July 1, 2019 to June 30, 2020

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

5. Comparative Data/Reclassifications

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

6. Implementation of new GASB pronouncements

GASB has issued Statement No. 87 *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It established a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources. The standard will be effective for the fiscal year ending June 30, 2021.

GASB has issued Statement No. 90 *Majority Equity Interests*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The standard will be effective for the fiscal year ending June 30, 2021.

GASB has issued Statement No. 91 *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement clarifies the existing definition of a conduit debt obligation, establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. The standard will be effective for the fiscal year ending June 30, 2021.

GASB has issued Statement No. 92 *Omnibus 2020*. This Statement addresses a variety of topics and includes specific provisions about the reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan, the applicability of GASB Statement No. 73 to reporting assets accumulated for postemployment benefits, applicability of certain requirements of GASB 84 to postemployment benefit arrangements, measurement of liabilities related to asset retirement obligations, and reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. The standard will generally be effective for the fiscal year ending June 30, 2021.

VENTURA REGIONAL SANITATION DISTRICT**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**
Year Ended June 30, 2020 (with comparative data for 2019)**B. DETAILED NOTES****1. Cash and Investments**

Cash and investments held by the District were comprised of the following at June 30:

	2020	2019
Cash and cash equivalents	\$ 2,300,663	\$ 2,658,013
Restricted cash and cash equivalents	333,170	120,222
Investments	12,284,703	13,951,720
Restricted investments	24,980,162	25,028,927
Total cash and investments	<u>\$ 39,898,698</u>	<u>\$ 41,758,882</u>

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

	2020	2019
Cash and cash equivalents:		
Local Agency Investment Fund (LAIF)	\$ 70,340	\$ 68,503
Ventura County Treasury Pool	59,593	58,236
California Asset Management Program	608,333	163,984
Sweep account	1,857,645	2,456,053
Claims cash account	36,322	29,859
Cash on hand	1,600	1,600
Total cash and cash equivalents	<u>\$ 2,633,833</u>	<u>\$ 2,778,235</u>

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

	2020	2019
Cash on hand	\$ 1,600	\$ 1,600
Deposits with financial institutions:		
Sweep account	1,857,645	2,456,053
Claims cash account	36,322	29,859
Investments:		
Federal Agency	9,560,059	8,222,106
Municipal Bonds	1,857,041	752,330
Asset-Backed	2,167,990	3,046,780
Corporate Notes	5,969,185	5,619,162
U.S. Treasury Notes	14,470,695	16,878,010
CD Negotiable	1,755,322	1,946,645
Supranational Obligations	299,484	430,658
Commercial Paper	449,936	1,293,899
Certificates of deposits	735,153	791,057
California Asset Management Program	608,333	163,984
Local Agency Investment Fund (LAIF)	70,340	68,503
Ventura County Treasury Pool	59,593	58,236
Total cash and investments	<u>\$ 39,898,698</u>	<u>\$ 41,758,882</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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.

Authorized Investment Types	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

As of June 30, 2020, 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, 2020 and 2019, the carrying amount of cash in banks was \$1,893,967 and \$2,485,912, respectively, and the corresponding bank balance was \$1,926,178 and \$2,679,234. The difference between the carrying amount of cash in banks and the corresponding bank balance is due to deposits in transit and outstanding checks.

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, 2020 and 2019 is \$32.0 billion and \$24.6 billion, respectively. LAIF is a part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020 and 2019 had a balance of \$101.0 billion and \$105.7 billion, respectively. Of that amount, 3.37% and 1.77%, respectively, is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 191 days and 173 days as of June 30, 2020 and 2019, respectively.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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 \$70,340 and \$68,503 at June 30, 2020 and 2019, 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 and 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:

Investments at June 30, 2020:

Investment Type	Fair Value	Remaining Maturity (in months)		
	Total	12 or Less	13-24	25-60
Federal Agency	\$ 9,560,059	\$ 500,849	\$ 1,460,776	\$ 7,598,434
Municipal Bonds	1,857,041	416,859	-	1,440,182
Asset-Backed	2,167,990	59,175	180,844	1,927,971
Corporate Notes	5,969,185	1,439,408	1,739,279	2,790,498
U.S. Treasury Notes	14,470,695	2,366,152	4,982,099	7,122,444
CD Negotiable	1,755,322	356,837	756,742	641,743
Supranational Obligations	299,484	60,651	1,795	237,038
Commercial Paper	449,936	449,936	-	-
Certificates of deposits	735,153	-	-	735,153
California Asset Management Program (CAMP)	608,333	608,333	-	-
Local Agency Investment Fund (LAIF)	70,340	70,340	-	-
Ventura County Treasury Pool	59,593	59,593	-	-
Total	<u>\$ 38,003,131</u>	<u>\$ 6,388,133</u>	<u>\$ 9,121,535</u>	<u>\$ 22,493,463</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

Investments at June 30, 2019:

Investment Type	Fair Value 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>

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 June 30, 2020	Minimum Legal Rating	Exempt From Disclosure	AAA	AA- to AA+	A- to A+	BBB+	Not rated
Federal Agency	\$ 9,560,059	A	\$ -	\$ -	\$ 7,546,695	\$ -	\$ -	\$ 2,013,364
Municipal Bonds	1,857,041	A	-	108,318	1,476,611	-	-	272,112
Asset-Backed	2,167,990	A	-	1,613,092	-	-	-	554,898
Corporate Notes	5,969,185	A	-	-	270,589	4,989,078	709,518	-
U.S. Treasury Notes	14,470,695	N/A	14,470,695	-	-	-	-	-
CD Negotiable	1,755,322	N/A	-	-	-	-	-	1,755,322
Supranational	299,484	N/A	-	211,539	-	-	59,822	28,123
Commercial Paper	449,936	N/A	-	-	-	-	-	449,936
Certificates of deposits	735,153	N/A	-	-	-	-	-	735,153
California Asset Management Program (CAMP)	608,333	N/A	-	-	-	-	-	608,333
Local Agency Investment Fund (LAIF)	70,340	N/A	-	-	-	-	-	70,340
Ventura County Treasury Pool	59,593	N/A	-	-	-	-	-	59,593
Total	<u>\$ 38,003,131</u>		<u>\$ 14,470,695</u>	<u>\$ 1,932,949</u>	<u>\$ 9,293,895</u>	<u>\$ 4,989,078</u>	<u>\$ 769,340</u>	<u>\$ 6,547,174</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

Investment Type	Total as of June 30, 2019	Minimum Legal Rating	Exempt From 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 Fund (LAIF)	68,503	N/A	-	-	-	-	-	68,503
Ventura County Treasury Pool	58,236	N/A	-	-	-	-	-	58,236
Total	\$ 39,271,370		\$ 17,833,051	\$ 2,136,507	\$ 8,559,567	\$ 4,254,903	\$ 552,479	\$ 5,934,863

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, 2020:

Investments by Fair Value Level	Total as of June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Federal Agency	\$ 9,560,059	\$ -	\$ 9,560,059	\$ -
Municipal Bonds	1,857,041	-	1,857,041	-
Asset-Backed	2,167,990	-	2,167,990	-
Corporate Notes	5,969,185	-	5,969,185	-
CD Negotiable	1,755,322	-	1,755,322	-
Supranational Obligations	299,484	-	299,484	-
Commercial Paper	449,936	-	449,936	-
U.S. Treasury Notes	14,470,695	14,470,695	-	-
Total investments measured by fair value level	36,529,712	\$ 14,470,695	\$ 22,059,017	\$ -
Investments measured at the Net Asset Value (NAV) which approximates fair value				
California Asset Management Program (CAMP)	608,333			
Investments not subject to Fair Value hierarchy				
Local Agency Investment Fund (LAIF)	70,340			
Ventura County Treasury Pool	59,593			
Certificates of deposits	735,153			
	865,086			
Total	\$ 38,003,131			

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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

Investments by Fair Value Level	Total as of June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserva ble Inputs (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			
	917,796			
Total	<u>\$39,271,370</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	2020	2019
Federal Home Loan Bank	Federal Agency Securities	\$ 2,880,608	\$ 2,893,049
Federal National Mortgage Association	Federal Agency Securities	2,812,445	2,691,119
Federal Home Loan Mortgage	Federal Agency Securities	3,331,296	2,637,938

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 \$22,424 and \$15,690 at June 30, 2020 and June 30, 2019, 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 \$8,965 and \$12,932 at June 30, 2020 and June 30, 2019, respectively.

VENTURA REGIONAL SANITATION DISTRICT**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**
Year Ended June 30, 2020 (with comparative data for 2019)

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

June 30, 2020

Accounts Receivable - Trade	Gross	Allowance	Net
Disposal and sanitation	\$ 2,244,323	\$ (22,424)	\$ 2,221,899
Contract services	911,502	(8,965)	902,537
Total accounts receivable	<u>\$ 3,155,825</u>	<u>\$ (31,389)</u>	<u>\$ 3,124,436</u>

June 30, 2019

Accounts Receivable - Trade	Gross	Allowance	Net
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>

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:

Construction in Progress	2020	2019
Toland Landfill Phase 2C	\$ 107,510	\$ 60,411
Toland Landfill Leachate System	-	219,532
Toland Landfill CUP Extension	260,604	160,405
Toland Drainage and Basin Modification	-	9,775
Toland Scalehouse	14,393	4,245
Toland Deep Well & Pipeline	56,227	-
Bailard Shop Upgrade	7,081	3,044
Grand total	<u>\$ 445,815</u>	<u>\$ 457,412</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

A summary of changes in capital assets for the years ended June 30 as follows:

	Beginning Balance June 30, 2019	Additions	Deletions	Ending Balance June 30, 2020
Capital assets, not being depreciated				
Land	\$ 2,817,108	\$ -	\$ -	\$ 2,817,108
Construction-in-Progress	457,412	966,818	(978,415)	445,815
Total capital assets, not being depreciated	<u>3,274,520</u>	<u>966,818</u>	<u>(978,415)</u>	<u>3,262,923</u>
Capital assets, being depreciated				
Structures and improvements	61,447,486	945,823	-	62,393,309
Equipment	15,012,076	1,872,327	(72,763)	16,811,640
Total capital assets, being depreciated	<u>76,459,562</u>	<u>2,818,150</u>	<u>(72,763)</u>	<u>79,204,949</u>
Less accumulated depreciation for:				
Structures and improvements	(32,575,074)	(2,729,176)	-	(35,304,250)
Equipment	(8,150,097)	(1,454,504)	67,361	(9,537,240)
Total accumulated depreciation	<u>(40,725,171)</u>	<u>(4,183,680)</u>	<u>67,361</u>	<u>(44,841,490)</u>
Total capital assets, being depreciated, net	<u>35,734,391</u>	<u>(1,365,530)</u>	<u>(5,402)</u>	<u>34,363,459</u>
Net capital assets	<u>\$ 39,008,911</u>	<u>\$ (398,712)</u>	<u>\$ (983,817)</u>	<u>\$ 37,626,382</u>

	Beginning Balance June 30, 2018	Additions	Deletions	Ending Balance 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	<u>3,018,258</u>	<u>298,301</u>	<u>(42,039)</u>	<u>3,274,520</u>
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	<u>93,844,400</u>	<u>4,972,170</u>	<u>(22,357,008)</u>	<u>76,459,562</u>
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	<u>(46,790,009)</u>	<u>(4,491,164)</u>	<u>10,556,002</u>	<u>(40,725,171)</u>
Total capital assets, being depreciated, net	<u>47,054,391</u>	<u>481,006</u>	<u>(11,801,006)</u>	<u>35,734,391</u>
Net capital assets	<u>\$ 50,072,649</u>	<u>\$ 779,307</u>	<u>\$ (11,843,045)</u>	<u>\$ 39,008,911</u>

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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) **Year Ended June 30, 2020 (with comparative data for 2019)**

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 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%.

