

VENTURA REGIONAL SANITATION DISTRICT

The Annual Comprehensive Financial Report

**For the Fiscal Year Ended
June 30, 2022**

Chris Theisen, General Manager
Ventura County, California



Annual Comprehensive Financial Report

**For the Fiscal Year Ended
June 30, 2022**



Ventura Regional Sanitation District

Ventura County, California

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

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**Ventura Regional Sanitation District
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

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December 15, 2022

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

Here submitted, is the Annual Comprehensive Financial Report of the Ventura Regional Sanitation District (District) for the fiscal year ended June 30, 2022. 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, 2022. 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 eight of the ten cities within Ventura County (cities of Moorpark and Simi Valley not represented) and one member appointed by a committee of the Ventura County Special Districts Association. The unincorporated County 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 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 56 full-time employees as of June 2022 and is capable of providing a full range of services, including integrated waste treatment and disposal services to cities, special districts, residents, as well as public and private entities within Ventura County.

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 – Relocation of Headquarters

As of June 2022 Ventura Regional Sanitation District has relocated its headquarters from a leased facility it had occupied for approximately 30-years to existing District owned facilities. This move will allow the District to better fulfill its mission of providing the highest quality service at the lowest possible cost.

Solid Waste Operations

The District manages municipal waste landfills; the Toland Road Landfill, as well as the former sites of Santa Clara, Coastal, Bailard, Ozena, and Tierra Rejada landfills. The Toland Road Landfill is located in a confined, V-shaped canyon four miles east of Santa Paula and four miles west of Fillmore. The 216.5-acre site has been operating as a landfill since 1970. The 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 330,788 tons of refuse in FY2022. Approximately 86 percent of the total refuse disposed at the Toland Road Landfill comes from the transfer station operated by its largest customer, Gold Coast Recycling Center and Transfer Station. As of FY2023, the District has entered into a five-year waste disposal contract with Gold Coast Recycling Center and Transfer Station providing some revenue certainty through FY2027. The District also entered into five-year labor agreements with all labor groups for fiscal years 2023 through 2027, thus aligning labor cost escalation with revenue escalation.

Water & Wastewater Operations

The District is responsible for management, operation, and maintenance of water and wastewater facilities and equipment throughout Ventura County. Included in FY2022 are facilities owned by the Triunfo Water & Sanitation, Saticoy Sanitary, and Camrosa Water Districts; the cities of Oxnard, Santa Paula and Thousand Oaks

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..

Beginning in FY2023 the District will continue providing Water & Wastewater services primarily to eight agencies that have entered into five-year service agreements with the District. Those agencies include Triunfo Water & Sanitation, Saticoy Sanitary, and Camrosa Water Districts; the cities of Oxnard, Santa Paula and Thousand Oaks; the County of Ventura, and Top O' Topanga HOA. As previously mentioned, the District also entered into a five-year labor agreement with all labor units for fiscal years 2023 through 2027, once again aligning labor cost escalation with revenue escalation

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 833,652 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. Whereas previous estimates indicated that the County's economy grew by \$2.1 billion from 2007 to 2018, the revised estimates by The U.S. Bureau of Economic Analysis (BEA) indicate that the County's economy shrank by \$8.8 billion during that time. This represents a 16% decline in total economic activity. Instead of the BEA's previous estimate of 0.4% compound annual growth rate for Ventura County Gross Domestic Production, it was actually a period of economic contraction. Three important measures of economic vitality are population growth, domestic migration, and civilian labor force growth. Each of these measures already indicated a sustained period of economic weakness, going back to at least to 2013. The leading indicators of Ventura County's economic weakness turn out to have been labor force growth and net domestic migration. Though the labor market is extraordinarily tight, the lagging labor force is expanding and will ultimately accommodate the hiring of more workers so that a full recovery of pandemic recession job loss occurs by the end of 2023 or early 2024. The economic restrictions for the last two years, may finally be over, allowing the economy to finally rebound. Infection rates have flattened and the health crisis represented by the pandemic appears to be in the rear view mirror. As economies rebound back to pre-pandemic rates, the forecasted economic growth for Ventura County is estimated at 2.8% economic growth for 2022 and 0.8% and 0.2% for 2023 and 2024, which are well below its neighboring Los Angeles County of (3.4%, 2.1%, 1.4%) and national averages of (3.1%, 2.1%, 1.6%).

Agriculture - Ventura County farmers grow over 100 different crops and often harvest two or three crops from the same parcel of land during any given year. In 2021, the estimated gross value for all agriculture in Ventura County was \$2.1 billion, increasing by 5.0% from 2020. Strawberries had a tremendous year, retaining the number one crop at \$712 million, increasing by 24% from 2020. Lemons remained at second place with a value of \$254 million, increasing by 17%. Nursery Stock came in third place with a value of \$214 million, increasing by 11%. Raspberries and Avocados traded places, raspberries moving into fourth place with a value of \$169 million, increasing by 19% and avocados decreasing by 30% with a value of \$126 million. Celery came in at \$113 million and blueberries at \$46 million, sixth and seventh place, respectively. Peppers remained steady in eighth place with a value of \$42 million. Blackberries entered the top ten for the first time, landing in ninth place with a value of \$40 million and finally, cabbage rounded off the top ten with a crop of \$35 million. Overall, berries and other fruit had a great year with vegetables showing a decline, particularly tomatoes which dropped out of the top ten after many years running.

Industrial Market – The market never faltered during the pandemic recession. With the substitution by consumers to e-commerce, the demand for new warehouse, distribution, and fulfillment centers soared. In April 2022 the Amazon Fulfillment Center was completed. The Amazon facility represents the largest delivery of industrial space for any one year in the history of Ventura County. The current lease and utilization rates are now at all-time record levels in Ventura County.

Income and Unemployment – With a labor force of about 414,000, Ventura County’s unemployment as of June 2022 sits at 3.2% down from 6.8% as of June 2021. The unemployment rate has fallen below the pre-pandemic lockdown rate of 3.7%, and is 8.9% below the pandemic high of 12.1% at June 2020. It is estimated that Ventura County’s unemployment rate will fall to an average of 3.3% in 2023 and below 3% by 2025. As of March 2022, the labor force was still almost 10,000 people short of the pre-pandemic labor force. In 2021, Ventura County created almost 7,000 jobs that were lost in 2020. A majority of the new jobs were created in leisure and hospitality, retail, and professional and business services. Labor shortages are prominent in the healthcare industry both in Ventura County and statewide. Despite a surge of new labor force entrants in the early months of 2022, California remains approximately 330,000 people short of the pre-pandemic labor force. Throughout California the number of job openings are double that of unemployed residents as employers navigate what is now a job seeker’s market.

The California Economic Forecast’s latest figures show that the median household income for the Ventura County California area was \$101,311 in 2021. Ventura County median household income is about 13.9% higher than the median California household income and over 40% greater than the US median household income. Median family and per capita income for Ventura County in 2022 is estimated at \$70,199, 4.3% lower than 2021. Although state and national comparative data for 2022 is unavailable, the 2021 per capita income of \$73,375 was 4.2% lower than California’s average and 14.4% higher than the national average.

Real Estate – Based on 2021 actuals, estimated Ventura County new home production in 2022 will exceed the 2021 level of authorized housing units as the development community restores the pace of building that was noticeably interrupted in 2020 and again at times in 2021. Most of the projects are centered around Camarillo and Simi Valley, although an approved plan by the City of Oxnard in March may now generate another 1,152 new homes to Riverpark in exchange for a reduction in commercial building space. Construction of apartments is dominating new development. The median home sale price is estimated at \$801,569 for 2022, a 3.1% decrease from 2021. The baseline scenario of the California Association of Realtor’s “2022 California Housing Market Forecast” sees a decline in existing single-family home sales of 5.2% in 2022 to reach 416,800 units, down from the projected 2021 sales figure of 439,800. The California median home price is forecast to rise 5.2% to \$834,400 in 2022, following a projected 20.3% increase to \$793,100 in 2021. An imbalance in demand and supply will continue to put upward pressure on prices, but higher interest rates and partial normalization of the mix of sales will likely curb median price growth. Additionally, a shift in housing demand to more affordable areas, as the trend of remote working continues, will also keep prices in check and prevent the statewide median price from rising too fast 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. The many challenges facing the District are, for the most part, multi-year issues that involve multi-year solutions. The most prominent financial challenges have been addressed by simply tying labor cost escalations to somewhat predictable revenue growth through five-year agreements with both customers and labor groups.

The District continues exploring opportunities to participate in revenue generating projects utilizing existing District resources with minimal investment or financial risk to the District. Additionally the District is continuously looking into technological advances or new methods for operations, closure or post-closure activities that can generate savings for the District.

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. The District anticipates the issuance of debt and use of available reserves in the near future to complete the final phase of the landfill expansion. As matter of policy, the Board has approved to first maintain and fund restricted reserves, then to fund the cash reserves to cover operating needs.

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 86 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 FY2022 Water & Wastewater staff provided complete operational services for two member agencies, the Triunfo Water & Sanitation District and Satcoy Sanitary District. The District has installed and operates an Onsite Wastewater Treatment System (OWTS) at Malibu Bay Club and is promoting additional OWTS construction and operation services in Ventura County areas where it is not feasible to connect to sanitary sewers.

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 April 2021, 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 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.

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 Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2021. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

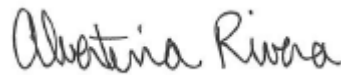
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

2022 Board of Directors as of June 30, 2022

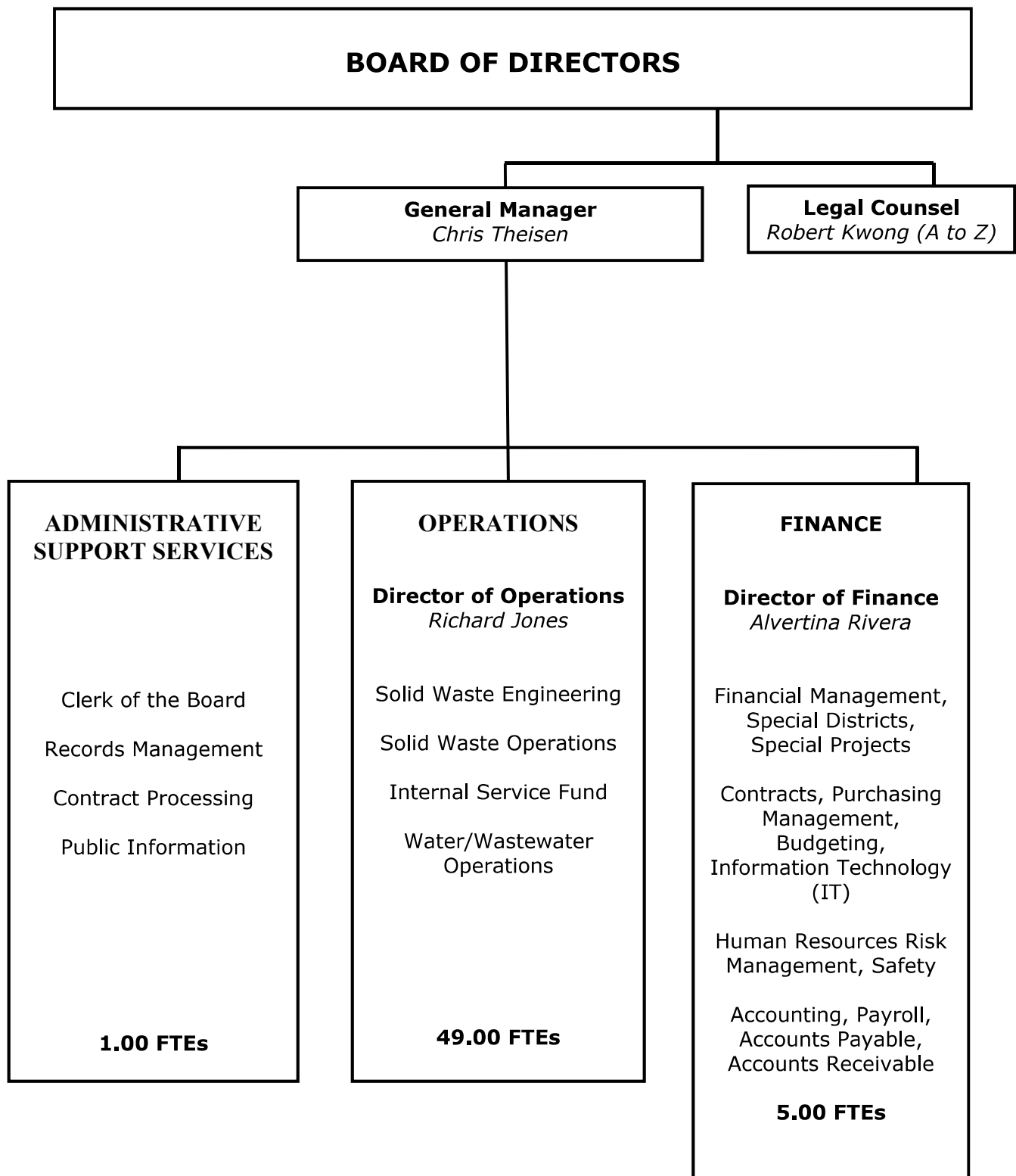
Laura Hernandez <i>Chairperson</i>	City of Port Hueneme
Jenny Crosswhite <i>Vice-Chairperson</i>	City of Santa Paula
Lynn Edmonds	City of Fillmore
Jim Friedman	City of San Buenaventura
Ed Jones	City of Thousand Oaks
Kevin Kildee	City of Camarillo
Bert Perello	City of Oxnard
Leon Shapiro	Special District
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell














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

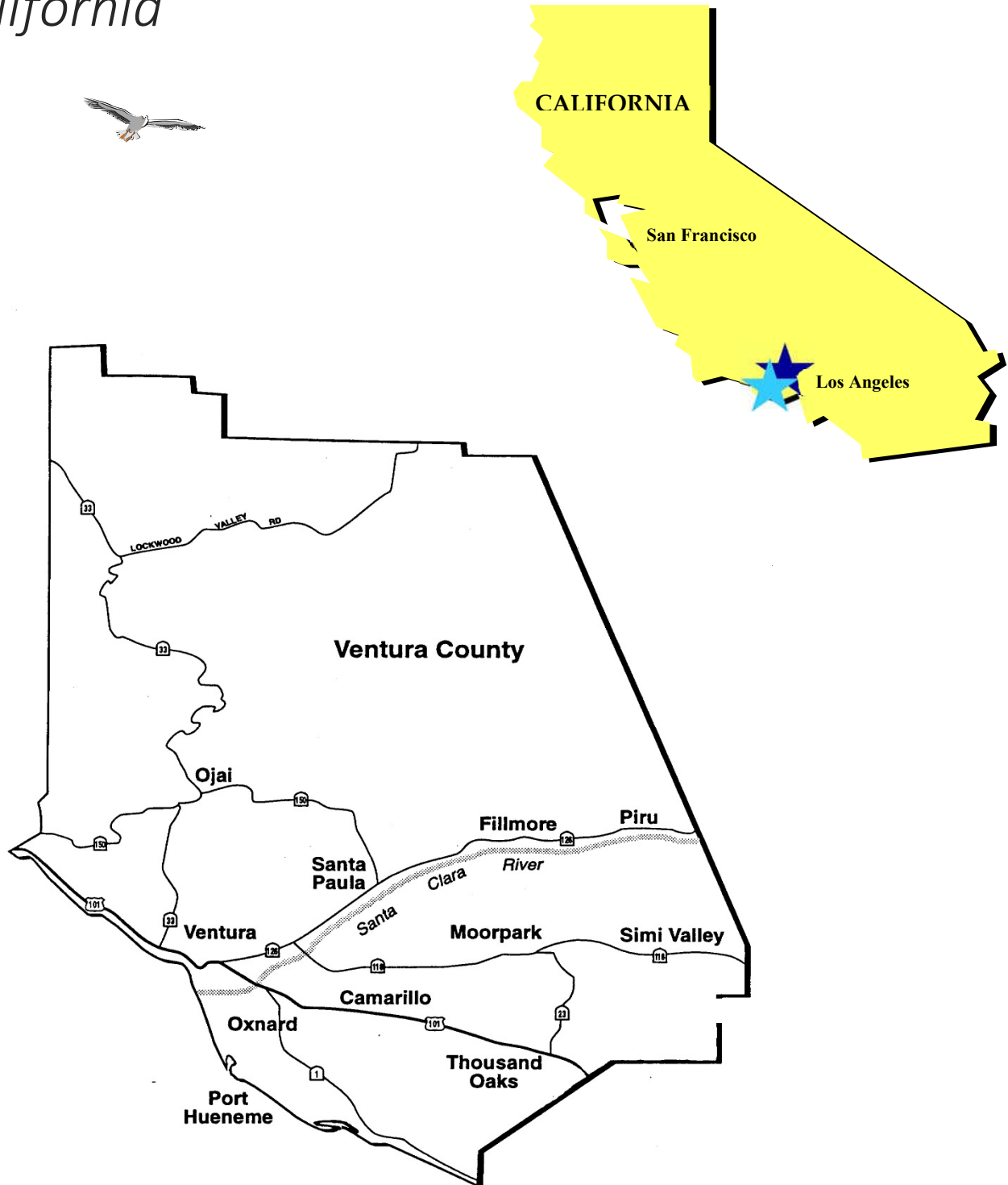
• **Solid Waste Sites**

-  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 Audit of the Financial Statements

Opinion

We have audited the financial statements of the Ventura Regional Sanitation District (the District) as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District, as of June 30, 2022, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations,

or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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.

