

Triunfo Sanitation District



Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2017 and June 30, 2016



Mark Norris, General Manager

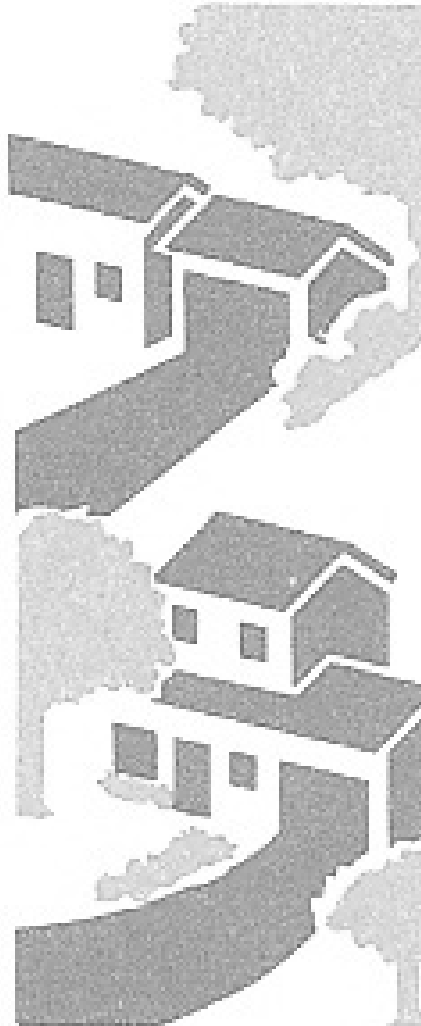
Ventura County, California



Pictured on the front cover are the water pumps that are part of the reclaimed water system that Triunfo Sanitation District purchased from Calleguas Municipal Water District in May 2017.

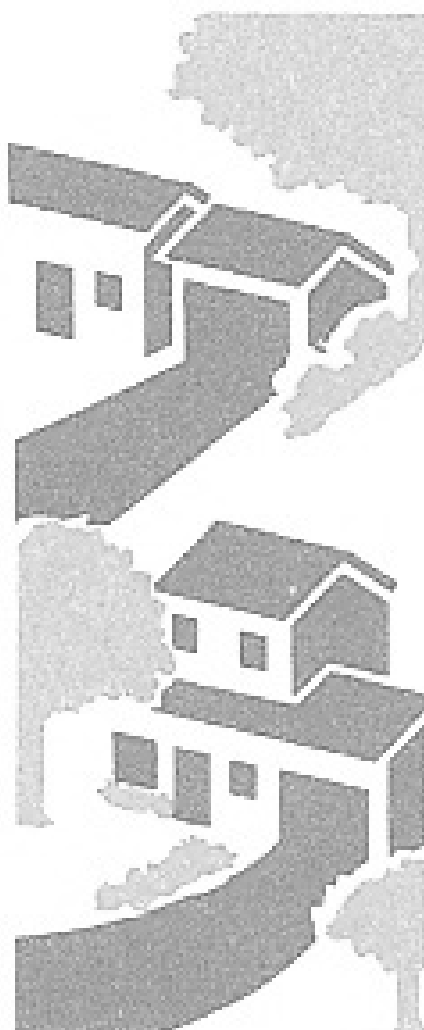
Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2017 and June 30, 2016**



Triunfo Sanitation District **Ventura County, California**

Prepared by Contract Staff of the Ventura Regional Sanitation District
Finance Department
Carlos Corrales, Director of Finance



TRIUNFO SANITATION DISTRICT
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

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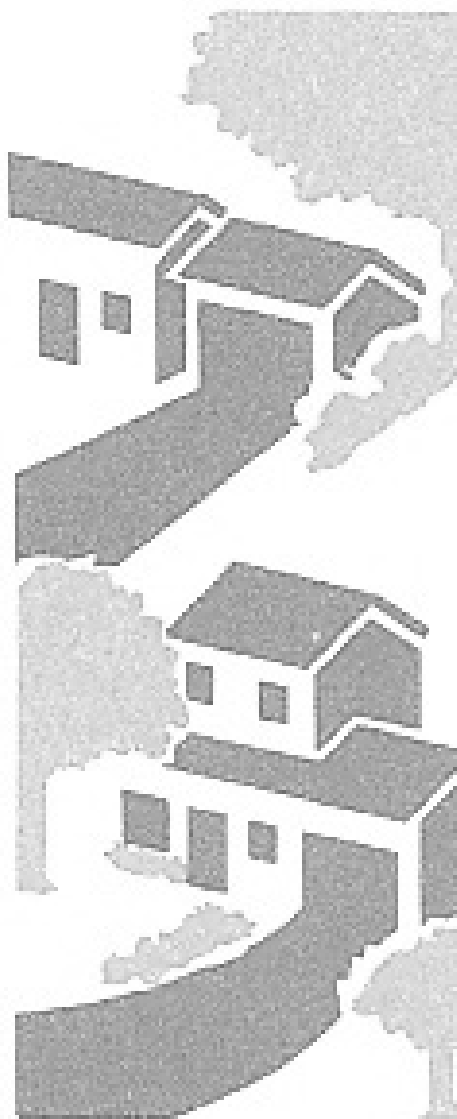
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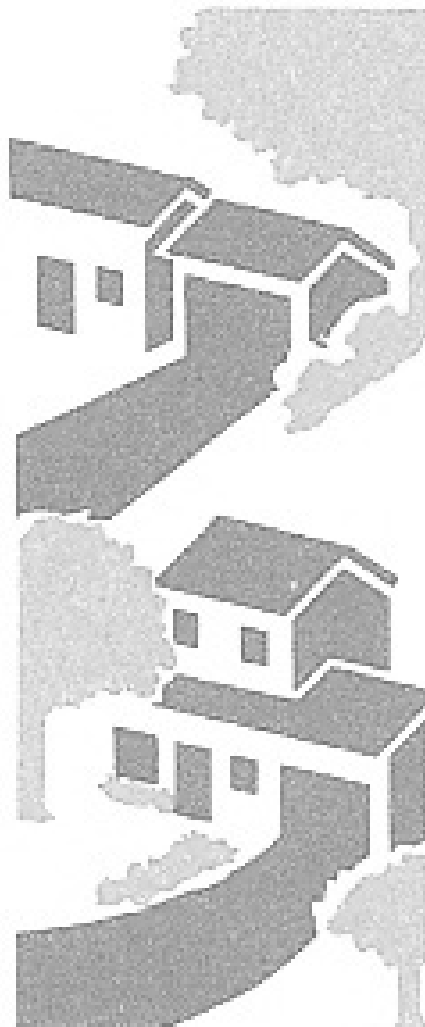
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Introductory Section



Triunfo Sanitation District

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





TRIUNFO SANITATION DISTRICT

A PUBLIC AGENCY

Board of Directors

James Wall, Chair

Michael Paule, Vice Chair

Janna Orkney, Director

Susan Pan, Director

Raymond Tjulander, Director

Providing Outstanding Service Since 1963

December 30, 2017

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) as of and for the fiscal years ended June 30, 2017 and 2016; 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, 2017 and June 30, 2016. 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 2017, 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 \$12,725 per Equivalent Residential Unit (ERU).

The District presently owns 33.6% of the Joint Venture wastewater treatment facilities, 46.8% of the land, and 58.4% of the trunk sewers. The District's right to use the facilities is commensurate with its ownership share (33.6%), while recycled water rights are based on actual sewage flows into Tapia. In addition, the District owns 29.3% 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 8 million gallons of wastewater per day (mgd), the District flow averages about 2.3 mgd, representing 37% 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 2017, the District paid \$88,169 in capacity and treatment costs to the City and County of Los Angeles. In addition, the District paid \$63,222 toward the Tillman plant expansion. Future capital improvements for this facility are primarily funded through sewer connection fees of \$2,775 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 \$2,406,038 and \$2,295,803 in fiscal year 2017 and fiscal year 2016, 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.

In 2017, Triunfo purchased the recycled water (RW) system from Calleguas Municipal Water District (Calleguas). The purchase of the RW system (at a cost of approximately \$12 million dollars) terminated the recycled water purchase agreement between Triunfo and Calleguas which allowed Triunfo to wholesale the RW to Hidden Valley and CalWater. The RW system includes 10 miles of pipeline (ranging from 4-18 inches), a 1.8 million gallon storage reservoir (Oak Park Reservoir), and a 5 million gallon per day pump station (Oak Park Pump Station). The RW system serves the communities of Oak Park, North Ranch, Lake Sherwood, and portions of Thousand Oaks.

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 2017 were 1,911 acre-feet compared to 1,746 acre-feet in fiscal year 2016. These deliveries provided income of \$4,575,323 and \$3,725,085 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. Five leases were in place by the end of the fiscal year. Consolidation of cellular service companies provided income of \$111,672 for fiscal year 2017 and \$112,270 for fiscal year 2016.

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 857,386 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. Ventura County's population grew 0.28 percent in 2016.

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 (2015) available from the U.S. Department of Agriculture ranks Ventura County 10th among all counties in the U.S. in total crop value.

Income and Unemployment – The unemployment rate in Ventura County decreased from 5.5 percent in September 2016 to 4.7 percent in September 2017 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 \$80,135 and per capita income is \$35,298 (inflation-adjusted).

Real Estate – According to the Center for Economic Research & Forecasting – Cal Lutheran University, Ventura County 2016 home building activity has risen compared with 2015. The county's non-residential building activity level was also respectably good compared with the post-recession era. The August 2017 median Ventura County price for existing single-family homes is \$565,000, and the median new home price reached \$770,500 in July of 2017.

Long-term Financial Planning

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 proposed Pure Water Project will create a new, local, sustainable and drought-proof drinking water supply through the purification of the Las Virgenes – Triunfo Joint Powers Authority (JPA) surplus recycled water and process it through an advanced treatment facility; then store it at the Las Virgenes Reservoir for later use as drinking water. The project would reduce the need to discharge excess recycled water to Malibu Creek and is intended to diversify the region's water supply and reduce dependence on imported water by generating up to 6 million gallons per day of drinking water. The construction costs of the project are estimated to be approximately \$95.3 million.

The District Board increased the potable water and recycled water rates based on the increased rates from Calleguas Municipal Water District. The pass through rates will be effective January 1, 2018.

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.

In April 2017, Governor Brown ended the Drought State of Emergency in most of California, which included Ventura County.

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, 2016. 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.



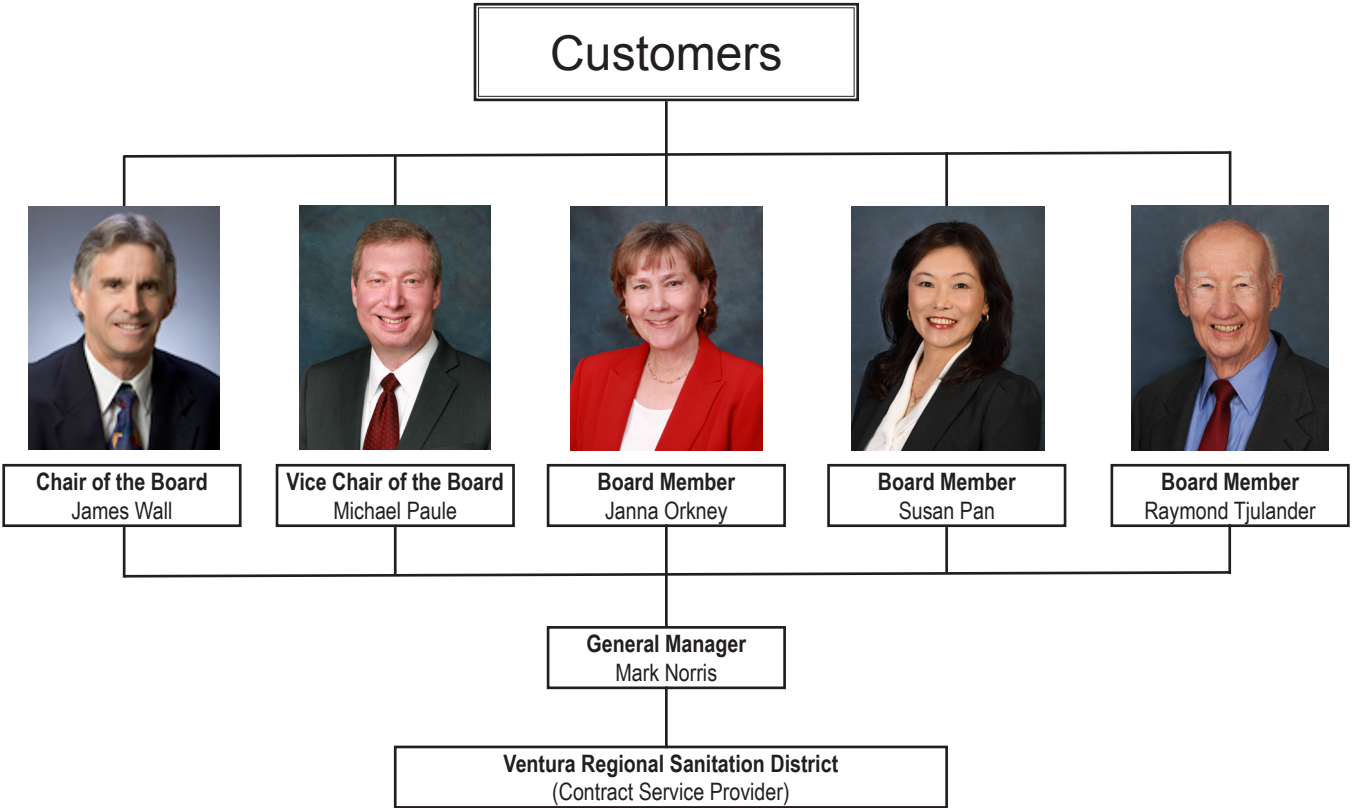
MARK NORRIS
General Manager



CARLOS CORRALES
Director of Finance

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TRIUNFO SANITATION DISTRICT



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Triunfo Sanitation District

Ventura County, California

2017 Board of Directors

James Wall	Chair
Mike Paule	Vice-Chair
Janna Orkney	Member
Susan Pan	Member
Raymond Tjulander	Member

