

*In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the County ("Bond Counsel"), under existing law, interest on the Bonds is exempt from personal income taxes imposed by the State of California. Interest on the Bonds is included in the gross income of the owners of the Bonds for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.*

**\$287,105,000**  
**Ventura County Public Financing Authority**  
**Lease Revenue Refunding Bonds**  
**Series 2020A**  
**(Federally Taxable)**

**Dated: Date of Delivery**

**Due: as shown on inside cover**

The proceeds of the sale of the \$287,105,000 Ventura County Public Financing Authority Lease Revenue Refunding Bonds, Series 2020A (Federally Taxable) (the "Bonds") will be used by the County of Ventura (the "County") to: (i) advance refund all of the Ventura County Public Financing Authority Lease Revenue Bonds Series 2013A, which are currently outstanding in the aggregate principal amount of \$266,380,000 and (ii) pay costs of issuance of the Bonds.

Interest on the Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2020. The Bonds are being issued as fully registered bonds and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The Bonds, if issued, will be issued in denominations of \$5,000 or any integral multiple thereof. DTC will act as securities depository of the Bonds. Individual purchases of Bonds will be made in book-entry form only. Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through DTC Participants. Purchasers will not receive physical delivery of the Bonds purchased by them. See "APPENDIX C – BOOK-ENTRY SYSTEM."

**The Bonds are subject to extraordinary, optional and mandatory redemption prior to their stated maturities, as described herein.** See "THE BONDS – Redemption" herein.

The Bonds are payable exclusively from Revenues and certain other funds pledged to the Bonds under the Indenture, dated as of June 1, 2020 (the "Indenture"), by and between the Ventura County Public Financing Authority (the "Authority") and U.S. Bank National Association, as trustee (the "Trustee"). Such Revenues primarily consist of Base Rental Payments to be made by the County under the Lease, as hereinafter described. Pursuant to the Lease the County will lease certain property herein described (the "Leased Property") from the Authority. The County is required under the Lease to make Base Rental Payments in each fiscal year in consideration for the use and possession of the Leased Property described in the Lease from any source of available funds in an amount sufficient to pay the annual principal and interest due on the Bonds, subject under certain circumstances to abatement, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "RISK FACTORS" herein.

No funds (other than the Revenues) of the Authority are pledged, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The principal of and interest on the Bonds, and any premium upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as provided in the Indenture. The obligation of the County to make Base Rental Payments or Additional Rental payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to make Base Rental Payments and Additional Rental payments does not constitute an indebtedness of the County, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

A debt service reserve fund will not be funded for the Bonds.

See "RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

**This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.**

The Bonds are offered when, as and if delivered to and received by the Underwriters, subject to the approving opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel and Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe, Irvine, California, and for the County and the Authority by County Counsel. It is anticipated that the Bonds will be available for delivery through the book-entry facilities of DTC on or about June 11, 2020.

**Goldman Sachs & Co. LLC**

**Citigroup**  
**J.P. Morgan**

**Raymond James**

Dated: June 3, 2020

## MATURITY SCHEDULE

**\$287,105,000**  
**Ventura County Public Financing Authority**  
**Lease Revenue Refunding Bonds**  
**Series 2020A**  
**(Federally Taxable)**

<b>Maturity Date (November 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>CUSIP NO.<sup>†</sup> (923078)</b>
2020	\$10,600,000	0.598%	CQ0
2021	9,925,000	0.698	CR8
2022	10,005,000	0.848	CS6
2023	10,100,000	1.048	CT4
2024	10,215,000	1.223	CU1
2025	10,345,000	1.323	CV9
2026	10,495,000	1.541	CW7
2027	10,665,000	1.741	CX5
2028	10,870,000	1.962	CY3
2029	11,100,000	2.162	CZ0
2030	11,345,000	2.312	DA4
2031	11,620,000	2.412	DB2
2032	11,905,000	2.512	DC0
2033	12,215,000	2.662	DD8
2034	12,555,000	2.712	DE6
2035	12,900,000	2.762	DF3
2036	13,260,000	2.812	DG1
2037	13,650,000	2.862	DH9
2038	14,050,000	2.912	DJ5

\$69,285,000 3.244% Term Bonds due November 1, 2043; – CUSIP<sup>†</sup>: 923078DK2

Price of all Bonds is 100%.

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the County, the Authority, the Underwriters or the Municipal Advisor and are included solely for the convenience of the holders of the Bonds. None of the County, the Authority, the Underwriters or the Municipal Advisor is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

The information set forth herein has been obtained from the County and other sources believed to be reliable. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. No dealer, broker, salesperson or any other person has been authorized by the County or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale of the Bonds made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the County or in any other information contained herein, since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information, and this Official Statement is not to be construed as the promise or guarantee of the Underwriters.

In connection with the offering of the Bonds, the Underwriters in connection with any reoffering may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters in connection with any reoffering may offer and sell the Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriters.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The County does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access ("EMMA") website. The County also maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

**COUNTY OF VENTURA  
BOARD OF SUPERVISORS**

Kelly Long (District 3), Chair  
Linda Parks (District 2), Vice-Chair  
Steve Bennett (District 1)  
Robert O. Huber (District 4)  
John C. Zaragoza (District 5)

**VENTURA COUNTY PUBLIC FINANCING AUTHORITY  
BOARD OF DIRECTORS**

Kelly Long, Chair  
Linda Parks, Vice-Chair  
Steve Bennett  
Robert O. Huber  
John C. Zaragoza

**COUNTY OFFICIALS**

Michael Powers, County Executive Officer  
Kaye Mand, County Chief Financial Officer  
Steven Hintz, Treasurer-Tax Collector  
Jeff Burgh, Auditor-Controller  
Dan Goodwin, Assessor  
Gregory D. Totten, District Attorney  
Mark A. Lunn, County Clerk-Recorder  
William Ayub, Sheriff  
Leroy Smith, County Counsel

**PROFESSIONAL SERVICES**

**Municipal Advisor**

KNN Public Finance, LLC  
Oakland, California

**Bond Counsel and Disclosure Counsel**

Norton Rose Fulbright US LLP  
Los Angeles, California

**Trustee**

U.S. Bank National Association  
Los Angeles, California

**Escrow Bank**

The Bank of New York Mellon Trust Company, N.A.  
Los Angeles, California

**Verification Agent**

Causey Demgen & Moore P.C.  
Denver, Colorado

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## **OFFICIAL STATEMENT**

**\$287,105,000**  
**Ventura County Public Financing Authority**  
**Lease Revenue Refunding Bonds**  
**Series 2020A**  
**(Federally Taxable)**

### **INTRODUCTION**

#### **General**

This Official Statement, including the cover page, the inside cover and appendices hereto, provides certain information concerning the issuance of the Bonds (as defined below). Capitalized terms not otherwise defined herein have the meanings given in the Indenture and the Lease (each as hereinafter defined). See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS.”

#### **The Bonds**

The proceeds of the sale of the \$287,105,000 Ventura County Public Financing Authority Lease Revenue Refunding Bonds, Series 2020A (Federally Taxable) (the “Bonds”) will be used by the County of Ventura (the “County”) to: (i) advance refund all of the \$302,060,000 aggregate principal amount of Ventura County Public Financing Authority Lease Revenue Bonds Series 2013A, which are currently outstanding in the aggregate principal amount of \$266,380,000 (the “2013A Bonds”) and (ii) pay costs of issuance of the Bonds. See “PLAN OF REFUNDING” herein.

The Bonds will be issued and secured pursuant to the Indenture, dated as of June 1, 2020 (the “Indenture”), by and between the Ventura County Public Financing Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”). Interest on the Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2020. The Bonds are being issued as fully registered bonds and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). The Bonds, if issued, will be issued in denominations of \$5,000 or any integral multiple thereof. DTC will act as securities depository of the Bonds. Individual purchases of Bonds will be made in book-entry form only. Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through DTC Participants. Purchasers will not receive physical delivery of the Bonds purchased by them. See “APPENDIX C – BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to extraordinary, optional and mandatory redemption prior to their stated maturities, as described herein. See “THE BONDS – Redemption” herein.

#### **Security for the Bonds**

The Bonds are payable from the Revenues pledged to the Bonds under the Indenture. “Revenues” means (i) all Base Rental Payments (including prepayments) paid or payable by the County pursuant to the Lease Agreement, dated as of June 1, 2020 (the “Lease”), by and between the Authority and the County and (ii) any insurance proceeds or condemnation awards received by or payable to the Trustee under the Lease and any amounts received by the Trustee as a result of or in connection with the Trustee’s pursuit of remedies under the Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Under a Site and Facility Lease, dated as of June 1, 2020 (the “Site Lease”), by and between the County and the Authority, the Authority has agreed to lease the Ventura County Medical Center (the “Leased Property”) from the County. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Leased Property” herein. Under the Lease, the Authority has agreed to lease the Leased Property back to the County in consideration for the Base Rental Payments to be made under the Lease. Under the Assignment Agreement, dated as of June 1, 2020 (the “Assignment Agreement”), between the Authority and the Trustee, the Authority has assigned without recourse all of its rights to receive Base Rental Payments under the Lease and certain other rights to the Trustee.

In addition to Base Rental Payments, the County has agreed under the Lease to pay Additional Rental (as defined herein) in such amounts in each year as shall be required for the payment of all costs and expenses (not otherwise paid for or provided for out of the proceeds of sale of the Bonds) incurred by the Authority or the Trustee in connection with the execution, performance or enforcement of the Lease or the assignment thereof, the Indenture, or the Authority’s or the Trustee’s interest in the Leased Property under the Lease.

### **County of Ventura**

The County was incorporated as a general law county on March 22, 1872, with the City of Ventura (legally San Buenaventura) as the County seat. A five-member Board of Supervisors (“Board of Supervisors”) elected to four-year terms serves as the legislative body. Also elected are the Assessor, the Auditor-Controller, the Clerk-Recorder, the District Attorney, the Sheriff, and the Treasurer-Tax Collector. A County Executive Officer appointed by the Board of Supervisors runs the day-to-day business affairs of the County. The County covers approximately 1,873 square miles. It is bounded on the northwest by Santa Barbara County, on the north by Kern County, on the east and south by Los Angeles County, and on the southwest by 42 miles of Pacific Ocean shoreline. As of January 1, 2020, the estimated population of the County is 842,886. The County’s adopted General Fund budget for Fiscal Year 2019-20 is \$1,143,126,096. See “THE COUNTY” and “COUNTY FINANCIAL INFORMATION” herein.

### **Continuing Disclosure**

The County will undertake, pursuant to a Continuing Disclosure Agreement, dated the date of delivery of the Bonds, by and between the County and the Trustee (the “Continuing Disclosure Agreement”), to provide certain annual financial information and notices of the occurrence of certain enumerated events. See “CONTINUING DISCLOSURE” herein and “APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT.”

### **Legal Documents**

Summaries of certain provisions contained in the Site Lease, the Lease, the Assignment Agreement and the Indenture which are not summarized elsewhere in this Official Statement appear in “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS” herein. Reference is made to such documents, copies of which may be obtained from the Trustee, for the complete text thereof.

### **Additional Information**

Additional information regarding this Official Statement may be obtained from the County of Ventura, County Executive Office, 800 South Victoria Avenue, #1940, Ventura, California 93009; (805) 654-3531.

## **PLAN OF REFUNDING**

The Bonds are being issued to provide funds, together with certain other available moneys, to (i) advance refund all of the outstanding 2013A Bonds, which are currently outstanding in the aggregate principal amount of \$266,380,000 (the “Refunded 2013A Bonds”); and (ii) pay costs of issuance of the Bonds.

The 2013A Bonds were issued by the Authority on March 7, 2013 in the aggregate principal amount of \$302,060,000, pursuant to an indenture, dated as of February 1, 2013 (the “2013 Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The 2013A Bonds were issued primarily for the purpose of financing certain improvements to the Ventura County Medical Center and retiring certain of the Authority’s Lease Revenue Tax-Exempt Commercial Paper Notes. Concurrently with the delivery of the Bonds, a portion of the proceeds thereof will be irrevocably deposited into an escrow fund (the “Escrow Fund”) created pursuant to the Escrow Agreement, dated as of June 1, 2020 (the “Escrow Agreement”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., acting as escrow agent (the “Escrow Agent”) under the Escrow Agreement. Such Bond proceeds, together with other funds held under the 2013 Indenture, will be applied to the purchase of Defeasance Securities (as defined under the 2013 Indenture).

Causey Demgen & Moore P.C., as verification agent (the “Verification Agent”) will verify the computations concluding that moneys and Defeasance Securities deposited in the Escrow Fund will together produce sufficient funds to provide for the payment of principal and interest coming due on the Refunded 2013A Bonds on and prior to the date of redemption thereof and to redeem on November 1, 2022, the Refunded 2013A Bonds maturing after such date, at a redemption price equal to 100% of the principal amount of the Refunded 2013A Bonds to be redeemed. Upon such irrevocable deposit, the Refunded 2013A Bonds will be defeased, and the holders of the Refunded 2013A Bonds will be entitled to payment solely out of the moneys and Defeasance Securities deposited in the Escrow Fund. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

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The following table details the maturity dates and principal amounts of the Refunded 2013A Bonds to be refunded by the Bonds.

#### Refunded 2013A Bonds

Maturity Date (November 1)	Principal Amount Outstanding	Interest Rate	Date of Payment or Redemption	CUSIP (923078)
2020	\$5,980,000	5.00%	11/01/20	AH2
2021	6,285,000	5.00	11/01/21	AJ8
2022	6,610,000	5.00	11/01/22	AK5
2023	6,950,000	5.00	11/01/22	AL3
2024	7,305,000	5.00	11/01/22	AM1
2025	7,680,000	5.00	11/01/22	AN9
2026	8,075,000	5.00	11/01/22	AP4
2027	8,485,000	5.00	11/01/22	AQ2
2028	5,160,000	4.50	11/01/22	AR0
2028	3,750,000	5.00	11/01/22	BB4
2029	9,355,000	5.00	11/01/22	AS8
2030	9,830,000	5.00	11/01/22	AT6
2031	5,310,000	4.00	11/01/22	AW9
2031	5,000,000	5.00	11/01/22	BC2
2032	5,780,000	4.00	11/01/22	AX7
2032	5,000,000	5.00	11/01/22	BD0
2033	5,275,000	4.00	11/01/22	AU3
2033	6,000,000	5.00	11/01/22	AY5
2038 <sup>(1)</sup>	65,530,000	5.00	11/01/22	AZ2
2043 <sup>(1)</sup>	43,035,000	4.00	11/01/22	AV1
2043 <sup>(1)</sup>	<u>39,985,000</u>	5.00	11/01/22	BA6
TOTAL	\$266,380,000			

<sup>(1)</sup> Term Bond.

#### ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds relating to the Bonds are as follows:

##### SOURCES:

Principal Amount	\$287,105,000.00
Release of Amounts Held Under 2013 Indenture	<u>9,907,234.61</u>
Total:	\$297,012,234.61

##### USES:

Escrow Fund	\$295,808,465.89
Costs of Issuance Account <sup>(1)</sup>	713,037.25
Underwriters' Discount	<u>490,731.47</u>
Total:	\$297,012,234.61

<sup>(1)</sup> Costs of issuance include rating agency fees, Trustee fees, fees and expenses of Bond Counsel, Disclosure Counsel, the Municipal Advisor and Trustee's Counsel, verification agent fees, printing fees and other costs relating to the issuance of the Bonds.

## THE BONDS

### General

The Bonds will be dated their date of delivery and issued in the principal amounts and bear interest at the rates per annum and mature on the dates set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year (each an “Interest Payment Date”), commencing November 1, 2020. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is executed during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to the Record Date for the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if, at the time of authentication of any Bond interest with respect to such Bond is in default, such Bond shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Bond. “Record Date” means, with respect to any Interest Payment Date, the 15th day of the month immediately prior to such Interest Payment Date, whether or not such day is a Business Day. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

Interest with respect to any Bond shall be payable in lawful money of the United States of America on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date, such interest to be paid by check of the Trustee, mailed by first class mail no later than the Interest Payment Date to the Owner at his address as it appears, on such Record Date, on the Registration Books maintained by the Trustee.

The Bonds are being issued as fully registered bonds and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of DTC. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Individual purchases of Bonds will be made in book-entry form only. Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through DTC Participants. Purchasers will not receive physical delivery of the Bonds purchased by them. See “APPENDIX D – BOOK-ENTRY SYSTEM.”

### Redemption

***Extraordinary Redemption.*** The Bonds are subject to redemption prior to their respective maturity dates as a whole or in part on any date, from prepayments of Base Rental Payments made by the County pursuant to the Lease from funds received by the County due to a taking of the Leased Property or any portion thereof under the power of eminent domain or from insurance proceeds received by the County due to damage to, destruction of or title defect with respect to, the Leased Property or any portion thereof, under the circumstances and upon the conditions and terms prescribed in the Indenture and in the Lease. Redemption of Bonds pursuant to extraordinary redemption shall be made at a redemption price equal to the sum of the principal of the Bonds to be redeemed plus accrued but unpaid interest thereon to the date fixed for redemption, without premium.

***Optional Redemption of Bonds at Make Whole Redemption Price.*** The Bonds shall be subject to redemption prior to their respective maturity dates, at the option of the County and at the written direction of the Authority to the Trustee at least forty-five (45) days (or such lesser number of days acceptable to the Trustee, in its sole discretion) prior to the date fixed for redemption, in whole or in part in integral multiples of \$5,000, on any date on or prior to November 1, 2030, from funds provided by the County for such purpose, at the “Make-Whole Redemption Price” for such Bonds to be redeemed as determined by the Designated Investment Banker, equal to the greater of (i) the issue price as shown on the inside cover page of the Official Statement (but not less than 100% of the principal amount of the Bonds to be redeemed), or (ii) an amount equal to the sum of the present values of the remaining

scheduled payments of principal and interest on the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the “Treasury Rate” plus 25 basis points, plus accrued and unpaid interest on the Bonds to be redeemed on the redemption date.

***Optional Redemption at Par from Prepayments of Base Rental Payments.*** The Bonds maturing on or after November 1, 2031 shall be subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after November 1, 2030, at the option of the County and at the written direction of the Authority to the Trustee at least forty-five (45) days (or such lesser number of days acceptable to the Trustee, in its sole discretion) prior to the date fixed for redemption, from prepayments of Base Rental Payments made at the option of the County pursuant to the Lease, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

***Mandatory Sinking Account Redemption.*** The Bonds maturing on November 1, 2043 are subject to mandatory redemption, in part by lot, from sinking account payments set forth in the following schedule commencing November 1, 2039, and on November 1 in each year thereafter to and including November 1, 2043 at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

<b>Redemption Date (November 1)</b>	<b>Principal Amount To be Redeemed</b>
2039	\$14,490,000
2040	14,965,000
2041	15,460,000
2042	15,970,000
2043*	8,400,000

\* Maturity.

### **Selection of Bonds for Redemption**

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds to be redeemed from all Bonds not previously called for redemption, on a pro rata basis among maturities and by lot within a maturity, and, in the case of extraordinary or optional redemption, from such maturities as are designated at the option of the County and upon a written notice filed by the Authority with the Trustee. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 portions and such portions will be treated as separate Bonds, which may be separately redeemed.

If, at the time of a redemption of less than all of the Bonds of a maturity, the Bonds of such maturity are registered in book-entry only form and the Securities Depository, or its nominee, is the sole Owner of such Bonds, the Bonds of such maturity will be redeemed on a “Pro-Rata Pass-Through Distribution of Principal” basis in accordance with the Securities Depository’s procedures; provided, however, that such redemption will be made in accordance with the operational arrangements of the Securities Depository then in effect. The underwriters of the Bonds have advised the County that the Bonds will be made eligible, in the case of a partial redemption of a maturity thereof, to be treated by the Securities Depository in accordance with its rules and procedures, as a “pro rata pass-through distribution of principal.” The Trustee will send notice to the Securities Depository in accordance with such rules and procedures to effect a pro rata reduction of principal of the applicable Bonds to accomplish partial redemptions of the Bonds through a pass-through distribution of principal. In connection with each such redemption, the Trustee will include in the notice of redemption sent by the Trustee pursuant to the

Indenture the dollar amount per \$1,000 principal amount payable on account of principal and accrued interest to effect a pro rata reduction through a pass-through distribution of principal on the related redemption date. The Securities Depository shall be responsible for distributing the principal and accrued interest among its direct participants, as applicable, pro rata in accordance with its rules and procedures for a pro rata pass-through distribution of principal based upon the beneficial interest in the Bonds being redeemed that the Securities Depository's records list as owned by each direct participant of the Securities Depository as of the record date for such payment. Any failure of the Trustee to make such selection or of the Securities Depository or its participants or any other intermediary, to make such selection or proportional allocation, for whatever reason, will not affect the sufficiency or the validity of the redemption of the Bonds.

If, at the time of a redemption of less than all of the Bonds of a maturity, the Bonds of such maturity are registered in book-entry only form and the Securities Depository, or its nominee, is the sole Owner of such Bonds, but the Securities Depository's operational arrangements do not allow for allocation of such redemption on a pro rata pass-through distribution of principal basis, the portion of the Bonds of such maturity to be redeemed will be selected in accordance with the Securities Depository's then existing rules and procedures and may be by lot.

If, at the time of a redemption of less than all of the Bonds of a maturity the Bonds of such maturity are not then in book-entry form, the Trustee will select such Bonds for redemption by lot in any manner that the Trustee in its sole discretion deems appropriate.

### **Notice of Redemption**

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Such notice shall further state, if so determined by the Authority, that such notice may be rescinded at any time prior to the redemption date. Any such notice given pursuant to the Indenture may be rescinded at any time prior to the redemption date by written notice given to the Trustee by the Authority and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given pursuant to the Indenture. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

## **SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**

### **General**

The Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent provided in the Indenture) of all of the Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Rebate Fund), including all of the moneys in the Interest Account and the Principal Account, and all amounts derived from the investment of such amounts on deposit in such funds. The Bonds shall be equally secured by a pledge, charge and lien upon the Revenues and such amounts on deposit in such funds and accounts without priority for number, date of the Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any portion thereof shall be and are secured by an exclusive pledge, charge and lien upon the Revenues and such amounts on deposit. So long as any of the Bonds are Outstanding, the Revenues and such amounts on deposit shall not be used for any other purpose; except that out of the Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

Under the Site Lease, the Authority has agreed to lease the Leased Property from the County. Under the Lease, the Authority has agreed to lease such Leased Property back to the County in consideration for the Base Rental Payments. Under the Assignment Agreement, the Authority has assigned without recourse all of its rights to receive Base Rental Payments under the Lease and certain other rights to the Trustee.

In addition to Base Rental Payments, the County has agreed under the Lease to pay additional rental in such amounts in each year as shall be required for the payment of all costs and expenses (not otherwise paid for or provided for out of the proceeds of sale of the Bonds) incurred by the Authority or the Trustee in connection with the execution, performance or enforcement of the Lease or the assignment thereof, the Indenture, or the Authority's or the Trustee's interest in the Leased Property, including, but not limited to, all fees, costs and expenses, all administrative costs of the Authority relating to the Leased Property (including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture), fees of auditors, accountants, attorneys or engineers, and all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the Bonds or of the Indenture ("Additional Rental").

The County has agreed, in the Lease, to take such action as may be necessary to include all Base Rental Payments and Additional Rental due under the Lease in its annual budget and to make the necessary annual appropriations for all such Base Rental Payments and Additional Rental, subject only to abatement as provided in the Lease. On or before each April 26 and October 27 the County shall pay to the Trustee the Base Rental Payments coming due on the next succeeding May 1 and November 1, respectively.

### **Leased Property**

The "Leased Property" consists of certain real property, namely the Ventura County Medical Center campus (the "Campus") and certain facilities located thereon, including the Ventura County Medical Center (the "VCMC"). The VCMC is located at 300 Hillmont Avenue, on the northeast corner of Hillmont Avenue and Loma Vista Road in Ventura, California. The VCMC Campus encompasses the VCMC, the Ventura County Medical Examiner facility, the Crisis Residential Treatment facility, a 5-story Clinic, certain County Public Health Department buildings and related parking areas. See "COUNTY FINANCIAL INFORMATION – Ventura County Medical Center" herein.



The VCMC is made up of two wings or towers, the North Tower and the South Tower.

The 248,746 square-foot North Tower (also known as VCMC Replacement Wing), completed in June 2017 at a cost of over \$300 million, replaced parts of the hospital that were built in the 1950's and as far back as 1919. The North Tower wing includes 128 private patient rooms, state-of-the-art operating rooms, labor and delivery rooms, radiology, intensive care and a pediatric unit that includes an outdoor playground, in addition to an emergency department which is designated as a trauma care center. The first floor includes three intensive care units, one medical/surgery unit with Telemetry, the main pharmacy and the emergency department. The second floor includes labor and delivery, postpartum, neonatal intensive care unit, pediatrics and the pediatric intensive care unit. The third and fourth floors include additional medical/surgery units. The North Tower is seismically compliant and has been designated as a Leadership in Energy and Environmental Design-certified (LEED) hospital.

The South Tower (also known as the Fainer Wing), measures 43,295 square feet and was built in 1984. The County's Five-Year Capital Improvement Plan includes significant upgrades to three floors of the Fainer Wing estimated to cost \$15-20 million (to be funded with prior bond proceeds). VCMC also includes a mental health center, medical laboratories, cafeteria, kitchen and various mechanical buildings.

The Campus also includes the five-story Academic Family Medicine Center (the "Clinic"), built in 2010 measuring 51,945 square feet. The Clinic is the continuity clinic of VCMC's Family Medicine Residency Program. An urgent care is located on the building's first floor to provide same-day access for patients.

**Ventura County  
Medical Center**

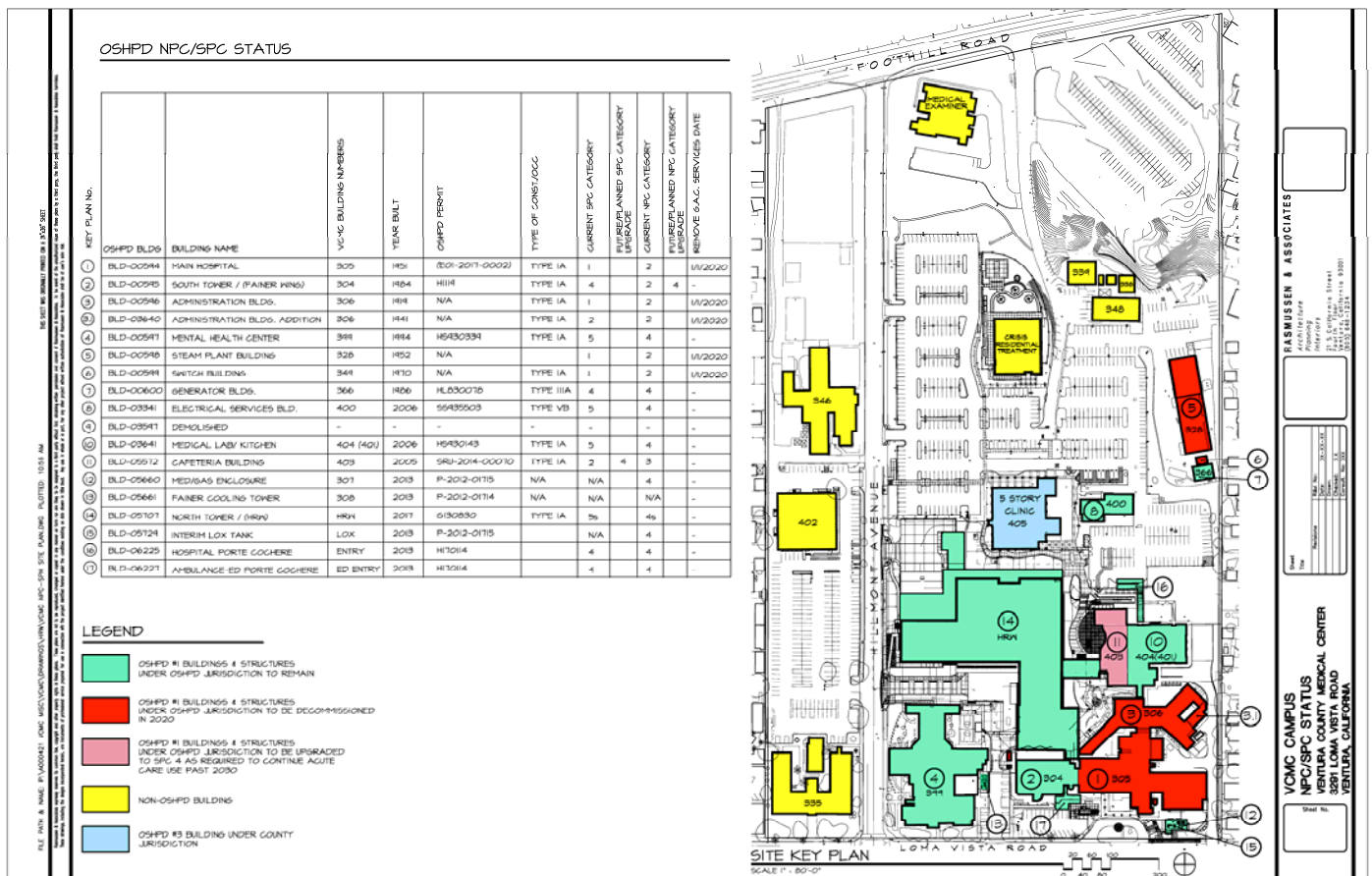


## Academic Family Medicine Center (Clinic)



The County estimates the insured replacement value of the North Tower (Replacement Wing), South Tower (Fainer Wing) and the Clinic is cumulatively \$319,930,016 for those specific buildings. For a discussion of the insurance coverage on the Leased Property required under the Lease, see “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS –Insurance Coverages” below.

## Ventura County Medical Center Campus



## Abatement of Base Rental Payments

The obligation of the County to pay Base Rental Payments and Additional Rental payments (collectively, the “Rental Payments”) will be abated during any period in which by reason of any damage, destruction, condemnation or title defect there is substantial interference with the use by the County of the Leased Property or any portion thereof. Vacating the Leased Property by virtue of governmental orders relating to the COVID-19 Pandemic (as defined herein) does **not** constitute abatement. Such abatement

shall be in an amount such that the resulting Rental Payments in any year during which such interference continues does not exceed the fair rental value of the portions of the Leased Property as to which such damage, destruction, taking or title defect do not substantially interfere with the County's use and right of possession, as evidenced by a Certificate of the County. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Leased Property, ending with the substantial completion of the work of repair or replacement of the Leased Property, or the portion thereof so damaged or destroyed, and the term of the Lease will be extended as provided therein. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments will not be abated as provided above but, rather, will be payable by the County as a special obligation payable solely from said funds and accounts. See "RISK FACTORS – Abatement."

### **Issuance of Additional Bonds**

In addition to the Bonds, the Authority and the Trustee may by execution of a Supplemental Indenture, without the consent of the Owners, provide for the issuance and delivery of Additional Bonds in one or more series. The proceeds of such Additional Bonds may be used for any purpose, including for the purpose of refunding Outstanding Bonds. Such Additional Bonds may only be issued upon compliance by the Authority with the conditions precedent specified in the Indenture. See APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – The Indenture." In addition, the County may issue or incur other obligations payable from the County's General Fund. See "RISK FACTORS – No Limitation on Incurring Additional Obligations" herein.

### **Maintenance, Utilities, Taxes and Assessments**

During such time as the County or any assignee or sublessee thereof is in possession of the Leased Property, all maintenance and repair, ordinary or extraordinary, of the Leased Property shall be the responsibility of the County, and the County shall pay for or otherwise arrange for the payment of (a) all utility services supplied to the Leased Property, (b) the cost of operation of the Leased Property, and (c) the costs of maintenance of and repair to the Leased Property resulting from ordinary wear and tear or want of care on the part of the County. The County shall at the County's sole cost and expense keep and maintain the Leased Property clean and in a safe and good condition and repair. The Authority has no obligation to alter, remodel, improve, repair, decorate, or paint the Leased Property or any part thereof. The County shall comply with all statutes, ordinances, regulations, and other requirements of all governmental entities that pertain to the occupancy or use of the Leased Property. The Authority has no responsibility or obligation whatsoever to construct any improvements, modifications or alterations to the Leased Property.

The Authority and the County contemplate that the Leased Property will be used for public purposes by the County and, therefore, that the Leased Property will continue to be exempt from all taxes presently assessed and levied with respect to real and personal property. If the use, possession or acquisition by the Authority or the County of the Leased Property is found to be subject to taxation in any form, the County will pay during the term of the Lease, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property and any other property acquired by the County in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Leased Property; provided, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are accrued during such time as the Lease is in effect.

## **Insurance Coverages**

The County will secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility or through a program of self-insurance or through the CSAC Excess Insurance Authority (“CSAC-EIA”), a California joint powers authority, to the extent specifically permitted in the Lease, all coverage on the Leased Property required by the Lease. In particular, the County will secure and maintain or cause to be secured and maintained rental interruption insurance in an amount not less than the maximum remaining scheduled Base Rental Payments in any 24 month period, by a commercial insurance provider, to insure against loss of use of the Leased Property caused by perils covered by the insurance required in the casualty insurance provisions of the Lease. Rental interruption insurance does not cover governmental orders to vacate the Leased Premises due to the COVID-19 Pandemic. See the caption “RISK FACTORS—COVID-19 (Coronavirus) Pandemic.” Such insurance may be maintained as part of or in conjunction with any other rental interruption insurance carried by the County and must list the Trustee as a loss payee. The Net Insurance Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Revenue Fund, and shall be credited toward the payment of the Base Rental Payments in the order in which such Lease Payments come due and payable. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – The Lease – *Insurance*” and “RISK FACTORS – Abatement” herein.

The County carries insurance for high value and special occupancy building loss attributable to earthquake damage with 100% coverage of County building value. Deductibles range from 2-5% subject to the current status of the shared risk pool. Under the Lease, the County is obligated to maintain earthquake insurance on the Leased Property only if and to the extent such coverage is available from reputable insurers at commercially reasonable rates, in the judgment of the County. See “RISK FACTORS – Risk of Uninsured Loss” and “– Earthquake and Seismic Conditions” herein and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – The Lease.”

## **Substitution and Release of Property**

Pursuant to the Lease, the County shall have, so long as the Lease is in effect, the option at any time and from time to time, to substitute other real property and/or improvements for any portion of the Leased Property related to such Lease or release any identifiable real property and/or improvements constituting such Leased Property; provided, that the County satisfies certain requirements set forth in the Lease. See “RISK FACTORS – Substitution and Release of Property” and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – The Lease.”

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## DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements which corresponds to the payments of principal and interest with respect to the Bonds and assumes no optional or extraordinary mandatory prepayments.

Bond Year Ending <u>November 1</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>
2020	\$ 10,600,000.00	\$ 2,593,756.12	\$ 13,193,756.12
2021	9,925,000.00	6,606,270.60	16,531,270.60
2022	10,005,000.00	6,536,994.10	16,541,994.10
2023	10,100,000.00	6,452,151.70	16,552,151.70
2024	10,215,000.00	6,346,303.70	16,561,303.70
2025	10,345,000.00	6,221,374.26	16,566,374.26
2026	10,495,000.00	6,084,509.90	16,579,509.90
2027	10,665,000.00	5,922,781.96	16,587,781.96
2028	10,870,000.00	5,737,104.30	16,607,104.30
2029	11,100,000.00	5,523,834.90	16,623,834.90
2030	11,345,000.00	5,283,852.90	16,628,852.90
2031	11,620,000.00	5,021,556.50	16,641,556.50
2032	11,905,000.00	4,741,282.10	16,646,282.10
2033	12,215,000.00	4,442,228.50	16,657,228.50
2034	12,555,000.00	4,117,065.20	16,672,065.20
2035	12,900,000.00	3,776,573.60	16,676,573.60
2036	13,260,000.00	3,420,275.60	16,680,275.60
2037	13,650,000.00	3,047,404.40	16,697,404.40
2038	14,050,000.00	2,656,741.40	16,706,741.40
2039	14,490,000.00	2,247,605.40	16,737,605.40
2040	14,965,000.00	1,777,549.80	16,742,549.80
2041	15,460,000.00	1,292,085.20	16,752,085.20
2042	15,970,000.00	790,562.80	16,760,562.80
2043	<u>8,400,000.00</u>	<u>272,496.00</u>	<u>8,672,496.00</u>
Total	<u>\$287,105,000.00</u>	<u>\$100,912,360.94</u>	<u>\$388,017,360.94</u>

## RISK FACTORS

*Purchase of the Bonds will constitute an investment subject to certain risks, including the risk of nonpayment of principal and interest. Before purchasing any of the Bonds, prospective investors should carefully consider, among other things, the risk factors described below. However, the following is not meant to be an exhaustive listing of all the risks associated with the purchase of the Bonds. Moreover, the order of presentation of the risk factors does not necessarily reflect the order of their importance.*

### **Substitution and Release of Property**

Pursuant to the Lease, the County will have, so long as the Lease is in effect, the option at any time and from time to time, to substitute other real property and/or improvements for any portion of the Leased Property under the related Lease or release any identifiable real property and/or improvements constituting the Leased Property; provided, that the County satisfies certain requirements set forth in the Lease. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Leased Property” herein

and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – The Lease.”

### **Bonds are Special Obligations**

The Indenture provides that the Bonds will be special obligations of the Authority, payable exclusively from the Revenues and other funds as is provided in the Indenture. No funds (other than the Revenues) of the Authority are pledged, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The principal of and interest on the Bonds, and any premium upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as provided in the Indenture. The obligation of the County to make Base Rental Payments or Additional Rental payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to make Base Rental Payments and Additional Rental payments does not constitute an indebtedness of the County, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

### **Abatement**

In the event of the loss of, damage to or destruction or condemnation of, or title defect with respect to the Leased Property that causes substantial interference with the use by the County of the Leased Property or any portion thereof, the County’s obligation to make the Base Rental Payments due under the Lease will be abated and, notwithstanding: (i) the provisions of the Lease specifying the extent of such abatement and (ii) rental interruption insurance covering loss of use of the Leased Property in an amount adequate to cover 24 months of Base Rental Payments, the resulting Base Rental Payments (and such other funds) may not be sufficient to pay all of the remaining principal and interest due with respect to the Bonds. Rental interruption insurance does not cover vacating the Leased Property due to the governmental orders relating to COVID-19 Pandemic. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – The Lease – *Abatement of Rental.*”

### **Risk of Uninsured Loss**

The County covenants under the Lease to maintain certain insurance policies on the Leased Property. These insurance policies do not cover all types of risk. For example, each Lease requires earthquake insurance to be obtained and maintained only if and to the extent such coverage is available from reputable insurers at commercially reasonable rates, in the judgment of the County. Thus, the Leased Property could be damaged or destroyed due to earthquake or other casualty for which the Leased Property lacks insurance. See “RISK FACTORS – Earthquake and Seismic Conditions” herein. Additionally, the Leased Property could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Base Rental Payments could occur and could continue indefinitely. In cases where the casualty is covered by insurance, there can be no assurance that the County’s insurance carriers will in all events be able or willing to make payments under their respective policies should a claim be made. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of the Leased Property will be sufficient to repair or replace the Leased Property or to redeem the Bonds.

Certain of the County’s insurance policies provide for deductibles that vary according to insured peril (for example, deductibles for earthquake coverage are 5% of total value per unit per occurrence). Should the County be required to meet such deductible expenses, the availability of General Fund revenues to make Base Rental Payments may be correspondingly affected.

## **No Debt Service Reserve**

The Authority has not undertaken to fund any debt service reserve to secure the payment of debt service on the Bonds.

## **No Limitation on Incurring Additional Obligations**

Neither the Lease nor the Indenture contains any limitations on the ability of the County to enter into other obligations that may constitute additional claims against its General Fund revenues. To the extent that the County incurs additional obligations, the funds available to make Base Rental Payments may be decreased. The County is currently liable on other obligations payable from General Fund revenues. See “COUNTY FINANCIAL INFORMATION – County General Fund Obligations” herein.

## **Risk of Sea Level Changes and Flooding**

In the event the Leased Property cannot be repaired during the period of time that proceeds of the County’s rental interruption insurance will be available in lieu of Base Rental Payments for a period of two years plus the period for which funds are available from debt service reserves or surety at the levels provided in each of the legal documents associated with the Bonds, or in the event that casualty insurance proceeds are insufficient to provide for complete repair of the Leased Property, there could be insufficient funds to cover payments to Bond owners in full.

The County is unable to determine what effect, if any, the above information or actual rise in sea level may have on the investment value of the Bonds.

Since November 2016, the County of Ventura Resource Management Agency Planning Division (“Planning Division”) has been engaged in sea level rise planning efforts.

Titled *VC Resilient Coastal Adaptation Project*, Phase 1 activities include the preparation of a Sea Level Rise Vulnerability Assessment Report and Map Atlas, an Adaptation Strategies Report, preliminary draft Coastal Area Plan sea level rise policies and programs, a series of public workshops in the community, and work sessions before the Ventura County Planning Commission and the Board of Supervisors.

Findings from the Vulnerability Assessment Report show that much of the existing environment along the County’s coast is vulnerable, including both public and private properties. Specific local impacts are identified in this report. Potential adaptation strategies that could reduce the currently predicted impacts are described in the Adaptation Strategies Report.

Currently, the Planning Division is working on Phase 2 of the VC Resilient Project, which would further analyze, adopt and certify the preliminary draft sea level rise policies and programs, host additional stakeholder meetings, and public hearings with the Planning Commission, Board, and California Coastal Commission.

## **Wildfires**

In December of 2017, the Governor declared a state of emergency in the County in connection with the Thomas Fire. Approximately 282,000 acres throughout the County and Santa Barbara County were burned due to the Thomas Fire, resulting in approximately 1,060 structures being destroyed and approximately 280 structures being damaged. County-wide property tax losses (current secured) across all taxing entities attributable to the Thomas Fire were \$1.5 million for Fiscal Year 2017-18 and were estimated to be \$2.5 million for Fiscal Year 2018-19. The impact of property tax losses (current secured) on the County General Fund revenue was estimated at \$250,000 for Fiscal Year 2017-18 and \$500,000 for Fiscal Year 2018-19. In February 2019, the County General Fund received \$266,500 for Fiscal Year



2017-18 and \$511,900 for Fiscal Year 2018-19 from the State to backfill the property tax losses. In November of 2018, the Hill and Woolsey Fires burned over 100,000 acres in the County and Los Angeles County. In the County, a total of 185 structures were destructed and 116 structures were damaged. There was no damage to any County facilities. The impact of property tax losses (current secured) to the County General Fund revenue was estimated at \$126,000 for Fiscal Year 2018-19 and \$249,400 for Fiscal Year 2019-20. In December 2019 the County General Fund received \$122,000 for Fiscal Year 2018-19 from the State.

