

Supplementary Section



Supplementary
Section

Ventura Regional Sanitation District

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2016 and June 30, 2015



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. This project was placed in a permanent non-operational status in October 2015.

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, 2016**

| <i>ASSETS</i> | Water and Wastewater | Solid Waste | Biosolids | Administration | Total |
|---|---------------------------------|--------------------|---------------------|-----------------------|--------------------|
| Current assets: | | | | | |
| Cash and cash equivalents | \$ (4,808,580) | \$ 22,170,972 | \$ (13,452,895) | \$ (2,267,909) | \$ 1,641,588 |
| Accrued interest receivable | - | 63,858 | - | 15,458 | 79,316 |
| Accounts receivable – disposal and sanitation fees, net | - | 1,057,133 | 211,589 | - | 1,268,722 |
| Accounts receivable – contract services, net | 1,114,999 | - | - | 443,367 | 1,558,366 |
| Prepaid and other | 4,298 | 37,285 | 30,467 | 59,937 | 131,987 |
| Total current assets – unrestricted | <u>(3,689,283)</u> | <u>23,329,248</u> | <u>(13,210,839)</u> | <u>(1,749,147)</u> | <u>4,679,979</u> |
| Restricted current assets: | | | | | |
| Cash and cash equivalents | - | 4,713,238 | - | - | 4,713,238 |
| Investments | - | 5,469,273 | - | - | 5,469,273 |
| Notes receivable | 157,127 | - | - | - | 157,127 |
| Accrued interest receivable | - | 27,932 | - | - | 27,932 |
| Total current assets – restricted | <u>157,127</u> | <u>10,210,443</u> | <u>-</u> | <u>-</u> | <u>10,367,570</u> |
| Total current assets – unrestricted and restricted | <u>(3,532,156)</u> | <u>33,539,691</u> | <u>(13,210,839)</u> | <u>(1,749,147)</u> | <u>15,047,549</u> |
| Restricted non-current assets: | | | | | |
| Investments | 9,800 | 24,355,642 | - | - | 24,365,442 |
| Notes receivable | 1,670,522 | - | - | - | 1,670,522 |
| Total non-current assets – restricted | <u>1,680,322</u> | <u>24,355,642</u> | <u>-</u> | <u>-</u> | <u>26,035,964</u> |
| Non-current assets: | | | | | |
| Investments | - | - | - | 4,491,564 | 4,491,564 |
| Capital assets, net | 3,395,085 | 35,167,317 | 16,004,342 | 324,201 | 54,890,945 |
| Net OPEB asset | 168,754 | 145,551 | 19 | 210,035 | 524,359 |
| Total non-current assets – unrestricted | <u>3,563,839</u> | <u>35,312,868</u> | <u>16,004,361</u> | <u>5,025,800</u> | <u>59,906,868</u> |
| Total non-current assets – unrestricted and restricted | <u>5,244,161</u> | <u>59,668,510</u> | <u>16,004,361</u> | <u>5,025,800</u> | <u>85,942,832</u> |
| Total assets | <u>1,712,005</u> | <u>93,208,201</u> | <u>2,793,522</u> | <u>3,276,653</u> | <u>100,990,381</u> |
| <i>DEFERRED OUTFLOWS OF RESOURCES</i> | | | | | |
| Pension related | 925,246 | 825,491 | 91,346 | 691,788 | 2,533,871 |
| Loss on refunding of debt | 16,903 | 28,946 | 86,351 | - | 132,200 |
| Total deferred outflows of resources | <u>942,149</u> | <u>854,437</u> | <u>177,697</u> | <u>691,788</u> | <u>2,666,071</u> |

