VENTURA PORT DISTRICT

FINANCIAL STATEMENTS

WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2017

VENTURA PORT DISTRICT

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June 30, 2017

INDEPENDENT AUDITORS' REPORT

The Board of Port Commissioners
of the Ventura Port District
Ventura, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Ventura Port District (the District), which comprise the statement of net position as of June 30, 2017, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the basic financial statements, which collectively comprise the District's basic 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.

Auditors' 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. 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 auditors' 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 auditors consider internal control relevant to the District'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 District'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.

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893

Offices located in Orange and San Diego Counties

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ventura Port District as of June 30, 2017, and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3H to the financial statements, the District made a restatement to the beginning balance of the net pension liability for the defined benefit safety plan that resulted in a decrease in previously reported net position. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions - defined benefit pension plans, and the schedule of funding progress - other postemployment health care benefits, identified as Required Supplementary Information (RSI) in the accompanying table of contents, 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 RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

White Nelson Diehl Evans LLP

Irvine, California
May 16, 2018

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

June 30, 2017

It is our pleasure to submit the Ventura Port District's (District) Management's Discussion and Analysis (MD&A) for the fiscal year ending June 30, 2017. This report was prepared pursuant to the guidelines set forth by the Government Accounting Standards Board (GASB) and sets forth an overview of the District's financial activities and performance for the fiscal years ended June 30, 2017 and 2016. This analysis should be read in conjunction with the audited financial statements that follow this section.

District staff prepared this financial report in conjunction with an unmodified opinion issued by the independent audit firm White Nelson Diehl Evans LLP. This report consists of management's representations concerning the finances of the District. 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 has been established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

District Structure and Leadership

The Ventura Port District was established in April 1952 for the purpose of acquiring, constructing and operating a commercial and recreational boat harbor now known as the Ventura Harbor. The port was formed as per Sections 6200 to 6372 of the Harbor and Navigation Code of the State of California. The District's legal boundaries encompass all of the City of San Buenaventura as well as some small areas outside the City limits. Construction was completed and Ventura Harbor commenced operations in June 1963.

Other than the 2.74 acre site owned by the Department of Interior, National Park Service, the District is the sole landowner within this multiple use harbor, with current property holdings of approximately 152 acres of land and 122 acres of water area, initially developed in the early 1960s. The harbor is home to many diverse businesses such as marinas for recreational and commercial vessels, commercial fishing offloading facilities, boat charters, a mobile home park, two hotels, a time share, a public launch ramp, two fuel stations, two full service boatyards, and a mixed use commercial development center.

The District is governed by a five-member Board of Port Commissioners, appointed by the City Council of the City of San Buenaventura, serving four-year terms without compensation.

Everard Ashworth, Chairman
Brian Brennan, Vice Chairman
Jim Friedman, Commissioner
Bruce E. Smith, Commissioner
Nikos Valance, Commissioner

Mission Statement

The Ventura Port District, home to Channel Island National Park, provides a safe and navigable harbor and a seaside destination that benefits residents, visitors, fishermen, and boaters to enjoy Ventura Harbor's exceptional facilities, events, and services.

Financial Highlights

The District provides public services such as Harbor Patrol and a public launch ramp, which are traditionally associated with a port district. The District also contracts with the State Parks system for lifeguard services from May through September for approximately $60,000. In addition, the District offers long term ground leases (50 years) on certain parcels for private use and is the owner/operator of Ventura Harbor Village, a 32.67 acre commercial, office and marina complex located in the harbor.

- The District's net position for June 30, 2017 increased 18.6% to $20,362,681
- Total revenues increased 11.8% to $10,508,854 during the fiscal year.
- Total expenses decreased 8.1% to $7,568,211 during the fiscal year

Overview of the basic financial statements

The District's basic financial statements are comprised of three components: Financial statements, notes to the basic financial statements and required supplementary information. The financial statements consist of the following:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

The District's activities are accounted for in an enterprise fund. Enterprise funds are operated in a manner similar to private business in that the majority of the Districts revenues are generated through leases, fees, and services to the public. These revenues are used to cover all operations, financing and infrastructure needs in the harbor.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position

The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). The difference between the District's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining. The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recognized on the accrual basis.

Statement of Net Position

The following condensed financial information provides an overview of the District's financial position as of June 30, 2017 and 2016.

Summary of Net Position
June 30, 2017 and 2016

	2017	2016 *	Increase/ (Decrease)	%
Assets:				
Current assets	$ 10,379,570	$ 9,119,312	$ 1,260,258	13.8%
Restricted assets	3,115,769	3,090,131	25,638	0.8%
Capital assets, net	24,195,447	22,996,393	1,199,054	5.2%
Total assets	37,690,786	35,205,836	2,484,950	7.1%
Deferred Outflows of Resources	1,389,094	682,808	706,286	103.4%
Total Assets and Deferred Outflows	39,079,880	35,888,644	3,191,236	8.9%
Liabilities:				
Current & other liabilities	5,421,550	4,397,115	1,024,435	23.3%
Long-term debt obligations	13,025,500	13,850,200	(824,700)	-6.0%
Total liabilities	18,447,050	18,247,315	199,735	1.1%
Deferred Inflows of Resources	270,149	476,538	(206,389)	-43.3%
Total Liabilities and Deferred Inflows	18,717,199	18,723,853	(6,654)	0.0%
Net Position:				
Net investment in capital assets	11,438,008	9,440,821	1,997,187	21.2%
Restricted assets	3,115,769	3,090,131	25,638	0.8%
Unrestricted assets	5,808,904	4,633,839	1,175,065	25.4%
Total Net Position	$ 20,362,681	$ 17,164,791	$ 3,197,890	18.6%

* Not adjusted for prior period adjustment related to overstated Safety pension liability pertaining to GASB Statements No. 68 & No. 71.

Statement of Net Position (Continued)

The District's net position at June 30, 2017 is $20,362,681. This is an increase of $2,940,643 over the restated net position at June 30, 2016 of $17,422,038. The net position at June 30, 2016 was increased by $257,247 for an overstatement of the net pension liability at that time related to the District's Safety Defined Benefit Pension Plan.

Key changes in the statement of net position are as follows:

Current assets increased $1,260,258 for fiscal year 2017 to $10,379,570 due to the net effect of an increase from normal operations for the year offset by the purchase of capital assets and equipment.

The capital assets increased $1,199,054 during the fiscal year 2017 to $24,195,447. This was the net effect of infrastructure renovations and equipment purchases offset by asset retirements and the annual amortization of the depreciation expenses. The capital assets are discussed in more detail later in this report.

Deferred outflows of resources increased by $706,286 to $1,389,094. This increase was the net effect of the change in value from three items required to be reported in this category.

- The first is the expensing of the annual amortization on the deferred amounts on bond refunding that resulted from the difference in the carrying value of refunded debt and its reacquisition price.

- The second change is related to pensions. This amount is the change to reflect the employer contributions made after the measurement date of the net pension liability applicable to the current audit year. The new value will be recognized as a reduction of the net pension liability in the next fiscal year.

- The third item is also related to pension. This change reflects the difference between the actual and the expected experience value of the pension.

Current & other liabilities increased by $1,024,435 to $5,421,550. This increase is the net effect of several factors grouped into this category:

- There was an increase of $337,000 in accounts payable and other accrued expenses. This increase was due to progress payments billed for construction projects that were expensed in June but the actual payment for the services was in July and there was an increase in accrued payables to record completed work on construction projects that had not yet been billed by the contractor. In accrual based accounting, it is necessary to record the expense and the payable due at the time the work is completed.

