

# Triunfo Sanitation District



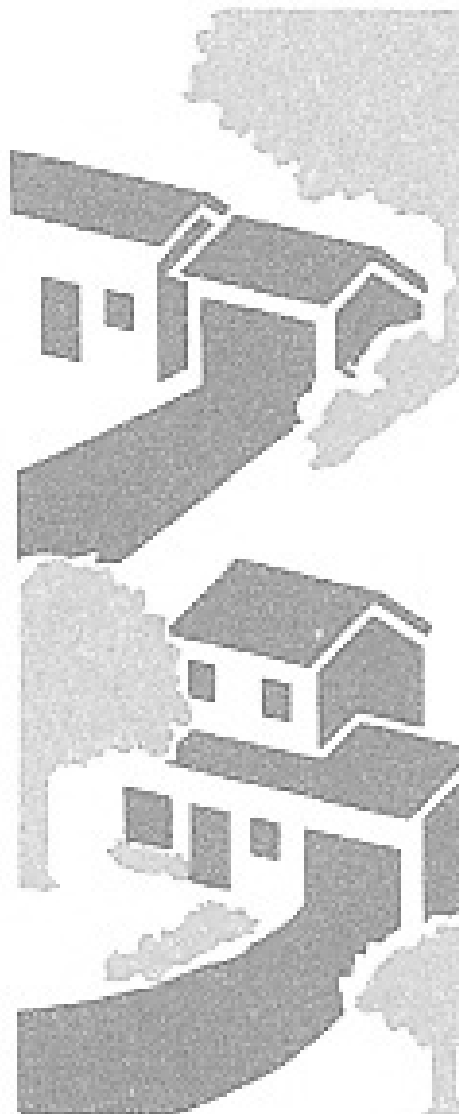
## Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2018 and June 30, 2017



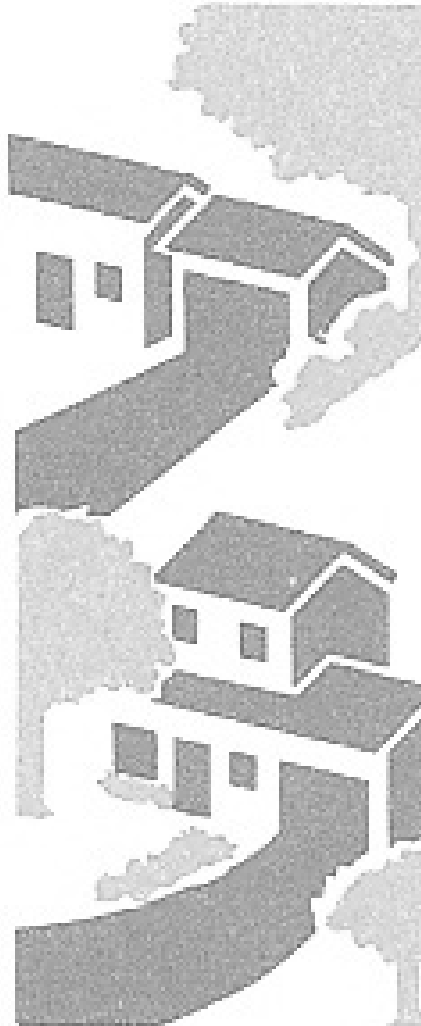
**Mark Norris, General Manager**

Ventura County, California



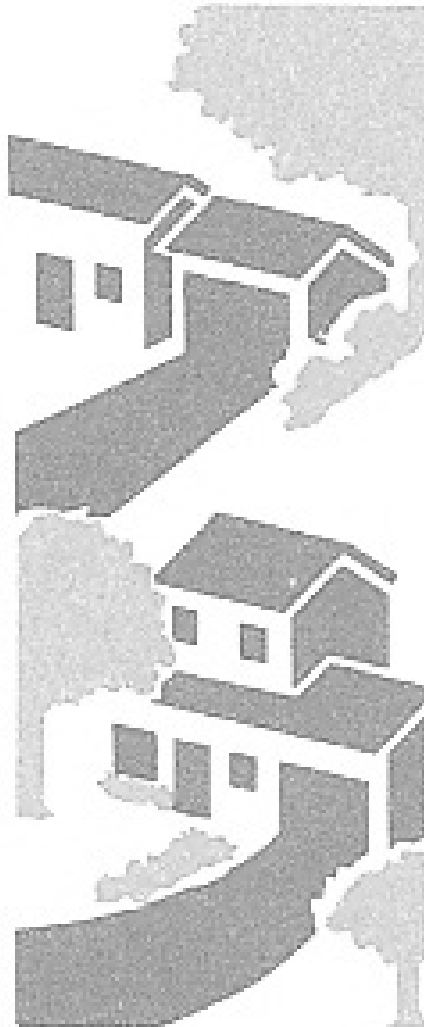
# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2018 and June 30, 2017**



## **Triunfo Sanitation District** **Ventura County, California**

Prepared by Contract Staff of the Ventura Regional Sanitation District  
Finance Department  
Alvertina Rivera, Director of Finance



**TRIUNFO SANITATION DISTRICT**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**

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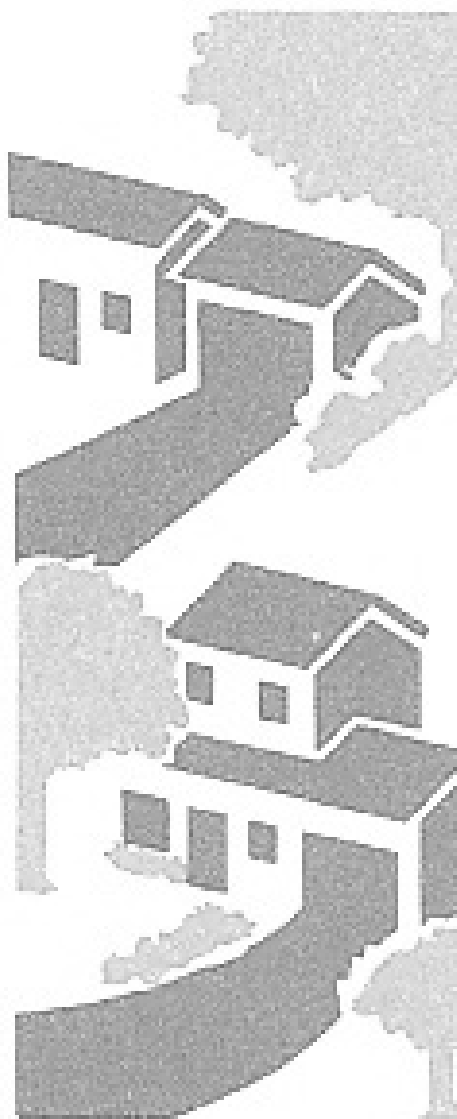
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Comprehensive Annual Financial Report  
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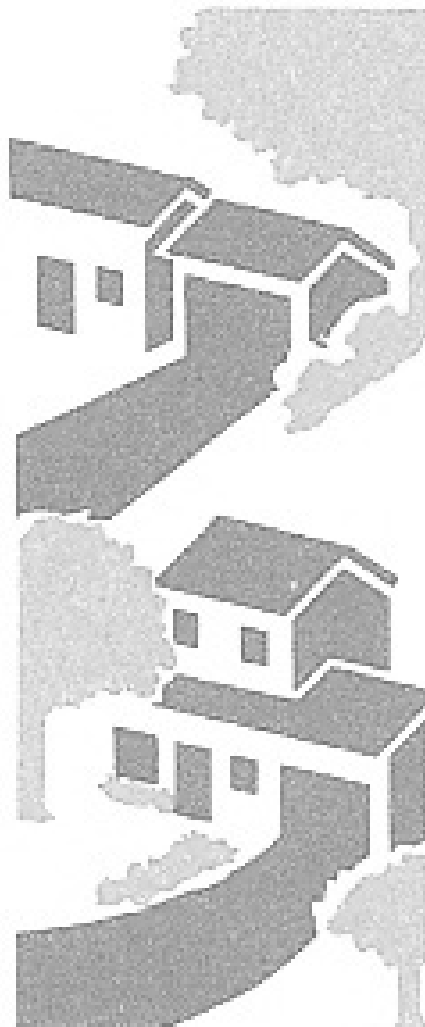
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# Introductory Section



## Triunfo Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2018 and June 30, 2017







# TRIUNFO SANITATION DISTRICT

A PUBLIC AGENCY

## Board of Directors

Janna Orkney, Chair

Susan Pan, Vice Chair

Leon Shapiro, Director

Raymond Tjulander, Director

James Wall, Director

*Providing Outstanding Service Since 1963*

December 21, 2018

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, 2018 and June 30, 2017; 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 years ended June 30, 2018 and June 30, 2017. 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 the District's water customers.

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 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 2018, this support consists of approximately fifteen (15.16) full-time equivalent positions made up of the part-time efforts of more than forty-six (46) individuals in ten (10) 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 \$13,200 per Dwelling Unit.

The District presently owns 29.4% of the Joint Venture wastewater treatment facilities, 44.2% of the land, and 58.4% of the trunk sewers. The District's right to use the facilities is commensurate with its ownership share (29.4%), while recycled water rights are based on actual sewage flows into Tapia. In addition, the District owns 29.4% of the Joint Venture recycled water distribution system.

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

The Tapia Water Reclamation Facility applies state-of-the-art technology to transform wastewater into high-quality recycled water. It serves residents living across 120 square miles of southeastern Ventura and western Los Angeles Counties. While the current flow to Tapia averages 7.6 million gallons of wastewater per day (mgd), the District flow averages about 2.28 mgd, representing 30% of the total. Tapia is potentially capable of treating up to 16 mgd and the current average is 9.5 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 2018, the District paid \$111,599 in capacity and treatment costs to the City and County of Los Angeles. In addition, the District paid \$73,470 toward the Tillman plant expansion. Future capital improvements for this facility are primarily funded through sewer connection fees ranging from \$2,875 to \$13,200 based on parcel identification in the Bell Canyon Sewer Assessment District No. 85-1 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 \$2,575,319 and \$2,406,038 in fiscal year 2018 and fiscal year 2017, 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.

The District also supported the Las Virgenes–Triunfo Joint Powers Authority in an extensive stakeholder-driven process to identify the best means to maximize the beneficial reuse of treated effluent from the Tapia Water Reclamation Facility. Following two years of study and community stakeholder input that focused on how to best manage discharge from the Tapia Water Reclamation Facility to Malibu Creek, the Pure Water Project Las Virgenes-Triunfo emerged as a preferred alternative to meet the goal, while also providing a local source of potable water. The proposed Pure Water Project will take surplus recycled water from the Tapia Water Reclamation Facility and further treat it to better than drinking water standards. The treated water will be mixed with imported water stored in Las Virgenes Reservoir until needed. At that time, the water will be treated again prior to use in the potable water system.

**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 \$121,348.

OPWS potable water deliveries in fiscal year 2018 were 2,166 acre-feet compared to 1,911 acre-feet in fiscal year 2017. These deliveries provided income of \$6,149,583 and \$4,575,323 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 helps cover the cost of providing this extra service.

OPWS water tank sites have proven useful to cellular communication companies. Five leases were in place at the end of the fiscal year. Collectively, cellular service companies provided income of \$175,394 for fiscal year 2018 and \$111,672 for fiscal year 2017.

## **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 859,275 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 2017.

**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 2017, the estimated gross value for all agriculture in Ventura County was \$2.1 billion this represents a 0.4% decrease in comparison to 2016. Strawberries, lemons, raspberries, nursery stock, and celery are among the five leading crops grown. The most recent data (2016) available from the U.S. Department of Agriculture ranks Ventura County 8<sup>th</sup> among all counties in the U.S. in total crop value, up from 10<sup>th</sup> in 2015.

**Income and Unemployment** – The unemployment rate in Ventura County decreased from 5.5 percent in September 2017 to 3.6 percent in September 2018 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 as of 2017 was \$81,972 and per capita income is \$60,302.

**Real Estate** – According to the Center for Economic Research & Forecasting – Cal Lutheran University, Ventura County 2018 home building activity has slowed compared with 2017. The county's non-residential building activity level was also respectably good compared with the post-recession era. The July 2018 median Ventura County price for existing single-family homes was \$587,333, and the median new home price was \$674,333.

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

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. The recycled water will undergo advance treatment, after which it will be stored 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 rate increase will be effective January 1, 2019.

### ***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.

In May 2018, legislation establishing statewide water efficiency goals was signed by the Governor to prepare for future droughts.

### ***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, 2017. 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.