While a wildfire event is possible and could have significant impacts on County property and in unincorporated areas, the County is unable to determine what effect wildfire may have on the investment value of the Bonds.

### **Hazardous Substances**

The public works activities of the County may, from time to time, result in the use of hazardous substances on the facilities owned and operated by the County, including, but not limited, to the Leased Property. Accordingly, it is possible that spills, discharges or other adverse environmental consequences of such use in the future could cause an adverse effect on the fair rental value of the Leased Property and lead, in an extreme case, to abatement, in whole or in part, of Base Rental Payments. See “RISK FACTORS – Abatement” above.

### **COVID-19 (Coronavirus) Pandemic**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and California. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 4, 2020, the Governor of California (the “Governor”) proclaimed a state of emergency in California as a result of the threat of COVID-19. Under the California Emergency Services Act, during a state of emergency, the Governor has authority over all agencies of the state government and can exercise the State’s police powers. His powers also include the power to promulgate, issue, and enforce orders and regulations as he deems necessary.

Since declaring the emergency, the Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include his March 19, 2020 Executive Order N-33-20, which orders all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of certain critical infrastructure sectors, as described in that order and later designations.

On March 12, 2020, the County Health Officer declared a local health emergency; on March 17, 2020, the County Board of Supervisors ratified the local health emergency and declared a local emergency. On March 17, 2020, March 20, 2020, March 31, 2020, April 9, 2020, and April 20, 2020, the County Health Officer issued “stay-well-at-home” orders; on May 7, 2020, the County Health Officer issued an order entitled, “Stay Well VC – Safely Reopening Ventura County,” which revoked and replaced the prior stay-well-at-home orders. These orders apply to the County, as do similar orders for many of California’s major metropolitan areas. On May 20, 2020, the County received approval from the California Department of Public Health to move forward on an accelerated Stage 2 path to reopening. With this approval, County restaurants can now offer dine-in options, and all retail businesses with



exterior facing entrances are permitted to have customers inside of their stores. As of May 22, 2020, nearly 3,700 businesses in the County have registered to reopen.

Many of these federal, State and local actions are focused on “social distancing,” or limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and impacts enterprise operations and the economy.

The Governor issued Executive Orders N-29-20 and N-35-20 relaxing State and local agency open meeting laws to accommodate social distancing. The County has held, and expects to continue to hold, meetings of its board unhindered by the Pandemic. As permitted under Executive Order N-33-20, certain of the County’s employees may continue to come to work under designated exceptions for critical sectors; some of the County’s employees are teleworking. The County does not expect its business operations to be materially curtailed by employee absences prompted by the stay-at-home orders. However, the County offers no assurances that board member or employee absences due to COVID-19 illnesses will not materially and adversely impact its operations.

The Pandemic has negatively affected travel, commerce, investment values, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the County. Potential impacts to the County associated with the COVID-19 outbreak include, but are not limited to disruption of the regional and local economy with corresponding decreases in the County’s revenues from documentary transfer tax, sales tax and investment income, and increased costs of County operations. The County is projecting that the Pandemic will impact its sources of General Fund revenue in the current fiscal year and in Fiscal Year 2020-21. The County has estimated that General Fund revenue could decline by \$30-40 million in the aggregate in Fiscal Year 2020-21, mainly attributable to decreases in sales tax based revenues. The County receives sales tax revenues in connection with the 1% Bradley Burns (general 1% sales tax to local agencies), 0.50% Proposition 172 public safety measure, and Realignment funding for health and human services and public safety. For amounts recently received in May 2020 related to March 2020 taxable sales figures, the decline in sales tax revenue was approximately 25% over May 2019 receipts, representing a single month data point. Overall, sales tax revenue sources comprise approximately 18-19% of overall General Fund budgeted revenue for Fiscal Year 2020-21. See “COUNTY FINANCIAL INFORMATION” and “STATE BUDGET.”

Other initiatives that may be adopted by the federal or State governments in response to the Pandemic may have various levels of negative impact on the County’s revenues as well. In addition, there is uncertainty regarding the impacts on the County of the State Budget. According to the U.S. Bureau of Labor Statistics, the unemployment rate in the United States rose to 14.4% in April 2020. According to the California Economic Development Department, California’s unemployment rate rose to 16.1% in April 2020, and the unemployment rate for the County rose to 14.0% in April 2020. The County cannot predict the magnitude of this impact on General Fund revenues.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the ramifications of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of the Pandemic on the County’s operations and finances is unknown.

The County is estimating that it will incur costs in an amount of approximately \$22 million related to COVID-19 for Fiscal Year 2019-20.

On April 22, 2020, the County received a grant in the amount of \$147,621,523.10 under the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) from the federal government. The funds have been placed in a special restricted fund established within the County treasury and may only be accessed for purposes permitted under the CARES Act, which, under current guidelines from the U.S. Department of the Treasury, is limited to necessary expenditures incurred due to the public health

emergency with respect to COVID-19 which were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act), and are incurred between March 1, 2020 and December 30, 2020. Funds received by the County under the CARES Act are not available for payment of debt service on the Bonds, and cannot be used to backfill County revenue losses related to COVID-19. Administration of the funds will be conducted solely through the County's Executive Office with direction from the Board of Supervisors. A portion of the CARES Act funds received by the County may be allocable to other governmental units or other entities within the County. While complete guidance is not yet available, County leadership continues to engage with federal and State partners to interpret eligible uses and allocations of CARES Act funding.

The County is currently assessing other revenue source opportunities as related to COVID-19 expenditures and it appears that a large portion of County response efforts may be eligible for FEMA disaster assistance. VCMC received CARES Act revenues in the amount of \$9.9 million. Based on the State's May Revised Budget, the County anticipates \$19.5 million in additional COVID-19 relief from the State's CARES Act funding of \$1.3 billion for counties.

The financial and operating data contained in this Official Statement are the latest available, but relate to dates and periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the County.

The County continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the Pandemic upon the County. While the overall potential impact of the Pandemic on the County cannot be quantified at this time, the continued outbreak of COVID-19 could lead to additional or modified public health restrictions and have an adverse effect on the County's operations and financial condition.

As of May 22, 2020, the County Public Information Officer reported 912 total cases of COVID-19 and 30 reported COVID-19 related deaths in the County.

As of the date of this Official Statement, the County does not believe the impacts of the spread of COVID-19 will prevent the County from making Base Rental Payments when due.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to the Governor's office (<http://www.gov.ca.gov>), the California Department of Public Health (<http://covid19.ca.gov/>) and the County (<http://www.vcemergency.com>). The County has not incorporated by reference the information on such websites and the County does not assume any responsibility for the accuracy of the information on such websites.

## **Cybersecurity**

The County, like many other large public sector entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the County is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities (National and International) or individuals may attempt to gain unauthorized access to the County's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. As a result of these potential risks, the County has created and updated information technology policies, implemented annual IT Security Training, strengthened identity and access management capabilities and enhanced and deployed several security controls across of the organization to protect the County's network, computer assets and users.

The County has a total of \$17 million in cyber liability coverage with four carriers. The policies cover payments for damages and claim expenses due to violations of privacy law; theft or loss of unauthorized disclosure of personal information; incidents involving attacks on systems, and other such events. The primary insurance carrier has experts available to assist in developing breach notification strategy, as well as forensic computer expertise to investigate a breach has in fact occurred, and mitigation and corrective measures.

The County believes that its measures to manage cyber threats are reasonable and are comparable to or exceed measures taken by similar government entities. However, no assurance can be given that a future cyber-attack will not materially impact the operations or finances of the County.

### **Earthquake and Seismic Conditions**

The areas in and surrounding the Leased Property, like those in much of California, may be subject to unpredictable seismic activity. An occurrence of severe seismic activity in the area of the Leased Property may result in substantial damage to and interference with the County's right to use and occupy all or a portion of the Leased Property, leading to the abatement of Base Rental Payments.

Because of the potential for seismic activity, the County maintains earthquake insurance coverage against loss or damage to County property for many of its larger facilities, including coverage for the Leased Property. The County's risk of loss is spread across three of five pooled "towers," along with other public entities through the CSAC-EIA (now known as PRISM - Public Risk Innovation, Solutions, and Management). Covered entities through the CSAC-EIA are separated and placed into multiple "towers" with policy limits applicable to each tower. The tower approach achieves geographic separation between covered entities so that a regional event, such as an earthquake, would be spread across the various towers, while adjacent entities, such as the County and the County of Santa Barbara, would not share the same policy limits in a tower. The "tower" approach is a mechanism that allows public entities across California to pool their risk but ensure that a regional event in one area that causes loss in multiple counties does not consume the entire coverage under the applicable policy limit leaving other unaffected entities with diminished or no insurance coverage. Each tower currently has \$100 million dedicated limits to each of six towers plus \$365 million in excess coverage which sits over the six towers. The County relies on a combination of insurance and general reserves as well as the expectation that some disaster relief funds will be available from the Federal Emergency Management Agency ("FEMA") to address any resulting damage from seismic activity. There is no assurance that, in the event of a significant seismic event, a combination of insurance, County reserves or FEMA assistance would be available or sufficient for the repair or replacement of the Leased Property. Earthquake insurance is required to be obtained and maintained under the Lease only if and to the extent such coverage is available from reputable insurers at commercially reasonable rates, in the judgment of the County.

### **Limitations on Remedies**

The enforceability of the rights and remedies of the owners of the Bonds and the Trustee, and the obligations incurred by the County, may be subject to the following, among others: the limitations on legal remedies against counties in California; the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect (as more fully described below); principles of equity that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the U.S. Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose.

## **Bankruptcy**

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture and the Lease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The County is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the County is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. If the County were to become a debtor under the Bankruptcy Code, the County would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of Owners of the Bonds; and (iv) the possibility of the adoption of a plan (a "Plan") for the adjustment of the County's debt without the consent of the Trustee or all of the Owners of the Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is "fair and equitable" and in the best interests of creditors.

In addition, the County could either reject the Site Lease or Lease or assume the Site Lease or Lease despite any provision of the Site Lease or Lease that makes the bankruptcy or insolvency of the County an event of default thereunder. If the County rejects the Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount and this claim would be treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Lease and the County's obligations to make payments thereunder. The County may also be permitted to assign the Lease (or the Site Lease) to a third party, regardless of the terms of the transaction documents. If the County rejects the Site Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition unsecured claim and this claim would be treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection may terminate both the Site Lease and the Lease and the obligations of the County to make payments thereunder.

The Authority is a public agency and, like the County, cannot be the subject of an involuntary case under the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. If the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Authority and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have priority of payment superior to that of the Owners of the Bonds; and (iv) the possibility of the adoption of a Plan for the adjustment of the Authority's debt without the consent of the Trustee or all of the Owners of the Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable and in the best interests of creditors.

In addition, in a bankruptcy of the Authority, the assignment by the Authority to the Trustee of the Site Lease and the Lease could be characterized as a pledge rather than an absolute assignment.

Under such circumstances, the Authority may be able to either reject the Site Lease or Lease or assume the Site Lease or Lease despite any provision of the Site Lease or Lease that makes the bankruptcy or insolvency of the Authority an event of default thereunder. If the Authority rejects the Site Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount and this claim would be treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate both the Site Lease and the Lease and the obligations of the County to make payments thereunder. If the Authority rejects the Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition unsecured claim and this claim would be treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection may terminate the Lease and the County's obligations to make payments thereunder. The Authority may also be permitted to assign the Site Lease or Lease to a third party, regardless of the terms of the transaction documents.

### **State Budget Concerns**

The State, upon which the County relies for a significant portion of its revenues, has experienced budget shortfalls in recent years. While there have been recent significant budgetary improvements, there remain a number of major risks and pressures that threaten the State's financial condition. In addition, the State's revenues can be volatile. Decreases in State revenues may significantly affect appropriations made by the State to counties and the timing of payment to counties by the State may depend upon the ability of the State to access the credit markets with respect to its own cash flow borrowings in the future. See "COUNTY FINANCIAL INFORMATION—Intergovernmental Revenues" herein. See also "RISK FACTORS – COVID-19 (Coronavirus) Pandemic" herein.

## **COUNTY FINANCIAL INFORMATION**

*Certain statistical and economic data provided in this section is historical and may differ materially from future results as a result of economic or other factors, including COVID-19.*

### **County Fiscal Policies**

*Contingency and Fund Balance Policies.* The County's maintains a "pay as you go" policy to budgeting and will not budget appropriations and other financing uses in excess of estimated revenues and other financing sources expected to be received in the same year that would reduce fund balances below acceptable levels. The recommended minimum adopted level of General Fund contingency is \$2 million and for the General Fund Unassigned Fund Balance for subsequent years financing is 10% of total appropriations. The long term goal for this account is 15% of total appropriations. For decision-making purposes, the County maintains a long-range fiscal perspective through the use of an annual operating budget and a three-year to five-year budget forecast with revenue and expenditure projections to be presented to the Board of Supervisors by the County Executive Office. The General Fund fund balance will include amounts for Assigned for Litigation and Assigned for Audit Disallowances and will be recommended to the County Executive Officer by County Counsel and Auditor-Controller, respectively. If unforeseen circumstances cause fund balances to drop below targeted levels, the County Executive Officer presents various options to the Board of Supervisors for curing, including appropriation reductions and/or new revenues sources in the current fiscal year.

*Capital Planning.* The County reviews its capital outlay requirements during the annual budget process. The County Executive Office in conjunction with the Capital Planning Committee evaluates departmental capital outlay requests on the basis of available funding, cost/benefit ratio, legal requirements and safety concerns and makes recommendations to the Board of Supervisors regarding priority projects to be considered for funding. See "Capital Outlay Plan" below for a detailed discussion of the County's Five Year Capital Improvement Plan.

*Debt Utilization Policy.* The County conducts a formalized debt utilization review and coordination function established and outlined in the County's Debt Utilization Policy prior to the incurrence of debt. Debt proposals are closely coordinated with the County's capital and operating budget process and take into account the impact of the proposed debt issuance on the County's credit rating and total debt burden. The Policy also outlines limitations on debt, establishing that total debt service, including pension obligation bonds, shall not be greater than six percent (6%) of total General Fund expenditures. The County's current ratio of all debt service to General Fund expenditures is 3.5%.

*Investment Policy.* The objective of the County's Investment Policy is to invest public funds in a manner which will provide for the preservation of capital while meeting daily cash flow requirements of the County and other participants, while maintaining a market average yield within an acceptable and defined level of risk. The Investment Policy was last updated in December 2018 and is reviewed annually, and any modifications are approved by the Board of Supervisors. See "County Investment Pool" herein.

*Other Policies.* The County has created and updated a Cybersecurity Policy, implemented annual IT Security Training, strengthened identity and access management capabilities and enhanced and deployed several security controls across of the organization to protect the County's network, computer assets and users. See "RISK FACTORS – Cybersecurity" herein. The County's Energy Division manages the Climate Protection Plan activities and responsibilities, including supporting several Countywide sustainability measures such as Energy Efficient Facilities, Ventura Solar Project, Greener Fleet and Renewal Diesel projects.

## **County Budget**

The County is required by State law to adopt a final budget by October 2 of each year. The County Executive Officer prepares a preliminary budget which is presented to the Board of Supervisors. The preliminary budget may be modified by the Board of Supervisors during the budget hearing process. After such hearings, a final budget is adopted. The Fiscal Year 2020-21 preliminary budgetary estimates are based, in part, on an assumption of a 3.5% increase in assessed value of real property within the County. Property tax-related revenues account for over 88.5% of general purpose General Fund revenues and approximately 34.0% of total General Fund revenues.

Throughout the Fiscal Year, all revenues and appropriations are subject to budgetary review. The budget must remain in balance; therefore, any overall reduction in revenues would require a corresponding reduction in appropriations. Appropriation reductions would be achieved through a combination of program adjustments, hiring freezes, employee layoffs and curtailment of the purchase of equipment, services and supplies. State law permits counties to impose fees to recover the costs of regulation or the provision of services, but not to raise general revenue.

The budgetary review process includes departmental monitoring of budgets to ensure year-end compliance. Departments must notify the County Executive Officer of projected adjusted budget net cost overruns and develop corrective action plans to achieve a year-end balanced budget. The County Executive Officer initiates quarterly budget monitoring processes, including projection submissions by departments, and prepares summary reports for the Board of Supervisors as appropriate. Necessary budget adjustments are recommended to the Board of Supervisors as needed.

A significant portion of the County budget is comprised of revenues received from federal and State sources (the "Intergovernmental Revenues"). As indicated on the table entitled "GENERAL FUND ADOPTED BUDGET FOR FISCAL YEAR 2019-20 AND PRELIMINARY BUDGET ESTIMATES FOR FISCAL YEAR 2020-21 herein, \$464,672,429 of the total \$1,143,126,096 adopted 2019-20 County General Fund budget is comprised of Intergovernmental Revenues. The balance of approximately \$678,453,667 in County General Fund revenues is generated from property taxes and a variety of other

sources. The fact that approximately 41% of the County's General Fund budget is typically comprised of Intergovernmental Revenues underscores the County's reliance on those outside funding sources.

The County receives sales tax revenues in connection with the 1% Bradley Burns, Proposition 172, and Realignment funding. For amounts received in May 2020 related to March 2020 taxable sales figures, the decline in revenue is approximately 25% over the May 2019 receipts, representing a single month data point. Overall sales tax revenue sources comprise approximately 18-19% of overall General Fund budgeted revenue in Fiscal Year 2020-21.

The budget for Fiscal Year 2019-20 set forth in the following table **does not** reflect adjustments in response to the COVID-19 Pandemic. At this time, the County does not plan to amend the budget for Fiscal Year 2019-20 as a result of the COVID-19 Pandemic, but is evaluating the expected impacts to the County's finances as the situation progresses. See the caption "RISK FACTORS—COVID-19 (Coronavirus) Pandemic."

The COVID-19 Pandemic has also presented challenges in developing the budget for next fiscal year. The County's Fiscal Year 2020-21 Preliminary Budget represents a status quo, baseline budget that reflects updated appropriations for salaries and benefits, services and supplies and other expenditures. Property tax revenues were increased to reflect a 3.5% increase in assessed values. Other revenue projections, especially sales tax based, were kept static with Fiscal Year 2019-20 budget numbers for the initial budget development process.

The County is currently projecting an increase in General Fund revenues for Fiscal Year 2020-21, primarily related to property tax revenue. The County is also projecting a slight increase in appropriations for salaries and employee benefits, services and supplies. The County Executive Officer expects to present a recommended budget to the Board of Supervisors in June 2020 and hold budget hearings after fiscal year end as the County receives greater clarity on State and federal funding.

In addition, many events will affect the amount the County actually receives from the federal and State governments in the future. As a result, the information in this Official Statement including the appendices hereto relating to the amount the County expects to receive from federal and State governments is based upon the County's current expectations and is subject to change based on State budget negotiations and various other factors. As a budget-balancing measure, the Board of Supervisors has adopted a budget policy requiring that State and federal funding reductions for specific programs and services be offset by corresponding cuts in the same County programs and services, or offset by net cost decreases in alternate programs. The policy further requires that reduction of discretionary funding by the State or the federal government must be offset by specific departmental budget cuts.

Due to the uncertainty surrounding the impact of the COVID-19 on the economy, the County will reevaluate the financial outlook after the current fiscal year end and recommend adjustments to the budget at that time. This additional time will provide an opportunity to better understand the economic impact on revenues as well as the availability of federal and State funding. In preparation for this budget adjustment, departments have been requested to prepare reduction scenarios at various levels.

The County's retirement rates for Fiscal Year 2020-21 were anticipated to decrease substantially over the prior year due to the scheduled amortization of a large component of its unfunded liability. However, since retirement rates are expected to increase in future years, the County intends to budget for retirement rates that normalize or smooth next year's reductions over several years. This rate "smoothing" is intended to mitigate the substantial swings anticipated from market impacts on future actuarial valuations. General Fund-funded departmental budgets were reduced in order to generate appropriation savings. The decrease in overall net cost better positions the County for future year budget impacts. The residual appropriations from the retirement offset will be set aside in a Pension Mitigation account to smooth expected future year increases in retirement costs.

The following table shows a summary of the adopted General Fund budget for Fiscal Year 2019-20 and preliminary budget estimates for Fiscal Year 2020-21.

**GENERAL FUND  
ADOPTED BUDGET FOR FISCAL YEAR 2019-20 AND  
PRELIMINARY BUDGET ESTIMATES FOR FISCAL YEAR 2020-21**

	<b>Adopted Budget <u>2019-20</u></b>	<b>Preliminary Budget Estimates <u>2020-21</u></b>
<b>AVAILABLE FUNDS:</b>		
Property Taxes	\$ 377,936,381	\$ 394,695,000
Sales Taxes	10,250,000	10,215,000
Other Taxes	6,437,500	6,262,000
Licenses, Permits and Franchises	24,014,621	23,965,690
Fines, Forfeitures and Penalties	21,344,736	19,271,440
Use of Money and Property	7,961,859	5,184,570
Intergovernmental Revenue	464,672,429	470,345,843
Charges for Current Services	198,247,938	201,528,633
Miscellaneous Revenues	15,851,217	15,936,089
Other Financing Sources	13,109,415	12,296,132
Obligated Fund Balances	<u>3,300,000</u>	<u>0</u>
Total Available Funds:	<u>\$1,143,126,096</u>	<u>\$1,159,700,397</u>
<b>REQUIREMENTS:</b>		
General Government	\$ 83,121,683	\$ 85,029,289
Environmental Balance	48,917,644	51,935,477
Health and Human Services	444,119,803	451,364,762
Administration of Justice	480,337,688	470,234,899
Other General Fund	86,629,278	88,635,970
Assigned Fund Balance Pension Mitigation	<u>0</u>	<u>12,500,000</u>
Total Requirements	<u>\$1,143,126,096</u>	<u>\$1,159,700,397</u>

*Source: County Auditor-Controller.*

## Financial Statements

The California Government Code requires every county to prepare an annual financial report. The County Auditor-Controller prepares the “Comprehensive Annual Financial Report of the County of Ventura” for each completed fiscal year of the County, which begins on July 1 and ends on the following June 30 (each, a “Fiscal Year”). Under the Single Audit Act of 1996, independent annual audits are required of all operating funds under the control of the Board of Supervisors. An audit of all funds was performed in each Fiscal Year from 1978-79 through 2018-19. As an additional safeguard, the County Grand Jury may conduct management audits of certain offices of the County.

The County’s accounting policies and the financial statements attached to this Official Statement as “APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF VENTURA COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2019” were audited by Eide Bailly (the “Independent Auditor”) and conform to generally accepted accounting principles and to principles and reporting standards as set forth by the State Controller in “State of California Accounting Standards and Procedures for Counties.” The Independent Auditor’s review in connection with the audited financial statements included in Appendix A reflected events only as of June 30, 2019, and as of February 21, 2020, the date of the report. Since February 21, 2020, no review or investigation with respect to subsequent events has



been undertaken in connection with such financial statements by the Independent Auditor or with respect to this Official Statement. The Independent Auditor was not requested to consent and has not consented to the inclusion herein of the audited financial statements included in Appendix A.

The County's basis of accounting for all funds, other than proprietary and trust funds, is a modified accrual system. All of the financial statements contained in this Official Statement, other than cash flow analyses and those related to proprietary and trust funds, have been prepared on this modified accrual basis. Proprietary funds are accounted for on an accrual basis in accordance with generally accepted accounting principles.

The accompanying financial statements were developed from the County's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2019 (the "County's 2019 CAFR"), County budgets, the Auditor-Controller's Taxpayer's Guide, the Auditor-Controller's Statement of Bonded Indebtedness and other official public records.

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**COUNTY OF VENTURA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – GENERAL FUND**  
**AS OF JUNE 30, 2015 THROUGH JUNE 30, 2019**  
**(in thousands)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Beginning Fund Balance	\$323,775	\$ 368,469	\$ 358,563	\$ 389,759	\$ 454,048
Revenues:					
Taxes	307,470	328,860	358,812	368,153	390,562
Licenses, Permits and Franchises	20,416	21,934	21,875	22,382	22,383
Fines, Forfeitures and Penalties	21,492	21,947	18,650	20,459	18,057
Use of Money and Property	6,130	3,863	4,794	9,222	12,868
Intergovernmental Revenues	436,659	423,177	438,131	455,083	443,427
Charges for County Services	158,372	163,741	176,694	189,852	185,767
Other Revenues	24,188	25,310	24,541	29,963	28,198
Total Revenues	<u>\$974,727</u>	<u>\$988,832</u>	<u>\$1,043,497</u>	<u>\$1,095,114</u>	<u>\$1,101,262</u>
Expenditures:					
General Government	\$ 62,322	\$ 66,208	\$ 70,431	\$ 73,979	\$ 76,794
Public Protection	440,715	455,121	471,744	488,154	506,274
Health Services	132,473	147,237	154,991	160,681	153,898
Public Assistance	229,132	239,264	246,548	242,690	246,045
Education	563	548	661	609	624
Capital Outlay	11,321	28,263	14,584	10,385	15,167
Debt Service-Interest and	<u>2,151</u>	<u>2,886</u>	<u>3,776</u>	<u>6,124</u>	<u>4,185</u>
Fiscal Charges					
Total Expenditures	<u>\$878,677</u>	<u>\$939,527</u>	<u>\$962,735</u>	<u>\$982,622</u>	<u>\$1,002,987</u>
Excess (Deficiency) of Revenue over Expenditures	\$ 96,050	\$ 49,305	\$ 80,762	\$112,492	\$ 98,275
Other Financing Sources (Uses)-Net	<u>(51,356)</u>	<u>(59,211)</u>	<u>(49,566)</u>	<u>(48,203)</u>	<u>(59,510)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	<u>44,694</u>	<u>(9,906)</u>	<u>31,196</u>	<u>64,289</u>	<u>38,765</u>
Changes in Reserves	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Ending Fund Balance	<u>\$368,469</u>	<u>\$358,563</u>	<u>\$389,759</u>	<u>\$454,048</u>	<u>\$492,813</u>

*Source: County of Ventura, Comprehensive Annual Financial Reports and the County.*

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**COUNTY OF VENTURA**  
**BALANCE SHEET – GENERAL FUND**  
**AS OF JUNE 30, 2015 THROUGH JUNE 30, 2019**  
**(in thousands)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Assets:</b>					
Cash and Investments	\$464,764	\$432,220	\$318,572	\$518,054	\$527,740
Receivables, Net	130,092	94,199	99,047	118,506	121,362
Due from Other Funds	30,196	11,773	19,122	11,630	8,635
Inventories and Other Assets	3,172	1,177	1,113	1,074	1,110
Loan Receivable	–	292	60	40	24
Long-term Receivables	–	28,951	30,591	32,276	24,773
Advances to Other Funds	–	<u>66,272</u>	<u>56,372</u>	<u>72,264</u>	<u>129,711</u>
Total Assets	<u>\$628,224</u>	<u>\$634,884</u>	<u>\$524,877</u>	<u>\$753,844</u>	<u>\$813,355</u>
<b>Liabilities:</b>					
Accounts Payable	\$ 20,270	\$ 20,276	\$ 18,092	\$ 19,978	\$ 27,192
Accrued Liabilities	49,396	58,918	62,197	78,063	86,311
Tax and Revenue Anticipation Notes Payable	138,110	140,585	-	145,535	143,515
Due to Other Funds	9,050	10,499	8,580	9,038	8,886
Deferred/Unearned Revenue	13,390	-	-	-	-
Due to other Governmental Agencies	–	1,133	1,562	-	-
Unearned revenue	–	<u>13,169</u>	<u>13,044</u>	<u>13,526</u>	<u>16,900</u>
Total Liabilities	<u>\$230,216</u>	<u>\$244,380</u>	<u>\$103,475</u>	<u>\$266,140</u>	<u>\$282,804</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue	<u>29,539</u>	<u>31,941</u>	<u>31,643</u>	<u>33,656</u>	<u>37,738</u>
Total Deferred Inflows of Resources	<u>29,539</u>	<u>31,941</u>	<u>31,643</u>	<u>33,656</u>	<u>37,738</u>
<b>Fund Balances:</b>					
Nonspendable	18,501	67,217	57,277	70,607	130,579
Restricted	106,774	94,529	107,999	129,161	141,709
Committed	3,911	4,244	4,968	5,583	6,100
Assigned	64,297	51,827	63,867	109,727	113,526
Unassigned	<u>174,986</u>	<u>140,746</u>	<u>155,648</u>	<u>138,970</u>	<u>100,899</u>
Total Fund Balances	<u>\$368,469</u>	<u>\$358,563</u>	<u>\$389,759</u>	<u>\$454,048</u>	<u>\$492,813</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$628,224</u>	<u>\$634,884</u>	<u>\$524,877</u>	<u>\$753,844</u>	<u>\$813,355</u>

*Source: County of Ventura, Comprehensive Annual Financial Reports and the County.*

### **Interfund and Intrafund Borrowing and Cash Flow**

County expenditures tend to occur in level amounts throughout the Fiscal Year. Conversely, revenues (receipts) have followed an uneven pattern primarily as a result of secured property tax installment payment dates in December and April and as a result of delays in payments from governmental agencies, the two largest sources of County revenues. In Fiscal Year 2019-20 the County issued tax and revenue anticipation notes in the aggregate principal amount of \$154,220,000 (the “2019-20 Notes”) to meet cash requirements. The 2019-20 Notes will mature on July 1, 2020, and all scheduled set asides have been satisfied. The County intends to issue its Fiscal Year 2020-21 tax and revenue

anticipation notes in the aggregate principal amount of \$125,000,000 on July 1, 2020 (the “2020-21 Notes”). The County also intends to use “intrafund” borrowing (borrowing from certain of the County’s own funds) to cover cash needs, including projected year-end cash requirements, if necessary.

Negative cash balances occurring because of the imbalance between receipts and expenditures may be covered by borrowings from pooled funds maintained by the Treasurer-Tax Collector of the County and certain other entities (“interfund” borrowing pursuant to Section 6 of Article XVI of the California Constitution). The California Constitution requires that interfund borrowings be repaid before any other obligation is paid and prohibits interfund borrowing by counties after the last Monday in April of each Fiscal Year and of amounts in excess of 85% of revenues accrued.

Under the County’s established accounting procedures, the County’s Fiscal Year is divided into twelve monthly accounting periods. The first accounting period starts on July 1 and the final period ends on June 30.

## **Insurance**

The County insures against risk through a combination of self-insurance and coverage provided by commercial and public agency insurance carriers. The County self-insures for workers’ compensation liability but purchases insurance coverage from outside carriers for most categories of its insurable risks. The County is a participant in the property insurance program of the CSAC-EIA. The estimated value of County property insured under the CSAC-EIA’s program is over \$1.2 billion. The County pays an annual premium and is assessed an annual risk premium based on underwriting and actuarial review that estimates each of the program participants’ ultimate liabilities. The County’s participation in the CSAC-EIA includes casualty insurance that covers the Leased Property. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance Coverages.”

The Risk Management Department within the General Insurance Internal Service Fund administers the commercial and self-insurance aspects of the County casualty risk programs. The following table summarizes the County’s current insurance coverage:

<u>Type</u>	<u>Deductible</u>	<u>Limits</u>
All Risk & Property, including Earthquake and Flood	\$10,000 per occurrence <sup>(1)</sup>	\$600,000,000 generally per tower <sup>(2)</sup>
Excess General Liability	\$1 million Self- Insured	\$42,000,000
Workers’ Compensation	Self-Insured	N/A
Health Care Prof. Liability	\$100,000	\$50,000,000
Harbor Liability	\$5,000	\$1,000,000
Airport Liability	\$0	\$100,000,000
Hull & Machinery	\$1,000	\$1,000,000
Business Travel Accident	N/A	Varies by class
Fiduciary Liability	\$50,000	\$10,000,000
Blanket Bond	\$25,000	\$15,000,000
Helicopter Liability	\$0	\$50,000,000

<sup>(1)</sup> Deductibles for earthquake coverage are 5% of total value per unit per occurrence, subject to a \$100,000 minimum; deductibles for flood coverage are 2% of total value per unit per occurrence, subject to a \$100,000 minimum and a \$500,000 maximum per occurrence.

<sup>(2)</sup> The County’s risk of loss is spread across three of five pooled “towers” along with other public entities through the CSAC-EIA with limits of \$600 million per tower for all risk and \$515 million per tower for earthquake. See “RISK FACTORS – Earthquake and Seismic Conditions.”

## **Capital Outlay Plan**

The County Executive Office prepares an updated Five-Year Capital Improvement Plan each budget cycle. The County Executive Office in conjunction with the Capital Planning Committee evaluates departmental capital outlay requests on the basis of available funding, cost/benefit ratio, legal requirements and safety concerns and makes recommendations to the Board of Supervisors regarding priority projects to be considered for funding. The County approves the Five-Year Capital Improvement Plan during the annual budget process.

The County has identified five ongoing projects during its budget process for Fiscal Year 2020-21, for the period Fiscal Year 2020-21 through Fiscal Year 2024-25. The largest capital project identified is the design and construction of a 64-bed medical and mental health facility adjacent to the Todd Road Jail estimated to cost \$61.2 million. Approximately 90% of this project is grant-funded from the State, and the County's 10% match of \$6.1 million was set aside in the Fiscal Year 2016-17 budget. Other large capital projects include the replacement of the public safety communications platform with the continued implementation of the 700MHz network estimated to cost \$35 million and significant upgrades to three floors of the Fainer Wing at the VCMC estimated to cost \$15-20 million (fully funded with prior bond proceeds). There are two additional projects involving system replacements currently under review: the development and implementation of an integrated property tax system, estimated to cost \$13.3 million and funded by draws on the County's Revolving Credit Agreement, and the replacement cost and scope of the Ventura County Integrated Justice Information System (VICJIS).

## **County General Fund Obligations**

The County has never failed to pay when due principal of or interest on any of its debt obligations. As of the date of this Official Statement, the County has no direct long-term general obligation bonded indebtedness outstanding.

Under the County's Tax-Exempt Commercial Paper program, the Authority is authorized to issue up to \$51,000,000 in aggregate amount of lease revenue tax-exempt commercial paper notes. Under the authority provided by the County's Tax-Exempt Commercial Paper program, the Authority entered into a borrowing arrangement with Wells Fargo Bank, National Association ("Wells Fargo") pursuant to the terms of a Revolving Credit Agreement, dated as of February 22, 2018 (the "Revolving Credit Agreement"), by and among the County, the Authority and Wells Fargo. The term of the Revolving Credit Agreement is scheduled to end on February 19, 2021. Under the Revolving Credit Agreement, the Authority may issue revolving credit agreement notes in an amount not to exceed \$51,000,000 (the "RCA Notes"). The RCA Notes are payable from revenues of the Authority consisting of lease payments of the County payable from the County's General Fund. The Revolving Credit Agreement provides for amounts borrowed and not repaid by the scheduled maturity date of the RCA Notes to be converted to a term loan, payable in 12 quarterly installments over three years. As of June 1, 2020, \$25,800,000 of RCA Notes were outstanding with a scheduled maturity date of February 19, 2021. Prior to that date, it is anticipated the maturity date of any outstanding RCA Notes will be extended in accordance with the Revolving Credit Agreement terms.

On March 7, 2013, the County caused the Authority to issue the 2013A Bonds in the principal amount of \$302,060,000. As of June 1, 2020, \$266,380,000 of the 2013A Bonds were outstanding and are being advanced refunded from proceeds of the Bonds.

On December 19, 2013, the County caused the Authority to issue its Lease Revenue Bonds, Series 2013B (the "2013B Bonds") in the principal amount of \$34,100,000. As of June 1, 2020, \$16,655,000 of the 2013B Bonds were outstanding.

On July 6, 2016, the County caused the Authority to issue its Lease Revenue Refunding Bonds, Series 2016A (the “2016A Bonds”) in the principal amount of \$40,880,000. As of June 1, 2020, \$30,705,000 of the 2016A Bonds were outstanding.

On April 8, 2016 the County entered a Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. to lease, purchase and acquire certain equipment and other personal property primarily for use in the County’s new VCMC Replacement Wing. As of June 1, 2020, equipment and personal property in the amount of approximately \$12,622,000 has been received and accepted, of which approximately \$12,572,000 has been capitalized. The total authorized amount under the Lease/Purchase Agreement is \$26,000,000.

On May 17, 2016 the County entered a Master Lease Agreement with Philips Medical Capital, LLC to finance the purchase of imaging and monitoring equipment for the County’s VCMC Replacement Wing for a period of five years with a \$1 purchase option at the end of the lease. The authorized amount of equipment to be leased is \$18,062,241. As of June 1, 2020, approximately \$15,460,000 has been received and accepted, of which approximately \$15,392,000 has been capitalized.

On October 18, 2016 the County entered a Lease Agreement with Winthrop Resources Corporation for equipment for a period of five years with an option to purchase the leased equipment at fair market value upon the expiration of the initial term. The authorized amount of equipment to be leased is \$10,375,000. As of June 1, 2020, approximately \$9,963,000 has been received and accepted, of which approximately \$9,963,000 has been capitalized.

The obligations that are payable from the County General Fund are shown in the table below. The Lease Revenue Bonds and RCA Notes shown below represent interests in lease payments, which lease payments are unsecured obligations of the County payable from the General Fund. The amounts outstanding for the Equipment Leases shown are Capital Equipment lease obligations payable from the General Fund.

**COUNTY GENERAL FUND OBLIGATIONS**  
(As of June 1, 2020)

<u>Issue</u>	<u>Original Issuance</u>	<u>Final Maturity</u>	<u>Amount Issued/Authorized</u>	<u>Amount Outstanding</u>
Lease Revenue Bonds, Series 2013A <sup>(1)</sup>	03/07/2013	11/2043	\$302,060,000	\$266,380,000
Lease Revenue Bonds, Series 2013B	12/19/2013	11/2027	34,100,000	16,655,000
Lease Revenue Refunding Bonds, Series 2016A	06/07/2016	11/2029	40,880,000	30,705,000
Banc of America Public Capital Corp. Equipment Lease	06/30/2016	8/2022	26,000,000	4,654,000
Philips Medical Capital, LLC Equipment Lease	10/27/2016	11/2023	18,062,241	6,794,000
Winthrop Resources Corporation Equipment Lease	12/30/2016	<sup>(2)</sup>	10,375,000	5,610,000
Revolving Credit Agreement	02/22/2018	02/2021 <sup>(3)</sup>	51,000,000	25,800,000

<sup>(1)</sup> Expected to be refunded by the proceeds of the Bonds.

<sup>(2)</sup> Final Maturity of Winthrop Lease will be 5 years after receipt and acceptance of all equipment included in the lease.

<sup>(3)</sup> The maturity date may be extended by a mutual agreement of the County and the lender. The County’s intent is to extend the final maturity of the notes.

Source: County.

## **Direct and Overlapping Debt**

The County contains numerous municipalities, school districts and special purpose districts such as water districts, some of which have outstanding general obligation bonds. A statement of overlapping debt (the “Debt Report”) prepared by California Municipal Statistics, Inc. of Oakland, California is presented on the following page. Some of the overlapping debt may be payable from self-supporting enterprises or revenue sources other than property taxation. Tax allocation bonds are not included in the tabulation; lease revenue obligations payable from the General Fund or equivalent sources, however, are included. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith.

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**COUNTY OF VENTURA  
DIRECT AND OVERLAPPING DEBT  
(As of June 1, 2020)**

2019-20 Assessed Valuation: \$143,095,778,677 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/20</u>
Metropolitan Water District	3.501%	\$ 1,305,873
Community College Districts	0.177-100.	282,701,985
Unified School Districts	3.593-100.	559,353,023
High School Districts	100.	293,126,434
Elementary School Districts	100.	459,803,610
Community Facilities Districts	100.	215,185,395
1915 Act Bonds	37.887-100.	13,331,530
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$1,824,807,850</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
<b>Ventura County General Fund Obligations</b>	<b>100. %</b>	<b>\$313,740,000<sup>(1)</sup></b>
Ventura County Superintendent of Schools Certificates of Participation	100.	8,785,000
School District Certificates of Participation	3.593-100.	50,265,847
City General Fund and Pension Obligation Bonds	100.	160,396,591
Pleasant Valley Recreation and Park District Certificates of Participation	100.	12,325,000
Triunfo County Sanitation District General Fund Obligations	100.	9,779,077
Carpinteria Sanitary District General Fund Obligations	1.630	102,527
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$555,394,042</b>
Less: Carpinteria Sanitary District supported obligations		102,527
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$555,291,515</b>

<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Successor Agency to Camarillo Redevelopment Agency	100. %	\$ 51,120,000
Successor Agency to Fillmore Redevelopment Agency	100.	31,420,000
Successor Agency to Oxnard Redevelopment Agency	100.	30,890,000
Successor Agency to Thousand Oaks Redevelopment Agency	100.	11,939,000
Successor Agencies to Other Redevelopment Agencies	100.	53,117,413
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>		<b>\$178,486,413</b>

**GROSS COMBINED TOTAL DEBT** **\$2,558,688,305<sup>(2)</sup>**

**NET COMBINED TOTAL DEBT** **\$2,558,585,778**

(1) Excludes issue to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt .....	1.28%
<b>Direct Debt (\$313,740,000) .....</b>	<b>0.22%</b>
Gross Combined Total Debt.....	1.79%
Net Combined Total Debt .....	1.79%

Ratios to Redevelopment Incremental Valuation (\$13,715,473,223):

Total Overlapping Tax Increment Debt.....	1.30%
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*Source: California Municipal Statistics, Inc.*



## ***Ad Valorem Property Taxes***

Taxes are levied each Fiscal Year on taxable real and personal property which is situated in the County as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the roll containing State-assessed property and property secured by a lien on real property which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year. If unpaid such taxes become delinquent after December 10 and April 10, respectively, then a 10% penalty attaches to any delinquent payment plus a \$30.00 charge is added on the second installment. In addition, property on the current secured roll on which taxes are delinquent as of June 30 may only be redeemed by payment of the delinquent taxes, penalties and costs, plus a redemption penalty of 1.5% per month from the original June 30 date to the time of redemption plus a \$15.00 redemption fee. If taxes are unpaid for a period of five years or more, the property becomes tax defaulted and is then subject to sale by the County Treasurer-Tax Collector.

