

VENTURA PORT DISTRICT
FINANCIAL STATEMENTS
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
JUNE 30, 2020



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VENTURA PORT DISTRICT

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June 30, 2020

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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, 2020, 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 financial statements, which collectively comprise the District's 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.

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, 2020, 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 financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during the audit of the 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 December 23, 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 solely 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 the effectiveness of 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.



CliftonLarsonAllen LLP

Irvine, California
December 23, 2020

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2020

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, 2020. 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, 2020. 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 CLA (Clifton Larson Allen 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, harbor front luxury apartments, public launch ramp, two fuel stations, two full-service boatyards, and a mixed-use shopping 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, 2020:

Chris Stephens, Chairman
Brian Brennan, Vice Chairman
Jackie Gardina, Commissioner/Secretary
Everard Ashworth, Commissioner
Michael Blumenberg, Commissioner

Mission Statement

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

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2020

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, apartments 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 shopping center, office, boat charter and marina complex located in the harbor with a strong commercial fishing industry.

- The District's net position for June 30, 2020 increased 0.2% to \$22,078,195.
- Total revenues decreased 5.3% to \$9,912,448 during the fiscal year.
- Total expenses increased 6.1% to \$9,862,774 during the fiscal year

Overview of the financial statements

The District's financial statements are comprised of three components: Financial statements, notes to the 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.

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

June 30, 2020

Statement of Net Position

The following condensed financial information provides an overview of the District's financial position as of June 30, 2020 and 2019.

**Summary of Net Position
June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
Assets:				
Current assets	\$ 9,583,504	\$ 10,642,821	\$ (1,059,317)	-10.0%
Restricted assets	3,400,017	7,610,912	(4,210,895)	-55.3%
Capital assets, net	<u>29,526,278</u>	<u>25,207,846</u>	<u>4,318,432</u>	17.1%
Total assets	<u>42,509,799</u>	<u>43,461,579</u>	<u>(951,780)</u>	-2.2%
Deferred Outflows of Resources	1,294,967	1,359,962	(64,995)	-4.8%
Total assets and deferred outflows	<u>43,804,766</u>	<u>44,821,541</u>	<u>(1,016,775)</u>	-2.3%
Liabilities:				
Current & other liabilities	6,531,179	6,685,684	(154,505)	-2.3%
Long-term debt obligations	<u>14,908,817</u>	<u>15,938,681</u>	<u>(1,029,864)</u>	-6.5%
Total liabilities	<u>21,439,996</u>	<u>22,624,365</u>	<u>(1,184,369)</u>	-5.2%
Deferred Inflows of Resources	286,575	168,655	117,920	69.9%
Total liabilities and deferred inflows	<u>21,726,571</u>	<u>22,793,020</u>	<u>(1,066,449)</u>	-4.7%
Net Position:				
Net investment in capital assets	14,984,348	13,505,661	1,478,687	10.9%
Restricted assets	3,178,221	3,165,966	12,255	0.4%
Unrestricted assets	<u>3,915,626</u>	<u>5,356,894</u>	<u>(1,441,268)</u>	-26.9%
Total net position	<u>\$ 22,078,195</u>	<u>\$ 22,028,521</u>	<u>\$ 49,674</u>	0.2%

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

June 30, 2020

Statement of Net Position (Continued)

The District's net position at June 30, 2020 is \$22,078,195. This is an increase of \$49,674 from the net position at June 30, 2019 of \$22,028,521.

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

Assets

Current assets decreased \$1,059,037 for fiscal year 2020 to \$1,059,317 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 decreased \$4,210,895 for fiscal year 2020 to \$3,400,017 due to the net of two factors.

- In FY19 a \$4.6 million debt installment agreement was entered into for the purpose of renovating docks located in the Ventura Harbor Village Marina. This debt service is referred to as the Marina dock improvements-2018 Installment Obligation throughout the notes accompanying our audited financial statements. The majority of the proceeds from this debt were utilized in FY20 for the capital outlay towards this marina dock improvement. This outlay reduced the remaining proceeds balance of the Marina dock improvement-2018 Installment Obligation to \$221,796 at June 30, 2020.
- 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 a small increase in this category.

The capital assets increased \$4,318,432 during fiscal year 2020 to \$29,526,278. 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 \$64,995 to \$1,294,967. 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 and total OPEB liability in the next fiscal year.

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

June 30, 2020

Statement of Net Position (Continued)

- Deferred outflow related to pensions to reflect the difference between the actual and the expected experience value of the pension amortized over a closed period equal to the average expected remaining service lives of all employees that are provided the pension.
- Deferred outflows related to pensions and OPEB resulting from changes in assumptions used to determine annual pension liabilities and retiree healthcare benefits. These values are amortized over a closed period equal to the expected remaining service lives for all employees that are provided pensions through the pension plan and retiree healthcare benefits through the OPEB plan.
- 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 decreased \$154,505 to \$6,531,179. This decrease is primarily the net effect of several factors grouped into this category as discussed below:

- There was a decrease of \$360,000 in accounts payable and other accrued expenses as of June 30, 2020 due to normal operations. The June 30, 2020 accounts payable balance did not include a onetime expense of \$150,000 in lease settlements or approximately \$200,000 for construction project retainers and progress payment that were included in the June 30, 2019 balance.
- There was a net increase of \$245,000 in pension and OPEB liabilities. CalPERS prepares a guide for public agencies reflecting the methodology and pension amounts to be used for GASB 68 pension reporting and GASB 75 OPEB reporting. Many factors and assumptions as described in the deferred inflows and outflows resulted in an increase of these liabilities.

Long-term debt obligations decreased \$1,029,864 to \$14,908,817 as a result of the annual paying down of principal on the outstanding balance of all the long-term debts.