VENTURA REGIONAL SANITATION DISTRICT**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**
Year Ended June 30, 2020 (with comparative data for 2019)**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, 2020:

Direct Borrowings:	Beginning Balance	Additions	Payments/ Deletions	Ending Balance	Amounts Due in One Year
1) Malibu Bay Club: Jun. 24, 2016	\$ 1,371,391	\$ -	\$ (155,715)	\$ 1,215,676	\$ 159,963
2) Toland Landfill Liner: Jan. 29, 2016	1,505,358	-	(593,217)	912,141	605,080
3) Biosolids Drying Facility Project: Jan. 29, 2016	2,063,866	-	(574,215)	1,489,651	586,453
4) Biosolids Drying Facility/ Microturbine Project: Jan. 29, 2016	3,690,812	-	(705,220)	2,985,592	721,319
5) Toland Landfill 3B Liner: Jan. 29, 2016	2,529,665	-	(359,344)	2,170,321	369,732
6) Toland Landfill 4A Liner: Jan. 29, 2016	7,871,326	-	(776,017)	7,095,309	799,000
Total long-term debt	<u>\$ 19,032,418</u>	<u>\$ -</u>	<u>\$ (3,163,728)</u>	<u>\$ 15,868,690</u>	<u>\$ 3,241,547</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

The following schedule illustrates the debt service requirements to maturity for loans outstanding as of June 30, 2020:

Fiscal Years Ending June 30,	Direct Borrowings		
	Principal	Interest	Total
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	1,490,461	132,529	1,622,990
2026-2028	3,439,226	164,447	3,603,673
Total	<u>\$ 15,868,690</u>	<u>\$ 1,457,730</u>	<u>\$ 17,326,420</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 \$19,774,563 reported as landfill closure and postclosure care liability at June 30, 2020, represents the cumulative amount reported to date based on the use of 100% of estimated capacity for the closed landfills, and on 65% for the Toland Road Landfill. The District will recognize the remaining estimated cost of closure and postclosure care for the Toland Road Landfill of \$5,365,964 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 1.8% and 2.2% was included for the years 2020 and 2019, respectively. The District is in compliance with these requirements, and, at June 30, 2020, cash and cash equivalents and investments of \$25,089,953 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) Year Ended June 30, 2020 (with comparative data for 2019)

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, 2020.

<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%	65.0%
<u>Closure/Postclosure Costs:</u>					
Closure Costs	\$ 13,541,650	\$ 9,954,107	\$ 250,000	\$ 2,250,000	\$ 5,573,570 (1)
Est. corrective action	508,474	373,054	-	-	557,494
Est. postclosure	3,936,554	3,480,211	467,394	1,741,316	9,220,088
Total costs	17,986,678	13,807,372	717,394	3,991,316	15,351,152
Closures/postclosure recognized	17,986,678	13,807,372	717,394	3,991,316	9,985,188
Remaining closure/postclosure to be recognized	\$ -	\$ -	\$ -	\$ -	\$ 5,365,964

(1) Estimated Closure Costs

<u>Remaining landfill life</u>	Closed FY 97	Closed FY 95	Closed FY 87	Closed FY 82	7 years
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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, who have agreed to equally share financial responsibility for the landfill through fiscal year 2024. 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 2020 and 2019, \$49,583 and \$54,688 in mitigation expenses were incurred at the Tierra Rejada Landfill, respectively. In addition to the on-going mitigation expenses, \$2,195,231 in repair costs were incurred during 2020 due to the Easy Fire.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2020 (with comparative data for 2019)

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. While the Biosolids division is no longer operational, it does continue to have debt service obligations through fiscal year 2024. Selected segment information for the year ended June 30, 2020, is as follows:

Condensed Statement of Net Position

	Water and Wastewater	Solid Waste	Biosolids
Current assets	\$ (2,200,523)	\$ 35,676,281	\$ (16,783,783)
Restricted current assets	170,514	6,051,348	-
Restricted non-current assets	1,278,188	19,107,820	-
Capital assets, net	3,462,512	33,292,456	779,868
Total assets	<u>2,710,691</u>	<u>94,127,905</u>	<u>(16,003,915)</u>
Deferred outflows of resources	1,090,772	1,049,897	38,752
Liabilities payable from unrestricted current assets	248,786	2,768,021	1,319,391
Liabilities payable from restricted current assets	159,963	677,226	-
Liabilities payable from unrestricted non-current assets	2,315,103	10,916,871	3,167,469
Liabilities payable from restricted non-current assets	1,105,734	19,151,595	-
Total liabilities	<u>3,829,586</u>	<u>33,513,713</u>	<u>4,486,860</u>
Deferred inflows of resources	856,627	768,792	-
Net position			
Net investment in capital assets	2,257,456	23,122,301	(3,656,623)
Restricted	1,398,681	5,330,347	-
Unrestricted	(4,540,887)	32,442,649	(16,795,400)
Total net position (deficit)	<u>\$ (884,750)</u>	<u>\$ 60,895,297</u>	<u>\$ (20,452,023)</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2020 (with comparative data for 2019)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Water and Wastewater	Solid Waste	Biosolids
Operating revenues:			
Disposal and sanitation fees	\$ -	\$ 14,390,887	\$ -
Contract services	6,327,571	-	25,172
Utility electricity sales	-	-	-
Other revenue	11,205	172,908	-
Total operating revenues	<u>6,338,776</u>	<u>14,563,795</u>	<u>25,172</u>
Operating expenses:			
Salaries and benefits	3,301,627	3,615,799	-
Depreciation	424,056	3,375,468	308,719
Other operating expenses	1,582,923	5,552,333	79,293
Total operating expenses	<u>5,308,606</u>	<u>12,543,600</u>	<u>388,012</u>
Operating income	<u>1,030,170</u>	<u>2,020,195</u>	<u>(362,840)</u>
Non-operating revenues (expenses):			
Interest and investment earnings	172,006	1,564,705	-
Interest expense	(36,825)	(317,637)	(130,065)
Other non-operating revenue (expense)	39,231	(226,423)	211
Total non-operating revenues (expenses)	<u>174,412</u>	<u>1,020,645</u>	<u>(129,854)</u>
Transfers in/(out)	<u>322,243</u>	<u>(2,526,374)</u>	<u>(46,656)</u>
Change in net position	<u>1,526,825</u>	<u>514,466</u>	<u>(539,350)</u>
Net position (deficit), beginning of year	<u>(2,411,575)</u>	<u>60,380,831</u>	<u>(19,912,673)</u>
Net position (deficit), end of year	<u>\$ (884,750)</u>	<u>\$ 60,895,297</u>	<u>\$ (20,452,023)</u>

Condensed Statement of Cash Flows

	Water and Wastewater	Solid Waste	Biosolids
Net cash provided by operating activities	\$ 1,298,795	\$ 3,946,699	\$ (104,978)
Net cash (used for) non-capital financing activities	322,243	(2,526,374)	(46,656)
Net cash (used for) capital and related financing activities	(1,201,417)	(3,674,720)	(1,399,746)
Net cash provided by investing activities	98,173	1,714,715	-
Net increase (decrease)	<u>517,794</u>	<u>(539,680)</u>	<u>(1,551,380)</u>
Cash and cash equivalents, beginning of year	<u>(3,531,564)</u>	<u>34,272,347</u>	<u>(15,254,524)</u>
Cash and cash equivalents, end of year	<u>\$ (3,013,770)</u>	<u>\$ 33,732,667</u>	<u>\$ (16,805,904)</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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 -			
Pension Related	\$ 2,497,087	\$ 180,327	\$ 2,677,414
Net Pension Liability	3,834,938	1,834,989	5,669,927
Deferred Inflows of Resources -			
Pension Related	836,607	1,336,584	2,173,191
Pension expenses	1,340,671	(108,502)	1,232,169

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 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, 2020. 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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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, 2020 are summarized as follows:

	Tier 1	Tier 2	PEPRA
Hire Date	Prior to July 1, 1979	July 1, 1979 to December 31, 2012	On or after January 1, 2013
Final Average Compensation	Highest 12 consecutive months	Highest 36 consecutive months	Highest 36 consecutive months
Normal Retirement Age	Age 55	Age 55	Age 55
Early Retirement: Years of service required and/or age eligible for	Age 70 any years 10 years age 50 30 years any age	Age 70 any years 10 years age 50 30 years any age	Age 70 any years 5 years age 52 N/A
Benefit percent per year of service for normal retirement age	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).
Final Average Compensation Limitation	100% of final compensation	100% of final compensation	May be over 100% subject to the provisions of PEPRA
Required employee contribution rates	Varies	Varies	Varies
Required employer contribution rates	18.18%	17.36%	16.12%

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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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, 2020 were \$1,062,207. The actual employer payments of \$1,062,207 made to VCERA by the District during the measurement period ended June 30, 2020 differed from the District's proportionate share of the employer's contributions of \$964,069 by \$98,138, 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, 2019. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Actuarial Cost Method
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 (1)	3.75% - 10.25%, varying by service, including inflation
Investment rate of return	7.25%, net of pension plan administration and investment expenses, including inflation
Cost of living adjustments	Increase of 2.75% per year
Mortality rate table (2)	Derived using VCERA participant data for all employers

- (1) Includes inflation at 2.75% plus real across-the-board increases at 0.50% plus promotion increased that vary by service.
- (2) Post-retirement mortality is based on the Headcount-Weighted RP-2014 Healthy Mortality Tables projected generationally with two-dimensional mortality improvement 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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

This information was used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2019 and 2018 actuarial valuations.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
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%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.25% as of June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates 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 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, 2019 and 2018.

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; 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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) **Year Ended June 30, 2020 (with comparative data for 2019)**

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2018 (VD)	\$ 31,038,300	\$ 27,359,521	\$ 3,678,779
Balance at: 6/30/2019 (MD)	35,835,797	32,000,859	3,834,938
Net changes during 2018-19	4,797,498	4,641,338	156,160

Valuation Date (VD), Measurement Date (MD)

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, 2019 (measurement date June 30, 2018)	0.507%
Proportionate share at June 30, 2020 (measurement date June 30, 2019)	0.558%
Change - Increase (Decrease)	0.051%

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, 2019, 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:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Net Pension Liability	\$ 8,642,625	\$ 3,834,938	\$ (118,847)

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) **Year Ended June 30, 2020 (with comparative data for 2019)**

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, 2019. 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 5.41 years determined as of June 30, 2018 (the beginning of the measurement period ending June 30, 2019).

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 for the plan was \$3,678,779. For the measurement period ending June 30, 2019 (the measurement date), the District incurred pension expense of \$1,340,671 for the Plan.

As of June 30, 2020, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in employer's proportion	\$ 679,441	\$ 244,046
Net difference between projected and actual earnings on pension plan investments	-	377,528
Difference between expected and actual experience in the Total Pension Liability	129,864	215,033
Changes of assumptions or other inputs	507,871	-
Difference between the employer's contributions and the employer's proportionate share of contributions	117,705	-
Pension contributions subsequent to measurement date	1,062,207	-
Total	<u>\$ 2,497,087</u>	<u>\$ 836,607</u>

\$1,062,207 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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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

Fiscal Year Ended June 30:	Deferred Outflows / (Inflows) of Resources
2021	\$ 229,704
2022	(138,918)
2023	202,504
2024	207,465
2025	17,521
Thereafter	-

Payable to the Pension Plan

As of June 30, 2020, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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.

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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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, 2020, (measurement date) are summarized as follows:

	Group 1	Group 2
Hire Date	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
Benefit formula	CalPERS "2% @ 55" formula less VCERA Tier 1 or 2 formula	CalPERS "2% @ 55" formula less VCERA Tier 1 or 2 formula 2% COLA
Benefit vesting schedule	From date of hire	From date of hire
Benefit payments	Life-only annuity	Life-only annuity
Retirement age	On or after 50	On or after 50
Monthly benefits as a % of eligible compensation	Various, coordinated with VCERA benefits	Various, coordinated with VCERA benefits
Required employee contribution	1% of annual compensation	1% of annual compensation
Required employer contribution rates	17.94%	17.94%

Employees Covered

At June 30, 2019 (valuation date), the following employees were covered by the benefit terms:

	PARS
Active employees	27
Retirees and beneficiaries	30
Terminated, vested & other inactive	5
	62

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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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, 2020 were \$1,068,697.