The County has formally adopted the alternative method of apportioning secured property taxes which is authorized by California Revenue and Taxation Code Sections 4701 *et seq.* This method is commonly referred to as the Teeter Plan. Generally, the Teeter Plan provides for a simplified tax distribution procedure in which taxes levied on the secured roll are distributed to participating agencies on the basis of their levy, rather than on the basis of actual tax collections. In consideration for the County funding the “buy-out” (difference between tax levy and actual receipts), the County is entitled to receive all future delinquent tax payments, penalties and interest collected. The County does not anticipate a need for external borrowing to fund the upcoming buy-out.

In addition to regular secured taxes, supplemental taxes may also be assessed by accelerating property reassessment when a change of ownership or completion of new construction has occurred. Supplemental tax bills representing the taxes on the increase in assessed values are prorated from the date of completion or change in ownership to the end of the Fiscal Year. Delinquency penalties generally follow the formula for taxes on the secured roll except that delinquency dates are determined by the tax bill mailing date. If mailed July through October, the taxes become delinquent, if unpaid, on December 10 and April 10, respectively; if mailed in other months, delinquency dates vary with the second installment delinquency, if unpaid four months following the first installment delinquency. Delinquent supplemental taxes at May 31 may follow the same treatment as taxes on the secured roll or may be transferred to the unsecured roll depending upon whether the property is still security for the tax.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the Fiscal Year. If unpaid as of December 1, an additional 23% collection fee is due. The taxing authority has four ways of collecting unsecured delinquent personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a summary judgment against the taxpayer; (3) recording a certificate of tax lien in the County Recorder’s office in order to obtain a lien against the taxpayer and any property owned by the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests, belonging or assessed to the taxpayer.

State law allows exemptions from *ad valorem* property taxation of up to \$7,000 of full value of owner-occupied dwellings. However, the State reimburses all local taxing authorities for the loss of revenues imputed on these exemptions. In addition, although business inventories were removed from the tax rolls beginning with Fiscal Year 1980-81, State subvention is provided on the calculated base to reimburse local taxing agencies for this reduction of taxable properties. The State Constitution and

various statutes provide exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, nonprofit hospitals and charitable institutions.

**“Split Roll” Ballot Initiative.** The “Split Roll” Ballot Initiative, which will be on the November 2020 State Ballot, would remove certain tax protections for commercial property currently in place under Proposition 13 (Article XIII A of the California Constitution). “Split” refers to the potential division into two parts of the County Assessor’s tax roll: residential and nonresidential property. This initiative would eliminate the ceiling on commercial property taxes, which is currently capped at 1% of the purchase price of the property, and would require all commercial property taxes to be re-assessed to 2021 market values. The initiative would also require commercial and industrial properties to be re-assessed every three years and taxed at market value. No assurance can be provided regarding whether this initiative will pass or the impact to County finances.

**Potential Impacts of COVID-19 (Coronavirus) Pandemic.** In response to the COVID-19 outbreak described under the caption “COUNTY FINANCIAL INFORMATION—COVID-19 (Coronavirus) Pandemic,” the Governor on May, 2020 signed Executive Order No. N-61-20 that waives penalties for property taxes paid after April 10 for taxpayers who demonstrate they have experienced financial hardship due to the COVID-19 Pandemic through May 6, 2021. This applies to residential properties and small businesses. Additionally, the executive order extends the deadline for certain businesses to file Business Personal Property Statements to May 31, 2020, to avoid penalties. Based on actual collections, the Treasurer-Tax Collector’s office does not project a reduction in receipts from budgeted amounts for second installments. The waiver of late payment penalties and resulting property tax delinquencies could have a material adverse impact on the timely payment of property taxes with respect to property in the County in Fiscal Year 2020-21. See the caption “RISK FACTORS—COVID-19 (Coronavirus) Pandemic.”

Total secured property tax levies and collections for Fiscal Years 2015-16 through 2019-20 are shown in the following table. Property values have increased by 18.9% since Fiscal Year 2015-16 and increased by 4.7% in Fiscal Year 2019-20 over the prior year. For Fiscal Year 2019-20, as of May 22, 2020, the County has collected approximately \$1.59 billion in property taxes, representing 97.7% of the total secured tax levied.

**SUMMARY OF FULL CASH VALUE AND AD VALOREM  
PROPERTY TAXATION  
FISCAL YEARS 2015-16 THROUGH 2019-20  
(Dollars in Thousands)**

<b>Fiscal Year</b>	<b>Gross Full Cash Value</b>	<b>Total Tax Levies<sup>(1)</sup></b>	<b>Property Tax Collections<sup>(1)</sup></b>	<b>Collections as a % of Levies<sup>(1)</sup></b>
2015-16	\$120,349,313	\$1,360,646	\$1,342,075	98.64%
2016-17	124,893,665	1,404,711	1,393,205	99.18
2017-18	130,952,036	1,482,402	1,471,066	99.24
2018-19	136,695,711	1,560,100	1,549,307	99.26
2019-20	143,095,749	1,628,036	1,615,989 <sup>(2)</sup>	99.26 <sup>(2)</sup>

<sup>(1)</sup> All figures include amounts pertaining to all taxing entities in the County.

<sup>(2)</sup> Estimated.

Source: County Auditor-Controller.

The data presented in the table above entitled “Summary of Full Cash Value and *Ad Valorem* Property Taxation” relates to all taxing entities within the County, including cities, school districts and special districts in addition to the County itself. The data presented on page 223 of the County’s 2019

CAFR relates only to the County and those special districts within the County for which the Board of Supervisors serves as the governing board, and excludes cities, school districts and other special districts within the County.

**Calculation of Assessed Values.** Property tax revenue remains within the county in which it is collected and is used exclusively by local governments. State laws control the allocation of property tax revenue from the 1 percent rate with K-14 districts and counties receiving the largest amounts. Property tax revenue also tends to be less volatile than other tax revenues in California due to the acquisition value assessment system. Falling real estate values during the recent recession, however, caused some declines in assessed value and more volatility than in the past.

The process that county assessors use to determine the value of real property was established by Proposition 13. Under this system, when real property is purchased, the county assessor assigns it an assessed value that is equal to its purchase price, or “acquisition value.” Each year thereafter, the property’s assessed value increases by 2 percent or the rate of inflation, whichever is lower. This process continues until the property is sold, at which point the county assessor again assigns it an assessed value equal to its most recent purchase price. Thus, a property’s assessed value resets to market value when it is sold or when improvements are made. In most years, under this assessment practice, a property’s market value is greater than its assessed value. This occurs because assessed values increase by a maximum of 2 percent per year, whereas market values tend to increase more rapidly. Therefore, as long as a property does not change ownership, its assessed value increases predictably from one year to the next and is unaffected by higher annual increases in market value. However, when real estate values decline or property damage occurs, a property’s market value may fall below its assessed value as set by Proposition 13. Absent any adjustment to this assessed value, the property would be taxed at a greater value than it is worth. In such event, county assessors may automatically reduce the Proposition 13 assessed value of a property to its current market value. If they do not, however, a property owner may petition the assessor to have his or her assessed value reduced. These decline-in-value properties are often called “Prop. 8 properties” after Proposition 8 (1978), which authorizes this assessment reduction to market value. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY REVENUES AND EXPENDITURES – Property Tax Rate Limitations – Article XIII A.” Additionally, it is unclear what impact COVID-19 may have on property tax appeal activity. See also the caption “RISK FACTORS—COVID-19 (Coronavirus) Pandemic.”

The County Assessor determines and enrolls a value for each parcel of taxable real property in the County every year. The value review may result in a reduction in value. Taxpayers in the County also may appeal the determination of the County Assessor with respect to the assessed value of their property.

#### **ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY FISCAL YEARS 2015-16 THROUGH 2019-20**

<b><u>Fiscal Year</u></b>	<b><u>Secured</u></b>	<b><u>Unsecured</u></b>	<b><u>Supplemental</u></b>	<b><u>Total Taxable Assessed Value</u></b>
2015-16	\$115,195,868,561	\$4,212,575,575	\$2,893,837,697	\$122,302,101,628
2016-17	119,740,556,564	4,211,746,276	2,770,021,779	126,722,229,519
2017-18	125,875,142,946	4,113,286,756	2,661,662,241	132,650,091,943
2018-19	131,409,987,710	4,335,929,536	3,345,035,447	139,090,952,693
2019-20	137,515,335,015	4,646,930,734	(1)	(1)

(1) The total amount of Fiscal Year 2019-20 supplemental assessed values will be available in July 2020.

Source: County Auditor-Controller.

**Factors Affecting Assessed Valuation.** Economic and other factors beyond the County’s control, such as economic recession, deflation of land values, global pandemics, such as COVID-19, relocation of

businesses out of the County or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, drought, fire or other natural disaster, could cause a reduction in the assessed value of taxable property in the County. Conversely, factors such as increased assessed value of taxable property and/or an increase in the numbers of property taxpayers within the County could cause an increase in the assessed value of taxable property in the County. The level of property tax delinquencies is affected by economic factors beyond the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession. The County cannot predict whether the COVID-19 Pandemic will have a significant effect on the rate of delinquency in the payment of property taxes in the County. See "RISK FACTORS—COVID-19 (Coronavirus) Pandemic."

## **Largest Taxpayers**

The ten largest taxpayers in the County, based upon property tax levies, as shown on the 2019-20 secured tax roll, are presented in the following table:

### **LARGEST TAXPAYERS FISCAL YEAR 2019-20 TAX LEVY**

<b><u>Name</u></b>	<b><u>Total Tax Levy</u></b>	<b><u>% of Total Levy</u></b>
Southern California Edison	\$17,628,263	1.09%
Amgen, Inc	15,675,541	0.97
Southern California Gas Co.	5,046,580	0.31
Proctor & Gamble Paper Products	3,667,796	0.23
Macerich Oaks LLC	3,135,154	0.19
Braxalta US Inc.	2,990,056	0.19
Duesenberg Investment Co.	2,691,611	0.17
Chelsea GCA Realty Partnership	2,521,315	0.16
Los Robles Hospital	2,446,486	0.15
CA Resources Petroleum Corp	<u>2,344,103</u>	<u>0.15</u>
Total	\$58,146,906	3.60%

*Source: County Treasurer-Tax Collector.*

## **Ventura County Medical Center**

The Ventura County Health Care Agency ("VCHCA"), with approximately 2,628 full time equivalent positions and a budget of approximately \$884 million, includes the Ventura County Medical Center ("VCMC"), a public hospital located in Ventura, and which constitutes a part of the Leased Property under the Lease, the Santa Paula Hospital located in Santa Paula, and numerous outpatient clinics, acute psychiatric and mental health services, public health services, and alcohol and drug program services. VCMC serves a substantial disproportionate share of the Medi-Cal and Medicare population. The County also administers its own health care plan servicing approximately 14,000 County employees, retirees and dependents.

The main hospital on the VCMC campus is a 223-bed full service, acute care hospital and Level II Adult Trauma Center, which includes a 43-bed Inpatient Psychiatric Unit, the only publicly operated IPU in the County.

In August 2017, VCMC opened its new VCMC Replacement Wing to replace seismically non-compliant buildings pursuant to California Senate Bill 1661. VCMC Replacement Wing, a 248,746 square foot state-of-the-art facility, features 128 licensed inpatient single bed rooms, an expanded

Emergency Department for resuscitation of critical patients, spacious operating room suites, cutting-edge surgical and medical equipment, including the latest model daVinci robotic surgical system, a labor and delivery unit, additional diagnostic and treatment facilities, and adult, pediatric, and neonatal intensive care units.

Also licensed under VCMC is a second hospital, Santa Paula Hospital, a 49-bed general acute care hospital located in the City of Santa Paula, California, that includes 13 perinatal, six intensive care, and 30 general acute care beds and provides emergency room services.

The VCMC system supports 40 outpatient medical clinics, 18 of which are Federally Qualified Health Centers, geographically distributed throughout the communities of Ventura County. Unique VCMC services and program include the UCLA-affiliated Family Medicine Residency Program, a comprehensive Neurosurgery program, specialized adult and pediatric Hematology and Oncology services, and the Ventura County Health Care Plan (the “VCHC Plan”), a Knox-Keene licensed Health Maintenance Organization for County employees and contracted clinic staff. The VCHC Plan has been selected by a majority of County employees as their primary health care option.

VCMC ended Fiscal Year 2018-19 with a \$6.8 million positive change in net position. As of the end of Fiscal Year 2018-19, the County’s General Fund had extended VCMC a long-term advance, interest free, for cash flow purposes in the cumulative amount of \$125.5 million, which is an increase of \$60.4 million from Fiscal Year 2017-18. The County extends such long-term advances from the General Fund on an as-needed basis for cash flow purposes to funds outside of the General Fund, including VCMC, that receive funding on a reimbursement basis. Repayment of such advances is expected to occur when available cash is in excess of the amount needed for operations. The long-term advance from the General Fund to VCMC is primarily due to the timing of receipts in the supplemental payments under the Medi-Cal Waiver program which may not be received until more than 15 months after a reporting period has ended. Ongoing payment delays for the Medi-Cal Waiver programs and cost settlements from the State and federal governments totaling approximately \$168 million, the implementation of a \$65 million Cerner Electronic Health Record system, and approximately \$16 million in annual debt service payments due to the VCMC Replacement Wing have all added pressure to VCMC’s cash position. VCMC includes a discount allowance against these cost settlement receivables as reflected in the County’s Comprehensive Annual Financial Report. See “APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF VENTURA COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

VCMC estimates a cumulative long-term advance from the County’s General Fund of \$124 million for Fiscal Year 2019-20, an increase over the prior year primarily due to the timing of receipts in the supplemental payments under the Medi-Cal Waiver program, deferral of cost reimbursement for VCMC Replacement Wing’s debt service and pending cost report settlements. The net position of VCMC as of June 30, 2019 was \$87.2 million. As of April 2020, VCMC is projecting a \$5.2 million negative change in net position for Fiscal Year 2019-20, resulting in a projected net position of \$82.1 million as of June 30, 2020.

A contribution of \$15 million from the County’s General Fund is budgeted in Fiscal Year 2020-21, which is consistent with the budgeted amount over the previous 10 years. This contribution is exclusive of VCMC’s cumulative long-term advance from the County’s General Fund. VCMC’s preliminary budget for Fiscal Year 2020-21 includes budgeted sources of \$527 million with budgeted uses of \$530 million. The preliminary budget for Fiscal Year 2020-21 encompasses approximately 1,520 full time equivalent employees.

VCMC is undergoing substantial changes to keep up with healthcare reform under the Affordable Care Act, as implemented in Fiscal Year 2013-14, the evolution of governmental payment structures, legislative mandates, population health models and emerging technology. Since the expansion of health insurance coverage through Medi-Cal of the Affordable Care Act in 2014, VCMC has experienced a rise

in patient population. In January 2018, VCMC contracted with Huron Consulting Group (“Huron”) to facilitate VCMC’s ability to adapt to these changes and to provide consulting services in the areas of revenue cycle, clinical documentation improvement, utilization review, supply chain management cost reduction, clinical pharmacy and 340B Program improvements, workforce productivity, and evidence-based leadership accountability. VCMC has seen an improvement in receivable days in patient revenue.

VCMC has undertaken several initiatives to improve the operational and fiscal performance of the system, including revenue cycle optimization, primary and specialty care contracts redesign, standardization of referral process and enhanced scheduling to improve patient access, labor productivity, supply chain improvement, and optimization of operating rooms to increase surgical volume.

VCMC, as a hospital that treats a disproportionate share of Medi-Cal patients, receives a significant amount of supplemental funding from the State and federal governments for the unreimbursed cost of treating low income patients through a number of programs. These programs include Whole Person Care (“WPC”), the Global Payment Plan (“GPP”), the Public Hospital Redesign and Incentives in Medi-Cal (PRIME) Program and the AB 915 Program (Supplemental Funding for Unreimbursed Costs for Medi-Cal Outpatients). For Fiscal Year 2020-21, there are significant changes and unknowns related to these funding sources; therefore, actual projection are difficult to estimate. The payments are disbursed in arrears on a quarterly basis for GPP and WPC, semi-annual basis for the PRIME Program, and an annual basis for the AB 915 Program. Two recent programs have been added, the Quality Incentive Program and Enhanced Payment Program, which were developed for California’s public health care systems to restructure funding from previously existing supplemental payments but are pending final approval from the Centers for Medicare & Medicaid Services.

## **Redevelopment Agencies**

The California Community Redevelopment Law authorized the redevelopment agency of the County and/or any city to issue bonds payable from the allocation of tax revenues resulting from increases in assessed valuation of properties within designated project areas. In effect, local taxing authorities, other than the redevelopment agency, realized property tax revenues only on the base year assessed valuation, and not on any subsequent increases in value in a redevelopment project area.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22 (Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State’s authority to shift property taxes temporarily during a severe financial hardship of the State). ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling \$1.7 billion statewide. Trailing legislation (AB1484) to the State budget for Fiscal Year 2012-13 further amended and supplemented ABx1 26.

Each of the eleven successor agencies in the County had a corresponding oversight board charged with overseeing the winding-down of redevelopment activities. As of July 1, 2018, pursuant to the State of California, Health and Safety Code Section 34179 (j), the Board of Supervisors replaced the eleven individual oversight boards into one consolidated oversight board by establishing the Ventura County Consolidated Oversight Board (“VCCOB”). The VCCOB is charged with overseeing the activities of the eleven successor agencies throughout the County, as these agencies discharge their obligations, dispose of assets, and wind down redevelopment activities.

**COMMUNITY REDEVELOPMENT AGENCY PROJECT AREAS  
IN THE COUNTY OF VENTURA  
SECURED ASSESSED VALUE INCREMENT AND TAX ALLOCATIONS  
FISCAL YEARS 2015-16 THROUGH 2019-20**

<u>Fiscal Year</u>	<u>Secured Assessed Value Increment<sup>(1)</sup></u>	<u>Total Tax Allocations<sup>(2)</sup></u>
2015-16	\$ 9,882,719,285	\$ 99,958,413
2016-17	10,603,969,265	107,250,344
2017-18	11,371,601,358	115,347,435
2018-19	12,053,946,360	122,802,124
2019-20	12,756,535,433	129,714,505

<sup>(1)</sup> Assessed incremental values as of August of each Fiscal Year for all redevelopment projects above the “frozen” base year valuations. This data represents growth in full cash values generating tax revenues for use by the successor redevelopment agencies.

<sup>(2)</sup> The County apportions tax increments to successor redevelopment agencies.

*Source: County.*

**County Investment Pool**

State law requires that all moneys of the County, school districts and certain special districts be held in the County Treasury by the Treasurer-Tax Collector. The Treasurer-Tax Collector has authority to implement and oversee the investment of such funds in the Pool in accordance with Section 53600 et seq. of the California Government Code. The Treasurer-Tax Collector accepts funds only from agencies located within the County. There are currently 221 fund participants in the Pool, with the largest being the County representing an aggregate 46.7% of the invested funds in the Pool, the school districts (including community college districts) representing an aggregate 45.6% of the invested funds in the Pool, and the special districts and other agencies representing an aggregate 7.7% of the invested funds in the Pool. The moneys on deposit are predominantly derived from local government revenues consisting of property taxes, State and federal funding and other fees and charges.

As of April 30, 2020, investments in the Pool were held for the following local agencies in the indicated amounts:

**VENTURA COUNTY INVESTMENT POOL  
LOCAL AGENCY PARTICIPANTS  
(as of April 30, 2020)**

<u>Local Agency</u>	<u>Invested Funds (in millions)</u>	<u>%</u>
County of Ventura	\$1,532	47%
Schools and Community Colleges	1,496	45
Special Districts/Other Agencies	<u>253</u>	<u>8</u>
Total	\$3,281	100%

*Source: County Treasurer-Tax Collector.*

The Treasurer-Tax Collector has historically maintained a more restrictive investment policy for the Pool than that mandated under Sections 53600 *et seq.* of the California Government Code. The County's Investment Policy may be found on the County's website at [www.countyofventura.org](http://www.countyofventura.org). The information set forth on such website is not incorporated by reference herein.

As of April 30, 2020, the Pool had approximately 25% of its assets invested in government agencies and supranationals. Approximately 75% of the Pool's assets were invested in highly liquid short-term money market instruments (commercial paper, medium term notes, certificates of deposit, LAIF, municipal bonds, U.S. Treasury Strips and CalTrust). None of the Pool's assets are invested in Structured Investment Vehicles (SIVs). The detailed composition of the Pool, as of April 30, 2020, was as follows (all dollar amounts in millions):

Over 80% of the portfolio matures in less than one year and has an average weighted days to maturity of 217 days. The maturity distribution of the Pool's portfolio as of April 30, 2020, is presented in the following table.

**VENTURA COUNTY INVESTMENT POOL  
INVESTMENT COMPOSITION  
(as of April 30, 2020)**

<u>Type of Investment</u>	<u>Cost Basis</u>	<u>%</u>	<u>Market Value</u>	<u>%</u>	<u>Par Amount</u>	<u>%</u>
Gov't Agencies	\$ 379	12%	\$ 382	12%	\$ 380	12%
Commercial Paper	926	28	932	28	933	28
Medium Term Notes	420	13	425	13	418	13
Certificates of Deposit	930	28	932	28	930	28
LAIF	55	2	55	2	55	2
Municipal Bonds	113	3	113	3	112	3
CalTrust	25	1	25	1	25	1
Supranationals	<u>433</u>	<u>13</u>	<u>432</u>	<u>13</u>	<u>432</u>	<u>13</u>
Total	\$3,281	100%	\$3,296	100%	\$3,285	100%

*Source: County Treasurer-Tax Collector.*

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**VENTURA COUNTY INVESTMENT POOL  
PORTFOLIO LIQUIDITY  
(as of April 30, 2020)**

<u>Days to Maturity</u>	<u>Number of Investments</u>	<u>Amount (Cost Basis)</u>	<u>% of Total</u>
0 to 30	56	\$ 652,097,732.23	19.88%
31 to 60	39	462,520,223.29	14.10%
61 to 90	47	565,257,899.31	17.23%
91 to 120	31	215,059,879.18	6.55%
121 to 150	17	169,413,406.86	5.16%
151 to 180	17	143,617,661.19	4.38%
181 to 360	76	419,109,997.96	12.78%
>360	<u>32</u>	<u>653,574,857.55</u>	<u>19.92%</u>
Total	374	\$3,280,651,654.57	100.00%

*Source: County Treasurer-Tax Collector.*

The mix of investments is designed to ensure that sufficient liquid funds are available to meet disbursement requirements. Funds available at the end of each of the past five fiscal years in excess of disbursement requirements were as follows:

**VENTURA COUNTY INVESTMENT POOL  
AVAILABLE FUNDS**

<u>Fiscal Year Ending June 30</u>	<u>Available Funds (In Millions)</u>
2015	\$2,068
2016	2,092
2017	2,081
2018	2,442
2019	2,780

*Source: County Treasurer-Tax Collector.*

The Pool has been rated “S1+” for volatility and “AAA” for credit quality by S&P Global Ratings.

**STATE BUDGET**

*Information regarding the State Budget is regularly available at various State-maintained websites. The 2019-20 State Budget and the Proposed 2020-21 State Budget further defined and described below may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading “California Budget.” Additionally, an impartial analysis of the State’s Budgets is posted by the California Legislative Analyst’s Office (the “LAO”) at [www.lao.ca.gov](http://www.lao.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the County, and the County takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.*

*The 2019-20 State Budget preceded the COVID-19 Pandemic, and therefore did not take into account the significant adverse impacts it will have on the State’s financial condition beginning in fiscal*

*year 2019-20. The State has indicated that the projections of revenues and expenditures in the 2019-20 State Budget are no longer operative and will be significantly revised in the Governor's May revision of the fiscal year 2020-21 State budget and the final fiscal year 2020-21 budget.*

**2019-20 Budget.** On June 27, 2019, Governor Newsom signed a final State budget for Fiscal Year 2019-20 (the "2019-20 State Budget") in the total amount of \$214.8 billion, of which \$147.8 billion was General Fund. The 2019-20 State Budget contemplated ending Fiscal Year 2018-19 with total reserves of \$19.2 billion, with \$16.5 billion in the Budget Stabilization Account (sometimes called the "Rainy Day Fund"), \$1.4 billion in the Special Fund for Economic Uncertainties, \$900 million in the Safety Net Reserve, and \$380 million in the Public School System Stabilization Account.

**Proposed 2020-21 State Budget.** On January 10, 2019, Governor Newsom released California's Proposed Fiscal Year 2020-21 State Budget (the "Proposed 2020-21 State Budget"), which reflected \$153 billion in total spending from the State's General Fund. The Proposed 2020-21 State Budget expenditures (including from special funds) totaled approximately \$222 billion and contemplated adding approximately \$2 billion to the Budget Stabilization Account, which the Proposed 2020-21 State Budget projected to grow to \$18 billion by the end of Fiscal Year 2020-21. For K-12 schools and California Community Colleges, Proposition 98 funding for Fiscal Year 2020-21 was budgeted at approximately \$84 billion, which included an increased investment of \$3.8 billion in K-14 education.

Significant appropriations for Fiscal Year 2020-21 and other features of the Proposed 2020-21 State Budget impacting counties and other local agencies in California included the following:

- *Housing—\$6.8 billion across multiple departments and programs to address housing throughout the State, including \$500 million annually for the State's housing tax credit program and \$750 million one-time General Fund appropriation to establish the California Access to Housing and Services Fund to be administered by the Department of Social Services to reduce homelessness by moving individuals and families into stable housing, and to increase the number of units available as a stable housing options.*
- *Department of Corrections—\$13.4 billion (\$13.1 billion from the General Fund and \$306.5 million from other funds) to be allocated to Department of Corrections programs in Fiscal Year 2020-21.*
- *County Indigent Health—\$589.8 million in projected county indigent health savings in Fiscal Year 2020-21 to offset General Fund costs in the CalWORKs program, a decrease of \$13.1 million from Fiscal Year 2019-20, and offset by additional indigent health net savings of \$301.3 million available from Fiscal Year 2017-18.*
- *Early Childhood Development—establishing a new Department of Early Childhood Development under the Health and Human Services Agency effective July 1, 2021 to better position the State to implement recommendations from its Master Plan for Early Learning and Care, and allow for better integration of services and outcomes for children in child care and other health and human services programs.*
- *CalWORKs Grant Increase—a 3.1-percent increase to CalWORKs Maximum Aid Payment levels, effective October 1, 2020, which is estimated to cost \$73.6 million, to be funded by the State's Child Poverty and Family Supplemental Support Subaccounts of the Local Revenue Fund.*
- *Local Child Support Agencies—\$56 million (\$19.1 million from the General Fund) for Local Child Support Agency administrative costs to create more equitable funding across all local*

*agencies, reducing geographic disparities in funding for child support case management and increasing the ability of local agencies to collect and remit child support payments.*

- *Mental Health Funding—\$45.1 million from the General Fund for the Department of Health to implement a Behavioral Health Quality Improvement Program to provide funding to county-operated community mental health and substance use disorder systems to incentivize system changes and process improvements that will help counties prepare for opportunities through the Medi-Cal Healthier California for All.*
- *Department of State Hospitals—\$24.6 million from the General Fund in Fiscal Year 2020-21 to implement a Community Care Collaborative Pilot Program to establish a six-year pilot program in three counties that provides incentives to treat and serve individuals deemed incompetent to stand trial in the community (the total costs of the pilot program over six years is estimated to be \$364.2 million from the General Fund).*
- *Homeless Families—\$25 million from the General Fund for the Bringing Families Home program, a county-matching grant program focused on reducing homelessness among families who are part of the child welfare system, and \$25 million ongoing General Fund for counties to assist eligible homeless individuals to seek out disability benefits from relevant programs.*
- *Probation Reform—\$60 million from the General Fund, to supervise and provide probation services for misdemeanants, with the aim of improving public safety by reducing recidivism of these individuals.*
- *Water Resilience—a proposed \$4.75 billion climate resilience bond for the November 2020 ballot structured around climate risks, with over 60 percent of the proposed bond funding dedicated to programs that align with priorities identified in the State’s Water Resilience Portfolio.*
- *Disaster Assistance—\$16.7 million from the General Fund to increase the amount of funding available through the California Disaster Assistance Act (“CDAA”) to be used to repair, restore, or replace public real property damaged or destroyed by a disaster, and to reimburse local government costs associated with certain activities undertaken in response to a state of emergency; an augmentation which increases total CDAA funding included in the Proposed 2020-21 State Budget to \$79.3 million.*
- *Fire Protection—\$120 million from the General Fund, for additional resources that will provide CAL FIRE operational flexibility throughout peak fire season and beyond based on fire conditions.*
- *Power Vulnerability—\$50 million from the General Fund to support additional preparedness measures that bolster community resiliency to support critical services vulnerable to power outages including schools, county election offices, and food storage reserves, a proposal that supports a matching grant program to help local governments prepare for, respond to, and mitigate the impacts of power outages.*
- *Mental Health—establishing a \$32.9 million Licensing and Certification Program Fund plus support for additional positions and the continued phase-in of resources for the Department of Public Health to allow completion of mental health licensure workloads, as well as \$3 million from the Internal Departmental Quality Improvement Account to implement quality improvement projects and provide enhanced provider and program support for mental health licensing and certification.*

- *Emergency Services—\$9.4 million (\$9.2 million from the General Fund) and fifty positions to enhance the ability of the Office of Emergency Services (“OES”) to anticipate, prepare for, respond to, and recover from disasters and provide the necessary programmatic and administrative resources to support OES’ increasingly complex mission and maximize eligible federal reimbursements.*

***LAO Fiscal Perspective Report.*** The LAO issued a fiscal perspective report on March 18, 2020 entitled “COVID-19 and California’s Evolving Fiscal Outlook,” concluding that the economic uncertainty caused by the Coronavirus emergency will significantly affect California’s near-term fiscal outlook. Key takeaways from the report are as follows:

- *Volatility in Financial Markets Indicate Lower Capital Gains-Related Tax Revenue. Taxes on capital gains are a significant source of State revenue, but they are difficult to forecast because of their correlation to stock market performance. The LAO states that the volatility of financial markets indicate lower capital gains-related tax revenue. With the market now well below the budget assumption, absent a more rapid recovery than has occurred in any modern market downturn of this severity, it appears likely that the average price level will wind up lower than the budget assumption. The LAO projects there is a high likelihood that tax revenues from capital gains income will be several billion dollars lower than what the Governor’s budget assumed.*
- *COVID-19 Response Brings Economic Activity to a Halt. For the broader economy, the LAO stated that the odds of a recession have increased substantially due to the pullback in activity across wide swaths of the economy. The abrupt and nearly across-the-board curtailment of spending that is now underway sets it apart from previous downturns. An optimistic scenario is that the economy would experience a sharp but comparatively short-lived downturn lasting one or two months. Under a more pessimistic scenario, economic activity would remain depressed for longer, compounded by dislocated supply chains and reduced lending caused by elevated risk aversion in credit markets. The type of contraction the state, national, and global economies experience will have implications for revenue collections in the coming years.*
- *California’s Strong Fiscal Position is a Key Advantage. The LAO notes, however, that California’s budget entered 2020 on a strong footing due to strong budget reserves, the pay down of debt and multiyear balanced budgets during the economic expansion of previous years.*

On March 24, 2020, the State Department of Finance (the “Department”) released Budget Letter 20-08 which states that the Department anticipates a severe drop in economic activity in California as a result of the COVID-19 Pandemic, which could negatively impact anticipated revenue levels in fiscal year 2019-20, and will certainly produce impacts in fiscal year 2020-21 and beyond. On May 7, 2020, the Department issued its fiscal update on the State’s Budget stating that COVID-19 Pandemic impacts will continue to cause economic losses in 2020, including personal income projected to fall by nearly 9% on an annual basis in 2020 and permits for new housing construction, a key economic indicator, are forecasted to drop by more than 21 % this year. The Department forecasted that job losses and business closures will sharply reduce State revenues. Compared to the January forecast, personal income tax is projected to drop 25.5%, sales and use tax is projected to drop by 27.2% and corporation tax is projected to drop by 22.7%. Specifically, the Department projects that State General Fund revenues will decline by \$41.2 billion below January projections. These revenue declines, combined with \$7.1 billion in caseload increases supporting health and human services programs, and other expenditures of approximately \$6 billion (the majority in response to the COVID-19 Pandemic) will result in an overall budget deficit of approximately \$54.3 billion, of which \$13.4 billion occurs in the current fiscal year and \$40.9 billion is in the 2020-21 budget year. This overall deficit is equal to nearly 37% of State General Fund spending authorized in the 2019-20 State Budget and is nearly 3½ times the revised balance in the State rainy day fund (\$16 billion).

***Fiscal Year 2020-21 May Revision.*** The Fiscal Year 2020-21 May Revision to the Proposed 2020-21 Budget released May 14, 2020 (the “May Revision”) incorporates the significant impact of the effects of the COVID-19 Pandemic on the budgets and operations of the State and local agencies and proposes to use the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to support schools, public health and local governments. In an effort to respond to dramatic economic and revenue changes since the Proposed 2020-21 Budget, the May Revision proposes to cancel or reduce spending included in the 2019-20 State Budget, cancel new initiatives proposed in the Proposed 2020-21 Budget, draw down reserves, borrow from special funds, temporarily increase revenues and make government more efficient.

The May Revision acknowledges that the rapid onset of the COVID-19 recession in California has resulted in more than 4 million unemployment claims being filed since mid-March 2020 with the unemployment rate projected to be 18 percent for calendar year 2020, and a \$41 billion drop in revenues compared to the forecast in the Proposed 2020-21 Budget. With a higher demand for social safety net services increasing State costs, the \$54.3 billion deficit is more than three times the size of the \$16 billion projected as the State’s Budget Stabilization Account balance by the Department. The May Revision stresses the necessity of additional federal funds to protect public health and safety, public education and other core government functions, as well as to support an economic recovery. If additional federal funds are not forthcoming, the May Revision spells out spending cuts necessary to meet the constitutional requirement for a balanced State budget.

The May Revision projects significant reductions in expected transfers of State sales and use taxes and vehicle license fee revenues to counties. Certain State sales and use taxes and vehicle license fee revenues (“Realignment Funding”) fund a number of health, mental health, social services programs, as well as certain public safety programs administered by counties. Realignment Funding in Fiscal Year 2018-19 was about \$13.5 billion. The May Revision projects Realignment Funding will decline by 13 percent from Fiscal Year 2018-19 to Fiscal Year 2019-20 and grow only slightly in Fiscal Year 2020-21. According to the May Revision summary, this decline is significant and the first time since 2011 there has been a significant decline in realigned revenues to support the entitlement programs funded by Realignment Funding.

The May Revision prioritizes funding for direct payments to families, children, seniors and persons with disabilities, maintaining the newly expanded Earned Income Tax Credit, which targets one billion dollars in financial relief to working families whose annual incomes are below \$30,000 – and including a \$1,000 credit for those families with children under the age of six. The May Revision also maintains grant levels for families and individuals supported by the CalWORKs and SSI/SSP programs and prioritizes funding to maintain current eligibility for critical health care services in both Medi-Cal and the expanded subsidies offered through the Covered California marketplace for Californians with incomes between 400 percent and 600 percent of the federal poverty level. The May Revision estimates unemployment insurance benefits in fiscal year 2020-21 will be \$43.8 billion – 650 percent higher than the \$5.8 billion estimated in the Proposed 2020-21 Budget.

The May Revision also targets \$3.8 billion in federal funds to protect public health and safety and proposes \$1.3 billion to counties for public health, behavioral health, and other health and human services programs, and also proposes \$450 million to cities to support homeless individuals. In addition, the May Revision proposes an augmentation of \$50 million for a total increase of \$100 million to the small business loan guarantee program to fill gaps in available federal assistance. This increase will be leveraged to access existing private lending capacity and philanthropy to provide necessary capital to restart California small businesses. To support innovation and the creation of new businesses, the May Revision retains the proposal in the Proposed 2020-21 Budget to support new business creation by exempting first-year businesses from the \$800 minimum franchise tax.

The CARES Act allocated the Coronavirus Relief Funds to state and local governments for expenditures incurred between March 1 and December 30, 2020 in response to COVID-19, not previously accounted for in the most recent state and local budgets. Based on the State's population, California was allocated a total of \$15.3 billion with \$9.5 billion allocated to the State. Cities and counties with populations over 500,000 were allocated a total of \$5.8 billion directly from the U.S. Treasury.

The May Revision allocates a portion of the State's CARES Act funding to local governments — \$450 million to cities and \$1.3 billion to counties — to be used toward homelessness, public health, public safety, and other services to combat the COVID-19 Pandemic. This funding is contingent on adherence to federal guidance and the State's stay-at-home orders and will be released upon such jurisdictions' certification of both. Recipient jurisdictions must spend these funds consistent with federal law and are advised to prioritize these dollars to supplement existing efforts by counties and "Continuums of Care" to address the impacts of COVID-19 on people experiencing homelessness, including but not limited to outreach and hygiene efforts, shelter and housing supports, public safety, and rental subsidies. The May Revision also includes \$1.1 billion in available federal funds through the Community Development Block Grant Program for critical infrastructure and disaster relief related to the 2017 and 2018 wildfires and maintains a one-time \$50 million appropriation from the General Fund to support preparedness measures that bolster community resiliency to support critical services still vulnerable to power outage events, including schools, county election offices, and food storage reserves.

Direct CARES Act federal funding described in the May Revision affecting counties and other local agencies include the following:

- *Economic Impact Payments—\$22.5 billion allocated, as of May 8, 2020, to more than 13.5 million California families who have filed a federal tax return in 2018 or 2019 with additional payments expected to total about \$29 billion.*
- *Small Business Grants and Loans—Over 300,000 California small businesses have received a combination of grants and loans totaling over \$70 billion primarily to support continued payment of employees and to help overcome the temporary loss of revenue they are experiencing, but benefiting only approximately 7.5 percent of California's 4 million small businesses.*
- *Hospitals, Providers, and Rural and Community Clinics—\$5.3 billion allocated to the date of the May Revision through various formula allocations with initial allocations based on the number of Medicare fee-for-service payments.*
- *Public Health—\$3.8 billion directed to protect public health and public safety; \$1.3 billion to counties for public health, behavioral health and other health and human services programs; and \$450 million to cities for public safety and to support homeless individuals.*
- *Public Transit Agencies—\$3.6 billion allocated to offset lost fares and revenue from sudden loss of ridership.*
- *Housing—at least \$500 million to various public housing agencies to maintain the operation of low-income housing units as well as provide rental assistance and support for homeless individuals and families.*
- *Food Assistance—at least \$2 billion for California, including for programs that provide assistance to families through the Pandemic Electronic Benefits Transfer Program and the Commodity Assistance Program.*

In addition, the May Revision contemplates significant budget reductions including:

- *2019 Budget Act Reversions—Including reverting funding for behavioral health counselors in emergency departments, Medi-Cal enrollment navigators, and the Medical Interpreters Pilot Project, as well as eliminating the augmentation for caregiver resource centers, resulting in General Fund savings of \$25 million in fiscal years 2019-20 and 2020-21, and \$10 million in fiscal year 2021-22.*
- *CalWORKs Reductions—Reducing all but the base funding for CalWORKs Subsidized Employment resulting in a savings of \$134.1 million General Fund in 2020-21; reducing funding for CalWORKs Home Visiting resulting in a savings of \$30 million General Fund in 2020-21; eliminating funding for CalWORKs Outcomes and Accountability Review (“CalOAR”) resulting in a savings of \$21 million General Fund in fiscal year 2020-21.*

**LAO Overview of May Revision.** The Legislative Analyst’s Office (“LAO”) is a nonpartisan State office providing fiscal and policy information and advice to the State Legislature. The LAO released its report on the May Revision titled “The 2020-21 Budget: Overview Initial Comments on the Governor’s May Revision” on May 17, 2020 (the “LAO Overview”). In the LAO Overview, the LAO summarizes the May Revision in the context of matters such as federal decisions surrounding healthcare financing and the public health emergency associated with the COVID-19 Pandemic and the economic fallout. The LAO also highlights key adjustments to the Proposed 2020-21 State Budget, which include a wide array of one-time programmatic spending and new policy goals to address an estimated \$54.3 billion budget shortfall. The LAO notes the May Revision proposals including using reserves, baseline adjustments for spending, increasing revenues, adjusting K-14 education spending, reducing overall spending, shifting costs, and using federal funding. The LAO describes the May Revision as a balanced mix of solutions and suggests the State Legislature address certain weaknesses as it adopts the fiscal plan for the State. The LAO notes that, under the May Revision, the State is estimated to begin Fiscal Year 2020-21 with \$17.1 billion across the Budget Stabilization Account and the Safety Net Reserve. The May Revision proposes using roughly half of that total, \$8.3 billion, to address the budget problem in Fiscal Year 2020-21. It is estimated that the State would end Fiscal Year 2020-21 with approximately \$10.7 billion in total reserves, representing a decrease of \$9.8 billion from the Proposed 2020-21 State Budget. The LAO summarizes that the Budget Stabilization Account would reach a balance of approximately \$8.4 billion at the end of Fiscal Year 2020-21, the Special Fund for Economic Uncertainties would reach a balance of approximately \$1.62 billion at the end of fiscal year 2020-21 (representing an increase of \$320 million relative to the Proposed 2020-21 State Budget amount), and the Safety Net Reserve would decrease to a balance of approximately \$450 million at the end of fiscal year 2020-21.

