

**VENTURA PORT DISTRICT**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Port Commissioners  
Ventura Port District  
Ventura, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Ventura Port District (the District), as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditor considers 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, 2021, 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 total other postemployment benefits liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022, 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  
January 11, 2022

**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

It is our pleasure to submit the Ventura Port District's (the Port District) Management's Discussion and Analysis (MD&A) for the fiscal year ended June 30, 2021. This report was prepared pursuant to the guidelines set forth by the Government Accounting Standards Board (GASB) and sets forth an overview of the Port District's financial activities and performance for the fiscal year ended June 30, 2021. This analysis should be read in conjunction with the audited financial statements that follow this section.

Port 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 Port 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 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 District was formed as per Sections 6200 to 6372 of the Harbor and Navigation Code of the State of California. The Port 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 Port 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 Port 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 on June 30, 2021:

Chris Stephens, Commissioner/Chairman  
Michael Blumenberg, Commissioner/Vice Chairman  
Brian Brennan, Commissioner/Secretary  
Jackie Gardina, Commissioner  
Everard Ashworth, 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  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

**Financial Highlights**

The Port District provides public services such as Harbor Patrol and a public launch ramp, which are traditionally associated with a port district. The Port District also contracts with the State Parks system for lifeguard services from May through September for approximately \$92,000. In addition, the Port 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 Port 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 Port District's net position for June 30, 2021 increased 5.4% to \$23,262,651.
- Total revenues increased 14.7% to \$11,365,586 during the fiscal year.
- Total expenses increased 3.2% to \$10,181,130 during the fiscal year

**Overview of the basic financial statements**

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

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

The Port 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 Port District's 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 Port District's investments in resources (assets) and the obligations to creditors (liabilities). The difference between the Port 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 Port District is improving or declining. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Port 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  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

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

Statement of Net Position

The following condensed financial information provides an overview of the District's financial position as of June 30, 2021 and 2020.

**SUMMARY OF NET POSITION  
JUNE 30, 2021 AND 2020**

	2021	2020	Increase (Decrease)	
			Amount	Percent
<b>ASSETS</b>				
Current Assets	\$ 10,277,521	\$ 9,583,504	\$ 694,017	7.2 %
Restricted Assets	3,188,064	3,400,017	(211,953)	(6.2)
Capital Assets, Net	<u>29,610,370</u>	<u>29,526,278</u>	<u>84,092</u>	0.3
Total Assets	43,075,955	42,509,799	566,156	1.3
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Assets and Deferred Outflows of Resources	<u>1,299,820</u>	<u>1,294,967</u>	<u>4,853</u>	0.4
	44,375,775	43,804,766	571,009	1.3
<b>LIABILITIES</b>				
Current and Other Liabilities	6,962,294	6,531,179	431,115	6.6
Long-Term Debt Obligations	<u>13,947,021</u>	<u>14,908,817</u>	<u>(961,796)</u>	(6.5)
Total Liabilities	20,909,315	21,439,996	(530,681)	(2.5)
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Liabilities and Deferred Inflows of Resources	<u>203,809</u>	<u>286,575</u>	<u>(82,766)</u>	(28.9)
	<u>21,113,124</u>	<u>21,726,571</u>	<u>(613,447)</u>	(2.8)
<b>NET POSITION</b>				
Net Investment in Capital Assets	15,831,519	14,984,348	847,171	5.7
Restricted Assets	3,188,064	3,178,221	9,843	0.3
Unrestricted Assets	<u>4,243,068</u>	<u>3,915,626</u>	<u>327,442</u>	8.4
Total Net Position	<u>\$ 23,262,651</u>	<u>\$ 22,078,195</u>	<u>\$ 1,184,456</u>	5.4

The District's net position at June 30, 2021, is \$23,262,651. This is an increase of \$1,184,456 from the net position at June 30, 2020, of \$22,078,195.

**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

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

Statement of Net Position (Continued)

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

*Assets*

Current assets increased \$694,017 for fiscal year 2021 to \$10,277,521 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 \$211,953 for fiscal year 2021 to \$3,188,064 due to the net of two factors.

- In fiscal year 2019 a \$4.6 million debt installment agreement was entered into for the purpose of renovating docks located in the Ventura Harbor Village Marina. All of the funds restricted for this purpose are now completely utilized thereby accounting for the majority of the decrease in this category.
- 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 \$84,092 during fiscal year 2021 to \$29,610,370. This was the net effect of infrastructure renovations and equipment purchases offset by asset retirements and the annual amortization of the depreciation expenses. The Capital Assets are discussed in more detail later in this report.

Deferred Outflows of Resources increased by \$4,853 to \$1,299,820. This increase was the net effect of the change in value from items listed below that are required to be reported in this category.

- The expensing of annual amortization on the deferred amounts on bond refunding that resulted from the difference in the carrying value of refunded debt and its reacquisition price.
- Deferred outflow related to pensions and other postemployment benefits (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.



**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

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

Statement of Net Position (Continued)

*Assets (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 health care 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 health care 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 the GASB.

*Liabilities*

Current and Other Liabilities increased \$431,115 to \$6,962,294. This increase is primarily the net effect of several factors grouped into this category as discussed below:

- There was a decrease of \$51,168 in accounts payable and other accrued expenses as of June 30, 2021 primarily due to a reduction in interest payable as a result of the 2021 Refunding Installment Purchase Contract to be discussed later in this report under debt administration.
- There was a net increase of \$486,376 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 \$961,796 to \$13,947,021. The change in long-term debt will be discussed later in this report.

Deferred inflows of resources were decreased by \$82,776. This decrease was due to the net effect of the change in value of items to be reported in this category as related to pensions and OPEB.

- 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 health care benefits through the OPEB plan.

**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

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

Statement of Net Position (Continued)

*Liabilities (Continued)*

- 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 health care benefits through the OPEB plan.
- 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 \$847,171 to \$15,831,519. 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 \$9,843 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, 2021, there is \$3,000,000 restricted for dredging activity as required by the Ellison Judgment and a balance of \$188,064 in the restricted fisheries improvement reserve.

Unrestricted Assets may be used to meet the District's ongoing obligations.

**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

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

Statement of Revenues, Expenses, and Changes in Net Position

The following table summarizes the District's operations for fiscal years 2021 and 2020:

**SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020	Increase (Decrease)	
			Amount	Percent
<b>REVENUES</b>				
Operating Revenues	\$ 9,483,679	\$ 8,124,059	\$ 1,359,620	16.7 %
Nonoperating Revenues	1,881,907	1,788,389	93,518	5.2
Total Revenues	<u>11,365,586</u>	<u>9,912,448</u>	<u>1,453,138</u>	14.7
<b>EXPENSES</b>				
Operating Expenses				
Before Depreciation	8,423,582	8,232,464	191,118	2.3
Depreciation	1,122,137	1,037,492	84,645	8.2
Nonoperating Expenses	635,411	592,818	42,593	7.2
Total Expenses	<u>10,181,130</u>	<u>9,862,774</u>	<u>318,356</u>	3.2
<b>CHANGE IN NET POSITION</b>	1,184,456	49,674	1,134,782	2284.5
Net Position - Beginning of Year	<u>22,078,195</u>	<u>22,028,521</u>	<u>49,674</u>	0.2
<b>NET POSITION - END OF YEAR</b>	<u>\$ 23,262,651</u>	<u>\$ 22,078,195</u>	<u>\$ 1,184,456</u>	5.4

*Revenues*

Total revenues increased 14.7% in fiscal year 2021 to \$11,365,586. This represents a \$1,453,138 increase over fiscal year 2020 revenues of \$9,912,448. This increase was attributed to a number of factors:

Operating revenues increased \$1,359,620 due to the net effect of the following primary factors complicated by the ongoing effects of the COVID-19 pandemic as discussed in Note 4 of the Notes to Basic Financial Statements:

- The master tenant revenues increased \$1,044,872. This increase is primarily due to a combination of marina rate increases; lease income generated from lease assignment fees and appreciation rent from the assignment of two leases; and increased percent rent due to increased occupancy growth of the new Portside Ventura Harbor development.