Deferred inflows of resources were increased by \$117,920. 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 OPEB for the difference between the actual and the expected experience value amortized over a closed period equal to the average expected remaining service lives for all employees that are provided with retiree healthcare benefits through the OPEB plan.
- Deferred inflows related to pensions and OPEB resulting from changes in assumptions used to determine annual pension liabilities and OPEB liabilities. The value is amortized over a closed period equal to the expected remaining service lives for all employees that are provided pensions through the pension plan and retiree healthcare benefits through the OPEB plan.

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

June 30, 2020

Statement of Net Position (Continued)

- Deferred inflows related to pensions for the changes in the employer's proportion and differences between the employer's contributions contribution to the plan and the employer's proportionate share of contributions as determined by GASB.
- Deferred inflows related to pensions resulting from the net difference between projected and actual earnings on plan investments of the pensions plans fiduciary net position. These amounts are amortized over five years.

Net Position

Net investment in capital assets increased \$1,478,687 to \$14,984,348. 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 \$12,255 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 \$178,221 in the restricted fisheries improvement reserve.

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

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

June 30, 2020

Statement of Revenues, Expenses and Changes in Net Position

The following table summarizes the District's operations for fiscal years 2020 and 2019:

**Summary of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
Revenues:				
Operating revenues	\$ 8,124,059	\$ 8,530,041	\$ (405,982)	-4.8%
Non-operating revenues	<u>1,788,389</u>	<u>1,939,545</u>	<u>(151,156)</u>	-7.8%
Total Revenues	<u>9,912,448</u>	<u>10,469,586</u>	<u>(557,138)</u>	-5.3%
Expenses:				
Operating expenses				
before depreciation	8,232,464	7,758,699	473,765	6.1%
Depreciation	1,037,492	887,198	150,294	16.9%
Non-operating expenses	<u>592,818</u>	<u>653,134</u>	<u>(60,316)</u>	-9.2%
Total Expenses	<u>9,862,774</u>	<u>9,299,031</u>	<u>563,743</u>	6.1%
Change in Net Position	49,674	1,170,555	(1,120,881)	-95.8%
Net Position, Beginning of Year	22,028,521	20,857,966	1,170,555	5.6%
Net Position, End of Year	<u>\$ 22,078,195</u>	<u>\$ 22,028,521</u>	<u>\$ 49,674</u>	0.2%

Revenues

Total revenues decreased 5.3% in fiscal year 2020 to \$9,912,448. This represents a \$557,138 decrease from fiscal year 2019 revenues of \$10,469,586. This decrease was attributed to a number of factors:

Operating revenues decreased \$405,982 due to the net effect of the following primary factors complicated by the COVID-19 pandemic as discussed in Note 4 of the Notes to Financial Statements:

- The master tenant revenues increased \$122,918. This increase is the net effect of revenue decreases from the COVID-19 pandemic on the public serving tenants, such as the hotels and the restaurants offset by rate and occupancy level increases in the master tenant marinas.

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

June 30, 2020

Statement of Revenues, Expenses and Changes in Net Position (Continued)

- Harbor Village tenant lease revenues decreased \$146,183. This decrease is attributed to the net effect of increases from normal rent escalation offset by losses due to COVID-19 primarily in the last quarter of the fiscal year in the retail, restaurant, office, and tenant reimbursement categories. The COVID-19 pandemic mandated business closures, partial closures, and/or restrictions in service offerings to most businesses for 3½ months. The retail revenues decreased \$10,149 while office rent revenues increased \$10,524. The restaurant revenues were down \$77,732. Partial rent abatement totaling approximately \$67,000 was provided to eligible tenants during the last quarter of fiscal year 2020.
- Harbor Village slip revenues decreased \$148,770 in fiscal year 2020. A portion of the Harbor Village slips were renovated early in the fiscal year utilizing the proceeds from the Marina dock improvement-2018 Installment Obligation loan. Harbor Village marina did not have the space to temporarily relocate all of the affected tenants during the construction, so tenants began vacating slips approximately May/June 2019. The re-occupancy of the renovated slips began in October 2019.
- Ventura Harbor Boatyard revenues to the District decreased \$157,722 in fiscal year 2020 from the fiscal year 2019 revenues of \$530,155. This was primarily due to the receipt of onetime income in fiscal year 2019 of \$135,000 from the Boatyard for appreciation rent as required when their leasehold was sold to Silver Bay Seafoods.
- Charter revenues decreased \$94,751 primarily due to closures related to the COVID-19 pandemic.
- Dry Storage revenues increased \$41,000 in fiscal year 2020. This storage lot was closed for renovations and City street reconfiguration on Anchors Way Drive in fiscal year 2019. 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. This facility re-opened to the public on October 1, 2019. The re-occupancy of this facility has been a gradual process slowed down by the onset of the COVID19 pandemic.

Non-operating revenues decreased \$151,156 due to the following two factors:

- The District's pro-rata share of County property taxes increased \$76,201 due to the housing market prior to the effects of the COVID-19 pandemic on the economy.
- Investment income decreased \$150,593. The District's funds are invested with Local Agency Investment Funds (LAIF). The interest earned on this investment declined throughout the year. Also, a portion of the decrease is attributed to the reduction in the account balance from the using down of the debt proceeds for the Marina dock improvements-2018 installment obligation proceeds that are dedicated to the renovation of the Harbor Village marina. The proceeds were invested with LAIF throughout the construction process until needed to fund progress payments.

