VENTURA PORT DISTRICT

FINANCIAL STATEMENTS

WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2018

VENTURA PORT DISTRICT
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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, 2018, 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 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.

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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, 2018, 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 Notes 1D and 3H to the basic financial statements, the District adopted Governmental Accounting Standards Board's Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required retrospective application resulting in a reduction of 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 schedules of proportionate share of the net pension liability, the schedules of plan contributions - defined benefit pension plans, and the schedule of changes in the total OPEB liability and related ratios - other postemployment health care benefits plan, 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 February 14, 2019, 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
February 14, 2019

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

June 30, 2018

It is our pleasure to submit the Ventura Port District's (the District) Management's Discussion and Analysis (MD&A) for the fiscal year ended June 30, 2018. 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 year ended June 30, 2018. 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 Ventura 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 with boutique shops, restaurants, and office spaces.

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. Below are the Commissioners at June 30, 2018:

Everard Ashworth, Chairman
Brian Brennan, Vice Chairman
Jim Friedman, Commissioner
Chris Stephens, Commissioner
Jean Getchell, Commissioner

Mission Statement

The Ventura Port District, home to Channel Island National Park and Visitors Center, 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 $80,000. In addition, the District offers long term ground leases (50 years) on certain parcels for private use such as hotels and timeshares, marinas, boatyards, yacht clubs, and a mobile home park. The District is also the owner/operator of Ventura Harbor Village, a 32.67 acre commercial, office, boat charter and marina complex located in the harbor with a strong commercial fishing industry.

- The District's net position for June 30, 2018 increased 4.5% to $20,857,966 after consideration of prior period adjustment related to an increase in OPEB liability pertaining to retroactive implementation of GASB Statement No. 75.
- Total revenues decreased 6.1% to $9,868,345 during the fiscal year.
- Total expenses increased 18.5% to $8,966,128 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, 2018 and 2017.

Summary of Net Position
June 30, 2018 and 2017

	2018	2017*	Increase/ (Decrease)	%
Assets:				
Current assets	$ 10,214,700	$ 10,379,570	$ (164,870)	-1.6%
Restricted assets	3,154,103	3,115,769	38,334	1.2%
Capital assets, net	24,347,453	24,195,447	152,006	0.6%
Total assets	37,716,256	37,690,786	25,470	0.1%
Deferred Outflows of Resources	1,550,120	1,389,094	161,026	11.6%
Total assets and deferred outflows	39,266,376	39,079,880	186,496	0.5%
Liabilities:				
Current & other liabilities	6,054,398	5,421,550	632,848	11.7%
Long-term debt obligations	12,196,400	13,025,500	(829,100)	-6.4%
Total liabilities	18,250,798	18,447,050	(196,252)	-1.1%
Deferred Inflows of Resources	157,612	270,149	(112,537)	-41.7%
Total liabilities and deferred inflows	18,408,410	18,717,199	(308,789)	-1.6%
Net Position:				
Net investment in capital assets	12,392,547	11,438,008	954,539	8.3%
Restricted assets	3,154,103	3,115,769	38,334	1.2%
Unrestricted assets	5,311,316	5,808,904	(497,588)	-8.6%
Total net position	$ 20,857,966	$ 20,362,681	$ 495,285	2.4%

* Not adjusted for prior period adjustment related to an increase in OPEB liability pertaining to the retroactive implementation of GASB Statement No. 75

Statement of Net Position (Continued)

The District's net position at June 30, 2018 is $20,857,966. This is an increase of $902,217 over the restated net position at June 30, 2017 of $19,955,749. The net position at June 30, 2017 was decreased by $406,932 due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required retrospective application of accountability for Other Postemployment Benefits (OPEB) resulting in a reduction of previously reported net pension.

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

Assets

Current assets decreased $164,870 for fiscal year 2018 to $10,214,700 due to the net effect of an increase from normal operations for the year offset by the purchase of capital assets and equipment.

Restricted assets increased $38,224 for fiscal year 2018 to $3,154,103 due to an increase in the fisheries improvement reserve. 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. The annual contributions to this fund and the investment interest earnings account for the increase in this category.

The capital assets increased $152,006 during fiscal year 2018 to $24,347,453. 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 $161,026 to $1,550,120. This increase was the net effect of the change in value from items listed below that are required to be reported in this category.

- The expensing of 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.

- Deferred outflow related to pensions and OPEB to reflect the employer contributions made after the measurement date of the net pension and OPEB liabilities 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.

- Deferred outflow related to pensions to reflect the difference between the actual and the expected experience value of the pension.

- Deferred outflows related to pensions resulting from changes in assumptions used to determine annual pension liabilities.

- Deferred outflow related to pensions to reflect the net difference between projected and actual earnings on plan investments of the pension plans fiduciary net position.

Statement of Net Position (Continued)

- Deferred outflow related to pensions for the differences between the employer's contributions to the plan and the employers proportionate share of contributions as determined by GASB.