District Staff

Mark Norris	General Manager	(805) 658-4621
Carlos Corrales	Finance	(805) 658-4646
Matt Baumgardner	Operations	(805) 658-4675
Juliet Rodriguez	Clerk of the Board	(805) 658-4642
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**Certificate of
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California**

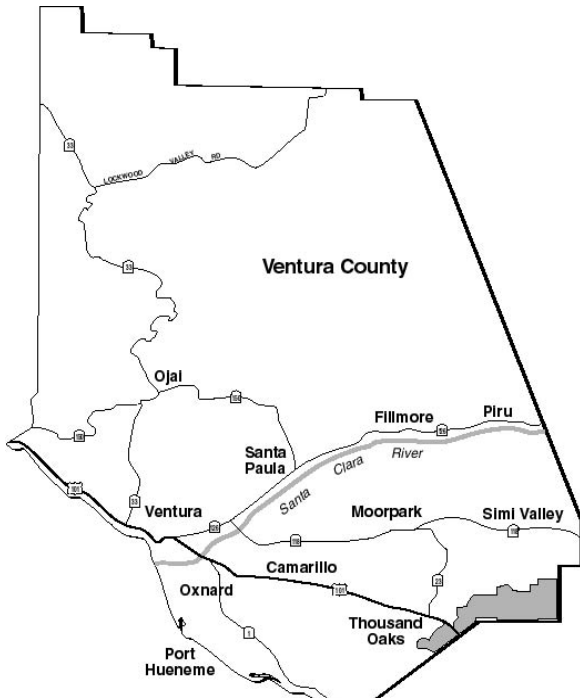
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

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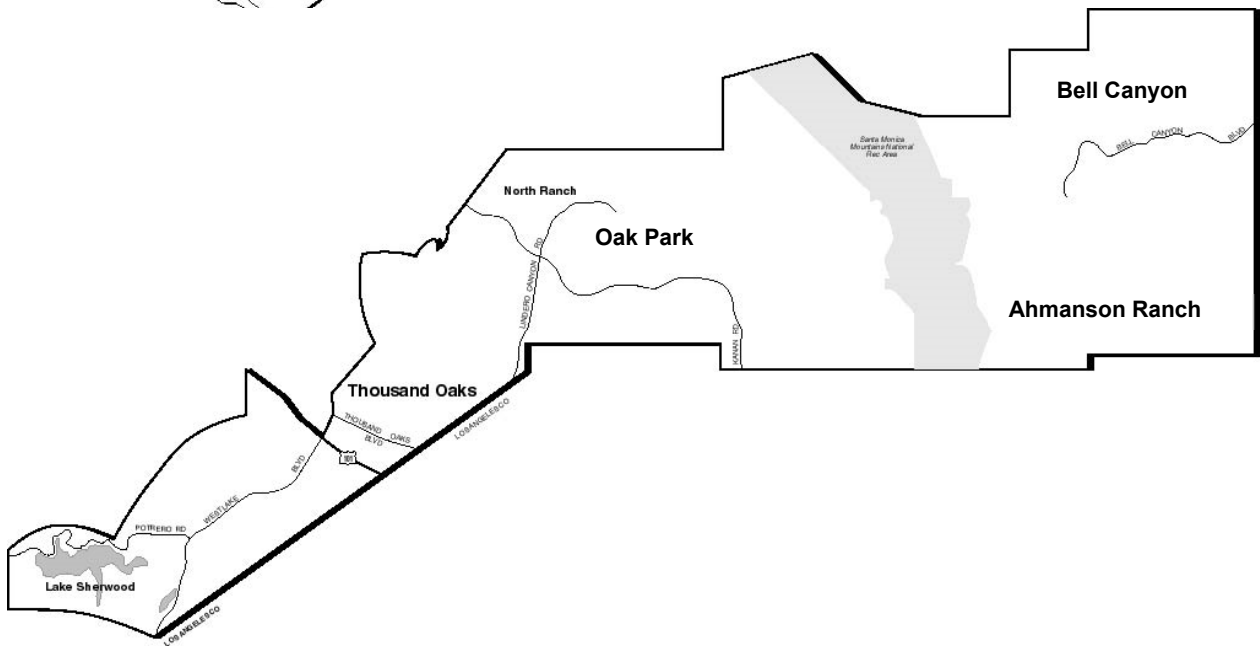
VENTURA COUNTY



CALIFORNIA

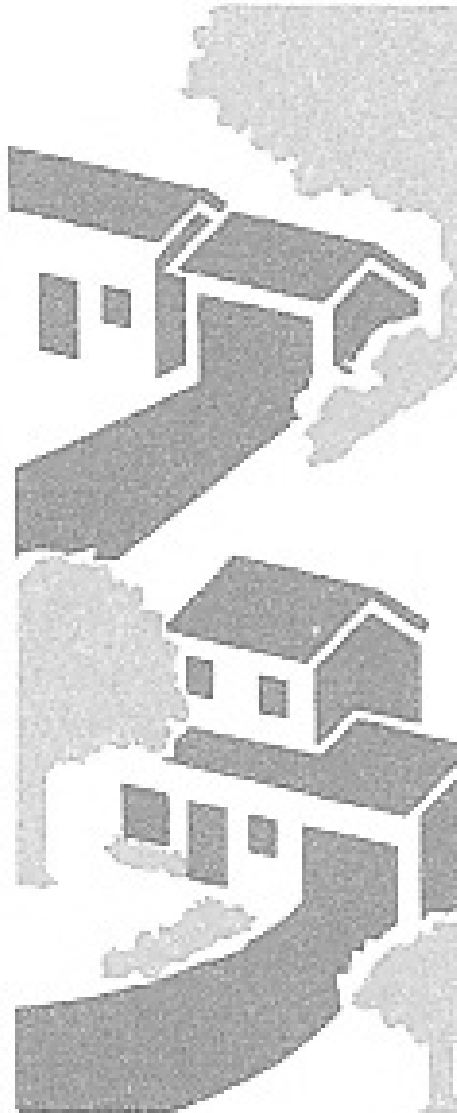


TRIUNFO SANITATION DISTRICT



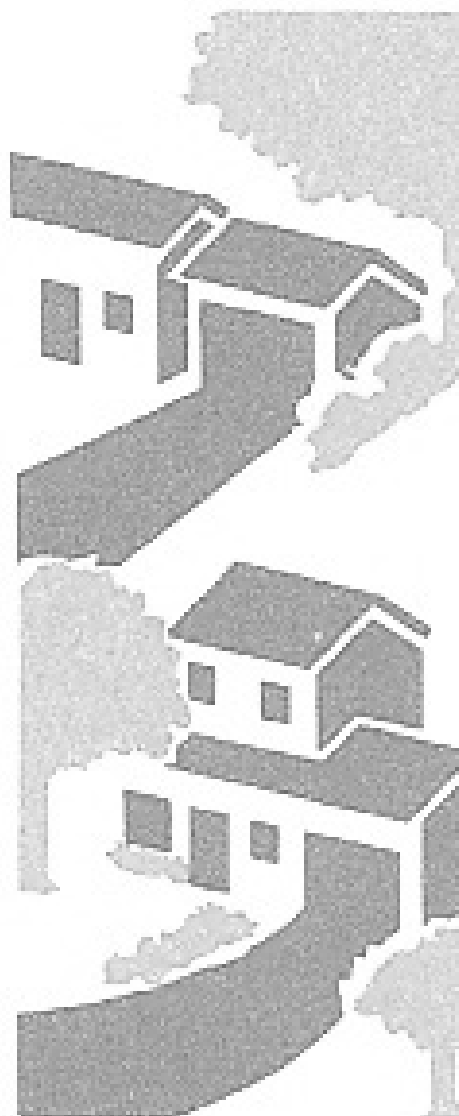
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Financial Section



Triunfo Sanitation District

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





MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017, 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, 2017, 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, 2016, and our report dated December 20, 2016, 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, 2016, 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 15-23 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

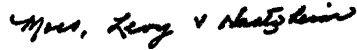
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Triunfo Sanitation District's basic financial statements. The introductory section, combining schedule of net position, combining schedule of revenues, expenses, and changes in net position, 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, 2017, 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, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2017 and 2016. 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, 2017

- 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 \$42.2 million (*unrestricted net position*), \$11.6 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 increased slightly by \$36,826, or 0.1%.
- The District's total revenues increased by 10.2% to \$16.8 million and total expenses increased by 2% to \$16.7 million.

Financial Highlights for the fiscal year ended June 30, 2016

- The assets of the District exceeded its liabilities at the close of 2016 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.

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 25-27 of this report.

The *Statements of Net Position* present 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 *Statements 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 *Statements of Cash Flows* present 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>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 13,548,688	\$ 12,025,977	\$ 1,522,711	12.7%
Restricted current assets	1,376,806	1,315,718	61,088	4.6%
LVMWD/TSD-joint venture	30,603,461	31,159,462	(556,001)	-1.8%
Capital assets, net	40,191,465	29,615,922	10,575,543	35.7%
Total assets	<u>85,720,420</u>	<u>74,117,079</u>	<u>11,603,341</u>	15.7%
Liabilities:				
Liabilities payable from unrestricted current assets	3,027,364	2,058,099	969,265	47.1%
Liabilities payable from restricted current assets	708,494	713,718	(5,224)	-0.7%
Non-current liabilities	19,268,214	8,665,740	10,602,474	122.3%
Total liabilities	<u>23,004,072</u>	<u>11,437,557</u>	<u>11,566,515</u>	101.1%
Net Position:				
Net investment in capital assets	19,867,037	20,705,185	(838,148)	-4.0%
Restricted:				
Conifer loan reserve requirement	602,000	602,000	-	0.0%
Unrestricted	42,247,311	41,372,337	874,974	2.1%
Total net position	<u>\$ 62,716,348</u>	<u>\$ 62,679,522</u>	<u>\$ 36,826</u>	0.1%

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 (\$42.2 million) is the District's unrestricted net position. \$30.6 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 42-43. The remaining \$11.6 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 (\$19.9 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, 2017 and 2016, the District had \$602,000 in restricted net position.

In fiscal year 2016, the District's capital assets investment in Joint Venture with the Las Virgenes Municipal Water District was \$31.2 million, 49.7% of total District net position, and 75.3% of the District's unrestricted assets. As seen in the table on page 18, total net position decreased by \$1,184,081 to \$62.7 million in fiscal year 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONTINUED)

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	<u>29,615,922</u>	<u>30,498,739</u>	<u>(882,817)</u>	-2.9%
Total assets	<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	<u>8,665,740</u>	<u>9,139,672</u>	<u>(473,932)</u>	-5.2%
Total liabilities	<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	<u>41,372,337</u>	<u>41,983,804</u>	<u>(611,467)</u>	-1.5%
Total net position	<u>\$ 62,679,522</u>	<u>\$ 63,863,603</u>	<u>\$ (1,184,081)</u>	-1.9%

MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONTINUED)

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 increase in total net position was \$36,826 in fiscal year 2017.

Total revenues increased by \$1,554,566 (10.2%) compared to fiscal year 2016. Recycled water and potable water both are highly cyclical in nature due to the weather and some conservation efforts; both showed increases in 2017. Recycled water sales increased by \$110,235, potable water sales by \$850,238, and sanitation fees increased by \$512,660.