- There was an increase of $106,000 in security deposits. Portside Partners paid $100,000 security deposit upon signing their lease in October 2016.

Statement of Net Position (Continued)

- There was an increase of $109,000 in the OPEB (Other Post-Employment Benefits) liability as reflected in the most recent Alternative Measurement Method (AMM) actuarial review as of 7/1/2015. GASB 45 requires the District to update its AMM actuarial review every three years. The previous actuarial review was from 7/1/2012.

- There was an increase of $448,000 in pension liability. CalPERS prepares a guide for public agencies reflecting the methodology and pension amounts to be used for GASB 68 pension reporting. The District's liability increased as a result of GASB 68 calculations.

Deferred inflows of resources were decreased by $206,389. This decrease was due to the net effect of the change in value of three items to be reported in this category related to pensions.

- The first reflects the change in the employer's proportion of the pension and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts will be amortized over a 3.8-year period.

- The second reflects the changes in the assumptions used for the current measurement. These amounts will be amortized over a 3.8-year period.

- The third item is the net differences between the actuarially assumed rate of return and the actual rate of return on plan investments of the pension plan fiduciary net position. This amount is amortized over five years.

Net investment in capital assets increased $1,997,187 to $11,438,008. This increase is the net effect of the increase in capital assets as explained previously (the net effect of infrastructure renovations and equipment purchases offset by asset retirements and the annual amortization of the depreciation expenses) being reduced by the annual principal payment on the related debt which in-turn reduced the amount of debt being netted against the capital assets.

Assets that are invested in capital assets, net of related debt, represent land, land improvements, construction in progress, harbor improvements, leasehold improvements, buildings, and equipment as reduced by the related debt service. The District uses these assets to provide facilities and services to the public.

The restricted assets increased $25,638 due to an increase in the fisheries improvement reserve as discussed previously. Two leases were negotiated, one in fiscal year 2015 and one in fiscal year 2016, which require the tenants to pay into a fisheries improvement reserve fund up to a maximum of $100,000 each during the term of their leases. These funds are restricted by the terms of the leases to be used for repairs and upkeep to the fish offloading complex areas in the Ventura Harbor Village, including the fish pier.

Statement of Net Position (Continued)

Restricted assets are subject to external restrictions on how they may be used. As of June 30, 2017, there is $3,000,000 restricted for dredging activity as required by the Ellison Judgment and a balance of $115,769 in the restricted fisheries improvement reserve.

Unrestricted assets may be used to meet the District's on-going obligations.

Statements of Revenues, Expenses, and Changes in Net Position

The following table summarizes the District's operations for fiscal years 2017 and 2016:

Summary of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2017 and 2016

	2017	2016*	Increase/ (Decrease)	%
Revenues:				
Operating revenues	$ 9,120,698	$ 8,105,274	$ 1,015,424	12.5%
Nonoperating revenues	1,388,156	1,297,204	90,952	7.0%
Total Revenues	10,508,854	9,402,478	1,106,376	11.8%
Expenses:				
Operating expenses before depreciation	6,268,581	6,571,210	(302,629)	-4.6%
Depreciation	847,883	995,930	(148,047)	-14.9%
Nonoperating expenses	451,747	670,872	(219,125)	-32.7%
Total Expenses	7,568,211	8,238,012	(669,801)	-8.1%
Change in Net Position	2,940,643	1,164,466	1,776,177	152.5%
Net Position, Beginning of Year	17,164,791	16,000,325	1,164,466	
Prior period adjustment	257,247	-	257,247	
Net Position, Beginning of Year, as Restated	17,422,038	16,000,325	1,421,713	
Net Position, End of Year	$ 20,362,681	$ 17,164,791	$ 3,197,890	18.6%

* Not adjusted for prior period adjustment related to overstated Safety pension liability pertaining to GASB Statements No. 68 and No. 71.

Revenues

Total revenues increased 11.8% in fiscal year 2017 to $10,508,854. This represents a $1,106,376 increase from fiscal year 2016 revenues of $9,402,478. This increase was due to a number of factors:

Operating income increased $1,015,424 due to the following primary factors:

- The District received $1,200,000 as a signing fee from Portside Partners when they entered into their master lease with the District. This is a onetime receipt of income that infrequently occurs.

- The remaining master tenant lease income reflects a decrease of $412,000 from fiscal year 2016. This is actually deceiving because the master tenant rent for fiscal year 2017 actually increased by $218,000. This increase was offset by the onetime appreciation rent received in the prior fiscal year 2016 of $630,000.

- Harbor Village lease income has increased $163,000. This increase is primarily attributed to increases in retail, restaurant, and charter sales. A new retail store opened, Ultimate Escape Room, in fiscal year 2017 which significantly increased the retail sales for the year. The restaurant sales increased due to several of the tenants revitalizing their business plans and one restaurant expanded as part of his revitalized business plan thereby increasing his sales. Charters increased due to Island Packers being able to access most of the Channel Islands. There were closures on the islands due to construction in the prior fiscal year.

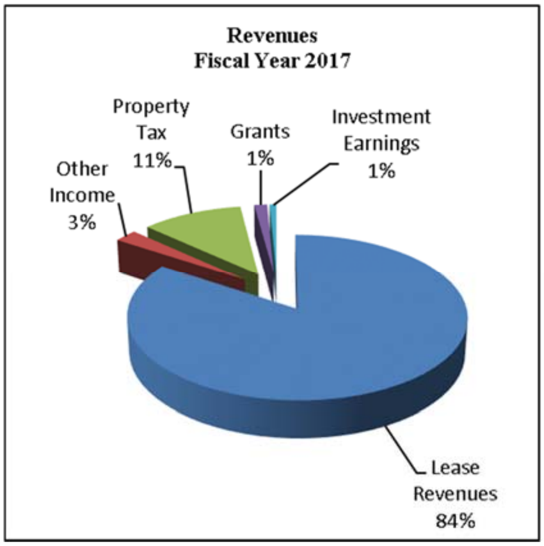
Non-operating income increased 90,952 due to two primary factors:

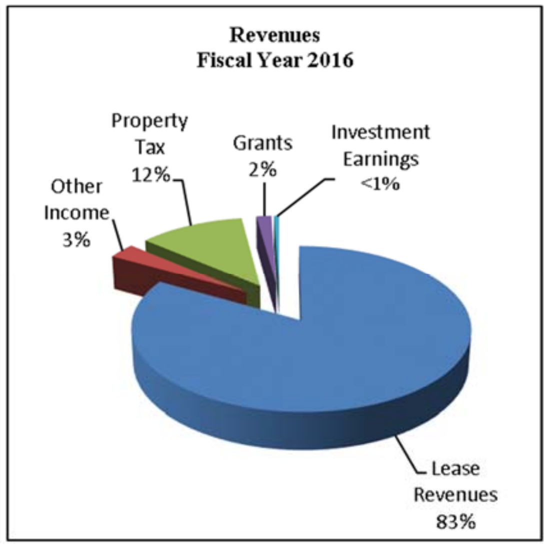
- The District's pro-rata share of County property taxes increased $74,000 due to a continuing improvement in the housing market.