**VENTURA REGIONAL SANITATION DISTRICT
SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2016**

| LIABILITIES | Water and Wastewater | Solid Waste | Biosolids | Administration | Total |
|--|---------------------------------|----------------------|-----------------------|-----------------------|----------------------|
| Current liabilities: | | | | | |
| Payable from current assets: | | | | | |
| Accounts payable and accrued expenses | \$ 101,947 | \$ 1,700,182 | \$ 276,639 | \$ 193,499 | \$ 2,272,267 |
| Accrued wages and compensated absences | 324,670 | 254,138 | 11,825 | 171,802 | 762,435 |
| Accrued interest payable | 453 | 130,947 | 19,050 | - | 150,450 |
| Installment sale agreement – current portion | - | 1,599,864 | 1,198,059 | - | 2,797,923 |
| Payable from current assets – unrestricted | <u>427,070</u> | <u>3,685,131</u> | <u>1,505,573</u> | <u>365,301</u> | <u>5,983,075</u> |
| Payable from restricted current assets: | | | | | |
| Customer deposits | - | 44,399 | - | - | 44,399 |
| Landfill closure/postclosure costs – expected within one year | - | 2,828,240 | - | - | 2,828,240 |
| Installment purchase contract – current portion | 154,478 | - | - | - | 154,478 |
| Payable from current assets – restricted | <u>154,478</u> | <u>2,872,639</u> | <u>-</u> | <u>-</u> | <u>3,027,117</u> |
| Total current liabilities – unrestricted and restricted | <u>581,548</u> | <u>6,557,770</u> | <u>1,505,573</u> | <u>365,301</u> | <u>9,010,192</u> |
| Non-current liabilities: | | | | | |
| Payable from non-current assets: | | | | | |
| Net pension liability | 2,899,782 | 2,362,238 | 304,564 | 2,119,234 | 7,685,818 |
| Installment sale agreement | - | 15,232,515 | 8,230,983 | - | 23,463,498 |
| Payable from non-current assets – unrestricted | <u>2,899,782</u> | <u>17,594,753</u> | <u>8,535,547</u> | <u>2,119,234</u> | <u>31,149,316</u> |
| Payable from restricted non-current assets: | | | | | |
| Tierra Rejada consortium reserve | - | 109,988 | - | - | 109,988 |
| Malibu Bay Club reserve | 10,004 | - | - | - | 10,004 |
| Landfill closure/postclosure costs | - | 25,454,159 | - | - | 25,454,159 |
| Installment purchase contract | 1,670,522 | - | - | - | 1,670,522 |
| Payable from non-current assets – restricted | <u>1,680,526</u> | <u>25,564,147</u> | <u>-</u> | <u>-</u> | <u>27,244,673</u> |
| Total non-current liabilities – unrestricted and restricted | <u>4,580,308</u> | <u>43,158,900</u> | <u>8,535,547</u> | <u>2,119,234</u> | <u>58,393,989</u> |
| Total liabilities | <u>5,161,856</u> | <u>49,716,670</u> | <u>10,041,120</u> | <u>2,484,535</u> | <u>67,404,181</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Pension related | 261,593 | 231,821 | 103,955 | 222,882 | 820,251 |
| Total deferred inflows of resources | <u>261,593</u> | <u>231,821</u> | <u>103,955</u> | <u>222,882</u> | <u>820,251</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 1,586,988 | 18,363,884 | 6,661,651 | 324,201 | 26,936,724 |
| Restricted for: | | | | | |
| Debt service | 1,827,649 | - | - | - | 1,827,649 |
| Landfill closure and post-closure costs | - | 6,129,299 | - | - | 6,129,299 |
| Unrestricted amounts (deficit) | <u>(6,183,932)</u> | <u>19,620,964</u> | <u>(13,835,507)</u> | <u>936,823</u> | <u>538,348</u> |
| Total net position(deficit) | <u>\$ (2,769,295)</u> | <u>\$ 44,114,147</u> | <u>\$ (7,173,856)</u> | <u>\$ 1,261,024</u> | <u>\$ 35,432,020</u> |

