



December 16, 2021

Board of Directors  
Ventura Regional Sanitation District  
Ventura, California

## **RECEIVE AND FILE VRSD FY2020-21 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

### **RECOMMENDATION**

Receive and File the Fiscal Year 2020-21 Comprehensive Annual Financial Report prepared for VRSD.

### **FISCAL IMPACT**

None

### **BACKGROUND/ANALYSIS**

The Comprehensive Annual Financial Report is a financial tool to communicate an organization's financial position and financial activities to its customers, oversight bodies, management, and creditors. The FY2020-21 Comprehensive Annual Financial Report for VRSD was prepared by District staff, and the financial statements were independently audited by Davis Farr LLP (Davis Farr), who gave an unmodified ("clean") opinion as to the accuracy and fairness of the District's financial statements.

Management's Discussion and Analysis (MD&A) section, which begins on page 15, provides a narrative overview, analyses and explanation of the basic financial statements. The audited basic financial statements include the Statement of Net Position, Statement of Revenues, Expense and Changes in Net Position, and Statement of Cash Flows along with the notes to the basic financial statements.

The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also assesses the liquidity and financial flexibility of the District. The Statement of Revenues, Expenses and Changes in Net Position accounts for the current year revenue and expenses. This statement measures the success of the District's operation over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other changes. Lastly, the Statement of Cash Flows provides information of where the cash came from, what it was used for, and what was the change in cash balance during the reporting period.

The FY2020-21 Comprehensive Annual Financial Report (Attachment 1), and the report on Audit Communications (Attachment 2) are attached to this Board letter and are incorporated herein by reference.

District staff prepared and submitted the FY2020-21 Comprehensive Annual Financial Report to the Government Finance Officers Association (GFOA) for consideration of its Certificate of Achievement for Excellence in Financial Reporting. Appropriations for the GFOA award submission and audit are included in the FY 2021-22 Adopted Budget.

If you should have any questions or need additional information, please contact me at (805) 658-4646 or via email at TinaRivera@vrsd.com.



ALVERTINA RIVERA, DIRECTOR OF FINANCE

APPROVED FOR AGENDA:



Chris Theisen, General Manager

Attachments: 1. FY 2021 Comprehensive Annual Financial Report  
2. FY 2021 Audit Communications

***VENTURA REGIONAL SANITATION DISTRICT***

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2021**

**Chris Theisen, General Manager**  
Ventura County, California



***Comprehensive Annual  
Financial Report***

**For the Fiscal Year Ended June 30, 2021**



**Ventura Regional Sanitation District**

**Ventura County, California**

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

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**Ventura Regional Sanitation District  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2021**

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**Ventura Regional Sanitation District  
Comprehensive Annual Financial Report  
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December 16, 2021

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, 2021. 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, 2021. 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 approximately 70 full-time employees as of June 2021 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 – CUP Extension/Approval**

The amended Toland Road Landfill Conditional Use Permit (CUP) was approved in the spring of 2021. The revised CUP removed the 2027 landfill closure date and now allows for operation of the landfill until the designated fill capacity is reached. The CUP also replaced the daily ton limit with 152-daily truck trips.

## **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. The Consortium incurred approximately \$2,196,235 in repair costs as a result of the Easy Fire, with each consortium member agency responsible for approximately \$549,059. During fiscal year 2021, the District received \$1,312,457 in financial assistance from the California Office of Emergency Services (CalOES). The amount of financial assistance was subsequently determined to be overpaid by approximately \$271,578. The overpayment will be repaid by Rancho Simi Park & Recreation District and Ventura Regional Sanitation District at \$246,890 and \$24,688, respectively.

## **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. Under the recently approved CUP, the facility can receive up to 152- truck trips per day and is estimated to have landfill capacity until approximately 2034.

The Toland Road Landfill received about 449,773 tons of refuse in FY2021. Approximately 90 percent of the total refuse disposed at the Toland Road Landfill comes from transfer stations operated by its two largest customers, the City of Oxnard and Gold Coast Recycling. As of May 15, 2021 the landfill is no longer receiving refuse from the City of Oxnard. The District offset the reduction in revenues effective July 1, 2021, with staffing and other operational cost reductions as well as service fee rate increases. The District is currently working on securing long-term agreements with Gold Coast Recycling and its other customers.

## **Water & Wastewater Operations**

The District is responsible for management, operation, and maintenance of water and wastewater facilities and equipment throughout Ventura County. Included in FY2021 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 2021, this support consisted 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. Beginning July 1, 2021, Triunfo has taken in-house all administrative and accounting functions and has provided the necessary notice to terminate the remaining services effective June 30, 2022.

As a result of the loss of the Triunfo contract, VRSD is evaluating whether to continue offering Water & Wastewater services beyond June 30, 2022.

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 PNC Bank (formerly 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 835,223 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 2020-2021 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 declared on March 13, 2020. After an unprecedented decline in March and April 2020, economic growth in the Southern California region remains sluggish, still 8.3% below the year ago levels as of March 2021.

**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. The year 2020, highlighted the importance of agriculture to the County of Ventura. With restrictions on restaurants and closures of restaurants the farming industry had to re-imagine its marketing practices and for some the type of produce it grew. In 2020, the estimated gross value for all agriculture in Ventura County was \$2.0 billion decreasing by 0.2% from 2019. Strawberries remained at number one at \$575 million, increasing 13.0% from the prior year. Lemons moved back into second place with a value of \$216 million increasing by 2.0%. Nursery stock, avocados, and raspberries rounded off the top five crops grown. Cabbage replaced Hemp as the number ten crop, increasing 8.0% from 2019, while cut flowers dropped out of the top ten for the first time since 1983, decreasing 27% to a total value of \$33.9 million.

**Income and Unemployment** – Ventura County’s unemployment as of June 2021 sits at 6.5% down from 12.6% as of June 2020. The unemployment rate is gradually nearing a pre-pandemic lockdown rate of 4.7%, which represented a 1.1% increase from June 2019. Despite the continued jobs rebound, California has only recouped about 44% of the jobs the state lost since the pandemic began. The largest year-on-year job declines remain in leisure and hospitality and other services, which include equipment and machine repair and personal care services. In contrast, California trade, transportation and utilities and construction employment has nearly returned to pre-pandemic levels, outperforming all other major sectors. The next two years will be characterized by economic recovery, the speed of which remains tied to the public health crisis. It is estimated that the majority of industries will return to pre-pandemic employment levels by 2024.

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 2020 was \$67,422, 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 continued, principally in Ventura, through 2020. 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 dropped 10.8% year-over-year in October 2021. The median home sale price was \$770,000 in 2021, an 11.7% increase over 2020. Home prices in Southern California are expected to mirror that of the U.S. economy by slowing to a 7.0% growth in 2022.

## **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 FY2021 budget process. The focus of the FY2021 CIP Plan was primarily on the various financial software upgrades, the gas collection system, and the Toland Road Landfill Phase 4 project.

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 explore the long-term viability of its services in an increasingly competitive environment. On an annual basis, as part of the budget process, the District publishes billing rates for its customers.

In FY 2021 Water & Wastewater staff provided 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, to 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**

The District has recently undertaken a thorough evaluation of its various operations to determine the economic viability of each division independently. As a result of this evaluation, rate increases were necessary in both the Solid Waste Division and Water & Wastewater Division. The District has also determined that it would benefit from long-term agreements and is now actively pursuing multi-year agreements for both its Solid Waste Division and Water & Wastewater services, as well as corresponding multi-year labor agreements.

### **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, 2020. 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

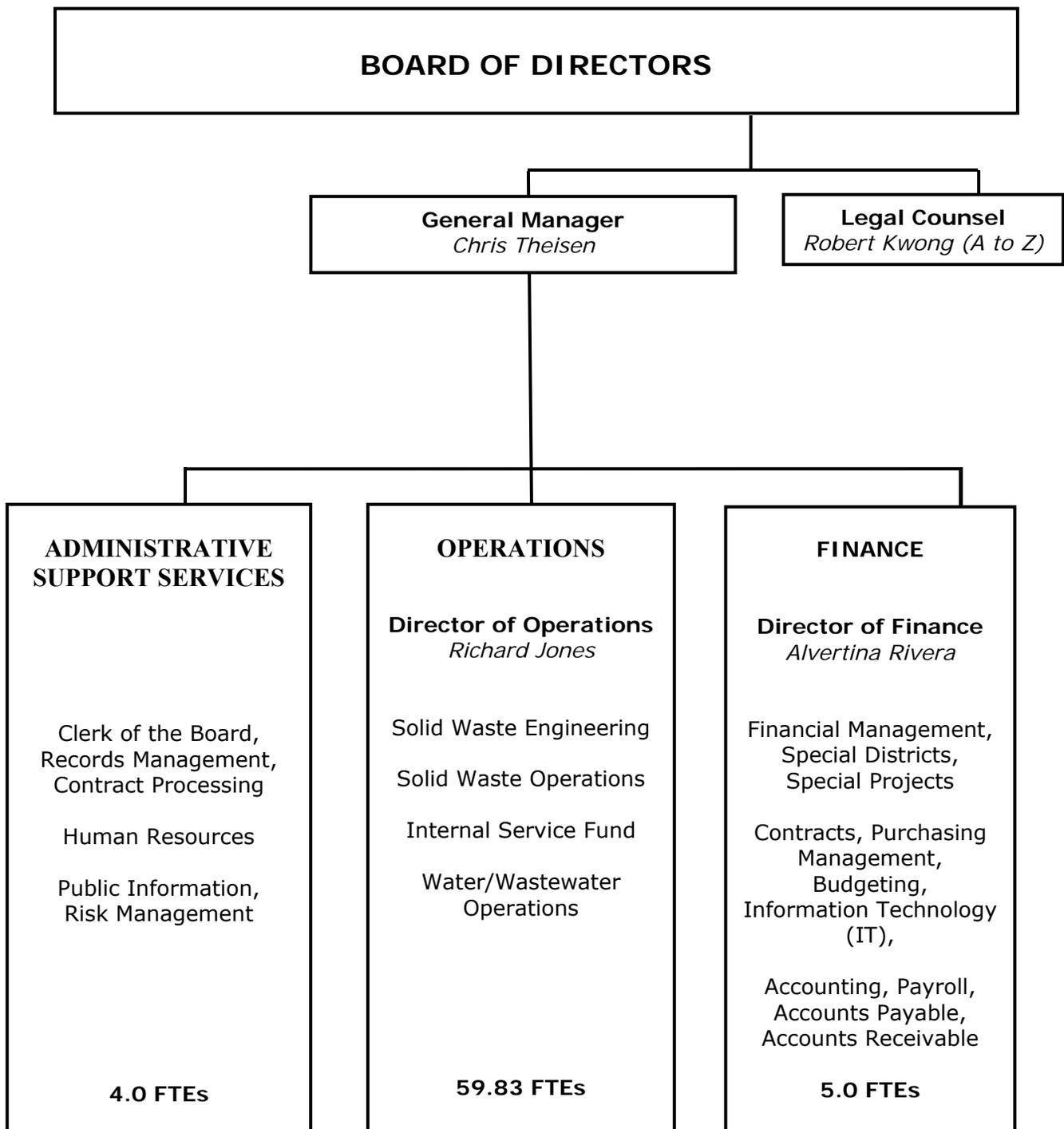
### 2021 Board of Directors as of June 30, 2021

Jim Friedman <i>Chairman</i>	City of San Buenaventura
Laura Hernandez <i>Vice-Chairman</i>	City of Port Hueneme
James Acosta	Special District
Mark Austin	City of Fillmore
Jenny Crosswhite	City of Santa Paula
Ed Jones	City of Thousand Oaks
Kevin Kildee	City of Camarillo
Bert Perello	City of Oxnard
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	(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, 2020

*Christopher P. Morill*

Executive Director/CEO

# VENTURA REGIONAL SANITATION DISTRICT

Ventura County, California

## SITES SERVED AND/OR OPERATED

- **Water and Wastewater Sites**

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

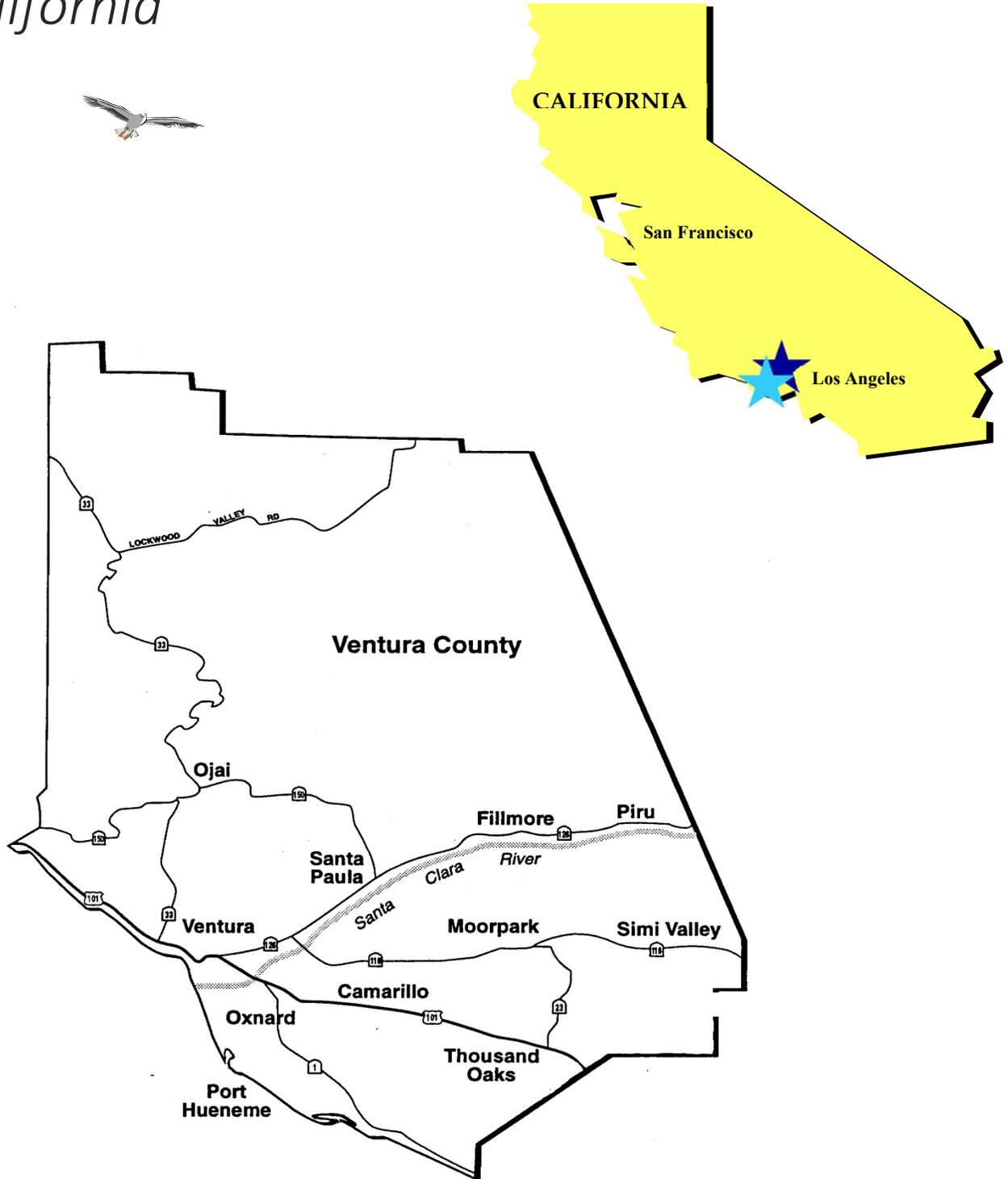
- **Solid Waste Sites**

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

- **Growth Projects**

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

# Ventura County, California



## **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, 2021, 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, 2021 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***

We have previously audited the District's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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 December 16, 2021 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.

Irvine, California  
December 16, 2021

## 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, 2021. 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

- Assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$43.0 million (net position). The District's total net position increased by \$3.4 million, or 8.8%, resulting primarily from a decrease in the funding required for landfill closure/postclosure costs and the net pension liability.
- During fiscal year 2021, the District's total revenues decreased by \$0.7 million, primarily due to a decrease in the fair market value of District's investment portfolio, offset by additional disposal and sanitation fees collected and contract services revenue resulting from increased rates from both Solid Waste and Water Wastewater services.
- Total expenses decreased by 11.6% to \$20.3 million, predominantly due to a \$1.5 million reduction in closure/postclosure landfill reserves and a \$0.5 million reduction in mitigation efforts related to the Easy Fire in fall of 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 Comprehensive Annual Financial Report.

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

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

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

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

Notes to the Financial Statements Provide additional information that is essential to a full understanding of the data provided in the basic financial statements and are an integral part

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

of the financial statements. The notes to the financial statements can be found on pages 31-71 of this report.

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 \$3.4 million to \$43.0 million in FY 2021, up from \$39.6 million in FY 2020. The increase in net position was attributable primarily to a \$1.3 million decrease in the required funding for landfill closure/postclosure costs, as well as a \$1.3 million reduction net pension related items. The chart below identifies a \$0.2 million increase in assets, a \$3.1 million decrease in liabilities, and a net \$0.2 million decrease in deferred inflows/outflows activity.