- Investment income increased $23,000. The District's funds are invested with Local Agency Investment Funds (LAIF). The interest earned on these investment continues to exceed expectation.

Revenues (Continued)

The following two charts show a comparison of revenues by source for each year. Lease revenues are by far the most significant source of revenues for the District, generally followed by property tax revenues.





Expenses

The expenses for fiscal year 2017 decreased 8.1% to $7,568,211. This is a $669,801 decrease from the fiscal year 2016 expenses of $8,238,012. This increase is attributed to several factors:

Operating expenses decreased $302,629 due to the net effect of changes in six primary categories:

- Administrative expenses decreased $42,000 primarily to reflect a reduction in the bad debt expense category. An analysis is done at year-end to determine an allowance for doubtful accounts. It was determined that the allowance could be reduced thereby decreasing the expense.

- PERS expenses decreased $144,000. PERS prepares a guide for public agencies reflecting the methodology and pension amounts to be used for GASB 68 pension reporting. The District's expenses decreased as a result of GASB 68 calculations.

- Professional services increased $59,000 due primarily to an increase of $42,000 in services pertaining to the aquatic shellfish farming initiative program study and an increase of $12,000 in IT technical assistance.

Expenses (Continued)

- Dredging expenses decreased $159,000 for fiscal year 2017. This decrease was primarily due to a onetime expense that was incurred in the prior fiscal year to perform inner-harbor dredging of the stub channel at the entrance of the Keys housing track. This dredging is necessary every three years or so pending weather conditions. Some residents of the Keys have access to private slips outside their homes in channels that lead out to the ocean. The City of Ventura reimburses the District for their pro-rata share of the expense to keep this passage safe and navigable.

- Utility expenses have increased $32,800 primarily due to increased trash services needed to maintain Ventura Harbor Village and an increase in rates for water and sewer usage.

- Property and liability insurance decreased $42,000 due to a reduction in claims reporting to JPIA.

Depreciation expense decreased $148,047. This is primarily due to a Village project asset becoming fully amortized by the end of June 30, 2016 thereby reducing the depreciation expense $138,000 annually.

Non-operating expenditures decreased $219,125. This decrease is the net effect of a reduction in interest expense from the resetting of the 2008 and 2009 Certificates of Participation interest rates in 2016 offset by an increase in annual interest expense from the 2016 Refunding of the Division of Boating & Waterways loans. As part of the 2016 Refunding, it was necessary to shorten the term of the debt thereby increasing the annual interest expense.

Capital Assets and Debt Administration

Capital Assets

The District’s capital assets, net of accumulated depreciation totaled $24,195,447 on June 30, 2017. This is an increase of $1,199,054 over the June 30, 2016 balance of $22,996,393. This increase is due to the net effect of new infrastructure improvements and the purchase of equipment offset by asset dispositions and the current year’s depreciation expense.

Capital Assets (Continued)

The capital assets include land, harbor, building, and leasehold improvements, equipment and construction in progress. The following table shows the change in capital assets for fiscal years 2017 and 2016.

Capital Assets, Net
Years Ended June 30, 2017 and 2016

	2017	2016	Increase/ (Decrease)	%
Land	$ 2,342,629	$ 2,342,629	$ -	0.0%
Buildings and structures	19,786,914	19,705,040	81,874	0.4%
Harbor improvements	14,797,899	14,557,892	240,007	1.6%
Equipment	1,646,162	1,538,136	108,026	7.0%
Construction in progress	1,744,079	154,601	1,589,478	1028.1%
	40,317,683	38,298,298	2,019,385	5.3%
Less: Accumulated Depreciation	(16,122,236)	(15,301,905)	(820,331)	5.4%
Total Capital Assets	$ 24,195,447	$ 22,996,393	$ 1,199,054	5.2%

Major improvement projects and equipment purchases in fiscal year 2016 were as follows:

- Completed the renovations of the parking lots throughout the harbor for improved accessibility.
- Fabricated and replaced hand railings throughout portions of Ventura Harbor Village shopping facility to improve accessibility.
- Implemented Phase III of the accessibility improvements in the courtyard and promenade area of Ventura Harbor Village commonly known as the Carousel courtyard. This renovation represents the majority of the increase in the construction in progress category in the above chart. This project was not completed until December 2017.
- Purchased three Maintenance trucks and one Patrol truck.

There were no major dispositions in fiscal year 2017 to note.

The District had one significant capital commitment to report at June 30, 2017. The contract for the Phase III Carousel courtyard accessibility improvement above was awarded to Viola Construction for $1,770,475, including change orders. At June 30, 2017, approximately $330,000 was remaining on this contract.

Additional information on the District's capital assets can be found in Note 2(c) of the basic financial statements.

Debt Administration

The District's long-term debt balance at June 30, 2017 is $13,025,500. This is a decrease of $824,700 over the June 30, 2016 balance of $13,850,200. This decrease is due to the paying down of principal on the outstanding debt.

The following table summarizes the changes in the District's long-term debt obligations as of June 2017 and 2016:

Summary of Long-Term Debt

	June 30, 2017	June 30, 2016	Increase/ (decrease)	%
Amend #1 Refinance certificates of participation Series '08	$ 6,699,500	$ 7,205,000	$ (505,500)	-7.0%
Amend #1 Refinance certificates of participation Series '09	1,678,200	1,803,400	(125,200)	-6.9%
Refunding of DBW loans related to certificates of participation Series '16	4,647,800	4,841,800	(194,000)	100.0%
Total Long-Term Debt	$ 13,025,500	$ 13,850,200	$ (824,700)	-6.0%

Additional information on the District's long-term debt can be found in Note 2(e) of the basic financial statements.

Economic Outlook

The economic outlook for the Ventura Port District is positive. Harbor Village lease income has increased in retail, restaurant, and charter sales. The District entered into a lease that will fill a vacant restaurant space. Construction of the new restaurant improvements are slated for 2018. The hotels and a boatyard increased sales. One of the hotels, Holiday Inn Express is pursuing entitlements to add 40 new rooms, which are slated to begin construction in 2018. The District continues to invest capital into infrastructure improvements such as roof systems, elevators, building and tenant improvements and ADA related improvements at Harbor Village. The occupancy levels for the marinas in the harbor continue to improve and with Ventura Isle Marina (VIM) slated to renovate their marina as discussed below.

VIM through an assignment of lease is under new management with Safe Harbor Marinas (SHM). SHM presented a proposed dock and boat slip replacement plan to the District. Dock systems to be replaced include Docks G, H, I, L, & M. Improvements will also include new gangways and decorative gateways, parking lot and accessibility improvements. The proposed project has cleared the environmental review process and received District approval. The plan is subject to Coastal Commission approvals. The goal of the project is to modernize the marina, and increase boat slip occupancy.

Economic Outlook (Continued)

The operating revenues are currently flat; however, developer Sondermann Ring Partners (SRP) exercised its option and executed a 50-year ground lease in October 2017. This has begun generating a new source of revenue to the District in the amount of $300,000 per year. SRP has begun construction. The construction will take 36 months; however, the project will over time increase the District's rental revenue to approximately $1.2 million per year upon completion and stabilization of the project. This project will spur economic development throughout the harbor as a result of the 300 apartment units, 23,000 sq. ft. of commercial space and 140 slip recreational Marina associated with the project.