**VENTURA REGIONAL SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2016**

| | Water and Wastewater | Solid Waste | Biosolids | Administration | Total |
|--|---------------------------------|----------------------|-----------------------|-----------------------|----------------------|
| Operating revenues: | | | | | |
| Disposal and sanitation fees | \$ - | \$ 12,412,112 | \$ - | \$ - | \$ 12,412,112 |
| Contract services | 4,904,469 | - | 2,613,682 | 1,219,152 | 8,737,303 |
| Utility electricity sales | - | - | 123,067 | - | 123,067 |
| Other revenue | 12,273 | 174,569 | 25,237 | 11,078 | 223,157 |
| Total operating revenues | <u>4,916,742</u> | <u>12,586,681</u> | <u>2,761,986</u> | <u>1,230,230</u> | <u>21,495,639</u> |
| Operating expenses: | | | | | |
| Salaries and benefits | 2,947,976 | 2,739,935 | 86,894 | 1,827,221 | 7,602,026 |
| Management and administrative | 53,000 | 99,113 | 62,682 | 206,806 | 421,601 |
| Services and supplies | 946,463 | 1,627,746 | 562,637 | 209,387 | 3,346,233 |
| Professional services | 57,179 | 762,471 | 373,023 | 1,092,094 | 2,284,767 |
| Facility maintenance | 167,269 | 684,446 | 59,984 | 203,685 | 1,115,384 |
| Provision for landfill closure/postclosure | - | 1,306,015 | - | - | 1,306,015 |
| Permits, licences and fees | 32,324 | 1,262,411 | 388,913 | 27,235 | 1,710,883 |
| Total operating expenses | <u>4,204,211</u> | <u>8,482,137</u> | <u>1,534,133</u> | <u>3,566,428</u> | <u>17,786,909</u> |
| Operating income (loss) before depreciation and amortization | 712,531 | 4,104,544 | 1,227,853 | (2,336,198) | 3,708,730 |
| Depreciation and amortization | (308,807) | (2,339,549) | (1,075,363) | (89,331) | (3,813,050) |
| Operating income (loss) | <u>403,724</u> | <u>1,764,995</u> | <u>152,490</u> | <u>(2,425,529)</u> | <u>(104,320)</u> |
| Non-operating revenues (expenses): | | | | | |
| Interest and investment earnings | 11,390 | 616,587 | 5,178 | 2,957 | 636,112 |
| Gain on sales and/or disposals of capital assets, net | 2,011 | 33,301 | 12,571 | - | 47,883 |
| Interest expense | (108,271) | (310,864) | (489,960) | - | (909,095) |
| Debt issuance costs | (43,274) | (105,638) | (64,800) | - | (213,712) |
| Other, net | 144,572 | 59 | - | - | 144,631 |
| Total non-operating revenues (expenses) | <u>6,428</u> | <u>233,445</u> | <u>(537,011)</u> | <u>2,957</u> | <u>(294,181)</u> |
| Income (loss) before transfers | <u>410,152</u> | <u>1,998,440</u> | <u>(384,521)</u> | <u>(2,422,572)</u> | <u>(398,501)</u> |
| Transfers in | 767,617 | 2,000,687 | 101,583 | 2,982,902 | 5,852,789 |
| Transfers out | (1,334,834) | (3,907,407) | (597,000) | (13,548) | (5,852,789) |
| Change in net position | <u>(157,065)</u> | <u>91,720</u> | <u>(879,938)</u> | <u>546,782</u> | <u>(398,501)</u> |
| Net position (deficit), beginning of year | <u>(2,612,230)</u> | <u>44,022,427</u> | <u>(6,293,918)</u> | <u>714,242</u> | <u>35,830,521</u> |
| Net position (deficit), end of year | <u>\$ (2,769,295)</u> | <u>\$ 44,114,147</u> | <u>\$ (7,173,856)</u> | <u>\$ 1,261,024</u> | <u>\$ 35,432,020</u> |