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, 2020, using an annual actuarial valuation as of June 30, 2019. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

	PARS
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Asset valuation method	None
Actuarial assumptions:	
Discount rate	6.25%
Inflation	2.50%
Payroll growth rate	3.00%
Investment rate of return	6.25%
Cost of living adjustment	2.00%
Mortality	Healthy Pre-retirement: Headcount-Weighted RP-2014 Employee Mortality Table times 80%, projected generationally with the two-dimensional MP-2017 projection scale. Healthy Post-retirement: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females) times 90% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2017.

All other actuarial assumptions used in the June 30, 2019 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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

Discount Rate

The discount rate used to measure the total pension liability was 6.25 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 6.25 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.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return. The assumed asset weighting is based on target allocations published by PARS. Expected future asset class returns were published in the 2019 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Estimated geometric real and nominal rates of return for each major asset class included in the plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Real Rate of Return¹
US equity - large cap	26.50%	4.76%	7.26%
US equity - small/mid cap	12.50%	5.25%	7.75%
International equity	6.00%	5.41%	7.91%
Emerging market equity	3.25%	6.38%	8.88%
REITs	1.75%	4.53%	7.03%
Core fixed income	43.50%	2.01%	4.51%
High yield fixed income	1.50%	3.53%	6.03%
Cash and equivalents	5.00%	0.74%	3.24%
Total ²	<u>100.00%</u>		6.47%
Reduced for assumed investment expense ³			<u>-0.33%</u>
Net assumed investment return (rounded to 1/4%)			6.25%

1 Nominal rates of return are equal to real rates of return plus the assumed inflation rate.

2 Portfolio total expected return is weighted average of arithmetic asset class returns, with adjustment to reflect geometric averages. It is not equal to the weighted average of the asset class geometric returns shown above.

3 Assumed investment expenses include investment management fees.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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.

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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2019	\$10,939,378	\$6,585,150	\$ 4,354,228
Changes recognized for the measurement period:			
• Service cost	129,489	-	129,489
• Interest on the total pension liability	706,597	-	706,597
• Differences between expected and actual experience	(1,193,384)	-	(1,193,384)
• Effect of assumptions changes of inputs	(897,252)		(897,252)
• Contributions from the employer	-	1,069,387	(1,069,387)
• Contributions from employees	-	22,757	(22,757)
• Net investment income	-	209,917	(209,917)
• Administrative expenses	-	(37,372)	37,372
• Benefit payments, including refunds of employee contributions	(396,294)	(396,294)	-
Net changes during 2019-20	\$(1,650,844)	\$868,395	\$(2,519,239)
Balance at: 6/30/2020	\$ 9,288,534	\$7,453,545	\$ 1,834,989

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2020 (with comparative data for 2019)

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 6.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.25 percent) or 1 percentage-point higher (7.25 percent) than the current rate:

	1.00% Decrease (5.25%)	Current Discount Rate (6.25%)	1.00% Increase (7.25%)
PARS net pension liability	\$ 3,183,293	\$ 1,834,989	\$ 732,816

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, 2019), the net pension liability is \$4,354,228.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

For the measurement period ending June 30, 2020 (the measurement date), the District incurred a pension expense of \$(108,502) for the Plan. A complete breakdown of the pension expense is as follows:

Components of pension expense:	
Service cost	\$ 129,489
Interest on the total pension liability	706,597
Expected investment income (net of investment expenses)	(433,613)
Member contributions	(22,757)
Administrative expense	37,372
Recognition of deferred inflows/outflows of resources	
Economic/demographic gains or losses	(406,991)
Assumption changes or inputs	(207,407)
Investment gains or losses	88,808
Pension expense	<u><u>\$(108,502)</u></u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 767,996
Changes of assumptions	18,845	568,588
Net difference between projected and actual earnings on pension plan investments	161,482	-
Total	<u><u>\$ 180,327</u></u>	<u><u>\$ 1,336,584</u></u>

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

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ (739,157)
2022	(508,035)
2023	46,195
2024	44,740
2025	-
Thereafter	-

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2020 (with comparative data for 2019)

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 June 30, 2019 (valuation date), the following participants were covered by the benefit terms under the District's healthcare plan:

Active employees	64
Retirees	12
Beneficiaries	<u>12</u>
Total	<u>88</u>

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the District's contributions were \$248,511, which included an implicit subsidy of \$52,347.

Net OPEB Liability

The District's net OPEB liability is measured as of June 30, 2020 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2019. A summary of key actuarial assumptions used to calculate the net OPEB liability is listed below.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry Age Normal
Amortization method:	
Level percent or level dollar	Level percent
Closed, open, or layered periods	Closed
Amortization period	19 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	2.50%
Discount rate	4.75%
Salary increases	Graded scale based on service
Healthcare trend rates	5.1% to 6.4% in 2020, then 5.1% to 4.00% over 62

Discount Rate

The discount rate used to measure the total OPEB liability was 4.75 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 4.75 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.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return. The assumed asset weighting is based on target allocations published by PARS. Expected future asset class returns were published in the 2019 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

Estimated geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the valuation date are summarized in the following table:

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Real Rate of Return¹
US equity - large cap	7.50%	4.76%	7.26%
US equity - small/mid cap	4.00%	5.25%	7.75%
International equity	2.00%	5.41%	7.91%
Emerging market equity	1.00%	6.38%	8.88%
REITs	0.50%	4.53%	7.03%
Core fixed income	78.00%	2.01%	4.51%
High yield fixed income	2.00%	3.53%	6.03%
Cash and equivalents	5.00%	0.74%	3.24%
Total ²	100.00%		5.17%

Reduced for assumed investment expense ³	-0.33%
Net assumed investment return (rounded to 1/4%)	4.75%

1 Nominal rates of return are equal to real rates of return plus the assumed inflation rate.

2 Portfolio total expected return is weighted average of arithmetic asset class returns, with adjustment to reflect geometric averages. It is not equal to the weighted average of the asset class geometric returns shown above.

3 Assumed investment expenses include investment management fees.

Changes in Net OPEB Liability

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

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at: 6/30/2019	\$ 1,626,299	\$ 1,652,567	\$ (26,268)
Changes recognized for the measurement period:			
• Service cost	110,564	-	110,564
• Interest on the total OPEB liability	84,947	-	84,947
• Differences between expected and actual experience	336,183		336,183
• Effect of assumptions changes of inputs	1,648		1,648
• Benefit payments	(75,858)	(75,858)	-
• Employer contributions	-	248,511	(248,511)
• Net investment income	-	89,510	(89,510)
• Administrative expenses	-	(10,033)	10,033
Net changes during 2019-20	457,484	252,130	205,354
Balance at: 6/30/2020	\$ 2,083,783	\$ 1,904,697	\$ 179,086

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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 4.75 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 (3.75 percent) or 1 percentage-point higher (5.75 percent) than the current rate:

	1.00% Decrease (3.75%)	Current Discount Rate (4.75%)	1.00% Increase (5.75%)
Net OPEB Liability	\$ 467,061	\$ 179,086	\$ (57,522)

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:

	1.00% Decrease	Current Trend Rate	1.00% Increase
Net OPEB liability	\$ (129,348)	\$ 179,086	\$ 569,632

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 (EARSL) 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) Year Ended June 30, 2020 (with comparative data for 2019)

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$157,541. As of fiscal year ended June 30, 2020, the District reported deferred outflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	\$ 300,112	\$ -
Changes in assumptions	1,471	-
Net difference between projected and actual earnings	-	2,471
Total	<u>\$ 301,583</u>	<u>\$ 2,471</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 June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ 38,758
2022	38,756
2023	29,308
2024	35,699
2025	36,248
Thereafter	120,343

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 2020 and 2019 were \$19,500 and \$19,000, respectively. Further, the contribution limit will remain unchanged at \$19,500 for 2021.

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 \$137,000 per employee and are paid by the District. Earnings subject to Social Security will increase by \$5,100 in 2021, to \$142,800. The District also pays contributions for Medicare of 1.45% of covered wages. Contributions made by the District for Social Security and Medicare for 2020 was \$472,880.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2020 (with comparative data for 2019)

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, 2020, 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, 2020 and 2019.

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. The District leases its administrative office under an operating lease that expires in 2022. Rent expense for the years ended June 30, 2020 and 2019 were approximately \$169,654 and \$182,098, respectively. Future minimum lease payments required under the lease are:

Fiscal Year Ended June 30,	Annual Lease Commitment
2021	\$ 174,744
2022	179,986
	<u>\$ 354,730</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2020 (with comparative data for 2019)

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.

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**VENTURA REGIONAL SANITATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
Fiscal year ended June 30, 2020**

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 ⁽¹⁾	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%
6/30/2019	0.558%	\$ 3,834,938	\$ 5,805,000	66.06%	89.31%

(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%
2019-20	\$ 964,069	\$ 1,062,207	\$ (98,138)	\$ 5,679,000	18.70%

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

Change in Assumptions: In fiscal year 2018 the discount rate changed from 7.50% to 7.25% 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, 2020

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	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
TOTAL PENSION LIABILITY						
Service Cost	\$ 129,489	\$ 125,717	\$ 119,356	\$ 141,501	\$ 137,380	\$ 160,741
Interest	706,597	679,136	638,593	614,981	585,486	547,331
Economic/demographic gains or losses	(1,193,384)	-	223,354	-	-	-
Changes of Assumptions or Inputs	(897,252)	-	-	642,798	332,945	-
Benefit Payments, Including Refunds of Employee Contributions	(396,294)	(375,995)	(346,423)	(329,592)	(282,451)	(248,094)
Net Change in Total Pension Liability	(1,650,844)	428,858	634,880	1,069,688	565,761	459,978
Total Pension Liability - Beginning	10,939,378	10,510,520	9,875,640	8,805,952	8,240,191	7,780,213
Total Pension Liability - Ending (a)	\$ 9,288,534	\$ 10,939,378	\$ 10,510,520	\$ 9,875,640	\$ 8,805,952	\$ 8,240,191
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 1,069,387	\$ 547,428	\$ 495,809	\$ 417,249	\$ 376,419	\$ 394,281
Contributions - Employee	22,757	22,976	22,922	26,725	29,566	30,728
Net Investment Income	209,917	389,917	341,726	508,099	(1,218)	111,586
Benefit Payments, Including Refunds of Employee Contributions	(396,294)	(375,995)	(346,423)	(329,592)	(282,451)	(248,094)
Administrative Expenses	(37,372)	(36,833)	(36,453)	(35,759)	(35,294)	(38,944)
Net Change in Fiduciary Net Position	868,395	547,493	477,581	586,722	87,022	249,557
Plan Fiduciary Net Position - Beginning	6,585,150	6,037,657	5,560,076	4,973,354	4,886,332	4,636,775
Plan Fiduciary Net Position - Ending (b)	\$ 7,453,545	\$ 6,585,150	\$ 6,037,657	\$ 5,560,076	\$ 4,973,354	\$ 4,886,332
Plan Net Pension Liability - Ending (a) - (b)	\$ 1,834,989	\$ 4,354,228	\$ 4,472,863	\$ 4,315,564	\$ 3,832,598	\$ 3,353,859
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.24%	60.20%	57.44%	56.30%	56.48%	59.30%
Covered Payroll	\$ 2,275,736	\$ 2,296,318	\$ 2,718,992	\$ 2,843,429	\$ 3,397,512	\$ 3,072,800
Plan Net Pension Liability as a Percentage of Covered Payroll	80.63%	189.62%	164.50%	151.77%	112.81%	109.15%

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

Notes to Schedule:

Changes in Assumptions:

Disability, retirement, and withdrawal rates were updated from the rates used in the January 2014 experience study of the California Public Employees Retirement System actuarial valuation to rates for General members used in the June 30, 2019 VCERA actuarial valuation.

Mortality rates were updated from the rates used in the January 2014 experience study of the California Public Employees Retirement System actuarial valuation and from the rates used in the CalPERS 1997-2011 Healthy Retiree Tables to rates for General members used in the June 30, 2019 VCERA actuarial valuation.

The salary scale assumption was updated from the rates used in the July 1, 2017 valuation of the District's Retirement Enhancement Plan to the rates for General members used in the June 30, 2019 VCERA actuarial valuation.