Report on Summarized Comparative Information

We have previously audited the District's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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 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 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 6, 2022

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, 2022. 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 \$38.6 million (net position). The District's total net position decreased by \$4.4 million, or 10.3%, resulting primarily from an increase in the funding required for landfill closure/postclosure costs and the net deferred pension related inflows.
- During fiscal year 2022, the District's total revenues decreased by \$7.7 million, primarily due to a 24.6% decrease in disposal and sanitation fees collected and contract services revenue, as well as a decrease in the fair market value of District's investment portfolio.
- While Total expenses stayed relatively unchanged, increasing by 1.0% to \$20.5 million, there were however, some variations within various expense categories. Noteworthy was a \$2,463,000 increase in the required landfill closure and postclosure reserves, as well as a \$383,000 increase in depreciation and amortization expense. These increases were offset by \$2,570,000 in reduced operating expenses put in place to offset the anticipated decreases in operating revenues.

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 28-68 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 decreased \$4.4 million to \$38.6 million in FY 2022, down from \$43.0 million in FY 2021. More specifically the chart below identifies a \$7.5 million decrease in assets, a \$5.1 million decrease in liabilities, and a net \$2.0 million increase in deferred inflows/outflows activity.

The decrease in assets is primarily due to the decrease in cash and cash equivalents resulting from \$3.3 million in current year scheduled debt payments, a \$1.5 million decrease in the fair market value of the District's investment portfolio and a \$1.5 million capital outlays, as well as a \$1.0 million net reduction in capital assets resulting from the disposition of the remaining Biosolids/Microturbine Facility. The decrease in liabilities was comprised of current year scheduled debt payments, a \$1.7 million decrease in the net pension liability, as well as a \$1.5 million decrease in accounts payable due to the completion of the Toland Landfill Phase 4B capital project, offset by a \$1.2 million increase in landfill closure/postclosure reserves. Lastly, the net change in deferred outflows/inflows was primarily a result of \$2.0 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 2022</u>	<u>FY 2021</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 6,027	\$ 10,804	\$ (4,777)	-44.2%
Restricted current assets	9,341	7,238	2,103	29.1%
Restricted non-current assets	16,247	19,182	(2,935)	-15.3%
Capital assets, net	35,900	36,907	(1,007)	-2.7%
Non-current assets	7,525	8,369	(844)	-10.1%
Total assets	<u>75,040</u>	<u>82,500</u>	<u>(7,460)</u>	-9.0%
Deferred outflows of resources:	<u>4,808</u>	<u>2,767</u>	<u>2,041</u>	73.8%
Liabilities:				
Liabilities payable from unrestricted current assets	4,474	6,395	(1,921)	-30.0%
Liabilities payable from restricted current assets	724	817	(93)	-11.4%
Liabilities payable from unrestricted non-current assets	10,371	14,478	(4,107)	-28.4%
Liabilities payable from restricted non-current assets	19,835	18,817	1,018	5.4%
Total liabilities	<u>35,404</u>	<u>40,507</u>	<u>(5,103)</u>	-12.6%
Deferred inflows of resources:	<u>5,816</u>	<u>1,720</u>	<u>4,096</u>	238.1%
Net position:				
Net investment in capital assets	26,307	24,318	1,989	8.2%
Amounts restricted	5,603	7,868	(2,265)	-28.8%
Unrestricted amounts	6,718	10,854	(4,136)	-38.1%
Total net position	<u>\$ 38,628</u>	<u>\$ 43,040</u>	<u>\$ (4,412)</u>	-10.3%

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, \$26.3 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 \$5.6 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 \$6.7 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 2021</u>	<u>FY 2020</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
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%
Total assets	<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%
Liabilities:				
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%
Total liabilities	<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%
Net position:				
Net investment in capital assets	24,318	21,814	2,504	11.5%
Amounts restricted	7,868	6,729	1,139	16.9%
Unrestricted amounts	<u>10,854</u>	<u>11,015</u>	<u>(161)</u>	-1.5%
Total net position	<u>\$ 43,040</u>	<u>\$ 39,558</u>	<u>\$ 3,482</u>	8.8%

Net position increased by \$3.4 million to \$43.0 million in FY2021, 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 above 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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.

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 2022</u>	<u>FY 2021</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Operating revenues				
Disposal and sanitation fees	\$ 11,326	\$ 15,061	\$ (3,735)	-24.8%
Contract services	6,084	8,036	(1,952)	-24.3%
Other revenue	408	150	258	172.0%
Total operating revenues	<u>17,818</u>	<u>23,247</u>	<u>(5,429)</u>	-23.4%
Non-operating revenues				
Interest and investment earnings	(1,120)	101	(1,221)	-1208.9%
Gain on sales of capital assets, net	(633)	-	(633)	100.0%
Other, net	(9)	408	(417)	-102.2%
Total non- operating revenues	<u>(1,762)</u>	<u>509</u>	<u>(2,271)</u>	-446.2%
Total revenues	<u>16,056</u>	<u>23,756</u>	<u>(7,700)</u>	-32.4%
Expenses:				
Operating expenses	15,927	16,034	(107)	-0.7%
Depreciation and amortization	4,218	3,835	383	10.0%
Non-operating expenses	323	405	(82)	-20.2%
Total expenses	<u>20,468</u>	<u>20,274</u>	<u>194</u>	1.0%
Change in net position	<u>(4,412)</u>	<u>3,482</u>	<u>(7,894)</u>	226.7%
Net position, beginning of year	<u>43,040</u>	<u>39,558</u>	<u>3,482</u>	8.8%
Net position, end of year	<u>\$ 38,628</u>	<u>\$ 43,040</u>	<u>\$ (4,412)</u>	-10.3%

Total revenues decreased by \$7,700,000 or 32.4%, primarily due to a) a \$3,735,000 decrease in disposal and sanitation fees due to no longer receiving refuse from the City of Oxnard, comprising of approximately 25% of total tons processed in previous years, b) a \$1,952,000 decrease in contract services resulting from the elimination of administrative and accounting functions and the reduction of other services provided to Triunfo, as well as c) a \$1,550,000 decrease in the fair market value of the District's investment portfolio as a result of market

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

condition changes, offset by a \$329,000 increase in investment earnings due to the return on investment.

Total expenses increased by only \$194,000, or 1.0% from FY 2021. Most of the increase, \$2,463,000, is due to an increase in the required landfill closure and postclosure reserves mandated by State law, as well as a \$383,000 increase in depreciation and amortization expense. These increases were offset by \$2,570,000 in reduced operating expenses, of which \$1,744,000 was in salary and benefits cost to offset the loss in revenues.

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:				
Operating revenues				
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%
Total operating revenues	<u>23,247</u>	<u>22,323</u>	<u>924</u>	<u>4.1%</u>
Non-operating revenues				
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%
Total non- operating revenues	<u>509</u>	<u>2,113</u>	<u>(1,604)</u>	<u>-75.9%</u>
Total revenues	<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%
Total expenses	<u>20,274</u>	<u>22,934</u>	<u>(2,660)</u>	<u>-11.6%</u>
Change in net position	3,482	1,502	1,980	-131.8%
Net position, beginning of year	<u>39,558</u>	<u>38,056</u>	<u>1,502</u>	<u>3.9%</u>
Net position, end of year	<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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets

The District's investment in capital assets as of June 30, 2022, amounted to \$87.6 million (at cost) or \$35.9 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:	Balance 2021	Additions	Transfers/ Deletions	Balance 2022
Capital Assets:				
Non-depreciable assets	\$ 6,147	\$ 3,519	\$ (5,297)	\$ 4,369
Depreciable assets	79,437	5,743	(1,951)	83,229
Accumulated depreciation and amortization	(48,677)	(4,218)	1,197	(51,698)
Total capital assets, net	<u>\$ 36,907</u>	<u>\$ 5,044</u>	<u>\$ (6,051)</u>	<u>\$ 35,900</u>
Changes in capital asset amounts for 2021 were:	Balance 2020	Additions	Transfers/ Deletions	Balance 2021
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>

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

- Completion of Toland Landfill Phase 4B
- Continuation of Toland Road Landfill Flare Replacement and Gas Collection System
- Completion of the Toland Road Landfill CUP Extension
- Purchase of a Motor Road Grader

The prior year's major capital asset transactions included:

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Debt Administration

The District total debt outstanding at June 30, 2022, was \$9.6 million excluding capital leases, compensated absences, and other liabilities. During the year, retirement of debt amounted to \$3,011,212.

The table below summarizes the debt outstanding balances at June 30, 2022.

Direct Borrowings: Description of Project	Beginning Balance	Additions	Payments/ Deletions	Ending Balance	Amounts Due in One Year
<i>Malibu Bay Club</i>	\$ 1,055,713	\$ -	\$ (164,328)	\$ 891,385	\$ 168,811
<i>Toland Landfill Liner Biosolids Drying Facility Project</i>	307,061	-	(307,061)	-	-
<i>Biosolids Drying Facility/ Microturbine Project</i>	903,198	-	(598,952)	304,246	304,246
<i>Toland Landfill 3B Liner</i>	2,264,273	-	(737,787)	1,526,486	754,629
<i>Toland Landfill 4A Liner</i>	1,800,589	-	(380,419)	1,420,170	391,415
	6,296,309	-	(822,665)	5,473,644	847,028
Total long-term debt	<u>\$ 12,627,143</u>	<u>\$ -</u>	<u>\$ (3,011,212)</u>	<u>\$ 9,615,931</u>	<u>\$ 2,466,129</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 2022-23 Adopted Budget totals \$19,647,271, representing a 7.2% decrease when compared to the prior year.
- Malibu Bay Club sewer service charge per residential unit increased from \$116.53 to \$121.52, effective July 1, 2022. The FY2023 monthly sewer fee increased by a 4.29% inflationary rate increase per the current Ordinance No. 115 – inforce through June 30, 2025.
- The District's billable hourly rates for fiscal year 2022-23, effective July 1, 2022, on average, increased by 39% when compared to fiscal year 2021-22. The equipment usage rates increased 3% from fiscal year 2021-22.

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, 4105 W. Gonzales Road, Oxnard, California, 93036-2748. You may also visit the District's Web site at www.vrsd.com.

VENTURA REGIONAL SANITATION DISTRICT

STATEMENT OF NET POSITION

June 30, 2022 (with comparative data for June 30, 2021)

ASSETS	2022	2021
Current assets:		
Cash and cash equivalents	\$ 3,174,057	\$ 7,792,981
Accrued interest receivable	61,457	87,968
Accounts receivable – disposal and sanitation fees, net	1,257,244	1,470,842
Accounts receivable – contract services, net	1,121,729	1,074,400
Prepaid and other	412,614	377,802
Total current assets – unrestricted	<u>6,027,101</u>	<u>10,803,993</u>
Restricted current assets:		
Cash and cash equivalents	592,250	494,360
Investments	8,526,980	6,510,921
Notes receivable	177,241	171,553
Accrued interest receivable	44,124	60,630
Total current assets – restricted	<u>9,340,595</u>	<u>7,237,464</u>
Total current assets – unrestricted and restricted	<u>15,367,696</u>	<u>18,041,457</u>
Restricted non-current assets:		
Investments	15,524,178	18,290,885
Notes receivable	722,575	891,385
Total non-current assets – restricted	<u>16,246,753</u>	<u>19,182,270</u>
Non-current assets:		
Investments	7,398,105	8,368,824
Net OPEB asset	126,929	-
Capital assets, net	35,900,382	36,907,087
Total non-current assets – unrestricted	<u>43,425,416</u>	<u>45,275,911</u>
Total non-current assets – unrestricted and restricted	<u>59,672,169</u>	<u>64,458,181</u>
Total assets	<u>75,039,865</u>	<u>82,499,638</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	4,303,959	2,463,924
OPEB related	481,907	265,335
Loss on refunding of debt	22,449	38,198
Total deferred outflows of resources	<u>4,808,315</u>	<u>2,767,457</u>

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

VENTURA REGIONAL SANITATION DISTRICT

STATEMENT OF NET POSITION (continued) June 30, 2022 (with comparative data for June 30, 2021)

LIABILITIES	2022	2021
Current liabilities:		
Payable from current assets:		
Accounts payable and accrued expenses	\$ 1,323,585	\$ 2,504,717
Accrued wages and compensated absences	774,034	950,216
Accrued interest payable	78,771	93,125
Installment sale agreement - current portion	2,297,318	2,846,884
Payable from current assets – unrestricted	<u>4,473,708</u>	<u>6,394,942</u>
Payable from restricted current assets:		
Customer deposits	59,296	62,700
Landfill closure/postclosure costs - expected within one year	496,216	589,849
Installment purchase contract - current portion	168,811	164,327
Payable from current assets – restricted	<u>724,323</u>	<u>816,876</u>
Total current liabilities – unrestricted and restricted	<u>5,198,031</u>	<u>7,211,818</u>
Non-current liabilities:		
Payable from non-current assets:		
Net pension liability	3,298,093	4,978,935
Net OPEB liability	-	64,188
Installment sale agreement	6,427,228	8,724,547
Unearned revenue	375,984	375,984
Accrued wages and compensated absences	269,231	334,926
Payable from non-current assets – unrestricted	<u>10,370,536</u>	<u>14,478,580</u>
Payable from restricted non-current assets:		
Tierra Rejada Consortium reserve	24,461	25,589
Malibu Bay Club reserve	50,021	50,021
Landfill closure/postclosure costs	19,038,349	17,849,893
Installment purchase contract	722,574	891,385
Payable from non-current assets – restricted	<u>19,835,405</u>	<u>18,816,888</u>
Total non-current liabilities – unrestricted and restricted	<u>30,205,941</u>	<u>33,295,468</u>
Total liabilities	<u>35,403,972</u>	<u>40,507,286</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	5,352,142	1,657,228
OPEB related	463,570	62,490
Total deferred inflows of resources	<u>5,815,712</u>	<u>1,719,718</u>
NET POSITION		
Net investment in capital assets	26,306,900	24,318,142
Restricted for:		
Debt service	899,816	1,062,938
Landfill closure and postclosure costs	4,650,503	6,732,426
Tierra Rejada Consortium	3,483	-
Malibu Bay Club	49,997	72,315
Unrestricted	6,717,797	10,854,270
Total net position	<u>\$ 38,628,496</u>	<u>\$ 43,040,091</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, 2022 (with comparative data for June 30, 2021)

	2022	2021
Operating revenues:		
Disposal and sanitation fees	\$ 11,325,669	\$ 15,061,122
Contract services	6,084,140	8,036,130
Other revenue	408,605	149,855
Total operating revenues	<u>17,818,414</u>	<u>23,247,107</u>
Operating expenses:		
Salaries and benefits	7,944,845	9,689,261
Management and administrative	515,861	492,832
Services and supplies	2,745,015	2,906,022
Professional services	1,171,968	1,553,901
Facility maintenance	1,054,057	1,056,850
Provision for landfill closure/postclosure	1,455,176	(1,007,982)
Permits, licenses and fees	1,040,343	1,343,269
Total operating expenses	<u>15,927,265</u>	<u>16,034,153</u>
Operating income before depreciation and amortization	1,891,149	7,212,954
Depreciation and amortization	<u>(4,217,866)</u>	<u>(3,835,176)</u>
Operating income (loss)	<u>(2,326,717)</u>	<u>3,377,778</u>
Non-operating revenues (expenses):		
Interest and investment earnings	(1,119,540)	101,084
Gain (loss) on sales/disposals of capital assets, net	(632,973)	-
Interest expense	(323,141)	(405,826)
Tierra Rejada Consortium	(9,224)	372,422
Other, net	<u>-</u>	<u>36,109</u>
Total non-operating revenues (expenses), net	<u>(2,084,878)</u>	<u>103,789</u>
Change in net position	<u>(4,411,595)</u>	<u>3,481,567</u>
Net position, beginning of year	43,040,091	39,558,524
Net position, end of year	<u><u>\$ 38,628,496</u></u>	<u><u>\$ 43,040,091</u></u>

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

VENTURA REGIONAL SANITATION DISTRICT

STATEMENT OF CASH FLOWS

Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Receipts from customers for disposal and sanitation services	\$ 11,454,581	\$ 15,791,181
Receipts from customers for contract services	6,083,236	7,972,196
Receipts for other services	408,605	149,855
Payments to vendors for materials and services	(8,079,396)	(5,908,146)
Payments for salaries, benefits and contract labor	(8,018,934)	(9,983,443)
Net cash provided by operating activities	<u>1,848,092</u>	<u>8,021,643</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(3,965,463)	(3,115,881)
Principal received on notes receivable	163,122	163,288
Proceeds from the sale of capital assets	121,329	-
Principal paid on capital debt	(3,011,212)	(3,241,547)
Interest paid on capital debt	(321,746)	(401,521)
Net cash (used for) capital and related financing activities	<u>(7,013,970)</u>	<u>(6,595,661)</u>
Cash flows from investing activities:		
Interest and dividends from investments	473,728	133,290
Malibu Bay Club easement construction reserve	-	222,475
Proceeds from sales and maturities of investments	8,677,852	16,571,668
Purchases of investments	(8,506,736)	(12,699,907)
Net cash (used for) provided by investing activities	<u>644,844</u>	<u>4,227,526</u>
Net (decrease) increase in cash and cash equivalents	(4,521,034)	5,653,508
Cash and cash equivalents (unrestricted and restricted), beginning of year	<u>8,287,341</u>	<u>2,633,833</u>
Cash and cash equivalents (unrestricted and restricted), end of year	<u>\$ 3,766,307</u>	<u>\$ 8,287,341</u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$ 3,174,057	\$ 7,792,981
Restricted cash and cash equivalents	592,250	494,360
Total cash and cash equivalents	<u>\$ 3,766,307</u>	<u>\$ 8,287,341</u>

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, 2022 (with comparative data for June 30, 2021)

	<u>2022</u>	<u>2021</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income(loss)	<u>\$ (2,326,717)</u>	<u>\$ 3,377,778</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	4,217,866	3,835,176
Other non-operating revenues and expenses, net	(9,224)	408,531
Changes in assets and liabilities:		
(Increase)decrease in assets:		
Accounts receivable – disposal and sanitation fees, net	213,598	751,057
Accounts receivable – contract services, net	(47,329)	(171,863)
Net OPEB asset	(126,929)	-
Prepaid and other	(34,812)	(94,881)
Deferred outflows	(2,056,607)	249,738
Increase(decrease) in liabilities:		
Accounts payable and accrued expenses	(1,181,132)	1,512,081
Accrued wages and compensated absences	(241,877)	717,554
Customer deposits	(3,404)	7,750
Net pension liability	(1,680,842)	(690,992)
Net OPEB liability	(64,188)	(114,898)
Tierra Rejada Consortium reserve	(1,128)	25,589
Landfill closure/postclosure costs	1,094,823	(1,335,033)
Deferred inflows	<u>4,095,994</u>	<u>(455,944)</u>
Total adjustments	<u>4,174,809</u>	<u>4,643,865</u>
Net cash provided by operating activities	<u><u>\$ 1,848,092</u></u>	<u><u>\$ 8,021,643</u></u>
Noncash investing, capital, and financing activities:		
Fair value adjustment of investments	\$ (1,550,251)	\$ -

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

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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, 2022. 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, 2022 (with comparative data for June 30, 2021)

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, 2022 (with comparative data for June 30, 2021)

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, 2022 and 2021, 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, 2022 (with comparative data for June 30, 2021)

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 asset element, *deferred outflows of resources*, represent a consumption of net assets 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*, represent an acquisition of net assets 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, 2022 (with comparative data for June 30, 2021)

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, 2021	June 30, 2021
• Measurement Date:	June 30, 2021	June 30, 2022
• Measurement Period:	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022

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, 2021
- Measurement Date: June 30, 2022
- Measurement Period: July 1, 2021 to June 30, 2022

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. 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.