The increase in assets is primarily due to the increase in cash and cash equivalents resulting from insurance proceeds and a CalOES reimbursement of mitigation costs 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, a \$1.3 million decrease in landfill closure/postclosure reserves, as well as a decrease in the net pension liability, offset by a \$1.5 million increase in accounts payable due to the Toland Landfill Phase 4B capital project. Lastly, the net change in deferred outflows/inflows was primarily a result of \$0.2 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 2021</u>	<u>FY 2020</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets:</b>				
Current assets	\$ 10,804	\$ 5,819	\$ 4,985	85.7%
Restricted current assets	7,238	6,223	1,015	16.3%
Restricted non-current assets	19,182	20,386	(1,204)	-5.9%
Capital assets, net	36,907	37,626	(719)	-1.9%
Non-current assets	<u>8,369</u>	<u>12,285</u>	<u>(3,916)</u>	-31.9%
<b>Total assets</b>	<u>82,500</u>	<u>82,339</u>	<u>161</u>	0.2%
Deferred outflows of resources:	<u>2,767</u>	<u>3,036</u>	<u>(269)</u>	-8.9%
<b>Liabilities:</b>				
Liabilities payable from unrestricted current assets	6,395	4,477	1,918	42.8%
Liabilities payable from restricted current assets	817	838	(21)	-2.5%
Liabilities payable from unrestricted non-current assets	14,478	18,069	(3,591)	-19.9%
Liabilities payable from restricted non-current assets	<u>18,817</u>	<u>20,257</u>	<u>(1,440)</u>	-7.1%
<b>Total liabilities</b>	<u>40,507</u>	<u>43,641</u>	<u>(3,134)</u>	-7.2%
Deferred inflows of resources:	<u>1,720</u>	<u>2,176</u>	<u>(456)</u>	-21.0%
<b>Net position:</b>				
Net investment in capital assets	24,318	21,814	2,504	11.5%
Amounts restricted	7,792	6,729	1,063	15.8%
Unrestricted amounts	<u>10,930</u>	<u>11,015</u>	<u>(85)</u>	-0.8%
<b>Total net position</b>	<u>\$ 43,040</u>	<u>\$ 39,558</u>	<u>\$ 3,482</u>	8.8%

## 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, \$24.3 million, reflects capital assets net of accumulated depreciation less any outstanding debt used to acquire them. The District uses these capital assets to provide services to its constituency; consequently, they are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another component of the District's net position, Amounts Restricted, comprising of \$7.8 million, represents resources that are subject to external restrictions on how they may be used. Loan agreements relating to long-term debt restrict certain amounts for debt service, while regulatory restrictions exist for anticipated closure and post closure costs. These restricted amounts are not available for other uses by the District.

The third and last component of the District's net position is the Unrestricted Amount of \$10.9 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 2020</u>	<u>FY 2019</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets:</b>				
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%
<b>Total assets</b>	<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%
<b>Liabilities:</b>				
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%
<b>Total liabilities</b>	<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%
<b>Net position:</b>				
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%
<b>Total net position</b>	<u>\$ 39,558</u>	<u>\$ 38,056</u>	<u>\$ 1,502</u>	3.9%

Net position increased by \$1.5 million to \$39.6 million in FY2020, 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 above 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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.

### 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 2021</u>	<u>FY 2020</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
<b>Operating revenues</b>				
Disposal and sanitation fees	\$ 15,061	\$ 14,391	\$ 670	4.7%
Contract services	8,036	7,741	295	3.8%
Other revenue	150	191	(41)	-21.5%
<b>Total operating revenues</b>	<u>23,247</u>	<u>22,323</u>	<u>924</u>	<u>4.1%</u>
<b>Non-operating revenues</b>				
Interest and investment earnings	101	1,772	(1,671)	-94.3%
Gain on sales of capital assets, net	-	2	(2)	-100.0%
Other, net	408	339	69	20.4%
<b>Total non- operating revenues</b>	<u>509</u>	<u>2,113</u>	<u>(1,604)</u>	<u>-75.9%</u>
<b>Total revenues</b>	<u>23,756</u>	<u>24,436</u>	<u>(680)</u>	<u>-2.8%</u>
Expenses:				
Operating expenses	16,034	17,738	(1,704)	-9.6%
Depreciation and amortization	3,835	4,184	(349)	-8.3%
Non-operating expenses	405	1,012	(607)	-60.0%
<b>Total expenses</b>	<u>20,274</u>	<u>22,934</u>	<u>(2,660)</u>	<u>-11.6%</u>
<b>Change in net position</b>	3,482	1,502	1,980	-131.8%
<b>Net position, beginning of year</b>	<u>39,558</u>	<u>38,056</u>	<u>1,502</u>	<u>3.9%</u>
<b>Net position, end of year</b>	<u>\$ 43,040</u>	<u>\$ 39,558</u>	<u>\$ 3,482</u>	<u>8.8%</u>

Total revenues decreased by \$680,000 or 2.8%, primarily due to a \$1,089,000 decrease in the fair market value of the District's investment portfolio as a result of market condition changes and a \$583,000 reduction in investment earnings due to the return on investment, offset by additional disposal and sanitation fees collected in the amount of \$670,000 and \$295,000 contract services resulting from increased rates from both Solid Waste and Water Wastewater services, respectively.

Total expenses decreased by \$2,660,000, or 11.6% from FY 2020. The bulk of the decrease, \$1,536,000, is due to an adjustment to match the landfill postclosure reserves for the Bailard and Coastal closed landfills with those required by State law. Expenses were further

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

decreased when compared to FY2020, due to \$528,000 in operating expenses related to the Easy Fire remediation efforts incurred in FY 2020 at the Tierra Rejada Landfill.

### 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:				
<b>Operating revenues</b>				
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%
<b>Total operating revenues</b>	<u>22,323</u>	<u>22,458</u>	<u>(135)</u>	<u>-0.6%</u>
<b>Non-operating revenues</b>				
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%
<b>Total non- operating revenues</b>	<u>2,113</u>	<u>1,975</u>	<u>138</u>	<u>7.0%</u>
<b>Total revenues</b>	<u>24,436</u>	<u>24,433</u>	<u>3</u>	<u>0.0%</u>
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%
<b>Total expenses</b>	<u>22,934</u>	<u>34,665</u>	<u>(11,731)</u>	<u>-33.8%</u>
<b>Change in net position</b>	1,502	(10,232)	11,734	114.7%
<b>Net position, beginning of year</b>	<u>38,056</u>	<u>48,288</u>	<u>(10,232)</u>	<u>-21.2%</u>
<b>Net position, end of year</b>	<u>\$ 39,558</u>	<u>\$ 38,056</u>	<u>\$ 1,502</u>	<u>3.9%</u>

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.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

to Triunfo and other water wastewater customers also reduced the District's operating expenses.

Total expenses decreased by \$11,731,000, 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.

### Capital Assets

The District's investment in capital assets as of June 30, 2021, amounted to \$85.6 million (at cost) or \$36.9 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 2021 were:	<u>Balance 2020</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2021</u>
Capital Assets:				
Non-depreciable assets	\$ 3,263	\$ 2,900	\$ (16)	\$ 6,147
Depreciable assets	79,205	232	-	79,437
Accumulated depreciation and amortization	(44,842)	(3,835)	-	(48,677)
Total capital assets, net	<u>\$ 37,626</u>	<u>\$ (703)</u>	<u>\$ (16)</u>	<u>\$ 36,907</u>
Changes in capital asset amounts for 2020 were:	<u>Balance 2019</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2020</u>
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>

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

- Toland Landfill Phase 4B
- Toland Road Landfill Flare Replacement and Gas Collection
- Toland Road Landfill CUP Extension
- Accounting software conversion

The prior year's major capital asset transactions included:

- 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)

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, 2021, was \$12.6 million excluding capital leases, compensated absences, and other liabilities. During the year, retirement of debt amounted to \$3,241,547.

The table below summarizes the debt outstanding balances at June 30, 2021.

Direct Borrowings: Description of Project	Beginning Balance	Additions	Payments/ Deletions	Ending Balance	Amounts Due in One Year
<i>Malibu Bay Club</i>	\$ 1,215,676	\$ -	\$ (159,963)	\$ 1,055,713	\$ 164,327
<i>Toland Landfill Liner Biosolids Drying Facility Project</i>	912,141	-	(605,080)	307,061	307,063
<i>Biosolids Drying Facility/ Microturbine Project</i>	1,489,651	-	(586,453)	903,198	598,952
<i>Toland Landfill 3B Liner</i>	2,985,592	-	(721,319)	2,264,273	737,786
<i>Toland Landfill 4A Liner</i>	2,170,321	-	(369,732)	1,800,589	380,419
	7,095,309	-	(799,000)	6,296,309	822,664
Total long-term debt	<u>\$ 15,868,690</u>	<u>\$ -</u>	<u>\$ (3,241,547)</u>	<u>\$ 12,627,143</u>	<u>\$ 3,011,211</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 2021-22 Adopted Budget totaled \$21,170,056, representing a 10.9% decrease when compared to the prior year.
- Malibu Bay Club sewer service charge per residential unit increased from \$22.67 to \$116.53, effective July 1, 2021. The FY2022 monthly sewer fee increased due to the exclusion of the \$150,000 accumulated reserve balance which was refunded back to residents in FY2021, coupled with an inflationary rate increase of approximately 1.7% on the sewer service charge for FY2022.
- The District's billable hourly rates for fiscal year 2021-22, effective July 1, 2021, on average, increased by 7% when compared to fiscal year 2020-21. The equipment usage rates remained unchanged from fiscal year 2020-21.

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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Requests for Information

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

**VENTURA REGIONAL SANITATION DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2021 (with comparative data for June 30, 2020)**

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
Current assets:		
Cash and cash equivalents	\$ 7,792,981	\$ 2,300,663
Accrued interest receivable	87,968	111,589
Accounts receivable – disposal and sanitation fees, net	1,470,842	2,221,899
Accounts receivable – contract services, net	1,074,400	902,537
Prepaid and other	377,802	282,921
Total current assets – unrestricted	10,803,993	5,819,609
Restricted current assets:		
Cash and cash equivalents	494,360	333,170
Investments	6,510,921	5,649,867
Notes receivable	171,553	170,514
Accrued interest receivable	60,630	69,215
Total current assets – restricted	7,237,464	6,222,766
Total current assets – unrestricted and restricted	18,041,457	12,042,375
Restricted non-current assets:		
Investments	18,290,885	19,330,295
Notes receivable	891,385	1,055,713
Total non-current assets – restricted	19,182,270	20,386,008
Non-current assets:		
Investments	8,368,824	12,284,703
Capital assets, net	36,907,087	37,626,382
Total non-current assets – unrestricted	45,275,911	49,911,085
Total non-current assets – unrestricted and restricted	64,458,181	70,297,093
<b>Total assets</b>	<b>82,499,638</b>	<b>82,339,468</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related	2,463,924	2,677,414
OPEB related	265,335	301,583
Loss on refunding of debt	38,198	56,988
<b>Total deferred outflows of resources</b>	<b>2,767,457</b>	<b>3,035,985</b>

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

**VENTURA REGIONAL SANITATION DISTRICT**

**STATEMENT OF NET POSITION (continued)**  
**June 30, 2021 (with comparative data for June 30, 2020)**

<b>LIABILITIES</b>	<u>2021</u>	<u>2020</u>
Current liabilities:		
Payable from current assets:		
Accounts payable and accrued expenses	\$ 2,504,717	\$ 992,636
Accrued wages and compensated absences	950,216	295,329
Accrued interest payable	93,125	107,610
Installment sale agreement - current portion	2,846,884	3,081,584
Payable from current assets – unrestricted	<u>6,394,942</u>	<u>4,477,159</u>
Payable from restricted current assets:		
Customer deposits	62,700	54,950
Landfill closure/postclosure costs - expected within one year	589,849	623,180
Installment purchase contract - current portion	164,327	159,963
Payable from current assets – restricted	<u>816,876</u>	<u>838,093</u>
Total current liabilities – unrestricted and restricted	<u>7,211,818</u>	<u>5,315,252</u>
Non-current liabilities:		
Payable from non-current assets:		
Net pension liability	4,978,935	5,669,927
Net OPEB liability	64,188	179,086
Installment sale agreement	8,724,547	11,571,430
Unearned revenue	375,984	375,984
Accrued wages and compensated absences	334,926	272,259
Payable from non-current assets – unrestricted	<u>14,478,580</u>	<u>18,068,686</u>
Payable from restricted non-current assets:		
Tierra Rejada consortium reserve	25,589	-
Malibu Bay Club reserve	50,021	50,021
Landfill closure/postclosure costs	17,849,893	19,151,595
Installment purchase contract	891,385	1,055,713
Payable from non-current assets – restricted	<u>18,816,888</u>	<u>20,257,329</u>
Total non-current liabilities – unrestricted and restricted	<u>33,295,468</u>	<u>38,326,015</u>
<b>Total liabilities</b>	<u>40,507,286</u>	<u>43,641,267</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	1,657,228	2,173,191
OPEB related	62,490	2,471
<b>Total deferred inflows of resources</b>	<u>1,719,718</u>	<u>2,175,662</u>
<b>NET POSITION</b>		
Net investment in capital assets	24,318,142	21,814,680
Restricted for:		
Debt service	1,062,938	1,226,227
Landfill closure and postclosure costs	6,732,426	5,330,347
Malibu Bay Club	72,315	172,454
Unrestricted	10,854,270	11,014,816
<b>Total net position</b>	<u>\$ 43,040,091</u>	<u>\$ 39,558,524</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**  
**Fiscal Year Ended June 30, 2021 (with comparative data for June 30, 2020)**

	<b>2021</b>	<b>2020</b>
<b>Operating revenues:</b>		
Disposal and sanitation fees	\$ 15,061,122	\$14,390,887
Contract services	8,036,130	7,740,883
Other revenue	149,855	191,367
Total operating revenues	23,247,107	22,323,137
<b>Operating expenses:</b>		
Salaries and benefits	9,689,261	9,443,115
Management and administrative	492,832	465,949
Services and supplies	2,906,022	3,094,852
Professional services	1,553,901	1,762,139
Facility maintenance	1,056,850	1,124,887
Provision for landfill closure/postclosure	(1,007,982)	385,844
Permits, licenses and fees	1,343,269	1,461,594
Total operating expenses	16,034,153	17,738,380
Operating income before depreciation and amortization	7,212,954	4,584,757
Depreciation and amortization	(3,835,176)	(4,183,680)
Operating income (loss)	3,377,778	401,077
<b>Non-operating revenues (expenses):</b>		
Interest and investment earnings	101,084	1,772,372
Gain (loss) on sales/disposals of capital assets, net	-	1,587
Interest expense	(405,826)	(484,527)
Tierra Rejada Consortium	372,422	(527,781)
Other, net	36,109	339,213
Total non-operating revenues (expenses), net	103,789	1,100,864
Change in net position	3,481,567	1,501,941
Net position, beginning of year	39,558,524	38,056,583
Net position, end of year	\$ 43,040,091	\$ 39,558,524

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

**VENTURA REGIONAL SANITATION DISTRICT**

**STATEMENT OF CASH FLOWS**

**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers for disposal and sanitation services	\$ 15,791,181	\$ 13,631,745
Receipts from customers for contract services	7,972,196	7,720,771
Receipts for other services	149,855	191,367
Payments to vendors for materials and services	(5,908,146)	(8,371,596)
Payments for salaries, benefits and contract labor	(9,983,443)	(10,563,009)
Net cash provided by operating activities	8,021,643	2,609,278
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(3,115,881)	(2,806,553)
Principal received on notes receivable	163,288	155,433
Proceeds from the sale of capital assets	-	6,990
Principal paid on capital debt	(3,241,547)	(3,163,728)
Interest paid on capital debt	(401,521)	(479,617)
Net cash (used for) capital and related financing activities	(6,595,661)	(6,287,475)
<b>Cash flows from investing activities:</b>		
Interest and dividends from investments	133,290	1,818,013
Malibu Bay Club easement construction reserve	222,475	(73,833)
Proceeds from sales and maturities of investments	16,571,668	25,118,183
Purchases of investments	(12,699,907)	(23,328,568)
Net cash (used for) provided by investing activities	4,227,526	3,533,795
Net (decrease) increase in cash and cash equivalents	5,653,508	(144,402)
Cash and cash equivalents (unrestricted and restricted), beginning of year	2,633,833	2,778,235
Cash and cash equivalents (unrestricted and restricted), end of year	\$ 8,287,341	\$ 2,633,833
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>		
Cash and cash equivalents	\$ 7,792,981	\$ 2,300,663
Restricted cash and cash equivalents	494,360	333,170
Total cash and cash equivalents	\$ 8,287,341	\$ 2,633,833

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

**VENTURA REGIONAL SANITATION DISTRICT**

**STATEMENT OF CASH FLOWS (continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

	<b>2021</b>	<b>2020</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income(loss)	\$ 3,377,778	\$ 401,077
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>		
Depreciation and amortization	3,835,176	4,183,680
Other non-operating revenues and expenses, net	408,531	(188,478)
<b>Changes in assets and liabilities:</b>		
(Increase)decrease in assets:		
Accounts receivable – disposal and sanitation fees, net	751,057	(783,401)
Accounts receivable – contract services, net	(171,863)	392,471
Net OPEB asset	-	26,268
Prepaid and other	(94,881)	(135,007)
Deferred outflows	249,738	(92,734)
Increase(decrease) in liabilities:		
Accounts payable and accrued expenses	1,512,081	21,399
Accrued wages and compensated absences	717,554	(56,927)
Customer deposits	7,750	4,154
Net pension liability	(690,992)	(2,363,080)
Net OPEB liability	(114,898)	179,086
Tierra Rejada Consortium reserve	25,589	-
Malibu Bay Club reserve	-	10,004
Landfill closure/postclosure costs	(1,335,033)	(176,367)
Deferred inflows	(455,944)	1,187,133
Total adjustments	4,643,865	2,208,201
Net cash provided by operating activities	\$ 8,021,643	\$ 2,609,278
<b>Noncash investing, capital, and financing activities:</b>		
Disposal of capital assets	\$ -	\$ 72,763

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**

**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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**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, 2021. 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)  
Fiscal Year Ended June 30, 2021 (with comparative data for 2020)

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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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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**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 at June 30, 2021 and 2020, 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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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**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 and is estimated to have landfill capacity until approximately 2034.