**VENTURA REGIONAL SANITATION DISTRICT
SCHEDULE OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2016**

| | Water and Wastewater | Solid Waste | Biosolids | Administration | Total |
|--|---------------------------------|--------------------|------------------|-----------------------|---------------|
| Cash flows from operating activities: | | | | | |
| Receipts from customers for disposal and sanitation services | \$ - | \$ 12,388,948 | \$ 284,268 | \$ - | \$ 12,673,216 |
| Receipts from customers for contract services | 4,841,176 | - | 2,613,682 | 1,027,960 | 8,482,818 |
| Receipts from customers for utility electricity sales | - | - | 123,067 | - | 123,067 |
| Receipts for other services | 156,845 | 174,628 | 25,237 | 11,078 | 367,788 |
| Payments to vendors for materials and services | (1,211,517) | (5,732,086) | (1,297,088) | (1,642,642) | (9,883,333) |
| Payments for salaries, benefits and contract labor | (2,946,216) | (2,757,903) | (124,372) | (1,894,095) | (7,722,586) |
| Net cash provided by (used for) operating activities | 840,288 | 4,073,587 | 1,624,794 | (2,497,699) | 4,040,970 |
| Cash flows from non-capital financing activities: | | | | | |
| Transfers in (out) | (567,217) | (1,906,720) | (495,415) | 2,969,352 | - |
| Net cash provided by (used for) non-capital financing activities | (567,217) | (1,906,720) | (495,415) | 2,969,352 | - |
| Cash flows from capital and related financing activities: | | | | | |
| Proceeds from capital debt | - | 10,068,000 | - | - | 10,068,000 |
| Acquisition costs from capital debt | (43,274) | (105,638) | (64,800) | - | (213,712) |
| Refinancing of existing debt | 1,825,000 | 7,201,215 | 10,018,302 | - | 19,044,517 |
| Defeasement of capital debt | (1,754,299) | (7,034,669) | (9,655,349) | - | (18,444,317) |
| Call premium on defeasement of capital debt | (16,928) | (31,180) | (91,336) | - | (139,444) |
| Acquisition and construction of capital assets | (245,194) | (7,271,644) | - | (48,482) | (7,565,320) |
| Principal received on notes receivable | 119,983 | - | - | - | 119,983 |
| Defeasement of notes receivable | (57,418) | - | - | - | (57,418) |
| Proceeds from the sale of capital assets | 27,478 | 46,000 | 55,000 | - | 128,478 |
| Principal paid on capital debt | (118,642) | (825,014) | (1,099,660) | - | (2,043,316) |
| Interest paid on capital debt | (129,280) | (316,763) | (506,394) | - | (952,437) |
| Net cash provided by (used for) capital and related financing activities | (392,574) | 1,730,307 | (1,344,237) | (48,482) | (54,986) |
| Cash flows from investing activities: | | | | | |
| Interest on cash and cash equivalents | 268 | 1,583 | 90 | 31 | 1,972 |
| Interest and dividends from investments | 11,123 | 602,674 | 5,088 | (9,244) | 609,641 |
| Proceeds from sales and maturities of investments | - | 16,366,171 | - | 1,493,417 | 17,859,588 |
| Purchases of investments | - | (13,531,078) | - | (4,605,669) | (18,136,747) |
| Net cash provided by (used for) investing activities | 11,391 | 3,439,350 | 5,178 | (3,121,465) | 334,454 |
| Net increase (decrease) in cash and cash equivalents | (108,112) | 7,336,524 | (209,680) | (2,698,294) | 4,320,438 |
| Cash and cash equivalents (unrestricted and restricted), beginning of year | (4,700,468) | 19,547,686 | (13,243,215) | 430,385 | 2,034,388 |
| Cash and cash equivalents (unrestricted and restricted), end of year | \$ (4,808,580) | \$ 26,884,210 | \$ (13,452,895) | \$ (2,267,909) | \$ 6,354,826 |
| Reconciliation of cash and cash equivalents to statement of net position: | | | | | |
| Cash and cash equivalents | \$ (4,808,580) | \$ 22,170,972 | \$ (13,452,895) | \$ (2,267,909) | \$ 1,641,588 |
| Restricted cash and cash equivalents | - | 4,713,238 | - | - | 4,713,238 |
| Total cash and cash equivalents | \$ (4,808,580) | \$ 26,884,210 | \$ (13,452,895) | \$ (2,267,909) | \$ 6,354,826 |

**VENTURA REGIONAL SANITATION DISTRICT
SCHEDULE OF CASH FLOWS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

| | Water and Wastewater | Solid Waste | Biosolids | Administration | Total |
|---|---------------------------------|---------------------|---------------------|-----------------------|---------------------|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Operating income (loss) | \$ 403,724 | \$ 1,764,995 | \$ 152,490 | \$ (2,425,529) | \$ (104,320) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation and amortization | 308,807 | 2,339,549 | 1,075,363 | 89,331 | 3,813,050 |
| Net pension liability | (103,952) | (97,815) | (3,138) | (71,759) | (276,664) |
| Other non-operating revenues and expenses, net | 144,572 | 59 | - | - | 144,631 |
| Changes in assets and liabilities: | | | | | |
| (Increase)decrease in assets: | | | | | |
| Accounts receivable – disposal and sanitation fees, net | - | (28,164) | 284,268 | - | 256,104 |
| Accounts receivable – contract services, net | (63,497) | - | - | (191,192) | (254,689) |
| Net OPEB asset | 24,377 | 19,572 | - | 13,682 | 57,631 |
| Prepaid and other | 11 | 22,743 | 119,690 | 4,312 | 146,756 |
| Increase (decrease) in liabilities: | | | | | |
| Accounts payable and accrued expenses | 44,708 | 26,896 | 30,462 | 92,253 | 194,319 |
| Accrued wages and compensated absences | 81,334 | 60,276 | (34,341) | (8,797) | 98,472 |
| Customer deposits | - | 5,000 | - | - | 5,000 |
| Tierra Rejada consortium reserve | - | (105,845) | - | - | (105,845) |
| Malibu Bay Club reserve | 204 | - | - | - | 204 |
| Landfill closure/postclosure costs | - | 66,321 | - | - | 66,321 |
| Total adjustments | 436,564 | 2,308,592 | 1,472,304 | (72,170) | 4,145,290 |
| Net cash provided by (used for) operating activities | <u>\$ 840,288</u> | <u>\$ 4,073,587</u> | <u>\$ 1,624,794</u> | <u>\$ (2,497,699)</u> | <u>\$ 4,040,970</u> |