VENTURA PORT DISTRICT

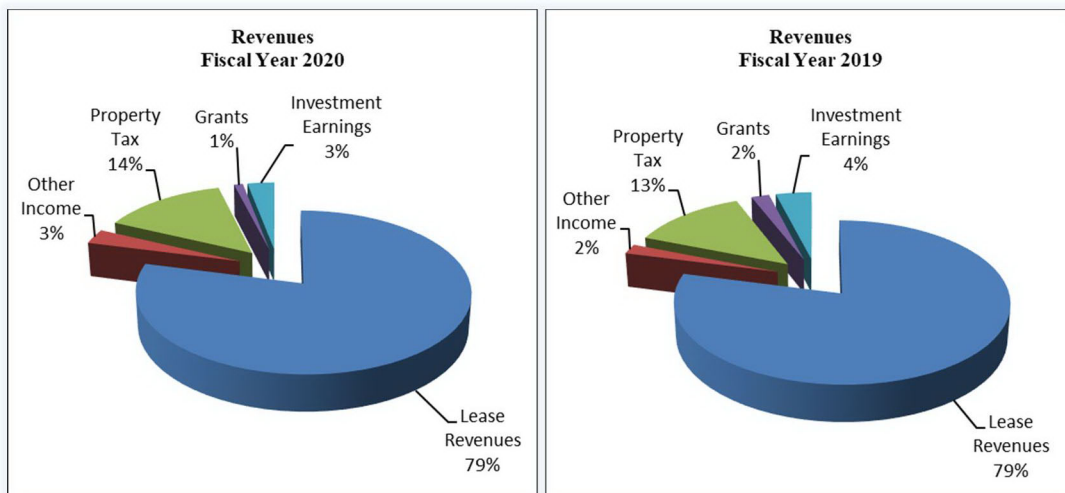
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

June 30, 2020

Statement of Revenues, Expenses and Changes in Net Position (Continued)

- Intergovernmental grants decreased \$72,581 in fiscal year 2020. This grant is for the Ventura Shellfish Enterprise project for aquaculture in Federal waters for the future growing of Mediterranean mussels. This two-year grant began 9/1/2018 and has been approved for a one-year time extension to 8/31/2021. Year one of the grant (9/1/18-8/31/19) was for \$169,860 and year two of the grant (9/1/19-8/31/20) is for \$96,800. This is the second grant received for the Ventura Shellfish Enterprise project.

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 of our Harbor Patrol department.



Expenses

The expenses for fiscal year 2020 increased 6.1% to \$9,862,774. This is an increase of \$563,743 over the fiscal year 2019 expenses of \$9,299,031. This increase is attributed primarily to the following factors:

Operating expenses before depreciation increased \$473,765 due primarily to the net effect of changes in these categories:

- Salaries and benefits increased \$746,300 compared to prior year due to the following factors:
 - Salary increase of \$75,000 from annual merit increases.
 - Salary increase of 62,000 from the hiring of a part-time Dredging Manager for six months.
 - Salary increase of \$57,000 from a new Accountant I position that was created and filled.
 - Salary increase of \$120,000 from the implementation of 24-hour coverage in Harbor Patrol department.

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

June 30, 2020

Statement of Revenues, Expenses and Changes in Net Position (Continued)

- Benefits from normal PERS contributions increased \$111,000 due to increases in salary, increases in the PERS normal employee contribution rates, and increases in the PERS Unfunded Annual Liability (UAL) expenses.
- Benefits increased \$325,000 from the GASB mandated accrued pension (PERS) plan and other post-employment benefits (OPEB) plans annual expenses. 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 increased as a result of these annual liability calculations.
- Professional services increased \$309,514 primarily due to the net effect of changes in the following areas:
 - Professional and legal services pertaining to the Ventura Shellfish Enterprise project for aquaculture in Federal waters for the future growing of Mediterranean mussels increased \$153,000. This increase was due to less grant funds available in the second year of this two-year grant and mandated assessments and studies not eligible for grant reimbursement.
 - Professional and legal services pertaining to employment issues increased \$248,000.
 - Professional and legal services pertaining to lease judgements decreased \$41,000.
- Depreciation expense increased \$150,294 due to the amortization of new and existing capital assets over their estimated useful life.
- Repairs and maintenance decreased \$347,234 for fiscal year 2020. This decrease is the net effect of several primary factors:
 - Execution of the Dock Replacement project reduced maintenance requirements associated with the District's older dock structures and electrical pedestals
 - Execution of the Harbor Village Paint Project reduced the need to perform multiple aesthetic paint plaster, and wood rot repairs throughout Harbor Village in fiscal year 2020. These large repairs were performed in fiscal year 2019 to prepare all of the Harbor Village buildings for the commencement of the paint project in fiscal year 2020.
 - Improved and enhanced all outdoor building lighting in the Harbor Village during fiscal year 2019
 - Some larger Tenant Improvement projects were deferred due to the COVID-19 pandemic
 - Harbor Village businesses experienced less turnover, requiring less unbudgeted expenditures on tenant improvements.
 - Reduced expenditures for architectural, engineering, and project management costs associated with maintenance projects

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

June 30, 2020

Statement of Revenues, Expenses and Changes in Net Position (Continued)

- Some expenditures on replacement of street furniture, awnings, and signs deferred while waiting on architectural design and City approval of new paint and sign programs.
- Reduced outsourcing of some maintenance tasks
- Harbor dredging decreased \$70,216 primarily due to a cost reduction in this category associated with the placing of the contracted Dredging Manager on the payroll in a temporary part-time capacity.
- The Other expense category decreased \$241,096. This decrease is primarily due to onetime expenses for lease judgement settlements of \$250,000 in fiscal year 2019 that did not occur in fiscal year 2020.

Depreciation expense increased \$150,294 due to the amortization of new and existing capital assets over their estimated useful life.

Non-operating expenditures decreased \$60,316 to \$592,818 due primarily to debt issuance costs incurred in fiscal year 2019 that did not occur in fiscal year 2020.

Capital Assets and Debt Administration

Capital Assets

The District's capital assets, net of accumulated depreciation totaled \$29,526,278 at June 30, 2020. This is an increase of \$4,318,432 over the June 30, 2019 balance of \$25,207,846. 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 2020 and 2019.

