

# **Triunfo Sanitation District**

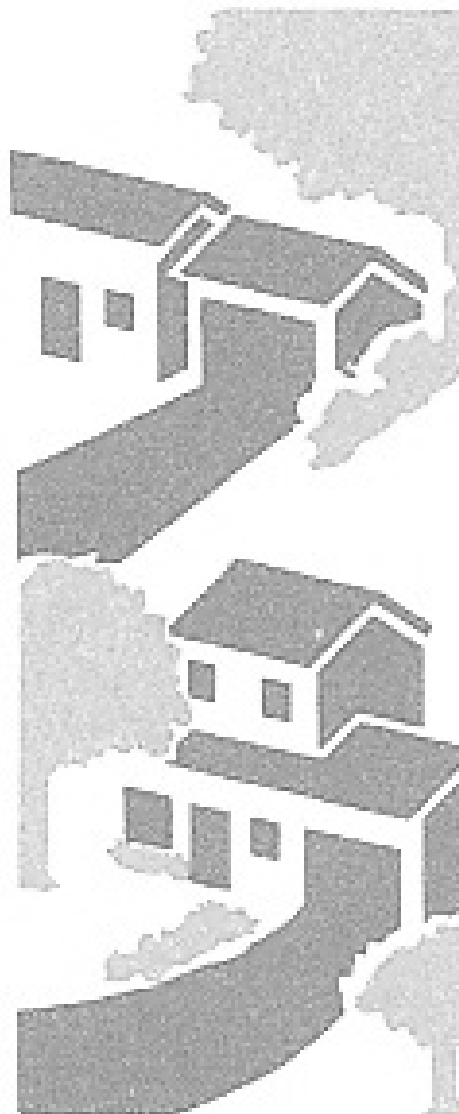


## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2016 and June 30, 2015**

**Mark Norris, General Manager**

**Ventura County, California**



**TRIUNFO SANITATION DISTRICT**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2016**

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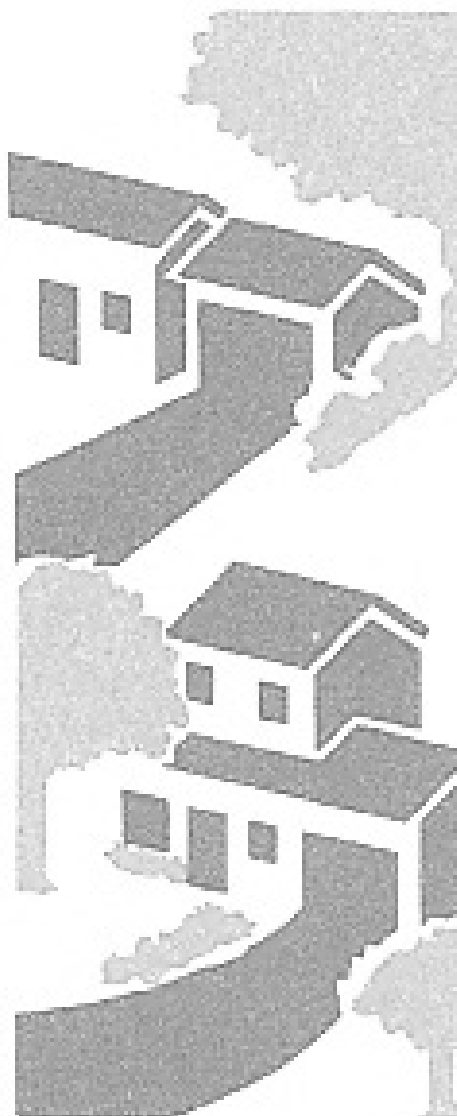
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Comprehensive Annual Financial Report  
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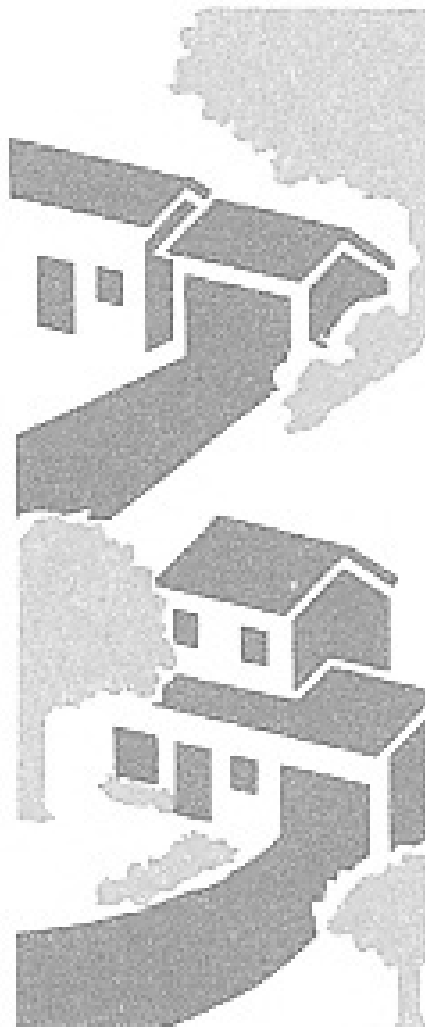
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# Introductory Section



## Triunfo Sanitation District

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





# TRIUNFO SANITATION DISTRICT

A PUBLIC AGENCY

## **Board of Directors**

Michael Paule, Chair

Janna Orkney, Vice Chair

Steven Iceland, Director

Michael McReynolds, Director

James Wall, Director

## *Providing Outstanding Service Since 1963*

December 30, 2016

Honorable Board of Directors  
Triunfo Sanitation District  
Ventura County, California

### Members of the Board of Directors:

The Comprehensive Annual Financial Report of the Triunfo Sanitation District (District) for the fiscal years ended June 30, 2016 and 2015; is hereby submitted. State law requires that every general-purpose local government 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 contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. 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.

Moss, Levy, Hartzheim, LLP, has issued an unmodified ("clean") opinion on the District's financial statements for the fiscal year ended June 30, 2016 and June 30, 2015. 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 complement this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF TRIUNFO**

A public agency, the Triunfo Sanitation District was organized November 12, 1963, as a special district under the County Sanitation District Act, California Health & Safety Code Section 4700 et seq., to provide sanitation services. The District covers approximately 50 square miles of the southeastern portion of Ventura County adjacent to the Los Angeles County line, and serves a population of approximately 33,000. The District receives no tax revenue and relies on fees and charges for services provided.

On October 12, 1964, the District and Las Virgenes Municipal Water District (LVMWD) entered into a joint powers agreement establishing a Joint Venture to construct, operate, maintain, and provide for a regional sewerage system to serve the area within the two districts' boundaries. The ancillary production and sale of recycled water as a byproduct of the wastewater treatment process has been welcomed by consumers and Districts.

The District expanded its service to the community in 1993 with the purchase of the Metropolitan Water Company located within the District's boundaries in Oak Park. The new venture became known as the Oak Park Water Service (OPWS).

The District's five-member Board of Directors (Board) is comprised of five residents of the District elected at-large by the registered voters of the District.

The District's Board of Directors meets on the fourth Monday of each month. Meetings are publicly noticed, and citizens are encouraged to attend and participate.

District staff is provided entirely by contract with the Ventura Regional Sanitation District (VRSD). In fiscal year 2016, this support consists of nearly fifteen (15.90) full-time equivalent positions made up of the part-time efforts of more than seventy-eight (78.21) individuals in twenty-five (25) different areas of expertise.

**Administration** - The five directly elected Board members at-large are employees of the District. In addition, the District contracts with VRSD for all of its management, financial, engineering, maintenance, and operations functions. This arrangement, accomplished through a long-term reimbursable contract, allows the District to draw from a pool of sophisticated and technologically capable employees when needed and pay for only the services actually received. On June 4, 2015, a new ten-year contract agreement was entered into between TSD and VRSD.

**Joint Venture** - The bulk of the District's sanitation and recycled water activities occur in concert with those of its Joint Venture partner, LVMWD, located in western Los Angeles County. Joint Venture facilities include the Tapia Water Reclamation Facility (Tapia), Rancho Las Virgenes Composting Facility (Rancho), a pumping station and force main that conveys biosolids from Tapia to Rancho, and the portion of the recycled water distribution system which lies within Los Angeles County. A five-year capital improvement plan is in place, and updated at least annually, to maintain these facilities and protect the District's investment in them. Capital improvements are primarily funded through sewer connection fees of \$12,525 per Equivalent Residential Unit (ERU).

The District presently owns 33.9% of the Joint Venture wastewater treatment facilities, 46.8% of the land, and 60.4% of the trunk sewers. The District's right to use the facilities is commensurate with its ownership share (33.9%), while recycled water rights are based on actual sewage flows into Tapia. In addition, the District owns 29.4% of the Joint Venture recycled water distribution system.

### ***Tapia Water Reclamation Facility***

The Tapia Water Reclamation Facility applies state-of-the-art technology to transform wastewater into high-quality recycled water. It serves residents living across 120 square miles of southeastern Ventura and western Los Angeles Counties. While the current flow to Tapia averages 7.5 million gallons of wastewater per day (mgd), the District flow averages about 2.4 mgd, representing 40.2% of the total. Tapia is potentially capable of treating up to 16 mgd.



The wastewater treatment process at Tapia duplicates and accelerates natural biological methods of cleaning wastewater. Filtration and disinfection, the third phase in Tapia's tertiary treatment process, ensures the treated water meets stringent water reuse standards, and is environmentally safe for wildlife and vegetation. The beneficial reuse of this high-quality water has been an important Joint Venture focus since 1972, long before it became a common practice.

Tapia has been honored with numerous awards, including:

- American Water Resources Association (AWRA) Sandor C. Csallany Institutional Award for Exemplary Contributions to Water Resources Management (2004)
- Association of California Water Agencies Environmental Achievement Award (1990 and 1995)
- California Water Pollution Control Association Plant of the Year (1989)
- U.S. Environmental Protection Agency national & regional Award of Excellence (1988)
- Los Angeles Area Plant of the Year (6 times)
- National Environmental Awards Council Outstanding Operation, Maintenance and Total Reuse
- Water Reuse Association Certificate for Contributions to Water Reuse in California

A major challenge for the Tapia plant occurred late in fiscal year 1998 in the form of revised National Pollution Discharge Elimination System (NPDES) permit requirements. Despite significant ongoing efforts, the onerous standards of the revised permit have not been significantly reduced. Discharge of recycled water into Malibu Creek is now prohibited from April 15 through November 15 each year. With extensive water recycling, approximately 300 million gallons (900 acre-feet) of water must either be diverted from the creek to approved recycled water uses, or stored for later use. An alternative is to discharge during this period to the Los Angeles River Watershed, known as "005 discharge."

**Triunfo Sanitation** - The Bell Canyon portion of the District was served for many years by a pump station and force main transporting wastewater up over a hill to Tapia. With the pump station reaching the end of its life and increasing demands expected on Tapia's capacity, a gravity trunk sewer was constructed in 1985. This allowed the transport of Bell Canyon's wastewater to the Tillman Water Reclamation Plant operated by the City of Los Angeles within Los Angeles County.

Bond debt was issued for the sewer line construction by Bell Canyon Sewer Assessment District No. 85-1, formed for this purpose. Principal and interest payments were subsequently funded through property owner assessments, which were then paid in full two years earlier than originally scheduled.

In fiscal year 2016, the District paid \$95,543 in capacity and treatment costs to the City and County of Los Angeles. In addition, the District paid \$104,478 toward the Tillman plant expansion. Future capital improvements for this facility are primarily funded through sewer connection fees of \$2,725 per ERU in the assessment area.

Bell Canyon homeowners not included in the assessment district began approaching District contract staff in September 1997 with requests to extend the Bell Canyon force main to serve their properties. Working together, the homeowners and Triunfo staff determined a grinder pump could be used to transport sewage solids to an extended main trunk line, and an agreement was reached relative to costs. Triunfo agreed to finance these costs over a five-year period, and the extension was in use by the end of May 1998. All of these original loans have been fully repaid. Triunfo extended itself to serve these property owners, creating a true public/private partnership. Further, the District Board developed a policy to cover future connections to the force main extension, and equalize costs for all participating homeowners over time. As a result, sewer service has been extended to over 100 additional lots in Bell

Canyon, and more are expected as increasing numbers of Bell Canyon homeowners see the advantage of sewer service over aging septic systems.

**Triunfo Recycled Water** - The District provides recycled water treated at Tapia via the Joint Venture through two pipelines to the communities of Oak Park, Lake Sherwood and North Ranch. District recycled water sales were \$2,295,803 and \$1,994,508 in fiscal year 2016 and fiscal year 2015, respectively. The recycled water from Tapia travels through 5.4 miles of District retail recycled water lines to irrigate 7 parks, 6 schools, 1 golf course, 15 acres of landscaping and medians, and 16 homeowners associations. In hot summer months, local irrigation consumes all of the recycled water Tapia produces.

The Lake Sherwood Golf Course, a major recycled water customer, was built in 1989 expecting to use 100% recycled water for irrigation. Sherwood experienced difficulty maintaining turf quality and, in 1996, convinced the Ventura County Planning Department to approve the use of as much as 40% potable water for golf course irrigation. The District appealed based on a California law that requires recycled water be used for irrigation wherever available.

A study of Sherwood's recycled water use was conducted, with the cost split equally by Lake Sherwood Ranch, the Calleguas Municipal Water District, and Triunfo. The study concluded the golf course requires deep drainage to remove salts from irrigation, regardless of whether recycled or potable water is used. Sherwood felt the deep drainage was both excessively disruptive and expensive, and proposed a field test, which was inconclusive. In June 2000, Triunfo proposed a compromise wherein Sherwood agreed to use 250 acre feet of recycled water per year, about 60% of its typical irrigation water requirement.

**Triunfo Potable Water** - Through OPWS, the District provides potable water service to households in the community of Oak Park. The Oak Park community is mostly residential and is located at the eastern edge of the county. The 2010 United States Census Bureau data indicates Oak Park has a population of approximately 13,811 with a median household income of \$128,600.

OPWS potable water deliveries in fiscal year 2016 were 1,746 acre-feet compared to 2,213 acre-feet in fiscal year 2015. These deliveries provided income of \$3,725,085 and \$4,622,483 respectively. The District has a \$30 premise visit charge when a Delinquent Notice door hanger is required due to a customer's failure to pay their bill on time. Imposition of the charge provides an incentive to encourage more timely payments and to help cover the cost of providing this extra service.

OPWS water tank sites have proven useful to cellular communications companies. Eight leases were in place by the end of the fiscal year. Consolidation of cellular service companies provided income of \$112,270 for fiscal year 2016 and \$120,147 for fiscal year 2015.

## **Triunfo's Economic Condition**

### ***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 850,536 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. With a projected 2020 population of over one million, Ventura County is expected to experience a steady increase in population over the next 7 years as people favor its mild Mediterranean climate, beautiful coastline, and scenic agricultural setting.

**Agriculture** - Ventura County farmers grow over 100 different crops and often harvest two or three crops from the same parcel of land during any given year. In 2015, the estimated gross value for all agriculture in Ventura County was \$2.2 billion compared to \$2.1 billion in 2014. Strawberries, lemons, raspberries, nursery stock, and celery are among the five leading crops grown. The most recent data available from the U.S. Department of Agriculture ranks Ventura County 10<sup>th</sup> among all counties in the U.S. in total crop value.

**Income and Unemployment** – The unemployment rate in Ventura County increased from 5.3 percent in September 2015 to 5.5 percent in September 2016 according to the State of California Employment Development Department. Ventura County continues to see job declines in Manufacturing, Retail Trade, Information & Technology, and Financial. Leisure and Hospitality, Educational & Health Services, Wholesale Trade, Professional and Business Services, and Government have gained jobs. According to the U. S. Census Bureau, the median household income in Ventura County is \$77,348 and per capita income is \$33,435.

**Real Estate** – Ventura County's real estate market year to year change in sales is down 6.2 percent. The median single-family-home price in Ventura County is \$631,330, a 4.4 percent increase compared to last year. New home construction remains very low, sales are down and price continues to increase.

### ***Long-term Financial Planning***

The District Board is in the process of purchasing the Calleguas Municipal Water District recycled water system currently serving Triunfo Sanitation District. If successful, the revenue generated from the wholesale and retail water sales would offset the debt service associated with the purchase price.

The District and Las Virgenes Municipal Water District, Joint Venture Partner are in the process of investigating the possibility of implementing an Indirect Potable Reuse (IPR) project for the surplus recycled water produced at the Tapia Water Reclamation Facility to be conveyed to a new advanced water treatment facility that would further treat and pump the water to Las Virgenes Reservoir.

The District Board approved a 5-year rate plan for the potable water enterprise based on the Potable Water Rate Study conducted by Raftelis Financial Consultants.

The District Board approved a 5-year rate plan for the recycled water enterprise based on the Recycled Water Rate Study conducted by Raftelis Financial Consultants.

The District Board increased the potable water rates based on the increased rates from Calleguas Municipal Water District. The pass through rates will be effective January 1, 2017.

The District Board adopted a new rate ordinance that increased the rate of reclaimed water in order to pass through the Calleguas Municipal Water District wholesale reclaimed water rate increase. The pass through rates will be effective January 1, 2017.

### ***Relevant Financial Policies***

Because District staff is provided entirely by contract with the Ventura Regional Sanitation District, the Board appointed one of the Board members to perform a monthly review of all invoices paid on their behalf. In addition, the Board also appointed two of the elected Board members to be on the Finance Committee to perform review and oversight in regards to financial matters such as the annual audit, proposed budget, and any other financial issues that require review, analysis, and recommendation before going to the full Board.

The District's 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 District's investment policy is in accordance with provisions of the California Government Code. Currently, the District's investment funds are placed in either the Ventura County Pooled investment account or the Local Agency Investment Fund (LAIF) account managed by the State Treasurer as directed by the Board in fiscal year 2016.

Staff continues to review the Five-Year Capital Improvement Plan (CIP) and makes recommendation to the District Board of any changes during the budget process. The CIP includes evaluation of the current water and wastewater systems, prioritization for acquisition, maintenance, replacement and retirement of capital assets, and recommendation on improving the operation and reliability of the existing systems.

### ***Major Initiatives***

The District developed a water conservation ordinance and water shortage contingency plan in response to the statewide water supply conditions. The District's source for potable water is through the Metropolitan Water District. Metropolitan Water District has instituted potable water allocation requirements for all its customers in response to the water supply shortages being experienced throughout California.

