



December 5, 2024

Board of Directors
Ventura Regional Sanitation District
Ventura, California

RECEIVE AND FILE VRSD FY2023-24 ANNUAL COMPREHENSIVE FINANCIAL REPORT

RECOMMENDATION

Receive and File the Fiscal Year 2023-24 Annual Comprehensive Financial Report prepared for VRSD.

FISCAL IMPACT

None

BACKGROUND/ANALYSIS

The Annual Comprehensive Financial Report (ACFR) is a financial tool to communicate an organization's financial position and financial activities to its customers, oversight bodies, management, and creditors. The FY2023-24 ACFR for VRSD was prepared by District staff, and the financial statements were independently audited by Davis Farr LLP (Davis Farr), who gave an unmodified ("clean") opinion as to the accuracy and fairness of the District's financial statements.

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

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

the reporting period.

The FY2023-24 Annual Comprehensive Financial Report (Attachment 1), and the report on Audit Communications (Attachment 2) are attached to this Board letter and are incorporated herein by reference.

District staff will submit the FY2023-24 Annual Comprehensive Financial Report to the Government Finance Officers Association (GFOA) for consideration of its Certificate of Achievement for Excellence in Financial Reporting. Appropriations for the GFOA award submission and audit are included in the FY 2024-25 Adopted Budget.

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



ALVERTINA RIVERA, DIRECTOR OF FINANCE

APPROVED FOR AGENDA:



Chris Theisen, General Manager

- Attachments:
1. FY 2024 Annual Comprehensive Financial Report
 2. FY 2024 Audit Communications

VENTURA REGIONAL SANITATION DISTRICT

The Annual Comprehensive Financial Report

**Fiscal Year Ended
June 30, 2024**

Chris Theisen, General Manager
Ventura County, California



Annual Comprehensive Financial Report

**For the Fiscal Year Ended
June 30, 2024**



Ventura Regional Sanitation District

Ventura County, California

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

[This page intentionally left blank]

**Ventura Regional Sanitation District
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024**

TABLE OF CONTENTS

Introductory Section:

| | |
|--|----|
| Letter of Transmittal | 1 |
| District Board of Directors and Executive Management | 7 |
| Organization Chart | 8 |
| Certificate of Achievement for Excellence in Financial Reporting | 9 |
| Sites Served and/or Operated by Ventura Regional Sanitation District | 10 |
| Map of Area | 11 |

Financial Section:

| | |
|---|----|
| Independent Auditor’s Report | 12 |
| Management’s Discussion and Analysis (Unaudited) | 15 |
| Basic Financial Statements | |
| Statements of Net Position | 23 |
| Statements of Revenues, Expenses, and Changes in Net Position | 25 |
| Statements of Cash Flows | 26 |
| Notes to the Basic Financial Statements..... | 28 |

Required Supplementary Information:

Ventura County Employees’ Retirement Association Pension Plan:

| | |
|--|----|
| Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios..... | 67 |
| Schedule of Plan Contributions..... | 67 |

PARS Retirement Enhancement Plan:

| | |
|---|----|
| Schedule of Changes in Net Pension Liability and Related Ratios | 68 |
| Schedule of Plan Contributions..... | 70 |

Other Post Employment Benefit Plan:

| | |
|---|----|
| Schedule of Changes in Net OPEB Liability and Related Ratios..... | 71 |
| Schedule of Employer Contributions | 73 |

Supplementary Information:

| | |
|--|----|
| Combining Schedule of Net Position | 75 |
| Combining Schedule of Revenues, Expenses and Changes in Net Position | 77 |
| Combining Schedule of Cash Flows..... | 78 |
| Tierra Rejada Closed Landfill – Mitigation and Monitoring Costs..... | 80 |
| Malibu Bay Club – Operating and Maintenance Costs..... | 81 |

Statistical Section:

| | |
|---|----|
| Financial Trends – Last Ten Fiscal Years | |
| Changes in Net Position and Net Position by Component | 83 |
| Operating Revenue by Source..... | 85 |
| Operating Expenses by Activity | 86 |

**Ventura Regional Sanitation District
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024**

Table of Contents, Continued

| | |
|--|----|
| Revenue Capacity – Last Ten Fiscal Years | |
| Revenue Base..... | 87 |
| Revenue Rates..... | 88 |
| Principal Customers Current Fiscal Year & Nine Years Ago | 89 |
| Debt Capacity – Last Ten Fiscal Years | |
| Ratio of Outstanding Debt | 90 |
| Pledged-Revenue Coverage | 91 |
| Demographic Information – Last Ten Fiscal Years | |
| Demographic Statistics | 93 |
| Principal Employers – County of Ventura | |
| Current Fiscal Year & Nine Years Ago | 94 |
| Building Permits – County of Ventura..... | 95 |
| Housing Stock Estimates – County of Ventura | 96 |
| Operating Information – Last Ten Fiscal Years | |
| Operating and Capacity Indicators..... | 97 |



December 05, 2024

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, 2024. 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, 2024. 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 42 full-time employees as of June 2024 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.

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 is estimated to have landfill capacity until approximately 2040.

The Toland Road Landfill received about 338,935 tons of refuse in FY2024. Approximately 87 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 July 2022, the District 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. 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.

In FY2024 the District continues to provide Water & Wastewater services primarily to seven agencies that entered into five-year service agreements with the District. Those agencies include Triunfo Water & Sanitation, Saticoy Sanitary, and Camrosa Water Districts; the cities of Santa Paula and Thousand Oaks; Cabrillo HOA, and the County of Ventura. 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 all of the operating and debt service costs through the Ventura County property tax roll.

Budgetary Control

The District Board adopts a two-year 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 823,863 residents live in its southern half, while the Los Padres National Forest spans the northern half. An extensive network of roadways links the County’s 10 incorporated cities, with rail, harbor, and airport facilities providing access to outside markets.

The economic growth of Ventura County is measured by aggregate changes in the production of goods and services. The National Gross Domestic Product (GDP) is the standard used to measure the U.S. economy. Similarly, regional economies are measured by the Gross County Product. The County’s total estimated aggregated value has been hovering around \$65 billion for the past three years including 2023, still below the \$70 billion high back in 2007. 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 continue to be labor force growth and net domestic migration. The real GDP for 2022 and 2023 were 1.9% and 2.5%, respectively. The forecasted economic growth for Ventura County is estimated at 1.7% for 2024 and 1.5% for 2025. While the County is forecasted to be higher than the national average of 1.6% and 1.2% for 2024 and 2025, California is estimated at 2.5% for both 2024 and 2025.

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. 2023 was Ventura County’s sesquicentennial, as well as reporting of crop values for 100 years. The significant rainfall in 2023/2024 replenished the County’s water reserves, and along with the rain came an influx of pests and tremendous storm damage. In 2023, the estimated gross value for all agriculture in Ventura County was \$2.2 billion, increasing by 2.0% from 2022. Strawberries, retained the number one crop at \$733 million, an 11% from 2022. Nursery stock popped back into second place for the first time since 2009, with a value of \$208 million, increasing 8%. Lemons remained in third place with a value of \$207 million, increasing by only 0.47%. Celery moved up two years in a row, to fourth place with a value of \$167 million, increasing by 32%. Raspberries moved into fifth place, increasing 49%, with a \$167 million value. Avocados dropped from second place in 2022, into sixth place decreasing by 49%, to a value of \$126 million. Blackberries continue to gain by moving into seventh place with a \$70 million value, increasing 56%. Peppers dropped down to eighth place with a value of \$58 million, increasing by 9%. Tomatoes leaped over blueberries into ninth place with a \$41 million value, increasing by 25%. Lettuce rounded off the top ten with a crop value of \$38 million and a 53% increase from 2022. About 5.4% of Ventura County industries are related to agriculture, fishing, forestry, and hunting. While the number of employed fieldworkers has dropped, the average salary has increased. Vegetable crops and nursery stock, showed healthy increases, while fruit and nut crops and livestock, poultry and seafood remained constant from the prior year, and cut flowers and apiary products dropped slightly.

Industrial Market – Manufacturing employment in Ventura County is comprised of pharmaceuticals development, advanced tools, paper products and food. The forecast calls for stable employment levels over the next several years. However, continued automation and lack of affordable housing for workforces does pose a potential risk of defection by large firms. Conversely, the transportation and warehousing sector that surged in 2022 with the completion of the Amazon Fulfillment Center, is forecasting moderate growth of 0.4% during the years 2023-2028 per the 2023 County Level Economic Forecast.

Income and Unemployment – With a labor force of about 410,706, Ventura County’s unemployment as of June 2024 sits at 4.5% up from 4.1% as of June 2023. The unemployment rate has risen slightly above the pre-pandemic lockdown rate of 3.7%, yet remains below the pandemic high of 11.8% at June 2020. It is estimated that Ventura County’s average unemployment rate will be 4.7% for 2024 through 2028. During 2023, Ventura County only created 1,833 non-farm jobs, the smallest annual gain in new job creation since 2010. The job growth rate forecasted for 2024 is only 1.6%, following the 0.8% growth in 2023. The labor force is unlikely to outpace the demand as negative net migration continues contracting the population, reducing the pool of potential workers. California’s average monthly labor force growth in 2023 decreased from 25,900 to 12,900 jobs, and December's year-over-year change in total nonfarm jobs was revised from a gain of 311,000 (or 1.7%) to a gain of 154,900 (or 0.9%). California’s labor force is projected to grow at a slowing rate as it returns to pre-pandemic trends. Growth is projected to slow from 0.9 percent in 2023 to 0.5 percent by 2027. The Governor’s Budget economic forecast projects labor force growth will moderate as the labor market cools. California’s unemployment rate is projected to rise through 2025 as tight financial conditions further soften the labor market. As employment growth plateaus, the unemployment rate is projected to peak in early 2025 at 5.2 percent.

The California Economic Forecast’s latest figures show that the median household income for the Ventura County California area was \$107,677 in 2023. Ventura County median household income is about 13.6% higher than the median California household income and over 50% greater than the US median household income. Median family and per capita income for Ventura County in 2023 is estimated at \$71,434, 1.8% higher than 2022 estimate. Although state and national comparative data for 2023 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 – Ventura County continues to have one of the most restrictive land-use policies in the Nation. New home production went back to the mean of 1,200 units in 2023, opposite the surge in 2022 when 1,770 apartments units were started. Most of the current projects are legacy projects that have been in planning for years and are finally being built in Ventura, Oxnard and Simi Valley. The median home sale price in Ventura County is estimated at \$936,722 for 2024, a 3.9% increase from 2023. The California median home price went up 2.9% year-over-year. According to the California Association of Realtor’s “October 2024 Report” existing single-family home sales were up 5.1% from 2023, However, the existing home market for the County remains at recession-low levels per the 2024 Ventura County Economic Outlook.

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 predicable 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 two-year budgets.

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. In May 2023, the District changed the financial assurance mechanism used to meet Cal Recycle's requirements. The change in mechanism freed up monies held by the District for use in completing the final phase of the landfill expansion, thus eliminating the need to issue debt. The District will need to adopt a reserve replenishment plan in order to ensure that all postclosure reserves are available upon the conclusion of operations at the Toland Road Landfill. 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 88 of the Statistical Section.

Water & Wastewater Operations

The Water & Wastewater Division continues to aim for the long-term viability of its services in an increasingly competitive environment. On an annual basis, the District updates billing rates for its customers based on a pre-established inflationary indices. The District has also tied this division's labor cost escalations to somewhat predicible revenue growth through five-year agreements with both customers and labor groups.

In FY2024 Water & Wastewater staff provided operational services for various member agencies, including, the City of Santa Paula, City of Thousand Oaks, Camrosa Water District, and Saticoy Sanitary District. The District has installed and operates an Onsite Wastewater Treatment System (OWTS) at Malibu Bay Club 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 reviewed in June 2023, 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, 2023. 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.

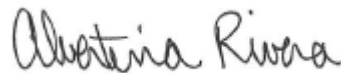
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

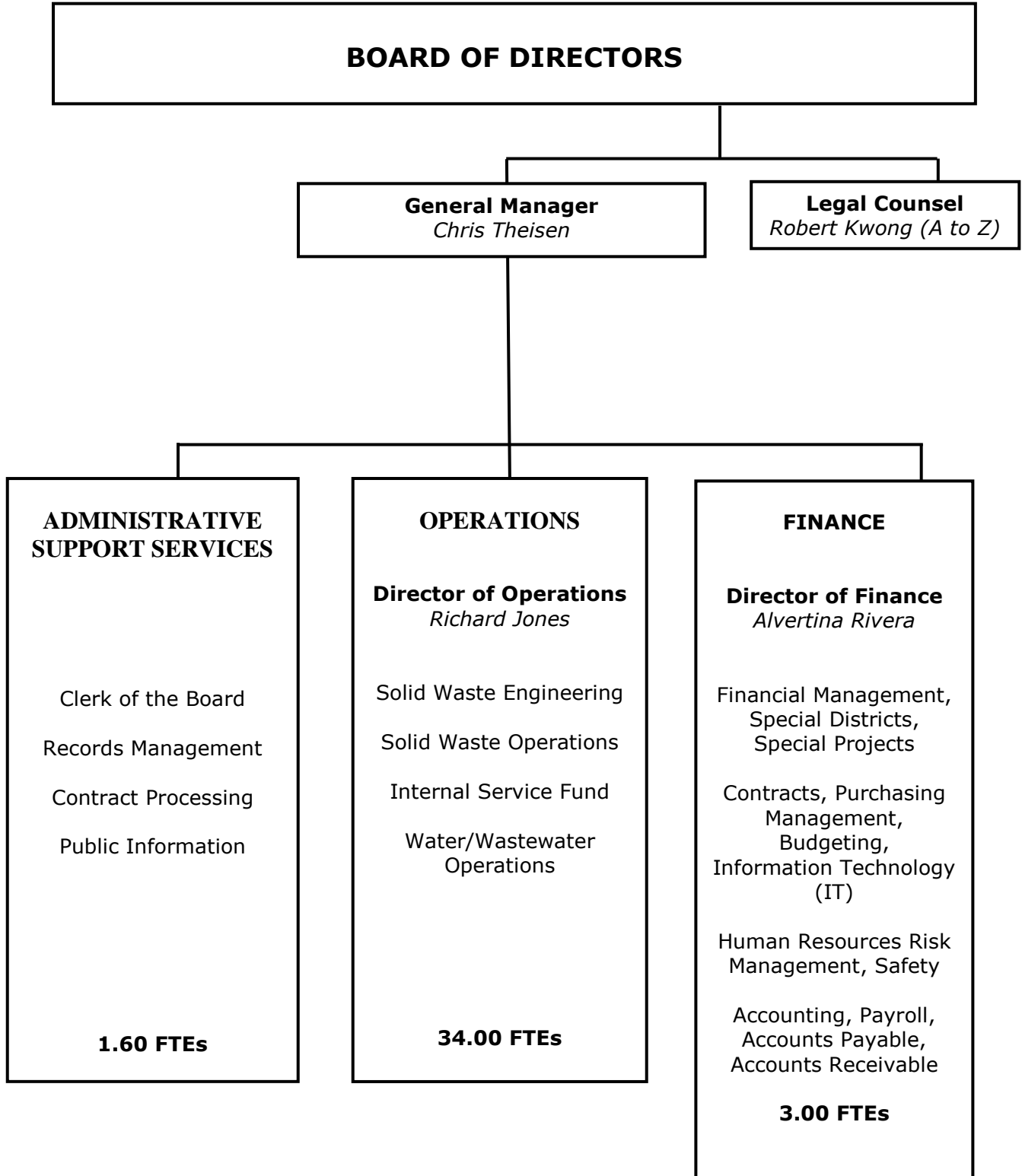
2024 Board of Directors as of June 30, 2024

| | |
|---|-----------------------|
| David Newman <i>Chairperson</i> | City of Thousand Oaks |
| Christina Villaseñor <i>Vice-Chairperson</i> | City of Fillmore |
| Doug Halter | City of Ventura |
| Carlos Juarez | City of Santa Paula |
| Kevin Kildee | City of Camarillo |
| Martha McQueen-Legohn | City of Port Hueneme |
| Bob Nast | Special District |
| Bert Perello | City of Oxnard |
| Andrew Whitman | 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 |
| Mayra 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, 2023

Christopher P. Morrill












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)
-  City of Santa Paula
-  Toland Water
-  Malibu Bay Club

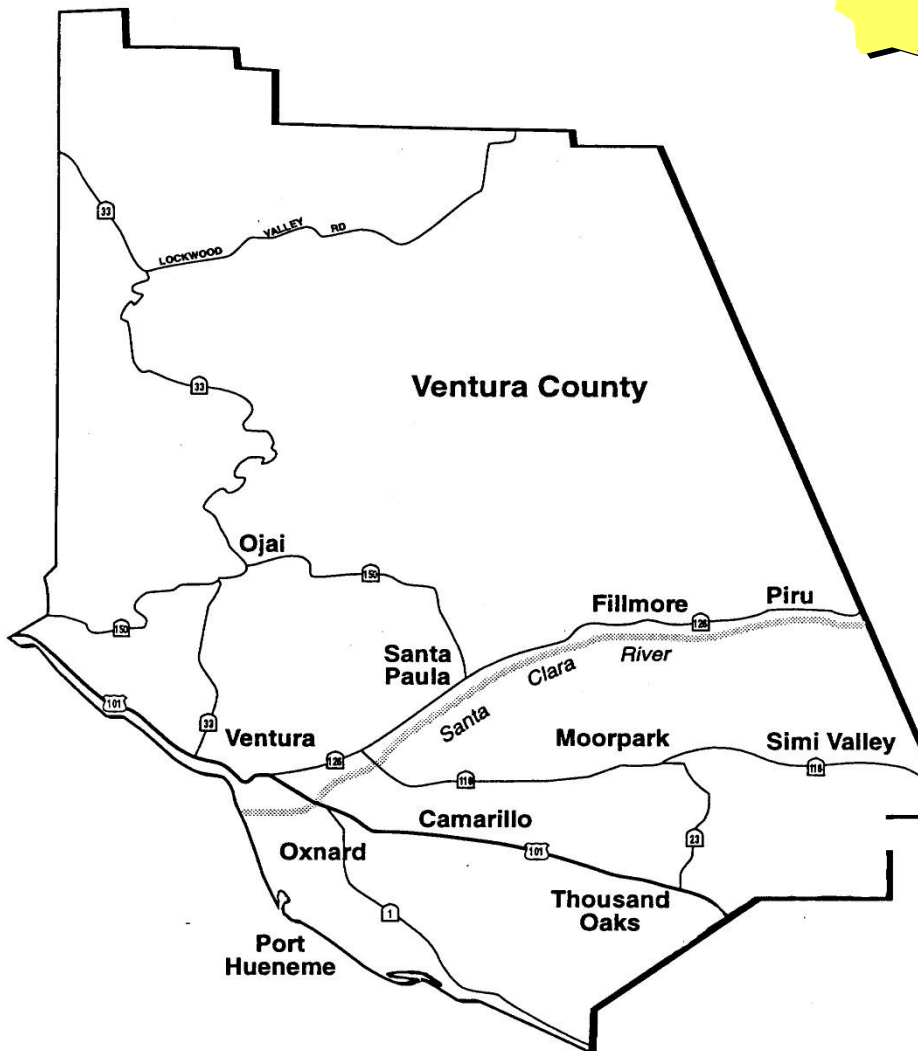
• **Solid Waste Sites**

-  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, 2024, 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, 2024, 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 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 and Malibu Bay Club – Operating and Maintenance 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 and Malibu Bay Club – Operating and Maintenance 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 November 26, 2024 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.

Davis Farr LLP

Irvine, California
November 26, 2024

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, 2024. 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 \$35.7 million (net position). The District's total net position increased by \$1.1 million, or 3.2%, resulting primarily from an increase in net capital assets, and a decrease in the net pension liability.
- During fiscal year 2024, the District's total revenues increased by \$1.3 million, primarily due to an \$891,000 net change in the fair market value of the District's investment portfolio and a \$398,000 increase in investment earnings due to a more favorable return on investment. While there was an increase of nearly \$1.3 million in disposal and sanitation fees, it was offset by decreases in one-time revenue from the Tierra Rejada Consortium that took place in the prior year and water/wastewater contract services.
- Total expenses decreased by 17.5% or \$3.8 million, driven by a decrease in both the net pension liability and the required landfill closure and postclosure reserves.

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 Annual Comprehensive 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 28-69 of this report.

Supplementary Information Includes the combining schedule statements for the different types of District operations.

Financial Analysis of the District

The Summary of Net Position and the Summary of Activities and Changes in Net Position report information about the District's current year activities and may serve over time as a useful indicator of the District's financial position. These two statements report the net position of the District and changes in them.

As can be seen from the table below, net position increased \$1.1 million to \$35.7 million in FY 2024, up from \$34.6 million in FY 2023. More specifically, the chart below identifies a \$1.7 million increase in assets, a \$1.7 million decrease in liabilities, and a net \$2.3 million increase in deferred inflows/outflows activity.

