

# Supplementary Section



Supplementary  
Section

## Ventura Regional Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2015 and June 30, 2014



## SUPPLEMENTARY INFORMATION

### TYPES OF OPERATIONS

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

**Solid Waste** The District manages six municipal waste landfills, only one of which is active. The Toland Road landfill is located in a confined, V-shaped canyon four miles east of Santa Paula and four miles west of Fillmore. The 161-acre site has been operated as a landfill since 1970.

**Biosolids/Microturbine Electrical Generation** The District's Biosolids facility converts Biosolids from local wastewater treatment facilities into EPA Class A recyclable material, using landfill gas to heat two 80-ton-per-day batch dryers. The end product is applied as alternative daily cover for refuse deposited at the landfill. The nine low emission microturbines uses compressed landfill gas to generate 2.32 megawatts of electricity. Roughly one-third is used to power the Biosolids facility and the remainder is delivered to the local power grid.

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

**VENTURA REGIONAL SANITATION DISTRICT  
SCHEDULE OF NET POSITION  
JUNE 30, 2015**

<b>ASSETS</b>	<b>Water and Wastewater</b>	<b>Solid Waste</b>	<b>Biosolids</b>	<b>Administration</b>	<b>Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ (4,700,468)	\$ 19,340,525	\$ (13,243,215)	\$ 430,385	\$ 1,827,227
Accrued interest receivable	-	57,683	-	3,288	60,971
Accounts receivable – disposal and sanitation fees, net	-	1,028,969	495,857	-	1,524,826
Accounts receivable – contract services, net	1,051,502	-	-	252,175	1,303,677
Prepaid and other	4,309	60,028	150,157	64,249	278,743
<b>Total current assets – unrestricted</b>	<b>(3,644,657)</b>	<b>20,487,205</b>	<b>(12,597,201)</b>	<b>750,097</b>	<b>4,995,444</b>
<b>Restricted current assets:</b>					
Cash and cash equivalents	-	207,161	-	-	207,161
Investments	-	8,102,092	-	-	8,102,092
Notes receivable	122,632	-	-	-	122,632
Accrued interest receivable	-	21,777	-	-	21,777
<b>Total current assets – restricted</b>	<b>122,632</b>	<b>8,331,030</b>	<b>-</b>	<b>-</b>	<b>8,453,662</b>
<b>Total current assets – unrestricted and restricted</b>	<b>(3,522,025)</b>	<b>28,818,235</b>	<b>(12,597,201)</b>	<b>750,097</b>	<b>13,449,106</b>
<b>Restricted non-current assets:</b>					
Investments	-	24,557,916	-	-	24,557,916
Notes receivable	1,767,582	-	-	-	1,767,582
<b>Total non-current assets – restricted</b>	<b>1,767,582</b>	<b>24,557,916</b>	<b>-</b>	<b>-</b>	<b>26,325,498</b>
<b>Non-current assets:</b>					
Investments - held-to-maturity	-	-	-	1,379,312	1,379,312
Capital assets, net	3,484,166	30,123,503	17,122,136	365,051	51,094,856
Net OPEB asset	193,131	165,123	19	223,717	581,990
<b>Total non-current assets – unrestricted</b>	<b>3,677,297</b>	<b>30,288,626</b>	<b>17,122,155</b>	<b>1,968,080</b>	<b>53,056,158</b>
<b>Total non-current assets – unrestricted and restricted</b>	<b>5,444,879</b>	<b>54,846,542</b>	<b>17,122,155</b>	<b>1,968,080</b>	<b>79,381,656</b>
<b>Total assets</b>	<b>1,922,854</b>	<b>83,664,777</b>	<b>4,524,954</b>	<b>2,718,177</b>	<b>92,830,762</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension contributions made subsequent to measurement date	326,901	293,785	69,671	253,180	943,537
Net difference between projected and actual earnings on pension plan investments	70,226	48,888	5,852	49,223	174,189
Changes in proportion	21,610	19,421	4,606	16,737	62,374
<b>Total deferred outflows of resources</b>	<b>418,737</b>	<b>362,094</b>	<b>80,129</b>	<b>319,140</b>	<b>1,180,100</b>