**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.

**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 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.

**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.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Fiscal Year Ended June 30, 2021 (with comparative data for 2020)

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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, 2020	June 30, 2019
• Measurement Date:	June 30, 2020	June 30, 2021
• Measurement Period:	July 1, 2019 to June 30, 2020	July 1, 2020 to June 30, 2021

#### **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, 2021
- Measurement Period: July 1, 2020 to June 30, 2021

#### **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, 2022.

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, 2023.

## VENTURA REGIONAL SANITATION DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Fiscal Year Ended June 30, 2021 (with comparative data for 2020)

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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, 2022.

GASB has issued Statement No. 93: *Replacement of Interbank Offered*. This Statement addresses those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The standard will be effective for the fiscal year ending June 30, 2023.

GASB has issued Statement No. 94 *Public-Private and Public-Public partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The standard will be effective for the fiscal year ending June 30, 2023.

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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GASB has issued Statement No. 96 *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. The standard will be effective for the fiscal year ending June 30, 2023.

GASB has issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No.31*. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The standard will be effective for the fiscal year ending June 30, 2022.

**B. DETAILED NOTES**

**1. Cash and Investments**

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

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 7,792,981	\$ 2,300,663
Restricted cash and cash equivalents	494,360	333,170
Investments	8,368,824	12,284,703
Restricted investments	24,801,806	24,980,162
Total cash and investments	\$ 41,457,971	\$ 39,898,698

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

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents:		
Local Agency Investment Fund (LAIF)	\$ 2,079,220	\$ 70,340
Ventura County Treasury Pool	59,935	59,593
Money market funds	3,787,909	608,333
Sweep account	2,332,935	1,857,645
Claims cash account	27,342	36,322
Cash on hand	-	1,600
Total cash and cash equivalents	\$ 8,287,341	\$ 2,633,833

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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

	<u>2021</u>	<u>2020</u>
Cash on hand	\$ -	\$ 1,600
Deposits with financial institutions:		
Sweep account	2,332,935	1,857,645
Claims cash account	27,342	36,322
Investments:		
Federal Agency	8,809,370	9,560,059
Municipal Bonds	1,707,596	1,857,041
Asset-Backed	1,341,964	2,167,990
Corporate Notes	4,508,337	5,969,185
U.S. Treasury Notes	14,038,874	14,470,695
CD Negotiable	1,548,853	1,755,322
Supranational Obligations	472,363	299,484
Commercial Paper	-	449,936
Certificates of deposits	743,273	735,153
Money market funds	3,787,909	608,333
Local Agency Investment Fund (LAIF)	2,079,220	70,340
Ventura County Treasury Pool	59,935	59,593
	<u>\$ 41,457,971</u>	<u>\$ 39,898,698</u>

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

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

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

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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***Custodial Credit Risk***

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

As of June 30, 2021, 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, 2021 and 2020, the carrying amount of cash in banks was \$2,348,930 and \$1,893,967, respectively, and the corresponding bank balance was \$2,362,235 and \$1,926,178. 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.

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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***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, 2021 and 2020 is \$35.5 billion and \$32.0 billion, respectively. LAIF is a part of the California Pooled Money Investment Account (PMIA), which at June 30, 2021 and 2020 had a balance of \$193.3 billion and \$101.0 billion, respectively. Of that amount, 2.31% and 3.37%, respectively, is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 291 days and 191 days as of June 30, 2021 and 2020, respectively.

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 \$2,079,220 and \$70,340 at June 30, 2021 and 2020, 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:

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

**Investments at June 30, 2021:**

<u>Investment Type</u>	Fair Value Total	Remaining Maturity (in months)		
		12 or Less	13-24	25-60
Federal Agency	\$ 8,809,370	\$ 445,959	\$ 2,244,157	\$ 6,119,254
Municipal Bonds	1,707,596	-	339,471	1,368,125
Asset-Backed	1,341,964	-	258,783	1,083,181
Corporate Notes	4,508,337	1,067,028	526,320	2,914,989
U.S. Treasury Notes	14,038,874	4,256,745	4,670,862	5,111,267
CD Negotiable	1,548,853	741,189	807,664	-
Supranational Obligations	472,363	-	-	472,363
Certificates of deposits	743,273	743,273	-	-
Money market funds	3,787,909	3,787,909	-	-
Local Agency Investment Fund (LAIF)	2,079,220	2,079,220	-	-
Ventura County Treasury Pool	59,935	59,935	-	-
<b>Total</b>	<b>\$ 39,097,694</b>	<b>\$ 13,181,258</b>	<b>\$ 8,847,257</b>	<b>\$ 17,069,179</b>

**Investments at June 30, 2020:**

<u>Investment Type</u>	Fair Value Total	Remaining Maturity (in months)		
		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
Money market funds	608,333	608,333	-	-
Local Agency Investment Fund (LAIF)	70,340	70,340	-	-
Ventura County Treasury Pool	59,593	59,593	-	-
<b>Total</b>	<b>\$ 38,003,131</b>	<b>\$ 6,388,133</b>	<b>\$ 9,121,535</b>	<b>\$ 22,493,463</b>

***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:

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

Investment Type	Total as of June 30, 2021	Minimum Legal Rating	Exempt From Disclosure	AAA	AA- to AA+	A- to A+	BBB+	Not rated
Federal Agency	\$ 8,809,370	A	\$ -	\$ -	\$ 7,546,695	\$ -	\$ -	\$ 1,262,675
Municipal Bonds	1,707,596	A	-	108,318	1,476,611	-	-	122,667
Asset-Backed	1,341,964	A	-	1,046,597	-	-	-	295,367
Corporate Notes	4,508,337	A	-	-	398,341	2,687,363	1,422,633	-
U.S. Treasury Notes	14,038,874	N/A	14,038,874	-	-	-	-	-
CD Negotiable	1,548,853	N/A	-	-	-	-	-	1,548,853
Supranational Certificates of deposits	472,363	N/A	-	211,539	-	-	59,822	201,002
Money market funds	743,273	N/A	-	-	-	-	-	743,273
Local Agency Investment Fund (LAIF)	3,787,909	N/A	-	-	-	-	-	3,787,909
Ventura County Treasury Pool	2,079,220	N/A	-	-	-	-	-	2,079,220
Total	59,935	N/A	-	-	-	-	-	59,935
<b>Total</b>	<b>\$39,097,694</b>		<b>\$ 14,038,874</b>	<b>\$ 1,366,454</b>	<b>\$ 9,421,647</b>	<b>\$ 2,687,363</b>	<b>\$ 1,482,455</b>	<b>\$ 10,100,901</b>

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
Obligations	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
Money market funds	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
<b>Total</b>	<b>\$ 38,003,131</b>		<b>\$ 14,470,695</b>	<b>\$ 1,932,949</b>	<b>\$ 9,293,895</b>	<b>\$ 4,989,078</b>	<b>\$ 769,340</b>	<b>\$ 6,547,174</b>

***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 two investments are valued using multiple valuation techniques, primarily market and income approaches; and,
- *Level 3:* Investments reflect prices based upon unobservable sources.

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

The District has the following recurring fair value measurements as of June 30, 2021:

Investments by Fair Value Level	Total as of June 30, 2021	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	\$ 8,809,370	\$ -	\$ 8,809,370	\$ -
Municipal Bonds	1,707,596	-	1,707,596	-
Asset-Backed	1,341,964	-	1,341,964	-
Corporate Notes	4,508,337	-	4,508,337	-
CD Negotiable	1,548,853	-	1,548,853	-
Supranational Obligations	472,363	-	472,363	-
U.S. Treasury Notes	14,038,874	14,038,874	-	-
Total investments measured by fair value level	32,427,357	<u>\$ 14,038,874</u>	<u>\$ 18,388,483</u>	<u>\$ -</u>
Investments measured at the Net Asset Value (NAV) which approximates fair value				
Money market funds	3,787,909			
Investments not subject to Fair Value hierarchy				
Local Agency Investment Fund (LAIF)	2,079,220			
Ventura County Treasury Pool	59,935			
Certificates of deposits	743,273			
	2,882,428			
Total	<u>\$ 39,097,694</u>			

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 Unobserva ble 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	<u>\$ 14,470,695</u>	<u>\$ 22,059,017</u>	<u>\$ -</u>
Investments measured at the Net Asset Value (NAV) which approximates fair value				
Money market funds	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	<u>\$ 38,003,131</u>			

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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:

<u>Issuer</u>	<u>Investment Type</u>	<u>2021</u>	<u>2020</u>
Federal Home Loan Bank	Federal Agency Securities	\$ 1,905,295	\$ 2,880,608
Federal National Mortgage Association	Federal Agency Securities	3,207,529	2,812,445
Federal Home Loan Mortgage	Federal Agency Securities	1,774,759	3,331,296

**2. Accounts Receivable**

Disposal and sanitation fees, net - These receivables are comprised of services provided to customers at the District's Toland Road Landfill. They are shown net of an allowance for uncollectable accounts. The allowance totals \$15,833 and \$22,424 at June 30, 2021 and June 30, 2020, 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 \$10,840 and \$8,695 at June 30, 2021 and June 30, 2020, respectively.

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

**June 30, 2021**

<u>Accounts Receivable - Trade</u>	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Disposal and sanitation	\$ 1,486,675	\$ (15,833)	\$ 1,470,842
Contract services	1,085,240	(10,840)	1,074,400
Total accounts receivable	<u>\$ 2,571,915</u>	<u>\$ (26,673)</u>	<u>\$ 2,545,242</u>

**June 30, 2020**

<u>Accounts Receivable - Trade</u>	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
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>

**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.

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

**4. Capital Assets**

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

<u>Construction in Progress</u>	<u>2021</u>	<u>2020</u>
Toland Landfill Phase 2C	\$ 75,819	\$ 107,510
Toland Landfill Leachate System	13,844	-
Toland Landfill CUP Extension	381,421	260,604
Toland Scalehouse	16,143	14,393
Toland Deep Well & Pipeline	56,227	56,227
Toland Flare Replacement and Gas Collection	632,563	-
Toland Landfill Phase 4B	2,047,511	-
Accounting Software Conversion	105,988	-
Bailard Shop Upgrade	-	7,081
Grand total	<u>\$ 3,329,516</u>	<u>\$ 445,815</u>

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

	Beginning Balance <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2021</u>
Capital assets, not being depreciated				
Land	\$ 2,817,108	\$ -	\$ -	\$ 2,817,108
Construction-in-Progress	445,815	2,899,619	(15,918)	3,329,516
Total capital assets, not depreciated	<u>3,262,923</u>	<u>2,899,619</u>	<u>(15,918)</u>	<u>6,146,624</u>
Capital assets, being depreciated				
Structures and improvements	62,393,309	143,207	-	62,536,516
Equipment	16,811,640	88,973	-	16,900,613
Total capital assets, depreciated	<u>79,204,949</u>	<u>232,180</u>	<u>-</u>	<u>79,437,129</u>
Less accumulated depreciation for:				
Structures and improvements	(35,304,250)	(2,766,312)	-	(38,070,562)
Equipment	(9,537,240)	(1,068,864)	-	(10,606,104)
Total accumulated depreciation	<u>(44,841,490)</u>	<u>(3,835,176)</u>	<u>-</u>	<u>(48,676,666)</u>
Total capital assets, depreciated, net	34,363,459	(3,602,996)	-	30,760,463
Net capital assets	<u>\$ 37,626,382</u>	<u>\$ (703,377)</u>	<u>\$ (15,918)</u>	<u>\$ 36,907,087</u>

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

	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 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	<u>15,012,076</u>	<u>1,872,327</u>	<u>(72,763)</u>	<u>16,811,640</u>
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	<u>(8,150,097)</u>	<u>(1,454,504)</u>	<u>67,361</u>	<u>(9,537,240)</u>
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, 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>

**5. Long-Term Debt**

***Direct Borrowings:***

***1) Installment Purchase Agreement***

On June 24, 2016, the District entered into an Installment Purchase Agreement with Compass Mortgage Corporation (Lender) in the amount of \$1,825,000. The funds were used to retire an existing loan with Citizens Bank. The purpose of the original loan was to reimburse the District for the costs advanced for an advanced onsite wastewater treatment system for the Malibu Bay Club, a California non-profit mutual benefit corporation.

Semiannual principal and interest payments of \$95,916 are due October 4 and April 4, commencing October 4, 2016 through April 4, 2027. Interest is at 2.71%. The District has pledged the Net Revenues of the Solid Waste operations for the repayment of the loan.

The Installment Purchase Agreement contains a provision that in the event of default, the Lender may declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and impose a default rate equal to an additional 5.00%.

***2) Installment Sale Agreement***

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

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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***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%.

***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%.

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

The following is a schedule of changes in long-term debt of the District for the fiscal year ended June 30, 2021:

Direct Borrowings:	Beginning Balance	Additions	Payments/ Deletions	Ending Balance	Amounts Due in One Year
1) Malibu Bay Club: Jun. 24, 2016	\$ 1,215,676	\$ -	\$ (159,963)	\$ 1,055,713	\$ 164,327
2) Toland Landfill Liner: Jan. 29, 2016	912,141	-	(605,080)	307,061	307,063
3) Biosolids Drying Facility Project: Jan. 29, 2016	1,489,651	-	(586,453)	903,198	598,952
4) Biosolids Drying Facility/ Microturbine Project: Jan. 29, 2016	2,985,592	-	(721,319)	2,264,273	737,786
5) Toland Landfill 3B Liner: Jan. 29, 2016	2,170,321	-	(369,732)	1,800,589	380,419
6) Toland Landfill 4A Liner: Jan. 29, 2016	7,095,309	-	(799,000)	6,296,309	822,664
Total long-term debt	<u>\$ 15,868,690</u>	<u>\$ -</u>	<u>\$ (3,241,547)</u>	<u>\$ 12,627,143</u>	<u>\$ 3,011,211</u>

The following schedule illustrates the debt service requirements to maturity for loans outstanding as of June 30, 2021:

Fiscal Years Ending June 30,	Direct Borrowings		
	Principal	Interest	Total
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	1,319,200	89,097	1,408,297
2027-2028	<u>2,120,026</u>	<u>75,350</u>	<u>2,195,376</u>
Total	<u>\$ 12,627,143</u>	<u>\$ 1,056,087</u>	<u>\$ 13,683,230</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 \$18,439,742 reported as landfill closure and postclosure care liability at June 30, 2021, represents the cumulative amount reported to date based on the use of 100% of estimated capacity for the closed landfills, and on 59.1% for the Toland

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

Road Landfill. The District will recognize the remaining estimated cost of closure and postclosure care for the Toland Road Landfill of \$6,949,129 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 1.2% and 1.8% was included for the years 2021 and 2020, respectively. The District is in compliance with these requirements, and, at June 30, 2021, cash and cash equivalents and investments of \$25,173,334 are held for these purposes. These are reported as restricted assets on the Statement of Net Position.

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, 2021.

<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	17,269,668
Percent used to date	100.0%	100.0%	100.0%	100.0%	59.1%
<u>Closure/Postclosure Costs:</u>					
Closure Costs	\$13,541,650	\$ 9,954,107	\$ 250,000	\$2,250,000	\$6,638,591 (1)
Est. corrective action	508,474	373,054	-	-	566,261
Est. postclosure	3,936,554	3,480,211	467,394	1,741,316	9,786,141
Total costs	17,986,678	13,807,372	717,394	3,991,316	16,990,993
Closures/postclosure recognized	17,986,678	13,807,372	717,394	3,991,316	10,041,864
Remaining closure/postclosure to be recognized	\$ -	\$ -	\$ -	\$ -	\$6,949,129

(1) Estimated Closure Costs

<u>Remaining landfill life</u>	<u>Closed FY 97</u>	<u>Closed FY 95</u>	<u>Closed FY 87</u>	<u>Closed FY 82</u>	<u>12 years</u>
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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.

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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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 2021 and 2020, \$33,873 and \$49,583 in mitigation expenses were incurred at the Tierra Rejada Landfill, respectively. In addition to the on-going mitigation expenses, \$1,004 and \$2,195,231 in repair costs were incurred during 2021 and 2020 due to the Easy Fire, respectively.