The increase in assets is primarily due to a net \$1.6 million increase in capital assets resulting from current year construction projects, as well as a \$0.3 million increase in accrued interest receivable due to the return on investment. The decrease in liabilities was comprised of a \$1.6 million decrease in the net pension liability and current year scheduled debt payments, 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 \$2.3 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 2024</u> | <u>FY 2023</u> | <u>\$ Change</u> | <u>% Change</u> |
|--|-------------------------|-------------------------|------------------------|-----------------|
| Assets: | | | | |
| Current assets | \$ 15,813 | \$ 9,709 | \$ 6,104 | 62.9% |
| Restricted current assets | 15,109 | 11,362 | 3,747 | 33.0% |
| Restricted non-current assets | 3,192 | 6,562 | (3,370) | -51.4% |
| Capital assets, net | 35,155 | 33,580 | 1,575 | 4.7% |
| Non-current assets | <u>4,424</u> | <u>10,763</u> | <u>(6,339)</u> | -58.9% |
| Total assets | <u>73,693</u> | <u>71,976</u> | <u>1,717</u> | 2.4% |
| Deferred outflows of resources: | <u>1,105</u> | <u>2,886</u> | <u>(1,781)</u> | -61.7% |
| Liabilities: | | | | |
| Liabilities payable from unrestricted current assets | 4,053 | 3,789 | 264 | 7.0% |
| Liabilities payable from restricted current assets | 573 | 584 | (11) | -1.9% |
| Liabilities payable from unrestricted non-current assets | 9,265 | 12,218 | (2,953) | -24.2% |
| Liabilities payable from restricted non-current assets | <u>23,076</u> | <u>22,054</u> | <u>1,022</u> | 4.6% |
| Total liabilities | <u>36,967</u> | <u>38,645</u> | <u>(1,678)</u> | -4.3% |
| Deferred inflows of resources: | <u>2,095</u> | <u>1,602</u> | <u>493</u> | 30.8% |
| Net position: | | | | |
| Net investment in capital assets | 30,229 | 26,442 | 3,787 | 14.3% |
| Amounts restricted | 2,965 | 3,486 | (521) | -14.9% |
| Unrestricted amounts | <u>2,542</u> | <u>4,687</u> | <u>(2,145)</u> | -45.8% |
| Total net position | <u>\$ 35,736</u> | <u>\$ 34,615</u> | <u>\$ 1,121</u> | 3.2% |

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 at June 30, 2024, \$30.2 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 \$3.0 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 \$2.5 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 2023</u> | <u>FY 2022</u> | <u>\$ Change</u> | <u>% Change</u> |
|--|------------------|------------------|-------------------|-----------------|
| Assets: | | | | |
| Current assets | \$ 9,709 | \$ 6,027 | \$ 3,682 | 61.1% |
| Restricted current assets | 11,362 | 10,066 | 1,296 | 12.9% |
| Restricted non-current assets | 6,562 | 15,522 | (8,960) | -57.7% |
| Capital assets, net | 33,580 | 35,900 | (2,320) | -6.5% |
| Non-current assets | <u>10,763</u> | <u>7,525</u> | <u>3,238</u> | 43.0% |
| Total assets | <u>71,976</u> | <u>75,040</u> | <u>(3,064)</u> | -4.1% |
| Deferred outflows of resources: | <u>2,886</u> | <u>4,808</u> | <u>(1,922)</u> | -40.0% |
| Liabilities: | | | | |
| Liabilities payable from unrestricted current assets | 3,789 | 4,474 | (685) | -15.3% |
| Liabilities payable from restricted current assets | 584 | 724 | (140) | -19.3% |
| Liabilities payable from unrestricted non-current assets | 12,218 | 10,371 | 1,847 | 17.8% |
| Liabilities payable from restricted non-current assets | <u>22,054</u> | <u>19,835</u> | <u>2,219</u> | 11.2% |
| Total liabilities | <u>38,645</u> | <u>35,404</u> | <u>3,241</u> | 9.2% |
| Deferred inflows of resources: | <u>1,602</u> | <u>5,816</u> | <u>(4,214)</u> | -72.5% |
| Net position: | | | | |
| Net investment in capital assets | 26,442 | 26,307 | 135 | 0.5% |
| Amounts restricted | 3,486 | 5,603 | (2,117) | -37.8% |
| Unrestricted amounts | <u>4,687</u> | <u>6,718</u> | <u>(2,031)</u> | -30.2% |
| Total net position | <u>\$ 34,615</u> | <u>\$ 38,628</u> | <u>\$ (4,013)</u> | -10.4% |

Net position decreased by \$4.0 million to \$34.6 million in FY2023, down from \$38.6 million in FY 2022. More specifically the chart above identifies a \$3.1 million decrease in assets, a \$3.2 million increase in liabilities, and a net \$2.3 million decrease in deferred inflows/outflows activity.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The decrease in assets is primarily due to the decrease in cash and cash equivalents resulting from \$2.7 million in current year scheduled debt payments, \$1.1 million net decrease in disposal and sanitation fees collected and contract services revenue, as well as a \$1.8 net reduction in capital assets resulting from current year capital outlays and the disposition of several pieces of heavy equipment, offset by a \$2.3 million decrease in salary and benefits. The increase in liabilities was comprised of a \$4.3 million increase in the net pension liability and a \$2.2 million increase in landfill closure/postclosure reserves, offset by current year scheduled debt payments of \$2.5 million, and \$0.4 million decrease in current payables, as well as a \$0.4 million decrease in unearned revenue due to final de-obligation of the Thomas Fire reserve. Lastly, the net change in deferred outflows/inflows was primarily a result of \$2.3 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 2024</u> | <u>FY 2023</u> | <u>\$ Change</u> | <u>% Change</u> |
|--|------------------|------------------|------------------|-----------------|
| Revenues: | | | | |
| Operating revenues | | | | |
| Disposal and sanitation fees | \$ 12,912 | \$ 11,633 | \$ 1,279 | 11.0% |
| Contract services | 3,850 | 4,351 | (501) | -11.5% |
| Other revenue | 487 | 1,135 | (648) | -57.1% |
| Total operating revenues | <u>17,249</u> | <u>17,119</u> | <u>130</u> | <u>0.8%</u> |
| Non-operating revenues | | | | |
| Interest and investment earnings | 1,754 | 465 | 1,289 | 277.2% |
| Gain on sales of capital assets, net | 174 | 210 | (36) | -17.1% |
| Other, net | - | 81 | (81) | -100.0% |
| Total non-operating revenues | <u>1,928</u> | <u>756</u> | <u>1,172</u> | <u>155.0%</u> |
| Total revenues | <u>19,177</u> | <u>17,875</u> | <u>1,302</u> | <u>7.3%</u> |
| Expenses: | | | | |
| Operating expenses | | | | |
| Salary and benefits | 5,542 | 7,769 | (2,227) | -28.7% |
| Services and supplies | 2,980 | 2,844 | 136 | 4.8% |
| Depreciation and amortization | 4,413 | 4,354 | 59 | 1.4% |
| Provision for landfill closure/postclosure | 1,530 | 2,601 | (1,071) | -41.2% |
| Other operating expenses | 3,388 | 3,882 | (494) | -12.7% |
| Total operating expenses | <u>17,853</u> | <u>21,450</u> | <u>(3,597)</u> | <u>-16.8%</u> |
| Non-operating expenses | | | | |
| Interest expense | 174 | 246 | (72) | -29.3% |
| Other non-operating expenses | 29 | 192 | (163) | -84.9% |
| Total non-operating expenses | <u>203</u> | <u>438</u> | <u>(235)</u> | <u>-53.7%</u> |
| Total expenses | <u>18,056</u> | <u>21,888</u> | <u>(3,832)</u> | <u>-17.5%</u> |
| Change in net position | 1,121 | (4,013) | 5,134 | 127.9% |
| Net position, beginning of year | <u>34,615</u> | <u>38,628</u> | <u>(4,013)</u> | <u>-10.4%</u> |
| Net position, end of year | <u>\$ 35,736</u> | <u>\$ 34,615</u> | <u>\$ 1,121</u> | <u>3.2%</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Total revenues increased by \$1,302,000 or 7.3%, due to several components a) an \$891,000 increase in the fair market value of the District's investment portfolio, when compared to the previous year as a result of continued favorable market conditions, b) a \$398,000 increase in investment earnings due to the return on investment, c) an \$867,000 scheduled cost of living increase in disposal and sanitation, d) a \$412,000 increase in disposal and sanitation fees due to an increase in tons received, as well as e) gains from disposal of several pieces of heavy equipment. These increases were primarily offset by a \$501,000 net decrease in contract services resulting from the reduction of operating and maintenance services provided to Triunfo Water and Sanitation District and Top O'Topanga, other revenues received in the prior year from the Tierra Rejada Consortium to fund the slope repairs, and insurance proceeds related to the Thomas Fire.

Total expenses decreased by \$3,832,000, or 17.5% from FY 2023. This decrease was mostly due to a \$2,105,000 decrease in pension related expenses, followed by a \$1,071,000 decrease in the required landfill closure and postclosure reserves mandated by State law, a \$358,000 decrease in other operating expenses, as well as a \$163,000 decrease in other non-operating expenses related to the Tierra Rejada Consortium.

Summary of Activities and Changes in Net Position

(In thousands of dollars)

| | <u>FY 2023</u> | <u>FY 2022</u> | <u>\$ Change</u> | <u>% Change</u> |
|--|------------------|------------------|-------------------|-----------------|
| Revenues: | | | | |
| Operating revenues | | | | |
| Disposal and sanitation fees | \$ 11,633 | \$ 11,326 | \$ 307 | 2.7% |
| Contract services | 4,351 | 6,084 | (1,733) | -28.5% |
| Other revenue | <u>1,135</u> | <u>408</u> | <u>727</u> | 178.2% |
| Total operating revenues | <u>17,119</u> | <u>17,818</u> | <u>(699)</u> | -3.9% |
| Non-operating revenues | | | | |
| Interest and investment earnings | 465 | (1,120) | 1,585 | -141.5% |
| Gain on sales of capital assets, net | 210 | (633) | 843 | -133.2% |
| Other, net | <u>81</u> | <u>-</u> | <u>81</u> | 100.0% |
| Total non-operating revenues | <u>756</u> | <u>(1,753)</u> | <u>2,509</u> | -143.1% |
| Total revenues | <u>17,875</u> | <u>16,065</u> | <u>1,810</u> | 11.3% |
| Expenses: | | | | |
| Operating expenses | | | | |
| Salary and benefits | 7,769 | 7,945 | (176) | -2.2% |
| Services and supplies | 2,844 | 2,745 | 99 | 3.6% |
| Depreciation and amortization | 4,354 | 4,218 | 136 | 3.2% |
| Provision for landfill closure/postclosure | 2,601 | 1,455 | 1,146 | 78.8% |
| Other operating expenses | <u>3,882</u> | <u>3,782</u> | <u>100</u> | 2.6% |
| Total operating expenses | <u>21,450</u> | <u>20,145</u> | <u>1,305</u> | 6.5% |
| Non-operating expenses | | | | |
| Interest expense | 246 | 323 | (77) | -23.8% |
| Other non-operating expenses | <u>192</u> | <u>9</u> | <u>183</u> | 2033.3% |
| Total non-operating expenses | <u>438</u> | <u>332</u> | <u>106</u> | 31.9% |
| Total expenses | <u>21,888</u> | <u>20,477</u> | <u>1,411</u> | 6.9% |
| Change in net position | (4,013) | (4,412) | 399 | 9.0% |
| Net position, beginning of year | <u>38,628</u> | <u>43,040</u> | <u>(4,412)</u> | -10.3% |
| Net position, end of year | <u>\$ 34,615</u> | <u>\$ 38,628</u> | <u>\$ (4,013)</u> | -10.4% |

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(CONTINUED)**

Total revenues increased by \$1,810,000 or 11.3% when compared to FY2022, due to several components a) a \$1,408,000 leveling off of the fair market value of the District’s investment portfolio, when compared to the previous year as a result of market condition changes, b) a \$177,000 increase in investment earnings due to the return on investment, c) a \$307,000 scheduled cost of living increase in disposal and sanitation, d) a \$726,000 increase in other revenues received from the Tierra Rejada Consortium to fund the slope repairs, as well as e) gains from disposal of several pieces of heavy equipment. These increases were primarily offset by a \$1,734,000 net decrease in contract services resulting from the reduction of operating and maintenance services provided to Triunfo and several schools.

Total expenses increased by \$1,411,000, or 6.9% from FY 2022. This increase was mostly due to a \$2,160,000 increase in pension related expenses, followed by an increase in the required landfill closure and postclosure reserves mandated by State law, a \$199,000 increase in operating expenses, as well as a \$136,000 increase in depreciation and amortization expense. These increases were offset by a \$2,337,000 reduction in salary and benefits resulting from a reduction in force to offset loss of revenues.

Capital Assets

The District’s investment in capital assets as of June 30, 2024, amounted to \$92.9 million (at cost) or \$35.2 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 2024 were:

| | <u>Balance 2023</u> | <u>Additions</u> | <u>Transfers/ Deletions</u> | <u>Balance 2024</u> |
|---|-------------------------|------------------|---------------------------------|-------------------------|
| Capital Assets: | | | | |
| Non-depreciable assets | \$ 4,846 | \$ 3,113 | \$ (315) | \$ 7,644 |
| Depreciable assets | 83,590 | 3,190 | (1,592) | 85,188 |
| Accumulated depreciation and amortization | (54,856) | (4,413) | 1,592 | (57,677) |
| Total capital assets, net | <u>\$ 33,580</u> | <u>\$ 1,890</u> | <u>\$ (315)</u> | <u>\$ 35,155</u> |

Changes in capital asset amounts for 2023 were:

| | <u>Balance 2022</u> | <u>Additions</u> | <u>Transfers/ Deletions</u> | <u>Balance 2023</u> |
|---|-------------------------|-------------------|---------------------------------|-------------------------|
| Capital Assets: | | | | |
| Non-depreciable assets | \$ 4,369 | \$ 1,176 | \$ (699) | \$ 4,846 |
| Depreciable assets | 83,229 | 1,563 | (1,202) | 83,590 |
| Accumulated depreciation and amortization | (51,698) | (4,354) | 1,196 | (54,856) |
| Total capital assets, net | <u>\$ 35,900</u> | <u>\$ (1,615)</u> | <u>\$ (705)</u> | <u>\$ 33,580</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

- Continuation of Toland Road Landfill Flare Replacement and Gas Collection System
- Continuation of Toland Landfill Phase 4C/D Construction
- Construction and Completion of the Toland Landfill West Perimeter Slope
- Purchase of an 826 Compactor and 627K Scraper

The prior year's major capital asset transactions included:

- Construction of Toland Landfill Phase 4C/D
- Continuation of Toland Road Landfill Flare Replacement and Gas Collection System
- Completion of the Toland Road Landfill Gas Extraction Well
- Purchase of a D6 Dozer

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

Debt Administration

The District total debt outstanding at June 30, 2024, was \$4.9 million excluding capital leases, compensated absences, and other liabilities. During the year, retirement of debt amounted to \$2,220,117.

The table below summarizes the debt outstanding balances at June 30, 2024.

| Direct Borrowings: Description of Project | Beginning Balance | Additions | Payments/ Deletions | Ending Balance | Amounts Due in One Year |
|--|----------------------|-------------|------------------------|---------------------|----------------------------|
| <i>Malibu Bay Club</i> | \$ 722,575 | \$ - | \$ (173,417) | \$ 549,158 | \$ 178,148 |
| <i>Biosolids Drying Facility/ Microturbine Project</i> | 771,857 | - | (771,857) | - | - |
| <i>Toland Landfill 3B Liner</i> | 1,028,756 | - | (402,730) | 626,026 | 414,371 |
| <i>Toland Landfill 4A Liner</i> | 4,626,617 | - | (872,113) | 3,754,504 | 897,942 |
| Total long-term debt | <u>\$ 7,149,805</u> | <u>\$ -</u> | <u>\$(2,220,117)</u> | <u>\$ 4,929,688</u> | <u>\$ 1,490,461</u> |

Additional information on long-term debt is provided in Note B5 of the Notes to the Basic Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Economic Factors and Next Year's Budgets and Rates

- The District's fiscal year 2024-25 Adopted Budget totals \$18,549,519, representing a 2.3% decrease when compared to the prior year.
-
- The Adopted Budget for fiscal year 2024-25 will need to be adjusted to reflect the reduction in water/wastewater services provided as a result of two contract cancellations.
- Malibu Bay Club sewer service charge per residential unit increased from \$130.63 to \$134.35, effective July 1, 2024. The FY2025 monthly sewer fee increased by a 2.85% inflationary rate increase per the current Ordinance No. 115 – in force through June 30, 2025.
- The District's billable hourly rates for fiscal year 2024-25, effective July 1, 2024, increased by 3.48% when compared to fiscal year 2023-24. The equipment usage rates also increased 3.48% from fiscal year 2023-24.

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.

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, 2024 (with comparative data for June 30, 2023)

| ASSETS | 2024 | 2023 |
|---|---------------|--------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 13,518,799 | \$ 7,167,030 |
| Accrued interest receivable | 399,282 | 78,734 |
| Accounts receivable – disposal and sanitation fees, net | 984,368 | 1,086,347 |
| Accounts receivable – contract services and other, net | 676,711 | 1,099,452 |
| Prepaid and other | 234,080 | 276,969 |
| Total current assets – unrestricted | 15,813,240 | 9,708,532 |
| Restricted current assets: | | |
| Cash and cash equivalents | 7,574,325 | 2,911,865 |
| Investments | 7,313,242 | 8,225,828 |
| Notes receivable | 191,204 | 181,611 |
| Accrued interest receivable | 30,210 | 42,460 |
| Total current assets – restricted | 15,108,981 | 11,361,764 |
| Total current assets – unrestricted and restricted | 30,922,221 | 21,070,296 |
| Restricted non-current assets: | | |
| Investments | 2,821,327 | 6,013,113 |
| Notes receivable | 371,010 | 549,158 |
| Total non-current assets – restricted | 3,192,337 | 6,562,271 |
| Non-current assets: | | |
| Investments | 3,846,598 | 10,756,897 |
| Net OPEB asset | 577,066 | 5,983 |
| Capital assets, net | 35,154,622 | 33,580,148 |
| Total non-current assets – unrestricted | 39,578,286 | 44,343,028 |
| Total non-current assets – unrestricted and restricted | 42,770,623 | 50,905,299 |
| Total assets | 73,692,844 | 71,975,595 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension related | 814,654 | 2,452,644 |
| OPEB related | 286,119 | 421,256 |
| Loss on refunding of debt | 4,338 | 11,713 |
| Total deferred outflows of resources | 1,105,111 | 2,885,613 |

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

VENTURA REGIONAL SANITATION DISTRICT

STATEMENT OF NET POSITION (continued)
June 30, 2024 (with comparative data for June 30, 2023)

| LIABILITIES | 2024 | 2023 |
|---|----------------------|----------------------|
| Current liabilities: | | |
| Payable from current assets: | | |
| Accounts payable and accrued expenses | \$ 2,139,739 | \$ 1,163,950 |
| Accrued wages and compensated absences | 550,223 | 513,532 |
| Accrued interest payable | 50,278 | 64,777 |
| Installment sale agreement - current portion | 1,312,313 | 2,046,699 |
| Payable from current assets – unrestricted | <u>4,052,553</u> | <u>3,788,958</u> |
| Payable from restricted current assets: | | |
| Customer deposits | 67,081 | 60,173 |
| Landfill closure/postclosure costs - expected within one year | 327,693 | 349,955 |
| Installment purchase contract - current portion | 178,148 | 173,417 |
| Payable from current assets – restricted | <u>572,922</u> | <u>583,545</u> |
| Total current liabilities – unrestricted and restricted | <u>4,625,475</u> | <u>4,372,503</u> |
| Non-current liabilities: | | |
| Payable from non-current assets: | | |
| Net pension liability | 5,985,153 | 7,583,526 |
| Installment sale agreement | 3,068,217 | 4,380,531 |
| Accrued wages and compensated absences | 211,631 | 253,887 |
| Payable from non-current assets – unrestricted | <u>9,265,001</u> | <u>12,217,944</u> |
| Payable from restricted non-current assets: | | |
| Tierra Rejada Consortium reserve | 86,734 | 77,296 |
| Landfill closure/postclosure costs | 22,618,418 | 21,427,371 |
| Installment purchase contract | 371,010 | 549,158 |
| Payable from non-current assets – restricted | <u>23,076,162</u> | <u>22,053,825</u> |
| Total non-current liabilities – unrestricted and restricted | <u>32,341,163</u> | <u>34,271,769</u> |
| Total liabilities | <u>36,966,638</u> | <u>38,644,272</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension related | 1,179,991 | 1,197,083 |
| OPEB related | 915,120 | 404,972 |
| Total deferred inflows of resources | <u>2,095,111</u> | <u>1,602,055</u> |
| NET POSITION | | |
| Net investment in capital assets | 30,229,272 | 26,442,056 |
| Restricted for: | | |
| Debt service | 562,214 | 730,769 |
| Landfill closure and postclosure costs | 2,394,242 | 2,755,164 |
| Malibu Bay Club | 8,675 | - |
| Unrestricted | 2,541,803 | 4,686,892 |
| Total net position | <u>\$ 35,736,206</u> | <u>\$ 34,614,881</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, 2024 (with comparative data for June 30, 2023)

| | 2024 | 2023 |
|---|---------------|---------------|
| Operating revenues: | | |
| Disposal and sanitation fees | \$ 12,912,030 | \$ 11,633,175 |
| Contract services | 3,850,329 | 4,350,488 |
| Other revenue | 486,882 | 1,134,856 |
| Total operating revenues | 17,249,241 | 17,118,519 |
| Operating expenses: | | |
| Salaries and benefits | 5,541,868 | 7,768,807 |
| Management and administrative | 424,110 | 545,505 |
| Services and supplies | 2,979,759 | 2,843,616 |
| Professional services | 906,585 | 1,531,353 |
| Facility maintenance | 989,981 | 744,397 |
| Provision for landfill closure/postclosure | 1,530,088 | 2,601,124 |
| Permits, licenses and fees | 1,067,234 | 1,061,509 |
| Total operating expenses | 13,439,625 | 17,096,311 |
| Operating income before depreciation and amortization | 3,809,616 | 22,208 |
| Depreciation and amortization | (4,412,832) | (4,353,931) |
| Operating income (loss) | (603,216) | (4,331,723) |
| Non-operating revenues (expenses): | | |
| Interest and investment earnings | 1,753,419 | 464,651 |
| Gain (loss) on sales/disposals of capital assets, net | 173,800 | 210,321 |
| Interest expense | (180,874) | (246,036) |
| Tierra Rejada Consortium | (21,804) | (191,730) |
| Other, net | - | 80,902 |
| Total non-operating revenues (expenses), net | 1,724,541 | 318,108 |
| Change in net position | 1,121,325 | (4,013,615) |
| Net position, beginning of year | 34,614,881 | 38,628,496 |
| Net position, end of year | \$ 35,736,206 | \$ 34,614,881 |

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

VENTURA REGIONAL SANITATION DISTRICT

STATEMENT OF CASH FLOWS

Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

| | 2024 | 2023 |
|--|---------------|---------------|
| Cash flows from operating activities: | | |
| Receipts from customers for disposal and sanitation services | \$ 13,020,917 | \$ 11,804,949 |
| Receipts from customers for contract services | 4,273,070 | 4,322,744 |
| Receipts for other services | 486,882 | 1,134,856 |
| Payments to vendors for materials and services | (5,722,660) | (7,542,710) |
| Payments for salaries, benefits and contract labor | (5,450,706) | (5,939,965) |
| Net cash provided by operating activities | 6,607,503 | 3,779,874 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (5,987,307) | (2,039,021) |
| Principal received on notes receivable | 168,555 | 169,047 |
| Proceeds from the sale of capital assets | 173,800 | 215,645 |
| Principal paid on capital debt | (2,220,117) | (2,466,127) |
| Interest paid on capital debt | (187,998) | (249,293) |
| Net cash (used for) capital and related financing activities | (8,053,067) | (4,369,749) |
| Cash flows from investing activities: | | |
| Interest and dividends from investments | 1,445,122 | 449,038 |
| Proceeds from sales and maturities of investments | 11,014,671 | 8,927,499 |
| Purchases of investments | - | (2,474,074) |
| Net cash (used for) provided by investing activities | 12,459,793 | 6,902,463 |
| Net (decrease) increase in cash and cash equivalents | 11,014,229 | 6,312,588 |
| Cash and cash equivalents (unrestricted and restricted), beginning of year | 10,078,895 | 3,766,307 |
| Cash and cash equivalents (unrestricted and restricted), end of year | \$ 21,093,124 | \$ 10,078,895 |
| Reconciliation of cash and cash equivalents to statement of net position: | | |
| Cash and cash equivalents | \$ 13,518,799 | \$ 7,167,030 |
| Restricted cash and cash equivalents | 7,574,325 | 2,911,865 |
| Total cash and cash equivalents | \$ 21,093,124 | \$ 10,078,895 |

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, 2024 (with comparative data for June 30, 2023)

| | 2024 | 2023 |
|---|--------------|----------------|
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income(loss) | \$ (603,216) | \$ (4,331,723) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 4,412,832 | 4,353,931 |
| Other non-operating revenues and expenses, net | (21,804) | (110,828) |
| Changes in assets and liabilities: | | |
| (Increase)decrease in assets: | | |
| Accounts receivable – disposal and sanitation fees, net | 101,979 | 170,897 |
| Accounts receivable – contract services, net | 422,741 | 22,277 |
| Net OPEB asset | (571,083) | 120,946 |
| Prepaid and other | 42,889 | 135,645 |
| Deferred outflows | 1,773,127 | 1,911,966 |
| Increase(decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 975,789 | (159,635) |
| Accrued wages and compensated absences | (5,565) | (275,846) |
| Customer deposits | 6,908 | 877 |
| Net pension liability | (1,598,373) | 4,285,433 |
| Unearned revenue | - | (375,984) |
| Malibu Bay Club reserve | - | (50,021) |
| Tierra Rejada Consortium reserve | 9,438 | 52,835 |
| Landfill closure/postclosure costs | 1,168,785 | 2,242,761 |
| Deferred inflows | 493,056 | (4,213,657) |
| Total adjustments | 7,210,719 | 8,111,597 |
| Net cash provided by operating activities | \$ 6,607,503 | \$ 3,779,874 |
| Noncash investing, capital, and financing activities: | | |
| Fair value adjustment of investments | \$ 748,297 | \$ (142,412) |

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, 2024 (with comparative data for June 30, 2023)

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, 2024. 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, 2024 (with comparative data for June 30, 2023)

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, 2024 (with comparative data for June 30, 2023)

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, 2024, 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, 2024 (with comparative data for June 30, 2023)

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 2040.