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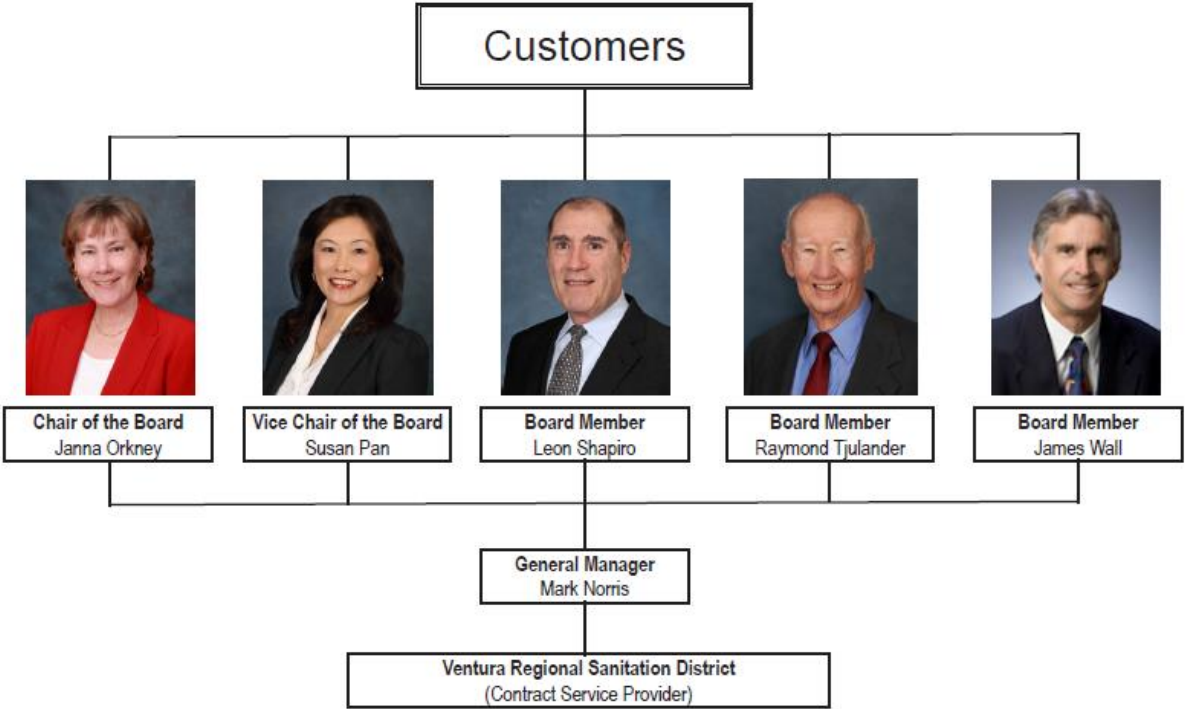
MARK NORRIS  
General Manager

A handwritten signature in black ink, appearing to read 'Alvertina Rivera'.

ALVERTINA RIVERA  
Director of Finance

# TRIUNFO SANITATION DISTRICT

## Organization Chart







# **Triunfo Sanitation District**

**Ventura County, California**

## **2018 Board of Directors**

Janna Orkney	Chair
Susan Pan	Vice-Chair
Leon Shapiro	Member
Raymond Tjulander	Member
James Wall	Member

## **District Contract Staff**

Mark Norris	General Manager	(805) 658-4621
Alvertina Rivera	Director of Finance	(805) 658-4646
Matt Baumgardner	Director of Operations	(805) 658-4675
Juliet Rodriguez	Clerk of the Board	(805) 658-4642
John Mathews	Legal Counsel	(805) 988-9886



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**Triunfo Sanitation District  
California**

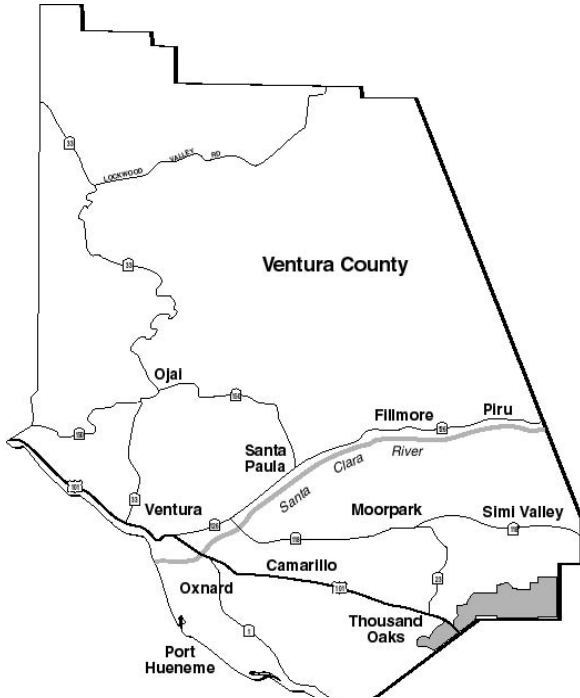
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

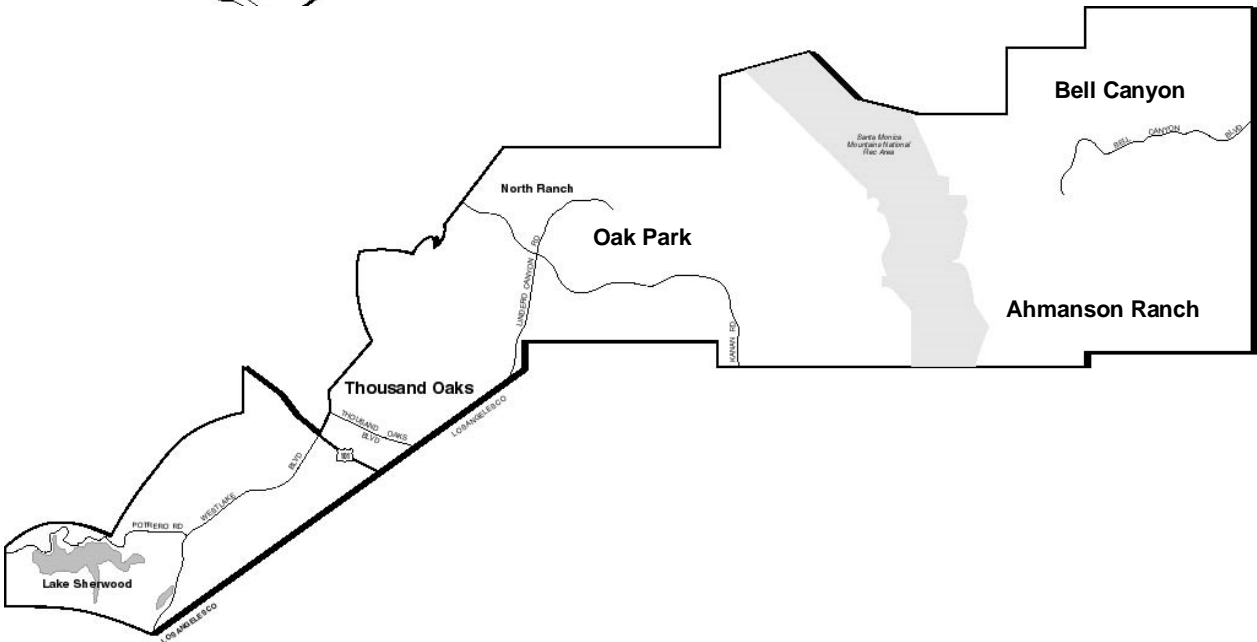
## VENTURA COUNTY



## CALIFORNIA



## TRIUNFO SANITATION DISTRICT



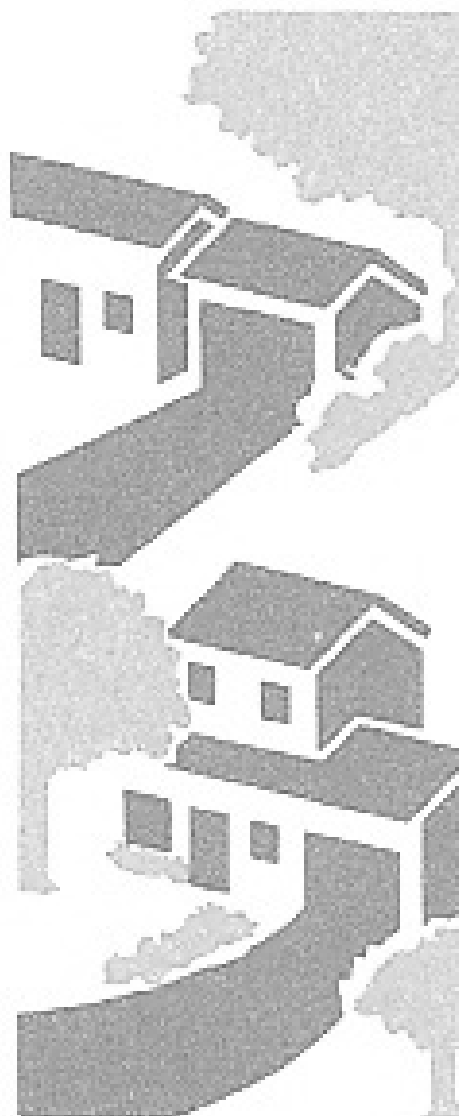
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# Financial Section



## Triunfo Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2018 and June 30, 2017





MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A LEVY, CPA  
CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA  
ALEXANDER C HOM, CPA  
ADAM V GUISE, CPA  
TRAVIS J HOLE, CPA

**COMMERCIAL ACCOUNTING & TAX SERVICES**

433 N. CAMDEN DR. SUITE 730  
BEVERLY HILLS, CA 90210  
TEL: 310.273.2745  
FAX: 310.670.1689  
www.mlhcpas.com

**GOVERNMENTAL AUDIT SERVICES**

5800 HANNUM AVE., SUITE E  
CULVER CITY, CA 90230  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

## 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, 2018 and 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, 2018 and June 30, 2017, and the respective changes in financial position and cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15-24 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 17, 2018, 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 17, 2018

## 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, 2018 and 2017. 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

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$64.7 million (*net position*), an increase of \$2.0 million from the \$62.7 million ending balance in fiscal year 2017. In fiscal year 2018, the \$13.9 million (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors, in comparison to \$11.6 million in the prior year.
- The District's \$2.0 million net position increase in fiscal year 2018 represents 3.2%, an improvement over the \$36,826 or 0.1% increase in fiscal year 2017.
- In fiscal year 2018, the District's total revenues increased by 16.8% to \$19.6 million while total expenses increased by 5% to \$17.6 million as compared to fiscal year 2017 in which revenues increased by 10.2% to \$16.8 million and total expenses increased by 2% to \$16.7 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.

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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONTINUED)

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 net 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>2018</u>	<u>2017</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 15,870,458	\$ 13,548,688	\$ 2,321,770	17.1%
Restricted current assets	1,349,030	1,376,806	(27,776)	-2.0%
LVMWD/TSD-joint venture	30,611,211	30,603,461	7,750	0.0%
Capital assets, net	38,796,500	40,191,465	(1,394,965)	-3.5%
<b>Total assets</b>	<u>86,627,199</u>	<u>85,720,420</u>	<u>906,779</u>	1.1%
Liabilities:				
Liabilities payable from unrestricted current assets	3,094,693	3,027,364	67,329	2.2%
Liabilities payable from restricted current assets	704,638	708,494	(3,856)	-0.5%
Non-current liabilities	18,106,893	19,268,214	(1,161,321)	-6.0%
<b>Total liabilities</b>	<u>21,906,224</u>	<u>23,004,072</u>	<u>(1,097,848)</u>	-4.8%
Net Position:				
Net investment in capital assets	50,139,496	50,404,186	(264,690)	-0.5%
Restricted:				
Conifer loan reserve requirement	602,000	602,000	-	0.0%
Escrow funds	42,392	66,312	(23,920)	-36.1%
Unrestricted	13,937,087	11,643,850	2,293,237	19.7%
<b>Total net position</b>	<u>\$ 64,720,975</u>	<u>\$ 62,716,348</u>	<u>\$ 2,004,627</u>	3.2%

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONTINUED)

The \$2.0 million increase in net position was a result of a \$1.1 million reduction in liabilities, specifically the repayment of long-term debt, in addition to a \$0.9 million increase in total assets, resulting from a \$2.3 million increase in current assets, offset by a \$1.4 million reduction in capital assets.

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 (\$50.1 million) reflects capital assets net of accumulated depreciation, of which \$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 B5 on pages 42-43. The remaining \$19.5 million represents capital assets used by the District to provide services to its constituency. 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.

Another 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, 2018 and 2017, the District's restricted net position was \$644,392 and \$668,312 respectively.

The third and final component of the District's net position (\$13.9 million) reflects unrestricted net position that may be used to meet the District's ongoing obligations to creditors and constituencies.

In fiscal year 2017, the District's capital assets, including the investment in Joint Venture with the Las Virgenes Municipal Water District of \$30.6 million, reflects 80.3% of total District net position. As seen in the table on page 18, total net position increased slightly by \$36,826 to \$62.7 million in fiscal year 2017.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONTINUED)

## 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	<u>40,191,465</u>	<u>29,615,922</u>	<u>10,575,543</u>	35.7%
<b>Total assets</b>	<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	<u>19,268,214</u>	<u>8,665,740</u>	<u>10,602,474</u>	122.3%
<b>Total liabilities</b>	<u>23,004,072</u>	<u>11,437,557</u>	<u>11,566,515</u>	101.1%
Net Position:				
Net investment in capital assets	50,404,186	51,864,647	(1,460,461)	-2.8%
Restricted:				
Conifer loan reserve requirement	602,000	602,000	-	0.0%
Escrow funds	66,312	-	66,312	NA
Unrestricted	<u>11,643,850</u>	<u>10,212,875</u>	<u>1,430,975</u>	14.0%
<b>Total net position</b>	<u>\$ 62,716,348</u>	<u>\$ 62,679,522</u>	<u>\$ 36,826</u>	0.1%

## 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 \$2,004,627 in fiscal year 2018.

Total revenues increased by \$2,809,467 (16.8%) compared to fiscal year 2017. Recycled water and potable water are highly cyclical in nature affected by weather and some conservation efforts; both showed increases in 2018. Potable water rates and quantity sold increased by 13% and 13.3% respectively which resulted in revenue increase of \$1,574,260 or 34.4% while recycled water rates increased by 15% with a 5.5% decrease in quantity sold, resulting in an increase in revenue of \$169,281 or 7%. A 6.5% rate increase combined with a 0.1% increase in fixture units, resulted in a revenue increase of \$596,168 or 7.8% for sanitation fees.