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

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

- 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 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 in an exchange or exchange-like transaction. The standard will be effective for the fiscal year ending June 30, 2023.

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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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 another 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:

	2022	2021
Cash and cash equivalents	\$ 3,174,057	\$ 7,792,981
Restricted cash and cash equivalents	592,250	494,360
Investments	7,398,105	8,368,824
Restricted investments	24,051,158	24,801,806
Total cash and investments	<u>\$ 35,215,570</u>	<u>\$ 41,457,971</u>

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

	2022	2021
Cash and cash equivalents:		
Local Agency Investment Fund (LAIF)	\$ 2,108,109	\$ 2,079,220
Ventura County Treasury Pool	59,231	59,935
California Asset Management Program	439,010	3,787,909
Sweep account	1,139,674	2,332,935
Claims cash account	20,283	27,342
Total cash and cash equivalents	<u>\$ 3,766,307</u>	<u>\$ 8,287,341</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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

	<u>2022</u>	<u>2021</u>
Deposits with financial institutions:		
Sweep account	\$ 1,139,674	\$ 2,332,935
Claims cash account	20,283	27,342
Investments:		
Federal Agency	6,060,044	8,809,370
Municipal Bonds	1,463,169	1,707,596
Asset-Backed	1,095,272	1,341,964
Corporate Notes	3,837,204	4,508,337
U.S. Treasury Notes	16,572,731	14,038,874
CD Negotiable	794,970	1,548,853
Supranational Obligations	779,264	472,363
Commercial Paper	121,609	-
Certificates of deposits	725,000	743,273
California Asset Management Program	439,010	3,787,909
Local Agency Investment Fund (LAIF)	2,108,109	2,079,220
Ventura County Treasury Pool	59,231	59,935
Total cash and investments	<u>\$ 35,215,570</u>	<u>\$ 41,457,971</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.

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

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) **Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)**

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, 2022, 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, 2022 and 2021, the carrying amount of cash in banks was \$1,159,957 and \$2,360,277, respectively, and the corresponding bank balance was \$1,183,259 and \$3,348,930. 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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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

Investment in State Investment Pool

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

Included in LAIF's investment portfolio are structured notes and other asset-backed securities and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The total amount invested by all public agencies in LAIF at June 30, 2022 and 2021 is \$29.8 billion and \$35.5 billion, respectively. LAIF is a part of the California Pooled Money Investment Account (PMIA), which at June 30, 2022 and 2021 had a balance of \$234.5 billion and \$193.3 billion, respectively. Of that amount, 1.14% and 0.74%, respectively, is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 311 days and 291 days as of June 30, 2022 and 2021, 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 \$2,108,109 and \$2,079,220 at June 30, 2022 and 2021, 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, 2022 (with comparative data for June 30, 2021)**

Investments at June 30, 2022:

<u>Investment Type</u>	Fair Value Total	Remaining Maturity (in months)		
		12 or Less	13-24	25-60
Federal Agency	\$ 6,060,044	\$ 1,042,904	\$ 2,699,811	\$ 2,317,329
Municipal Bonds	1,463,169	105,140	365,804	992,225
Asset-Backed	1,095,272	-	25,826	1,069,446
Corporate Notes	3,837,204	263,372	1,561,190	2,012,642
U.S. Treasury Notes	16,572,731	6,203,813	3,309,910	7,059,008
CD Negotiable	794,970	794,970	-	-
Supranational Obligations	779,264	-	-	779,264
Commercial Paper	121,609	116,781	4,828	-
Certificates of deposits	725,000	725,000	-	-
Money market funds	439,010	439,010	-	-
Local Agency Investment Fund (LAIF)	2,108,109	2,108,109	-	-
Ventura County Treasury Pool	59,231	59,231	-	-
Total	<u>\$ 34,055,613</u>	<u>\$ 11,858,330</u>	<u>\$ 7,967,369</u>	<u>\$ 14,229,914</u>

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	-	-
Program (CAMP)	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	-	-
Total	<u>\$ 39,097,694</u>	<u>\$ 13,181,258</u>	<u>\$ 8,847,257</u>	<u>\$ 17,069,179</u>

Credit Risk

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

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

Investment Type	Total as of June 30, 2022	Minimum Legal Rating	Exempt From Disclosure	AAA	AA- to AA+	A- to A+	BBB+	Not rated
Federal Agency	\$ 6,060,044	A	\$ -	\$ -	\$ 6,060,044	\$ -	\$ -	\$ -
Municipal Bonds	1,463,169	A	-	108,318	1,354,851	-	-	-
Asset-Backed	1,095,272	A	-	1,095,272	-	-	-	-
Corporate Notes	3,837,204	A	-	-	270,589	2,857,097	709,518	-
U.S. Treasury Notes	16,572,731	N/A	16,572,731	-	-	-	-	-
CD Negotiable	794,970	N/A	-	-	-	-	-	794,970
Supranational	779,264	N/A	-	211,539	-	-	59,822	507,903
Commercial Paper	121,609	N/A	-	-	-	-	-	121,609
Certificates of deposits	725,000	N/A	-	-	-	-	-	725,000
Money market funds	439,010	N/A	-	-	-	-	-	439,010
Local Agency Investment Fund (LAIF)	2,108,109	N/A	-	-	-	-	-	2,108,109
Ventura County Treasury Pool	59,231	N/A	-	-	-	-	-	59,231
Total	\$ 34,055,613		\$ 16,572,731	\$ 1,415,129	\$ 7,685,484	\$ 2,857,097	\$ 769,340	\$ 4,755,832

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
Obligations	472,363	N/A	-	211,539	-	-	59,822	201,002
Commercial Paper	-	N/A	-	-	-	-	-	-
Certificates of deposits	743,273	N/A	-	-	-	-	-	743,273
Money market funds	3,787,909	N/A	-	-	-	-	-	3,787,909
Local Agency Investment Fund (LAIF)	2,079,220	N/A	-	-	-	-	-	2,079,220
Ventura County Treasury Pool	59,935	N/A	-	-	-	-	-	59,935
Total	\$ 39,097,694		\$ 14,038,874	\$ 1,366,454	\$ 9,421,647	\$ 2,687,363	\$ 1,482,455	\$ 10,100,901

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, 2022 (with comparative data for June 30, 2021)

The District has the following recurring fair value measurements as of June 30, 2022:

Investments by Fair Value Level	Total as of June 30, 2022	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	\$ 6,060,044.0	-	6,060,044	-
Federal Home Loan Mortgage	-	-	-	-
Federal National Mortgage Association	-	-	-	-
Municipal Bonds	1,463,169	-	1,463,169	-
Asset-Backed	1,095,272	-	1,095,272	-
Corporate Notes	3,837,204	-	3,837,204	-
CD Negotiable	794,970	-	794,970	-
Supranational Obligations	779,264	-	779,264	-
Commercial Paper	121,609	-	121,609	-
U.S. Treasury Notes	16,572,731	16,572,731	-	-
Total investments measured by fair value level	\$ 30,724,263	16,572,731	14,151,532	-

Investments measured at the Net Asset Value
(NAV) which approximates fair value

Money market funds 439,010

Investments not subject to Fair Value hierarchy

Local Agency Investment Fund (LAIF) 2,108,109

Ventura County Treasury Pool 59,231

Certificates of deposits 725,000

2,892,340

Total \$ 34,055,613

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	-
Commercial Paper	-	-	-	-
U.S. Treasury Notes	14,038,874	14,038,874	-	-
Total investments measured by fair value level	\$ 32,427,357	\$ 14,038,874	\$ 18,388,483	\$ -

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 \$ 39,097,694

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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. There are no investments in any one issuer that represent more than 5% of the District's portfolio excluding U.S. Treasuries, Federal Agencies, Supranationals, and pooled investments such as LAIF, Ventura County Pool, money market funds, and shares of beneficial interest issued by Joint Powers Authorities.

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 \$10,097 and \$15,833 at June 30, 2022 and June 30, 2021, 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 \$11,987 and \$10,840 at June 30, 2022 and June 30, 2021, respectively.

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

June 30, 2022			
<u>Accounts Receivable - Trade</u>	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Disposal and sanitation	\$ 1,267,341	\$ (10,097)	\$ 1,257,244
Contract services	1,133,716	(11,987)	1,121,729
Total accounts receivable	<u>\$ 2,401,057</u>	<u>\$ (22,084)</u>	<u>\$ 2,378,973</u>
 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>

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, 2022 (with comparative data for June 30, 2021)

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>2022</u>	<u>2021</u>
Toland Landfill Phase 2C	\$ -	\$ 75,819
Toland Landfill Leachate System	13,844	13,844
Toland Landfill CUP Extension	-	381,421
Toland Scalehouse	16,143	16,143
Toland Deep Well & Pipeline	56,227	56,227
Toland Flare Replacement and Gas Collection	1,465,762	632,563
Toland Landfill Phase 4B	-	2,047,511
Accounting Software Conversion	-	105,988
Grand total	<u>\$ 1,551,976</u>	<u>\$ 3,329,516</u>

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

	Beginning Balance June 30, 2021	Additions	Deletions	Ending Balance June 30, 2022
Capital assets, not being depreciated				
Land	\$ 2,817,108	\$ -	\$ -	\$ 2,817,108
Construction-in-Progress	3,329,516	3,519,224	(5,296,764)	1,551,976
Total capital assets, not being depreciated	6,146,624	3,519,224	(5,296,764)	4,369,084
Capital assets, being depreciated				
Structures and improvements	62,536,516	5,180,013	(699,396)	67,017,133
Equipment	16,900,613	562,990	(1,251,662)	16,211,941
Total capital assets, being depreciated	79,437,129	5,743,003	(1,951,058)	83,229,074
Less accumulated depreciation for:				
Structures and improvements	38,070,562	3,122,278	(98,058)	41,094,782
Equipment	10,606,104	1,095,588	(1,098,701)	10,602,991
Total accumulated depreciation	48,676,666	4,217,866	(1,196,759)	51,697,773
Total capital assets, being depreciated, net	30,760,463	1,525,137	(754,299)	31,531,301
Net capital assets	<u>\$ 36,907,087</u>	<u>\$ 5,044,361</u>	<u>\$ (6,051,063)</u>	<u>\$ 35,900,385</u>

	Beginning Balance June 30, 2020	Additions	Deletions	Ending Balance June 30, 2021
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 being depreciated	3,262,923	2,899,619	(15,918)	6,146,624
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, being depreciated	79,204,949	232,180	-	79,437,129
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	44,841,490	3,835,176	-	48,676,666
Total capital assets, being 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, 2022 (with comparative data for June 30, 2021)

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%. The principal and interest was paid in full during the fiscal year.

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

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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%.

The following is a schedule of changes in long-term debt of the District for the fiscal year ended June 30, 2022:

Direct Borrowings:	Beginning Balance	Additions	Payments/ Deletions	Ending Balance	Amounts Due in One Year
1) Malibu Bay Club: Jun. 24, 2016	\$ 1,055,713	\$ -	\$ (164,328)	\$ 891,385	\$ 168,811
2) Toland Landfill Liner: Jan. 29, 2016	307,061	-	(307,061)	-	-
3) Biosolids Drying Facility Project: Jan. 29, 2016	903,198	-	(598,952)	304,246	304,246
4) Biosolids Drying Facility/ Microturbine Project: Jan. 29, 2016	2,264,273	-	(737,787)	1,526,486	754,629
5) Toland Landfill 3B Liner: Jan. 29, 2016	1,800,589	-	(380,419)	1,420,170	391,415
6) Toland Landfill 4A Liner: Jan. 29, 2016	6,296,309	-	(822,665)	5,473,644	847,028
Total long-term debt	<u>\$ 12,627,143</u>	<u>\$ -</u>	<u>\$ (3,011,212)</u>	<u>\$ 9,615,931</u>	<u>\$ 2,466,129</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

The following schedule illustrates the debt service requirements to maturity for loans outstanding as of June 30, 2022:

Fiscal Years Ending June 30,	Direct Borrowings		
	Principal	Interest	Total
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	1,139,918	53,686	1,193,604
2028	980,107	21,664	1,001,771
Total	\$ 9,615,931	\$ 734,226	\$ 10,350,157

6. Landfill Closure/Postclosure Costs

As the District's landfill sites reach capacity, the District is responsible for closing them in accordance with applicable regulatory requirements. The District is also responsible for postclosure maintenance of the Ozena Modified Sanitary Landfill, Toland Road Landfill, Coastal Landfill site, Bailard Landfill site, and for water monitoring of the River Ridge Landfill site (the latter under an agreement with the City of Oxnard). District engineers estimate expected closure and postclosure costs related to all of the District's landfill sites. These estimates are updated every five years, with the latest revision taking place in 2017. Such costs are accrued over the estimated useful life of each site. The amount accrued for closure and postclosure costs, using the estimated useful life, represents the ratio of refuse accepted at the site to the sites expected capacity multiplied by the sites total estimated closure and postclosure costs and are subject to changes resulting from inflation, deflation, technology or changes in applicable laws or regulations. The \$19,534,565 reported as landfill closure and postclosure care liability at June 30, 2022, represents the cumulative amount reported to date based on the use of 100% of estimated capacity for the closed landfills, and on 61.0% for the Toland Road Landfill. The District will recognize the remaining estimated cost of closure and postclosure care for the Toland Road Landfill of \$6,895,244 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 4.1% and 1.2% was included for the years 2022 and 2021, respectively. The District is in compliance with these requirements, and, at June 30, 2022, cash and cash equivalents and investments of \$24,554,577 are held for these purposes. These are reported as restricted assets on the Statement of Net Position.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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, 2022.

<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%	61.0%
<u>Closure/Postclosure Costs:</u>					
Closure Costs	\$ 13,541,650	\$ 9,954,107	\$ 250,000	\$ 2,250,000	\$ 6,910,773
Est. corrective action	535,674	393,009	-	-	589,478
Est. postclosure	4,147,128	3,666,374	467,394	1,741,316	10,187,373
Total costs	18,224,452	14,013,490	717,394	3,991,316	17,687,624
Closures/postclosure recognized	18,224,452	14,013,490	717,394	3,991,316	10,792,380
Remaining closure/postclosure to be recognized	\$ -	\$ -	\$ -	\$ -	\$ 6,895,244

(1) Estimated Closure Costs

<u>Remaining landfill life</u>	Closed FY 97	Closed FY 95	Closed FY 87	Closed FY 82	11 years
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The River Ridge site has been closed since 1982, the Ozena Landfill since 1987, the Coastal site since 1995, and the Bailard site since 1997. Postclosure costs for all four have been recognized.