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, 2024 (with comparative data for June 30, 2023)

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, 2022 | June 30, 2023 |
| • Measurement Date: | June 30, 2023 | June 30, 2024 |
| • Measurement Period: | July 1, 2022 to June 30, 2023 | July 1, 2023 to June 30, 2024 |

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, 2023
- Measurement Date: June 30, 2024
- Measurement Period: July 1, 2023 to June 30, 2024

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. 101 *Compensated Absences*. The primary objectives of this Statement are to provide a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The standard will be implemented for the fiscal year ending June 30, 2025.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

GASB has issued the following statements which may impact the District’s financial reporting requirements in the future:

- i. GASB Statement 102 - “Certain Risk Disclosures”, effective for reporting periods beginning after June 15, 2024.
- ii. GASB Statement 103 - “Financial Reporting Model Improvements”, effective for reporting periods beginning after June 15, 2025.
- iii. GASB Statement 104 - “Disclosure of Certain Capital Assets”, effective for reporting periods beginning after June 15, 2025.

B. DETAILED NOTES

1. Cash and Investments

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

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 13,518,799 | \$ 7,167,030 |
| Restricted cash and cash equivalents | 7,574,325 | 2,911,865 |
| Investments | 3,846,598 | 10,756,897 |
| Restricted investments | 10,134,569 | 14,238,941 |
| Total cash and investments | <u>\$ 35,074,291</u> | <u>\$ 35,074,733</u> |

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

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Cash and cash equivalents: | | |
| Local Agency Investment Fund (LAIF) | \$ 1,812,579 | \$ 1,200,065 |
| Ventura County Treasury Pool | 63,798 | 60,583 |
| California Asset Management Program (CAMP-Pool) | 11,126,293 | 7,261,529 |
| California Asset Management Program (CAMP-Term) | 7,500,000 | - |
| Sweep account | 581,224 | 1,536,148 |
| Claims cash account | 9,230 | 20,570 |
| Total cash and cash equivalents | <u>\$ 21,093,124</u> | <u>\$ 10,078,895</u> |

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Deposits with financial institutions: | | |
| Sweep account | \$ 581,224 | \$ 1,536,148 |
| Claims cash account | 9,230 | 20,570 |
| Investments: | | |
| Federal Agency | 2,620,045 | 5,362,903 |
| Municipal Bonds | 685,036 | 1,354,823 |
| Asset-Backed | 193,947 | 386,805 |
| Corporate Notes | 2,536,003 | 3,810,235 |
| U.S. Treasury Notes | 6,391,698 | 12,586,065 |
| Supranational Obligations | 799,755 | 769,427 |
| Certificates of deposits | 754,683 | 725,580 |
| California Asset Management Program (CAMP-Pool) | 11,126,293 | 7,261,529 |
| California Asset Management Program (CAMP-Term) | 7,500,000 | - |
| Local Agency Investment Fund (LAIF) | 1,812,579 | 1,200,065 |
| Ventura County Treasury Pool | 63,798 | 60,583 |
| | <u>\$ 35,074,291</u> | <u>\$ 35,074,733</u> |
| Total cash and investments | | |

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

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

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

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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, 2024, 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, 2024 and 2023, the carrying amount of cash in banks was \$590,454 and \$1,556,718, respectively, and the corresponding bank balance was \$604,480 and \$1,581,302. 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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

- Deviations from the above schedule or estimated dollar values requires advance approval.

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

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, 2024 and 2023 is \$21.9 billion and \$25.7 billion, respectively. LAIF is a part of the California Pooled Money Investment Account (PMIA), which at June 30, 2024 and 2023 had a balance of \$178 billion and \$178.4 billion, respectively. Of that amount, 1.40% and 1.60%, respectively, is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 217 days and 260 days as of June 30, 2024 and 2023, 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 \$1,812,579 and \$1,200,065 at June 30, 2024 and 2023, respectively. The amounts invested in the California LAIF are not subject to categorization as they do not represent specifically identifiable investment securities.

Investment in California Asset Management Program

The District is a voluntary participant in the California Asset Management Program (CAMP), which is a California, Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p) and is overseen by a seven member Board of Trustees.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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.

The income, gains, and losses net of administration fees, are allocated based upon the participant's average daily balance. Participants share proportionally in any realized gains or losses on investments. Deposits in CAMP are not insured or otherwise guaranteed by the State of California. The fair value of the CAMP investment pools are approximately equal to the value of the pooled shares.

CAMP's deposit and withdrawal restrictions and limitations are as follows:

- Wire transfer orders can be processed the same Business Day if they are received and accepted by the Investment Adviser by 11:00 a.m. Pacific Time and if the Pool's Custodian receives federal funds by wire prior to the close of business.
- Wire orders received after 11:00 a.m. Pacific Time are processed on the next Business Day.
- ACH transfer orders are processed on the next Business Day if requested by 1:00 p.m. Pacific Time.
- ACH orders received after 1:00 p.m. Pacific Time are processed on the second Business Day after the Business Day on which they are received.
- CAMP does not limit the District's number of transactions.
- No one CAMP Shareholder can hold more than 10% of the entire CAMP Pool Holdings.

The District's proportionate share of CAMP's market value was \$18,626,293 and \$7,261,529 at June 30, 2024 and 2023, respectively. The amounts invested in CAMP are not subject to categorization or level 1, 2 or 3 of the fair value hierarchy 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, 2024 (with comparative data for June 30, 2023)

Investments at June 30, 2024:

| <u>Investment Type</u> | Fair Value Total | Remaining Maturity (in months) | | |
|--|----------------------|--------------------------------|---------------------|---------------------|
| | | 12 or Less | 13-24 | 25-60 |
| Federal Agency | \$ 2,620,045 | \$ 1,498,796 | \$ 890,379 | \$ 230,870 |
| Municipal Bonds | 685,036 | 618,932 | 66,104 | - |
| Asset-Backed | 193,947 | - | 40,679 | 153,268 |
| Corporate Notes | 2,536,003 | 739,338 | 630,309 | 1,166,356 |
| U.S. Treasury Notes | 6,391,698 | 2,901,738 | 1,533,695 | 1,956,265 |
| Supranational Obligations | 799,755 | 799,755 | - | - |
| Certificates of deposits | 754,683 | 754,683 | - | - |
| Local Government Investment Pool (CAMP-Pool) | 11,126,293 | 11,126,293 | - | - |
| Local Government Investment Pool (CAMP-Term) | 7,500,000 | 7,500,000 | - | - |
| Local Agency Investment Fund (LAIF) | 1,812,579 | 1,812,579 | - | - |
| Ventura County Treasury Pool | 63,798 | 63,798 | - | - |
| Total | <u>\$ 34,483,837</u> | <u>\$ 27,815,912</u> | <u>\$ 3,161,166</u> | <u>\$ 3,506,759</u> |

Investments at June 30, 2023:

| <u>Investment Type</u> | Fair Value Total | Remaining Maturity (in months) | | |
|--|----------------------|--------------------------------|---------------------|---------------------|
| | | 12 or Less | 13-24 | 25-60 |
| Federal Agency | \$ 5,362,903 | \$ 2,641,014 | \$ 1,447,691 | \$ 1,274,198 |
| Municipal Bonds | 1,354,823 | 368,975 | 922,276 | 63,572 |
| Asset-Backed | 386,805 | - | 94,176 | 292,629 |
| Corporate Notes | 3,810,235 | 1,106,085 | 952,479 | 1,751,671 |
| U.S. Treasury Notes | 12,586,065 | 3,384,174 | 2,886,626 | 6,315,265 |
| Supranational Obligations | 769,427 | - | 769,427 | - |
| Certificates of deposits | 725,580 | 725,580 | - | - |
| Local Government Investment Pool (CAMP-Pool) | 7,261,529 | 7,261,529 | - | - |
| Local Agency Investment Fund (LAIF) | 1,200,065 | 1,200,065 | - | - |
| Ventura County Treasury Pool | 60,583 | 60,583 | - | - |
| Total | <u>\$ 33,518,015</u> | <u>\$ 16,748,005</u> | <u>\$ 7,072,675</u> | <u>\$ 9,697,335</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, 2024 (with comparative data for June 30, 2023)

| Investment Type | Total as of June 30, 2024 | Minimum Legal Rating | Exempt From Disclosure | AAA | AA- to AA+ | A- to A+ | BBB+ | Not rated |
|---|------------------------------|----------------------------|------------------------------|---------------------|---------------------|---------------------|-------------------|----------------------|
| Federal Agency | \$ 2,620,045 | A | \$ - | \$ - | \$ 2,620,045 | \$ - | \$ - | \$ - |
| Municipal Bonds | 685,036 | A | - | 268,952 | 416,084 | - | - | - |
| Asset- Backed | 193,947 | A | - | 163,376 | - | - | - | 30,571 |
| Corporate Notes | 2,536,003 | A | - | - | 255,704 | 1,734,288 | 546,011 | - |
| U.S. Treasury Notes | 6,391,698 | N/A | 6,391,698 | - | - | - | - | - |
| Supranational Obligations | 799,755 | N/A | - | 799,755 | - | - | - | - |
| Certificates of deposits | 754,683 | N/A | - | - | - | - | - | 754,683 |
| Local Government Investment Pool (CAMP-Pool) | 11,126,293 | N/A | - | - | - | - | - | 11,126,293 |
| Local Government Investment Pool (CAMP-Term) | 7,500,000 | N/A | - | - | - | - | - | 7,500,000 |
| Local Agency Investment Fund (LAIF) | 1,812,579 | N/A | - | - | - | - | - | 1,812,579 |
| Ventura County Treasury Pool | 63,798 | N/A | - | - | - | - | - | 63,798 |
| Total | \$ 34,483,837 | | \$ 6,391,698 | \$ 1,232,083 | \$ 3,291,833 | \$ 1,734,288 | \$ 546,011 | \$ 21,287,924 |

| Investment Type | Total as of June 30, 2023 | 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 Obligations | 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 |
| Local Government Investment Pool (CAMP) | 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 |

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, 2024 (with comparative data for June 30, 2023)

The District has the following recurring fair value measurements as of June 30, 2024:

| Investments by Fair Value Level | Total as of June 30, 2024 | Fair Value Measurements Using | | |
|---|------------------------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Federal Agency | \$ 2,620,045 | \$ - | \$ 2,620,045 | \$ - |
| Municipal Bonds | 685,036 | - | 685,036 | - |
| Asset-Backed | 193,947 | - | 193,947 | - |
| Corporate Notes | 2,536,003 | - | 2,536,003 | - |
| Supranational Obligations | 799,755 | - | 799,755 | - |
| U.S. Treasury Notes | 6,391,698 | 6,391,698 | - | - |
| Total investments measured by fair value level | <u>\$ 13,226,484</u> | <u>\$ 6,391,698</u> | <u>\$ 6,834,786</u> | <u>\$ -</u> |
| Investments measured at the Net Asset Value (NAV) which approximates fair value | | | | |
| Local Government Investment Pool (CAMP-Pool) | 11,126,293 | | | |
| Local Government Investment Pool (CAMP-Term) | 7,500,000 | | | |
| Investments not subject to Fair Value hierarchy | | | | |
| Local Agency Investment Fund (LAIF) | 1,812,579 | | | |
| Ventura County Treasury Pool | 63,798 | | | |
| Certificates of deposits | 754,683 | | | |
| | <u>2,631,060</u> | | | |
| Total | <u>\$ 34,483,837</u> | | | |

The District has the following recurring fair value measurements as of June 30, 2023:

| Investments by Fair Value Level | Total as of June 30, 2023 | Fair Value Measurements Using | | |
|---|------------------------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Federal Agency | \$ 5,362,903 | \$ - | \$ 5,362,903 | \$ - |
| Municipal Bonds | 1,354,823 | - | 1,354,823 | - |
| Asset-Backed | 386,805 | - | 386,805 | - |
| Corporate Notes | 3,810,235 | - | 3,810,235 | - |
| Supranational Obligations | 769,427 | - | 769,427 | - |
| U.S. Treasury Notes | 12,586,065 | 12,586,065 | - | - |
| Total investments measured by fair value level | <u>\$ 24,270,258</u> | <u>\$ 12,586,065</u> | <u>\$ 11,684,193</u> | <u>\$ -</u> |
| Investments measured at the Net Asset Value (NAV) which approximates fair value | | | | |
| Local Government Investment Pool (CAMP-Pool) | 7,261,529 | | | |
| Investments not subject to Fair Value hierarchy | | | | |
| Local Agency Investment Fund (LAIF) | 1,200,065 | | | |
| Ventura County Treasury Pool | 60,583 | | | |
| Certificates of deposits | 725,580 | | | |
| | <u>1,986,228</u> | | | |
| Total | <u>\$ 33,518,015</u> | | | |

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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 and other, 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 \$9,943 and \$10,973 at June 30, 2024 and June 30, 2023, respectively.

Contract services and other, 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 \$5,812 and \$9,677 at June 30, 2024 and June 30, 2023, respectively.

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

June 30, 2024

| <u>Accounts Receivable - Trade</u> | <u>Gross</u> | <u>Allowance</u> | <u>Net</u> |
|------------------------------------|---------------------|--------------------|---------------------|
| Disposal and sanitation | \$ 994,311 | \$ (9,943) | \$ 984,368 |
| Contract services and other | <u>682,523</u> | <u>(5,812)</u> | <u>676,711</u> |
| Total accounts receivable | <u>\$ 1,676,834</u> | <u>\$ (15,755)</u> | <u>\$ 1,661,079</u> |

June 30, 2023

| <u>Accounts Receivable - Trade</u> | <u>Gross</u> | <u>Allowance</u> | <u>Net</u> |
|------------------------------------|---------------------|--------------------|---------------------|
| Disposal and sanitation | \$ 1,097,320 | \$ (10,973) | \$ 1,086,347 |
| Contract services and other | <u>1,109,129</u> | <u>(9,677)</u> | <u>1,099,452</u> |
| Total accounts receivable | <u>\$ 2,206,449</u> | <u>\$ (20,650)</u> | <u>\$ 2,185,799</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, 2024 (with comparative data for June 30, 2023)

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:

| Construction in Progress | 2024 | 2023 |
|---|---------------------|---------------------|
| Toland Landfill Leachate System | \$ 110,236 | \$ 72,154 |
| Toland Scalehouse | 16,143 | 16,143 |
| Toland Deep Well & Pipeline | 56,227 | 56,227 |
| Toland Flare Replacement and Gas Collection | 3,039,914 | 1,316,043 |
| Toland Landfill Phase 4C/D | 1,603,420 | 483,990 |
| Toland Landfill West Perimeter Slope | - | 74,700 |
| Toland Server | - | 8,748 |
| Grand total | <u>\$ 4,825,940</u> | <u>\$ 2,028,005</u> |

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

| | Beginning Balance June 30, 2023 | Additions | Deletions | Ending Balance June 30, 2024 |
|--|---------------------------------------|---------------------|---------------------|------------------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 2,817,108 | \$ - | \$ - | \$ 2,817,108 |
| Construction-in-Progress | 2,028,005 | 3,112,997 | (315,062) | 4,825,940 |
| Total capital assets, not being depreciated | <u>4,845,113</u> | <u>3,112,997</u> | <u>(315,062)</u> | <u>7,643,048</u> |
| Capital assets, being depreciated | | | | |
| Structures and improvements | 67,716,535 | 305,315 | - | 68,021,850 |
| Equipment | 15,873,881 | 2,884,056 | (1,591,709) | 17,166,228 |
| Total capital assets, being depreciated | <u>83,590,416</u> | <u>3,189,371</u> | <u>(1,591,709)</u> | <u>85,188,078</u> |
| Less accumulated depreciation for: | | | | |
| Structures and improvements | 44,363,368 | 3,210,180 | - | 47,573,548 |
| Equipment | 10,492,013 | 1,202,652 | (1,591,709) | 10,102,956 |
| Total accumulated depreciation | <u>54,855,381</u> | <u>4,412,832</u> | <u>(1,591,709)</u> | <u>57,676,504</u> |
| Total capital assets, being depreciated, net | <u>28,735,035</u> | <u>(1,223,461)</u> | <u>-</u> | <u>27,511,574</u> |
| Net capital assets | <u>\$ 33,580,148</u> | <u>\$ 1,889,536</u> | <u>\$ (315,062)</u> | <u>\$ 35,154,622</u> |

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

| | Beginning Balance <u>June 30, 2022</u> | Additions | Deletions | Ending Balance <u>June 30, 2023</u> |
|--|--|-----------------------|---------------------|---|
| Capital assets, not being depreciated | | | | |
| Land | \$ 2,817,108 | \$ - | \$ - | \$ 2,817,108 |
| Construction-in-Progress | 1,551,975 | 1,175,436 | (699,406) | 2,028,005 |
| Total capital assets, not being depreciated | <u>4,369,083</u> | <u>1,175,436</u> | <u>(699,406)</u> | <u>4,845,113</u> |
| Capital assets, being depreciated | | | | |
| Structures and improvements | 67,017,129 | 699,406 | - | 67,716,535 |
| Equipment | 16,211,945 | 863,586 | (1,201,650) | 15,873,881 |
| Total capital assets, being depreciated | <u>83,229,074</u> | <u>1,562,992</u> | <u>(1,201,650)</u> | <u>83,590,416</u> |
| Less accumulated depreciation for: | | | | |
| Structures and improvements | 41,094,783 | 3,268,585 | - | 44,363,368 |
| Equipment | 10,602,992 | 1,085,346 | (1,196,325) | 10,492,013 |
| Total accumulated depreciation | <u>51,697,775</u> | <u>4,353,931</u> | <u>(1,196,325)</u> | <u>54,855,381</u> |
| Total capital assets, being depreciated, net | <u>31,531,299</u> | <u>(2,790,939)</u> | <u>(5,325)</u> | <u>28,735,035</u> |
| Net capital assets | <u>\$ 35,900,382</u> | <u>\$ (1,615,503)</u> | <u>\$ (704,731)</u> | <u>\$ 33,580,148</u> |

5. Long-Term Debt

Direct Borrowings:

1) Installment Purchase Agreement

On June 24, 2016, the District entered into an Installment Purchase Agreement with Compass Mortgage Corporation (Lender) in the amount of \$1,825,000. The funds were used to retire an existing loan with Citizens Bank. The purpose of the original loan was to reimburse the District for the costs advanced for an advanced onsite wastewater treatment system for the Malibu Bay Club, a California non-profit mutual benefit corporation. Semiannual principal and interest payments of \$95,916 are due October 4 and April 4, commencing October 4, 2016 through April 4, 2027. Interest is at 2.71%. The District has pledged the Net Revenues of the Solid Waste operations for the repayment of the loan. The Installment Purchase Agreement contains a provision that in the event of default, the Lender may declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately and impose a default rate equal to an additional 5.00%.

2) Installment Sale Agreement

On January 29, 2016, the District entered into an Installment Sale Agreement with Banc of America Public Capital Corp (Lender) in the amount of \$6,037,415. The funds were used to retire an existing loan with City National Bank. The purpose of the original loan was to provide financing for the acquisition and construction of a biosolids drying facility and microturbine project. Semiannual principal and interest payments of \$392,511 are due November 13 and May 13, commencing May 13, 2016 through May 13, 2024. Interest is at 2.27%. The District has pledged the Net Revenues of the Solid Waste operations for the repayment of the Installment Sale Agreement. The loan contains a provision that in the event of default, the Lender may declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately and impose a default rate equal to an additional 4.00%.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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 \$3,709,711. 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%.