Additionally the District completed a request f or proposals (RFP) process for two Harbor development sites. The RFP process was successfully completed with H. Parker Hospitality awarded the opportunity to negotiate with the District for the future development of two new hotels. Also the District was awarded federal grant funds to pursue a new aquaculture permitting project, the Ventura Shellfish Enterprise (VSE) designed to diversify local commercial fisheries and increase landed product at Ventura Harbor.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Accounting Manager, at (805) 642-8538 or 1603 Anchors Way Drive, Ventura, CA 93001.

VENTURA PORT DISTRICT

STATEMENT OF NET POSITION

June 30, 2017

ASSETS:	
CURRENT ASSETS:	
Cash and cash equivalents	$ 9,436,375
Restricted cash and cash equivalents	3,115,769
Accounts receivable, net	290,089
Due from other governments	108,938
Other receivables	125,215
Prepaid expenses	367,061
Inventories	51,892
TOTAL CURRENT ASSETS	13,495,339
NONCURRENT ASSETS:	
Capital assets not being depreciated	13,991,411
Capital assets being depreciated (net of accumulated depreciation)	10,204,036
TOTAL NONCURRENT ASSETS	24,195,447
TOTAL ASSETS	37,690,786
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred amounts on refundings	268,061
Deferred amounts from pension plans	1,121,033
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,389,094
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	431,872
Interest payable	174,630
Accrued liabilities	263,942
Unearned revenue	211,958
Security deposits	282,484
Current portion of compensated absences	170,963
Current portion of long-term debt obligations	829,100
TOTAL CURRENT LIABILITIES	2,364,949
NONCURRENT LIABILITIES:	
Compensated absences	73,885
Net OPEB obligation	628,466
Net pension liability	3,183,350
Noncurrent portion of long-term debt obligations	12,196,400
TOTAL NONCURRENT LIABILITIES	16,082,101
TOTAL LIABILITIES	18,447,050
DEFERRED INFLOWS OF RESOURCES:	
Deferred amounts from pension plans	270,149
NET POSITION:	
Net investment in capital assets	11,438,008
Restricted for dredging	3,000,000
Restricted for fisheries complex	115,769
Unrestricted	5,808,904
TOTAL NET POSITION	$ 20,362,681

See accompanying notes to basic financial statements.

VENTURA PORT DISTRICT

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

For the year ended June 30, 2017

OPERATING REVENUES:	
Leases:	
General	$ 6,381,111
Harbor Village slips	924,331
Fishing	275,471
Boat yard	359,068
Charter	357,399
Tenant reimbursements	436,367
Dry storage	121,467
Other	265,484
TOTAL OPERATING REVENUES	9,120,698
OPERATING EXPENSES:	
Administration	126,860
Salaries and benefits	3,324,322
Merchant promotion	282,802
Professional services	627,054
Depreciation	847,883
Repairs and maintenance	848,308
Harbor dredging	212,175
Utilities	348,268
Insurance	222,873
Other	275,919
TOTAL OPERATING EXPENSES	7,116,464
OPERATING INCOME	2,004,234
NONOPERATING REVENUES (EXPENSES):	
Taxes	1,164,938
Investment income	75,551
Intergovernmental grants	147,667
Interest expense	(451,747)
TOTAL NONOPERATING REVENUES (EXPENSES)	936,409
CHANGES IN NET POSITION	2,940,643
NET POSITION - BEGINNING OF YEAR. AS RESTATED	17,422,038
NET POSITION - END OF YEAR	$ 20,362,681

See accompanying notes to basic financial statements.

VENTURA PORT DISTRICT

STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from tenants	$ 8,912,475
Cash received from others	327,644
Cash paid to employees	(3,446,969)
Cash paid for goods and services	(2,528,023)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,265,127
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Taxes received	1,145,131
Receipts from other governments	85,281
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,230,412
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(2,046,937)
Principal payments on long-term debt	(824,700)
Interest payments on related debt	(409,727)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,281,364)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	57,995
Purchase and sale of investments (net)	1,503,185
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,561,180
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,775,355
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	9,776,789
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 12,552,144
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:	
Cash and cash equivalents	$ 9,436,375
Restricted cash and cash equivalents	3,115,769
	$ 12,552,144

(Continued)

See accompanying notes to basic financial statements.

VENTURA PORT DISTRICT

STATEMENT OF CASH FLOWS
(CONTINUED)

For the year ended June 30, 2017

RECONCILIATION OF OPERATING LOSS TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 2,004,234
Adjustments to reconcile operating income to	
net cash provided by operating activities:	
Depreciation	847,883
Amortization of deferred amounts from pension plans	(24,740)
Changes in operating assets and liabilities:	
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	45,208
Other receivables	62,160
Prepaid expenses	(12,524)
Inventories	(8,821)
Deferred amounts from pension plans	(1,314,397)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	214,602
Accrued liabilities	122,299
Unearned revenue	12,053
Security deposits	106,337
Compensated absences	(3,124)
Net OPEB obligation	109,104
Net pension liability	1,086,881
Deferred amounts from pension plans	17,972
Total adjustments	1,260,893
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,265,127
NONCASH CAPITAL AND FINANCING ACTIVITIES:	
Amortization on deferred amount on debt refunding	$ (26,567)

See accompanying notes to basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity:

The Ventura Port District (District) was organized under Sections 6200-6372 of the Harbor and Navigation Code of the State of California on April 15, 1952, for the purpose of acquiring, constructing, and operating a small boat harbor now known as Ventura Harbor. The District is governed by a board of five commissioners appointed by the District Council of the District of San Buenaventura (the Board of Port Commissioners). They serve for a term of four years without compensation. The Board of Port Commissioners appoints legal counsel, an auditor, and a general manager to implement board policies and direct operational aspects of the harbor.

The District receives a pro rata share of the general tax levy from the County of Ventura. The District also has the power of eminent domain.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units.

The financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the District's operations, and data from this unit is combined with data of the District. The blended component unit has a June 30 year-end. The District had no discretely presented component units. The following entity is reported as a blended component unit.

The Ventura Port District Public Facilities Corporation (the Corporation) was formed and organized in 1992 as a nonprofit public benefit corporation pursuant to the laws of the State of California. The District's Board of Port Commissioners acts as the governing board of the Corporation. The Corporation was formed for the purpose of financing and owning certain improvements on land leased from the District consisting of a portion of a multiple-use center and marina, which is commonly referred to as "Ventura Harbor Village." Separate financial statements are not prepared for the Corporation.

B. Basis of Presentation:

The basic financial statements (i.e., statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows) report information on all of the activities of the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Presentation (Continued):

The District's activities are accounted for in an enterprise fund. An enterprise fund is a proprietary-type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District applies all Governmental Accounting Standards Board (GASB) pronouncements.

Use of Estimates

The preparation of financial statements in accordance 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, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

C. Measurement Focus and Basis of Accounting:

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus" and the "accrual basis of accounting." Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus and Basis of Accounting (Continued):

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services. The principal operating revenues of the District are lease revenues. Operating expenses include costs of providing services in relation to the leased properties, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then use unrestricted resources as needed.

D. New Accounting Pronouncements:

Current-Year Standards

- GASB 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, contains provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016, and did not impact the District.

- GASB 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016, and did not impact the District.

- GASB 77 - *Tax Abatement Disclosure*, effective for periods beginning after December 15, 2015, and did not impact the District.

- GASB 79 - *Certain External Investment Pools and Pool Participants*, contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015, and did not impact the District.