**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, 2021, is as follows:

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

**Condensed Statement of Net Position**

	Water and Wastewater	Solid Waste	Biosolids	Administration	Total
Current assets	\$ (766,097)	\$ 28,271,707	\$ (18,195,488)	\$ 1,493,871	\$ 10,803,993
Restricted current assets	293,481	6,943,079	-	904	7,237,464
Restricted non-current assets	891,385	18,290,885	-	-	19,182,270
Capital assets, net	3,054,050	32,911,077	749,872	192,088	36,907,087
Non-current assets	-	8,368,824	-	-	8,368,824
Total assets	<u>3,472,819</u>	<u>94,785,572</u>	<u>(17,445,616)</u>	<u>1,686,863</u>	<u>82,499,638</u>
Deferred outflows of resources	966,222	963,840	26,860	810,535	2,767,457
Liabilities payable from unrestricted current assets	330,162	4,335,619	1,344,136	385,025	6,394,942
Liabilities payable from restricted current assets	164,327	651,645	-	904	816,876
Liabilities payable from unrestricted non-current assets	1,868,622	9,133,501	1,830,731	1,645,726	14,478,580
Liabilities payable from restricted non-current assets	941,406	17,875,482	-	-	18,816,888
Total liabilities	<u>3,304,517</u>	<u>31,996,247</u>	<u>3,174,867</u>	<u>2,031,655</u>	<u>40,507,286</u>
Deferred inflows of resources	799,249	454,726	-	465,743	1,719,718
Net position					
Net investment in capital assets	2,007,389	24,509,402	(2,390,737)	192,088	24,318,142
Restricted	1,135,253	6,732,426	-	-	7,867,679
Unrestricted	<u>(2,807,367)</u>	<u>32,056,611</u>	<u>(18,202,886)</u>	<u>(192,088)</u>	<u>10,854,270</u>
Total net position (deficit)	<u>\$ 335,275</u>	<u>\$ 63,298,439</u>	<u>\$ (20,593,623)</u>	<u>\$ -</u>	<u>\$ 43,040,091</u>

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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

	Water and Wastewater	Solid Waste	Biosolids	Administration	Total
Operating revenues:					
Disposal and sanitation fees	\$ -	\$ 15,054,213	\$ 6,909	\$ -	\$ 15,061,122
Contract services	6,776,173	92,682	-	1,167,275	8,036,130
Other revenue	48,691	95,946	-	5,218	149,855
Total operating revenues	<u>6,824,864</u>	<u>15,242,841</u>	<u>6,909</u>	<u>1,172,493</u>	<u>23,247,107</u>
Operating expenses:					
Salaries and benefits	3,335,222	3,560,602	-	2,793,437	9,689,261
Depreciation	450,262	3,295,372	29,995	59,547	3,835,176
Other operating expenses	1,823,411	3,685,673	16,691	819,117	6,344,892
Total operating expenses	<u>5,608,895</u>	<u>10,541,647</u>	<u>46,686</u>	<u>3,672,101</u>	<u>19,869,329</u>
Operating income	<u>1,215,969</u>	<u>4,701,194</u>	<u>(39,777)</u>	<u>(2,499,608)</u>	<u>3,377,778</u>
Non-operating revenues(expenses):					
Interest and investment earnings	69,677	31,407	-	-	101,084
Interest expense	(32,286)	(271,898)	(101,642)	-	(405,826)
Tierra Rejada Consortium	-	372,422	-	-	372,422
Other non-operating revenue(expense)	35,006	1,103	-	-	36,109
Total non-operating revenues (expenses)	<u>72,397</u>	<u>133,034</u>	<u>(101,642)</u>	<u>-</u>	<u>103,789</u>
Transfers in/(out)	<u>(68,341)</u>	<u>(2,431,086)</u>	<u>(181)</u>	<u>2,499,608</u>	<u>-</u>
Change in net position	<u>1,220,025</u>	<u>2,403,142</u>	<u>(141,600)</u>	<u>-</u>	<u>3,481,567</u>
Net position (deficit), beginning of year	<u>(884,750)</u>	<u>60,895,297</u>	<u>(20,452,023)</u>	<u>-</u>	<u>39,558,524</u>
Net position (deficit), end of year	<u>\$ 335,275</u>	<u>\$ 63,298,439</u>	<u>\$ (20,593,623)</u>	<u>\$ -</u>	<u>\$ 43,040,091</u>

**Condensed Statement of Cash Flows**

	Water and Wastewater	Solid Waste	Biosolids	Administration	Total
Net cash provided by operating activities	\$ 1,147,040	\$ 9,078,180	\$ 9,440	\$ (2,213,017)	\$ 8,021,643
Net cash (used for) non-capital financing activities	(68,341)	(2,431,086)	(181)	2,499,608	-
Net cash (used for) capital and related financing activities	(70,222)	(4,965,385)	(1,399,965)	(160,089)	(6,595,661)
Net cash provided by investing activities	292,152	(8,413,630)	-	12,349,004	4,227,526
Net increase (decrease)	1,300,629	(6,731,921)	(1,390,706)	12,475,506	5,653,508
Cash and cash equivalents, beginning 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>
Cash and cash equivalents, end of year	<u>\$ (1,713,141)</u>	<u>\$ 27,000,746</u>	<u>\$ (18,196,610)</u>	<u>\$ 1,196,346</u>	<u>\$ 8,287,341</u>

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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**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	\$ 2,463,924	\$ -	\$ 2,463,924
Net Pension Liability	4,822,534	156,401	4,978,935
Deferred Inflows of Resources -			
Pension Related	302,717	1,354,511	1,657,228
Pension expenses	1,239,959	(737,719)	502,240

**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, 2021. VCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, that can be obtained by writing VCERA at, 1190 South Victoria Avenue, Suite 200, Ventura, California 93003 or visiting the website at: [www.vcera.org](http://www.vcera.org).

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

***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, 2021 are summarized as follows:

	<b>Tier 1</b>	<b>Tier 2</b>	<b>PEPRA</b>
<b>Hire Date</b>	Prior to July 1, 1979	July 1, 1979 to December 31, 2012	On or after January 1, 2013
<b>Final Average Compensation</b>	Highest 12 consecutive months	Highest 36 consecutive months	Highest 36 consecutive months
<b>Normal Retirement Age</b>	Age 55	Age 55	Age 55
<b>Early Retirement: Years of service required and/or age eligible for</b>	Age 70 any years 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
<b>Benefit percent per year of service for normal retirement age</b>	The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from section 31676.11.	The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from section 31676.11.	The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from section 7522.20(a).
<b>Final Average Compensation Limitation</b>	100% of final compensation	100% of final compensation	May be over 100% subject to the provisions of PEPRA
<b>Required employee contribution rates</b>	Varies	Varies	Varies
<b>Required employer contribution rates</b>	16.01%	16.12%	14.94%

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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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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, 2021 were \$906,976. The actual employer payments of \$906,976 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 \$1,064,645 by \$157,669, 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, 2020, using an annual actuarial valuation as of June 30, 2020. 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, 2020
Measurement date	June 30, 2020
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 Health 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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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

***Discount Rate***

The discount rate used to measure the Total Pension Liability was 7.25% as of June 30, 2020 and 2019. 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, 2020 and 2019.

***Pension Plan Fiduciary Net Position***

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

***Proportionate Share of Net Pension Liability***

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

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

	Increase (Decrease)		
	Plan Total	Plan Fiduciary	Plan Net Pension
	Pension Liability (a)	Net Position (b)	Liability (c) = (a) - (b)
Balance at: 6/30/2019 (VD)	\$ 35,835,797	\$ 32,000,859	\$ 3,834,938
Balance at: 6/30/2020 (MD)	39,426,216	34,603,682	4,822,534
Net changes during 2019-20	3,590,419	2,602,823	987,596

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, 2020 (measurement date June 30, 2019)	0.558%
Proportionate share at June 30, 2021 (measurement date June 30, 2020)	0.585%
Change - Increase (Decrease)	0.027%

***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, 2020, 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	\$ 10,083,182	\$ 4,822,534	\$ 494,779

***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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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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, 2020. 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 5.36 years determined as of June 30, 2019 (the beginning of the measurement period ending June 30, 2020).

***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 for the plan was \$3,834,938. For the measurement period ending June 30, 2020 (the measurement date), the District incurred pension expense of \$1,239,959 for the Plan.

As of June 30, 2021, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in employer's proportion	\$ 465,142	\$ 157,017
Net difference between projected and actual earnings on pension plan investments	569,198	-
Difference between expected and actual experience in the Total Pension Liability	181,190	107,082
Changes of assumptions or other inputs	341,418	-
Difference between the employer's contributions and the employer's proportionate share of contributions	-	38,618
Pension contributions subsequent to measurement date	906,976	-
<b>Total</b>	<b>\$ 2,463,924</b>	<b>\$ 302,717</b>

\$906,976 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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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

<u>Fiscal Year Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 95,273
2023	452,158
2024	458,472
2025	252,862
2026	(4,534)
Thereafter	-

***Payable to the Pension Plan***

As of June 30, 2021, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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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, 2021, (measurement date) are summarized as follows:

	<b>Group 1</b>	<b>Group 2</b>
<b>Hire Date</b>	On or after January 1, 2004 but before "soft freeze" date of bargaining unit	On or after July 1, 2005, but before "soft freeze" date of bargaining unit
<b>Benefit formula</b>	CalPERS "2% @ 55" formula less VCERA Tier 1 or 2 formula	CalPERS "2% @ 55" formula less VCERA Tier 1 or 2 formula 2% COLA
<b>Benefit vesting schedule</b>	From date of hire	From date of hire
<b>Benefit payments</b>	Life-only annuity	Life-only annuity
<b>Retirement age</b>	On or after 50	On or after 50
<b>Monthly benefits as a % of eligible compensation</b>	Various, coordinated with VCERA benefits	Various, coordinated with VCERA benefits
<b>Required employee contribution</b>	1% of annual compensation	1% of annual compensation
<b>Required employer contribution rates</b>	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 inactives	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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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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, 2021 were \$764,563.

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, 2021, 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***

	<b>PARS</b>
Valuation date	June 30, 2019
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Asset valuation method	None
Actuarial assumptions:	
Discount rate	6.25%
Inflation	2.50%
Salary increases (1)	3.50% - 12.20%
Investment rate of return	6.25%
Cost of living adjustment	2.00%
Mortality rate table	<p><b>Pre-Retirement:</b> Non-Industrial rates used to value the Miscellaneous Agency CalPERS Pension Plans.</p> <p><b>Post-Retirement:</b> CalPERS 1997-2011 Healthy Retiree Tables (sex-distinct) with an assumed base year of 2008 and full generational projections using Scale AA.</p>

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

All other actuarial assumptions used in the June 30, 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](http://www.calpers.ca.gov).

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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***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:

<b>Asset Class</b>	<b>Target Allocation at Measurement Date</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Long-Term Expected Nominal Real Rate of Return</b>
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%
<b>Total</b>	<b>100.00%</b>		
Reduced for assumed investment expense			6.47%
			-0.33%
<b>Net assumed investment return (rounded to 1/4%)</b>			<b>6.25%</b>

- 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.

***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

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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.

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (c) = (a) - (b)</b>
<b>Balance at: 6/30/2020</b>	<b>\$ 9,288,534</b>	<b>\$ 7,453,545</b>	<b>\$ 1,834,989</b>
<b>Changes recognized for the measurement period:</b>			
• Service cost	110,135	-	110,135
• Interest on the total pension liability	574,048	-	574,048
• Contributions from the employer	-	742,615	(742,615)
• Contributions from employees	-	21,949	(21,949)
• Net investment income	-	1,637,786	(1,637,786)
• Administrative expenses	-	(39,579)	39,579
• Benefit payments, including refunds of employee contributions	(427,791)	(427,791)	-
<b>Net changes during 2020-21</b>	<b>\$ 256,392</b>	<b>\$ 1,934,980</b>	<b>\$(1,678,588)</b>
<b>Balance at: 6/30/2021</b>	<b>\$ 9,544,926</b>	<b>\$ 9,388,525</b>	<b>\$ 156,401</b>

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.25 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:

	<b>1.00% Decrease (5.25%)</b>	<b>Current Discount Rate (6.25%)</b>	<b>1.00% Increase (7.25%)</b>
PARS net pension liability	\$ 1,523,162	\$ 156,401	\$ (962,950)

***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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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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, 2020), the net pension liability is \$1,834,989.

For the measurement period ending June 30, 2021 (the measurement date), the District incurred a pension expense of \$(737,719) for the Plan. A complete breakdown of the pension expense is as follows:

<b>Components of pension expense:</b>	
Service cost	\$ 110,135
Interest on the total pension liability	574,048
Expected investment income (net of investment expenses)	(466,022)
Member contributions	(21,949)
Administrative expense	39,579
Recognition of deferred inflows/outflows of resources	
Economic/demographic gains or losses	(448,886)
Assumption changes or inputs	(309,819)
Investment gains or losses	(214,805)
<b>Pension expense</b>	<b><u>\$ (737,719)</u></b>

As of June 30, 2021, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 319,110
Changes of assumptions	-	239,924
Net difference between projected and actual earnings on plan investments	-	795,477
<b>Total</b>	<b><u>\$ -</u></b>	<b><u>\$ 1,354,511</u></b>

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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

<b>Fiscal Year Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2022	\$ (742,388)
2023	(188,158)
2024	(189,613)
2025	(234,352)
2026	-
Thereafter	-

**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><u>88</u></u>

***Contributions***

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2021, the District's contributions were \$237,330, which included an implicit subsidy of \$46,219.

***Net OPEB Liability***

The District's net OPEB liability is measured as of June 30, 2021 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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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

Valuation date	June 30, 2019
Measurement date	June 30, 2021
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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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:

<b>Asset Class</b>	<b>Target Allocation at Measurement Date</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Long-Term Expected Nominal Real Rate of Return<sup>1</sup></b>
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 yeild fixed income	2.00%	3.53%	6.03%
Cash and equivalents	5.00%	0.74%	3.24%
Total <sup>2</sup>	<u>100.00%</u>		5.17%
Reduced for assumed investment expense <sup>3</sup>			<u>-0.33%</u>
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.

	<b>Total OPEB Liability</b>	<b>Increase (Decrease) Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)=(a) - (b)</b>
<b>Balance at 6/30/2020</b>	<b>\$ 2,083,783</b>	<b>\$ 1,904,697</b>	<b>\$ 179,086</b>
<b>Changes recognized for the measurement period:</b>			
Service cost	170,370	-	170,370
Interest on the total OPEB liability	105,413	-	105,413
Difference between expected	(3,720)	-	(3,720)
Benefit payment	(69,847)	(69,847)	-
Employer contributions	-	237,330	(237,330)
Net investment income	-	161,689	(161,689)
Administrative expenses	-	(12,058)	12,058
<b>Net changes during 2020-21</b>	<b><u>202,216</u></b>	<b><u>317,114</u></b>	<b><u>(114,898)</u></b>
<b>Balance at 6/30/2021</b>	<b><u>\$ 2,285,999</u></b>	<b><u>\$ 2,221,811</u></b>	<b><u>\$ 64,188</u></b>

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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***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:

	<u>1.00% Decrease (3.75%)</u>	<u>Current Discount Rate (4.75%)</u>	<u>1.00% Increase (5.75%)</u>
Net OPEB Liability (Asset)	\$ 378,610	\$ 64,188	\$ (194,059)

***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:

	<u>1.00% Decrease</u>	<u>Current Trend Rate</u>	<u>1.00% Increase</u>
Net OPEB Liability (Asset)	\$ (289,417)	\$ 64,188	\$ 513,971

***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)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$218,700. As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources related to OPEB as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual liability	\$ 264,041	\$ 3,321
Changes in assumptions	1,294	-
Net difference between projected and actual earnings	-	59,170
<b>Total</b>	<b>\$ 265,335</b>	<b>\$ 62,491</b>

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

<b>Fiscal Year Ended June 30:</b>	<b>Deferred Outflows/Inflows of Resources</b>
2022	\$ 24,810
2023	15,362
2024	21,753
2025	22,301
2026	35,849
Thereafter	82,769

**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 2021 and 2020 was \$19,500 for both years. Further, the contribution limit will increase to \$20,500 for 2022.

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 \$142,800 per employee and are paid by the District. Earnings subject to Social Security will increase by \$4,200 in 2022, to \$147,000. The District also pays contributions for Medicare of 1.45% of covered wages. Contributions made by the District for Social Security and Medicare for 2021 was \$517,838.

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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**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, 2021, 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 reasonable 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, 2021 and 2020.

**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, 2021 and 2020 were approximately \$167,840 and \$169,654, respectively. Future minimum lease payments required under the lease are:

<u>Fiscal Year Ended June 30,</u>	<u>Annual Lease Commitment</u>
2022	<u>\$ 179,986</u>
	<u>\$ 179,986</u>

**VENTURA REGIONAL SANITATION DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**Fiscal Year Ended June 30, 2021 (with comparative data for 2020)**

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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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# Required Supplementary Information



## Ventura Regional Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year  
Ended June 30, 2021



**VENTURA REGIONAL SANITATION DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Fiscal Year Ended June 30, 2021**

**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\**

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate share of Net Pension Liability</u>	<u>Covered payroll<sup>(1)</sup></u>	<u>Proportionate share of the Net Pension Liability as a percentage of its covered payroll</u>	<u>Plan's Fiduciary Net Position as a percentage of the Total Pension Liability</u>
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	\$ 5,679,000	67.53%	89.31%
6/30/2020	0.585%	\$ 4,822,534	\$ 5,963,000	80.87%	87.76%

(1) Covered payroll represents earnable and pensionable compensation.