In May 2016, based on the State Water Resources Control Board's adopted statewide water conservation approach that replaced the prior percentage reduction-based water conservation standard with a localized self-certification approach, the Board rescinded the Stage 2 condition of the Water Shortage Contingency Plan and implemented Stage 1 in its place.

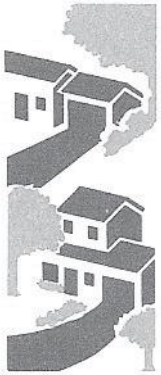
### ***Awards & Acknowledgements***

**Excellence in Financial Reporting** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Triunfo Sanitation District for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. 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 this current report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements** – The preparation of this report was possible because of the dedicated services of the contract Finance & Administration Department staff, each of whom has our sincere appreciation. We also express our appreciation to our independent auditors, Moss, Levy, Hartzheim, LLP, for their contribution and assistance in preparing this report. Finally, we thank the District Board of Directors for their interest and support in planning and conducting the financial operations of the District in a responsive and effective manner.

MARK NORRIS  
General Manager

VICKIE DRAGAN  
Director of Finance



# **Triunfo Sanitation District**

**Ventura County, California**

## **2016 Board of Directors**

Mike Paule	Chair
Janna Orkney	Vice-Chair
James Wall	Member
Michael McReynolds	Member
Steven Iceland	Member

## **District Staff**

Mark Norris	General Manager	(805) 658-4621
Vickie Dragan	Finance & Administration	(805) 658-4646
Matt Baumgardner	Operations	(805) 658-4675
Lisa McKinley	Acting Clerk of the Board	(805) 658-4642
John Mathews	Legal Counsel	(805) 988-9886



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**Certificate of  
Achievement  
for Excellence  
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Reporting**

Presented to

**Triunfo Sanitation District  
California**

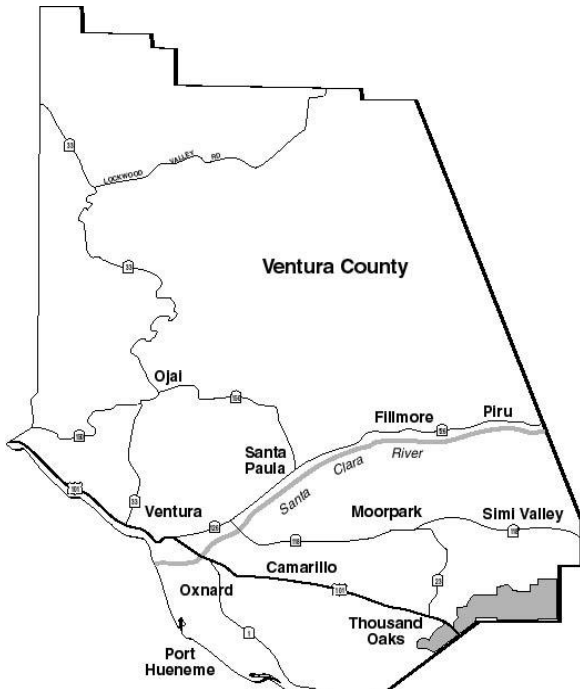
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive style with a prominent 'J' and 'E'.

Executive Director/CEO

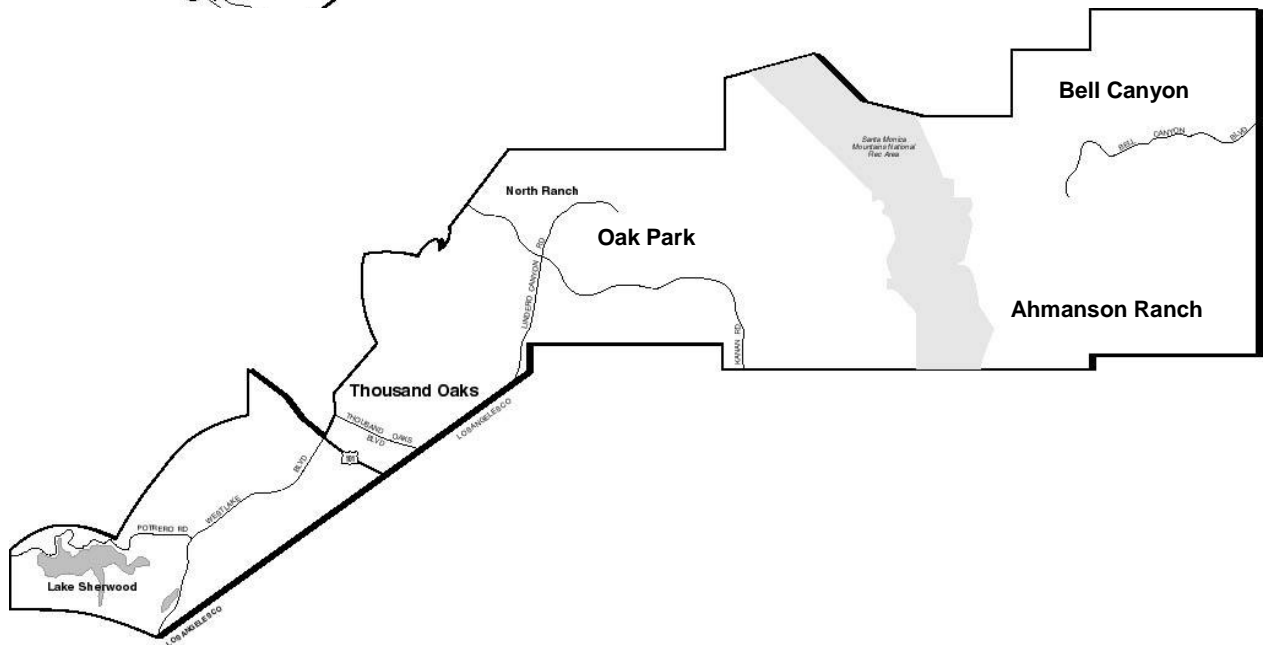
## VENTURA COUNTY



## CALIFORNIA



## TRIUNFO SANITATION DISTRICT





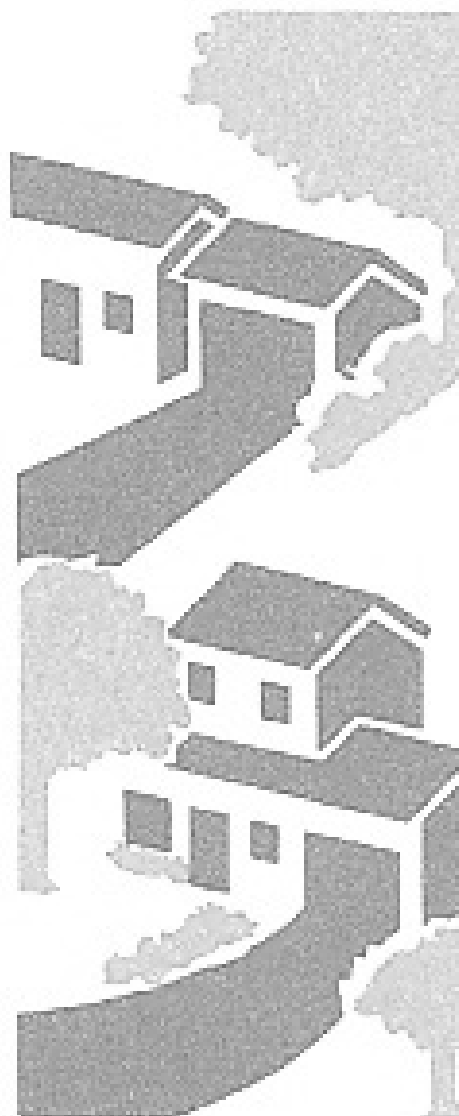
# Financial Section



Financial Section

## Triunfo Sanitation District

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





**MOSS, LEVY & HARTZHEIM LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A LEVY, CPA  
CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA  
ALEXANDER C HOM, CPA  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Triunfo Sanitation District  
Ventura, California

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of the Triunfo Sanitation District (District) as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Triunfo Sanitation District as of June 30, 2016, and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Report on Summarized Comparative Information*

We previously audited the District's basic financial statements as of and for the fiscal year ended June 30, 2015, and our report dated December 23, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Triunfo Sanitation District's basic financial statements. The introductory section, combining schedule of net position, combining schedule of revenues, expenses, and changes in net position, combining schedule of cash flows, budgetary comparison schedule, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining schedule of net position, combining schedule of revenues, expenses, and changes in net position, combining schedule of cash flows, and budgetary comparison schedule 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 schedule of net position, combining schedule of revenues, expenses, and changes in net position, combining schedule of cash flows, and budgetary comparison schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016, on our consideration of the Triunfo Sanitation 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 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 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.



Moss, Levy & Hartzheim, LLP  
Culver City, California  
December 20, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **(For the fiscal year ended June 30, 2016)**

This section of the Triunfo Sanitation District's (District) Comprehensive Annual Financial Report (CAFR) offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2016 and 2015. This discussion and analysis should be read in conjunction with the transmittal letter beginning at page 1 and the District's basic financial statements following this section.

#### **Financial Highlights for the fiscal year ended June 30, 2016**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$62.7 million (*net position*). Of the \$41.4 million (*unrestricted net position*), \$10.2 million may be used to meet the District's ongoing obligations to citizens and creditors (*net of investment-in-joint venture*).
- The District's total net position decreased by \$1,184,081, or 1.9%.
- The District's total revenues stayed the same at \$15.2 million and total expenses increased by 1.1% to \$16.4 million.

#### **Financial Highlights for the fiscal year ended June 30, 2015**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$63.9 million (*net position*). Of the \$42.0 million (*unrestricted net position*), \$9.7 million may be used to meet the District's ongoing obligations to citizens and creditors (*net of investment-in-joint venture*).
- The District's total net position decreased by \$1,017,117, or 1.6%.
- The District's total revenues decreased by 7.6% to \$15.2 million and total expenses decreased by .3% to \$16.2 million.

#### **Overview of the Financial Statements**

The Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include two components: 1) enterprise fund financial statements; and 2) notes to the financial statements. In addition, required supplementary information, supplementary information, and statistical information are also included in the CAFR.

**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 and liabilities, with the difference between the two 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* present 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The *Statement of Cash Flows* presents relevant information about the cash receipts and cash payments for the period categorized according to whether they stem from operating, non-capital financing, capital and related financing, and investing activities. It helps users assess the District's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its needs for financing. It also helps assess the effects on the District's financial position of changes in its cash and non-cash investing, capital, and financing transactions during the period.

The *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 of the financial statements. The notes to the financial statements can be found on pages 28-49 of this report.

### Financial Analysis of the District

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer questions as to whether the District, as a whole, is better or worse off as a result of the year's activities. These two statements report the net position of the District and changes in them. You can think of the District's position as the difference between assets (what is owned) and liabilities (what is owed) and one way to measure its financial health or position.

### Condensed Statements of Net Position

To begin our analysis, a Condensed Statement of Net Position is presented in the following table for our analysis.

**Condensed Statements of Net Position**

	<u>2016</u>		<u>2015</u>		<u>Change</u>		<u>% Change</u>
Assets:							
Current assets	\$ 12,025,977	\$	12,213,689	\$	(187,712)		-1.5%
Restricted current assets	1,315,718		1,307,403		8,315		0.6%
LVMWD/TSD-joint venture	31,159,462		32,295,953		(1,136,491)		-3.5%
Capital assets, net	29,615,922		30,498,739		(882,817)		-2.9%
<b>Total assets</b>	<u>\$ 74,117,079</u>	\$	<u>76,315,784</u>	\$	<u>(2,198,705)</u>		-2.9%
Liabilities:							
Liabilities payable from unrestricted current assets	\$ 2,058,099	\$	2,607,106	\$	(549,007)		-21.1%
Liabilities payable from restricted current assets	713,718		705,403		8,315		1.2%
Non-current liabilities	8,665,740		9,139,672		(473,932)		-5.2%
<b>Total liabilities</b>	<u>11,437,557</u>		<u>12,452,181</u>		<u>(1,014,624)</u>		-8.1%
Net Position:							
Net investment in capital assets	20,705,185		21,277,799		(572,614)		-2.7%
Restricted:							
Conifer loan reserve requirement	602,000		602,000		-		0.0%
Unrestricted	41,372,337		41,983,804		(611,467)		-1.5%
<b>Total net position</b>	<u>62,679,522</u>		<u>63,863,603</u>		<u>(1,184,081)</u>		-1.9%
<b>Total liabilities and net position</b>	<u>\$ 74,117,079</u>	\$	<u>76,315,784</u>	\$	<u>(2,198,705)</u>		-2.9%

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Net position includes three components: *Net investment in capital assets; restricted net position; and unrestricted net position.*

The largest component of the District's net position (\$41.4 million) is the District's unrestricted net position. \$31.2 million reflects the District's capital assets investment in a Joint Venture with the Las Virgenes Municipal Water District. The Joint Venture's capital assets investment is equivalent to property, plant, and equipment within the Joint Venture offset by operating costs. Additional information regarding the District's capital assets investment in the Joint Venture can be located in note B-5 on pages 41-43. The remaining \$10.2 million reflects unrestricted net position that may be used to meet the District's ongoing obligations to creditors and constituencies.

Another component of the District's net position (\$20.7 million) reflects capital assets net of accumulated depreciation less any outstanding debt used to acquire them (net investment in capital assets). 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 and other payables, 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.

The third and final component of the District's net position is the restricted net position which represents resources that are subject to external restrictions of how they may be used. Loan agreements relating to long-term debt restrict certain amounts for debt service, as well as restricted funding received in advance of expenses. The restricted net position is not available for other uses by the District. At June 30, 2016 and 2015, the District had \$602,000 in restricted net position.

In fiscal year 2015, the District's capital assets investment in Joint Venture with the Las Virgenes Municipal Water District was \$32.3 million, 50.6% of total District net position, and 77% of the District's unrestricted assets. As seen in the table on page 17, total net position decreased by \$1,017,117 to \$63.9 million in fiscal year 2015.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Condensed Statements of Net Position				
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 12,213,689	\$ 14,828,564	\$ (2,614,875)	-17.6%
Restricted current assets	1,307,403	1,306,458	945	0.1%
LVMWD/TSD-joint venture	32,295,953	33,136,526	(840,573)	-2.5%
Capital assets, net	30,498,739	28,726,744	1,771,995	6.2%
<b>Total assets</b>	<u>\$ 76,315,784</u>	<u>\$ 77,998,292</u>	<u>\$ (1,682,508)</u>	-2.2%
Liabilities:				
Liabilities payable from unrestricted current assets	\$ 2,607,106	\$ 2,817,768	\$ (210,662)	-7.5%
Liabilities payable from restricted current assets	705,403	704,458	945	0.1%
Non-current liabilities	9,139,672	9,595,346	(455,674)	-4.7%
<b>Total liabilities</b>	<u>12,452,181</u>	<u>13,117,572</u>	<u>(665,391)</u>	-5.1%
Net Position:				
Net investment in capital assets	21,277,799	21,228,218	49,581	0.2%
Restricted:				
Conifer loan reserve requirement	602,000	602,000	-	0.0%
Unrestricted	41,983,804	43,050,502	(1,066,698)	-2.5%
<b>Total net position</b>	<u>63,863,603</u>	<u>64,880,720</u>	<u>(1,017,117)</u>	-1.6%
<b>Total liabilities and net position</b>	<u>\$ 76,315,784</u>	<u>\$ 77,998,292</u>	<u>\$ (1,682,508)</u>	-2.2%

### Condensed Statements of Revenues, Expenses, and Changes in Net Position

A condensed Statement of Revenues, Expenses, and Changes in Net Position is presented in the following table for our analysis. While the Statement of Net Position shows the change in financial position of the District's net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. As previously mentioned, the decrease in total net position was \$1,184,081 in fiscal year 2016.

Total revenues remained the same compared to fiscal year 2015. Recycled water and potable water both are highly cyclical in nature due to the weather and some conservation efforts. Recycled water sales increased by \$301,295, potable water sales decreased by \$897,398, and sanitation fees increased by \$499,620.

Total expenses increased by approximately \$171,809 (1.1%) compared to fiscal year 2015. The increase was attributable to interest expense of the new loan for the Automated Meter Read project.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Operating revenues:				
Sanitation fees	\$ 7,144,479	\$ 6,644,859	\$ 499,620	7.5%
Potable water sales	3,725,085	4,622,483	(897,398)	-19.4%
Recycled water sales	2,295,803	1,994,508	301,295	15.1%
Water meter service fees	1,379,077	1,385,771	(6,694)	-0.5%
Other	464,169	361,940	102,229	28.2%
Non-operating revenues:				
Rental revenue - cellular antennas	112,270	120,147	(7,877)	-6.6%
Interest and investment earnings	69,338	38,939	30,399	78.1%
Other	11,450	28,179	(16,729)	-59.4%
<b>Total revenues</b>	<u>15,201,671</u>	<u>15,196,826</u>	<u>4,845</u>	0.0%
Expenses:				
Operating expenses:				
Wastewater treatment	3,917,234	4,305,047	(387,813)	-9.0%
Potable water purchased	2,680,573	3,223,673	(543,100)	-16.8%
Recycled water purchased	1,871,720	1,665,181	206,539	12.4%
Professional services	94,030	127,670	(33,640)	-26.3%
Management and administrative	4,338,605	4,051,345	287,260	7.1%
Depreciation and amortization	1,288,281	899,549	388,732	43.2%
Change in investment LVMWD/TSD	1,827,859	1,915,400	(87,541)	-4.6%
Non-operating expenses:				
Interest expense	367,450	26,078	341,372	1309.0%
<b>Total expenses</b>	<u>16,385,752</u>	<u>16,213,943</u>	<u>171,809</u>	1.1%
<b>Change in net position</b>	(1,184,081)	(1,017,117)	(166,964)	16.4%
<b>Net position, beginning of fiscal year, as restated</b>	63,863,603	64,880,720	(1,017,117)	-1.6%
<b>Net position, end of fiscal year</b>	<u>\$ 62,679,522</u>	<u>\$ 63,863,603</u>	<u>\$ (1,184,081)</u>	-1.9%

Total revenues decreased by approximately \$1,245,496 (7.6%) compared to fiscal year 2014. Recycled water and potable water both are highly cyclical in nature due to the weather and some conservation efforts; both showed decreases in 2015. Recycled water sales decreased by \$585,631, potable water sales by \$659,528, and connection fees decreased by \$47,244.