Capital Assets, Net				
Years Ended June 30, 2020 and 2019				
	2020	2019	Increase/ (Decrease)	%
Land	\$ 2,342,629	\$ 2,342,629	\$ -	0.0%
Buildings & Structures	27,819,700	22,784,234	5,035,466	22.1%
Harbor Improvements	14,428,810	14,347,938	80,872	0.6%
Equipment	1,760,916	1,747,342	13,574	0.8%
Construction in Progress	1,231,715	1,127,139	104,576	9.3%
	<u>47,583,770</u>	<u>42,349,282</u>	<u>5,234,488</u>	<u>12.4%</u>
Less: Accumulated depreciation	<u>(18,057,492)</u>	<u>(17,141,436)</u>	<u>(916,056)</u>	<u>5.3%</u>
Total capital assets	<u>\$ 29,526,278</u>	<u>\$ 25,207,846</u>	<u>\$ 4,318,432</u>	<u>17.1%</u>

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

June 30, 2020

Capital Assets (Continued)

Major improvement projects and equipment purchases in fiscal year 2020 were as follows:

- Completed the major renovations on the Harbor Village marina docks. The replacement of the electrical pedestals located on the remaining docks was still in progress at June 30, 2020.
- Completed the Dry Storage facility reconfiguration located on Anchors Way Drive.
- Completed tenant improvements for two new retail/service tenants in the Ventura Harbor Village.
- Completed ADA renovations on two sets of restrooms in the Ventura Harbor Village located at 1591 Spinnaker Drive.
- Completed ADA renovations on the parking lot trash enclosure in the Ventura Harbor Village parking lot located at 1591 Spinnaker Drive
- Completed the fabrication and installation of ADA staircase handrails and lighting in Ventura Harbor Village.
- Purchased an emergency generator to maintain power in the Harbor Patrol offices in case of electrical failure in the Harbor.

Major commitments in FY21 include the completion of the Ventura Harbor Village painting project began in FY20. The District is in the planning process to renovate three sets of public restrooms located in Ventura Harbor Village to meet current accessibility standards to be completed over the next couple of years.

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

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

June 30, 2020

Debt Administration

The District's long-term debt balance at June 30, 2020 is \$14,908,817. This is a decrease of \$1,029,864 over the June 30, 2019 balance of \$15,938,681. The decrease is due to the annual 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 2020 and 2019:

Summary of Long-term Debt				
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase/ (decrease)</u>	<u>%</u>
2008 Refunding Certificates of Participation	\$ 5,088,900	\$ 5,643,500	\$ (554,600)	-9.8%
2009 Refunding Certificates of Participation	1,277,500	1,415,400	(137,900)	-9.7%
2016 Refunding Certificates of Participation	4,092,100	4,283,400	(191,300)	-4.5%
2018 Installment Obligation:				
Series A - Tax exempt	1,551,734	1,606,782	(55,048)	100.0%
Series B - Taxable	2,898,583	2,989,599	(91,016)	100.0%
 Total long-term debt	 <u>\$ 14,908,817</u>	 <u>\$ 15,938,681</u>	 <u>\$ (1,029,864)</u>	 -6.5%

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

Economic Outlook

The long-term economic outlook for the Ventura Port District is positive, while there are challenges in the near-term due to the Covid-19 pandemic. The FY2020-21 budget forecasted a 5 percent decline in Harbor-wide revenues and a corresponding reduction in expenses of the same magnitude.

Revenue levels at Harbor Village are under pressure for the office, retail and restaurant categories due to rent deferrals and abatements necessitated by governmental restrictions placed on business operations. Most charters are significantly down for the same reason as well as due to temporary shut-down of landings on the Channel Islands for scheduled repairs. As the owner operator of the Harbor Village complex, the Ventura Port District continues to complete long-term maintenance and infrastructure improvements on the land and waterside to maintain and 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 complete and the marina repopulated with commercial vessels and recreational charter businesses. 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 now complete. A master signage program has been approved by the City, providing tenants with the necessary templates for new business signs. Planning is now underway for wayfinding signage to be constructed by the Ventura Port District.

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2020

Economic Outlook (Continued)

The Holiday Inn Express completed construction of 40 new rooms in July 2019. The Four Points by Sheraton has begun the renovations of its existing rooms. Occupancy has been impacted by governmental restrictions due to the Covid-19 pandemic. It will take some time, possibly several years, for both the tourism and business travel and meeting business to fully return to normal.

Safe Harbor Marinas (SHM), one of the largest marina operators in the region, was acquired by Sun Communities, Inc. a NYSE publicly traded real estate investment trust (REIT) this year providing capital for improvements to Ventura Isle Marina (VIM). SHM completed the entitlement and permitting stage of a slip replacements project for VIM 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 to begin in FY2020-21.

Portside Ventura Harbor in the northeast harbor area with 270 apartment units, 30 live/work units and 21,000 sq. ft. of commercial space is under construction. Approximately 40 percent of the apartment units are leased. The minimum annual rental on this project is currently \$300,000. We expect the project will be completed by the end of FY 2020-21. After a full lease-up and 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 104-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 Parcel 20 master lease was assigned to Director Marine Holdings (DMH) who began operations in October 2020 and will begin the planning and entitlement stages for a newly constructed marina. The team is also operating the on-site boatyard. Other active businesses include the Water's Edge restaurant, Tow Boat U.S., sportfishing, fuel dock and other boating and recreation related businesses.

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.

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) 465-7860 or 1603 Anchors Way Drive, Ventura, CA 93001.

