VENTURA PORT DISTRICT

FINANCIAL STATEMENTS

WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2019

VENTURA PORT DISTRICT
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June 30, 2019

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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, 2019, 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, 2019, 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.

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 January 30, 2020, 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
January 30, 2020

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

June 30, 2019

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, 2019. 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, 2019. 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, 2019:

Chris Stephens, Chairman
Brian Brennan, Vice Chairman
Everard Ashworth, Commissioner
Jackie Gardina, Commissioner
Michael Blumenberg, 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, 2019 increased 5.6% to $22,028,521.
- Total revenues increased 6.1% to $10,469,586 during the fiscal year.
- Total expenses increased 3.7% to $9,299,031 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, 2019 and 2018.

Summary of Net Position
June 30, 2019 and 2018

	2019	2018	Increase/ (Decrease)	%
Assets:				
Current assets	$ 10,642,821	$ 10,214,700	$ 428,121	4.2%
Restricted assets	7,610,912	3,154,103	4,456,809	141.3%
Capital assets, net	25,207,846	24,347,453	860,393	3.5%
Total assets	43,461,579	37,716,256	5,745,323	15.2%
Deferred Outflows of Resources	1,359,962	1,550,120	(190,158)	-12.3%
Total assets and deferred outflows	44,821,541	39,266,376	5,555,165	14.1%
Liabilities:				
Current & other liabilities	6,685,684	6,054,398	631,286	10.4%
Long-term debt obligations	15,938,681	12,196,400	3,742,281	30.7%
Total liabilities	22,624,365	18,250,798	4,373,567	24.0%
Deferred Inflows of Resources	168,655	157,612	11,043	7.0%
Total liabilities and deferred inflows	22,793,020	18,408,410	4,384,610	23.8%
Net Position:				
Net investment in capital assets	13,505,661	12,392,547	1,113,114	9.0%
Restricted assets	3,165,966	3,154,103	11,863	0.4%
Unrestricted assets	5,356,894	5,311,316	45,578	0.9%
Total net position	$ 22,028,521	$ 20,857,966	$ 1,170,555	5.6%

Statement of Net Position (Continued)

The District's net position at June 30, 2019 is $22,028,521. This is an increase of $1,170,555 over the net position at June 30, 2018 of $20,857,966.

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

Assets

Current assets increased $428,121 for fiscal year 2019 to $10,642,821 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 $4,456,809 for fiscal year 2019 to $7,610,912 due to two factors.

- A $4.6 million debt installment agreement was entered into for the purpose of renovating docks located in the Ventura Harbor Village Marina. The proceeds of this debt were increased by investment earnings and decreased by the capital outlay towards the project in FY19.

- 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 $860,393 during fiscal year 2019 to $25,207,846. 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 decreased by $190,158 to $1,359,962. This decrease 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.

Statement of Net Position (Continued)

- 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.

- 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 $631,286 to $6,685,684. This increase is primarily the net effect of several factors grouped into this category as discussed below:

- There was an increase of $607,627 in accounts payable and other accrued expenses. The increase in this category was primarily due to two factors. The June 30, 2019 accounts payable included $454,988 for construction projects compared to the $54,000 for construction projects that was included in the June 30, 2018 balance. The June 30, 2019 accounts payable balance also included a onetime expense of $150,000 in lease settlements that was not present in the June 30, 2018 balance.

- There was an increase of $150,400 in unearned revenue due to ARTPS paying for the first five years of a pipeline easement agreement upfront. This is the value of the remaining four years to be amortized each year.

- There was a decrease of $133,068 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 liabilities increased $3,742,281 to $15,938,681 as a result of new debt issuance for the Harbor Village Marina improvements offset by the annual paying down of principal on the outstanding balance of all the long-term debts.

Deferred inflows of resources were increased by $11,043. This increase 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 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.

Statement of Net Position (Continued)

Net Position

Net investment in capital assets increased $1,113,114 to $13,505,661. 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 in the Net Position grouping increased $11,863 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, 2019, there is $3,000,000 restricted for dredging activity as required by the Ellison Judgment and a balance of $165,966 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 2019 and 2018:

Summary of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2019 and 2018

	2019	2018	Increase/ (Decrease)	%
Revenues:				
Operating revenues	$ 8,530,041	$ 8,356,235	$ 173,806	2.1%
Non-operating revenues	1,939,545	1,512,110	427,435	28.3%
Total Revenues	10,469,586	9,868,345	601,241	6.1%
Expenses:				
Operating expenses before depreciation	7,758,699	7,358,102	400,597	5.4%
Depreciation	887,198	895,690	(8,492)	-0.9%
Non-operating expenses	653,134	712,336	(59,202)	-8.3%
Total Expenses	9,299,031	8,966,128	332,903	3.7%
Change in Net Position	1,170,555	902,217	268,338	29.7%
Net Position, Beginning of Year	20,857,966	19,955,749	902,217	4.5%
Net Position, End of Year	$ 22,028,521	$ 20,857,966	$ 1,170,555	5.6%