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

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution (Excess)/ Deficiency</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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%
2020-21	\$ 1,064,645	\$ 906,976	\$ 157,669	\$ 5,963,000	15.21%

\* Fiscal year 2014-15 was the first year of implementation, therefore, only seven 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, 2021**

**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	2020-21	2019-20	2018-19
<b>TOTAL PENSION LIABILITY</b>			
Service Cost	\$ 110,135	\$ 129,489	\$ 125,717
Interest	574,048	706,597	679,136
Economic/demographic gains or losses	-	(1,193,384)	-
Changes of Assumptions or Inputs	-	(897,252)	-
Benefit Payments, Including Refunds of Employee Contributions	(427,791)	(396,294)	(375,995)
<b>Net Change in Total Pension Liability</b>	<b>256,392</b>	<b>(1,650,844)</b>	<b>428,858</b>
<b>Total Pension Liability - Beginning</b>	<b>9,288,534</b>	<b>10,939,378</b>	<b>10,510,520</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 9,544,926</b>	<b>\$ 9,288,534</b>	<b>\$ 10,939,378</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - Employer	\$ 742,615	\$ 1,069,387	\$ 547,428
Contributions - Employee	21,949	22,757	22,976
Net Investment Income	1,637,786	209,917	389,917
Benefit Payments, Including Refunds of Employee Contributions	(427,791)	(396,294)	(375,995)
Administrative Expenses	(39,579)	(37,372)	(36,833)
<b>Net Change in Fiduciary Net Position</b>	<b>1,934,980</b>	<b>868,395</b>	<b>547,493</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>7,453,545</b>	<b>6,585,150</b>	<b>6,037,657</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 9,388,525</b>	<b>\$ 7,453,545</b>	<b>\$ 6,585,150</b>
<b>Plan Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 156,401</b>	<b>\$ 1,834,989</b>	<b>\$ 4,354,228</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>98.36%</b>	<b>80.24%</b>	<b>60.20%</b>
<b>Covered Payroll</b>	<b>\$ 2,194,897</b>	<b>\$ 2,275,736</b>	<b>\$ 2,296,318</b>
<b>Plan Net Pension Liability as a Percentage of Covered Payroll</b>	<b>7.13%</b>	<b>80.63%</b>	<b>189.62%</b>

\* Measurement period 2014-15 (fiscal year 2015) was the 1st year of implementation, therefore, only seven 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, 2021**

**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\**

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

**VENTURA REGIONAL SANITATION DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**Fiscal Year Ended June 30, 2021**

**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%
2020-21	\$ 393,765	\$ 742,615	\$ (348,850)	\$ 2,194,897	33.83%

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

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 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, 2021**

**Other Post Employment Benefits**

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

Measurement Date	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 170,370	\$ 110,564	\$ 107,344	\$ 104,217
Interest on the total OPEB liability	105,413	84,947	78,886	72,982
Actual and expected experience difference	(3,720)	336,183	-	-
Changes in assumptions	-	1,648	-	-
Benefit payments	<u>(69,847)</u>	<u>(75,858)</u>	<u>(60,629)</u>	<u>(63,093)</u>
Net change in total OPEB liability	202,216	457,484	125,601	114,106
Total OPEB liability - beginning	<u>2,083,783</u>	<u>1,626,299</u>	<u>1,500,698</u>	<u>1,386,592</u>
Total OPEB liability - ending (a)	<u>\$ 2,285,999</u>	<u>\$ 2,083,783</u>	<u>\$ 1,626,299</u>	<u>\$ 1,500,698</u>
<b>Plan Fiduciary Net Position</b>				
Contribution - employer	\$ 237,330	\$ 248,511	\$ 234,099	\$ 204,962
Net investment income	161,689	89,510	106,328	17,341
Benefit payments	(69,847)	(75,858)	(60,629)	(63,093)
Administrative expense	<u>(12,058)</u>	<u>(10,033)</u>	<u>(8,050)</u>	<u>-</u>
Net change in plan fiduciary net position	317,114	252,130	271,748	159,210
Plan fiduciary net position - beginning	<u>1,904,697</u>	<u>1,652,567</u>	<u>1,380,819</u>	<u>1,221,609</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,221,811</u>	<u>\$ 1,904,697</u>	<u>\$ 1,652,567</u>	<u>\$ 1,380,819</u>
Net OPEB liability (asset) - ending (a)-(b)	<u>\$ 64,188</u>	<u>\$ 179,086</u>	<u>\$ (26,268)</u>	<u>\$ 119,879</u>
Plan fiduciary net position as a percentage of the total OPEB liability	97.19%	91.41%	101.62%	92.01%
Covered-employee payroll	\$ 6,126,948	\$ 6,125,948	\$ 5,833,461	\$ 4,992,766
Net OPEB liability(asset) as a percentage of covered-employee payroll	1.05%	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, 2021**

**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	Fryhuhg#0# Ghilflhqf # +H{fhvv,	Fryhuhg#0# Hpsor hh# Sd uroo	Fryhuhg#0#Hpsor  Sd uroo
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%
2021	\$ 194,614	\$ 237,330	\$ (42,716)	\$ 6,126,948	3.87%

**Notes to Schedule:**

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 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.

# Supplementary Section



## Ventura Regional Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year  
Ended June 30, 2021



## 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, 2021**

<b>ASSETS</b>	<b>Water and Wastewater</b>	<b>Solid Waste</b>	<b>Biosolids</b>	<b>Administration</b>	<b>Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ (1,835,069)	\$ 26,629,218	\$ (18,196,610)	\$ 1,195,442	\$ 7,792,981
Accrued interest receivable	-	87,968	-	-	87,968
Accounts receivable – disposal and sanitation fees, net	-	1,470,560	282	-	1,470,842
Accounts receivable – contract services, net	968,200	-	-	106,200	1,074,400
Prepaid and other	100,772	83,961	840	192,229	377,802
<b>Total current assets – unrestricted</b>	<b>(766,097)</b>	<b>28,271,707</b>	<b>(18,195,488)</b>	<b>1,493,871</b>	<b>10,803,993</b>
<b>Restricted current assets:</b>					
Cash and cash equivalents	121,928	371,528	-	904	494,360
Investments	-	6,510,921	-	-	6,510,921
Notes receivable	171,553	-	-	-	171,553
Accrued interest receivable	-	60,630	-	-	60,630
<b>Total current assets – restricted</b>	<b>293,481</b>	<b>6,943,079</b>	<b>-</b>	<b>904</b>	<b>7,237,464</b>
<b>Total current assets – unrestricted and restricted</b>	<b>(472,616)</b>	<b>35,214,786</b>	<b>(18,195,488)</b>	<b>1,494,775</b>	<b>18,041,457</b>
<b>Restricted non-current assets:</b>					
Investments	-	18,290,885	-	-	18,290,885
Notes receivable	891,385	-	-	-	891,385
<b>Total non-current assets – restricted</b>	<b>891,385</b>	<b>18,290,885</b>	<b>-</b>	<b>-</b>	<b>19,182,270</b>
<b>Non-current assets:</b>					
Investments	-	8,368,824	-	-	8,368,824
Capital assets, net	3,054,050	32,911,077	749,872	192,088	36,907,087
<b>Total non-current assets – unrestricted</b>	<b>3,054,050</b>	<b>41,279,901</b>	<b>749,872</b>	<b>192,088</b>	<b>45,275,911</b>
<b>Total non-current assets – unrestricted and restricted</b>	<b>3,945,435</b>	<b>59,570,786</b>	<b>749,872</b>	<b>192,088</b>	<b>64,458,181</b>
<b>Total assets</b>	<b>3,472,819</b>	<b>94,785,572</b>	<b>(17,445,616)</b>	<b>1,686,863</b>	<b>82,499,638</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related	859,057	859,247	-	745,620	2,463,924
OPEB related	98,114	102,306	-	64,915	265,335
Loss on refunding of debt	9,051	2,287	26,860	-	38,198
<b>Total deferred outflows of resources</b>	<b>966,222</b>	<b>963,840</b>	<b>26,860</b>	<b>810,535</b>	<b>2,767,457</b>

**VENTURA REGIONAL SANITATION DISTRICT**

**COMBINING SCHEDULE OF NET POSITION (Continued)**

**June 30, 2021**

<b>LIABILITIES</b>	<b>Water and Wastewater</b>	<b>Solid Waste</b>	<b>Biosolids</b>	<b>Administration</b>	<b>Total</b>
<b>Current liabilities:</b>					
Payable from current assets:					
Accounts payable and accrued expenses	79,207	2,406,866	223	18,421	\$ 2,504,717
Accrued wages and compensated absences	244,154	339,458	-	366,604	950,216
Accrued interest payable	6,801	79,149	7,175	-	93,125
Installment sale agreement – current portion	-	1,510,146	1,336,738	-	2,846,884
Payable from current assets – unrestricted	<u>330,162</u>	<u>4,335,619</u>	<u>1,344,136</u>	<u>385,025</u>	<u>6,394,942</u>
Payable from restricted current assets:					
Customer deposits	-	61,796	-	904	62,700
Landfill closure/postclosure costs – expected within one year	-	589,849	-	-	589,849
Installment purchase contract – current portion	164,327	-	-	-	164,327
Payable from current assets – restricted	<u>164,327</u>	<u>651,645</u>	<u>-</u>	<u>904</u>	<u>816,876</u>
Total current liabilities – unrestricted and restricted	<u>494,489</u>	<u>4,987,264</u>	<u>1,344,136</u>	<u>385,929</u>	<u>7,211,818</u>
<b>Non-current liabilities:</b>					
Payable from non-current assets:					
Net pension liability	1,758,829	1,719,302	-	1,500,804	4,978,935
Net OPEB liability	23,735	24,749	-	15,704	64,188
Installment sale agreement	-	6,893,816	1,830,731	-	8,724,547
Unearned revenue	-	375,984	-	-	375,984
Accrued wages and compensated absences	86,058	119,650	-	129,218	334,926
Payable from non-current assets – unrestricted	<u>1,868,622</u>	<u>9,133,501</u>	<u>1,830,731</u>	<u>1,645,726</u>	<u>14,478,580</u>
Payable from restricted non-current assets:					
Tierra Rejada consortium reserve	-	25,589	-	-	25,589
Malibu Bay Club reserve	50,021	-	-	-	50,021
Landfill closure/postclosure costs	-	17,849,893	-	-	17,849,893
Installment purchase contract	891,385	-	-	-	891,385
Payable from non-current assets – restricted	<u>941,406</u>	<u>17,875,482</u>	<u>-</u>	<u>-</u>	<u>18,816,888</u>
Total non-current liabilities – unrestricted and restricted	<u>2,810,028</u>	<u>27,008,983</u>	<u>1,830,731</u>	<u>1,645,726</u>	<u>33,295,468</u>
<b>Total liabilities</b>	<u>3,304,517</u>	<u>31,996,247</u>	<u>3,174,867</u>	<u>2,031,655</u>	<u>40,507,286</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related	776,142	430,631	-	450,455	1,657,228
OPEB related	23,107	24,095	-	15,288	62,490
<b>Total deferred inflows of resources</b>	<u>799,249</u>	<u>454,726</u>	<u>-</u>	<u>465,743</u>	<u>1,719,718</u>
<b>NET POSITION</b>					
Net investment in capital assets	2,007,389	24,509,402	(2,390,737)	192,088	24,318,142
Restricted for:					
Debt service	1,062,938	-	-	-	1,062,938
Landfill closure and postclosure costs	-	6,732,426	-	-	6,732,426
Malibu Bay Club	72,315	-	-	-	72,315
Unrestricted amounts (deficit)	<u>(2,807,367)</u>	<u>32,056,611</u>	<u>(18,202,886)</u>	<u>(192,088)</u>	<u>10,854,270</u>
<b>Total net position(deficit)</b>	<u>\$ 335,275</u>	<u>\$ 63,298,439</u>	<u>\$ (20,593,623)</u>	<u>\$ -</u>	<u>\$ 43,040,091</u>

**VENTURA REGIONAL SANITATION DISTRICT**

**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES**  
**Fiscal Year Ended June 30, 2021**

	<b>Water and Wastewater</b>	<b>Solid Waste</b>	<b>Biosolids</b>	<b>Administration</b>	<b>Total</b>
<b>Operating revenues:</b>					
Disposal and sanitation fees	\$ -	\$ 15,054,213	\$ 6,909	\$ -	\$ 15,061,122
Contract services	6,776,173	92,682	-	1,167,275	8,036,130
Other revenue	48,691	95,946	-	5,218	149,855
Total operating revenues	<u>6,824,864</u>	<u>15,242,841</u>	<u>6,909</u>	<u>1,172,493</u>	<u>23,247,107</u>
<b>Operating expenses:</b>					
Salaries and benefits	3,335,222	3,560,602	-	2,793,437	9,689,261
Management and administrative	117,455	215,842	-	159,535	492,832
Services and supplies	997,573	1,875,560	(222)	33,111	2,906,022
Professional services	482,882	691,942	-	379,077	1,553,901
Facility maintenance	195,260	648,409	16,638	196,543	1,056,850
Provision for landfill closure/postclosure	-	(1,007,982)	-	-	(1,007,982)
Permits, licences and fees	30,241	1,261,902	275	50,851	1,343,269
Total operating expenses	<u>5,158,633</u>	<u>7,246,275</u>	<u>16,691</u>	<u>3,612,554</u>	<u>16,034,153</u>
Operating income (loss) before depreciation and amortization	1,666,231	7,996,566	(9,782)	(2,440,061)	7,212,954
Depreciation and amortization	<u>(450,262)</u>	<u>(3,295,372)</u>	<u>(29,995)</u>	<u>(59,547)</u>	<u>(3,835,176)</u>
Operating income (loss)	<u>1,215,969</u>	<u>4,701,194</u>	<u>(39,777)</u>	<u>(2,499,608)</u>	<u>3,377,778</u>
<b>Non-operating revenues (expenses):</b>					
Interest and investment earnings	69,677	31,407	-	-	101,084
Interest expense	(32,286)	(271,898)	(101,642)	-	(405,826)
Tierra Rejada Consortium	-	372,422	-	-	372,422
Other, net	35,006	1,103	-	-	36,109
Total non-operating revenues (expenses)	<u>72,397</u>	<u>133,034</u>	<u>(101,642)</u>	<u>-</u>	<u>103,789</u>
Income (loss) before transfers	<u>1,288,366</u>	<u>4,834,228</u>	<u>(141,419)</u>	<u>(2,499,608)</u>	<u>3,481,567</u>
Transfers in	2,073,431	2,591,550	-	3,433,048	8,098,029
Transfers out	<u>(2,141,772)</u>	<u>(5,022,636)</u>	<u>(181)</u>	<u>(933,440)</u>	<u>(8,098,029)</u>
Change in net position	1,220,025	2,403,142	(141,600)	-	3,481,567
Net position (deficit), beginning of year	<u>(884,750)</u>	<u>60,895,297</u>	<u>(20,452,023)</u>	<u>-</u>	<u>39,558,524</u>
Net position (deficit), end of year	<u>\$ 335,275</u>	<u>\$ 63,298,439</u>	<u>\$ (20,593,623)</u>	<u>\$ -</u>	<u>\$ 43,040,091</u>

**VENTURA REGIONAL SANITATION DISTRICT**

**COMBINING SCHEDULE OF CASH FLOWS  
Fiscal Year Ended June 30, 2021**

	<u>Water and Wastewater</u>	<u>Solid Waste</u>	<u>Biosolids</u>	<u>Administration</u>	<u>Total</u>
Cash flows from operating activities:					
Receipts from customers for disposal and sanitation services	\$ -	\$ 15,791,181	\$ -	\$ -	\$ 15,791,181
Receipts from customers for contract services	6,776,173	-	28,748	1,167,275	7,972,196
Receipts for other services	48,691	95,946	-	5,218	149,855
Payments to vendors for materials and services	(2,091,743)	(3,004,153)	(19,308)	(792,942)	(5,908,146)
Payments for salaries, benefits and contract labor	(3,586,081)	(3,804,794)	-	(2,592,568)	(9,983,443)
Net cash provided by (used for) operating activities	<u>1,147,040</u>	<u>9,078,180</u>	<u>9,440</u>	<u>(2,213,017)</u>	<u>8,021,643</u>
Cash flows from non-capital financing activities:					
Transfers from other funds	2,073,431	2,591,550	-	3,433,048	8,098,029
Transfers to other funds	(2,141,772)	(5,022,636)	(181)	(933,440)	(8,098,029)
Net cash provided by (used for) non-capital financing activities	<u>(68,341)</u>	<u>(2,431,086)</u>	<u>(181)</u>	<u>2,499,608</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(41,799)	(2,913,993)	-	(160,089)	(3,115,881)
Principal received on notes receivable	163,288	-	-	-	163,288
Principal paid on capital debt	(159,964)	(1,773,810)	(1,307,773)	-	(3,241,547)
Interest paid on capital debt	(31,747)	(277,582)	(92,192)	-	(401,521)
Net cash provided by (used for) capital and related financing activities	<u>(70,222)</u>	<u>(4,965,385)</u>	<u>(1,399,965)</u>	<u>(160,089)</u>	<u>(6,595,661)</u>
Cash flows from investing activities:					
Interest and dividends from investments	69,677	(688)	-	64,301	133,290
Malibu Bay Club easement construction reserve	222,475	-	-	-	222,475
Proceeds from sales and maturities of investments	-	-	-	16,571,668	16,571,668
Purchases of investments	-	(8,412,942)	-	(4,286,965)	(12,699,907)
Net cash provided by (used for) investing activities	<u>292,152</u>	<u>(8,413,630)</u>	<u>-</u>	<u>12,349,004</u>	<u>4,227,526</u>
Net increase (decrease) in cash and cash equivalents	1,300,629	(6,731,921)	(1,390,706)	12,475,506	5,653,508
Cash and cash equivalents (unrestricted and restricted), beginning 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>
Cash and cash equivalents (unrestricted and restricted), end of year	<u>\$ (1,713,141)</u>	<u>\$ 27,000,746</u>	<u>\$ (18,196,610)</u>	<u>\$ 1,196,346</u>	<u>\$ 8,287,341</u>
Reconciliation of cash and cash equivalents to statement of net position:					
Cash and cash equivalents	\$ (1,835,069)	\$ 26,629,218	\$ (18,196,610)	\$ 1,195,442	\$ 7,792,981
Restricted cash and cash equivalents	121,928	371,528	-	904	494,360
Total cash and cash equivalents	<u>\$ (1,713,141)</u>	<u>\$ 27,000,746</u>	<u>\$ (18,196,610)</u>	<u>\$ 1,196,346</u>	<u>\$ 8,287,341</u>