The long-term expected rate of return on plan investments changed from 6.50% to 6.25% based on updated capital market assumptions.

The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

VENTURA REGIONAL SANITATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (continued)
Fiscal year ended June 30, 2020

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

Schedule of Plan Contributions - Last 10 Years*

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
2019-20	\$ 408,306	\$ 1,069,387	\$ (661,081)	\$ 2,275,736	46.99%

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

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2019 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level dollar Closed period Amortization period at 06/30/2019 - 13 years Amortization growth rate equals 0.00%
Asset Valuation Method	Market value of assets
Inflation	2.50%
Salary increases	Rates are based on an inflation rate of 2.50%, plus "across the board" salary increased of 0.50% per year, plus merit and promotional increases.
Payroll Growth	3.00%
Investment Rate of Return	6.25% net of expenses
Retirement Age	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.
Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.

VENTURA REGIONAL SANITATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (continued)
Fiscal year ended June 30, 2020

Other Post Employment Benefits

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

Measurement Date	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB Liability			
Service cost	\$ 110,564	\$ 107,344	\$ 104,217
Interest on the total OPEB liability	84,947	78,886	72,982
Actual and expected experience difference	336,183	-	-
Changes in assumptions	1,648	-	-
Benefit payments	<u>(75,858)</u>	<u>(60,629)</u>	<u>(63,093)</u>
Net change in total OPEB liability	457,484	125,601	114,106
 Total OPEB liability - beginning	<u>1,626,299</u>	<u>1,500,698</u>	<u>1,386,592</u>
Total OPEB liability - ending (a)	<u>\$ 2,083,783</u>	<u>\$ 1,626,299</u>	<u>\$ 1,500,698</u>
 Plan Fiduciary Net Position			
Contribution - employer	\$ 248,511	\$ 234,099	\$ 204,962
Net investment income	89,510	106,328	17,341
Benefit payments	(75,858)	(60,629)	(63,093)
Administrative expense	<u>(10,033)</u>	<u>(8,050)</u>	<u>-</u>
Net change in plan fiduciary net position	252,130	271,748	159,210
 Plan fiduciary net position - beginning	<u>1,652,567</u>	<u>1,380,819</u>	<u>1,221,609</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,904,697</u>	<u>\$ 1,652,567</u>	<u>\$ 1,380,819</u>
 Net OPEB liability (asset) - ending (a)-(b)	<u>\$ 179,086</u>	<u>\$ (26,268)</u>	<u>\$ 119,879</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 91.41%	 101.62%	 92.01%
 Covered-employee payroll	\$ 6,125,948	\$ 5,833,461	\$ 4,992,766
 Net OPEB liability(asset) as a percentage of covered-employee payroll	 2.92%	 -0.45%	 2.40%

Notes to Schedule:

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

VENTURA REGIONAL SANITATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (continued)
Fiscal year ended June 30, 2020

Other Post Employment Benefits

Schedule of Employer Contributions - Last 10 Years*

Fiscal Year Ended June 30,	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee 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%
2020	\$ 188,946	\$ 248,511	\$ (59,565)	\$ 6,125,948	4.06%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 19-year period
Asset Valuation Method	Market value
Inflation	2.50% per annum
Payroll Growth	3% per annum, in aggregate
Long-term expected investment return	4.75%
Retirement Age	Based on assumptions for General members in the June 30, 2019 VCERA actuarial Valuation.
Mortality	Based on assumptions for General members in the June 30, 2019 VCERA actuarial Valuation.

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

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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. It will continue to be tracked separately as it has debt service obligations through fiscal year 2024.

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 Water & Sanitation District (TWSD) and Ventura County Regional Energy Alliance (VCREA).

VENTURA REGIONAL SANITATION DISTRICT
COMBINING SCHEDULE OF NET POSITION
June 30, 2020

ASSETS	Water and Wastewater	Solid Waste	Biosolids	Administration	Total
Current assets:					
Cash and cash equivalents	\$ (3,013,770)	\$ 33,400,401	\$ (16,805,904)	\$ (11,280,064)	\$ 2,300,663
Accrued interest receivable	-	47,288	-	64,301	111,589
Accounts receivable – disposal and sanitation fees, net	-	2,199,778	22,121	-	2,221,899
Accounts receivable – contract services, net	810,847	-	-	91,690	902,537
Prepaid and other	2,400	28,814	-	251,707	282,921
Total current assets – unrestricted	<u>(2,200,523)</u>	<u>35,676,281</u>	<u>(16,783,783)</u>	<u>(10,872,366)</u>	<u>5,819,609</u>
Restricted current assets:					
Cash and cash equivalents	-	332,266	-	904	333,170
Investments	-	5,649,867	-	-	5,649,867
Notes receivable	170,514	-	-	-	170,514
Accrued interest receivable	-	69,215	-	-	69,215
Total current assets – restricted	<u>170,514</u>	<u>6,051,348</u>	<u>-</u>	<u>904</u>	<u>6,222,766</u>
Total current assets – unrestricted and restricted	<u>(2,030,009)</u>	<u>41,727,629</u>	<u>(16,783,783)</u>	<u>(10,871,462)</u>	<u>12,042,375</u>
Restricted non-current assets:					
Investments	222,475	19,107,820	-	-	19,330,295
Notes receivable	1,055,713	-	-	-	1,055,713
Total non-current assets – restricted	<u>1,278,188</u>	<u>19,107,820</u>	<u>-</u>	<u>-</u>	<u>20,386,008</u>
Non-current assets:					
Investments	-	-	-	12,284,703	12,284,703
Capital assets, net	3,462,512	33,292,456	779,868	91,546	37,626,382
Total non-current assets – unrestricted	<u>3,462,512</u>	<u>33,292,456</u>	<u>779,868</u>	<u>12,376,249</u>	<u>49,911,085</u>
Total non-current assets – unrestricted and restricted	<u>4,740,700</u>	<u>52,400,276</u>	<u>779,868</u>	<u>12,376,249</u>	<u>70,297,093</u>
Total assets	<u>2,710,691</u>	<u>94,127,905</u>	<u>(16,003,915)</u>	<u>1,504,787</u>	<u>82,339,468</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	968,083	924,754	-	784,577	2,677,414
OPEB related	112,069	117,527	-	71,987	301,583
Loss on refunding of debt	10,620	7,616	38,752	-	56,988
Total deferred outflows of resources	<u>1,090,772</u>	<u>1,049,897</u>	<u>38,752</u>	<u>856,564</u>	<u>3,035,985</u>

VENTURA REGIONAL SANITATION DISTRICT
COMBINING SCHEDULE OF NET POSITION (continued)
June 30, 2020

LIABILITIES	Water and Wastewater	Solid Waste	Biosolids	Administration	Total
Current liabilities:					
Payable from current assets:					
Accounts payable and accrued expenses	126,820	826,602	2,000	37,214	\$ 992,636
Accrued wages and compensated absences	114,135	77,447	-	103,747	295,329
Accrued interest payable	7,831	90,162	9,617	-	107,610
Installment sale agreement – current portion	-	1,773,810	1,307,774	-	3,081,584
Payable from current assets – unrestricted	<u>248,786</u>	<u>2,768,021</u>	<u>1,319,391</u>	<u>140,961</u>	<u>4,477,159</u>
Payable from restricted current assets:					
Customer deposits	-	54,046	-	904	54,950
Landfill closure/postclosure costs – expected within one year	-	623,180	-	-	623,180
Installment purchase contract – current portion	<u>159,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,963</u>
Payable from current assets – restricted	<u>159,963</u>	<u>677,226</u>	<u>-</u>	<u>904</u>	<u>838,093</u>
 Total current liabilities – unrestricted and restricted	 <u>408,749</u>	 <u>3,445,247</u>	 <u>1,319,391</u>	 <u>141,865</u>	 <u>5,315,252</u>
Non-current liabilities:					
Payable from non-current assets:					
Net pension liability	2,135,485	1,979,375	-	1,555,067	5,669,927
Net OPEB liability	66,549	69,789	-	42,748	179,086
Installment sale agreement	-	8,403,961	3,167,469	-	11,571,430
Unearned revenue	-	375,984	-	-	375,984
Accrued wages and compensated absences	<u>113,069</u>	<u>87,762</u>	<u>-</u>	<u>71,428</u>	<u>272,259</u>
Payable from non-current assets – unrestricted	<u>2,315,103</u>	<u>10,916,871</u>	<u>3,167,469</u>	<u>1,669,243</u>	<u>18,068,686</u>
Payable from restricted non-current assets:					
Malibu Bay Club reserve	50,021	-	-	-	50,021
Landfill closure/postclosure costs	-	19,151,595	-	-	19,151,595
Installment purchase contract	<u>1,055,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,055,713</u>
Payable from non-current assets – restricted	<u>1,105,734</u>	<u>19,151,595</u>	<u>-</u>	<u>-</u>	<u>20,257,329</u>
Total non-current liabilities – unrestricted and restricted	<u>3,420,837</u>	<u>30,068,466</u>	<u>3,167,469</u>	<u>1,669,243</u>	<u>38,326,015</u>
Total liabilities	<u>3,829,586</u>	<u>33,513,713</u>	<u>4,486,860</u>	<u>1,811,108</u>	<u>43,641,267</u>
 DEFERRED INFLOWS OF RESOURCES					
Pension related	855,709	767,829	-	549,653	2,173,191
OPEB related	918	963	-	590	2,471
Total deferred inflows of resources	<u>856,627</u>	<u>768,792</u>	<u>-</u>	<u>550,243</u>	<u>2,175,662</u>
 NET POSITION					
Net investment in capital assets	2,257,456	23,122,301	(3,656,623)	91,546	21,814,680
Restricted for:					
Debt service	1,226,227	-	-	-	1,226,227
Landfill closure and postclosure costs	-	5,330,347	-	-	5,330,347
Malibu Bay Club	<u>172,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,454</u>
Unrestricted amounts (deficit)	<u>(4,540,887)</u>	<u>32,442,649</u>	<u>(16,795,400)</u>	<u>(91,546)</u>	<u>11,014,816</u>
 Total net position(deficit)	 <u>\$ (884,750)</u>	 <u>\$ 60,895,297</u>	 <u>\$ (20,452,023)</u>	 <u>\$ -</u>	 <u>\$ 39,558,524</u>

VENTURA REGIONAL SANITATION DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
Year Ended June 30, 2020

	Water and Wastewater	Solid Waste	Biosolids	Administration	Total
Operating revenues:					
Disposal and sanitation fees	\$ -	\$ 14,390,887	\$ -	\$ -	\$ 14,390,887
Contract services	6,327,571	-	25,172	1,388,140	7,740,883
Other revenue	11,205	172,908	-	7,254	191,367
Total operating revenues	<u>6,338,776</u>	<u>14,563,795</u>	<u>25,172</u>	<u>1,395,394</u>	<u>22,323,137</u>
Operating expenses:					
Salaries and benefits	3,301,627	3,615,799	-	2,525,689	9,443,115
Management and administrative	64,299	126,537	9,938	265,175	465,949
Services and supplies	944,844	2,053,200	184	96,624	3,094,852
Professional services	333,516	910,005	162	518,456	1,762,139
Facility maintenance	201,957	699,493	24,405	199,032	1,124,887
Provision for landfill closure/postclosure	-	385,844	-	-	385,844
Permits, licences and fees	38,307	1,377,254	44,604	1,429	1,461,594
Total operating expenses	<u>4,884,550</u>	<u>9,168,132</u>	<u>79,293</u>	<u>3,606,405</u>	<u>17,738,380</u>
Operating income (loss) before depreciation and amortization	1,454,226	5,395,663	(54,121)	(2,211,011)	4,584,757
Depreciation and amortization	<u>(424,056)</u>	<u>(3,375,468)</u>	<u>(308,719)</u>	<u>(75,437)</u>	<u>(4,183,680)</u>
Operating income (loss)	<u>1,030,170</u>	<u>2,020,195</u>	<u>(362,840)</u>	<u>(2,286,448)</u>	<u>401,077</u>
Non-operating revenues (expenses):					
Interest and investment earnings	172,006	1,564,705	-	35,661	1,772,372
Loss on sales and/or disposals of capital assets, net	259	1,110	218	-	1,587
Interest expense	(36,825)	(317,637)	(130,065)	-	(484,527)
Tierra Rejada Consortium	-	(527,781)	-	-	(527,781)
Other, net	38,972	300,248	(7)	-	339,213
Total non-operating revenues (expenses)	<u>174,412</u>	<u>1,020,645</u>	<u>(129,854)</u>	<u>35,661</u>	<u>1,100,864</u>
Income (loss) before transfers	<u>1,204,582</u>	<u>3,040,840</u>	<u>(492,694)</u>	<u>(2,250,787)</u>	<u>1,501,941</u>
Transfers in	2,099,089	2,925,407	-	3,251,587	8,276,083
Transfers out	<u>(1,776,846)</u>	<u>(5,451,781)</u>	<u>(46,656)</u>	<u>(1,000,800)</u>	<u>(8,276,083)</u>
Change in net position	1,526,825	514,466	(539,350)	-	1,501,941
Net position (deficit), beginning of year	<u>(2,411,575)</u>	<u>60,380,831</u>	<u>(19,912,673)</u>	<u>-</u>	<u>38,056,583</u>
Net position (deficit), end of year	<u>\$ (884,750)</u>	<u>\$ 60,895,297</u>	<u>\$ (20,452,023)</u>	<u>\$ -</u>	<u>\$ 39,558,524</u>