Total expenses increased by \$841,666 or 5.0% compared to fiscal year 2017. The increase was attributable to an increase in management and administrative costs of \$821,901 or 19.3%, as well as increases in wastewater treatment, potable water purchase, interest and depreciation expense totaling \$1,189,302. As a result of the purchase of the Recycled Water System from Calleguas Municipal Water District, the cost of recycled water decreased by \$912,980 (56%). Professional services also shows a decrease of \$126,929 or 55.1% compared to fiscal year 2017.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONTINUED)

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

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Operating revenues:				
Sanitation fees	\$ 8,253,307	\$ 7,657,139	\$ 596,168	7.8%
Potable water sales	6,149,583	4,575,323	1,574,260	34.4%
Recycled water sales	2,575,319	2,406,038	169,281	7.0%
Water meter service fees	2,034,687	1,679,051	355,636	21.2%
Other	214,858	269,137	(54,279)	-20.2%
Non-operating revenues:				
Rental revenue - cellular antennas	175,394	111,672	63,722	57.1%
Interest and investment earnings	160,050	50,628	109,422	216.1%
Other	2,506	7,249	(4,743)	-65.4%
<b>Total revenues</b>	<u>19,565,704</u>	<u>16,756,237</u>	<u>2,809,467</u>	16.8%
Expenses:				
Operating expenses:				
Wastewater treatment	4,309,990	4,058,695	251,295	6.2%
Potable water purchased	3,366,431	2,961,082	405,349	13.7%
Recycled water purchased	716,702	1,629,682	(912,980)	-56.0%
Professional services	103,494	230,423	(126,929)	-55.1%
Management and administrative	5,071,651	4,249,750	821,901	19.3%
Depreciation and amortization	1,563,459	1,271,388	292,071	23.0%
Change in investment LVMWD/TSD	1,744,428	1,874,056	(129,628)	-6.9%
Non-operating expenses:				
Interest expense	684,922	444,335	240,587	54.1%
<b>Total expenses</b>	<u>17,561,077</u>	<u>16,719,411</u>	<u>841,666</u>	5.0%
<b>Change in net position</b>	2,004,627	36,826	1,967,801	5343.5%
<b>Net position, beginning of fiscal year</b>	62,716,348	62,679,522	36,826	0.1%
<b>Net position, end of fiscal year</b>	<u>\$ 64,720,975</u>	<u>\$ 62,716,348</u>	<u>\$ 2,004,627</u>	3.2%

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONTINUED)

In fiscal year 2017, total revenues increased by \$1,554,566 or 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. Recycled water sales increased by \$110,235, potable water sales by \$850,238, and sanitation fees by \$512,660.

Total expenses increased by \$333,659 (2.0%) compared to fiscal year 2016. The increase was attributable to an increase in wastewater treatment expenses, professional services, and interest expense.

### 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%
<b>Total revenues</b>	<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%
<b>Total expenses</b>	<u>16,719,411</u>	<u>16,385,752</u>	<u>333,659</u>	<u>2.0%</u>
<b>Change in net position</b>	36,826	(1,184,081)	1,220,907	-103.1%
<b>Net position, beginning of fiscal year</b>	62,679,522	63,863,603	(1,184,081)	-1.9%
<b>Net position, end of fiscal year</b>	<u>\$ 62,716,348</u>	<u>\$ 62,679,522</u>	<u>\$ 36,826</u>	<u>0.1%</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, 2018, (at cost) amounted to \$62.1 million or \$38.8 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 2018 were:				
	<u>Balance 2017</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2018</u>
Capital Assets:				
Non-depreciable assets	\$ 890,164	\$ 168,494	\$ (354,545)	\$ 704,113
Depreciable assets	61,054,473	-	354,545	61,409,018
Accumulated depreciation and amortization	(21,753,172)	(1,563,459)	-	(23,316,631)
Total capital assets, net	<u>\$ 40,191,465</u>	<u>\$ (1,394,965)</u>	<u>\$ -</u>	<u>\$ 38,796,500</u>

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>

Major capital asset events during the fiscal year 2018 included the following:

North Shore Gravity System – Wastewater - \$104,168  
 Various capital projects - \$84,322  
 Accumulated depreciation - \$1,563,459

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

Additional information on the District's capital assets can be found in Note B4 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, 2018, was \$18,879,867.

	<b>Balance at June 30, 2017</b>		<b>Additions</b>		<b>Payments/ Deletions</b>		<b>Balance at June 30, 2018</b>
Long-term debt:							
2014 AMR Loan	\$ 2,120,783	\$	-	\$	(147,189)	\$	1,973,594
2011 Construction Loan	6,129,356		-		(318,545)		5,810,811
2017 RW System Purchase Loan	11,725,000		-		(629,538)		11,095,462
Total long-term debt	19,975,139	\$	-	\$	(1,095,272)		18,879,867
Less current portion	(1,095,272)						(1,134,068)
Total long-term portion	\$ 18,879,867					\$	17,745,799

Additional information on the District's long-term liabilities can be found in Note B6 on pages 44-46 of this report.

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

	<b>Balance at June 30, 2016</b>		<b>Additions</b>		<b>Payments/ Deletions</b>		<b>Balance at June 30, 2017</b>
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	-		11,725,000		-		11,725,000
Total long-term debt	8,696,817	\$	11,725,000	\$	(446,678)		19,975,139
Less current portion	(446,678)						(1,095,272)
Total long-term portion	\$ 8,250,139					\$	18,879,867

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

- The District Board considered the factors mentioned above when setting the fiscal year 2019 budget, rates, and fees. The District's fiscal year 2018-19 Adopted Budget (expenses not including the change in investment-in-joint venture LVMWD/TSD) totaled \$17,594,817 or 5.1% increase when compared to the prior year.
- Based on the wastewater rate study and the five-year programmed rate, this is the third year of the Board approved 6.5% annual 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% annually for fiscal years 2017 and 2018, and 3% annually 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% annually for fiscal years 2017 and 2018, and 3% annually for fiscal years 2019 and 2020, with no rate increase for fiscal year 2021.
- In April 2017, Governor Brown ended the Drought State of Emergency in most of California, which includes Ventura County. In May 2018, legislation establishing statewide water efficiency goals was signed by the Governor to prepare for future droughts. Permanent water restrictions are being implemented by the District to support water conservation efforts.
- Calleguas Municipal Water District (CMWD) wholesale supply rate will increase effective January 1, 2019. 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 eleven cents per hundred cubic feet (\$.11/HCF) across all the tiers effective January 1, 2019.
- District staff is provided entirely by contract with the Ventura Regional Sanitation District (VRSD). This support consists of approximately fifteen (15.16) full-time equivalent positions made up of the part-time efforts of approximately forty-six (46) people in ten (10) different areas of expertise. The VRSD hourly billing rates increased on average by 3% effective July 1, 2018.

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](http://www.triunfosanitation.com)

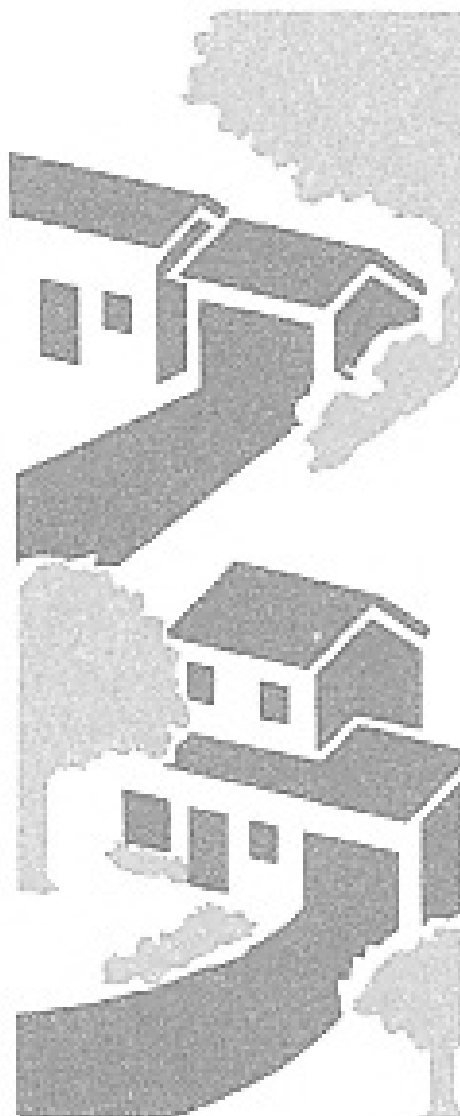
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# **Basic Financial Statements**



## **Triunfo Sanitation District**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2018 and June 30, 2017**



# Basic Financial Statements

**TRIUNFO SANITATION DISTRICT**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2018 AND JUNE 30, 2017**

<b>ASSETS</b>		<b>2018</b>	<b>2017</b>
Current assets:			
Cash and cash equivalents	(Note B1)	\$ 11,968,768	\$ 8,865,096
Accrued interest receivable		69,983	25,557
Accounts receivable – water sales and services, net	(Note B3)	988,422	928,514
Accounts receivable – sanitation fees	(Note B3)	244,204	278,472
Accounts receivable – other	(Note B3)	66,032	7,078
Advance deposits – investment-in-joint venture LVMWD/TSD	(Note B5)	2,455,173	3,324,675
Water-in-storage inventory		22,038	19,870
Prepaid and other		55,838	99,426
Total current assets – unrestricted		15,870,458	13,548,688
Restricted current assets:			
Cash and cash equivalents	(Note B2)	1,349,030	1,376,806
Total current assets – restricted		1,349,030	1,376,806
Total current assets – unrestricted and restricted		17,219,488	14,925,494
Non-current assets			
Capital assets, net	(Note B4)	38,796,500	40,191,465
Investment-in-joint venture LVMWD/TSD	(Note B5)	30,611,211	30,603,461
Total non-current assets		69,407,711	70,794,926
<b>Total assets</b>		<b>86,627,199</b>	<b>85,720,420</b>
<b>LIABILITIES</b>			
Current liabilities:			
Payable from current assets:			
Accounts payable and accrued expenses		1,690,195	1,648,024
Accrued interest payable – loan		243,176	256,814
Loans payable – current portion	(Note B6)	1,134,068	1,095,272
Developer refund agreements – current portion	(Note B6)	27,254	27,254
Payable from current assets – unrestricted		3,094,693	3,027,364
Payable from restricted current assets:			
Customer deposits		47,690	42,121
Unearned revenue		656,948	666,373
Payable from restricted current assets		704,638	708,494
Total current liabilities – unrestricted and restricted		3,799,331	3,735,858
Non-current liabilities:			
Loans payable	(Note B6)	17,745,799	18,879,867
Developer refund agreements	(Note B6)	361,094	388,347
Total non-current liabilities		18,106,893	19,268,214
<b>Total liabilities</b>		<b>21,906,224</b>	<b>23,004,072</b>
<b>NET POSITION</b>			
Net investment in capital assets	(Note B7)	50,139,496	50,404,186
Restricted:			
Conifer loan reserve requirement	(Note B7)	602,000	602,000
Escrow funds	(Note B7)	42,392	66,312
Unrestricted		13,937,087	11,643,850
<b>Total net position</b>		<b>\$ 64,720,975</b>	<b>\$ 62,716,348</b>

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, 2018 AND JUNE 30, 2017**

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Sanitation fees	\$ 8,253,307	\$ 7,657,139
Potable water sales	6,149,583	4,575,323
Recycled water sales	2,575,319	2,406,038
Water meter service fees	2,034,687	1,679,051
Connection fees	91,279	138,650
Other charges for services	<u>123,579</u>	<u>130,487</u>
Total operating revenues	<u>19,227,754</u>	<u>16,586,688</u>
Operating expenses:		
Wastewater treatment	4,309,990	4,058,695
Potable water purchased	3,366,431	2,961,082
Recycled water purchased	716,702	1,629,682
Professional services	103,494	230,423
Management and administrative	<u>5,071,651</u>	<u>4,249,750</u>
Total operating expenses	<u>13,568,268</u>	<u>13,129,632</u>
Operating income before depreciation	5,659,486	3,457,056
Depreciation and amortization	<u>(1,563,459)</u>	<u>(1,271,388)</u>
Operating income	<u>4,096,027</u>	<u>2,185,668</u>
Non-operating revenue(expense)		
Change in investment-in-joint venture LVMWD/TSD (Note B5)	(1,744,428)	(1,874,056)
Rental revenue - cellular antennas	175,394	111,672
Interest and investment earnings	160,050	50,628
Interest expense	(684,922)	(444,335)
Other income(expenses), net	<u>2,506</u>	<u>7,249</u>
Total non-operating revenue(expenses), net	<u>(2,091,400)</u>	<u>(2,148,842)</u>
Change in net position	2,004,627	36,826
Net position, beginning of fiscal year	<u>62,716,348</u>	<u>62,679,522</u>
Net position, end of fiscal year	<u>\$ 64,720,975</u>	<u>\$ 62,716,348</u>

See accompanying notes to the financial statements.