To shift costs, the LAO notes that in past recessions the State made loans from other State accounts known as special funds to the General Fund to address budget problems. The LAO observes that the May Revision proposes making \$2 billion in loans from 57 separate special funds to the General Fund. Over 90 percent of these loans are less than \$100 million. The administration also proposes control section language that would lend special fund savings from lower employee compensation in fiscal year 2020-21 to the General Fund. The administration estimates this would yield about \$1 billion in loans. The LAO counts these as a trigger reduction because the employee compensation reductions are tied to triggers.

Finally, the LAO notes that the administration proposes transferring about \$400 million in special fund balances to the General Fund—amounts that would not be repaid. Similar to repurposing pension payments for schools, the LAO notes that the May Revision proposes repurposing a supplemental pension payment of \$2.5 billion in the 2019-20 State Budget to supplant State General Fund contributions to the California Public Employees’ Retirement System for Fiscal Year 2019-20 resulting in savings of \$2.4 billion, which the administration scores over multiple years including Fiscal Year 2021-22. However, this means the State would forgo the remaining savings over the next few decades, as was anticipated by the 2019-209 State Budget.

The final 2020-21 State Budget is projected to be adopted by the State Legislature by June 15, 2020, with Gubernatorial approval estimated to occur by June 30, 2020. While recent State budgets have been timely adopted, State budgets have not always been timely adopted and signed. The County cannot predict the adoption date of the final State budget nor the impact any delay may have on basic appropriations, County funding, nor the effect on County budgets or operations. In addition, the State extended personal income tax return filing deadlines in response to the COVID-19 Pandemic. See “COUNTY FINANCIAL INFORMATION - COVID-19 (Coronavirus) Pandemic” above. With some income tax receipts delayed into the next fiscal year, or for other reasons, the State might adopt significant budget adjustments during Fiscal Year 2020-21.

There can be no assurances regarding present or future State fiscal challenges or the effects State efforts to address such challenges might have on the County. Information about the State budget and State spending is available at various State maintained websites. Text of the 2019-20 Budget and the Proposed 2020-21 Budget and other documents related to the State budget may be found at the website of the State Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov). The Legislative Analyst’s Office analysis of the 2019-20 Budget and the Proposed 2020-21 Budget is posted at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). *None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The County makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.*

## THE COUNTY

Following is a brief description of the County, together with current information concerning its economy and governmental organization, its major revenue sources and funds. See “APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF VENTURA COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2019.” *Certain statistical and economic data provided in this section is historical and may differ materially from future results as a result of economic or other factors, including COVID-19.*

### General

The County was incorporated as a general law county on March 22, 1872, with the City of Ventura (legally, San Buenaventura) as the County seat. A five-member Board of Supervisors elected to four-year terms serves as its legislative body. Also elected are the Assessor, Auditor-Controller, Clerk-Recorder, District Attorney, Sheriff and Treasurer-Tax Collector. A County Executive Officer appointed by the Board of Supervisors runs the day-to-day business affairs of the County.

The County covers 1,873 square miles. It is bounded on the northwest by Santa Barbara County, on the north by Kern County, on the east and south by Los Angeles County, and on the southwest by 42 miles of Pacific Ocean shoreline. The County is a growing area closely allied with the economy of Southern California.

The County’s historic economic strength in agriculture, food processing and mineral production has been supplemented in the past decade by the increasing prominence of business services, small manufacturing businesses, the electronics industry, biotechnology, tourism and the military’s presence, as well as other diversified industries.



## Governance

A five-member Board of Supervisors elected to four-year terms serves as the County's legislative body. Also elected are the Assessor, Auditor-Controller, Clerk-Recorder, District Attorney, Sheriff and Treasurer-Tax Collector. A County Executive Officer appointed by the Board of Supervisors runs the day-to-day business affairs of the County.

Brief biographies of the members of the Board of Supervisors, the Treasurer-Tax Collector, the Auditor-Controller, the County Executive Officer and the Chief Financial Officer are presented below:

***Chair, Supervisor Kelly Long, Supervisor, District 3.*** Supervisor Kelly Long was elected Ventura County Supervisor District 3 in 2016. She has over 25 years of combined experience as an entrepreneur, business executive, and school board trustee. She held the office of the Pleasant Valley School Board of Trustees from 2012 – 2016. She has a degree in Mechanical Engineering from California State University, Long Beach and holds six patents.

***Vice Chair, Supervisor Linda Parks, Supervisor, District 2.*** Supervisor Linda Parks has served on the Board of Supervisors for over ten years. She previously served as a Planning Commissioner, City Council member, and Mayor for the City of Thousand Oaks, California. As a city official, she sponsored the "Parks Initiative" that preserves open space and parkland in Thousand Oaks, wrote the City's first campaign reform law, founded the Ventura County Discovery Center, created the City's Residents Roundtable, and initiated the annual Thousand Oaks Earth Day/Arbor Day Celebration. She is one of the organizing directors of the countywide SOAR campaign, which was successful in creating a law to protect open space and farmland in addition to establishing urban boundary limits around county cities. She is an open space advocate whose sixteen-year grassroots effort to preserve Ahmanson Ranch culminated in the Ranch's purchase as a State Park.

As a Ventura County Supervisor, Ms. Parks continues to champion quality of life issues, setting policy on the Board of Supervisors, the Santa Monica Mountains Conservancy, LAFCO, the Air Pollution Control District, Ventura Council of Governments, Southern California Association of Governments, California State University at Channel Islands Site Authority, the County Mental Health Board and Community Leadership Committee, the Ventura County Wetlands Task Force, and the Ventura County Transportation Commission.

Ms. Parks' accomplishments as a Supervisor include organizing a County-wide Senior Summit to plan for the growing senior adult population. She has also taken a leadership role in establishing a County transportation vision to provide an alternative to a future of congested roadways, and has been a strong supporter of public safety, hosting several public safety town halls, and establishing fire safe councils. She also developed County guidelines that require testing water and soil near the Boeing Santa Susana Field Laboratory where perchlorate and TCE have been found, and has led efforts to reduce and eliminate harmful pesticides.

Supervisor Parks received her Masters Degree in Urban Planning from the University of Washington and her undergraduate degree from Cal Poly San Luis Obispo. She has been honored with the Las Virgenes Homeowners Federation "2012 Citizen of the Year Award," the Carla Bard "Environmental Integrity in Public Service Award" from the Environmental Defense Center, the "Walk the Talk Award" from Heal the Bay and the "Edward L. Masry Integrity in Community Service Award."

***Supervisor Steve Bennett, Supervisor, District 1.*** Steve Bennett serves on the Board of Supervisors, representing the citizens of District 1. He graduated in 1972 from Brown University with an Honors degree in economics and received a Master's degree in Education from Butler University in 1977. Before being elected to the Board of Supervisors in 2000, Mr. Bennett was a teacher and high school administrator for 20 years at Nordhoff High School in Ojai.

Mr. Bennett served on the Ventura City Council from 1993 to 1997. He co-authored the Save Open Space and Agricultural Resources (“SOAR”) that has made Ventura County a national leader in land-use planning. SOAR slows urban sprawl by requiring a vote of the citizens before greenbelt areas outside of the cities can be rezoned for development. Mr. Bennett also authored one of the state of California’s toughest campaign finance reform laws for the City of Ventura as well as the County of Ventura.

In addition Mr. Bennett is a leader on the Board of Supervisors regarding environmental policies. He introduced measures to replace county fleet vehicles with hybrids, reduce the number of County sport utility vehicles, eliminate Styrofoam at county facilities, make county buildings more energy efficient, and pursue mandatory energy reduction requirements for large new homes.

***Supervisor Robert O. Huber, Supervisor, District 4.*** Supervisor Bob Huber was elected to the Ventura County Board of Supervisors representing the Fourth District in June 2018 and sworn into office January 2019. Previously, he served the City of Simi Valley as the Mayor from December 2010 to December 2018 and as a Councilman from 1980 to 1984, during which time he focused on such issues as fiscal management, affordable housing, senior citizen services, and environmental and historic preservation.

Professionally, Supervisor Huber was self-employed as a private practice attorney for almost 40 years. Prior to starting his practice, he served as a Deputy District Attorney, and before that, was the founder/owner of Huber Chapel Mortuary for nine years. Mr. Huber’s legal career also includes service as a Superior Court Judge Pro Tem since 1981.

Supervisor Huber holds an Associate of Arts degree in Mortuary Science from San Francisco College of Mortuary Science, a Bachelor of Arts degree in Business Administration from University of the Pacific, Stockton, and a Doctorate of Jurisprudence from the San Fernando Valley College of Law.

***Supervisor John C. Zaragoza, Supervisor, District 5.*** Supervisor John Zaragoza, a County native, began his career serving the public in 1962, working as a Bus Operator for the City of Oxnard. He was promoted to Assistant Transit Supervisor, then Refuse Supervisor and in 1978 was promoted to Refuse Superintendent. As Superintendent, Mr. Zaragoza implemented progressive automated commercial and residential refuse collection programs, which saved residents and businesses hundreds of thousands of dollars in refuse costs. Mr. Zaragoza subsequently implemented recycling and household hazardous waste programs, including completing plans to close the local landfill and build a waste transfer and recycling facility, now known as the Del Norte Recycling and Transfer Station.

Mr. Zaragoza retired in 1993 and was elected to the Oxnard City Council in 1996. He served as Mayor Pro Tem and as a City Council member for 12 years, as well as on numerous boards and commissions. Mr. Zaragoza was also a small business owner of Home Center Real Estate and Zaragoza Tax Service from 1993 until December 2008. He was elected to the Board of Supervisors in November 2008, and began serving on the Board in January 2009.

***Steven Hintz, Treasurer-Tax Collector.*** Steven Hintz took office as Ventura County’s Treasurer-Tax Collector in 2011. Before his election in 2010 he had served 27 years as a California judge in Ventura County, seven years as a Ventura County deputy district attorney, and four years as a lieutenant in the U.S. Navy Judge Advocate General’s Corps.

Mr. Hintz graduated from San Diego State College in 1968 with a B.S. in Business Management, minoring in Political Science. He graduated from Boalt Hall School of Law, University of California, Berkeley, in 1971. Hintz is licensed to practice in all California courts since 1971 and all U.S. military courts since 1972. He is a Certified Public Funds Investment Manager.

Mr. Hintz taught Constitutional Law and Constitutional Criminal Procedure for 19 years at Ventura College of Law, and was honored three times as Teacher of the Year. He was named Ventura County Judge of the Year twice. He was the editor of the first edition of *Arson Investigation and Arson Prosecution*, published nationally in 1980 by the California District Attorneys Association.

Mr. Hintz has been a Trustee of the California State Railroad Museum Foundation since 1999, served as its Chief Financial Officer for five years, and is currently a vice-chairman of the Foundation. He is a Trustee of the Ventura County Employees Retirement Association Board of Retirement and the Gold Coast Chapter of the Federalist Society. In the past he has been a Trustee of a private Christian K-12 school; chairman of the Ventura County Easter Seal Society; and District Chair of the Ventura County Council of Boy Scouts of America.

***Jeff Burgh, Auditor-Controller.*** Jeff Burgh has been with the Auditor-Controller's Office since June 18, 2012, and was elected County Auditor-Controller in June 2014. He is responsible for the day-to-day operations of the office and is familiar with all aspects involved in its operations.

Mr. Burgh joined the Auditor-Controller's Office after having served as Deputy Executive Officer in the County Executive Office and Executive Officer in the Probation Agency. Prior to joining the County, he worked in private industry, including positions with Vivitar and Deloitte & Touche. He also served four years in the United States Army, and sixteen months in the United States Army Reserves.

Mr. Burgh received his bachelor's degree majoring in Business Administration from California State University, Northridge and his Master of Public Policy and Administration degree from California Lutheran University, where he currently serves as an instructor for graduate studies teaching public budget and finance.

Mr. Burgh currently serves on the California State Controller's Advisory Committee on County Accounting Policies and Procedures, as well as the State Association of County Auditors Legislative Committee. He is also a member of the California Society of Municipal Finance Officers and the American Society for Public Administration.

***Michael Powers, County Executive Officer.*** Michael Powers became the County Executive Officer for Ventura County in April of 2011. Prior to his appointment, Mr. Powers was the Director of the Health Care Agency ("HCA") where he oversaw the operation and management of the County's health departments. These included the VCMC, Santa Paula Hospital, the Ambulatory Care Department, which provides a network of 30 community-based outpatient and specialty clinics, the Public Health Department, the Behavioral Health Department, the Medical Examiner's Office and the county-run health insurance plan. At HCA, Mr. Powers also served as Hospital Administrator, Physician Services Director, Compliance Officer and Deputy Director.

He began his career with the County in 1992 as an Assistant County Counsel. Prior to joining the County, he worked in private legal practice with Nordman, Cormany, Hair & Compton. With a degree in Economics and Business from UCLA, he received his Law Degree from Loyola Law School.

Mr. Powers also serves or has served on a number of community boards, including Ventura County Medical Resource Foundation; United Way of Ventura County, and American Red Cross, Ventura County Chapter.

***Kaye Mand, County Chief Financial Officer.*** Kaye Mand has been with the County Executive Office since 2008 and was appointed to the County Chief Financial Officer position in 2018. Ms. Mand has more than 28 years of fiscal analysis, accounting and management experience. Mand began her career with the County in 1990 as an accountant in the Auditor-Controller's Office and held the positions of Senior Financial Analyst and Fiscal Manager. In 2008, she transferred to the County Executive Office as a Program Management Analyst.

Prior to her appointment as County CFO, she served as a Senior Deputy Executive Officer leading the budget and finance team. As part of her CFO duties, Ms. Mand serves as Chair of the Ventura County Deferred Compensation Committee. Ms. Mand holds a bachelor's degree in biology from the University of Winnipeg, a post-baccalaureate licentiate in accounting degree from the University of British Columbia and is a Certified Public Accountant.

***William Foley, Executive Director, Ventura County Health Care Agency.*** Bill Foley has been the Director of the Ventura County Health Care Agency since February of 2019. Mr. Foley has a successful national reputation for leading some of the largest public safety net health systems including the Chicago-based Cook County Health and Hospitals System, and the New York Health and Hospitals System. In his 30-year career, Mr. Foley has held executive leadership positions in both the public and private sectors, including significant experience leading California public hospitals.

He has worked for more than 40 years in health care management, leading large public health care systems in key positions at hospitals in Monterey, San Bernardino and Riverside counties in California. He has directed financial improvements in the hundreds of millions of dollars and served as senior vice president at New York City Health + Hospitals, the largest public health care system in country.

***Michael Taylor, Chief Financial Officer, Ventura County Healthcare Agency.*** Michael Taylor has been the Chief Financial Officer of the Ventura County Health Care Agency since 2020. Mr. Taylor has experience leading financial and revenue cycle improvements, managing operational and capital budgeting, strategic planning, financial statement preparation, identifying key financial trends for Senior Leadership and the Board, developing bridge plans to address gaps to financial plan, regulatory compliance and supplemental funding.

After earning his BSBA at the University of Missouri, Mr. Taylor joined KPMG as an auditor. While at KPMG, passed the CPA exam and secured the audit experience needed for CPA licensing, including audit experience at the University of California San Francisco Medical Center and other healthcare organizations. Over the next 18 years, progressed as a healthcare leader within the Alexian Brothers Health System, the Via Christi Health System and earned his Masters in Business Administration from the University of California at Davis. From 2011 to 2019, Mr. Taylor served as CFO for Dignity Health Northridge Hospital Medical Center.

## **County Employment**

County employees are represented by ten (10) labor organizations, the principal one being the Service Employees International Union (Local 721) ("SEIU"), which represents approximately 56% of all County employees in a variety of classifications. SEIU also represents the independent contractors with respect to wages and benefits in their relations with the Ventura County In-Home Supportive Services Public Authority (the "IHSS Public Authority"). The IHSS Public Authority was established on July 23, 2002 by (but is distinct from) the Board of Supervisors, in accord with Section 12301 of the California State Welfare and Institutions Code. The IHSS Public Authority is the "Employer of Record" pursuant to Welfare and Institutions Code Section 12301.6(c) and within the meaning of Government Code Section 3500 *et seq.* for the In-Home Supportive Services independent contractors.

Personnel policies, procedures, compensation and benefits for management, confidential clerical and other unrepresented employees of the County of Ventura are provided for in a resolution by the Board of Supervisors.

The following table lists the unions representing County employees and the expiration dates of all Memoranda of Agreement between the County and the labor unions.

<u>Union/Association</u>	<u>Expires</u>
Service Employees International Union (SEIU) Local 721	12/17/22
SEIU Local 721 – Student Workers	11/19/22
SEIU Local 2015 – In Home Support Workers	06/11/21
Ventura County Deputy Sheriff’s Association	04/30/21
International Union of Operating Engineers Local 501	01/13/23
California Nurses Association	03/17/23
California Nurses Association Per Diem Nurses	01/23/21
Ventura County Sheriff’s Correctional Officers Association	07/30/21
Criminal Justice Attorneys Association of Ventura County	05/15/20 <sup>(1)</sup>
Ventura County Professional Peace Officers Association – Probation Unit	07/31/21
Ventura County Professional Peace Officers Association – Patrol Unit	09/19/20
Specialized Peace Officers Association of Ventura County	04/16/21
Ventura County Professional Firefighters Association	07/31/21
Ventura Employees Association	12/22/22

<sup>(1)</sup> Under negotiation.

Source: County of Ventura.

Following is a chart showing the number of full-time equivalent (“FTE”) County employees per the adopted budgets for the Fiscal Years listed:

#### **County Employees**

<u>Fiscal Year</u>	<u>FTEs</u>
2015-16	8,832
2016-17	8,986
2017-18	8,963
2018-19	8,950
2019-20	8,837
2020-21 <sup>(1)</sup>	9,005

<sup>(1)</sup> Preliminary Budgeted Amount.

Source: County Auditor-Controller.

#### **Retirement Programs**

***Ventura County Employees’ Retirement Association Plan.*** The County’s retirement plan is administered by the Ventura County Employees’ Retirement Association (“VCERA”) in accordance with the provisions of the County Employees Retirement Law of 1937 (the “1937 Act”) and the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”). The plan is a cost-sharing multiple employer public retirement system and is managed by a board (the “Board of Retirement”) with nine trustees and three alternate trustees: four representing the employees and retired members (with two alternates), four representing the public (with one alternate), plus the Treasurer-Tax Collector. An Administrator appointed by the Board of Retirement directs plan operations, and State Street Bank is the master custodian for the majority of plan assets. See Notes 1 and 13 of the Notes to Financial Statements in “APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF VENTURA COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

The plan provides basic benefits upon retirement, service disability or death. These benefits are based on years of service, age at retirement and final compensation. The plan also provides employees who are members of the original retirement plan (“Tier I”), which is applicable to employees who were

hired prior to June 30, 1979, certain management personnel in benefit plan levels 1 and 2 and safety members (primarily fire and sheriff personnel), with annual cost of living adjustments not to exceed 3% per year, provided after retirement.

On June 30, 1979, the Board of Supervisors adopted an alternative retirement plan ("Tier II") applicable to all employees hired on or after that date (except certain management personnel in benefit plan levels 1 and 2 and safety members (consisting primarily of fire and sheriff personnel) who were retained in the original plan). During Fiscal Year 2002-03 the Board of Supervisors amended the plan; all newly hired management personnel will participate in the Tier II plan. On February 28, 2005 the Board of Retirement adopted regulations pursuant to California Government Code Section 31627 to provide a 2% cost of living adjustment to a majority of Tier II general members, composed of those represented by SEIU, to be funded annually by employee contributions. New members employed after January 1, 2013 are designated as PEPR Tier I, II, or safety. As of June 30, 2019, Tier I and Tier II combined had 8,696 active participants, consisting of 7,153 general participants and 1,543 safety participants and VCERA had a total of 19,017 members (including active participants, retirees, beneficiaries currently receiving benefits and terminated employees not yet receiving benefits). Approximately 82.0% of VCERA active members are Tier II general members. Currently all County employees (PEPRA and non-PEPRA) contribute fifty percent of the actuarially determined normal retirement cost.

VCERA is funded by investment earnings as well as employee and employer contributions. In Fiscal Year 2018-19, employee contributions amounted to \$75.2 million and employer contributions amounted to \$199.9 million for the year. There was net investment income of \$368.7 million with a rate of return of 6.7% for the year. There were also benefit payments, member refunds, administrative and other expenses totaling \$304.9 million for such year.

The VCERA plan is valued by actuaries on an annual basis. The actuaries compute the actuarial value of plan assets by adjusting (smoothing) the market value of plan assets for unrealized gains and losses. Smoothing is used to stabilize the employer contributions when the market becomes volatile. Actuarial liabilities are projected using assumptions regarding salary increases, mortality and investment earnings. The valuation value of VCERA plan assets on June 30, 2019 was \$5,664.5 million, which was less than the market value of \$5,735.4 million by \$70.9 million due to the five-year smoothing incorporated by the actuary. The June 30, 2019 actuarial valuation of the retirement plan reflected an Unfunded Actuarial Accrued Liability ("UAAL") of \$774.9 million and funding ratio of 88.0%. The table below sets forth the schedule of funding progress for the VCERA plan for the fiscal years indicated, with dollars in thousands.

Actuarial Valuation <u>June 30</u>	Valuation Value of <u>Assets (a)</u>	Actuarial Accrued Liability (AAL) Entry <u>Age (b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded <u>Ratio (a/b)</u>	Annual Covered <u>Payroll (c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
2014	\$3,910,801	\$4,731,016	\$820,215	82.7%	\$648,257	126.5%
2015	4,302,330	5,178,157	875,827	83.1	678,705	129.0
2016	4,585,713	5,398,756	813,043	84.9	706,000	115.2
2017	4,959,070	5,703,396	744,326	87.0	744,917	99.9
2018	5,382,777	6,129,758	746,981	87.8	760,815	98.2
2019	5,664,526	6,439,388	774,862	88.0	785,402	98.7

Source: Ventura County Employees' Retirement Association, Actuarial Valuation and Review as of June 30, 2019.

Based on normal contributions and amortizing the UAAL over fifteen years, the Board of Supervisors adopted an aggregate contribution rate of 23.32% of retirement compensation for Fiscal Year 2020-21, a decrease from Fiscal Year 2019-20 of 28.50%. Prior contribution rates were 27.5% in Fiscal Year 2017-18 and 27.1% in Fiscal Year 2018-19. The County General Fund's budgeted contribution of \$111 million for Fiscal Year 2020-21, is approximately 9.7% of total General Fund expenditures.

***California Public Employees' Pension Reform Act.*** On September 12, 2012, the Governor signed Assembly Bill 340, creating PEPRA and amending certain sections of the County Employees Retirement Law of 1937. Among other things, PEPRA creates a new benefit tier for new employees/members entering public agency employment and public retirement system membership for the first time on or after January 1, 2013 (the "Implementation Date"). The new tier has a single general member benefit formula and three safety member benefit formulas that must be implemented by all public agency employers unless the formula in existence on December 31, 2012 had both a lower normal cost and a lower benefit factor at normal retirement age. For non-safety participants hired after the Implementation Date, PEPRA changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

PEPRA also implements the following changes: (a) all new employees/participants enrolled after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) VCERA will be required to determine the final compensation amount for employees based upon the highest annual compensation averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date, and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for VCERA members not participating in social security. The County believes that the provisions of PEPRA will help to control its pension benefit liabilities in the future.

***Supplemental Retirement Plan.*** The Supplemental Retirement Plan (the "SRP") is a single employer contributory defined benefit pension plan governed by the Board of Supervisors and provisions of Internal Revenue Code Section 401. The Board of Supervisors has the authority to amend the SRP. The SRP was adopted on January 1, 1992, and amended on August 31, 1993, December 1, 2000, June 8, 2004, May 17, 2005, July 10, 2007, December 14, 2010, and May 15, 2012.

The SRP has three parts. Part B (the "Part B Plan") provides retirement benefits to County employees whose employment with the County does not otherwise entitle them to retirement benefits under VCERA or the Social Security Act and is in compliance with the Omnibus Budget Reconciliation Act of 1990. Eligible employees are vested upon enrollment. Part C (the "Part C Plan") provides early retirement benefits to County employees pursuant to periodic early retirement incentive programs adopted by the County and is a tax qualified pension plan under Internal Revenue Code Section 401(a). Part D (the "Part D Plan") became part of the SRP in April 2001 and provides a supplemental retirement benefit to the County's elected department heads for retirement parity with appointed agency/departments heads. Part D was amended on June 8, 2004 to limit eligible participants to those employees in an Elected Department Head position between December 1, 2000 and June 8, 2004.

Benefits under the Part B Plan consist of a monthly amount equal to one-twelfth of two percent of the participant's career earnings during the last 30 years of credited service. The normal retirement date is the first day of the month coinciding with or immediately preceding a participant's 65th birthday. Part B Plan participants are required to contribute 3% of their annual covered compensation.

Each participant of the Part B Plan contributes 3% of compensation on a pre-tax basis. As of June 30, 2019, the actuarially updated Part B Plan had 413 active plan participants, 10,451 terminated

plan participants entitled to but not yet receiving benefits and 494 retirees receiving benefits. The market value of assets at June 30, 2019 was \$25.6 million. Employer contributions for Fiscal Year 2018-19 were \$1.2 million. Based on a UAAL at June 30, 2019 of \$3.5 million, expected employer contributions are \$1.3 million for the Fiscal Year 2019-20.

Benefits under the Part C Plan are payable monthly to the participant for life. The benefit is funded by employer contributions. As of June 30, 2019, the actuarially updated Part C Plan had 27 participants receiving benefits. The market value of assets at June 30, 2019 was \$389,187. Employer contributions for Fiscal Year 2018-19 were \$65,778. Based on a UAAL at June 30, 2019 of \$50,665 the budgeted employer contribution for Fiscal Year 2019-20 is \$45,414.

The Part D Plan provides supplemental retirement, death and disability benefits in addition to those provided under VCERA. The benefit is intended to make the elected department heads' pension benefits equal to those of appointed officials. As a result, this supplemental benefit is based on a compensation paid for annual leave accrual and educational incentives.

As of June 30, 2019, the Part D Plan consisted of two active participants (district attorney and assessor) and seven retired plan participants (two treasurers, two auditor-controllers, district attorney and two clerk recorders). The benefit is funded by employer contributions. Employer contributions for Fiscal Year 2018-19 were \$129,259. The market value of assets at June 30, 2019 was \$1,815,134. Based on a UAAL at June 30, 2019 of \$510,641, the budgeted employer contribution for Fiscal Year 2019-20 is \$138,601.

The following table sets forth the funded status for each Plan as of June 30, 2019, the most recent valuation date (dollars in thousands).

<u>Plan</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL)(b)</u>	<u>UAAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
Part B	\$25,779,018	\$29,244,660	\$3,465,642	88.15%	\$8,954,001	38.7%
Part C	391,473	442,128	50,655	88.54%	N/A	N/A
Part D	1,825,552	2,336,193	510,641	78.14%	N/A	N/A

Recent investment losses in the VCERA and SRT portfolios as a result of the general market downturn caused by the COVID-19 outbreak may result in increases in the County's required contributions in future years. The County cannot predict the level of such increases, if any.

***GASB Statements Nos. 67 and 68.*** In 2012, the General Accounting Standards Board ("GASB") issued Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"), which applies to governmental entities such as the County, and Statement No. 67, Financial Reporting for Pension Plans ("GASB 67"), which applies to the financial reports of most pension plans such as VCERA.

GASB 67 revised existing guidance for the financial reports of most pension plans, including VCERA. GASB 67 generally expands the existing framework for financial reports of defined benefit pension plans, which includes a statement of "Fiduciary Net Position" (the amount held in a trust for paying retirement benefits, generally the market value of assets) and a statement of changes in Fiduciary Net Position, and requires additional note disclosures and required supplementary information. VCERA complied with the provisions of GASB 67 by its effective date (i.e., financial statements for Fiscal Year 2013-14).



GASB 68 revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits, including the County. GASB 68, among other things, requires governments providing defined benefit pensions to recognize the difference between pension plans' Fiduciary Net Position and their long-term obligation for pension benefits as a liability ("Net Pension Liability"), and provides greater guidance on measuring such obligation, including specific guidelines on projecting benefit payments, use of discount rates and use of the "entry age" actuarial cost method. GASB 68 also addresses accountability and transparency through revised and new note disclosures and required supplementary information. The GASB 68 standards apply only to financial reporting and do not establish funding requirements with respect to the County's pension plans. The County's annual employer pension contributions are determined based on actuarial valuations performed for each plan.

The County complied with the provisions of GASB 68 by its effective date (i.e., its financial statements for Fiscal Year 2014-15). In broad terms, the most significant change contained in GASB 68 is the requirement to report a Net Pension Liability on the employers' government-wide statements of Net Position when the fair value of pension assets falls short of actuarially calculated liabilities. As a result, the County's liabilities in its Statement of Net Position for both its Governmental and Business-Type Activities substantially increased, as did its unrestricted Governmental Activities deficit. GASB 68 moves pension reporting in the County's government-wide financial statements away from the phased or smoothed asset and liability figures that the County uses in determining its annual pension contribution. The County expects that these changes will increase year-to-year volatility in reported pension assets and liabilities.

GASB 68 address financial reporting and disclosure of pension liability only; they do not impose any funding requirements, and the County does not expect to alter the way it funds these liabilities. The County expects to continue to fully fund the pension at the amount recommended by VCERA and its actuaries to finance annual normal costs and to amortize its unfunded liabilities consistent with its historic practice. In the financial statements as of June 30, 2019, the County reported a liability of \$698,072,000 with respect to VCERA for its proportionate share of the Net Pension Liability and reported a Net Pension Liability with respect to SRP of \$5,371,000. These amounts were based upon GASB 68 actuarial reports that were prepared using a measurement date of June 30, 2019. The one year lag between the measurement date and reporting date is necessary in order to allow sufficient time for the actuarial reports to be prepared. For additional information, see Note 13 to the County's 2019 CAFR found in "APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF VENTURA COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2019" of this Official Statement.

***Management Retiree Health Benefits Program.*** The County provides benefits to certain retirees to mitigate the cost of rising health insurance premiums through the Management Retiree Health Benefits Program (the "Management Program"). The Management Program consists of employees who retire after July 1, 1999 and, pursuant to action of the Board of Supervisors on June 21, 2005 that approved a phase-out of this benefit, who were promoted to eligible management positions prior to July 3, 2005. Eligible employees receive one year of payments for five years of service, up to a maximum of five years of coverage. Payments of approximately \$1,114 per month were equivalent to premiums for the Ventura County Health Care Plan. Total payments in Fiscal Year 2018-19 were \$1.6 million for the Management Program. Estimated total payments for Fiscal Year 2019-20 are \$1.86 million. The payments are a direct cash subsidy, are not required to be used for medical expenses and do not constitute any guarantee of medical care benefits. For this reason, the benefit is considered a pension rather than another postemployment benefit. The County funds the Management Program on a pay-as-you-go basis. No assets directly or indirectly relating to the Management Program are held in trust or otherwise set aside for the exclusive benefit of participants.

In June 2015, GASB issued Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68 (“GASB 73”), which became effective in Fiscal Year 2016-17 for the County. Similar to GASB 68, GASB 73 requires the County to report the pension liability of the Management Program in its financial statements, which the County reports in the Government-Wide Statement of Net Position. Based on an actuarial valuation in accordance with GASB 73 for the Management Program, prepared with a June 30, 2019 measurement date, the County reported a total pension liability of \$14.3 million in its Fiscal Year 2018-19 financial statements. For additional information, see Note 14 to the County’s 2019 CAFR found in “APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF VENTURA COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2019” of this Official Statement.

### **Other Postemployment Benefits**

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (“GASB 75”), which became effective for Fiscal Year 2017-18 for the County. GASB 75 replaces the requirements of GASB Statement No. 45. GASB 75 establishes standards for employers with other postemployment liabilities for recognizing and measuring net other postemployment benefits (“OPEB”) liabilities and reporting the liability in its financial statements. GASB 75 does not establish requirements for funding.

***Subsidized Retiree Health Benefits Program.*** The Subsidized Retiree Health Benefits Program (the “Subsidized Medical Program”) consists of participating County retirees between the ages of 50 and 65 with 10 years of active service. The Subsidized Medical Program does not provide any direct payment to participants but allows participants to continue to participate in the Ventura County Health Plan at the same premium rates as active employees. The County has made no commitment to maintain the Subsidized Medical Program and retirees’ participation in the program is approved on a year-to-year basis by the Board of Supervisors. Retiree Health Benefits are not vested and may be modified or eliminated at any time.

The Subsidized Medical Program is subject to the requirements of GASB 75. As of the June 30, 2018 measurement date for the GASB 75 actuarial report, which was used in the County’s June 30, 2019 financial statements, the Subsidized Medical Program had a total of 7,736 participants, which included 334 inactive members currently receiving benefits, and 7,402 active members.

Although there is no direct County contribution since the benefit to the retirees is the ability to purchase health insurance at lower rates by virtue of being included in a pool with active employees, the County’s annual contribution to the Subsidized Medical Program for Fiscal Year 2018-19 as determined by the actuarial report was \$1,829,000. The actuarial projection for the County’s contribution for Fiscal Year 2019-20 is \$2,204,000.

Pursuant to GASB 75, for Fiscal Year 2018-19 the County reported a total OPEB liability of \$24,908,000 with respect to the Subsidized Medical Program.

***Ventura County Deputy Sheriffs’ Association Retiree Medical Reimbursement Plan and the Ventura County Professional Firefighters’ Association Medical Premium Reimbursement Plan.*** As described more fully below, in accordance with memorandums of agreement, the County makes contributions to the Ventura County Deputy Sheriffs’ Association (“VCDSA”) Retiree Medical Reimbursement Plan and the Ventura County Professional Firefighters’ Association (“VCPFA”) Medical Premium Reimbursement Plan for the purpose of reimbursing health insurance premiums for future eligible retirees. **Under GASB 75, this is considered a constructive obligation that must be reported in the County’s financial statements, even though the County has no control over these plans and**

**has no legal obligation to fund the plans' unfunded OPEB liability, other than to make the contributions agreed to in collective bargaining.**

The VCDSA Retiree Medical Reimbursement Plan (the "VCDSA Plan") is a single-employer defined benefit plan administered by the VCDSA and governed by the Board of Trustees of the VCDSA Plan. The plan is a non-governmental entity. The County has no control over the VCDSA Plan. The Board of Trustees of the VCDSA Plan has the authority to establish and amend benefit provisions.

The VCDSA Plan allows eligible participants that retire from the County to receive reimbursement of health premiums. In accordance with the plan, eligible participants (age 50 with 10 years of active service) include members of VCDSA and participants who move to sworn management positions not covered by the VCDSA memorandum of agreement (the "VCDSA MOA") that continue to make the required self-contributions. Benefits are a percentage of an annual benefit level based on years of service, ranging from 20 percent with 10 years of service to 100 percent with 20 or more years of service. Benefits do not exceed the actual premiums paid by the retiree.

The VCDSA Plan GASB 75 actuarial report, with a measurement date of June 30, 2018 for reporting in the County's June 30, 2019 financial statements, included 1,194 total participants, including 445 inactive members or beneficiaries currently receiving benefits, 41 inactive members entitled to but not yet receiving benefits, and 708 active members. In accordance with the VCDSA Plan GASB 75 actuarial report, the County reported a net OPEB liability of \$73,278,000 in its June 30, 2019 financial statements.

As noted above, the County is not legally liable for the VCDSA Plan's unfunded OPEB liability of \$73,278,000. The County is only legally responsible to make contributions agreed to in the VCDSA MOA, which is 1.5 percent of covered payroll. During Fiscal Year 2018-19 the County's annual contribution to the VCDSA Plan was \$2,456,000. The amount budgeted for the Fiscal Year 2019-20 contribution to the VCDSA Plan is \$2,426,077.

The VCPFA Medical Premium Reimbursement Plan (the "VCPFA Plan") is a single-employer defined benefit plan administered by the VCPFA and governed by the Board of Trustees of the VCPFA Plan. The plan is a non-governmental entity. The County has no control over the VCPFA Plan. The Board of Trustees of the VCPFA Plan has the authority to establish and amend benefit provisions.

The VCPFA Plan allows eligible participants that retire from the County to receive reimbursement of health premiums. In accordance with the plan, eligible participants include members of VCPFA who are part of the Firefighter Unit (age 55 with 10 years of active service) and participants who move to management positions not covered by the VCPFA memorandum of agreement (the "VCPFA MOA") that continue to make the required self-contributions. Benefits are set at an annual maximum amount, not to exceed the actual premiums paid by the retiree.

The VCPFA Plan GASB 75 actuarial report, with a measurement date of June 30, 2017 for reporting in the County's June 30, 2019 financial statements, included 593 total participants, including 177 inactive members or beneficiaries currently receiving benefits, 5 inactive members entitled to but not yet receiving benefits, and 411 active members. In accordance with the VCPFA Plan GASB 75 actuarial report, the plan had a net OPEB asset of \$1,647,000 which was reported in the County's June 30, 2019 financial statements, even though it does not legally belong to the County.

The County is legally responsible to make contributions agreed to in the VCPFA MOA, which is 1.0 percent of covered payroll. During Fiscal Year 2018-19 the County's annual contribution to the VCPFA Plan was \$974,000. The amount budgeted for the Fiscal Year 2018-19 contribution to the VCPFA Plan is \$1,020,901.

For additional information, see Note 15 to the County's 2019 CAFR found in APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF VENTURA COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2019” of this Official Statement.

## Population

The following table shows a history of the County's population since 2016. Data was estimated as of January 1 of the respective year.

### POPULATION ESTIMATES (As of January 1)

<b><u>City/Area</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Camarillo	68,026	68,530	68,796	70,024	70,261
Fillmore	15,580	15,546	15,652	15,680	15,566
Moorpark	36,376	36,337	36,569	36,649	36,278
Ojai	7,703	7,570	7,584	7,591	7,557
Oxnard	208,603	205,974	206,222	206,221	206,352
Port Hueneme	23,185	23,119	23,370	23,457	23,607
San Buenaventura	109,946	109,473	109,288	107,021	106,276
Santa Paula	31,004	30,731	30,778	30,573	30,389
Simi Valley	127,069	125,728	125,738	125,664	125,115
Thousand Oaks	129,949	128,666	128,701	127,610	126,484
Unincorporated	<u>97,445</u>	<u>97,383</u>	<u>96,626</u>	<u>95,560</u>	<u>95,001</u>
Total County	<u>849,831</u>	<u>849,057</u>	<u>849,324</u>	<u>846,050</u>	<u>842,886</u>
Change from Prior Year	0.15%	-0.09%	0.03%	-0.39%	-0.37%
California	39,131,307	39,398,702	39,586,646	39,695,376	39,782,870
Change from Prior Year	0.67%	0.68%	0.48%	0.27%	0.22%

*Source: California Department of Finance, Demographic Research Unit.*

The population centers in the County first developed in the Cities of Ventura, Santa Paula, Oxnard, Fillmore and Ojai. Agriculture and mineral production provided the major impetus for population growth. The spread of subdivisions and industries in the western San Fernando Valley area of Los Angeles stimulated growth in the Cities of Thousand Oaks, Simi Valley, Camarillo and Moorpark. The Cities of Camarillo, Thousand Oaks, Oxnard and Simi Valley grew rapidly during the period from the 1960's to the 1990's.

The State's population growth of 0.22% in 2020 was the slowest in the State's history. The County experienced a decrease of 0.37% in its population in 2020. The County believes that the decrease is likely attributable to the impact of the Thomas, Woolsey and Hills fires. The County expects any decreases in population to be temporary and expects growth in the County to resume once homes and structures in the impacted areas have been rebuilt.

The City of Oxnard is the County's largest in terms of population. Oxnard is the regional financial, industrial and commercial center for the surrounding area. Many food processing, retail outlets, electronics and other light industrial firms are located in Oxnard. The Channel Islands Harbor, one of two inland recreation waterways in the County, offers excellent boating and ocean sport fishing.

The City of Ventura is situated approximately 70 miles northwest of Los Angeles and approximately 25 miles southeast of Santa Barbara. The City of Ventura's economy revolves chiefly around the County government facilities, financial services, retail operations and a well-developed food processing industry.

In the central portion of the County, north of the City of Ventura, lies the scenic Ojai Valley. This prosperous region is characterized by tourist and resort activity, an expanding residential base as well as oil production facilities. The City of Ojai is situated at the foot of the Los Padres National Forest, in a valley surrounded by 6,000-foot mountains. Ojai is a long-established, high-quality suburban and retired residential area noted for its fashionable resorts and private schools.

The fertile Santa Clara River Valley is the major economic resource of the south-central and eastern area northeast of Ventura and Oxnard. The City of Santa Paula, in the heart of the valley, is the location of major oil producing activities and is the birthplace of the Union Oil Company. Santa Paula is also an important wholesale center for citrus products packing and shipping operations.

The Conejo Valley area, in the southeastern portion of the County, has been characterized by a high rate of growth in residential and industrial development. This area, a fully integrated community of homes, industries and related facilities, has attracted a large number of electronics and medical research firms, particularly in the City of Thousand Oaks.

Thousand Oaks, the County's largest city in terms of assessed valuation and second largest in population, typifies the changing character that has taken place in the County during the last fifteen years. The city has evolved from a semi-rural area into an urbanized center of master-planned communities such as Westlake Village and Newbury Park and is noted for its diverse residential areas, major shopping center, industrial centers and commercial facilities.

### **Industry and Employment**

The U.S. Navy is the County's largest employer and the County's largest employer of civilian workers. Naval Base Ventura County ("NBVC") supports approximately 80 tenant commands with a base population of more than 19,000 personnel. Tenant commands encompass an extremely diverse set of specialties that support both Fleet and Fighter, including three warfare centers: Naval Air Warfare Center Weapons Division, Naval Surface Warfare Center Port Hueneme Division and Naval Facilities Engineering and Expeditionary Warfare Center. NBVC is also home to deployable units, including the Pacific Seabees and the West Coast E-2C Hawkeyes.

As the following table indicates, four major industry categories provide approximately 75% of the employment in the County: services, government, retail trade and manufacturing.