Total expenses decreased by approximately \$50,109 (.3%) compared to fiscal year 2014.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Operating revenues:				
Sanitation fees	\$ 6,644,859	\$ 6,590,649	\$ 54,210	0.8%
Potable water sales	4,622,483	5,282,011	(659,528)	-12.5%
Recycled water sales	1,994,508	2,580,139	(585,631)	-22.7%
Water meter service fees	1,385,771	1,385,935	(164)	0.0%
Other	361,940	423,435	(61,495)	-14.5%
Non-operating revenues:				
Rental revenue - cellular antennas	120,147	153,863	(33,716)	-21.9%
Interest and investment earnings	38,939	26,290	12,649	48.1%
Other	28,179	-	28,179	NA
<b>Total revenues</b>	<u>15,196,826</u>	<u>16,442,322</u>	<u>(1,245,496)</u>	-7.6%
Expenses:				
Operating expenses:				
Wastewater treatment	4,305,047	3,783,274	521,773	13.8%
Potable water purchased	3,223,673	3,731,891	(508,218)	-13.6%
Recycled water purchased	1,665,181	2,131,331	(466,150)	-21.9%
Professional services	127,670	95,968	31,702	33.0%
Management and administrative	4,051,345	3,718,916	332,429	8.9%
Depreciation and amortization	899,549	865,402	34,147	3.9%
Change in investment LVMWD/TSD	1,915,400	1,917,034	(1,634)	-0.1%
Non-operating expenses:				
Interest expense	26,078	236	25,842	10950.0%
Debt administration	-	20,000	(20,000)	NA
<b>Total expenses</b>	<u>16,213,943</u>	<u>16,264,052</u>	<u>(50,109)</u>	-0.3%
<b>Change in net position</b>	(1,017,117)	178,270	(1,195,387)	-670.5%
<b>Net position, beginning of fiscal year</b>	<u>64,880,720</u>	<u>64,702,450</u>	<u>178,270</u>	0.3%
<b>Net position, end of fiscal year</b>	<u>\$ 63,863,603</u>	<u>\$ 64,880,720</u>	<u>\$ (1,017,117)</u>	-1.6%

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Capital Asset and Debt Administration

#### *Capital Assets*

The District's investment in capital assets as of June 30, 2016, (at cost) amounted to \$50.1 million or \$29.6 million (net of accumulated depreciation). The District's capital assets include land and land improvements, structures and improvements, construction in progress, equipment, and infrastructure.

Changes in capital asset amounts for 2016 were:

	<u>Balance 2015</u>		<u>Transfers/ Additions</u>		<u>Transfers/ Deletions</u>		<u>Balance 2016</u>
Capital Assets:							
Non-depreciable assets	\$ 2,812,857	\$	405,464	\$	(2,441,109)	\$	777,212
Depreciable assets	46,879,385		2,441,109		-		49,320,494
Accumulated depreciation and amortization	<u>(19,193,503)</u>		<u>(1,288,281)</u>		<u>-</u>		<u>(20,481,784)</u>
Total capital assets, net	<u>\$ 30,498,739</u>	\$	<u>1,558,292</u>	\$	<u>(2,441,109)</u>	\$	<u>29,615,922</u>

Changes in capital asset amounts for 2015 were:

	<u>Balance 2014</u>		<u>Transfers/ Additions</u>		<u>Transfers/ Deletions</u>		<u>Balance 2015</u>
Capital Assets:							
Non-depreciable assets	\$ 11,761,500	\$	2,671,544	\$	(11,620,187)	\$	2,812,857
Depreciable assets	35,259,198		11,620,187		-		46,879,385
Accumulated depreciation and amortization	<u>(18,293,954)</u>		<u>(899,549)</u>		<u>-</u>		<u>(19,193,503)</u>
Total capital assets, net	<u>\$ 28,726,744</u>	\$	<u>13,392,182</u>	\$	<u>(11,620,187)</u>	\$	<u>30,498,739</u>

Major capital asset events during the fiscal year 2016 included the following:

Advanced Metering Infrastructure - \$2,441,109  
Various capital projects - \$ 405,464  
Accumulated depreciation - \$1,288,281

Major capital asset events during the fiscal year 2015 included the following:

Advanced Metering Infrastructure - \$2,270,169  
Conifer Tank - \$11,620,187  
Accumulated depreciation - \$899,549

Additional information on the District's capital assets can be found in note B-4 pages 39-41 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### *Debt Administration*

The District's long-term debt outstanding as of June 30, 2016, was \$8,696,817.

	<u>Balance at June 30, 2015</u>		<u>Additions</u>		<u>Payments/ Deletions</u>		<u>Balance at June 30, 2016</u>
Long-term debt:							
2014 AMR Loan	\$ 2,401,341	\$	-	\$	(138,025)	\$	2,263,316
2011 Construction Loan	<u>6,723,896</u>		<u>-</u>		<u>(290,395)</u>		<u>6,433,501</u>
Total long-term debt	9,125,237	\$	<u>-</u>	\$	<u>(428,420)</u>		8,696,817
Less current portion	<u>(428,420)</u>						<u>(446,678)</u>
Total long-term portion	<u>\$ 8,696,817</u>					\$	<u>8,250,139</u>

Additional information on the District's long-term liabilities can be found in note B-6 on pages 44-46 of this report.

The District's long-term debt outstanding as of June 30, 2015, was \$9,125,237.

	<u>Balance at June 30, 2014</u>		<u>Additions</u>		<u>Payments/ Deletions</u>		<u>Balance at June 30, 2015</u>
Long-term debt:							
2014 AMR Loan	\$ 2,535,000	\$	-	\$	(133,659)	\$	2,401,341
2011 Construction Loan	<u>7,001,164</u>		<u>-</u>		<u>(277,268)</u>		<u>6,723,896</u>
Total long-term debt	9,536,164	\$	<u>-</u>	\$	<u>(410,927)</u>		9,125,237
Less current portion	<u>(410,927)</u>						<u>(428,420)</u>
Total long-term portion	<u>\$ 9,125,237</u>					\$	<u>8,696,817</u>

### **Economic Factors and Next Fiscal Year's Budget and Rates**

- The District Board considered the factors mentioned above when setting the fiscal year 2017 budget, rates, and fees. The District's fiscal year 2016-17 adopted budget (expenses not including the change in investment-in-joint venture LVMWD/TSD) totaled \$17,021,965 or 11.7% increase when compared to the prior year.
- Based on the wastewater rate study and the five-year programmed rate, this is the second year of the Board approved 6.5% rate increase which started in fiscal year 2016 ending in fiscal year 2020.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

- Based on the recycled water rate study, the District Board approved a five-year rate plan of 15% for fiscal years 2017 and 2018, and 3% for fiscal years 2019 and 2020, with no rate increase in fiscal year 2021.
- As recommended by the potable water rate study, the District Board approved a five-year rate plan of 13% for fiscal years 2017 and 2018, and 3% for fiscal years 2019 and 2020, with no rate increase for fiscal year 2021.
- Based on the State Water Resources Control Board's adopted statewide water conservation approach that replaced the prior percentage reduction-based water conservation standard with a localized self-certification approach, the Board rescinded the Stage 2 condition of the Water Shortage Contingency Plan and implemented Stage 1 in its place in May 2016.
- Calleguas Municipal Water District (CMWD) wholesale supply rate will increase effective January 1, 2017. The CMWD rate increase is a pass through increase to the Oak Park Water Service (OPWS) customers. The equivalent increase in the potable water rates will be ten cents per hundred cubic feet (\$.10/HCF) across all the tiers effective January 1, 2017.
- Calleguas Municipal Water District (CMWD) wholesale reclaimed rate will increase effective January 1, 2017. The CMWD rate increase is a pass through increase to the reclaimed water customers. The equivalent increase in the reclaimed water rates will be eight cents per hundred cubic feet (\$.08/HCF) effective January 1, 2017.
- District staff is provided entirely by contract with the Ventura Regional Sanitation District (VRSD). This support consists of approximately fifteen (15.90) full-time equivalent positions made up of the part-time efforts of approximately seventy-eight (78.21) people in twenty-five (25) different areas of expertise. The VRSD hourly billing rates increased on average by 6% effective July 1, 2016.

The District Board held workshops to assess the available working capital, the operating, and capital needs of the District. Additional information is provided in the transmittal letter on Page 1 of this report and Note C of the Notes to the Financial Statements.

### **Requests for Information**

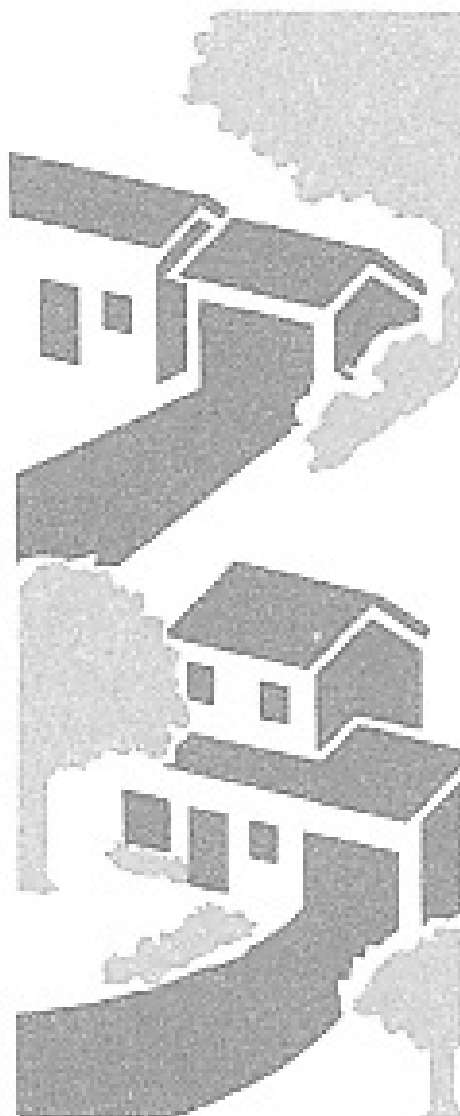
This financial report is designed to provide a general overview of the District's finances for all those with an interest in them. Questions concerning any of the information provided should be addressed to the Director of Finance & Administration, Triunfo Sanitation District, 1001 Partridge Drive, Suite 150, Ventura, California, 93003-0704. Please visit the District's website at [www.triunfosanitation.com](http://www.triunfosanitation.com)

# **Basic Financial Statements**



## **Triunfo Sanitation District**

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





**TRIUNFO SANITATION DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**  
**COMPARATIVE STATEMENT AS OF JUNE 30, 2015**

<b>Assets</b>		<b>2016</b>	<b>2015</b>
Current assets:			
Cash and cash equivalents	(Note B1)	\$ 8,736,523	\$ 8,961,486
Accrued interest receivable		20,967	6,784
Accounts receivable – water sales and services, net	(Note B3)	728,628	674,356
Accounts receivable – sanitation fees	(Note B3)	196,499	182,007
Accounts receivable – other	(Note B3)	37,504	30,677
Advance deposits – investment-in-joint venture LVMWD/TSD	(Note B5)	2,256,294	2,301,720
Water-in-storage inventory		17,051	31,969
Prepaid and other		32,511	24,690
Total current assets – unrestricted		<u>12,025,977</u>	<u>12,213,689</u>
Restricted current assets:			
Cash and cash equivalents	(Note B2)	1,315,718	1,307,403
Total current assets – restricted		<u>1,315,718</u>	<u>1,307,403</u>
Total current assets – unrestricted and restricted		<u>13,341,695</u>	<u>13,521,092</u>
Non-current assets			
Capital assets, net	(Note B4)	29,615,922	30,498,739
Investment-in-joint venture LVMWD/TSD	(Note B5)	31,159,462	32,295,953
Total non-current assets		<u>60,775,384</u>	<u>62,794,692</u>
<b>Total assets</b>		<u><u>\$ 74,117,079</u></u>	<u><u>\$ 76,315,784</u></u>

(Continued on next page)

See accompanying notes to the financial statements.

**TRIUNFO SANITATION DISTRICT**  
**STATEMENT OF NET POSITION (continued)**  
**JUNE 30, 2016**  
**COMPARATIVE STATEMENT AS OF JUNE 30, 2015**

<b>Liabilities and Net Position</b>		<b>2016</b>	<b>2015</b>
Current liabilities:			
Payable from current assets:			
Accounts payable and accrued expenses		\$ 1,451,635	\$ 2,013,664
Accrued interest payable – loan		132,532	137,768
Loan payable – current portion	(Note B6)	446,678	428,420
Developer refund agreements – current portion	(Note B6)	27,254	27,254
Payable from current assets – unrestricted		<u>2,058,099</u>	<u>2,607,106</u>
Payable from restricted current assets:			
Customer deposits		47,345	39,030
Unearned revenue		666,373	666,373
Payable from restricted current assets		<u>713,718</u>	<u>705,403</u>
Total current liabilities – unrestricted and restricted		<u>2,771,817</u>	<u>3,312,509</u>
Non-current liabilities:			
Loans payable	(Note B6)	8,250,139	8,696,817
Developer refund agreements	(Note B6)	415,601	442,855
Total non-current liabilities		<u>8,665,740</u>	<u>9,139,672</u>
<b>Total liabilities</b>		<u>11,437,557</u>	<u>12,452,181</u>
Net position:			
Net investment in capital assets	(Note B7)	20,705,185	21,277,799
Restricted:			
Conifer loan reserve requirement	(Note B7)	602,000	602,000
Unrestricted		41,372,337	41,983,804
<b>Total net position</b>		<u>62,679,522</u>	<u>63,863,603</u>
<b>Total liabilities and net position</b>		<u>\$ 74,117,079</u>	<u>\$ 76,315,784</u>

See accompanying notes to the financial statements.

**TRIUNFO SANITATION DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**COMPARATIVE STATEMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Sanitation fees	\$ 7,144,479	\$ 6,644,859
Potable water sales	3,725,085	4,622,483
Recycled water sales	2,295,803	1,994,508
Water meter service fees	1,379,077	1,385,771
Connection fees	107,975	262,406
Other charges for services	356,194	99,534
Total operating revenues	<u>15,008,613</u>	<u>15,009,561</u>
Operating expenses:		
Wastewater treatment	3,917,234	4,305,047
Potable water purchased	2,680,573	3,223,673
Recycled water purchased	1,871,720	1,665,181
Professional services	94,030	127,670
Management and administrative	4,338,605	4,051,345
Total operating expenses	<u>12,902,162</u>	<u>13,372,916</u>
Operating income before depreciation	2,106,451	1,636,645
Depreciation and amortization	<u>(1,288,281)</u>	<u>(899,549)</u>
Operating income	<u>818,170</u>	<u>737,096</u>
Non-operating revenue(expense)		
Change in investment-in-joint venture LVMWD/TSD (Note B5)	(1,827,859)	(1,915,400)
Rental revenue - cellular antennas	112,270	120,147
Interest and investment earnings	69,338	38,939
Interest expense	(367,450)	(26,078)
Gain from sale/disposition of capital assets	-	28,179
Other income(expenses), net	11,450	-
Total non-operating revenue(expenses), net	<u>(2,002,251)</u>	<u>(1,754,213)</u>
Change in net position	(1,184,081)	(1,017,117)
Net position, beginning of fiscal year	<u>63,863,603</u>	<u>64,880,720</u>
Net position, end of fiscal year	<u>\$ 62,679,522</u>	<u>\$ 63,863,603</u>

See accompanying notes to the financial statements.

**TRIUNFO SANITATION DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**COMPARATIVE STATEMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Receipts from customers for water sales and services	\$ 7,461,982	\$ 8,457,188
Receipts from customers for sanitation services	7,125,254	6,670,844
Receipts for other services	354,100	98,638
Payments to vendors for materials and services	(13,457,094)	(13,562,545)
Net cash provided by operating activities	<u>1,484,242</u>	<u>1,664,125</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(405,464)	(2,671,544)
Gain from sale/disposition of capital assets	-	28,179
Principal and interest paid on long-term debt	(828,360)	(469,413)
Net cash used in capital and related financing activities	<u>(1,233,824)</u>	<u>(3,112,778)</u>
Cash flows from non-capital financing activities:		
Insurance claim reimbursement	9,497	-
Sales proceeds from inventory	1,953	-
Net cash provided by non-capital financing activities	<u>11,450</u>	<u>-</u>
Cash flows from investing activities:		
Advance deposits – investment-in-joint venture LVMWD/TSD facility	(645,942)	(1,490,536)
Proceeds from rental revenue - cellular antennas	112,270	120,147
Proceeds from interest and investment earnings	55,156	40,019
Net cash used in investing activities	<u>(478,516)</u>	<u>(1,330,370)</u>
Net increase(decrease) in cash and cash equivalents	(216,648)	(2,779,023)
Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year	<u>10,268,889</u>	<u>13,047,912</u>
Cash and cash equivalents (unrestricted and restricted), end of fiscal year	<u>\$ 10,052,241</u>	<u>\$ 10,268,889</u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$ 8,736,523	\$ 8,961,486
Restricted cash and cash equivalents	<u>1,315,718</u>	<u>1,307,403</u>
Total cash and cash equivalents	<u>\$ 10,052,241</u>	<u>\$ 10,268,889</u>

(Continued on next page)

See accompanying notes to the financial statements.

**TRIUNFO SANITATION DISTRICT**  
**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**COMPARATIVE STATEMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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	<u>2016</u>	<u>2015</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ <u>818,170</u>	\$ <u>737,096</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Deprecation and amortization	1,288,281	899,549
Changes in assets and liabilities:		
(Increase)decrease in assets:		
Accounts receivable – water sales and services, net	(54,272)	191,074
Accounts receivable – sanitation fees	(14,492)	7,917
Accounts receivable – other, net	(6,827)	17,172
Water-in-storage inventory	14,917	35,951
Prepaid and other	(7,821)	(2,578)
Increase(decrease) in liabilities:		
Accounts payable and accrued expenses	(562,029)	(223,001)
Customer deposits	<u>8,315</u>	<u>945</u>
Total adjustments	<u>666,072</u>	<u>927,029</u>
Net cash provided by operating activities	<u>\$ 1,484,242</u>	<u>\$ 1,664,125</u>
Schedule of noncash transactions:		
Accrued capitalized interest, net	\$ (234,918)	\$ 111,690

See accompanying notes to the financial statements.

# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

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### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. Reporting Entity

Triunfo Sanitation District (District) was organized on November 12, 1963, as a special district under the County Sanitation District Act, State of California Health & Safety Code Section 4700 et seq., to provide sanitation services for the southeastern portion of Ventura County, adjacent to the Los Angeles County line. The District Board is comprised of five directly-elected members-at-large. On October 12, 1964, the District and Las Virgenes Municipal Water District (LVMWD) entered into a joint powers agreement establishing a Joint Venture (LVMWD/TSD Joint Venture) to construct, operate, maintain and provide for a regional sewerage system to serve the area within the two districts. The two directly elected Board members-at-large are employees of the District. The District contracts with Ventura Regional Sanitation District for management, engineering, operations & maintenance, and financial services.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations Are Component Units* (an amendment of No. 14) and No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. 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) The primary government and the component unit have a financial benefit or burden relationship; or 2) Management of the primary government have operational responsibility for the activities of the component unit.

The Triunfo Public Facilities Corporation (Corporation) was formed on June 30, 1987, 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 and as such 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 and the District's Board is also the governing board of the Corporation. No separate financial statements are prepared for the Corporation.

#### 2. Measurement Focus and Basis of Accounting

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 water 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.

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

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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 Triunfo Sanitation District of the potable, recycled, and wastewater services are charges to customers for sales and services. The District also recognizes the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include 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.

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.

Each year, District staff prepares an annual budget. This annual budget, as adopted by the District Board of Directors is used for planning, serves as a basis for monitoring financial progress, and determines future service charge rates. During the fiscal year, the budget may be amended as circumstances or levels of operations dictates.

#### 3. **Financial Reporting**

The District's basic financial statements are presented in conformance with the provisions of GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*" (GASB No. 34), as amended by GASB Statement No. 63, "*Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB No. 34 and its related GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net position replaces the balance sheet and reports assets, liabilities, and the difference between them as net position, not equity. A statement of revenues, expenses and changes in net position replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories.

#### 4. **Assets, Liabilities, and Net Position**

**Cash and Investments** – The District's cash and investments are governed by the District's Investment Policy and in compliance with the California Government Code. For purposes of reporting cash flows, the District considers cash and funds invested in the State of California Local Agency Investment Fund (LAIF), the Ventura County Treasury Pool (VCTP) 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.

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

**JUNE 30, 2016 and 2015**

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Investments are generally 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 statements of revenues, expenses and changes in net position.

***Restricted assets*** – Amounts shown as restricted assets have been restricted for customer deposits, prepaid sewer connection fees for the Lake Sherwood project and reserve fund for the Oak Canyon Reservoir Installment Purchase Financing.

***Accounts receivable water sales and services*** – These receivables are comprised of services provided to water customers in the Oak Park service area.

***Accounts receivable sanitation fees*** – These receivables are comprised of services provided to wastewater customers throughout the District and potable and reclaimed water customers of the District’s Oak Park Water Service.

***Advance deposits - investment in LVMWD/TSD Joint Venture*** – Pursuant to the Joint Powers Agreement, each participant is required to maintain advance deposits with the LVMWD/TSD Joint Venture for the following purposes:

***Operating Reserve Advance Account*** – Both participants are required to advance amounts estimated to provide for three months operating expenses. The District’s share of operating reserve advance balances at June 30, 2016 and 2015 were \$1,076,197 and \$1,061,709, respectively.

***Construction Advance Account*** – Cash flow during construction is proportionately shared by both participants. Amounts are advanced to the LVMWD/TSD Joint Venture to meet construction cash flow requirements. The District has a credit of \$63,102 at June 30, 2016 compared to \$190,448 share of replacement reserve advance balance in 2015.

***Replacement Reserve Advance Account*** – Both participants are required to advance amounts for the cost to replace existing assets. The District’s share of replacement reserve advance balances at June 30, 2016 and 2015 were \$1,243,199 and \$1,049,563, respectively.

***Water-in-storage inventory*** - Potable water available within the distribution pipelines and storage tanks is estimated and valued by the conversion of cubic feet to acre-feet and multiplied by current cost.

***Prepaid and other*** - Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid.



## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

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**Capital assets** - Property and equipment with a cost of \$5,000 or more and a life greater than one year is capitalized and stated at cost, except for the portions acquired by contribution, which are reported at fair market value on the date received. Interest costs applicable to qualifying assets are capitalized as part of the cost of the assets. Interest earned on temporary investment of loan proceeds is offset against the interest costs capitalized. 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:

Equipment	5 to 25 years
Potable water system	40 years
Recycled water system	40 years
Wastewater collection system	50 years

**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 the estimated useful life.

**Accounts payable and accrued expenses** – Short-term liability for amounts owed to suppliers, contractors and other organizations that have provided goods and services to the District by the end of the fiscal year for which payment had not been made. All properly documented payables and contract payments are processed within thirty days of invoice. In addition, 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.

**Long-term obligations** – Long-term debt is recognized as a liability of the enterprise fund when incurred, and is reported on the balance sheet as current and long-term portions.

**Developer refund agreements** – Long-term payables paid at the rate of one-fortieth of the total agreement amount with no interest accruing or paid.

**Customer deposits** – Deposits are required on all new customer accounts at start of service. The deposit shall be returned to the customer provided the customer's account has been in good standing for twelve consecutive months.

**Unearned revenue** – In October 2005, Sherwood Development Company, L.P. (Sherwood), paid the District \$666,373 in advance for the connection and inspection fees for Tract 4409, Phases 4 through 8 with an estimated total of sixty-five (65) lots. In 2006, the County of Ventura approved the tract map and Sherwood is expecting to start construction from between five to ten years, or more.

**Net Position** - Net position reported on the statement of net position is displayed in three components: net investment in capital assets; restricted net position; and unrestricted net position. These three components are defined as follows:

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

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***Net investment in capital assets*** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.

***Restricted net position*** – This component of net position consists of restricted assets reduced by liabilities related to those assets. Constraints on net position can be 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 net position*** – This component of net position consists of net position that do not meet the definition of restricted or net investment in capital assets.

***Use of estimates*** – The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America 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.

#### B. DETAILED NOTES

##### 1. Cash and Investments

The District has adopted the provision of Statement No. 31 of the Governmental Accounting Standards Board, “*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*” (GASB 31), and Statement No. 40 of the Governmental Accounting Standards Board, “*Deposit and Investment Risk Disclosures*” (GASB 40), which require that certain investments and external investment pools be reported at fair market value and disclosure be made of certain deposit and investment risks.

The District’s investment policy is governed by and in compliance with the California Government Code. The investment policy’s objectives are to provide safety of principal, maintain liquidity, and earn a competitive yield. The District is authorized to invest funds in the California State Treasurer’s Local Agency Investment Fund (LAIF), Ventura County Treasurer’s Investment Pool (County Pool), and other qualified investments in accordance with the District’s investment policy.

##### ***Cash and Cash Equivalents***

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 8,736,523	\$ 8,961,486
Restricted cash and cash equivalents	<u>1,315,718</u>	<u>1,307,403</u>
Total Cash and Investments	<u>\$ 10,052,241</u>	<u>\$ 10,268,889</u>

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

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

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

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents		
Deutsch Bank-Money Market Fund	\$ 228,935	\$ 374,406
Local Agency Investment Fund (LAIF)	616,351	613,992
Ventura County Treasury Pool	8,789,462	8,236,921
Sweep Account	<u>417,493</u>	<u>1,043,570</u>
Total Cash and Cash Equivalents	<u>\$ 10,052,241</u>	<u>\$ 10,268,889</u>

At June 30, 2016, and 2015, the carrying amount of cash in bank deposits was \$417,493 and \$1,043,570 respectively, and the corresponding bank balance was \$528,638 and \$1,088,343, respectively. The difference between the carrying amount of cash in banks and the corresponding bank balance is due to deposits in transit and outstanding checks. All deposits are insured or collateralized.

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

The table below 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 the concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions 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>
LAIF	N/A	None	None
Ventura County Investment Pool	N/A	None	None
U.S. Agency Securities	5 years	None	None
U.S. Government Securities	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Banker's Acceptances	180 days	40%	30%
Mutual Funds that Invest in Allowable Securities	N/A	25%	10%

The District's Investment Policy is more restrictive than the California Government Code by prohibiting repurchase and reverse repurchase agreements. In addition, the maximum investment maturity is limited to five years.

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

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#### *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates 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 term 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:

<b>Investments at June 30, 2016:</b>		<b>Remaining Maturity (In Months)</b>
Investment Type	Fair Value Total	12 Month or Less
Money market funds	\$ 228,935	\$ 228,935
Local Agency Investment Fund (LAIF)	616,351	616,351
Ventura County Treasury Pool	8,789,462	8,789,462
Total	<u>\$ 9,634,748</u>	<u>\$ 9,634,748</u>

<b>Investments at June 30, 2015:</b>		<b>Remaining Maturity (In Months)</b>
Investment Type	Fair Value Total	12 Month or Less
Money market funds	\$ 374,406	\$ 374,406
Local Agency Investment Fund (LAIF)	613,992	613,992
Ventura County Treasury Pool	8,236,921	8,236,921
Total	<u>\$ 9,225,319</u>	<u>\$ 9,225,319</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.

# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

Credit ratings of investments and cash and cash equivalents as of fiscal year-end, were as follows:

Investment Type	Total as of June 30, 2016	Minimum Legal Rating	Not Rated
Money Market Funds	\$ 228,935	N/A	\$ 228,935
Local Agency Investment Fund (LAIF)	616,351	N/A	616,351
Ventura County Treasury Pool	8,789,462	N/A	8,789,462
Total	<u>\$ 9,634,748</u>		<u>\$ 9,634,748</u>

Investment Type	Total as of June 30, 2015	Minimum Legal Rating	Not Rated
Money Market Funds	\$ 374,406	N/A	\$ 374,406
Local Agency Investment Fund (LAIF)	613,992	N/A	613,992
Ventura County Treasury Pool	8,236,921	N/A	8,236,921
Total	<u>\$ 9,225,319</u>		<u>\$ 9,225,319</u>

### ***Fair Value Measurement***

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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 3: Investments reflect prices based upon unobservable sources.

The District has the following recurring fair value measurements as of June 30, 2016:

Investment by Fair Value	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Debt Securities				
Money Market Fund	\$ 228,935	\$ 228,935	\$ -	\$ -
Total	<u>\$ 228,935</u>	<u>\$ 228,935</u>	<u>\$ -</u>	<u>\$ -</u>

The District had investment in the Ventura County Treasury Pool and Local Agency Investment Fund, however, these are not required to be measured under Level, 1, 2, or 3.

## **TRIUNFO SANITATION DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016 and 2015**

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#### ***Concentration of Credit Risk***

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Other than amounts invested in the Local Agency Investment Fund (LAIF) and the Ventura County Treasurer Investment Pool, there are no investments in any one issuer that represent 5% or more of total District investments as of June 30, 2016 and 2015.

#### ***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 California Government Code and the Triunfo Sanitation District investment policy do not contain legal or policy requirements that limit the exposure to custodial credit risk for deposits, other than the following provisions: The California Government Code requires that financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of pledged securities must equal 110% of the District's deposits. California law allows financial institutions to secure District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits.

The custodial risk for investment is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) 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. All securities held in the Ventura County Treasurer investment pool are deposited in trust for safekeeping with a custodial bank different from the County's primary bank. Securities are not held in broker accounts.

#### ***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. 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). LAIF is an external investment pool that is not registered with the Securities and Exchange Commission. It is, however, regulated by the California Government Code. The State of California's LAIF has oversight by the Local Agency Investment Advisory Board, which consists of the State Treasurer, two qualified members in the field of investment or finance, and two qualified government members of the state. Investments are stated at fair value and investment income is allocated on a pro rata basis. The fair

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

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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 share value of the District's investment in LAIF is \$616,351 and \$613,992 at June 30, 2016 and 2015, respectively. The deposits in the fund are considered highly liquid.

The total amount invested by all public agencies in LAIF at June 30, 2016 and 2015 is \$22.7 billion and \$21.5 billion, respectively. LAIF is a part of the California Pooled Money Investment Account (PMIA), which at June 30, 2016 and 2015 had a balance of \$75.4 billion and \$69.6 billion, respectively. Of those amounts, 2.81% and 2.08%, respectively, is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 167 days and 239 as of June 30, 2016 and 2015.

#### 2. Restricted Assets

Detail of restricted assets as reported in the accompanying statement of net position is shown in the following table:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents restricted for:		
Customer deposits	\$ 47,345	\$ 39,030
Unearned revenue	666,373	666,373
Conifer loan reserve requirement	<u>602,000</u>	<u>602,000</u>
Total restricted cash and cash equivalents	<u>\$ 1,315,718</u>	<u>\$ 1,307,403</u>

#### 3. Accounts Receivable

Water sales and services, net – These receivables are comprised of services provided to customers in the Oak Park service area and are shown net of an allowance for uncollectible accounts. The allowance totals \$11,387 and \$9,870 at June 30, 2016 and 2015, respectively.

Sanitation fees – The District annually submits a list of customers and service charge amounts to the County of Ventura (County) who, in accordance with the California Government Code, adds these amounts to the annual property tax billing; then collects and distributes the amounts received to the District. Unpaid property tax bills become a lien on the property and, ultimately are collected by the County and paid to the District. Sewer line mitigation consists of amounts billed to a developer to repair sewer lines placed in service, but not repaired in accordance with District inspection reports during the initial one-year warranty period. Receivable amounts are shown net without an allowance for uncollectible accounts because all are deemed collectable.

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

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Other, net – These receivables result from miscellaneous activities such as prior year taxes, cellular antenna site rental and reimbursed State mandated costs and are shown net of an allowance for uncollectible accounts. Receivable amounts are shown net without an allowance for uncollectible accounts because all are deemed collectable.

Summary of accounts receivable as reported in the accompanying statement of net position are shown as follows:

#### June 30, 2016

<u>Accounts receivable - Trade</u>	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Water sales and services	\$ 735,988	\$ (11,387)	\$ 724,601
Sanitation fees	200,526	-	200,526
Other receivables	37,504	-	37,504
Total accounts receivable	<u>\$ 974,018</u>	<u>\$ (11,387)</u>	<u>\$ 962,631</u>

#### June 30, 2015

<u>Accounts receivable - Trade</u>	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Water sales and services	\$ 681,168	\$ (9,870)	\$ 671,298
Sanitation fees	181,111	-	181,111
Other receivables	34,631	-	34,631
Total accounts receivable	<u>\$ 896,910</u>	<u>\$ (9,870)</u>	<u>\$ 887,040</u>



# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

### 4. Capital Assets

Changes to capital assets during fiscal years ended June 30, 2016 and 2015, were as follows:

Changes in capital assets for 2016 were as follows:

	<b>Balance June 30, 2015</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Balance June 30, 2016</b>
Non-depreciable assets:				
Land	\$ 71,370	\$ -	\$ -	\$ 71,370
Construction -in-progress	2,741,487	405,464	(2,441,109)	705,842
Total non-depreciable assets	2,812,857	405,464	(2,441,109)	777,212
Depreciable assets:				
Structures and improvements	720,834	-	-	720,834
Wastewater collections systems	16,535,876	-	-	16,535,876
Recycled water systems	3,913,923	-	55,185	3,969,108
Potable water systems	25,127,287	-	2,385,924	27,513,211
Other physical property	581,465	-	-	581,465
Total depreciable assets	46,879,385	-	2,441,109	49,320,494
Accumulated depreciation:				
Structures and improvements	(191,341)	(18,255)	-	(209,596)
Wastewater collections systems	(8,798,071)	(391,613)	-	(9,189,684)
Recycled water systems	(1,725,431)	(97,869)	-	(1,823,300)
Potable water systems	(8,234,707)	(735,759)	-	(8,970,466)
Other physical property	(243,953)	(44,785)	-	(288,738)
Total accumulated depreciation:	(19,193,503)	(1,288,281)	-	(20,481,784)
Total depreciable assets, net	27,685,882	(1,288,281)	2,441,109	28,838,710
Total capital assets, net	\$ 30,498,739	\$ (882,817)	\$ -	\$ 29,615,922

# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

Changes in capital assets for 2015 were as follows:

	<b>Balance June 30, 2014</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Balance June 30, 2015</b>
Non-depreciable assets:				
Land	\$ 71,370	\$ -	\$ -	\$ 71,370
Construction -in-progress	11,690,130	2,671,544	(11,620,187)	2,741,487
Total non-depreciable assets	11,761,500	2,671,544	(11,620,187)	2,812,857
Depreciable assets:				
Structures and improvements	720,834	-	-	720,834
Wastewater collections systems	16,535,876	-	-	16,535,876
Recycled water systems	3,913,923	-	-	3,913,923
Potable water systems	13,507,100	-	11,620,187	25,127,287
Other physical property	581,465	-	-	581,465
Total depreciable assets	35,259,198	-	11,620,187	46,879,385
Accumulated depreciation:				
Structures and improvements	(172,849)	(18,492)	-	(191,341)
Wastewater collections systems	(8,388,122)	(409,949)	-	(8,798,071)
Recycled water systems	(1,629,622)	(95,809)	-	(1,725,431)
Potable water systems	(7,904,193)	(330,514)	-	(8,234,707)
Other physical property	(199,168)	(44,785)	-	(243,953)
Total accumulated depreciation:	(18,293,954)	(899,549)	-	(19,193,503)
Total depreciable assets, net	16,965,244	(899,549)	11,620,187	27,685,882
Total capital assets, net	\$ 28,726,744	\$ 1,771,995	\$ -	\$ 30,498,739

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

**JUNE 30, 2016 and 2015**

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Construction in progress - The District has been involved in various construction projects throughout the fiscal year. The balances of the various construction projects that comprise the construction in progress balances at June 30 are as follows:

<b>Construction Projects</b>		<b>2016</b>		<b>2015</b>
Developer tracts in progress	\$	374,543	\$	374,543
Hydraulic Model-PW		106,012		28,680
Water Storage Study-RW		59,295		59,295
Lakeside Lift Station Improvements		26,867		-
Westlake Lift Station Abandonment		21,048		-
Capri Tract RW Improvements		63,834		-
Regency RW Pump Station Design		9,795		-
Oak Park North Apts RW Improvements		44,448		-
Automated Meter Read		-		2,278,969
<b>Total</b>	\$	<u>705,842</u>	\$	<u>2,741,487</u>

#### **5. Joint Venture**

The District and Las Virgenes Municipal Water District are parties to a joint exercise of powers agreement (LVMWD/TSD Joint Venture Agreement) to provide for construction, operation, maintenance and replacement of a joint sanitation system to serve the respective parties' needs. The LVMWD/TSD Joint Venture is governed by the individual Board of Directors of the two districts meeting in joint session and Pun & McGeady, LLP is the independent auditor. Equipment costs and contributions in aid of construction are shared in accordance with each district's capacity rights reserved in each component of the LVMWD/TSD Joint Venture system. While the districts own the system jointly, they each account for their share of its financing individually. Thus, the LVMWD/TSD Joint Venture itself has no long-term debt. Operating costs and local maintenance are prorated and billed to the districts in accordance with the average monthly flows contributed to the system. LVMWD is designated the Administering Agent for facilities located in Los Angeles County. The following is a condensed summary of audited financial information for the LVMWD/TSD Joint Venture as of and for the fiscal years ended June 30, 2016 and June 30, 2015:

# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

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### TSD/LVMWD Joint Venture Condensed Statements of Net Position (In Thousands of Dollars)

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Assets:			
Current assets	\$ 6,463	\$ 6,832	\$ (369)
Capital assets, net	<u>92,760</u>	<u>96,482</u>	<u>(3,722)</u>
<b>Total assets</b>	<u>99,223</u>	<u>103,314</u>	<u>(4,091)</u>
Liabilities:			
Current liabilities	651	880	(229)
Non-current liabilities	<u>5,812</u>	<u>5,952</u>	<u>(140)</u>
<b>Total liabilities</b>	<u>6,463</u>	<u>6,832</u>	<u>(369)</u>
Net position of participants net investment in capital assets:			
Las Virgenes Municipal Water District	61,601	64,186	(2,585)
Triunfo Sanitation District	<u>31,159</u>	<u>32,296</u>	<u>(1,137)</u>
<b>Total net position</b>	<u>92,760</u>	<u>96,482</u>	<u>(3,722)</u>
<b>Total liabilities and net position</b>	<u>\$ 99,223</u>	<u>\$ 103,314</u>	<u>\$ (4,091)</u>

# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

TSD/LVMWD Joint Venture Condensed Statements of Revenues, Expenses, and Changes in Net Position (In Thousands of Dollars)			
	2016	2015	Change
Revenues:			
Operating revenues	\$ 2,357	\$ 2,361	\$ (4)
Non-operating revenues	22	13	9
<b>Total revenues</b>	<b>2,379</b>	<b>2,374</b>	<b>5</b>
Expenses:			
Operating expenses	13,919	15,190	(1,271)
Non-operating expenses	44	167	(123)
Depreciation and amortization	6,492	6,319	173
<b>Total expenses</b>	<b>20,455</b>	<b>21,676</b>	<b>(1,221)</b>
<b>Net loss before participant contributions</b>	<b>(18,076)</b>	<b>(19,302)</b>	<b>1,226</b>
Billings to participants	11,540	12,930	(1,390)
Excess after billings to participants	(6,536)	(6,372)	(164)
Participants capital contributions	2,814	3,657	(843)
<b>Change in Net Position</b>	<b>(3,722)</b>	<b>(2,715)</b>	<b>(1,007)</b>
<b>Beginning Net Position</b>	<b>96,482</b>	<b>99,197</b>	<b>(2,715)</b>
<b>Ending Net Position</b>	<b>\$ 92,760</b>	<b>\$ 96,482</b>	<b>\$ (3,722)</b>

The Financial Statements of the LVMWD/TSD Joint Venture can be obtained from:

Las Virgenes Municipal Water District  
4232 Las Virgenes Road  
Calabasas, California 91302

Triunfo Sanitation District  
1001 Partridge Drive, Suite 150  
Ventura, California 93003

Advance deposits – Investment in Joint Venture - Pursuant to the LVMWD/TSD Joint Powers Agreement, each district is required to maintain advances with the LVMWD/TSD Joint Venture for the following purposes:

TSD Joint Venture Advances	2016	2015
Operating reserve advance	\$ 1,076,197	\$ 1,061,709
Construction advance	(63,102)	190,448
Replacement reserve advance	1,243,199	1,049,563
<b>Total joint venture advances</b>	<b>\$ 2,256,294</b>	<b>\$ 2,301,720</b>

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

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#### 6. Long Term Obligations

##### *2011 Bank of America, N.A. – Installment Purchase Agreement*

The District entered into an Installment Purchase Agreement with the Triunfo Public Facilities Corporation for \$7,760,000. The funds were received to provide financing for the acquisition and construction of a single 2.1 million gallon buried water storage tank located nearly due north of the intersection of Kanan Road and Churchwood Street on the northeast side of the ridge facing into Oak Canyon Community Park. The existing 1.0 million gallon water storage tank located southwest of the western terminus of Conifer Street was demolished. Additionally, approximately four miles of existing water supply lines and a non-usable water tank and its pump station were acquired through easement agreements and decommissioned. The Triunfo Public Facilities Corporation assigned all of its rights, title and interest in the Installment Purchase Agreement dated February 1, 2011 to Bank of America. Semiannual principal and interest payments of \$300,858 are due February 1 and August 1, commencing August 1, 2011 through February 1, 2031. Interest is at 4.68%. The District has pledged its Net Revenues for the repayment of the Installment Sale Agreement.

##### *2014 Bank of America, N.A. – Master Equipment Lease/Purchase Agreement*

The District entered into a Master Equipment Lease/Purchase Agreement with Bank of America, National Association. The funds were received to provide financing to replace all potable and recycled water meters with Automated Meters. This project eliminated manual reading of the meters and provided the District with timely and more accurate meter reading. Semiannual principal and interest payments of \$107,360 are due May 22 and November 22, commencing November 22, 2014 through May 22, 2029. Interest is at 3.24%. The District has pledged its Net Revenues for the repayment of the Master Equipment Lease/Purchase Agreement.

The following table summarizes the District's debt at June 30, 2016.

	Balance at June 30, 2015	Additions	Payments/ Deletions	Balance at June 30, 2016	Amounts Due in One Year
Loan Payable:					
2014 Automated Meter Read Loan	\$ 2,401,341	\$ -	\$ (138,025)	\$ 2,263,316	\$ (142,533)
2011 Construction loan	6,723,896	-	(290,395)	6,433,501	(304,145)
Total long-term debt	9,125,237	\$ -	\$ (428,420)	8,696,817	\$ (446,678)
Less current portion	(428,420)			(446,678)	
Total long-term portion	\$ 8,696,817			\$ 8,250,139	

# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

The following table summarizes the District's debt at June 30, 2015.

		<b>Balance at June 30, 2014</b>	<b>Additions</b>	<b>Payments/ Deletions</b>	<b>Balance at June 30, 2015</b>	<b>Amounts Due in One Year</b>
Loan Payable:						
2014 Automated Meter Read Loan	\$	2,535,000	\$ -	\$ (133,659)	\$ 2,401,341	\$ (138,025)
2011 Construction loan		7,001,164	-	(277,268)	6,723,896	(290,395)
Total long-term debt		9,536,164	\$ -	\$ (410,927)	9,125,237	\$ (428,420)
Less current portion		(410,927)			(428,420)	
Total long-term portion	\$	<u>9,125,237</u>			<u>\$ 8,696,817</u>	

The annual requirements to amortize the installment purchase agreement and master equipment lease loans are as follows:

<b>Fiscal Year</b>	<b>2011 Construction Loan</b>		<b>2014 AMR Loan</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2017	\$ 304,145	\$ 297,570	\$ 142,533	\$ 72,186
2018	318,545	283,170	147,189	67,530
2019	333,628	268,087	151,996	62,723
2020	349,424	252,291	156,961	57,758
2021	365,969	235,746	162,087	52,632
2022-2026	1,645,552	761,310	703,049	155,828
2027-2031	3,116,238	494,054	799,501	59,376
Total	6,433,501	2,592,228	2,263,316	528,033
Less current portion	(304,145)	(297,570)	(142,533)	(72,186)
Total non-current	<u>\$ 6,129,356</u>	<u>\$ 2,294,658</u>	<u>2,120,783</u>	<u>455,847</u>

Developer Refund Agreements - Long-term payables consisting of Developer Refund Agreements acquired by the District with the purchase of the Metropolitan Water Company for the repayment of water system construction costs. Developer Refund Agreements are paid at the rate of one-fortieth of the total agreement amount annually in October with no interest accruing or paid.

# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

The following summarizes the District's Developer Refund Agreement obligations at June 30, 2016:

<b>Developer/Tract</b>	<b>Balance at June 30, 2015</b>	<b>Additions</b>	<b>Payments/ Deletions</b>	<b>Balance at June 30, 2016</b>	<b>Amounts Due in One Year</b>
CalProp/4315	\$ 63,648	\$ -	\$ (3,744)	\$ 59,904	\$ (3,744)
Grupe/3984	51,768	-	(4,930)	46,838	(4,930)
Morrison/4071	213,058	-	(11,835)	201,223	(11,835)
Warmington/4474	141,635	-	(6,745)	134,890	(6,745)
Total developer refunds	470,109	\$ -	\$ (27,254)	442,855	\$ (27,254)
Less current portion	(27,254)			(27,254)	
Total long-term portion	\$ 442,855			\$ 415,601	

The following summarizes the District's Developer Refund Agreement obligations at June 30, 2015:

<b>Developer/Tract</b>	<b>Balance at June 30, 2014</b>	<b>Additions</b>	<b>Payments/ Deletions</b>	<b>Balance at June 30, 2015</b>	<b>Amounts Due in One Year</b>
CalProp/4315	\$ 67,392	\$ -	\$ (3,744)	\$ 63,648	\$ (3,744)
Grupe/3984	56,698	-	(4,930)	51,768	(4,930)
Morrison/4071	224,893	-	(11,835)	213,058	(11,835)
Warmington/4474	148,380	-	(6,745)	141,635	(6,745)
Total developer refunds	497,363	\$ -	\$ (27,254)	470,109	\$ (27,254)
Less current portion	(27,254)			(27,254)	
Total long-term portion	\$ 470,109			\$ 442,855	

The annual maturities of the Developer Refund Agreements are as follows:

<b>Fiscal Year</b>	<b>Principal</b>
2017	\$ 27,254
2018	27,254
2019	27,254
2020	27,254
2021	27,254
2022-2026	128,873
2027-2031	111,618
2032-2035	38,841
Total	415,601
Less current portion	(27,254)
Total non-current	\$ 388,347



## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 and 2015

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#### 7. Net Positions

The following is the detail of net position:

The balance at June 30, consists of the following:		<b>2016</b>	<b>2015</b>
Capital assets, net	\$	29,615,922	\$ 30,498,739
Portion of loans payable used to purchase capital assets		(8,467,882)	(8,750,831)
Developer refund agreements		(442,855)	(470,109)
Total net investment in capital assets	\$	<u>20,705,185</u>	<u>\$ 21,277,799</u>
Restricted for debt service:			
Conifer loan reserve requirement	\$	<u>602,000</u>	<u>\$ 602,000</u>
Total restricted	\$	<u>602,000</u>	<u>\$ 602,000</u>

#### 8. Management Agreement

The District has an agreement with the Ventura Regional Sanitation District (VRSD) for VRSD to provide staffing, management, operation and maintenance of facilities; to provide staffing for the administration and management of the District; and support services to the District Governing Board, as well as other closely-related services. The total cost of services paid by the District to VRSD in fiscal year 2016 was \$3,792,854 and \$3,763,176 in fiscal year 2015. The original agreement between the two agencies started back in September 1977. Since then, the two agencies have determined it would be to the mutual benefit of both parties to revise and/or amend the contract to reflect changes that have occurred during the past years. Under the agreement, the District has the right to evaluate the performance of VRSD's services under the agreement. The current contract expires on June 30, 2025. Both the District and VRSD may terminate this agreement for its convenience and without cause by giving the party one year prior written notice. In addition, both parties may also terminate this agreement in the event of a material default if such default remains uncured upon the expiration of sixty (60) days after receipt of written notice.

### C. OTHER INFORMATION

#### 1. Risk Management

##### *Joint Powers Insurance Authority*

California Sanitation Risk Management Authority (CSRMA) is a joint powers authority (JPA) created to provide a self-insurance program to sanitation agencies in the State of California. CSRMA provides liability, property and workers' compensation insurance for approximately 58 sanitation agencies for losses in excess of the members' specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. A Board of Directors composed of members from participating districts governs CSRMA. The Board controls the operations of CSRMA, including selection of management and approval of operating budgets, independent of any influence by the

## **TRIUNFO SANITATION DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016 and 2015**

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members beyond their representation on the Board. Each member of CSRMA shares surpluses and deficiencies proportionate to its participation in CSRMA.

The financial statements of CSRMA may be obtained from:

CSRMA  
C/o Driver Alliant Insurance Services  
100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, California 94111-5101

#### ***Joint Venture Insurance***

The District is insured for a variety of potential exposures associated with the LVMWD/TSD Joint Venture. The LVMWD/TSD Joint Venture is a named insured in the liability and property insurance program of the LVMWD. LVMWD retained Argonaut Insurance Company, for general liability, property, inverse condemnation, auto and physical damage. In addition, reinsurance support for the program is provided by Swiss Reinsurance of America and Travelers Re. The coverage for the general liability provides \$11 million per occurrence and \$61 million in the aggregate with a \$50,000 deductible per occurrence. The coverage for the property provides \$61 million of coverage with a deductible of \$50,000 per occurrence.

Effective August 1, 2012, the LVMWD/TSD Joint Power's Authority retained ACWA/JPIA for its workers' compensation 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, 2016 and 2015.

#### **2. Commitments and Contingencies**

The District had contractual commitments with outside firms for engineering, consulting, or other various supplies and services totaling approximately \$144,100 and \$165,000 in fiscal year 2016 and fiscal year 2015, respectively.

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.

#### **3. Subsequent events**

In September 2016, the Board unanimously approved the potable water five-year rate plan of 13% for fiscal years 2017 and 2018, 3% for fiscal years 2019 and 2020, with no rate increase in fiscal year 2021.

## **TRIUNFO SANITATION DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016 and 2015**

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In September 2016, the Board unanimously approved the reclaimed water five-year rate plan of 15% for fiscal years 2017 and 2018, 3% for fiscal years 2019 and 2020, with no rate increase in fiscal year 2021.

In December 2016, the Board unanimously approved a ten cents per hundred cubic feet (\$.10/HCF) as a pass through potable water fee increase to cover the Calleguas Municipal Water District's wholesale supply rate increase. The potable water rate increase is effective January 1, 2017.

In December 2016, the Board unanimously approved an eight cents per hundred cubic feet (\$.08/HCF) as a pass through reclaimed water fee increase to cover the Calleguas Municipal Water District's wholesale reclaimed rate increase. The reclaimed water rate increase is effective January 1, 2017.

#### **D. FUTURE ACCOUNTING PRONOUNCEMENTS**

The following GASB Statements will be implemented in future financial statements:

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 77, Tax Abatement Disclosures, is effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, is effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants, is effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14, is effect for periods beginning after June 15, 2016.

GASB Statement No. 81, Irrevocable Split-Interest Agreements, is effective for periods beginning after December 15, 2016.

GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73, is effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

# Supplementary Section



Supplementary Section

## Triunfo Sanitation District

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



**TRIUNFO SANITATION DISTRICT**

**COMBINING**

**SUPPLEMENTARY SCHEDULES**

**FISCAL YEAR ENDED JUNE 30, 2016**



## **TYPES OF OPERATIONS**

**Wastewater Operations** – The Triunfo Sanitation District owns, operates and maintains a wastewater collection system including piping; pump stations, force mains and pressure mains within its boundaries. The collection system delivers effluent to the Tapia Wastewater Reclamation Facility located in Los Angeles County. There is a joint partnership between the Triunfo Sanitation District and the Las Virgenes Municipal Water District for the ownership and operation of this facility.

**Recycled Water Operations** – The District provides recycled water from Tapia through two pipelines to the communities of Oak Park, Lake Sherwood and North Ranch. The recycled water from Tapia travels through 5.4 miles of District retail recycled water lines to irrigate 7 parks, 6 schools, a golf course, 15 acres of landscaping and medians, and 16 homeowners associations. In hot summer months, local irrigation consumes all of the recycled water Tapia produces.

**Potable Water Operations** – Through the Oak Park Water Service (OPWS), the District provides potable water service to households in the community of Oak Park. The Oak Park community is mostly residential and is located at the eastern edge of the county.