**TRIUNFO SANITATION DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Receipts from customers for water sales and services	\$ 10,787,104	\$ 8,589,925
Receipts from customers for sanitation services	8,287,575	7,579,192
Receipts for other services	64,625	160,912
Payments to vendors for materials and services	(13,484,677)	(13,002,977)
Advance deposits – investment-in-joint venture LVMWD/TSD facility	(882,676)	(2,386,436)
Net cash provided by operating activities	<u>4,771,951</u>	<u>940,616</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(168,494)	(11,846,931)
Capital contributions	-	10,137,035
Proceeds from capital debt	-	11,725,000
Principal and interest paid on long-term debt	(1,821,085)	(10,931,018)
Net cash used in capital and related financing activities	<u>(1,989,579)</u>	<u>(915,914)</u>
Cash flows from non-capital financing activities:		
Insurance claim reimbursement	2,506	7,249
Net cash provided by non-capital financing activities	<u>2,506</u>	<u>7,249</u>
Cash flows from investing activities:		
Proceeds from rental revenue - cellular antennas	175,394	111,672
Proceeds from interest and investment earnings	115,624	46,038
Net cash provided by investing activities	<u>291,018</u>	<u>157,710</u>
Net increase in cash and cash equivalents	3,075,896	189,661
Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year	<u>10,241,902</u>	<u>10,052,241</u>
Cash and cash equivalents (unrestricted and restricted), end of fiscal year	\$ <u>13,317,798</u>	\$ <u>10,241,902</u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$ 11,968,768	\$ 8,865,096
Restricted cash and cash equivalents	1,349,030	1,376,806
Total cash and cash equivalents	\$ <u>13,317,798</u>	\$ <u>10,241,902</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ <u>4,096,027</u>	\$ <u>2,185,668</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,563,459	1,271,388
Changes in assets and liabilities:		
(Increase)decrease in assets:		
Accounts receivable – water sales and services, net	(59,908)	(203,913)
Accounts receivable – sanitation fees	34,268	(77,946)
Accounts receivable – other, net	(58,954)	30,425
Water-in-storage inventory	(2,168)	(2,818)
Prepaid and other	43,588	(66,914)
Advance deposits – investment-in-joint venture LVMWD/TSD facility	(882,676)	(2,386,436)
Increase(decrease) in liabilities:		
Accounts payable and accrued expenses	42,171	196,386
Customer deposits	(3,856)	(5,224)
Total adjustments	<u>675,924</u>	<u>(1,245,052)</u>
Net cash provided by operating activities	\$ <u>4,771,951</u>	\$ <u>940,616</u>
Schedule of noncash transactions:		
Accrued capitalized interest, net	\$ (201,159)	\$ (187,521)
Change in investment-in-joint venture LVMWD/TSD	\$ (1,744,428)	\$ (1,874,056)

See accompanying notes to the financial statements.

# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

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### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. Reporting Entity

Triunfo Sanitation District (District) was organized on November 12, 1963, as a special District under the County Sanitation District Act, State of California Health & Safety Code Section 4700 et seq., to provide sanitation services for the southeastern portion of Ventura County, adjacent to the Los Angeles County line. The District Board is comprised of five directly-elected members-at-large. On October 12, 1964, the District and Las Virgenes Municipal Water District (LVMWD) entered into a joint powers agreement establishing a Joint Venture (LVMWD/TSD Joint Venture) to construct, operate, maintain and provide for a regional sewerage system to serve the area within the two districts. The 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, 2018 and 2017

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#### 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. 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

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

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“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 as well as potable and reclaimed water customers of the District’s Oak Park Water Service.

***Advance deposits – investment-in-joint venture LVMWD/TSD*** – 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, 2018 and 2017 were \$1,014,675 and \$979,308, 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, 2018 and 2017 were \$840,051 and \$532,355, respectively.

***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, 2018 and 2017 were \$600,447 and \$1,813,012, 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 reflect costs or deposits applicable to future accounting periods and are recorded as prepaid.

***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.

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

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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 (1/40) of the total agreement amount with no interest accruing or paid.

**Customer deposits** – Deposits are required on all new water 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. In March 2014, one lot was connected to the sewer decreasing unearned revenue by 1.42% to \$656,948.

**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:

**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.

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

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***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>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 11,968,768	\$ 8,865,096
Restricted cash and cash equivalents	<u>1,349,030</u>	<u>1,376,806</u>
Total Cash and Investments	<u>\$ 13,317,798</u>	<u>\$ 10,241,902</u>

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018 and 2017

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

	2018	2017
Cash and cash equivalents		
Banc of America Public Capital Corp - Escrow Funds	\$ 42,393	\$ 66,312
Local Agency Investment Fund (LAIF)	626,131	619,323
Ventura County Treasury Pool	11,991,133	8,132,413
Sweep Account	658,141	1,423,854
Total Cash and Cash Equivalents	\$ 13,317,798	\$ 10,241,902

At June 30, 2018, and 2017, the carrying amount of cash in bank deposits was \$658,141 and \$1,423,854, respectively, and the corresponding bank balance was \$704,885 and \$1,836,774, 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. In addition, the remaining loan proceeds from the Calleguas Municipal Water District's Recycled Waster System purchase were held in the escrow account at June 30, 2018, and 2017, in the amounts of \$42,393 and \$66,312, respectively.

#### *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.

Authorized Investment Types	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
LAIF	N/A	None	65 million
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, 2018 and 2017

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### *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity date:

<b>Investments at June 30, 2018:</b>		<b>Remaining Maturity (In Months)</b>
Investment Type	Fair Value Total	12 Month or Less
Local Agency Investment Fund (LAIF)	\$ 626,131	\$ 626,131
Ventura County Treasury Pool	11,991,133	11,991,133
Total	<u>\$ 12,617,264</u>	<u>\$ 12,617,264</u>

<b>Investments at June 30, 2017:</b>		<b>Remaining Maturity (In Months)</b>
Investment Type	Fair Value Total	12 Month or Less
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>

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

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#### *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, 2018	Minimum Legal Rating	Not Rated
Local Agency Investment Fund (LAIF)	\$ 626,131	N/A	\$ 626,131
Ventura County Treasury Pool	11,991,133	N/A	11,991,133
Total	<u>\$ 12,617,264</u>		<u>\$ 12,617,264</u>

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>

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018 and 2017

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#### *Fair Value Measurement*

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The District has the following recurring fair value measurements as of June 30, 2018:

	Total as of
<u>Investments measured at the Net Asset Value (NAV)</u>	<u>June 30,2018</u>
Local Agency Investment Fund (LAIF)	\$ 626,131
Ventura County Treasury Pool	11,991,133
Total	<u>\$ 12,617,264</u>

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

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

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

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#### *Concentration of Credit Risk*

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Other than amounts invested in the Local Agency Investment Fund (LAIF) and the Ventura County Treasurer Investment Pool, there are no investments in any one issuer that represent 5% or more of total District investments as of June 30, 2018 and 2017.

#### *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, 2018 and 2017

#### *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 \$626,131 and \$619,323 at June 30, 2018 and 2017, 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, 2018 and 2017 is \$22.5 billion and \$22.8 billion, respectively. LAIF is a part of the California Pooled Money Investment Account (PMIA), which at June 30, 2018 and 2017 had a balance of \$90.0 billion and \$77.6 billion, respectively. Of those amounts, 2.67% and 2.89%, respectively, is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 193 days and 194 days as of June 30, 2018 and 2017, respectively.

## 2. Restricted Assets

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

	2018	2017
Cash and cash equivalents restricted for:		
Customer deposits	\$ 47,690	\$ 42,121
Unearned revenue	656,948	666,373
Conifer loan reserve requirement	602,000	602,000
Banc of America Public Capital Corp - Escrow Funds	42,392	66,312
Total restricted cash and cash equivalents	\$ 1,349,030	\$ 1,376,806

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

**JUNE 30, 2018 and 2017**

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#### **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 \$9,960 and \$9,344 at June 30, 2018 and 2017, 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, 2018**

<b><u>Accounts receivable - Trade</u></b>	<b><u>Gross</u></b>	<b><u>Allowance</u></b>	<b><u>Net</u></b>
Water sales and services	\$ 998,382	\$ (9,960)	\$ 988,422
Sanitation fees	244,204	-	244,204
Other receivables	66,032	-	66,032
Total accounts receivable	<u>\$ 1,308,618</u>	<u>\$ (9,960)</u>	<u>\$ 1,298,658</u>

#### **June 30, 2017**

<b><u>Accounts receivable - Trade</u></b>	<b><u>Gross</u></b>	<b><u>Allowance</u></b>	<b><u>Net</u></b>
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>

# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018 and 2017

### 4. Capital Assets

Changes to capital assets during fiscal years ended June 30, 2018 and 2017, were as follows:

	<b>Balance June 30, 2017</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Balance June 30, 2018</b>
Non-depreciable assets:				
Land	\$ 71,370	\$ -	\$ -	\$ 71,370
Construction -in-progress	818,794	168,494	(354,545)	632,743
Total non-depreciable assets	890,164	168,494	(354,545)	704,113
Depreciable assets:				
Structures and improvements	720,834	-	-	720,834
Wastewater collection systems	16,535,876	-	354,545	16,890,421
Recycled water systems	15,703,087	-	-	15,703,087
Potable water systems	27,513,211	-	-	27,513,211
Other physical property	581,465	-	-	581,465
Total depreciable assets	61,054,473	-	354,545	61,409,018
Accumulated depreciation:				
Structures and improvements	(227,851)	(18,256)	-	(246,107)
Wastewater collection systems	(9,485,755)	(330,736)	-	(9,816,491)
Recycled water systems	(1,970,760)	(391,918)	-	(2,362,678)
Potable water systems	(9,735,283)	(777,764)	-	(10,513,047)
Other physical property	(333,523)	(44,785)	-	(378,308)
Total accumulated depreciation:	(21,753,172)	(1,563,459)	-	(23,316,631)
Total depreciable assets, net	39,301,301	(1,563,459)	354,545	38,092,387
Total capital assets, net	\$ 40,191,465	\$ (1,394,965)	\$ -	\$ 38,796,500
	<b>Balance June 30, 2016</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Balance June 30, 2017</b>
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 collection 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 collection 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

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

**JUNE 30, 2018 and 2017**

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

<b>Construction Projects</b>	<b>2018</b>	<b>2017</b>
Developer tracts in progress	\$ -	\$ 374,543
Hydraulic Model-PW	138,914	138,046
Water Storage Study-RW	59,295	59,295
Lakeside Lift Station Improvements	51,296	49,276
Westlake Lift Station Abandonment	21,112	21,112
Capri Tract RW Improvements	78,697	78,697
Regency RW Pump Station Design	35,823	16,988
Oak Park North Apts RW Improvements	45,074	45,074
GP Sewer Automation-CIP	54,680	8,347
GP PW Upgrade/Automation-CIP	43,682	27,416
North Shore Gravity System - WW	104,168	-
<b>Total</b>	<b>\$ 632,741</b>	<b>\$ 818,794</b>



## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

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#### 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 & McGeary, LLP is the independent auditor. Equipment costs and contributions for 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, 2018 and June 30, 2017:

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

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets:			
Current assets	\$ 6,610	\$ 8,172	\$ (1,562)
Capital assets, net	91,175	91,010	165
<b>Total assets</b>	<u>97,785</u>	<u>99,182</u>	<u>(1,397)</u>
Liabilities:			
Current liabilities	6,610	8,172	(1,562)
<b>Total liabilities</b>	<u>6,610</u>	<u>8,172</u>	<u>(1,562)</u>
Net position of participants net investment in capital assets:			
Las Virgenes Municipal Water District	60,564	60,406	158
Triunfo Sanitation District	30,611	30,604	7
<b>Total net position</b>	<u>\$ 91,175</u>	<u>\$ 91,010</u>	<u>\$ 165</u>

# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018 and 2017

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

	2018	2017	Change
Revenues:			
Operating revenues	\$ 2,346	\$ 2,168	\$ 178
Non-operating revenues	69	45	24
<b>Total revenues</b>	<b>2,415</b>	<b>2,213</b>	<b>202</b>
Expenses:			
Operating expenses	15,679	14,755	924
Non-operating expenses	238	554	(316)
Depreciation and amortization	5,695	5,629	66
<b>Total expenses</b>	<b>21,612</b>	<b>20,938</b>	<b>674</b>
<b>Net loss before participant contributions</b>	<b>(19,197)</b>	<b>(18,725)</b>	<b>(472)</b>
Billings to participants	13,264	12,542	722
Excess after billings to participants	(5,933)	(6,183)	250
Participants capital contributions	6,098	4,433	1,665
<b>Change in Net Position</b>	<b>165</b>	<b>(1,750)</b>	<b>1,915</b>
<b>Beginning Net Position</b>	<b>91,010</b>	<b>92,760</b>	<b>(1,750)</b>
<b>Ending Net Position</b>	<b>\$ 91,175</b>	<b>\$ 91,010</b>	<b>\$ 165</b>

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

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

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

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

TSD Joint Venture Advances	2018	2017
Operating reserve advance	\$ 1,014,675	\$ 979,308
Construction advance	840,051	532,355
Replacement reserve advance	600,447	1,813,012
<b>Total joint venture advances</b>	<b>\$ 2,455,173</b>	<b>\$ 3,324,675</b>

## **TRIUNFO SANITATION DISTRICT**

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

**JUNE 30, 2018 and 2017**

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#### **6. Long Term Obligations**

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

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

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

The District entered into a Master Equipment Lease/Purchase Agreement with Bank of America, National Association 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, 2018 and 2017

The following table summarizes the District's debt at June 30, 2018.