**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

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

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

*Revenues (Continued)*

- Ventura Harbor Village tenant lease revenues increased \$144,636. This increase can be attributed to the opening of two new retail service shops and one new restaurant as well as overall increased sales from the temporary relaxing of COVID-19 restrictions. These increases are offset by the partial rent abatement totaling approximately \$130,000 that was provided to eligible tenants during fiscal year 2021 as a result of ongoing COVID-19 pandemic mandated business closures, partial closures, and/or restrictions in service offerings to most businesses.
- Ventura Harbor Village slip revenues increased \$171,668 in fiscal year 2021. This was due to occupancy of the marina returning to 100% after the completion of the partial dock renovations in 2019 and to the implementation of slip rate increase.
- Ventura Harbor Boatyard (the Boatyard) revenues to the Port District decreased \$79,061 in fiscal year 2021 from the fiscal year 2020 revenues of \$372,433. This was due to a decrease in the annual percent rents paid by the Boatyard in January 2021. The Boatyard's annual percentage rent calculation was based on their calendar year 2020 sales. Approximately nine months of calendar year 2020 was negatively impacted by the COVID-19 pandemic resulting in lower than usual sales for the calendar year.
- Charter revenues increased \$30,287 in fiscal year 2021 over the fiscal year 2020 revenues of \$303,945. This was primarily due to the temporary relaxing of restrictions mandated by the COVID-19 pandemic which enabled the charter companies to resume business with partial occupancy.
- Dry Storage revenues increased \$46,295 in fiscal year 2021. This storage lot was closed for renovations until October 1, 2019. The re-occupancy of this facility has been a gradual process slowed down by the onset of the COVID-19 pandemic. This facility is now approximately 70% occupied. This increase in occupancy along with a schedule rate increase in fiscal year 2021 resulted in increased revenues.

Nonoperating revenues increased \$93,518 due to the net effect of a number of factors:

- The Port District's pro-rata share of Ventura County property taxes increased \$81,703 due to a continued rise in the housing market demand.
- Investment income decreased \$281,690. The Port District's funds are invested with Local Agency Investment Funds (LAIF). This reduction in interest income is as a result of a decrease in LAIF interest rates from 1.47% at 6/30/20 to 0.33% at 6/30/21 and a decrease in the Fair Market Value factor for the year presumably due to the effects of COVID-19 on the economy.

**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

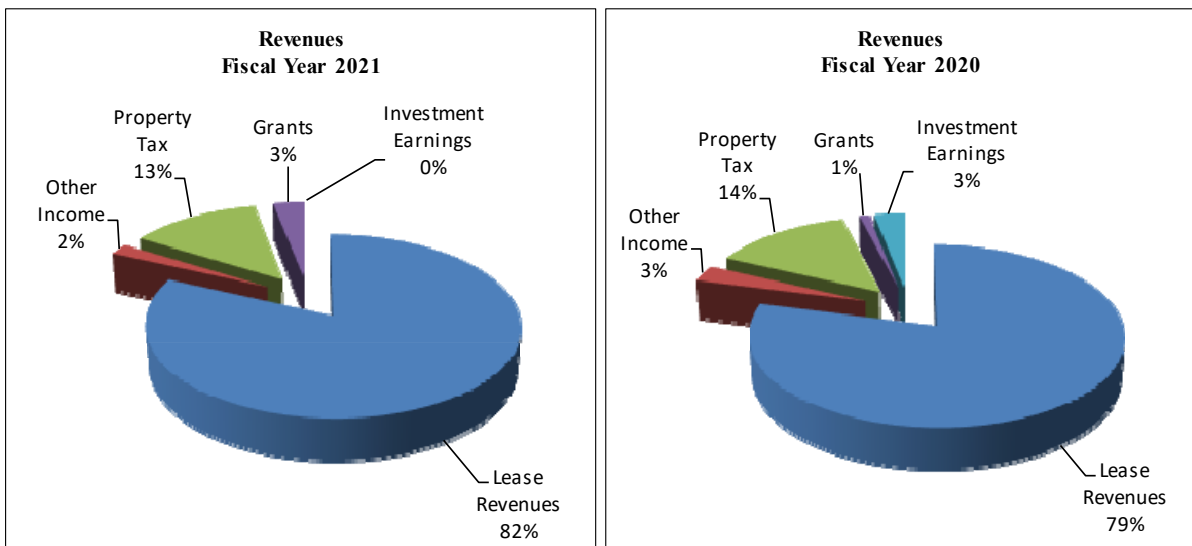
**The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position (Continued)**

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

*Revenues (Continued)*

- Intergovernmental grants increased \$293,505 in fiscal year 2021 over the fiscal year 2020 grant income of \$103,361. This increase is the net effect of several intergovernmental projects:
- The Port District was instrumental in procuring a grant for \$318,600 through the state of California Coastal Conservancy for improvements to the commercial fisherman's gear storage facility and the procurement of a second derrick crane located on the Ventura Harbor Village fish pier for the use of commercial fishing vessels. \$255,337 of this grant was earned in fiscal year 2021. The remaining \$63,263 will be requested for work completed in fiscal year 2022.
- The Ventura Shellfish Enterprise grant project for aquaculture in Federal waters for the future growing of Mediterranean mussels is ending. This two-year grant award for \$266,660 began 9/1/2018 and was approved for a one-year time extension to 8/31/2021. In fiscal year 2021, \$18,152 was earned from the grant. This is \$85,209 less that the amount earned in fiscal year 2020 as the funds are near to being completely utilized.
- The Port District entered into a Coop Agreement with the City of Ventura (the City) for inner harbor dredging in the channel leading into the Ventura Keys. The clearing of this channel is the responsibility of the Port District and the City. The City's pro-rata share of this expense to be paid to the Port District was \$84,081. This dredging will not be necessary in fiscal year 2022.

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 District's pro-rata share of property tax revenues is allocated to the funding of our Harbor Patrol department.