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

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Operating revenues:				
Sanitation fees	\$ 7,657,139	\$ 7,144,479	\$ 512,660	7.2%
Potable water sales	4,575,323	3,725,085	850,238	22.8%
Recycled water sales	2,406,038	2,295,803	110,235	4.8%
Water meter service fees	1,679,051	1,379,077	299,974	21.8%
Other	269,137	464,169	(195,032)	-42.0%
Non-operating revenues:				
Rental revenue - cellular antennas	111,672	112,270	(598)	-0.5%
Interest and investment earnings	50,628	69,338	(18,710)	-27.0%
Other	7,249	11,450	(4,201)	-36.7%
Total revenues	<u>16,756,237</u>	<u>15,201,671</u>	<u>1,554,566</u>	<u>10.2%</u>
Expenses:				
Operating expenses:				
Wastewater treatment	4,058,695	3,917,234	141,461	3.6%
Potable water purchased	2,961,082	2,680,573	280,509	10.5%
Recycled water purchased	1,629,682	1,871,720	(242,038)	-12.9%
Professional services	230,423	94,030	136,393	145.1%
Management and administrative	4,249,750	4,338,605	(88,855)	-2.0%
Depreciation and amortization	1,271,388	1,288,281	(16,893)	-1.3%
Change in investment LVMWD/TSD	1,874,056	1,827,859	46,197	2.5%
Non-operating expenses:				
Interest expense	444,335	367,450	76,885	20.9%
Total expenses	<u>16,719,411</u>	<u>16,385,752</u>	<u>333,659</u>	<u>2.0%</u>
Change in net position	36,826	(1,184,081)	1,220,907	-103.1%
Net position, beginning of fiscal year	62,679,522	63,863,603	(1,184,081)	-1.9%
Net position, end of fiscal year	<u>\$ 62,716,348</u>	<u>\$ 62,679,522</u>	<u>\$ 36,826</u>	<u>0.1%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONTINUED)

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 \$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.

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%
Total revenues	<u>15,201,671</u>	<u>15,196,826</u>	<u>4,845</u>	<u>0.0%</u>
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%
Total expenses	<u>16,385,752</u>	<u>16,213,943</u>	<u>171,809</u>	<u>1.1%</u>
Change in net position	(1,184,081)	(1,017,117)	(166,964)	16.4%
Net position, beginning of fiscal year, as restated	63,863,603	64,880,720	(1,017,117)	-1.6%
Net position, end of fiscal year	<u>\$ 62,679,522</u>	<u>\$ 63,863,603</u>	<u>\$ (1,184,081)</u>	<u>-1.9%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONTINUED)

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2017, (at cost) amounted to \$61.9 million or \$40.2 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 2017 were:

	<u>Balance 2016</u>		<u>Transfers/ Additions</u>		<u>Transfers/ Deletions</u>		<u>Balance 2017</u>
Capital Assets:							
Non-depreciable assets	\$ 777,212	\$	11,846,931	\$	(11,733,979)	\$	890,164
Depreciable assets	49,320,494		11,733,979		-		61,054,473
Accumulated depreciation and amortization	(20,481,784)		(1,271,388)		-		(21,753,172)
Total capital assets, net	<u>\$ 29,615,922</u>	\$	<u>22,309,522</u>	\$	<u>(11,733,979)</u>	\$	<u>40,191,465</u>

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	(19,193,503)		(1,288,281)		-		(20,481,784)
Total capital assets, net	<u>\$ 30,498,739</u>	\$	<u>1,558,292</u>	\$	<u>(2,441,109)</u>	\$	<u>29,615,922</u>

Major capital asset events during the fiscal year 2017 included the following:

Recycled Water System - \$11,733,979
Various capital projects - \$ 112,952
Accumulated depreciation - \$1,271,388

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

Additional information on the District's capital assets can be found in note B-4 pages 40-41 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONTINUED)

Debt Administration

The District's long-term debt outstanding as of June 30, 2017, was \$19,975,139.

	Balance at June 30, 2016		Additions		Payments/ Deletions		Balance at June 30, 2017
Long-term debt:							
2014 AMR Loan	\$ 2,263,316	\$	-	\$	(142,533)	\$	2,120,783
2011 Construction Loan	6,433,501		-		(304,145)		6,129,356
2017 RW System Purchase Loan	<u>-</u>		<u>11,725,000</u>		<u>-</u>		<u>11,725,000</u>
Total long-term debt	8,696,817	\$	<u>11,725,000</u>	\$	<u>(446,678)</u>		19,975,139
Less current portion	<u>(446,678)</u>						<u>(1,095,272)</u>
Total long-term portion	<u>\$ 8,250,139</u>					\$	<u>18,879,867</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, 2016, was \$8,696,817.

	Balance at June 30, 2015		Additions		Payments/ Deletions		Balance at June 30, 2016
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>

Economic Factors and Next Fiscal Year's Budget and Rates

- The District Board considered the factors mentioned above when setting the fiscal year 2018 budget, rates, and fees. The District's fiscal year 2017-18 adopted budget (expenses not including the change in investment-in-joint venture LVMWD/TSD) totaled \$16,745,228 or 2% decrease 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. In April 2017, Governor Brown ended the Drought State of Emergency in most of California, which includes Ventura County.
- Calleguas Municipal Water District (CMWD) wholesale supply rate will increase effective January 1, 2018. 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 (\$.17/HCF) across all the tiers effective January 1, 2018.
- 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 2% effective July 1, 2017.

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, Triunfo Sanitation District, 1001 Partridge Drive, Suite 150, Ventura, California, 93003-0704. Please visit the District's website at www.triunfosanitation.com

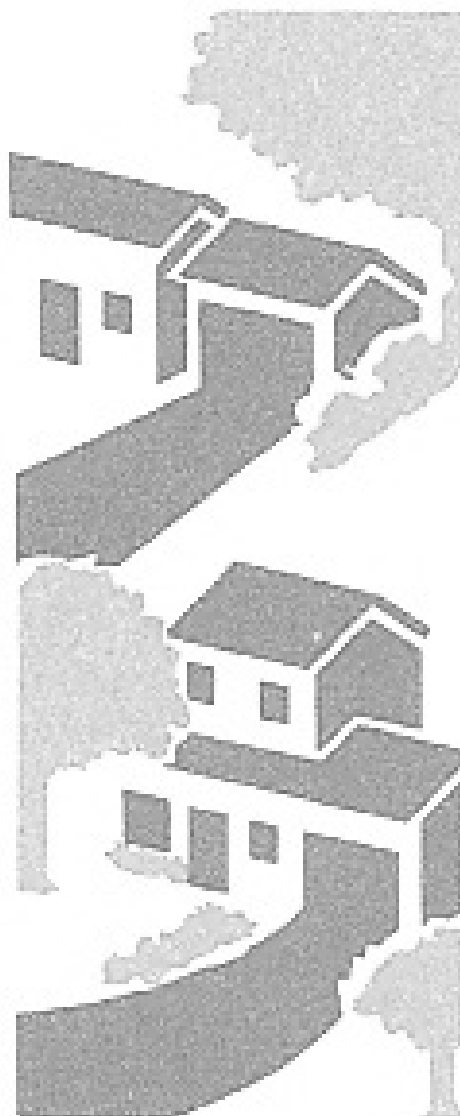
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Basic Financial Statements



Triunfo Sanitation District

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



Basic Financial Statements

TRIUNFO SANITATION DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND JUNE 30, 2016

ASSETS		2017	2016
Current assets:			
Cash and cash equivalents	(Note B1)	\$ 8,865,096	\$ 8,736,523
Accrued interest receivable		25,557	20,967
Accounts receivable – water sales and services, net	(Note B3)	928,514	724,601
Accounts receivable – sanitation fees	(Note B3)	278,472	200,526
Accounts receivable – other	(Note B3)	7,078	37,504
Advance deposits – investment-in-joint venture LVMWD/TSD	(Note B5)	3,324,675	2,256,294
Water-in-storage inventory		19,870	17,051
Prepaid and other		99,426	32,511
Total current assets – unrestricted		13,548,688	12,025,977
Restricted current assets:			
Cash and cash equivalents	(Note B2)	1,376,806	1,315,718
Total current assets – restricted		1,376,806	1,315,718
Total current assets – unrestricted and restricted		14,925,494	13,341,695
Non-current assets			
Capital assets, net	(Note B4)	40,191,465	29,615,922
Investment-in-joint venture LVMWD/TSD	(Note B5)	30,603,461	31,159,462
Total non-current assets		70,794,926	60,775,384
Total assets		85,720,420	74,117,079
LIABILITIES			
Current liabilities:			
Payable from current assets:			
Accounts payable and accrued expenses		1,648,024	1,451,635
Accrued interest payable – loan		256,814	132,532
Loan payable – current portion	(Note B6)	1,095,272	446,678
Developer refund agreements – current portion	(Note B6)	27,254	27,254
Payable from current assets – unrestricted		3,027,364	2,058,099
Payable from restricted current assets:			
Customer deposits		42,121	47,345
Unearned revenue		666,373	666,373
Payable from restricted current assets		708,494	713,718
Total current liabilities – unrestricted and restricted		3,735,858	2,771,817
Non-current liabilities:			
Loans payable	(Note B6)	18,879,867	8,250,139
Developer refund agreements	(Note B6)	388,347	415,601
Total non-current liabilities		19,268,214	8,665,740
Total liabilities		23,004,072	11,437,557
NET POSITION			
Net investment in capital assets	(Note B7)	19,867,037	20,705,185
Restricted:			
Conifer loan reserve requirement	(Note B7)	602,000	602,000
Unrestricted		42,247,311	41,372,337
Total net position		\$ 62,716,348	\$ 62,679,522

See accompanying notes to the financial statements.

TRIUNFO SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Sanitation fees	\$ 7,657,139	\$ 7,144,479
Potable water sales	4,575,323	3,725,085
Recycled water sales	2,406,038	2,295,803
Water meter service fees	1,679,051	1,379,077
Connection fees	138,650	107,975
Other charges for services	<u>130,487</u>	<u>356,194</u>
Total operating revenues	<u>16,586,688</u>	<u>15,008,613</u>
Operating expenses:		
Wastewater treatment	4,058,695	3,917,234
Potable water purchased	2,961,082	2,680,573
Recycled water purchased	1,629,682	1,871,720
Professional services	230,423	94,030
Management and administrative	<u>4,249,750</u>	<u>4,338,605</u>
Total operating expenses	<u>13,129,632</u>	<u>12,902,162</u>
Operating income before depreciation	3,457,056	2,106,451
Depreciation and amortization	<u>(1,271,388)</u>	<u>(1,288,281)</u>
Operating income	<u>2,185,668</u>	<u>818,170</u>
Non-operating revenue(expense)		
Change in investment-in-joint venture LVMWD/TSD (Note B5)	(1,874,056)	(1,827,859)
Rental revenue - cellular antennas	111,672	112,270
Interest and investment earnings	50,628	69,338
Interest expense	(444,335)	(367,450)
Other income(expenses), net	<u>7,249</u>	<u>11,450</u>
Total non-operating revenue(expenses), net	<u>(2,148,842)</u>	<u>(2,002,251)</u>
Change in net position	36,826	(1,184,081)
Net position, beginning of fiscal year	<u>62,679,522</u>	<u>63,863,603</u>
Net position, end of fiscal year	<u>\$ 62,716,348</u>	<u>\$ 62,679,522</u>

See accompanying notes to the financial statements.

TRIUNFO SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers for water sales and services	\$ 8,589,925	\$ 7,461,982
Receipts from customers for sanitation services	7,579,192	7,125,254
Receipts for other services	160,912	354,100
Payments to vendors for materials and services	(13,002,977)	(13,457,094)
Net cash provided by operating activities	<u>3,327,052</u>	<u>1,484,242</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(11,846,931)	(405,464)
Capital contributions	10,137,035	-
Proceeds from capital debt	11,725,000	-
Principal and interest paid on long-term debt	(10,931,018)	(828,360)
Net cash used in capital and related financing activities	<u>(915,914)</u>	<u>(1,233,824)</u>
Cash flows from non-capital financing activities:		
Insurance claim reimbursement	7,249	9,497
Sales proceeds from inventory	-	1,953
Net cash provided by non-capital financing activities	<u>7,249</u>	<u>11,450</u>
Cash flows from investing activities:		
Advance deposits – investment-in-joint venture LVMWD/TSD facility	(2,386,436)	(645,942)
Proceeds from rental revenue - cellular antennas	111,672	112,270
Proceeds from interest and investment earnings	46,038	55,156
Net cash used in investing activities	<u>(2,228,726)</u>	<u>(478,516)</u>
Net increase(decrease) in cash and cash equivalents	189,661	(216,648)
Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year	<u>10,052,241</u>	<u>10,268,889</u>
Cash and cash equivalents (unrestricted and restricted), end of fiscal year	\$ <u><u>10,241,902</u></u>	\$ <u><u>10,052,241</u></u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$ 8,865,096	\$ 8,736,523
Restricted cash and cash equivalents	<u>1,376,806</u>	<u>1,315,718</u>
Total cash and cash equivalents	\$ <u><u>10,241,902</u></u>	\$ <u><u>10,052,241</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ <u>2,185,668</u>	\$ <u>818,170</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,271,388	1,288,281
Changes in assets and liabilities:		
(Increase)decrease in assets:		
Accounts receivable – water sales and services, net	(203,913)	(50,245)
Accounts receivable – sanitation fees	(77,946)	(18,519)
Accounts receivable – other, net	30,425	(6,827)
Water-in-storage inventory	(2,818)	14,917
Prepaid and other	(66,914)	(7,821)
Increase(decrease) in liabilities:		
Accounts payable and accrued expenses	196,386	(562,029)
Customer deposits	<u>(5,224)</u>	<u>8,315</u>
Total adjustments	<u>1,141,384</u>	<u>666,072</u>
Net cash provided by operating activities	\$ <u><u>3,327,052</u></u>	\$ <u><u>1,484,242</u></u>
Schedule of noncash transactions:		
Accrued capitalized interest, net	\$ (187,521)	\$ (234,918)
Change in investment-in-joint venture LVMWD/TSD	\$ (1,874,056)	\$ (1,827,859)

See accompanying notes to the financial statements.