	Balance at June 30, 2017	Additions	Payments/ Deletions	Balance at June 30, 2018	Amounts Due in One Year
Loans Payable:					
2017 RW System Purchase	\$ 11,725,000	\$ -	\$ (629,538)	\$ 11,095,462	\$ (648,444)
2014 Automated Meter Read Loan	2,120,783	-	(147,189)	1,973,594	(151,996)
2011 Construction loan	6,129,356	-	(318,545)	5,810,811	(333,628)
Total long-term debt	19,975,139	\$ -	\$ (1,095,272)	18,879,867	\$ (1,134,068)
Less current portion	(1,095,272)			(1,134,068)	
Total long-term portion	\$ 18,879,867			\$ 17,745,799	

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

Fiscal Years				
Ending June 30,	Principal	Interest	Total	
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	1,304,456	489,375	1,793,831	
2024-2028	7,259,534	1,709,627	8,969,161	
2029-2032	5,531,921	397,534	5,929,455	
Total	18,879,867	4,987,909	23,867,775	
Less current portion	(1,134,068)	(659,763)	(1,793,831)	
Total non-current	\$ 17,745,799	\$ 4,328,146	\$ 22,073,944	

# TRIUNFO SANITATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018 and 2017

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, 2018:

Developer/Tract	Balance at June 30, 2017	Additions	Payments/ Deletions	Balance at June 30, 2018	Amounts Due in One Year
CalProp/4315	\$ 56,160	\$ -	\$ (3,744)	\$ 52,416	\$ (3,744)
Grupe/3984	41,908	-	(4,930)	36,978	(4,930)
Morrison/4071	189,388	-	(11,835)	177,553	(11,835)
Warmington/4474	128,145	-	(6,744)	121,401	(6,745)
Total developer refunds	415,601	\$ -	\$ (27,253)	388,348	\$ (27,254)
Less current portion	(27,253)			(27,254)	
Total long-term portion	\$ 388,348			\$ 361,094	

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	(6,744)
Total developer refunds	442,855	\$ -	\$ (27,254)	415,601	\$ (27,253)
Less current portion	(27,254)			(27,253)	
Total long-term portion	\$ 415,601			\$ 388,348	

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

Fiscal Year	Principal
2019	\$ 27,254
2020	27,254
2021	27,254
2022	27,254
2023	27,254
2024-2028	123,943
2029-2033	107,874
2034-2035	20,261
Total	388,348
Less current portion	(27,254)
Total non-current	\$ 361,094

## TRIUNFO SANITATION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018 and 2017

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#### 7. Net Positions

The following is the detail of net position:

The balance at June 30, consists of the following:	<b>2018</b>	<b>2017</b>
Capital assets, net	\$ 38,796,500	\$ 40,191,465
Portion of loans payable used to purchase capital assets	(18,879,867)	(19,975,139)
Developer refund agreements	(388,348)	(415,601)
Investment-in-joint venture LVMWD/TSD	30,611,211	30,603,461
Total net investment in capital assets	<u>\$ 50,139,496</u>	<u>\$ 50,404,186</u>
Restricted for:	<b>2018</b>	<b>2017</b>
Loan reserve requirement	\$ 602,000	\$ 602,000
Capital expenditures	42,392	66,312
Total restricted	<u>\$ 644,392</u>	<u>\$ 668,312</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 2018 was \$4,317,492 and \$3,697,611 in fiscal year 2017. 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, 2018 and 2017**

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The financial statements of CSRMA may be obtained from:

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

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

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

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

Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2018 and 2017.

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

The District had contractual commitments with outside firms for engineering, consulting, or other various supplies and services totaling approximately \$198,066 and \$253,723 in fiscal year 2018 and fiscal year 2017, 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 November 2018, the Board unanimously approved eleven cents per hundred cubic feet (\$.11/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, 2019.

## **TRIUNFO SANITATION DISTRICT**

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

**JUNE 30, 2018 and 2017**

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On November 8, 2018, a major wildfire called the “Woolsey Fire” broke out in Ventura County and quickly spread into the Triunfo Sanitation District service area where numerous homes were either threatened or destroyed. On November 14, 2018, the Triunfo Sanitation District Board of Directors authorized financial relief to water and sewer service customers affected by the fire. The whole financial impact of the fire is currently being assessed by the District.

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

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

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.

GASB Statement No. 90 “Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61” are effective for fiscal years beginning after December 15, 2018.



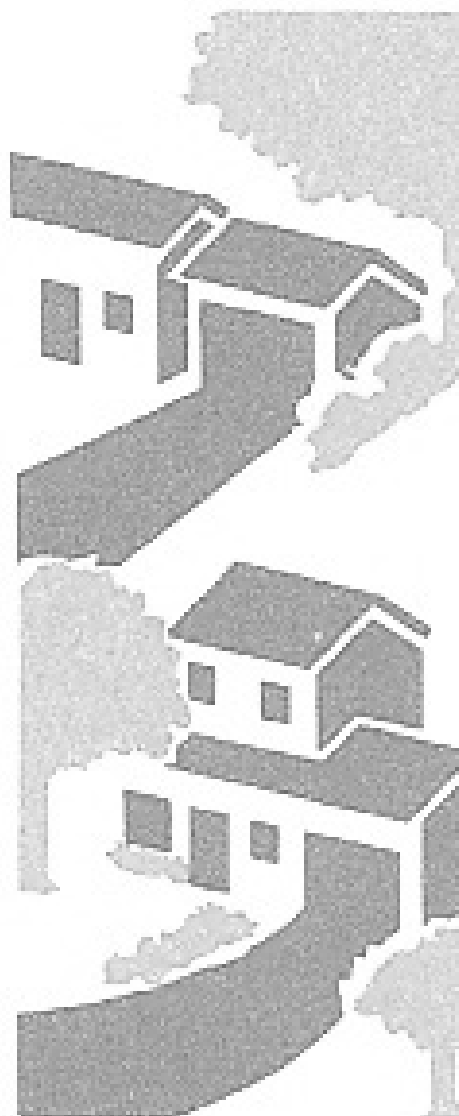
# Supplementary Section



Supplementary Section

## Triunfo Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2018 and June 30, 2017



**TRIUNFO SANITATION DISTRICT**

**COMBINING**

**SUPPLEMENTARY SCHEDULES**

**FISCAL YEAR ENDED JUNE 30, 2018**



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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, 2018**

<b>ASSETS</b>	<b>Wastewater</b>	<b>Recycled Water</b>	<b>Potable Water</b>	<b>Total</b>
Current assets:				
Cash and cash equivalents	\$ 7,923,477	\$ 3,066,969	\$ 978,322	\$ 11,968,768
Accrued interest receivable	69,983	-	-	69,983
Accounts receivable – water sales and services, net	-	621,305	367,117	988,422
Accounts receivable – sanitation fees	244,204	-	-	244,204
Accounts receivable – other, net	1,814	-	64,218	66,032
Advance deposits – investment-in-joint venture LVMWD/TSD	2,455,173	-	-	2,455,173
Water-in-storage inventory	-	-	22,038	22,038
Prepaid and other	24,305	16,733	14,800	55,838
Total current assets – unrestricted	10,718,956	3,705,007	1,446,495	15,870,458
Restricted current assets:				
Cash and cash equivalents	656,948	42,392	649,690	1,349,030
Total current assets – restricted	656,948	42,392	649,690	1,349,030
Total current assets – unrestricted and restricted	11,375,904	3,747,399	2,096,185	17,219,488
Non-current assets – capital assets, net				
Capital assets, net	7,753,506	13,565,846	17,477,148	38,796,500
Investment-in-joint venture LVMWD/TSD	30,611,211	-	-	30,611,211
Total non-current assets	38,364,717	13,565,846	17,477,148	69,407,711
<b>Total assets</b>	<b>49,740,621</b>	<b>17,313,245</b>	<b>19,573,333</b>	<b>86,627,199</b>
<b>LIABILITIES</b>				
Current liabilities:				
Payable from current assets:				
Accounts payable and accrued expenses	\$ 1,039,143	\$ 578,832	\$ 72,220	\$ 1,690,195
Accrued interest payable – loan	-	124,620	118,556	243,176
Loan payable – current portion	-	651,894	482,174	1,134,068
Developer refund agreements – current portion	-	-	27,254	27,254
Payable from current assets – unrestricted	1,039,143	1,355,346	700,204	3,094,693
Payable from restricted current assets:				
Customer deposits	-	-	47,690	47,690
Unearned revenue	656,948	-	-	656,948
Payable from restricted current assets	656,948	-	47,690	704,638
Total current liabilities – unrestricted and restricted	1,696,091	1,355,346	747,894	3,799,331
Non-current liabilities:				
Loans payable	-	10,488,368	7,257,431	17,745,799
Developer refund agreements	-	-	361,094	361,094
Total non-current liabilities	-	10,488,368	7,618,525	18,106,893
<b>Total liabilities</b>	<b>1,696,091</b>	<b>11,843,714</b>	<b>8,366,419</b>	<b>21,906,224</b>
<b>NET POSITION</b>				
Net investment in capital assets	38,364,717	2,467,976	9,306,803	50,139,496
Restricted:				
Conifer loan reserve requirement	-	-	602,000	602,000
Escrow funds	-	-	42,392	42,392
Unrestricted	9,679,813	3,001,555	1,255,719	13,937,087
<b>Total net position</b>	<b>\$ 48,044,530</b>	<b>\$ 5,469,531</b>	<b>\$ 11,206,914</b>	<b>\$ 64,720,975</b>

**TRIUNFO SANITATION DISTRICT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET**  
**POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Wastewater</b>	<b>Recycled Water</b>	<b>Potable Water</b>	<b>Total</b>
Operating revenues:				
Sanitation fees	\$ 8,253,307	\$ -	\$ -	\$ 8,253,307
Potable water sales	-	-	6,149,583	6,149,583
Recycled water sales	-	2,575,319	-	2,575,319
Water meter service fees	-	207,159	1,827,528	2,034,687
Connection fees	91,279	-	-	91,279
Other charges for services	22,929	6,103	94,547	123,579
Total operating revenues	8,367,515	2,788,581	8,071,658	19,227,754
Operating expenses:				
Wastewater treatment	4,309,990	-	-	4,309,990
Potable water purchased	-	-	3,366,431	3,366,431
Recycled water purchased	-	716,702	-	716,702
Professional services	92,901	2,967	7,626	103,494
Management and administrative	2,994,674	420,863	1,656,114	5,071,651
Total operating expenses	7,397,565	1,140,532	5,030,171	13,568,268
Operating income before depreciation	969,950	1,648,049	3,041,487	5,659,486
Depreciation and amortization	(370,900)	(391,918)	(800,641)	(1,563,459)
Operating income(loss)	599,050	1,256,131	2,240,846	4,096,027
Non-operating revenue(expense)				
Change in investment-in-joint venture LVMWD/TSD	(1,744,428)	-	-	(1,744,428)
Rental revenue - cellular antennas	-	-	175,394	175,394
Interest and investment earnings	160,050	-	-	160,050
Interest expense	-	(342,385)	(342,537)	(684,922)
Other income(expenses), net	-	-	2,506	2,506
Central administration expense allocation	634,474	(148,899)	(485,575)	-
Total non-operating revenues, net	(949,904)	(491,284)	(650,212)	(2,091,400)
Change in net position	(350,854)	764,847	1,590,634	2,004,627
Net position, beginning of fiscal year	47,530,231	5,193,830	9,992,287	62,716,348
Cumulative effect of accounting errors	865,153	(489,146)	(376,007)	-
Net position, beginning of fiscal year, as restated	48,395,384	4,704,684	9,616,280	62,716,348
Net position, end of fiscal year	\$ 48,044,530	\$ 5,469,531	\$ 11,206,914	\$ 64,720,975