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**INDUSTRY EMPLOYMENT**  
**As of June 30**  
**(in thousands)**

<b><u>Industry</u></b> <sup>(1)</sup>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Mining and Logging	1.0	0.9	0.9	0.9	0.9
Construction	14.2	14.6	15.7	16.8	17.1
Manufacturing					
Nondurables	7.0	7.1	7.0	6.7	7.1
Durable Goods	18.8	18.6	18.6	19.5	19.4
Trade, Transportation & Utilities					
Wholesale Trade	12.6	13.0	13.2	13.1	13.2
Retail Trade	39.9	40.0	40.1	39.6	38.5
Transport, Warehousing & Utilities	6.0	6.0	6.1	6.3	6.3
Information	5.1	5.0	5.0	5.0	4.9
Financial Activities	17.7	17.4	16.9	16.4	15.9
Professional & Business Services	40.5	40.9	42.2	42.9	44.4
Educational & Health Services	42.9	44.4	45.9	47.7	49.0
Leisure & Hospitality	35.7	36.4	37.2	37.8	38.3
Other Services	9.7	9.6	9.6	9.5	9.7
Government <sup>(2)</sup>	45.4	46.6	46.9	46.9	47.2
Agriculture	<u>26.3</u>	<u>25.2</u>	<u>23.8</u>	<u>24.3</u>	<u>24.7</u>
Totals <sup>(3)</sup>	<u>322.8</u>	<u>325.7</u>	<u>329.2</u>	<u>333.4</u>	<u>336.5</u>

<sup>(1)</sup> Industry employment is reported by place of work, rather than place of residence. It does not include self-employed persons, volunteer workers, unpaid family workers, farmers, private household workers or persons involved in labor-management disputes.

<sup>(2)</sup> Includes all civilian employees regardless of the activity in which the employee is engaged.

<sup>(3)</sup> Totals may not add due to rounding.

Source: State Department of Employment Development, Labor Market Information Division.

Large manufacturing employers, some of which are identified in the following table, are located throughout the County. They include companies involved in electronic and scientific research and design, aerospace systems and support and other manufacturing. Other large employers are local governmental entities, insurance services and providers of health care.

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**TEN LARGEST EMPLOYERS  
(January 2019)**

<u>Firm Name</u>	<u>Product/Service</u>	<u>Employment</u>	<u>% of Total</u>
United States Naval Base	U.S. Navy Installation Support Services	18,776	5.64%
County of Ventura	County Government	8,435	2.53
Amgen, Inc.	Biotechnology	5,500	1.65
Wellpoint	Insurance	2,860	0.86
Simi Valley unified School District	Education	2,737	0.82
Community Memorial Hospital	Healthcare	2,300	0.69
Conejo Valley Unified School District	Education	2,050	0.62
Dignity Health	Healthcare	2,016	0.61
Ventura Unified School District	Education	1,835	0.55
Oxnard Union School District	Education	<u>1,654</u>	<u>0.50</u>
	Subtotal	<u>48,163</u>	<u>14.46</u>
	Other	<u>284,937</u>	<u>85.54</u>
	Total	333,100	100.00%

*Source: California Economic Forecast, 2019 Los Angeles County and Ventura County Economic Outlook.*

The County's unemployment rate in 2019 of 3.6 percent, down from 3.8 percent in the prior year, compared with California at 4.1 percent and the nation at 3.7 percent. The following table provides a historical view of employment within the County, the State and the United States of America for the period from 2015 through 2019. See, however, "RISK FACTORS – COVID-19 (Coronavirus) Pandemic" herein for current unemployment rates due to the Pandemic.

**COUNTY, STATE AND UNITED STATES OF AMERICA  
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATES  
Yearly Average for Years 2015 to 2019**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b><i>County</i></b>					
Unemployment Rate	5.6%	5.2%	4.5%	3.8%	3.6%
Employment	403,500	403,400	405,600	409,700	408,200
Unemployment	24,100	22,200	19,100	16,100	15,200
Civilian Labor Force	427,600	425,700	424,700	425,700	423,400
<b><i>State of California</i></b>					
Unemployment Rate	6.2%	5.5%	4.8%	4.2%	4.0%
Employment	17,681,800	18,002,800	18,285,500	18,582,800	18,627,400
Unemployment	1,169,200	1,041,700	919,800	815,400	784,200
Civilian Labor Force	18,851,100	19,044,500	19,205,300	19,398,200	19,411,600
<b><i>United States of America</i></b>					
Unemployment Rate	5.3%	4.9%	4.4%	3.9%	3.7%
Employment	148,834,000	152,111,000	153,602,000	156,945,000	157,528,000
Unemployment	8,296,000	7,529,000	6,278,000	6,294,000	5,988,000
Civilian Labor Force	157,130,000	159,640,000	159,880,000	163,240,000	163,517,000

*Source: State of California Employment Development Department; United States Bureau of Labor Statistics.*

## Commercial Activity

Commercial activity is an important part of the County's economy. Annual figures for 2019 include a total for all outlets of \$14,779,590,000, an increase of over \$450 million from 2018.

### TAXABLE TRANSACTIONS 2015 through 2019<sup>(1)</sup> (in thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Motor Vehicle and Parts Dealers	\$2,164,303	\$2,219,585	\$2,303,096	\$2,233,022	\$2,210,474
Furniture/Home Furnishings Stores	536,773	553,807	573,488	573,113	512,837
Bldg. Matrl./Garden Equip./Supplies	774,857	780,831	844,236	911,601	934,966
Food and Beverage Stores	605,334	612,455	647,962	687,280	704,400
Gasoline Stations	1,020,472	918,266	945,053	1,093,327	1,098,983
Clothing/Clothing Accessories Stores	939,280	979,664	977,483	1,006,356	1,013,617
General Merchandise Stores	1,128,848	1,110,644	1,136,542	1,170,650	1,185,402
Food Services and Drinking Places	1,434,389	1,492,702	1,570,033	1,583,719	1,682,963
Other Retail Group	<u>1,103,164</u>	<u>1,196,850</u>	<u>1,203,494</u>	<u>1,227,667</u>	<u>1,357,868</u>
Total Retail and Food Services	9,707,421	9,864,805	10,201,387	10,486,735	10,701,509
All Other Outlets	<u>4,168,976</u>	<u>3,971,070</u>	<u>3,799,308</u>	<u>3,836,696</u>	<u>4,078,081</u>
Total All Outlets <sup>(2)</sup>	<u>\$13,876,397</u>	<u>\$13,835,876</u>	<u>\$14,000,695</u>	<u>\$14,323,432</u>	<u>\$14,779,590</u>

<sup>(1)</sup> Detail may not compute to total due to rounding.

Source: California State Board of Equalization, Taxable Sales in California.

Much of the County's commercial activity is concentrated in central retail centers or in small neighborhood commercial centers in the cities within the County including the City of Thousand Oaks, the City of Oxnard and the City of Ventura.

## Agriculture

The County has rich soil, enjoys a year-round growing season and currently ranks 8<sup>th</sup> among California counties in agricultural production. The major crops are strawberries, raspberries, lemons and nursery stock. The table on the following page shows estimated County crop values by crop category for the calendar years 2014 to 2018. Figures for 2019 are not yet available.

### AGRICULTURE PRODUCTION (in millions)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Beekeeping Products	\$ 0.5	\$ 2.1	\$ 2.8	\$ 3.7	N/A
Field Crops	1.4	1.0	1.6	1.6	\$ 3.6
Flowers (cut)	47.6	48.5	48.0	49.9	48.4
Fruit and Nut Crops	1,338.0	1,357.1	1,286.5	1,270.4	1,272.7
Livestock and Poultry	7.8	6.9	5.7	4.6	5.6
Nursery Products	180.5	195.8	206.8	197.9	194.5
Vegetable Crops	557.6	583.3	556.7	569.4	572.6
Sustainable Agriculture	<u>3.4</u>	<u>3.8</u>	<u>2.0</u>	<u>2.3</u>	<u>1.8</u>
Total	<u>\$2,137.0</u>	<u>\$2,198.6</u>	<u>\$2,110.2</u>	<u>\$2,099.8</u>	<u>\$2,103.2</u>

Source: Ventura County Crop and Livestock Report.



## Construction Activity

The following table provides a five-year summary of building permit calculations and number of new dwelling units authorized in the County for the years shown. Annual 2019 figures are not yet available.

### BUILDING PERMIT VALUATIONS AND NEW DWELLINGS AUTHORIZED

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Valuations (In Millions)					
Residential	\$344.6	\$374.0	\$448.4	\$698.8	\$648.0
Non-residential	<u>150.1</u>	<u>189.9</u>	<u>202.7</u>	<u>230.3</u>	<u>358.0</u>
Total	<u>\$494.7</u>	<u>\$564.0</u>	<u>\$651.1</u>	<u>\$928.1</u>	<u>\$1,006.0</u>
New Dwelling Units:					
Single Family	450	615	144	198	637
Multiple Family	<u>632</u>	<u>394</u>	<u>579</u>	<u>482</u>	<u>612</u>
Total Units	<u>1,082</u>	<u>1,009</u>	<u>723</u>	<u>680</u>	<u>1,249</u>

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Source: County.

## Transportation

Access to job opportunities in Los Angeles and Santa Barbara Counties has been one of the major factors in the County's employment and population growth. Several major freeways and highways provide access between the County and all parts of Southern California. U.S. Highway 101 extends through the southwestern portion of the County and links the major cities in the County to the Los Angeles metropolitan area and to Santa Barbara County. Running easterly from U.S. 101, State Highway 126 passes through Santa Paula and Fillmore to connect with Interstate 5 in Los Angeles County. State Highway 118 extends between U.S. 101 and Interstate 5 and provides access between Simi Valley and the San Fernando Valley. The Pacific Coast Highway (State Highway 1) follows the coastline from Oxnard south towards Los Angeles.

Currently, the County has two intercity bus lines that provide a transit alternative to the auto. Gold Coast Transit ("GCT"), a regional public agency funded by participating cities and the County, provides service from Ventura to and from Oxnard, Ojai and Port Hueneme (the "Port"). Another publicly-funded service, Vista, operates along Highways 101, 118 and 126, with stops at major cities in between. The line is designed to tie into Los Angeles County Metropolitan Transportation Authority bus service at Thousand Oaks and Woodland Hills, which then transports passengers to other Los Angeles County destinations.

Regional bus service is provided by GCT in participating cities including Oxnard, Ventura, Ojai and Port Hueneme. Local bus service is provided by the Cities of Thousand Oaks, Moorpark, Ojai, Simi Valley and Camarillo. Additionally, private bus service is provided from Ventura to Los Angeles International Airport with stops at major cities in between.

Passenger service is also provided by (i) AMTRAK, (ii) Metrolink, a commuter rail service linking portions of the County with downtown Los Angeles and (iii) Greyhound Lines, which has a stop at the Oxnard Transportation Center. Union Pacific Railroad handles most of the freight train movement in the County. The Ventura County Railway Company is a local railroad, which provides services between the Union Pacific Line and the Port and intermediate industrial parks.

The County seat in the City of Ventura is within a 90-minute drive of Santa Barbara Airport, the Bob Hope Airport in Burbank and the Los Angeles International Airport ("LAX"). The County itself has

three smaller airports. The County operates two of these: Oxnard Airport, which serves as a general aviation field, and Camarillo Airport, which serves as a general aviation field. The Santa Paula Airport is a privately-owned facility.

The Port is the gateway for the U.S. Customs Port of Entry serving the California Central Coast, a Foreign Trade Zone under the U.S. Department of Defense and Transportation and is the only commercial deep-draft harbor between Los Angeles and San Francisco. The Port is owned and operated by the Oxnard Harbor District (the “District”), an independent special district that was formed for the purpose of developing and operating the commercial terminal facilities at the Port. The District is also the local World Trade Center license holder. Port operations are self-sustaining and are supported by revenues derived from operations and tenant activities. Major imports through the Port include automobiles, bananas and other fresh fruit and liquid fertilizers.

Major truck lines serve the County, making available overnight delivery service to major California cities.

## **Education**

Public school education is available in the County through ten elementary, one high school and eight unified school districts. Enrollment figures for public schools reported for the 2018-19 school year were 153,186. Additionally, there are approximately 100 private schools in the County.

The Ventura County Community College District (the “Community College District”) has three campuses, one in each of the Cities of Oxnard, Ventura and Moorpark. As of Fiscal Year 2018-19 the Community College District provided credit classes for approximately 25,239 full-time equivalent students.

California Lutheran University, a privately endowed, four year liberal arts college, is located in Thousand Oaks. The University offers approximately 36 majors and 34 minors, in addition to professional prepared programs in specified fields of study. The 2019 enrollment was comprised of approximately 3,078 undergraduate students and 1,225 graduate students taught by approximately 449 full and part-time faculty. UC Santa Barbara, California State University Northridge and Pepperdine University also offer courses in the County with some graduate programs.

California State University Channel Islands (“CSUCI”) is located on the site of the former Camarillo State Hospital grounds. It became the 23rd campus of the California State University System in 2002 and received final accreditation in July 2007. In 2007, an additional 153 acres were acquired making it an 833-acre facility. The 137,000 square-foot John Spoor Broom Library has approximately 75,000 bound volumes, more than 180,000 electronic books, and can accommodate 1,800 users at one time. In fall 2015, Sierra Hall was completed which houses additional lecture facilities and lab spaces in various disciplines. CSUCI has approximately 7,488 students enrolled, offers academic majors in approximately 26 disciplines and has a total faculty of approximately 498.

## **Health and Social Services**

The Ventura County Human Services Agency, with approximately 1,540 full time equivalent positions and a budget of approximately \$287 million for fiscal year 2019-20, provides a range of important social services for the County residents, including child protective services, foster care and adoption programs, adult and family services, homeless services and transitional assistance, which includes CalFresh and Medi-Cal eligibility screening and general assistance, as well as the administration of In-Home Support Services through the IHSS Public Authority. The agency also administers CalWORKs and implements the Workforce Innovation and Opportunity Act employment pathways programs.

The Ventura County Health Care Agency (“VCHCA”), includes VCMC, Santa Paula Hospital located in Santa Paula, and numerous outpatient clinics, acute psychiatric and mental health services, public health services and alcohol and drug program services. See “COUNTY FINANCIAL INFORMATION – Ventura County Medical Center” for further information.

### **Environmental Control Services**

To ensure the adequacy of water supplies, the County and its political subdivisions’ water supply is provided primarily by three County agencies, Calleguas Municipal Water District, United Water Conservation District, and Casitas Municipal Water District. At the retail level, water is supplied and distributed by over 170 independent water purveyors, including municipal water systems, and four County operated waterworks districts.

Similarly, the municipalities provide their own sewer service, while the unincorporated areas are serviced by a mixture of County managed districts, individually owned septic systems, or nearby municipalities.

The Ventura County Watershed Protection District plans and builds new flood control facilities and maintains existing watercourse and watershed infrastructure. The District leads coordination with the County’s 10 co-permittee incorporated cities in managing all NPDES (National Pollutant Discharge Elimination System) permit activities throughout the County.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY REVENUES AND EXPENDITURES**

### **Property Tax Rate Limitations – Article XIII A**

Article XIII A of the California Constitution limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” The full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

### **Legislation Implementing Article XIII A**

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various

jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

### **Appropriations Limitations – Article XIII B**

An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979 thereby adding Article XIII B to the State Constitution (“Article XIII B”). Under Article XIII B, the State and each local governmental entity has an annual “appropriations limit” and is not permitted to spend certain moneys that are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the appropriations limit. Article XIII B does not affect the appropriations of moneys that are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

“Appropriations subject to limitation” are authorizations to spend “proceeds of taxes,” which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service,” but “proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on appropriations of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds.

Not included in the Article XIII B limit are appropriations for the debt service costs of bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government and appropriations for qualified capital outlay projects. The appropriations limit may also be exceeded in certain cases of emergency.

The appropriations limit for the County in each year is based on the County’s limit for the prior year, adjusted annually for changes in the cost of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County’s option, either (1) the percentage change in State per capita personal income, or (2) the percentage change in the local assessment roll on nonresidential property. Either test is likely to be greater than the change in the cost of living index, which was used prior to Proposition 111.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by a County over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years. As originally enacted in 1979, the County’s appropriations limit was based on 1978-79 authorizations to expend proceeds of taxes and was adjusted annually to reflect changes in cost of living and population (using different definitions, which were modified by Proposition 111). Starting with Fiscal Year 1990-91, the County’s appropriations limit was recalculated by taking the actual Fiscal Year 1986-87 limit, and applying the annual adjustments as if

Proposition 111 had been in effect. The County's appropriations limit for Fiscal Year 2019-20 is \$1,514,971,275.

### **Articles XIIC and XIID of California Constitution – Proposition 218**

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIC and XIID to the California constitution, which contains a number of provisions affecting the ability of the County to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIIC requires that all new local taxes or increases in existing local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote. The voter-approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues for the General Fund, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet any increased expenditure requirements.

Article XIID contains provisions relating to how local agencies may levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. Article XIID also contains several provisions affecting "property-related fees" and "charges," defined for purposes of Article XIID to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property-related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property-related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property-related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Fees for electrical and gas service are explicitly exempted from the definition of "property-related" under Article XIID. Property-related fees or charges for services other than sewer, water and refuse collection services may not be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. In addition to the provisions described above, Proposition 218 removes many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge.

Proposition 218 continues to be interpreted by California courts. The State Supreme Court's 2006 decision in *Bighorn-Desert View Water Agency* found that metered charges for consumption of water by a public agency fell within the "property-related" fees subject to Proposition 218. Fees for sewer and refuse collection could also be found to be within the definition of property-related fees. If such charges are property-related charges, rate increases would be subject to notice, hearing and majority protest, but not prior voter approval, and rates and charges could be reduced by referendum.

### **Statutory Revenue Limitations – Proposition 62**

Proposition 62 is a statewide statutory initiative adopted by the voters at the November 4, 1986 general election. It added Sections 53720 to 53730 to the Government Code to require that all new local

taxes be approved by the voters. The statute provides that all local taxes are either general taxes or special taxes. General taxes are imposed for general governmental purposes. Special taxes are imposed for specific purposes only. General taxes may not be imposed by local government unless approved by a two-thirds vote of the entire legislative body and a majority of the voters voting on the proposed general tax. Special taxes may not be imposed by local government unless approved by a majority of the entire legislative body and by two-thirds of the voters voting on the special tax. Soon after Proposition 62 was adopted by the voters, legal challenges to taxes adopted contrary to its provisions were filed. In 1991, in the most significant case, *City of Woodlake v. Logan*, the California Court of Appeal held that the statutory voter approval requirement for general taxes was unconstitutional. The California Supreme Court refused to review *Woodlake*.

On September 28, 1995, the California Supreme Court, on a 5-2 vote, in a decision entitled *Santa Clara County Local Transportation Authority v. Guardino* (Case No. S036269), “disapproved” *Woodlake* and held that the voter approval requirements of Proposition 62 are valid. On December 14, 1995, the Supreme Court made minor nonsubstantive changes to its written opinion and denied the petition for rehearing. The decision provides that the voter approval requirements of Proposition 62 for both general and special taxes are valid. The *Guardino* case fails to say (1) whether the decision is retroactively applicable to general taxes adopted prior to the decision; (2) whether taxpayers have any remedies for refund of taxes paid under a tax ordinance that was not voter approved; (3) what statute of limitations applies to taxes adopted without voter approval prior to *Guardino*; (4) whether Proposition 62 applies only to new taxes or to tax increases as well.

Several questions raised by the *Guardino* decision remain unresolved. Proposition 62 provides that if a jurisdiction imposes a tax in violation of Proposition 62, the portion of the one percent general *ad valorem* tax levy allocated to that jurisdiction is reduced by \$1 for every \$1 in revenue attributable to the improperly imposed tax for each year that such tax is collected. The practical applicability of this provision has not been fully determined. Potential future litigation and legislation may resolve some or all of the issues raised by the *Guardino* decision.

## **Proposition 1A**

Proposition 1A (SCA 4), proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. By adding Section 25.5 to Article XIII of the State Constitution, Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any Fiscal Year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature.

Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

By amending Section 15 of Article XI of the State Constitution, Proposition 1A also provides that if the State reduces the Vehicle License Fee rate currently in effect, which is 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, by amending Section 6 of Article XIII B of the State Constitution, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, schools or community

colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

## **Proposition 22**

On November 2, 2010, voters in the State approved Proposition 22. Proposition 22, known as the “Local Taxpayer, Public Safety, and Transportation Protection Act of 2010,” eliminates or reduces the State’s authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for state-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

## **Proposition 26**

On November 2, 2010, voters in the State also approved Proposition 26. Proposition 26 amends Article XIIC of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The County does not expect the provisions of Proposition 26 to materially and adversely affect its ability to pay Base Rental Payments when due.

## **Future Initiatives**

Article XIII A, Article XIII B and the other Propositions referenced above were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other State or local initiative measures could be adopted, which may place further limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations which may affect the County’s revenues or its ability to expend its revenues.

## **THE AUTHORITY**

The Authority is a California joint exercise of powers authority, organized pursuant to a Joint Exercise of Powers Agreement dated July 14, 1998 (as amended, the “Authority Formation Agreement”), among the County, the Lake Sherwood Community Services District and Ventura County Fire Protection District. The Authority Formation Agreement was entered into pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (commencing with Section 6500). The Authority is a separate entity constituting a public instrumentality of the State of California and was

formed for the public purpose of providing for the financing of public improvements or obligations, working capital requirements or liability or other insurance programs of the members or any associate member through the acquisition of such improvements or obligations and the lending of funds by the Authority to the members or associate members.

The Authority is governed by a board of five directors, consisting of the five members of the Board of Supervisors of the County. The Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to the County and to refinance outstanding obligations of the County.

## **TAX MATTERS**

### **State Income Tax**

In the opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes of the State. Except as stated in the immediately preceding sentence, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. A copy of the form of opinion of Bond Counsel relating to the Bonds is included in Appendix E.

### **Federal Income Tax Considerations**

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the Bonds. The discussion below is based upon the laws, Treasury Regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein.

The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, the discussion below does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor's particular investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax-exempt organizations, financial institutions, broker-dealers and persons who have hedged the risk of owning the Bonds). The discussion below is therefore limited to certain issues relating to initial investors who will hold the Bonds as "capital assets" within the meaning of Section 1221 of the Internal Revenue Code of 1986 (the "Code"), and who acquire such Bonds for investment and not as a dealer or for resale. Except as specifically discussed below, the discussion below addresses the United States federal income tax consequences applicable only to beneficial owners of the Bonds who are "United States persons" within the meaning of Section 7701(a)(30) of the Code ("United States persons") and does not address any consequence to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS") with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

**PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.**

***Stated Interest on the Bonds.*** The stated interest on the Bonds will be included in the gross income, as defined in Section 61 of the Code, of the beneficial owners thereof and will be subject to



United States federal income taxation when received or accrued, depending on the tax accounting method applicable to the beneficial owners thereof.

**Original Issue Discount.** If a substantial amount of the Bonds of any stated maturity is purchased at original issuance for a purchase price (the “Issue Price”) that is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Bonds of such maturity will be treated as being issued with “original issue discount.” The amount of the original issue discount will equal the excess of the principal amount payable on such Bonds at maturity over the Issue Price of such Bonds, and the amount of the original issue discount on the Bonds will be amortized over the life of the Bonds using the “constant yield method” provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the Bonds, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of the Bonds that exceeds actual cash distributions to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on the Bonds each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner’s gross income while the beneficial owner holds the Bonds will increase the adjusted tax basis of the Bonds in the hands of such beneficial owner.

**Premium.** If a beneficial owner purchases a Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Bond with “amortizable bond premium” equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such premium for the taxable year. Bond premium on a Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

**Medicare Contribution Tax.** Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Holders of the Bonds should consult with their own tax advisors concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of a Bond.

**Disposition of Bonds and Treatment of Market Discount.** A beneficial owner of Bonds will generally recognize gain or loss on the redemption, sale or exchange of Bonds equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the beneficial owner’s adjusted tax basis in the Bonds. Generally, the beneficial owner’s adjusted tax basis in the Bonds will be the beneficial owner’s initial cost, increased by the original issue discount (if any) previously included in the beneficial owner’s income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the beneficial owner’s holding period for the Bonds.

Under current law, a purchaser of a Bond who did not purchase that Bond in the initial public offering (a “subsequent purchaser”) generally will be required, on the disposition (or earlier partial principal payment) of such Bond, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued “market discount.” In general, market discount is the amount by which the price paid for a Bond by a subsequent purchaser is less than the sum of the Issue Price of the Bond and the amount of original issue discount previously accrued on the Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The re-characterization of gain as ordinary income on a subsequent disposition of such Bonds could have a material effect on the market value of the Bonds.

***Legal Defeasance.*** If the Authority elects to defease the Bonds by depositing in escrow sufficient cash and/or obligations to pay when due outstanding Bonds (a “legal defeasance”), under current tax law, a beneficial owner of Bonds may be deemed to have sold or exchanged its Bonds. In the event of such a legal defeasance, a beneficial owner of Bonds generally would recognize gain or loss in the manner described above. Ownership of the Bonds after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different from those described above, and each beneficial owner should consult its own tax advisor regarding the consequences to such beneficial owner of a legal defeasance of the Bonds.

***Backup Withholding.*** Under Section 3406 of the Code, a beneficial owner of the Bonds who is a United States person may, under certain circumstances, be subject to “backup withholding” on payments of current or accrued interest on the Bonds or with respect to proceeds received from a disposition of the Bonds. This withholding applies if such beneficial owner of Bonds: (i) fails to furnish to the payor such beneficial owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the Bonds. Beneficial owners of the Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

***Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations.*** Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not “effectively connected” with the conduct of a United States trade or business, within the meaning of Section 864 of the Code. Assuming the interest received by the beneficial owners of the Bonds is not treated as effectively connected income, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest,” within the meaning of Sections 871 and 881 of the Code.” Interest will be treated as portfolio interest under such sections if: (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner; (ii) such interest is treated as not effectively connected with the beneficial owner’s United States trade or business; (iii) interest payments are not made to a person within a foreign country that the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such beneficial owner is not a controlled foreign corporation, within the meaning of Section 957 of the Code; and (vi) such

beneficial owner is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no backup withholding under Section 1441 and 1442 of the Code and no backup withholding under Section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8BEN, Form W-8BEN-E, Form W-8EXP or Form W-8IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

***Foreign Account Tax Compliance Act.*** Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain United States persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial United States owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and will apply to "foreign passthru payments" but no earlier than two years after the date of publication of final regulations defining the term "foreign passthru payment." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

***Reporting of Interest Payments.*** Subject to certain exceptions, the stated interest on the Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099-INT (or other appropriate reporting form) which will reflect the name, address and taxpayer identification number of the owner. A copy of such Form 1099-INT will be sent to each beneficial owner of a Bond for federal income tax purposes.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult with its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Bonds, including the applicability and effect of any state, local or foreign tax law, and of any proposed change in applicable law.

## ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain restrictions on employee pension and welfare benefit plans subject to ERISA ("ERISA Plans") regarding prohibited transactions, and also imposes certain obligations on those persons who are fiduciaries with respect to ERISA Plans. Section 4975 of the Code imposes similar prohibited transaction restrictions on (i) tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under section 501(a) of the Code and which are not governmental and church plans as defined herein ("Qualified Retirement Plans"), and (ii) Individual Retirement Accounts described in Section 408(b) of the Code ("Tax-Favored Plans"). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Additionally, such governmental and non-electing church plans are not subject to the requirements of Section 4975 of the Code. Although assets of such governmental or non-electing church plans may be

invested in the Bonds without regard to the ERISA and Code considerations described below, any such investment may be subject to provisions of applicable federal and state law that are, to a material extent, similar to the requirements of ERISA and Section 4975 of the Code (“Similar Law”).

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “Benefit Plans”) and persons who have certain specified relationships to the Benefit Plans (such persons are referred to as “Parties in Interest” or “Disqualified Persons”), unless a statutory or administrative exemption is available. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative class exemption is available.

Certain transactions involving the purchase, holding or transfer of the Bonds might be deemed to constitute prohibited transactions under ERISA and the Code if assets of the County were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the “Plan Assets Regulation”), the assets of the County would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Code if the Benefit Plan acquires an “equity interest” in the County and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. However, without regard to whether the Bonds are treated as an equity interest for such purposes, the acquisition or holding of the Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the County, any Underwriter, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. The fiduciary of a Benefit Plan that proposes to purchase and hold any Bonds should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a Party in Interest, (ii) the sale or exchange of any property between a Benefit Plan and a Party in Interest, and (iii) the transfer to, or use by or for the benefit of, a Party in Interest, of any Benefit Plan assets.

Certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 75-1, relating to certain broker-dealer transactions, PTCE 96-23, regarding transactions effected by “in-house asset managers;” PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts;” PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code for certain transactions between Benefit Plans and persons who are Parties in Interest solely by reason of providing services to such Benefit Plans or who are persons affiliated with such service providers, provided generally that such persons are not fiduciaries with respect to “plan assets” of any Benefit Plan involved in the transaction and that certain other conditions are satisfied.

By its acceptance of a Bond, each purchaser will be deemed to have represented and warranted that either (i) the purchase and holding of such Bond does not constitute a prohibited transaction under ERISA, Section 4975 of the Code or Similar Law, or (ii) the purchase and holding of such Bonds is

exempt from the prohibited transaction restrictions of ERISA, Section 4975 of the Code or Similar Law pursuant to a statutory or administrative class exemption.

Any Benefit Plan fiduciary considering whether to purchase Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment and the availability of any of the exemptions referred to above. In addition, persons responsible for considering the purchase of the Bonds by a governmental plan or non-electing church plan should consult with its counsel regarding the applicability of any Similar Law to such an investment.

## **CONTINUING DISCLOSURE**

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information.

The County has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the County by not later than 210 days after the end of each Fiscal Year of the County, commencing with the report for the Fiscal Year ended June 30, 2020 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of the occurrences of certain enumerated events will be filed by the County with the Municipal Securities Rulemaking Board. The Municipal Securities Rulemaking Board intends to make the information available to the public without charge through its EMMA system. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in “APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT” herein. These covenants have been made by the County in order to assist the Underwriters in complying with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”).

## **LEGAL MATTERS**

Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, will render an opinion with respect to the validity and enforceability of the Site Lease, the Lease and the Indenture and as to the validity of the Bonds. The proposed form of the opinion of Bond Counsel is set forth in “APPENDIX E – PROPOSED FORM OF BOND COUNSEL OPINION” herein. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe, Irvine, California, and for the County and the Authority by County Counsel.

## **LITIGATION**

### **General**

The County is not aware of any pending or threatened litigation concerning the validity of the Bonds, and a certificate of the County Counsel to that effect will be furnished to the Underwriters at the time of the original delivery of the Bonds. The County is not aware of any litigation pending or threatened against the County which questions the political existence of the County or contests the County’s ability to collect or receive pledged revenues or to make the Base Rental Payments under the Lease.

There are a number of suits and claims pending against the County for which the County is either self-insured or insured in varying degrees by commercial insurance, or which in the aggregate, if

determined adversely to the County, could have a material adverse impact on the County's finances in the future. However, the County does not expect any such suits or claims to have a material adverse effect on the County's ability to make Base Rental Payments under the Lease. See "APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF VENTURA COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

## **RATINGS**

Moody's Investors Service and S&P's Global Ratings have assigned ratings of "Aa1" and "AA+", respectively, to the Bonds. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Bonds. Such ratings assigned to the Bonds reflect only the views of the rating agencies, and any explanation of the significance of each such rating should be obtained from the rating agency furnishing the same. Such ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There is no assurance that any rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. A revision or withdrawal of any such credit rating could have an effect on the market price of the Bonds.

## **MUNICIPAL ADVISOR**

The County has retained KNN Public Finance, LLC as municipal advisor (the "Municipal Advisor") in connection with the preparation of this Official Statement and with respect to the execution and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. KNN Public Finance, LLC is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Municipal Advisor will receive compensation from the County contingent upon the sale and delivery of the Bonds.

## **VERIFICATION OF MATHEMATICAL CALCULATIONS**

Causey Demgen & Moore P.C., Denver, Colorado, a firm of independent public accountants, will deliver to the County, on or before the date of delivery of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations prepared on behalf of the County relating to the sufficiency of amounts on deposit and expected investment earnings thereon with respect to the Escrow Fund.

## **UNDERWRITING**

The Bonds are being purchased for reoffering by Citigroup Global Markets Inc., as Representative (the "Representative") on behalf of itself and Goldman, Sachs & Co. LLC, J.P. Morgan Securities LLC, and Raymond James & Associates, Inc. (collectively, the "Underwriters"). The Representative has agreed on behalf of the Underwriters, pursuant to the Bond Purchase Contract, dated June 3, 2020 (the "Purchase Contract"), by and among the Representative, the County and the Authority, and to purchase the Bonds at a price of \$286,614,268.53 (representing the principal amount of the Bonds, less an Underwriters' discount of \$490,731.47). The Purchase Contract provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract.

The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the County and the Authority and to persons and entities with relationships with the County and the Authority, for which they received or will receive customary fees and expenses.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

J.P. Morgan Securities LLC ("JPMS"), an Underwriter of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase the Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County or the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County or the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments."

## **MISCELLANEOUS**

The foregoing summaries or descriptions of provisions of the Bonds and the approving resolution of the County and all references to other materials not purporting to be quoted in full, are only brief outlines of some of the provisions thereof. Reference is made to said documents for full and complete statements of the provisions of such documents. The appendices attached hereto are a part of this Official Statement and should be read in their entirety. Copies, in reasonable quantity, of the resolution may be obtained during the offering period from the Underwriters and thereafter upon request to the County.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement have been approved by the Authority and the County. This Official Statement is not to be construed as a contract or agreement between either the Authority or the County and the purchasers or Owners of any of the Bonds.

VENTURA COUNTY PUBLIC FINANCING  
AUTHORITY

By           /s/ Michael Powers            
Executive Director

COUNTY OF VENTURA, CALIFORNIA

By           /s/ Michael Powers            
County Executive Officer



**APPENDIX A**

**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT OF VENTURA COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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COUNTY OF VENTURA | CALIFORNIA



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED  
JUNE 30, 2019**



**JEFFERY S. BURGH** | *Auditor-Controller*



**County of Ventura, California**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2019**



**County Auditor-Controller's Office  
JEFFERY S. BURGH, Auditor-Controller**

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**COUNTY OF VENTURA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2019**

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# INTRODUCTORY SECTION

COUNTY OF VENTURA | CALIFORNIA





**JEFFERY S. BURGH**  
**AUDITOR-CONTROLLER**

COUNTY OF VENTURA  
800 SOUTH VICTORIA AVE.  
VENTURA, CA 93009-1540



**ASSISTANT**  
**AUDITOR-CONTROLLER**  
JOANNE McDONALD

**CHIEF DEPUTIES**  
BARBARA BEATTY  
AMY HERRON  
JILL WARD  
MICHELLE YAMAGUCHI

February 21, 2020

To the Citizens of Ventura County:

The Comprehensive Annual Financial Report (CAFR) of the County of Ventura (County) for the fiscal year ended June 30, 2019, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

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 it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly, LLP has issued an unmodified ("clean") opinion on the County of Ventura's financial statements for the year ended June 30, 2019. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The County of Ventura (County), approved by the State Legislature on March 22, 1872, effective January 1, 1873, was created out of the southeasterly portion of Santa Barbara County and covers an area of 1,843 square miles. It is bordered on the north by Kern County, on the northwest by Santa Barbara County, on the east by Los Angeles County, and on the south and southwest by the Pacific Ocean along 42 miles of coastline. There are ten incorporated cities within its borders: Camarillo, Fillmore, Moorpark, Ojai, Oxnard, Port Hueneme, Santa Paula, Simi Valley, Thousand Oaks, and Ventura with a combined population including the unincorporated area of 856,598. The largest employment segments comprising 80 percent of the total employment distribution include professional and business services, educational and health services, retail, government, leisure and hospitality, manufacturing, and agriculture and food production. With its mild climate, geographical diversity including beaches and pristine and rugged wilderness, year-round recreational and cultural opportunities, and a reputation as one of the safest populated areas in the country, the County is a popular tourist destination.

The County is a General Law County with policymaking, budget approval, and legislative authority, vested in a five-member Board of Supervisors. The supervisors are elected on a nonpartisan basis by geographic districts for four-year staggered terms. Two or three supervisors are elected in alternating two year elections. The Board appoints the County Executive Officer who generally appoints the non-elected department heads that are not otherwise appointed by law. The County's elected department heads are the Assessor, Auditor-Controller, Clerk and Recorder, District Attorney, Sheriff, and Treasurer-Tax Collector. An organizational chart and a listing of elected and appointed department heads are provided in the introductory section of this report.

With 8,632 full-time employees in June 2019, the County provides a full range of services, including general government (administration, central services, elections, and plant acquisition), public protection, (law enforcement, fire protection, watershed protection, County portion of judicial, and detention), public ways and facilities (construction and maintenance of roads), health and sanitation (public, behavioral, and environmental health), public assistance, education (libraries), and recreation and cultural services. In addition, enterprise funds account for the operations of the Medical Center (Ventura County Medical Center, the Santa Paula Hospital, and clinics), Health Care Plan, two airports, Channel Islands Harbor, Waterworks Districts (sanitation and water services), and Parks (recreational activities). The financial reporting entity includes all funds of the primary government (County of Ventura as legally defined), as well as all of its legally separate component units. The component units are reported as blended when they are in substance part of the primary government or discretely presented in a separate column on the government-wide financial statements to emphasize that they are legally separate from the primary government. Note 1 of the Notes to the Basic Financial Statements provides more information on the reporting entity.

As required by state law, the County adopts a final budget no later than August 20 each year, generally in June. This annual budget serves as the foundation for the County's financial planning and control. Budgets are adopted for governmental and proprietary funds. The legal level of budgetary control is maintained at the department/budget unit and object level of expenditures, except capital assets which are controlled at the sub-object or project level. Appropriation transfers between departments must be approved by the Board. Supplemental appropriations normally financed by unanticipated revenues during the year must also be approved by the Board. The Board has delegated authority to the County Executive Officer to approve appropriation transfers between object levels within the same budget unit.

Unencumbered and unexpended appropriations lapse at the end of each fiscal year and become available to finance the next year's budget. Encumbered appropriations are reappropriated in the next year's budget. Encumbrances outstanding at year-end are included in restricted, committed, or assigned fund balance in the governmental funds.

### **Local Economy**

Historically, Ventura County has been closely aligned with the economy of Southern California, and for the fiscal year 2018-19, the growth continued to be slow but consistent. The County's traditional economic strength in agriculture, food processing, and mineral production is supplemented by the prominence of the service industry, small manufacturing businesses, the electronics industry, tourism, the biotechnology giant, Amgen, and the military presence of the Naval Base Ventura County at Port Hueneme and Point Mugu.

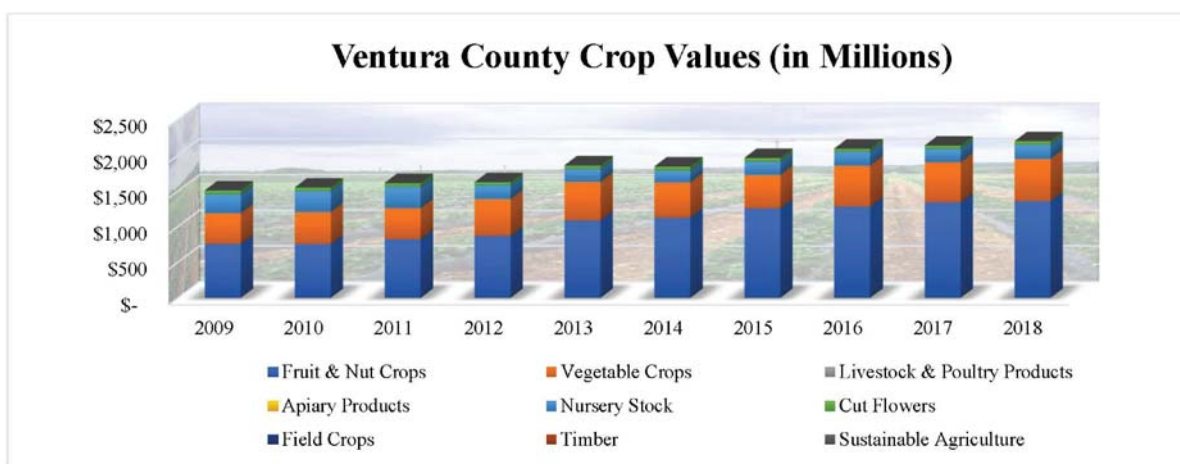


### • Commercial and Agricultural Activity

Taxable sales in calendar year 2018 was \$14.5 billion, an increase of 3.3 percent over 2017. Heading into 2019, retail sales for the County as a whole started with an upward trend, posting an increase of 14.9 percent and 15.5 percent in the first and second quarter of 2019 respectively, as compared with the same periods in 2018. Similarly, taxable sales in the Southern California region posted an increase of 15.3 percent in the first quarter, and 19.5 percent in the second quarter of 2019.

The Port of Hueneme is one of Southern California's critical hubs and the only deep-water harbor between Los Angeles and the San Francisco Bay. The total tonnage for fiscal year 2018-19 increased to 1,657,881 metric tons, a 3.3 percent increase from the prior year of 1,604,452 metric tons. Automobile imports and exports increased by 11.1 percent to 342,510 autos. Other import and export niche markets of bananas, fresh fruit and vegetables, fertilizers, and domestic oil had a modest increase of 2.5 percent as compared to the prior year.

Farmers use Science, Technology, Engineering, and Math (STEM) for efficient and effective fertilization and irrigation management programs to achieve quality and optimum yields while maintaining sustainable farming practices. The region's crop total remained at \$2.1 billion in 2018.



Source: Ventura County Crop and Livestock Report

### • Academic Activity

California State University, Channel Islands (CSUCI) opened in 2002 and is accredited by the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges (WASC). It is located on over 1,200 acres and is undergoing more than \$233 million in building and renovation projects. CSUCI offers twenty-three undergraduate majors, five graduate, three teaching credential programs and eight centers and institutes that support regional prosperity and the University mission. During the 2018 fall term, CSUCI had 7,095 students, up 0.6 percent from the prior year.