Liabilities

Current & other liabilities increased by $632,848 to $6,054,398. This increase is primarily the net effect of several factors grouped into this category as discussed below:

- There was a decrease of $319,000 in accounts payable and other accrued expenses. The decrease in this category was the net effect of the following factors. The 6/30/18 accounts payable included $54,000 for construction projects compared to the $420,000 for construction projects that was included in the 6/30/17 balance. This decrease in payables for construction projects was offset by an increase of $34,000 for utilities bills and $25,000 for professional services that were reflected in the 6/30/18 accounts payable balance that were not in the 6/30/17 balance.

- There was an increase of $501,000 in the Other Post-Employment Benefits (OPEB) liability. This increase was a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires a change in the method in which OPEB liability is calculated and reflected in government agencies Statement of Net Position.

- There was an increase of $434,000 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.

Long-term debt obligations decreased $829,100 as a result of the annual paying down of principal on the outstanding balance. No new debt was incurred during fiscal year 2018.

Deferred inflows of resources were decreased by $112,537. This decrease was due to the net effect of the change in value of items to be reported in this category as related to pensions.

- Deferred inflows related to pensions to reflect the difference between the actual and the expected experience value of the pension.

- Deferred inflows related to pensions resulting from changes in assumptions used to determine annual pension liabilities.

- Deferred inflows related to pensions reflecting the difference between the employer's contributions to the plan and the employer's proportionate share of contributions as determined by GASB.

Net Position

Net investment in capital assets increased $954,539 to $12,392,547. 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 $38,334 due to an increase in the fisheries improvement reserve fund as discussed previously. Restricted assets are subject to external restrictions on how they may be used. As of June 30, 2018, there is $3,000,000 restricted for dredging activity as required by the Ellison Judgment and a balance of $154,103 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 2018 and 2017:

Summary of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2018 and 2017

	2018	2017*	Increase/ (Decrease)	%
Revenues:				
Operating revenues	$ 8,356,235	$ 9,120,698	$ (764,463)	-8.4%
Non-operating revenues	1,512,110	1,388,156	123,954	8.9%
Total Revenues	9,868,345	10,508,854	(640,509)	-6.1%
Expenses:				
Operating expenses before depreciation	7,358,102	6,268,581	1,089,521	17.4%
Depreciation	895,690	847,883	47,807	5.6%
Non-operating expenses	712,336	451,747	260,589	57.7%
Total Expenses	8,966,128	7,568,211	1,397,917	18.5%
Change in Net Position	902,217	2,940,643	(2,038,426)	-69.3%
Net Position, Beginning of Year	20,362,681	17,422,038	2,940,643	16.9%
Prior period adjustment	(406,932)	-	(406,932)	0.0%
Net Position, Beginning of Year, as Restated	19,955,749	17,422,038	2,533,711	14.5%
Net Position, End of Year	$ 20,857,966	$ 20,362,681 *	$ 495,285	2.4%

* Not adjusted for prior period adjustment related to an increase in OPEB liability pertaining to the retroactive implementation of GASB Statement No. 75

Revenues

Total revenues decreased 6.1% in fiscal year 2018 to $9,868,345. This represents a $640,509 decrease from fiscal year 2017 revenues of $10,508,854. This decrease was due to a number of factors:

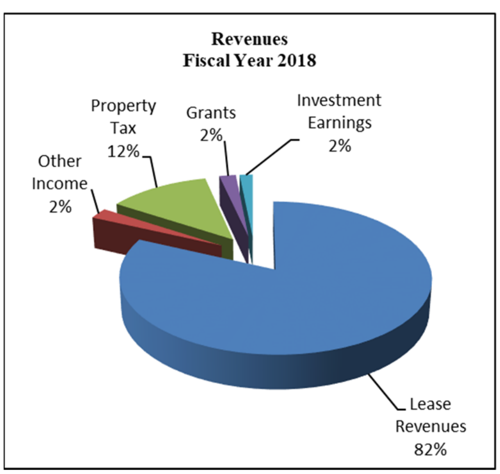
Operating income decreased $764,463 due to the net effect of the following primary factors:

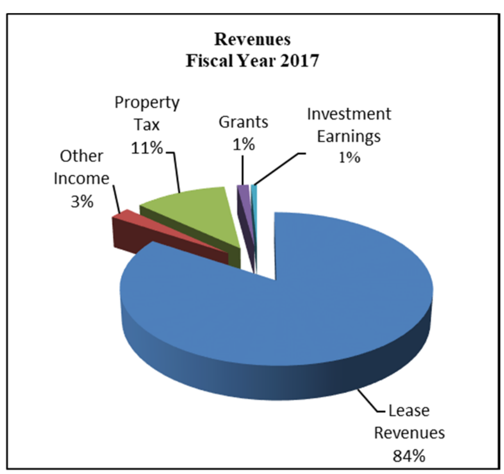
- The District was fortunate to receive a onetime lease signing fee of $1,200,000 in fiscal year 2017 which was not repeated in fiscal year 2018.
- The master tenant income increased $285,000 due primarily to increased occupancy at Ventura Isle Marina and an increase in minimum rent from the Portside Ventura Harbor apartment development in the northeast harbor area.
- Harbor Village lease income increased $130,000. This increase is attributed to higher occupancy levels at Harbor Village and increased retail, restaurant and charter sales volumes resulting in higher revenues to the District. Increased sales volumes were primarily attributed to the continuing revitalization efforts of the District and the Village businesses.