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

Tierra Rejada Consortium Reserve:

The District is acting as the project manager to complete the mitigation process on the closed Tierra Rejada Landfill and as trustee of the Consortium's mitigation funds. The District does not own nor has it ever provided tonnage to the Tierra Rejada Landfill. The District was named project manager because of its expertise in the landfill closure/post-closure maintenance process. The Consortium is comprised of the District, the County of Ventura, Simi Valley County Sanitation District and Rancho Simi Recreation and Park District. 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 2022 and 2021, \$36,897 and \$33,873 in mitigation expenses were incurred at the Tierra Rejada Landfill, respectively. In addition to the on-going mitigation expenses, \$1,004 in repair costs were incurred during 2021 due to the Easy Fire.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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 and has been incorporated in the Solid Waste division. Selected segment information for the year ended June 30, 2022, is as follows:

Condensed Statement of Net Position

	Water and Wastewater	Solid Waste	Administration	Total
Current assets	\$ 304,127	\$ 5,088,000	\$ 634,974	\$ 6,027,101
Restricted current assets	266,072	9,074,523	-	9,340,595
Restricted non-current assets	722,575	15,524,178	-	16,246,753
Capital assets, net	2,568,249	33,170,436	161,697	35,900,382
Non-current assets	55,239	7,452,427	17,368	7,525,034
Total assets	<u>3,916,262</u>	<u>70,309,564</u>	<u>814,039</u>	<u>75,039,865</u>
Deferred outflows of resources	2,379,867	1,785,535	642,913	4,808,315
Liabilities payable from unrestricted current assets	508,939	3,834,794	129,975	4,473,708
Liabilities payable from restricted current assets	168,811	555,512	-	724,323
Liabilities payable from unrestricted non-current assets	2,293,439	7,994,646	82,451	10,370,536
Liabilities payable from restricted non-current assets	772,595	19,062,810	-	19,835,405
Total liabilities	<u>3,743,784</u>	<u>31,447,762</u>	<u>212,426</u>	<u>35,403,972</u>
Deferred inflows of resources	2,322,982	2,248,204	1,244,526	5,815,712
Net position				
Net investment in capital assets	1,684,345	24,460,858	161,697	26,306,900
Restricted	949,813	4,653,986	-	5,603,799
Unrestricted	(2,404,795)	9,284,289	(161,697)	6,717,797
Total net position (deficit)	<u>\$ 229,363</u>	<u>\$ 38,399,133</u>	<u>\$ -</u>	<u>\$ 38,628,496</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Water and Wastewater	Solid Waste	Administration	Total
Operating revenues:				
Disposal and sanitation fees	\$ -	\$ 11,325,669	\$ -	\$ 11,325,669
Contract services	5,912,985	82,186	88,969	6,084,140
Other revenue	220,594	142,302	45,709	408,605
Total operating revenues	6,133,579	11,550,157	134,678	17,818,414
Operating expenses:				
Salaries and benefits	3,852,291	3,318,762	773,792	7,944,845
Depreciation	322,858	3,841,943	53,065	4,217,866
Other operating expenses	1,412,343	6,102,500	467,577	7,982,420
Total operating expenses	5,587,492	13,263,205	1,294,434	20,145,131
Operating income	546,087	(1,713,048)	(1,159,756)	(2,326,717)
Non-operating revenues (expenses):				
Interest and investment earnings	39	(1,119,918)	339	(1,119,540)
Gain (Loss) on disposal of capital assets	46,060	(682,935)	3,902	(632,973)
Interest expense	(27,900)	(295,241)	-	(323,141)
Other non-operating revenue (expense)	-	(9,224)	-	(9,224)
Total non-operating revenues (expenses)	18,199	(2,107,318)	4,241	(2,084,878)
Transfers in/(out)	(670,198)	(485,317)	1,155,515	-
Change in net position	(105,912)	(4,305,683)	-	(4,411,595)
Net position (deficit), beginning of year	335,275	42,704,816	-	43,040,091
Net position (deficit), end of year	\$ 229,363	\$ 38,399,133	\$ -	\$ 38,628,496

Condensed Statement of Cash Flows

	Water and Wastewater	Solid Waste	Administration	Total
Net cash provided by operating activities	\$ 1,412,479	\$ 2,226,512	\$ (1,790,899)	\$ 1,848,092
Net cash (used for) non-capital financing activities	(670,198)	(485,317)	1,155,515	-
Net cash (used for) capital and related financing activities	180,409	(7,175,607)	(18,772)	(7,013,970)
Net cash provided by investing activities	39	644,466	339	644,844
Net increase (decrease) Cash and cash equivalents, beginning of year	922,729	(4,789,946)	(653,817)	(4,521,034)
Cash and cash equivalents, end of year	(1,713,141)	8,804,136	1,196,346	8,287,341
	\$ (790,412)	\$ 4,014,190	\$ 542,529	\$ 3,766,307

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 employers 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:

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

	VCERA Plan	PARS Plan	Total
Deferred Outflows of Resources -			
Pension Related	\$ 1,645,324	\$ 2,658,635	\$ 4,303,959
Net Pension Liability (asset)	(2,128,042)	5,426,135	3,298,093
Deferred Inflows of Resources -			
Pension Related	5,352,142	-	5,352,142
Pension expenses (credits)	(575,332)	1,533,791	958,459

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, 2022. 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.

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, 2022 are summarized as follows:

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

	Tier 1	Tier 2	PEPRA
Hire Date	Prior to July 1, 1979	July 1, 1979 to December 31, 2012	On or after January 1, 2013
Final Average Compensation	Highest 12 consecutive months	Highest 36 consecutive months	Highest 36 consecutive months
Normal Retirement Age	Age 55	Age 55	Age 55
Early Retirement: Years of service required and/or age eligible for	Age 70 an years 10 years age 50 30 years any age	Age 70 an years 10 years age 50 30 years any age	Age 70 an years 5 years age 52 N/A
Benefit percent per year of service for normal retirement age	The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from section 31676.11.	The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from section 31676.11.	The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from section 7522.20(a).
Final Average Compensation Limitation	100% of final compensation	100% of final compensation	May be over 100% subject to the provisions of PEPRA
Required employee contribution rates	Varies	Varies	Varies
Required employer contribution rates	15.90%	15.53%	14.49%

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

Contributions

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

Participating employers may pay a portion of the active members' contributions through negotiations and bargaining agreements.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

Employer Contributions to the Plan for the fiscal year ended June 30, 2022 were \$686,936. The actual employer payments of \$686,936 made to VCERA by the District during the measurement period ended June 30, 2022 differed from the District's proportionate share of the employer's contributions of \$905,970 by \$219,034, 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, 2021, using an annual actuarial valuation as of June 30, 2021. 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, 2021
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Actuarial Cost Method
Asset valuation method	Market Value of Assets
Actuarial Assumptions:	
Discount rate	7.00%
Inflation	2.50%
Real across-the-board salary increase	0.50%
Projected salary increase (1)	3.75% - 10.00%, varying by service, including inflation
Investment rate of return	7.00%, net of pension plan administration and investment expenses, including inflation
Cost of living adjustments	Increase of 2.50% per year
Mortality rate table (2)	Derived using VCERA participant data for all employers
(1) Includes inflation at 2.50% plus real across-the-board increases at 0.50% plus merit and promotion increases 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 scale MP-2017.	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) **Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)**

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap Equity	27.69%	5.39%
Small Cap Equity	3.96%	6.58%
Developed International Equity	16.04%	6.39%
Emerging Market Equity	4.31%	8.60%
Core Bonds	5.00%	0.83%
Treasuries	2.00%	0.00%
Real Estate	8.00%	5.01%
Private Equity	16.00%	10.00%
Private Debt/Credit Strategies	6.00%	5.02%
Infrastructure	4.00%	5.89%
Natural Resources	2.00%	11.24%
Absolute Return Fixed Income	5.00%	2.17%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.00% and 7.25% as of June 30, 2021 and 2020, respectively. 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, 2021 and 2020.

Pension Plan Fiduciary Net Position

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

Proportionate Share of Net Pension Liability

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

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2020 (VD)	\$ 39,426,216	\$ 34,603,682	\$ 4,822,534
Balance at: 6/30/2021 (MD)	30,287,310	32,415,352	(2,128,042)
Net changes during 2020-21	(9,138,906)	(2,188,330)	(6,950,576)
Valuation Date (VD), Measurement Date (MD)			

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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, 2021 (measurement date June 30, 2020)	0.585%
Proportionate share at June 30, 2022 (measurement date June 30, 2021)	0.422%
Change - Increase (Decrease)	(0.163%)

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, 2021, the measurement date, calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net Pension Liability (asset)	\$ 1,886,000	\$ (2,128,042)	\$ (5,442,846)

Recognition of Gains and Losses

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

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

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

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

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

There are differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2021. 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 5.24 years determined as of June 30, 2020 (the beginning of the measurement period ending June 30, 2021).

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 for the plan was \$4,822,534. For the measurement period ending June 30, 2021 (the measurement date), the District incurred pension credit of \$(575,332) for the Plan.

As of June 30, 2022, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in employer's proportion	\$ 273,987	\$ 801,247
Net difference between projected and actual earnings on pension plan investments	-	4,312,220
Difference between expected and actual experience in the Total Pension Liability	120,888	21,344
Changes in assumptions or other inputs	563,513	-
Difference between employer's contributions and the employer's proportionate share of contributions	-	217,331
Pension contributions subsequent to measurement date	686,936	-
Total	<u>\$ 1,645,324</u>	<u>\$ 5,352,142</u>

\$686,936 reported as deferred outflows of resources related to contributions subsequent to the measurement date are contributions made after the measurement date of the net pension liability but before the end of the District's reporting period, which will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal year.

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

Fiscal Year Ended June 30:	Deferred Outflows / (Inflows) of Resources
2023	\$ (269,271)
2024	(958,230)
2025	(1,133,236)
2026	(1,319,343)
2027	(26,738)
Thereafter	-

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) **Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)**

Payable to the Pension Plan

As of June 30, 2022, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

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.

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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

The Plan's provisions and benefits in effect at June 30, 2022, (measurement date) are summarized as follows:

	Group 1	Group 2
Hire Date	On or after January 1, 2004 but before "soft freeze" date of bargaining unit	On or after July 1, 2005, but before "soft freeze" date of bargaining unit
Benefit formula	CalPERS "2% @ 55" formula less VCERA Tier 1 or 2 formula	CalPERS "2% @ 55" formula less VCERA Tier 1 or 2 formula 2% COLA
Benefit vesting schedule	From date of hire	From date of hire
Benefit payments	Life-only annuity	Life-only annuity
Retirement age	On or after 50	On or after 50
Monthly benefits as a % of eligible compensation	Various, coordinated with VCERA benefits	Various, coordinated with VCERA benefits
Required employee contribution	1% of annual compensation	1% of annual compensation
Required employer contribution rates	17.94%	17.94%

Employees Covered

At June 30, 2021 (valuation date), the following employees were covered by the benefit terms:

	<u>PARS</u>
Active employees	16
Retirees and beneficiaries	4
Terminated, vest & other inactive	<u>40</u>
	<u>60</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate.

The total plan contributions are determined through PARS' actuarial valuation process, performed at least every two years. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Employer Contributions to the Plan for the fiscal year ended June 30, 2022 were \$277,203.

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

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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, 2022, using an annual actuarial valuation as of June 30, 2021. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

	PARS
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Actuarial assumptions:	
Discount rate	5.89%
Inflation	2.25%
Salary increase	2.75%
Investment rate of return	5.89%
Cost of living adjustment	2.00%
Mortality rate table	Pre-retirement: Headcount-Weighted RP-2014 Employee Mortality Table time 80%, projected generationally with the two-dimensional MP-2017 projection scale. Post-retirement: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (sex distinct) time 90% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2017.

All other actuarial assumptions used in the June 30, 2021 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.

Discount Rate

The discount rate used to measure the total pension liability was 5.89 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 5.89 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. Refer to the sensitivity of the net pension liability to changes in the discount rate section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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:

ass	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Real Rate of Return
US equity - large cap	26.50%	4.76%	7.26%
US equity - small/mid cap	12.50%	5.25%	7.75%
International equity	6.00%	5.41%	7.91%
Emerging market equity	3.25%	6.38%	8.88%
REITs	1.75%	4.53%	7.03%
Core fixed income	43.50%	2.01%	4.51%
High yield fixed income	1.50%	3.53%	6.03%
Cash and equivalents	5.00%	0.74%	3.24%
Total	100.00%		
Reduced for assumed investment expense			6.47%
			-0.58%
Net assumed investment return			5.89%

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 position have been determined on the same basis used by the pension Plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2021	\$ 9,544,926	\$ 9,388,525	\$ 156,401
Changes recognized for the measurement period:			
• Service cost	113,993	-	113,993
• Interest on the total pension liability	588,052	-	588,052
• Differences between expected and actual experience	3,027,936	-	3,027,936
• Effect of assumptions changes of inputs	576,202		576,202
• Contributions from the employer	-	277,203	(277,203)
• Contributions from employees	-	23,115	(23,115)
• Net investment income	-	(1,224,298)	1,224,298
• Administrative expenses	-	(39,571)	39,571
• Benefit payments, including refunds of employee contributions	(500,164)	(500,164)	-
Net changes during 2021-22	\$3,806,019	\$(1,463,715)	\$5,269,734
Balance at: 6/30/2022	\$ 13,350,945	\$ 7,924,810	\$ 5,426,135

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 5.89 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.89 percent) or 1 percentage-point higher (6.89 percent) than the current rate:

	1.00% Decrease (4.89%)	Current Discount Rate (5.89%)	1.00% Increase (6.89%)
Net Pension Liability	\$ 7,397,564	\$ 5,426,135	\$ 3,821,409

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss:

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) **Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)**

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

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

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

As of the start of the measurement period (July 1, 2021), the net pension liability is \$156,401.

For the measurement period ending June 30, 2022 (the measurement date), the District incurred a pension expense of \$1,533,791 for the Plan. A complete breakdown of the pension expense is as follows:

Components of Pension Expense	
Service Cost	\$ 113,993
Interest Cost	588,052
Expected investment income (net of investment expenses)	(578,273)
Employee contributions	(23,115)
Administrative expense	39,571
Recognition of deferred inflows/outflows of resources	
Economic/demographic gains or losses	1,172,484
Assumption changes or inputs	43,919
Investment gains or losses	177,160
Total pension expense	<u>\$ 1,533,791</u>

As of June 30, 2022, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 1,536,342
Changes of assumptions	292,359
Net difference between projected and actual earnings on plan investments	829,934
	-
Total	<u>\$ 2,658,635</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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

Fiscal Year Ended June 30:	Deferred Outflows / (Inflows) of Resources
2023	\$ 1,947,793
2024	224,165
2025	126,162
2026	360,515
2027	-
Thereafter	-
	<u>\$ 2,658,635</u>

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, 2021 (valuation date), the following participants were covered by the benefit terms under the District's healthcare plan:

Active employees	50
Retirees	12
Beneficiaries	<u>15</u>
Total	<u>77</u>

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2022, the District's contributions were \$241,155, which included an implicit subsidy of \$50,854.

Net OPEB Liability

The District's net OPEB liability is measured as of June 30, 2022 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022 (with comparative data for June 30, 2021)

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial method	Entry Age Normal
Amortization method:	
Level percent or level dollar	Level percent
Closed, open, or layered periods	Closed
Amortization period	16 years
Amortization growth rate	2.75%
Mortality	Based on assumptions for general members in the June 30, 2020 VCERA actuarial valuation.
Asset valuation method	Market value
Inflation	2.25%
Discount rate	4.45%
Salary increases	Graded scale based on service
Healthcare trend rates	6.7% for FY2022, gradually decreasing to 3.7% in FY2075 and later years.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.45 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 4.45 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.

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:

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Real Rate of Return
US equity - large cap	26.50%	4.76%	7.26%
US equity - small/mid cap	12.50%	5.25%	7.75%
International equity	6.00%	5.41%	7.91%
Emerging market equity	3.25%	6.38%	8.88%
REITs	1.75%	4.53%	7.03%
Core fixed income	43.50%	2.01%	4.51%
High yield fixed income	1.50%	3.53%	6.03%
Cash and equivalents	5.00%	0.74%	3.24%
Total	100.00%		

Changes in Net OPEB Liability

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

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c)=(a) - (b)
Balance at 6/30/2021	\$ 2,285,999	\$ 2,221,811	\$ 64,188
Changes recognized for the measurement period:			
Service cost	175,481	-	175,481
Interest on the total OPEB liability	115,036	-	115,036
Difference between expected and actual experience	(519,255)	-	(519,255)
Benefit payment	(79,359)	(79,359)	-
Changes of assumptions	14,514	-	14,514
Employer contributions	-	241,155	(241,155)
Net investment income	-	(250,893)	250,893
Administrative expenses	-	(13,369)	13,369
Net changes during 2021-22	(293,583)	(102,466)	(191,117)
Balance at 6/30/2022	\$ 1,992,416	\$ 2,119,345	\$ (126,929)

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 4.45 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 (3.45 percent) or 1 percentage-point higher (5.45 percent) than the current rate:

	1.00% Decrease (3.45%)	Current Discount Rate (4.45%)	1.00% Increase (5.45%)
Net OPEB Liability (Asset)	\$ 141,050	\$ (126,929)	\$ (346,595)

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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

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

	1.00% Decrease (3.45%)	Current Discount Rate (4.45%)	1.00% Increase (5.45%)
Net OPEB Liability (Asset)	\$ (407,827)	\$ (126,929)	\$ 227,827

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 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).

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$234,546. As of fiscal year ended June 30, 2022, the District reported deferred outflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	\$ 227,970	\$ 463,570
Changes in assumptions	13,994	-
Net difference between projected and actual earnings	239,943	-
Total	<u>\$ 481,907</u>	<u>\$ 463,570</u>

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)

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

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2023	\$ 30,412
2024	36,803
2025	37,351
2026	50,897
2027	(21,120)
Thereafter	(116,007)

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 2022 and 2021 was \$20,500 and \$19,500, respectively. Further, the contribution limit will increase to \$22,500 for 2023.