California Lutheran University, (CLU) opened in 1961, is accredited by the Accrediting Commission for Senior Colleges and Universities of the WASC. Thirty-eight majors and forty-one minors are offered in the traditional undergraduate program. The Bachelor's Degree for Professionals program offers degrees in seven majors. Graduate programs include doctorates in educational leadership, higher education leadership, clinical psychology and theology; and master's degrees in education, psychology, business, economics, information technology, public policy and administration, divinity, and theological studies. Enrollment for fall term 2018 was 4,383, an increase of 3.5 percent from the prior year. Classes are offered at the 225-acre main campus in Thousand Oaks, as well as five off-campus centers throughout the region.

The three Ventura County Community College campuses, Moorpark, Oxnard and Ventura, had a fall 2018 enrollment of 31,632 students, an increase of 2.9 percent from the prior year's adjusted number, and approximately 1,740 faculty, staff and administrators in spring of 2018. The colleges are accredited by the Accrediting Commission for Community and Junior Colleges of the WASC. The three two-year colleges offer programs to transfer to four-year colleges and universities, occupational and career technical training, and basic skills instruction.

### • Income and Unemployment

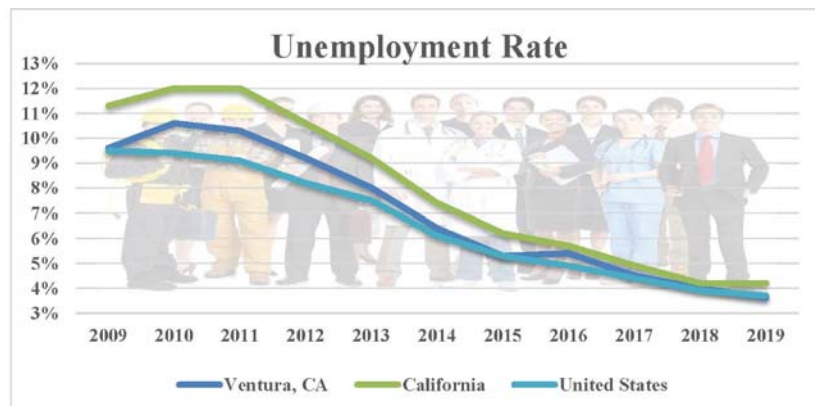
When comparing June 2019 to revised June 2018 figures, total farm jobs increased by 400 (1.4 percent) to 28,000, while total nonfarm jobs had a slight increase by 1,200 (0.4 percent) to 310,800. Increases for nonfarm jobs were primarily in construction and manufacturing 700, and Local government 500. Information about the County's principal employers and workforce sizes is provided in the statistical section of this report.

Average wages in the County decreased 1.7 percent from revised 2017 numbers to \$55,235, while the State's average wage increased 3.3 percent to \$68,478 and the nation increased 2.9 percent to \$57,266.



Source: U.S Department of Labor, Bureau of Labor Statistics

The County's unemployment rate in June 2019 of 3.6 percent was down from 4.0 percent in the prior year and compares with California and the nation at 4.2 percent and 3.7 percent, respectively.

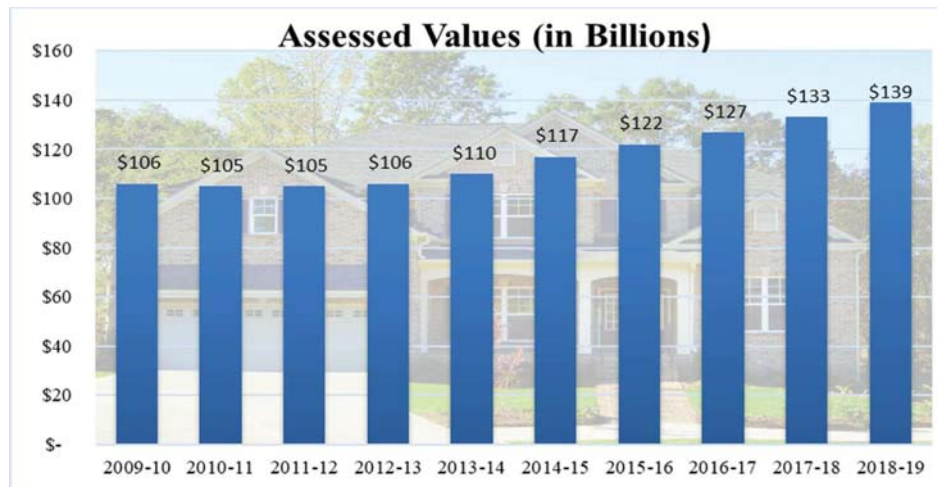


Source: State of California Employment Development Department and U.S. Department of Labor & Statistics



- **Real Estate**

Assessed values continue to trend upward. Fiscal year 2018-19 assessed values of \$139.0 billion represented a 4.9 percent increase compared to the prior year of \$132.7 billion.



Source: County of Ventura Auditor-Controller

The number of single-family home sales in the County increased 0.6 percent from the prior year. The composite median sales price for new and existing homes decreased 4.1 percent from \$675,000 in June 2018, to \$647,000 in June 2019. The June 2019 median single-family home sales price in California was up 1.4 percent to \$611,420, and the nation for all housing types was up 4.3 percent to \$285,700, when compared to the prior year.

County housing affordability for the second quarter of 2019 increased to 50 percent, since the second quarter of 2018. Availability of affordable housing continues to be a critical economic factor, which may affect future job growth. Some mitigating factors are the desirability of living in Ventura County due to its strong public safety presence, quality of life, climate, relatively clean air, and proximity to the Los Angeles metropolitan area.

### **Disaster Recovery and Preparedness**

The County continues to recover from the December 2017 Thomas fire that burned over 281,000 acres, destroyed 281 structures and damaged an additional 1,063 structures. At the time it was the largest wildfire in California's history. The County worked with the California Office of Emergency Services to offer property owners a debris removal program. Both the County and the City of Ventura streamlined the permitting process to help expedite the re-building process.

Less than a year later in November 2018 the Hill and Woolsey fires burned over 101,000 acres, destroyed 185 structures and damaged an additional 116 structures in Ventura County. There was no damage to any County facilities as a result of these 2018 fires. A debris removal program and streamlined permitting were again put into place to assist property owners to re-build. The estimated property tax loss Countywide in fiscal year 2018-19 is \$0.7 million and \$1.1 million in fiscal year 2019-20. The estimated impact of property tax loss on the General Fund revenue is \$0.1 million in fiscal year 2018-19 and \$0.2 million in fiscal year 2019-20. However, the State's fiscal year 2018-19 and 2019-20 budgets included funding to backfill the property tax losses incurred by local government because of the wildfires.

In November 2019 the County reached a settlement with Southern California Edison to resolve claims resulting from the 2017 Thomas fire and 2018 Woolsey fire. In December 2019 the County received settlement amounts totaling \$16.6 million, net of costs and attorney's fees.

A formal After-Action Review for the Thomas fire was presented to the Board of Supervisors in December 2018. Similarly, an After-Action Review for the Hill and Woolsey fires was presented to the Board of Supervisors in January 2020. The after-action review reports measure strengths and identify potential areas of improvement, documented in improvement plans that will serve as a framework to enhance the outcome of future emergency management efforts.

### **Major Initiatives**

- The fiscal year 2019-20 State Budget was signed into law by Governor Newsom on June 27, 2019. The budget provides funds to invest in K-14 education, higher education, affordable housing, homelessness emergency aid and mental health support, healthcare, emergency preparation, response and recovery, and criminal justice. The budget is projected to end the year at June 2020 with total reserves of \$19.2 billion, including \$16.5 billion in the Rainy Day Fund, \$1.4 billion in the Special Fund for Economic Uncertainties, \$900 million in the Safety Net Reserve and nearly \$400 million in the Public School System Stabilization Account.
- The County's 2019-20 Assessment Roll closed with an overall increase of 4.6 percent, reflecting Ventura County's continued strength in property values. Assessed value increased \$6.2 billion, resulting in \$141.1 billion of taxable property, the County's highest total assessed value. This is the eighth consecutive increase to the Assessment Roll values. Assessed values were reduced nearly \$100 million on approximately 270 properties due to damage caused by the Hill and Woolsey fires. In addition, more than 760 properties are still subject to reduced assessments while property owners rebuild after the Thomas fire.
- The actuarially determined composite contribution rate for retirement contributions increased from 27.1 percent to 28.5 percent of covered payroll in fiscal year 2019-20. The contribution rate is applied to a higher payroll, resulting in an increase in General Fund retirement costs of approximately \$12.8 million over fiscal year 2018-19 budgeted amounts. The rates incorporate adjustments as a result of the actuarial update of demographic and economic assumptions performed every three years.
- Investments in technology include the December 2019 approvals for an \$860,000 Debt Management Module for the Ventura County Financial Management System to assist with the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, and a \$750,000 Crime Data Analytics and Case Management Software System for the Sheriff's Office.
- The County also invested in facilities to provide programs and services. In November 2019 the Ventura County Family Justice Center opened as a one-stop shop of resources for innocent victims of crime with the assistance of a \$400,000 state grant. The facility is based on a national model for victims, survivors and their families to receive law enforcement, legal, medical, and mental health assistance in one location.
- The County continues to invest in programs, services and facilities to address homelessness, with the January 2020 opening of the ARCH, All Roads Connect to Housing, a year-round permanent shelter. This is a collaborative effort between the County and the City of Ventura that renovated a vacant County owned building to accommodate up to 55 persons on a year-round basis. Tenant

improvement costs totaling \$3.0 million were offset by a \$1.5 million Homeless Emergency Aid Program state grant, with the remaining costs shared between the County and the City. The cost to operate the shelter will be shared equally between the County and the City.

### **Long-term Planning**

- General Fund fund balance in the 2019-20 adopted budget totaled \$267.0 million, an increase of \$35.1 million from the prior year adopted budget, based on estimated year-end fund balance. Obligated fund balance (Nonspendable, Restricted, Committed, and Assigned) plays an important role in preserving the County's overall financial health including: strengthening the County's overall financial position (including cash) with an emphasis toward maintaining the highest debt rating and consequently lowering our borrowing costs; preparing the County for future capital needs; establishing the ability to fund expenses such as litigation costs and audit disallowances without affecting operations; and shield the County against extraordinary events and significant fluctuations in revenues. Unassigned fund balance can be used to monitor fund balance as a percent of General Fund appropriations/revenue. The County's recommended minimum level is 10 percent of total appropriations/revenue. The estimated Unassigned fund balance of \$149.7 million is approximately 13.1 percent of estimated appropriations, above our minimum of 10 percent but less than our long-term goal of 15 percent.
- The fiscal year ended 2020-24 Five-Year Capital Improvement Plan (Plan) was updated through a process involving the review by all County departments of capital and major equipment needs and includes seven high priority project requests pending identification of funding sources. Requests are submitted to the Capital Planning Committee for review and prioritization as noted below. Projects are prioritized by a ranking system that uses various criteria such as life and safety concerns, compliance with legal or regulatory requirements, and preservation of existing assets. Among the projects included in the Plan are a fuel tank replacement project at the Government Center, Animal Services shelter improvements, design a new Fire Department training and administration facility, Medical Center Fainer Wing Remodel, county bridge improvements, an upgrade to the Ventura County Financial Management System, a next generation public safety radio communication system, an upgrade to the Ventura County Integrated Justice Information System and a number of other building and system improvement projects. The plan is available on-line:<https://vcpublicworks.org/fiveyearplan/>.

### **Relevant Financial Policies**

- The Board of Supervisors approved a Capital Planning Policy and Five-Year Capital Improvement Plan which includes evaluation of plans for acquisition, maintenance, replacement, and retirement of capital assets and serves as the basis for long-range planning to meet the County's capital asset needs. A Capital Planning Committee comprised of the County Executive Officer, Auditor-Controller, General Services Agency Director, and Public Works Agency Director, is responsible for evaluating capital planning matters and providing recommendations to the Board of Supervisors regarding the prioritization of capital projects, major equipment purchases, long-term lease administration, lease versus purchase options, and other capital planning and expenditure issues.
- The Financial Planning Committee of the County, comprised of the Chair and Vice Chair of the Board of Supervisors, Auditor-Controller, County Treasurer, County Executive Officer, and County Counsel, reviews all financial planning matters. The Committee provides recommendations to the Board regarding levels of debt service, debt balances, financing of planned capital asset acquisitions, and any proposal utilizing public finance methods.

- The Information Technology Committee (ITC) is responsible for planning and reviewing project proposals to ensure consistency with the goals, guidelines and policies of the County's technology strategy, compatibility with other systems and infrastructure, and conformance with other County priorities. The ITC is comprised of two members of the Board of Supervisors, the County Executive Officer, Auditor-Controller, Sheriff, Fire Protection District Chief, Human Services Agency Director, Resource Management Agency Director, Health Care Agency Director, and the IT Services Department Director.

### **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2018. This was the thirty-fifth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the Auditor-Controller's Office. I wish to express my appreciation to the members of the Auditor-Controller's Office and our independent auditors, Eide Bailly, LLP, who assisted in and contributed to the preparation of this report. I also thank the Board of Supervisors and the County Executive Office for their interest and support in planning and conducting the financial operations of the County in a responsive and effective manner.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Jeff S Burgh". The signature is fluid and cursive, with the first name "Jeff" and last name "Burgh" clearly distinguishable.

JEFFERY S. BURGH  
Auditor-Controller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County of Ventura  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrell*

Executive Director/CEO

COUNTY OF VENTURA  
LISTING OF PRINCIPAL OFFICIALS  
JUNE 30, 2019

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ELECTED OFFICIALS

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Board of Supervisors

District #1	Steve Bennett
District #2	Linda Parks
District #3	Kelly Long
District #4	Robert O. Huber
District #5	John C. Zaragoza

Other Elected Officials

Assessor	Dan Goodwin
Auditor-Controller	Jeffery S. Burgh
Clerk and Recorder	Mark A. Lunn
District Attorney	Gregory D. Totten
Sheriff	William Ayub
Treasurer-Tax Collector	Steven Hintz

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APPOINTED OFFICIALS

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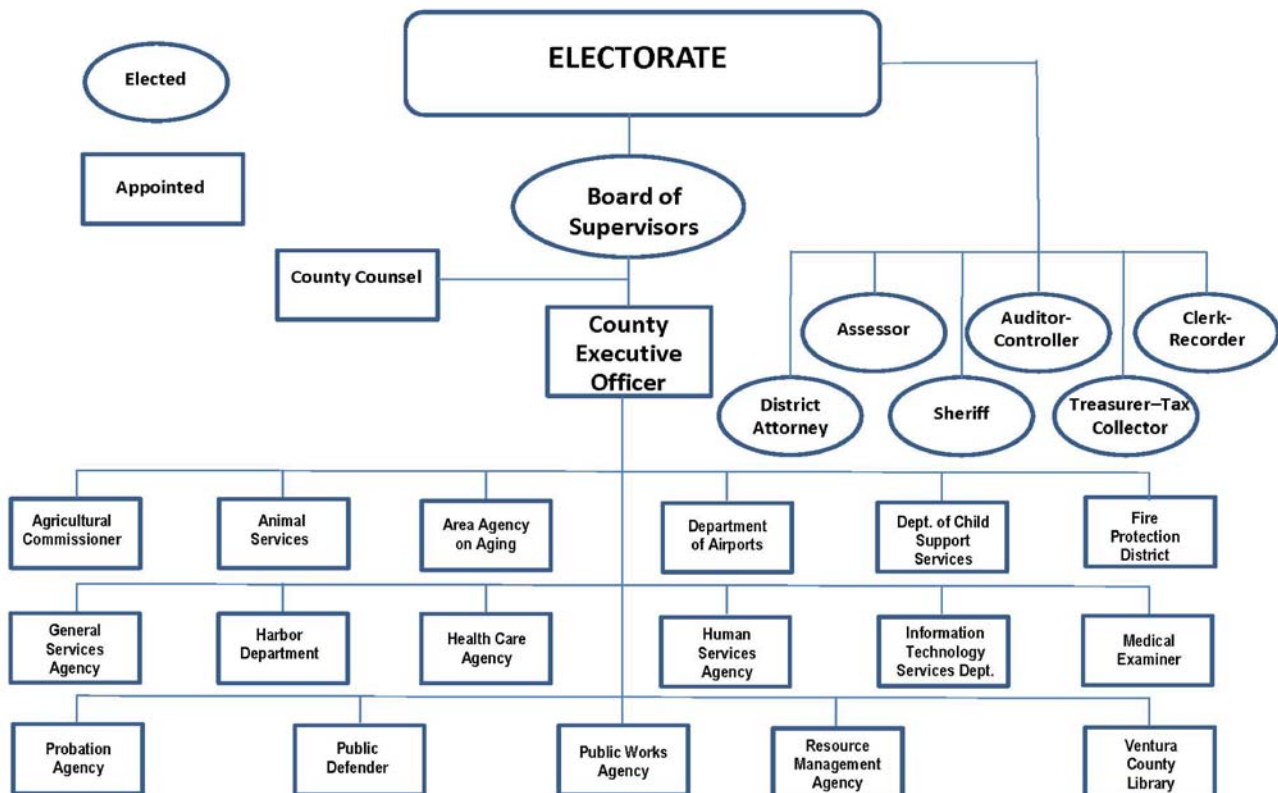
Agricultural Commissioner	Edmund E. Williams
Animal Services <sup>(a)</sup>	Jackie Rose
Area Agency on Aging	Victoria Jump
County Counsel	Leroy Smith
County Executive Office	Michael Powers
Department of Airports	Kip Turner
Department of Child Support Services	Marcus R. Mitchell
Fire Protection District	Mark Lorenzen
General Services Agency	David J. Sasek
Harbor Department	Mark Sandoval
Health Care Agency	William T. Foley
Human Services Agency	Barry L. Zimmerman
Information Technology Services Department	Brian Ganley
Medical Examiner's Office <sup>(b)</sup>	Dr. Christopher Young
Probation Agency	Mark Varela
Public Defender	Todd W. Howeth
Public Works Agency	Jeff Pratt
Resource Management Agency	Kim L. Prillhart
Ventura County Library	Nancy Schram

<sup>(a)</sup> By action of the Board of Supervisors, Animal Services became an independent department with the department head reporting to the County Executive Officer, effective 11/3/19. Previously it was a department within the Health Care Agency.

<sup>(b)</sup> By action of the Board of Supervisors, the Medical Examiner's Office became an independent department with the department head reporting to the County Executive Officer, effective 7/1/19. Previously it was a department within the Health Care Agency.

# COUNTY OF VENTURA

## ORGANIZATIONAL CHART



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# FINANCIAL SECTION

COUNTY OF VENTURA | CALIFORNIA







## Independent Auditor's Report

To the County Board of Supervisors  
County of Ventura, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Ventura, California (County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County'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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ventura County Public Financing Authority and the Children and Families First Commission of Ventura County, which represent the following percentage of assets, net position/fund balance, and revenues for the opinion units listed below:

Opinion Units	Assets	Net Position/ Fund Balance	Revenues
Governmental Activities	0%	0%	0%
Business-Type Activities	3%	0%	0%
Aggregate Remaining Fund Information	0%	0%	0%
Discretely Presented Component Unit	100%	100%	100%
Major Enterprise Fund - Medical Center	4%	0%	0%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the report of the other auditors. 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 auditor's 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 entity'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 entity'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 opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, other post-employment benefit schedule and budgetary comparison schedules and related notes as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 our 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual non-major fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2020, on our consideration of the County'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 the County's 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 County's internal control over financial reporting and compliance.

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Rancho Cucamonga, California  
February 21, 2020

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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**  
*UNAUDITED*





## **MANAGEMENT'S DISCUSSION AND ANALYSIS** **(Unaudited)**

This section of the County of Ventura's (County) Comprehensive Annual Financial Report (CAFR) presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

### **FINANCIAL HIGHLIGHTS**

- The government-wide assets and deferred outflows of resources of the County (governmental and business-type) exceeded liabilities and deferred inflows of resources at the close of the 2018-19 fiscal year by \$1,856,242,000 (*net position*). Of this amount, \$433,306,000 is restricted for specific purposes (*restricted net position*), \$1,430,739,000 is the *net investment in capital assets*, and the remaining portion of negative \$7,803,000 is *unrestricted net position*. The deficit balance is a result of reporting the County's unfunded pension liability.
- The government's total net position increased by \$186,393,000 during fiscal year 2018-19, primarily due to an increase in governmental activities. Net investment in capital assets increased by \$13,922,000. The increase represents capital acquisitions net of accumulated depreciation/amortization and capital-related deferred outflows of resources, less capital-related debt and deferred inflows of resources. Restricted net position increased by \$26,326,000, while unrestricted net position increased by \$146,145,000.
- As of June 30, 2019, the County governmental funds reported combined fund balances of \$784,356,000, an increase of \$66,403,000 in comparison with the prior year.
- At the end of the fiscal year, unassigned General Fund fund balance was \$100,899,000, or 10 percent of total General Fund expenditures, reflecting a decrease of \$38,071,000 from the prior fiscal year balance.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

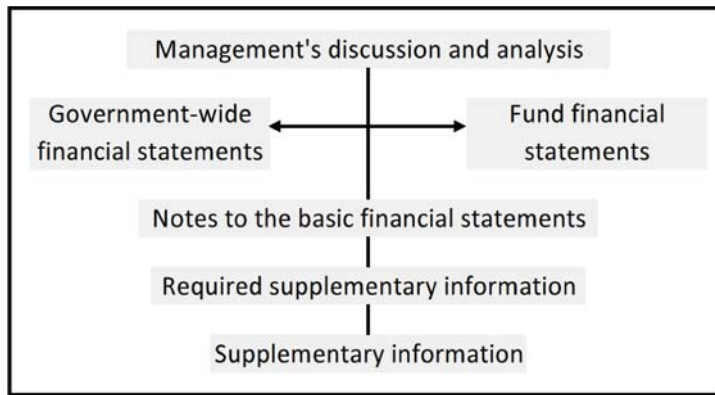
The Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the basic financial statements

Required supplementary information, supplementary information, and statistical information are also included in the CAFR.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following diagram displays the interrelationships of this report:



**Government-wide Financial Statements** provide readers with a broad overview of County finances in a manner similar to a private-sector business. The *statement of net position* and *statement of activities* use the flow of economic resources measurement focus and accrual basis of accounting. The focus and basis emphasize the long-term view of the County's finances.

The *statement of net position* presents information on all County assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the differences between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements continue to include the following concepts:

- The government-wide statements include only those funds/entities representing resources available to the County. Therefore, the financial information for the pension, investment, and private-purpose trusts are not included in the government-wide financial statements. The financial statements for the discretely presented component unit, Children and Families First Commission (Commission), are provided in a separate column.
- The statement of activities distinguishes functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- In addition, the statement of activities compares the direct expenses and program revenue for each governmental function and each segment of business-type activities. The general revenue (non-program revenue) must then cover the net cost of the various activities. The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation services, public assistance, education, and recreation and cultural services. The business-type activities of the County include the hospital, airports, utilities, recreation, and medical insurance.
- Because the internal service funds primarily serve the governmental funds, the internal service funds activities are eliminated with net balances also reported in the governmental activities column. Additional elimination of transfers and activity occur within the governmental activities and within the business-type activities.
- Component units are included in the basic financial statements and consist of legally separate entities for which the County is financially accountable. *Blended component units* have substantially the same governing board as the County or provide services entirely to the County and are reported on the fund statements and, if appropriate, as governmental activities on the government-wide financial statements. Examples include the Fire Protection District and the County's Watershed Protection District. The Commission is reported as a *discretely presented component unit* because the County Board appoints the commission board members to serve at will.

The government-wide financial statements can be found on pages 41 - 43 of this report.

**Fund Financial Statements** report on groupings of related funds and accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. A fund is a separate accounting entity with a self-balancing set of accounts. The County, like other state and local governments, uses fund accounting to demonstrate finance-related legal compliance.

- The fund financial statements emphasize *major funds* as determined by minimum criteria set forth in GASB Statement No. 34 (GASB 34) with separate columns for each major fund. The non-major funds are presented in an aggregated single column on the governmental funds financial statements. There are four major governmental funds: the General Fund, Roads, Watershed Protection District, and the Fire Protection District. There are three major enterprise funds: Medical Center, Department of Airports and Waterworks Districts. Individual fund data for each of the non-major funds is provided in the form of *combining statements* in the supplementary information section.
- The GASB 34 fund financial statements include all balances of County funds held in agency funds with cash and other accounts recorded within the related fund. The remaining agency funds included in the fund financial statements contain amounts due to others outside of the government, such as property taxes to be distributed.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

**Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. The governmental funds include the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent fund. However, unlike the government-wide financial statements, governmental funds financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. The focus and basis emphasize the *near-term inflows and outflows of spendable resources*, as well as the balances of *spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

The County maintains over sixty individual governmental funds in its financial system and presents them grouped by related activities as twenty-three separate governmental funds on this report. The equity for fund financial statements is displayed as fund balance. Purchase of capital assets and payment of principal on debt are expended on fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental funds financial statements can be found on pages 44 - 50 of this report.

**Proprietary funds** are maintained in two fund types: enterprise funds and internal service funds.

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the operations of the Medical Center, Department of Airports, Waterworks Districts, Parks Department, Channel Islands Harbor, Health Care Plan, and Oak View District. Eighteen enterprise funds are reported in the County's financial system and grouped by related activities as seven enterprise funds on this report. The major funds are presented in the proprietary fund financial statements with detail of non-major funds provided in the combining statements in the supplementary information section.

*Internal service funds* are used to accumulate and allocate costs for services provided to the County's various departments. The County uses internal service funds to account for its public works services, heavy equipment, transportation, general insurance (liability and workers' compensation), information technology services, general services, employee benefits insurance, and personnel services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The County's eight internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the *combining financial statements* in the supplementary information section.

The proprietary funds financial statements can be found on pages 51 - 54 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Fiduciary funds**, including the *trust and agency funds*, are used to account for resources held for the benefit of parties outside the government. Trust funds consist of the Supplemental Retirement Plan (SRP) pension trust, the Investment Trust Fund, which includes external users of the County's investment pool, and the Ventura County Redevelopment Successor Agency Private-purpose trust. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting basis used for trust and agency funds is accrual, much like that used for proprietary funds. Agency funds are held for others and report only assets and liabilities.

The fiduciary funds financial statements can be found on pages 55 - 56 of this report.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These informative notes can be found on pages 57 - 126 of this report and are also itemized in the Table of Contents.

**Required Supplementary Information** includes the Ventura County Employees' Retirement Association (VCERA) schedule of the County's proportionate share of the net pension liability and schedule of County's contributions, the SRP schedule of changes in net pension liability and related ratios and schedule of investment returns, and schedule of County's contributions, the Management Retiree Health Benefits Program schedule of changes in total pension liability and related ratios, the Subsidized Retiree Health Benefits Program schedule of total other postemployment benefits (OPEB) liability and related ratios, the Ventura County Deputy Sheriffs' Association (VCDSA) Retiree Medical Reimbursement Plan schedule of net OPEB liability and related ratios and schedule of County's contributions, and the Ventura County Professional Firefighters' Association (VCPFA) Premium Reimbursement Plan schedule of net OPEB liability (asset) and related ratios and schedule of County's contributions. These schedules provide trend data on pension and OPEB liabilities, contributions, and payroll amounts as well as factors that significantly affect these trends. In addition, budgetary schedules for the major general and special revenue funds are included.

The County adopts an annual appropriated budget for its governmental funds as required by Government Code. In the required supplementary information section, a budgetary comparison schedule is provided for all the major general and special revenue funds to demonstrate compliance with the final budget. Due to the large number of funds and departments, a separate Departmental Budget Report of Revenues and Expenditures – Budget and Actual on a Budgetary Basis has been prepared. The report demonstrates compliance at the legal level of budgetary control for those funds for which the County is legally required to adopt a budget. This document is available from the Auditor-Controller's Office, 800 South Victoria Avenue, Ventura, CA 93009-1540, or on the County website at: [http://vcportal.ventura.org/auditor/docs/financial-reports/FY19\\_BudgetToActual.pdf](http://vcportal.ventura.org/auditor/docs/financial-reports/FY19_BudgetToActual.pdf)

Required supplementary information can be found on pages 127 - 139 of this report.

**Supplementary Information** includes the combining and individual governmental, enterprise, internal service, and fiduciary fund statements, budgetary comparison schedules for all non-major governmental funds for which the County is legally required to adopt a budget, and information on capital assets used in the operation of governmental funds.

Supplementary information can be found on pages 141 - 206 of this report.

**Statistical Information** is provided beginning on page 207 of this report.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Government-wide Summary of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the County's net position was \$1,856,242,000.

A summary of net position is as follows:

Summary of Net Position June 30, 2019 and 2018 (In Thousands)							
	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2019	2018	2019	2018	2019	2018	
Assets:							
Current and other assets	\$ 1,467,369	\$ 1,331,741	\$ 273,233	\$ 255,030	\$ 1,740,602	\$ 1,586,771	10%
Capital assets	<u>1,241,145</u>	<u>1,214,661</u>	<u>627,555</u>	<u>641,363</u>	<u>1,868,700</u>	<u>1,856,024</u>	1%
Total assets	<u>2,708,514</u>	<u>2,546,402</u>	<u>900,788</u>	<u>896,393</u>	<u>3,609,302</u>	<u>3,442,795</u>	5%
 Total deferred outflows of resources	<u>336,855</u>	<u>267,208</u>	<u>46,477</u>	<u>36,193</u>	<u>383,332</u>	<u>303,401</u>	26%
Liabilities:							
Current and other liabilities	331,860	295,454	134,282	123,371	466,142	418,825	11%
Long-term liabilities	<u>1,063,709</u>	<u>1,046,924</u>	<u>462,008</u>	<u>469,660</u>	<u>1,525,717</u>	<u>1,516,584</u>	1%
Total liabilities	<u>1,395,569</u>	<u>1,342,378</u>	<u>596,290</u>	<u>593,031</u>	<u>1,991,859</u>	<u>1,935,409</u>	3%
 Total deferred inflows of resources	<u>122,539</u>	<u>119,175</u>	<u>21,994</u>	<u>21,763</u>	<u>144,533</u>	<u>140,938</u>	3%
Net position:							
Net investment in capital assets	1,162,314	1,149,011	268,425	267,806	1,430,739	1,416,817	1%
Restricted	401,890	370,750	31,416	36,230	433,306	406,980	6%
Unrestricted (deficit)	<u>(36,943)</u>	<u>(167,704)</u>	<u>29,140</u>	<u>13,756</u>	<u>(7,803)</u>	<u>(153,948)</u>	95%
Total net position	<u>\$ 1,527,261</u>	<u>\$ 1,352,057</u>	<u>\$ 328,981</u>	<u>\$ 317,792</u>	<u>\$ 1,856,242</u>	<u>\$ 1,669,849</u>	11%

Net position includes three components: *Net investment in capital assets; restricted; and unrestricted.*

A significant component of the County's net position totaling \$1,430,739,000 (77 percent) reflects the County's net investment in capital assets (land, easements, construction in progress, land improvements, structures and improvements, equipment, vehicles, software, and infrastructure), i.e. net of accumulated depreciation/amortization and capital-related deferred outflows of resources, less capital-related debt and deferred inflows of resources. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of capital-related debt and deferred inflows of resources, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

The restricted component of the County's net position, totaling \$433,306,000 (24 percent), represents resources that are subject to external restrictions on how they may be used. Trust agreements relating to long-term debt restrict certain amounts for debt service. In addition, externally restricted funding received in advance of expenses is also reported as restricted, and therefore is not available for other uses by the County.

The third portion of the County's net position is unrestricted, totaling negative \$7,803,000 (negative 1 percent), due to reporting the County's unfunded pension liability.

At the end of the current fiscal year, the County reported positive balances in two categories of net position. The County's net position increased by \$186,393,000. The change in net position for governmental and business-type activities was \$175,204,000 and \$11,189,000 respectively.

General revenues for governmental activities increased by \$38,181,000, primarily from property taxes and interest earnings offset by a decrease in other revenue. Program revenues decreased by \$12,889,000, primarily due to decreases in operating grants and contributions in all areas except for an increase in public ways and facilities. Program expenses increased by \$14,912,000, or 1 percent, with increases primarily in public protection and public assistance offset with a decrease in health and sanitation services.

The current period increase in net position attributable to business-type activities primarily resulted from an increase in the Medical Center, Waterworks Districts and Healthcare Plan. Program revenues increased by \$26,460,000, or 5 percent, primarily due to increased charges for services in the Medical Center and Health Care Plan. Program expenses increased by \$22,948,000, or 4 percent, primarily in the Medical Center and the Health Care Plan. Additional information is provided on pages 34-35 of this report.

### **Government-wide Summary of Activities**

The following table depicts the revenue, expenses, and changes in net position for governmental and business-type activities. Revenue for the County as a whole increased by \$52,763,000, or 3 percent, with increases primarily in charges for services, property taxes and interest of \$31,204,000, \$32,148,000 and \$11,714,000, respectively, offset by a decrease in operating grants and contributions of \$23,442,000. Additional information on major revenue streams is provided on pages 29-31.

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

Summary of Activities  
For the Fiscal Years Ended June 30, 2019 and 2018  
(In Thousands)

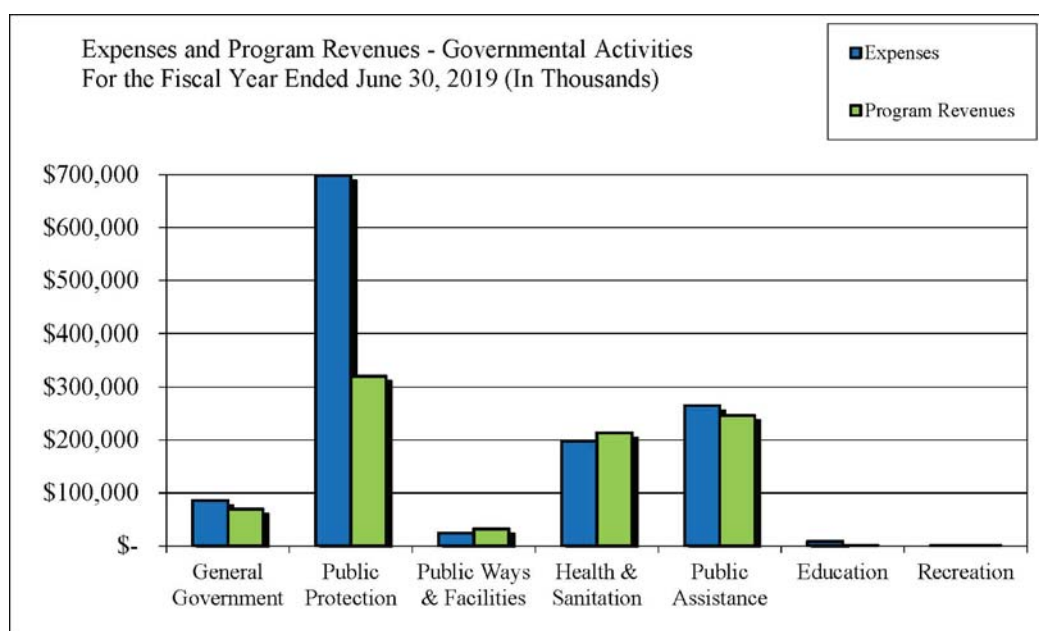
	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues:							
Charges for services	\$ 288,560	\$ 284,278	\$ 594,842	\$ 567,920	\$ 883,402	\$ 852,198	4%
Operating grants and contributions	580,473	600,613	2,288	5,590	582,761	606,203	(4)%
Capital grants and contributions	14,091	11,122	6,437	3,597	20,528	14,719	39%
General revenues:							
Property taxes	552,861	520,713	-	-	552,861	520,713	6%
Other taxes	17,698	16,516	-	-	17,698	16,516	7%
Aid from other governmental units	2,847	2,917	-	-	2,847	2,917	(2)%
Interest and investment earnings	25,170	14,467	2,118	1,107	27,288	15,574	75%
Other	19,877	25,659	-	-	19,877	25,659	(23)%
Total revenues	<u>1,501,577</u>	<u>1,476,285</u>	<u>605,685</u>	<u>578,214</u>	<u>2,107,262</u>	<u>2,054,499</u>	3%
Expenses:							
General government	86,013	85,241	-	-	86,013	85,241	1%
Public protection	698,234	678,940	-	-	698,234	678,940	3%
Public ways and facilities	23,656	22,005	-	-	23,656	22,005	8%
Health and sanitation services	197,672	207,606	-	-	197,672	207,606	(5)%
Public assistance	264,897	259,854	-	-	264,897	259,854	2%
Education	8,404	8,304	-	-	8,404	8,304	1%
Recreation	41	57	-	-	41	57	(28)%
Interest on long-term debt	5,734	7,732	-	-	5,734	7,732	(26)%
Medical Center	-	-	499,359	481,116	499,359	481,116	4%
Department of Airports	-	-	6,806	7,351	6,806	7,351	(7)%
Waterworks - Water and Sewer	-	-	34,699	34,189	34,699	34,189	1%
Parks Department	-	-	5,765	5,483	5,765	5,483	5%
Channel Islands Harbor	-	-	9,589	8,539	9,589	8,539	12%
Health Care Plan	-	-	79,736	76,318	79,736	76,318	4%
Oak View District	-	-	264	274	264	274	(4)%
Total expenses	<u>1,284,651</u>	<u>1,269,739</u>	<u>636,218</u>	<u>613,270</u>	<u>1,920,869</u>	<u>1,883,009</u>	2%
Excess (deficiency) before transfers	216,926	206,546	(30,533)	(35,056)	186,393	171,490	9%
Transfers	<u>(41,722)</u>	<u>(32,084)</u>	<u>41,722</u>	<u>32,084</u>	<u>-</u>	<u>-</u>	-%
Change in net position	<u>175,204</u>	<u>174,462</u>	<u>11,189</u>	<u>(2,972)</u>	<u>186,393</u>	<u>171,490</u>	9%
Net position - beginning	1,352,057	1,273,614	317,792	320,764	1,669,849	1,594,378	5%
Prior period adjustment	-	(96,019)	-	-	-	(96,019)	-%
Net position - beginning, as restated	<u>1,352,057</u>	<u>1,177,595</u>	<u>317,792</u>	<u>320,764</u>	<u>1,669,849</u>	<u>1,498,359</u>	11%
Net position - ending	<u>\$ 1,527,261</u>	<u>\$ 1,352,057</u>	<u>\$ 328,981</u>	<u>\$ 317,792</u>	<u>\$ 1,856,242</u>	<u>\$ 1,669,849</u>	11%



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Governmental activities.** Governmental activities, as reflected in the Statement of Activities, increased the County's net position in the current period by \$175,204,000, accounting for 94 percent of the total current period change in the County's net position. The Statement of Activities displays the direct expenses and the program revenues for the governmental and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: 1) charges paid by the recipients of goods or services offered by the programs, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including almost all taxes, are presented as general revenues. Sales tax and vehicle license fee monies for health and welfare realignment and public safety are defined as program revenue.

The bar chart below depicts the relationships of the governmental activities direct expenses to program revenues:



**Revenues.** Total revenues from governmental activities increased by 2 percent from the prior year.

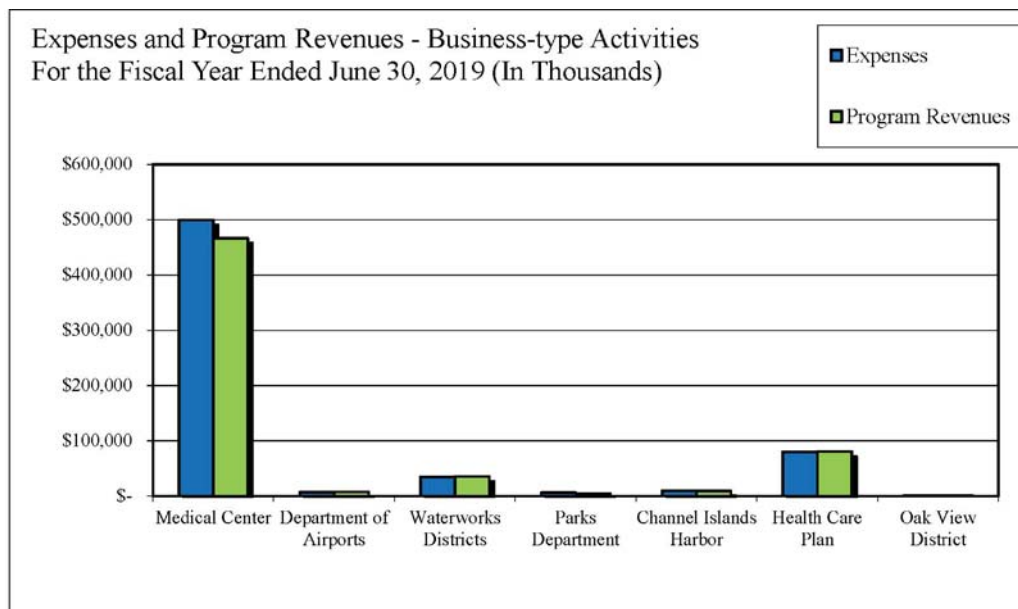
- Operating grants and contributions are revenues earned from entities outside of the County, primarily state and federal agencies, and are generally restricted to one or more specific programs. In 2018-19, the County reported \$580,473,000 in operating grants and contributions, which comprised 66 percent of the total program revenues in the current year. Operating grants and contributions decreased by \$20,140,000 from the prior year, primarily in public assistance due to a decrease in Senate Bill No. 90 (SB 90) and Realignment, offset by an increase in public ways and facilities due to additional State Highway User Tax (HUTA) revenue from Senate Bill No. 1 (SB 1). Operating grants and contributions represent the largest revenue source for governmental activities. The public protection, health and sanitation services, and public assistance functions received 94 percent of this funding source in fiscal year 2018-19.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- Charges for services are revenues earned from providing goods, services, or privileges to external customers. Fines, forfeitures, and penalties and licenses, permits, and franchises are also reported as charges for services. Public protection generated \$139,967,000, or 49 percent, of the total of \$288,560,000. Among the major sources are contracted law enforcement services provided by the Sheriff's Office to several cities, emergency and contract services performed by the Fire Protection District for various governmental agencies, and various assessments generated by the Watershed Protection District. Charges for services provided 32 percent of total program revenues in 2018-19, remaining flat as compared to the prior year.
- Capital grants and contributions of \$14,091,000 represented the smallest source of program revenues in 2018-19 at 2 percent of total program revenues.
- General revenue for governmental activities primarily consisted of taxes. Property tax revenue, the largest source of general revenue with \$552,861,000 reported in 2018-19, increased by 6 percent from 2017-18.