Non-operating income increased $123,954 due to the following two factors:

- The District's pro-rata share of County property taxes increased $53,000 due to a continuing improvement in the housing market.
- Investment income increased $80,000. The District's funds are invested with Local Agency Investment Funds (LAIF). The interest earned on this investment continues to exceed expectation.

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 2018 increased 18.5% to $8,966,128. This is an increase of $1,397,917 over the fiscal year 2017 expenses of $7,568,211. This increase is attributed to several factors:

Operating expenses increased $1,089,521 due primarily to the net effect of changes in these categories:

- Salaries and benefits increased $492,000. This increase was the net effect of four primary categories:

    1. Wages were increased $141,000 due to negotiated increases and the hiring of one additional employee.

    2. Employee benefits were increased $49,000 also due to negotiated increases and the hiring of one additional employee.

    3. Workers compensation premiums were decreased $62,000 for fiscal year 2018 as a result of the annual retro-deposit premium calculation analysis that the California Joint Powers Insurance Association performs. This analysis is based on many factors and can increase or decrease premiums for the year.

    4. PERS and OPEB expenses increased $363,500. PERS prepares a guide for public agencies reflecting the methodology and pension amounts to be used for GASB 68 pension reporting. These expenses increased as a result of GASB 68 calculations for PERS combined with an increase in OPEB expenses as a result of implementing GASB 75.

- Professional services increased $110,000 due primarily to the following factors:

    1. Increase of $75,000 for services pertaining to the Ventura Shellfish Enterprise project for aquaculture in Federal waters for the future growing of Mediterranean mussels. $50,000 of these services was reimbursed thru Sea Grant.

    2. Increase of $25,000 for services related to pedestrian and vehicle data studies in the Harbor.

    3. Engineering services increased $20,000 for Harbor Village restaurant suite revised as-built plans and new concept plans for several suites as part of the plan to revitalize the Harbor Village.

- Depreciation expense increased $47,807 due to the net effect of the amortizing of new fiscal year 2018 assets offset by a decrease in depreciation due to older assets having become fully depreciated.

- Repairs and maintenance increased $425,000 for fiscal year 2018. Of this increase, $386,000 was for slurry coating, striping and repairs of parking lots throughout the harbor. The remaining $39,000 reflects refurbishing of landscapes and pathways, including improved pathway and stairway lighting in Harbor Village.

Non-operating expenditures increased $260,589 to $712,336. This increase is primarily due to the loss on the disposition of a capital asset that did not survive its expected life span.

Capital Assets and Debt Administration

Capital Assets

The District's capital assets, net of accumulated depreciation totaled $24,347,453 on June 30, 2018. This is an increase of $152,006 over the June 30, 2017 balance of $24,195,447. 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.

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 2018 and 2017.

Capital Assets, Net
Years Ended June 30, 2018 and 2017

	2018	2017	Increase/ (Decrease)	%
Land	$ 2,342,629	$ 2,342,629	$ -	0.0%
Buildings & Structures	22,576,586	19,786,914	2,789,672	14.1%
Harbor Improvements	14,323,474	14,797,899	(474,425)	-3.2%
Equipment	1,688,532	1,646,162	42,370	2.6%
Construction in Progress	174,128	1,744,079	(1,569,951)	-90.0%
	41,105,349	40,317,683	787,666	2.0%
Less: Accumulated depreciation	(16,757,896)	(16,122,236)	(635,660)	3.9%
Total capital assets	$ 24,347,453	$ 24,195,447	$ 152,006	0.6%

Major improvement projects and equipment purchases in fiscal year 2018 were as follows:

- Renovated the roof systems for one Ventura Harbor Village building and the flat parapet roof portions of two other Ventura Harbor Village buildings.
- Renovated the elevator in one of the Ventura Harbor Village buildings located at 1583 Spinnaker Drive.
- Replaced and upgraded the windows in six Ventura Harbor Village buildings.
- Completed Phase III of the accessibility improvements in the courtyard and promenade area of Ventura Harbor Village commonly known as the Carousel courtyard. This renovation was incomplete and classified as construction in progress at 6/30/2017. The project was completed in December 2017.
- Purchased one Maintenance truck with a boom lift, one courtesy patrol vehicle for use at Ventura Harbor Village and two Sea Doo personal watercrafts to be used to assist with Harbor Patrol water rescues.

There was one major disposition in fiscal year 2018. The parking lot slurry and renovation asset capitalized in March 2010 was disposed of at 6/30/2018. This maintenance was performed during fiscal year 2018 which necessitated the disposal of this asset.

The District had no significant capital commitments to report at June 30, 2018.