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 \$147,000 per employee and are paid by the District. Earnings subject to Social Security will increase by \$13,200 in 2023, to \$160,200. The District also pays contributions for Medicare of 1.45% of covered wages. Contributions made by the District for Social Security and Medicare for 2022 was \$382,755.

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, 2022, the District participated in the CSRMA risk sharing pool as follows:

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) **Fiscal Year Ended June 30, 2022 (with comparative data for June 30, 2021)**

- 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
- Malibu Bay Club Wastewater Collection and Treatment System

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2022 and 2021.

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.

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.

Required Supplementary Information



Ventura Regional Sanitation District

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2022



VENTURA REGIONAL SANITATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Fiscal Year Ended June 30, 2022

Ventura County Employees' Retirement Association (VCERA)

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

Measurement Date	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability(Asset)	Covered payroll ⁽¹⁾	Proportionate share of the Net Pension Liability (asset) as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability(Asset)
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%
6/30/2021	0.422%	\$ (2,128,042)	\$ 5,811,000	(36.62%)	107.03%

(1) Covered payroll represents earnable and pensionable compensation.

Schedule of Plan Contributions - Last 10 Years*

Fiscal Year	Contractually Required Contribution	Actual Employer Contributions	Contribution (Excess)/ Deficiency	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014-15	\$ 849,102	\$ 845,123	\$ 3,979	\$ 4,758,000	17.76%
2015-16	\$ 882,357	\$ 897,617	\$ (15,260)	\$ 4,948,000	18.14%
2016-17	\$ 901,879	\$ 857,714	\$ 44,165	\$ 5,194,000	16.51%
2017-18	\$ 851,903	\$ 914,793	\$ (62,890)	\$ 4,640,000	19.72%
2018-19	\$ 926,679	\$ 959,239	\$ (32,560)	\$ 5,311,000	18.06%
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%
2021-22	\$ 905,970	\$ 686,936	\$ 219,034	\$ 5,811,000	11.82%

* Fiscal year 2014-15 was the first year of implementation, therefore, only eight 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, it has subsequently changed to 7.00% in fiscal year 2022.

VENTURA REGIONAL SANITATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Fiscal Year Ended June 30, 2022

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	2021-22	2020-21	2019-20	2018-19
TOTAL PENSION LIABILITY				
Service Cost	\$ 113,993	\$ 110,135	\$ 129,489	\$ 125,717
Interest	588,052	574,048	706,597	679,136
Economic/demographic gains or losses	-	-	(1,193,384)	-
Difference Between Expected and Actual Experience	3,027,936			
Net Investment Income	-	-	-	-
Changes of Assumptions or Inputs	576,202	-	(897,252)	-
Benefit Payments, Including Refunds of Employee Contributions	(500,164)	(427,791)	(396,294)	(375,995)
Net Change in Total Pension Liability	3,806,019	256,392	(1,650,844)	428,858
Total Pension Liability - Beginning	9,544,926	9,288,534	10,939,378	10,510,520
Total Pension Liability - Ending (a)	\$ 13,350,945	\$ 9,544,926	\$ 9,288,534	\$ 10,939,378
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 277,203	\$ 742,615	\$ 1,069,387	\$ 547,428
Contributions - Employee	23,115	21,949	22,757	22,976
Net Investment Income	(1,224,298)	1,637,786	209,917	389,917
Benefit Payments, Including Refunds of Employee Contributions	(500,164)	(427,791)	(396,294)	(375,995)
Administrative Expenses	(39,571)	(39,579)	(37,372)	(36,833)
Net Change in Fiduciary Net Position	(1,463,715)	1,934,980	868,395	547,493
Plan Fiduciary Net Position - Beginning	9,388,525	7,453,545	6,585,150	6,037,657
Plan Fiduciary Net Position - Ending (b)	\$ 7,924,810	\$ 9,388,525	\$ 7,453,545	\$ 6,585,150
Plan Net Pension Liability - Ending (a) - (b)	\$ 5,426,135	\$ 156,401	\$ 1,834,989	\$ 4,354,228
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.36%	98.36%	80.24%	60.20%
Covered Payroll	\$ 1,458,911	\$ 2,194,897	\$ 2,275,736	\$ 2,296,318
Plan Net Pension Liability as a Percentage of Covered Payroll	371.93%	7.13%	80.63%	189.62%

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

Notes to Schedule:

Changes in Assumptions:

The long-term expected rate of return on plan investments changed from 6.25% to 5.89% based on updated capital market assumptions and updated rate of return assumptions provided by PARS.

The inflation adjustment was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

The payroll growth assumption was updated from 3.00% to 2.75% to reflect the change in inflation assumption.

The salary scale was updated to reflect the change in inflation adjustment

VENTURA REGIONAL SANITATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) Fiscal Year Ended June 30, 2022

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*

2017-18	2016-17	2015-16	2014-15	Measurement Period
				TOTAL PENSION LIABILITY
\$ 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
-	-	(207,599)	-	Net Investment Income
-	642,798	332,945	-	Changes of Assumptions or Inputs
(346,423)	(329,592)	(282,451)	(248,094)	Benefit Payments, Including Refunds of Employee Contributions
634,880	1,069,688	565,761	459,978	Net Change in Total Pension Liability
9,875,640	8,805,952	8,240,191	7,780,213	Total Pension Liability - Beginning
\$ 10,510,520	\$ 9,875,640	\$ 8,805,952	\$ 8,240,191	Total Pension Liability - Ending (a)
				PLAN FIDUCIARY NET POSITION
\$ 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
477,581	586,722	87,022	249,557	Net Change in Fiduciary Net Position
5,560,076	4,973,354	4,886,332	4,636,775	Plan Fiduciary Net Position - Beginning
\$ 6,037,657	\$ 5,560,076	\$ 4,973,354	\$ 4,886,332	Plan Fiduciary Net Position - Ending (b)
\$ 4,472,863	\$ 4,315,564	\$ 3,832,598	\$ 3,353,859	Plan Net Pension Liability - Ending (a) - (b)
57.44%	56.30%	56.48%	59.30%	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
\$ 2,718,992	\$ 2,843,429	\$ 3,397,512	\$ 3,072,800	Covered Payroll
164.50%	151.77%	112.81%	109.15%	Plan Net Pension Liability as a Percentage of Covered Payroll

VENTURA REGIONAL SANITATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Fiscal Year Ended June 30, 2022

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%
2021-22	\$ 410,829	\$ 277,203	\$ 133,626	\$ 1,458,911	19.00%

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

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2021 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level dollar Closed period Amortization period at 06/30/2021 - 20 years Amortization growth rate equals 0.00%
Asset Valuation Method	Market value of assets
Inflation	2.25%
Salary increases	Rates are based on an inflation rate of 2.25%, plus "across the board" salary increased of 0.50% per year, plus merit and promotional increases.
Payroll Growth	3.00%
Investment Rate of Return	5.89% 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, 2022

Other Post Employment Benefits

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

Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability					
Service cost	\$ 175,481	\$ 170,370	\$ 110,564	\$ 107,344	\$ 104,217
Interest on the total OPEB liability	115,036	105,413	84,947	78,886	72,982
Actual and expected experience difference	(519,255)	(3,720)	336,183	-	-
Changes in assumptions	14,514	-	1,648	-	-
Benefit payments	<u>(79,359)</u>	<u>(69,847)</u>	<u>(75,858)</u>	<u>(60,629)</u>	<u>(63,093)</u>
Net change in total OPEB liability	(293,583)	202,216	457,484	125,601	114,106
 Total OPEB liability - beginning	<u>2,285,999</u>	<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>\$ 1,992,416</u>	<u>\$ 2,285,999</u>	<u>\$ 2,083,783</u>	<u>\$ 1,626,299</u>	<u>\$ 1,500,698</u>
 Plan Fiduciary Net Position					
Contribution - employer	\$ 241,155	\$ 237,330	\$ 248,511	\$ 234,099	\$ 204,962
Net investment income	(250,893)	161,689	89,510	106,328	17,341
Benefit payments	(79,359)	(69,847)	(75,858)	(60,629)	(63,093)
Administrative expense	<u>(13,369)</u>	<u>(12,058)</u>	<u>(10,033)</u>	<u>(8,050)</u>	<u>-</u>
Net change in plan fiduciary net position	(102,466)	317,114	252,130	271,748	159,210
 Plan fiduciary net position - beginning	<u>2,221,811</u>	<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>\$ 2,119,345</u>	<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>\$ (126,929)</u>	<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	106.37%	97.19%	91.41%	101.62%	92.01%
 Covered-employee payroll	\$ 4,913,793	\$ 6,126,948	\$ 6,125,948	\$ 5,833,461	\$ 4,992,766
 Net OPEB liability(asset) as a percentage of covered-employee payroll	-2.58%	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, 2022

Other Post Employment Benefits

Schedule of Employer Contributions - Last 10 Years*

Fiscal Year Ended June 30,	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2018	\$ 119,584	\$ 204,962	\$ (85,378)	\$ 4,992,766	4.11%
2019	\$ 122,873	\$ 234,099	\$ (111,226)	\$ 5,833,461	4.01%
2020	\$ 188,946	\$ 248,511	\$ (59,565)	\$ 6,125,948	4.06%
2021	\$ 194,614	\$ 237,330	\$ (42,716)	\$ 6,126,948	3.87%
2022	\$ 154,268	\$ 241,155	\$ (86,887)	\$ 4,913,793	4.91%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2021 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 16-year period
Asset Valuation Method	Market value
Inflation	2.25% per annum
Payroll Growth	3% per annum, in aggregate
Long-term expected investment return	4.45%
Retirement Age	Based on assumptions for General members in the June 30, 2020 VCERA actuarial Valuation.
Mortality	Based on assumptions for General members in the June 30, 2020 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

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2022



SUPPLEMENTARY INFORMATION

TYPES OF OPERATIONS

Water and Wastewater The District assists in the management, operation and maintenance of water and wastewater facilities and equipment throughout Ventura County. Included are facilities owned by the Triunfo Water & Sanitation, Saticoy Sanitary and Camrosa Water Districts; Cities of Oxnard, Santa Paula, and Thousand Oaks; 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. Included in the Solid Waste Division are the debt service obligations for the Biosolids/Microturbine Electrical Generation facility that was written off the District's assets as of June 30, 2019. These obligations will be included 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, 2022

ASSETS	Water and Wastewater	Solid Waste	Administration	Total
Current assets:				
Cash and cash equivalents	\$ (879,243)	\$ 3,510,771	\$ 542,529	\$ 3,174,057
Accrued interest receivable	-	61,457	-	61,457
Accounts receivable – disposal and sanitation fees, net	-	1,257,244	-	1,257,244
Accounts receivable – contract services, net	1,073,326	27,453	20,950	1,121,729
Prepaid and other	110,044	231,075	71,495	412,614
Total current assets – unrestricted	304,127	5,088,000	634,974	6,027,101
Restricted current assets:				
Cash and cash equivalents	88,831	503,419	-	592,250
Investments	-	8,526,980	-	8,526,980
Notes receivable	177,241	-	-	177,241
Accrued interest receivable	-	44,124	-	44,124
Total current assets – restricted	266,072	9,074,523	-	9,340,595
Total current assets – unrestricted and restricted	570,199	14,162,523	634,974	15,367,696
Restricted non-current assets:				
Investments	-	15,524,178	-	15,524,178
Notes receivable	722,575	-	-	722,575
Total non-current assets – restricted	722,575	15,524,178	-	16,246,753
Non-current assets:				
Investments	-	7,398,105	-	7,398,105
Net OPEB asset	55,239	54,322	17,368	126,929
Capital assets, net	2,568,249	33,170,436	161,697	35,900,382
Total non-current assets – unrestricted	2,623,488	40,622,863	179,065	43,425,416
Total non-current assets – unrestricted and restricted	3,346,063	56,147,041	179,065	59,672,169
Total assets	3,916,262	70,309,564	814,039	75,039,865
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	2,162,662	1,564,326	576,971	4,303,959
OPEB related	209,724	206,241	65,942	481,907
Loss on refunding of debt	7,481	14,968	-	22,449
Total deferred outflows of resources	2,379,867	1,785,535	642,913	4,808,315

VENTURA REGIONAL SANITATION DISTRICT

COMBINING SCHEDULE OF NET POSITION (Continued)

June 30, 2022

LIABILITIES	Water and Wastewater	Solid Waste	Administration	Total
Current liabilities:				
Payable from current assets:				
Accounts payable and accrued expenses	151,469	1,141,539	30,577	\$ 1,323,585
Accrued wages and compensated absences	351,728	322,908	99,398	774,034
Accrued interest payable	5,742	73,029	-	78,771
Installment sale agreement – current portion	-	2,297,318	-	2,297,318
Payable from current assets – unrestricted	508,939	3,834,794	129,975	4,473,708
Payable from restricted current assets:				
Customer deposits	-	59,296	-	59,296
Landfill closure/postclosure costs – expected within one year	-	496,216	-	496,216
Installment purchase contract – current portion	168,811	-	-	168,811
Payable from current assets – restricted	168,811	555,512	-	724,323
Total current liabilities – unrestricted and restricted	677,750	4,390,306	129,975	5,198,031
Non-current liabilities:				
Payable from non-current assets:				
Net pension liability	2,239,567	1,091,604	(33,078)	3,298,093
Installment sale agreement	-	6,427,228	-	6,427,228
Unearned revenue	-	375,984	-	375,984
Accrued wages and compensated absences	53,872	99,830	115,529	269,231
Payable from non-current assets – unrestricted	2,293,439	7,994,646	82,451	10,370,536
Payable from restricted non-current assets:				
Tierra Rejada consortium reserve	-	24,461	-	24,461
Malibu Bay Club reserve	50,021	-	-	50,021
Landfill closure/postclosure costs	-	19,038,349	-	19,038,349
Installment purchase contract	722,574	-	-	722,574
Payable from non-current assets – restricted	772,595	19,062,810	-	19,835,405
Total non-current liabilities – unrestricted and restricted	3,066,034	27,057,456	82,451	30,205,941
Total liabilities	3,743,784	31,447,762	212,426	35,403,972
DEFERRED INFLOWS OF RESOURCES				
Pension related	2,121,238	2,049,810	1,181,094	5,352,142
OPEB related	201,744	198,394	63,432	463,570
Total deferred inflows of resources	2,322,982	2,248,204	1,244,526	5,815,712
NET POSITION				
Net investment in capital assets	1,684,345	24,460,858	161,697	26,306,900
Restricted for:				
Debt service	899,816	-	-	899,816
Landfill closure and postclosure costs	-	4,650,503	-	4,650,503
Tierra Rejada Consortium	-	3,483	-	3,483
Malibu Bay Club	49,997	-	-	49,997
Unrestricted amounts (deficit)	(2,404,795)	9,284,289	(161,697)	6,717,797
Total net position(deficit)	\$ 229,363	\$ 38,399,133	\$ -	\$ 38,628,496

VENTURA REGIONAL SANITATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2022

	Water and Wastewater	Solid Waste	Administration	Total
Operating revenues:				
Disposal and sanitation fees	\$ -	\$ 11,325,669	\$ -	\$ 11,325,669
Contract services	5,912,985	82,186	88,969	6,084,140
Other revenue	220,594	142,302	45,709	408,605
Total operating revenues	<u>6,133,579</u>	<u>11,550,157</u>	<u>134,678</u>	<u>17,818,414</u>
Operating expenses:				
Salaries and benefits	3,852,291	3,318,762	773,792	7,944,845
Management and administrative	136,906	275,465	103,490	515,861
Services and supplies	761,690	1,969,741	13,584	2,745,015
Professional services	279,531	671,864	220,573	1,171,968
Facility maintenance	188,426	759,063	106,568	1,054,057
Provision for landfill closure/postclosure	-	1,455,176	-	1,455,176
Permits, licences and fees	45,790	971,191	23,362	1,040,343
Total operating expenses	<u>5,264,634</u>	<u>9,421,262</u>	<u>1,241,369</u>	<u>15,927,265</u>
Operating income (loss) before depreciation and amortization	868,945	2,128,895	(1,106,691)	1,891,149
Depreciation and amortization	<u>(322,858)</u>	<u>(3,841,943)</u>	<u>(53,065)</u>	<u>(4,217,866)</u>
Operating income (loss)	<u>546,087</u>	<u>(1,713,048)</u>	<u>(1,159,756)</u>	<u>(2,326,717)</u>
Non-operating revenues (expenses):				
Interest and investment earnings (loss)	39	(1,119,918)	339	(1,119,540)
Gain (Loss) on disposal of capital assets	46,060	(682,935)	3,902	(632,973)
Interest expense	(27,900)	(295,241)	-	(323,141)
Tierra Rejada Consortium	-	(9,224)	-	(9,224)
Total non-operating revenues (expenses)	<u>18,199</u>	<u>(2,107,318)</u>	<u>4,241</u>	<u>(2,084,878)</u>
Income (loss) before transfers	<u>564,286</u>	<u>(3,820,366)</u>	<u>(1,155,515)</u>	<u>(4,411,595)</u>
Transfers in	-	-	1,155,515	1,155,515
Transfers out	<u>(670,198)</u>	<u>(485,317)</u>	<u>-</u>	<u>(1,155,515)</u>
Change in net position	<u>(105,912)</u>	<u>(4,305,683)</u>	<u>-</u>	<u>(4,411,595)</u>
Net position (deficit), beginning of year	<u>335,275</u>	<u>42,704,816</u>	<u>-</u>	<u>43,040,091</u>
Net position (deficit), end of year	<u>\$ 229,363</u>	<u>\$ 38,399,133</u>	<u>\$ -</u>	<u>\$ 38,628,496</u>

