

Supplementary Section



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Section

Ventura Regional Sanitation District

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2017 and June 30, 2016



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, 2017**

ASSETS	Water and Wastewater	Solid Waste	Biosolids	Administration	Total
Current assets:					
Cash and cash equivalents	\$ (5,115,077)	\$ 22,610,976	\$ (13,502,343)	\$ (1,919,878)	\$ 2,073,678
Accrued interest receivable	-	78,962	-	20,696	99,658
Accounts receivable – disposal and sanitation fees, net	-	1,120,536	226,545	-	1,347,081
Accounts receivable – contract services, net	915,227	5,687	817	274,575	1,196,306
Prepaid and other	3,477	38,370	29,968	48,520	120,335
Total current assets – unrestricted	(4,196,373)	23,854,531	(13,245,013)	(1,576,087)	4,837,058
Restricted current assets:					
Cash and cash equivalents	-	2,152,928	-	-	2,152,928
Investments	-	4,954,900	-	-	4,954,900
Notes receivable	149,612	-	-	-	149,612
Accrued interest receivable	-	34,114	-	-	34,114
Total current assets – restricted	149,612	7,141,942	-	-	7,291,554
Total current assets – unrestricted and restricted	(4,046,761)	30,996,473	(13,245,013)	(1,576,087)	12,128,612
Restricted non-current assets:					
Investments	94,980	25,028,779	-	-	25,123,759
Notes receivable	1,522,969	-	-	-	1,522,969
Total non-current assets – restricted	1,617,949	25,028,779	-	-	26,646,728
Non-current assets:					
Investments	-	-	-	4,494,693	4,494,693
Capital assets, net	3,106,870	34,523,909	14,927,412	280,567	52,838,758
Net OPEB asset	165,759	142,925	19	208,163	516,866
Total non-current assets – unrestricted	3,272,629	34,666,834	14,927,431	4,983,423	57,850,317
Total non-current assets – unrestricted and restricted	4,890,578	59,695,613	14,927,431	4,983,423	84,497,045
Total assets	843,817	90,692,086	1,682,418	3,407,336	96,625,657
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	880,392	814,487	82,321	2,041,706	3,818,906
Loss on refunding of debt	15,333	23,617	74,459	-	113,409
Total deferred outflows of resources	895,725	838,104	156,780	2,041,706	3,932,315

**VENTURA REGIONAL SANITATION DISTRICT
SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2017**

LIABILITIES	Water and Wastewater	Solid Waste	Biosolids	Administration	Total
Current liabilities:					
Payable from current assets:					
Accounts payable and accrued expenses	\$ 51,976	\$ 681,998	\$ 331,122	\$ 93,898	\$ 1,158,994
Accrued wages and compensated absences	170,188	118,151	2,367	104,669	395,375
Accrued interest payable	10,761	121,033	16,621	-	148,415
Installment sale agreement – current portion	-	1,641,636	1,224,592	-	2,866,228
Payable from current assets – unrestricted	<u>232,925</u>	<u>2,562,818</u>	<u>1,574,702</u>	<u>198,567</u>	<u>4,569,012</u>
Payable from restricted current assets:					
Customer deposits	-	32,888	-	-	32,888
Landfill closure/postclosure costs – expected within one year	-	2,884,063	-	-	2,884,063
Installment purchase contract – current portion	147,553	-	-	-	147,553
Payable from current assets – restricted	<u>147,553</u>	<u>2,916,951</u>	<u>-</u>	<u>-</u>	<u>3,064,504</u>
Total current liabilities – unrestricted and restricted					
	<u>380,478</u>	<u>5,479,769</u>	<u>1,574,702</u>	<u>198,567</u>	<u>7,633,516</u>
Non-current liabilities:					
Payable from non-current assets:					
Net pension liability	2,841,872	2,349,852	291,424	3,922,669	9,405,817
Installment sale agreement	-	13,590,879	7,006,391	-	20,597,270
Payable from non-current assets – unrestricted	<u>2,841,872</u>	<u>15,940,731</u>	<u>7,297,815</u>	<u>3,922,669</u>	<u>30,003,087</u>
Payable from restricted non-current assets:					
Tierra Rejada consortium reserve	-	53,107	-	-	53,107
Malibu Bay Club reserve	20,008	-	-	-	20,008
Landfill closure/postclosure costs	-	25,956,565	-	-	25,956,565
Installment purchase contract	1,522,969	-	-	-	1,522,969
Payable from non-current assets – restricted	<u>1,542,977</u>	<u>26,009,672</u>	<u>-</u>	<u>-</u>	<u>27,552,649</u>
Total non-current liabilities – unrestricted and restricted					
	<u>4,384,849</u>	<u>41,950,403</u>	<u>7,297,815</u>	<u>3,922,669</u>	<u>57,555,736</u>
Total liabilities	<u>4,765,327</u>	<u>47,430,172</u>	<u>8,872,517</u>	<u>4,121,236</u>	<u>65,189,252</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related	488,059	442,085	111,170	(358,680)	682,634
Total deferred inflows of resources	<u>488,059</u>	<u>442,085</u>	<u>111,170</u>	<u>(358,680)</u>	<u>682,634</u>
NET POSITION					
Net investment in capital assets	1,451,681	19,315,011	6,770,888	280,567	27,818,147
Restricted for:					
Debt service	1,672,581	-	-	-	1,672,581
Landfill closure and postclosure costs	-	3,244,098	-	-	3,244,098
Unrestricted amounts (deficit)	<u>(6,638,106)</u>	<u>21,098,824</u>	<u>(13,915,377)</u>	<u>1,405,919</u>	<u>1,951,260</u>
Total net position(deficit)	<u>\$ (3,513,844)</u>	<u>\$ 43,657,933</u>	<u>\$ (7,144,489)</u>	<u>\$ 1,686,486</u>	<u>\$ 34,686,086</u>