**VENTURA REGIONAL SANITATION DISTRICT**

**COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)**  
**Fiscal Year Ended June 30, 2021**

	<u>Water and Wastewater</u>	<u>Solid Waste</u>	<u>Biosolids</u>	<u>Administration</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 1,215,969	\$ 4,701,194	\$ (39,777)	\$ (2,499,608)	\$ 3,377,778
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	450,262	3,295,372	29,995	59,547	3,835,176
Other non-operating revenues and expenses, net	35,006	373,525	-	-	408,531
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable – disposal and sanitation fees, net	-	729,218	21,839	-	751,057
Accounts receivable – contract services, net	(157,353)	-	-	(14,510)	(171,863)
Net OPEB asset	-	-	-	-	-
Prepaid and other	(98,372)	(55,147)	(840)	59,478	(94,881)
Deferred outflows	122,981	80,728	-	46,029	249,738
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	(47,613)	1,580,264	(1,777)	(18,793)	1,512,081
Accrued wages and compensated absences	103,008	293,899	-	320,647	717,554
Customer deposits	-	7,750	-	-	7,750
Net pension liability	(376,656)	(260,073)	-	(54,263)	(690,992)
Net OPEB liability	(42,814)	(45,040)	-	(27,044)	(114,898)
Tierra Rejada consortium reserve	-	25,589	-	-	25,589
Landfill closure/postclosure costs	-	(1,335,033)	-	-	(1,335,033)
Deferred inflows	(57,378)	(314,066)	-	(84,500)	(455,944)
Total adjustments	<u>(68,929)</u>	<u>4,376,986</u>	<u>49,217</u>	<u>286,591</u>	<u>4,643,865</u>
Net cash provided by (used for) operating activities	<u>\$ 1,147,040</u>	<u>\$ 9,078,180</u>	<u>\$ 9,440</u>	<u>\$ (2,213,017)</u>	<u>\$ 8,021,643</u>

**VENTURA REGIONAL SANITATION DISTRICT**

**TIERRA REJADA CLOSED LANDFILL - MITIGATION AND MONITORING COSTS**  
**Fiscal Year Ended June 30, 2021**

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	<u>Easy Fire</u>	<u>Post Closure Maintenance</u>	<u>Total</u>
<b>Mitigation expenses:</b>			
Operating services	\$ -	\$ 447	\$ 447
Lab services and supplies	-	2,207	2,207
Contracted services	-	9,877	9,877
Environmental consultants	-	13,509	13,509
Professional services	-	629	629
Facility maintenance	1,004	2,499	3,504
Permit, fees and other	-	4,705	4,705
Total mitigation expenses	<u>\$ 1,004</u>	<u>\$ 33,873</u>	<u>\$ 34,877</u>
Mitigation funds received	<u>\$ 1,004</u>	<u>\$ 33,873</u>	<u>\$ 34,877</u>
Each party's obligation of mitigation funds	\$ 251	\$ 8,468	\$ 8,719
Each party's obligation of mitigation expenses	<u>(251)</u>	<u>(8,468)</u>	<u>(8,719)</u>
Each party's remaining obligation available/(deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cal OES payment received	\$ 1,287,768	\$ -	\$ 1,287,768
Cal OES reimbursement allocated to Consortium members	(1,208,836)	-	(1,208,836)
Cal OES administrative allowance - VRSD	<u>(78,932)</u>	<u>-</u>	<u>(78,932)</u>
Remaining obligation available/(deficit) from Consortium members	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
VRSD obligation of mitigation expenses	\$ 251	\$ 8,468	\$ 8,719
Cal OES payment received	(302,209)	-	(302,209)
Cal OES administrative allowance	<u>(78,932)</u>	<u>-</u>	<u>(78,932)</u>
VRSD net obligation of mitigation expenses	<u>\$ (380,890)</u>	<u>\$ 8,468</u>	<u>\$ (372,422)</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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# Statistical Section



## Ventura Regional Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year  
Ended June 30, 2021



# Ventura Regional Sanitation District

## Statistical Section

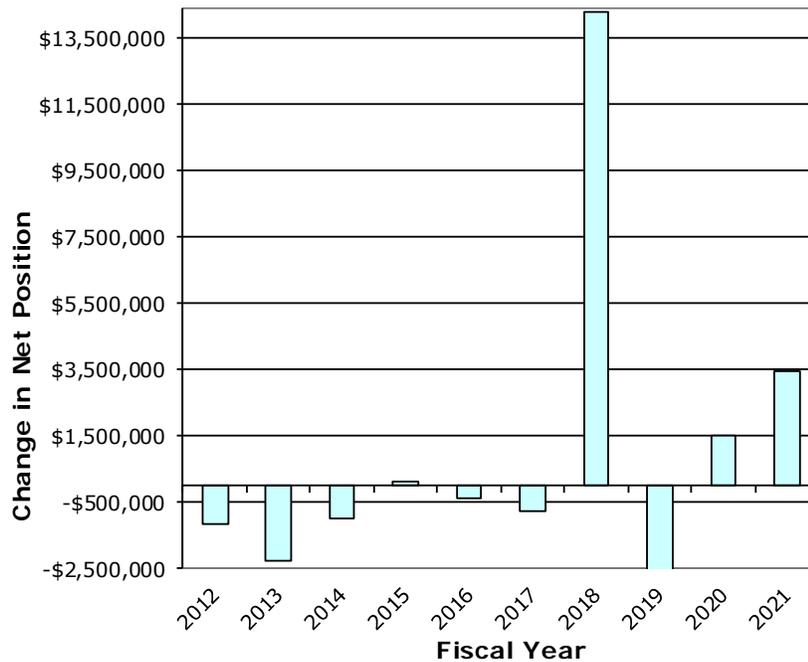
This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

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

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Changes in net position:					
Operating revenues <sup>(4)</sup>	\$ 18,573,500	18,674,905	20,033,901	21,872,303	21,495,639
Operating expenses <sup>(5)</sup>	(16,538,575)	(16,443,180)	(16,946,768)	(17,505,500)	(17,786,909)
Depreciation and amortization	(3,733,126)	(3,535,354)	(3,529,371)	(3,776,744)	(3,813,050)
<b>Operating income(loss)</b>	<b>(1,698,201)</b>	<b>(1,303,629)</b>	<b>(442,238)</b>	<b>590,059</b>	<b>(104,320)</b>
Non-operating revenues(expenses)					
Interest income	590,889	40,184	360,060	367,627	636,112
Gain/(loss) on sale of assets	5,022	-	4,832	(12,552)	47,883
Interest expense	(1,152,492) <sup>(1)</sup>	(1,079,159) <sup>(1)</sup>	(1,002,525) <sup>(1)</sup>	(922,435) <sup>(1)</sup>	(909,095)
Other revenue/(expense), net	138,782	95,021	108,262	95,784	(69,081)
Total non-operating revenues(expenses), net	(417,799)	(943,954)	(529,371)	(471,576)	(294,181)
<b>Net income before capital contribution</b>	<b>(2,116,000)</b>	<b>(2,247,583)</b>	<b>(971,609)</b>	<b>118,483</b>	<b>(398,501)</b>
Capital contributions	975,000	-	-	-	-
<b>Changes in net position</b>	<b>\$ (1,141,000)</b>	<b>(2,247,583)</b>	<b>(971,609)</b>	<b>118,483</b>	<b>(398,501)</b>
Net position by component:					
Net investment in capital assets	\$ 31,430,945	30,327,602	29,915,287	31,633,318	26,936,724
Amounts restricted	7,128,963	6,829,325	6,737,432	6,307,850	7,956,948
Unrestricted amounts	7,168,948 <sup>(1)</sup>	6,324,346 <sup>(1)</sup>	5,856,945 <sup>(1)</sup>	(2,110,647) <sup>(1)</sup>	538,348
<b>Total net position</b>	<b>\$ 45,728,856</b>	<b>43,481,273</b>	<b>42,509,664 <sup>(2)</sup></b>	<b>35,830,521 <sup>(2)</sup></b>	<b>35,432,020</b>



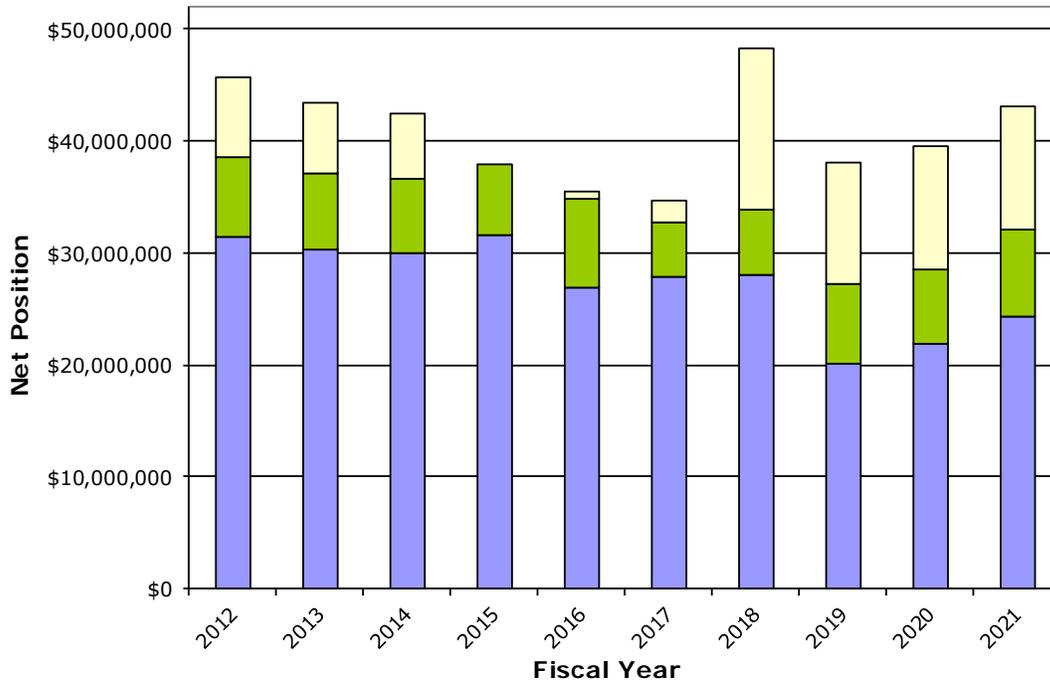
**Notes:**

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

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

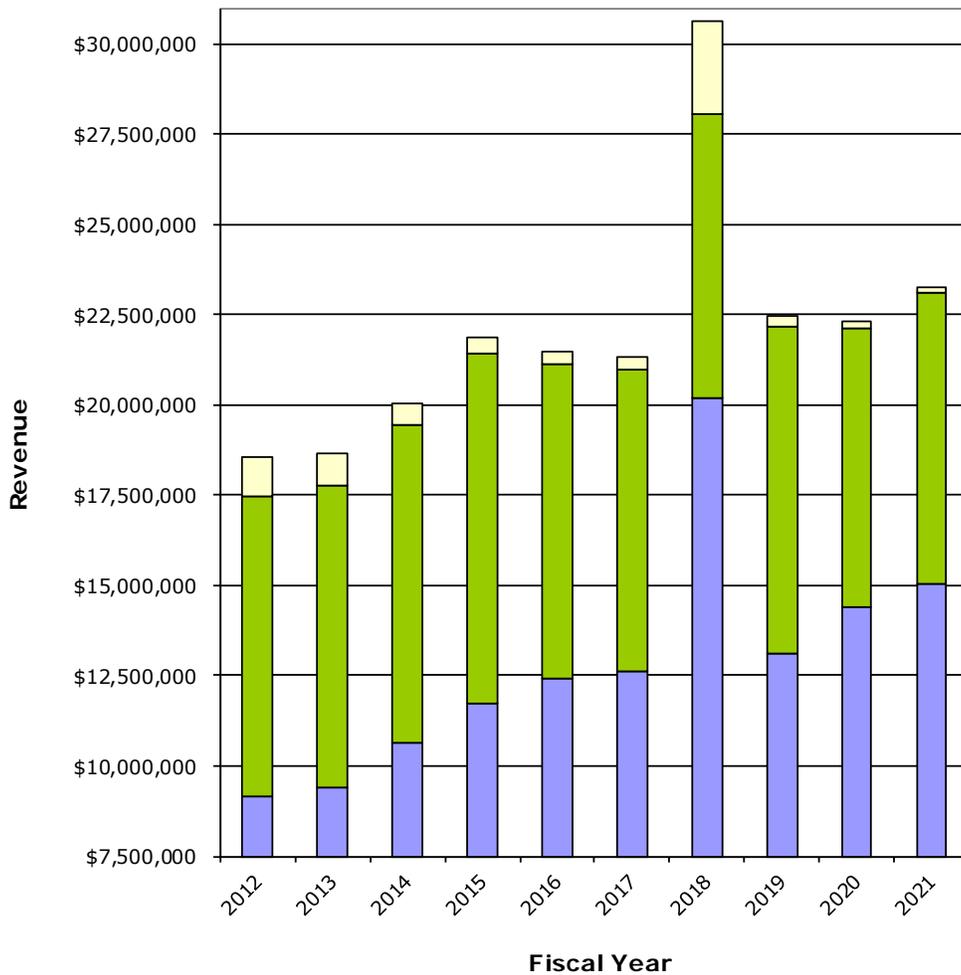
**Ventura Regional Sanitation District**  
**Changes in Net Position and Net Position by Component (Continued)**  
**Last Ten Fiscal Years**

		Fiscal Year						
		2017	2018	2019	2020	2021		
\$	21,309,468	30,641,270	22,458,166	22,323,137	23,247,107	Changes in net position:		
	(17,302,219)	(12,921,127)	(18,163,525)	(17,738,380)	(16,034,153)	Operating revenues <sup>(4)</sup>		
	(4,210,079)	(4,252,891)	(4,491,164)	(4,183,680)	(3,835,176)	Operating expenses <sup>(5)</sup>		
	(202,830)	13,467,252	(196,523)	401,077	3,377,778	Depreciation and amortization		
						<b>Operating income (loss)</b>		
	64,990	82,513	1,805,781	1,772,372	101,084	Non-operating revenues(expenses)		
	1,100	16,823	(11,448,766)	1,587	-	Interest income		
	(649,977)	(634,937)	(560,528)	(484,527)	(405,826)	Gain/(loss) on sale of assets		
	40,783	1,352,219	168,512	(188,568)	408,531	Interest expense		
	(543,104)	816,618	(10,035,001)	1,100,864	103,789	Other revenue/(expense), net		
	(745,934)	14,283,870	(10,231,524)	1,501,941	3,481,567	Total non-operating revenues(expenses), net		
						<b>Net income before capital contributions</b>		
	-	-	-	-	-	Capital contributions		
\$	<u>(745,934)</u>	<u>14,283,870</u>	<u>(10,231,524)</u>	<u>1,501,941</u>	<u>3,481,567</u>	<b>Changes in net position</b>		
\$	27,818,147	28,047,030	20,052,322	21,814,680	24,318,142	Net position by component:		
	4,916,679	5,839,153	7,163,970	6,729,028	7,867,679	Net investment in capital assets		
	1,951,260	14,401,924	10,840,291	11,014,816	10,854,270	Amounts restricted		
\$	<u>34,686,086</u>	<u>48,288,107</u>	<u>38,056,583</u>	<u>39,558,524</u>	<u>43,040,091</u>	Unrestricted amounts		
						<b>Total net position</b>		