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, 2018 is $12,196,400. This is a decrease of $829,100 over the June 30, 2017 balance of $13,025,500. 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 2018 and 2017:

Summary of Long-term Debt

	June 30, 2018	June 30, 2017	Increase/ (decrease)	%
Amend #1 Refinance certificates of participation Series '08	$ 6,178,900	$ 6,699,500	$ (520,600)	-7.8%
Amend #1 Refinance certificates of participation Series '09	1,548,900	1,678,200	(129,300)	-7.7%
Refunding of DBW loans related to certificates of participation Series '16	4,468,600	4,647,800	(179,200)	-3.9%
Total long-term debt	$ 12,196,400	$ 13,025,500	$ (829,100)	-6.4%

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. Occupancy levels at Harbor Village have increased for the office, retail and restaurant categories. Charters also continue to increase, year-over-year. As the owner operator of the Harbor Village complex, additional infrastructure improvements continue to be made on the land and waterside to renovate this 40 year old complex. The District secured $4.6 million in financing for new commercial boat slips at Village Marina docks C, D, G, & H. The project is in the design and entitlement phase with construction anticipated by fall 2019 or early 2020. In December 2018, the Board approved the conceptual design and scope of work for Harbor Village renovations including paint, awnings, patio covers and signage. Plans are in the design stage and will be submitted to the City 1st quarter 2019 for approval. The first phase of work, painting, is anticipated by fall.

Sales at the Ventura Harbor Boatyard are up following the addition of a 200 ton travel lift that replaced their 150 ton travel lift. This larger lift has enabled the Boatyard to open their services up to accommodate larger vessels thereby increasing their revenue opportunities.
The Holiday Inn Express is nearing the end of its construction of 40 new rooms, which are slated to open by June 30, 2019. Following the completion of the new construction, the Holiday Inn Express will begin renovations of the existing rooms.

The occupancy levels increased at Ventura Isle Marina because of the new management with Safe Harbor Marinas (SHM), one of the largest marina operators in the region. SHM is in the entitlement and permitting stage of a slip replacements project for Docks G, H, I, L, & M which represents a significant portion of their overall marina. This improvement also includes new dock gates and gangways, parking lot and accessibility improvements. The plans are still subject to Coastal Commission approvals which are anticipated in 2019. The renovated marina improves the slip sizes and configuration to meet market demands. Upon completion, this will improve occupancy levels and increase revenues of the marina.

Portside Ventura Harbor in the northeast harbor area with 300 apartment units and 23,000 sq. ft. of commercial space is under construction. The minimum annual rental on this project is currently $300,000. We expect the project will be completed in the first half of 2020. After a stabilization period of 18 to 24 months, the District's revenue could exceed $1.2 million per year from this project. There is also a 140 slip marina associated with the project, but that percentage rental to the District shall be deferred for a ten year period as stipulated in the lease.

The District continues to pursue long-term development opportunities for two sites, Parcels 5 and 8. The developer previously selected by the District decided to not pursue the next steps of predevelopment due to the condition of property title, the time and or uncertainties it would take the District to provide "clean" title for development and due to other time sensitive commitments and opportunities. Long-standing title (report) issues have now been resolved and the District will evaluate previous pre-development studies and reports to refine potential uses for the parcels. The District can then evaluate opportunities with the Board and Harbor stakeholders for future public-private partnerships to achieve the District's goals.

The Ventura Port District is the project applicant for a strategic permitting initiative known as Ventura Shellfish Enterprise (VSE) to substantially increase shellfish farming in Federal waters five miles from the Ventura harbor. The project will establish a commercial offshore bivalve aquaculture operation based from the Ventura Harbor to create economic opportunities for community and marine stake holders, produce a high value and sustainable seafood product, and advance collaborative evaluation of permit applications among regulators.

The District has now submitted permit and related applications for the VSE project to federal and state agencies for twenty 100-acre sites in federal waters near Ventura Harbor. As part of the effort the District has successfully received a second award of federal Sea Grant dollars, approximately $266,000 over a two-year period. The District provides required matching funds through cost share, which is achieved through in-kind contributions of time by Port District staff, consultant and volunteer participants. The District also directly funds some project related costs.

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, 2018

ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	$	9,561,278
Restricted cash and cash equivalents		3,154,103
Accounts receivable, net		297,024
Due from other governments		109,590
Other receivables		145,811
Prepaid expenses		35,654
Inventories		65,343
TOTAL CURRENT ASSETS		13,368,803
NONCURRENT ASSETS:		
Capital assets not being depreciated		12,421,460
Capital assets being depreciated (net of accumulated depreciation)		11,925,993
TOTAL NONCURRENT ASSETS		24,347,453
TOTAL ASSETS		37,716,256
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts on refundings		241,494
Deferred amounts from OPEB plan		13,492
Deferred amounts from pension plans		1,295,134
TOTAL DEFERRED OUTFLOWS OF RESOURCES		1,550,120
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable		285,044
Interest payable		163,570
Accrued liabilities		94,431
Unearned revenue		220,650
Security deposits		283,746
Current portion of long-term liabilities		1,005,488
TOTAL CURRENT LIABILITIES		2,052,929
NONCURRENT LIABILITIES:		
Long-term liabilities		11,450,864
Total OPEB liability		1,129,864
Net pension liability		3,617,141
TOTAL NONCURRENT LIABILITIES		16,197,869
TOTAL LIABILITIES		18,250,798
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts from pension plans		157,612
NET POSITION:		
Net investment in capital assets		12,392,547
Restricted for dredging		3,000,000
Restricted for fisheries complex		154,103
Unrestricted		5,311,316
TOTAL NET POSITION	$	20,857,966