**VENTURA REGIONAL SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2017**

	Water and Wastewater	Solid Waste	Biosolids	Administration	Total
Operating revenues:					
Disposal and sanitation fees	\$ -	\$ 12,639,373	\$ -	\$ -	\$ 12,639,373
Contract services	4,704,596	-	2,251,628	1,368,963	8,325,187
Utility electricity sales	-	-	77,051	-	77,051
Other revenue	23,153	212,844	26,065	5,795	267,857
Total operating revenues	<u>4,727,749</u>	<u>12,852,217</u>	<u>2,354,744</u>	<u>1,374,758</u>	<u>21,309,468</u>
Operating expenses:					
Salaries and benefits	2,996,635	2,998,646	(1,214)	2,282,748	8,276,815
Management and administrative	56,928	247,605	53,271	177,276	535,080
Services and supplies	739,225	1,463,232	461,651	96,195	2,760,303
Professional services	63,299	792,065	14,993	1,044,890	1,915,247
Facility maintenance	152,737	553,514	44,625	200,784	951,660
Provision for landfill closure/postclosure	-	1,364,226	-	-	1,364,226
Permits, licences and fees	28,124	1,189,099	245,481	36,184	1,498,888
Total operating expenses	<u>4,036,948</u>	<u>8,608,387</u>	<u>818,807</u>	<u>3,838,077</u>	<u>17,302,219</u>
Operating income (loss) before depreciation and amortization	690,801	4,243,830	1,535,937	(2,463,319)	4,007,249
Depreciation and amortization	<u>(292,419)</u>	<u>(2,713,025)</u>	<u>(1,076,932)</u>	<u>(127,703)</u>	<u>(4,210,079)</u>
Operating income (loss)	<u>398,382</u>	<u>1,530,805</u>	<u>459,005</u>	<u>(2,591,022)</u>	<u>(202,830)</u>
Non-operating revenues (expenses):					
Interest and investment earnings	2,654	60,931	1,131	274	64,990
Gain on sales and/or disposals of capital assets, net	-	1,100	-	-	1,100
Interest expense	(49,231)	(389,378)	(211,368)	-	(649,977)
Other, net	40,752	31	-	-	40,783
Total non-operating revenues (expenses)	<u>(5,825)</u>	<u>(327,316)</u>	<u>(210,237)</u>	<u>274</u>	<u>(543,104)</u>
Income (loss) before transfers	<u>392,557</u>	<u>1,203,489</u>	<u>248,768</u>	<u>(2,590,748)</u>	<u>(745,934)</u>
Transfers in	602,961	1,940,215	91,025	3,023,416	5,657,617
Transfers out	<u>(1,740,067)</u>	<u>(3,599,918)</u>	<u>(310,426)</u>	<u>(7,206)</u>	<u>(5,657,617)</u>
Change in net position	<u>(744,549)</u>	<u>(456,214)</u>	<u>29,367</u>	<u>425,462</u>	<u>(745,934)</u>
Net position (deficit), beginning 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>
Net position (deficit), end of year	<u>\$ (3,513,844)</u>	<u>\$ 43,657,933</u>	<u>\$ (7,144,489)</u>	<u>\$ 1,686,486</u>	<u>\$ 34,686,086</u>