Revenues

Total revenues increased 6.1% in fiscal year 2019 to $10,469,586. This represents a $601,241 increase from fiscal year 2018 revenues of $9,868,345. This increase was due to a number of factors:

Operating income increased $173,806 due to the net effect of the following primary factors:

- The District received onetime income of $135,000 for appreciation rent from the Ventura Harbor Boatyard as required when they sold their leasehold in fiscal year 2019. The Boatyard is now owned by Silver Bay Seafoods, one of the largest seafood companies in Alaska. They also reported increased sales which resulted in approximately $60,000 in additional income to the District. In August of 2018, the

District was informed by the Boatyard of their first use of their new 200 ton Marine Travelift. This larger capacity lift enables the Boatyard to bring in additional customers that they previously could not accommodate with their 150 ton lift thereby increasing their revenue opportunities.

- The master tenant income increased $81,000 due primarily to increased occupancies at the Ventura Marina Mobile Home Park and slip rate increases at the Ventura West Marina Phases I & II.

- Harbor Village tenant lease income increased $119,774. This increase is attributed primarily to the Restaurant and Office categories. There was an increase in Restaurant revenues due to scheduled rent increases with increased sales volume and an increase in Offices revenues due to scheduled rent increases and increased occupancies. Increased sales volumes were primarily attributed to the continuing revitalization efforts of the District and the Village businesses.

- Harbor Village slip income decreased $73,000 due to moving tenants out in preparation for the dock renovations that began approximately May/June 2019. The Harbor Village marina did not have the space to temporarily relocate all of the affected tenants during the construction.

- Fish offloading income decreased $97,996 in fiscal year 2019 due to a non-productive squid season.

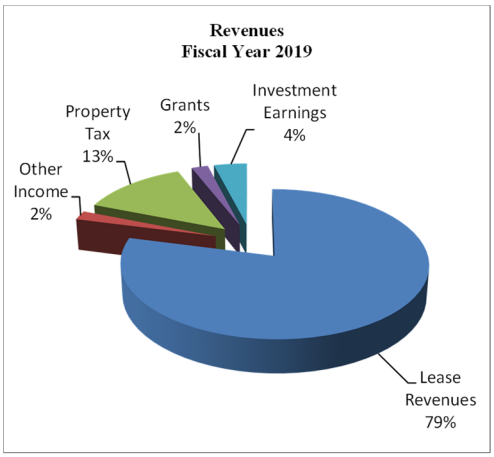
- Dry Storage income decreased $100,275 because the storage lot was closed for renovations during and after the City street reconfiguration on Anchors Way Drive. The City utilized a portion of the District's storage lot to change the traffic pattern on Anchors Way Drive in an effort to reduce the traffic going through the Ventura Keys residential neighborhood.

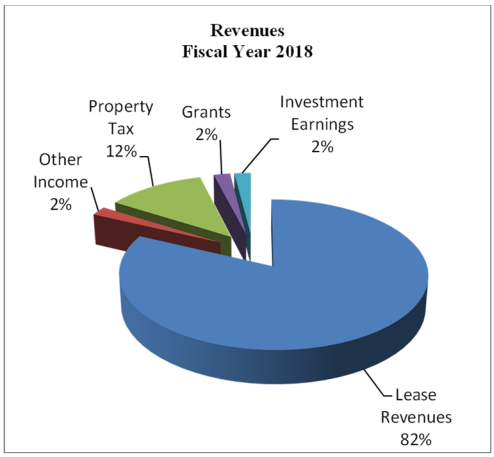
Non-operating income increased $427,435 due to the following two factors:

- The District's pro-rata share of County property taxes increased $100,800 due to a continuing improvement in the housing market.

- Investment income increased $283,000. The District's funds are invested with Local Agency Investment Funds (LAIF). The interest earned on this investment continued to exceed expectation. A portion of this increase was related to earnings on the debt proceeds for the 2018 installment agreement that is dedicated to the renovation of the Harbor Village marina. The proceeds were invested with LAIF while the project went through the engineering and permitting stages.

The following two charts show a comparison of revenues by source for each year. these charts give a clear example of the importance of lease tenants followed by the need for property tax revenues. The Districts' pro-rata share of property tax revenues are allocated to the funding our Harbor Patrol department.