**TRIUNFO SANITATION DISTRICT  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Wastewater</b>	<b>Recycled Water</b>	<b>Potable Water</b>	<b>Total</b>
Cash flows from operating activities:				
Receipts from customers for water sales and services	\$ 81,853	\$ 2,696,230	\$ 8,009,021	\$ 10,787,104
Receipts from customers for sanitation services	8,287,575	-	-	8,287,575
Receipts for other services	26,544	6,102	31,979	64,625
Payments to vendors for materials and services	(7,168,006)	(667,602)	(5,649,069)	(13,484,677)
Advance deposits - investment-in-joint venture LVMWD/TSD facility	(882,676)	-	-	(882,676)
Net cash provided by operating activities	345,290	2,034,730	2,391,931	4,771,951
Cash flows from capital and related financing activities:				
Acquisition/transfer and construction of capital assets	(132,525)	(18,835)	(17,134)	(168,494)
Principal and interest paid on long-term debt	-	(982,271)	(838,814)	(1,821,085)
Net cash used in capital and related financing activities	(132,525)	(1,001,106)	(855,948)	(1,989,579)
Cash flows from non-capital financing activities:				
Insurance claim reimbursement	-	-	2,506	2,506
Transfers in (out)	634,476	(148,900)	(485,576)	-
Net cash provided by (used in) non-capital financing activities	634,476	(148,900)	(483,070)	2,506
Cash flows from investing activities:				
Proceeds from rental revenue - cellular antennas	-	-	175,394	175,394
Proceeds from interest and investment earnings	115,624	-	-	115,624
Net cash provided by investing activities	115,624	-	175,394	291,018
Net increase in cash and cash equivalents	962,865	884,724	1,228,307	3,075,896
Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year	6,752,409	2,469,381	1,020,112	10,241,902
Cumulative effect of accounting errors	865,153	(244,745)	(620,408)	-
Cash and cash equivalents (unrestricted and restricted), beginning of fiscal year, as restated	7,617,562	2,224,636	399,704	10,241,902
Cash and cash equivalents (unrestricted and restricted), end of fiscal year	\$ 8,580,427	\$ 3,109,360	\$ 1,628,011	\$ 13,317,798
Reconciliation of cash and cash equivalents to statement of net position:				
Cash and cash equivalents	\$ 7,923,477	\$ 3,066,969	\$ 978,322	\$ 11,968,768
Restricted cash and cash equivalents	656,948	42,392	649,690	1,349,030
Total cash and cash equivalents	\$ 8,580,425	\$ 3,109,361	\$ 1,628,012	\$ 13,317,798
Reconciliation of operating income(loss) to net cash provided by operating activities:				
Operating income(loss)	\$ 599,050	\$ 1,256,131	\$ 2,240,846	\$ 4,096,027
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:				
Depreciation and amortization	370,900	391,918	800,641	1,563,459
Changes in assets and liabilities:				
(Increase)decrease in assets:				
Accounts receivable – water sales and services, net	-	(86,233)	26,325	(59,908)
Accounts receivable – sanitation fees	34,268	-	-	34,268
Accounts receivable – other, net	3,615	-	(62,569)	(58,954)
Water-in-storage inventory	-	-	(2,168)	(2,168)
Prepaid and other	3,272	18,923	21,393	43,588
Advance deposits - investment-in-joint venture LVMWD/TSD facility	(882,676)	-	-	(882,676)
Increase(decrease) in liabilities:				
Accounts payable and accrued expenses	226,286	454,007	(638,122)	42,171
Customer deposits	(9,425)	(16)	5,585	(3,856)
Total adjustments	(253,760)	778,599	151,085	675,924
Net cash provided by operating activities	\$ 345,290	\$ 2,034,730	\$ 2,391,931	\$ 4,771,951



**TRIUNFO SANITATION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**TRIUNFO SANITATION DISTRICT  
Budgetary Comparison Schedule  
For the Year Ending June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Sanitation fees	\$ 8,212,841	\$ 8,253,307	\$ (40,466)
Potable water sales	7,309,742	6,149,583	1,160,159
Recycled water sales	2,651,445	2,575,319	76,126
Water meter service fees	2,059,280	2,034,687	24,593
Connection fees	80,000	91,279	(11,279)
Other charges for services	81,775	123,579	(41,804)
Total operating revenues	<u>20,395,083</u>	<u>19,227,754</u>	<u>1,167,329</u>
Operating expenses:			
Wastewater treatment	4,667,075	4,309,990	357,085
Potable water purchased	3,973,407	3,366,431	606,976
Recycled water purchased	692,258	716,702	(24,444)
Professional services	128,294	103,494	24,800
Management and administrative	5,554,040	5,071,651	482,389
Total operating expenses	<u>15,015,074</u>	<u>13,568,268</u>	<u>1,446,806</u>
Operating income before depreciation	5,380,009	5,659,486	(279,477)
Depreciation and amortization	<u>(1,611,873)</u>	<u>(1,563,459)</u>	<u>(48,414)</u>
Operating income	<u>3,768,136</u>	<u>4,096,027</u>	<u>(327,891)</u>
Non-operating revenue(expense)			
Change in investment-in-joint venture LVMWD/TSD	(2,467,481)	(1,744,428)	(723,053)
Rental revenue - cellular antennas	142,389	175,394	(33,005)
Interest and investment earnings	40,000	160,050	(120,050)
Interest expense	(698,561)	(684,922)	(13,639)
Other income (expenses), net	-	2,506	(2,506)
Total non-operating expenses, net	<u>(2,983,653)</u>	<u>(2,091,400)</u>	<u>(892,253)</u>
Change in net position	784,483	2,004,627	<u><u>\$(1,220,144)</u></u>
Net position, beginning	<u>62,716,348</u>	<u>62,716,348</u>	
Net position, ending	<u><u>\$ 63,500,831</u></u>	<u><u>\$ 64,720,975</u></u>	

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# Statistical Section



## Triunfo Sanitation District

Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2018 and June 30, 2017



**Triunfo Sanitation District  
Statistical Section**

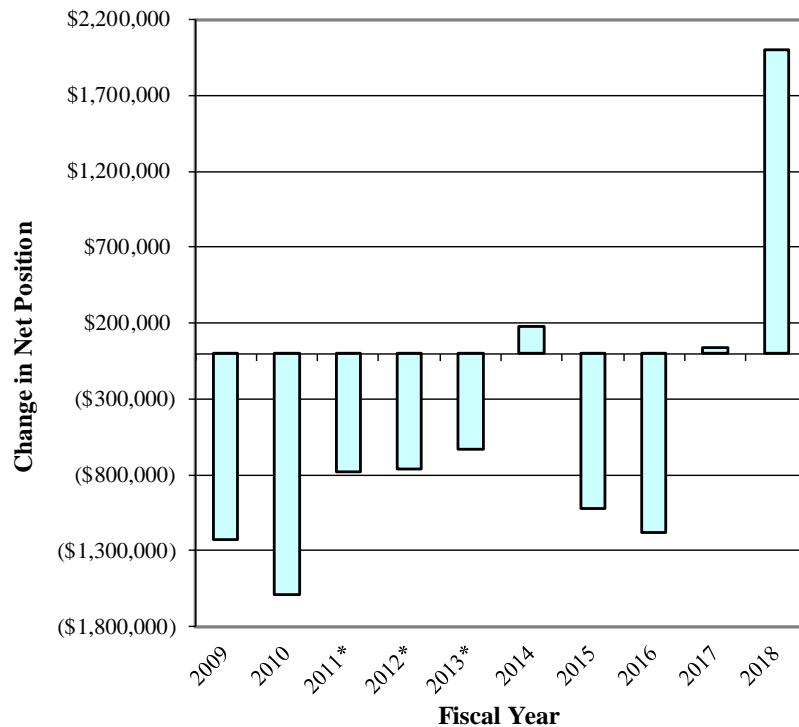
This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

**Table of Contents**

	<b><u>Page No.</u></b>
Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	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				
	2009	2010	2011*	2012*	2013*
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 12,372,603	\$ 12,550,843	\$ 12,986,803	\$ 13,744,712	\$ 15,176,216
Operating expenses (see Schedule 3)	(10,799,380)	(11,433,846)	(11,273,168)	(12,026,778)	(13,035,013)
Depreciation and amortization	(881,982)	(879,346)	(822,844)	(905,549)	(904,630)
<b>Operating income(loss)</b>	<b>691,241</b>	<b>237,651</b>	<b>890,791</b>	<b>812,385</b>	<b>1,236,573</b>
Non-operating revenues(expenses)					
Investment income/(loss)	524,115	17,984	131,781	51,006	11,586
Rental income - cellular antennas	121,381	147,450	159,874	169,416	149,093
Change in investment in LVMWD/TSD Joint Venture	(2,315,646)	(1,689,237)	(1,634,383)	(1,920,297)	(2,018,902)
Gain/(loss) on sale of assets	-	-	-	-	-
Interest expense	(230,414)	(104,124)	(223,304)	(23,281)	(9,081)
Bond administration expense	(71,794)	(217,905)	(104,808)	-	-
Other revenue/(expense), net	12,559	19,616	-	153,259	-
Total non-operating revenues(expenses), net	(1,959,799)	(1,826,216)	(1,670,840)	(1,569,897)	(1,867,304)
<b>Net income before capital contributions</b>	<b>(1,268,558)</b>	<b>(1,588,565)</b>	<b>(780,049)</b>	<b>(757,512)</b>	<b>(630,731)</b>
Capital contributions	43,118	1,181	-	-	-
<b>Changes in net position</b>	<b>\$ (1,225,440)</b>	<b>\$ (1,587,384)</b>	<b>\$ (780,049)</b>	<b>\$ (757,512)</b>	<b>\$ (630,731)</b>
Net position by component:					
Net investment in capital assets	\$ 52,699,967	\$ 56,309,830	\$ 56,785,267	\$ 56,334,059	\$ 54,964,447
Restricted	92,899	-	602,000	602,000	602,000
Unrestricted	15,665,260	10,560,912	8,703,426	8,397,122	9,136,003
<b>Total net position</b>	<b>\$ 68,458,126</b>	<b>\$ 66,870,742</b>	<b>\$ 66,090,693</b>	<b>\$ 65,333,181</b>	<b>\$ 64,702,450</b>

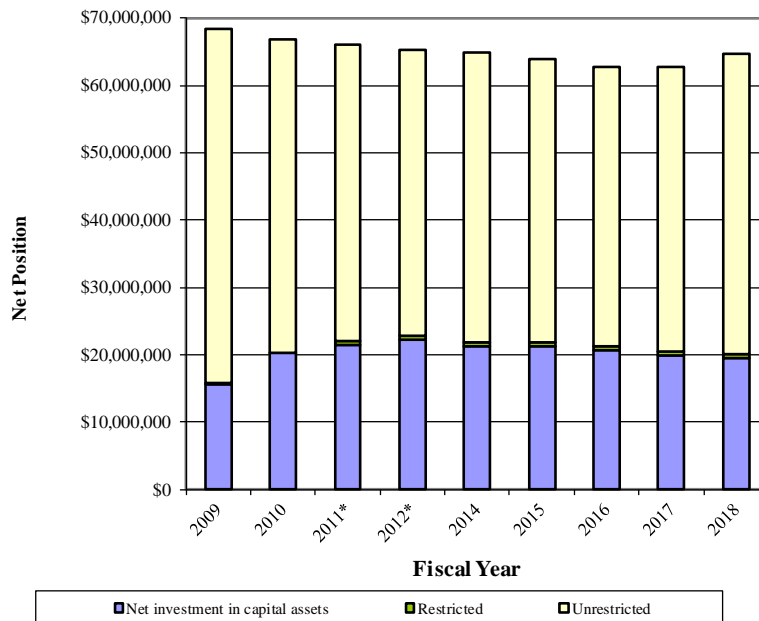


\* The presentation of certain prior year balances have been reclassified to conform to current year presentation.