**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

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

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

*Expenses*

The expenses for fiscal year 2021 increased 3.2% to \$10,181,130. This is an increase of \$318,356 over the fiscal year 2020 expenses of \$9,862,774. This increase is attributed primarily to the net effect of the following factors:

Operating expenses before depreciation increased \$191,118 due primarily to the net effect of changes in these categories:

- Salaries and benefits decreased \$185,770 compared to prior year due to the following factors:
  - Salary decreases due to the unfortunate loss of an employee in January 2021 and the resignation of another employee in April 2021.
  - Salary decreases from the termination of the temporary part-time Dredging Manager position required in fiscal year 2020. These two positions were not filled due to a pay and hiring freeze in place for unrepresented employees in fiscal year 2021.
  - Benefits from normal PERS contributions decreased \$73,810 due to the net effect of increases in the PERS normal employee contribution rates, increases in the PERS Unfunded Annual Liability (UAL) expenses and a decrease in contributions due to the paying off of the side fund liability for the classic miscellaneous members.
  - Benefits decreased \$55,563 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 decreased as a net result of the annual liability calculations offset by the paying off of the side fund liability for the classic miscellaneous members.
- Professional services decreased \$150,403 primarily due to the net effect of changes in the following areas:
  - Professional and legal services pertaining to litigations increased \$76,000
  - Professional and legal services pertaining to lease assignments increased \$54,000
  - Professional and legal services pertaining to the Ventura Shellfish Enterprise (VSE) project for aquaculture in Federal waters for the future growing of Mediterranean mussels decreased \$151,865. This decrease was due to the winding down of this grant project in fiscal year 2021. The grant terminates 8/31/2021 and the project will finalize 12/31/2021.
  - Professional and legal services pertaining to employment issues decreased \$129,118.

Depreciation expense increased \$84,645 due to the amortization of new and existing capital assets over their estimated useful life.

**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

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

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

*Expenses (Continued)*

- Repairs and maintenance increased \$125,151 for fiscal year 2021. This increase is the net effect of two primary factors:
  - Ventura Harbor Village Marina dock maintenance repairs of approximately \$70,000 which were not included in the 2019 dock renovation project.
  - Ventura Harbor Village commercial fish pier surface repairs of approximately \$21,000.
- Harbor dredging increased \$240,842 for fiscal year 2021 due to inner-harbor dredging of the stub channel at the entrance to the Keys housing track as discussed above under intergovernmental revenue. This dredging is performed every three years or so pending weather conditions. Some residents of the Keys have access to private slips outside their homes in channels that lead out to the ocean. The City reimburses the Port District for their pro-rata share of the expense to keep the passage safe and navigable.
- The Other expense category increased \$94,792. This increase is primarily due to one-time expenses for judgement settlements of \$37,000 and an increase of \$40,000 in the agreement with State Parks for summer lifeguard services at Surfers Knoll and Harbor Cove beaches.

Nonoperating expenditures increased \$42,593 due to the net effect of increased debt issuance costs offset by a decrease in interest expense as a result of the 2021 Refunding Installment Purchase Contract to be discussed later in this report under debt administration and an increase of \$78,516 for the loss on the disposition of capital assets.

**Capital Assets and Debt Administration**

**Capital Assets**

The District's capital assets, net of accumulated depreciation, totaled \$29,610,370 at June 30, 2021. This is an increase of \$84,092 over the June 30, 2020, balance of \$29,526,278. 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.

**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

**Capital Assets and Debt Administration**

Capital Assets (Continued)

The capital assets include land, harbor, building and leasehold improvements, equipment, and construction in progress. The following table shows the change in capital assets for fiscal years 2021 and 2020.

**CAPITAL ASSETS, NET  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020	Increase (Decrease)	
			Amount	Percent
Land	\$ 2,342,629	\$ 2,342,629	\$ -	0.0 %
Buildings And Structures	28,992,669	27,819,700	1,172,969	4.2
Harbor Improvements	14,546,636	14,428,810	117,826	0.8
Equipment	1,767,289	1,760,916	6,373	0.4
Construction In Progress	610,517	1,231,715	(621,198)	(50.4)
Total	48,259,740	47,583,770	675,970	1.4
Less: Accumulated Depreciation	(18,649,370)	(18,057,492)	(591,878)	3.3
 Total Capital Assets	 <u>\$ 29,610,370</u>	 <u>\$ 29,526,278</u>	 <u>\$ 84,092</u>	 0.3

Major improvement projects and equipment purchases in fiscal year 2021 were as follows:

- Completed renovations and the replacement of storage containers at the Fisherman's Storage Facility lot. Some of this expense was covered through a grant from the state of California Coastal Conservancy.
- Completed structural repairs to the Ventura Harbor Village commercial fish pier.
- Completed ADA renovations on a set of restrooms in the Ventura Harbor Village located at 1559 Spinnaker Drive.
- Completed the painting project of the Ventura Harbor Village.
- Began ADA renovations on the parking lot trash enclosure located near 1583 Spinnaker Drive building in the Ventura Harbor Village parking lot.
- Began roof replacements/repairs on the 1567 Spinnaker Drive cluster of buildings in the Ventura Harbor Village.
- Completed the replacement of all electrical pedestals located on the Ventura Harbor Village Marina docks.
- Completed the fabrication of the derrick crane to be installed on the Ventura Harbor Village commercial fish pier. The crane installation was completed in August 2021. This expense was covered through a grant from the State of California Coastal Conservancy



**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

**Capital Assets and Debt Administration (Continued)**

Capital Assets (Continued)

Major commitments in FY22 include the continuation of the roof repairs in Ventura Harbor Village and continuing the ADA renovations of additional public restrooms located in Ventura Harbor to be completed over the next couple of years.

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

Debt Administration

The District's long-term debt balance at June 30, 2021, is \$13,947,021. This is a decrease of \$961,796 over the June 30, 2020 balance of \$14,908,817. The decrease is a result of the annual paying down of principal on the outstanding balance of all the long-term debts offset by the 2021 Refunding Installment Purchase Contract of the 2008 Refunding of Certificates of Participation and the 2009 Refunding Certificates of Participation.

The following table summarizes the changes in the District's long-term debt obligations as of June 30, 2021 and 2020:

**SUMMARY OF LONG-TERM DEBT  
JUNE 30, 2021 AND 2020**

	2021	2020	Increase (Decrease)	
			Amount	Percent
2008 Refunding Certificates of Participation	\$ -	\$ 5,088,900	\$ (5,088,900)	(100.0)%
2009 Refunding Certificates of Participation	-	1,277,500	(1,277,500)	(100.0)
2016 Refunding Certificates of Participation	3,893,900	4,092,100	(198,200)	(4.8)
2018 Installment Obligation:				
Series A - Tax Exempt	1,494,395	1,551,734	(57,339)	(3.7)
Series B - Taxable	2,802,726	2,898,583	(95,857)	(3.3)
2021 Refunding Installment Purchase Contract	<u>5,756,000</u>	<u>-</u>	<u>5,756,000</u>	100.0
Total Long-Term Debt	<u>\$ 13,947,021</u>	<u>\$ 14,908,817</u>	<u>\$ (961,796)</u>	(6.5)

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

**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

**Economic Outlook**

The long-term economic outlook for the Port District is positive, while there are continuing challenges in the near-term due to the COVID-19 pandemic. The fiscal year 2022 budget forecasted a 10% increase in Harbor-wide revenues and a 1% increase in expenses.

Revenue levels at Ventura Harbor Village are expected to rebound for the office, retail and restaurant categories as rent deferrals and abatements necessitated by governmental restrictions placed on business operations begin to subside. Most charters were significantly down for the same reason as well as due to temporary shut-down of landings on the Channel Islands for scheduled repairs. This has also begun to rebound as ferry-boat capacity restrictions have eased. As the owner operator of the Ventura Harbor Village complex, the 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 Port District secured \$4.6 million in financing for new commercial boat slips at Ventura Harbor 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 Ventura Harbor Village renovations including paint, awnings, patio covers and signage. The first phase of work, painting, is 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 tenant wayfinding signage to be constructed by the Port District.