Expenses

The expenses for fiscal year 2019 increased 3.7% to $9,299,031. This is an increase of $332,903 over the fiscal year 2018 expenses of $8,966,128. This increase is attributed to several factors:

Operating expenses increased $400,597 due primarily to the net effect of changes in these categories:

- Salaries and benefits were relatively neutral compared to prior year. This neutral activity was the net effect of two primary categories:

  1. Wages were increased $147,321 due to the net effect of wage increases and employee turnover including the hiring of two additional Harbor Patrol officers and one additional accounting employee.
  2. The other benefit categories increased $33,597 for the same reasons as wages above.
  3. PERS and OPEB expenses decreased $176,487. PERS prepares a guide for public agencies reflecting the methodology and pension amounts to be used for GASB 68 and GASB 75 pension and OPEB reporting, respectively. These expenses decreased as a result of GASB 68 and GASB 75 annual calculations.

- Professional services increased $231,483 due primarily to the following factors:

  1. Increase of $91,027 for legal and professional services pertaining to the Ventura Shellfish Enterprise project for aquaculture in Federal waters for the future growing of Mediterranean mussels. $57,580 of these services was reimbursed thru Sea Grant.

2. Legal services pertaining to employment issues and lease litigation services increased $20,654 and $78,026, respectively.
3. Professional services for computer/IT services increased $41,992 due to the growing needs of the District.

- Depreciation expense increased $47,976 due to the net effect of the amortizing of new fiscal year 2019 assets offset by a decrease in depreciation due to older assets having become fully depreciated.

- Repairs and maintenance decreased $279,418 for fiscal year 2019. This decrease is the net effect of several primary factors:

  1. Parking lot maintenance decreased $386,000 for slurry coating, striping and repairs of parking lots throughout the harbor. This maintenance was performed in fiscal year 2018 and therefore not required in the current fiscal year 2019 resulting in a decrease of $386,000 in this category.
  2. Building maintenance increased $85,731 for improvements to suites and continued improvements to stairway lighting throughout the Village.
  3. Grounds maintenance increased $68,217 primarily for a main water line repair at Harbor Cove beach.

- The Other expense category increased $270,225. This increase is primarily due to lease judgement settlements of $250,000 in the current year.

Non-operating expenditures decreased $59,202 to $653,134. This decrease is the net effect of three primary factors:

- Loss on disposition of Assets decreased $287,242. In fiscal 2018 an asset was disposed before the end of its expected life span. There were no asset dispositions in fiscal year 2019 that had not already been fully depreciated at the time of their retirement in fiscal year 2019.
- Debt issuance costs increased $54,166. This increase represents the issuance costs for the 2018 debt installment agreement to fund the Harbor Village marina dock renovation project
- Interest expense increased $173,874. This increase represents the interest. expense for the first year of the 2018 debt installment agreement.

Capital Assets and Debt Administration

Capital Assets

The District's capital assets, net of accumulated depreciation totaled $25,207,846 on June 30, 2019. This is an increase of $860,393 over the June 30, 2018 balance of $24,347,453. 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 2019 and 2018.

Capital Assets, Net
Years Ended June 30, 2019 and 2018

	2019	2018	Increase/ (Decrease)	%
Land	$ 2,342,629	$ 2,342,629	$ -	0.0%
Buildings & Structures	22,784,234	22,576,586	207,648	0.9%
Harbor Improvements	14,347,938	14,323,474	24,464	0.2%
Equipment	1,747,342	1,688,532	58,810	3.5%
Construction in Progress	1,127,139	174,128	953,011	547.3%
	42,349,282	41,105,349	1,243,933	3.0%
Less: Accumulated depreciation	(17,141,436)	(16,757,896)	(383,540)	2.3%
Total capital assets	$ 25,207,846	$ 24,347,453	$ 860,393	3.5%

Major improvement projects and equipment purchases in fiscal year 2019 were as follows:

- Completed the roof renovations on two Ventura Harbor Village buildings and installed fiber optic infrastructure throughout the buildings and into each building suite.
- Resurfaced the fish pier located in Harbor Village with an improved product to extend the life of the pier.
- Installed concrete slabs and curbs to accommodate two permanent custom fabricated bike racks in two locations in the Ventura Harbor Village.
- Began the renovation and fabrication of a portion of two dock fingers in the Ventura Harbor Village Marina to replace the aged and damaged docks with slips able to accommodate larger vessels.
- Began ADA renovations on two sets of restrooms in the Ventura Harbor Village located at 1591 Spinnaker Drive.
- Contributed tenant improvements to the build-out of a new retail space in Harbor Village.
- Purchased two Maintenance trucks and one Harbor Patrol truck.

The major dispositions in fiscal year 2019 pertained to the retiring of the previous resurfacing of the fish pier in October 2013 and the sale of five old maintenance vehicles.

Major commitments in FY20 include the completion of a $4.6 million dock renovation project, started in FY18-19. The construction bid was awarded to Bellingham Marine for $4,317,967 on September 26, 2018. This project will be completed in FY19-20.