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

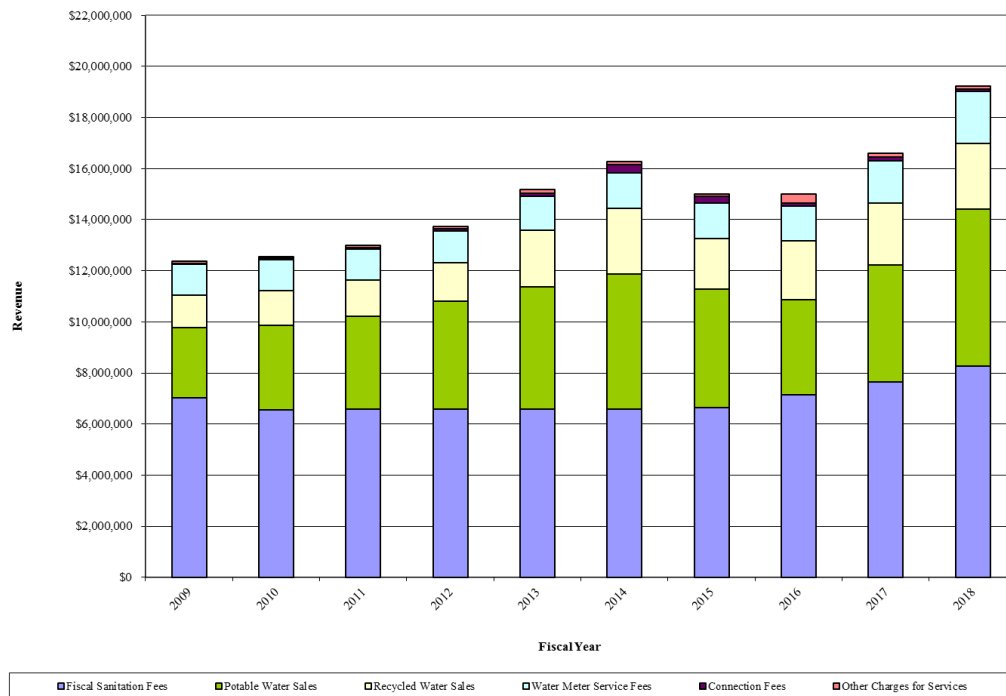
**Triunfo Sanitation District**  
**Changes in Net Position and Net Position by Component (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2014	2015	2016	2017	2018
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 16,262,169	\$ 15,009,561	\$ 15,008,613	\$ 16,586,688	\$ 19,227,754
Operating expenses (see Schedule 3)	(13,461,380)	(13,372,916)	(12,902,162)	(13,129,632)	(13,568,268)
Depreciation and amortization	(865,402)	(899,549)	(1,288,281)	(1,271,388)	(1,563,459)
<b>Operating income(loss)</b>	<b>1,935,387</b>	<b>737,096</b>	<b>818,170</b>	<b>2,185,668</b>	<b>4,096,027</b>
Non-operating revenues(expenses)					
Investment income/(loss)	26,290	38,939	69,338	50,628	160,050
Rental income - cellular antennas	153,863	120,147	112,270	111,672	175,394
Change in investment in LVMWD/TSD Joint Venture	(1,917,034)	(1,915,400)	(1,827,859)	(1,874,056)	(1,744,428)
Gain/(loss) on sale of assets	-	28,179	-	-	-
Interest expense	(236)	(26,078)	(367,450)	(444,335)	(684,922)
Bond administration expense	(20,000)	-	-	-	-
Other revenue/(expense), net	-	-	11,450	7,249	2,506
<b>Total non-operating revenues(expenses), net</b>	<b>(1,757,117)</b>	<b>(1,754,213)</b>	<b>(2,002,251)</b>	<b>(2,148,842)</b>	<b>(2,091,400)</b>
<b>Net income before capital contributions</b>	<b>178,270</b>	<b>(1,017,117)</b>	<b>(1,184,081)</b>	<b>36,826</b>	<b>2,004,627</b>
Capital contributions	-	-	-	-	-
<b>Changes in net position</b>	<b>\$ 178,270</b>	<b>\$ (1,017,117)</b>	<b>\$ (1,184,081)</b>	<b>\$ 36,826</b>	<b>\$ 2,004,627</b>
Net position by component:					
Net investment in capital assets	\$ 54,364,744	\$ 53,573,752	\$ 51,864,647	\$ 50,404,186	\$ 50,139,496
Restricted	602,000	602,000	602,000	668,312	644,392
Unrestricted	9,913,976	9,687,851	10,212,875	11,643,850	13,937,087
<b>Total net position</b>	<b>\$ 64,880,720</b>	<b>\$ 63,863,603</b>	<b>\$ 62,679,522</b>	<b>\$ 62,716,348</b>	<b>\$ 64,720,975</b>



**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
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
2018	8,253,307	6,149,583	2,575,319	2,034,687	91,279	123,579	19,227,754

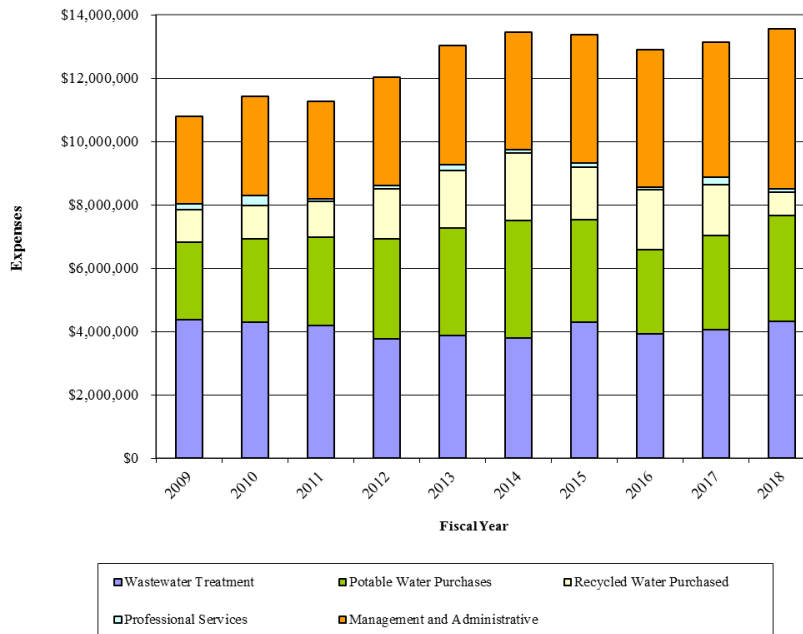


**Source:** Ventura Regional Sanitation District Finance Department



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

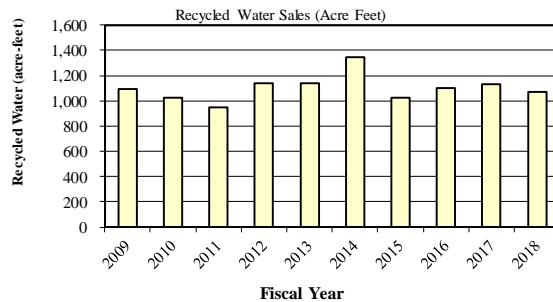
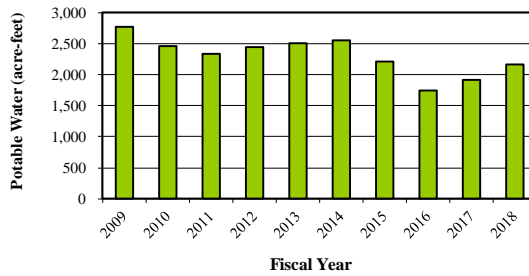
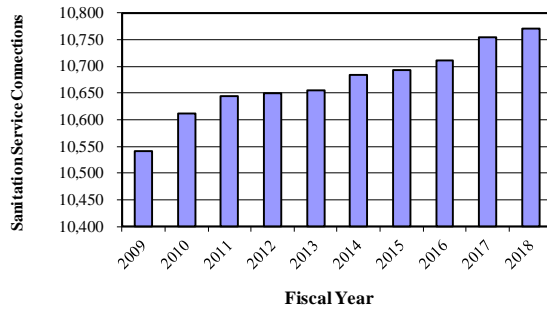
<b>Fiscal Year</b>	<b>Wastewater Treatment</b>	<b>Potable Water Purchases</b>	<b>Recycled Water Purchased</b>	<b>Professional Services</b>	<b>Management and Administrative</b>	<b>Total Operating Expenses</b>
2009	\$ 4,368,737	\$ 2,451,137	\$ 1,026,030	\$ 187,501	\$ 2,765,975	\$ 10,799,380
2010	4,300,816	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
2018	4,309,990	3,366,431	716,702	103,494	5,071,651	13,568,268



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

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

<b>Fiscal Year</b>	<b>Sanitation Service Connections</b>	<b>Potable Water Sales (Acre Feet)</b>	<b>Recycled Water Sales (Acre Feet)</b>
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	1,334
2018	10,771	2,167	1,583



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

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

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

Sanitation Fees										
Connection Type <sup>(2)</sup>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single/Multi Residential	\$ 44.00	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 41.80	\$ 44.52	\$ 47.41	\$ 50.49
Apartment Units	35.20	33.44	33.44	33.44	33.44	33.44	33.44	35.61	37.92	40.38
Commercial/Hotels	44.00	41.80	41.80	41.80	41.80	41.80	41.80	44.52	47.41	50.49
Shopping Centers	78.13	74.22	74.22	74.22	74.22	74.22	74.22	79.04	84.18	89.65
Restaurants & Markets	101.20	96.14	96.14	96.14	96.14	96.14	96.14	102.39	109.05	116.14

Potable Water Consumption Fees										
Water Consumed <sup>(3)</sup>	2009	2010	2011	2012	2013	2014	2015	2016		
0 - 6 HCF	\$ 2.46	\$ 2.85	\$ 2.95	\$ 3.33	\$ 3.67	\$ 3.93	\$ 4.01	\$ 4.24		
6 - 28 HCF	3.18	3.57	3.67	4.07	4.49	4.75	4.83	5.33		
Over 28 HCF	4.14	4.53	4.63	5.19	5.73	5.99	6.07	6.79		
Water Consumed <sup>(3)</sup>								2016	2017	2018
0 - 7 HCF								\$ 4.24	\$ 5.06	\$ 5.88
>7 - 28 HCF								5.33	5.78	6.69
Over 28 HCF								6.79	7.14	8.23

Recycled Water Consumption Fees										
Water Consumed <sup>(3)</sup>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All Units (HCF)	\$ 1.89	\$ 2.21	\$ 2.60	\$ 2.60	\$ 2.86	\$ 2.96	\$ 3.03	\$ 3.25	\$ 3.82	\$ 4.63

Potable Water Meter Service Fees										
Meter Size	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
5/8 inch	\$ 13.16	\$ 13.16	\$ 13.75	\$ 13.75	\$ 14.51	\$ 15.23	\$ 15.23	\$ 15.23	\$ N/A	\$ N/A
3/4 inch	19.74	19.74	20.63	20.63	21.76	22.85	22.85	22.85	24.79	28.02
1 inch	32.91	32.91	34.39	34.39	36.28	38.10	38.10	38.10	39.15	44.24
1 1/2 inch	65.81	65.81	68.77	68.77	72.55	76.18	76.18	76.18	75.05	84.81
2 inch	105.30	105.30	110.04	110.04	116.09	121.90	121.90	121.90	118.14	133.50
3 inch	197.43	197.43	206.31	206.31	217.66	228.54	228.54	228.54	254.57	287.67
4 inch	329.06	329.06	343.87	343.87	362.78	380.92	380.92	380.92	455.63	514.87
6 inch	658.07	658.07	687.68	687.68	725.51	761.78	761.78	761.78	1,008.55	1,139.67

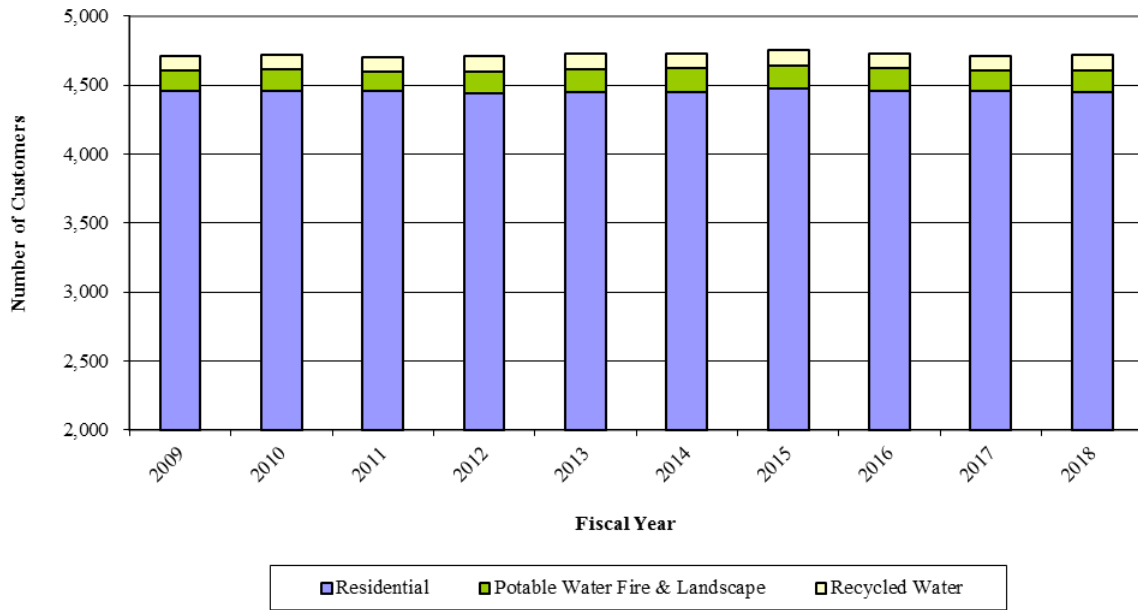
Recycled Water Meter Service Fees										
Meter Size	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
5/8 inch	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.16	\$ 13.71	\$ N/A	\$ N/A
3/4 inch	19.74	19.74	19.74	19.74	19.74	19.74	19.74	20.53	N/A	N/A
1 inch	32.91	32.91	32.91	32.91	32.91	32.91	32.91	34.23	N/A	N/A
1 1/2 inch	65.81	65.81	65.81	65.81	65.81	65.81	65.81	68.45	N/A	N/A
2 inch	105.30	105.30	105.30	105.30	105.30	105.30	105.30	109.52	125.95	144.84
3 inch	197.43	197.43	197.43	197.43	197.43	197.43	197.43	205.33	236.13	271.55
4 inch	329.06	329.06	329.06	329.06	329.06	329.06	329.06	342.23	393.56	452.60
6 inch	658.07	658.07	658.07	658.07	658.07	658.07	658.07	684.40	787.06	905.12

- (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	
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
2018	4,451	155	108	4,714