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, 2018

OPERATING REVENUES:		
Leases:		
General	$	5,586,839
Harbor Village slips		915,416
Fishing		353,331
Boat yard		339,717
Charter		387,828
Tenant reimbursements		437,923
Dry storage		102,075
Other		233,106
TOTAL OPERATING REVENUES		8,356,235
OPERATING EXPENSES:		
Administration		147,684
Salaries and benefits		3,816,847
Merchant promotion		280,614
Professional services		738,739
Depreciation		895,690
Repairs and maintenance		1,274,075
Harbor dredging		205,557
Utilities		361,897
Insurance		249,161
Other		283,528
TOTAL OPERATING EXPENSES		8,253,792
OPERATING INCOME		102,443
NONOPERATING REVENUES (EXPENSES):		
Taxes		1,218,748
Investment income		156,515
Intergovernmental grants		136,847
Loss on disposition of capital assets		(287,242)
Interest expense		(425,094)
TOTAL NONOPERATING REVENUES (EXPENSES)		799,774
CHANGES IN NET POSITION		902,217
NET POSITION - BEGINNING OF YEAR. AS RESTATED		19,955,749
NET POSITION - END OF YEAR	$	20,857,966

See accompanying notes to basic financial statements.

VENTURA PORT DISTRICT

STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from tenants	$ 8,124,886
Cash received from others	229,404
Cash paid to employees	(3,571,563)
Cash paid for goods and services	(3,540,429)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,242,298
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Taxes received	1,230,531
Receipts from other governments	136,195
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,366,726
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from disposal of capital assets	1,320
Acquisition and construction of capital assets	(1,336,258)
Principal payments on long-term debt	(829,100)
Interest payments on related debt	(409,587)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,573,625)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	127,838
NET INCREASE IN CASH AND CASH EQUIVALENTS	163,237
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	12,552,144
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 12,715,381
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:	
Cash and cash equivalents	$ 9,561,278
Restricted cash and cash equivalents	3,154,103
	$ 12,715,381

(Continued)

See accompanying notes to basic financial statements.

VENTURA PORT DISTRICT

STATEMENT OF CASH FLOWS
(CONTINUED)

For the year ended June 30, 2018

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 102,443
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	895,690
Changes in operating assets and liabilities:	
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(6,935)
Other receivables	(3,702)
Prepaid expenses	331,407
Inventories	(13,451)
Deferred outflows from OPEB plan	(13,492)
Deferred outflows from pension plans	(580,511)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(146,828)
Accrued liabilities	(169,511)
Unearned revenue	8,692
Security deposits	1,262
Compensated absences	15,104
Total OPEB liability	94,466
Net pension liability	840,201
Deferred inflows from pension plans	(112,537)
Total adjustments	1,139,855
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,242,298
NONCASH CAPITAL AND FINANCING ACTIVITIES:	
Amortization on deferred amount on debt refunding	$ (26,567)

See accompanying notes to basic financial statements.

NOTE 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.

NOTE 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements

Current-Year Standards

In fiscal year 2017-2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this standard decreased the net position at July 1, 2017 by $406,932.

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. This standard did not impact the District.

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017. This standard did not impact the District.

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017. This standard did not impact the District.

Pending Accounting Standards

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

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.

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

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

- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.

- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.

- GASB 90 - *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and OPEB equal to employer contributions made after the measurement date of the net pension liability/total OPEB liability.

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

- 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deferred Outflows/Inflows of Resources (Continued)

- 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.

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.

NOTE 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.

NOTE 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, 2018, the restricted assets are $3,154,103, of which $3,000,000 is restricted for dredging of the harbor by a court judgment against the District in 1979, and $154,103 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.

NOTE 2 - DETAILED NOTES

A. Cash and Investments

Cash and Investments

Cash and investments as of June 30, 2018, are reported in the statement of net position as follows:

Cash and cash equivalents	$ 9,561,278
Restricted cash and cash equivalents	3,154,103
Total cash and investments	$ 12,715,381

Cash and investments as of June 30, 2018, consist of the following:

Demand accounts (bank balance)	$ 412,797
Less outstanding checks	(55,295)
Book balance	357,502
Petty cash	1,521
Total deposits and petty cash	359,023
Investments:	
State of California LAIF	12,339,111
Ventura County Treasury Pool	17,247
Total investments	12,356,358
Total cash and investments	$ 12,715,381

Restricted Cash and Cash Equivalents

A portion of cash and cash equivalents as of June 30, 2018, is considered to be restricted for the following purposes:

Dredging pursuant to settlement agreement	$ 3,000,000
Facility maintenance pursuant to lease agreement	154,103
Total	$ 3,154,103

NOTE 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
United States Treasury Obligations	5 years	None	None
United States 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 Acceptance	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%

N/A - Not Applicable

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

NOTE 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, 2018:

	Less Than One Year
Investment Type:	
LAIF	$ 12,339,111
Ventura County Treasury Pool	17,247
Total	$ 12,356,358

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, 2018.