**VENTURA REGIONAL SANITATION DISTRICT  
SCHEDULE OF NET POSITION (CONTINUED)  
JUNE 30, 2015**

<b>LIABILITIES</b>	<b>Water and Wastewater</b>	<b>Solid Waste</b>	<b>Biosolids</b>	<b>Administration</b>	<b>Total</b>
Current liabilities:					
Payable from current assets:					
Accounts payable and accrued expenses	\$ 57,239	\$ 1,673,286	\$ 246,177	\$ 101,246	\$ 2,077,948
Accrued wages and compensated absences	238,149	212,199	33,017	180,598	663,963
Payable from current assets – unrestricted	<u>295,388</u>	<u>1,885,485</u>	<u>279,194</u>	<u>281,844</u>	<u>2,741,911</u>
Payable from restricted current assets:					
Customer deposits	-	39,399	-	-	39,399
Landfill closure/postclosure costs – expected within one year	-	2,821,608	-	-	2,821,608
Accrued interest payable - purchase and sales agreements	21,487	14,663	40,470	-	76,620
Installment purchase contract – current portion	118,642	-	-	-	118,642
Installment sale agreement – current portion	-	784,884	1,032,176	-	1,817,060
Payable from current assets – restricted	<u>140,129</u>	<u>3,660,554</u>	<u>1,072,646</u>	<u>-</u>	<u>4,873,329</u>
Total current liabilities – unrestricted and restricted	<u>435,517</u>	<u>5,546,039</u>	<u>1,351,840</u>	<u>281,844</u>	<u>7,615,240</u>
Non-current liabilities:					
Payable from non-current assets:					
Net pension liability	2,224,095	1,724,926	298,520	1,623,076	5,870,617
Payable from restricted non-current assets:					
Tierra Rejada consortium reserve	-	215,833	-	-	215,833
Landfill closure/postclosure costs	-	25,394,470	-	-	25,394,470
Installment purchase contract	1,754,300	-	-	-	1,754,300
Installment sale agreement	-	6,637,963	9,133,573	-	15,771,536
Payable from non-current assets – restricted	<u>1,754,300</u>	<u>32,248,266</u>	<u>9,133,573</u>	<u>-</u>	<u>43,136,139</u>
Total non-current liabilities – unrestricted and restricted	<u>3,978,395</u>	<u>33,973,192</u>	<u>9,432,093</u>	<u>1,623,076</u>	<u>49,006,756</u>
<b>Total liabilities</b>	<u>4,413,912</u>	<u>39,519,231</u>	<u>10,783,933</u>	<u>1,904,920</u>	<u>56,621,996</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Net difference between projected and actual earnings on pension plan investments	476,540	428,264	101,563	369,073	1,375,440
Differences between expected and actual experience	62,253	55,946	13,268	48,214	179,681
Changes in proportion	1,117	1,004	238	865	3,224
<b>Total deferred inflows of resources</b>	<u>539,910</u>	<u>485,214</u>	<u>115,069</u>	<u>418,152</u>	<u>1,558,345</u>
<b>NET POSITION</b>					
Net investment in capital assets	1,611,224	22,700,656	6,956,387	365,051	31,633,318
Restricted for:					
Debt service	1,890,214	-	-	-	1,890,214
Landfill closure and post-closure costs	-	4,417,636	-	-	4,417,636
Unrestricted amounts (deficit)	<u>(6,113,669)</u>	<u>16,904,134</u>	<u>(13,250,306)</u>	<u>349,194</u>	<u>(2,110,647)</u>
<b>Total net position(deficit)</b>	<u>\$ (2,612,231)</u>	<u>\$ 44,022,426</u>	<u>\$ (6,293,919)</u>	<u>\$ 714,245</u>	<u>\$ 35,830,521</u>