The Holiday Inn Express completed construction of 40 new rooms in July 2019. The Four Points by Sheraton began renovations of its existing rooms. However, occupancy was significantly impacted by governmental restrictions due to the COVID-19 pandemic. While tourism has begun to rebound, it may take some time, possibly a few years, for 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) last 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 underway and scheduled for completion by June 2022.

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 60% of the apartment units are leased as of June 2021. The minimum annual rental on this project is currently \$300,000. We expect the project will be completed by the end of fiscal year 2021. After a full lease-up of residential and commercial and stabilization period of 18 to 24 months, the Port 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 Port District shall be deferred for a ten-year period as stipulated in the lease.

**VENTURA PORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

**Economic Outlook (Continued)**

The Parcel 20 master lease was assigned to Director Marine Holdings (DMH) who began operations in October 2020. DMH began the planning and entitlement stages for a newly constructed marina, and landside improvements which will be provided to the Port District in October 2021. 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 Port District continues to pursue long-term development opportunities for two sites, Parcels 5 and 8. The City will be updating the General Plan (GP) and the Local Coastal Program (LCP) over the next three years.

The Port District will collaborate with the City, tenants, and stake holders to identify land uses as part of these updates. Further, the National Park Service (NPS), who owns and operates the Channel Islands National Park (CINP) Visitor Center, has begun planning for improvements to the existing facility and has expressed interest in Parcel 8 to expand visitor-serving uses at the Harbor.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Accounting Manager, at (805) 465-7860 or 1603 Anchors Way Drive, Ventura, California 93001.

**VENTURA PORT DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 8,774,694
Restricted Cash and Cash Equivalents	3,188,064
Accounts Receivable, Net	537,456
Due from Other Governments	378,275
Other Receivables	100,233
Prepaid Expenses	425,449
Inventories	61,414
Total Current Assets	13,465,585

Noncurrent Assets:

Capital Assets not being Depreciated	12,857,849
Capital Assets being Depreciated (Net of Accumulated Depreciation)	16,752,521
Total Noncurrent Assets	29,610,370

Total Assets	43,075,955
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Amounts on Refundings	204,847
Deferred Amounts from OPEB Plan	130,846
Deferred Amounts from Pension Plans	964,127
Total Deferred Outflows of Resources	1,299,820

See accompanying Notes to Financial Statements.

**VENTURA PORT DISTRICT  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2021**

**LIABILITIES**

Current Liabilities:

Accounts Payable	\$ 418,352
Interest Payable	161,130
Accrued Liabilities	136,833
Unearned Revenue	292,028
Security Deposits	291,753
Current Portion of OPEB Liability	19,249
Current Portion of Long-Term Liabilities	<u>1,398,648</u>
Total Current Liabilities	<u>2,717,993</u>

Noncurrent Liabilities:

Long-Term Liabilities	12,878,230
OPEB Liability	1,307,221
Net Pension Liability	<u>4,005,871</u>
Total Noncurrent Liabilities	<u>18,191,322</u>

Total Liabilities	20,909,315
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**DEFERRED INFLOWS OF RESOURCES**

Deferred Amounts from OPEB Plan	102,252
Deferred Amounts from Pension Plans	<u>101,557</u>
Total Deferred Inflows of Resources	<u>203,809</u>

**NET POSITION**

Net Investment in Capital Assets	15,831,519
Restricted for Dredging	3,000,000
Restricted for Fisheries Complex	188,064
Unrestricted	<u>4,243,068</u>
Total Net Position	<u><u>\$ 23,262,651</u></u>

**VENTURA PORT DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2021**

**OPERATING REVENUES**

Leases:	
General	\$ 7,064,365
Harbor Village Slips	865,286
Fishing	213,583
Boat Yard	293,372
Charter	334,232
Tenant Reimbursements	350,900
Dry Storage	89,491
Other	<u>272,450</u>
Total Operating Revenues	<u>9,483,679</u>

**OPERATING EXPENSES**

Administration	299,605
Salaries and Benefits	4,381,008
Merchant Promotion	264,058
Professional Services	1,168,905
Depreciation	1,122,137
Repairs and Maintenance	772,574
Harbor Dredging	424,159
Utilities	405,261
Insurance	300,563
Other	<u>407,449</u>
Total Operating Expenses	<u>9,545,719</u>

**OPERATING LOSS** (62,040)

**NONOPERATING REVENUES (EXPENSES)**

Taxes	1,477,536
Investment Income	7,505
Intergovernmental Grants	396,866
Loss on Disposition of Capital Assets	(83,235)
Debt Issuance Costs	(53,439)
Interest Expense	<u>(498,737)</u>
Total Nonoperating Revenues (Expenses)	<u>1,246,496</u>

**CHANGE IN NET POSITION** 1,184,456

Net Position - Beginning of Year 22,078,195

**NET POSITION - END OF YEAR** \$ 23,262,651

**VENTURA PORT DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Tenants	\$ 9,194,771
Cash Received from Others	281,352
Cash Paid to Employees	(3,926,896)
Cash Paid for Goods and Services	<u>(4,232,365)</u>
Net Cash Provided by Operating Activities	1,316,862
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Taxes Received	1,474,073
Receipts from Other Governments	<u>45,570</u>
Net Cash Provided by Noncapital Financing Activities	1,519,643
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from Issuance of Refunding Debt	5,756,000
Payment to Refund Escrow Agent	(5,702,561)
Acquisition And Construction of Capital Assets	(1,324,940)
Principal Payments and Refunding of Long-Term Debt	(1,062,296)
Interest Payments on Related Debt	(540,036)
Payment of Debt Issuance Costs	<u>(53,349)</u>
Net Cash Used by Capital and Related Financing Activities	(2,927,182)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	<u>40,272</u>
Net Cash Provided by Investing Activities	<u>40,272</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	
	(50,405)
Cash and Cash Equivalents - Beginning of Year	<u>12,013,163</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	
	<u><u>\$ 11,962,758</u></u>
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b>	
Cash and Cash Equivalents	\$ 8,774,694
Restricted Cash and Cash Equivalents	<u>3,188,064</u>
Total	<u><u>\$ 11,962,758</u></u>

See accompanying Notes to Financial Statements.

**VENTURA PORT DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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

Operating Loss	\$ (62,040)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	1,122,137
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Assets and Deferred Outflows of Resources:	
Accounts Receivable	(32,053)
Other Receivables	47,108
Prepaid Expenses	(206,971)
Inventories	19,649
Deferred Outflows from OPEB Plan	(96,291)
Deferred Outflows from Pension Plans	107,925
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	(15,678)
Accrued Liabilities	857
Unearned Revenue	(22,607)
Security Deposits	13,205
Compensated Absences	38,011
OPEB Liability	209,573
Net Pension Liability	276,803
Deferred Inflows from OPEB Plans	(22,228)
Deferred Inflows from Pension Plans	(60,538)
Net Cash Provided by Operating Activities	<u>\$ 1,316,862</u>

**NONCASH CAPITAL AND FINANCING ACTIVITIES**

Amortization on Deferred Amount on Debt Refunding	<u>\$ (27,751)</u>
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**NONCASH INVESTING ACTIVITY**

Unrealized Gain (Loss) on Investments	<u>\$ (55,008)</u>
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See accompanying Notes to Financial Statements.