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

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), No. 61, *The Financial Reporting Entity: Omnibus* (An Amendment of GASB Statements No. 14 and No. 34), and No. 80, *Blending Requirements for Certain Component Units* (an amendment of No. 14). 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, 2017 and 2016

2. Measurement Focus and Basis of Accounting (continued)

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, 2017 and 2016

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, 2017 and 2016 were \$979,308 and \$1,076,197, 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’s share of construction advance balances at June 30, 2017 was \$532,355. The District had a credit of \$63,102 at June 30, 2016.

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, 2017 and 2016 were \$1,813,012 and \$1,243,199, 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, 2017 and 2016

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 acquisition 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, 2017 and 2016

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>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 8,865,096	\$ 8,736,523
Restricted cash and cash equivalents	<u>1,376,806</u>	<u>1,315,718</u>
Total Cash and Investments	<u>\$ 10,241,902</u>	<u>\$ 10,052,241</u>

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

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

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents		
Deutsch Bank-Money Market Fund	\$ -	\$ 228,935
Banc of America Public Capital Corp - Escrow Funds	66,312	-
Local Agency Investment Fund (LAIF)	619,323	616,351
Ventura County Treasury Pool	8,132,413	8,789,462
Sweep Account	<u>1,423,854</u>	<u>417,493</u>
Total Cash and Cash Equivalents	<u>\$ 10,241,902</u>	<u>\$ 10,052,241</u>

At June 30, 2017, and 2016, the carrying amount of cash in bank deposits was \$1,423,854 and \$417,493 respectively, and the corresponding bank balance was \$1,836,774 and \$528,638 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

The District's Investment Policy is more restrictive than the California Government Code by prohibiting repurchase and reverse repurchase agreements.

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

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:

Investments at June 30, 2017:		Remaining Maturity (In Months)
<u>Investment Type</u>	<u>Fair Value Total</u>	<u>12 Month or Less</u>
Local Agency Investment Fund (LAIF)	\$ 619,323	\$ 619,323
Ventura County Treasury Pool	8,132,413	8,132,413
Total	<u>\$ 8,751,736</u>	<u>\$ 8,751,736</u>

Investments at June 30, 2016:		Remaining Maturity (In Months)
<u>Investment Type</u>	<u>Fair Value Total</u>	<u>12 Month or Less</u>
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>

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

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.

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

Investment Type	Total as of June 30, 2017	Minimum Legal Rating	Not Rated
Local Agency Investment Fund (LAIF)	\$ 619,323	N/A	\$ 619,323
Ventura County Treasury Pool	8,132,413	N/A	8,132,413
Total	<u>\$ 8,751,736</u>		<u>\$ 8,751,736</u>

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>

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.

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

The District has the following recurring fair value measurements as of June 30, 2017:

<u>Investments measured at the Net Asset Value (NAV)</u>	<u>Total as of June 30, 2017</u>
Local Agency Investment Fund (LAIF)	\$ 619,323
Ventura County Treasury Pool	8,132,413
	<u>8,751,736</u>
 Total	 <u><u>\$ 8,751,736</u></u>

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

		<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
<u>Investment by Fair Value</u>	<u>Total as of June 30, 2016</u>			
Money Market Fund	\$ 228,935	\$ 228,935	\$ -	\$ -
Total	\$ 228,935	<u>\$ 228,935</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Investments measured at the Net Asset Value (NAV)</u>	
Local Agency Investment Fund (LAIF)	\$ 616,351
Ventura County Treasury Pool	8,789,462
	<u>9,405,813</u>
 Total	 <u><u>\$ 9,634,748</u></u>

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

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, 2017 and 2016.

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.

All wire transfer requests must be delivered to the Auditor's office for transmission the following banking day as follows:

- Wire transfers less than \$200,000 by 3:00 p.m. the previous day.
- Wire transfers \$200,000-\$1,000,000 require a minimum of 24 hours advance notice.
- Transfers greater than \$1,000,000 require a minimum of 1 week advance notice.
- Transfers greater than \$10,000,000 require a minimum of 2 weeks advance notice.
- Deviations from the above schedule or estimated dollar values requires advance approval.

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

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

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 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 \$619,323 and \$616,351 at June 30, 2017 and 2016, respectively. The deposits in the fund are considered highly liquid.

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of a \$1,000 dollars.
- Withdrawals of \$10,000,000 or more require 24 hours advance notice.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

The total amount invested by all public agencies in LAIF at June 30, 2017 and 2016 is \$22.8 billion and \$22.7 billion, respectively. LAIF is a part of the California Pooled Money Investment Account (PMIA), which at June 30, 2017 and 2016 had a balance of \$77.6 billion and \$75.4 billion, respectively. Of those amounts, 2.89% and 2.81%, respectively, is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 194 days and 167 as of June 30, 2017 and 2016.

2. Restricted Assets

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

	2017	2016
Cash and cash equivalents restricted for:		
Customer deposits	\$ 42,121	\$ 47,345
Unearned revenue	666,373	666,373
Conifer loan reserve requirement	602,000	602,000
Banc of America Public Capital Corp - Escrow Funds	66,312	-
Total restricted cash and cash equivalents	<u>\$ 1,376,806</u>	<u>\$ 1,315,718</u>

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

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 \$9,344 and \$11,387 at June 30, 2017 and 2016, 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.

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, 2017

Accounts receivable - Trade	Gross	Allowance	Net
Water sales and services	\$ 937,858	\$ (9,344)	\$ 928,514
Sanitation fees	278,472	-	278,472
Other receivables	7,078	-	7,078
Total accounts receivable	<u>\$ 1,223,408</u>	<u>\$ (9,344)</u>	<u>\$ 1,214,064</u>

June 30, 2016

Accounts receivable - Trade	Gross	Allowance	Net
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>

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

4. Capital Assets

Changes to capital assets during fiscal years ended June 30, 2017 and 2016, were as follows:

Changes in capital assets for 2017 were as follows:	Balance June 30, 2016	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2017
Non-depreciable assets:				
Land	\$ 71,370	\$ -	\$ -	\$ 71,370
Construction -in-progress	705,842	11,846,931	(11,733,979)	818,794
Total non-depreciable assets	777,212	11,846,931	(11,733,979)	890,164
Depreciable assets:				
Structures and improvements	720,834	-	-	720,834
Wastewater collections systems	16,535,876	-	-	16,535,876
Recycled water systems	3,969,108	-	11,733,979	15,703,087
Potable water systems	27,513,211	-	-	27,513,211
Other physical property	581,465	-	-	581,465
Total depreciable assets	49,320,494	-	11,733,979	61,054,473
Accumulated depreciation:				
Structures and improvements	(209,596)	(18,255)	-	(227,851)
Wastewater collections systems	(9,189,684)	(296,071)	-	(9,485,755)
Recycled water systems	(1,823,300)	(147,460)	-	(1,970,760)
Potable water systems	(8,970,466)	(764,817)	-	(9,735,283)
Other physical property	(288,738)	(44,785)	-	(333,523)
Total accumulated depreciation:	(20,481,784)	(1,271,388)	-	(21,753,172)
Total depreciable assets, net	28,838,710	(1,271,388)	11,733,979	39,301,301
Total capital assets, net	\$ 29,615,922	\$ 10,575,543	\$ -	\$ 40,191,465
Changes in capital assets for 2016 were as follows:	Balance June 30, 2015	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2016
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, 2017 and 2016

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:

Construction Projects	2017	2016
Developer tracts in progress	\$ 374,543	\$ 374,543
Hydraulic Model-PW	138,046	106,012
Water Storage Study-RW	59,295	59,295
Lakeside Lift Station Improvements	49,276	26,867
Westlake Lift Station Abandonment	21,112	21,048
Capri Tract RW Improvements	78,697	63,834
Regency RW Pump Station Design	16,988	9,795
Oak Park North Apts RW Improvements	45,074	44,448
GP Sewer Automation	8,347	-
GP PW Upgrade/Automation	27,416	-
RW System Purchase	11,733,979	-
Transfer to RW capital	(11,733,979)	-
Total	\$ 818,794	\$ 705,842

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

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, 2017 and June 30, 2016:

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

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Assets:			
Current assets	\$ 8,172	\$ 6,463	\$ 1,709
Capital assets, net	<u>91,010</u>	<u>92,760</u>	<u>(1,750)</u>
Total assets	<u>99,182</u>	<u>99,223</u>	<u>(41)</u>
Liabilities:			
Current liabilities	750	651	99
Non-current liabilities	<u>7,422</u>	<u>5,812</u>	<u>1,610</u>
Total liabilities	<u>8,172</u>	<u>6,463</u>	<u>1,709</u>
Net position of participants net investment in capital assets:			
Las Virgenes Municipal Water District	60,406	61,601	(1,195)
Triunfo Sanitation District	<u>30,604</u>	<u>31,159</u>	<u>(555)</u>
Total net position	<u>\$ 91,010</u>	<u>\$ 92,760</u>	<u>\$ (1,750)</u>

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

TSD/LVMWD Joint Venture Condensed Statements of Revenues, Expenses, and Changes in Net Position (In Thousands of Dollars)

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 2,168	\$ 2,357	\$ (189)
Non-operating revenues	<u>45</u>	<u>22</u>	<u>23</u>
Total revenues	<u>2,213</u>	<u>2,379</u>	<u>(166)</u>
Expenses:			
Operating expenses	14,755	13,919	836
Non-operating expenses	554	44	510
Depreciation and amortization	<u>5,629</u>	<u>6,492</u>	<u>(863)</u>
Total expenses	<u>20,938</u>	<u>20,455</u>	<u>483</u>
Net loss before participant contributions	(18,725)	(18,076)	(649)
Billings to participants	<u>12,542</u>	<u>11,540</u>	<u>1,002</u>
Excess after billings to participants	(6,183)	(6,536)	353
Participants capital contributions	<u>4,433</u>	<u>2,814</u>	<u>1,619</u>
Change in Net Position	(1,750)	(3,722)	1,972
Beginning Net Position	<u>92,760</u>	<u>96,482</u>	<u>(3,722)</u>
Ending Net Position	<u>\$ 91,010</u>	<u>\$ 92,760</u>	<u>\$ (1,750)</u>

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:

<u>TSD Joint Venture Advances</u>	<u>2017</u>	<u>2016</u>
Operating reserve advance	\$ 979,308	\$ 1,076,197
Construction advance	1,813,012	(63,102)
Replacement reserve advance	<u>532,355</u>	<u>1,243,199</u>
Total joint venture advances	<u>\$ 3,324,675</u>	<u>\$ 2,256,294</u>

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

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 for \$2,535,000. 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.

2017 Bank of America, N.A. – Lease Purchase Agreement

The District entered into a Lease Purchase Agreement with Bank of America, National Association for \$11,725,000. The funds were received to provide financing for the acquisition of the Calleguas Municipal Water District (CMWD) Recycled Water Pipeline and related facilities including improvements but not limited to a supervisory control and data acquisition (“SCADA”) system. Semiannual principal and interest payments of \$488,699 are due February 15 and August 15, commencing August 15, 2017 through February 15, 2032. Interest rate for the taxable component of \$1,876,000 is at 4.39% and the tax exempt component of \$9,849,000 is at 2.74%. The District has pledged its Net Revenues for the repayment of the Master Equipment Lease/Purchase Agreement.

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

The following table summarizes the District's debt at June 30, 2017.

	Balance at June 30, 2016	Additions	Payments/ Deletions	Balance at June 30, 2017	Amounts Due in One Year
Loan Payable:					
2017 RW System Purchase	\$ -	\$ 11,725,000	\$ -	\$ 11,725,000	\$ (629,538)
2014 Automated Meter Read Loan	2,263,316	-	(142,533)	2,120,783	(147,189)
2011 Construction loan	6,433,501	-	(304,145)	6,129,356	(318,545)
Total long-term debt	8,696,817	11,725,000	(446,678)	19,975,139	(1,095,272)
Less current portion	(446,678)			(1,095,272)	
Total long-term portion	\$ 8,250,139			\$ 18,879,867	

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	

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

Fiscal Years				
Ending June 30,	Principal	Interest	Total	
2018	\$ 1,095,272	\$ 698,560	\$ 1,793,832	
2019	1,134,068	659,763	1,793,831	
2020	1,174,326	619,506	1,793,832	
2021	1,216,102	577,730	1,793,832	
2022	1,259,459	534,374	1,793,833	
2023-2027	7,007,494	1,961,666	8,969,160	
2028-2032	7,088,418	634,869	7,723,287	
Total	19,975,139	5,686,468	25,661,607	
Less current portion	(1,095,272)	(698,560)	(1,793,832)	
Total non-current	\$ 18,879,867	\$ 4,987,908	\$ 23,867,775	

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

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.