**Expenses.** Total program expenses for governmental activities were \$1,284,651,000 for the current fiscal year as compared to \$1,269,739,000 for the prior fiscal year, an increase of 1 percent. Public protection at \$698,234,000 accounted for 54 percent of total expenses for governmental activities. Public assistance expenses were \$264,897,000, or 21 percent, followed by health and sanitation services at \$197,672,000, or 15 percent, general government at \$86,013,000, or 7 percent, and various other costs of \$37,835,000, or 3 percent, of total expenses. Expenses increased in all functions except health and sanitation services and recreation, which had decreases.

**Business-type activities.** Business-type activities increased the County's net position in the current period by \$11,189,000, or 6 percent, of the total current period change in the County's net position, primarily due to the Medical Center, Healthcare Plan and Waterworks Districts. The bar chart below depicts the relationships of the business-type activities direct expenses to program revenues:



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Revenues.** The County has three major business-type activities: the Medical Center, Department of Airports, and Waterworks Districts - Water and Sewer. Business-type activities recover a significant portion of their costs through user fees and charges. For the current year, 99 percent, or \$594,842,000, of total program revenues were generated from charges for services, as compared to the prior year's, 98 percent, or \$567,920,000. The Medical Center accounted for 77 percent of total program revenues for business-type activities at \$466,164,000 and the Health Care Plan accounted for 13 percent of total program revenues, the same as in the prior year. The Waterworks Districts' combined water and sewer activities generated 6 percent of total program revenues, and all other business-type activities accounted for the remaining 4 percent.

**Expenses.** Total expenses for business-type activities were \$636,218,000 in 2018-19 compared to \$613,270,000 in 2017-18, representing an increase of about 4 percent. About 78 percent of total expenses, or \$499,359,000, were incurred by the Medical Center. The Health Care Plan accounted for 13 percent of the total cost, while Waterworks - Water and Sewer activities, accounted for 5 percent. The remaining 4 percent of expenses were incurred by the Department of Airports, Parks Department, Channel Islands Harbor, and the Oak View District business activities, with a combined total of \$22,424,000.

The increase in expense for the business-type activities was primarily due to increased salaries and benefits and interest expense offset by a decrease in depreciation at the Medical Center, and an increased provision for claims for the Health Care Plan. Medical Center salaries and benefits increases were primarily due to fiscal and information technology positions being transferred from General Fund Health Care Agency administration to the Medical Center. The decrease in depreciation is due to the electronic health record system being fully depreciated. The increase in provision for claims for the Health Care Plan is due to inflation of medical expenses combined with a higher level of acuity of the illnesses treated.

### **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The County's general government functions are accounted for in the County's general, special revenue, debt service, capital projects, and permanent funds. Included in these funds are the special districts governed by the Board of Supervisors (Board). The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Major governmental funds reported by the County include the General Fund, Roads Fund, Watershed Protection District, and the Fire Protection District.

At June 30, 2019, the County's governmental funds reported total fund balances of \$784,356,000, an increase of \$66,403,000 from the prior year. Approximately \$133,423,000 or 17 percent of the total is Nonspendable fund balance, which are amounts that are not in spendable form or amounts that are legally or contractually required to be maintained intact. Nonspendable fund balance increased \$60,146,000 primarily due to an increase in the General Fund's advance to the Medical Center of \$60,400,000. The remaining 83 percent or \$650,933,000 is available to meet the County's current and future needs.

Revenues for governmental funds totaled \$1,482,969,000 in the year ended June 30, 2019, representing an increase of about 1 percent from the fiscal year ended June 30, 2018. This was primarily attributable to an increase in taxes and revenues from the use of money offset by a decrease in aid from other governmental units. Expenditures, at \$1,381,803,000, decreased 1 percent when compared to the fiscal year ended June 30, 2018, with increases primarily in public protection, offset by decreases in health and sanitation services, debt service, and capital outlay.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **GENERAL FUND**

The General Fund is the primary operating fund of the County. At June 30, 2019, the General Fund's total fund balance was \$492,813,000, increasing \$38,765,000 from the prior year. The nonspendable portion of fund balance was \$130,579,000 and the spendable portion was \$362,234,000. The nonspendable fund balance increased \$59,972,000, or 85 percent, primarily due to an increase of \$60,400,000 in the General Fund's advance to the Medical Center. As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance equates to 49 percent of total General Fund expenditures while spendable fund balance equates to 36 percent. Of the General Fund spendable fund balance, \$141,709,000, or 39 percent, is restricted, and \$6,100,000, or 2 percent, is committed.

### **ROADS FUND - SPECIAL REVENUE FUND**

This fund accounts for planning, design, construction, maintenance, and administration of County roads. It also engages in traffic safety and other transportation planning activities. Revenues consist primarily of the County's share of state highway use taxes and fuel taxes. At June 30, 2019, this fund had a total fund balance of \$37,949,000, of which \$19,813,000 was restricted, \$16,900,000 was committed, and \$1,236,000 was assigned. Total fund balance increased by 28 percent when compared to the prior year.

### **WATERSHED PROTECTION DISTRICT - SPECIAL REVENUE FUND**

The function of this fund is the control of flood and storm waters, and the conservation of such waters for beneficial public use. Total fund balance at June 30, 2019, of \$72,823,000, increased 16 percent or \$10,268,000 from the prior year. Restricted fund balance of \$70,991,000 accounted for 97 percent of the total fund balance.

### **FIRE PROTECTION DISTRICT - SPECIAL REVENUE FUND**

The Fire Protection District provides fire protection to the unincorporated areas of the County, as well as the cities of Camarillo, Moorpark, Ojai, Port Hueneme, Santa Paula, Simi Valley, and Thousand Oaks. Support is derived principally from property taxes. At June 30, 2019, the Fire Protection District's total fund balance was \$95,337,000, a decrease of \$3,684,000 from the prior year. Fund balance included a nonspendable portion of \$1,649,000. Restricted fund balance totaled \$88,706,000, or 93 percent, with the remaining \$4,982,000 classified as committed.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### NON-MAJOR GOVERNMENTAL FUNDS

As compared with the prior year, the total fund balances of the remaining governmental funds increased \$12,850,000 or by 18 percent. This increase was primarily attributable to increases in the Mental Health Services Act special revenue fund and in the Public Financing Authority capital project fund.

Additional information on fund balances is provided in Note 11 of the Notes to the Basic Financial Statements.

The following schedule presents a summary of revenues and other financing sources, expenditures and other financing uses, and net changes in fund balances for the County's major and non-major funds for the current and previous fiscal years:

Governmental Funds  
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2019 and 2018  
(In Thousands)

	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances		Increase (Decrease)
	2019	2018	2019	2018	2019	2018	Change
General Fund	\$ 1,102,104	\$ 1,096,263	\$ 1,063,339	\$ 1,031,974	\$ 38,765	\$ 64,289	\$ (25,524)
Roads	32,796	24,652	24,592	24,414	8,204	238	7,966
Watershed Protection District	43,488	44,177	33,220	40,266	10,268	3,911	6,357
Fire Protection District	179,718	177,657	183,402	188,213	(3,684)	(10,556)	6,872
Non-major funds	152,209	175,012	139,359	168,607	12,850	6,405	6,445
Total	<u>\$ 1,510,315</u>	<u>\$ 1,517,761</u>	<u>\$ 1,443,912</u>	<u>\$ 1,453,474</u>	<u>\$ 66,403</u>	<u>\$ 64,287</u>	<u>\$ 2,116</u>

### GENERAL FUND

Taxes, aid from other governmental units, and charges for services comprise 93 percent of total revenues. Taxes increased by \$22,409,000, or 6 percent, while aid from other governmental units decreased \$11,656,000, primarily due to a decrease in SB 90 revenues. Charges for services decreased \$4,085,000, primarily from fiscal and information technology positions being transferred from General Fund Health Care Agency administration to the Medical Center, offset by increases in mental health services, cost allocation plan charges and contractual services. All other revenues decreased \$4,473,000 except revenue from use of money which increased \$3,646,000.

### ROADS

Fund balance increased at June 30, 2019, by \$8,204,000, compared to an increase in the prior year of \$238,000. Revenues and other financing sources increased by \$8,144,000, with expenditures and other financing uses increasing by \$178,000. The increase in revenue was primarily due to an increase in State HUTA revenue from SB 1.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### WATERSHED PROTECTION DISTRICT

Fund balance increased by \$10,268,000 in 2018-19, compared with an increase in the prior fiscal year of \$3,911,000. Revenues and other financing sources in 2018-19 of \$43,488,000, were less than revenues and other financing sources in 2017-18 of \$44,177,000 by \$689,000, primarily from an increase in property tax revenue and revenue from use of money offset by decreases in aid from other governments and insurance proceeds from the Thomas fire. Expenditures and other financing uses in 2018-19 of \$33,220,000, decreased by \$7,046,000, when compared with the prior year, primarily due to decreases in maintenance projects and construction project activity.

### FIRE PROTECTION DISTRICT

The District's fund balance decreased by \$3,684,000, compared to a decrease of \$10,556,000, in 2017-18. Revenues and other financing sources at June 30, 2019, totaled \$179,718,000, an increase of \$2,061,000 from the prior fiscal year, primarily from increased property tax and revenue from use of money and other revenue from the City of Santa Paula for a future fire station and was offset by decreased aid from other governmental units and charges for services due to the Thomas fire. Expenditures and other financing uses were \$183,402,000, decreasing by \$4,811,000, when compared to 2017-18, due to a decrease in the acquisition of land offset by an increase in expense related to the cost share agreement for the Hill and Woolsey fires.

### NON-MAJOR GOVERNMENTAL FUNDS

Fund balances at June 30, 2019, increased by \$12,850,000, compared with a prior year increase of \$6,405,000. The increase is primarily attributable to increases in the Mental Health Services Act special revenue fund and in the Public Financing Authority capital project fund.

**Proprietary Funds.** The County's proprietary funds provide the same type of information found in the government-wide business-type activity financial statements, but in more detail. The tables below depict current year and prior year Enterprise Fund actual revenues, expenses, transfers, and changes in fund net position:

Summary of Revenues, Expenses, Transfers and Changes in Fund Net Position  
Enterprise Funds  
For the Fiscal Year Ended June 30, 2019  
(In Thousands)

	<u>Major Funds</u>				
	<u>Medical Center</u>	<u>Department of Airports</u>	<u>Waterworks Districts</u>	<u>Non-major Funds</u>	<u>Total</u>
Operating revenues	\$ 460,315	\$ 6,820	\$ 33,046	\$ 94,223	\$ 594,404
Operating expenses	(485,733)	(6,807)	(34,327)	(95,424)	(622,291)
Operating income (loss)	(25,418)	13	(1,281)	(1,201)	(27,887)
Non-operating revenues (expenses) and capital grants and contributions, net	(7,777)	962	3,013	1,043	(2,759)
Income (loss) before transfers	(33,195)	975	1,732	(158)	(30,646)
Transfers	39,976	-	(138)	1,884	41,722
Change in net position	6,781	975	1,594	1,726	11,076
Net position - beginning	80,514	55,225	133,807	47,149	316,695
Net position - ending	<u>\$ 87,295</u>	<u>\$ 56,200</u>	<u>\$ 135,401</u>	<u>\$ 48,875</u>	<u>\$ 327,771</u>



# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Summary of Revenues, Expenses, Transfers and Changes in Fund Net Position Enterprise Funds For the Fiscal Year Ended June 30, 2018 (In Thousands)

	Major Funds				
	Medical Center	Department of Airports	Waterworks Districts	Non-major Funds	Total
Operating revenues	\$ 434,721	\$ 7,252	\$ 33,877	\$ 90,961	\$ 566,811
Operating expenses	(468,543)	(7,375)	(34,491)	(90,736)	(601,145)
Operating income (loss)	(33,822)	(123)	(614)	225	(34,334)
Non-operating revenues (expenses) and capital grants and contributions, net	(5,163)	953	291	1,646	(2,273)
Income (loss) before transfers	(38,985)	830	(323)	1,871	(36,607)
Transfers	31,173	-	(241)	1,152	32,084
Change in net position	(7,812)	830	(564)	3,023	(4,523)
Net position - beginning	88,326	54,395	134,371	44,126	321,218
Net position - ending	<u>\$ 80,514</u>	<u>\$ 55,225</u>	<u>\$ 133,807</u>	<u>\$ 47,149</u>	<u>\$ 316,695</u>

The net loss before transfers of \$30,646,000 for all enterprise funds resulted primarily from the net loss before transfers in the Medical Center of \$33,195,000, offset by net income from the Department of Airports, Waterworks Districts, Channel Islands Harbor, and the Health Care Plan. Net transfers of \$39,976,000 to the Medical Center from the General Fund up from \$31,173,000 in the prior year, resulted in an increase in net position of \$6,781,000 for the Medical Center. The increase in the Medical Center operating revenues of \$25,594,000, or 6 percent, primarily resulted from increased funding from the Enhanced Payment Program, Quality Improvement Program and Hospital Fees, as well as increased net patient revenues from increased outpatient volume.

Medical Center operating expenses increased by \$17,190,000, or 4 percent, from the prior year, resulting in an operating loss of \$25,418,000, compared to the prior year operating loss of \$33,822,000. Salaries and benefits increased \$21,327,000 or 9 percent, primarily due to fiscal and information technology services positions being transferred from General Fund Health Care Agency administration to the Medical Center, services and supplies were relatively flat with an increase of \$497,000, and depreciation decreased by \$6,551,000 primarily due to the electronic health record system being fully depreciated.

The change in net position for all other enterprise funds except for the Medical Center totaled an increase of \$4,295,000, compared to an increase of \$3,289,000 in 2017-18. Operating revenues and expenses were \$134,089,000 and \$136,558,000, respectively, increasing by 2 percent and 3 percent, respectively, from the prior year.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

#### **Original Budget Compared to Final Budget, June 30, 2019**

Appropriations for the General Fund final budget, including transfers out, exceeded the original budget by \$29,596,000. Final budget appropriations for salaries and benefits increased in all areas except general government, primarily due to transfers of appropriations for vacation/annual leave buydowns. For control purposes, vacation/annual leave buydowns are budgeted in a general government budget unit and are transferred as related expenditures are incurred. Over \$14,400,000 was transferred in 2018-19. Capital outlay increased by \$12,604,000, for required maintenance projects that were reclassified from services and supplies for the new Voting System, continuing work on the new Property Tax Assessment and Collection System, the Ventura County Human Resources/Payroll System upgrade, Sheriff Fingerprint System upgrade, and a number of projects approved during the year. Appropriations for transfers out increased by about \$19,204,000. Approximately \$7,880,000, related to certain debt service costs, was budgeted in the General Fund for control purposes but reported in non-major debt service funds and was offset by decreases in debt service appropriations.

#### **Final Budget Compared to Actual Expenditures and Revenues, June 30, 2019**

The final budget appropriations for the General Fund exceeded actual expenditures, including transfers out, by \$104,476,000, while the final budget estimated revenues were more than actual revenues, including other financing sources, by \$40,200,000. The largest component of excess appropriations over expenditures was \$39,317,000 for services and supplies, primarily in general government, public protection, and health and sanitation services. Unexpended appropriations for services and supplies and capital outlay of \$30,172,000 were encumbered for expenditure in 2019-20. The largest revenue shortfall in comparison with the final budget was in aid from other governmental units in the amount of \$35,989,000.

Budgetary information is included in the Required Supplementary Information (RSI) section, which also contains Notes to the RSI.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets - Government-wide Financial Statements**

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounted to \$2,779,542,000 at cost or \$1,868,700,000 net of accumulated depreciation. This investment in capital assets includes land, easements, construction in progress, land improvements, structures and improvements, equipment, vehicles, software, and infrastructure. The total increase in the County's investment in capital assets net of accumulated depreciation for the current period was 1 percent.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.



# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year (in thousands):

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2019	2018	2019	2018	2019	2018	
Land	\$ 52,157	\$ 50,898	\$ 22,958	\$ 22,766	\$ 75,115	\$ 73,664	2%
Easements	200,264	200,195	1,297	1,297	201,561	201,492	-%
Construction in progress	73,706	54,952	17,307	30,109	91,013	85,061	7%
Land improvements	51,675	51,157	84,100	84,849	135,775	136,006	-%
Structures and improvements	564,181	554,051	674,221	652,841	1,238,402	1,206,892	3%
Equipment	110,900	104,018	83,656	80,866	194,556	184,884	5%
Vehicles	111,149	107,264	1,083	1,083	112,232	108,347	4%
Software	97,092	84,479	52,220	51,834	149,312	136,313	10%
Infrastructure	581,576	579,520	-	-	581,576	579,520	-%
Total	<u>\$ 1,842,700</u>	<u>\$ 1,786,534</u>	<u>\$ 936,842</u>	<u>\$ 925,645</u>	<u>\$ 2,779,542</u>	<u>\$ 2,712,179</u>	2%

Major capital asset events during the current fiscal year included the following:

Construction in progress had a net increase of \$5,952,000. Additions totaling \$39,045,000 included General Fund projects \$11,537,000, Roads projects \$757,000, Watershed Protection District projects \$4,056,000, Fire Protection District projects \$11,465,000, Capital projects \$4,968,000, Network Services projects \$2,140,000, Medical Center and Clinic improvements \$889,000, Airports projects \$1,048,000, Waterworks projects \$909,000, and various other projects \$1,276,000. Construction in progress was reduced by \$33,093,000 including transfers of completed projects of \$32,804,000 to structures and improvements, equipment, software, and vehicles.

Software had a net increase of \$12,999,000 primarily due to Information Technology Services entering into various multi-year software contracts.

The County's infrastructure assets for both the watershed protection network and the roads network are recorded at historical cost in the government-wide financial statements as required by GASB 34.

Additional information on capital asset activity is provided in Note 6 of the Notes to the Basic Financial Statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **Debt Administration - Government-wide Financial Statements**

At June 30, 2019, the County had total debt outstanding of \$400,024,000, excluding capital leases, compensated absences, and other liabilities. The following table summarizes the categories of debt. During the year, retirement of debt amounted to \$17,226,000 and additions amounted to \$8,700,000. The following table summarizes the debt outstanding balances at June 30, 2019 and 2018 (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of participation and lease revenue bonds	\$ 34,143	\$ 39,675	\$ 326,310	\$ 334,568	\$ 360,453	\$ 374,243
Revolving credit agreement notes from direct borrowings	24,255	17,883	3,045	3,617	27,300	21,500
Loans payable from direct borrowings	7,809	8,100	4,462	4,707	12,271	12,807
Total	<u>\$ 66,207</u>	<u>\$ 65,658</u>	<u>\$ 333,817</u>	<u>\$ 342,892</u>	<u>\$ 400,024</u>	<u>\$ 408,550</u>

For the fiscal year 2018-19, County debt limit is determined by statute at 1.25 percent of total assessed valuation or approximately \$1,738,637,000. The County's general obligation bonded debt subject to the debt limit is \$0, which is under the debt limit by \$1,738,637,000.

The County's debt utilization policy establishes the review process by the Financial Planning Committee before submission to the Board of Supervisors and central coordination by the County Executive Officer. The policy outlines a fiscally conservative basis for borrowing to include short-term needs and borrowing for certain assets with substantial economic lives. The benchmarks include County debt outstanding at less than one percent of the assessed valuation and debt service payments not greater than six percent of total General Fund expenditures.

The County, like other local governments, has an annual borrowing program which finances operations during periods of low cash flows due to periodic collection dates for property taxes. On July 2, 2018, the County issued \$143,515,000 in Tax and Revenue Anticipation Notes (TRANs). Standard & Poor's Ratings Services and Moody's Investors Services gave the TRANs the highest rating for short-term securities of SP-1+ and MIG 1, respectively. TRANs was paid with interest on July 1, 2019, the maturity date of the notes, leaving an outstanding balance of \$143,515,000 at June 30, 2019.

Additional information on long-term debt activity is provided in Note 9 of the Notes to the Basic Financial Statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The fiscal year 2019-20 adopted budget for all County funds totals \$2,309,153,000, an increase of 3 percent when compared to the prior year. The General Fund 2019-20 budget of \$1,143,126,000 was structurally balanced using projected ongoing available financing sources, as well as \$3,300,000 of assigned fund balance as a funding source for General Fund one-time projects. Year-end fund balance is not considered an ongoing financing source and is used to maintain policy-set fund balance levels and fund one-time expenditures.
- Assessed property valuations increased by 4.69 percent for the 2019-20 fiscal year when compared with 2018-19. Property tax revenues were budgeted with an increase of 3.5 percent.
- The 2019-20 budget includes an increase in salaries and benefits of 8.72 percent as compared to the prior year's actual expenditures with increases primarily in regular salaries, retirement contributions, call back staffing, and group insurance offset by a reduction in overtime.

Additional information is provided in Notes 18 and 19 of the Notes to the Basic Financial Statements, as well as the transmittal letter on page 5 of this report.

### **REQUESTS FOR INFORMATION**

County information is available on-line at: [www.ventura.org](http://www.ventura.org)

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Further requests for information on this report or for the separate report for the Public Financing Authority should be addressed to the Auditor-Controller, 800 South Victoria Avenue, Ventura, CA 93009-1540.

Questions concerning any of the information provided in this report regarding the discretely presented component unit, Children and Families First Commission, or requests for additional information should be addressed to the Executive Director, 2580 East Main Street, Suite 203, Ventura, CA 93003.

Questions concerning any of the information provided in this report or requests for additional information on the separate financial report of Ventura County Employees' Retirement Association should be addressed to the Retirement Administrator, 1190 South Victoria Avenue, Suite 200, Ventura, CA 93003-6572.

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# BASIC FINANCIAL STATEMENTS

COUNTY OF VENTURA | CALIFORNIA





COUNTY OF VENTURA  
STATEMENT OF NET POSITION  
JUNE 30, 2019  
(In Thousands)

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-type Activities	Total	
<b><u>ASSETS</u></b>				
Cash and investments (Note 2)	\$ 1,106,670	\$ 88,115	\$ 1,194,785	\$ 12,320
Receivables, net (Note 4)	163,473	272,833	436,306	179
Internal balances	127,491	(127,491)	-	-
Due from other governmental agencies	-	-	-	1,641
Inventories and other assets	7,565	6,702	14,267	38
Loans and other long-term receivables (Note 4)	60,105	2,368	62,473	773
Net other postemployment benefit asset (Note 14)	1,647	-	1,647	-
Restricted cash and investments (Note 2)	418	30,706	31,124	-
Capital assets (Note 6):				
Nondepreciable	326,127	41,562	367,689	-
Depreciable, net	915,018	585,993	1,501,011	-
Total assets	<u>2,708,514</u>	<u>900,788</u>	<u>3,609,302</u>	<u>14,951</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred pensions (Note 13)	328,471	42,605	371,076	-
Deferred OPEB (Note 14)	8,384	-	8,384	-
Deferred loss on refunding	-	3,872	3,872	-
Total deferred outflows of resources	<u>336,855</u>	<u>46,477</u>	<u>383,332</u>	<u>-</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	60,981	21,147	82,128	2,137
Tax and revenue anticipation notes payable (Note 15)	143,515	-	143,515	-
Accrued liabilities (Note 7)	101,284	109,870	211,154	107
Unearned revenue	26,080	1,443	27,523	25
Other liabilities	-	1,822	1,822	-
Long-term liabilities (Note 9):				
Due within one year	86,589	33,033	119,622	-
Due beyond one year	977,120	428,975	1,406,095	-
Total liabilities	<u>1,395,569</u>	<u>596,290</u>	<u>1,991,859</u>	<u>2,269</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred gain on refunding	339	-	339	-
Deferred service concession arrangements (Note 10)	-	8,699	8,699	-
Deferred pensions (Note 13)	103,256	13,295	116,551	-
Deferred OPEB (Note 14)	18,944	-	18,944	-
Total deferred inflows of resources	<u>122,539</u>	<u>21,994</u>	<u>144,533</u>	<u>-</u>
<b><u>NET POSITION</u></b>				
Net investment in capital assets (Notes 6, 9, and 10)	1,162,314	268,425	1,430,739	-
Restricted for (Note 11):				
Expendable:				
General government	12,323	-	12,323	-
Public protection	245,554	-	245,554	-
Public ways and facilities	19,813	-	19,813	-
Health and sanitation services	83,445	-	83,445	-
Public assistance	28,104	-	28,104	-
Education	1,420	-	1,420	-
Recreation	71	-	71	-
Debt service	5,537	29,206	34,743	-
Capital projects	4,490	-	4,490	-
Parks Department grantors	-	710	710	-
Health Care Plan tangible net equity reserve	-	1,500	1,500	-
Nonexpendable:				
George D. Lyon Permanent Fund	1,133	-	1,133	-
Unrestricted (deficit)	<u>(36,943)</u>	<u>29,140</u>	<u>(7,803)</u>	<u>12,682</u>
Total net position	<u>\$ 1,527,261</u>	<u>\$ 328,981</u>	<u>\$ 1,856,242</u>	<u>\$ 12,682</u>

See accompanying notes to the basic financial statements

COUNTY OF VENTURA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 86,013	\$ 59,549	\$ 5,820	\$ 3,876
Public protection	698,234	139,967	172,816	7,585
Public ways and facilities	23,656	972	28,315	2,530
Health and sanitation services	197,672	86,613	127,092	-
Public assistance	264,897	1,170	245,449	-
Education	8,404	240	976	100
Recreation	41	49	5	-
Interest on long-term debt	5,734	-	-	-
Total governmental activities	<u>1,284,651</u>	<u>288,560</u>	<u>580,473</u>	<u>14,091</u>
Business-type activities:				
Medical Center	499,359	460,684	2,194	3,286
Department of Airports	6,806	6,827	-	460
Waterworks Districts - Water	28,034	26,557	-	1,662
Waterworks Districts - Sewer	6,665	6,489	-	752
Parks Department	5,765	4,002	38	277
Channel Islands Harbor	9,589	9,259	43	-
Health Care Plan	79,736	80,747	-	-
Oak View District	264	277	13	-
Total business-type activities	<u>636,218</u>	<u>594,842</u>	<u>2,288</u>	<u>6,437</u>
Total primary government	<u>\$ 1,920,869</u>	<u>\$ 883,402</u>	<u>\$ 582,761</u>	<u>\$ 20,528</u>
Component unit:				
Children and Families First Commission	\$ 10,764	\$ -	\$ 6,538	\$ -

General revenues:

  Taxes:

    Property taxes

    Property transfer taxes

    Sales and use taxes

    Unrestricted aid from other governmental units

    Other

    Unrestricted interest and investment earnings

  Transfers

  Total general revenues and transfers

  Change in net position

  Net position - July 1, 2018

  Net position - June 30, 2019

See accompanying notes to the basic financial statements



COUNTY OF VENTURA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

Net (Expenses) Revenues and Changes in Net Position Primary Government			Discretely Presented Component Unit	
Governmental Activities	Business-type Activities	Total		
\$ (16,768)	\$ -	\$ (16,768)	\$ -	Functions/Programs
(377,866)	-	(377,866)	-	Primary government:
8,161	-	8,161	-	Governmental activities:
16,033	-	16,033	-	General government
(18,278)	-	(18,278)	-	Public protection
(7,088)	-	(7,088)	-	Public ways and facilities
13	-	13	-	Health and sanitation services
(5,734)	-	(5,734)	-	Public assistance
(401,527)	-	(401,527)	-	Education
				Recreation
				Interest on long-term debt
				Total governmental activities
-	(33,195)	(33,195)	-	Business-type activities:
-	481	481	-	Medical Center
-	185	185	-	Department of Airports
-	576	576	-	Waterworks Districts - Water
-	(1,448)	(1,448)	-	Waterworks Districts - Sewer
-	(287)	(287)	-	Parks Department
-	1,011	1,011	-	Channel Islands Harbor
-	26	26	-	Health Care Plan
-	(32,651)	(32,651)	-	Oak View District
(401,527)	(32,651)	(434,178)		Total business-type activities
				Total primary government
			(4,226)	Component unit:
				Children and Families First Commission
552,861	-	552,861	-	
5,153	-	5,153	-	
12,545	-	12,545	-	
2,847	-	2,847	-	
19,877	-	19,877	16	
25,170	2,118	27,288	397	
(41,722)	41,722	-	-	
576,731	43,840	620,571	413	
175,204	11,189	186,393	(3,813)	
1,352,057	317,792	1,669,849	16,495	
\$ 1,527,261	\$ 328,981	\$ 1,856,242	\$ 12,682	

COUNTY OF VENTURA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019  
(In Thousands)

	<u>Total</u>	<u>General Fund</u>	<u>Roads</u>
<b><u>ASSETS</u></b>			
Cash and investments (Note 2)	\$ 829,958	\$ 527,740	\$ 37,412
Receivables, net (Note 4)	156,987	121,362	3,712
Due from other funds (Note 5)	14,525	8,635	27
Inventories and other assets	2,828	1,110	-
Loans receivable (Note 4)	24	24	-
Long-term receivables (Note 4)	59,975	24,773	-
Advances to other funds (Note 5)	129,711	129,711	-
Total assets	<u>\$ 1,194,008</u>	<u>\$ 813,355</u>	<u>\$ 41,151</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 51,568	\$ 27,192	\$ 1,760
Accrued liabilities (Note 7)	97,147	86,311	1,018
Tax and revenue anticipation notes payable (Note 15)	143,515	143,515	-
Due to other funds (Note 5)	17,088	8,886	212
Unearned revenue	25,262	16,900	-
Advances from other funds (Note 5)	35	-	-
Total liabilities	<u>334,615</u>	<u>282,804</u>	<u>2,990</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue (Note 17)	<u>75,037</u>	<u>37,738</u>	<u>212</u>
Total deferred inflows of resources	<u>75,037</u>	<u>37,738</u>	<u>212</u>
<b><u>FUND BALANCES</u></b> (Note 11)			
Nonspendable	133,423	130,579	-
Restricted	397,759	141,709	19,813
Committed	32,061	6,100	16,900
Assigned	120,214	113,526	1,236
Unassigned	100,899	100,899	-
Total fund balances	<u>784,356</u>	<u>492,813</u>	<u>37,949</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,194,008</u>	<u>\$ 813,355</u>	<u>\$ 41,151</u>

See accompanying notes to the basic financial statements

COUNTY OF VENTURA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019  
(In Thousands)

Watershed Protection District	Fire Protection District	Non-major Governmental Funds
\$ 74,739	\$ 99,760	\$ 90,307
4,952	10,498	16,463
635	1,576	3,652
-	1,650	68
-	-	-
543	-	34,659
-	-	-
<u>\$ 80,869</u>	<u>\$ 113,484</u>	<u>\$ 145,149</u>
\$ 1,466	\$ 10,630	\$ 10,520
1,861	5,455	2,502
-	-	-
619	556	6,815
3,540	-	4,822
-	-	35
<u>7,486</u>	<u>16,641</u>	<u>24,694</u>
<u>560</u>	<u>1,506</u>	<u>35,021</u>
<u>560</u>	<u>1,506</u>	<u>35,021</u>
-	1,649	1,195
70,991	88,706	76,540
381	4,982	3,698
1,451	-	4,001
-	-	-
<u>72,823</u>	<u>95,337</u>	<u>85,434</u>
<u>\$ 80,869</u>	<u>\$ 113,484</u>	<u>\$ 145,149</u>

**ASSETS**

Cash and investments (Note 2)  
Receivables, net (Note 4)  
Due from other funds (Note 5)  
Inventories and other assets  
Loans receivable (Note 4)  
Long-term receivables (Note 4)  
Advances to other funds (Note 5)  
Total assets

**LIABILITIES**

Accounts payable  
Accrued liabilities (Note 7)  
Tax and revenue anticipation notes payable (Note 15)  
Due to other funds (Note 5)  
Unearned revenue  
Advances from other funds (Note 5)  
Total liabilities

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue (Note 17)  
Total deferred inflows of resources

**FUND BALANCES** (Note 11)

Nonspendable  
Restricted  
Committed  
Assigned  
Unassigned  
Total fund balances

Total liabilities, deferred inflows of resources, and  
fund balances

COUNTY OF VENTURA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
JUNE 30, 2019  
(In Thousands)

<b>Fund balances - total governmental funds</b>		\$ 784,356
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		1,166,720
Other assets are not available to pay for current-period expenditures and therefore, are not reported as revenues in the governmental funds.		75,037
Net other post employment benefits are not due in the current period and are not a current financial resource, therefore, are not reported in the balance sheet.		1,647
Deferred outflows of resources that are not reported in the governmental funds.		
Related to pensions	\$ 305,903	
Related to OPEB	<u>8,384</u>	314,287
Internal Service Funds (ISFs) are used by management to charge the costs of certain activities to individual funds and primarily serve governmental funds. Consequently, the assets, deferred outflows, liabilities, and deferred inflows of ISFs are incorporated as part of governmental activities for purposes of government-wide financial reporting. In addition, the internal balance resulting from the allocation of ISFs to business-type activities is also reported in the Statement of Net Position.		119,937
Long-term liabilities and deferred gain on refunding, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Lease revenue bonds	(28,883)	
Revolving credit agreement	(22,453)	
Loans payable	(7,809)	
Compensated absences	(67,959)	
Net pension liability	(578,450)	
Other liabilities	(791)	
Total pension liability	(14,531)	
Net OPEB liability	(73,278)	
Total OPEB liability	(24,908)	
Accrued interest payable	(246)	
Deferred gain on refunding	<u>(339)</u>	(819,647)
Deferred inflows of resources related to deferred pensions and OPEB are not reported in the governmental funds.		
Related to pensions	(96,132)	
Related to OPEB	<u>(18,944)</u>	<u>(115,076)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 1,527,261</u></u>

See accompanying notes to the basic financial statements

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COUNTY OF VENTURA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Total	General Fund	Roads
<b>Revenues:</b>			
Taxes	\$ 570,559	\$ 390,562	\$ 419
Licenses, permits, and franchises	24,562	22,383	733
Fines, forfeitures, and penalties	18,384	18,057	121
Revenues from use of money and property	20,933	12,868	508
Aid from other governmental units	581,057	443,427	29,937
Charges for services	230,079	185,767	23
Other	37,395	28,198	1,055
Total revenues	<u>1,482,969</u>	<u>1,101,262</u>	<u>32,796</u>
<b>Expenditures:</b>			
Current:			
General government	76,794	76,794	-
Public protection	731,003	506,274	-
Public ways and facilities	22,546	-	22,546
Health and sanitation services	212,805	153,898	-
Public assistance	271,087	246,045	-
Education	8,623	624	-
Recreation	38	-	-
Capital outlay	46,345	15,167	2,046
Debt service:			
Principal retirement	6,455	-	-
Interest and fiscal charges	6,107	4,185	-
Total expenditures	<u>1,381,803</u>	<u>1,002,987</u>	<u>24,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>101,166</u>	<u>98,275</u>	<u>8,204</u>
<b>Other financing sources (uses):</b>			
Gain from insurance recovery	108	82	-
Issuance of long-term debt	8,700	-	-
Transfers in	18,538	760	-
Transfers out	(62,109)	(60,352)	-
Total other financing sources (uses)	<u>(34,763)</u>	<u>(59,510)</u>	<u>-</u>
<b>Net change in fund balances</b>	66,403	38,765	8,204
Fund balances - beginning	<u>717,953</u>	<u>454,048</u>	<u>29,745</u>
Fund balances - ending	<u>\$ 784,356</u>	<u>\$ 492,813</u>	<u>\$ 37,949</u>

See accompanying notes to the basic financial statements

COUNTY OF VENTURA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

Watershed Protection District	Fire Protection District	Non-major Governmental Funds	
\$ 24,544	\$ 147,114	\$ 7,920	<b>Revenues:</b>
53	1,282	111	Taxes
35	62	109	Licenses, permits, and franchises
1,909	2,460	3,188	Fines, forfeitures, and penalties
5,249	17,341	85,103	Revenues from use of money and property
11,530	6,962	25,797	Aid from other governmental units
168	4,495	3,479	Charges for services
43,488	179,716	125,707	Other
			Total revenues
			<b>Expenditures:</b>
			Current:
-	-	-	General government
28,269	169,136	27,324	Public protection
-	-	-	Public ways and facilities
-	-	58,907	Health and sanitation services
-	-	25,042	Public assistance
-	-	7,999	Education
-	-	38	Recreation
4,951	14,266	9,915	Capital outlay
-	-	6,455	Debt service:
-	-	1,922	Principal retirement
33,220	183,402	137,602	Interest and fiscal charges
			Total expenditures
10,268	(3,686)	(11,895)	Excess (deficiency) of revenues over (under) expenditures
			<b>Other financing sources (uses):</b>
-	2	24	Gain from insurance recovery
-	-	8,700	Issuance of long-term debt
-	-	17,778	Transfers in
-	-	(1,757)	Transfers out
-	2	24,745	Total other financing sources (uses)
10,268	(3,684)	12,850	<b>Net change in fund balances</b>
62,555	99,021	72,584	Fund balances - beginning
\$ 72,823	\$ 95,337	\$ 85,434	Fund balances - ending

COUNTY OF VENTURA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

\$ 66,403

**Net change in fund balances - total governmental funds**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets and infrastructure	\$ 46,345	
Net effect of sales and dispositions	345	
Less current year depreciation	<u>(32,813)</u>	13,877

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		15,766
--	--	--------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments:		
Lease revenue bonds	4,024	
Revolving credit agreement	2,140	
Loans payable	<u>291</u>	6,455

Proceeds from long-term debt are reported as other financing sources in the governmental funds, but increase long-term liabilities in the statement of net position.

Revolving credit agreement		(8,700)
----------------------------	--	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in net other postemployment benefits (OPEB) liability	(1,173)	
Change in total pension liability (Management Retiree Health Benefit)	(161)	
Change in interest expense	633	
Change in medical malpractice	(121)	
Change in compensated absences	17	
Change in total OPEB liability (Subsidized Retiree Health Plan)	(865)	
Change in net pension liability	<u>62,972</u>	61,302

Internal service funds are used by management to charge the costs of certain activities to individual funds. The internal balance resulting from the allocation of internal service funds to business-type activities is also reported.