VENTURA REGIONAL SANITATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS Fiscal Year Ended June 30, 2022

	Water and Wastewater	Solid Waste	Administration	Total
Cash flows from operating activities:				
Receipts from customers for disposal and sanitation services	\$ -	\$ 11,454,581	\$ -	\$ 11,454,581
Receipts from customers for contract services	5,912,985	82,186	88,065	6,083,236
Receipts for other services	220,594	142,302	45,709	408,605
Payments to vendors for materials and services	(1,454,479)	(6,375,480)	(249,437)	(8,079,396)
Payments for salaries, benefits and contract labor	(3,266,621)	(3,077,077)	(1,675,236)	(8,018,934)
Net cash provided by (used for) operating activities	1,412,479	2,226,512	(1,790,899)	1,848,092
Cash flows from non-capital financing activities:				
Transfers from other funds	-	-	1,155,515	1,155,515
Transfers to other funds	(670,198)	(485,317)	-	(1,155,515)
Net cash provided by (used for) non-capital financing activities	(670,198)	(485,317)	1,155,515	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(3,937,845)	(27,618)	(3,965,463)
Principal received on notes receivable	163,122	-	-	163,122
Proceeds from sale of capital assets	209,003	(96,520)	8,846	121,329
Principal paid on capital debt	(164,327)	(2,846,885)	-	(3,011,212)
Interest paid on capital debt	(27,389)	(294,357)	-	(321,746)
Net cash provided by (used for) capital and related financing activities	180,409	(7,175,607)	(18,772)	(7,013,970)
Cash flows from investing activities:				
Interest and dividends from investments	39	473,350	339	473,728
Proceeds from sales and maturities of investments	-	8,677,852	-	8,677,852
Purchases of investments	-	(8,506,736)	-	(8,506,736)
Net cash provided by (used for) investing activities	39	644,466	339	644,844
Net increase (decrease) in cash and cash equivalents	922,729	(4,789,946)	(653,817)	(4,521,034)
Cash and cash equivalents (unrestricted and restricted), beginning of year	(1,713,141)	8,804,136	1,196,346	8,287,341
Cash and cash equivalents (unrestricted and restricted), end of year	\$ (790,412)	\$ 4,014,190	\$ 542,529	\$ 3,766,307
Reconciliation of cash and cash equivalents to statement of net position:				
Cash and cash equivalents	\$ (879,243)	\$ 3,510,771	\$ 542,529	\$ 3,174,057
Restricted cash and cash equivalents	88,831	503,419	-	592,250
Total cash and cash equivalents	\$ (790,412)	\$ 4,014,190	\$ 542,529	\$ 3,766,307

VENTURA REGIONAL SANITATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)

Fiscal Year Ended June 30, 2022

	Water and Wastewater	Solid Waste	Administration	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 546,087	\$ (1,713,048)	\$ (1,159,756)	\$ (2,326,717)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Deprecation and amortization	322,858	3,841,943	53,065	4,217,866
Other non-operating revenues and expenses, net	-	(9,224)	-	(9,224)
Changes in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable – disposal and sanitation fees, net	-	213,598	-	213,598
Accounts receivable – contract services, net	(105,126)	(27,453)	85,250	(47,329)
Net OPEB asset	(55,239)	(54,322)	(17,368)	(126,929)
Prepaid and other	(9,272)	(146,274)	120,734	(34,812)
Deferred outflows	(1,415,215)	(809,014)	167,622	(2,056,607)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	72,262	(1,265,550)	12,156	(1,181,132)
Accrued wages and compensated absences	75,388	(36,370)	(280,895)	(241,877)
Customer deposits	-	(2,500)	(904)	(3,404)
Net pension liability	480,738	(627,698)	(1,533,882)	(1,680,842)
Net OPEB liability	(23,735)	(24,749)	(15,704)	(64,188)
Tierra Rejada consortium reserve	-	(1,128)	-	(1,128)
Landfill closure/postclosure costs	-	1,094,823	-	1,094,823
Deferred inflows	1,523,733	1,793,478	778,783	4,095,994
Total adjustments	866,392	3,939,560	(631,143)	4,174,809
Net cash provided by (used for) operating activities	\$ 1,412,479	\$ 2,226,512	\$ (1,790,899)	\$ 1,848,092
Noncash investing, capital, and financing activities:				
Fair value adjustment to investments	\$ -	\$ (1,550,251)	\$ -	\$ -

VENTURA REGIONAL SANITATION DISTRICT

TIERRA REJADA CLOSED LANDFILL - MITIGATION AND MONITORING COSTS Fiscal Year Ended June 30, 2022

	Post Closure Environmental Monitoring	Post Closure Maintenance	Total
Mitigation expenses:			
Operating materials and supplies	\$ -	\$ 750	\$ 750
Operating services	-	339	339
Lab services and supplies	3,792	-	3,792
Contracted services	6,877	980	7,857
Environmental consultants	16,940	-	16,940
Professional services	-	1,725	1,725
Facility maintenance	225	368	593
Permit, fees and other	-	4,901	4,901
Total mitigation expenses	<u>\$ 27,834</u>	<u>\$ 9,064</u>	<u>\$ 36,897</u>
Mitigation funds received	<u>\$ 35,800</u>	<u>\$ 33,712</u>	<u>\$ 69,512</u>
Each party's obligation of mitigation funds	\$ 8,950	\$ 8,428	\$ 17,378
Each party's obligation of mitigation expenses	(6,958)	(2,266)	(9,224)
Each party's remaining obligation available/(deficit)	<u>\$ 1,992</u>	<u>\$ 6,162</u>	<u>\$ 8,154</u>
VRSD net obligation of mitigation expenses	<u>\$ 6,958</u>	<u>\$ 2,266</u>	<u>\$ 9,224</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.

Statistical Section



Ventura Regional Sanitation District

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2022



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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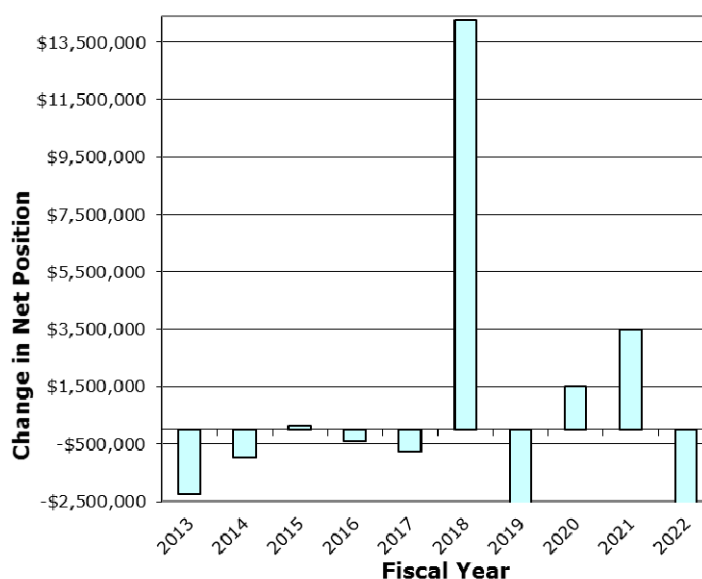
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Financial Trends	81
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	85
These schedules contain information to help the reader assess the District's most significant own-source revenues and wastewater service.	
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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.	
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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				
	2013	2014	2015	2016	2017
Changes in net position:					
Operating revenues ⁽⁴⁾	\$ 18,674,905	20,033,901	21,872,303	21,495,639	21,309,468
Operating expenses ⁽⁵⁾	(16,443,180)	(16,946,768)	(17,505,500)	(17,786,909)	(17,302,219)
Depreciation and amortization	(3,535,354)	(3,529,371)	(3,776,744)	(3,813,050)	(4,210,079)
Operating income(loss)	(1,303,629)	(442,238)	590,059	(104,320)	(202,830)
Non-operating revenues(expenses)					
Interest income	40,184	360,060	367,627	636,112	64,990
Gain/(loss) on sale of assets	-	4,832	(12,552)	47,883	1,100
Interest expense	(1,079,159) ⁽¹⁾	(1,002,525) ⁽¹⁾	(922,435) ⁽¹⁾	(909,095) ⁽¹⁾	(649,977)
Other revenue/(expense), net	95,021	108,262	95,784	(69,081)	40,783
Total non-operating revenues(expenses), net	(943,954)	(529,371)	(471,576)	(294,181)	(543,104)
Net income before capital contribution	(2,247,583)	(971,609)	118,483	(398,501)	(745,934)
Capital contributions	-	-	-	-	-
Changes in net position	\$ (2,247,583)	(971,609)	118,483	(398,501)	(745,934)
Net position by component:					
Net investment in capital assets	\$ 30,327,602	29,915,287	31,633,318	26,936,724	27,818,147
Amounts restricted	6,829,325	6,737,432	6,307,850	7,956,948	4,916,679
Unrestricted amounts	6,324,346 ⁽¹⁾	5,856,945 ⁽¹⁾	(2,110,647) ⁽¹⁾	538,348 ⁽¹⁾	1,951,260
Total net position	\$ 43,481,273	42,509,664 ⁽²⁾	35,830,521 ⁽²⁾	35,432,020 ⁽²⁾	34,686,086



Notes:

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

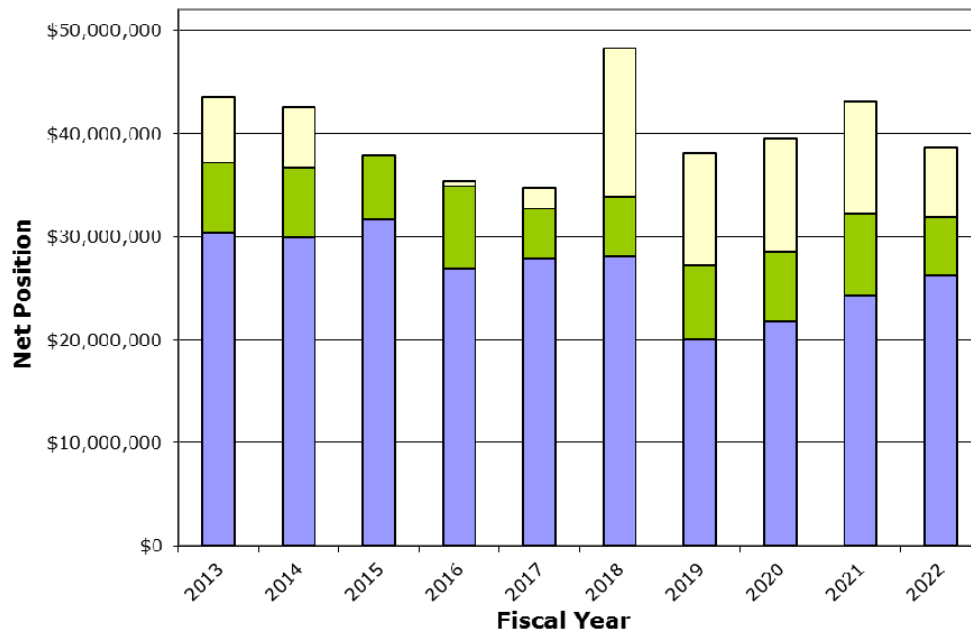
Source: Ventura Regional Sanitation District Finance Department

Ventura Regional Sanitation District

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

Last Ten Fiscal Years

Fiscal Year					
2018	2019	2020	2021	2022	
\$ 30,641,270	22,458,166	22,323,137	23,247,107	17,818,414	Changes in net position:
(12,921,127)	(18,163,525)	(17,738,380)	(16,034,153)	(15,927,265)	Operating revenues ⁽⁴⁾
(4,252,891)	(4,491,164)	(4,183,680)	(3,835,176)	(4,217,866)	Operating expenses ⁽⁵⁾
<u>13,467,252</u>	<u>(196,523)</u>	<u>401,077</u>	<u>3,377,778</u>	<u>(2,326,717)</u>	Depreciation and amortization
					Operating income(loss)
82,513	1,805,781	1,772,372	101,084	(1,119,540)	Non-operating revenues(expenses)
16,823	(11,448,766)	1,587	-	(632,973)	Interest income
(634,937)	(560,528)	(484,527)	(405,826)	(323,141)	Gain/(loss) on sale of assets
<u>1,352,219</u>	<u>168,512</u>	<u>(188,568)</u>	<u>408,531</u>	<u>(9,224)</u>	Interest expense
<u>816,618</u>	<u>(10,035,001)</u>	<u>1,100,864</u>	<u>103,789</u>	<u>(2,084,878)</u>	Other revenue/(expense), net
14,283,870	(10,231,524)	1,501,941	3,481,567	(4,411,595)	Total non-operating revenues(expenses), net
-	-	-	-	-	Net income before capital contributions
<u>\$ 14,283,870</u>	<u>(10,231,524)</u>	<u>1,501,941</u>	<u>3,481,567</u>	<u>(4,411,595)</u>	Capital contributions
					Changes in net position
\$ 28,047,030	20,052,322	21,814,680	24,318,142	26,306,900	Net position by component:
5,839,153	7,163,970	6,729,028	7,867,679	5,603,799	Net investment in capital assets
<u>14,401,924</u>	<u>10,840,291</u>	<u>11,014,816</u>	<u>10,854,270</u>	<u>6,717,797</u>	Amounts restricted
<u>\$ 48,288,107</u> ⁽³⁾	<u>38,056,583</u> ⁽³⁾	<u>39,558,524</u> ⁽³⁾	<u>43,040,091</u> ⁽³⁾	<u>38,628,496</u>	Unrestricted amounts
					Total net position

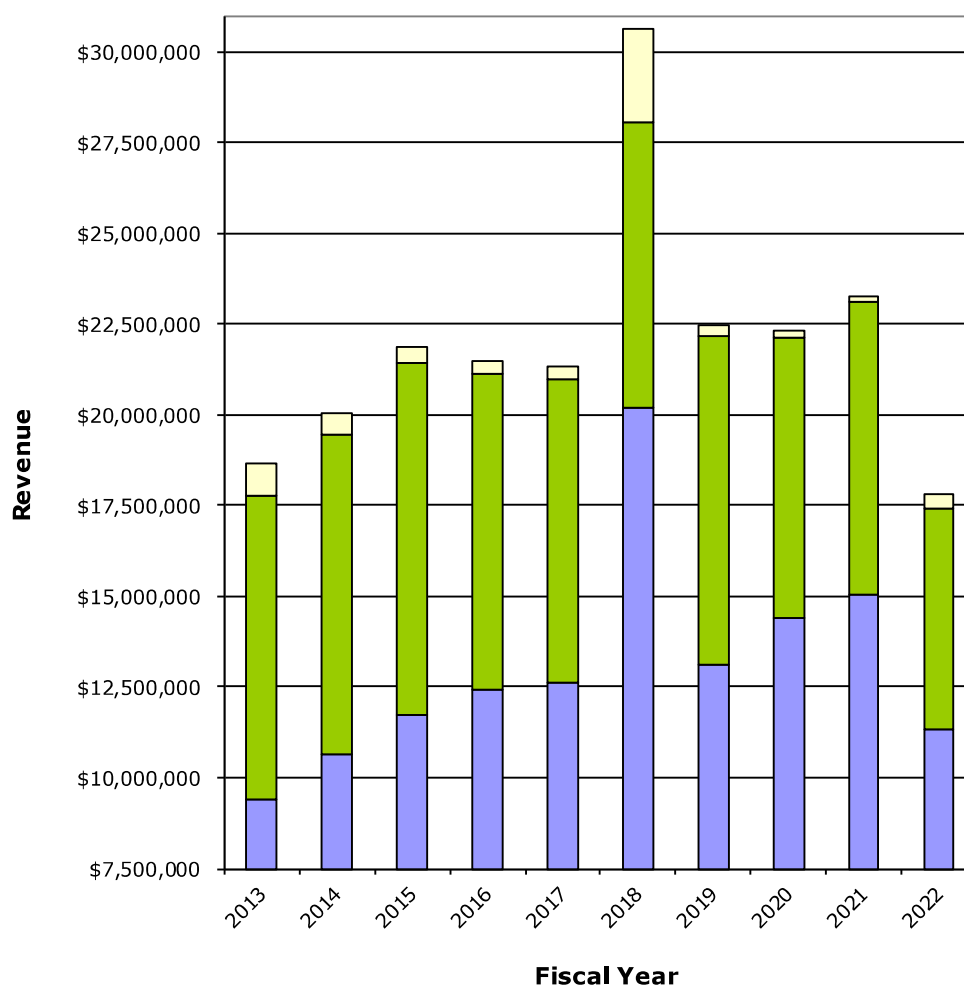


Ventura Regional Sanitation District

Operating Revenue by Source

Last Ten Fiscal Years

Fiscal Year	Disposal and Sanitation Fees	Contract Services	Other Revenues and Services	Total Operating Revenue
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
2022	11,325,669	6,084,140	408,605	17,818,414