- GASB 80 - *Blending Requirements for Certain Component Units*, effective for periods beginning after June 15, 2016, and did not impact the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. New Accounting Pronouncements:

Pending Accounting Standards

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

- GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017.

- GASB 81 - *Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016.

- GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.

- GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017.

- GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017.

- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

E. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflows related to deferred amounts on refundings that resulted from the difference in carrying value of the refunded debt and its reacquisition price. This item is deferred and amortized over the life of the refunding debt.

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Deferred Outflows/Inflows of Resources (Continued):

- Deferred outflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

- Deferred outflows related to pension plans for the changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

- Deferred outflows related to pensions resulting from the difference between projected and actual earnings on plan investments of the pension plans fiduciary net position. These amounts are amortized over five years.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the pension plans.

- Deferred inflows related to pensions for the changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Assets, Liabilities, and Net Position:

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the District considers cash on hand and in the bank, cash held and invested by the County Treasurer, and the pooled funds held by the State of California Local Agency Investment Fund (LAIF), which are readily convertible to known amounts of cash, to be cash and cash equivalents.

Cash and cash equivalents, as reported in the statement of cash flows, include both restricted and unrestricted amounts.

Accounts Receivable

The District grants unsecured credit to its customers. Bad debts are accounted for by the reserve method, which establishes an allowance for doubtful accounts based upon historical losses and a review of past due accounts.

Inventories

Inventories consist primarily of materials and supplies used in the general maintenance of vehicles, boats, and leased land. They are valued at cost using the first-in, first-out method.

Capital Assets

The District defines capital assets as tangible property having a minimum value of $5,000 ($10,000 for buildings, improvements, and infrastructure) that has a life expectancy longer than one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Assets, Liabilities, and Net Position (Continued):

Capital Assets (Continued)

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Harbor improvements	5-50 years
Leasehold improvements	5-50 years
Buildings and structures	5-50 years
Boats	3-10 years
Trucks	3-10 years
Equipment	3-10 years
Signs	5 years

Property Taxes Receivables

Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied based on a July 1 to June 30 fiscal year. Taxes are due in two installments on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Ventura bills and collects the taxes for the District. Tax revenues are recognized by the District in the year levied. Property tax receivables are adjusted to their net realizable values by deducting any estimated uncollectible amounts reported to the District.

Compensated Absences

District employees earn vacation and sick leave in accordance with the personnel policies of the District. The liability for vested vacation and sick leave is recorded as an expense when earned.

Net Position

In the statement of net position, net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net investment in capital assets - This category groups all capital assets into one component of net position. Deferred amounts on refundings increase the balance in this category. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Assets, Liabilities, and Net Position (Continued):

Net Position (Continued)

- Restricted - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law or judgment. At June 30, 2017, the restricted assets are $3,115,769, of which $3,000,000 is restricted for dredging of the harbor by a court judgment against the District in 1979, and $115,769 is restricted by lease agreement for facility maintenance on the fisheries complex.

- Unrestricted - This category represents assets of the District not restricted for any project or other purpose.

G. Operating Leases:

The District leases parcels of land within the harbor. The lessees develop the parcels and pay rent to the District. The leases are primarily for a period of 3-50 years.

Most of the lease agreements provide for future minimum lease payments with additional rentals contingent upon sales volumes of the lessees. Future minimum lease payments are subject to periodic renegotiation.

The rent paid to the District by each lessee is the greater of the established minimum annual rent for each parcel or rent computed as a percentage of the lessee's gross revenues. The level of income received by the District is dependent upon the success of the businesses operating in the Ventura Harbor.

H. Pensions:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the plans' fiduciary net position has been determined on the same basis as it is reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. DETAILED NOTES:

A. Cash and Investments:

Cash and Investments

Cash and investments as of June 30, 2017, are reported in the statement of net position as follows:

Cash and cash equivalents	$ 9,436,375
Restricted cash and cash equivalents	3,115,769
Total cash and investments	$ 12,552,144

Cash and investments as of June 30, 2017, consist of the following:

Demand accounts (bank balance)	$ 517,187
Less outstanding checks	(222,654)
Book balance	294,533
Petty cash	2,037
Total deposits and petty cash	296,570
Investments:	
State of California LAIF	12,238,568
Ventura County Treasury Pool	17,006
Total investments	12,255,574
Total cash and investments	$ 12,552,144

Restricted Cash and Cash Equivalents

A portion of cash and cash equivalents as of June 30, 2017, is considered to be restricted for the following purposes:

Dredging pursuant to settlement agreement	$ 3,000,000
Facility maintenance pursuant to lease agreement	115,769
Total	$ 3,115,769

2. DETAILED NOTES (CONTINUED):

A. Cash and Investments (Continued):

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

The District's investment policy authorizes an investment in all investments authorized under provisions of California Government Code Section 53601. The District's investment policy is not more restrictive than the California Government Code.

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. The 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 Type	Maximum Maturity	Percentage of Portfolio *	Maximum Investment in One Issuer
US Treasury Obligations	5 years	None	None
US Government-Sponsored Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	5%
CD Placement Service	5 years	30%	None
Banker's Acceptances	180 days	40%	30%
Repurchase Agreements	1 year	None	None
Commercial Paper	270 days	25%	10%
Medium-Term Notes	5 years	30%	None
California LAIF	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

2. DETAILED NOTES (CONTINUED):

A. Cash and Investments (Continued):

Disclosures Relating to 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.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table, which shows the distribution of the District's investments by maturity at June 30, 2017:

	Less Than One Year
Investment Type:	$ 12,238,568
LAIF	17,006
Ventura County Treasury Pool	$ 12,255,574

Disclosures Relating to 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. LAIF does not have a rating provided by a nationally recognized statistical rating organization. The Ventura County Treasury Pool had a Standard & Poor's rating of AAAf at June 30, 2017.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

2. DETAILED NOTES (CONTINUED):

A. Cash and Investments (Continued):

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 District's policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2017, all of the District's deposits with financial institutions were covered by federal depository insurance limits or collateralized as required under California law.

The custodial credit risk for *investments* 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 investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty, or the counterparty's trust department or agent but not in the District's name. At June 30, 2017, the District does not have any investments that are exposed to custodial credit risk.

Investment in State Investment Pool

The District is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

2. DETAILED NOTES (CONTINUED):

A. Cash and Investments (Continued):

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The District's investments in LAIF and the Ventura County Treasury Pool are not subject to fair value measurement.

B. Accounts Receivable, Net:

As of June 30, 2017, accounts receivable, net consist primarily of lease receivables of $310,313 with an allowance for uncollectible accounts of $20,024.

C. Capital Assets:

A summary of changes in the capital assets for the year ended June 30, 2017, is as follows:

	Balance at July 1, 2016	Additions	Deletions	Transfers	Balance at June 30, 2017
Capital assets, not being depreciated:					
Land	$ 2,342,629	$ -	$ -	$ -	$ 2,342,629
Land improvements (1)	9,904,703	-	-	-	9,904,703
Construction in progress	154,601	1,596,550	-	(7,072)	1,744,079
Total capital assets, not being depreciated	12,401,933	1,596,550	-	(7,072)	13,991,411
Capital assets, being depreciated:					
Buildings and structures	17,455,552	52,057	-	-	17,507,609
Equipment	1,538,136	128,269	(20,243)	-	1,646,162
Harbor improvements (1)	4,653,189	232,935	-	7,072	4,893,196
Leasehold improvements	2,249,488	37,126	(7,309)	-	2,279,305
Total capital assets, being depreciated	25,896,365	450,387	(27,552)	7,072	26,326,272
Less accumulated depreciation	(15,301,905)	(847,883)	27,552	-	(16,122,236)
Total capital assets, being depreciated, net	10,594,460	(397,496)	-	7,072	10,204,036
Total capital assets, net	$ 22,996,393	$ 1,199,054	$ -	$ -	$ 24,195,447

(1) Beginning balances restated for inadvertent reclassification of certain assets not being depreciated.