**VENTURA REGIONAL SANITATION DISTRICT  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Water and Wastewater</u>	<u>Solid Waste</u>	<u>Biosolids</u>	<u>Administration</u>	<u>Total</u>
<b>Operating revenues:</b>					
Disposal and sanitation fees	\$ -	\$ 11,745,287	\$ -	\$ -	\$ 11,745,287
Contract services	5,057,994	-	3,622,834	989,614	9,670,442
Utility electricity sales	-	-	235,273	-	235,273
Other revenue	11,271	176,056	25,490	8,484	221,301
Total operating revenues	<u>5,069,265</u>	<u>11,921,343</u>	<u>3,883,597</u>	<u>998,098</u>	<u>21,872,303</u>
<b>Operating expenses:</b>					
Salaries and benefits	2,744,110	2,465,316	542,575	1,739,213	7,491,214
Management and administrative	54,157	98,910	80,291	256,875	490,233
Operating materials and supplies	750,156	1,021,861	422,642	47,112	2,241,771
Contract services – labor	35,187	167,017	-	155,590	357,794
Contract services – materials and supplies	210,904	191,733	816,515	5,241	1,224,393
Professional services	106,753	414,118	78,535	903,702	1,503,108
Facility maintenance	188,307	845,354	540,969	199,618	1,774,248
Provision for landfill closure/postclosure	-	1,162,802	-	-	1,162,802
Permits, licences and fees	30,008	1,061,882	144,434	23,613	1,259,937
Total operating expenses	<u>4,119,582</u>	<u>7,428,993</u>	<u>2,625,961</u>	<u>3,330,964</u>	<u>17,505,500</u>
Operating income (loss) before depreciation and amortization	949,683	4,492,350	1,257,636	(2,332,866)	4,366,803
Depreciation and amortization	<u>(253,519)</u>	<u>(2,348,513)</u>	<u>(1,076,964)</u>	<u>(97,748)</u>	<u>(3,776,744)</u>
Operating income (loss)	<u>696,164</u>	<u>2,143,837</u>	<u>180,672</u>	<u>(2,430,614)</u>	<u>590,059</u>
<b>Non-operating revenues(expenses):</b>					
Interest and investment earnings	2,520	351,066	2,274	11,767	367,627
Gain (loss) on sales and/or disposals of capital assets, net	300	(12,852)	-	-	(12,552)
Interest expense	(92,692)	(346,890)	(482,853)	-	(922,435)
Other, net	95,686	95	3	-	95,784
Total non-operating revenues(expenses)	<u>5,814</u>	<u>(8,581)</u>	<u>(480,576)</u>	<u>11,767</u>	<u>(471,576)</u>
Income (loss) before transfers	<u>701,978</u>	<u>2,135,256</u>	<u>(299,904)</u>	<u>(2,418,847)</u>	<u>118,483</u>
Transfers in	762,379	1,921,862	139,243	2,487,800	5,311,284
Transfers out	<u>(1,247,736)</u>	<u>(3,288,336)</u>	<u>(767,120)</u>	<u>(8,092)</u>	<u>(5,311,284)</u>
Change in net position	216,621	768,782	(927,781)	60,861	118,483
Net position (deficit), beginning of year	(295,511)	45,273,669	(4,990,700)	2,522,206	42,509,664
Cumulative effect of accounting changes	<u>(2,533,341)</u>	<u>(2,020,025)</u>	<u>(375,438)</u>	<u>(1,868,822)</u>	<u>(6,797,626)</u>
Net position (deficit), beginning of year, as restated	<u>(2,828,852)</u>	<u>43,253,644</u>	<u>(5,366,138)</u>	<u>653,384</u>	<u>35,712,038</u>
Net position (deficit), end of year	<u>\$ (2,612,231)</u>	<u>\$ 44,022,426</u>	<u>\$ (6,293,919)</u>	<u>\$ 714,245</u>	<u>\$ 35,830,521</u>