VENTURA PORT DISTRICT
STATEMENT OF NET POSITION

June 30, 2020

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$ 8,613,146
Restricted cash and cash equivalents	3,400,017
Accounts receivable, net	505,399
Due from other governments	26,979
Other receivables	138,439
Prepaid expenses	218,478
Inventories	81,063
TOTAL CURRENT ASSETS	12,983,521

NONCURRENT ASSETS:

Capital assets not being depreciated	13,479,047
Capital assets being depreciated (net of accumulated depreciation)	16,047,231
TOTAL NONCURRENT ASSETS	29,526,278

TOTAL ASSETS	42,509,799
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DEFERRED OUTFLOWS OF RESOURCES:

Deferred amounts on refundings	188,360
Deferred amounts from OPEB plan	34,555
Deferred amounts from pension plans	1,072,052
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,294,967

LIABILITIES:

CURRENT LIABILITIES:

Accounts payable	434,030
Interest payable	230,180
Accrued liabilities	135,976
Unearned revenue	314,635
Security deposits	278,548
Current portion of long-term liabilities	1,280,458
TOTAL CURRENT LIABILITIES	2,673,827

NONCURRENT LIABILITIES:

Long-term liabilities	13,920,204
OPEB liability	1,116,897
Net pension liability	3,729,068
TOTAL NONCURRENT LIABILITIES	18,766,169

TOTAL LIABILITIES	21,439,996
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DEFERRED INFLOWS OF RESOURCES:

Deferred amounts from OPEB plan	124,480
Deferred amounts from pension plans	162,095
TOTAL DEFERRED INFLOWS OF RESOURCES	286,575

NET POSITION:

Net investment in capital assets	14,984,348
Restricted for dredging	3,000,000
Restricted for fisheries complex	178,221
Unrestricted	3,915,626
TOTAL NET POSITION	\$ 22,078,195

See accompanying notes to financial statements.

VENTURA PORT DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

For the year ended June 30, 2020

OPERATING REVENUES:

Leases:	
General	\$ 5,833,625
Harbor Village slips	693,618
Fishing	215,448
Boat yard	372,433
Charter	303,945
Tenant reimbursements	392,132
Dry storage	43,196
Other	269,662
TOTAL OPERATING REVENUES	<u>8,124,059</u>

OPERATING EXPENSES:

Administration	246,265
Salaries and benefits	4,566,778
Merchant promotion	266,909
Professional services	1,319,308
Depreciation	1,037,492
Repairs and maintenance	647,423
Harbor dredging	183,317
Utilities	407,376
Insurance	282,431
Other	312,657
TOTAL OPERATING EXPENSES	<u>9,269,956</u>

OPERATING LOSS	<u>(1,145,897)</u>
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NONOPERATING REVENUES (EXPENSES):

Taxes	1,395,833
Investment income	289,195
Intergovernmental grants	103,361
Loss on disposition of capital assets	(4,719)
Interest expense	(588,099)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,195,571</u>

CHANGE IN NET POSITION	49,674
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NET POSITION - BEGINNING OF YEAR	<u>22,028,521</u>
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NET POSITION - END OF YEAR	<u><u>\$ 22,078,195</u></u>
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See accompanying notes to financial statements.

VENTURA PORT DISTRICT
STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from tenants	\$ 7,728,731
Cash received from others	261,697
Cash paid to employees	(3,945,723)
Cash paid for goods and services	<u>(3,810,112)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>234,593</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Taxes received	1,380,384
Receipts from other governments	<u>6,344</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>1,386,728</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(5,370,146)
Principal payments on long-term debt	(1,029,864)
Interest payments on related debt	<u>(575,982)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(6,975,992)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>358,402</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,996,269)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>17,009,432</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 12,013,163</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:	
Cash and cash equivalents	\$ 8,613,146
Restricted cash and cash equivalents	<u>3,400,017</u>
	<u><u>\$ 12,013,163</u></u>

(Continued)

See accompanying notes to financial statements.

VENTURA PORT DISTRICT
STATEMENT OF CASH FLOWS
(CONTINUED)

For the year ended June 30, 2020

RECONCILIATION OF OPERATING LOSS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating loss	\$ (1,145,897)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,037,492
Changes in operating assets and liabilities:	
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(60,464)
Other receivables	(7,965)
Prepaid expenses	189,589
Inventories	2,008
Deferred outflows from OPEB plan	(21,064)
Deferred outflows from pension plans	223,082
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(284,733)
Accrued liabilities	(36,155)
Unearned revenue	(65,203)
Security deposits	5,455
Compensated absences	54,534
OPEB liability	(19,001)
Net pension liability	244,995
Deferred inflows from OPEB plans	(6,560)
Deferred inflows from pension plans	124,480
Total adjustments	1,380,490
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 234,593

NONCASH CAPITAL AND FINANCING ACTIVITIES:

Amortization on deferred amount on debt refunding	\$ (26,567)
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See accompanying notes to 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, and the Corporation is financially accountable to the District. 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 financial statements (i.e., statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows) report information on all of the activities of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

C. Measurement Focus and Basis of Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements

Current-Year Standards

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The impact of this statement was to delay the implementation of the GASB standards required to be effective this fiscal year.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. Paragraph 4 of the Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This paragraph did not impact the District.

This Statement also requires that the financial burden criterion in paragraph 5 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements of these paragraphs did not impact the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Pending Accounting Standards

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

In June 2017, GASB issued Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, early application is encouraged. The District is currently evaluating the impact of the requirements of this statement on the presentation of its financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. A public-private and public-public partnership arrangement (PPP) is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This statement addresses issues related to PPPs. PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of a service concession arrangement (SCA) or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is defined in this Statement as an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Early application is encouraged. PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). The District is currently evaluating the impact of the requirements of this statement on the presentation of its financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Early application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. The District is currently evaluating the impact of the requirements of this statement on the presentation of its financial statements.

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 and OPEB 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 and retiree healthcare benefits through the OPEB plan.
- 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deferred Outflows/Inflows of Resources (Continued)

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 OPEB 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 retiree healthcare benefits through the OPEB plan.
- Deferred inflows from pensions and OPEB 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 pension plans and retiree healthcare benefits through the OPEB plan.
- 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.
- Deferred inflows 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 under the consumption method.

Capital Assets

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 and other payables that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- 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, 2020, the restricted assets are \$3,178,221, of which \$3,000,000 is restricted for dredging of the harbor by a court judgment against the District in 1979, and \$178,221 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.