**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. 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) 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 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 health care benefits through the OPEB plan.
- Deferred outflows related to pensions resulting from the net difference between projected and actual earnings on plan investments of the pension plans fiduciary net position. These amounts are amortized over five years.
- Deferred outflows related to pension plans for the changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

In addition to liabilities, the statement of net position 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 health care benefits through the OPEB plan.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Deferred Outflows/Inflows of Resources (Continued)**

- 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 health care 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.

**E. Assets, Liabilities, and Net Position**

Cash and Cash Equivalents

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

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

Accounts Receivable

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

Prepaid Expenses

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

Inventories

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

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, and Net Position (Continued)**

Capital Assets

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

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

Harbor Improvements	5 to 50 Years
Leasehold Improvements	5 to 50 Years
Buildings and Structures	5 to 50 Years
Boats	3 to 10 Years
Trucks	3 to 10 Years
Equipment	3 to 10 Years
Signs	5 Years

Property Taxes Receivables

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

Compensated Absences

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

Net Position

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

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

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, and Net Position (Continued)**

Net Position (Continued)

- *Restricted* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law or judgment. At June 30, 2021, the restricted assets are \$3,188,064, of which \$3,000,000 is restricted for dredging of the harbor by a court judgment against the District in 1979, and \$188,064 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.

**F. 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 to 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.

**G. 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, 2021**

**NOTE 2 DETAILED NOTES**

**A. Cash and Investments**

Cash and Investments

Cash and investments as of June 30, 2021, are reported in the statement of net position as follows:

Cash and Cash Equivalents	\$ 8,774,694
Restricted Cash and Cash Equivalents	3,188,064
Total Cash and Investments	<u>\$ 11,962,758</u>

Cash and investments as of June 30, 2021, consist of the following:

Demand Accounts (Bank Balance)	\$ 644,595
Less: Outstanding Checks	(381,906)
Deposits	262,689
Petty Cash	1,514
Total Deposits and Petty Cash	<u>264,203</u>

Investments:

State of California LAIF	11,679,813
Ventura County Treasury Pool	18,742
Total Investments	<u>11,698,555</u>
Total Cash and Investments	<u>\$ 11,962,758</u>

Restricted Cash and Cash Equivalents

A portion of cash and cash equivalents as of June 30, 2021, is considered to be restricted for the following purposes:

Dredging Pursuant To Settlement Agreement	\$ 3,000,000
Facility Maintenance Pursuant To Lease Agreement	188,064
Total	<u>\$ 3,188,064</u>

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.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

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

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 and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
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
California 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.

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.



**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

Disclosures Relating to Interest Rate Risk (Continued)

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, 2021:

	Less Than One Year
Investment Type:	
LAIF	\$ 11,679,813
Ventura County Treasury Pool	18,742
Total	\$ 11,698,555

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, 2021.

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.

As of June 30, 2021, all of the District's deposits with financial institutions were covered by federal depository insurance limits or collateralized as required under California law.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

Custodial Credit Risk (Continued)

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, 2021, 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.

**B. Accounts Receivable, Net**

As of June 30, 2021, accounts receivable, net, consist primarily of lease receivables of \$769,556 with an allowance for uncollectible accounts of \$232,100 for a net amount of \$537,456. Of this amount, the district has deferred rents of \$308,881 due to COVID-19 (see Note 4).

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 DETAILED NOTES (CONTINUED)**

**C. Capital Assets**

A summary of changes in the capital assets for the year ended June 30, 2021, is as follows:

	Balance at July 1, 2020	Additions	Deletions	Transfers	Balance at June 30, 2021
Capital Assets, Not Being Depreciated:					
Land	\$ 2,342,629	\$ -	\$ -	\$ -	\$ 2,342,629
Land Improvements	9,904,703	-	-	-	9,904,703
Construction in Progress	1,231,715	468,761	(1,089,959)	-	610,517
Total Capital Assets, Not Being Depreciated	13,479,047	468,761	(1,089,959)	-	12,857,849
Capital Assets, Being Depreciated:					
Buildings and Structures	23,021,289	305,762	(341,292)	-	22,985,759
Equipment	1,760,916	20,852	(14,479)	-	1,767,289
Harbor Improvements	4,524,107	117,826	-	-	4,641,933
Leasehold Improvements	4,798,411	1,466,222	(257,723)	-	6,006,910
Total Capital Assets, Being Depreciated	34,104,723	1,910,662	(613,494)	-	35,401,891
Less: Accumulated Depreciation	(18,057,492)	(1,122,137)	530,259	-	(18,649,370)
Total Capital Assets, Being Depreciated, Net	16,047,231	788,525	(83,235)	-	16,752,521
Total Capital Assets, Net	<u>\$ 29,526,278</u>	<u>\$ 1,257,286</u>	<u>\$ (1,173,194)</u>	<u>\$ -</u>	<u>\$ 29,610,370</u>

Depreciation expense was \$1,122,137 for the year ended June 30, 2021.

**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 \$292,028 for the year ended June 30, 2021.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021	Due Within One Year
Notes from Direct Borrowings and Direct Placements:					
2008 Refunding Certificates of Participation	\$ 5,088,900	\$ -	\$ (5,088,900)	\$ -	\$ -
2009 Refunding Certificates of Participation	1,277,500	-	(1,277,500)	-	-
2016 Refunding Certificates of Participation	4,092,100	-	(198,200)	3,893,900	204,300
2018 Installment Obligation:					
Series A	1,551,734	-	(57,339)	1,494,395	59,726
Series B	2,898,583	-	(95,857)	2,802,726	100,956
2021 Refunding Installment Purchase contract		5,756,000		5,756,000	804,000
Subtotal	14,908,817	5,756,000	(6,717,796)	13,947,021	1,168,982
Other Long-Term Liabilities:					
Compensated Absences	291,845	413,986	(375,974)	329,857	229,666
Total	<u>\$ 15,200,662</u>	<u>\$ 6,169,986</u>	<u>\$ (7,093,770)</u>	<u>\$ 14,276,878</u>	<u>\$ 1,398,648</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.

The 2008 Refunding Certificates were refunded through the issuance of the 2021 Refunding Installment Purchase Contract.