VENTURA REGIONAL SANITATION DISTRICT
COMBINING SCHEDULE OF CASH FLOWS
Year Ended June 30, 2020

	Water and Wastewater	Solid Waste	Biosolids	Administration	Total
Cash flows from operating activities:					
Receipts from customers for disposal and sanitation services	\$ -	\$ 13,631,745	\$ -	\$ -	\$ 13,631,745
Receipts from customers for contract services	6,327,571	-	5,406	1,387,794	7,720,771
Receipts for other services	11,205	172,908	-	7,254	191,367
Payments to vendors for materials and services	(1,238,965)	(5,906,104)	(110,384)	(1,116,143)	(8,371,596)
Payments for salaries, benefits and contract labor	(3,801,016)	(3,951,850)	-	(2,810,143)	(10,563,009)
Net cash provided by (used for) operating activities	1,298,795	3,946,699	(104,978)	(2,531,238)	2,609,278
Cash flows from non-capital financing activities:					
Transfers from other funds	2,099,089	2,925,407	-	3,251,587	8,276,083
Transfers to other funds	(1,776,846)	(5,451,781)	(46,656)	(1,000,800)	(8,276,083)
Net cash provided by (used for) non-capital financing activities	322,243	(2,526,374)	(46,656)	2,250,787	-
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,170,525)	(1,624,436)	-	(11,592)	(2,806,553)
Principal received on notes receivable	155,433	-	-	-	155,433
Proceeds from sale of capital assets	5,661	1,111	218	-	6,990
Principal paid on capital debt	(155,715)	(1,728,577)	(1,279,436)	-	(3,163,728)
Interest paid on capital debt	(36,271)	(322,818)	(120,528)	-	(479,617)
Net cash provided by (used for) capital and related financing activities	(1,201,417)	(3,674,720)	(1,399,746)	(11,592)	(6,287,475)
Cash flows from investing activities:					
Interest and dividends from investments	172,006	1,592,117	-	53,890	1,818,013
Malibu Bay Club easement construction reserve	(73,833)	-	-	-	(73,833)
Proceeds from sales and maturities of investments	-	16,005,948	-	9,112,235	25,118,183
Purchases of investments	-	(15,883,350)	-	(7,445,218)	(23,328,568)
Net cash provided by (used for) investing activities	98,173	1,714,715	-	1,720,907	3,533,795
Net increase (decrease) in cash and cash equivalents	517,794	(539,680)	(1,551,380)	1,428,864	(144,402)
Cash and cash equivalents (unrestricted and restricted), beginning of year	(3,531,564)	34,272,347	(15,254,524)	(12,708,024)	2,778,235
Cash and cash equivalents (unrestricted and restricted), end of year	<u>\$ (3,013,770)</u>	<u>\$ 33,732,667</u>	<u>\$ (16,805,904)</u>	<u>\$ (11,279,160)</u>	<u>\$ 2,633,833</u>
Reconciliation of cash and cash equivalents to statement of net position:					
Cash and cash equivalents	\$ (3,013,770)	\$ 33,400,401	\$ (16,805,904)	\$ (11,280,064)	\$ 2,300,663
Restricted cash and cash equivalents	-	332,266	-	904	333,170
Total cash and cash equivalents	<u>\$ (3,013,770)</u>	<u>\$ 33,732,667</u>	<u>\$ (16,805,904)</u>	<u>\$ (11,279,160)</u>	<u>\$ 2,633,833</u>

VENTURA REGIONAL SANITATION DISTRICT
COMBINING SCHEDULE OF CASH FLOWS (continued)
Year Ended June 30, 2020

	Water and Wastewater	Solid Waste	Biosolids	Administration	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 1,030,170	\$ 2,020,195	\$ (362,840)	\$ (2,286,448)	\$ 401,077
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Deprecation and amortization	424,056	3,375,468	308,719	75,437	4,183,680
Other non-operating revenues and expenses, net	38,972	(227,443)	(7)	-	(188,478)
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable – disposal and sanitation fees, net	-	(763,642)	(19,759)	-	(783,401)
Accounts receivable – contract services, net	242,782	-	-	149,689	392,471
Net OPEB asset	10,312	9,180	-	6,776	26,268
Prepaid and other	6,625	10,455	5,191	(157,278)	(135,007)
Deferred outflows	18,064	(86,496)	-	(24,302)	(92,734)
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	45,575	39,944	(36,282)	(27,838)	21,399
Accrued wages and compensated absences	(5,117)	(33,380)	-	(18,430)	(56,927)
Customer deposits	-	4,500	-	(346)	4,154
Net pension liability	(1,070,943)	(737,380)	-	(554,757)	(2,363,080)
Net OPEB liability	66,549	69,789	-	42,748	179,086
Malibu Bay Club reserve	10,004	-	-	-	10,004
Landfill closure/postclosure costs	-	(176,367)	-	-	(176,367)
Deferred inflows	481,746	441,876	-	263,511	1,187,133
Total adjustments	268,625	1,926,504	257,862	(244,790)	2,208,201
Net cash provided by (used for) operating activities	<u>\$ 1,298,795</u>	<u>\$ 3,946,699</u>	<u>\$ (104,978)</u>	<u>\$ (2,531,238)</u>	<u>\$ 2,609,278</u>
Noncash investing, capital, and financing activities:					
Disposal of capital assets	\$ 40,648	\$ 32,115	\$ -	\$ -	\$ 72,763

VENTURA REGIONAL SANITATION DISTRICT
Tierra Rejada Closed Landfill - Mitigation and Monitoring Costs
Year ended June 30, 2020

	Easy Fire	Post Closure Maintenance	Total
Mitigation expenses:			
Operating materials and supplies	\$2,774	\$401	\$3,175
Operating services	4,723	657	5,380
Lab services and supplies	-	3,798	3,798
Contractor construction	1,957,091	-	1,957,091
Contracted services	39,899	20,963	60,862
Environmental consultants	-	17,778	17,778
Professional services	172,504	195	172,699
Facility maintenance	18,240	1,087	19,327
Permit, fees and other	-	4,705	4,705
Total mitigation expenses	<u>\$2,195,231</u>	<u>\$49,583</u>	<u>\$2,244,814</u>
Mitigation funds received	\$2,194,216	\$68,328	\$2,262,544
Remaining obligation available/(deficit)	<u>(\$1,015)</u>	<u>\$18,745</u>	<u>\$17,730</u>
Each party's obligation of mitigation funds	\$548,554	\$17,082	\$565,636
Each party's obligation of mitigation expenses	(548,808)	(12,396)	(561,204)
Each party's remaining obligation available/(deficit)	<u>(\$254)</u>	<u>\$4,686</u>	<u>\$4,432</u>
Mitigation funds received from Consortium members	\$1,645,662	\$51,246	\$1,696,908
Mitigation expenses allocated to Consortium members	(1,646,423)	(37,187)	(1,683,610)
Remaining obligation available/(deficit) from Consortium members	<u>(\$761)</u>	<u>\$14,059</u>	<u>\$13,298</u>
VRSD obligation of mitigation expenses	\$548,808	\$12,396	\$561,204
Insurance proceeds received	(33,422)	-	(33,422)
VRSD net obligation of mitigation expenses	<u>\$515,386</u>	<u>\$12,396</u>	<u>\$527,782</u>

Notes:

Tierra Rejada Consortium is comprised equally of the following four parties:

- City of Simi Valley ("City")
- County of Ventura ("County")
- Rancho Simi Recreational and Park District ("Simi Park")
- Ventura Regional Sanitation District ("VRSD")

Amendment No. 6 to the July 18, 1991 Agreement was agreed to on September 5, 2019, in recognition of the fact that additional funding is needed to continue mitigation and monitoring at the closed Tierra Rejada Landfill and to address issues that may arise in the future.

By October 1st of each year of this Agreement, County, Simi Park and City shall each pay twenty-five percent (25%) of the total funding needed for each fiscal year to cover budgeted expenses, less the existing fund balance, to VRSD pursuant to the provisions of Amendment No.6. Each Party shall be obligated to pay, in addition to amounts previously paid, twenty-five percent (25%) but not to exceed \$120,000 based on the current projections through FY2024. If monitoring is required beyond FY2024 or if tasks beyond those currently anticipated are required, the agreement will be amended accordingly.

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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

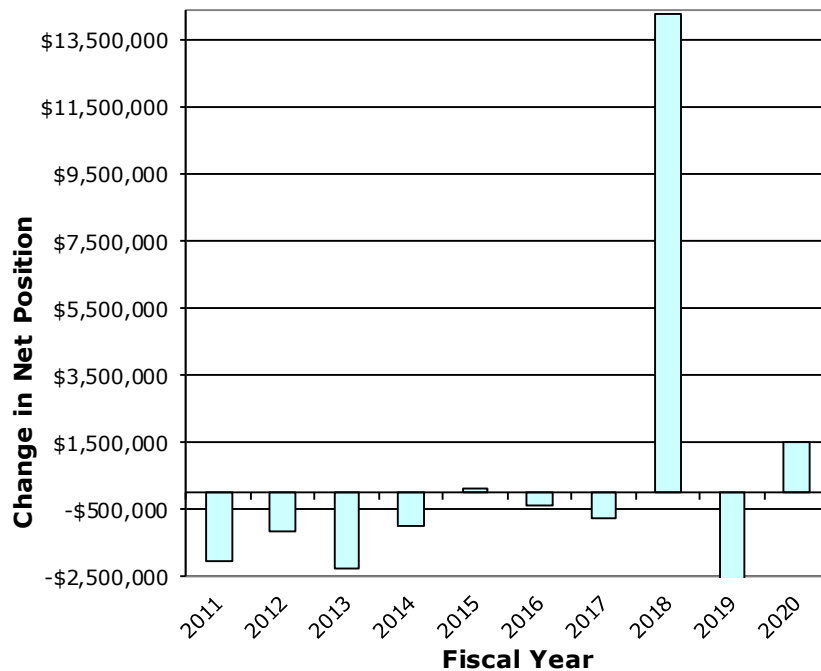
	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	83
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenues and wastewater service.	87
Debt Capacity 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.	90
Demographic Information These schedules offer demographic indicators to help the reader understand the environment within which the District's financial activities take place.	93
Operating Information 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.	97