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

NOTE 2 - DETAILED NOTES

A. Cash and Investments

Cash and Investments

Cash and investments as of June 30, 2020, are reported in the statement of net position as follows:

Cash and cash equivalents	\$ 8,613,146
Restricted cash and cash equivalents	<u>3,400,017</u>
Total cash and investments	<u>\$ 12,013,163</u>

Cash and investments as of June 30, 2020, consist of the following:

Demand accounts (bank balance)	\$ 793,252
Less outstanding checks	<u>(266,592)</u>
Deposits	526,660
Petty cash	<u>1,514</u>
Total deposits and petty cash	<u>528,174</u>

Investments:

State of California LAIF	11,466,550
Ventura County Treasury Pool	<u>18,439</u>
Total investments	<u>11,484,989</u>

Total cash and investments	<u>\$ 12,013,163</u>
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Restricted Cash and Cash Equivalents

A portion of cash and cash equivalents as of June 30, 2020, is considered to be restricted for the following purposes:

Dredging pursuant to settlement agreement	\$ 3,000,000
Facility maintenance pursuant to lease agreement	178,221
Marina dock improvements-2018 Installment Obligation	<u>221,796</u>
Total	<u>\$ 3,400,017</u>

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

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, 2020:

	Less Than One Year
Investment Type:	
LAIF	\$ 11,466,550
Ventura County Treasury Pool	18,439
Total	\$ 11,484,989

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 AAf at June 30, 2020.

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.

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.

NOTE 2 - DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

As of June 30, 2020, 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, 2020, 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.

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.

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

NOTE 2 - DETAILED NOTES (CONTINUED)

B. Accounts Receivable, Net

As of June 30, 2020, accounts receivable, net consist primarily of lease receivables of \$588,599 with an allowance for uncollectible accounts of \$83,200 for a net amount of \$505,399. Of this amount, the district has deferred rents of \$258,848 due to COVID-19 (see Note 4)

C. Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2020, is as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 2,342,629	\$ -	\$ -	\$ 2,342,629
Land improvements	9,904,703	-	-	9,904,703
Construction in progress	1,127,139	1,144,371	(1,039,795)	1,231,715
Total capital assets, not being depreciated	<u>13,374,471</u>	<u>1,144,371</u>	<u>(1,039,795)</u>	<u>13,479,047</u>
Capital assets, being depreciated:				
Buildings and structures	18,499,454	4,627,911	(106,076)	23,021,289
Equipment	1,747,342	13,574	-	1,760,916
Harbor improvements	4,443,235	80,872	-	4,524,107
Leasehold improvements	4,284,780	533,710	(20,079)	4,798,411
Total capital assets, being depreciated	<u>28,974,811</u>	<u>5,256,067</u>	<u>(126,155)</u>	<u>34,104,723</u>
Less accumulated depreciation	<u>(17,141,436)</u>	<u>(1,037,492)</u>	<u>121,436</u>	<u>(18,057,492)</u>
Total capital assets, being depreciated, net	<u>11,833,375</u>	<u>4,218,575</u>	<u>(4,719)</u>	<u>16,047,231</u>
Total capital assets, net	<u>\$ 25,207,846</u>	<u>\$ 5,362,946</u>	<u>\$ (1,044,514)</u>	<u>\$ 29,526,278</u>

Depreciation expense was \$1,037,492 for the year ended June 30, 2020.

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 \$314,635 for the year ended June 30, 2020.

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

NOTE 2 - DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Other Debt:					
2008 Refunding Certificates of Participation	\$ 5,643,500	\$ -	\$ (554,600)	\$ 5,088,900	\$ 568,500
2009 Refunding Certificates of Participation	1,415,400	-	(137,900)	1,277,500	142,400
2016 Refunding Certificates of Participation	4,283,400	-	(191,300)	4,092,100	198,200
2018 Installment Obligation:					
Series A	1,606,782	-	(55,048)	1,551,734	57,339
Series B	2,989,599	-	(91,016)	2,898,583	95,857
Subtotal	<u>15,938,681</u>	<u>-</u>	<u>(1,029,864)</u>	<u>14,908,817</u>	<u>1,062,296</u>
Other Long-term Liabilities:					
	237,311	342,294	(287,760)	291,845	218,162
Total	<u>\$ 16,175,992</u>	<u>\$ 342,294</u>	<u>\$ (1,317,624)</u>	<u>\$ 15,200,662</u>	<u>\$ 1,280,458</u>

The District's debt contains provisions 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.

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

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
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	643,400	76,016	719,416
2026 - 2029	2,053,800	99,862	2,153,662
Totals	<u>\$ 5,088,900</u>	<u>\$ 677,192</u>	<u>\$ 5,766,092</u>

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:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 142,400	\$ 38,601	\$ 181,001
2022	147,000	33,971	180,971
2022	151,800	29,191	180,991
2024	156,700	24,255	180,955
2025	161,900	19,157	181,057
2026 - 2029	517,700	25,202	542,902
Totals	<u>\$ 1,277,500</u>	<u>\$ 170,377</u>	<u>\$ 1,447,877</u>

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

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
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	225,900	105,729	331,629
2026 - 2030	1,245,100	410,942	1,656,042
2031 - 2035	1,466,300	189,542	1,655,842
2036 - 2037	323,100	7,996	331,096
Totals	<u>\$ 4,092,100</u>	<u>\$ 1,207,436</u>	<u>\$ 5,299,536</u>

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 semiannually commencing February 1, 2019, and concluding on August 31, 2038.

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

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
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	67,499	53,187	120,686
2026 - 2030	382,051	221,379	603,430
2031 - 2035	468,465	134,965	603,430
2036 - 2040	389,640	32,760	422,400
Totals	<u>\$ 1,551,734</u>	<u>\$ 680,957</u>	<u>\$ 2,232,691</u>

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

Year Ending June 30,	Principal	Interest	Total
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	117,937	128,854	246,791
2026 - 2030	690,725	543,230	1,233,955
2031 - 2035	895,028	338,927	1,233,955
2036 - 2040	779,773	83,996	863,769
Totals	<u>\$ 2,898,583</u>	<u>\$ 1,667,051</u>	<u>\$ 4,565,634</u>

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

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, 2020, is as follows:

Net revenues	\$ 1,571,904
Debt services - current year	1,602,332

The District net revenues did not exceed the debt service coverage requirements for the year ended June 30, 2020.