**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.

The 2009 Refunding Certificates of Participation were refunded through the issuance of the 2021 Refunding Installment Purchase Contract.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 the 2016 Refunding Certificates of Participation are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	232,900	98,218	331,118
2027 through 2031	1,286,500	369,513	1,656,013
2032 through 2036	1,515,100	140,752	1,655,852
Totals	<u>\$ 3,893,900</u>	<u>\$ 1,074,034</u>	<u>\$ 4,967,934</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.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 59,726	\$ 60,960	\$ 120,686
2023	62,212	58,474	120,686
2024	64,802	55,885	120,687
2025	67,498	53,187	120,685
2026	70,308	50,378	120,686
2027 through 2031	397,954	205,477	603,431
2032 through 2036	487,965	115,465	603,430
2037 through 2039	283,930	17,786	301,716
Totals	<u>\$ 1,494,395</u>	<u>\$ 617,612</u>	<u>\$ 2,112,007</u>

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 DETAILED NOTES (CONTINUED)**

**E. Long-Term Liabilities (Continued)**

2018 Installment Obligation (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	
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	124,210	122,581	246,791
2027 through 2031	727,464	506,491	1,233,955
2032 through 2036	942,634	291,321	1,233,955
2037 through 2039	571,218	45,760	616,978
Totals	<u>\$ 2,802,726</u>	<u>\$ 1,516,117</u>	<u>\$ 4,318,843</u>

2021 Installment Purchase Contract

On April 1, 2021, the District entered into a \$5,760,000 installment purchase contract with CN Financing, Inc for the purpose of refinancing the 2008 refunding Certificates of Participation and the 2009 Refunding Certificates of Participation. The installment payments of principal are due April 1 with a final payment due August 1, 2027 and interest payments are due semi-annually on February 1 and August 1. Interest on the installment purchase contract is at 1.95%. The refunding resulted in a decrease in cash flows in debt service of \$182,951 (difference in debt service of debt issued and debt refunded) and a present value savings of \$172,771.

The annual debt service requirements on the 2021 Installment Purchase Contract are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 804,000	\$ 76,966	\$ 880,966
2023	787,000	88,891	875,891
2024	804,000	73,379	877,379
2025	817,000	57,574	874,574
2026	834,000	41,477	875,477
2027 through 2028	1,710,000	33,482	1,743,482
Totals	<u>\$ 5,756,000</u>	<u>\$ 371,769</u>	<u>\$ 6,127,769</u>

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 DETAILED NOTES (CONTINUED)**

**E. Long-Term Liabilities (Continued)**

Debt Service Coverage Requirements

The Series 2016 Refunding Certificates, the 2018 Installment Obligation, Series A and B, and the 2021 Installment Purchase Contract 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, 2021, is as follows:

Net revenues	\$ 2,408,464
Debt Services - Current Year	1,602,332

The District net revenues exceeded the debt service coverage requirements for the year ended June 30, 2021.

**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 to 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 4,569,159
2023	4,186,140
2024	3,820,317
2025	3,490,556
2026	3,216,929
Total	<u>\$ 19,283,101</u>

Capital assets under the leases included buildings and structures of \$17,747,716, leasehold improvements of \$2,774,892 and equipment of \$307,847 with accumulated depreciation of \$10,561,194 for a net carrying value of \$10,269,261 for the year ended June 30, 2021.

Rental income of \$9,211,229 for the year ended June 30, 2021, includes contingent rental income of \$2,230,919.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**B. Dredging Reserve**

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

The District maintains a separate restricted general ledger cash account for dredging related expenses. As of June 30, 2021, 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 five years of services. California Public Employees' Pension Reform Act (PEPRA) miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for nonduty disability benefits after five years of service.

The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. 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.



**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Pension Plans (Continued)**

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

Benefits Provided (Continued)

The Plans' provisions and benefits in effect for the year ended June 30, 2020, the measurement period, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2% @ 55	2% @ 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50	52
Monthly Benefits, as a Percentage 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	11.03%	7.73%
Payment of Unfunded Liability	\$ 176,368	\$ 1,797

	Safety	
Hire Date	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2% @ 55	2% @ 57
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50	52
Monthly Benefits, as a Percentage 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	15.66%	11.11%
Payment of Unfunded Liability	\$ 60,354	\$ -

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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. For fiscal year 2019-2020, the District's employer contributions were \$352,124 and \$162,714 for the miscellaneous and safety plans, respectively.

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

As of June 30, 2021, 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	\$ 3,044,896
Safety	960,975
Total Net Pension Liability	\$ 4,005,871

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, 2020, 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, 2019, and rolled forward to June 30, 2020, 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, 2021**

**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, 2019 and 2020, were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2019	0.07218 %	0.01344 %
Proportion - June 30, 2020	0.07220	0.01442
Change - Increase (Decrease)	<u>0.00002 %</u>	<u>0.00098 %</u>

For the year ended June 30, 2021, the District recognized pension expense of \$838,387 (\$577,578 for the Miscellaneous Plan and \$260,809 for the Safety Plan). At June 30, 2021, 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	\$ 352,124	\$ -
Differences between Actual and Expected Experience	156,913	-
Change in Assumptions	-	(21,717)
Change in Employer's Proportion and Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	31,192	(21,540)
Net Differences Between Projected and Actual Earnings on Plan Investments	<u>90,453</u>	<u>-</u>
Total	<u>\$ 630,682</u>	<u>\$ (43,257)</u>

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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	\$ 162,714	\$ -
Differences between Actual and Expected Experience	74,519	-
Change In Assumptions	-	(3,201)
Change in Employer's Proportion and Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	75,327	(55,099)
Net Differences Between Projected and Actual Earnings on Plan Investments	20,885	-
Total	\$ 333,445	\$ (58,300)

\$514,838 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30.</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
2022	\$ 30,691	\$ 39,192	\$ 69,883
2023	90,145	36,884	127,029
2024	71,082	25,890	96,972
2025	43,383	10,465	53,848
2026	-	-	-
Thereafter	-	-	-

**Actuarial Methods and Assumptions**

The total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation performed as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 (Continued)

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
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	(a)	(a)
Mortality Rate Table	(b)	(b)
Postretirement Benefit Increase	(c)	(c)

(a) Varies by entry age and service.

(b) 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. Preretirement and Postretirement mortality rates include 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.

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

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.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 (Continued)

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:

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 (b)</u>	<u>Real Return Years 11+ (c)</u>
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	<u>100.00 %</u>		

(a) 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 Securities and Global Debt Securities

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 1% lower or 1% higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 4,691,317	\$ 1,594,709
Current discount rate	7.15%	7.15%
Net Pension Liability	\$ 3,044,896	\$ 960,975
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 1,684,510	\$ 440,936

Pension Plans Fiduciary Net Position

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

**3. Payable to the Pension Plans**

At June 30, 2021, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2021.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**D. Other Postemployment Health Care Benefits**

**1. Plan Description**

The District offers a single employer defined benefit health care plan (the Health Care Plan). The Health Care 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.

**2. Employees Covered**

As of measurement date June 30, 2020, 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	<u>36</u>
Total	<u><u>41</u></u>

**3. 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, 2020, the measurement period, the District paid \$136 per month for each retiree participating in the PEMHCA Plan from July 1, 2019, to December 31, 2019, and \$139 per month from January 1, 2020, to June 30, 2020. 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 \$11,080. Including the implicit rate subsidy of \$6,985 the District's total contributions to the Plan for the year ended June 30, 2020, the measurement period, were \$17,995. For the fiscal year ended June 30, 2021, the District contributed \$19,249 to the plan.



**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**D. Other Postemployment Health Care Benefits (Continued)**

**4. Total OPEB Liability**

The District's total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019 with standard actuarial update procedures from valuation date to the measurement date. A summary of the principal methods and assumptions of the July 1, 2019 valuation were based on a review of the plan experience during the period July 1, 2017 to June 30 2019 and were used to determine the total OPEB liability is shown below.