The following summarizes the District's Developer Refund Agreement obligations at June 30, 2017:

Developer/Tract	Balance at June 30, 2016	Additions	Payments/ Deletions	Balance at June 30, 2017	Amounts Due in One Year
CalProp/4315	\$ 59,904	\$ -	\$ (3,744)	\$ 56,160	\$ (3,744)
Grupe/3984	46,838	-	(4,930)	41,908	(4,930)
Morrison/4071	201,223	-	(11,835)	189,388	(11,835)
Warmington/4474	134,890	-	(6,745)	128,145	(6,745)
Total developer refunds	442,855	\$ -	\$ (27,254)	415,601	\$ (27,254)
Less current portion	(27,254)			(27,254)	
Total long-term portion	\$ 415,601			\$ 388,347	

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

Developer/Tract	Balance at June 30, 2015	Additions	Payments/ Deletions	Balance at June 30, 2016	Amounts Due in One Year
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 annual maturities of the Developer Refund Agreements are as follows:

Fiscal Year	Principal
2018	\$ 27,254
2019	27,254
2020	27,254
2021	27,254
2022	27,254
2023-2027	123,943
2028-2032	107,874
2033-2035	20,261
Total	388,347
Less current portion	(27,254)
Total non-current	\$ 361,093

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

7. Net Positions

The following is the detail of net position:

The balance at June 30, consists of the following:		2017	2016
Capital assets, net	\$	40,191,465	\$ 29,615,922
Portion of loans payable used to purchase capital assets		(19,908,827)	(8,467,882)
Developer refund agreements		(415,601)	(442,855)
Total net investment in capital assets	\$	<u>19,867,037</u>	<u>\$ 20,705,185</u>

Restricted for debt service:

		2017	2016
Conifer loan reserve requirement	\$	602,000	\$ 602,000
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 2017 was \$3,697,611 and \$3,792,854 in fiscal year 2016. 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 members beyond their representation on the Board. Each member of CSRMA shares surpluses and deficiencies proportionate to its participation in CSRMA.

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

The financial statements of CSRMA may be obtained from:

CSRMA
C/o Driver Alliant Insurance Services
100 Pine Street, 11th 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, 2017 and 2016.

2. Commitments and Contingencies

The District had contractual commitments with outside firms for engineering, consulting, or other various supplies and services totaling approximately \$253,723 and \$144,100 in fiscal year 2017 and fiscal year 2016, 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 December 2017, the Board unanimously approved a seventeen cents per hundred cubic feet (\$.17/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, 2018.

TRIUNFO SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017 and 2016

D. FUTURE ACCOUNTING PRONOUNCEMENTS

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

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. 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.

GASB Statement No. 83, Certain Asset Retirement Obligations, is effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 84, Fiduciary Activities, is effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 85, Omnibus 2017, is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 86, Certain Debt Extinguishment Issues, is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 87, Leases, is effective for fiscal years beginning after December 15, 2019.

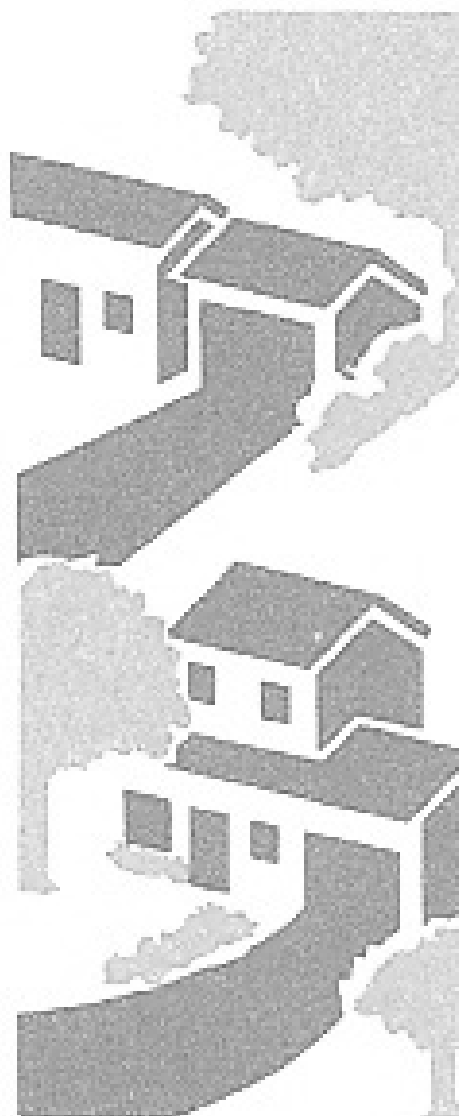
Supplementary Section



Supplementary Section

Triunfo Sanitation District

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



TRIUNFO SANITATION DISTRICT

COMBINING

SUPPLEMENTARY SCHEDULES

FISCAL YEAR ENDED JUNE 30, 2017



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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, 2017

ASSETS	Waste water	Recycled Water	Potable Water	Total
Current assets:				
Cash and cash equivalents	\$ 6,086,036	\$ 2,403,053	\$ 376,007	\$ 8,865,096
Accrued interest receivable	25,557	-	-	25,557
Accounts receivable – water sales and services, net	-	779,473	149,041	928,514
Accounts receivable – sanitation fees	278,472	-	-	278,472
Accounts receivable – other, net	5,429	-	1,649	7,078
Advance deposits – investment-in-joint venture LVMWD/TSD	3,324,675	-	-	3,324,675
Water-in-storage inventory	-	-	19,870	19,870
Prepaid and other	27,577	35,657	36,192	99,426
Total current assets – unrestricted	9,747,746	3,218,183	582,759	13,548,688
Restricted current assets:				
Cash and cash equivalents	666,373	66,328	644,105	1,376,806
Total current assets – restricted	666,373	66,328	644,105	1,376,806
Total current assets – unrestricted and restricted	10,414,119	3,284,511	1,226,864	14,925,494
Non-current assets – capital assets, net				
Capital assets, net	7,991,880	13,938,930	18,260,655	40,191,465
Investment-in-joint venture LVMWD/TSD	30,603,461	-	-	30,603,461
Total non-current assets	38,595,341	13,938,930	18,260,655	70,794,926
Total assets	49,009,460	17,223,441	19,487,519	\$ 85,720,420
LIABILITIES				
Current liabilities:				
Payable from current assets:				
Accounts payable and accrued expenses	812,856	124,825	710,343	1,648,024
Accrued interest payable – loan	-	131,628	125,186	256,814
Loan payable – current portion	-	632,879	462,393	1,095,272
Developer refund agreements – current portion	-	-	27,254	27,254
Payable from current assets – unrestricted	812,856	889,332	1,325,176	3,027,364
Payable from restricted current assets:				
Customer deposits	-	16	42,105	42,121
Unearned Revenue	666,373	-	-	666,373
Payable from restricted current assets	666,373	16	42,105	708,494
Total current liabilities – unrestricted and restricted	1,479,229	889,348	1,367,281	3,735,858
Non-current liabilities:				
Loans payable	-	11,140,263	7,739,604	18,879,867
Developer refund agreements	-	-	388,347	388,347
Total non-current liabilities	-	11,140,263	8,127,951	19,268,214
Total liabilities	1,479,229	12,029,611	9,495,232	23,004,072
NET POSITION				
Net investment in capital assets	7,991,880	2,232,099	9,643,058	19,867,037
Restricted:				
Conifer loan reserve requirement	-	-	602,000	602,000
Unrestricted	39,538,351	2,961,731	(252,771)	42,247,311
Total net position	\$ 47,530,231	\$ 5,193,830	\$ 9,992,287	\$ 62,716,348

TRIUNFO SANITATION DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Waste water	Recycled Water	Potable Water	Total
Operating revenues:				
Sanitation fees	\$ 7,657,139	\$ -	\$ -	\$ 7,657,139
Potable water sales	-	-	4,575,323	4,575,323
Recycled water sales	-	2,406,038	-	2,406,038
Water meter service fees	-	180,429	1,498,622	1,679,051
Connection fees	138,650	-	-	138,650
Other charges for services	41,466	1,088	87,933	130,487
Total operating revenues	<u>7,837,255</u>	<u>2,587,555</u>	<u>6,161,878</u>	<u>16,586,688</u>
Operating expenses:				
Wastewater treatment	4,058,695	-	-	4,058,695
Potable water purchased	-	-	2,961,082	2,961,082
Recycled water purchased	-	1,629,682	-	1,629,682
Professional services	131,217	6,220	92,986	230,423
Management and administrative	2,474,719	128,413	1,646,618	4,249,750
Total operating expenses	<u>6,664,631</u>	<u>1,764,315</u>	<u>4,700,686</u>	<u>13,129,632</u>
Operating income before depreciation	1,172,624	823,240	1,461,192	3,457,056
Depreciation and amortization	<u>(336,235)</u>	<u>(147,460)</u>	<u>(787,693)</u>	<u>(1,271,388)</u>
Operating income(loss)	<u>836,389</u>	<u>675,780</u>	<u>673,499</u>	<u>2,185,668</u>
Non-operating revenue(expense)				
Change in investment-in-joint venture LVMWD/TSD	(1,874,056)	-	-	(1,874,056)
Rental revenue - cellular antennas	-	-	111,672	111,672
Interest and investment earnings	50,587	1	40	50,628
Interest expense	-	(83,386)	(360,949)	(444,335)
Other income(expenses), net	-	-	7,249	7,249
Central administration expense allocation	477,231	(117,457)	(359,774)	-
Total non-operating revenues, net	<u>(1,346,238)</u>	<u>(200,842)</u>	<u>(601,762)</u>	<u>(2,148,842)</u>
Net income(loss) before capital contributions	<u>(509,849)</u>	<u>474,938</u>	<u>71,737</u>	<u>36,826</u>
Change in net position	<u>(509,849)</u>	<u>474,938</u>	<u>71,737</u>	<u>36,826</u>
Net position, beginning of fiscal year	<u>48,040,080</u>	<u>4,718,892</u>	<u>9,920,550</u>	<u>62,679,522</u>
Net position, end of fiscal year	<u>\$ 47,530,231</u>	<u>\$ 5,193,830</u>	<u>\$ 9,992,287</u>	<u>\$ 62,716,348</u>

TRIUNFO SANITATION DISTRICT
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Wastewater	Recycled Water	Potable Water	Total
Cash flows from operating activities:				
Receipts from customers for water sales and services	\$ 138,649	\$ 2,569,434	\$ 5,881,842	\$ 8,589,925
Receipts from customers for sanitation services	7,579,192	-	-	7,579,192
Receipts for other services	72,759	1,088	87,065	160,912
Payments to vendors for materials and services	(6,505,459)	(1,961,723)	(4,535,795)	(13,002,977)
Net cash provided by operating activities	1,285,141	608,799	1,433,112	3,327,052
Cash flows from capital and related financing activities:				
Acquisition/transfer and construction of capital assets	(28,794)	(11,756,661)	(61,476)	(11,846,931)
Capital contributions	-	11,725,000	-	11,725,000
Proceeds from capital debt	-	11,814,661	(1,677,626)	10,137,035
Principal and interest paid on long-term debt	-	(11,769,831)	838,813	(10,931,018)
Net cash used in capital and related financing activities	(28,794)	13,169	(900,289)	(915,914)
Cash flows from non-capital financing activities:				
Insurance claim reimbursement	-	-	7,249	7,249
Net cash provided by non-capital financing activities	-	-	7,249	7,249
Cash flows from investing activities:				
Advance deposits - investment-in-joint venture LVMWD/TSD facility	(2,386,436)	-	-	(2,386,436)
Proceeds from rental revenue - cellular antennas	-	-	111,672	111,672
Proceeds from interest and investment earnings	46,008	1	29	46,038
Net cash provided by (used in) investing activities	(2,340,428)	1	111,701	(2,228,726)
Net increase(decrease) in cash and cash equivalents	(1,084,081)	621,969	651,773	189,661
Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year	7,836,490	1,847,412	368,339	10,052,241
Cash and cash equivalents (unrestricted and restricted), end of fiscal year	\$ 6,752,409	\$ 2,469,381	\$ 1,020,112	\$ 10,241,902
Reconciliation of cash and cash equivalents to statement of net position:				
Cash and cash equivalents	\$ 6,086,036	\$ 2,403,053	\$ 376,007	\$ 8,865,096
Restricted cash and cash equivalents	666,373	66,328	644,105	1,376,806
Total cash and cash equivalents	\$ 6,752,409	\$ 2,469,381	\$ 1,020,112	\$ 10,241,902
Reconciliation of operating income(loss) to net cash provided by operating activities:				
Operating income(loss)	\$ 836,389	\$ 675,780	\$ 673,499	\$ 2,185,668
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:				
Deprecation and amortization	336,235	147,460	787,693	1,271,388
Changes in assets and liabilities:				
(Increase)decrease in assets:				
Accounts receivable – water sales and services, net	-	(17,049)	(186,864)	(203,913)
Accounts receivable – sanitation fees	(77,946)	-	-	(77,946)
Accounts receivable – other, net	31,295	-	(870)	30,425
Water-in-storage inventory	-	-	(2,818)	(2,818)
Prepaid and other	137	(35,548)	(31,503)	(66,914)
Increase(decrease) in liabilities:				
Accounts payable and accrued expenses	159,031	(161,860)	199,215	196,386
Retentions payable	-	-	-	-
Customer deposits	-	16	(5,240)	(5,224)
Total adjustments	448,752	(66,981)	759,613	1,141,384
Net cash provided by operating activities	\$ 1,285,141	\$ 608,799	\$ 1,433,112	\$ 3,327,052