**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 Nine Years Ago**

Customer	Potable Water - Retail			
	2018		2009	
	Water Consumed	Percentage of Total	Water Consumed	Percentage of Total
ERP Operating, LLP	50,372	5.34%	60,858	5.04%
Shadow Ridge HOA	21,816	2.31%	20,909	1.73%
Morrison Estates HOA	10,024	1.06%	22,038	1.83%
Capri	8,211	0.00%	8,175	0.68%
Concord Consulting	8,006	0.85%	9,564	0.79%
County of Ventura	7,832	0.83%	11,394	0.94%
Regency Hills Neighborhood	6,312	0.67%	21,409	1.77%
Oak Park First Plaza (Shopping Center)	6,138	0.65%	7,346	0.61%
Rancho Simi Recreation & Park	5,965	0.00%	5,665	0.47%
Shadow Oaks	5,404	0.57%	4,789	0.40%
Hillcrest Homes HOA	4,960	0.53%	8,647	0.72%
Oak Park Unified School District	4,733	0.50%	3,623	0.30%
Total	139,773	14.81%	184,417	15.27%
Total Potable Water Consumed	943,837	100.00%	1,207,345	100.00%

Customer	Recycled Water - Retail and Wholesale			
	2018		2009	
	Water Consumed	Percentage of Total	Water Consumed	Percentage of Total
California Water Service Company	208,630	30.26%	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>
Sherwood County Club	112,949	16.38%	151,505	31.83%
Rancho Simi Recreation & Park	62,733	9.10%	53,774	11.30%
Oak Park Unified School District	43,811	6.35%	54,595	11.47%
County of Ventura	30,476	4.42%	24,563	5.16%
Tract 3141 HOA	30,013	4.35%	21,841	4.59%
Regency Hill Neighborhood	29,019	4.21%	39,619	8.32%
Country Glenn	26,102	3.79%	18,038	3.79%
Country Vista III Owners	16,549	2.40%	22,046	4.63%
Shadow Ridge HOA	15,947	2.31%	17,512	3.68%
Hidden Valley	14,220	2.06%	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>
Oak Park Village Assoc	13,817	2.00%	11,846	2.49%
Total	604,266	87.64%	415,339	87.25%
Total Recycled Water Consumed	689,476	100.00%	476,056	100%

**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**

<b>Fiscal Year</b>	<b>Revenue Bonds [1]</b>	<b>MFC Loans [2]</b>	<b>Developer Refund Agreements [3]</b>	<b>Installment Purchase Agreement [4]</b>	<b>Lease Purchase Agreement [5]</b>	<b>Lease Purchase Agreement [6]</b>	<b>Total</b>	<b>Per Capita</b>	<b>As a Share of Personal Income</b>
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	1.02%
2018	-	-	388,348	5,810,811	1,973,594	11,095,462	19,268,215	575.94	0.96%

[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

**Triunfo Sanitation District  
Pledged-Revenue Coverage  
Installment Purchase Agreement  
Fiscal Years 2018 and 2017**

	<b>Fiscal Year 2018</b>			
	<b>Wastewater</b>	<b>Recycled</b>	<b>Potable Water</b>	<b>Total</b>
Revenue sources				
Operating revenues	\$ 8,367,515	\$ 2,788,581	\$ 8,071,658	\$ 19,227,754
Non-operating revenues	794,524	-	177,900	972,424
Total revenue sources	9,162,039	2,788,581	8,249,558	20,200,178
Expenses				
Operating expenses	\$ 7,397,565	\$ 1,140,532	\$ 5,030,171	\$ 13,568,268
Non-operating expenses	-	148,899	485,575	634,474
Total expenses	7,397,565	1,289,431	5,515,746	14,202,742
Net Revenues (Expenses)	1,764,474	1,499,150	2,733,812	5,997,436
Installment payments				
Principal	-	632,879	462,393	1,095,272
Interest	-	349,393	349,168	698,561
Total installment payments	-	982,272	811,561	1,793,831
Debt Service Coverage (min 1.25x)	n/a	n/a	n/a	3.34

	<b>Fiscal Year 2017</b>			
	<b>Wastewater</b>	<b>Recycled</b>	<b>Potable Water</b>	<b>Total</b>
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

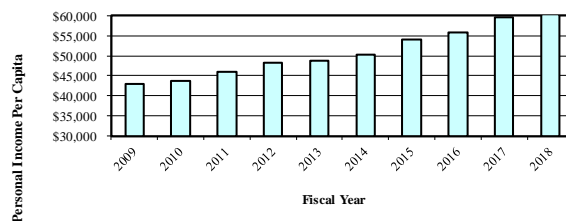
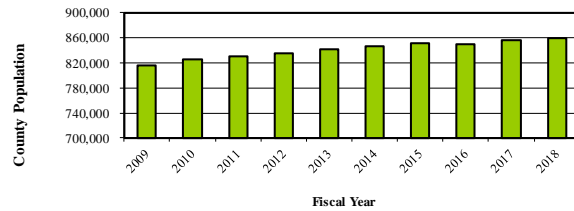
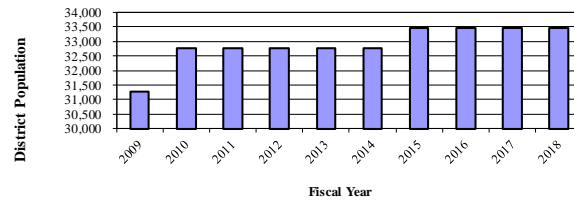
Notes: Change in investment-in-joint venture-LVMWD/TSD non-operating expense is not included in the report. This expense is for the JPA TSD share of the capital construction & replacement fund.  
Interest expense non-operating expense is not included in the report.

**Source:** Triunfo Sanitation District

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

County of Ventura<sup>(1)</sup>

Year	Population within District	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
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	4.5% (2)	856,111 (2)	49,700,000 (2)	59,599 (2)
2018	33,455	3.6% (2)	859,275 (2)	51,800,000 (2)	60,302 (2)



**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) July 2018; 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); 2019 LA County & Ventura County Economic Outlook

**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 and 2018 was obtained from the 2019 LA County & Ventura County Economic Outlook



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

<b>Employer</b>	<b>2017<sup>(a)</sup></b>			<b>2008<sup>(b)</sup></b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total Employed</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total Employed</b>
Naval Base of Ventura	14,210	1	3.47%	17,000	1	5.27%
County of Ventura - Government Center	9,151	2	2.23%	7,910	3	2.45%
Amgen	5,500	3	1.34%	10,600	2	3.28%
Wellpoint Health Network, Inc.	2,860	4	0.70%	3,635	5	1.13%
Simi Valley Unified School District	2,737	5	0.67%	2,405	6	0.75%
Community Memorial Hospital of San Buenaventura	2,100	6	0.51%	-		n/a
Conejo Valley Unified School District	1,999	7	0.49%	2,229	9	0.69%
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	0.68%
Ventura County Health Care Agency	-		n/a	2,350	7	0.73%
Vons	-		n/a	2,282	8	0.71%
Countrywide Home Loans Headquarters	-		n/a	5,588	4	1.73%
Top Ten Employers Total	<u>44,036</u>		10.75%	<u>56,199</u>		17.42%
Total Employed in County	<u>409,600</u>		100.00%	<u>322,683</u>		100.00%

**Sources:**

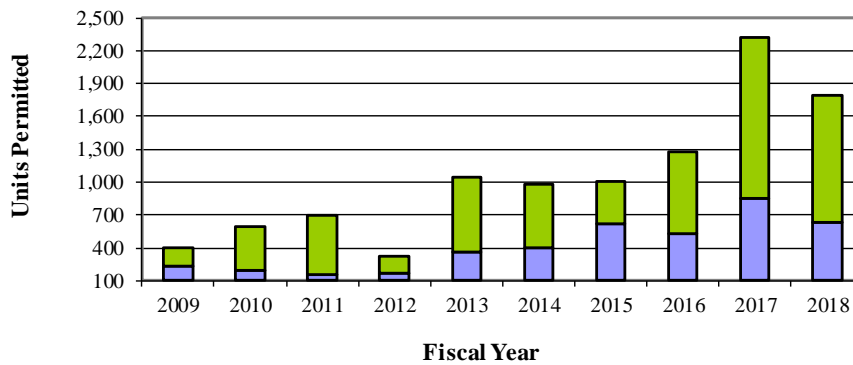
(a) 2017 Los Angeles County and Ventura County Economic Outlook; Data for 2018 is not available.

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

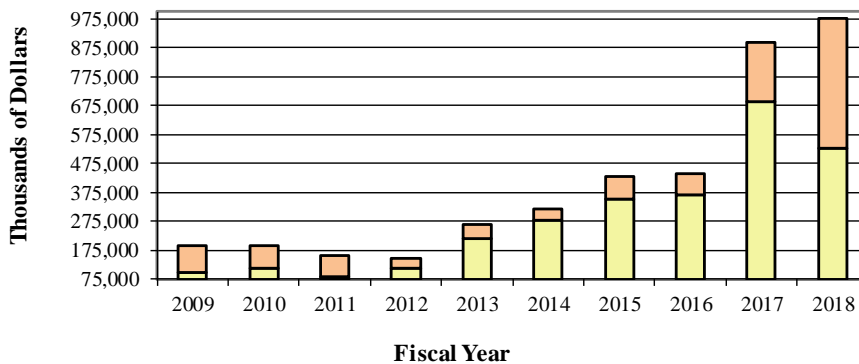
**Triunfo Sanitation District  
Building Permits - County of Ventura  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>New Single Family Units</b>	<b>New Multiple Family Units</b>	<b>Total New Residential Units</b>	<b>Total New Residential Investment (000's)</b>	<b>Non-residential Investment (000's)</b>	<b>Total New Structure Investment (000's)</b>
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	847	1,479	2,326	690,000	205,000	895,000
2018	637	1,150	1,787	526,000	452,000	978,000

**New Residential Building Units Permitted**



**Investment in New Structures**



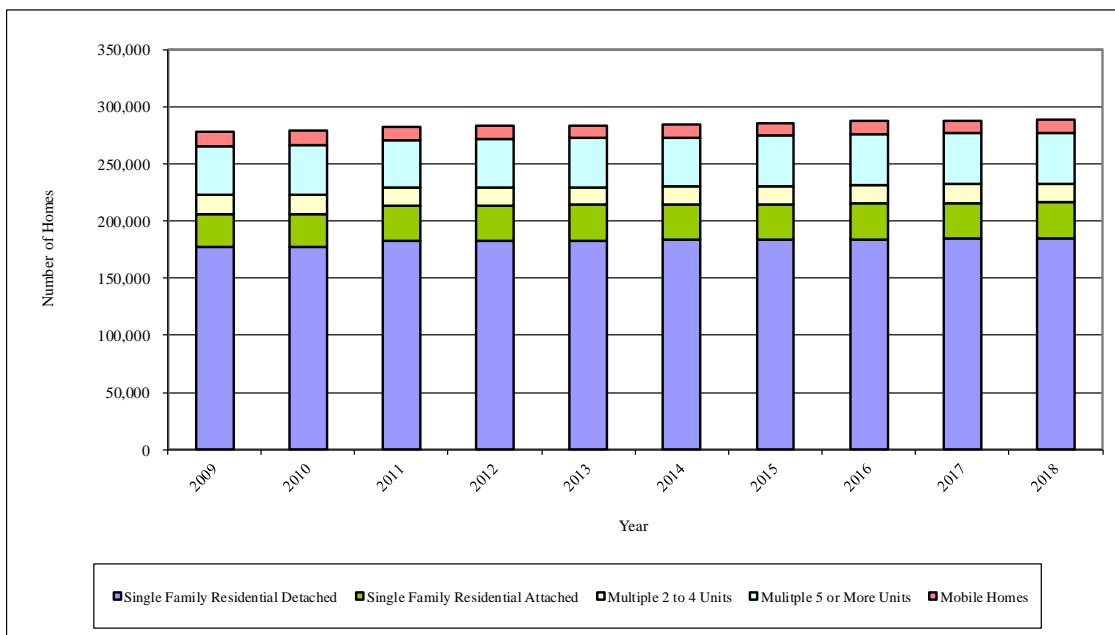
**Note:**

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 assessable.

**Sources:** 2017 & 2019 Los Angeles County and Ventura County Economic Outlook

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

<b>Fiscal Year</b>	<b>Single Family Residential Detached</b>	<b>Single Family Residential Attached</b>	<b>Multiple 2 to 4 Units</b>	<b>Multiple 5 or More Units</b>	<b>Mobile Homes</b>	<b>Total All Housing</b>
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
2018	185,053	31,281	15,947	44,949	11,349	288,579



**Source:** CA Dept. of Finance Demographic Research Unit, E-5 City/County Population & Housing Estimates, 1/1/2018

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

<b>Sanitation Services</b>				
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Collection System (Miles)</b>	<b>Treatment Capacity (MGD)</b>	<b>Average Dry Weather Flow (MGD)</b>
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
2018	50	120	4.70	3.30

<b>Potable Water Sales</b>			
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Potable Water Capacity (MGM)</b>	<b>Potable Water System (Miles)</b>
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
2018	50	82.72	50

<b>Recycled Water Sales</b>			
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Recycled Water Capacity (MGM)</b>	<b>Recycled Water System (Miles)</b>
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
2018	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