**VENTURA REGIONAL SANITATION DISTRICT  
SCHEDULE OF CASH FLOWS  
FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Water and Wastewater</u>	<u>Solid Waste</u>	<u>Biosolids</u>	<u>Administration</u>	<u>Total</u>
Cash flows from operating activities:					
Receipts from customers for disposal and sanitation services	\$ -	\$ 11,617,643	\$ (233,753)	\$ -	\$ 11,383,890
Receipts from customers for contract services	5,162,871	-	3,622,834	877,004	9,662,709
Receipts from customers for utility electricity sales	-	-	235,273	-	235,273
Receipts for other services	106,957	176,151	25,493	8,484	317,085
Payments to vendors for materials and services	(1,403,623)	(3,432,674)	(2,245,229)	(1,423,938)	(8,505,464)
Payments for salaries, benefits and contract labor	(2,945,380)	(2,780,499)	(595,436)	(2,040,110)	(8,361,425)
Net cash provided by (used for) operating activities	<u>920,825</u>	<u>5,580,621</u>	<u>809,182</u>	<u>(2,578,560)</u>	<u>4,732,068</u>
Cash flows from non-capital financing activities:					
Transfers in (out)	<u>(485,357)</u>	<u>(1,366,474)</u>	<u>(627,877)</u>	<u>2,479,708</u>	<u>-</u>
Net cash provided by (used for) non-capital financing activities	<u>(485,357)</u>	<u>(1,366,474)</u>	<u>(627,877)</u>	<u>2,479,708</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(294,014)	(3,279,778)	-	(115,212)	(3,689,004)
Principal received on notes receivable	109,258	-	-	-	109,258
Proceeds from the sale of capital assets	1,471	32,517	-	-	33,988
Principal paid on capital debt	(113,145)	(751,504)	(987,663)	-	(1,852,312)
Interest paid on capital debt	(93,990)	(348,620)	(486,530)	-	(929,140)
Net cash (used for) capital and related financing activities	<u>(390,420)</u>	<u>(4,347,385)</u>	<u>(1,474,193)</u>	<u>(115,212)</u>	<u>(6,327,210)</u>
Cash flows from investing activities:					
Interest on cash and cash equivalents	1,107	2,606	848	217	4,778
Interest and dividends from investments	1,413	368,339	1,426	15,467	386,645
Proceeds from sales and maturities of investments	-	17,307,598	-	2,626,392	19,933,990
Purchases of investments	-	(17,534,701)	-	(1,252,261)	(18,786,962)
Net cash provided by (used for) investing activities	<u>2,520</u>	<u>143,842</u>	<u>2,274</u>	<u>1,389,815</u>	<u>1,538,451</u>
Net increase (decrease) in cash and cash equivalents	47,568	10,604	(1,290,614)	1,175,751	(56,691)
Cash and cash equivalents (unrestricted and restricted), beginning of year	<u>(4,748,036)</u>	<u>19,537,082</u>	<u>(11,952,601)</u>	<u>(745,366)</u>	<u>2,091,079</u>
Cash and cash equivalents (unrestricted and restricted), end of year	<u>\$ (4,700,468)</u>	<u>\$ 19,547,686</u>	<u>\$ (13,243,215)</u>	<u>\$ 430,385</u>	<u>\$ 2,034,388</u>
Reconciliation of cash and cash equivalents to statement of net position:					
Cash and cash equivalents	\$ (4,700,468)	\$ 19,340,525	\$ (13,243,215)	\$ 430,385	\$ 1,827,227
Restricted cash and cash equivalents	-	207,161	-	-	207,161
Total cash and cash equivalents	<u>\$ (4,700,468)</u>	<u>\$ 19,547,686</u>	<u>\$ (13,243,215)</u>	<u>\$ 430,385</u>	<u>\$ 2,034,388</u>

**VENTURA REGIONAL SANITATION DISTRICT  
SCHEDULE OF CASH FLOWS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Water and Wastewater</u>	<u>Solid Waste</u>	<u>Biosolids</u>	<u>Administration</u>	<u>Total</u>
Reconciliation of operating income(loss) to net cash provided by (used for) operating activities:					
Operating income(loss)	\$ 696,164	\$ 2,143,837	\$ 180,672	\$ (2,430,614)	\$ 590,059
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities:					
Deprecation and amortization	253,519	2,348,513	1,076,964	97,748	3,776,744
Net pension liability	(188,073)	(171,978)	(41,979)	(146,734)	(548,764)
Other non-operating revenues and expenses, net	95,686	95	3	-	95,784
Changes in assets and liabilities:					
(Increase)decrease in assets:					
Accounts receivable – disposal and sanitation fees, net	-	(128,144)	(233,753)	-	(361,897)
Accounts receivable – contract services, net	104,877	-	-	(112,610)	(7,733)
Net OPEB asset	21,447	18,454	3,797	13,093	56,791
Prepaid and other	22,749	(12,545)	(118,232)	(27,572)	(135,600)
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	(86,087)	774,546	(43,612)	39,794	684,641
Accrued wages and compensated absences	543	5,359	(14,678)	(11,665)	(20,441)
Customer deposits	-	500	-	-	500
Tierra Rejada consortium reserve	-	(77,255)	-	-	(77,255)
Landfill closure/postclosure costs	-	679,239	-	-	679,239
Total adjustments	224,661	3,436,784	628,510	(147,946)	4,142,009
Net cash provided by (used for) operating activities	<u>\$ 920,825</u>	<u>\$ 5,580,621</u>	<u>\$ 809,182</u>	<u>\$ (2,578,560)</u>	<u>\$ 4,732,068</u>