## Ventura Regional Sanitation District Operating Revenue by Source Last Ten Fiscal Years

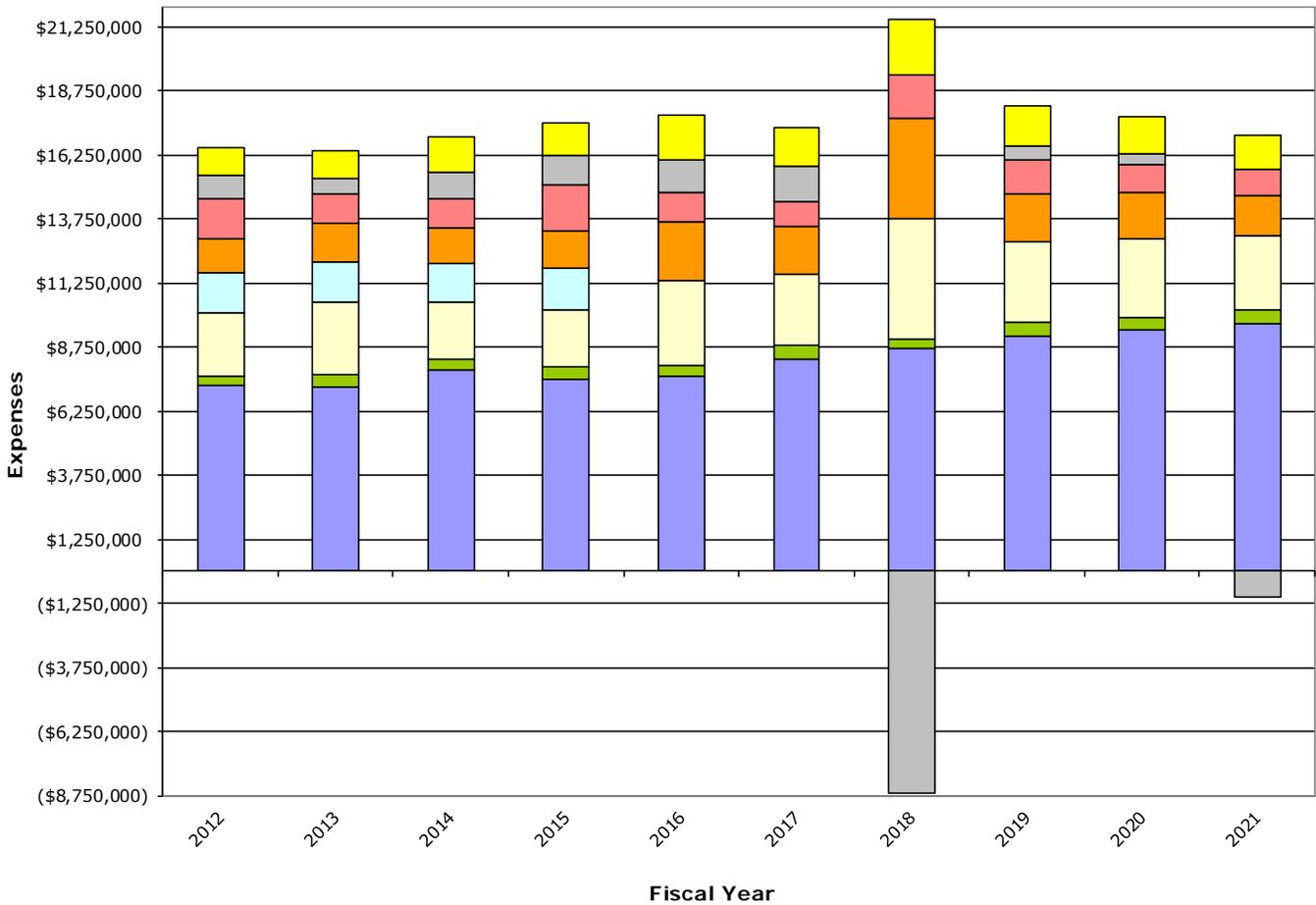
Fiscal Year	Disposal and Sanitation Fees	Contract Services	Other Revenues and Services	Total Operating Revenue
2012	9,152,054	8,318,925	1,102,521	18,573,500
2013	9,394,086	8,367,014	913,805	18,674,905
2014	10,618,088	8,810,556	605,257	20,033,901
2015	11,745,287	9,670,442	456,574	21,872,303
2016	12,412,112	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
2021	15,061,122	8,036,130	149,855	23,247,107



Source: Ventura Regional Sanitation District Finance Department

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

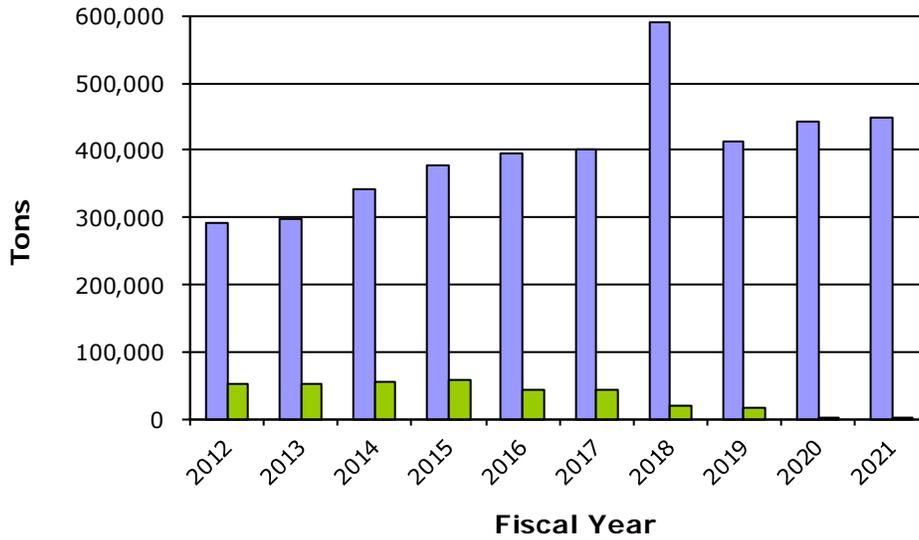
Management and Administrative	Services and Supplies	Contracted Services	Professional Services	Facility Maintenance	Provision for Landfill Closure and Postclosure	Permits, Licenses and Fees	Total Operating Expenses
342,981	2,461,250	1,555,190	1,345,856	1,545,223	950,318	1,061,972	16,538,575
505,660	2,801,974	1,551,441	1,502,462	1,162,453	635,289	1,089,800	16,443,180
413,873	2,248,325	1,518,522	1,369,881	1,153,284	1,055,618	1,349,041	16,946,768
490,233	2,241,771	1,582,187	1,503,108	1,774,248	1,162,802	1,259,937	17,505,500
421,601	3,346,233	-	2,284,767	1,115,384	1,306,015	1,710,883	17,786,909
535,080	2,760,303	-	1,915,247	951,660	1,364,226	1,498,888	17,302,219
378,310	4,653,117	-	3,966,343	1,641,778	(8,628,028)	2,203,748	12,921,127
527,310	3,142,015	-	1,851,660	1,327,901	549,941	1,569,268	18,163,525
465,949	3,094,852	-	1,762,139	1,124,887	385,844	1,461,594	17,738,380
492,832	2,906,022	-	1,553,901	1,056,850	(1,007,982)	1,343,269	16,034,153



Source: Ventura Regional Sanitation District Finance Department

**Ventura Regional Sanitation District**  
**Revenue Base**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<b>Solid Waste Received (tons)</b>	<b>Biosolids Received (tons)</b>
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
2021	449,659	114



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

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

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

Tipping Fees <sup>(2)</sup>	Fiscal Year										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Refuse <sup>(4)</sup>	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60
Residual Refuse <sup>(5)</sup>	34.54	34.54	34.54	34.54	34.54	34.54	34.54	34.54	34.54	34.54	34.54
Hard-to-handle <sup>(6)</sup>	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00

**Notes:**

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

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

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

<b>Customer</b>	<b>2021</b>		<b>2012</b>	
	<b>Tons Processed</b>	<b>Percentage of Total</b>	<b>Tons Processed</b>	<b>Percentage of Total</b>
Gold Coast Recycling	290,806	64.7%	210,332	61.4%
City of Oxnard	113,289	25.3%	43,472	12.7%
Oxnard Wastewater Treatment Plant	-	N/A	26,600	7.8%
Arakelian Enterprises, Inc.	16,965	3.8%	-	N/A
E.J. Harrison & Sons	15,760	3.5%	12,277	3.6%
City of Ventura Wastewater Treatment Plant	-	N/A	11,624	3.4%
Santa Clara Waste	-	N/A	11,468	3.3%
Hill Canyon Wastewater Treatment Plant	-	N/A	9,007	2.6%
Crown Disposal Company, Inc.	-	N/A	8,264	2.4%
Perc Water Corporation	-	N/A	2,693	0.8%
Aguilera Service	2,333	0.5%	-	N/A
Ventura County PWA, Road Maintenance	968	0.2%	-	N/A
M. Maintenance Construction	958	0.2%	-	N/A
Geske's Hauling Service, Inc.	573	0.1%	-	N/A
HD Services Construction	538	0.1%	-	N/A
Myers Equipment, Inc.	507	0.1%	-	N/A
General Construction Cleanup	443	0.1%	-	N/A
Fillmore Wastewater Treatment Plant	-	N/A	1,585	0.5%
JTZ Inc. DBA Zaccaro Roll-off	-	N/A	676	0.2%
Other Customers	6,633	1.5%	5,034	1.5%
<b>Total Tons Processed</b>	<b>449,773</b>	<b>100.0%</b>	<b>343,032</b>	<b>100.0%</b>

**Source:** Ventura Regional Sanitation District

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

Fiscal Year	Total		
	Amount <sup>(1)</sup>	Per Capita <sup>(2)</sup>	As a Share of Personal Income <sup>(3)(4)</sup>
2012	\$24,782,531	36.67	0.073%
2013	23,086,368	33.89	0.067%
2014	21,313,850	31.07	0.058%
2015	19,461,538	28.23	0.050%
2016	28,086,421	40.62	0.073%
2017	25,134,020	36.31	0.064%
2018	22,120,239	31.91	0.054%
2019	19,032,418	27.51	0.044%
2020	15,868,691	23.29	0.035%
2021	12,627,145	18.71	0.000% <sup>(5)</sup>

**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**

<b>District Total</b>	<b>Fiscal Year</b>				
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Revenue sources</b>					
Operating revenues	\$ 13,096,130	\$ 13,342,394	\$ 14,456,429	\$ 15,804,940	\$ 15,348,667
Non-operating revenues	575,536	38,929	354,195	353,340	621,765
Total revenue sources	<u>13,671,666</u>	<u>13,381,323</u>	<u>14,810,624</u>	<u>16,158,280</u>	<u>15,970,432</u>
<b>Expenses</b>					
Operating expenses	9,161,608	9,459,671	9,637,740	10,054,954	10,016,270
Non-operating expenses	-	-	-	-	-
Total expenses	<u>9,161,608</u>	<u>9,459,671</u>	<u>9,637,740</u>	<u>10,054,954</u>	<u>10,016,270</u>
Change in net position	4,510,058	3,921,652	5,172,884	6,103,326	5,954,162
<b>Installment payments</b>					
Principal	1,623,101	1,696,163	1,772,519	1,852,312	2,043,316
Interest	1,158,353	1,085,291	1,008,935	929,142	952,437
Total installment payments	<u>\$ 2,781,454</u>	<u>\$ 2,781,454</u>	<u>\$ 2,781,454</u>	<u>\$ 2,781,454</u>	<u>\$ 2,995,753</u>
Coverage	1.6	1.4	1.9	2.2	2.0
<b><u>Solid Waste</u></b>					
<b>Revenue sources</b>					
Operating revenues	\$ 9,504,453	\$ 9,632,869	\$ 10,894,198	\$ 11,921,343	\$ 12,586,681
Non-operating revenues	563,883	37,270	348,189	351,066	616,587
Total revenue sources	<u>10,068,336</u>	<u>9,670,139</u>	<u>11,242,387</u>	<u>12,272,409</u>	<u>13,203,268</u>
<b>Expenses</b>					
Operating expenses	6,637,981	6,819,665	7,008,171	7,428,993	8,482,137
Non-operating expenses	-	-	-	-	-
Total expenses	<u>6,637,981</u>	<u>6,819,665</u>	<u>7,008,171</u>	<u>7,428,993</u>	<u>8,482,137</u>
Change in net position	3,430,355	2,850,474	4,234,216	4,843,416	4,721,131
<b>Installment payments</b>					
Principal	757,787	791,851	827,450	864,649	943,656
Interest	549,474	515,410	479,811	442,612	446,043
Total installment payments	<u>\$ 1,307,261</u>	<u>\$ 1,307,261</u>	<u>\$ 1,307,261</u>	<u>\$ 1,307,261</u>	<u>\$ 1,389,699</u>
<b><u>Biosolids</u></b>					
<b>Revenue sources</b>					
Operating revenues	\$ 3,591,677	\$ 3,709,525	\$ 3,562,231	\$ 3,883,597	\$ 2,761,986
Non-operating revenues	11,653	1,659	6,006	2,274	5,178
Total revenue sources	<u>3,603,330</u>	<u>3,711,184</u>	<u>3,568,237</u>	<u>3,885,871</u>	<u>2,767,164</u>
<b>Expenses</b>					
Operating expenses	2,523,627	2,640,006	2,629,569	2,625,961	1,534,133
Non-operating expenses	-	-	-	-	-
Total expenses	<u>2,523,627</u>	<u>2,640,006</u>	<u>2,629,569</u>	<u>2,625,961</u>	<u>1,534,133</u>
Change in net position	1,079,703	1,071,178	938,668	1,259,910	1,233,031
<b>Installment payments</b>					
Principal	865,314	904,312	945,069	987,663	1,099,660
Interest	608,879	569,881	529,124	486,530	506,394
Total installment payments	<u>\$ 1,474,193</u>	<u>\$ 1,474,193</u>	<u>\$ 1,474,193</u>	<u>\$ 1,474,193</u>	<u>\$ 1,606,054</u>

Source: Ventura Regional Sanitation District

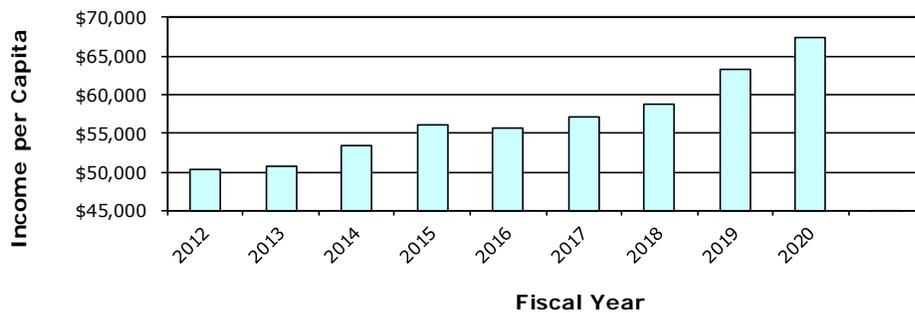
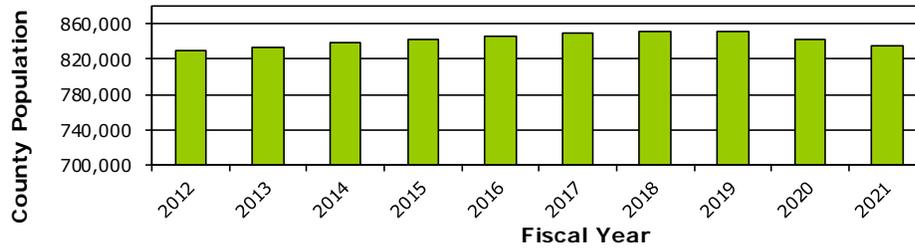
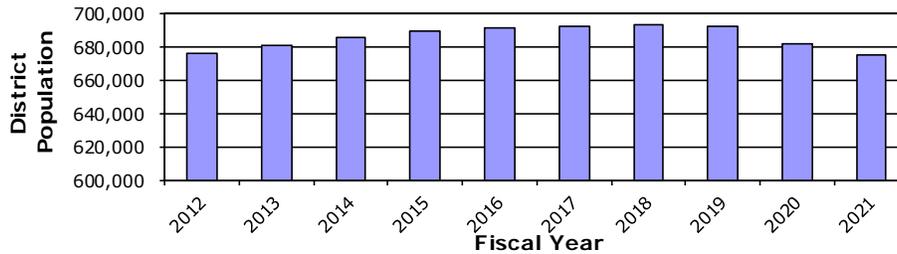
**Ventura Regional Sanitation District**  
**Pledged-Revenue Coverage (Continued)**  
**Installment Agreements**  
**Last Ten Fiscal Years**

Fiscal Year					District Total
2017	2018	2019	2020	2021	
					Revenue sources
\$ 15,206,961	\$ 23,773,784	\$ 14,254,728	\$ 14,588,967	\$ 15,249,750	Operating revenues
62,062	73,913	1,565,617	1,564,705	31,406	Non-operating revenues
<u>15,269,023</u>	<u>23,847,697</u>	<u>15,820,345</u>	<u>16,153,672</u>	<u>15,281,156</u>	Total revenue sources
					Expenses
9,427,194	4,352,288	8,969,128	9,247,425	7,262,966	Operating expenses
-	-	-	-	-	Non-operating expenses
<u>9,427,194</u>	<u>4,352,288</u>	<u>8,969,128</u>	<u>9,247,425</u>	<u>7,262,966</u>	Total expenses
5,841,829	19,495,409	6,851,217	6,906,247	8,018,190	Change in net position
					Installment payments
2,952,400	3,013,781	3,087,822	3,163,728	3,241,547	Principal
690,788	629,408	555,367	479,461	401,642	Interest
<u>\$ 3,643,188</u>	<u>\$ 3,643,189</u>	<u>\$ 3,643,189</u>	<u>\$ 3,643,189</u>	<u>\$ 3,643,189</u>	Total installment payments
1.6	5.4	1.9	1.9	2.2	Coverage
					<b>Solid Waste</b>
					Revenue sources
\$ 12,852,217	\$ 22,540,839	\$ 13,277,859	\$ 14,563,795	\$ 15,242,841	Operating revenues
60,931	69,847	1,554,478	1,564,705	31,406	Non-operating revenues
<u>12,913,148</u>	<u>22,610,686</u>	<u>14,832,337</u>	<u>16,128,500</u>	<u>15,274,247</u>	Total revenue sources
					Expenses
8,608,387	4,052,019	8,424,630	9,168,132	7,246,275	Operating expenses
-	-	-	-	-	Non-operating expenses
<u>8,608,387</u>	<u>4,052,019</u>	<u>8,424,630</u>	<u>9,168,132</u>	<u>7,246,275</u>	Total expenses
4,304,761	18,558,667	6,407,707	6,960,368	8,027,972	Change in net position
					Installment payments
1,754,341	1,789,189	1,836,109	1,884,292	1,933,774	Principal
488,883	454,036	407,116	358,933	309,451	Interest
<u>\$ 2,243,224</u>	<u>\$ 2,243,225</u>	<u>\$ 2,243,225</u>	<u>\$ 2,243,225</u>	<u>\$ 2,243,225</u>	Total installment payments
					<b>Biosolids</b>
					Revenue sources
\$ 2,354,744	\$ 1,232,945	\$ 976,869	\$ 25,172	\$ 6,909	Operating revenues
1,131	4,066	11,139	-	-	Non-operating revenues
<u>2,355,875</u>	<u>1,237,011</u>	<u>988,008</u>	<u>25,172</u>	<u>6,909</u>	Total revenue sources
					Expenses
818,807	300,269	544,498	79,293	16,691	Operating expenses
-	-	-	-	-	Non-operating expenses
<u>818,807</u>	<u>300,269</u>	<u>544,498</u>	<u>79,293</u>	<u>16,691</u>	Total expenses
1,537,068	936,742	443,510	(54,121)	(9,782)	Change in net position
					Installment payments
1,198,059	1,224,592	1,251,713	1,279,436	1,307,773	Principal
201,905	175,372	148,251	120,528	92,191	Interest
<u>\$ 1,399,964</u>	Total installment payments				