**TRIUNFO SANITATION DISTRICT**  
**COMBINING SCHEDULE OF NET POSITION**  
**JUNE 30, 2016**

<i>Assets</i>	<b>Wastewater</b>	<b>Recycled Water</b>	<b>Potable Water</b>	<b>Total</b>
Current assets:				
Cash and cash equivalents	\$ 7,558,039	\$ 1,720,126	\$ (541,642)	\$ 8,736,523
Accrued interest receivable	20,977	-	(10)	20,967
Accounts receivable – water sales and services, net	-	518,022	206,579	724,601
Accounts receivable – sanitation fees	200,526	-	-	200,526
Accounts receivable – other, net	36,725	-	779	37,504
Advance deposits – investment-in-joint venture LVMWD/TSD	2,256,294	-	-	2,256,294
Water-in-storage inventory	-	-	17,051	17,051
Prepaid and other	27,713	109	4,689	32,511
Total current assets – unrestricted	10,100,274	2,238,257	(312,554)	12,025,977
Restricted current assets:				
Cash and cash equivalents	666,373	-	649,345	1,315,718
Total current assets – restricted	666,373	-	649,345	1,315,718
Total current assets – unrestricted and restricted	10,766,647	2,238,257	336,791	13,341,695
Non-current assets – capital assets, net				
Capital assets, net	8,299,320	2,329,729	18,986,873	29,615,922
Investment-in-joint venture LVMWD/TSD	31,159,462	-	-	31,159,462
Total non-current assets	39,458,782	2,329,729	18,986,873	60,775,384
<b>Total assets</b>	<b>\$ 50,225,429</b>	<b>\$ 4,567,986</b>	<b>\$ 19,323,664</b>	<b>\$ 74,117,079</b>
<b><i>Liabilities and Net Position</i></b>				
Current liabilities:				
Payable from current assets:				
Accounts payable and accrued expenses	\$ 653,823	\$ 286,685	\$ 511,127	\$ 1,451,635
Accrued interest payable – loan	-	177	132,355	132,532
Loan payable – current portion	-	3,236	443,442	446,678
Developer refund agreements – current portion	-	-	27,254	27,254
Payable from current assets – unrestricted	653,823	290,098	1,114,178	2,058,099
Payable from restricted current assets:				
Customer deposits	-	-	47,345	47,345
Unearned Revenue	666,373	-	-	666,373
Payable from restricted current assets	666,373	-	47,345	713,718
Total current liabilities – unrestricted and restricted	1,320,196	290,098	1,161,523	2,771,817
Non-current liabilities:				
Loans payable	-	48,142	8,201,997	8,250,139
Developer refund agreements	-	-	415,601	415,601
Total non-current liabilities	-	48,142	8,617,598	8,665,740
<b>Total liabilities</b>	<b>1,320,196</b>	<b>338,240</b>	<b>9,779,121</b>	<b>11,437,557</b>
Net position:				
Net investment in capital assets	8,299,320	2,283,548	10,122,317	20,705,185
Restricted:				
Conifer loan reserve requirement	-	-	602,000	602,000
Unrestricted	40,605,913	1,946,198	(1,179,774)	41,372,337
<b>Total net position</b>	<b>48,905,233</b>	<b>4,229,746</b>	<b>9,544,543</b>	<b>62,679,522</b>
<b>Total liabilities and net position</b>	<b>\$ 50,225,429</b>	<b>\$ 4,567,986</b>	<b>\$ 19,323,664</b>	<b>\$ 74,117,079</b>



**TRIUNFO SANITATION DISTRICT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET**  
**POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Wastewater</b>	<b>Recycled Water</b>	<b>Potable Water</b>	<b>Total</b>
Operating revenues:				
Sanitation fees	\$ 7,144,479	\$ -	\$ -	\$ 7,144,479
Potable water sales	-	-	3,725,085	3,725,085
Recycled water sales	-	2,295,803	-	2,295,803
Water meter service fees	-	158,896	1,220,181	1,379,077
Connection fees	107,975	-	-	107,975
Other charges for services	14,438	-	341,756	356,194
Total operating revenues	7,266,892	2,454,699	5,287,022	15,008,613
Operating expenses:				
Wastewater treatment	3,917,234	-	-	3,917,234
Potable water purchased	-	-	2,680,573	2,680,573
Recycled water purchased	-	1,871,720	-	1,871,720
Professional services	61,064	5,235	27,731	94,030
Management and administrative	2,349,961	74,690	1,913,954	4,338,605
Total operating expenses	6,328,259	1,951,645	4,622,258	12,902,162
Operating income before depreciation	938,633	503,054	664,764	2,106,451
Depreciation and amortization	(431,777)	(97,869)	(758,635)	(1,288,281)
Operating income(loss)	506,856	405,185	(93,871)	818,170
Non-operating revenue(expense)				
Change in investment-in-joint venture LVMWD/TSD	(1,827,859)	-	-	(1,827,859)
Rental revenue - cellular antennas	-	-	112,270	112,270
Interest and investment earnings	69,287	1	50	69,338
Interest expense	-	(1,382)	(366,068)	(367,450)
Other income(expenses), net	-	-	11,450	11,450
Central administration expense allocation	391,949	(127,284)	(264,665)	-
Total non-operating revenues, net	(1,366,623)	(128,665)	(506,963)	(2,002,251)
Net income(loss) before capital contributions	(859,767)	276,520	(600,834)	(1,184,081)
Change in net position	(859,767)	276,520	(600,834)	(1,184,081)
Net position, beginning of fiscal year	49,765,000	3,953,226	10,145,377	63,863,603
Net position, end of fiscal year	\$ 48,905,233	\$ 4,229,746	\$ 9,544,543	\$ 62,679,522

**TRIUNFO SANITATION DISTRICT**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Wastewater</b>	<b>Recycled Water</b>	<b>Potable Water</b>	<b>Total</b>
Cash flows from operating activities:				
Receipts from customers for water sales and services	\$ 107,975	\$ 2,285,967	\$ 5,068,040	\$ 7,461,982
Receipts from customers for sanitation services	7,125,254	-	-	7,125,254
Receipts for other services	12,227	-	341,873	354,100
Payments to vendors for materials and services	(6,771,504)	(1,824,707)	(4,860,883)	(13,457,094)
Net cash provided by operating activities	473,952	461,260	549,030	1,484,242
Cash flows from capital and related financing activities:				
Acquisition/transfer and construction of capital assets	(47,915)	(121,528)	(236,021)	(405,464)
Principal and interest paid on long-term debt	-	(4,524)	(823,836)	(828,360)
Net cash used in capital and related financing activities	(47,915)	(126,052)	(1,059,857)	(1,233,824)
Cash flows from non-capital financing activities:				
Insurance claim reimbursement	-	-	9,497	9,497
Sales proceeds from inventory	-	-	1,953	1,953
Net cash provided by non-capital financing activities	-	-	11,450	11,450
Cash flows from investing activities:				
Advance deposits - investment-in-joint venture LVMWD/TSD facility	(645,942)	-	-	(645,942)
Proceeds from rental revenue - cellular antennas	-	-	112,270	112,270
Proceeds from interest and investment earnings	55,090	1	65	55,156
Net cash provided by (used in) investing activities	(590,852)	1	112,335	(478,516)
Net increase(decrease) in cash and cash equivalents	(164,815)	335,209	(387,042)	(216,648)
Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year	8,001,305	1,512,203	755,381	10,268,889
Cash and cash equivalents (unrestricted and restricted), end of fiscal year	\$ 7,836,490	\$ 1,847,412	\$ 368,339	\$ 10,052,241
Reconciliation of cash and cash equivalents to statement of net position:				
Cash and cash equivalents	\$ 7,558,039	\$ 1,720,126	\$ (541,642)	\$ 8,736,523
Restricted cash and cash equivalents	666,373	-	649,345	1,315,718
Total cash and cash equivalents	\$ 8,224,412	\$ 1,720,126	\$ 107,703	\$ 10,052,241
Reconciliation of operating income(loss) to net cash provided by operating activities:				
Operating income(loss)	\$ 506,856	\$ 405,185	\$ (93,871)	\$ 818,170
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:				
Deprecation and amortization	431,777	97,869	758,635	1,288,281
Changes in assets and liabilities:				
(Increase)decrease in assets:				
Accounts receivable – water sales and services, net	-	(168,731)	114,459	(54,272)
Accounts receivable – sanitation fees	(14,492)	-	-	(14,492)
Accounts receivable – other, net	(6,944)	-	117	(6,827)
Water-in-storage inventory	-	-	14,917	14,917
Prepaid and other	(3,023)	(109)	(4,689)	(7,821)
Increase(decrease) in liabilities:				
Accounts payable and accrued expenses	(440,222)	127,046	(248,853)	(562,029)
Retentions payable	-	-	-	-
Customer deposits	-	-	8,315	8,315
Total adjustments	(32,904)	56,075	642,901	666,072
Net cash provided by operating activities	\$ 473,952	\$ 461,260	\$ 549,030	\$ 1,484,242

**TRIUNFO SANITATION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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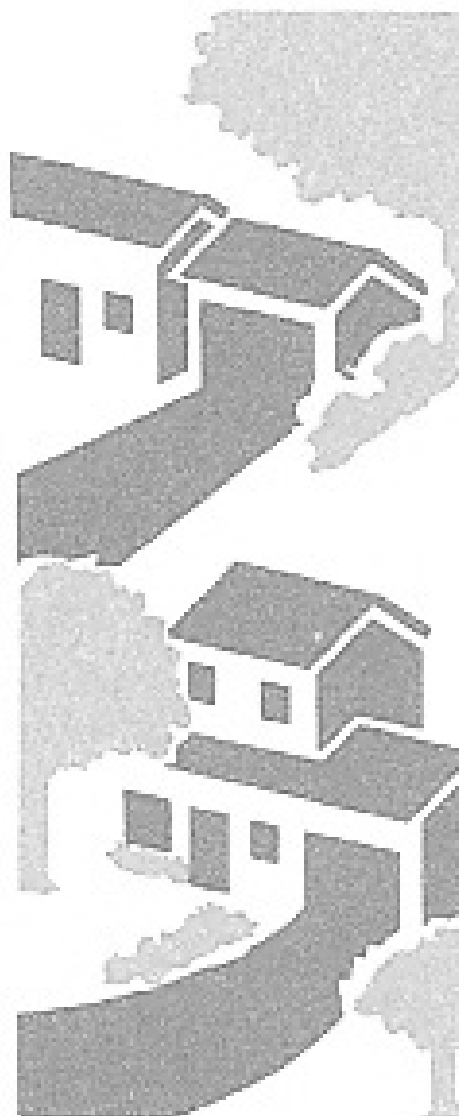
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Sanitation fees	\$ 7,068,124	\$ 7,144,479	\$ (76,355)
Potable water sales	3,992,118	3,725,085	267,033
Recycled water sales	2,490,681	2,295,803	194,878
Water meter service fees	1,478,597	1,379,077	99,520
Connection fees	100,000	107,975	(7,975)
Other charges for services	93,000	356,194	(263,194)
Total operating revenues	<u>15,222,520</u>	<u>15,008,613</u>	<u>213,907</u>
Operating expenses:			
Wastewater treatment	4,306,286	3,917,234	389,052
Potable water purchased	2,816,592	2,680,573	136,019
Recycled water purchased	1,999,922	1,871,720	128,202
Professional services	148,620	94,030	54,590
Management and administrative	4,369,782	4,338,605	31,177
Total operating expenses	<u>13,641,202</u>	<u>12,902,162</u>	<u>739,040</u>
Operating income before depreciation	1,581,318	2,106,451	(525,133)
Depreciation and amortization	<u>(1,143,490)</u>	<u>(1,288,281)</u>	<u>144,791</u>
Operating income	<u>437,828</u>	<u>818,170</u>	<u>(380,342)</u>
Non-operating revenue(expense)			
Change in investment-in-joint venture LVMWD/TSD	(2,172,585)	(1,827,859)	(344,726)
Rental revenue - cellular antennas	101,390	112,270	(10,880)
Interest and investment earnings	25,000	69,338	(44,338)
Interest expense	(388,014)	(367,450)	(20,564)
Gain(loss) on sales/disposals of capital assets, net	-	9,497	(9,497)
Other income (expenses), net	<u>-</u>	<u>1,953</u>	<u>(1,953)</u>
Total non-operating expenses, net	<u>(2,434,209)</u>	<u>(2,002,251)</u>	<u>(431,958)</u>
Change in net position	<u>\$ (1,996,381)</u>	<u>\$ (1,184,081)</u>	<u>\$ (812,300)</u>

# Statistical Section



## Triunfo Sanitation District

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



**Triunfo Sanitation District  
Statistical Section**

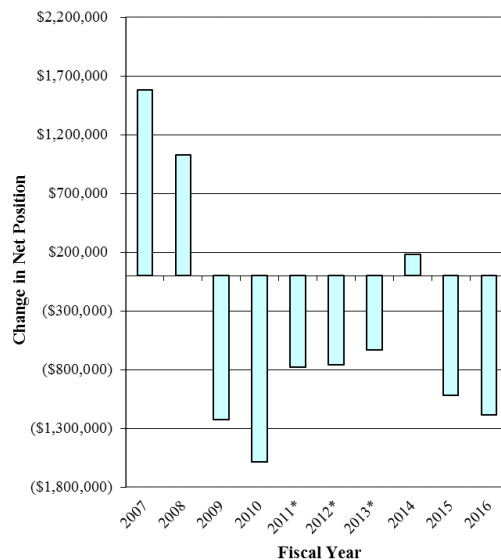
This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

**Table of Contents**

	<b><u>Page No.</u></b>
Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	56-58
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenues, wastewater service, potable water sales, and recycled water sales.	59-63
Debt Capacity These schedules present information to 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.	64-65
Demographic Information These schedules offer demographic indicators to help the reader understand the environment within which the District's financial activities take place.	66-69
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides.	70

**Triunfo Sanitation District**  
**Changes in Net Position and Net Position by Component**  
**Last Ten Fiscal Years**

	<b>Fiscal Year</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011*</b>
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 12,714,950	\$ 13,050,918	\$ 12,372,603	\$ 12,550,843	\$ 12,986,803
Operating expenses (see Schedule 3)	(9,341,138)	(10,214,979)	(10,799,380)	(11,433,846)	(11,273,168)
Depreciation and amortization	(853,881)	(860,827)	(881,982)	(879,346)	(822,844)
<b>Operating income(loss)</b>	<b>2,519,931</b>	<b>1,975,112</b>	<b>691,241</b>	<b>237,651</b>	<b>890,791</b>
Non-operating revenues(expenses)					
Investment income/(loss)	871,606	875,522	524,115	17,984	131,781
Rental income - cellular antennas	110,741	148,485	121,381	147,450	159,874
Change in investment in LVMWD/TSD Joint Venture	(1,820,166)	(1,720,850)	(2,315,646)	(1,689,237)	(1,634,383)
Gain/(loss) on sale of assets	2,090	-	-	-	-
Interest expense	(463,812)	(403,784)	(230,414)	(104,124)	(223,304)
Bond administration expense	(84,680)	(59,779)	(71,794)	(217,905)	(104,808)
Other revenue/(expense), net	34,612	85,949	12,559	19,616	-
Total non-operating revenues(expenses), net	(1,349,609)	(1,074,457)	(1,959,799)	(1,826,216)	(1,670,840)
<b>Net income before capital contributions</b>	<b>1,170,322</b>	<b>900,655</b>	<b>(1,268,558)</b>	<b>(1,588,565)</b>	<b>(780,049)</b>
Capital contributions	412,070	128,348	43,118	1,181	-
<b>Changes in net position</b>	<b>\$ 1,582,392</b>	<b>\$ 1,029,003</b>	<b>\$ (1,225,440)</b>	<b>\$ (1,587,384)</b>	<b>\$ (780,049)</b>
Net position by component:					
Net investment in capital assets	\$ 12,599,089	\$ 13,818,614	\$ 15,637,556	\$ 20,240,997	\$ 21,366,364
Restricted	301,632	1,012,406	92,899	-	602,000
Unrestricted	55,753,885	54,852,906	52,727,671	46,629,745	44,122,329
<b>Total net position</b>	<b>\$ 68,654,606</b>	<b>\$ 69,683,926</b>	<b>\$ 68,458,126</b>	<b>\$ 66,870,742</b>	<b>\$ 66,090,693</b>

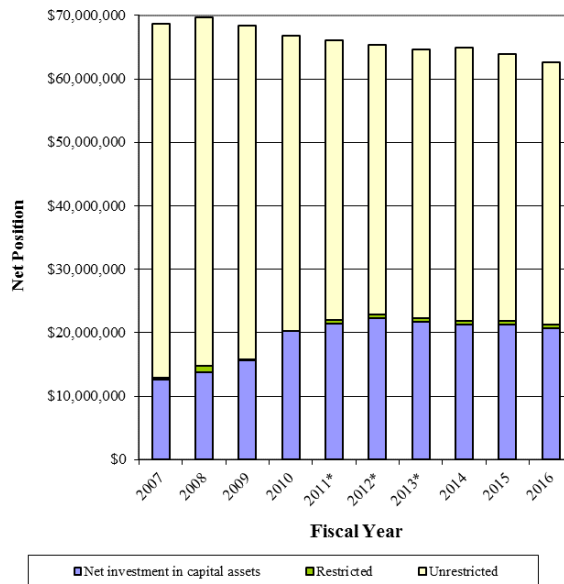


\* The presentation of certain prior year balances have been reclassified to conform to current year presentation.

**Source:** Ventura Regional Sanitation District Finance Department

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

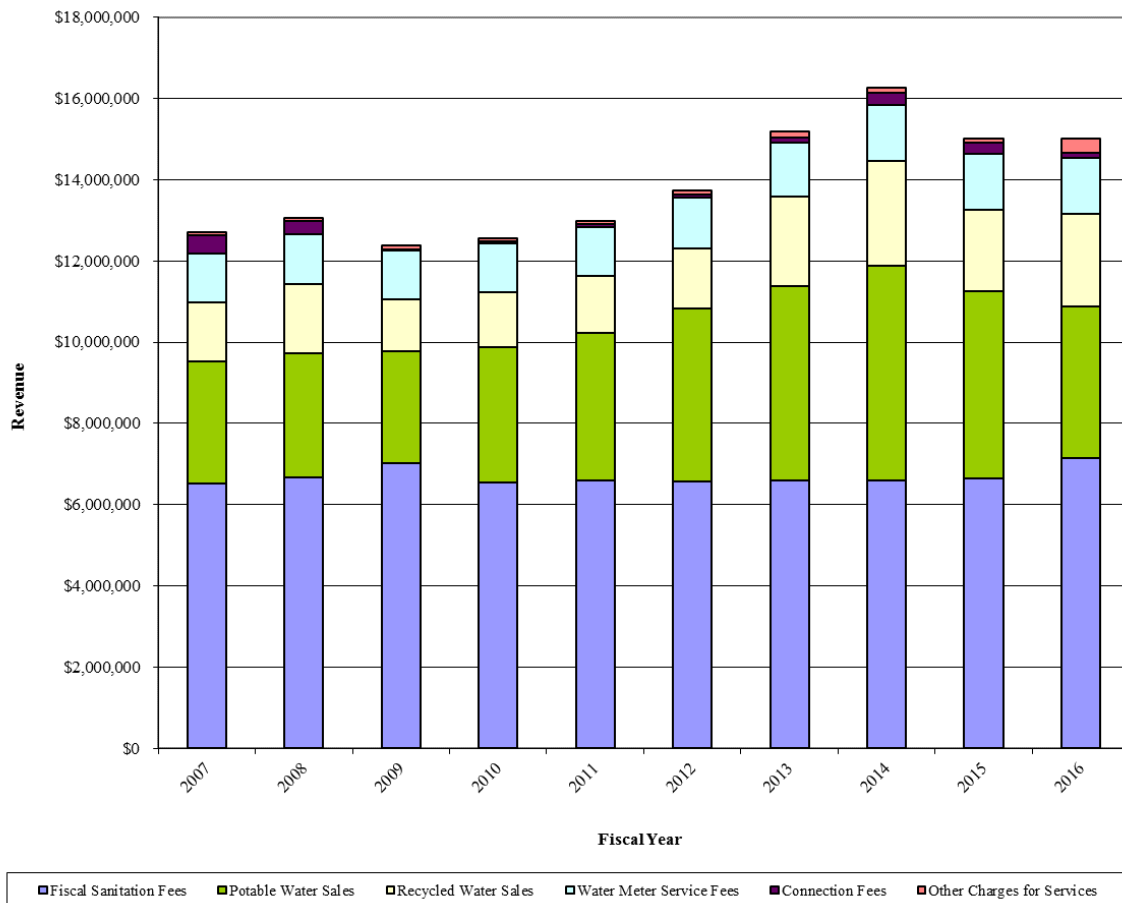
Fiscal Year				
2012*	2013*	2014	2015	2016
\$13,744,712	\$15,176,216	\$16,262,169	\$ 15,009,561	\$ 15,008,613
(12,026,778)	(13,035,013)	(13,461,380)	(13,372,916)	(12,902,162)
(905,549)	(904,630)	(865,402)	(899,549)	(1,288,281)
812,385	1,236,573	1,935,387	737,096	818,170
51,006	11,586	26,290	38,939	69,338
169,416	149,093	153,863	120,147	112,270
(1,920,297)	(2,018,902)	(1,917,034)	(1,915,400)	(1,827,859)
-	-	-	28,179	-
(23,281)	(9,081)	(236)	(26,078)	(367,450)
-	-	(20,000)	-	-
153,259	-	-	-	11,450
(1,569,897)	(1,867,304)	(1,757,117)	(1,754,213)	(2,002,251)
(757,512)	(630,731)	178,270	(1,017,117)	(1,184,081)
-	-	-	-	-
<u>\$ (757,512)</u>	<u>\$ (630,731)</u>	<u>\$ 178,270</u>	<u>\$ (1,017,117)</u>	<u>\$ (1,184,081)</u>
\$ 22,233,510	\$ 21,726,237	\$ 21,228,218	\$ 21,277,799	\$ 20,705,185
602,000	602,000	602,000	602,000	602,000
42,497,671	42,374,213	43,050,502	41,983,804	41,372,337
<u>\$ 65,333,181</u>	<u>\$ 64,702,450</u>	<u>\$ 64,880,720</u>	<u>\$ 63,863,603</u>	<u>\$ 62,679,522</u>