2. DETAILED NOTES (CONTINUED):

C. Capital Assets (Continued):

Depreciation expense was $847,883 for the year ended June 30, 2017.

D. Unearned Revenue:

Unearned revenue represents lease rent amounts to be credited to future years' rent per the terms of leases executed between lessees and the District. Unearned revenue totaled $211,958 for the year ended June 30, 2017.

E. Long-Term Liabilities:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
2008 Refunding Certificates of Participation	$ 7,205,000	$ -	$ (505,500)	$ 6,699,500	$ 520,600
2009 Refunding Certificates of Participation	1,803,400	-	(125,200)	1,678,200	129,300
2016 Refunding Certificates of Participation	4,841,800	-	(194,000)	4,647,800	179,200
Net OPEB obligation (Note 3D)	519,362	109,104	-	628,466	-
Compensated absences	247,972	395,813	(398,937)	244,848	170,963
Total	$ 14,617,534	$ 504,917	$ (1,223,637)	$ 13,898,814	$ 1,000,063

2008 Refunding Certificates of Participation

On June 25, 2008, the District issued $10 million Refunding Certificates of Participation, Series 2008 with an interest rate of 4.43% to advance a partial refund of $10.805 million of outstanding Series 1998 bonds. The defeased Series 1998 bonds have been paid in full. On February 1, 2016, the District reset the interest rate to 3.2% by paying a $72,050 prepayment price. As a result, the District reduced its total debt service payments by $610,078 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of $503,362.

2. DETAILED NOTES (CONTINUED):

E. Long-Term Liabilities (Continued):

2008 Refunding Certificates of Participation (Continued)

The annual debt service requirements on these 2008 Refunding Certificates of Participation are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 520,600	$ 206,054	$ 726,654
2019	535,400	189,158	724,558
2020	554,600	171,718	726,318
2021	568,500	153,749	722,249
2022	591,800	135,184	726,984
2023-2027	3,224,100	376,987	3,601,087
2028	704,500	11,272	715,772
Total	$ 6,699,500	$ 1,244,122	$ 7,943,622

2009 Refunding Certificates of Participation

On March 12, 2009, the District issued $2,477,200 Refunding Certificates of Participation, Series 2009 with an interest rate of 4.80% to advance a refund of $2,565,000 of outstanding Series 1998 bonds with an average interest rate of 6.375%. The defeased Series 1998 bonds have been paid in full. On February 1, 2016, the District reset the interest rate to 3.2% by paying an $18,034 prepayment price.

The annual debt service requirements on these 2009 Refunding Certificates of Participation are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 129,300	$ 51,633	$ 180,933
2019	133,500	47,428	180,928
2020	137,900	43,086	180,986
2021	142,400	38,602	181,002
2022	147,000	33,972	180,972
2023-2027	810,000	94,954	904,954
2028	178,100	2,850	180,950
Total	$ 1,678,200	$ 312,525	$ 1,990,725

2. DETAILED NOTES (CONTINUED):

E. Long-Term Liabilities (Continued):

2016 Refunding Certificates of Participation

On March 1, 2016, the District issued a $4,841,800 Refunding Certificates of Participation, Series 2016 with an interest rate of 3.30% to currently refund the $4,731,560 notes payable to the State of California Department of Boating and Waterways. The defeased notes payable have been paid in full.

The annual debt service requirements on these 2016 Refunding Certificates of Participation are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 179,200	$ 151,899	$ 331,099
2019	185,200	145,936	331,136
2020	191,300	139,775	331,075
2021	198,200	133,405	331,605
2022	204,300	126,814	331,114
2023-2027	1,128,700	527,421	1,656,121
2028-2032	1,329,300	326,704	1,656,004
2033-2036	1,231,600	93,094	1,324,694
Total	$ 4,647,800	$ 1,645,048	$ 6,292,848

Debt Service Coverage on Refunding Certificates of Participation

The 2008, 2009, and 2016 Refunding Certificates of Participation are secured by the District's pledge of all net revenues. Net revenue is defined as all operating and nonoperating revenue except for grant revenue less all operating and nonoperating expenses excluding depreciation and interest. A comparison of pledged net revenues to current-year debt service as of June 30, 2017, is as follows:

Net revenues	$ 4,220,033
Debt services - current year	1,238,687

The District exceeds the debt service coverage requirements for the 2008, 2009, and 2016 Refunding Certificates of Participation.

3. OTHER INFORMATION:

A. Operating Leases:

The District receives the majority of its operating revenues in the form of rent payments from lessees of the parcels of land in Ventura Harbor. The period of these noncancelable leases could range from 3-50 years.

Future minimum rent payments due to the District for the next five years are as follows:

Year Ending June 30,	Amount
2018	$ 4,101,993
2019	3,331,968
2020	2,904,260
2021	2,802,285
2022	2,597,746
	$ 15,738,251

The net carrying value of related assets under the leases is $4,193,112 for the year ended June 30, 2017.

Rental income of $8,855,214 for the year ended June 30, 2017, includes contingent rental income of $2,056,186.

B. Dredging Reserve:

As the result of a litigation settlement during the year ended June 30, 1979, the District is required to maintain a $3,000,000 reserve to be utilized to maintain the channel from the open sea to the Ventura Keys. Should the reserve fall below $3,000,000, the District is required to budget and fund annually 25% of total operating revenue of the prior year until such time as the reserve balance reaches $3,000,000 again.

The District maintains a separate restricted general ledger cash account for dredging related expenses. As of June 30, 2017, this account had a balance of $3,000,000.

3. OTHER INFORMATION (CONTINUED):

C. Pension Plans:

1). General Information about the Pension Plans:

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the District's separate Safety (police) and Miscellaneous (all other) Employee Pension Plans (Plans), which are cost-sharing multiple-employer defined benefit pension plans administered by CalPERS. Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for the Plans are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates:		
Normal cost rate	8.880%	6.555%
Payment of unfunded liability	$ 177,144	$ 52

3. OTHER INFORMATION (CONTINUED):

C. Pension Plans (Continued):

1). General Information about the Pension Plans (Continued):

Benefits Provided (Continued)

	Safety	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2%@55	2%@57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.4% to 2.0%	1.6% to 2.0%
Required employee contribution rates	7.00%	9.50%
Required employer contribution rates:		
Normal cost rate	12.825%	9.418%
Payment of unfunded liability	$ 32,045	$ -

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

3. OTHER INFORMATION (CONTINUED):

C. Pension Plans:

2). Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions:

As of June 30, 2017, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plans as of the measurement date, which is June 30, 2016, as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 2,545,114
Safety	638,236
Total net pension liability	$ 3,183,350