## Ventura Regional Sanitation District Demographic Statistics Last Ten Fiscal Years

### County of Ventura

Year	Population within District <sup>(1)</sup>	Unemployment Rate <sup>(4)</sup>	Population (persons) <sup>(2)</sup>	Personal Income <sup>(2)</sup>	Personal Income per Capita <sup>(2)</sup>
2012	675,898	9.1%	830,196	41,683,974	50,210
2013	681,149	7.8%	833,801	42,328,733	50,766
2014	685,963	6.2%	838,601	44,702,273	53,306
2015	689,341	5.3%	842,946	47,182,666	55,974
2016	691,441	5.4%	846,922	48,503,552	55,711
2017	692,257	4.2%	848,921	49,994,234	57,136
2018	693,166	3.8%	850,802	52,515,048	58,761
2019	691,862	3.9%	850,967 <sup>(1)</sup>	53,344,954 <sup>(3)</sup>	63,190 <sup>(3)</sup>
2020	681,493	8.4%	842,886 <sup>(1)</sup>	56,728,142 <sup>(3)</sup>	67,422 <sup>(3)</sup>
2021	674,774	5.0%	835,223 <sup>(1)</sup>	- <sup>(5)</sup>	- <sup>(5)</sup>



- Sources:** (1) Population data obtained from California Department of Finance, prior years are actual; current year is forecasted.  
 (2) US Bureau of Economic Analysis CA1 Personal Income Summary: 2018 and prior data  
 (3) Personal Income and Personal Income per Capital for 2019 forward was obtained from the California County-Level Economic Forecast  
 (4) State of California, Employment Development Department, Labor Market Information Division  
 (5) Personal Income information for 2021 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**

<b>Employer</b>	<b>2021<sup>(a)</sup></b>		<b>2012<sup>(b)</sup></b>	
	<b>Number of Employees</b>	<b>Percentage of Total Employed</b>	<b>Number of Employees</b>	<b>Percentage of Total Employed</b>
Naval Base of Ventura	15,000 - 19,999	5.05%	5,000 - 9,999	2.53%
County of Ventura - Government Center	5,000 - 9,999	2.53%	-	n/a
Amgen	5,000 - 9,999	2.53%	5,000 - 9,999	2.53%
Community Memorial Hospital of San Buenaventura	1,000 - 4,999	1.26%	-	n/a
Baxter Healthcare	1,000 - 4,999	1.26%	1,000 - 4,999	1.26%
Boskovich Farms	-	n/a	1,000 - 4,999	1.26%
Central Purchasing, Inc.	-	n/a	1,000 - 4,999	1.26%
Coleman Welding	-	n/a	1,000 - 4,999	1.26%
Farmer's Insurance Group	-	n/a	1,000 - 4,999	1.26%
Harbor Freight Tools USA, Inc.	1,000 - 4,999	1.26%	1,000 - 4,999	1.26%
Los Robles Hospital & Medical Center	1,000 - 4,999	1.26%	1,000 - 4,999	1.26%
St John's Regional Medical Center	1,000 - 4,999	1.26%	1,000 - 4,999	1.26%
Technicolor Video Services	-	n/a	1,000 - 4,999	1.26%
Ventura County Health Care Agency	500 - 999	0.25%	1,000 - 4,999	1.26%
Ventura County Sheriff's Dept & Jails	1,000 - 4,999	1.26%	1,000 - 4,999	1.26%
<b>Total Employed in County</b>	<b><u>391,100</u></b>		<b><u>395,900</u></b>	

**Sources:**

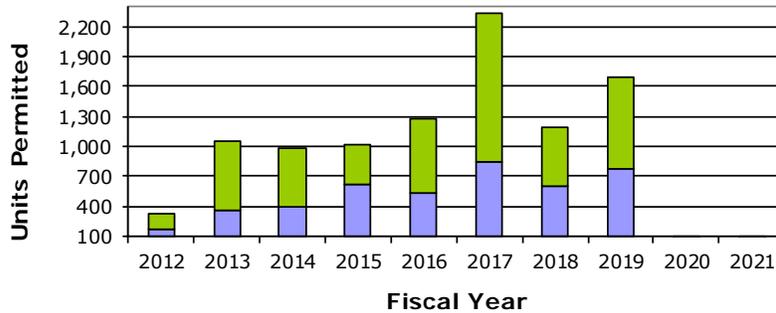
(a) State of California Employment Development Department: Extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2022 1st Edition.

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

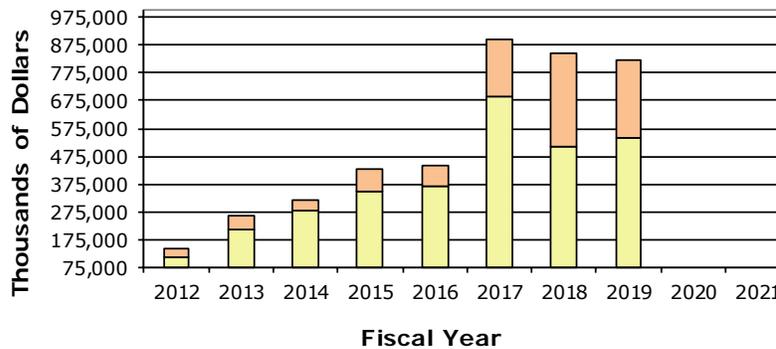
## Ventura Regional Sanitation District Building Permits – County of Ventura Last Ten Years

Fiscal Year	New Single Family Units	New Multiple Family Units	Total New Residential Units	Total New Residential Investment (000's)	Non-residential Investment (000's)	Total New Structure Investment (000's)
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.					
2021	No published information at this time.					

**New Residential Building Units Permitted**



**Investment in New Structures**

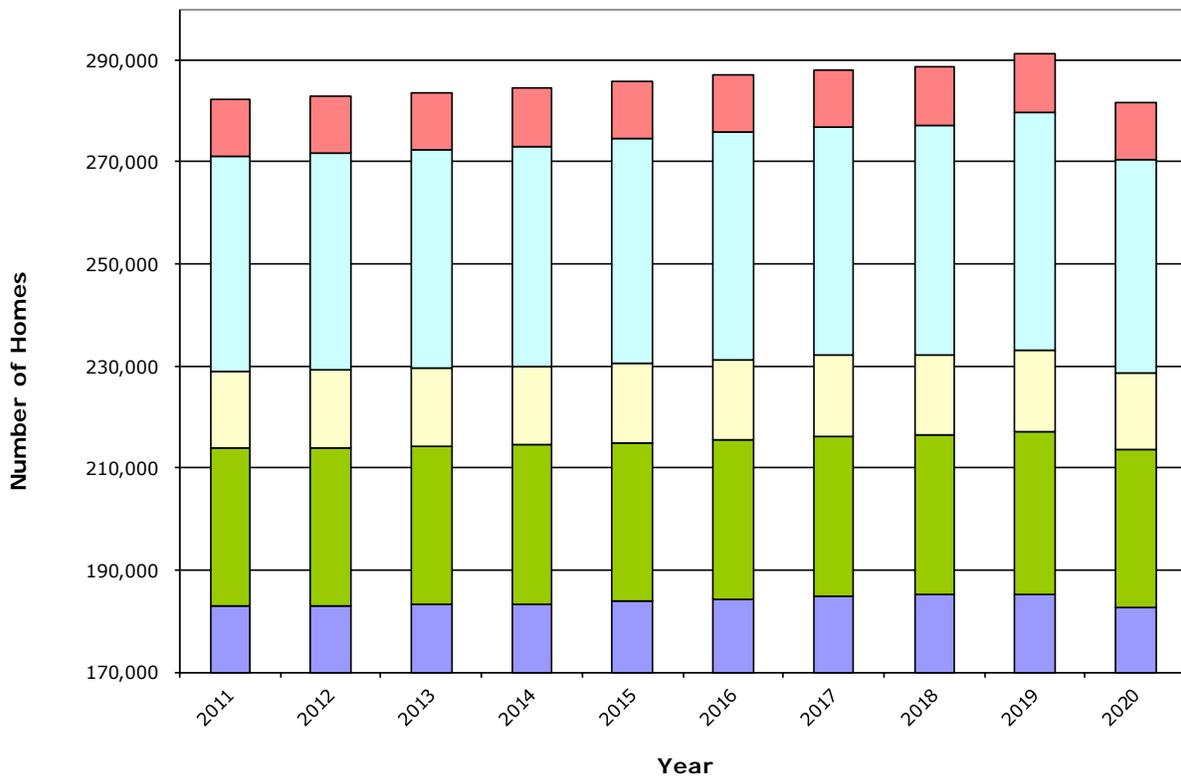


**Note:** Building Permit statistic updated 2017 to include number of permits, and total investment in residential and non-residential units; as more detailed breakdown is no longer available. Prior years are actual, current year forecasted.

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

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

Calendar 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	185,184	31,834	16,075	46,759	11,358	291,210
2020	182,703	30,893	15,000	41,779	11,320	281,695
2021	No published information at this time.					

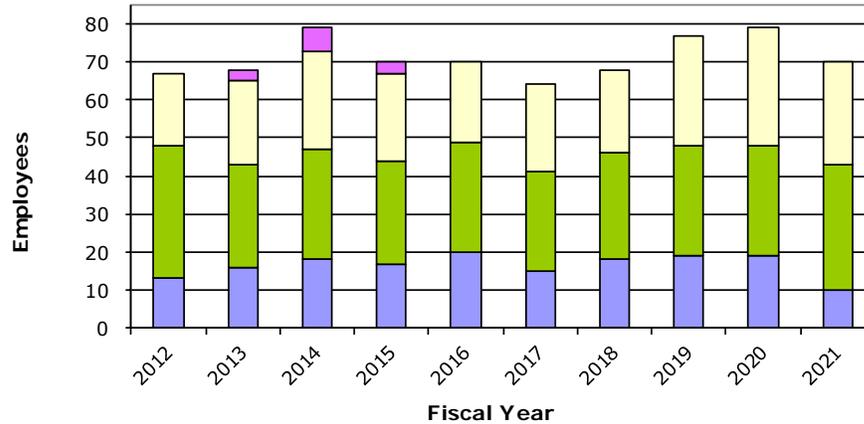


Source: CA Dept. of Finance Demographic Research Unit, E-5 City/County Population & Housing Estimates

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

**District Employees by Department**

Fiscal Year	Central Services	Water & Wastewater	Solid Waste	Biosolids	Total
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
2021	10	33	27	-	70



**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)
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
2021	1,864	150	5.95	3.63	70.32	27.57	216.5	1,500

MGD - Millions of Gallons per Day  
MGM - Millions of Gallons per Month

Sources: Ventura Regional Sanitation District Finance Department

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Wastewater</b>										
Vehicles	13	23	24	27	26	26	28	22	26	26
Water truck	-	-	1	1	-	-	-	-	-	-
Forklifts/Hydraulic lifts	-	-	-	-	-	-	1	1	1	1
Golf Cart	1	1	1	1	-	-	-	1	1	1
Machinery & Equipment	17	14	16	16	15	15	15	17	17	18
Cranes	1	1	1	1	1	1	1	1	1	1
Heavy equipment	3	3	3	4	3	3	1	1	2	2
Trailers	2	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	16	2	2	2	2	2	2	2	2	2
Computer equipment	1	3	3	4	5	5	5	5	5	5
Buildings	3	1	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	2	2	2	3	3	4	3	4	4
<b>Solid Waste</b>										
Vehicles	8	17	14	14	15	13	12	22	20	20
Golf Cart	-	1	1	1	2	2	2	1	1	1
Trailers	-	1	-	-	-	-	-	-	-	-
Machinery & Equipment	15	20	23	23	26	26	30	29	31	31
Forklifts/Hydraulic lifts	2	3	3	3	3	3	3	3	3	3
Heavy equipment	5	6	6	6	8	6	4	7	8	8
Compactor	1	2	2	2	2	2	2	2	2	2
Fuel truck	1	1	1	1	1	1	1	1	1	1
Water truck	1	2	2	2	2	2	3	3	3	3
Bulldozers	5	3	3	3	3	5	6	10	11	11
Computer equipment	6	9	10	11	13	13	13	13	13	14
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	4	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	1	1	1	1	1
Site security system	1	1	1	1	1	1	1	1	1	1
Leachate systems	2	2	2	2	1	1	-	-	-	-
Gas monitoring wells	5	3	4	4	4	4	4	4	4	4
Water wells	4	7	7	7	7	7	7	7	7	7
Water tanks	3	4	4	4	4	4	4	4	4	4
Land (acreage)	652	652	652	652	652	652	652	652	652	652
<b>Biosolids</b>										
Trailers	16	16	16	16	15	15	14	-	-	-
Machinery & Equipment	-	3	3	3	3	3	3	-	-	-
Vehicles	-	1	1	1	1	1	1	-	-	-
Water tank	-	-	2	2	2	2	2	-	-	-
Irrigation system	-	-	1	1	1	1	1	-	-	-
Biosolids facility	1	1	1	1	1	1	1	1	1	1
Microturbine generation station	1	1	1	1	1	1	1	1	1	1
Landfill gas treatment skid	1	1	1	1	1	1	1	1	1	1
<b>Central Administration</b>										
Vehicles	1	1	1	1	2	2	1	1	1	1
Machinery & Equipment	1	5	6	6	10	10	10	9	9	9
Furniture & Fixtures	11	5	6	6	2	2	2	2	2	2
Computer equipment	9	8	8	11	16	18	19	19	20	22

Sources: Ventura Regional Sanitation District Finance Department

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**VENTURA REGIONAL SANITATION DISTRICT**

**Audit Communications**

**Year ended June 30, 2021**

**VENTURA REGIONAL SANITATION DISTRICT**

**Audit Communications**

**Year ended June 30, 2021**

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**REQUIRED AUDIT COMMUNICATIONS**

Board of Directors  
Ventura Regional Sanitation District  
Ventura, California

We have audited the financial statements of the Ventura Regional Sanitation District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you on November 4, 2021. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings*****Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Ventura Regional Sanitation District are described in Note A to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by Ventura Regional Sanitation District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting Ventura Regional Sanitation's financial statements were:

- Judgments involving the calculation of the pension liability.
- Judgments involving the calculation of the other post-employment benefit (OPEB) liability.

Management's estimate of the liabilities is based on information taken from third party actuarial valuations. We evaluated the key factors and assumptions used to develop the pension and OPEB liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There was one uncorrected audit adjustment to record accrued wages and benefits related to the fiscal year but paid subsequent to year end. Management has determined that the effects is immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated December 16, 2021.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Ventura Regional Sanitation District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Ventura Regional Sanitation District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis, VCERA - Schedule of Changes in 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 Rations, and OPEB - Schedule of Employer Contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining schedules 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, which accompany the financial

statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Restriction on Use**

This information is intended solely for the information and use of the Board of Directors and management of Ventura Regional Sanitation District and is not intended to be, and should not be, used by anyone other than these specified parties.

Irvine, California  
December 16, 2021

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Ventura Regional Sanitation District  
Ventura, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ventura Regional Sanitation District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise basic financial statements, and have issued our report thereon dated December 16, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ventura regional Sanitation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ventura regional Sanitation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ventura regional Sanitation District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Irvine, California  
December 16, 2021

**Ventura Regional Sanitation District**  
**New Accounting Standards Not Yet Effective**  
**Year ended June 30, 2021**

GASB 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, 2022.

GASB 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, 2022.

GASB 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, 2022.

GASB Statement No. 93: *Replacement of Interbank Offered*

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The standard will be effective for the fiscal year ending June 30, 2022.

GASB Statement No. 94: *Public-Private and Public-Public partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The standard will be effective for the fiscal year ending June 30, 2022.

GASB Statement No. 96: *Subscription-Based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The standard will be effective for the fiscal year ending June 30, 2023.

GASB Statement No. 97: *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No.31*

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

The standard will be effective for the fiscal year ending June 30, 2023.