**Triunfo Sanitation District  
Operating Revenue By Source  
Last Ten Fiscal Years**

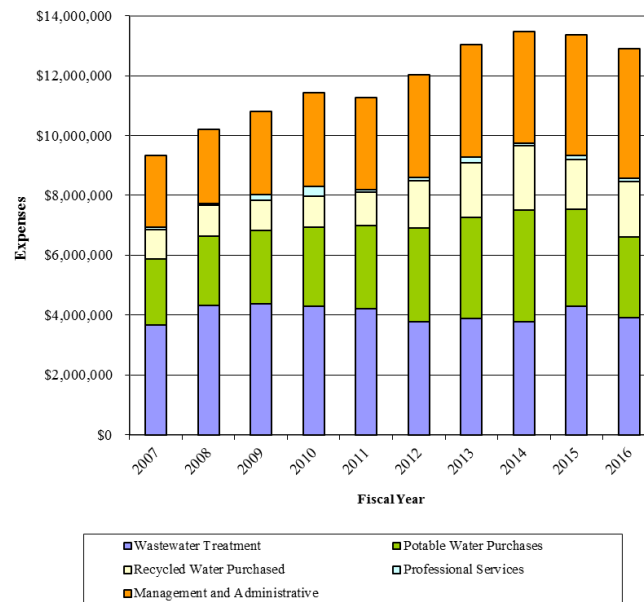
<b>Fiscal Year</b>	<b>Sanitation Fees</b>	<b>Potable Water Sales</b>	<b>Recycled Water Sales</b>	<b>Water Meter Service Fees</b>	<b>Connection Fees</b>	<b>Other Charges for Services</b>	<b>Total Operating Revenue</b>
2007	\$ 6,529,166	\$ 3,007,255	\$ 1,446,667	\$ 1,204,963	\$ 436,189	\$ 90,710	\$ 12,714,950
2008	6,684,841	3,031,324	1,725,802	1,210,679	332,565	65,707	13,050,918
2009	7,033,630	2,751,363	1,261,914	1,215,791	26,308	83,597	12,372,603
2010	6,550,564	3,321,834	1,346,428	1,208,412	53,985	69,620	12,550,843
2011	6,592,768	3,635,156	1,393,523	1,215,722	61,437	88,197	12,986,803
2012	6,573,309	4,245,741	1,481,830	1,263,052	80,960	99,820	13,744,712
2013	6,594,736	4,779,539	2,211,030	1,327,623	115,299	147,989	15,176,216
2014	6,590,649	5,282,011	2,580,139	1,385,935	309,650	113,785	16,262,169
2015	6,644,859	4,622,483	1,994,508	1,385,771	262,406	99,534	15,009,561
2016	7,144,479	3,725,085	2,295,803	1,379,077	107,975	356,194	15,008,613



**Source:** Ventura Regional Sanitation District Finance Department

**Triunfo Sanitation District  
Operating Expenses by Activity  
Last Ten Fiscal Years**

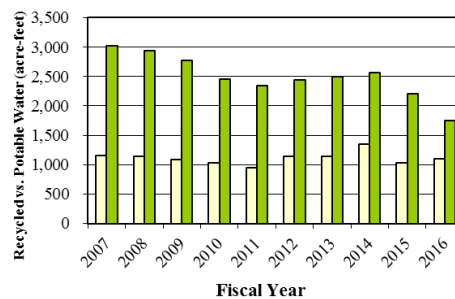
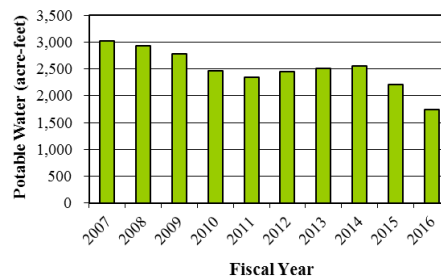
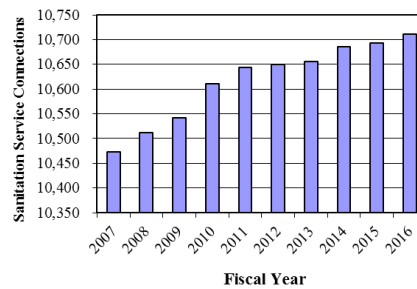
<b>Fiscal Year</b>	<b>Wastewater Treatment</b>	<b>Potable Water Purchases</b>	<b>Recycled Water Purchased</b>	<b>Professional Services</b>	<b>Management and Administrative</b>	<b>Total Operating Expenses</b>
2007	\$ 3,678,149	\$ 2,185,652	\$ 987,621	\$ 85,407	\$ 2,404,309	\$ 9,341,138
2008	4,319,960	2,315,739	1,027,229	65,468	2,486,583	10,214,979
2009	4,368,737	2,451,137	1,026,030	187,501	2,765,975	10,799,380
2010	4,300,816	2,624,592	1,057,027	320,268	3,131,143	11,433,846
2011	4,202,269	2,784,699	1,118,921	77,491	3,089,788	11,273,168
2012	3,766,205	3,148,276	1,583,652	106,839	3,421,806	12,026,778
2013	3,873,043	3,386,897	1,838,525	181,497	3,755,051	13,035,013
2014	3,783,274	3,731,891	2,131,331	95,968	3,718,916	13,461,380
2015	4,305,047	3,223,673	1,665,181	127,670	4,051,345	13,372,916
2016	3,917,234	2,680,573	1,871,720	94,030	4,338,605	12,902,162



**Source:** Ventura Regional Sanitation District Finance Department

**Triunfo Sanitation District  
Revenue Base  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Sanitation Service Connections</b>	<b>Potable Water Sales (Acre Feet)</b>	<b>Recycled Water Sale (Acre Feet)</b>
2007	10,473	3,019	1,155
2008	10,512	2,934	1,142
2009	10,542	2,772	1,093
2010	10,611	2,461	1,026
2011	10,644	2,338	951
2012	10,650	2,444	1,138
2013	10,656	2,503	1,140
2014	10,685	2,560	1,343
2015	10,693	2,213	1,028
2016	10,711	1,746	1,099



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

**Sources:** Ventura Regional Sanitation District Finance Department

**Triunfo Sanitation District  
Revenue Rates<sup>(1)</sup>  
Last Ten Fiscal Years**

<b>Sanitation Fees</b>										
<b>Connection Type<sup>(2)</sup></b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Single/Multi Residential	\$ 40.00	\$ 44.00	\$ 44.00	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 44.52
Apartment Units	32.00	35.20	35.20	33.44	33.44	33.44	33.44	33.44	33.44	35.61
Commercial/Hotels	40.00	44.00	44.00	41.80	41.80	41.80	41.80	41.80	41.80	44.52
Shopping Centers	71.03	78.13	78.13	74.22	74.22	74.22	74.22	74.22	74.22	79.04
Restaurants & Markets	101.20	101.20	101.20	96.14	96.14	96.14	96.14	96.14	96.14	102.39

<b>Potable Water Consumption Fees</b>										
<b>Water Consumed<sup>(3)</sup></b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>					
0 - 3 HCF	\$ 1.715	\$ 1.883	\$ 1.883	\$ 1.883	\$ 1.883					
Over 3 HCF	2.14375	2.35384	2.35384	2.35384	2.35384					

<b>Water Consumed<sup>(3)</sup></b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>			
0 - 6 HCF	\$ 2.85	\$ 2.95	\$ 3.33	\$ 3.67	\$ 3.93	\$ 4.01	\$ 4.24			
7 - 28 HCF	3.57	3.67	4.07	4.49	4.75	4.83	5.33			
Over 28 HCF	4.53	4.63	5.19	5.73	5.99	6.07	6.79			

<b>Recycled Water Consumption Fees</b>										
<b>Water Consumed<sup>(3)</sup></b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
0 - 3 HCF	\$ 1.89	\$ 1.89	\$ 1.89	\$ 2.21	\$ 2.60	\$ 2.60	\$ 2.86	\$ 2.96	\$ 3.03	\$ 3.25
Over 3 HCF	1.89	1.89	1.89	2.21	2.60	2.60	2.86	2.96	3.03	3.25

<b>Potable Water Meter Service Fees</b>										
<b>Meter Size</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
5/8 inch	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.75	\$ 14.51	\$ 15.23	\$ 15.23	\$ 15.23
3/4 inch	19.74	19.74	19.74	19.74	19.74	20.63	21.76	22.85	22.85	22.85
1 inch	32.91	32.91	32.91	32.91	32.91	34.39	36.28	38.10	38.10	38.10
1 1/2 inch	65.81	65.81	65.81	65.81	65.81	68.77	72.55	76.18	76.18	76.18
2 inch	105.30	105.30	105.30	105.30	105.30	110.04	116.09	121.90	121.90	121.90
3 inch	197.43	197.43	197.43	197.43	197.43	206.31	217.66	228.54	228.54	228.54
4 inch	329.06	329.06	329.06	329.06	329.06	343.87	362.78	380.92	380.92	380.92
6 inch	658.07	658.07	658.07	658.07	658.07	687.68	725.51	761.78	761.78	761.78

<b>Recycled Water Meter Service Fees</b>										
<b>Meter Size</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
5/8 inch	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.71
3/4 inch	19.74	19.74	19.74	19.74	19.74	19.74	19.74	19.74	19.74	20.53
1 inch	32.91	32.91	32.91	32.91	32.91	32.91	32.91	32.91	32.91	34.23
1 1/2 inch	65.81	65.81	65.81	65.81	65.81	65.81	65.81	65.81	65.81	68.45
2 inch	105.30	105.30	105.30	105.30	105.30	105.30	105.30	105.30	105.30	109.52
3 inch	197.43	197.43	197.43	197.43	197.43	197.43	197.43	197.43	197.43	205.33
4 inch	329.06	329.06	329.06	329.06	329.06	329.06	329.06	329.06	329.06	342.23
6 inch	658.07	658.07	658.07	658.07	658.07	658.07	658.07	658.07	658.07	684.40

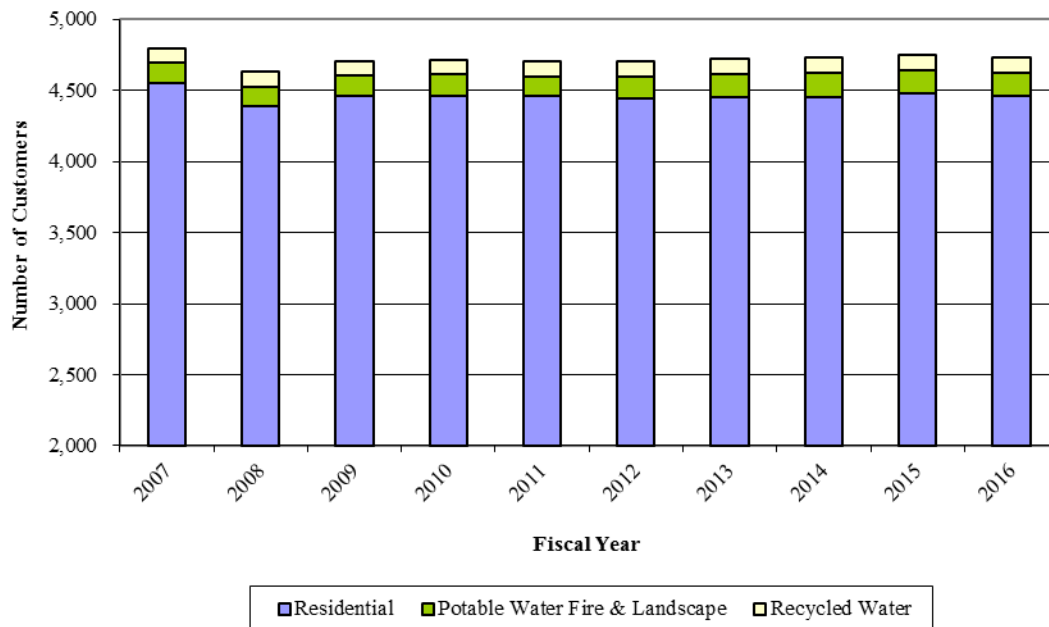
**Notes:**

- (1) Rates as of June 30 of each fiscal year.
- (2) Per Equivalent Residential Unit (ERU)
- (3) Per Hundred Cubic Feet (HCF)
- (4) Meter services fees are the same for both potable water and recycled water connections

**Source:** Triunfo Sanitation District Board of Directors approved rate ordinances and resolutions

**Triunfo Sanitation District  
Water Customers by Type at Fiscal Year-End  
Last Ten Fiscal Years**

Fiscal Year	Customer Type			Total
	Potable Water Residential	Potable Water Fire & Landscape	Recycled Water	
2007	4,554	138	104	4,796
2008	4,392	133	104	4,629
2009	4,456	146	104	4,706
2010	4,456	155	104	4,715
2011	4,459	137	105	4,701
2012	4,443	157	107	4,707
2013	4,449	165	110	4,724
2014	4,452	169	110	4,731
2015	4,475	167	107	4,749
2016	4,457	165	106	4,728



**Note:** Number of customers as of June 30 of fiscal year.

**Source:** Ventura Regional Sanitation District Finance Department

**Triunfo Sanitation District**  
**Principal Customers**  
**Current Fiscal Year and Ten Years Ago**

Customer	Potable Water			
	2016		2006	
	Water Consumed	Percentage of Total	Water Consumed	Percentage of Total
ERP Operating, LLP	39,969	5.26%	N/A	0.00%
Shadow Ridge HOA	21,653	2.85%	N/A	0.00%
Capri	5,990	0.79%	7,637	0.72%
Concord Consulting	5,316	0.70%	N/A	0.00%
Oak Park Shopping Center	6,592	0.87%	3,406	0.32%
Morrison Estates HOA	6,133	0.81%	12,585	1.18%
Regency Hills HOA	3,994	0.53%	7,219	0.68%
County of Ventura	5,151	0.68%	N/A	0.00%
Sterling Oaks	N/A	0.00%	3,731	0.35%
Oak Park Unified School District	N/A	0.00%	3,005	0.28%
Rancho Simi Recreation & Park	4,193	0.55%	2,830	0.27%
Shadow Oaks	5,417	0.71%	N/A	0.00%
Total	104,408	13.75%	40,413	3.80%
Total Potable Water Consumed	760,427	100.00%	1,065,969	100.00%

Customer	Recycled Water			
	2016		2006	
	Water Consumed	Percentage of Total	Water Consumed	Percentage of Total
Sherwood County Club	188,204	39.31%	N/A	0.00%
Rancho Simi Recreation & Park	42,235	8.82%	N/A	0.00%
Oak Park Unified School District	39,340	8.22%	N/A	0.00%
Regency Hill Neighborhood	32,336	6.75%	N/A	0.00%
Tract 3141 HOA	22,514	4.70%	N/A	0.00%
County of Ventura	26,028	5.44%	N/A	0.00%
Country Glenn	16,238	3.39%	N/A	0.00%
Shadow Ridge HOA	13,097	2.74%	N/A	0.00%
Country Vista III Owners	15,670	3.27%	N/A	0.00%
Rancho Simi Park District	12,464	2.60%	N/A	0.00%
Total	408,126	85.24%	-	0.00%
Total Recycled Water Consumed	478,817	100.00%	N/A	0.00%

**Note:**

Per Hundred Cubic Feet (HCF)

**Source:** Ventura Regional Sanitation District Finance Department

**Triunfo Sanitation District**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Revenue Bonds [1]	Business-Type Activities				Total	Per Capita	As a Share of Personal Income
		MFC Loans [2]	Developer Refund Agreements [3]	Installment Purchase Agreement [4]	Lease Purchase Agreement [5]			
2007	\$ 6,000,000	\$ 4,210,000	\$ 688,139	\$ -	\$ -	\$ 10,898,139	\$ 348.60	0.75%
2008	5,600,000	3,155,000	660,913	-	-	9,415,913	301.18	0.66%
2009	5,200,000	2,475,000	633,632	-	-	8,308,632	265.77	0.62%
2010	-	1,780,000	606,378	-	-	2,386,378	72.84	0.17%
2011	-	-	579,124	7,760,000	-	8,339,124	254.55	0.55%
2012	-	-	551,870	7,518,662	-	8,070,532	246.35	0.51%
2013	-	-	524,616	7,265,897	-	7,790,513	237.81	0.49%
2014	-	-	497,363	7,001,164	2,535,000	10,033,526	306.27	0.61%
2015	-	-	470,109	6,723,896	2,401,341	9,595,346	286.81	-
2016	-	-	442,855	6,433,501	2,263,316	9,139,672	273.19	-

[1] 1994 Refunding Revenue Bonds - issue amount of \$9,200,000 in variable rate demand refunding revenue bonds with an interest rate not to exceed 12% to advance refund the outstanding 1998 and 1989 COPs for the Tapia Wastewater Reclamation Facility expansion costs.

[2] Two refunding loans from Municipal Finance Corporation (MFC):

a) 2002 MFC Refunding Loan- the loan amount of \$1,880,000 was issued to refinance the 1992 Certificate of Participation.

b) 2003 MFC Refunding Loan- the loan amount of \$6,655,000 was issued to advance refund the all outstanding 1993 Water Installment Certificates.