4) 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, 2024:

| Direct Borrowings: | Beginning Balance | Additions | Payments/ Deletions | Ending Balance | Amounts Due in One Year |
|---|---------------------|-------------|------------------------|---------------------|-------------------------|
| 1) Malibu Bay Club: Jun. 24, 2016 | \$ 722,575 | \$ - | \$ (173,417) | \$ 549,158 | \$ 178,148 |
| 2) Biosolids Drying Facility/ Microturbine Project: Jan. 29, 2016 | 771,857 | - | (771,857) | - | - |
| 3) Toland Landfill 3B Liner: Jan. 29, 2016 | 1,028,756 | - | (402,730) | 626,026 | 414,371 |
| 4) Toland Landfill 4A Liner: Jan. 29, 2016 | 4,626,617 | - | (872,113) | 3,754,504 | 897,942 |
| Total long-term debt | <u>\$ 7,149,805</u> | <u>\$ -</u> | <u>\$ (2,220,117)</u> | <u>\$ 4,929,688</u> | <u>\$ 1,490,461</u> |

The following schedule illustrates the debt service requirements to maturity for loans outstanding as of June 30, 2024:

| Fiscal Years Ending June 30, | Direct Borrowings | | |
|---------------------------------|---------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2025 | \$ 1,490,461 | \$ 132,529 | \$ 1,622,990 |
| 2026 | 1,319,199 | 89,097 | 1,408,296 |
| 2027 | 1,139,918 | 53,686 | 1,193,604 |
| 2028 | 980,110 | 21,664 | 1,001,774 |
| Total | <u>\$ 4,929,688</u> | <u>\$ 296,976</u> | <u>\$ 5,226,664</u> |

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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 2021. 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 \$22,946,111 reported as landfill closure and postclosure care liability at June 30, 2024, represents the cumulative amount reported to date based on the use of 100% of estimated capacity for the closed landfills, and on 64.9% for the Toland Road Landfill. The District will recognize the remaining estimated cost of closure and postclosure care for the Toland Road Landfill of \$6,886,109 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 for Toland Road Landfill and Pledge of Revenue Agreements for Bailard and Coastal Landfills. 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 3.6% and 7.0% was included for the years 2024 and 2023, respectively. The District is in compliance with these requirements, and, at June 30, 2024, cash and cash equivalents and investments of \$17,708,894 are held for these purposes. These are reported as restricted assets on the Statement of Net Position.

The District has provided the required financial assurance to the CalRecycle estimated closure and postclosure costs for the Coastal, Bailard and Toland Road Landfill sites. The CalRecycle does not require financial assurance for the other District sites; however, the District has set aside funds to provide the required postclosure maintenance of these sites.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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, 2024.

| <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% | 64.9% |
| <u>Closure/Postclosure Costs:</u> | | | | | |
| Closure Costs | \$ 13,541,650 | \$ 9,954,107 | \$ 250,000 | \$ 2,250,000 | \$ 7,660,730 (1) |
| Est. corrective action | 593,805 | 969,908 | - | - | 653,448 |
| Est. postclosure | 4,597,174 | 4,064,249 | 467,394 | 1,741,316 | 11,292,906 |
| Total costs | 18,732,629 | 14,988,264 | 717,394 | 3,991,316 | 19,607,084 |
| Closures/postclosure recognized | 18,732,629 | 14,988,264 | 717,394 | 3,991,316 | 12,720,975 |
| Remaining closure/postclosure to be recognized | \$ - | \$ - | \$ - | \$ - | \$ 6,886,109 |

(1) Estimated Closure Costs

| <u>Remaining landfill life</u> | Closed FY 97 | Closed FY 95 | Closed FY 87 | Closed FY 82 | 16 years |
|--------------------------------|--------------|--------------|--------------|--------------|----------|
|--------------------------------|--------------|--------------|--------------|--------------|----------|

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 2024 and 2023, \$87,217 and \$770,402 in mitigation expenses were incurred at the Tierra Rejada Landfill, respectively.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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, 2024, is as follows:

Condensed Statement of Net Position

| | Water and Wastewater | Solid Waste | Administration | Total |
|--|-------------------------|----------------------|------------------|----------------------|
| Current assets | \$ 1,547,310 | \$ 12,644,072 | \$ 1,621,858 | \$ 15,813,240 |
| Restricted current assets | 191,204 | 14,917,777 | - | 15,108,981 |
| Restricted non-current assets | 371,010 | 2,821,327 | - | 3,192,337 |
| Capital assets, net | 1,816,980 | 33,270,479 | 67,163 | 35,154,622 |
| Non-current assets (liability) | 186,618 | 4,142,302 | 94,744 | 4,423,664 |
| Total assets | <u>4,113,122</u> | <u>67,795,957</u> | <u>1,783,765</u> | <u>73,692,844</u> |
| Deferred outflows of resources | 1,638,133 | 248,870 | (781,892) | 1,105,111 |
| Liabilities payable from unrestricted current assets | 197,920 | 3,679,600 | 175,033 | 4,052,553 |
| Liabilities payable from restricted current assets | 178,148 | 394,774 | - | 572,922 |
| Liabilities payable from unrestricted non-current assets | 2,975,584 | 5,477,905 | 811,512 | 9,265,001 |
| Liabilities payable from restricted non-current assets | 371,010 | 22,705,152 | - | 23,076,162 |
| Total liabilities | <u>3,722,662</u> | <u>32,257,431</u> | <u>986,545</u> | <u>36,966,638</u> |
| Deferred inflows of resources | 1,422,047 | 657,736 | 15,328 | 2,095,111 |
| Net position | | | | |
| Net investment in capital assets | 1,272,160 | 28,889,949 | 67,163 | 30,229,272 |
| Restricted | 570,889 | 2,394,242 | - | 2,965,131 |
| Unrestricted | (1,236,503) | 3,845,469 | (67,163) | 2,541,803 |
| Total net position (deficit) | <u>\$ 606,546</u> | <u>\$ 35,129,660</u> | <u>\$ -</u> | <u>\$ 35,736,206</u> |

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

Condensed Statement of Revenues, Expenses and Changes in Net Position

| | Water and Wastewater | Solid Waste | Administration | Total |
|---|-------------------------|----------------------|--------------------|----------------------|
| Operating revenues: | | | | |
| Disposal and sanitation fees | \$ - | \$ 12,912,030 | \$ - | \$ 12,912,030 |
| Contract services | 3,666,274 | 104,061 | 79,994 | 3,850,329 |
| Other revenue | 236,390 | 239,347 | 11,145 | 486,882 |
| Total operating revenues | <u>3,902,664</u> | <u>13,255,438</u> | <u>91,139</u> | <u>17,249,241</u> |
| Operating expenses: | | | | |
| Salaries and benefits | 1,401,544 | 2,472,519 | 1,667,805 | 5,541,868 |
| Depreciation | 358,185 | 4,020,322 | 34,325 | 4,412,832 |
| Other operating expenses | 833,993 | 6,747,892 | 315,872 | 7,897,757 |
| Total operating expenses | <u>2,593,722</u> | <u>13,240,733</u> | <u>2,018,002</u> | <u>17,852,457</u> |
| Operating income | <u>1,308,942</u> | <u>14,705</u> | <u>(1,926,863)</u> | <u>(603,216)</u> |
| Non-operating revenues(expenses): | | | | |
| Interest and investment earnings | - | 1,747,418 | 6,001 | 1,753,419 |
| Interest expense | (18,976) | (161,898) | - | (180,874) |
| Other non-operating revenue(expense) | 55,800 | 96,196 | - | 151,996 |
| Total non-operating revenues (expenses) | <u>36,824</u> | <u>1,681,716</u> | <u>6,001</u> | <u>1,724,541</u> |
| Transfers in/(out) | <u>(879,174)</u> | <u>(1,041,688)</u> | <u>1,920,862</u> | <u>-</u> |
| Change in net position | <u>466,592</u> | <u>654,733</u> | <u>-</u> | <u>1,121,325</u> |
| Net position (deficit), beginning of year | <u>139,954</u> | <u>34,474,927</u> | <u>-</u> | <u>34,614,881</u> |
| Net position (deficit), end of year | <u>\$ 606,546</u> | <u>\$ 35,129,660</u> | <u>\$ -</u> | <u>\$ 35,736,206</u> |

Condensed Statement of Cash Flows

| | Water and Wastewater | Solid Waste | Administration | Total |
|--|-------------------------|----------------------|---------------------|----------------------|
| Net cash provided by operating activities | \$ 2,041,007 | \$ 6,409,189 | \$ (1,842,693) | \$ 6,607,503 |
| Net cash (used for) non-capital financing activities | (879,174) | (1,041,688) | 1,920,862 | - |
| Net cash (used for) capital and related financing activities | 32,420 | (8,085,487) | - | (8,053,067) |
| Net cash provided by investing activities | - | 12,453,791 | 6,002 | 12,459,793 |
| Net increase (decrease) Cash and cash equivalents, beginning of year | <u>1,194,253</u> | <u>9,735,805</u> | <u>84,171</u> | <u>11,014,229</u> |
| Cash and cash equivalents, beginning of year | <u>(257,246)</u> | <u>8,814,371</u> | <u>1,521,770</u> | <u>10,078,895</u> |
| Cash and cash equivalents, end of year | <u>\$ 937,007</u> | <u>\$ 18,550,176</u> | <u>\$ 1,605,941</u> | <u>\$ 21,093,124</u> |

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, 2024 (with comparative data for June 30, 2023)

| | VCERA Plan | PARS Plan | Total |
|----------------------------------|------------|------------|------------|
| Deferred Outflows of Resources - | | | |
| Pension Related | \$ 685,093 | \$ 129,561 | \$ 814,654 |
| Net Pension Liability | 616,093 | 5,369,060 | 5,985,153 |
| Deferred Inflows of Resources - | | | |
| Pension Related | 1,173,133 | 6,858 | 1,179,991 |
| Pension expenses | 127,793 | 448,822 | 576,615 |

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, 2024. VCERA publishes its own annual comprehensive 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.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

The Plan’s provisions and benefits in effect at June 30, 2024 are summarized as follows:

| | 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 any years 10 years age 50 30 years any age | Age 70 any years 10 years age 50 30 years any age | Age 70 any years 5 years age 52 N/A |
| 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 | 14.66% | 11.98% | 10.92% |

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

Contributions

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

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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

Employer Contributions to the Plan for the fiscal year ended June 30, 2024 were \$426,500. The actual employer payments of \$426,500 made to VCERA by the District during the measurement period ended June 30, 2023 differed from the District's proportionate share of the employer's contributions of \$532,857 by \$106,357, 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, 2023, using an annual actuarial valuation as of June 30, 2022. 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, 2022 |
| Measurement date | June 30, 2023 |
| Actuarial cost method | Entry Age Actuarial Cost Method |
| Asset valuation method | Market Value of Assets |
| Actuarial Assumptions: | |
| Discount rate | 7.50% |
| Inflation | 2.50% |
| Real across-the-board salary increase | 0.50% |
| Projected salary increases (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) Annual increases vary by category, entry age, and duration of service.

(2) Post-retirement mortality is based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

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, 2024 (with comparative data for June 30, 2023)

| 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 7.00% as of June 30, 2023 and 2022, 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, 2023 and 2022.

Pension Plan Fiduciary Net Position

Detailed information about the VCERA's fiduciary net position is available in a separately issued VCERA annual comprehensive 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 | Plan Fiduciary Net Position | Plan Net Pension Liability |
| | (a) | (b) | (c) = (a) - (b) |
| Balance at: 6/30/2022 (VD) | \$ 35,376,661 | \$ 33,297,891 | \$ 2,078,770 |
| Balance at: 6/30/2023 (MD) | 21,002,195 | 20,386,102 | 616,093 |
| Net changes during 2022-23 | (14,374,466) | (12,911,789) | (1,462,677) |

Valuation Date (VD), Measurement Date (MD)

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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, 2023 (measurement date June 30, 2022) | 0.474% |
| Proportionate share at June 30, 2024 (measurement date June 30, 2023) | 0.269% |
| Change - Increase (Decrease) | -0.205% |

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, 2023, 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 | \$ 3,378,174 | \$ 616,093 | \$ (1,666,182) |

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, 2024 (with comparative data for June 30, 2023)

There are differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2023. 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 5.09 years determined as of June 30, 2023 (the beginning of the measurement period ending June 30, 2023).

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

As of the start of the measurement period (July 1, 2022), the net pension liability for the plan was \$2,078,770. For the measurement period ending June 30, 2023 (the measurement date), the District incurred pension expense of \$127,793 for the Plan.

As of June 30, 2024, 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 | \$ 30,055 | \$ 768,320 |
| Net difference between projected and actual earnings on pension plan investments | - | 61,097 |
| Difference between expected and actual experience in the Total Pension Liability | 88,358 | 38,691 |
| Changes of assumptions or other inputs | 140,180 | - |
| Difference between the employer's contributions and the employer's proportionate share of contributions | - | 305,025 |
| Pension contributions subsequent to measurement date | <u>426,500</u> | <u>-</u> |
| Total | <u>\$ 685,093</u> | <u>\$ 1,173,133</u> |

\$426,500 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 |
|---------------------------------------|---|
| 2025 | \$ (23,830) |
| 2026 | (569,443) |
| 2027 | 317,874 |
| 2028 | (196,553) |
| 2029 | (16,088) |
| Thereafter | - |

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

Payable to the Pension Plan

As of June 30, 2024, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

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, 2024 (with comparative data for June 30, 2023)

The Plan’s provisions and benefits in effect at June 30, 2024, (measurement date) are summarized as follows:

| | <u>Group 1</u> | <u>Group 2</u> |
|---|--|--|
| 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 rates | 1% of annual compensation | 1% of annual compensation |
| Required employer contribution rates | 72.72% | 72.72% |

Employees Covered

At June 30, 2023 (valuation date), the following employees were covered by the benefit terms:

| | |
|--------------------------------------|------------------|
| | <u>PARS</u> |
| Active employees | 6 |
| Retirees and beneficiaries | 42 |
| Terminated, vested & other inactives | <u>4</u> |
| | <u><u>52</u></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, 2024 were \$130,925.

Commencing January 1, 2013, employees are required to contribute a percentage equal to one percent (1%) of their compensation each year. The mandatory employee contribution percentage is subject to change from time to time. Employees who terminate employment with VRSD prior to being eligible for a REP benefit will receive the return of their employee contributions with three percent (3%) interest per annum payable as a lump sum distribution.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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, 2024, using an annual actuarial valuation as of June 30, 2023. 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

| | <u>PARS</u> |
|---------------------------|---|
| Valuation date | June 30, 2023 |
| Measurement date | June 30, 2024 |
| Actuarial cost method | Entry age normal |
| Asset valuation method | Market value of assets |
| Actuarial assumptions: | |
| Discount rate | 6.00% |
| Inflation | 2.50% |
| Salary increases | 2.50% - 12.20% |
| Investment rate of return | 6.00% |
| Cost of living adjustment | 2.00% |
| Mortality rate table | Pre-Retirement: Non-Industrial rates used to value the Miscellaneous Agency CalPERS Pension Plans. Post-Retirement: Pub-2010 General Healthy Retiree Table (sex-distinct) projected generationally, with two-dimensional mortality improvement scale MP-2020 |

All other actuarial assumptions used in the June 30, 2023 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 6.00 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.

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

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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:

| Asset Class | Target Allocation | Long-Term Expected Arithmetic Real Rate of Return | Long-Term Expected Geometric Real Rate of Return |
|----------------------------|--------------------------|--|---|
| Cash | 2.66% | 0.31% | 0.31% |
| Core Fixed Income | 46.59% | 2.14% | 2.02% |
| Broad US Equities | 37.19% | 4.59% | 3.32% |
| Foreign Developed Equities | 8.58% | 5.52% | 3.91% |
| Emerging Market Equities | 3.57% | 7.82% | 4.59% |
| US REITs | 1.41% | 5.04% | 3.27% |
| Total | 100.00% | | |
| Assumed inflation - mean | | 2.32% | 2.30% |

- 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.

Changes in Net Pension Liability

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

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (c) = (a) - (b) |
| Balance at: 6/30/2023 | \$ 13,461,352 | \$ 7,956,596 | \$ 5,504,756 |
| Changes recognized for the measurement period: | | | |
| • Service cost | 26,177 | - | 26,177 |
| • Interest on the total pension liability | 791,445 | - | 791,445 |
| • Contributions from the employer | - | 130,925 | (130,925) |
| • Contributions from employees | - | 7,731 | (7,731) |
| • Net investment income | - | 852,771 | (852,771) |
| • Administrative expenses | - | (38,109) | 38,109 |
| • Benefit payments, including refunds of employee contributions | (593,554) | (593,554) | - |
| Net changes during 2023-24 | \$ 224,068 | \$ 359,764 | \$ (135,696) |
| Balance at: 6/30/2024 | \$ 13,685,420 | \$ 8,316,360 | \$ 5,369,060 |

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.00 percent) or 1 percentage-point higher (7.00 percent) than the current rate:

| | 1.00% Decrease (5.00%) | Current Discount Rate (6.00%) | 1.00% Increase (7.00%) |
|----------------------------|------------------------------|-------------------------------------|------------------------------|
| PARS net pension liability | \$ 7,173,577 | \$ 5,369,060 | \$ 3,874,706 |

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, 2024 (with comparative data for June 30, 2023)

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

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

As of the start of the measurement period (July 1, 2023), the net pension liability was \$5,504,756.

For the measurement period ending June 30, 2024 (the measurement date), the District incurred a pension expense of \$448,822 for the Plan. A complete breakdown of the pension expense is as follows:

| Components of pension expense: | |
|---|---------------------------------|
| Service cost | \$ 26,177 |
| Interest on the total pension liability | 791,445 |
| Expected investment income (net of investment expenses) | (462,737) |
| Member contributions | (7,731) |
| Administrative expense | 38,109 |
| Recognition of deferred inflows/outflows of resources | |
| Economic/demographic gains or losses | 207,387 |
| Assumption changes or inputs | (220,065) |
| Investment gains or losses | <u>76,237</u> |
| Pension expense | <u><u>\$ 448,822</u></u> |

As of June 30, 2024, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expected and actual experience | \$ 4,880 | \$ - |
| Changes of assumptions | - | 6,858 |
| Net difference between projected and actual earnings on pension plan investments | <u>124,681</u> | - |
| Total | <u><u>\$ 129,561</u></u> | <u><u>\$ 6,858</u></u> |

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 |
|---------------------------------------|---|
| 2025 | \$ 29,520 |
| 2026 | 265,851 |
| 2027 | (94,662) |
| 2028 | (78,006) |
| Thereafter | - |
| | <u>\$ 122,703</u> |

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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 hired before January 1, 2013 who retire from the District after attaining the age of 50 with at least ten years of service, or hired after January 1, 2013, attaining the age of 52 with at least five 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 Annual comprehensive 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, 2023 (valuation date), the following participants were covered by the benefit terms under the District's healthcare plan:

| | |
|-----------------------------------|------------------|
| Active employees | 39 |
| Active employees waiving coverage | 7 |
| Retirees | <u>17</u> |
| Total | <u><u>63</u></u> |

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2024, the District's contributions were \$56,303, which included an implicit subsidy of \$56,303.

Net OPEB Liability

The District's net OPEB liability is measured as of June 30, 2024 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2024. A summary of key actuarial assumptions used to calculate the net OPEB liability is listed in the following table:

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

| | |
|----------------------------------|--|
| Valuation date | June 30, 2023 |
| Measurement date | June 30, 2024 |
| Actuarial method | Entry Age Normal |
| Amortization method: | |
| Level percent or level dollar | Level percent |
| Closed, open, or layered periods | Closed |
| Amortization period | 15 years |
| Amortization growth rate | 3.00% |
| Mortality | Based on assumptions for general members in the June 30, 2022 VCERA actuarial valuation. |
| Asset valuation method | Market value |
| Inflation | 2.50% |
| Discount rate | 4.25% |
| Salary increases | Graded scale based on service |
| Healthcare trend rates | 6.30% for FY2024, gradually decreasing to 3.90% in FY2076 and later years. |

Discount Rate

The discount rate used to measure the total OPEB liability was 4.25 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return. The current 4.25 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. Refer to the sensitivity of the net pension liability to changes in the discount rate section of this note, which provides information on the sensitivity of the net OPEB liability to changes in the discount rate.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return. The assumed asset weighting is based on target allocations published by PARS. Expected future asset class returns were published in the 2019 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

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:

| 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.

| | Increase (Decrease) | | |
|---|---------------------------------|--|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (Asset) (c) = (a) - (b) |
| Balance at: 6/30/2023 | \$ 2,159,442 | \$ 2,165,425 | \$ (5,983) |
| Changes recognized for the measurement period: | | | |
| • Service cost | 155,931 | - | 155,931 |
| • Interest on the total OPEB liability | 101,025 | - | 101,025 |
| • Differences between expected and actual experience | (464,208) | | (464,208) |
| • Effect of assumptions changes of inputs | (184,164) | | (184,164) |
| • Benefit payments | (90,289) | (90,289) | - |
| • Employer contributions | - | 56,303 | (56,303) |
| • Member contributions | - | - | - |
| • Net investment income | - | 135,532 | (135,532) |
| • Administrative expenses | - | (12,168) | 12,168 |
| Net changes during 2023-24 | \$ (481,705) | \$ 89,378 | \$ (571,083) |
| Balance at: 6/30/2024 | \$ 1,677,737 | \$ 2,254,803 | \$ (577,066) |

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 4.25 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 (3.25 percent) or 1 percentage-point higher (5.25 percent) than the current rate:

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

| | 1.00% Decrease (3.25%) | Current Discount Rate (4.25%) | 1.00% Increase (5.25%) |
|----------------------------|-----------------------------------|--|-----------------------------------|
| Net OPEB liability (asset) | \$ (360,008) | \$ (577,066) | \$ (755,370) |

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 (3.25%) | Current Discount Rate (4.25%) | 1.00% Increase (5.25%) |
|----------------------------|-----------------------------------|--|-----------------------------------|
| Net OPEB liability (asset) | \$ (792,932) | \$ (577,066) | \$ (307,626) |

OPEB Plan Fiduciary Net Position

The Public Agency Retirement System issues a separate Annual comprehensive 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, 2024, the District recognized OPEB expense of \$130,505. As of fiscal year ended June 30, 2024, the District reported deferred outflows of resources related to OPEB as follows:

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference between expected and actual experience | \$ 155,828 | \$ 753,442 |
| Changes of assumptions | 10,363 | 161,678 |
| Net difference between projected and actual earnings | <u>119,928</u> | <u>-</u> |
| Total | <u>\$ 286,119</u> | <u>\$ 915,120</u> |

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

| <u>Fiscal Year Ended June 30:</u> | <u>Deferred Outflows/(Inflows) of Resources</u> |
|---|---|
| 2025 | \$ (42,709) |
| 2026 | (29,163) |
| 2027 | (101,180) |
| 2028 | (108,372) |
| 2029 | (124,987) |
| Thereafter | <u>(222,590)</u> |
| | \$ (629,001) |

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 2024 and 2023 was \$23,000 and \$22,500, respectively. Further, the contribution limit will increase to \$23,500 for 2025.