Actuarial Methods and Assumptions

Valuation Date	July 1, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age- Level Percent of Pay
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	2.45% (Municipal Bond 20-Year High Grade Rate Index)
Inflation	3.00%
Medical Cost Trend Rate	5.90% for 2020; 5.80% for 2021; and decreasing 0.1% per year to an ultimate rate of 5.0% for 2029 and later years
Mortality Rates	RP-2014 Employee Mortality Table
Salary Increases	3.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 2.45%. 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, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**D. Other Postemployment Health Care Benefits (Continued)**

**5. 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)	\$ 1,116,897
Changes in the Year:	
Service Cost	78,000
Interest on the Total OPEB Liability	37,121
Differences between Actual and Expected Experience	-
Changes in Assumptions	112,447
Changes in Benefit Terms	-
Benefit Payments	(17,995)
Administrative Expenses	-
Net Changes	209,573
Balance at June 30, 2019 (Measurement Date)	\$ 1,326,470

Change of Assumptions

The discount rate changed from 3.13% for the measurement period ended June 30, 2019, to 2.45% for the measurement period ended June 30, 2020, as a result of the change in the municipal bond 20-year high grade rate index.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

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

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**D. Other Postemployment Health Care Benefits (Continued)**

**5. Changes in the Total OPEB Liability (Continued)**

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

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

	1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
Total OPEB Liability	<u>\$ 1,524,064</u>	<u>\$ 1,326,470</u>	<u>\$ 1,166,235</u>

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

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

	1% Decrease (4.90%)	Current Healthcare Cost Trend Rate (5.90%)	1% Increase (6.90%)
Total OPEB Liability	<u>\$ 1,137,540</u>	<u>\$ 1,326,470</u>	<u>\$ 1,564,261</u>

**6. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the District recognized OPEB expense of \$115,149. At June 30, 2021, 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	\$ 19,249	\$ -
Differences between Actual and Expected Experience	-	(102,252)
Changes in Assumptions	111,597	-
Differences between Projected and Actual Earnings	-	-
Total	<u>\$ 130,846</u>	<u>\$ (102,252)</u>

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**D. Other Postemployment Health Care Benefits (Continued)**

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

The OPEB contributions of \$19,249 subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 28
2023	28
2024	28
2025	28
2026	7,390
Thereafter	1,843

**7. Payable to the OPEB Plan**

At June 30, 2021, the District had no outstanding amount of contributions to the OPEB Plan required for the year ended June 30, 2021.

**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, 2021, was \$185,050.

**F. Liability, Workers' Compensation, and Purchased Insurance**

**1. 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.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

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

**2. 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 sublimit 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.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

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

**2. Primary Self-Insurance Programs of the Authority (Continued)**

For 2020-21, 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.

**3. Purchased Insurance**

*Pollution Legal Liability Insurance* – The District participates in the pollution legal liability insurance program that is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the District. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the three-year period from July 1, 2017, through July 1, 2020. Each member of the Authority has a \$10 million sublimit during the three-year 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 2020-2021.

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**G. Blended Component Units**

The Corporation has been included as part of the District financial statements as a blended component unit. In accordance with GASB 61, the following summarized information as of June 30, 2021, for the Corporation is required:

	District Financial Statements	Corporation Financial Statements	Eliminating Activities	Combined District Financial Statements
<b>Condensed Statement of Net Position at June 30, 2021</b>				
<b>Assets</b>				
Current	\$ 13,465,585	\$ -	\$ -	\$ 13,465,585
Noncurrent	29,610,370	-	-	29,610,370
Total assets	<u>43,075,955</u>	<u>-</u>	<u>-</u>	<u>43,075,955</u>
Deferred outflow of resources	1,299,820	-	-	1,299,820
Total assets and deferred outflow of resources	<u>44,375,775</u>	<u>-</u>	<u>-</u>	<u>44,375,775</u>
<b>Liabilities</b>				
Current	2,717,993	-	-	2,717,993
Noncurrent	18,191,322	-	-	18,191,322
Total Liabilities	<u>20,909,315</u>	<u>-</u>	<u>-</u>	<u>20,909,315</u>
Deferred inflow of resources	203,809	-	-	203,809
Total liabilities and deferred inflow of resources	<u>21,113,124</u>	<u>-</u>	<u>-</u>	<u>21,113,124</u>
<b>Net position</b>				
Net investment in capital assets	15,831,519	-	-	15,831,519
Restricted	3,188,064	-	-	3,188,064
Unrestricted	4,243,068	-	-	4,243,068
Total net position	<u>23,262,651</u>	<u>-</u>	<u>-</u>	<u>23,262,651</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 44,375,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,375,775</u>
<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2021</b>				
Operating revenues	\$ 9,483,679	\$ -	\$ -	\$ 9,483,679
Operating expenses	9,545,719	-	-	9,545,719
Operating income (Loss)	<u>(62,040)</u>	<u>-</u>	<u>-</u>	<u>(62,040)</u>
<b>Nonoperating revenues(expenses)</b>				
Investment income	7,505	192,350	(192,350)	7,505
Interest expense	(498,737)	(192,350)	192,350	(498,737)
Property tax	1,477,536	-	-	1,477,536
Intergovernmental grants	396,866	-	-	396,866
Loss on disposition of capital assets	(83,325)	-	-	(83,325)
Debt issuance costs	(53,349)	-	-	(53,349)
Total nonoperating revenues	<u>1,246,496</u>	<u>-</u>	<u>-</u>	<u>1,246,496</u>
Change in net position	1,184,456	-	-	1,184,456
Beginning net position	22,078,195	-	-	22,078,195
Net position at end of year	<u>\$ 23,262,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,262,651</u>
<b>Condensed Statement of Cash Flows For the Year Ended June 30, 2021</b>				
<b>Net cash provided (used for)</b>				
Operating activities	\$ 1,316,862	\$ -	\$ -	\$ 1,316,862
Non-capital financing activities	1,519,643	(6,558,751)	6,558,751	1,519,643
Capital and related financing activities	(2,982,270)	-	-	(2,982,270)
Investing activities	<u>95,360</u>	<u>6,558,751</u>	<u>(6,558,751)</u>	<u>95,360</u>
Net increase (decrease) in cash and cash equivalents	(50,405)	-	-	(50,405)
Cash and cash equivalents, beginning	12,013,163	-	-	12,013,163
Cash and cash equivalents, end of year	<u>\$ 11,962,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,962,758</u>

**VENTURA PORT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**H. 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 \$122,300.

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 (COVID-19) 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.

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 2022.