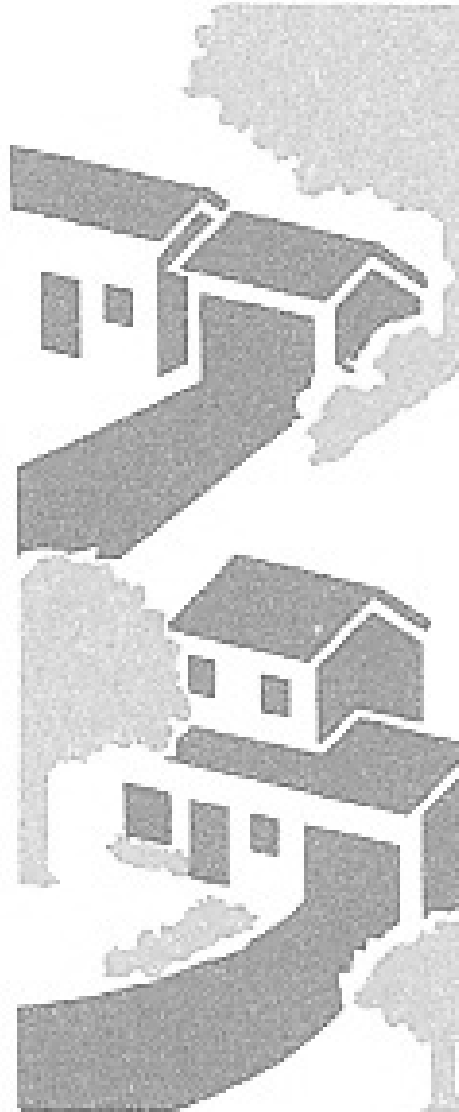
**TRIUNFO SANITATION DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**TRIUNFO SANITATION DISTRICT
Budgetary Comparison Schedule
For the Year Ending June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Sanitation fees	\$ 7,608,811	\$ 7,657,139	\$ (48,328)
Potable water sales	5,837,866	4,575,323	1,262,543
Recycled water sales	2,227,402	2,406,038	(178,636)
Water meter service fees	1,365,688	1,679,051	(313,363)
Connection fees	60,000	138,650	(78,650)
Other charges for services	140,000	130,487	9,513
Total operating revenues	<u>17,239,767</u>	<u>16,586,688</u>	<u>653,079</u>
Operating expenses:			
Wastewater treatment	4,503,373	4,058,695	444,678
Potable water purchased	3,882,678	2,961,082	921,596
Recycled water purchased	1,725,100	1,629,682	95,418
Professional services	270,961	230,423	40,538
Management and administrative	5,063,575	4,249,750	813,825
Total operating expenses	<u>15,445,687</u>	<u>13,129,632</u>	<u>2,316,055</u>
Operating income before depreciation	1,794,080	3,457,056	(1,662,976)
Depreciation and amortization	<u>(1,318,521)</u>	<u>(1,271,388)</u>	<u>(47,133)</u>
Operating income	<u>475,559</u>	<u>2,185,668</u>	<u>(1,710,109)</u>
Non-operating revenue(expense)			
Change in investment-in-joint venture LVMWD/TSD	(3,810,402)	(1,874,056)	(1,936,346)
Rental revenue - cellular antennas	105,767	111,672	(5,905)
Interest and investment earnings	25,000	50,628	(25,628)
Interest expense	(451,757)	(444,335)	(7,422)
Other income (expenses), net	-	7,249	(7,249)
Total non-operating expenses, net	<u>(4,131,392)</u>	<u>(2,148,842)</u>	<u>(1,982,550)</u>
Change in net position	(3,655,833)	36,826	<u>\$ (3,692,659)</u>
Net position, beginning	<u>62,679,522</u>	<u>62,679,522</u>	
Net position, ending	<u>\$ 59,023,689</u>	<u>\$ 62,716,348</u>	

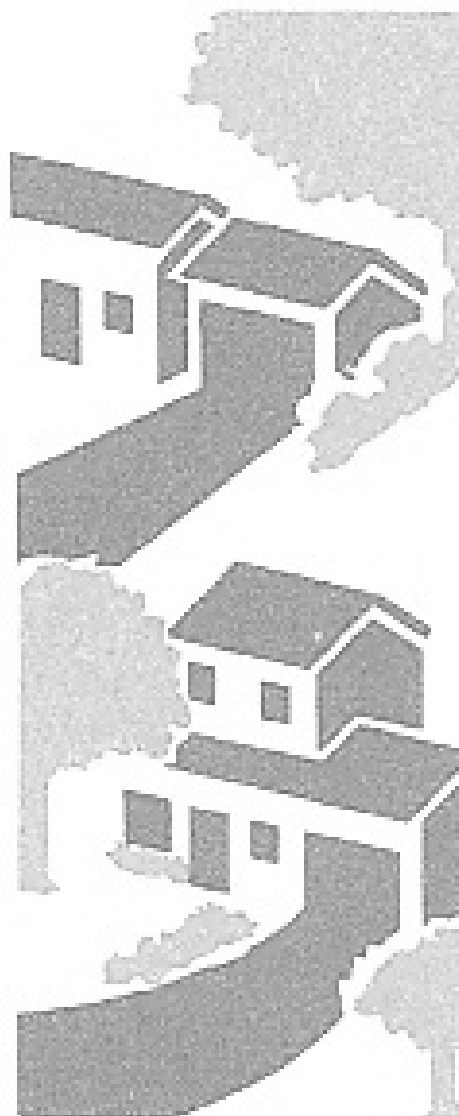
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Statistical Section



Triunfo Sanitation District

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



**Triunfo Sanitation District
Statistical Section**

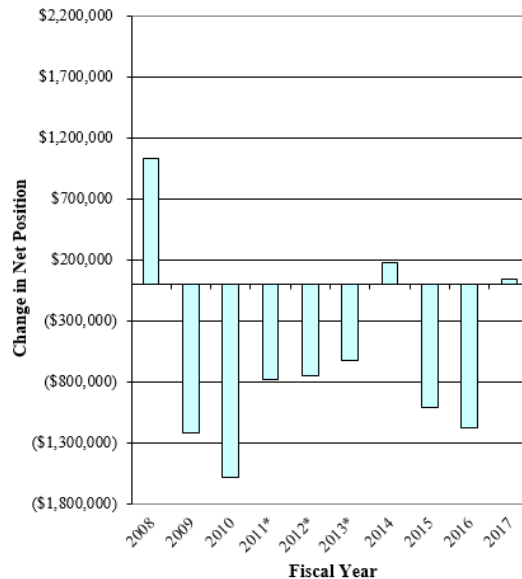
This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Table of Contents

	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	55-58
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.	59-62
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.	63-64
Demographic Information These schedules offer demographic indicators to help the reader understand the environment within which the District's financial activities take place.	65-68
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.	69

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

	Fiscal Year				
	2008	2009	2010	2011*	2012*
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 13,050,918	\$12,372,603	\$12,550,843	\$12,986,803	\$13,744,712
Operating expenses (see Schedule 3)	(10,214,979)	(10,799,380)	(11,433,846)	(11,273,168)	(12,026,778)
Depreciation and amortization	(860,827)	(881,982)	(879,346)	(822,844)	(905,549)
Operating income(loss)	1,975,112	691,241	237,651	890,791	812,385
Non-operating revenues(expenses)					
Investment income/(loss)	875,522	524,115	17,984	131,781	51,006
Rental income - cellular antennas	148,485	121,381	147,450	159,874	169,416
Change in investment in LVMWD/TSD Joint Venture	(1,720,850)	(2,315,646)	(1,689,237)	(1,634,383)	(1,920,297)
Gain/(loss) on sale of assets	-	-	-	-	-
Interest expense	(403,784)	(230,414)	(104,124)	(223,304)	(23,281)
Bond administration expense	(59,779)	(71,794)	(217,905)	(104,808)	-
Other revenue/(expense), net	85,949	12,559	19,616	-	153,259
Total non-operating revenues(expenses), net	(1,074,457)	(1,959,799)	(1,826,216)	(1,670,840)	(1,569,897)
Net income before capital contributions	900,655	(1,268,558)	(1,588,565)	(780,049)	(757,512)
Capital contributions	128,348	43,118	1,181	-	-
Changes in net position	\$ 1,029,003	\$ (1,225,440)	\$ (1,587,384)	\$ (780,049)	\$ (757,512)
Net position by component:					
Net investment in capital assets	\$ 13,818,614	\$ 15,637,556	\$ 20,240,997	\$ 21,366,364	\$ 22,233,510
Restricted	1,012,406	92,899	-	602,000	602,000
Unrestricted	54,852,906	52,727,671	46,629,745	44,122,329	42,497,671
Total net position	\$ 69,683,926	\$ 68,458,126	\$ 66,870,742	\$ 66,090,693	\$ 65,333,181

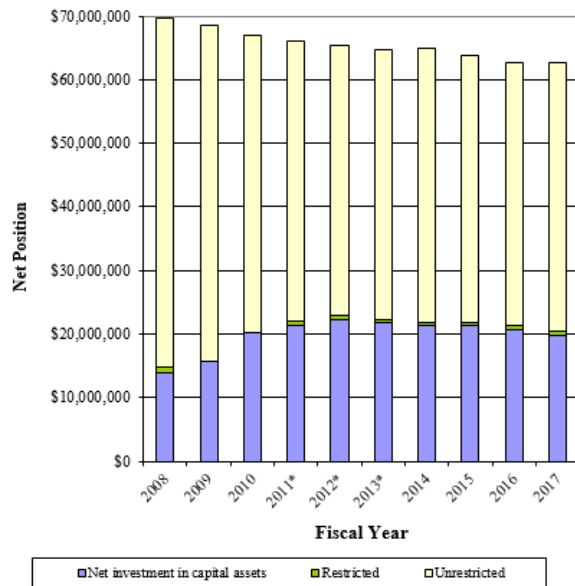


* The presentation of certain prior year balances have been reclassified to conform to current year presentation.

Source: Ventura Regional Sanitation District Finance Department

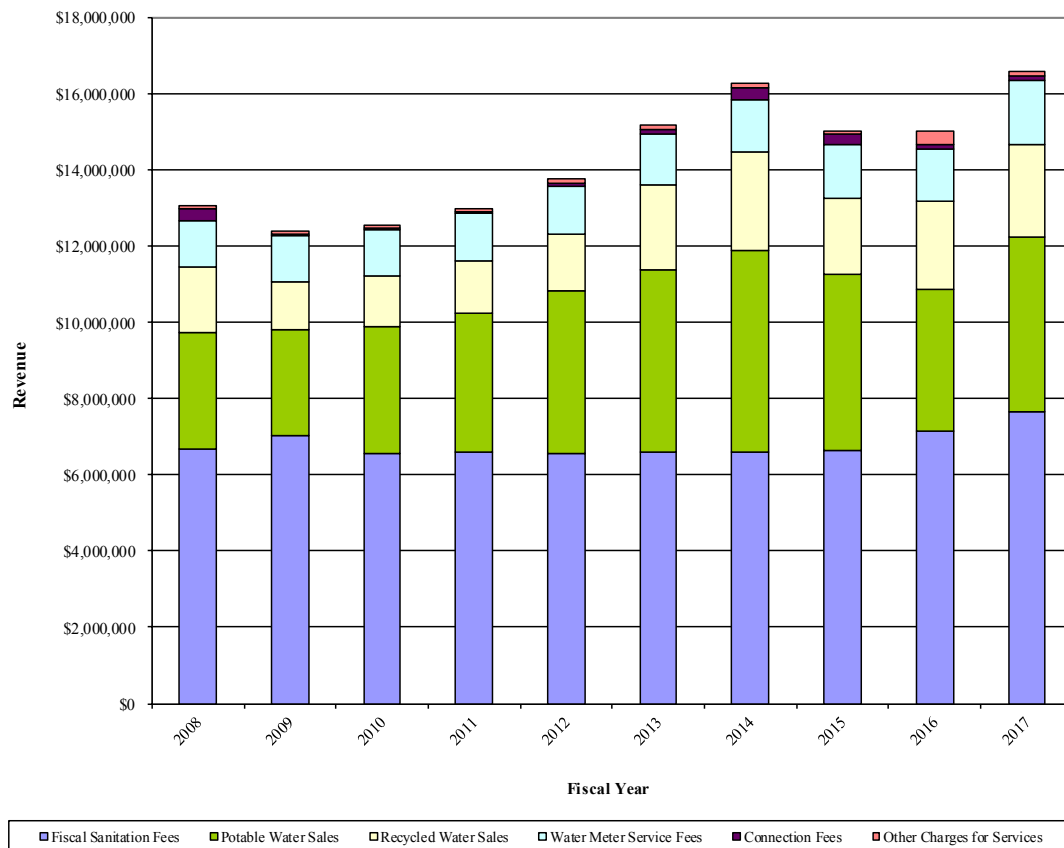
Triunfo Sanitation District
Changes in Net Position and Net Position by Component (Continued)
Last Ten Fiscal Years