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, 2019 is $15,938,681. This is an increase of $3,742,281 over the June 30, 2018 balance of $12,196,400. This increase is due to the net effect of a new debt issue and 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, 2019	June 30, 2018	Increase/ (decrease)	%
2008 Refunding Certificates of Participation	$ 5,643,500	$ 6,178,900	$ (535,400)	-8.7%
2009 Refunding Certificates of Participation	1,415,400	1,548,900	(133,500)	-8.6%
2016 Refunding Certificates of Participation	4,283,400	4,468,600	(185,200)	-4.1%
2018 Installment Obligation:				
Series A - Tax exempt	1,606,782	-	1,606,782	100.0%
Series B - Taxable	2,989,599	-	2,989,599	100.0%
Total long-term debt	$ 15,938,681	$ 12,196,400	$ 3,742,281	30.7%

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. Revenue levels at Harbor Village are relatively steady for the office, retail and restaurant categories. Charters will likely be down temporarily during the renovations of docking facilities at Harbor Village marina and the temporary shut-downs of landings on the Channel Islands for scheduled repairs in FY19-20. 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 materially completed and repopulated with commercial vessels. In December 2018, the Board approved the conceptual design and scope of work for Harbor Village renovations including paint, awnings, patio covers and signage. The first phase of work, painting, is underway.

The Holiday Inn Express completed the construction of 40 new rooms in July 2019. The Four Points by Sheraton has now begun the renovations of its existing rooms.

Safe Harbor Marinas (SHM), one of the largest marina operators in the region, 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 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. Construction is scheduled for 2020.

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 at the end 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 City of Ventura (the City) will be updating the General Plan (GP) and the Local Coastal Program (LCP) over the next three years. The District will collaborate with the City, tenants, and stake holders to identify land uses as part of these updates.

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 near 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.

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.

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VENTURA PORT DISTRICT

STATEMENT OF NET POSITION

June 30, 2019

ASSETS:	
CURRENT ASSETS:	
Cash and cash equivalents	$ 9,398,520
Restricted cash and cash equivalents	7,610,912
Accounts receivable, net	444,935
Due from other governments	123,996
Other receivables	184,232
Prepaid expenses	408,067
Inventories	83,071
TOTAL CURRENT ASSETS	18,253,733
NONCURRENT ASSETS:	
Capital assets not being depreciated	13,374,471
Capital assets being depreciated (net of accumulated depreciation)	11,833,375
TOTAL NONCURRENT ASSETS	25,207,846
TOTAL ASSETS	43,461,579
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred amounts on refundings	214,927
Deferred amounts from OPEB plan	13,360
Deferred amounts from pension plans	1,131,675
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,359,962
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	718,765
Interest payable	244,640
Accrued liabilities	212,067
Unearned revenue	379,837
Security deposits	273,093
Current portion of long-term liabilities	1,227,236
TOTAL CURRENT LIABILITIES	3,055,638
NONCURRENT LIABILITIES:	
Long-term liabilities	14,948,756
OPEB liability	1,135,898
Net pension liability	3,484,073
TOTAL NONCURRENT LIABILITIES	19,568,727
TOTAL LIABILITIES	22,624,365
DEFERRED INFLOWS OF RESOURCES:	
Deferred amounts from pension plans	168,655
NET POSITION:	
Net investment in capital assets	13,505,661
Restricted for dredging	3,000,000
Restricted for fisheries complex	165,966
Unrestricted	5,356,894
TOTAL NET POSITION	$ 22,028,521

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, 2019

OPERATING REVENUES:	
Leases:	
General	$ 5,788,064
Harbor Village slips	842,388
Fishing	255,335
Boat yard	530,155
Charter	398,696
Tenant reimbursements	460,958
Dry storage	1,800
Other	252,645
TOTAL OPERATING REVENUES	8,530,041
OPERATING EXPENSES:	
Administration	215,299
Salaries and benefits	3,820,478
Merchant promotion	291,025
Professional services	1,009,794
Depreciation	887,198
Repairs and maintenance	994,657
Harbor dredging	253,533
Utilities	379,171
Insurance	240,989
Other	553,753
TOTAL OPERATING EXPENSES	8,645,897
OPERATING INCOME	(115,856)
NONOPERATING REVENUES (EXPENSES):	
Taxes	1,319,632
Investment income	439,788
Intergovernmental grants	175,942
Gain on disposition of capital assets	4,183
Debt issuance costs	(54,166)
Interest expense	(598,968)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,286,411
CHANGES IN NET POSITION	1,170,555
NET POSITION - BEGINNING OF YEAR	20,857,966
NET POSITION - END OF YEAR	$ 22,028,521

See accompanying notes to basic financial statements.