[3] Developer Refund Agreements acquired by the District with the purchase of the Metropolitan Water Company for the repayment of water system construction costs in the amount of \$1,419,961.

[4] 2011 Bank of America Installment Purchase Agreement - loan in the amount of \$7,760,000 for the acquisition and construction of a single 2.1 million gallon buried water storage tank.

[5] 2014 Bank of America Lease/Purchase Agreement - loan in the amount of \$2,535,000 for the acquisition and implementation of a new potable water automated meter read for the Oak Park service area.

**Source:** Ventura Regional Sanitation District Finance Department

**Note:** Personal income and per capita data not available for 2015 and 2016.

**Triunfo Sanitation District  
Pledged-Revenue Coverage  
Installment Purchase Agreement  
Fiscal Years 2016 and 2015**

<b>Fiscal Year 2016</b>				
	<b>Wastewater</b>	<b>Recycled</b>	<b>Potable Water</b>	<b>Total</b>
Revenue sources				
Operating revenues	\$ 7,266,892	\$ 2,454,699	\$ 5,287,022	\$ 15,008,613
Non-operating revenues	461,236	-	123,770	585,006
Total revenue sources	7,728,128	2,454,699	5,410,792	15,593,619
Expenses				
Operating expenses	\$ 6,332,286	\$ 1,951,645	\$ 4,618,231	\$ 12,902,162
Non-operating expenses	-	127,284	264,665	391,949
Total expenses	6,332,286	2,078,929	4,882,896	13,294,111
Net Revenues (Expenses)	1,395,842	375,770	527,896	2,299,508
Installment payments				
Principal	-	3,133	425,287	428,420
Interest	-	1,741	386,273	388,014
Total installment payments	-	4,874	811,560	816,434
Debt Service Coverage (min 1.25x)	n/a	77.1	n/a	2.82

<b>Fiscal Year 2015</b>				
	<b>Wastewater</b>	<b>Recycled</b>	<b>Potable Water</b>	<b>Total</b>
Revenue sources				
Operating revenues	\$ 6,930,955	\$ 2,156,524	\$ 5,922,082	\$ 15,009,561
Non-operating revenues	424,754	5	148,551	573,310
Total revenue sources	7,355,709	2,156,529	6,070,633	15,582,871
Expenses				
Operating expenses	\$ 6,541,256	\$ 1,769,519	\$ 5,062,141	\$ 13,372,916
Non-operating expenses	-	102,826	283,219	386,045
Total expenses	6,541,256	1,872,345	5,345,360	13,758,961
Net Revenues (Expenses)	814,453	284,184	725,273	1,823,910
Installment payments				
Principal	-	-	410,927	410,927
Interest	-	-	405,508	405,508
Total installment payments	-	-	816,435	816,435
Debt Service Coverage (min 1.25x)	n/a	n/a	n/a	2.23

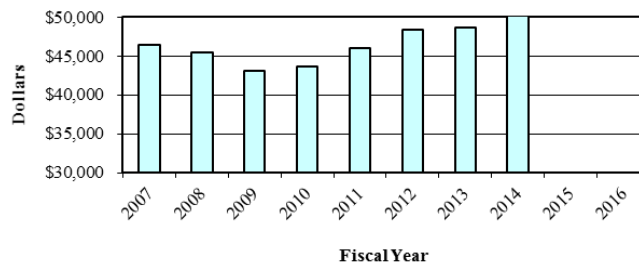
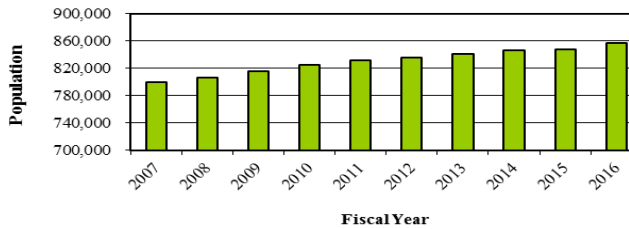
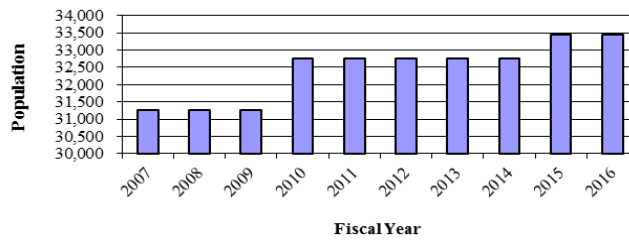
**Notes:** Change in investment-in-joint venture-LVMWD/TSD non-operating expense is not included in the report. This expense is for the JPA TSD share of the capital construction & replacement fund.

**Source:** Triunfo Sanitation District



**Triunfo Sanitation District  
Demographics and Economic Statistics  
Last Ten Calendar Years**

County of Ventura <sup>(1)</sup>					
Year	Population within District	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2007	31,263	4.7%	800,027	\$ 37,081,090	\$ 46,350
2008	31,263	6.1%	806,353	36,669,201	45,475
2009	31,263	10.3%	815,130	35,123,778	43,090
2010	32,760	10.6%	825,353	36,032,516	43,657
2011	32,760	10.3%	830,973	38,195,055	45,964
2012	32,760	10.3%	835,476	40,391,098	48,345
2013	32,760	7.8%	840,972	40,940,858	48,683
2014	32,760	6.2%	846,178	42,651,306	50,405
2015	33,455	5.3%	848,073	-	- (2)
2016	33,455	5.8%	856,508	-	- (2)



**Sources:** Ventura County General Plan Public Facilities & Services Appendix-10-20-15 Edition; CA EDD  
Labor Market Information: Mo. Labor Force Data for Counties August 2016-Preliminary;  
US Bureau of Economic Analysis CA1 Personal Income Summary

**Notes:**

Population, Personal Income, & Personal Income per Capita for years 2007-2013 were revised to reflect the Bureau of Economic Analysis' revision dated November 19, 2015

(1) 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.

(2) Personal income and per capita data not available for 2015 and 2016.

**Triunfo Sanitation District**  
**Principal Employers - Ventura County**  
**Current Fiscal Year and Ten Years Ago**

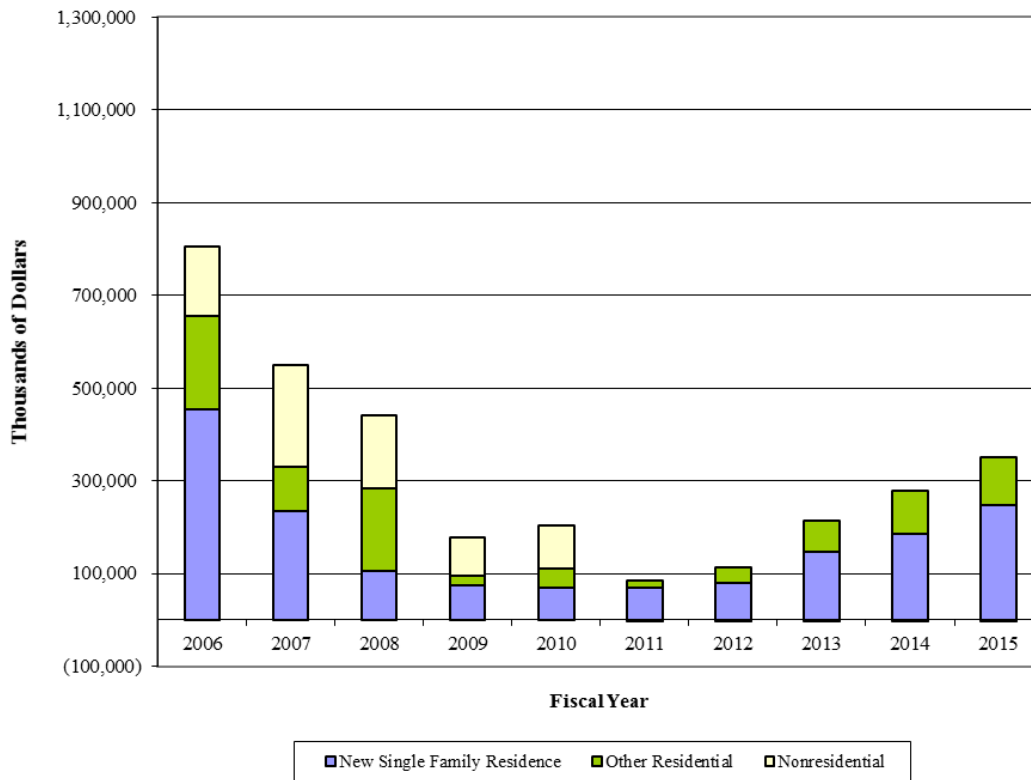
<b>Employer</b>	<b>2016</b>		<b>2006</b>	
	<b>Number of Employees</b>	<b>Percentage of Total Employed</b>	<b>Number of Employees</b>	<b>Percentage of Total Employed</b>
Air National Guard	1,000 - 4,999	1.2%	-	n/a
Amgen	5,000 - 9,999	2.5%	3,523	0.9%
Anthem Blue Cross	1,000 - 4,999	1.2%	-	n/a
Baxter Healthcare	1,000 - 4,999	1.2%	-	n/a
Boskovich Farms	1,000 - 4,999	1.2%	-	n/a
Cal Atlantic Homes	1,000 - 4,999	1.2%	-	n/a
City of Simi Valley	500 - 999	0.2%	-	n/a
Coleman Welding	1,000 - 4,999	1.2%	-	n/a
Community Memorial Health System	1,000 - 4,999	1.2%	-	n/a
Community Memorial Hospital	1,000 - 4,999	1.2%	-	n/a
Conejo Unified School District	-	n/a	2,523	0.6%
Countrywide Home Loans Headquarters	-	n/a	2,450	0.6%
County of Ventura - Government Center	-	n/a	7,100	1.8%
GTE	-	n/a	3,200	0.8%
Haas Automation, Inc.	500 - 999	0.2%	-	n/a
Harbor Freight Tools USA Inc	1,000 - 4,999	1.2%	-	n/a
I Yogi Technical Support	5,000 - 9,999	2.5%	-	n/a
Los Robles Hospital & Medical Center	1,000 - 4,999	1.2%	-	n/a
Moorpark College	500 - 999	0.2%	-	n/a
Nancy Reagan Breast Center	500 - 999	0.2%	-	n/a
Naval Air Warfare Ctr Weapons, Pt. Mugu	5,000 - 9,999	2.5%	7,985	2.0%
Naval Construction Battalion, Port Hueneme	5,000 - 9,999	2.5%	9,184	2.3%
Ojai Valley Inn & Spa	500 - 999	0.2%	-	n/a
Oxnard College	500 - 999	0.2%	-	n/a
Sheriff's Department-Jails	1,000 - 4,999	1.2%	-	n/a
Simi Valley City Manager	500 - 999	0.2%	-	n/a
Simi Valley Hospital	500 - 999	0.2%	-	n/a
Simi Valley Unified School District	-	n/a	2,373	0.6%
St John's Regional Medical Center	1,000 - 4,999	1.2%	-	n/a
Technicolor Video Services	-	n/a	2,500	0.6%
Ventura County Ofc of Education	500 - 999	0.2%	-	n/a
Wellpoint Health Network, Inc.	-	n/a	3,442	0.9%
<b>Total Employed in County</b>	<b>402,100</b>		<b>403,800</b>	

**Sources:** America's Labor Market Information-Labor Force Data for Counties Aug 2016 & Major Employers in Ventura County 2016 2nd Edition

**Notes:** Exact number of employees by employer not available for current year. Therefore, employer's percentage of total employment based on maximum number of employees by employer.

**Triunfo Sanitation District  
Building Permits - County of Ventura  
Last Ten Fiscal Years  
(in thousands of dollars)**

<b>Fiscal Year</b>	<b>New Single Family Residence</b>	<b>Other Residential</b>	<b>Total Residential</b>	<b>Nonresidential</b>	<b>Total All Building</b>
2006	454,260	202,459	656,719	148,594	805,313
2007	234,027	95,036	329,063	221,365	550,428
2008	106,055	178,096	284,151	157,623	441,774
2009	74,364	21,892	96,256	82,195	178,451
2010	69,738	41,306	111,044	93,470	204,514
2011	68,257	16,690	84,947	(1)	(2)
2012	80,035	32,669	112,704	(1)	(2)
2013	147,853	65,525	213,378	(1)	(2)
2014	184,973	94,558	279,531	(1)	(2)
2015	248,427	102,058	350,485	(1)	(2)



**Note:**

No information available for 2016 as of the date of this report

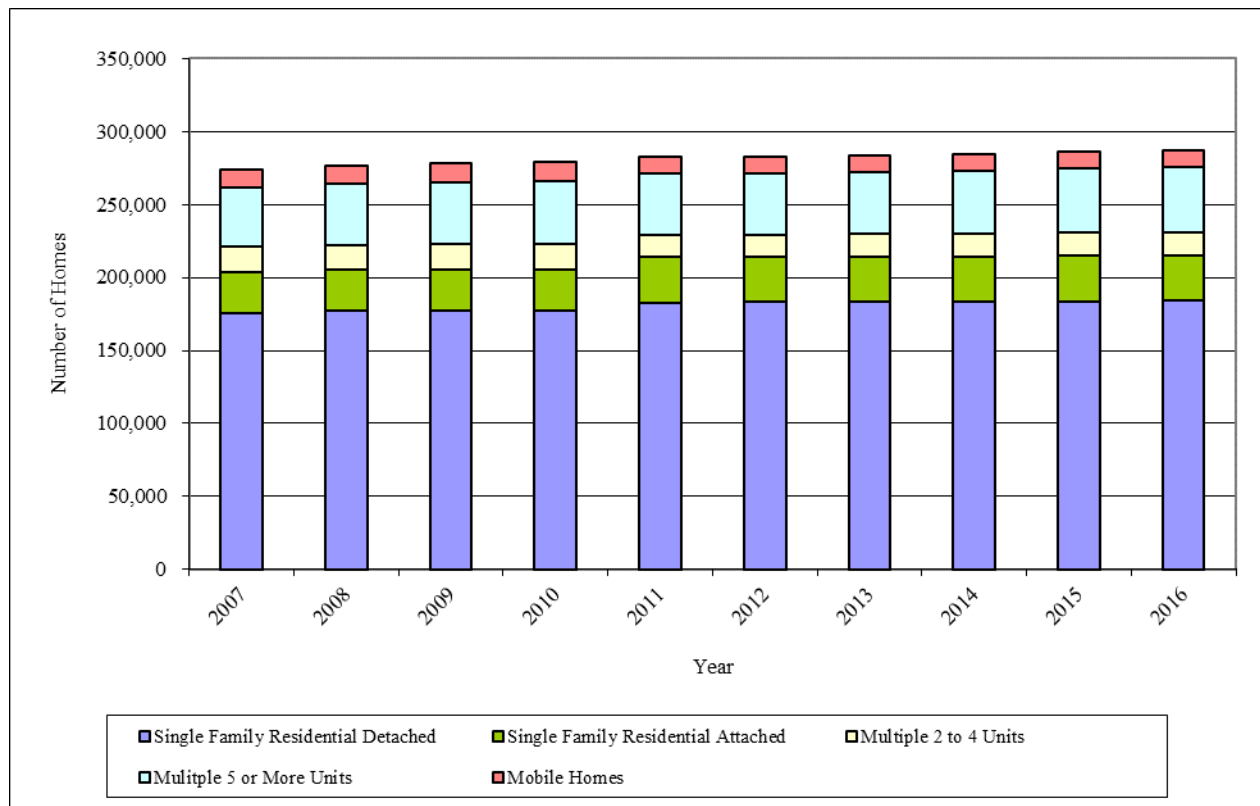
(1) No longer able to track non-residential permits

(2) No longer able to track total building permits

**Sources:** US Census, Business & Industry, Construction Building Permits by County and Ventura County Statistical Abstract 2005-2012

**Triunfo Sanitation District  
Housing Stock Estimates - County of Ventura  
Last Ten Calendar Years**

<b>Fiscal Year</b>	<b>Single Family Residential Detached</b>	<b>Single Family Residential Attached</b>	<b>Multiple 2 to 4 Units</b>	<b>Multiple 5 or More Units</b>	<b>Mobile Homes</b>	<b>Total All Housing</b>
2007	175,906	28,088	16,963	40,933	12,334	274,224
2008	176,979	28,131	17,181	41,698	12,331	276,320
2009	177,354	28,156	17,433	42,603	12,349	277,895
2010	177,564	28,185	17,591	43,049	12,362	278,751
2011	182,857	30,922	15,286	41,879	11,324	282,268
2012	183,011	30,906	15,406	42,271	11,329	282,923
2013	183,151	30,966	15,560	42,561	11,337	283,575
2014	183,389	31,018	15,641	43,100	11,341	284,489
2015	183,775	31,038	15,759	43,890	11,346	285,808
2016	184,141	31,259	15,886	44,444	11,350	287,080



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

**Triunfo Sanitation District  
Operating and Capacity Indicators  
Last Ten Fiscal Years**

<b>Sanitation Services</b>				
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Collection System (Miles)</b>	<b>Treatment Capacity (MGD)</b>	<b>Average Dry Weather Flow (MGD)</b>
2007	50	120	4.70	3.30
2008	50	120	4.70	3.30
2009	50	120	4.70	3.30
2010	50	120	4.70	3.30
2011	50	120	4.70	3.30
2012	50	120	4.70	3.30
2013	50	120	4.70	3.30
2014	50	120	4.70	3.30
2015	50	120	4.70	3.30
2016	50	120	4.70	3.30

<b>Potable Water Sales</b>			
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Potable Water Capacity (MGM)</b>	<b>Potable Water System (Miles)</b>
2007	50	82.72	50
2008	50	82.72	50
2009	50	82.72	50
2010	50	82.72	50
2011	50	82.72	50
2012	50	82.72	50
2013	50	82.72	50
2014	50	82.72	50
2015	50	82.72	50
2016	50	82.72	50

<b>Recycled Water Sales</b>			
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Recycled Water Capacity (MGM)</b>	<b>Recycled Water System (Miles)</b>
2007	50	40.73	5
2008	50	40.73	5
2009	50	40.73	5
2010	50	40.73	5
2011	50	40.73	5
2012	50	40.73	5
2013	50	40.73	5
2014	50	40.73	5
2015	50	40.73	5
2016	50	40.73	5

MGD - Millions of Gallons per Day

MGM - Millions of Gallons per Month

**Note:** The District contracts with Ventura Regional Sanitation District for all administration, management and operation services.

**Sources:** Ventura Regional Sanitation District Finance Department