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 \$160,200 per employee and are paid by the District. Earnings subject to Social Security will increase by \$8,400 in 2024, to \$168,600. The District also pays contributions for Medicare of 1.45% of covered wages. Contributions made by the District for Social Security and Medicare for 2024 were \$288,937.

VENTURA REGIONAL SANITATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued) Fiscal Year Ended June 30, 2024 (with comparative data for June 30, 2023)

11. Other Information

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, 2024, the District participated in the CSRMA risk sharing pool as follows:

- The District's General Liability, Auto Liability, Errors & Omissions, and Employment Practices Liability coverage are provided through CSRMA's Pooled Liability Program.

In addition to coverage through the CSRMA's Pooled Liability Program, the District also has the following insurance coverage through carriers evaluated, recommended, and administered by TWIW Insurance Services, a Ventura-based brokerage:

- Equipment, tools and machinery
- Computer equipment
- Blanket building and content
- Blanket earnings and extra expense coverage up to \$255,000
- Vehicle coverage (actual cash value) - \$500 to \$1,000 deductible
- Public employee blanket bond (theft \$1,000,000, computer fraud \$1,000,000, faithful performance \$1,000,000), subject to a \$10,000 deductible per occurrence
- 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, 2024 and 2023.

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, 2024



VENTURA REGIONAL SANITATION DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2024**

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% |
| 6/30/2022 | 0.474% | \$ 2,078,770 | \$ 4,577,000 | 45.42% | 94.13% |
| 6/30/2023 | 0.269% | \$ 616,093 | \$ 3,727,000 | 16.53% | 97.06% |

(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 | \$ 4,948,000 | 17.08% |
| 2015-16 | \$ 882,357 | \$ 897,617 | \$ (15,260) | \$ 5,194,000 | 17.28% |
| 2016-17 | \$ 901,879 | \$ 857,714 | \$ 44,165 | \$ 4,640,000 | 18.49% |
| 2017-18 | \$ 851,903 | \$ 914,793 | \$ (62,890) | \$ 5,311,000 | 17.22% |
| 2018-19 | \$ 926,679 | \$ 959,239 | \$ (32,560) | \$ 5,679,000 | 16.89% |
| 2019-20 | \$ 964,069 | \$ 1,062,207 | \$ (98,138) | \$ 5,963,000 | 17.81% |
| 2020-21 | \$ 1,064,645 | \$ 906,976 | \$ 157,669 | \$ 5,811,000 | 15.61% |
| 2021-22 | \$ 905,970 | \$ 686,936 | \$ 219,034 | \$ 4,577,000 | 15.01% |
| 2022-23 | \$ 684,003 | \$ 530,744 | \$ 153,259 | \$ 3,727,000 | 14.24% |
| 2023-24 | \$ 532,857 | \$ 426,500 | \$ 106,357 | \$ 3,760,000 | 11.34% |

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, 2024

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 | <u>2023-24</u> | <u>2022-23</u> | <u>2021-22</u> | <u>2020-21</u> | <u>2019-20</u> |
|---|----------------------|----------------------|----------------------|---------------------|---------------------|
| TOTAL PENSION LIABILITY | | | | | |
| Service Cost | \$ 26,177 | \$ 77,585 | \$ 113,993 | \$ 110,135 | \$ 129,489 |
| Interest | 791,445 | 773,082 | 588,052 | 574,048 | 706,597 |
| Economic/demographic gains or losses | - | - | - | - | (1,193,384) |
| Difference Between Expected and Actual Experience | - | 330,158 | 3,027,936 | - | - |
| Net Investment Income | - | - | - | - | - |
| Changes of Assumptions or Inputs | - | (464,020) | 576,202 | - | (897,252) |
| Benefit Payments, Including Refunds of Employee Contributions | (593,554) | (606,398) | (500,164) | (427,791) | (396,294) |
| Net Change in Total Pension Liability | 224,068 | 110,407 | 3,806,019 | 256,392 | (1,650,844) |
| Total Pension Liability - Beginning | 13,461,352 | 13,350,945 | 9,544,926 | 9,288,534 | 10,939,378 |
| Total Pension Liability - Ending (a) | \$ 13,685,420 | \$ 13,461,352 | \$ 13,350,945 | \$ 9,544,926 | \$ 9,288,534 |
| PLAN FIDUCIARY NET POSITION | | | | | |
| Contributions - Employer | \$ 130,925 | \$ 132,673 | \$ 277,203 | \$ 742,615 | \$ 1,069,387 |
| Contributions - Employee | 7,731 | 8,831 | 23,115 | 21,949 | 22,757 |
| Net Investment Income | 852,771 | 534,748 | (1,224,298) | 1,637,786 | 209,917 |
| Benefit Payments, Including Refunds of Employee Contributions | (593,554) | (606,398) | (500,164) | (427,791) | (396,294) |
| Administrative Expenses | (38,109) | (38,068) | (39,571) | (39,579) | (37,372) |
| Net Change in Fiduciary Net Position | 359,764 | 31,786 | (1,463,715) | 1,934,980 | 868,395 |
| Plan Fiduciary Net Position - Beginning | 7,956,596 | 7,924,810 | 9,388,525 | 7,453,545 | 6,585,150 |
| Plan Fiduciary Net Position - Ending (b) | \$ 8,316,360 | \$ 7,956,596 | \$ 7,924,810 | \$ 9,388,525 | \$ 7,453,545 |
| Plan Net Pension Liability - Ending (a) - (b) | \$ 5,369,060 | \$ 5,504,756 | \$ 5,426,135 | \$ 156,401 | \$ 1,834,989 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 60.77% | 59.11% | 59.36% | 98.36% | 80.24% |
| Covered Payroll | \$ 770,328 | \$ 774,169 | \$ 1,458,911 | \$ 2,194,897 | \$ 2,275,736 |
| Plan Net Pension Liability as a Percentage of Covered Payroll | 696.98% | 711.05% | 371.93% | 7.13% | 80.63% |

Notes to Schedule:

Changes in Assumptions:

The long-term expected rate of return on plan investments changed from 5.89% to 6.00% based on updated capital market assumptions and updated rate of return assumptions provided by PARS.

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

The payroll growth assumption was updated from 2.50% 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, 2024

Public Agency Retirement System (PARS) - Retirement Enhancement Plan (Group 1 & Group 2)

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

| <u>2018-19</u> | <u>2017-18</u> | <u>2016-17</u> | <u>2015-16</u> | <u>2014-15</u> | Measurement Period |
|------------------------------------|----------------------|---------------------|---------------------|---------------------|---|
| TOTAL PENSION LIABILITY | | | | | |
| \$ 125,717 | \$ 119,356 | \$ 141,501 | \$ 137,380 | \$ 160,741 | Service Cost |
| 679,136 | 638,593 | 614,981 | 585,486 | 547,331 | Interest |
| - | 223,354 | - | - | - | Economic/demographic gains or losses |
| - | - | - | (207,599) | - | Difference Between Expected and Actual Experience |
| - | - | 642,798 | 332,945 | - | Net Investment Income |
| (375,995) | (346,423) | (329,592) | (282,451) | (248,094) | Changes of Assumptions or Inputs |
| 428,858 | 634,880 | 1,069,688 | 565,761 | 459,978 | Benefit Payments, Including Refunds of Employee Contributions |
| 10,510,520 | 9,875,640 | 8,805,952 | 8,240,191 | 7,780,213 | Net Change in Total Pension Liability |
| \$ 10,939,378 | \$ 10,510,520 | \$ 9,875,640 | \$ 8,805,952 | \$ 8,240,191 | Total Pension Liability - Beginning |
| | | | | | Total Pension Liability - Ending (a) |
| PLAN FIDUCIARY NET POSITION | | | | | |
| \$ 547,428 | \$ 495,809 | \$ 417,249 | \$ 376,419 | \$ 394,281 | Contributions - Employer |
| 22,976 | 22,922 | 26,725 | 29,566 | 30,728 | Contributions - Employee |
| 389,917 | 341,726 | 508,099 | (1,218) | 111,586 | Net Investment Income |
| (375,995) | (346,423) | (329,592) | (282,451) | (248,094) | Benefit Payments, Including Refunds of Employee Contributions |
| (36,833) | (36,453) | (35,759) | (35,294) | (38,944) | Administrative Expenses |
| 547,493 | 477,581 | 586,722 | 87,022 | 249,557 | Net Change in Fiduciary Net Position |
| 6,037,657 | 5,560,076 | 4,973,354 | 4,886,332 | 4,636,775 | Plan Fiduciary Net Position - Beginning |
| \$ 6,585,150 | \$ 6,037,657 | \$ 5,560,076 | \$ 4,973,354 | \$ 4,886,332 | Plan Fiduciary Net Position - Ending (b) |
| \$ 4,354,228 | \$ 4,472,863 | \$ 4,315,564 | \$ 3,832,598 | \$ 3,353,859 | Plan Net Pension Liability - Ending (a) - (b) |
| 60.20% | 57.44% | 56.30% | 56.48% | 59.30% | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
| \$ 2,296,318 | \$ 2,718,992 | \$ 2,843,429 | \$ 3,397,512 | \$ 3,072,800 | Covered Payroll |
| 189.62% | 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, 2024

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% |
| 2022-23 | \$ 562,976 | \$ 132,673 | \$ 430,303 | \$ 774,169 | 17.14% |
| 2023-24 | \$ 560,183 | \$ 130,925 | \$ 429,258 | \$ 770,328 | 17.00% |

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023-24 were from the June 30, 2023 public agency valuations.

| | |
|----------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method/Period | Level dollar Closed period Amortization period at 06/30/2023 - 20 years Amortization growth rate equals 0.00% |
| Asset Valuation Method | Market value of assets |
| Inflation | 2.50% |
| Salary increases | Rates are based on an inflation rate of 2.50%, plus "across the board" salary increased of 0.50% per year, plus merit and promotional increases. |
| Payroll Growth | 2.75% |
| Investment Rate of Return | 6.00% 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, 2024

Other Post Employment Benefits

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

| Measurement Date | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 |
|--|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | |
| Service cost | \$ 155,931 | \$ 151,758 | \$ 175,481 | \$ 170,370 |
| Interest on the total OPEB liability | 101,025 | 93,681 | 115,036 | 105,413 |
| Actual and expected experience difference | (464,208) | (460) | (519,255) | (3,720) |
| Changes in assumptions | (184,164) | - | 14,514 | - |
| Benefit payments | <u>(90,289)</u> | <u>(77,953)</u> | <u>(79,359)</u> | <u>(69,847)</u> |
| Net change in total OPEB liability | (481,705) | 167,026 | (293,583) | 202,216 |
| Total OPEB liability - beginning | <u>2,159,442</u> | <u>1,992,416</u> | <u>2,285,999</u> | <u>2,083,783</u> |
| Total OPEB liability - ending (a) | <u>\$ 1,677,737</u> | <u>\$ 2,159,442</u> | <u>\$ 1,992,416</u> | <u>\$ 2,285,999</u> |
| Plan Fiduciary Net Position | | | | |
| Contribution - employer | \$ 56,303 | \$ 77,897 | \$ 241,155 | \$ 237,330 |
| Net investment income | 135,532 | 58,610 | (250,893) | 161,689 |
| Benefit payments | (90,289) | (77,953) | (79,359) | (69,847) |
| Administrative expense | <u>(12,168)</u> | <u>(12,474)</u> | <u>(13,369)</u> | <u>(12,058)</u> |
| Net change in plan fiduciary net position | 89,378 | 46,080 | (102,466) | 317,114 |
| Plan fiduciary net position - beginning | <u>2,165,425</u> | <u>2,119,345</u> | <u>2,221,811</u> | <u>1,904,697</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 2,254,803</u> | <u>\$ 2,165,425</u> | <u>\$ 2,119,345</u> | <u>\$ 2,221,811</u> |
| Net OPEB liability (asset) - ending (a)-(b) | <u>\$ (577,066)</u> | <u>\$ (5,983)</u> | <u>\$ (126,929)</u> | <u>\$ 64,188</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | | | | |
| | 134.40% | 100.28% | 106.37% | 97.19% |
| Covered-employee payroll** | \$ 3,909,853 | \$ 3,961,462 | \$ 4,913,793 | \$ 6,126,948 |
| Net OPEB liability(asset) as a percentage of covered-employee payroll | -14.76% | -0.15% | -2.58% | 1.05% |

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.

**Contributions are not based on a measure of pay. "Covered-employee payroll" is used as the measure of payroll.

VENTURA REGIONAL SANITATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Fiscal Year Ended June 30, 2024

Other Post Employment Benefits

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

| Measurement Date | <u>6/30/2020</u> | <u>6/30/2019</u> | <u>6/30/2018</u> |
|---|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | |
| Service cost | \$ 110,564 | \$ 107,344 | \$ 104,217 |
| Interest on the total OPEB liability | 84,947 | 78,886 | 72,982 |
| Actual and expected experience difference | 336,183 | - | - |
| Changes in assumptions | 1,648 | - | - |
| Benefit payments | <u>(75,858)</u> | <u>(60,629)</u> | <u>(63,093)</u> |
| Net change in total OPEB liability | 457,484 | 125,601 | 114,106 |
| | | | |
| Total OPEB liability - beginning | <u>1,626,299</u> | <u>1,500,698</u> | <u>1,386,592</u> |
| Total OPEB liability - ending (a) | <u>\$ 2,083,783</u> | <u>\$ 1,626,299</u> | <u>\$ 1,500,698</u> |
| | | | |
| Plan Fiduciary Net Position | | | |
| Contribution - employer | \$ 248,511 | \$ 234,099 | \$ 204,962 |
| Net investment income | 89,510 | 106,328 | 17,341 |
| Benefit payments | (75,858) | (60,629) | (63,093) |
| Administrative expense | <u>(10,033)</u> | <u>(8,050)</u> | <u>-</u> |
| Net change in plan fiduciary net position | 252,130 | 271,748 | 159,210 |
| | | | |
| Plan fiduciary net position - beginning | <u>1,652,567</u> | <u>1,380,819</u> | <u>1,221,609</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 1,904,697</u> | <u>\$ 1,652,567</u> | <u>\$ 1,380,819</u> |
| | | | |
| Net OPEB liability (asset) - ending (a)-(b) | <u>\$ 179,086</u> | <u>\$ (26,268)</u> | <u>\$ 119,879</u> |
| | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 91.41% | 101.62% | 92.01% |
| | | | |
| Covered-employee payroll** | \$ 6,125,948 | \$ 5,833,461 | \$ 4,992,766 |
| | | | |
| Net OPEB liability(asset) as a percentage of covered-employee payroll | 2.92% | -0.45% | 2.40% |

VENTURA REGIONAL SANITATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Fiscal Year Ended June 30, 2024

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% |
| 2023 | \$ 158,511 | \$ 77,897 | \$ 80,614 | \$ 3,961,462 | 1.97% |
| 2024 | \$ 103,300 | \$ 56,303 | \$ 46,997 | \$ 3,909,853 | 1.44% |

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023-24 were from the June 30, 2023 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 15-year period |
| Asset Valuation Method | Market value |
| Inflation | 2.50% per annum |
| Payroll Growth | 3% per annum, in aggregate |
| Long-term expected investment return | 4.25% |
| Retirement Age | Based on assumptions for General members in the June 30, 2022 VCERA actuarial Valuation. |
| Mortality | Based on assumptions for General members in the June 30, 2022 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.

**Contributions are not based on a measure of pay. "Covered-employee payroll" is used as the measure of payroll.

[This page intentionally left blank]

Supplementary Section



Ventura Regional Sanitation District

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2024



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 Santa Paula, and Thousand Oaks; County of Ventura; 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) and Ventura County Regional Energy Alliance (VCREA).

VENTURA REGIONAL SANITATION DISTRICT

COMBINING SCHEDULE OF NET POSITION

June 30, 2024

| ASSETS | Water and Wastewater | Solid Waste | Administration | Total |
|---|---------------------------------|--------------------|-----------------------|-------------------|
| Current assets: | | | | |
| Cash and cash equivalents | \$ 937,007 | \$ 10,975,851 | \$ 1,605,941 | \$ 13,518,799 |
| Accrued interest receivable | - | 399,282 | - | 399,282 |
| Accounts receivable – disposal and sanitation fees, net | - | 984,368 | - | 984,368 |
| Accounts receivable – contract services and other, net | 565,566 | 99,803 | 11,342 | 676,711 |
| Prepaid and other | 44,737 | 184,768 | 4,575 | 234,080 |
| Total current assets – unrestricted | 1,547,310 | 12,644,072 | 1,621,858 | 15,813,240 |
| Restricted current assets: | | | | |
| Cash and cash equivalents | - | 7,574,325 | - | 7,574,325 |
| Investments | - | 7,313,242 | - | 7,313,242 |
| Notes receivable | 191,204 | - | - | 191,204 |
| Accrued interest receivable | - | 30,210 | - | 30,210 |
| Total current assets – restricted | 191,204 | 14,917,777 | - | 15,108,981 |
| Total current assets – unrestricted and restricted | 1,738,514 | 27,561,849 | 1,621,858 | 30,922,221 |
| Restricted non-current assets: | | | | |
| Investments | - | 2,821,327 | - | 2,821,327 |
| Notes receivable | 371,010 | - | - | 371,010 |
| Total non-current assets – restricted | 371,010 | 2,821,327 | - | 3,192,337 |
| Non-current assets: | | | | |
| Investments | - | 3,846,598 | - | 3,846,598 |
| Net OPEB asset (liability) | 186,618 | 295,704 | 94,744 | 577,066 |
| Capital assets, net | 1,816,980 | 33,270,479 | 67,163 | 35,154,622 |
| Total non-current assets – unrestricted | 2,003,598 | 37,412,781 | 161,907 | 39,578,286 |
| Total non-current assets – unrestricted and restricted | 2,374,608 | 40,234,108 | 161,907 | 42,770,623 |
| Total assets | 4,113,122 | 67,795,957 | 1,783,765 | 73,692,844 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension related | 1,481,215 | 147,618 | (814,179) | 814,654 |
| OPEB related | 152,580 | 101,252 | 32,287 | 286,119 |
| Loss on refunding of debt | 4,338 | - | - | 4,338 |
| Total deferred outflows of resources | 1,638,133 | 248,870 | (781,892) | 1,105,111 |

VENTURA REGIONAL SANITATION DISTRICT

COMBINING SCHEDULE OF NET POSITION (Continued)
June 30, 2024

| LIABILITIES | Water and Wastewater | Solid Waste | Administration | Total |
|--|---------------------------------|--------------------------|-----------------------|--------------------------|
| Current liabilities: | | | | |
| Payable from current assets: | | | | |
| Accounts payable and accrued expenses | 32,108 | 2,082,820 | 24,811 | \$ 2,139,739 |
| Accrued wages and compensated absences | 162,275 | 237,726 | 150,222 | 550,223 |
| Accrued interest payable | 3,537 | 46,741 | - | 50,278 |
| Installment sale agreement – current portion | - | 1,312,313 | - | 1,312,313 |
| Payable from current assets – unrestricted | <u>197,920</u> | <u>3,679,600</u> | <u>175,033</u> | <u>4,052,553</u> |
| Payable from restricted current assets: | | | | |
| Customer deposits | - | 67,081 | - | 67,081 |
| Landfill closure/postclosure costs – expected within one year | - | 327,693 | - | 327,693 |
| Installment purchase contract – current portion | 178,148 | - | - | 178,148 |
| Payable from current assets – restricted | <u>178,148</u> | <u>394,774</u> | <u>-</u> | <u>572,922</u> |
| Total current liabilities – unrestricted and restricted | <u>376,068</u> | <u>4,074,374</u> | <u>175,033</u> | <u>4,625,475</u> |
| Non-current liabilities: | | | | |
| Payable from non-current assets: | | | | |
| Net pension liability | 2,922,896 | 2,329,523 | 732,734 | 5,985,153 |
| Installment sale agreement | - | 3,068,217 | - | 3,068,217 |
| Accrued wages and compensated absences | 52,688 | 80,165 | 78,778 | 211,631 |
| Payable from non-current assets – unrestricted | <u>2,975,584</u> | <u>5,477,905</u> | <u>811,512</u> | <u>9,265,001</u> |
| Payable from restricted non-current assets: | | | | |
| Tierra Rejada consortium reserve | - | 86,734 | - | 86,734 |
| Landfill closure/postclosure costs | - | 22,618,418 | - | 22,618,418 |
| Installment purchase contract | 371,010 | - | - | 371,010 |
| Payable from non-current assets – restricted | <u>371,010</u> | <u>22,705,152</u> | <u>-</u> | <u>23,076,162</u> |
| Total non-current liabilities – unrestricted and restricted | <u>3,346,594</u> | <u>28,183,057</u> | <u>811,512</u> | <u>32,341,163</u> |
| Total liabilities | <u><u>3,722,662</u></u> | <u><u>32,257,431</u></u> | <u><u>986,545</u></u> | <u><u>36,966,638</u></u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension related | 1,088,512 | 217,203 | (125,724) | 1,179,991 |
| OPEB related | 333,535 | 440,533 | 141,052 | 915,120 |
| Total deferred inflows of resources | <u>1,422,047</u> | <u>657,736</u> | <u>15,328</u> | <u>2,095,111</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 1,272,160 | 28,889,949 | 67,163 | 30,229,272 |
| Restricted for: | | | | |
| Debt service | 562,214 | - | - | 562,214 |
| Landfill closure and postclosure costs | - | 2,394,242 | - | 2,394,242 |
| Malibu Bay Club | 8,675 | - | - | 8,675 |
| Unrestricted amounts (deficit) | <u>(1,236,503)</u> | <u>3,845,469</u> | <u>(67,163)</u> | <u>2,541,803</u> |
| Total net position(deficit) | <u>\$ 606,546</u> | <u>\$ 35,129,660</u> | <u>\$ -</u> | <u>\$ 35,736,206</u> |