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.

NOTE 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, 2018, 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, 2018, 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.

NOTE 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 quoted prices for similar assets in active markets, 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, 2018, accounts receivable, net consist primarily of lease receivables of $310,633 with an allowance for uncollectible accounts of $13,609.

C. Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2018, is as follows:

	Balance at July 1, 2017	Additions	Deletions	Transfers	Balance at June 30, 2018
Capital assets, not being depreciated:					
Land	$ 2,342,629	$ -	$ -	$ -	$ 2,342,629
Land improvements	9,904,703	-	-	-	9,904,703
Construction in progress	1,744,079	138,013	(1,707,964)	-	174,128
Total capital assets, not being depreciated	13,991,411	138,013	(1,707,964)	-	12,421,460
Capital assets, being depreciated:					
Buildings and structures	17,507,609	800,147	-	-	18,307,756
Equipment	1,646,162	108,559	(66,189)	-	1,688,532
Harbor improvements	4,893,196	-	(474,425)	-	4,418,771
Leasehold improvements	2,279,305	1,997,503	(7,978)	-	4,268,830
Total capital assets, being depreciated	26,326,272	2,906,209	(548,592)	-	28,683,889
Less accumulated depreciation	(16,122,236)	(895,690)	260,030	-	(16,757,896)
Total capital assets, being depreciated, net	10,204,036	2,010,519	(288,562)	-	11,925,993
Total capital assets, net	$ 24,195,447	$ 2,148,532	$ (1,996,526)	$ -	$ 24,347,453

Depreciation expense was $895,690 for the year ended June 30, 2018.

NOTE 2 - DETAILED NOTES (CONTINUED)

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 $220,650 for the year ended June 30, 2018.

E. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
2008 Refunding Certificates of Participation	$ 6,699,500	$ -	$ (520,600)	$ 6,178,900	$ 535,400
2009 Refunding Certificates of Participation	1,678,200	-	(129,300)	1,548,900	133,500
2016 Refunding Certificates of Participation	4,647,800	-	(179,200)	4,468,600	185,200
Compensated absences	244,848	422,079	(406,975)	259,952	151,388
Total	$ 13,270,348	$ 422,079	$ (1,236,075)	$ 12,456,352	$ 1,005,488

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.

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

Year Ending June 30,	Principal	Interest	Total
2019	$ 535,400	$ 189,159	$ 724,559
2020	554,600	171,718	726,318
2021	568,500	153,749	722,249
2022	591,800	135,184	726,984
2023	604,600	116,042	720,642
2024 - 2028	3,324,000	272,217	3,596,217
Totals	$ 6,178,900	$ 1,038,069	$ 7,216,969

NOTE 2 - DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities (Continued)

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
2019	$ 133,500	$ 47,428	$ 180,928
2020	137,900	43,086	180,986
2021	142,400	38,601	181,001
2022	147,000	33,971	180,971
2023	151,800	29,191	180,991
2024 - 2028	836,300	68,615	904,915
Totals	$ 1,548,900	$ 260,892	$ 1,809,792

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
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	211,100	120,016	331,116
2024 - 2028	1,166,300	489,862	1,656,162
2029 - 2033	1,373,800	282,471	1,656,271
2034 - 2036	938,400	54,870	993,270
Totals	$ 4,468,600	$ 1,493,149	$ 5,961,749

NOTE 2 - DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities (Continued)

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, 2018, is as follows:

Net revenues	$	2,041,549
Debt services - current year		1,236,623

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

NOTE 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,		
2019	$	4,167,058
2020		3,718,331
2021		3,323,047
2022		2,923,147
2023		2,641,423
	$	16,773,006

The net carrying value of related assets under the leases is $4,547,241 for the year ended June 30, 2018.

Rental income of $8,123,131 for the year ended June 30, 2018, includes contingent rental income of $2,406,342.

NOTE 3 - OTHER INFORMATION (CONTINUED)

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, 2018, this account had a balance of $3,000,000.

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.

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at June 30, 2018, 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	8.921%	6.533%
Payment of unfunded liability	$ 199,925	$ 270

	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	13.012%	9.513%
Payment of unfunded liability	$ 35,067	$ -

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.

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

As of June 30, 2018, 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, 2017, as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 2,863,665
Safety	753,476
Total net pension liability	$ 3,617,141

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, 2017, 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, 2016, and rolled forward to June 30, 2017, 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, 2017, was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2016	0.07326%	0.01232%
Proportion - June 30, 2017	0.07264%	0.01261%
Change - increase (decrease)	-0.00062%	0.00029%

NOTE 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, 2018, the District recognized pension expense of $592,887 ($500,876 for the Miscellaneous plan and $92,011 for the Safety plan). At June 30, 2018, 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	$ 339,385	$ -
Differences between actual and expected experience	3,588	(51,404)
Change in assumptions	445,179	(33,945)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	59,742	(19,263)
Net differences between projected and actual earnings on plan investments	100,680	-
Total	$ 948,574	$ (104,612)

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 106,348	$ -
Differences between actual and expected experience	11,628	(3,032)
Change in assumptions	168,631	(12,938)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	23,184	(37,030)
Net differences between projected and actual earnings on plan investments	36,769	-
Total	$ 346,560	$ (53,000)

NOTE 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 $445,733 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 ended 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
2019	$ 112,729	$ 23,463
2020	278,529	117,649
2021	173,096	67,616
2022	(59,777)	(21,516)
2023	-	-
Thereafter	-	-

NOTE 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, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016, total pension liability determined in the June 30, 2016, actuarial accounting valuation.