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 based on current lease expiration dates, not future leases, are as follows:

Year Ending June 30,	
2021	\$ 4,325,929
2022	3,477,552
2023	2,999,915
2024	2,829,470
2025	2,715,052
	<u>\$ 16,347,918</u>

NOTE 3 - OTHER INFORMATION (CONTINUED)

A. Operating Leases (Continued)

The net carrying value of related assets under the leases is \$4,727,479 for the year ended June 30, 2020.

Rental income of \$7,854,397 for the year ended June 30, 2020, includes contingent rental income of \$2,021,911.

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, 2020, 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 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service.

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

Benefits Provided (Continued)

The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect for the year ended June 30, 2019, the measurement period, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date	2%@55	2%@62
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%	6.842%
Payment of unfunded liability	\$ 232,235	\$ 332
	Safety	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date	2%@55	2%@57
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	13.640%	10.026%
Payment of unfunded liability	\$ 42,010	\$ -

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

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.

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, 2020, 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	\$ 2,890,368
Safety	838,700
Total net pension liability	<u>\$ 3,729,068</u>

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, 2019, 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, 2018, and rolled forward to June 30, 2019, 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.

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

The District's proportionate shares of the net pension liability for each Plan as of the measurement dates ended June 30, 2018 and 2019, were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2018	0.07244%	0.01285%
Proportion - June 30, 2019	0.07218%	0.01344%
Change - increase (decrease)	-0.00026%	0.00059%

For the year ended June 30, 2020, the District recognized pension expense of \$547,468 (\$401,232 for the Miscellaneous plan and \$146,236 for the Safety plan). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 443,180	\$ -
Differences between actual and expected experience	200,748	(15,554)
Change in assumptions	137,826	(48,858)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	20,463	(28,280)
Net differences between projected and actual earnings on plan investments	-	(50,532)
Total	<u>\$ 802,217</u>	<u>\$ (143,224)</u>

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 146,486	\$ -
Differences between actual and expected experience	54,760	-
Change in assumptions	34,377	(6,709)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	34,212	(624)
Net differences between projected and actual earnings on plan investments	-	(11,538)
Total	\$ 269,835	\$ (18,871)

\$589,666 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. 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	Total
2021	\$ 215,247	\$ 80,172	\$ 295,419
2022	(34,545)	12,619	(21,926)
2023	24,900	9,443	34,343
2024	10,211	2,244	12,455
2025	-	-	-
Thereafter	-	-	-

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

Actuarial Methods and Assumptions

The total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation performed as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019.

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
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 probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% 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:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net pension liability	\$ 4,476,701	\$ 1,434,960
Current discount rate	7.15%	7.15%
Net pension liability	\$ 2,890,368	\$ 838,700
1% Increase	8.15%	8.15%
Net pension liability	\$ 1,580,962	\$ 349,861

Pension Plans Fiduciary Net Position

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

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

3). Payable to the Pension Plans

At June 30, 2020, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2020.

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, 2019, the following current and former employees were covered by the benefit terms under the plan:

Inactive plan members or beneficiaries currently receiving benefits	5
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	-
Active employees	36
	<u>41</u>

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 paid by the District. 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, 2019, the measurement period, the District paid \$133 per month for each retiree participating in the PEMHCA plan from July 1, 2018 to December 31, 2018, and \$136 per month from January 1, 2019 to June 30, 2019. 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 \$9,280. Including the implicit rate subsidy of \$3,517, the District's total contributions to the plan for the year ended June 30, 2019, the measurement period, were \$12,797.

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

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, 2019 and was determined by an actuarial valuation as of July 1, 2019. 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, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Alternative Measurement Method
Actuarial Assumptions:	
Discount Rate	3.13% (Municipal Bond 20-year High Grade Rate Index)
Long-Term Expected Rate of Return on Investments (if any)	4.00%
Medical Cost Trend Rate	6.00% for 2019 and later years
Percent Married	60%
Participation	60%
Pre-retirement Mortality Rates	RP-2014 Employee Mortality Table
Post-retirement Mortality Rates	RP-2014 Health Annuitant Mortality Table
Salary Increases	3.00%

Discount Rate

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

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

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, 2018	
(Measurement Date)	<u>\$ 1,135,898</u>
Changes in the Year:	
Service cost	71,787
Interest on the total OPEB liability	43,489
Differences between actual and expected experience	(146,708)
Changes in assumptions	25,228
Benefit payments	<u>(12,797)</u>
Net Changes	<u>(19,001)</u>
Balance at June 30, 2019	
(Measurement Date)	<u><u>\$ 1,116,897</u></u>

Change of Assumptions

The discount rate changed from 3.62% for the measurement period ended June 30, 2018, to 3.13% for the measurement period ended June 30, 2019 as a result of the change in the municipal bond 20-year high grade rate index and there was a change in the healthcare trend rate.

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.

VENTURA PORT DISTRICT
Notes to Financial Statements
June 30, 2020

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 one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.13%)	Discount Rate (3.13%)	1% Increase (4.13%)
Total OPEB Liability	\$ 1,278,643	\$ 1,116,897	\$ 984,643

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 one percentage point lower and one percentage point higher than the current medical trend rate:

	1% Decrease (5.00%)	Current Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	\$ 969,063	\$ 1,116,897	\$ 1,300,636

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

For the year ended June 30, 2020, the District recognized negative OPEB expense of \$6,204. At June 30, 2020, 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	\$ 13,149	\$ -
Differences between actual and expected experience	-	(124,480)
Changes in assumptions	21,406	-
Differences between projected and actual earnings	-	-
Total	\$ 34,555	\$ (124,480)

NOTE 3 - OTHER INFORMATION (CONTINUED)

D. Other Postemployment Health Care Benefits (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The OPEB contributions of \$13,149 subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. Amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2021	\$ (18,406)
2022	(18,406)
2023	(18,406)
2024	(18,406)
2025	(18,406)
Thereafter	(11,044)

Payable to the OPEB Plan

At June 30, 2020, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

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, 2020, was \$173,766.