VENTURA REGIONAL SANITATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2024

| | Water and Wastewater | Solid Waste | Administration | Total |
|--|---------------------------------|----------------------|-----------------------|----------------------|
| Operating revenues: | | | | |
| Disposal and sanitation fees | \$ - | \$ 12,912,030 | \$ - | \$ 12,912,030 |
| Contract services | 3,666,274 | 104,061 | 79,994 | 3,850,329 |
| Other revenue | 236,390 | 239,347 | 11,145 | 486,882 |
| Total operating revenues | <u>3,902,664</u> | <u>13,255,438</u> | <u>91,139</u> | <u>17,249,241</u> |
| Operating expenses: | | | | |
| Salaries and benefits | 1,401,544 | 2,472,519 | 1,667,805 | 5,541,868 |
| Management and administrative | 78,810 | 255,421 | 89,879 | 424,110 |
| Services and supplies | 408,644 | 2,560,458 | 10,657 | 2,979,759 |
| Professional services | 83,006 | 654,222 | 169,357 | 906,585 |
| Facility maintenance | 218,876 | 754,798 | 16,307 | 989,981 |
| Provision for landfill closure/postclosure | - | 1,530,088 | - | 1,530,088 |
| Permits, licences and fees | 44,657 | 992,905 | 29,672 | 1,067,234 |
| Total operating expenses | <u>2,235,537</u> | <u>9,220,411</u> | <u>1,983,677</u> | <u>13,439,625</u> |
| Operating income (loss) before depreciation and amortization | 1,667,127 | 4,035,027 | (1,892,538) | 3,809,616 |
| Depreciation and amortization | <u>(358,185)</u> | <u>(4,020,322)</u> | <u>(34,325)</u> | <u>(4,412,832)</u> |
| Operating income (loss) | <u>1,308,942</u> | <u>14,705</u> | <u>(1,926,863)</u> | <u>(603,216)</u> |
| Non-operating revenues (expenses): | | | | |
| Interest and investment earnings (loss) | - | 1,747,418 | 6,001 | 1,753,419 |
| Gain (Loss) on disposal of capital assets | 55,800 | 118,000 | - | 173,800 |
| Interest expense | (18,976) | (161,898) | - | (180,874) |
| Tierra Rejada Consortium | - | (21,804) | - | (21,804) |
| Total non-operating revenues (expenses) | <u>36,824</u> | <u>1,681,716</u> | <u>6,001</u> | <u>1,724,541</u> |
| Income (loss) before transfers | <u>1,345,766</u> | <u>1,696,421</u> | <u>(1,920,862)</u> | <u>1,121,325</u> |
| Transfers in | - | - | 1,787,361 | 1,787,361 |
| Transfers out | <u>(879,174)</u> | <u>(1,041,688)</u> | <u>133,501</u> | <u>(1,787,361)</u> |
| Change in net position | 466,592 | 654,733 | - | 1,121,325 |
| Net position (deficit), beginning of year | <u>139,954</u> | <u>34,474,927</u> | <u>-</u> | <u>34,614,881</u> |
| Net position (deficit), end of year | <u>\$ 606,546</u> | <u>\$ 35,129,660</u> | <u>\$ -</u> | <u>\$ 35,736,206</u> |

VENTURA REGIONAL SANITATION DISTRICT

**COMBINING SCHEDULE OF CASH FLOWS
Fiscal Year Ended June 30, 2024**

| | Water and Wastewater | Solid Waste | Administration | Total |
|--|---------------------------------|----------------------|-----------------------|----------------------|
| Cash flows from operating activities: | | | | |
| Receipts from customers for disposal and sanitation services | \$ - | \$ 13,020,917 | \$ - | \$ 13,020,917 |
| Receipts from customers for contract services | 4,046,696 | 139,476 | 86,898 | 4,273,070 |
| Receipts for other services | 236,390 | 239,347 | 11,145 | 486,882 |
| Payments to vendors for materials and services | (841,669) | (4,550,168) | (330,823) | (5,722,660) |
| Payments for salaries, benefits and contract labor | (1,400,410) | (2,440,383) | (1,609,913) | (5,450,706) |
| Net cash provided by (used for) operating activities | <u>2,041,007</u> | <u>6,409,189</u> | <u>(1,842,693)</u> | <u>6,607,503</u> |
| Cash flows from non-capital financing activities: | | | | |
| Transfers from other funds | - | - | 1,787,361 | 1,787,361 |
| Transfers to other funds | (879,174) | (1,041,688) | 133,501 | (1,787,361) |
| Net cash provided by (used for) non-capital financing activities | <u>(879,174)</u> | <u>(1,041,688)</u> | <u>1,920,862</u> | <u>-</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition and construction of capital assets | - | (5,987,307) | - | (5,987,307) |
| Principal received on notes receivable | 168,555 | - | - | 168,555 |
| Proceeds from sale of capital assets | 55,800 | 118,000 | - | 173,800 |
| Principal paid on capital debt | (173,417) | (2,046,700) | - | (2,220,117) |
| Interest paid on capital debt | (18,518) | (169,480) | - | (187,998) |
| Net cash provided by (used for) capital and related financing activities | <u>32,420</u> | <u>(8,085,487)</u> | <u>-</u> | <u>(8,053,067)</u> |
| Cash flows from investing activities: | | | | |
| Interest and dividends from investments | - | 1,439,120 | 6,002 | 1,445,122 |
| Proceeds from sales and maturities of investments | - | 11,014,671 | - | 11,014,671 |
| Net cash provided by (used for) investing activities | <u>-</u> | <u>12,453,791</u> | <u>6,002</u> | <u>12,459,793</u> |
| Net increase (decrease) in cash and cash equivalents | 1,194,253 | 9,735,805 | 84,171 | 11,014,229 |
| Cash and cash equivalents (unrestricted and restricted), beginning of year | <u>(257,246)</u> | <u>8,814,371</u> | <u>1,521,770</u> | <u>10,078,895</u> |
| Cash and cash equivalents (unrestricted and restricted), end of year | <u>\$ 937,007</u> | <u>\$ 18,550,176</u> | <u>\$ 1,605,941</u> | <u>\$ 21,093,124</u> |
| Reconciliation of cash and cash equivalents to statement of net position: | | | | |
| Cash and cash equivalents | \$ 937,007 | \$ 10,975,851 | \$ 1,605,941 | \$ 13,518,799 |
| Restricted cash and cash equivalents | - | 7,574,325 | - | 7,574,325 |
| Total cash and cash equivalents | <u>\$ 937,007</u> | <u>\$ 18,550,176</u> | <u>\$ 1,605,941</u> | <u>\$ 21,093,124</u> |

VENTURA REGIONAL SANITATION DISTRICT

COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)
Fiscal Year Ended June 30, 2024

| | Water and Wastewater | Solid Waste | Administration | Total |
|---|---------------------------------|---------------------|-----------------------|---------------------|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Operating income (loss) | \$ 1,308,942 | \$ 14,705 | \$ (1,926,863) | \$ (603,216) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation and amortization | 358,185 | 4,020,322 | 34,325 | 4,412,832 |
| Other non-operating revenues and expenses, net | - | (21,804) | - | (21,804) |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in assets: | | | | |
| Accounts receivable – disposal and sanitation fees, net | - | 101,979 | - | 101,979 |
| Accounts receivable – contract services, net | 380,422 | 35,415 | 6,904 | 422,741 |
| Net OPEB asset | (166,679) | (306,238) | (98,166) | (571,083) |
| Prepaid and other | 18,405 | 28,009 | (3,525) | 42,889 |
| Deferred outflows | 389,827 | 688,093 | 695,207 | 1,773,127 |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable and accrued expenses | (26,081) | 1,013,296 | (11,426) | 975,789 |
| Accrued wages and compensated absences | (10,655) | 25,387 | (20,297) | (5,565) |
| Customer deposits | - | 6,908 | - | 6,908 |
| Net pension liability | (367,139) | (672,039) | (559,195) | (1,598,373) |
| Tierra Rejada consortium reserve | - | 9,438 | - | 9,438 |
| Landfill closure/postclosure costs | - | 1,168,785 | - | 1,168,785 |
| Deferred inflows | 155,780 | 296,933 | 40,343 | 493,056 |
| Total adjustments | <u>732,065</u> | <u>6,394,484</u> | <u>84,170</u> | <u>7,210,719</u> |
| Net cash provided by (used for) operating activities | <u>\$ 2,041,007</u> | <u>\$ 6,409,189</u> | <u>\$ (1,842,693)</u> | <u>\$ 6,607,503</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Fair value adjustment to investments | \$ - | \$ 748,297 | \$ - | \$ 748,297 |

VENTURA REGIONAL SANITATION DISTRICT

TIERRA REJADA CLOSED LANDFILL - MITIGATION AND MONITORING COSTS
Fiscal Year Ended June 30, 2024

| | <u>Post Closure</u> | | |
|--|---------------------------------|---------------------------------|------------------|
| | <u>Environmental Monitoring</u> | <u>Post Closure Maintenance</u> | <u>Total</u> |
| Mitigation expenses: | | | |
| Operating materials and supplies | \$ 5,222 | \$ 2,169 | \$ 7,391 |
| Operating services | - | 1,753 | 1,753 |
| Lab services and supplies | 4,579 | - | 4,579 |
| Contracted services | - | 3,081 | 3,081 |
| Environmental consultants | 20,118 | - | 20,118 |
| Professional services | 43,807 | - | 43,807 |
| Facility maintenance | (193) | 783 | 590 |
| Permit, fees and other | 5,898 | - | 5,898 |
| Total mitigation expenses | <u>\$ 79,431</u> | <u>\$ 7,786</u> | <u>\$ 87,217</u> |
| Mitigation funds received | <u>\$ 40,694</u> | <u>\$ 59,107</u> | <u>\$ 99,801</u> |
| Each party's share of mitigation funds | \$ 10,174 | \$ 14,777 | \$ 24,950 |
| Each party's share of mitigation expenses | <u>(19,858)</u> | <u>(1,946)</u> | <u>(21,804)</u> |
| Each party's remaining share available/(deficit) | <u>\$ (9,684)</u> | <u>\$ 12,830</u> | <u>\$ 3,146</u> |
| Mitigation funds received from Consortium members | \$ 30,521 | \$ 44,330 | \$ 74,852 |
| Mitigation expenses allocated to Consortium members | <u>(59,574)</u> | <u>(5,839)</u> | <u>(65,413)</u> |
| Current year remaining obligation available/(deficit) from Consortium members | <u>\$ (29,052)</u> | <u>\$ 38,491</u> | <u>\$ 9,438</u> |
| Beginning Consortium members' obligation available/(deficit) balance: July 1, 2023 | | | \$ 77,296 |
| Current year net change | | | <u>9,438</u> |
| Ending Consortium members' obligation available/(deficit) balance: June 30, 2024 | | | <u>\$ 86,734</u> |
| VRSD obligation of mitigation expenses | \$ 19,858 | \$ 1,946 | \$ 21,804 |
| Cal OES payment received - VRSD share | - | - | - |
| VRSD net share of mitigation expenses | <u>\$ 19,858</u> | <u>\$ 1,946</u> | <u>\$ 21,804</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 parties will need to negotiate future terms.

VENTURA REGIONAL SANITATION DISTRICT
MALIBU BAY CLUB - OPERATING AND MAINTENANCE COSTS
Fiscal Year Ended June 30, 2024

| | Maintenance | Operations | Environmental Monitoring | Total |
|----------------------------------|--------------------|--|-------------------------------------|--------------|
| Expenses: | | | | |
| Operating materials and supplies | \$ 3,361 | \$ 7,473 | \$ 184 | \$ 11,018 |
| Operating services | 14,850 | 1,127 | - | 15,977 |
| Lab services and supplies | - | - | 13,683 | 13,683 |
| Contracted services | 22,965 | 71,737 | 33,453 | 128,155 |
| Environmental consultants | - | 677 | - | 677 |
| Property insurance | - | 15,799 | - | 15,799 |
| Facility maintenance | - | 2,731 | - | 2,731 |
| Permit, fees and other | - | 11,091 | - | 11,091 |
| Total mitigation expenses | \$ 41,176 | \$ 110,635 | \$ 47,320 | \$ 199,130 |
| | | Annual sewer service fee [1] | | 213,188 |
| | | Interest and penalty revenue, net of County fees | | 33 |
| | | Total revenue | \$ | 213,221 |
| | | Net surplus/(deficit) | \$ | 14,091 |

| | |
|---|-------------|
| Beginning reserve balance: July 1, 2023 | \$ (14,834) |
| Current year activity | 14,091 |
| Prepaid Property Insurance | (12,034) |
| Change in Assessment Receivable | (6,257) |
| Ending reserve balance: June 30, 2024 | \$ (19,034) |

Notes:

The annual sewer service fees are based on the VRSD Ordinance No.115 - adopted on July 2, 2020, outlining sewer service charges imposed by the District on the residential units served by the Malibu Bay Club Onsite Wastewater Treatment System from July 1, 2020 through June 30, 2025.

Statistical Section



Ventura Regional Sanitation District

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2024



Ventura Regional Sanitation District
Statistical Section

This part of the District’s annual comprehensive 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.

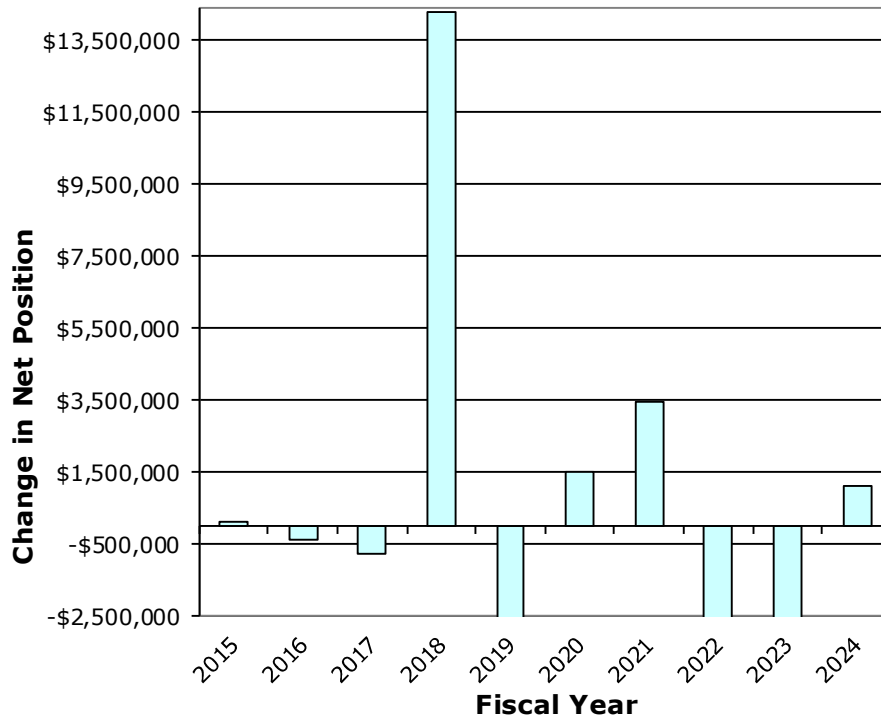
Table of Contents

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

Ventura Regional Sanitation District

Changes in Net Position and Net Position by Component Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|-------------------------------------|----------------------------------|--------------------------|--------------------------|----------------------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Changes in net position: | | | | | |
| Operating revenues ⁽⁴⁾ | \$ 21,872,303 | 21,495,639 | 21,309,468 | 30,641,270 | 22,458,166 |
| Operating expenses ⁽⁵⁾ | (17,505,500) | (17,786,909) | (17,302,219) | (12,921,127) | (18,163,525) |
| Depreciation and amortization | (3,776,744) | (3,813,050) | (4,210,079) | (4,252,891) | (4,491,164) |
| Operating income(loss) | <u>590,059</u> | <u>(104,320)</u> | <u>(202,830)</u> | <u>13,467,252</u> | <u>(196,523)</u> |
| Non-operating revenues(expenses) | | | | | |
| Interest income | 367,627 | 636,112 | 64,990 | 82,513 | 1,805,781 |
| Gain/(loss) on sale of assets | (12,552) | 47,883 | 1,100 | 16,823 | (11,448,766) |
| Interest expense | (922,435) ⁽¹⁾ | (909,095) ⁽¹⁾ | (649,977) ⁽¹⁾ | (634,937) ⁽¹⁾ | (560,528) |
| Other revenue/(expense), net | 95,784 | (69,081) | 40,783 | 1,352,219 | 168,512 |
| Total non-operating revenues(expenses), net | <u>(471,576)</u> | <u>(294,181)</u> | <u>(543,104)</u> | <u>816,618</u> | <u>(10,035,001)</u> |
| Net income before capital contribution | 118,483 | (398,501) | (745,934) | 14,283,870 | (10,231,524) |
| Capital contributions | - | - | - | - | - |
| Changes in net position | <u>\$ 118,483</u> | <u>(398,501)</u> | <u>(745,934)</u> | <u>14,283,870</u> | <u>(10,231,524)</u> |
| Net position by component: | | | | | |
| Net investment in capital assets | \$ 31,633,318 | 26,936,724 | 27,818,147 | 28,047,030 | 20,052,322 |
| Amounts restricted | 6,307,850 | 7,956,948 | 4,916,679 | 5,839,153 | 7,163,970 |
| Unrestricted amounts | (2,110,647) ⁽¹⁾ | 538,348 ⁽¹⁾ | 1,951,260 | 14,401,924 | 10,840,291 |
| Total net position | <u>\$ 35,830,521</u> ⁽²⁾ | <u>35,432,020</u> ⁽²⁾ | <u>34,686,086</u> | <u>48,288,107</u> | <u>38,056,583</u> ⁽³⁾ |



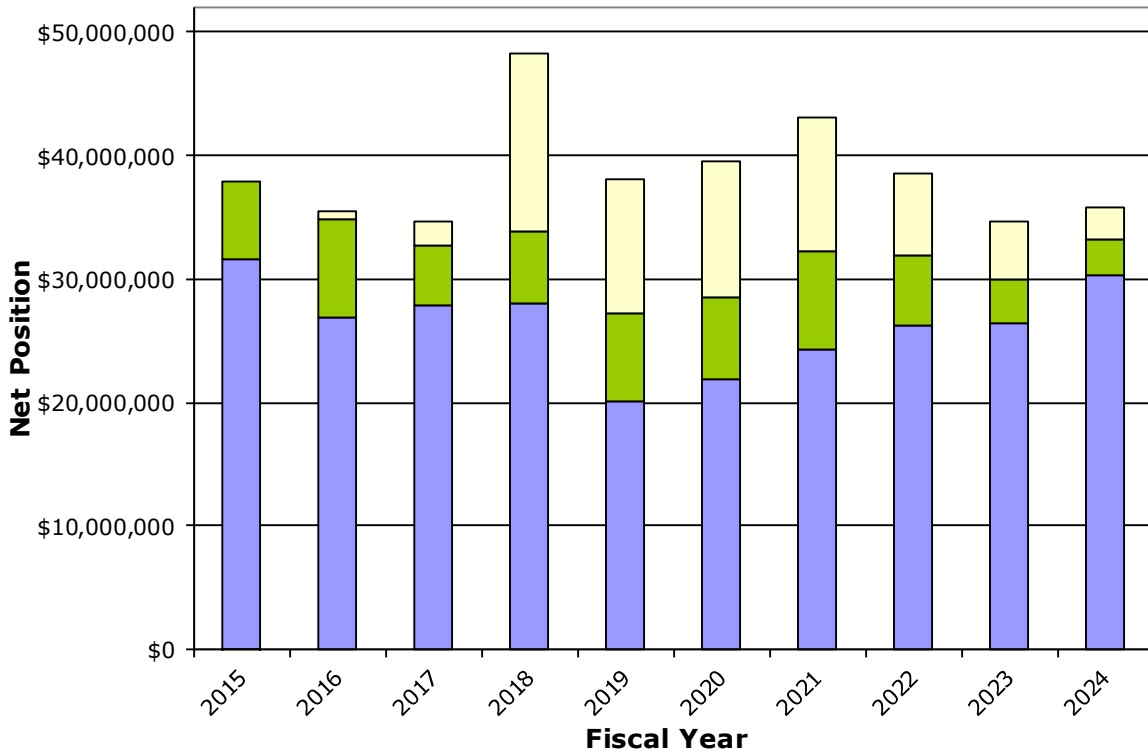
Notes:

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

Source: Ventura Regional Sanitation District Finance Department

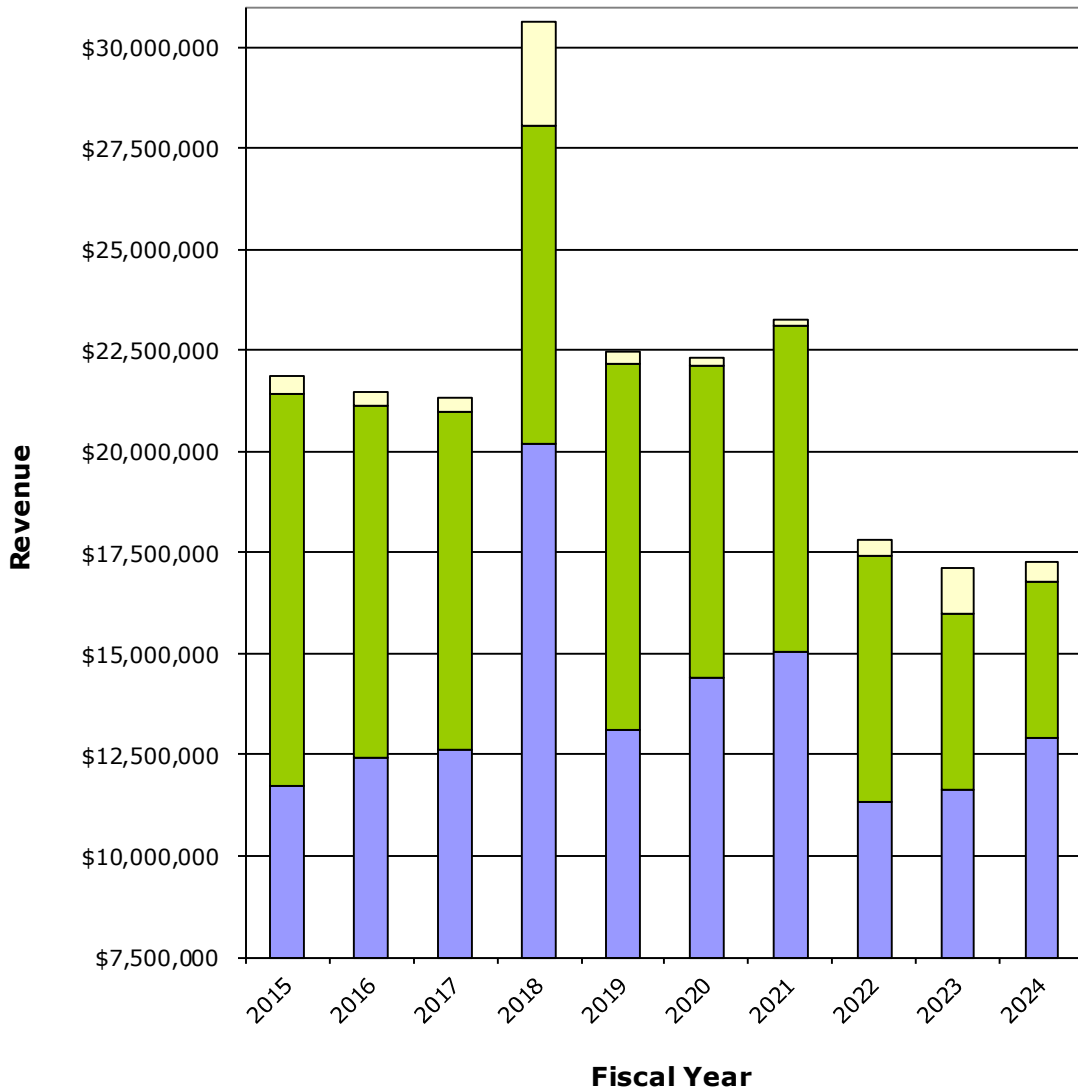
Ventura Regional Sanitation District Changes in Net Position and Net Position by Component (Continued) Last Ten Fiscal Years

| | | Fiscal Year | | | | | |
|----|----------------------------------|----------------------------------|--------------------|--------------------|-------------------|------|--|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | |
| \$ | 22,323,137 | 23,247,107 | 17,818,414 | 17,118,519 | 17,249,241 | | Changes in net position: |
| | (17,738,380) | (16,034,153) | (15,927,265) | (17,096,311) | (13,439,625) | | Operating revenues ⁽⁴⁾ |
| | (4,183,680) | (3,835,176) | (4,217,866) | (4,353,931) | (4,412,832) | | Operating expenses ⁽⁵⁾ |
| | 401,077 | 3,377,778 | (2,326,717) | (4,331,723) | (603,216) | | Depreciation and amortization |
| | | | | | | | Operating income(loss) |
| | 1,772,372 | 101,084 | (1,119,540) | 464,651 | 1,753,419 | | Non-operating revenues(expenses) |
| | 1,587 | - | (632,973) | 210,321 | 173,800 | | Interest income |
| | (484,527) | (405,826) | (323,141) | (246,036) | (173,499) | | Gain/(loss) on sale of assets |
| | (188,568) | 408,531 | (9,224) | (110,828) | (29,179) | | Interest expense |
| | 1,100,864 | 103,789 | (2,084,878) | 318,108 | 1,724,541 | | Other revenue/(expense), net |
| | 1,501,941 | 3,481,567 | (4,411,595) | (4,013,615) | 1,121,325 | | Total non-operating revenues(expenses), net |
| | - | - | - | - | - | | Net income before capital contributions |
| \$ | <u>1,501,941</u> | <u>3,481,567</u> | <u>(4,411,595)</u> | <u>(4,013,615)</u> | <u>1,121,325</u> | | Capital contributions |
| | | | | | | | Changes in net position |
| \$ | 21,814,680 | 24,318,142 | 26,306,900 | 26,442,056 | 30,229,272 | | Net position by component: |
| | 6,729,028 | 7,867,679 | 5,603,799 | 3,485,933 | 2,956,457 | | Net investment in capital assets |
| | 11,014,816 | 10,854,270 | 6,717,797 | 4,686,892 | 2,550,477 | | Amounts restricted |
| \$ | <u>39,558,524</u> ⁽³⁾ | <u>43,040,091</u> ⁽³⁾ | <u>38,628,496</u> | <u>34,614,881</u> | <u>35,736,206</u> | | Unrestricted amounts |
| | | | | | | | Total net position |



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

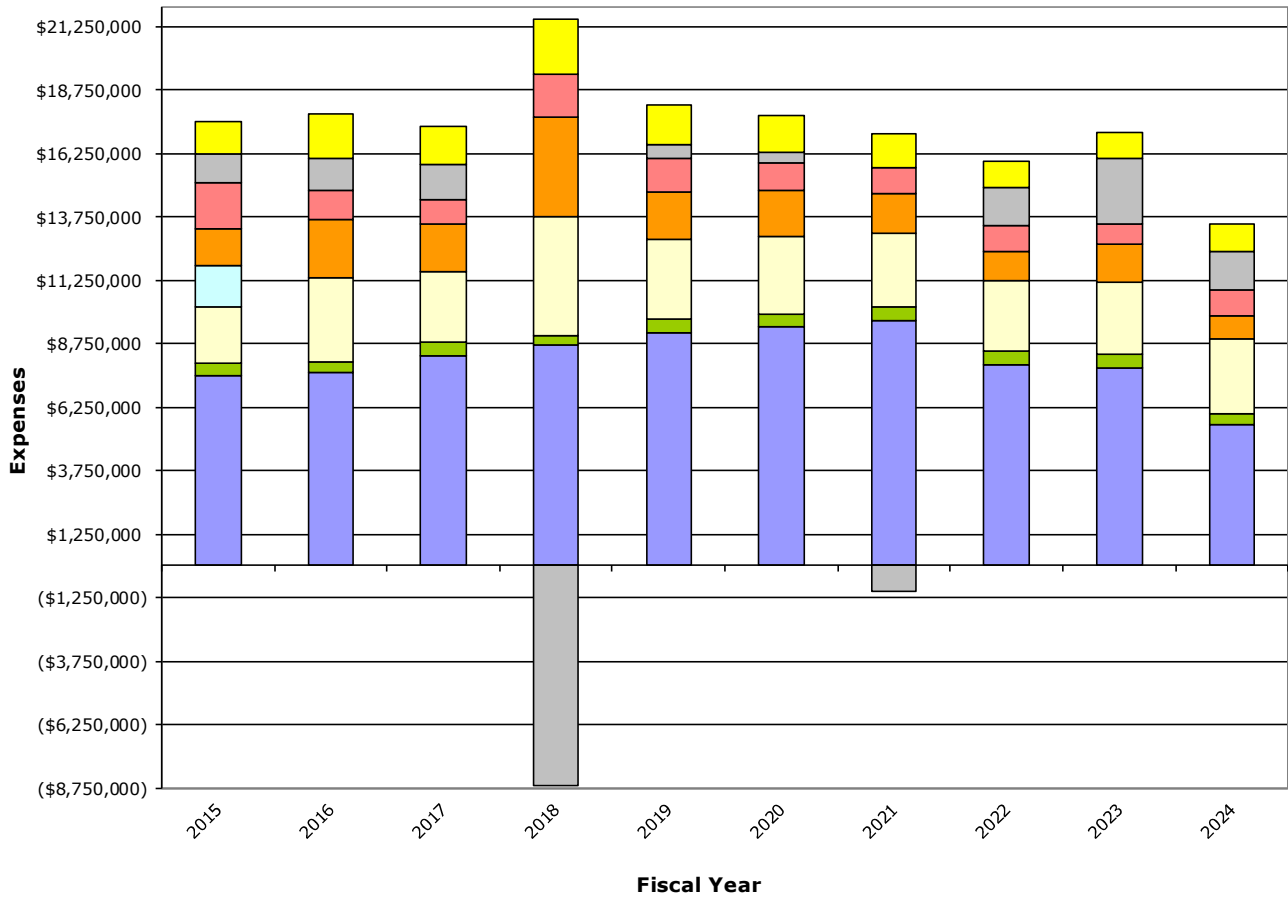
| Fiscal Year | Disposal and Sanitation Fees | Contract Services | Other Revenues and Services | Total Operating Revenue |
|-------------|------------------------------|-------------------|-----------------------------|-------------------------|
| 2015 | 11,745,287 | 9,670,442 | 456,574 | 21,872,303 |
| 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 |
| 2023 | 11,633,175 | 4,350,488 | 1,134,856 | 17,118,519 |
| 2024 | 12,912,030 | 3,850,329 | 486,882 | 17,249,241 |



Source: Ventura Regional Sanitation District Finance Department

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

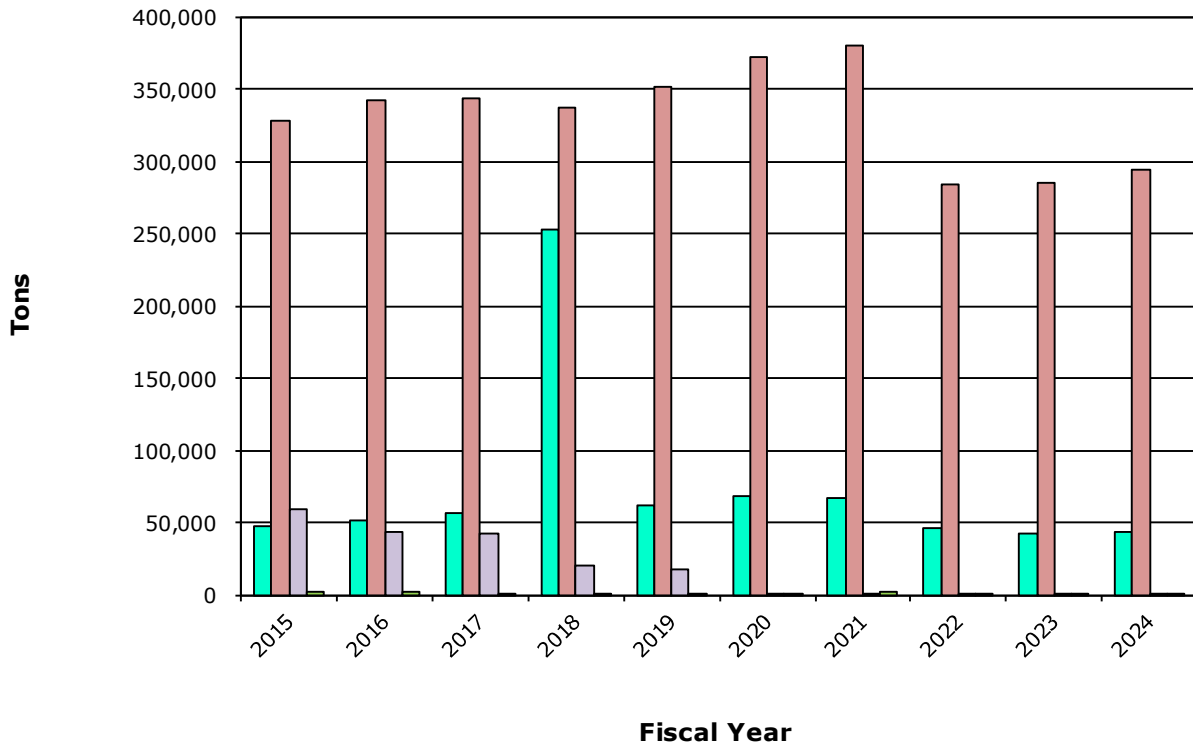
| Fiscal Year | Salaries and Benefits | Management and Administrative | Services and Supplies | Contracted Services | Professional Services | Facility Maintenance | Provision for Landfill Closure and Postclosure | Permits, Licenses and Fees | Total Operating Expenses |
|-------------|-----------------------|-------------------------------|-----------------------|---------------------|-----------------------|----------------------|--|----------------------------|--------------------------|
| 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 |
| 2023 | 7,768,807 | 545,505 | 2,843,616 | - | 1,531,353 | 744,397 | 2,601,124 | 1,061,509 | 17,096,311 |
| 2024 | 5,541,868 | 424,110 | 2,979,759 | - | 906,585 | 989,981 | 1,530,088 | 1,067,234 | 13,439,625 |



Source: Ventura Regional Sanitation District Finance Department

Ventura Regional Sanitation District
 Revenue Base
 Last Ten Fiscal Years

| Fiscal Year | Solid Waste | | | |
|-------------|-----------------------------|--------------------------|--------------------------------|---------------------------|
| | Direct Haul Received (tons) | Transfer Received (tons) | Hard to Handle Received (tons) | Biosolids Received (tons) |
| 2015 | 47,099 | 328,146 | 1,511 | 58,871 |
| 2016 | 50,842 | 342,889 | 1,634 | 44,322 |
| 2017 | 56,171 | 344,005 | 1,367 | 42,104 |
| 2018 | 252,344 | 336,969 | 1,380 | 20,915 |
| 2019 | 61,342 | 352,116 | 550 | 18,238 |
| 2020 | 68,147 | 371,979 | 1,286 | 483 |
| 2021 | 67,185 | 380,702 | 1,772 | 114 |
| 2022 | 45,878 | 284,052 | 602 | 256 |
| 2023 | 42,622 | 284,807 | 665 | 85 |
| 2024 | 43,766 | 294,416 | 695 | 58 |



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

| Fiscal Year | Tipping Fees⁽²⁾ | | |
|--------------------|-----------------------------------|--------------------------------------|-------------------------------------|
| | Refuse⁽⁴⁾ | Residual Refuse⁽⁵⁾ | Hard-to-handle⁽⁶⁾ |
| 2015 | \$39.60 | \$34.54 | \$110.00 |
| 2016 | 39.60 | 34.54 | 110.00 |
| 2017 | 39.60 | 34.54 | 110.00 |
| 2018 | 39.60 | 34.54 | 110.00 |
| 2019 | 39.60 | 34.54 | 110.00 |
| 2020 | 39.60 | 34.54 | 110.00 |
| 2021 | 39.60 | 34.54 | 110.00 |
| 2022 | 40.39 | 40.39 | 120.00 |
| 2023 | 41.94 | 41.94 | 124.60 |
| 2024 | 45.06 | 45.06 | 133.88 |

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 | 2024 | | 2015 | |
|--|-----------------------|----------------------------|-----------------------|----------------------------|
| | Tons Processed | Percentage of Total | Tons Processed | Percentage of Total |
| Gold Coast Recycling | 294,416 | 86.9% | 246,038 | 56.6% |
| City of Oxnard | - | N/A | 132,582 | 30.4% |
| Arakelian Enterprises, Inc. | 14,562 | 4.3% | - | N/A |
| E.J. Harrison & Sons | 13,188 | 3.9% | 11,373 | 2.6% |
| City of Ventura Wastewater Treatment Plant | - | N/A | 14,306 | 3.3% |
| Crown Disposal Company, Inc. | - | N/A | 7,563 | 1.7% |
| Hill Canyon Wastewater Treatment Plant | - | N/A | 9,803 | 2.3% |
| Fillmore Wastewater Treatment Plant | - | N/A | 1,658 | 0.4% |
| Recology Los Angeles | - | N/A | 3,708 | 0.9% |
| Perc Water Corporation | - | N/A | 2,831 | 0.6% |
| JTZ Inc. DBA Zaccaro Roll-off | - | N/A | 439 | 0.1% |
| Aguilera Service | 3,519 | 1.0% | - | N/A |
| HD Services Construction | 1,750 | 0.5% | - | N/A |
| Myers Equipment, Inc. | 880 | 0.3% | - | N/A |
| Chrisp Company | 290 | 0.1% | - | N/A |
| Geske's Hauling Service, Inc. | 250 | 0.1% | 647 | 0.1% |
| California Wood Rec/Agromin | - | N/A | 665 | 0.2% |
| Credit Card/Cash Customers | 8,935 | 2.6% | 2,530 | 0.6% |
| Other Customers | 1,145 | 0.3% | 1,484 | 0.3% |
| Total Tons Processed | 338,935 | 100.0% | 435,627 | 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⁾ |
| 2015 | 19,461,538 | 28.23 | 0.052% |
| 2016 | 28,086,421 | 40.62 | 0.073% |
| 2017 | 25,134,020 | 36.31 | 0.063% |
| 2018 | 22,120,239 | 31.91 | 0.053% |
| 2019 | 19,032,418 | 27.51 | 0.044% |
| 2020 | 15,868,691 | 23.27 | 0.034% |
| 2021 | 12,627,143 | 18.65 | 0.025% |
| 2022 | 9,615,932 | 14.30 | 0.019% |
| 2023 | 7,149,805 | 10.73 | 0.014% |
| 2024 | 4,929,688 | 7.42 | 0.009% |

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) 2023 Ventura County Economic Outlook: Forecast Summary - Estimates for 2023 & 2024

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

| District Total | Fiscal Year | | | | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenue sources | | | | | |
| Operating revenues | \$ 15,804,940 | \$ 15,348,667 | \$ 15,206,961 | \$ 23,773,784 | \$ 14,254,728 |
| Non-operating revenues | 353,340 | 621,765 | 62,062 | 73,913 | 1,565,617 |
| Total revenue sources | <u>16,158,280</u> | <u>15,970,432</u> | <u>15,269,023</u> | <u>23,847,697</u> | <u>15,820,345</u> |
| Expenses | | | | | |
| Operating expenses | 10,054,954 | 10,016,270 | 9,427,194 | 4,352,288 | 8,969,128 |
| Non-operating expenses | - | - | - | - | - |
| Total expenses | <u>10,054,954</u> | <u>10,016,270</u> | <u>9,427,194</u> | <u>4,352,288</u> | <u>8,969,128</u> |
| Change in net position | 6,103,326 | 5,954,162 | 5,841,829 | 19,495,409 | 6,851,217 |
| Installment payments | | | | | |
| Principal | 1,852,312 | 2,043,316 | 2,952,400 | 3,013,781 | 3,087,822 |
| Interest | 929,142 | 952,437 | 690,788 | 629,408 | 555,367 |
| Total installment payments | <u>\$ 2,781,454</u> | <u>\$ 2,995,753</u> | <u>\$ 3,643,188</u> | <u>\$ 3,643,189</u> | <u>\$ 3,643,189</u> |
| Coverage | 2.2 | 2.0 | 1.6 | 5.4 | 1.9 |
| Solid Waste | | | | | |
| Revenue sources | | | | | |
| Operating revenues | \$ 11,921,343 | \$ 12,586,681 | \$ 12,852,217 | \$ 22,540,839 | \$ 13,277,859 |
| Non-operating revenues | 351,066 | 616,587 | 60,931 | 69,847 | 1,554,478 |
| Total revenue sources | <u>12,272,409</u> | <u>13,203,268</u> | <u>12,913,148</u> | <u>22,610,686</u> | <u>14,832,337</u> |
| Expenses | | | | | |
| Operating expenses | 7,428,993 | 8,482,137 | 8,608,387 | 4,052,019 | 8,424,630 |
| Non-operating expenses | - | - | - | - | - |
| Total expenses | <u>7,428,993</u> | <u>8,482,137</u> | <u>8,608,387</u> | <u>4,052,019</u> | <u>8,424,630</u> |
| Change in net position | 4,843,416 | 4,721,131 | 4,304,761 | 18,558,667 | 6,407,707 |
| Installment payments | | | | | |
| Principal | 864,649 | 943,656 | 1,754,341 | 1,789,189 | 1,836,109 |
| Interest | 442,612 | 446,043 | 488,883 | 454,036 | 407,116 |
| Total installment payments | <u>\$ 1,307,261</u> | <u>\$ 1,389,699</u> | <u>\$ 2,243,224</u> | <u>\$ 2,243,225</u> | <u>\$ 2,243,225</u> |
| Biosolids | | | | | |
| Revenue sources | | | | | |
| Operating revenues | \$ 3,883,597 | \$ 2,761,986 | \$ 2,354,744 | \$ 1,232,945 | \$ 976,869 |
| Non-operating revenues | 2,274 | 5,178 | 1,131 | 4,066 | 11,139 |
| Total revenue sources | <u>3,885,871</u> | <u>2,767,164</u> | <u>2,355,875</u> | <u>1,237,011</u> | <u>988,008</u> |
| Expenses | | | | | |
| Operating expenses | 2,625,961 | 1,534,133 | 818,807 | 300,269 | 544,498 |
| Non-operating expenses | - | - | - | - | - |
| Total expenses | <u>2,625,961</u> | <u>1,534,133</u> | <u>818,807</u> | <u>300,269</u> | <u>544,498</u> |
| Change in net position | 1,259,910 | 1,233,031 | 1,537,068 | 936,742 | 443,510 |
| Installment payments | | | | | |
| Principal | 987,663 | 1,099,660 | 1,198,059 | 1,224,592 | 1,251,713 |
| Interest | 486,530 | 506,394 | 201,905 | 175,372 | 148,251 |
| Total installment payments | <u>\$ 1,474,193</u> | <u>\$ 1,606,054</u> | <u>\$ 1,399,964</u> | <u>\$ 1,399,964</u> | <u>\$ 1,399,964</u> |