VENTURA PORT DISTRICT

STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from tenants	$ 8,288,672
Cash received from others	269,671
Cash paid to employees	(3,783,524)
Cash paid for goods and services	(4,251,723)
NET CASH PROVIDED BY OPERATING ACTIVITIES	523,096
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Taxes received	1,317,924
Receipts from other governments	161,536
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,479,460
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from issuance of debt	4,664,166
Proceeds from disposal of capital assets	4,183
Acquisition and construction of capital assets	(1,295,520)
Principal payments on long-term debt	(921,885)
Interest payments on related debt	(491,331)
Payment of debt issuance costs	(54,166)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	1,905,447
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	386,048
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,294,051
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	12,715,381
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 17,009,432
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:	
Cash and cash equivalents	$ 9,398,520
Restricted cash and cash equivalents	7,610,912
	$ 17,009,432

(Continued)

See accompanying notes to basic financial statements.

VENTURA PORT DISTRICT

STATEMENT OF CASH FLOWS
(CONTINUED)

For the year ended June 30, 2019

RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$	(115,856)
Adjustments to reconcile operating income to		
net cash provided by operating activities:		
Depreciation		887,198
Changes in operating assets and liabilities:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable		(147,911)
Other receivables		17,026
Prepaid expenses		(372,413)
Inventories		(17,728)
Deferred outflows from OPEB plan		132
Deferred outflows from pension plans		163,459
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable		(18,349)
Accrued liabilities		117,636
Unearned revenue		159,187
Security deposits		(10,653)
Compensated absences		(22,641)
OPEB liability		6,034
Net pension liability		(133,068)
Deferred inflows from pension plans		11,043
Total adjustments		638,952
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	523,096
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

GASB 83 - *Certain Asset Retirement Obligations,* effective for periods beginning after June 15, 2018, and did not impact the District.

GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,* effective for periods beginning after June 15, 2018, and did not significantly impact the District.

GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019. The standard was implemented early and it did not significantly 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 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, 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.
- GASB 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.

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 related to 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.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to a future accounting period and are, therefore, recorded as prepaid expenses. The cost of prepaid expenses is recorded as an expense when consumed.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, 2019, the restricted assets are $3,165,966, of which $3,000,000 is restricted for dredging of the harbor by a court judgment against the District in 1979, and $165,966 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, 2019, are reported in the statement of net position as follows:

Cash and cash equivalents	$ 9,398,520
Restricted cash and cash equivalents	7,610,912
Total cash and investments	$ 17,009,432

Cash and investments as of June 30, 2019, consist of the following:

Demand accounts (bank balance)	$ 1,687,491
Less outstanding checks	(919,110)
Book balance	768,381
Petty cash	1,371
Total deposits and petty cash	769,752
Investments:	
State of California LAIF	16,221,899
Ventura County Treasury Pool	17,781
Total investments	16,239,680
Total cash and investments	$ 17,009,432

Restricted Cash and Cash Equivalents

A portion of cash and cash equivalents as of June 30, 2019, is considered to be restricted for the following purposes:

Dredging pursuant to settlement agreement	$ 3,000,000
Facility maintenance pursuant to lease agreement	165,966
Marina dock improvements-2018 Installment Obligation	4,444,946
Total	$ 7,610,912

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.

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, 2019:

	Less Than One Year
Investment Type:	
LAIF	$ 16,221,899
Ventura County Treasury Pool	17,781
Total	$ 16,239,680

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, 2019.

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, 2019, 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, 2019, 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.

Investment in Ventura County Treasury Pool

The District is an involuntary participant in the Ventura County Treasury Pool. The District's account is used to collect and transmit property tax revenues to the District. 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, 2019, accounts receivable, net consist primarily of lease receivables of $454,935 with an allowance for uncollectible accounts of $10,000.

C. Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2019, is as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets, not being depreciated:				
Land	$ 2,342,629	$ -	$ -	$ 2,342,629
Land improvements	9,904,703	-	-	9,904,703
Construction in progress	174,128	953,011		1,127,139
Total capital assets, not being depreciated	12,421,460	953,011	-	13,374,471
Capital assets, being depreciated:				
Buildings and structures	18,307,756	625,329	(433,631)	18,499,454
Equipment	1,688,532	128,837	(70,027)	1,747,342
Harbor improvements	4,418,771	24,464		4,443,235
Leasehold improvements	4,268,830	15,950		4,284,780
Total capital assets, being depreciated	28,683,889	794,580	(503,658)	28,974,811
Less accumulated depreciation	(16,757,896)	(887,198)	503,658	(17,141,436)
Total capital assets, being depreciated, net	11,925,993	(92,618)	-	11,833,375
Total capital assets, net	$ 24,347,453	$ 860,393	$ -	$ 25,207,846

Depreciation expense was $887,198 for the year ended June 30, 2019.

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 $379,837 for the year ended June 30, 2019.

E. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Notes from Direct Borrowings and Direct Placements:					
2008 Refunding Certificates of Participation	$ 6,178,900	$ -	$ (535,400)	$ 5,643,500	$ 554,600
2009 Refunding Certificates of Participation	1,548,900	-	(133,500)	1,415,400	137,900
2016 Refunding Certificates of Participation	4,468,600	-	(185,200)	4,283,400	191,300
2018 Installment Obligation:					
Series A	-	1,632,458	(25,676)	1,606,782	55,048
Series B	-	3,031,708	(42,109)	2,989,599	91,016
Subtotal	12,196,400	4,664,166	(921,885)	15,938,681	1,029,864
Other Long-term Liabilities:					
Compensated absences	259,952	410,095	(432,736)	237,311	197,372
Total	$ 12,456,352	$ 5,074,261	$ (1,354,621)	$ 16,175,992	$ 1,227,236

The District's notes from direct borrowings and direct placements all contain a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

2008 Refunding Certificates of Participation

On June 1, 2008, the District entered into an installment purchase agreement relating to the District's $10 million Refunding Certificates of Participation, Series 2008 (Series 2008 Refunding Certificates) with the Corporation and the Municipal Finance Corporation to advance a partial refund of $10.805 million of outstanding Series 1998 bonds. The defeased Series 1998 bonds have been paid in full. All Series 2008 Certificates were purchased by City National Bank. On February 1, 2016, the District reset the interest rate from 4.43% to 3.2% by paying a $72,050 prepayment price. Payments of principal and interest are due semiannually on August 1 and February 1.

NOTE 2 - DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities (Continued)

2008 Refunding Certificates of Participation (Continued)

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

Year Ending June 30,	Principal	Interest	Total
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	626,800	96,339	723,139
2025 - 2028	2,697,200	175,878	2,873,078
Totals	$ 5,643,500	$ 848,910	$ 6,492,410

2009 Refunding Certificates of Participation

On March 12, 2009, entered into an installment purchase agreement relating to the District's $2,477,200 Refunding Certificates of Participation, Series 2009 (Series 2009 Refunding Certificates) with the Municipal Finance Corporation to advance refund $2,565,000 of outstanding Series 1998 bonds. The defeased Series 1998 bonds have been paid in full. All Series 2009 Refunding Certificates were purchased by City National Bank. On February 1, 2016, the District reset the interest rate from 4.8% to 3.2% by paying an $18,034 prepayment price. Payments of principal and interest are due semiannually on August 1 and February 1.

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

2009 Refunding COPs			
Year Ending June 30,	Principal	Interest	Total
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	156,700	24,255	180,955
2025 - 2028	679,600	44,360	723,960
Totals	$ 1,415,400	$ 213,464	$ 1,628,864

NOTE 2 - DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities (Continued)

2016 Refunding Certificates of Participation

On March 1, 2016, the District entered into an installment purchase agreement relating to the District's $4,841,800 Refunding Certificates of Participation, Series 2016 (Series 2016 Refunding Certificates) with the Municipal Finance Corporation 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. All Series 2016 Refunding Certificates were purchased by City National Bank. The Series 2016 Refunding Certificates bear interest rate of 3.30% and payments of principal and interest are due semiannually on August 1 and February 1.

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

Year Ending June 30,	Principal	Interest	Total
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	218,100	112,992	331,092
2025 - 2029	1,205,500	451,050	1,656,550
2030 - 2034	1,419,100	236,762	1,655,862
2035 - 2036	635,800	26,399	662,199
Totals	$ 4,283,400	$ 1,347,213	$ 5,630,613

2018 Installment Obligation

On August 8, 2018, the District entered into a $4,664,166 installment sale agreement 2018 Installment Obligation) with Municipal Finance Corporation for the purpose of providing funding for marina dock improvements. Municipal Finance Corporation assigned its interest in the installment payments contemporaneously, to City National Bank. 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.

NOTE 2 - DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities (Continued)

2018 Installment Obligation (Continued)

The annual debt service requirements for Series A are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 55,048	$ 65,638	$ 120,686
2021	57,339	63,347	120,686
2022	59,726	60,960	120,686
2023	62,212	58,474	120,686
2024	64,802	55,885	120,687
2025 - 2029	366,784	236,646	603,430
2030 - 2034	449,745	153,686	603,431
2035 - 2039	491,126	51,961	543,087
Totals	$ 1,606,782	$ 746,597	$ 2,353,379

The annual debt service requirements for Series B are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 91,016	$ 155,775	$ 246,791
2021	95,857	150,934	246,791
2022	100,956	145,835	246,791
2023	106,326	140,465	246,791
2024	111,981	134,810	246,791
2025 - 2029	655,841	578,114	1,233,955
2030 - 2034	849,827	384,128	1,233,955
2035 - 2039	977,795	132,765	1,110,560
Totals	$ 2,989,599	$ 1,822,826	$ 4,812,425

NOTE 2 - DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities (Continued)

Debt Service Coverage Requirements

The Series 2008, 2009, and 2016 Refunding Certificates and the 2018 Installment Obligation, Series A and B, 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, 2019, is as follows:

Net revenues	$	2,480,779
Debt services - current year		1,605,856

The District exceeded the debt service coverage requirements for the year ended June 30, 2019.