Ventura Regional Sanitation District

Changes in Net Position and Net Position by Component

Last Ten Fiscal Years

	Fiscal Year				
	2011	2012	2013	2014	2015
Changes in net position:					
Operating revenues ⁽⁴⁾	\$ 18,344,046	18,573,500	18,674,905	20,033,901	21,872,303
Operating expenses ⁽⁵⁾	(16,104,155)	(16,538,575)	(16,443,180)	(16,946,768)	(17,505,500)
Depreciation and amortization	(3,771,550)	(3,733,126)	(3,535,354)	(3,529,371)	(3,776,744)
Operating income(loss)	(1,531,659)	(1,698,201)	(1,303,629)	(442,238)	590,059
Non-operating revenues(expenses)					
Interest income	564,387	590,889	40,184	360,060	367,627
Gain/(loss) on sale of assets	(4,461)	5,022	-	4,832	(12,552)
Interest expense	(1,166,432)	(1,152,492) ⁽¹⁾	(1,079,159) ⁽¹⁾	(1,002,525) ⁽¹⁾	(922,435)
Other revenue/(expense), net	111,907	138,782	95,021	108,262	95,784
Total non-operating revenues(expenses), net	(494,599)	(417,799)	(943,954)	(529,371)	(471,576)
Net income before capital contribution	(2,026,258)	(2,116,000)	(2,247,583)	(971,609)	118,483
Capital contributions	-	975,000	-	-	-
Changes in net position	\$ (2,026,258)	(1,141,000)	(2,247,583)	(971,609)	118,483
Net position by component:					
Net investment in capital assets	\$ 31,989,522	31,430,945	30,327,602	29,915,287	31,633,318
Amounts restricted	6,978,210	7,128,963	6,829,325	6,737,432	6,307,850
Unrestricted amounts	7,902,123	7,168,948 ⁽¹⁾	6,324,346 ⁽¹⁾	5,856,945 ⁽¹⁾	(2,110,647)
Total net position	\$ 46,869,855	45,728,856	43,481,273	42,509,664 ⁽²⁾	35,830,521



Notes:

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

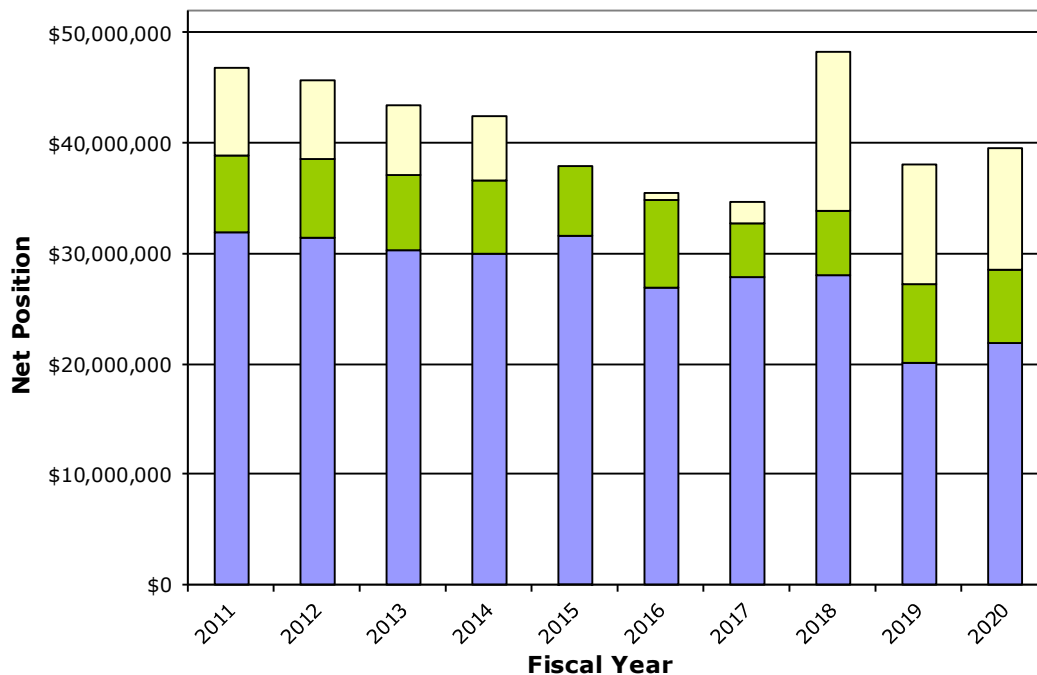
Source: Ventura Regional Sanitation District Finance Department

Ventura Regional Sanitation District

Changes in Net Position and Net Position by Component (Continued)

Last Ten Fiscal Years

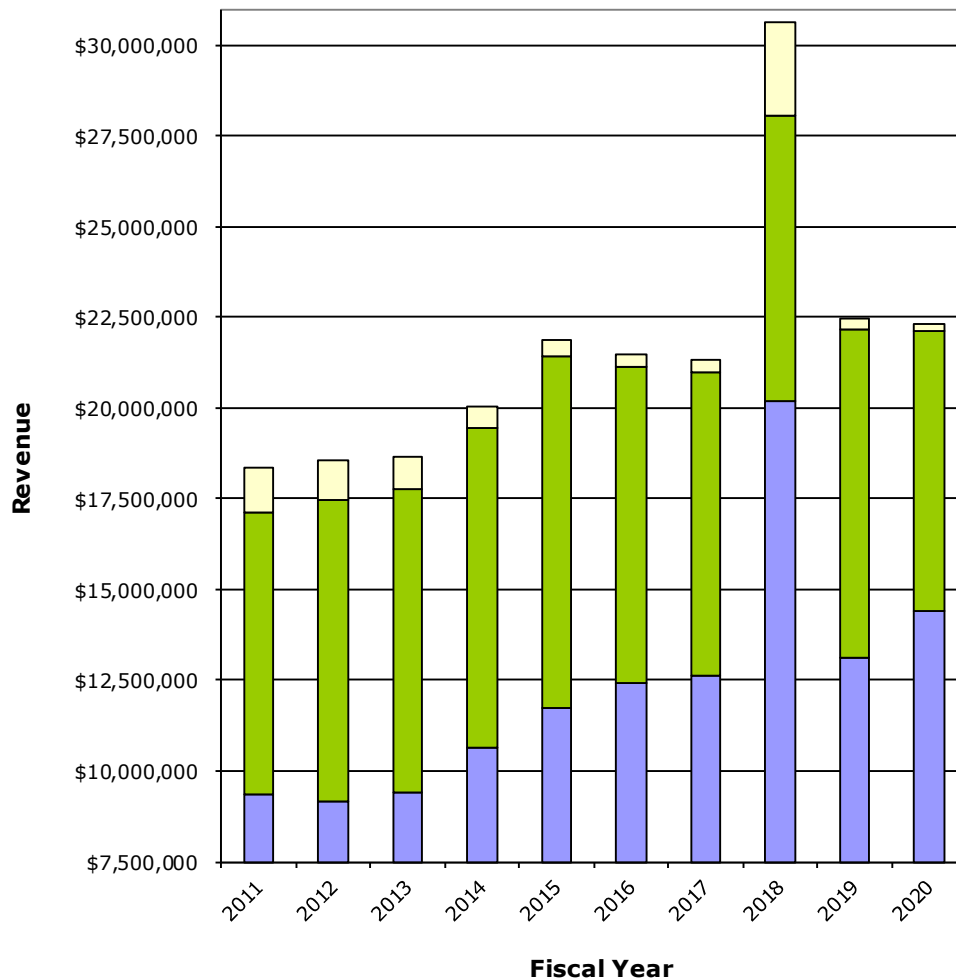
Fiscal Year					
2016	2017	2018	2019	2020	
\$ 21,495,639	21,309,468	30,641,270	22,458,166	22,323,137	Changes in net position:
(17,786,909)	(17,302,219)	(12,921,127)	(18,163,525)	(17,738,380)	Operating revenues ⁽⁴⁾
(3,813,050)	(4,210,079)	(4,252,891)	(4,491,164)	(4,183,680)	Operating expenses ⁽⁵⁾
(104,320)	(202,830)	13,467,252	(196,523)	401,077	Depreciation and amortization
					Operating income(loss)
636,112	64,990	82,513	1,805,781	1,772,372	Non-operating revenues(expenses)
47,883	1,100	16,823	(11,448,766)	1,587	Interest income
(909,095)	(649,977)	(634,937)	(560,528)	(484,527)	Gain/(loss) on sale of assets
(69,081)	40,783	1,352,219	168,512	(188,568)	Interest expense
(294,181)	(543,104)	816,618	(10,035,001)	1,100,864	Other revenue/(expense), net
(398,501)	(745,934)	14,283,870	(10,231,524)	1,501,941	Total non-operating revenues(expenses), net
-	-	-	-	-	Net income before capital contribution:
\$ (398,501)	(745,934)	14,283,870	(10,231,524)	1,501,941	Capital contributions
					Changes in net position
\$ 26,936,724	27,818,147	28,047,030	20,052,322	21,814,680	Net position by component:
7,956,948	4,916,679	5,839,153	7,163,970	6,729,028	Net investment in capital assets
538,348	1,951,260	14,401,924	10,840,291	11,014,816	Amounts restricted
\$ 35,432,020	34,686,086	48,288,107 ⁽³⁾	38,056,583 ⁽³⁾	39,558,524	Unrestricted amounts
					Total net position



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
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
2020	14,390,887	7,740,883	191,367	22,323,137



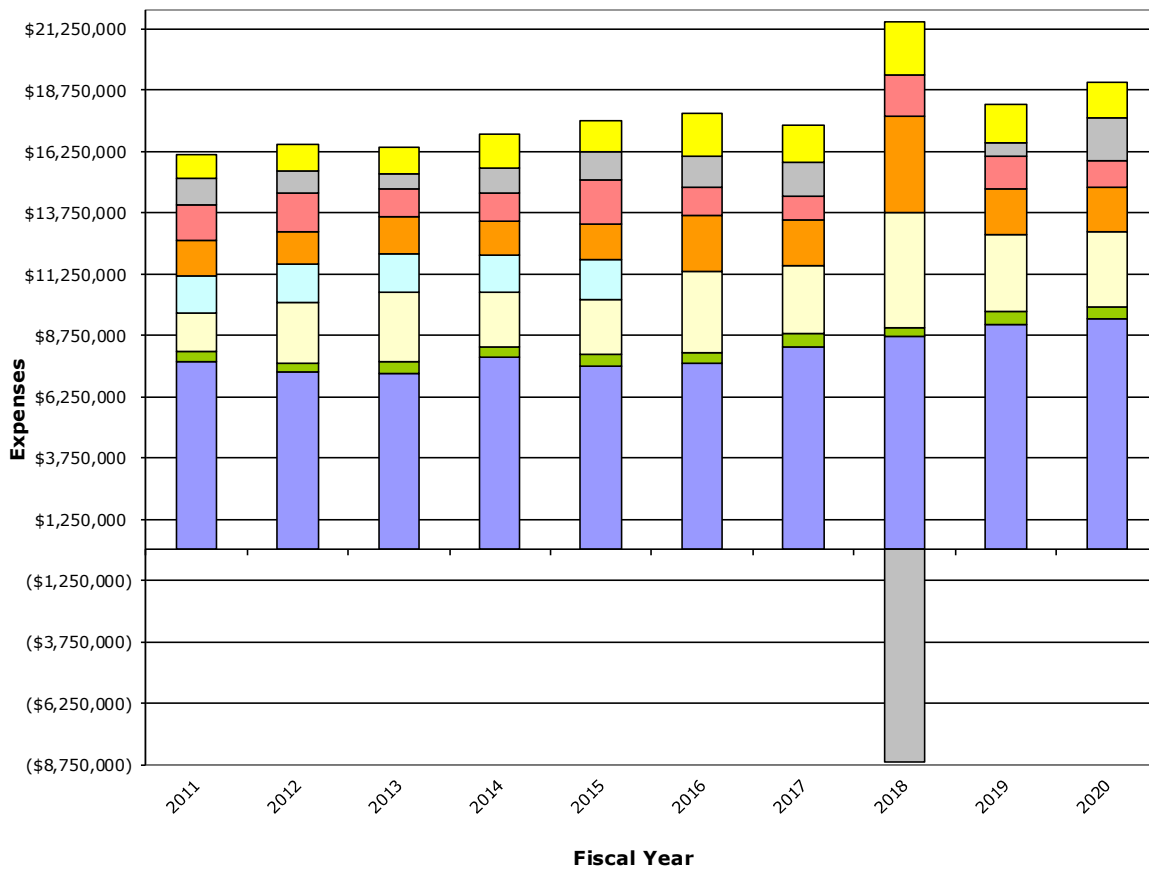
Source: Ventura Regional Sanitation District Finance Department