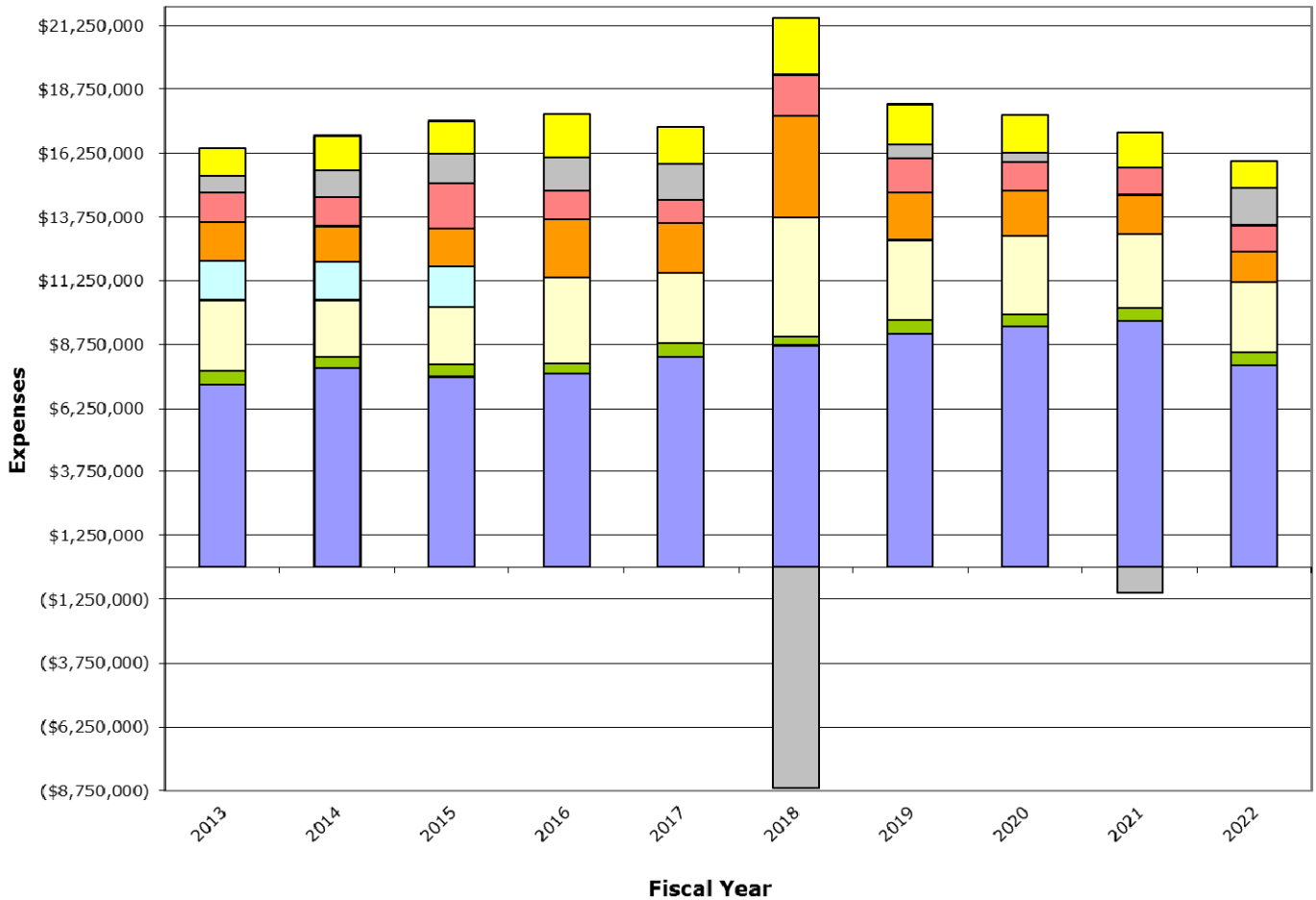
Source: Ventura Regional Sanitation District Finance Department

Ventura Regional Sanitation District

Operating Expenses by Activity

Last Ten Fiscal Years

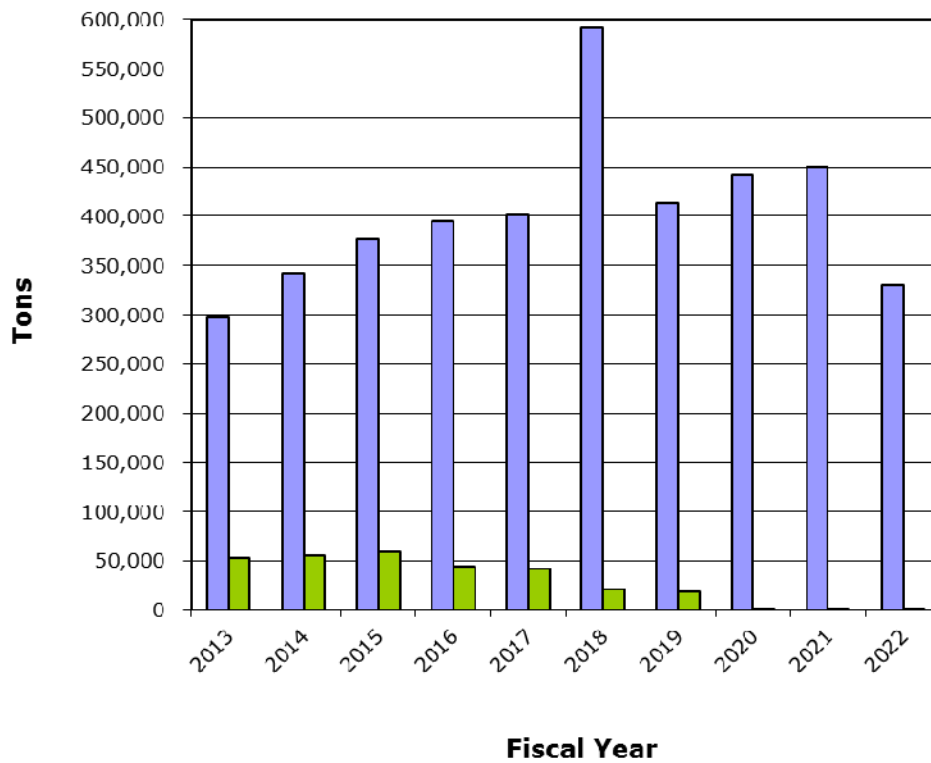
Fiscal Year	Salaries and Benefits	Management and Administrative	Services and Supplies	Contracted Services	Professional Services	Facility Maintenance	Provision for Landfill Closure and Postclosure	Permits, Licenses and Fees	Total Operating Expenses
2013	7,194,101	505,660	2,801,974	1,551,441	1,502,462	1,162,453	635,289	1,089,800	16,443,180
2014	7,838,224	413,873	2,248,325	1,518,522	1,369,881	1,153,284	1,055,618	1,349,041	16,946,768
2015	7,491,214	490,233	2,241,771	1,582,187	1,503,108	1,774,248	1,162,802	1,259,937	17,505,500
2016	7,602,026	421,601	3,346,233	-	2,284,767	1,115,384	1,306,015	1,710,883	17,786,909
2017	8,276,815	535,080	2,760,303	-	1,915,247	951,660	1,364,226	1,498,888	17,302,219
2018	8,705,859	378,310	4,653,117	-	3,966,343	1,641,778	(8,628,028)	2,203,748	12,921,127
2019	9,195,430	527,310	3,142,015	-	1,851,660	1,327,901	549,941	1,569,268	18,163,525
2020	9,443,115	465,949	3,094,852	-	1,762,139	1,124,887	385,844	1,461,594	17,738,380
2021	9,689,261	492,832	2,906,022	-	1,553,901	1,056,850	(1,007,982)	1,343,269	16,034,153
2022	7,944,845	515,861	2,745,015	-	1,171,968	1,054,057	1,455,176	1,040,343	15,927,265



Source: Ventura Regional Sanitation District Finance Department

Ventura Regional Sanitation District
Revenue Base
Last Ten Fiscal Years

Fiscal Year	Solid Waste Received (tons)	Biosolids Received (tons)
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
2022	330,532	256



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

Sources: Ventura Regional Sanitation District Finance Department

Ventura Regional Sanitation District
Revenue Rates⁽¹⁾⁽³⁾
Last Ten Fiscal Years

Tipping Fees⁽²⁾	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Refuse ⁽⁴⁾	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$39.60	\$40.39
Residual Refuse ⁽⁵⁾	34.54	34.54	34.54	34.54	34.54	34.54	34.54	34.54	34.54	40.39
Hard-to-handle ⁽⁶⁾	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	120.00

Notes:

(1) Rates as of June 30 of each fiscal year.

(2) Rates are per ton

(3) Rates only represent non-contracted rates. Contracted rates making up over 90% of disposed refuse is not included.

(4) "Refuse" is solid waste material legally permitted for disposal at the Landfill.

(5) "Residual Refuse" is refuse transported by transfer trucks routed from transfer/materials recovery facilities.

(6) "Hard-to-handle" fees apply to materials requiring special handling as determined by the Solid Waste Site Superintendent.

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

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

Customer	2022		2013	
	Tons Processed	Percentage of Total	Tons Processed	Percentage of Total
Gold Coast Recycling	282,929	85.5%	227,951	65.1%
City of Oxnard	-	N/A	39,846	11.4%
Oxnard Wastewater Treatment Plant	-	N/A	26,896	7.7%
Arakelian Enterprises, Inc.	15,454	4.7%	-	N/A
E.J. Harrison & Sons	14,514	4.4%	10,782	3.1%
City of Ventura Wastewater Treatment Plant	-	N/A	12,785	3.6%
Santa Clara Waste	-	N/A	4,036	1.2%
Hill Canyon Wastewater Treatment Plant	-	N/A	9,300	2.7%
Crown Disposal Company, Inc.	-	N/A	10,918	3.1%
Perc Water Corporation	-	N/A	2,753	0.8%
Aguilera Service	2,634	0.8%	-	N/A
General Construction Cleanup	1,943	0.6%	-	N/A
Santa Barbara County Resource	1,159	0.4%	-	N/A
Myers Equipment, Inc.	1,020	0.3%	-	N/A
HD Services Construction	1,010	0.3%	-	N/A
Ventura County PWA, Road Maintenance	814	0.2%	236	0.1%
M. Maintenance Construction	715	0.2%	-	N/A
Geske's Hauling Service, Inc.	550	0.2%	263	0.1%
Standard Industries	33	0.0%	199	0.1%
Fillmore Wastewater Treatment Plant	-	N/A	1,558	0.4%
JTZ Inc. DBA Zaccaro Roll-off	-	N/A	215	0.1%
Cash Customers	7,090	2.1%	2,717	0.8%
Other Customers	923	0.3%	405	0.1%
Total Tons Processed	330,788	100.0%	350,860	100.0%

Source: Ventura Regional Sanitation District

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

Fiscal Year	Total		
	Amount ⁽¹⁾	Per Capita ⁽²⁾	As a Share of Personal Income ⁽³⁾⁽⁴⁾
2013	\$23,086,368	33.89	0.068%
2014	21,313,850	31.07	0.059%
2015	19,461,538	28.23	0.051%
2016	28,086,421	40.62	0.072%
2017	25,134,020	36.31	0.063%
2018	22,120,239	31.91	0.053%
2019	19,032,418	27.51	0.043%
2020	15,868,691	23.29	0.034%
2021	12,627,143	18.63	0.025%
2022	9,615,932	14.28	0.020%

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
- (4) Ventura County Economic Forecast Summary - Estimates for 2022

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

District Total	Fiscal Year				
	2013	2014	2015	2016	2017
Revenue sources					
Operating revenues	\$ 13,342,394	\$ 14,456,429	\$ 15,804,940	\$ 15,348,667	\$ 15,206,961
Non-operating revenues	38,929	354,195	353,340	621,765	62,062
Total revenue sources	13,381,323	14,810,624	16,158,280	15,970,432	15,269,023
Expenses					
Operating expenses	9,459,671	9,637,740	10,054,954	10,016,270	9,427,194
Non-operating expenses	-	-	-	-	-
Total expenses	9,459,671	9,637,740	10,054,954	10,016,270	9,427,194
Change in net position	3,921,652	5,172,884	6,103,326	5,954,162	5,841,829
Installment payments					
Principal	1,696,163	1,772,519	1,852,312	2,043,316	2,952,400
Interest	1,085,291	1,008,935	929,142	952,437	690,788
Total installment payments	\$ 2,781,454	\$ 2,781,454	\$ 2,781,454	\$ 2,995,753	\$ 3,643,188
Coverage	1.4	1.9	2.2	2.0	1.6
<u>Solid Waste</u>					
Revenue sources					
Operating revenues	\$ 9,632,869	\$ 10,894,198	\$ 11,921,343	\$ 12,586,681	\$ 12,852,217
Non-operating revenues	37,270	348,189	351,066	616,587	60,931
Total revenue sources	9,670,139	11,242,387	12,272,409	13,203,268	12,913,148
Expenses					
Operating expenses	6,819,665	7,008,171	7,428,993	8,482,137	8,608,387
Non-operating expenses	-	-	-	-	-
Total expenses	6,819,665	7,008,171	7,428,993	8,482,137	8,608,387
Change in net position	2,850,474	4,234,216	4,843,416	4,721,131	4,304,761
Installment payments					
Principal	791,851	827,450	864,649	943,656	1,754,341
Interest	515,410	479,811	442,612	446,043	488,883
Total installment payments	\$ 1,307,261	\$ 1,307,261	\$ 1,307,261	\$ 1,389,699	\$ 2,243,224
<u>Biosolids</u>					
Revenue sources					
Operating revenues	\$ 3,709,525	\$ 3,562,231	\$ 3,883,597	\$ 2,761,986	\$ 2,354,744
Non-operating revenues	1,659	6,006	2,274	5,178	1,131
Total revenue sources	3,711,184	3,568,237	3,885,871	2,767,164	2,355,875
Expenses					
Operating expenses	2,640,006	2,629,569	2,625,961	1,534,133	818,807
Non-operating expenses	-	-	-	-	-
Total expenses	2,640,006	2,629,569	2,625,961	1,534,133	818,807
Change in net position	1,071,178	938,668	1,259,910	1,233,031	1,537,068
Installment payments					
Principal	904,312	945,069	987,663	1,099,660	1,198,059
Interest	569,881	529,124	486,530	506,394	201,905
Total installment payments	\$ 1,474,193	\$ 1,474,193	\$ 1,474,193	\$ 1,606,054	\$ 1,399,964

Source: Ventura Regional Sanitation District

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

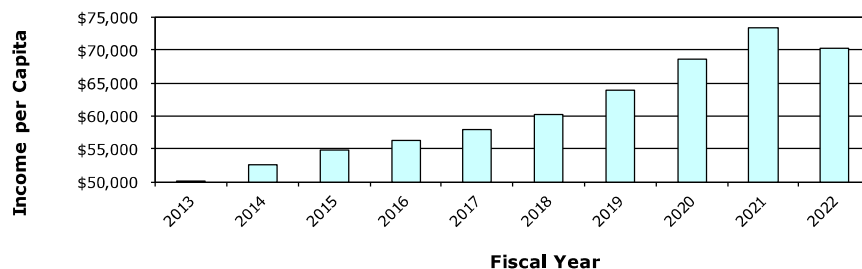
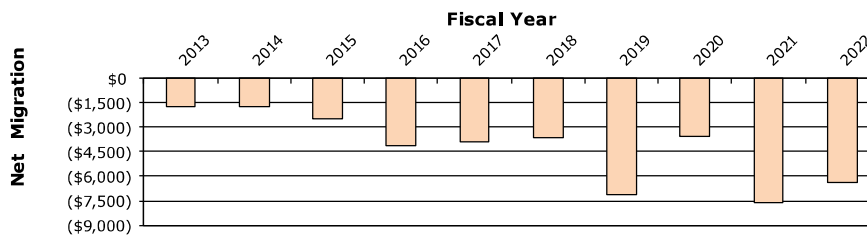
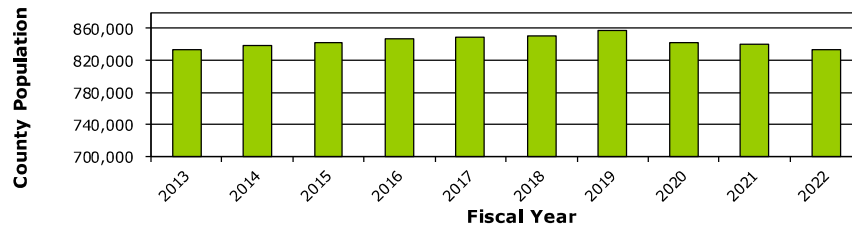
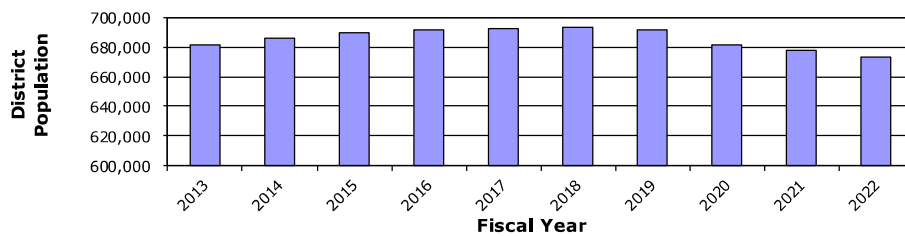
Fiscal Year					District Total
2018	2019	2020	2021	2022	
					Revenue sources
\$ 23,773,784	\$ 14,254,728	\$ 14,588,967	\$ 15,249,750	\$ 11,550,157	Operating revenues
73,913	1,565,617	1,564,705	31,406	-	Non-operating revenues
23,847,697	15,820,345	16,153,672	15,281,156	11,550,157	Total revenue sources
					Expenses
4,352,288	8,969,128	9,247,425	7,262,966	9,421,262	Operating expenses
-	-	-	-	1,119,918	Non-operating expenses
4,352,288	8,969,128	9,247,425	7,262,966	10,541,180	Total expenses
19,495,409	6,851,217	6,906,247	8,018,190	1,008,977	Change in net position
					Installment payments
3,013,781	3,087,822	3,163,728	3,241,547	3,011,210	Principal
629,408	555,367	479,461	401,642	321,861	Interest
\$ 3,643,189	\$ 3,643,189	\$ 3,643,189	\$ 3,643,189	\$ 3,333,071	Total installment payments
5.4	1.9	1.9	2.2	0.3	Coverage
					<u>Solid Waste</u>
					Revenue sources
\$ 22,540,839	\$ 13,277,859	\$ 14,563,795	\$ 15,242,841	\$ 11,550,157	Operating revenues
69,847	1,554,478	1,564,705	31,406	-	Non-operating revenues
22,610,686	14,832,337	16,128,500	15,274,247	11,550,157	Total revenue sources
					Expenses
4,052,019	8,424,630	9,168,132	7,246,275	9,421,262	Operating expenses
-	-	-	-	1,119,918	Non-operating expenses
4,052,019	8,424,630	9,168,132	7,246,275	10,541,180	Total expenses
18,558,667	6,407,707	6,960,368	8,027,972	1,008,977	Change in net position
					Installment payments
1,789,189	1,836,109	1,884,292	1,933,774	1,674,472	Principal
454,036	407,116	358,933	309,451	258,635	Interest
\$ 2,243,225	\$ 2,243,225	\$ 2,243,225	\$ 2,243,225	\$ 1,933,107	Total installment payments
					<u>Biosolids</u>
					Revenue sources
\$ 1,232,945	\$ 976,869	\$ 25,172	\$ 6,909	\$ -	Operating revenues
4,066	11,139	-	-	-	Non-operating revenues
1,237,011	988,008	25,172	6,909	-	Total revenue sources
					Expenses
300,269	544,498	79,293	16,691	-	Operating expenses
-	-	-	-	-	Non-operating expenses
300,269	544,498	79,293	16,691	-	Total expenses
936,742	443,510	(54,121)	(9,782)	-	Change in net position
					Installment payments
1,224,592	1,251,713	1,279,436	1,307,773	1,336,738	Principal
175,372	148,251	120,528	92,191	63,226	Interest
\$ 1,399,964	\$ 1,399,964	\$ 1,399,964	\$ 1,399,964	\$ 1,399,964	Total installment payments