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,		
2020	$	4,407,708
2021		3,987,870
2022		3,215,090
2023		2,854,278
2024		2,567,333
	$	17,032,279

NOTE 3 - OTHER INFORMATION (CONTINUED)

A. Operating Leases (Continued)

The net carrying value of related assets under the leases is $4,888,071 for the year ended June 30, 2019.

Rental income of $8,277,396 for the year ended June 30, 2019, includes contingent rental income of $2,468,041.

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, 2019, 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 for the year ended June 30, 2018, the measurement period, 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 are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 3 - OTHER INFORMATION (CONTINUED

C. Pension Plans: (Continued)

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

Contributions (Continued)

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 2,730,230
Safety	753,843
Total net pension liability	$ 3,484,073

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, 2018, 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, 2017, and rolled forward to June 30, 2018, 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 proportionate share of the net pension liability for each Plan as of the measurement dates ended June 30, 2017 and 2018 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2017	0.07264%	0.01261%
Proportion - June 30, 2018	0.07244%	0.01285%
Change - increase (decrease)	-0.00020%	0.00024%

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, 2019, the District recognized pension expense of $547,468 ($401,232 for the Miscellaneous plan and $146,236 for the Safety plan). At June 30, 2019, 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	$ 383,062	$ -
Differences between actual and expected experience	104,754	(35,648)
Change in assumptions	311,255	(76,282)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	38,406	(46,685)
Net differences between projected and actual earnings on plan investments	13,497	-
Total	$ 850,974	$ (158,615)

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 122,967	$ -
Differences between actual and expected experience	16,198	(61)
Change in assumptions	73,965	(9,979)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	62,467	-
Net differences between projected and actual earnings on plan investments	5,104	-
Total	$ 280,701	$ (10,040)

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

$506,029 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, 2020. 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
2020	$ 271,194	$ 97,244
2021	156,660	60,226
2022	(94,001)	(4,553)
2023	(24,556)	(5,223)
2024	-	-
Thereafter	-	-

Actuarial Methods and Assumptions

The total pension liability for the June 30, 2018 measurement period was determined by an actuarial valuation performed as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018.

	Miscellaneous	Safety
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
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 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) available on the CalPERS's website.
(3) Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.0% 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)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ 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 fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class[1]	Assumed Asset Allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	77.00%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity.
(2) An expected inflation of 2.0% used for this period.
(3) An expected inflation of 2.92% 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)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	$ 4,229,572	$ 1,313,856
Current discount rate	7.15%	7.15%
Net pension liability	$ 2,730,230	$ 753,843
1% Increase	8.15%	8.15%
Net pension liability	$ 1,492,547	$ 295,013

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, 2019, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2019.

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, 2018, 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	32
	39

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 measurement period, 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, the measurement period, 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, 2018 and was determined by an actuarial valuation as of July 1, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. A summary of the principal methods and assumptions used to determine the total OPEB liability is shown below.

Actuarial Methods and Assumptions

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Alternative Measurement Method
Actuarial Assumptions:	
Discount Rate	3.62% (Municipal Bond 20-year High Grade Rate Index)
Long-Term Expected Rate of Return on Investments (if any)	4.00%
Medical Cost Trend Rate	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 3.62%. This rate is equal to the municipal bond twenty-year high-grade index rate as the District's has not established a trust for the OPEB plan, and therefore, 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:

	Total OPEB Liability
Balance at June 30, 2017 (Measurement Date)	$ 1,129,864
Changes in the Year:	
Service cost	63,679
Interest on the total OPEB liability	35,155
Differences between actual and	(79,308)
expected experience	-
Contributions - employer	-
Net investment income	-
Benefit payments	(13,492)
Administrative expenses	-
Net Changes	6,034
Balance at June 30, 2018 (Measurement Date)	$ 1,135,898

Change of Assumptions

The discount rate changed from 3.13% for the measurement period ended June 30, 2017, to 3.62% for the measurement period ended June 30, 2018 as a result of the change in the municipal bond 20-year high grade rate index.

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 (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB Liability	$ 1,307,091	$ 1,135,898	$ 996,970

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 (4.00%)	Current Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB Liability	$ 974,638	$ 1,135,898	$ 1,337,866

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

For the year ended June 30, 2019, the District recognized OPEB expense of $19,526. At June 30, 2019, 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	$ 13,360	$ -

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, 2020.

NOTE 3 - OTHER INFORMATION (CONTINUED)

D. Other Postemployment Health Care Benefits (Continued)

Payable to the OPEB Plan

At June 30, 2019, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

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, 2019, was $217,663.

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.

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

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 2018-19 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 $21,958,274. 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.

Adequacy of Protection - During the past four 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 2018-19.