Ventura Regional Sanitation District

Operating Expenses by Activity

Last Ten Fiscal Years

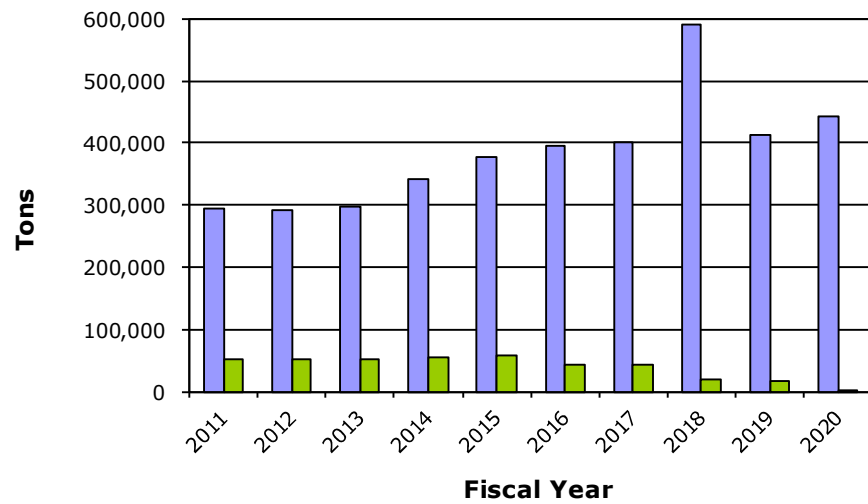
Fiscal Year	Salaries and Benefits	Management and Administrative	Services and Supplies	Contracted Services	Professional Services	Facility Maintenance	Provision for Landfill Closure and Postclosure	Permits, Licenses and Fees	Total Operating Expenses
2011	7,706,235	379,680	1,561,329	1,530,910	1,454,889	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
2020	9,443,115	465,949	3,094,852	-	1,762,139	1,124,887	385,844	1,461,594	17,738,380



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)
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
2020	441,412	483



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⁽¹⁾⁽³⁾
Last Ten Fiscal Years

Tipping Fees⁽²⁾	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Refuse ⁽⁴⁾	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60
Residual Refuse ⁽⁵⁾	34.54	34.54	34.54	34.54	34.54	34.54	34.54	34.54	34.54	34.54
Hard-to-handle ⁽⁶⁾	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

Customer	2020		2011	
	Tons Processed	Percentage of Total	Tons Processed	Percentage of Total
Gold Coast Recycling	273,593	61.9%	217,824	62.7%
City of Oxnard	126,652	28.8%	43,312	12.4%
Oxnard Wastewater Treatment Plant	-	N/A	26,537	7.6%
Araco Enterprises, LLC	18,814	4.3%	-	N/A
E.J. Harrison & Sons	14,583	3.3%	16,334	4.7%
City of Ventura Wastewater Treatment Plant	-	N/A	13,015	3.7%
Hill Canyon Wastewater Treatment Plant	-	N/A	8,080	2.3%
City of Santa Paula	-	N/A	7,921	2.3%
Santa Clara Waste	-	N/A	3,771	1.1%
Perc Water Corporation	-	N/A	2,891	0.8%
Staben Brothers	1,034	0.2%	-	N/A
Geske's Hauling Service, Inc.	700	0.2%	-	N/A
M. Maintenance Construction	396	0.1%	-	N/A
Saticoy Sanitary District	387	0.1%	-	N/A
Consolidated Disposal Services	-	N/A	1,932	0.6%
Fillmore Wastewater Treatment Plant	-	N/A	1,735	0.5%
JTZ Inc. DBA Zaccaro Roll-off	-	N/A	1,152	0.3%
Other Customers	5,736	1.3%	3,690	1.1%
Total Tons Processed	441,895	100.0%	348,194	100.0%

Source: Ventura Regional Sanitation District

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

<u>Fiscal Year</u>	<u>Total</u>		
	<u>Amount⁽¹⁾</u>	<u>Per Capita⁽²⁾</u>	<u>As a Share of Personal Income⁽³⁾⁽⁴⁾</u>
2011	\$26,405,632	39.34	0.082%
2012	24,782,531	36.67	0.073%
2013	23,086,368	33.89	0.067%
2014	21,313,850	31.07	0.059%
2015	19,461,538	28.23	0.051%
2016	28,086,421	40.62	0.071%
2017	25,134,020	36.31	0.062%
2018	22,120,239	31.91	0.052%
2019	19,032,418	27.51	0.044%
2020	15,868,691	23.29	0.000% ⁽⁵⁾

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
- (5) Income information for 2020 has not been published.

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

District Total	Fiscal Year				
	2011	2012	2013	2014	2015
Revenue sources					
Operating revenues	\$ 13,211,178	\$ 13,096,130	\$ 13,342,394	\$ 14,456,429	\$ 15,804,940
Non-operating revenues	556,878	575,536	38,929	354,195	353,340
Total revenue sources	13,768,056	13,671,666	13,381,323	14,810,624	16,158,280
Expenses					
Operating expenses	8,575,181	9,161,608	9,459,671	9,637,740	10,054,954
Non-operating expenses	-	-	-	-	-
Total expenses	8,575,181	9,161,608	9,459,671	9,637,740	10,054,954
Change in net position	5,192,875	4,510,058	3,921,652	5,172,884	6,103,326
Installment payments					
Principal	1,434,846	1,623,101	1,696,163	1,772,519	1,852,312
Interest	1,119,503	1,158,353	1,085,291	1,008,935	929,142
Total installment payments	\$ 2,554,349	\$ 2,781,454	\$ 2,781,454	\$ 2,781,454	\$ 2,781,454
Coverage	2.0	1.6	1.4	1.9	2.2
<u>Solid Waste</u>					
Revenue sources					
Operating revenues	\$ 9,619,349	\$ 9,504,453	\$ 9,632,869	\$ 10,894,198	\$ 11,921,343
Non-operating revenues	553,317	563,883	37,270	348,189	351,066
Total revenue sources	10,172,666	10,068,336	9,670,139	11,242,387	12,272,409
Expenses					
Operating expenses	6,487,285	6,637,981	6,819,665	7,008,171	7,428,993
Non-operating expenses	-	-	-	-	-
Total expenses	6,487,285	6,637,981	6,819,665	7,008,171	7,428,993
Change in net position	3,685,381	3,430,355	2,850,474	4,234,216	4,843,416
Installment payments					
Principal	606,851	757,787	791,851	827,450	864,649
Interest	473,306	549,474	515,410	479,811	442,612
Total installment payments	\$ 1,080,157	\$ 1,307,261	\$ 1,307,261	\$ 1,307,261	\$ 1,307,261
<u>Biosolids</u>					
Revenue sources					
Operating revenues	\$ 3,591,829	\$ 3,591,677	\$ 3,709,525	\$ 3,562,231	\$ 3,883,597
Non-operating revenues	3,561	11,653	1,659	6,006	2,274
Total revenue sources	3,595,390	3,603,330	3,711,184	3,568,237	3,885,871
Expenses					
Operating expenses	2,087,896	2,523,627	2,640,006	2,629,569	2,625,961
Non-operating expenses	-	-	-	-	-
Total expenses	2,087,896	2,523,627	2,640,006	2,629,569	2,625,961
Change in net position	1,507,494	1,079,703	1,071,178	938,668	1,259,910
Installment payments					
Principal	827,995	865,314	904,312	945,069	987,663
Interest	646,197	608,879	569,881	529,124	486,530
Total installment payments	\$ 1,474,192	\$ 1,474,193	\$ 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

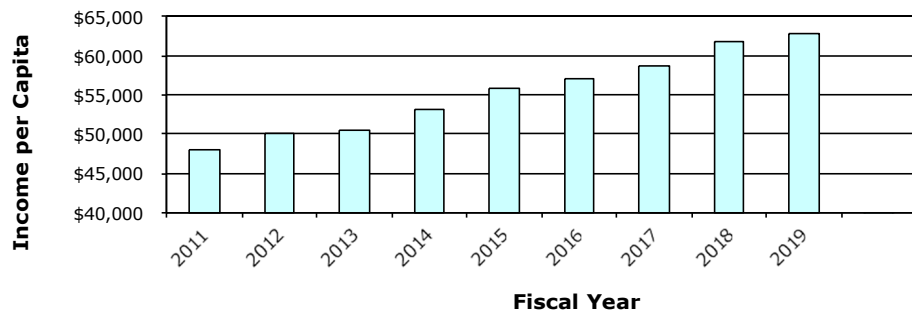
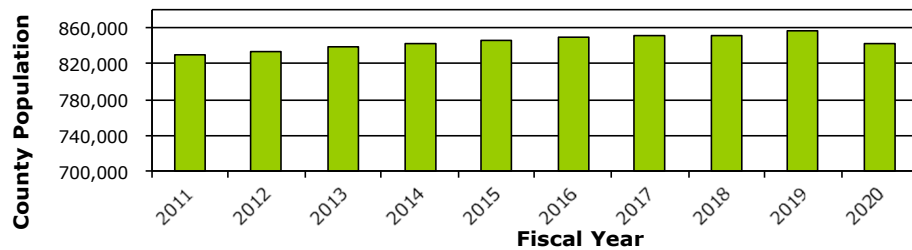
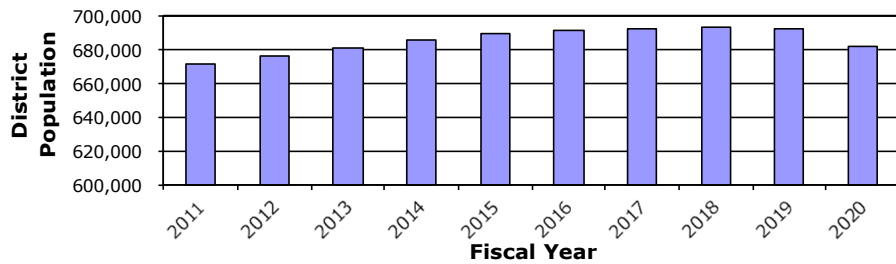
Fiscal Year					District Total
2016	2017	2018	2019	2020	
					Revenue sources
\$ 15,348,667	\$ 15,206,961	\$ 23,773,784	\$ 14,254,728	\$ 14,588,967	Operating revenues
621,765	62,062	73,913	1,565,617	1,564,705	Non-operating revenues
15,970,432	15,269,023	23,847,697	15,820,345	16,153,672	Total revenue sources
					Expenses
10,016,270	9,427,194	4,352,288	8,969,128	9,247,425	Operating expenses
-	-	-	-	-	Non-operating expenses
10,016,270	9,427,194	4,352,288	8,969,128	9,247,425	Total expenses
5,954,162	5,841,829	19,495,409	6,851,217	6,906,247	Change in net position
					Installment payments
2,043,316	2,952,400	3,013,781	3,087,822	3,163,728	Principal
952,437	690,788	629,408	555,367	479,461	Interest
\$ 2,995,753	\$ 3,643,188	\$ 3,643,189	\$ 3,643,189	\$ 3,643,189	Total installment payments
2.0	1.6	5.4	1.9	1.9	Coverage
					<u>Solid Waste</u>
					Revenue sources
\$ 12,586,681	\$ 12,852,217	\$ 22,540,839	\$ 13,277,859	\$ 14,563,795	Operating revenues
616,587	60,931	69,847	1,554,478	1,564,705	Non-operating revenues
13,203,268	12,913,148	22,610,686	14,832,337	16,128,500	Total revenue sources
					Expenses
8,482,137	8,608,387	4,052,019	8,424,630	9,168,132	Operating expenses
-	-	-	-	-	Non-operating expenses
8,482,137	8,608,387	4,052,019	8,424,630	9,168,132	Total expenses
4,721,131	4,304,761	18,558,667	6,407,707	6,960,368	Change in net position
					Installment payments
943,656	1,754,341	1,789,189	1,836,109	1,884,292	Principal
446,043	488,883	454,036	407,116	358,933	Interest
\$ 1,389,699	\$ 2,243,224	\$ 2,243,225	\$ 2,243,225	\$ 2,243,225	Total installment payments
					<u>Biosolids</u>
					Revenue sources
\$ 2,761,986	\$ 2,354,744	\$ 1,232,945	\$ 976,869	\$ 25,172	Operating revenues
5,178	1,131	4,066	11,139	-	Non-operating revenues
2,767,164	2,355,875	1,237,011	988,008	25,172	Total revenue sources
					Expenses
1,534,133	818,807	300,269	544,498	79,293	Operating expenses
-	-	-	-	-	Non-operating expenses
1,534,133	818,807	300,269	544,498	79,293	Total expenses
1,233,031	1,537,068	936,742	443,510	(54,121)	Change in net position
					Installment payments
1,099,660	1,198,059	1,224,592	1,251,713	1,279,436	Principal
506,394	201,905	175,372	148,251	120,528	Interest
\$ 1,606,054	\$ 1,399,964	\$ 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 ⁽¹⁾	Unemployment Rate ⁽⁴⁾	Population (persons) ⁽²⁾	Personal Income ⁽²⁾	Personal Income per Capita ⁽²⁾
2011	671,136	10.2%	830,196	39,898,290	48,059
2012	675,898	9.1%	833,801	41,683,974	49,993
2013	681,149	7.8%	838,601	42,328,733	50,475
2014	685,963	6.2%	842,946	44,702,273	53,031
2015	689,341	5.3%	846,922	47,182,666	55,711
2016	691,441	5.4%	848,921	48,503,552	57,136
2017	692,257	4.2%	850,802	49,994,234	58,761
2018	693,166	3.8%	850,967	52,515,048	61,712
2019	691,862	3.9%	856,598 ⁽¹⁾	55,500,000 ⁽³⁾	62,738 ⁽³⁾
2020	681,493	8.4%	842,886 ⁽¹⁾	- ⁽³⁾	- ⁽⁵⁾