Fiscal Year				
2013*	2014	2015	2016	2017
\$15,176,216	\$16,262,169	\$15,009,561	\$ 15,008,613	\$ 16,586,688
(13,035,013)	(13,461,380)	(13,372,916)	(12,902,162)	(13,129,632)
(904,630)	(865,402)	(899,549)	(1,288,281)	(1,271,388)
1,236,573	1,935,387	737,096	818,170	2,185,668
11,586	26,290	38,939	69,338	50,628
149,093	153,863	120,147	112,270	111,672
(2,018,902)	(1,917,034)	(1,915,400)	(1,827,859)	(1,874,056)
-	-	28,179	-	-
(9,081)	(236)	(26,078)	(367,450)	(444,335)
-	(20,000)	-	-	-
-	-	-	11,450	7,249
(1,867,304)	(1,757,117)	(1,754,213)	(2,002,251)	(2,148,842)
(630,731)	178,270	(1,017,117)	(1,184,081)	36,826
-	-	-	-	-
\$ (630,731)	\$ 178,270	\$ (1,017,117)	\$ (1,184,081)	\$ 36,826
\$21,726,237	\$21,228,218	\$21,277,799	\$ 20,705,185	\$ 19,867,037
602,000	602,000	602,000	602,000	602,000
42,374,213	43,050,502	41,983,804	41,372,337	42,247,311
\$ 64,702,450	\$ 64,880,720	\$ 63,863,603	\$ 62,679,522	\$ 62,716,348



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

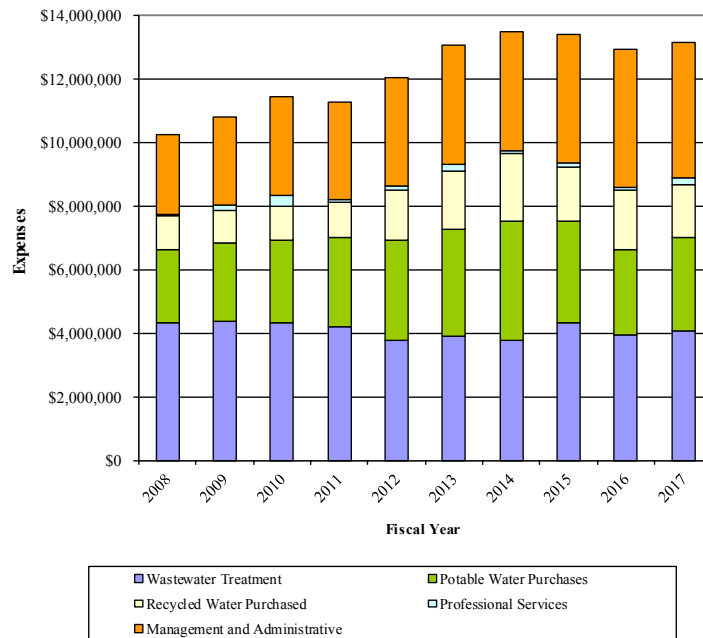
Fiscal Year	Sanitation Fees	Potable Water Sales	Recycled Water Sales	Water Meter Service Fees	Connection Fees	Other Charges for Services	Total Operating Revenue
2008	\$ 6,684,841	\$ 3,031,324	\$ 1,725,802	\$ 1,210,679	\$ 332,565	\$ 65,707	\$ 13,050,918
2009	7,033,630	2,751,363	1,261,914	1,215,791	26,308	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
2017	7,657,139	4,575,323	2,406,038	1,679,051	138,650	130,487	16,586,688



Source: Ventura Regional Sanitation District Finance Department

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

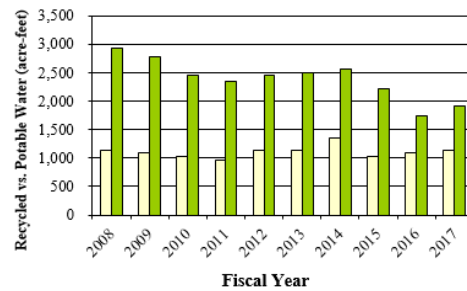
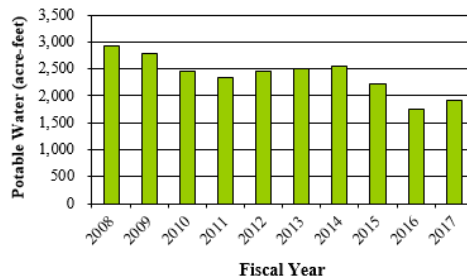
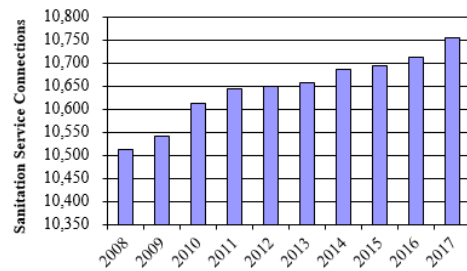
Fiscal Year	Wastewater Treatment	Potable Water Purchases	Recycled Water Purchased	Professional Services	Management and Administrative	Total Operating Expenses
2008	\$ 4,319,960	\$ 2,315,739	\$ 1,027,229	\$ 65,468	\$ 2,486,583	\$ 10,214,979
2009	4,368,737	2,451,137	1,026,030	187,501	2,765,975	10,799,380
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
2017	4,058,695	2,961,082	1,629,682	230,423	4,249,750	13,129,632



Source: Ventura Regional Sanitation District Finance Department

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

Fiscal Year	Sanitation Service Connections	Potable Water Sales (Acre Feet)	Recycled Water Sales (Acre Feet)
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
2017	10,755	1,912	1,135



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⁽¹⁾
Last Ten Fiscal Years**

Sanitation Fees										
Connection Type⁽²⁾	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Single/Multi Residential	\$ 44.00	\$ 44.00	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 44.52	\$ 47.41
Apartment Units	35.20	35.20	33.44	33.44	33.44	33.44	33.44	33.44	35.61	37.92
Commercial/Hotels	44.00	44.00	41.80	41.80	41.80	41.80	41.80	41.80	44.52	47.41
Shopping Centers	78.13	78.13	74.22	74.22	74.22	74.22	74.22	74.22	79.04	84.18
Restaurants & Markets	101.20	101.20	96.14	96.14	96.14	96.14	96.14	96.14	102.39	109.05

Potable Water Consumption Fees										
Water Consumed⁽³⁾	2008	2009								
0 - 3 HCF	\$ 1.883	1.883								
Over 3 HCF	2.35384	2.35384								
Water Consumed⁽³⁾	2010	2011	2012	2013	2014	2015	2016	2017		
0 - 6 HCF	\$ 2.85	\$ 2.95	\$ 3.33	\$ 3.67	\$ 3.93	\$ 4.01	\$ 4.24	\$ 5.06		
7 - 28 HCF	3.57	3.67	4.07	4.49	4.75	4.83	5.33	5.78		
Over 28 HCF	4.53	4.63	5.19	5.73	5.99	6.07	6.79	7.14		

Recycled Water Consumption Fees										
Water Consumed⁽³⁾	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
0 - 3 HCF	\$ 1.89	\$ 1.89	\$ 2.21	\$ 2.60	\$ 2.60	\$ 2.86	\$ 2.96	\$ 3.03	\$ 3.25	\$ 3.82
Over 3 HCF	1.89	1.89	2.21	2.60	2.60	2.86	2.96	3.03	3.25	3.82

Potable Water Meter Service Fees										
Meter Size	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
5/8 inch	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.75	\$ 14.51	\$ 15.23	\$ 15.23	\$ 15.23	\$ N/A
3/4 inch	19.74	19.74	19.74	19.74	20.63	21.76	22.85	22.85	22.85	24.79
1 inch	32.91	32.91	32.91	32.91	34.39	36.28	38.10	38.10	38.10	39.15
1 1/2 inch	65.81	65.81	65.81	65.81	68.77	72.55	76.18	76.18	76.18	75.05
2 inch	105.30	105.30	105.30	105.30	110.04	116.09	121.90	121.90	121.90	118.14
3 inch	197.43	197.43	197.43	197.43	206.31	217.66	228.54	228.54	228.54	254.57
4 inch	329.06	329.06	329.06	329.06	343.87	362.78	380.92	380.92	380.92	455.63
6 inch	658.07	658.07	658.07	658.07	687.68	725.51	761.78	761.78	761.78	1,008.55

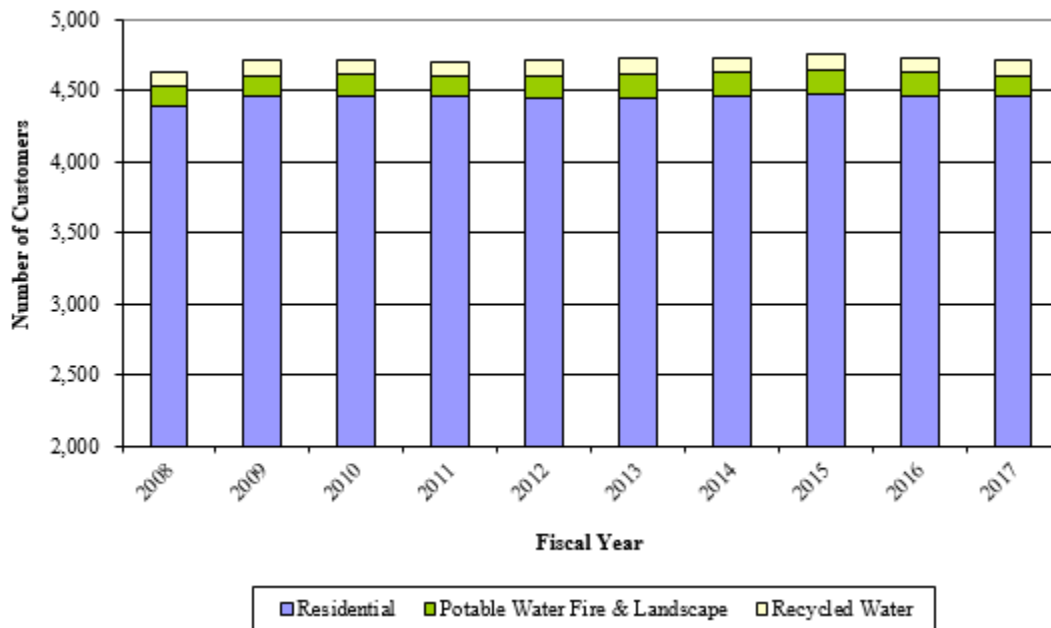
Recycled Water Meter Service Fees										
Meter Size	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
5/8 inch	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.71	\$ N/A
3/4 inch	19.74	19.74	19.74	19.74	19.74	19.74	19.74	19.74	20.53	N/A
1 inch	32.91	32.91	32.91	32.91	32.91	32.91	32.91	32.91	34.23	N/A
1 1/2 inch	65.81	65.81	65.81	65.81	65.81	65.81	65.81	65.81	68.45	N/A
2 inch	105.30	105.30	105.30	105.30	105.30	105.30	105.30	105.30	109.52	125.95
3 inch	197.43	197.43	197.43	197.43	197.43	197.43	197.43	197.43	205.33	236.13
4 inch	329.06	329.06	329.06	329.06	329.06	329.06	329.06	329.06	342.23	393.56
6 inch	658.07	658.07	658.07	658.07	658.07	658.07	658.07	658.07	684.40	787.06

- (1) Rates as of June 30 of each fiscal year.
(2) Per Equivalent Residential Unit (ERU)
(3) Per Hundred Cubic Feet (HCF)

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	
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
2017	4,459	144	108	4,711



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 - Retail			
	2017		2007	
	Water Consumed	Percentage of Total	Water Consumed	Percentage of Total
ERP Operating, LLP	43,360	5.21%	7,578	0.58%
Shadow Ridge HOA	21,677	2.60%	N/A	0.00%
Morrison Estates HOA	7,207	0.87%	13,079	0.99%
County of Ventura	7,060	0.85%	8,357	0.64%
Concord Consulting	5,941	0.71%	11,659	0.89%
Oak Park Shopping Center	5,770	0.69%	5,851	0.44%
Shadow Oaks	5,480	0.66%	N/A	0.00%
Oak Park Unified School District	5,152	0.62%	N/A	0.00%
Capri	5,129	0.00%	8,794	0.67%
Rancho Simi Recreation & Park	4,994	0.00%	5,348	0.41%
Regency Hills HOA	4,606	0.55%	17,045	1.30%
Sterling Oaks	2,173	0.26%	5,304	0.40%
Total	118,549	14.26%	83,015	6.32%
Total Potable Water Consumed	832,526	100.00%	1,315,382	100.00%

Customer	Recycled Water - Retail			
	2017		2007	
	Water Consumed	Percentage of Total	Water Consumed	Percentage of Total
Sherwood County Club	188,390	38.12%	N/A	0.00%
Rancho Simi Recreation & Park	53,525	10.83%	N/A	0.00%
Oak Park Unified School District	42,677	8.64%	N/A	0.00%
County of Ventura	29,445	5.96%	N/A	0.00%
Regency Hill Neighborhood	24,524	4.96%	N/A	0.00%
Tract 3141 HOA	24,173	4.89%	N/A	0.00%
Country Glenn	19,603	3.97%	N/A	0.00%
Country Vista III Owners	15,844	3.21%	N/A	0.00%
Oak Park Village Assoc	14,985	3.03%	N/A	0.00%
Shadow Ridge HOA	13,042	2.64%	N/A	0.00%
Total	426,208	86.24%	-	0.00%
Total Recycled Water Consumed	494,183	100.00%	N/A	0.00%

Customer	Recycled Water - Wholesale			
	2017		2007	
	Water Consumed	Percentage of Total	Water Consumed	Percentage of Total
Calleguas Municipal Water District	132,919	73.98%	N/A	0.00%
California Water Service Company	44,805	24.94%	N/A	0.00%
Hidden Valley	1,939	1.08%	N/A	0.00%
Total	179,663	100.00%	-	0.00%
Total Recycled Water Consumed	179,663	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]	MFC Loans [2]	Developer Refund Agreements [3]	Installment Purchase Agreement [4]	Lease Purchase Agreement [5]	Lease Purchase Agreement [6]	Total	Per Capita	As a Share of Personal Income
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	0.53%
2016	-	-	442,855	6,433,501	2,263,316	-	9,139,672	273.19	0.49%
2017	-	-	415,601	6,129,356	2,120,783	11,725,000	20,390,740	609.50	1.08%

[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.