Ventura Regional Sanitation District

Demographic Statistics

Last Ten Fiscal Years

County of Ventura						
Year	Population within District ⁽¹⁾	Unemployment Rate ⁽³⁾	Population (people) ⁽¹⁾	Net Migration (people) ⁽⁴⁾	Personal Income ⁽²⁾	Personal Income per Capita ⁽²⁾
2013	681,149	8.2%	833,801	(1,700) ⁽⁵⁾	42,328,733	50,165
2014	685,963	6.6%	838,601	(1,700) ⁽⁵⁾	44,702,273	52,544
2015	689,341	5.7%	842,946	(2,500) ⁽⁵⁾	47,182,666	54,834
2016	691,441	5.3%	846,922	(4,107)	48,503,552	56,356
2017	692,257	4.5%	848,921	(3,897)	49,994,234	57,944
2018	693,166	3.9%	850,802	(3,617)	52,515,048	60,207
2019	691,862	3.7%	856,598 ⁽¹⁾	(7,157)	53,964,282	63,833
2020	681,493	12.1%	842,886 ⁽¹⁾	(3,567)	57,863,763	68,647
2021	677,794	6.8%	840,093 ⁽¹⁾	(7,640)	61,619,080	73,375
2022	673,268	3.2%	833,652 ⁽¹⁾	(6,402)	61,900,000 ⁽⁴⁾	70,199 ⁽⁴⁾



Sources: (1) Population data obtained from California Department of Finance
 (2) U.S. Bureau of Economic Analysis CAINC1 Personal Income Summary
 (3) U.S. Bureau of Labor and Statistics, Local Area Unemployment Statistics, Metropolitan Area, not seasonally adjusted.
 (4) Ventura County Economic Forecast Summary - Estimates for 2022
 (5) Center for Economic Research & Forecasting-California Lutheran University:Ventura County Economy and Forecast 1Q22

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

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

Employer	2022^(a)			2013^(b)		
	Number of Employees	Rank	Percentage of Total Employed	Number of Employees	Rank	Percentage of Total Employed
United States Naval Base	19,000	1	4.96%	20,060	1	6.66%
County of Ventura	9,555 ⁽¹⁾	2	2.39%	8,485	2	2.82%
Amgen, Inc.	5,400	3	1.41%	6,000	3	1.99%
Bank of America	3,000	4	0.78%			
Blue Cross of CA (previously Wellpoint, Inc.)	2,500	5	0.65%	2,913	4	0.97%
Simi Valley Unified School District	2,500	5	0.65%	2,320	5	0.77%
Community Memorial Hospital	2,000	8	0.52%	2,021	6	0.67%
Dignity Health				1,938	7	0.64%
Conejo Valley Unified School District	2,100	7	0.55%	1,849	8	0.61%
Ventura Unified School District				1,796	9	0.60%
Ventura County Community College District	1,777	9	0.46%			
Los Robles Regional Med Center				1,600	10	0.53%
California Lutheran University	1,550	10	0.40%			
Total ten largest	49,382			48,982		16.26%
Total all other	346,218			361,418		88.06%
Total Employed in County	395,600	(c)		410,400		104.32%

Sources:

(a) The List, Ventura County Employers, Pacific Coast Business Times, 2021.

(b) 2013 Ventura County Real Estate and Economic Outlook as of January 2013.

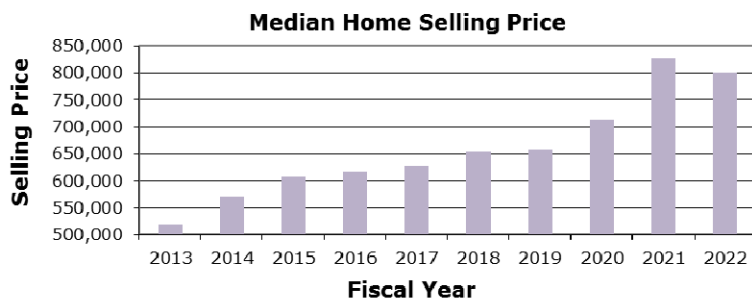
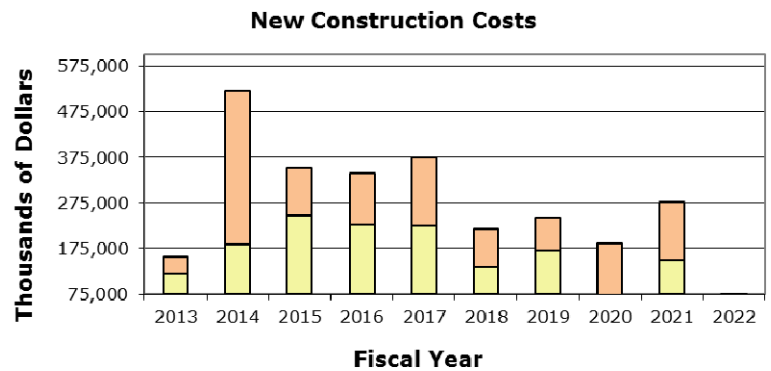
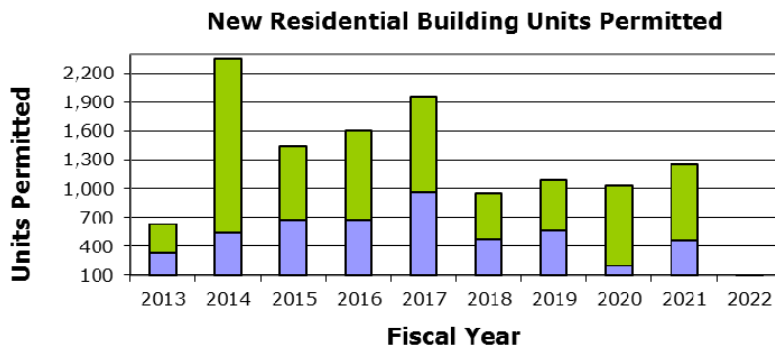
(c) State of California Employment Development Department: Extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2022 1st Edition.

Ventura Regional Sanitation District

Building Permits – County of Ventura

Last Ten Years

Fiscal Year	New Single Family Units (a)	New Multiple Family Units (a)	Total New Residential Units (a)	Total Single Family Unit Cost (000's) (a)	Total Multiple Family Unit Cost (000's) (a)	Total New Construction Costs (000's) (a)	Median Home Selling Price (dollars) (a)
2013	329	295	624	121,461	34,470	155,931	517,398
2014	536	1,814	2,350	184,973	336,466	521,439	570,530
2015	678	755	1,433	248,427	102,057	350,484	606,156
2016	669	940	1,609	227,814	113,165	340,979	616,727
2017	961	995	1,956	225,447	147,741	373,188	626,938
2018	474	481	955	133,746	84,824	218,570	654,006
2019	558	537	1,095	170,030	72,504	242,534	658,125
2020	191	832	1,023	48,401	138,077	186,478	712,500
2021	467	784	1,251	149,758	127,666	277,424	827,500
2022 (b)	NA	NA	1,387	NA	NA	NA	801,569



Sources:

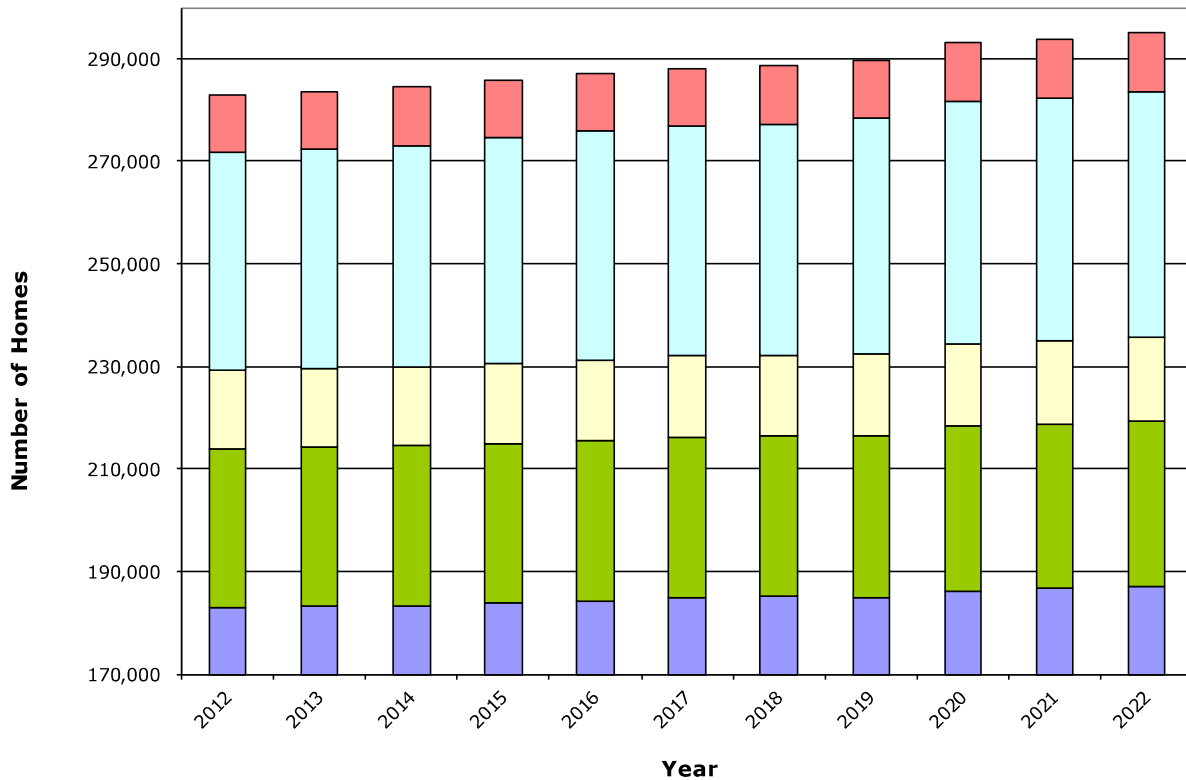
- (a) California Labor Market Info - Ventura County Economic Indicators; publication Oct-22
- (b) 2022 Ventura County Economic Outlook, prepared by The California Economic Forecast

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
2012	183,011	30,906	15,406	42,271	11,329	282,923
2013	183,151	30,966	15,560	42,561	11,337	283,575
2014	183,389	31,018	15,641	43,100	11,341	284,489
2015	183,775	31,038	15,759	43,890	11,346	285,808
2016	184,141	31,259	15,886	44,444	11,350	287,080
2017	184,761	31,270	15,953	44,738	11,352	288,074
2018	185,053	31,281	15,947	44,949	11,349	288,579
2019	184,929	31,539	15,981	45,848	11,350	289,647
2020	186,275	32,024	16,206	47,161	11,414	293,080
2021	186,712	32,136	16,179	47,308	11,416	293,751
2022	187,124	32,164	16,439	47,839	11,418	294,984



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

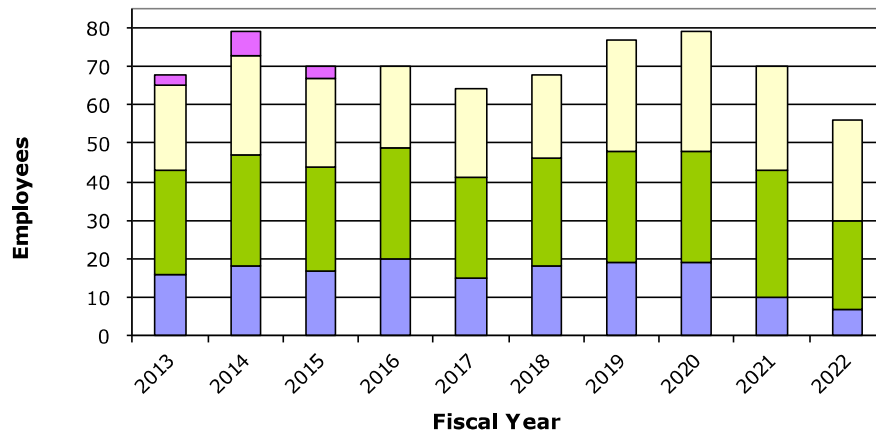
Ventura Regional Sanitation District

Operating and Capacity Indicators (continued)

Capital Asset Statistics by Function

District Employees by Department

Fiscal Year	Central Services	Water & Wastewater	Solid Waste	Biosolids	Total
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
2022	7	23	26	-	56



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)
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
2022	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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Wastewater										
Vehicles	23	24	27	26	26	28	22	26	26	17
Water truck	-	1	1	-	-	-	-	-	-	-
Forklifts/Hydraulic lifts	-	-	-	-	-	1	1	1	1	1
Golf Cart	1	1	1	-	-	-	1	1	1	-
Machinery & Equipment	14	16	16	15	15	15	17	17	18	15
Cranes	1	1	1	1	1	1	1	1	1	1
Heavy equipment	3	3	4	3	3	1	1	2	2	2
Trailers	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	2	2	2	2	2	2	2	2	2	2
Computer equipment	3	3	4	5	5	5	5	5	5	5
Site security system	1	1	1	1	1	1	1	1	1	1
Buildings	1	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	2	2	2	3	3	4	3	4	4	4
Solid Waste										
Vehicles	17	14	14	15	13	12	22	20	20	22
Golf Cart	1	1	1	2	2	2	1	1	1	2
Trailers	1	-	-	-	-	-	-	-	-	-
Machinery & Equipment	20	23	23	26	26	30	29	31	31	36
Forklifts/Hydraulic lifts	3	3	3	3	3	3	3	3	3	3
Heavy equipment	6	6	6	8	6	4	7	8	8	5
Compactor	2	2	2	2	2	2	2	2	2	1
Fuel truck	1	1	1	1	1	1	1	1	1	1
Water truck	2	2	2	2	2	3	3	3	3	3
Bulldozers	3	3	3	3	5	6	10	11	11	12
Computer equipment	9	10	11	13	13	13	13	13	14	14
Fuel tanks	3	3	3	3	3	3	3	3	3	3
Solar system	1	1	1	1	1	1	1	1	1	1
Buildings	3	3	3	4	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	1	1	1	1	1	1
Site security system	1	1	1	1	1	1	1	1	1	1
Leachate systems	2	2	2	1	1	-	-	-	-	-
Gas monitoring wells	3	4	4	4	4	4	4	4	4	4
Water wells	7	7	7	7	7	7	7	7	7	7
Water tanks	4	4	4	4	4	4	4	4	4	4
Land (acreage)	652	652	652	652	652	652	652	652	652	652
Biosolids										
Trailers	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	-
Microturbine generation station	1	1	1	1	1	1	1	1	1	-
Landfill gas treatment skid	1	1	1	1	1	1	1	1	1	-
Central Administration										
Vehicles	1	1	1	2	2	1	1	1	1	-
Machinery & Equipment	5	6	6	10	10	10	9	9	9	6
Furniture & Fixtures	5	6	6	2	2	2	2	2	2	-
Computer equipment	8	8	11	16	18	19	19	20	22	21

Sources: Ventura Regional Sanitation District Finance Department

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