The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's change in proportionate share of the net pension liability for the Plans as of June 30, 2016, was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2015	0.07579%	0.00969%
Proportion - June 30, 2016	0.07326%	0.01232%
Change - increase (decrease)	-0.00253%	0.00263%

3. OTHER INFORMATION (CONTINUED):

C. Pension Plans (Continued):

2). Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

For the year ended June 30, 2017, the District recognized pension expense of $172,128 ($128,173 for the Miscellaneous plan and $43,955 for the Safety plan). At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 307,781	$ -
Differences between actual and expected experience	10,159	(2,328)
Change in assumptions	-	(96,111)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	6,192	(39,013)
Net differences between projected and actual earnings on plan investments	500,222	-
Total	$ 824,354	$ (137,452)

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 98,629	$ -
Differences between actual and expected experience	-	(7,630)
Change in assumptions	-	(33,269)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	34,601	(91,798)
Net differences between projected and actual earnings on plan investments	163,449	-
Total	$ 296,679	$ (132,697)

3. OTHER INFORMATION (CONTINUED):

C. Pension Plans (Continued):

2). Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

An amount of $406,410 reported as deferred outflows of resources related to contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Miscellaneous	Safety
2018	$ 10,476	$ (41,524)
2019	17,014	(19,287)
2020	222,069	83,612
2021	129,562	42,552
2022	-	-
Thereafter	-	-

3. OTHER INFORMATION (CONTINUED):

C. Pension Plans (Continued):

2). Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Actuarial Assumptions

For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015, total pension liability determined in the June 30, 2015, actuarial accounting valuation.

	Miscellaneous	Safety
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Postretirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.

(3) Contract cost of living adjustments up to 2.75% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial Experience Study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

3. OTHER INFORMATION (CONTINUED):

C. Pension Plans (Continued):

2). Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Change of Assumptions

There were no changes of assumptions during the measurement period June 30, 2016. Deferred inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which include the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

3. OTHER INFORMATION (CONTINUED):

C. Pension Plans (Continued):

2). Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Discount Rate (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS's Board of Director's effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global equity	51.00%	5.25%	5.71%
Global fixed income	20.00%	0.99%	2.43%
Inflation sensitive	6.00%	0.45%	3.36%
Private equity	10.00%	6.83%	6.95%
Real estate	10.00%	4.50%	5.13%
Infrastructure and forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

3. OTHER INFORMATION (CONTINUED):

C. Pension Plans (Continued):

2). Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

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

The following presents the District's proportionate share of the net pension liability for the Plans calculated using the discount rate for the Plans, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net pension liability	$ 3,853,683	$ 1,113,631
Current discount rate	7.65%	7.65%
Net pension liability	$ 2,545,114	$ 638,236
1% Increase	8.65%	8.65%
Net pension liability	$ 1,463,648	$ 247,986

Pension Plans Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Subsequent Events

In December 2016, CalPERS's Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019 and result in increases to employers' normal costs and unfunded actuarial liabilities. For the GASB Statement 68 accounting valuations, the discount rate will move straight to 7% starting with June 30, 2017, measurement date reports and will result in an increase to employer's total pension liabilities.

3. OTHER INFORMATION (CONTINUED):

C. Pension Plans (Continued):

3). Payable to the Pension Plans:

At June 30, 2017, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2017.

D. Other Postemployment Health Care Benefits:

Plan Description

The District administers a multiple-employer defined benefit health care plan (the Health Clare Plan). The Health Clare Plan provides medical health care insurance for eligible retirees and their spouses through the California Public Employees' Retirement System Health Benefits Program under the Public Employee' Medical and Hospital Care Act (PEMHCA). The benefit contribution has been long-standing and approved by the Board of Port Commissioners on June 23, 1999. No dental, vision, or life insurance benefits are provided. Currently there are 7 retired employees and 34 active employees participating in the Health Care Plan.

Funding Policy

There is no statutory requirement for the District to prefund its other postemployment benefit (OPEB) obligation. The District has currently chosen to pay plan benefits on a pay-as-you-go basis and does not maintain a trust fund for its other postemployment benefits. There are no employee contributions. The District's fixed-dollar benefit contribution cannot be less than the PEMHCA minimum for PEMHCA actives and retirees. For the year ended June 30, 2017, the District paid $125 per month for each retiree participating in the PEMCHA plan from July 1, 2017 to December 31, 2016, and $128 per month from January 1, 2017 to June 30, 2017. The total amount paid directly by the District to CalPERS for the District's health premium contributions under PEMHCA for retiree medical health care plan postemployment benefits for the fiscal year was $10,751.

As of June 30, 2016, the District's pays $125 per month for each retiree participating in the PEMCHA plan. For fiscal year 2015-16, the District paid $11,856 directly to CalPERS for the District's health premium contributions under PEMHCA for retiree medical health care plan postemployment benefits.

3. OTHER INFORMATION (CONTINUED):

D. Other Postemployment Health Care Benefits (Continued):

Annual OPEB Cost and Net OPEB Obligation

The Alternative Measurement Method under GASB No. 45 was used to calculate the actuarial obligation since the District has fewer than 100 plan members.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

Annual required contribution (ARC)	$ 123,922
Interest on net OPEB obligation	20,774
Adjustment to ARC	(24,841)
Annual OPEB cost (expense)	119,855
Actual contributions made (pay-as-you-go basis)	(10,751)
Increase in net OPEB obligation	109,104
Net OPEB obligation - July 1, 2016	519,362
Net OPEB obligation - June 30, 2017	$ 628,466

The District's annual ARC, the percentage of ARC contributed to the plan, and the net OPEB obligation for the years ended June 30, 2017, 2016, and 2015, were as follows:

Fiscal Year	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
6/30/17	$ 123,922	9.75%	$ 628,466
6/30/16	123,922	9.57%	519,362
6/30/15	77,047	12.05%	410,510

3. OTHER INFORMATION (CONTINUED):

D. Other Postemployment Health Care Benefits (Continued):

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, the date of the latest actuarial review, was as follows:

Actuarial accrued liabilities (AAL)	$	1,077,067
Actuarial value of plan assets		-
Unfunded actuarial accrued liabilities (UAAL)	$	1,077,067
Funded ratio		0.00%
Covered payroll (active plan members)	$	2,064,584
UAAL as a percentage of covered payroll		52.17%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of an occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of the benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations. The July 1, 2016, actuarial valuation was used to determine the ARC for fiscal year 2017 using the projected unit credit method.

3. OTHER INFORMATION (CONTINUED):

D. Other Postemployment Health Care Benefits (Continued):

Actuarial Methods and Assumptions (Continued)

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group; active plan members were assumed to retire at age 60 or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the 1994 GAM Male and Female Mortality Tables published by the Society of Actuaries.

Turnover - Nongroup-specific age-based turnover data from the Alternative Measurement Method formulas, Table 1, paragraph 35 of GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for the purposes of allocating to periods the present value of total benefits to be paid.

Health care cost trend rate - The expected rate of increase in health care insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 8% was used initially, which was reduced to an ultimate rate of 5% after three years.

Health insurance premiums - Health insurance premiums under the CalPERS Public Employees Medical and Hospital Care Act were used as the basis for the calculation of the present value of total benefits to be paid.

Medical inflation rate - The typical medical inflation assumption of 4% was based on historical averages.

Based on the historical and expected returns of the District's short-term investment portfolio, a discount rate of 4% was used. In addition, an ultimate trend rate of 5%, dental, vision, and other trend rates of 4%, and an age-adjustment factor of 3% were used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was 27 years.