VENTURA REGIONAL SANITATION DISTRICT
SCHEDULE OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2017

	<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	\$ -	\$ 12,564,459	\$ (14,956)	\$ -	\$ 12,549,503
Receipts from customers for contract services	4,904,192	(5,687)	2,250,810	1,537,756	8,687,071
Receipts from customers for utility electricity sales	-	-	77,051	-	77,051
Receipts for other services	63,905	212,875	26,065	5,795	308,640
Payments to vendors for materials and services	(1,089,463)	(6,127,662)	(765,039)	(1,643,513)	(9,625,677)
Payments for salaries, benefits and contract labor	(2,934,712)	(2,923,125)	(5,143)	(2,476,055)	(8,339,035)
Net cash provided by (used for) operating activities	<u>943,922</u>	<u>3,720,860</u>	<u>1,568,788</u>	<u>(2,576,017)</u>	<u>3,657,553</u>
Cash flows from non-capital financing activities:					
Transfers in (out)	<u>(1,137,107)</u>	<u>(1,659,703)</u>	<u>(219,403)</u>	<u>3,016,213</u>	<u>-</u>
Net cash provided by (used for) non-capital financing activities	<u>(1,137,107)</u>	<u>(1,659,703)</u>	<u>(219,403)</u>	<u>3,016,213</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(4,203)	(2,012,051)	-	(84,071)	(2,100,325)
Principal received on notes receivable	155,068	-	-	-	155,068
Proceeds from the sale of capital assets	-	1,100	-	-	1,100
Principal paid on capital debt	(154,478)	(1,599,864)	(1,198,059)	-	(2,952,401)
Interest paid on capital debt	(37,353)	(451,529)	(201,905)	-	(690,787)
Net cash provided by (used for) capital and related financing activities	<u>(40,966)</u>	<u>(4,062,344)</u>	<u>(1,399,964)</u>	<u>(84,071)</u>	<u>(5,587,345)</u>
Cash flows from investing activities:					
Interest on cash and cash equivalents	407	2,079	180	60	2,726
Interest and dividends from investments	2,247	37,566	951	(5,025)	35,739
Malibu Bay Club easement construction reserve	(75,000)	-	-	-	(75,000)
Proceeds from sales and maturities of investments	-	18,306,154	-	3,219,024	21,525,178
Purchases of investments	-	(18,464,918)	-	(3,222,153)	(21,687,071)
Net cash provided by (used for) investing activities	<u>(72,346)</u>	<u>(119,119)</u>	<u>1,131</u>	<u>(8,094)</u>	<u>(198,428)</u>
Net increase (decrease) in cash and cash equivalents	(306,497)	(2,120,306)	(49,448)	348,031	(2,128,220)
Cash and cash equivalents (unrestricted and restricted), beginning of year	<u>(4,808,580)</u>	<u>26,884,210</u>	<u>(13,452,895)</u>	<u>(2,267,909)</u>	<u>6,354,826</u>
Cash and cash equivalents (unrestricted and restricted), end of year	<u>\$ (5,115,077)</u>	<u>\$ 24,763,904</u>	<u>\$ (13,502,343)</u>	<u>\$ (1,919,878)</u>	<u>\$ 4,226,606</u>
Reconciliation of cash and cash equivalents to statement of net position:					
Cash and cash equivalents	\$ (5,115,077)	\$ 22,610,976	\$ (13,502,343)	\$ (1,919,878)	\$ 2,073,678
Restricted cash and cash equivalents	<u>-</u>	<u>2,152,928</u>	<u>-</u>	<u>-</u>	<u>2,152,928</u>
Total cash and cash equivalents	<u>\$ (5,115,077)</u>	<u>\$ 24,763,904</u>	<u>\$ (13,502,343)</u>	<u>\$ (1,919,878)</u>	<u>\$ 4,226,606</u>

**VENTURA REGIONAL SANITATION DISTRICT
SCHEDULE OF CASH FLOWS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2017**

	<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)	\$ 398,382	\$ 1,530,805	\$ 459,005	\$ (2,591,022)	\$ (202,830)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	292,419	2,713,025	1,076,932	127,703	4,210,079
Net pension liability	112,094	107,102	1,292	76,859	297,347
Other non-operating revenues and expenses, net	40,752	31	-	-	40,783
Changes in assets and liabilities:					
(Increase)decrease in assets:					
Accounts receivable – disposal and sanitation fees, net	-	(63,403)	(14,956)	-	(78,359)
Accounts receivable – contract services, net	199,772	(5,687)	(817)	168,792	362,060
Net OPEB asset	2,995	2,626	-	1,872	7,493
Prepaid and other	821	(1,085)	499	11,417	11,652
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	(49,971)	(1,018,184)	54,483	(99,601)	(1,113,273)
Accrued wages and compensated absences	(53,166)	(34,207)	(7,650)	(272,037)	(367,060)
Customer deposits	-	(11,511)	-	-	(11,511)
Tierra Rejada consortium reserve	-	(56,881)	-	-	(56,881)
Malibu Bay Club reserve	(176)	-	-	-	(176)
Landfill closure/postclosure costs	-	558,229	-	-	558,229
Total adjustments	<u>545,540</u>	<u>2,190,055</u>	<u>1,109,783</u>	<u>15,005</u>	<u>3,860,383</u>
Net cash provided by (used for) operating activities	<u>\$ 943,922</u>	<u>\$ 3,720,860</u>	<u>\$ 1,568,788</u>	<u>\$ (2,576,017)</u>	<u>\$ 3,657,553</u>