	Miscellaneous	Safety
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
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, 2016, 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.

NOTE 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

In fiscal year 2017 - 2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. 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 7.15% 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 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% 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.

NOTE 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, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global equity	47.00%	4.90%	5.38%
Global fixed income	19.00%	0.80%	2.27%
Inflation sensitive	6.00%	0.60%	1.39%
Private equity	12.00%	6.60%	6.63%
Real estate	11.00%	2.80%	5.21%
Infrastructure and forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
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.

NOTE 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	6.15%	6.15%
Net pension liability	$ 4,331,101	$ 1,310,565
Current discount rate	7.15%	7.15%
Net pension liability	$ 2,863,665	$ 753,476
1% Increase	8.15%	8.15%
Net pension liability	$ 1,648,308	$ 298,084

Pension Plans Fiduciary Net Position

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

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

3). Payable to the Pension Plans

At June 30, 2018, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

D. Other Postemployment Health Care Benefits

Plan Description

The District offers an agent 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.

Employees Covered

As of measurement date June 30, 2017, the following current and former employees were covered by the benefit terms under the plan:

Inactive plan members or beneficiaries currently receiving benefits	7
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	-
Active employees	33
	40

Contributions

The benefit provisions and contribution requirements of plan members and the District are established and may be amended through agreements and memorandums of understanding between the District, and its employee groups. Administrative costs of the OPEB plan are financed through investment earnings. The District has currently chosen to pay plan benefits on a pay-as-you-go basis (i.e., as medical insurance premiums become due) 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, 2018, the District paid $128 per month for each retiree participating in the PEMHCA plan from July 1, 2017 to December 31, 2017, and $133 per month from January 1, 2018 to June 30, 2018. 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 $9,780. Including the implicit rate subsidy of $3,712, the District's total contributions to the plan for the year ended June 30, 2018, were $13,492.

NOTE 3 - OTHER INFORMATION (CONTINUED)

D. Other Postemployment Health Care Benefits (Continued)

Total OPEB liability

The District's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of July 1, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Alternative Measurement Method
Actuarial Assumptions:	
Discount Rate	3.13% (Municipal Bond 20-year High Grade Rate Index)
Long-Term Expected	
Rate of Return on Investments (if any)	4.00%
Medical Cost Trend Rate	6.00% for 2017; 5.00% for 2018 and later years
PEMHCA Minimum Increase Rate	4.00% after 2019
Dental, Vision and Other Cost Trend Rate	4.00%
Age Adjustment Factor	4.00%
Percent Married	60%
Participation	60%
Retirement Age	61
Pre-retirement Mortality Rates	RP-2014 Employee Mortality Table
Post-retirement Mortality Rates	RP-2014 Health Annuitant Mortality Table
Salary Increases	3.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.13%. This rate is equal to the municipal bond twenty-year high-grade index rate as the District's OPEB plan does not have any fiduciary net position.

NOTE 3 - OTHER INFORMATION (CONTINUED)

D. Other Postemployment Health Care Benefits (Continued)

Changes in the Total OPEB Liability

The changes in the Total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2016 (Measurement Date)	$ 1,050,230	$ -	$ 1,050,230
Changes in the Year:			
Service cost	61,824	-	61,824
Interest on the total OPEB liability	32,642	-	32,642
Contributions - employer	-	14,832	(14,832)
Net investment income	-	-	-
Benefit payments	(14,832)	(14,832)	-
Administrative expenses	-	-	-
Net Changes	79,634	-	79,634
Balance at June 30, 2017 (Measurement Date)	$ 1,129,864	$ -	$ 1,129,864

Change of Assumptions

There were no changes of assumptions.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

NOTE 3 - OTHER INFORMATION (CONTINUED)

D. Other Postemployment Health Care Benefits (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (2.13%)	Discount Rate (3.13%)	1% Increase (4.13%)
Total OPEB Liability	$ 1,312,979	$ 1,129,864	$ 982,322

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower and 1-percentage point higher than the current medical trend rate:

	1% Decrease (5.00% decreasing to 4.00%)	Current Healthcare Cost Trend Rate (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Total OPEB Liability	$ 967,688	$ 1,129,864	$ 1,333,896

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $94,466. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 13,492	$ -

The OPEB contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019.

NOTE 3 - OTHER INFORMATION (CONTINUED)

D. Other Postemployment Health Care Benefits (Continued)

Payable to the OPEB Plan

At June 30, 2018, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

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, 2018, was $182,565.

F. Liability, Workers' Compensation, and Purchased Insurance

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 116 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.

Primary 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 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on actuarial analysis. Costs are allocated to individual agencies based on payroll and claims relative to other members of the risk-sharing pool.