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: 2018 and prior data
 (3) Personal Income and Personal Income per Capital for 2019 forw ard was obtained from the California County-Level Economic Forecast
 (4) State of California, Employment Development Department, Labor Market Information Division
 (5) Income information for 2020 has not been published.

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

Employer	2020^(a)			2011^(b)		
	Number of Employees	Rank	Percentage of Total Employed	Number of Employees	Rank	Percentage of Total Employed
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 Buenaventura	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	48,163		11.99%	60,712		18.81%
Total Employed in County	401,200		100.00%	322,700		100.00%

Sources:

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

2020 information not published at this time. Therefore, information still reflects 2019 data.

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

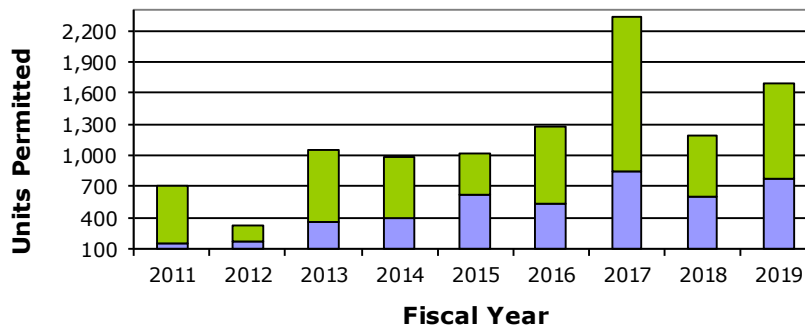
Ventura Regional Sanitation District

Building Permits – County of Ventura

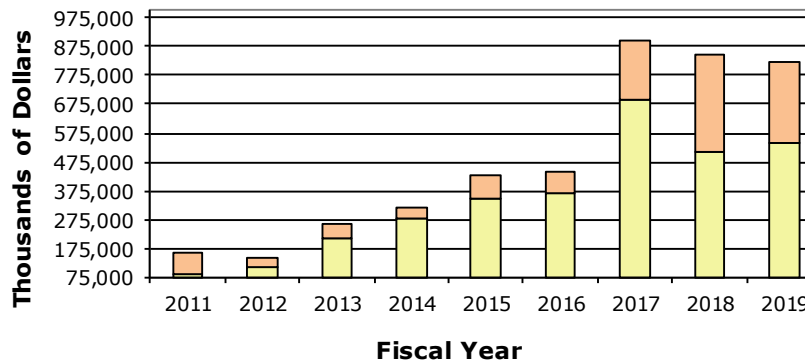
Last Ten Fiscal Years

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)
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
2020	No published information at this time.					

New Residential Building Units Permitted



Investment in New Structures

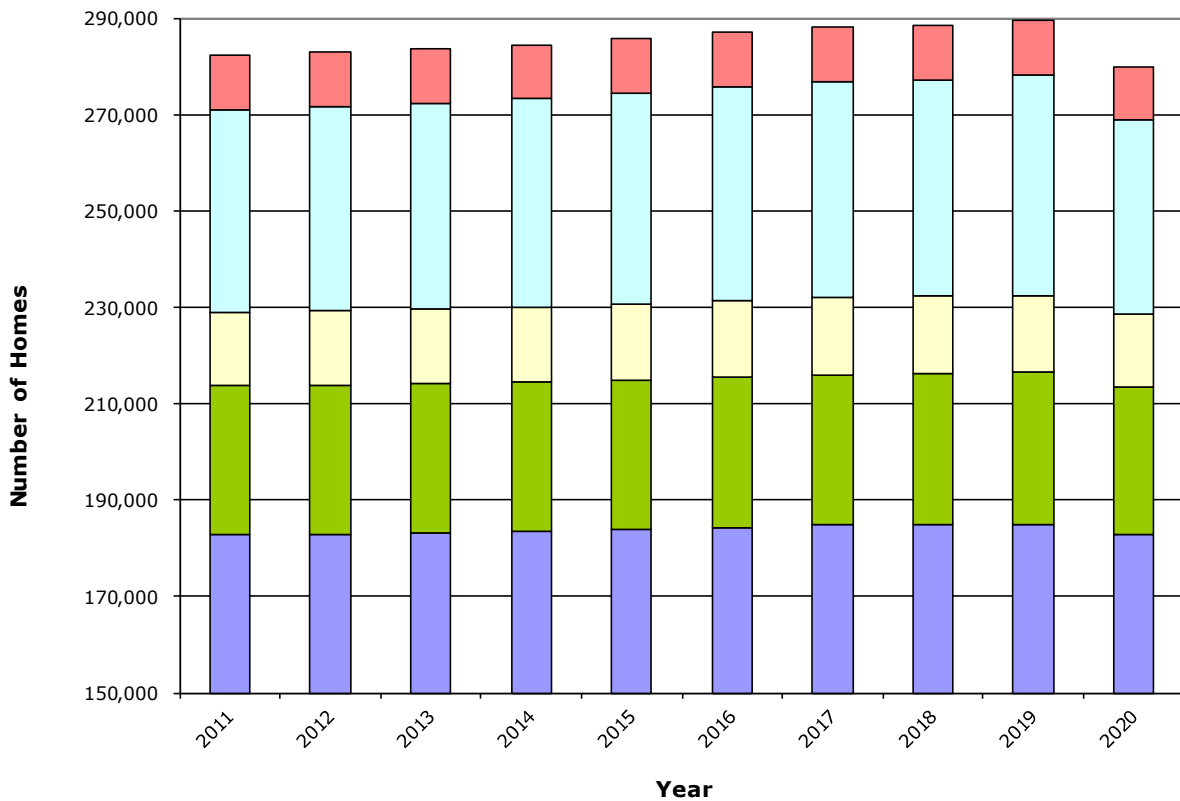


Note: Building Permit statistic updated 2017 to include number of permits, and total investment in residential and non-residential units; as more detailed breakdown is no longer available. Prior years are actual, current year forecasted.

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
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
2020	182,703	30,893	15,000	40,081	11,320	279,997



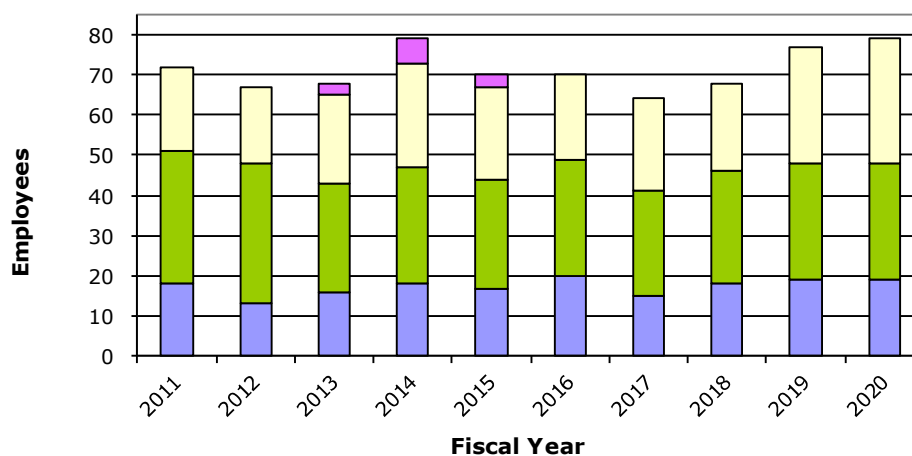
Source: CA Dept. of Finance Demographic Research Unit, E-5 City/County Population & Housing Estimates

Ventura Regional Sanitation District

Operating and Capacity Indicators Capital Asset Statistics by Function Last Ten Fiscal Years

District Employees by Department

Fiscal Year	Central Services	Water & Wastewater	Solid Waste	Biosolids	Total
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
2020	19	29	31	-	79



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)
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
2020	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
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Wastewater</i>										
Vehicles	13	13	23	24	27	26	26	28	22	26
Water truck	-	-	-	1	1	-	-	-	-	-
Forklifts/Hydraulic lifts	-	-	-	-	-	-	-	1	1	1
Golf Cart	1	1	1	1	1	-	-	-	1	1
Machinery & Equipment	17	17	14	16	16	15	15	15	17	17
Cranes	1	1	1	1	1	1	1	1	1	1
Heavy equipment	3	3	3	3	4	3	3	1	1	2
Trailers	2	2	-	-	-	-	-	-	-	-
Furniture & Fixtures	16	16	2	2	2	2	2	2	2	2
Computer equipment	1	1	3	3	4	5	5	5	5	5
Buildings	3	3	1	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	2	2	2	3	3	4	3	4
<i>Solid Waste</i>										
Vehicles	8	8	17	14	14	15	13	12	22	20
Golf Cart	-	-	1	1	1	2	2	2	1	1
Trailers	-	-	1	-	-	-	-	-	-	-
Machinery & Equipment	15	15	20	23	23	26	26	30	29	31
Forklifts/Hydraulic lifts	2	2	3	3	3	3	3	3	3	3
Heavy equipment	5	5	6	6	6	8	6	4	7	8
Compactor	1	1	2	2	2	2	2	2	2	2
Fuel truck	1	1	1	1	1	1	1	1	1	1
Water truck	1	1	2	2	2	2	2	3	3	3
Bulldozers	5	5	3	3	3	3	5	6	10	11
Computer equipment	6	6	9	10	11	13	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	4	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	1	1	1	1
Site security system	1	1	1	1	1	1	1	1	1	1
Leachate systems	2	2	2	2	2	1	1	-	-	-
Gas monitoring wells	5	5	3	4	4	4	4	4	4	4
Water wells	4	4	7	7	7	7	7	7	7	7
Water tanks	3	3	4	4	4	4	4	4	4	4
Land (acreage)	652	652	652	652	652	652	652	652	652	652
<i>Biosolids</i>										
Trailers	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
<i>Central Administration</i>										
Vehicles	1	1	1	1	1	2	2	1	1	1
Machinery & Equipment	1	1	5	6	6	10	10	10	9	9
Furniture & Fixtures	11	11	5	6	6	2	2	2	2	2
Computer equipment	9	9	8	8	11	16	18	19	19	20

Sources: Ventura Regional Sanitation District Finance Department

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