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 118 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.

NOTE 3 - OTHER INFORMATION (CONTINUED)

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

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.

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 2019-20, the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 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.

NOTE 3 - OTHER INFORMATION (CONTINUED)

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

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 sub-limit during the three-year policy term.

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 \$22,848,392. There is a \$10,000 deductible per occurrence, except for nonemergency vehicle insurance, which has a \$2,500 deductible.

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

Adequacy of Protection - During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2019-2020.

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 \$493,068.

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 - CONTINGENCIES

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of an outbreak of a new strain of coronavirus (the "COVID-19 outbreak") and the risks that it posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

NOTE 4 – CONTINGENCIES (CONTINUED)

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the District's financial condition, liquidity, operations and workforce. The District cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have a material effect on the District's results of future operations and financial position in fiscal year 2021.

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, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.07218%	0.07244%	0.07264%	0.07326%	0.07579%	0.84260%
Plan's proportionate share of the net pension liability	\$ 2,890,368	\$ 2,730,230	\$ 2,863,665	\$ 2,545,114	\$ 2,079,308	\$ 2,082,353
Plan's covered payroll	\$ 1,650,654	\$ 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	175.10%	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%	75.26%	73.31%	74.06%	78.40%	77.27%
Plan's proportionate share of aggregate employer contributions	\$ 368,932	\$ 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.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

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

VENTURA PORT DISTRICT

SCHEDULE OF PLAN CONTRIBUTIONS
CALPERS MISCELLANEOUS PENSION PLAN

Last Ten Years*

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 443,180	\$ 383,062	\$ 339,385	\$ 307,781	\$ 284,888	\$ 251,228
Contributions in relation to the actuarially determined contributions	(443,180)	(383,062)	(339,385)	(307,781)	(284,888)	(251,228)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,913,579	\$ 1,650,654	\$ 1,694,729	\$ 1,561,936	\$ 1,562,010	\$ 1,523,114
Contributions as a percentage of covered payroll	23.16%	23.21%	20.03%	19.71%	18.24%	16.49%

Notes to Schedule:

Valuation Date	6/30/2017	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	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(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 PEPR 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 first year of implementation and therefore only six 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, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.01344%	0.01285%	0.01261%	0.01232%	0.00969%	0.01593%
Plan's proportionate share of the net pension liability	\$ 838,700	\$ 753,843	\$ 753,476	\$ 638,236	\$ 656,331	\$ 495,667
Plan's covered payroll	\$ 599,298	\$ 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	139.95%	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%	75.26%	73.31%	74.06%	78.40%	83.08%
Plan's proportionate share of aggregate employer contributions	\$ 154,027	\$ 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.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

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

VENTURA PORT DISTRICT

SCHEDULE OF PLAN CONTRIBUTIONS
CALPERS SAFETY PENSION PLAN

Last Ten Years*

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 146,486	\$ 122,967	\$ 106,348	\$ 98,629	\$ 97,035	\$ 74,952
Contributions in relation to the actuarially determined contributions	<u>(146,486)</u>	<u>(122,967)</u>	<u>(106,348)</u>	<u>(98,629)</u>	<u>(97,035)</u>	<u>(74,952)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 440,344	\$ 599,298	\$ 655,094	\$ 657,626	\$ 663,839	\$ 583,371
Contributions as a percentage of covered payroll	33.27%	20.52%	16.23%	15.00%	14.62%	12.85%

Notes to Schedule:

Valuation Date	6/30/2017	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	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(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 first year of implementation and therefore only six years are shown.

VENTURA PORT DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement date	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB Liability:			
Service cost	\$ 71,787	\$ 63,679	\$ 61,824
Interest on total OPEB liability	43,489	35,155	32,642
Differences between expected and actual experience	(146,708)	(79,308)	-
Changes in assumptions and other inputs	25,228	-	-
Benefit payments, including refunds and the implied subsidy benefit payments	<u>(12,797)</u>	<u>(13,492)</u>	<u>(14,832)</u>
Net Change in Total OPEB Liability	(19,001)	6,034	79,634
Total OPEB Liability - Beginning of Year	<u>1,135,898</u>	<u>1,129,864</u>	<u>1,050,230</u>
Total OPEB Liability - End of Year (a)	<u>\$ 1,116,897</u>	<u>\$ 1,135,898</u>	<u>\$ 1,129,864</u>
Plan Fiduciary Net Position:			
Contributions - employer	12,797	13,492	14,832
Net investment income	-	-	-
Administrative expenses	-	-	-
Benefit payments, including refunds and the implied subsidy benefit payments	<u>(12,797)</u>	<u>(13,492)</u>	<u>(14,832)</u>
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - End of Year (b)	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 1,116,897</u>	<u>\$ 1,135,898</u>	<u>\$ 1,129,864</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered - employee payroll	\$ 2,313,172	\$ 2,196,212	\$ 2,052,394
Total OPEB liability as percentage of covered - employee payroll	48.28%	51.72%	55.05%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From 6/30/2018 to 6/30/2019:

The discount rate utilized for June 30, 2018 was 3.50% as compared to 3.62% utilized for June 30, 2019.

From 6/30/2019 to 6/30/2020:

The discount rate utilized for June 30, 2019 was 3.62% as compared to 3.13% utilized for June 30, 2020.

The healthcare trend rate for pre-Medicare was changed from 6.5% for June 30, 2019 to 6.0% for June 30, 2020.

* Fiscal year 2018 was the first year of implementation and therefore only three years are shown.



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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 financial statements of the Ventura Port District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 23, 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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
December 23, 2020