[6] 2017 Bank of America Lease/Purchase Agreement - loan in the amount of \$11,725,000 for the purchase of the recycled water system (pipelines) from Calleguas Municipal Water District.

Source: Ventura Regional Sanitation District Finance Department

Note: Personal income and per capita data not available for 2016 and 2017.

**Triunfo Sanitation District
Pledged-Revenue Coverage
Installment Purchase Agreement
Fiscal Years 2017 and 2016**

	Fiscal Year 2017			
	Wastewater	Recycled	Potable Water	Total
Revenue sources				
Operating revenues	\$ 7,837,255	\$ 2,587,555	\$ 6,161,878	\$ 16,586,688
Non-operating revenues	527,818	1	118,961	646,780
Total revenue sources	8,365,073	2,587,556	6,280,839	17,233,468
Expenses				
Operating expenses	\$ 6,664,631	\$ 1,764,315	\$ 4,700,686	\$ 13,129,632
Non-operating expenses	-	117,457	359,774	477,231
Total expenses	6,664,631	1,881,772	5,060,460	13,606,863
Net Revenues (Expenses)	1,700,442	705,784	1,220,379	3,626,605
Installment payments				
Principal	-	3,236	443,442	446,678
Interest	-	1,639	368,118	369,757
Total installment payments	-	4,874	811,561	816,434
Debt Service Coverage (min 1.25x)	n/a	n/a	n/a	4.44

	Fiscal Year 2016			
	Wastewater	Recycled	Potable Water	Total
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	n/a	n/a	2.82

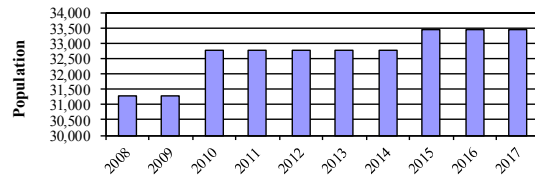
Notes: Change in investment-in-joint venture-LVMWD/TSD non-operating expense is not included in the report. This expense is for the JPA TSD share of the capital construction & replacement fund. Interest expense non-operating expense is not included in the report.

Source: Triunfo Sanitation District

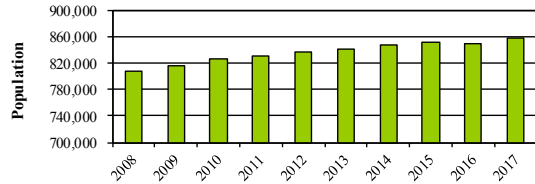
Triunfo Sanitation District
Demographics and Economic Statistics
Last Ten Calendar Years

County of Ventura⁽¹⁾

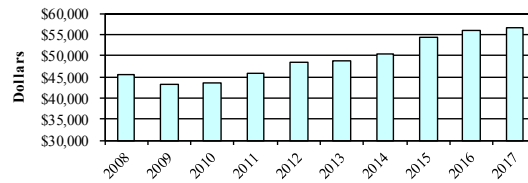
Year	Population within District	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2008	31,263	6.1%	806,353	\$ 36,669,201	\$ 45,475
2009	31,263	10.3%	815,130	35,123,778	43,090
2010	32,760	10.6%	825,353	36,032,516	43,657
2011	32,760	10.3%	830,973	38,195,055	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%	850,536	46,060,353	54,155
2016	33,455	5.8%	849,738	47,397,620	55,779
2017	33,455	4.2%	857,397 ⁽²⁾	49,800,000 ⁽²⁾	56,607 ⁽²⁾



Fiscal Year



Fiscal Year



Fiscal Year

Sources: Ventura County General Plan Public Facilities & Services Appendix-10-20-15 Edition; CA EDD Labor Market Information: Unemployment Rate and Labor Force (not seasonally adjusted) October 2017; US Bureau of Economic Analysis CA1 Personal Income Summary; Dept of Finance, Demographic Research Unit, E-1: City/County Population Estimates with Annual Percent Change (all dollar estimates are in current dollars (not adjusted for inflation))

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) Population, Personal income and per capita data for 2017 is forecasted by the California Dept. of Transportation Ventura County Economic Forecast Report

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

Employer	2017^(a)			2007^(b)		
	Number of Employee	Rank	Percentage of Total Employed	Number of Employee	Rank	Percentage of Total Employed
Naval Base of Ventura	14,210	1	3.47%	14,457	1	3.53%
County of Ventura - Government Center	9,151	2	2.23%	7,191	3	1.76%
Amgen	5,500	3	1.34%	10,000	2	2.44%
Wellpoint Health Network, Inc.	2,860	4	0.70%	3,738	5	0.91%
Simi Valley Unified School District	2,737	5	0.67%	2,370	8	0.58%
Community Memorial Hospital of San Buenaventura	2,100	6	0.51%	-		n/a
Conejo Valley Unified School District	1,999	7	0.49%	2,456	6	0.60%
Dignity Health	1,904	8	0.46%	-		n/a
Ventura Unified School District	1,834	9	0.45%	-		n/a
Ventura Community College District	1,741	10	0.43%	-		n/a
Verizon Communication	-		n/a	2,200	10	0.54%
Ventura County Medical Center	-		n/a	2,340	9	0.57%
Vons	-		n/a	2,406	7	0.59%
Countrywide Home Loans Headquarters	-		n/a	5,700	4	1.39%
Top Ten Employers Total	<u>44,036</u>		10.75%	<u>52,858</u>		12.92%
Total Employed in County	<u>409,600</u>		100.00%	<u>409,100</u>		100.00%

Sources:

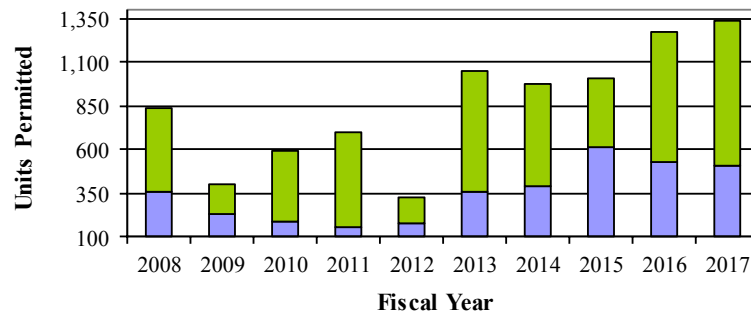
(a) 2017 Los Angeles County and Ventura County Economic Outlook

(b) California State Employment Development Department and Ventura County Air Pollution Control District

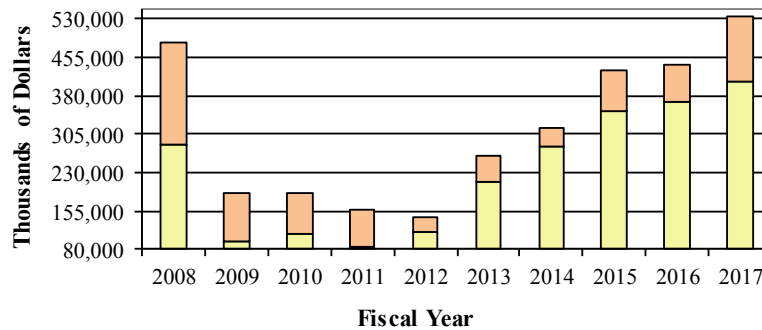
Triunfo Sanitation District
Building Permits - County of Ventura
Last Ten Fiscal Years

Fiscal Year	New Single Family Units	New Multiple Family Units	Total New Residential Units	Total New Residential Investment (000's)	Non-residential Investment (000's)	Total New Structure Investment (000's)
2008	354	488	842	\$ 284,151	\$ 201,608	\$ 485,759
2009	231	173	404	96,256	95,644	191,900
2010	192	398	590	111,044	80,403	191,447
2011	156	541	697	84,947	73,482	158,429
2012	175	147	322	112,704	32,189	144,893
2013	360	688	1,048	213,378	48,219	261,597
2014	396	585	981	279,531	37,251	316,782
2015	615	394	1,009	350,485	77,805	428,290
2016	528	744	1,272	367,000	74,537	441,537
2017	503	833	1,336	408,000	125,952	533,952

New Residential Building Units Permitted



Investment in New Structures

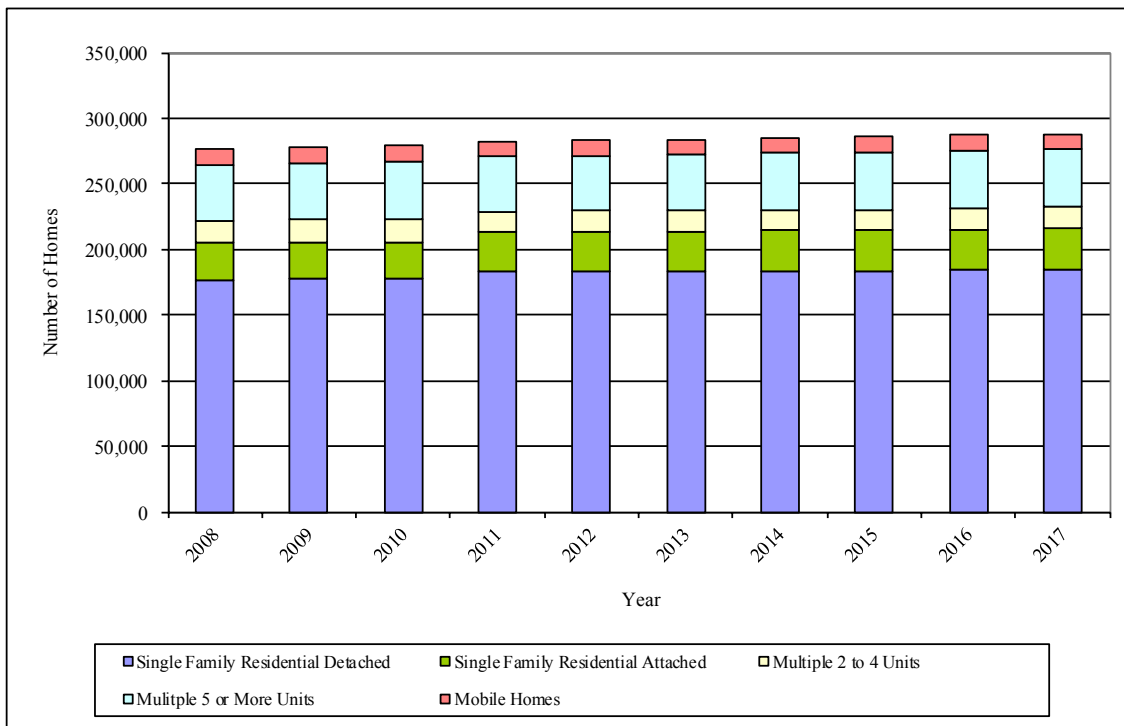


Note: Building Permit statistic updated 2017 to include number of permits, and total investment in residential and non-residential units; as more detailed breakdown is no longer assessible.

Sources: 2017 Los Angeles County and Ventura County Economic Outlook

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

Fiscal Year	Single Family Residential Detached	Single Family Residential Attached	Multiple 2 to 4 Units	Multiple 5 or More Units	Mobile Homes	Total All Housing
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
2017	184,761	31,270	15,953	44,738	11,352	288,074



Source: CA Dept. of Finance Demographic Research Unit, E-5 City/County Population & Housing Estimates, 1/1/2017

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

Sanitation Services				
Fiscal Year	District Area (Square Miles)	Collection System (Miles)	Treatment Capacity (MGD)	Average Dry Weather Flow (MGD)
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
2017	50	120	4.70	3.30

Potable Water Sales			
Fiscal Year	District Area (Square Miles)	Potable Water Capacity (MGM)	Potable Water System (Miles)
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
2017	50	82.72	50

Recycled Water Sales			
Fiscal Year	District Area (Square Miles)	Recycled Water Capacity (MGM)	Recycled Water System (Miles)
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
2017	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