G. Commitments and Contingencies

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

As of year end, the District's outstanding commitments under construction contracts totaled $ 3,709,060 .

Pursuant to a licensing agreement, the licensee is maintaining a cash bond in the form of a $200,000 certificate of deposit. In the event of a breach of the agreement, the District has the right to recover damages suffered from this cash bond.

NOTE 4 - SUBSEQUENT EVENTS

Events occurring after June 30, 2019, have been evaluated for possible adjustments to the financial statements or disclosure as of January 30, 2020, 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, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.02833%	0.02888%	0.02941%	0.03029%	0.03347%
Plan's proportionate share of the net pension liability	$ 2,730,230	$ 2,863,665	$ 2,545,114	$ 2,079,308	$ 2,082,353
Plan's covered payroll	$ 1,694,729	$ 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 payroll	161.10%	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	75.26%	73.31%	74.06%	78.40%	77.27%
Plan's proportionate share of aggregate employer contributions	$ 318,203	$ 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%.

From fiscal year June 30, 2018 to June 30, 2019:
Demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

* Measurement period 2013-14 (fiscal year 2015) was the first year of implementation; therefore, only five 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, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.00782%	0.00760%	0.00738%	0.00956%	0.00797%
Plan's proportionate share of the net pension liability	$ 753,843	$ 753,476	$ 638,236	$ 656,331	$ 495,667
Plan's covered payroll	$ 655,094	$ 657,626	$ 663,839	$ 583,371	$ 583,323
Plan's proportionate share of the net pension liability as a percentage of its covered payroll	115.07%	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	75.26%	73.31%	74.06%	78.40%	83.08%
Plan's proportionate share of aggregate employer contributions	$ 139,572	$ 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%.

From fiscal year June 30, 2018 to June 30, 2019:
Demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

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

VENTURA PORT DISTRICT

SCHEDULE OF PLAN CONTRIBUTIONS
CALPERS MISCELLANEOUS PENSION PLAN

Last Ten Years*

Fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 383,062	$ 339,385	$ 307,781	$ 284,888	$ 251,228
Contributions in relation to the actuarially determined contributions	(383,062)	(339,385)	(307,781)	(284,888)	(251,228)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,650,654	$ 1,694,729	$ 1,561,936	$ 1,562,010	$ 1,523,114
Contributions as a percentage of covered payroll	23.21%	20.03%	19.71%	18.24%	16.49%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation
(4) 50 for all plans with the exception of 52 for PEPRA 2%@62
(5) 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 five years are shown.

VENTURA PORT DISTRICT

SCHEDULE OF PLAN CONTRIBUTIONS
CALPERS SAFETY PENSION PLAN

Last Ten Years*

Fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 122,967	$ 106,348	$ 98,629	$ 97,035	$ 74,952
Contributions in relation to the actuarially determined contributions	(122,967)	(106,348)	(98,629)	(97,035)	(74,952)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	599,298	$ 655,094	$ 657,626	$ 663,839	$ 583,371
Contributions as a percentage of covered payroll	20.52%	16.23%	15.00%	14.62%	12.85%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation
(4) 50 for all plans with the exception of 52 for PEPRA 2%@62**
(5) 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 five years are shown.

VENTURA PORT DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	6/30/2019	6/30/2018
Measurement date	6/30/2018	6/30/2017
Total OPEB Liability:		
Service cost	$ 63,679	$ 61,824
Interest on total OPEB liability	35,155	32,642
Differences between expected and actual experience	(79,308)	-
Benefit payments, including refunds and the implied subsidy benefit payments	(13,492)	(14,832)
Net Change in Total OPEB Liability	6,034	79,634
Total OPEB Liability - Beginning of Year	1,129,864	1,050,230
Total OPEB Liability - End of Year (a)	$ 1,135,898	$ 1,129,864
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered - employee payroll	$ 2,196,212	$ 2,052,394
Total OPEB liability as percentage of covered - employee payroll	51.72%	55.05%

Notes to Schedule:

Assumption Changes:
The discount rate changed from 3.13% for the measurement period ended June 30, 2017 to 3.62% for the period ended June 30, 2018 as a result of the change in the municipal bond 20-year high grade rate index.

Benefit Changes:
There were no changes in benefits.

* Fiscal year 2018 was the first year of implementation; therefore, only two years are 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, 2019, 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 January 30, 2020.

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.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Uniform Guidance Procurement Policy Documentation

In December 2013, the U.S. Office of Management and Budget (OMB) issued comprehensive grant reform rules titled *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) that contained new procurement requirements related to the expenditure of federal grant awards. These procurement requirements were required to be implemented for fiscal year 2018-2019, yet the District has not yet documented its policies and procedures to implement these new federal compliance requirements. We recommend that management review the Uniform Guidance and incorporate the required changes into the District's purchasing policy and other administrative policies.

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
January 30, 2020