Source: Ventura Regional Sanitation District

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

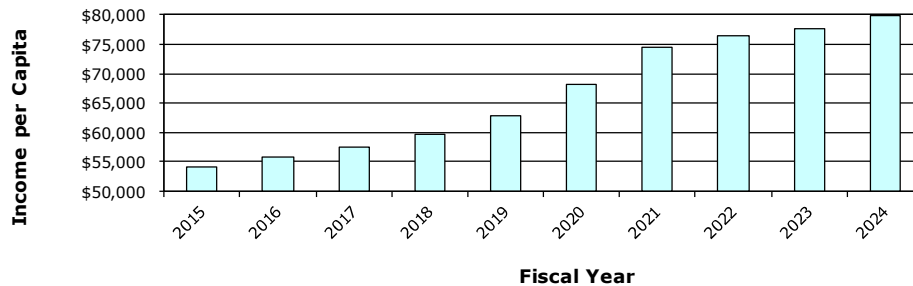
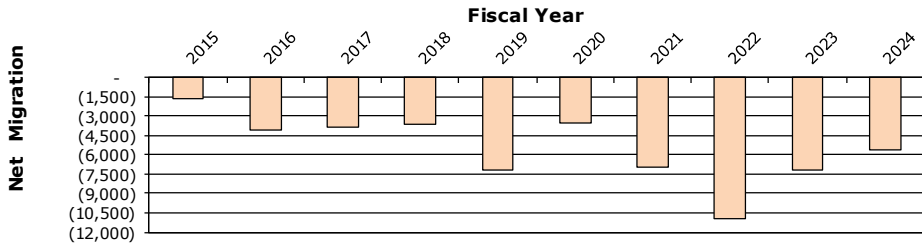
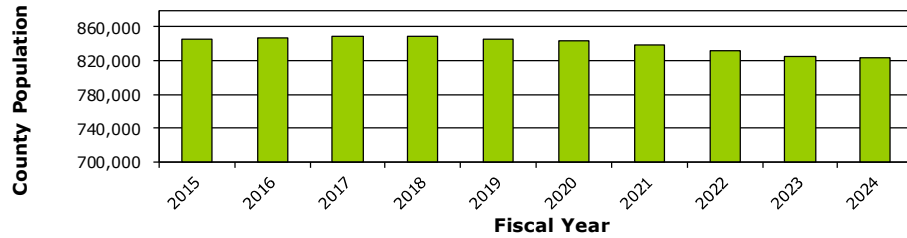
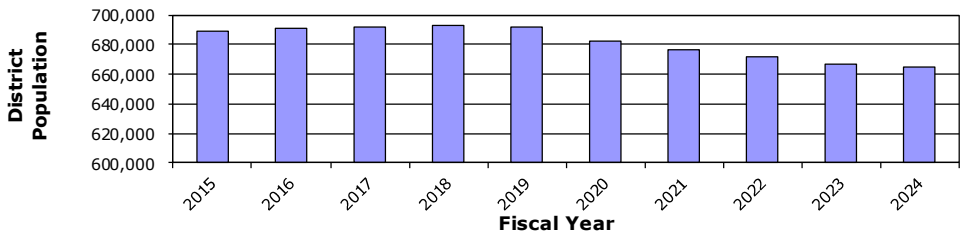
| Fiscal Year | | | | | District Total |
|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|
| 2020 | 2021 | 2022 | 2023 | 2024 | |
| | | | | | Revenue sources |
| \$ 14,588,967 | \$ 15,249,750 | \$ 11,550,157 | \$ 12,650,445 | \$ 13,255,438 | Operating revenues |
| 1,564,705 | 31,406 | - | 740,377 | 1,865,418 | Non-operating revenues |
| <u>16,153,672</u> | <u>15,281,156</u> | <u>11,550,157</u> | <u>13,390,822</u> | <u>15,120,856</u> | Total revenue sources |
| | | | | | Expenses |
| 9,247,425 | 7,262,966 | 9,421,262 | 11,593,647 | 9,220,411 | Operating expenses |
| - | - | 1,119,918 | 414,326 | 183,702 | Non-operating expenses |
| <u>9,247,425</u> | <u>7,262,966</u> | <u>10,541,180</u> | <u>12,007,973</u> | <u>9,404,113</u> | Total expenses |
| 6,906,247 | 8,018,190 | 1,008,977 | 1,382,849 | 5,716,743 | Change in net position |
| | | | | | Installment payments |
| 3,163,728 | 3,241,547 | 3,011,210 | 2,466,129 | 2,220,116 | Principal |
| 479,461 | 401,642 | 321,861 | 249,353 | 187,896 | Interest |
| <u>\$ 3,643,189</u> | <u>\$ 3,643,189</u> | <u>\$ 3,333,071</u> | <u>\$ 2,715,482</u> | <u>\$ 2,408,012</u> | Total installment payments |
| 1.9 | 2.2 | 0.3 | 0.5 | 2.4 | Coverage |
| | | | | | Solid Waste |
| | | | | | Revenue sources |
| \$ 14,563,795 | \$ 15,242,841 | \$ 11,550,157 | \$ 12,650,445 | \$ 13,255,438 | Operating revenues |
| 1,564,705 | 31,406 | - | 740,377 | 1,865,418 | Non-operating revenues |
| <u>16,128,500</u> | <u>15,274,247</u> | <u>11,550,157</u> | <u>13,390,822</u> | <u>15,120,856</u> | Total revenue sources |
| | | | | | Expenses |
| 9,168,132 | 7,246,275 | 9,421,262 | 11,593,647 | 9,220,411 | Operating expenses |
| - | - | 1,119,918 | 414,326 | 183,702 | Non-operating expenses |
| <u>9,168,132</u> | <u>7,246,275</u> | <u>10,541,180</u> | <u>12,007,973</u> | <u>9,404,113</u> | Total expenses |
| 6,960,368 | 8,027,972 | 1,008,977 | 1,382,849 | 5,716,743 | Change in net position |
| | | | | | Installment payments |
| 1,884,292 | 1,933,774 | 1,674,472 | 1,407,254 | 1,448,260 | Principal |
| 358,933 | 309,451 | 258,635 | 215,735 | 174,730 | Interest |
| <u>\$ 2,243,225</u> | <u>\$ 2,243,225</u> | <u>\$ 1,933,107</u> | <u>\$ 1,622,989</u> | <u>\$ 1,622,990</u> | Total installment payments |
| | | | | | Biosolids |
| | | | | | Revenue sources |
| \$ 25,172 | \$ 6,909 | \$ - | \$ - | \$ - | Operating revenues |
| - | - | - | - | - | Non-operating revenues |
| <u>25,172</u> | <u>6,909</u> | <u>-</u> | <u>-</u> | <u>-</u> | Total revenue sources |
| | | | | | Expenses |
| 79,293 | 16,691 | - | - | - | Operating expenses |
| - | - | - | - | - | Non-operating expenses |
| <u>79,293</u> | <u>16,691</u> | <u>-</u> | <u>-</u> | <u>-</u> | Total expenses |
| (54,121) | (9,782) | - | - | - | Change in net position |
| | | | | | Installment payments |
| 1,279,436 | 1,307,773 | 1,336,738 | 1,058,875 | 771,856 | Principal |
| 120,528 | 92,191 | 63,226 | 33,618 | 13,166 | Interest |
| <u>\$ 1,399,964</u> | <u>\$ 1,399,964</u> | <u>\$ 1,399,964</u> | <u>1,092,493</u> | <u>785,022</u> | 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⁾ |
| 2015 | 689,341 | 5.7% | 846,263 | (1,596) | 45,901,737 | 54,241 |
| 2016 | 691,441 | 5.2% | 847,718 | (4,107) | 47,265,014 | 55,756 |
| 2017 | 692,257 | 4.5% | 849,196 | (3,897) | 48,791,042 | 57,456 |
| 2018 | 693,166 | 3.8% | 848,290 | (3,617) | 50,711,842 | 59,781 |
| 2019 | 691,862 | 3.6% | 845,396 | (7,157) | 53,163,902 | 62,886 |
| 2020 | 681,917 | 8.7% | 843,310 | (3,567) | 57,575,258 | 68,273 |
| 2021 | 677,059 | 6.2% | 839,358 | (6,941) | 62,554,527 | 74,527 |
| 2022 | 672,221 | 3.7% | 832,605 | (10,910) | 63,589,878 | 76,375 |
| 2023 | 666,509 | 4.3% | 825,960 | (7,208) | 66,400,000 ⁽⁴⁾ | 77,657 ⁽⁴⁾ |
| 2024 | 664,720 | 4.5% ⁽⁵⁾ | 823,863 | (5,628) | 69,900,000 ⁽⁴⁾ | 79,802 ⁽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, Oxrd-Thousand Oaks-Ventura, CA, Annual
 (4) 2023 Ventura County Economic Outlook: Forecast Summary - Estimates for 2023 & 2024
 (5) U.S. Bureau of Labor and Statistics, Local Area Unemployment Statistics, Oxrd-Thousand Oaks-Ventura, CA, June 2024

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 | 2024^(a) | | | 2015^(b) | | |
|--|----------------------------|-------------|-------------------------------------|----------------------------|-------------|-------------------------------------|
| | Number of Employees | Rank | Percentage of Total Employed | Number of Employees | Rank | Percentage of Total Employed |
| United States Naval Base | 20,000 | 1 | 4.89% | 14,547 | 1 | 3.56% |
| County of Ventura | 10,778 | 2 | 2.64% | 8,721 | 2 | 2.13% |
| Amgen, Inc. | 5,500 | 3 | 1.35% | 5,095 | 3 | 1.25% |
| Conejo Valley Unified School District | 3,320 | 4 | 0.81% | 1,943 | 7 | 0.48% |
| Bank of America | 2,804 | 5 | 0.69% | | | |
| Blue Cross of CA (previously Anthem, Inc.) | 2,500 | 6 | 0.61% | 2,913 | 4 | 0.71% |
| Simi Valley Unified School District | 2,300 | 7 | | 2,436 | 5 | 0.60% |
| Community Memorial Hospital | 2,000 | 8 | 0.49% | 2,000 | 6 | 0.49% |
| St. John's Regional Medical Center | 1,809 | 9 | 0.44% | | | |
| Los Robles Regional Med Center | 1,800 | 10 | | 1,700 | 10 | 0.42% |
| Ventura Unified School District | | | 0.00% | 1,842 | 8 | 0.45% |
| Dignity Health | | | | 1,805 | 9 | 0.44% |
| Total ten largest | 52,811 | | 13.41% | 43,002 | | 10.52% |
| Total all other | 341,089 | | 86.59% | 365,598 | | 89.48% |
| Total Employed in County | 393,900 | (c) | 100.00% | 408,600 | | 100.00% |

Sources:

(a) The List, Ventura County Employers, Pacific Coast Business Times, 2024.

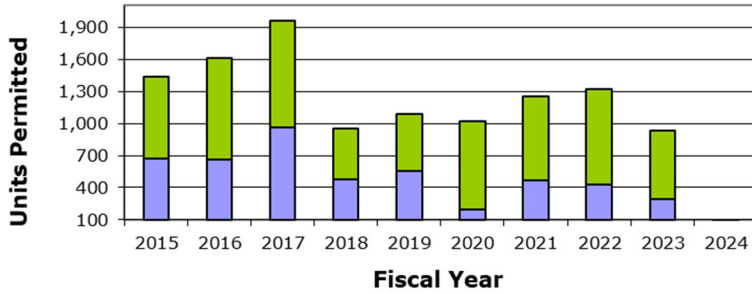
(b) 2015 Ventura County Real Estate and Economic Outlook as of January 2015.

(c) State of California Employment Development Department: Extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2023, updated September 15, 2024.

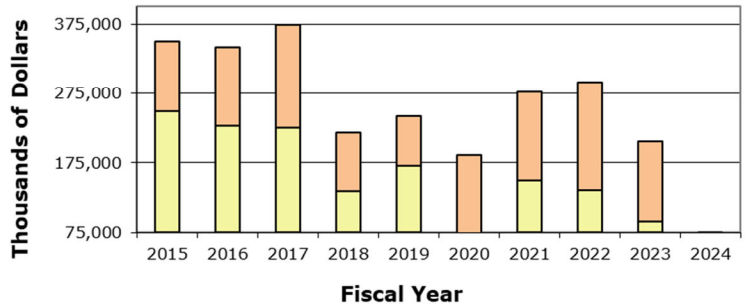
Ventura Regional Sanitation District Building Permits – County of Ventura Last Ten Years

| 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) |
|-------------|-----------------------------|-------------------------------|---------------------------------|---|---|--|---|
| 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 | 1,239 | 133,746 | 84,824 | 218,570 | 654,401 |
| 2019 | 558 | 537 | 1,320 | 170,030 | 72,504 | 242,534 | 652,369 |
| 2020 | 191 | 832 | 970 | 48,401 | 138,077 | 186,478 | 725,715 |
| 2021 | 467 | 784 | 1,568 | 149,758 | 127,666 | 277,424 | 830,757 |
| 2022 | 423 | 894 | 2,405 | 135,688 | 155,065 | 290,753 | 897,332 |
| 2023 (b) | 288 | 651 | 1,036 | 90,626 | 114,726 | 205,352 | 901,443 |
| 2024 (b) | NA | NA | 1,182 | NA | NA | NA | 936,722 |

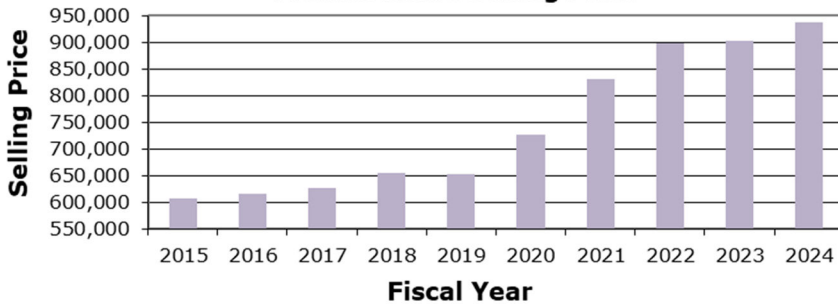
New Residential Building Units Permitted



New Construction Costs



Median Home Selling Price

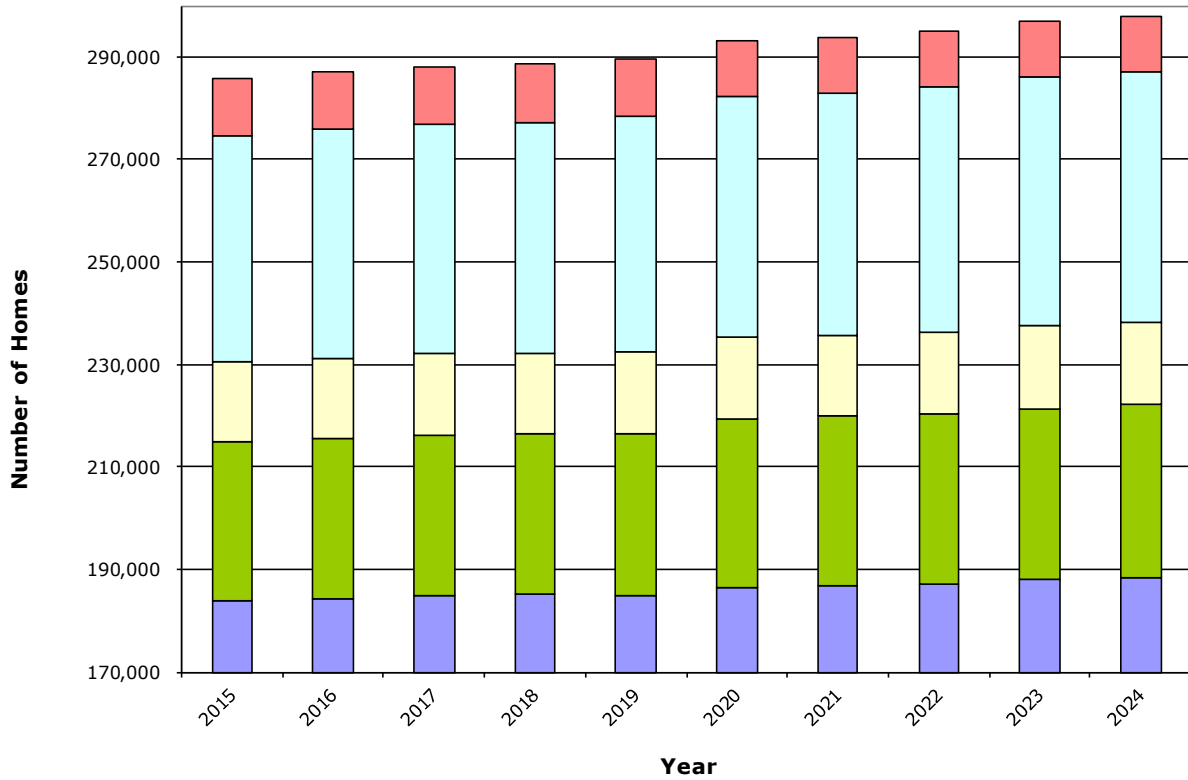


Sources:

- (a) California Labor Market Info - Ventura County Economic Indicators; publication Sep-24; no data available for 2024
- (b) 2024 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 |
|---------------|------------------------------------|------------------------------------|-----------------------|--------------------------|--------------|-------------------|
| 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 | 186,369 | 33,003 | 15,815 | 47,022 | 10,871 | 293,080 |
| 2021 | 186,811 | 33,115 | 15,788 | 47,169 | 10,873 | 293,756 |
| 2022 | 187,223 | 33,143 | 16,048 | 47,700 | 10,875 | 294,989 |
| 2023 | 187,968 | 33,413 | 16,086 | 48,546 | 10,879 | 296,892 |
| 2024 | 188,404 | 33,693 | 16,114 | 48,831 | 10,879 | 297,921 |

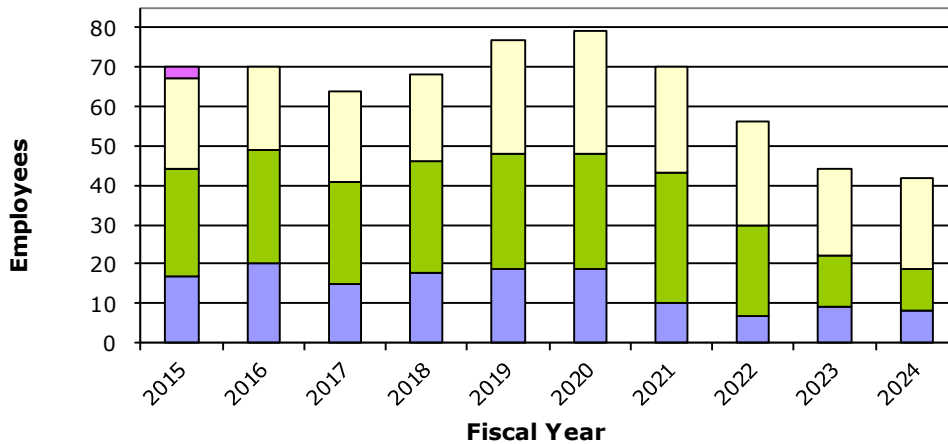


Source: CA Dept. of Finance Demographic Research Unit, E-5 City/County Population & Housing Estimates

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 |
|-------------|------------------|--------------------|-------------|-----------|-------|
| 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 |
| 2023 | 9 | 13 | 22 | - | 44 |
| 2024 | 8 | 11 | 23 | - | 42 |



Other Operating and Capacity Indicators

| Fiscal Year | District Area (Square Miles) | Collection System (Miles) | Treatment Capacity (MGD) | Average | | | (b) Landfill Facility Acreage | (a) Daily Landfill Capacity (Tons) |
|-------------|------------------------------|---------------------------|--------------------------|------------------------|------------------------------|-------------------------------|-------------------------------|------------------------------------|
| | | | | Dry Weather Flow (MGD) | Potable Water Capacity (MGM) | Recycled Water Capacity (MGM) | | |
| 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 | 2,864 |
| 2022 | 1,864 | 150 | 5.95 | 3.63 | 70.32 | 27.57 | 216.5 | 2,864 |
| 2023 | 1,864 | 150 | 5.95 | 3.63 | 70.32 | 27.57 | 216.5 | 2,864 |
| 2024 | 1,864 | 150 | 5.95 | 3.63 | 70.32 | 27.57 | 216.5 | 2,864 |

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

Sources: Ventura Regional Sanitation District Finance Department

(a) Solid Waste Facility Permit No. 56-AA-0005, issued May 28, 2021, increased the permitted maximum daily tonnage limit from 1,500 to 2,864 tons per day.

(b) Permitted Disposal Area is 91.4 acres.

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

| Function | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Wastewater | | | | | | | | | | |
| Vehicles | 27 | 26 | 26 | 28 | 22 | 26 | 26 | 17 | 17 | 16 |
| Water truck | 1 | - | - | - | - | - | - | - | - | - |
| Forklifts/Hydraulic lifts | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf Cart | 1 | - | - | - | 1 | 1 | 1 | - | - | - |
| Machinery & Equipment | 16 | 15 | 15 | 15 | 17 | 17 | 18 | 15 | 13 | 13 |
| Cranes | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Heavy equipment | 4 | 3 | 3 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Trailers | - | - | - | - | - | - | - | - | - | - |
| Furniture & Fixtures | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Computer equipment | 4 | 5 | 5 | 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 | 3 | 3 | 4 | 3 | 4 | 4 | 4 | 3 | 2 |
| Solid Waste | | | | | | | | | | |
| Vehicles | 14 | 15 | 13 | 12 | 22 | 20 | 20 | 22 | 18 | 18 |
| Golf Cart | 1 | 2 | 2 | 2 | 1 | 1 | 1 | 2 | 2 | 2 |
| Trailers | - | - | - | - | - | - | - | - | - | - |
| Machinery & Equipment | 23 | 26 | 26 | 30 | 29 | 31 | 31 | 36 | 35 | 36 |
| Forklifts/Hydraulic lifts | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Heavy equipment | 6 | 8 | 6 | 4 | 7 | 8 | 8 | 5 | 5 | 5 |
| Compactor | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Fuel truck | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water truck | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Bulldozers | 3 | 3 | 5 | 6 | 10 | 11 | 11 | 12 | 12 | 12 |
| Computer equipment | 11 | 13 | 13 | 13 | 13 | 13 | 14 | 14 | 15 | 15 |
| 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 | 4 | 4 | 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 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Site security system | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Leachate systems | 2 | 1 | 1 | - | - | - | - | - | - | - |
| Gas monitoring wells | 4 | 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 | 15 | 15 | 14 | - | - | - | - | - | - |
| Machinery & Equipment | 3 | 3 | 3 | 3 | - | - | - | - | - | - |
| Vehicles | 1 | 1 | 1 | 1 | - | - | - | - | - | - |
| Water tank | 2 | 2 | 2 | 2 | - | - | - | - | - | - |
| Irrigation system | 1 | 1 | 1 | 1 | - | - | - | - | - | - |
| Biosolids facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - | - |
| Microturbine generation station | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - | - |
| Landfill gas treatment skid | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - | - |
| Central Administration | | | | | | | | | | |
| Vehicles | 1 | 2 | 2 | 1 | 1 | 1 | 1 | - | - | - |
| Machinery & Equipment | 6 | 10 | 10 | 10 | 9 | 9 | 9 | 6 | 6 | 6 |
| Furniture & Fixtures | 6 | 2 | 2 | 2 | 2 | 2 | 2 | - | - | - |
| Computer equipment | 11 | 16 | 18 | 19 | 19 | 20 | 22 | 21 | 21 | 21 |

Sources: Ventura Regional Sanitation District Finance Department



VENTURA REGIONAL SANITATION DISTRICT

Audit Communications

Year ended June 30, 2024

VENTURA REGIONAL SANITATION DISTRICT

Audit Communications

Year ended June 30, 2024

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Required Audit Communications | 1 |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 5 |

REQUIRED AUDIT COMMUNICATIONS

Board of Directors
Ventura Regional Sanitation District
Ventura, California

We have audited the financial statements of the Ventura Regional Sanitation District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy.

Additionally, we utilize a quality control reviewer to perform a second review of journal entries and the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

We have identified the following significant risks:

- Municipal Landfill Post-Closure Costs

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the following:

- Management's estimate of other post employments benefit obligations and net pension liability, which is based on the actuarial valuations performed on behalf of management in accordance with GASB 75 and GASB 68.

We evaluated the key factors and assumptions used to develop the above listed estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

- Disclosures regarding net pension liability as disclosed in the financial statements. The disclosures are based on third-party actuarial valuations received and internally calculated amounts.
- Disclosures regarding OPEB Liability as disclosed in the financial statements. The disclosures are based on third-party actuarial valuations received and internally calculated amounts.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements noted as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management dated November 26, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information Included in the Annual Comprehensive Financial Report

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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

Davis Farr LLP

Irvine, California
November 26, 2024

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

Board of Directors
Ventura Regional Sanitation District
Ventura, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ventura Regional Sanitation District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise basic financial statements, and have issued our report thereon dated November 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Davis Farr LLP

Irvine, California
November 26, 2024