3. OTHER INFORMATION (CONTINUED):

E. Related-Party Transactions:

The City of Ventura provides utility services to the District for water, sewage, and refuse. The cost for these services for the year ended June 30, 2017, was $198,683.

F. Liability, Property, and Workers' Compensation Protection:

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The District is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 117 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, purchase excess insurance or reinsurance, and arrange for group purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board of Directors operates through a nine-member Executive Committee.

Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter for coverage years 2013-14 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2013-14 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

The total funding requirement for self-insurance programs is estimated using actuarial models and prefunded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

3. OTHER INFORMATION (CONTINUED):

F. Liability, Property, and Workers' Compensation Protection (Continued):

Self-Insurance Programs of the Authority (Continued)

Primary Liability Program - In the primary liability program, claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to $30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from $30,000 to $750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from $750,000 to $50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2016-17, the Authority's pooled retention is $2 million per occurrence, with reinsurance to $20 million, and excess insurance to $50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) $2.5 million annual aggregate deductible in the $3 million in excess of $2 million layer and (b) $3 million annual aggregate deductible in the $5 million in excess of $10 million layer. There is a third annual aggregate deductible in the amount of $2.5 million in the $5 million in excess of $5 million layer; however, it is fully covered under a separate policy and therefore not retained by the Authority. The overall coverage limit for each member, including all layers of coverage, is $50 million per occurrence. Costs of covered claims for subsidence losses have a sublimit of $30 million per occurrence.

Workers' Compensation Program - In the workers' compensation program, claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to $50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from $50,000 to $100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from $100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

3. OTHER INFORMATION (CONTINUED):

F. Liability, Property, and Workers' Compensation Protection (Continued):

Self-Insurance Programs of the Authority (Continued)

Workers' Compensation Program (Continued) - For 2015-16, the Authority's pooled retention is $2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's liability losses are pooled among members to $2 million. Coverage from $2 million to $5 million is purchased as part of a reinsurance policy, and employer's liability losses from $5 million to $10 million are pooled among members.

Purchased Insurance

Pollution Legal Liability Insurance - The District participates in the pollution legal liability insurance program that is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the District. Coverage is on a claims-made basis. There is a $50,000 deductible. The Authority has a limit of $50 million for the three-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a $10 million sublimit during the three-year term of the policy.

Property Insurance - The District participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. District property is currently insured according to a schedule of covered property submitted by the District to the Authority. District property currently has all-risk property insurance protection in the amount of $21,119,638. There is a $5,000 deductible per occurrence, except for nonemergency vehicle insurance, which has a $2,500 deductible.

Crime Insurance - The District purchases crime insurance coverage in the amount of $1,000,000 with a $2,500 deductible. The fidelity coverage is provided through the Authority.

Special Event Tenant-User Liability Insurance - The District further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the District according to a schedule. The District then pays for the insurance. The insurance is arranged by the Authority.

Adequacy of Protection - During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2016-17.

3. OTHER INFORMATION (CONTINUED):

G. Commitments:

The District is developing a strategy (short/long term) that will improve the accessibility of the Ventura Harbor Village for all tenants and customers. The District has budgeted $567,237 in the financial year of 2016-2017 for such improvements.

H. Restatement of Net Position

The net position as of the beginning of the year has been restated to correct the $257,247 overstatement of the net pension liability of the District’s defined benefit safety pension plan.

4. SUBSEQUENT EVENTS:

Events occurring after June 30, 2017, have been evaluated for possible adjustments to the financial statements or disclosure as of May 16, 2018, which is the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

VENTURA PORT DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS MISCELLANEOUS PENSION PLAN

Last Ten Years*

Fiscal year ended	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.02941%	0.03029%	0.03347%
Plan's proportionate share of the net pension liability	$ 2,545,114	$ 2,079,308	$ 2,082,353
Plan's covered - employee payroll	$ 1,562,010	$ 1,523,114	$ 1,517,322
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	162.94%	136.52%	137.24%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	74.06%	78.40%	77.27%
Plan's proportionate share of aggregate employer contributions	$ 267,174	$ 253,448	$ 191,421

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions

* Measurement period 2013-14 (fiscal year 2015) was the first year of implementation; therefore, only three years are shown.

VENTURA PORT DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS SAFETY PENSION PLAN

Last Ten Years*

Fiscal year ended	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.00738%	0.00956%	0.00797%
Plan's proportionate share of the net pension liability	$ 638,236	$ 656,331	$ 495,667
Plan's covered - employee payroll	$ 663,839	$ 583,371	$ 583,323
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	96.14%	112.51%	84.97%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	74.06%	78.40%	83.08%
Plan's proportionate share of aggregate employer contributions	$ 98,956	$ 91,982	$ 68,909

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions

* Measurement period 2013-14 (fiscal year 2015) was the first year of implementation; therefore, only three years are shown.

VENTURA PORT DISTRICT

SCHEDULE OF PLAN CONTRIBUTIONS
CALPERS MISCELLANEOUS PENSION PLAN

Last Ten Years*

Fiscal year ended	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 307,781	$ 284,888	$ 251,228
Contributions in relation to the actuarially determined contributions	(307,781)	(284,888)	(251,228)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered - employee payroll	$ 1,561,936	$ 1,562,010	$ 1,523,114
Contributions as a percentage of covered - employee payroll	19.71%	18.24%	16.49%

Notes to Schedule:

Valuation Date	6/30/2014

Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry-age normal cost method**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market value***
Inflation	2.75%**
Salary increases	Varies by age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% @ 62**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS's Board of Directors.**

* - Fiscal year 2015 was the first year of implementation; therefore, only three years are shown.

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal year ended June 30, 2015 and 2016, respectively), included the same actuarial assumptions

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014, valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).

VENTURA PORT DISTRICT

SCHEDULE OF PLAN CONTRIBUTIONS
CALPERS SAFETY PENSION PLAN

Last Ten Years*

Fiscal year ended	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 98,629	$ 97,035	$ 74,952
Contributions in relation to the actuarially determined contributions	(98,629)	(97,035)	(74,952)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered - employee payroll	$ 657,626	$ 663,839	$ 583,371
Contributions as a percentage of covered - employee payroll	15.00%	14.62%	12.85%

Notes to Schedule:

Valuation Date 6/30/2014

Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry age normal cost method**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market value***
Inflation	2.75%**
Salary increases	Varies by age, service, and type, of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% @ 62**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

* - Fiscal year 2015 was the first year of implementation; therefore, only three years are shown.

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal year ended June 30, 2015 and 2016, respectively), included the same actuarial assumptions

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014, valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).

VENTURA PORT DISTRICT

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS

For the year ended June 30, 2017

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded AAL (UAAL) (a) - (b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
7/1/2009	$ 476,265	$ -	$ 476,265	0.00%	$ 1,826,203	26.08%
7/1/2012	$ 629,594	$ -	$ 629,594	0.00%	$ 1,978,368	31.82%
7/1/2015	$ 1,077,067	$ -	$ 1,077,067	0.00%	$ 2,064,584	52.17%

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Port Commissioners
of the Ventura Port District
Ventura, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Ventura Port District (the District) as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893

Compliance and Other Matters

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

Purpose of This Report

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

White Nelson Diehl Evans LLP

Irvine, California
May 16, 2018