**VENTURA PORT DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
CALPERS MISCELLANEOUS PENSION PLAN  
LAST TEN YEARS\***

	Fiscal Year Ended June 30,		
	2021	2020	2019
Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018
Plan's Proportion of the Net Pension Liability	0.72200%	0.07218%	0.07244%
Plan's Proportionate Share of the Net Pension Liability	\$ 3,044,896	\$ 2,890,368	\$ 2,730,230
Plan's Covered Payroll	\$ 1,913,579	\$ 1,650,654	\$ 1,694,729
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	159.12%	175.10%	161.10%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.39%	75.49%	75.26%

**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 seven years are shown.

**VENTURA PORT DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
CALPERS MISCELLANEOUS PENSION PLAN (CONTINUED)  
LAST TEN YEARS\***

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
Measurement Period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability	0.07264%	0.07326%	0.07579%	0.84260%
Plan's Proportionate Share of the Net Pension Liability	\$ 2,863,665	\$ 2,545,114	\$ 2,079,308	\$ 2,082,353
Plan's Covered Payroll	\$ 1,561,936	\$ 1,562,010	\$ 1,523,114	\$ 1,517,322
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	183.34%	162.94%	136.52%	137.24%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.31%	74.06%	78.40%	77.27%

**VENTURA PORT DISTRICT  
SCHEDULE OF PLAN CONTRIBUTIONS  
CALPERS MISCELLANEOUS PENSION PLAN  
LAST TEN YEARS\***

	Fiscal Year Ended June 30,		
	2021	2020	2019
Contractually Required Contribution (Actuarially Determined)	\$ 352,124	\$ 443,180	\$ 383,062
Contributions in Relation to the Actuarially Determined Contributions	<u>(352,124)</u>	<u>(443,180)</u>	<u>(383,062)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,712,036	\$ 1,913,579	\$ 1,650,654
Contributions as a Percentage of Covered Payroll	20.57%	23.16%	23.21%

**NOTES TO SCHEDULE**

Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016
Methods And Assumptions Used to Determine Contribution Rates:			
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	(a)	(a)	(a)
Asset Valuation Method	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.625%	2.75%
Salary Increases	(b)	(b)	(b)
Investment Rate of Return	7.15% (c)	7.25% (c)	7.375% (c)
Retirement Age	(d)	(d)	(d)
Mortality	(e)	(e)	(e)

- (a) Level Percentage of Payroll, Closed
- (b) Depending on Age, Service, and Type of Employment
- (c) Net of Pension Plan Investment Expense, including Inflation.
- (d) 50 for All Plans with the Exception of 52 for PEPR 2% @ 62
- (e) 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 seven years are shown.

**VENTURA PORT DISTRICT  
SCHEDULE OF PLAN CONTRIBUTIONS  
CALPERS MISCELLANEOUS PENSION PLAN (CONTINUED)  
LAST TEN YEARS\***

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 339,385	\$ 307,781	\$ 284,888	\$ 251,228
Contributions in Relation to the Actuarially Determined Contributions	<u>(339,385)</u>	<u>(307,781)</u>	<u>(284,888)</u>	<u>(251,228)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,694,729	\$ 1,561,936	\$ 1,562,010	\$ 1,523,114
Contributions as a Percentage of Covered Payroll	20.03%	19.71%	18.24%	16.49%

**NOTES TO SCHEDULE**

Valuation Date	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods And Assumptions Used to Determine Contribution Rates:				
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(a)	(a)	(a)	(a)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%
Salary Increases	(b)	(b)	(b)	(b)
Investment Rate of Return	7.50% (c)	7.50% (c)	7.50% (c)	7.50% (c)
Retirement Age	(d)	(d)	(d)	(d)
Mortality	(e)	(e)	(e)	(e)

**VENTURA PORT DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
CALPERS SAFETY PENSION PLAN  
LAST TEN YEARS\***

	Fiscal Year Ended June 30,		
	2021	2020	2019
Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018
Plan's Proportion of the Net Pension Liability	0.01422%	0.01344%	0.01285%
Plan's Proportionate Share of the Net Pension Liability	\$ 960,975	\$ 838,700	\$ 753,843
Plan's Covered Payroll	\$ 440,344	\$ 599,298	\$ 655,094
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	218.23%	139.95%	115.07%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.41%	80.72%	75.26%

**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 seven years are shown.

**VENTURA PORT DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
CALPERS SAFETY PENSION PLAN (CONTINUED)  
LAST TEN YEARS\***

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
Measurement Period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability	0.01261%	0.01232%	0.00969%	0.01593%
Plan's Proportionate Share of the Net Pension Liability	\$ 753,476	\$ 638,236	\$ 656,331	\$ 495,667
Plan's Covered Payroll	\$ 657,626	\$ 663,839	\$ 583,371	\$ 583,323
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	114.58%	96.14%	112.51%	84.97%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.31%	74.06%	78.40%	83.08%

**VENTURA PORT DISTRICT  
SCHEDULE OF PLAN CONTRIBUTIONS  
CALPERS SAFETY PENSION PLAN  
LAST TEN YEARS\***

	Fiscal Year Ended June 30,		
	2021	2020	2019
Contractually Required Contribution (Actuarially Determined)	\$ 162,714	\$ 146,486	\$ 122,967
Contributions in Relation to the Actuarially Determined Contributions	<u>(162,714)</u>	<u>(146,486)</u>	<u>(122,967)</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 697,338	\$ 440,344	\$ 599,298
Contributions as a Percentage of Covered Payroll	23.33%	33.27%	20.52%

**NOTES TO SCHEDULE**

Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016
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Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	(a)	(a)	(a)
Asset Valuation Method	Fair Value	Fair Value	Fair Value

Inflation	2.50%	2.625%	2.75%
Salary Increases	(b)	(b)	(b)
Investment Rate of Return	7.15% (c)	7.25% (c)	7.375% (c)
Retirement Age	(d)	(d)	(d)
Mortality	(e)	(e)	(e)

- (a) Level Percentage of Payroll, Closed
- (b) Depending on Age, Service, and Type of Employment
- (c) Net of Pension Plan Investment Expense, including Inflation
- (d) 50 for All Plans with the Exception of 52 for PEPRA 2% @ 62\*\*
- (e) 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 seven years are shown.

**VENTURA PORT DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS\***

	Fiscal Year Ended June 30,			
	2021	2020	2019	2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability:				
Service Cost	\$ 78,000	\$ 71,787	\$ 63,679	\$ 61,824
Interest on Total OPEB Liability	37,121	43,489	35,155	32,642
Differences between Expected and Actual Experience	-	(146,708)	(79,308)	-
Changes in Assumptions and Other Inputs	112,447	25,228	-	-
Benefit Payments, including Refunds and the Implied Subsidy Benefit Payments	(17,995)	(12,797)	(13,492)	(14,832)
Net Change in Total OPEB Liability	209,573	(19,001)	6,034	79,634
Total OPEB Liability - Beginning of Year	1,116,897	1,135,898	1,129,864	1,050,230
Total OPEB Liability - End of Year (A)	<u>\$ 1,326,470</u>	<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%	0.00%
Covered - Employee Payroll	\$ 2,570,218	\$ 2,313,172	\$ 2,196,212	\$ 2,052,394
Total OPEB Liability as Percentage of Covered - Employee Payroll	51.61%	48.28%	51.72%	55.05%

**NOTES TO SCHEDULE**

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From June 30, 2018, to June 30, 2019:

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

From June 30, 2019, to June 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.

From June 30, 2020, to June 30, 2021:

The discount rate utilized for June 30, 2020, was 3.13% as compared to 2.45% utilized for June 30, 2021.

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





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

Board of Port Commissioners  
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, 2021, and the related notes to the financial statements, which comprise the District's basic financial statements, and have issued our report thereon dated January 11, 2022.

**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) as a basis for designing 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.

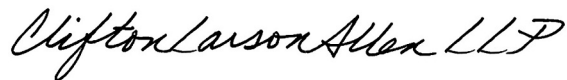
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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



**CliftonLarsonAllen LLP**

Irvine, California  
January 11, 2022

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