<u>Primary Liability Program</u> - 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.

NOTE 3 - OTHER INFORMATION (CONTINUED)

F. Liability, Workers' Compensation, and Purchased Insurance (Continued)

Primary Self-Insurance Programs of the Authority (Continued)

The overall coverage limit for each member, including all layers of coverage, is $50 million per occurrence. Subsidence losses have a sub-limit of $40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: https://cjpia.org/protection/coverage-programs.

Primary 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.

For 2017-18 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, 2017 through July 1, 2020. 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 $21,286,237. There is a $10,000 deductible per occurrence, except for nonemergency vehicle insurance, which has a $2,500 deductible.

NOTE 3 - OTHER INFORMATION (CONTINUED)

F. Liability, Workers' Compensation, and Purchased Insurance (Continued)

Purchased Insurance (Continued)

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 facilitated 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 2017-18.

G. Commitments

The District is in the planning process to renovate three sets of public restrooms located in Ventura Harbor Village to meet current accessibility standards.

H. Restatement of Net Position

The previously reported net position as of July 1, 2017, of $20,362,681, was reduced by $406,932 to $19,955,749, due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

NOTE 4 - SUBSEQUENT EVENTS

On August 8, 2018, the District entered into a 20-year, $4,664,166 installment sale agreement for the purpose of providing funding for marina dock improvements. Interest accrues at a rate of 4.12% per annum with respect to the tax-exempt Series A installment payments ($1,632,458) and 5.25% per annum with respect to the taxable Series B installment payments ($3,031,708). Principal and interest are due semi-annually commencing February 1, 2019 and concluding on August 31, 2038.

Events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosure as of February 14, 2019, 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, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.02888%	0.02941%	0.03029%	0.03347%
Plan's proportionate share of the net pension liability	$ 2,863,665	$ 2,545,114	$ 2,079,308	$ 2,082,353
Plan's covered payroll	$ 1,561,936	$ 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	183.34%	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	73.31%	74.06%	78.40%	77.27%
Plan's proportionate share of aggregate employer contributions	$ 295,311	$ 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

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

* Measurement period 2013-14 (fiscal year 2015) was the first year of implementation; therefore, only four 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, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.00760%	0.00738%	0.00956%	0.00797%
Plan's proportionate share of the net pension liability	$ 753,476	$ 638,236	$ 656,331	$ 495,667
Plan's covered payroll	$ 657,626	$ 663,839	$ 583,371	$ 583,323
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	114.58%	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	73.31%	74.06%	78.40%	83.08%
Plan's proportionate share of aggregate employer contributions	$ 111,402	$ 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

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

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

VENTURA PORT DISTRICT

SCHEDULE OF PLAN CONTRIBUTIONS
CALPERS MISCELLANEOUS PENSION PLAN

Last Ten Years*

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 339,385	$ 307,781	$ 284,888	$ 251,228
Contributions in relation to the actuarially determined contributions	(339,385)	(307,781)	(284,888)	(251,228)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 1,694,729	$ 1,561,936	$ 1,562,010	$ 1,523,114
Contributions as a percentage of covered - employee payroll	20.03%	19.71%	18.24%	16.49%

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012

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 1st year of implementation, therefore only four years are shown.

** - The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal years ended June 30, 2015, 2016, and 2017 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, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

VENTURA PORT DISTRICT

SCHEDULE OF PLAN CONTRIBUTIONS
CALPERS SAFETY PENSION PLAN

Last Ten Years*

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 106,348	$ 98,629	$ 97,035	$ 74,952
Contributions in relation to the actuarially determined contributions	(106,348)	(98,629)	(97,035)	(74,952)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 655,094	$ 657,626	$ 663,839	$ 583,371
Contributions as a percentage of covered - employee payroll	16.23%	15.00%	14.62%	12.85%

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012

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 1st year of implementation, therefore only four years are shown.

** - The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal years ended June 30, 2015, 2016, and 2017 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, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

VENTURA PORT DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	6/30/2018
Measurement date	6/30/2017
Total OPEB Liability:	
Service cost	$ 61,824
Interest on total OPEB liability	32,642
Benefit payments, including refunds and the implied subsidy benefit payments	(14,832)
Net Change in Total OPEB Liability	79,634
Total OPEB Liability - Beginning of Year	1,050,230
Total OPEB Liability - End of Year (a)	1,129,864
Plan Fiduciary Net Position:	
Contributions - employer	14,832
Net investment income	-
Administrative expenses	-
Benefit payments, including refunds and the implied subsidy benefit payments	(14,832)
Net Change in Plan Fiduciary Net Position	-
Plan Fiduciary Net Position - Beginning of Year	-
Plan Fiduciary Net Position - End of Year (b)	-
Net OPEB Liability - Ending (a)-(b)	$ 1,129,864
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered - employee payroll	$ 2,196,212
Net OPEB liability as percentage of covered - employee payroll	51.45%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
The fiscal year ended June 30, 2018 is the first year of implementation; therefore, there are no previous GASB 75 actuarial reports for comparison.

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

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, 2018, 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 February 14, 2019.

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.

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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
February 14, 2019