20,101

**Change in net position of governmental activities**

\$ 175,204

See accompanying notes to the basic financial statements



COUNTY OF VENTURA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019  
(In Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Total	Medical Center	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Internal Service Funds
<b><u>ASSETS</u></b>						
Current assets:						
Cash and investments (Note 2)	\$ 88,115	\$ 13,705	\$ 19,027	\$ 27,852	\$ 27,531	\$ 276,712
Receivables, net (Note 4)	272,833	261,623	490	4,824	5,896	6,486
Due from other funds (Note 5)	1,130	1,030	25	32	43	5,552
Inventories and other assets	6,702	5,729	-	803	170	4,737
Restricted cash and investments (Note 2)	30,706	28,568	-	487	1,651	418
Total current assets	399,486	310,655	19,542	33,998	35,291	293,905
Noncurrent assets:						
Long-term receivables (Note 4)	2,368	-	-	-	2,368	106
Capital assets (Note 6):						
Nondepreciable:						
Land	22,958	2,054	9,362	2,490	9,052	770
Easements	1,297	-	849	326	122	-
Construction in progress	17,307	7,209	2,839	5,589	1,670	241
Depreciable:						
Land improvements	84,100	23	50,655	2,074	31,348	1,327
Structures and improvements	674,221	470,586	18,143	147,864	37,628	18,195
Equipment/Vehicles	84,739	77,122	2,153	3,046	2,418	108,610
Software	52,220	45,385	-	87	6,748	22,402
Less accumulated depreciation	(309,287)	(168,586)	(44,724)	(47,757)	(48,220)	(77,120)
Total noncurrent assets	629,923	433,793	39,277	113,719	43,134	74,531
Total assets	1,029,409	744,448	58,819	147,717	78,425	368,436
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>						
Deferred pensions	42,605	38,276	876	-	3,453	22,568
Deferred loss on refunding	3,872	3,872	-	-	-	-
Total deferred outflows of resources	46,477	42,148	876	-	3,453	22,568
<b><u>LIABILITIES</u></b>						
Current liabilities:						
Accounts payable	21,147	16,944	317	2,816	1,070	9,167
Due to other funds (Note 5)	2,594	1,707	74	66	747	1,525
Accrued liabilities (Note 7)	109,870	109,113	117	-	640	4,137
Compensated absences, current (Note 9)	7,074	6,391	99	-	584	4,577
Claims liabilities, current (Notes 9 and 16)	9,187	-	-	-	9,187	33,021
Certificates of participation, lease revenue bonds, notes, loans, and capital leases, current (Note 9)	16,570	15,690	-	321	559	1,289
Other long-term liabilities, current (Note 9)	202	202	-	-	-	381
Total current liabilities	166,644	150,047	607	3,203	12,787	54,097
Noncurrent liabilities:						
Unearned revenue	1,443	-	267	360	816	818
Deposits and other liabilities	1,822	-	609	204	1,009	-
Advances from other funds (Note 5)	127,237	125,500	-	1,737	-	2,439
Compensated absences, noncurrent (Note 9)	3,984	3,497	72	-	415	3,372
Net pension liability (Note 9)	81,997	73,713	1,663	-	6,621	42,996
Claims liabilities, noncurrent (Notes 9 and 16)	-	-	-	-	-	141,336
Medical malpractice liability (Notes 9 and 16)	2,826	2,826	-	-	-	-
Certificates of participation, lease revenue bonds, notes, loans, and capital leases, noncurrent (Note 9)	339,765	331,379	-	6,812	1,574	5,773
Other long-term liabilities, noncurrent (Note 9)	403	403	-	-	-	11,902
Total noncurrent liabilities	559,477	537,318	2,611	9,113	10,435	208,636
Total liabilities	726,121	687,365	3,218	12,316	23,222	262,733
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Deferred service concession arrangements (Note 10)	8,699	-	-	-	8,699	-
Deferred pensions	13,295	11,936	277	-	1,082	7,124
Total deferred inflows of resources	21,994	11,936	277	-	9,781	7,124
<b><u>NET POSITION</u></b>						
Net investment in capital assets	268,425	89,991	39,277	106,586	32,571	55,080
Restricted for (Note 11):						
Debt service	29,206	28,568	-	487	151	418
Grantors	710	-	-	-	710	-
Tangible net equity reserve	1,500	-	-	-	1,500	-
Unrestricted (deficit)	27,930	(31,264)	16,923	28,328	13,943	65,649
Total net position	327,771	\$ 87,295	\$ 56,200	\$ 135,401	\$ 48,875	\$ 121,147
Adjustment to allocate the internal service fund activities related to enterprise funds	1,210					
Total net position of business-type activities	\$ 328,981					

See accompanying notes to the basic financial statements

COUNTY OF VENTURA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Total	Medical Center	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Internal Service Funds
<b>Operating Revenues:</b>						
Charges for services	\$ 2,235,953	\$ 2,115,432	\$ 64	\$ 32,695	\$ 87,762	\$ 247,846
Less: Allowances and discounts	(1,655,931)	(1,655,931)	-	-	-	-
Rents and royalties	13,510	32	6,713	351	6,414	36
Miscellaneous	872	782	43	-	47	1,248
Total operating revenues	<u>594,404</u>	<u>460,315</u>	<u>6,820</u>	<u>33,046</u>	<u>94,223</u>	<u>249,130</u>
<b>Operating Expenses:</b>						
Salaries and benefits	269,875	255,708	2,479	-	11,688	90,770
Services and supplies	244,539	201,851	1,427	31,336	9,925	96,131
Insurance premiums	7,862	4,539	42	68	3,213	6,632
Utilities	5,962	4,989	358	-	615	-
Provision for claims	67,662	-	-	-	67,662	33,467
Depreciation and amortization	26,391	18,646	2,501	2,923	2,321	11,517
Total operating expenses	<u>622,291</u>	<u>485,733</u>	<u>6,807</u>	<u>34,327</u>	<u>95,424</u>	<u>238,517</u>
Operating income (loss)	<u>(27,887)</u>	<u>(25,418)</u>	<u>13</u>	<u>(1,281)</u>	<u>(1,201)</u>	<u>10,613</u>
<b>Nonoperating revenues (expenses):</b>						
State and federal grants	2,288	2,194	-	-	94	27
Gain from insurance recovery	438	369	7	-	62	553
Gain (loss) from sale (disposal) of capital assets	(161)	(129)	-	(4)	(28)	(27)
Interest and investment income	2,118	136	495	787	700	7,125
Interest expense	(13,879)	(13,633)	-	(184)	(62)	(232)
Total nonoperating revenues (expenses)	<u>(9,196)</u>	<u>(11,063)</u>	<u>502</u>	<u>599</u>	<u>766</u>	<u>7,446</u>
Income (loss) before capital contributions and transfers	<u>(37,083)</u>	<u>(36,481)</u>	<u>515</u>	<u>(682)</u>	<u>(435)</u>	<u>18,059</u>
Capital grants and contributions	6,437	3,286	460	2,414	277	306
Transfers in	41,930	39,976	-	-	1,954	3,201
Transfers out	<u>(208)</u>	<u>-</u>	<u>-</u>	<u>(138)</u>	<u>(70)</u>	<u>(1,352)</u>
Change in net position	11,076	6,781	975	1,594	1,726	20,214
Net position - beginning	<u>316,695</u>	<u>80,514</u>	<u>55,225</u>	<u>133,807</u>	<u>47,149</u>	<u>100,933</u>
Net position - ending	<u>\$ 327,771</u>	<u>\$ 87,295</u>	<u>\$ 56,200</u>	<u>\$ 135,401</u>	<u>\$ 48,875</u>	<u>\$ 121,147</u>
Change in net position - total enterprise funds	\$ 11,076					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>113</u>					
Change in net position-business-type activities	<u>\$ 11,189</u>					

See accompanying notes to the basic financial statements

COUNTY OF VENTURA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Total	Medical Center	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Internal Service Funds
<b>Cash flows from operating activities:</b>						
Cash receipts from customers	\$ 468,851	\$ 404,292	\$ 5,497	\$ 33,254	\$ 25,808	\$ 17,693
Cash receipts from other funds	70,151	97	1,510	66	68,478	231,685
Cash receipts from other sources	65	65	-	-	-	1,512
Cash paid to suppliers for goods and services	(220,081)	(189,892)	(849)	(22,876)	(6,464)	(71,957)
Cash paid to employees for services	(274,324)	(259,631)	(2,791)	-	(11,902)	(95,144)
Cash paid to other funds	(40,133)	(26,388)	(922)	(9,070)	(3,753)	(24,480)
Cash paid for insurance premiums	(5,739)	(2,641)	-	-	(3,098)	(5,659)
Cash paid for judgments and claims	(67,833)	-	-	-	(67,833)	(35,989)
Net cash provided by (used in) operating activities	(69,043)	(74,098)	2,445	1,374	1,236	17,661
<b>Cash flows from noncapital financing activities:</b>						
Transfers received	41,663	39,714	-	-	1,949	1,929
Transfers paid	(219)	-	-	(190)	(29)	(1,352)
Advances from other funds	58,400	60,400	-	-	(2,000)	(369)
Interest paid on noncapital debt	(102)	(68)	-	-	(34)	-
State and federal grant receipts	2,288	2,194	-	-	94	40
Net cash provided by (used in) noncapital financing activities	102,030	102,240	-	(190)	(20)	248
<b>Cash flows from capital and related financing activities:</b>						
Transfers received	69	69	-	-	-	1,250
Proceeds from capital debt	2,198	2,198	-	-	-	-
Proceeds from capital grants and contributions	6,077	5,650	298	55	74	306
Proceeds from insurance recovery	1,309	369	7	-	933	553
Acquisition and construction of capital assets	(5,889)	(2,866)	(993)	(905)	(1,125)	(12,246)
Principal paid on capital lease obligations	(7,815)	(7,815)	-	-	-	-
Principal paid on capital debt	(6,626)	(5,837)	-	(315)	(474)	(1,133)
Interest paid on capital debt	(14,990)	(14,714)	-	(184)	(92)	(335)
Proceeds from sales of capital assets	-	-	-	-	-	261
Other capital related liabilities	(294)	(294)	-	-	-	-
Net cash used in capital and related financing activities	(25,961)	(23,240)	(688)	(1,349)	(684)	(11,344)
<b>Cash flows from investing activities:</b>						
Interest and investment income received	1,832	136	410	677	609	6,103
Net cash provided by investing activities	1,832	136	410	677	609	6,103
Net increase in cash and cash equivalents	8,858	5,038	2,167	512	1,141	12,668
Total cash and cash equivalents, beginning of the year	80,972	8,667	16,860	27,555	27,890	264,044
Total cash and cash equivalents, end of the year	<u>\$ 89,830</u>	<u>\$ 13,705</u>	<u>\$ 19,027</u>	<u>\$ 28,067</u>	<u>\$ 29,031</u>	<u>\$ 276,712</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Position:</b>						
Cash and investments	\$ 88,115	\$ 13,705	\$ 19,027	\$ 27,852	\$ 27,531	\$ 276,712
Restricted cash and investments	1,715	-	-	215	1,500	-
Total cash and cash equivalents, end of the year	<u>\$ 89,830</u>	<u>\$ 13,705</u>	<u>\$ 19,027</u>	<u>\$ 28,067</u>	<u>\$ 29,031</u>	<u>\$ 276,712</u>

(Continued)

See accompanying notes to the basic financial statements

COUNTY OF VENTURA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)  
(Continued)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Total	Medical Center	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ (27,887)	\$ (25,418)	13	\$ (1,281)	\$ (1,201)	10,613
Adjustments to reconcile operating income (loss) to cash flows from operating activities:						
Depreciation and amortization	26,391	18,646	2,501	2,923	2,321	11,517
Decrease (increase) in:						
Accounts receivable	(75,827)	(75,322)	(74)	281	(712)	82
Due from other funds	279	182	104	(7)	-	209
Due from other governmental agencies	-	-	-	-	-	(477)
Inventories and other assets	(557)	(549)	-	(4)	(4)	(13)
Deferred outflow pension	(11,017)	(10,103)	(110)	-	(804)	(4,684)
Increase (decrease) in:						
Accounts payable	(9,827)	(9,942)	71	(449)	493	894
Accrued liabilities	21,032	20,790	13	-	229	115
Due to other funds	(541)	(388)	(14)	(88)	(51)	(3,475)
Unearned revenue	639	-	(27)	(9)	675	599
Claims liabilities	(171)	-	-	-	(171)	2,090
Deposits and other liabilities	290	-	183	8	99	-
Medical malpractice liability	481	481	-	-	-	-
Compensated absences	1,134	1,058	(13)	-	89	177
Net pension liability	5,863	5,769	(166)	-	260	170
Deferred inflow pension	675	698	(36)	-	13	(156)
Net cash provided by (used in) operating activities	<u>\$ (69,043)</u>	<u>\$ (74,098)</u>	<u>\$ 2,445</u>	<u>\$ 1,374</u>	<u>\$ 1,236</u>	<u>\$ 17,661</u>
<b>Noncash financing, capital, and investing activities:</b>						
Capital additions funded by debt	\$ 5,325	\$ 5,325	-	\$ -	\$ -	12,283
Increase in capital assets related to accounts payable	2,013	1,915	72	26	-	-
Noncash retirement of capital assets	(161)	(129)	-	(4)	(28)	(288)
Noncash deferred loss on refunding	(734)	(734)	-	-	-	-
Decrease in fair value of investments	(286)	-	(85)	(110)	(91)	(1,022)
Increase in capital debt and other liability	(551)	(551)	-	-	-	(12,283)
Decrease in restricted assets with fiscal agents	(4,826)	(4,774)	-	(52)	-	-
Increase in non-capital State and Federal grant	-	-	-	-	-	13
Increase (decrease) in capital grants and contributions	(360)	2,364	(162)	(2,359)	(203)	-
Decrease in transfers in	(198)	(193)	-	-	(5)	(22)
Increases in advances to/from	-	-	-	-	-	85
Decrease (increase) in transfers out	(11)	-	-	(52)	41	-
Increase in noncash interest expense	(1,213)	(1,149)	-	-	(64)	(103)
Increase in insurance proceeds	871	-	-	-	871	-

See accompanying notes to the basic financial statements

COUNTY OF VENTURA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019  
(In Thousands)

	<u>Supplemental Retirement Plan</u>	<u>Investment Trust</u>	<u>RDA County Successor Agency</u>	<u>Agency</u>
<b><u>ASSETS</u></b>				
Cash and investments (Note 2):				
Cash and investments (in County investment pool)	\$ 1,242	\$ 1,603,644	\$ 405	\$ 12,975
Bond mutual funds (outside County investment pool)	10,073	-	-	-
Equity mutual funds (outside County investment pool)	16,572	-	-	-
Receivables, net:				
Accounts	-	609	-	-
Interest	4	14,452	4	164
Due from other governmental agencies	-	2,727	-	1
Total assets	<u>27,891</u>	<u>1,621,432</u>	<u>409</u>	<u>\$ 13,140</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	30	3,695	-	\$ -
Interest payable	-	-	12	-
Other liabilities	-	-	-	13,140
Due to other governmental agencies	23	2,534	-	-
Long-term debt (Note 20):				
Due within one year	-	-	20	-
Due in more than one year	-	-	573	-
Total liabilities	<u>53</u>	<u>6,229</u>	<u>605</u>	<u>\$ 13,140</u>
<b><u>NET POSITION (DEFICIT)</u></b>				
Restricted for pension benefits	<u>\$ 27,838</u>	-	-	
Held in trust for investment pool participants/ other governments		<u>\$ 1,615,203</u>	<u>\$ (196)</u>	

See accompanying notes to the basic financial statements

COUNTY OF VENTURA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Supplemental Retirement Plan	Investment Trust	RDA County Successor Agency
<b>ADDITIONS</b>			
Contributions:			
Employer:			
Annual actuarially determined	\$ 1,378	\$ -	\$ -
Employee contributions	344	-	-
Contributions to investment pool	-	4,337,747	-
Other:			
Property taxes	-	-	66
Revenue from use of money	-	-	10
Total contributions	<u>1,722</u>	<u>4,337,747</u>	<u>76</u>
Net investment income:			
Net appreciation in			
fair value of investments	605	8,985	-
Investment income:			
Investment income	1,114	34,139	-
Less investment expense	<u>(115)</u>	<u>-</u>	<u>-</u>
Net investment income	<u>1,604</u>	<u>43,124</u>	<u>-</u>
Total additions	<u>3,326</u>	<u>4,380,871</u>	<u>76</u>
<b>DEDUCTIONS</b>			
Benefit payments	1,313	-	-
Administrative expenses	322	-	-
Distributions from investment pool	-	4,151,729	-
Interest expense	<u>-</u>	<u>-</u>	<u>25</u>
Total deductions	<u>1,635</u>	<u>4,151,729</u>	<u>25</u>
Change in net position	1,691	229,142	51
Net position (deficit) - beginning	<u>26,147</u>	<u>1,386,061</u>	<u>(247)</u>
Net position (deficit) - ending	<u>\$ 27,838</u>	<u>\$ 1,615,203</u>	<u>\$ (196)</u>

See accompanying notes to the basic financial statements

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

The County of Ventura, California (County) is a legal subdivision of the State of California and was established as a General Law County in 1873. It is governed by an elected five-member Board of Supervisors (Board) and provides the following services: general government, public protection, public ways and facilities, health and sanitation services, public assistance, education, and recreation and cultural services.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable and have a financial benefit or burden relationship or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either the County's ability to impose its will on the organization or the potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities, are in substance, part of the County's operations, so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board. The financial statements of the individual component units may be obtained by writing to the County of Ventura, Auditor-Controller's Office, 800 South Victoria Avenue, Ventura, CA 93009-1540.

**Blended Component Units**

Using the criteria established by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the County's management has determined that the following component units should be blended with activities of the County as follows:

- Special Revenue Funds – Watershed Protection District, County Service Areas, Fire Protection District, and the In-Home Supportive Services Public Authority;
- Enterprise Fund – Waterworks Districts and Camarillo Utility Enterprise;
- Debt Service Funds – Ventura County Public Financing Authority (PFA) and County Service Area #34;
- Capital Project Funds – the PFA;
- Pension Trust Fund – The County's Supplemental Retirement Plan (SRP).

The County is financially accountable for each of the blended component units. The basis for blending is that the County's Board acts as the governing board for the entities and management of the primary government has operational responsibility for the component unit.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**Discretely Presented Component Unit**

*Children and Families First Commission*

The Children and Families First Commission (Commission) was established in December 1998, under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq., of the Health and Safety Code. The Commission accounts for receipts and disbursements of California Children and Families First Trust Fund allocations and appropriations to the Commission. The Commission is a discretely presented component unit as the County Board appoints all members of the Commission's governing body and is able to impose its will because it can remove appointed members at will. The separate financial statements may be obtained from Children and Families First Commission, 2580 East Main Street, Suite 203, Ventura, CA 93003.

**B) New Accounting Pronouncements**

GASB Statement No. 83, *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018, enhances comparability of financial statements by establishing uniform criteria for governments to recognize and measure certain Asset Retirement Obligations (AROs) and requires disclosures related to those AROs. This statement did not have a significant impact to the County's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for reporting periods beginning after June 15, 2018, improves financial reporting by providing users of financial statements with essential information that is currently not consistently provided. In addition, information about resources to liquidate debt and risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The County implemented the new requirements for the fiscal year 2018-19 financial statements.

The County is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

GASB Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018, enhances consistency and comparability of financial statements by establishing specific criteria for identifying activities that should be reported as fiduciary and clarifying whether and how business-type activities should report their fiduciary activities. The County intends to implement the new requirements for the fiscal year 2019-20 financial statements.

GASB Statement No. 87, *Leases*, effective for reporting periods beginning after December 15, 2019, improves accounting and financial reporting for leases and requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The County intends to implement the new requirements for the fiscal year 2020-21 financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for reporting periods beginning after December 15, 2019, provides users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The



COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The County intends to implement the new requirements for the fiscal year 2020-21 financial statements.

GASB Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61*, effective for reporting periods beginning after December 15, 2018, improves financial reporting by providing users of financial statements with essential information related to presentation of majority equity interest in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The County intends to implement the new requirements for the fiscal year 2019-20 financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, effective for reporting periods beginning after December 15, 2020, improves financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities. In addition, requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. These revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. The County intends to implement the new requirements for the fiscal year 2021-22 financial statements.

**C) Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. The government-wide financial statements include capital assets, long-term liabilities, depreciation, accumulated depreciation, deferred outflows of resources, and deferred inflows of resources.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

The statement of net position and statement of activities display information about the primary government (the County) and its component units. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each segment (different identifiable activities) of the business-type activities of the County. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

The internal service funds' activity, except for interfund services provided and used, is eliminated and net balances are primarily included in the governmental activities, with a lesser amount included in the business-type activities, because the internal service funds predominantly serve the governmental funds. Fiduciary funds are not reported on the government-wide financial statements. When restricted and unrestricted net position are available, restricted resources would generally be considered to be used first, with the unrestricted resources used as they are needed.

*Fund Financial Statements*

The governmental fund financial statements are prepared under the modified accrual basis of accounting and the current financial resources measurement focus. The proprietary and fiduciary fund financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus, except agency funds which have no measurement focus. They provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as non-major governmental and non-major enterprise funds.

Because the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is presented which explains the adjustments necessary to reconcile fund financial statements to the government-wide financial statements.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses, including salaries and benefits, services and supplies, and depreciation, represent the costs of providing goods and services to customers. Nonoperating expenses are those expenses such as losses from disposal of capital assets and interest expense that do not result from the principal activity of the fund but from secondary or auxiliary activities.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

The County reports the following major governmental funds:

- The *General* Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public protection, health and sanitation, public assistance, education, and debt service.
- The *Roads* Fund provides for planning, design, construction, maintenance, and administration of County roads. It also engages in traffic safety and other transportation planning activities. Revenues consist primarily of the County's share of state highway use taxes, sales taxes, and federal grants. These funds are restricted for the purpose of the fund.
- The *Watershed Protection District* Fund controls flood and storm waters and conserves such waters for beneficial public use. Revenues are primarily received from property taxes, aid from other governmental units, and charges for current services. These funds are restricted for the purpose of the fund.
- The *Fire Protection District* Fund provides fire protection to the unincorporated areas of the County as well as the cities of Camarillo, Moorpark, Ojai, Port Hueneme, Santa Paula, Simi Valley, and Thousand Oaks. Support is principally from property taxes and aid from other governmental units. These funds are restricted for the purpose of the fund.

The County reports the following major enterprise funds:

- The *Medical Center* Fund is part of the County Health Care Agency which operates a two campus hospital. The main campus in Ventura is a general acute care facility providing emergency room, inpatient, and mental health inpatient services. The Santa Paula campus is licensed and accredited as part of Ventura County Medical Center (VCMC) and is licensed for 49 acute beds. VCMC maintains comprehensive neonatal, emergency and outpatient medical care programs. Outpatient care is provided by a fully integrated system of nineteen community-based clinics and nine specialty clinics located throughout the County. It also provides support services to related public and mental health programs administered by the Health Care Agency. The fund provides indigent care which is subsidized, in part, by transfers from the General Fund for such services.
- The *Department of Airports* Fund operates the County-owned general aviation facilities at the Camarillo and Oxnard airports and provides administrative, fiscal, and other support services for airport tenants and the flying public. This fund accounts for aid from other governmental units in support of aviation and also includes support services in the Camarillo Utility Enterprise, Roads and Lighting fund, for the operation of the streets, street lighting, and storm drains at the Camarillo airport.
- The *Waterworks Districts* Fund performs necessary administrative, maintenance, and operations functions to provide uninterrupted water delivery services and sewer collection and disposal services to various communities of Ventura County. These districts include Waterworks Districts 1, 16, 17, 19, 38, and Camarillo Utility Enterprise Sanitation fund.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

The County reports the following additional funds and fund types:

- The *Permanent* Fund accounts for resources of the George D. Lyon Book Fund, which was established by a bequest with the legal restriction that only earnings of the fund, and not principal, may be used for the purchase of books for the Foster Library in Ventura, CA.
- *Internal Service* Funds account for the County's fleet maintenance; engineering, construction, and maintenance services; network services and information systems; general services; and self-insurance programs – workers' compensation, long-term disability, employee benefits, medical malpractice, and general insurance on a cost-reimbursement basis.
- The *Supplemental Retirement Plan (SRP) Pension Trust* Fund accounts for the assets, contributions, and benefit payments of the SRP established January 1, 1992, under provisions of the Internal Revenue Code Section 401(a).
- The *Investment Trust* Fund (a single cash pool managed by the Treasury) accounts for the assets of legally separate entities that deposit cash with the County Treasurer. The entities include school and community college districts and special districts governed by local boards. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. Detailed information about the major legal entities included in the Investment Trust Fund is provided in the Schedule of Fiduciary Net Position and Schedule of Changes in Fiduciary Net Position in the Supplementary Information section.
- The *Private-purpose Trust* Fund is a fiduciary fund type used by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Ventura County Redevelopment Successor Agency (Successor Agency).
- The *County Agency* Fund accounts for assets held for distribution by the County as an agent for various local tax entities.

**D) Measurement Focus and Basis of Accounting**

The government-wide, proprietary, pension, investment trust, and private-purpose trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are reported using the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized when the underlying transactions take place. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within six months following the end of the fiscal year. Property taxes are accrued if they are collectible within 60 days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due. General capital asset acquisitions and general principal payments are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

**E) Cash and Investments**

For purposes of reporting cash flows, cash and investments and cash equivalents include cash in banks and investments held by the County Treasurer in a cash management pool generally with original maturities of 90 days or less. Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of investments is determined using the fair value hierarchy established by GASB Statement No. 72 (GASB 72). The fair value of participants' aggregate position in the pool is the same as the aggregate value of the pool shares. The participants share a ratable portion of the pool's activity and its value based on average daily balances. For SRP, investment income components (interest, dividends, and net increase or decrease in fair value) are determined at year-end as reported by the various trustees and custodians on the accrual basis.

**F) Inventories and Other Assets**

Inventories consisting of materials and supplies, are valued at cost, approximating market value, primarily on a first-in, first-out (FIFO) basis. The costs of governmental fund inventories are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Inventories and prepaid items recorded in governmental funds are offset by nonspendable fund balance to indicate the portion of fund balance that is not in spendable form.

**G) Capital Assets**

Capital asset components consist of land, easements, construction in progress, land improvements, structures and improvements, equipment, vehicles, software, and infrastructure. The County defines capital assets as assets with an estimated useful life in excess of one year.

The capitalization level and estimated useful lives are as follows:

<u>Category</u>	<u>Capitalization Level</u>	<u>Useful Life</u>
Land improvements	\$5,000	5-75
Structures and improvements	\$25,000, except \$5,000 for Airports, and \$50,000 for Waterworks	30-75 *
Betterments	\$5,000	30-75
Equipment	\$5,000	2-30
Vehicles	\$5,000	2-25
Software	\$5,000, purchased software; \$50,000, internally generated software	3-10
Capital leases	As above, based on category	5-40
Infrastructure	All new construction and major renovations are capitalized; all other costs are considered maintenance and are expensed.	40-100

\* Except for certain fixed equipment which may have a shorter useful life.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

The County has two networks of infrastructure assets – roads and watershed protection. The roads network includes roads, bridges, and traffic signals. The watershed protection network includes flood channels, debris dams, detention basins, pump stations, and rights of way.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Assets acquired from donations and service concession arrangements are valued at their acquisition value on the date contributed. Self-constructed assets, including structures and improvements and internally generated software, are recorded at the amount of direct labor, material, and net interest costs incurred (for proprietary funds) if financed by tax-exempt borrowing.

Acquisitions of capital assets are recorded as expenditures in the governmental funds statement. Capital assets are capitalized and depreciated on the government-wide and the proprietary funds statements. Land, easements, construction in progress, and assets not used in operations are not depreciated. Other components used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lower of the capital lease period or their estimated useful lives. The County has elected the depreciation approach for infrastructure.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

**H) Deferred Outflow of Resources**

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

**I) Pensions and Other Postemployment Benefits (OPEB)**

*Net Pension and Related Balances – VCERA and SRP*

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's pension plans and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the Ventura County Employees Retirement Association (VCERA) and the Supplemental Retirement Plan (SRP). 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.

*Total Pension Liability and Related Balances – Management Retiree Health Benefits Program*

For purposes of measuring the total pension liability, deferred outflows/inflows of resources related to pensions, and pension expense have been determined on the same basis as they are reported by the Management Retiree Health Benefits Program. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

*Net OPEB and Related Balances – VCDSA and VCPFA*

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Ventura County Deputy Sheriffs' Association (VCDSA) Retiree Medical Reimbursement Plan and the Ventura County Professional Firefighters' Association (VCPFA) Premium Reimbursement Plan and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the VCDSA Retiree Medical Reimbursement Plan and the VCPFA Premium Reimbursement Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

*Total OPEB Liability and Related Balances – Subsidized Retiree Health Benefits Program*

For purposes of measuring the total OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the Subsidized Retiree Health Benefits Program. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**J) Compensated Absences**

County policy permits employees to accumulate earned but unused vacation, sick pay, and compensatory time. A liability for all vacation pay and compensatory time and 25 percent of unused accumulated sick leave for those employees with at least ten years of service is accrued when earned in the government-wide and proprietary funds financial statements. In accordance with GASB Interpretation No. 6, a liability for these amounts is reported in the governmental funds financial statements only if they have matured as a result of employee resignations and retirements prior to year-end and are paid by the County subsequent to year-end.

**K) Interfund Transactions**

Interfund transactions are reflected as loans, services provided or used, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans) and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in the General Fund and as restricted, committed, or assigned fund balance in other governmental funds as applicable.

Services provided or used and deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are repayments (adjustments to the expenditures or expenses) from the funds responsible for certain expenditures or expenses to the funds that initially paid for them. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**L) Deferred Inflow of Resources**

A deferred inflow of resources represents an acquisition of net position by the government that is applicable to a future reporting period.

**M) Fund Balance Policy**

The County has adopted a policy to achieve a minimum level of unassigned fund balance in the General Fund of 10 percent of total appropriations/revenue, with a long-term goal of 15 percent.

**N) Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**O) Reclassifications**

Certain prior year balances may have been reclassified in order to conform to current year presentation. These reclassifications had no effect upon reported net position.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - CASH AND INVESTMENTS**

The County sponsors an Investment Pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the Investment Pool. The respective funds' shares of the total pool are included in the accompanying basic financial statements under the captions "Cash and investments" and "Restricted cash and investments." Cash and investments managed separately from the Investment Pool include those of the PFA and SRP.

The Investment Pool is comprised of internal and external pool participants. The internal pool participants include the funds and component units of the reporting entity and are reported in the various County funds. The external pool participants include legally separate entities, which are not part of the sponsor's reporting entity. The external investment component of the Investment Pool is reported in the accompanying financial statements as an investment trust fund within the fiduciary funds and uses the economic resources measurement focus and accrual basis of accounting.

The County has adopted an Investment Policy Statement (IPS), which complies with the requirements of California Government Code, and serves as the basis for the type of investments, maturity limit, credit rating, and diversification of securities comprising the Investment Pool. The objectives of the IPS are safety of principal, maintenance of liquidity, and earning a competitive rate of return.

Investments permitted by the IPS include obligations of the U.S. Treasury, agencies and instrumentalities, or commercial paper rated A-1 or better by Standard and Poor's Ratings Services (S&P), P-1 by Moody's Investors Service, or F1 or better by Fitch Ratings, Supranationals rated AAA by S&P, bankers' acceptances, repurchase agreements, corporate notes, negotiable certificates of deposit and Yankee certificates of deposit, obligations of the State of California, and obligations of any local agency within California.

Total cash and investments at fair value as reported at June 30, 2019, are as follows (in thousands):

Governmental activities	\$ 1,107,088
Business-type activities	<u>118,821</u>
Primary government	1,225,909
Component unit	<u>12,320</u>
Total government-wide	<u>1,238,229</u>
Fiduciary funds:	
Pension trust fund	27,887
Investment trust fund	1,603,644
Private-purpose trust fund	405
Agency fund	<u>12,975</u>
Total cash and investments	<u>\$ 2,883,140</u>



COUNTY OF VENTURA  
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(Continued)

Cash and investments at fair value for County funds, including those funds managed separately from the Treasury, at June 30, 2019, are summarized as follows (in thousands):

	Treasury	Fiscal Agents	SRP Pension Trust	Total
Cash:				
Cash on hand	\$ 5	\$ 22	\$ -	\$ 27
Deposits (net outstanding checks)	46,055	12,955	1,242	60,252
Total cash (net outstanding checks)	<u>46,060</u>	<u>12,977</u>	<u>1,242</u>	<u>60,279</u>
Investments:				
In Treasurer's pool	2,796,216	-	-	2,796,216
In pension portfolios	-	-	26,645	26,645
Total investments	<u>2,796,216</u>	<u>-</u>	<u>26,645</u>	<u>2,822,861</u>
Total cash and investments	<u>\$ 2,842,276</u>	<u>\$ 12,977</u>	<u>\$ 27,887</u>	<u>\$ 2,883,140</u>

### Cash

The cash portion of cash and investments includes demand deposits.

At June 30, 2019, the carrying amount of the County's cash was \$60,279,000, and the bank balance per various institutions was \$125,690,000. Treasury cash of \$46,060,000 is net of outstanding checks of \$49,486,000. Treasurer's pool investments are managed daily to maximize earnings and provide cash as needed. Of the bank balance in financial institutions, \$919,000 is covered by federal depository insurance and \$124,771,000 was uninsured. The uninsured deposits were held by financial institutions, which are legally required by the California Government Code (GC) to collateralize the County's deposits by pledging government securities or first trust deed mortgage notes. In accordance with GC 53652, the market value of the pledged securities and first trust deed mortgage notes must be at least 110 percent and 150 percent of the County's deposits, respectively, as provided for in the County's Contract for Deposit of Moneys.

Restricted cash and investments in the amount of \$31,124,000 are held in the proprietary funds and include \$29,624,000 that is restricted by trust agreements for funding capital projects and debt service. Of this, \$2,000 is held with fiscal agents and \$29,622,000 is held in the County Treasury. In addition, \$1,500,000 is restricted for Health Care Plan tangible net equity deposit and is held in the County Treasury. The amounts of \$215,000 for Waterworks Districts and \$1,500,000 for Health Care Plan are included in cash and cash equivalents on the Statement of Cash Flows.

### Investments—Investment Pool (Treasury)

Fair value calculations at fiscal year-end for the Investment Pool are based on market values provided by the County's investment custodian. The net change in fair value from carrying value at June 30, 2019, amounted to an increase of \$15,925,000. The net change in fair value from June 30, 2018 to June 30, 2019, was an increase of \$10,626,000.

The Investment Pool maintains investments in two investment pools regulated by the California Government Code: (1) the State of California Local Agency Investment Fund (LAIF) and (2) CalTRUST. LAIF is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. CalTRUST is a joint powers authority governed by a Board of Trustees of investment officers and policy-makers of the public agency members. At June 30, 2019, the County's investments in LAIF and CalTRUST were \$55,000,000 and \$25,000,000, respectively. Each investment approximates fair value and is the same as the value of the pool shares, which is determined on a full cost basis.

COUNTY OF VENTURA  
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The County is not registered with the Securities and Exchange Commission as an investment company. No legally binding guarantees have been provided during the period to support the value of shares in the pool. Investment earnings are allocated based on the average daily balance in the Investment Pool for the calendar quarter. The earnings are distributed to participants twice per quarter as cash is received.

As of June 30, 2019, the major classes of the County's investments, including those managed outside the Treasury, consisted of the following (in thousands):

	Interest Rate Range	Maturity Date/Range	Cost	Fair Value	Weighted Average Maturity (Years)	Credit Rating (S&P)	Credit Rating (Moody's)	Credit Rating (Fitch)	Percent of Portfolio
<b>Investments in Investment Pool</b>									
U.S. Government Agencies:									
FHLB Bonds	2.375-2.920	8/9/19-4/16/21	\$ 197,540	\$ 197,820	0.954	AA+	Aaa	NR	7.075%
FHLMC Bonds	0.875-2.650	7/19/19-6/17/22	147,683	148,044	1.348	AA+	Aaa	AAA	5.294%
FFCB Bonds	1.490-2.700	8/22/19-12/17/21	76,586	76,684	1.333	AA+	Aaa	AAA	2.742%
FNMA Bonds	0.875-1.750	8/2/19-11/26/19	50,697	51,223	0.136	AA+	Aaa	AAA	1.832%
FHLB Discount Notes	2.490-2.601	7/1/19-9/12/19	29,416	29,893	0.165	A-1+	P-1	NR	1.069%
FHLMC Discount Notes	2.425-2.525	8/2/19-11/19/19	29,473	29,879	0.190	A-1+	P-1	F1+	1.069%
Yankee Certificates of Deposits:									
Yankee Certificates of Deposits	2.510-3.070	7/2/19-5/1/20	430,055	430,773	0.390	A-1+	P-1	F1+	15.406%
Yankee Certificates of Deposits	2.500-3.090	7/3/19-5/19/20	185,021	185,129	0.372	A-1	P-1	F1+	6.621%
Yankee Certificates of Deposits	2.510-3.190	7/18/19-5/29/20	95,013	95,096	0.201	A-1	P-1	F1	3.401%
Medium-Term Corporate Notes:									
Corporate Notes	1.100-1.850	8/8/19-2/12/20	72,499	72,981	0.415	AAA	Aaa	AA+	2.610%
Corporate Notes	1.900-2.700	3/12/20-4/8/21	54,557	54,734	1.272	AA-	Aa3	A+	1.957%
Corporate Notes	2.050-2.500	9/11/19-5/3/21	40,169	40,373	1.074	A	A1	AA-	1.444%
Corporate Notes	2.500-2.725	4/22/21-6/3/21	30,000	30,028	1.890	A+	Aa2	AA	1.074%
Corporate Notes	1.912	3/6/20	21,583	21,688	0.685	AA+	Aaa	NR	0.776%
Corporate Notes	1.300	8/15/19	19,547	19,714	0.126	AA	Aa2	AA-	0.705%
Corporate Notes	2.125	10/28/19	14,830	14,941	0.329	AA-	A1	AA-	0.534%
Corporate Notes	1.400	9/20/19	14,712	14,858	0.225	AA-	A1	NR	0.531%
Corporate Notes	1.100-2.000	8/2/19-5/6/20	11,652	11,688	0.199	AA+	Aa1	NR	0.418%
Corporate Notes	2.000-2.450	5/19/20-11/5/20	10,959	10,976	0.930	A	A2	A+	0.393%
Corporate Notes	1.600-2.250	7/15/19-11/9/20	6,462	6,492	1.342	AA-	Aa3	AA-	0.232%
Corporate Notes	1.961-2.427	3/3/20-6/24/20	5,587	5,605	0.732	AA	Aa2	NR	0.201%
Corporate Notes	1.625	5/15/20	5,514	5,518	0.877	A	A1	WD	0.197%
Corporate Notes	1.250	10/9/19	5,171	5,237	0.277	A	A2	A	0.187%
Corporate Notes	1.200-2.000	7/12/19-11/13/19	2,846	2,860	0.243	A	A2	NR	0.102%
Corporate Notes	2.350	6/15/20	1,181	1,180	0.962	A	A1	A	0.042%
Commercial paper:									
Commercial paper	2.330-2.971	7/3/19-2/24/20	270,985	273,571	0.242	A-1	P-1	F1	9.784%
Commercial paper	2.530-2.830	7/15/19-1/6/20	211,080	213,502	0.322	A-1+	P-1	F1	7.635%
Commercial paper	2.540-2.880	7/18/19-12/18/19	112,235	113,338	0.372	A-1+	P-1	F1+	4.053%
Commercial paper	2.550-2.870	7/15/19-1/10/20	107,853	109,553	0.186	A-1+	P-1	NR	3.918%
Commercial paper	2.230-2.920	7/19/19-1/21/20	88,291	89,542	0.235	A-1	P-1	F1+	3.202%
Commercial paper	2.350	9/12/19	9,941	9,955	0.203	A-1+	NR	F1	0.356%
Municipal Bonds:									
Municipal Bonds	2.600-3.250	8/1/19-4/1/20	38,054	37,997	0.370	AA-	Aa3	N/A	1.359%
Municipal Bonds	2.330-2.546	8/1/19-6/15/21	9,145	9,153	0.179	AAA	Aaa	N/A	0.327%
Municipal Bonds	2.893	6/1/20	5,000	5,028	0.923	AA-	A1	N/A	0.180%
Municipal Bonds	2.804	6/1/20	3,060	3,070	0.923	A	N/A	N/A	0.110%
Municipal Bonds	1.950-3.300	8/1/19-12/1/21	1,530	1,556	1.546	AA	A1	N/A	0.056%
Municipal Bonds	2.813	1/1/21	1,000	1,010	1.510	A	A1	N/A	0.036%
Municipal Bonds	2.011-2.650	7/1/19-11/1/19	928	930	0.068	AA+	N/A	N/A	0.033%
Municipal Bonds	2.553	5/15/21	800	809	1.877	AA	Aa2	N/A	0.029%
Municipal Bonds	2.700	9/1/19	635	635	0.173	AA-	N/A	N/A	0.023%
Municipal Bonds	1.549	11/1/19	560	559	0.340	AA-	Aa2	N/A	0.020%
Municipal Bonds	1.570	8/1/19	300	300	0.088	AAA	N/A	N/A	0.011%
LAIF	2.546		55,000	55,000	0.490	NR	NR	N/A	1.967%
CalTRUST	2.541		25,000	25,015	0.910	AA	NR	N/A	0.895%
Supranationals:									
Supranationals	0.876-3.875	7/26/19-4/12/22	176,359	177,769	0.808	AAA	Aaa	AAA	6.357%
Supranationals	1.750-2.630	1/25/20-3/30/20	49,738	49,895	0.715	AAA	Aaa	NR	1.784%
Supranationals	2.450-2.480	7/18/19-11/15/19	44,244	44,723	0.291	A-1+	P-1	NR	1.599%
Supranationals	2.440	1/8/20	9,801	9,892	0.526	A-1+	P-1	F1+	0.354%
<b>Total investments in Investment Pool</b>			<b>2,780,292</b>	<b>2,796,216</b>					<b>100.000%</b>
<b>Investments outside Investment Pool</b>									
SRP Pension Trust:									
Bond mutual funds			9,007	10,073	7.878	NR	NR	NR	
Equity mutual funds			9,899	16,572	-	NR	NR	NR	
<b>Total investments outside Investment Pool</b>			<b>18,906</b>	<b>26,645</b>					
<b>Total fair value</b>				<b>\$2,822,861</b>					

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The following represents a condensed statement of net position and changes in net position for the pool (internal and external) as of June 30, 2019 (in thousands):

<u>Statement of Net Position</u>	<u>Total</u>
Net position held for pool participants	\$ 2,842,276
Equity of internal pool participants	\$ 1,214,753
Equity of external pool participants	1,615,203
Equity of discretely presented component unit	12,320
Total equity	\$ 2,842,276
 <u>Statement of Changes in Net Position</u>	
Net position at July 1, 2018	\$ 2,553,179
Increase in investment by pool participants, net	289,097
Net position at June 30, 2019	\$ 2,842,276

The Investment Pool includes both voluntary and involuntary participants for whom cash and investments are held by the County Treasurer. The total percentage share of the Investment Pool related to involuntary participants is estimated at 50 percent. Legal provisions require certain special districts to maintain surplus cash in the Investment Pool including public school districts, cemetery districts, recreation and park districts, and the Air Pollution Control District.

Requests for additional information or the separately issued financial statements of the Investment Pool can be addressed to the County Treasurer-Tax Collector, 800 South Victoria Avenue, Ventura, CA 93009-1290.

#### **Investments – SRP**

The SRP adopts an investment policy which emphasizes safety, diversification and yield and follows the “prudent investor rule” as required by the Employment Retirement Income Security Act of 1974. Investments permitted by the policy include fixed income and equity mutual funds. Fair value calculations at fiscal year-end for the SRP are based on market values provided by the SRP’s investment custodian.

#### **Risk Disclosures**

##### Custodial Credit Risk

*Investment Pool.* Custodial credit risk is the risk that the County will not be able to recover the value of its deposits, investments, and collateral securities that are in possession of an outside party. For deposits, this risk is mitigated through federal depository insurance coverage and collateralization in accordance with California Government Code Section 53652. Information about the composition of insured and uninsured deposits at June 30, 2019, is provided in the section “Cash.” For investments, the County utilizes third party delivery versus payment to mitigate risk. Further, all securities owned by the County are held by a third party bank trust department.

COUNTY OF VENTURA  
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Credit Risk

*Investment Pool.* State law and the IPS limit investments in commercial paper to those with the rating of A-1 or better by Standard & Poor's or P-1 by Moody's Investors Service. State law limits investment in medium term notes to a rating of A or better by Standard & Poor's or A2 by Moody's Investors Service; the IPS limits the short term ratings to A-1 or higher by Standard and Poor's, P-1 by Moody's, and F1 or higher by Fitch Ratings. In addition, the IPS limits the long-term ratings to A or higher by Standard and Poor's, A2 or higher by Moody's, and A or higher by Fitch Ratings. State law does not limit investments in Municipal notes, bonds, and other obligations; the IPS limits the long-term ratings to A or higher by Standard and Poor's, A2 or higher by Moody's, and A or higher by Fitch Ratings. The County does not have credit limits on government agency securities. Certificates of deposit are required to be insured by the FDIC.

Concentration of Credit Risk

*Investment Pool.* State law and the IPS limit investments in commercial paper to 40 percent of the investment pool and 10 percent of the investment pool per issuer. State law limits investments in medium term notes to 30 percent of the investment pool; the IPS limit is 20 percent of the investment pool. State law and the IPS limit investments in negotiable certificates of deposit to 30 percent of the investment pool. The following is a summary of the concentration of credit risk as a percentage of the Investment Pool's fair value at June 30, 2019:

Investment	Percentage of Investment Pool
Toyota Motor Credit Corporation	8.34 %
Federal Home Loan Bank	8.14 %
National Bank of Kuwait	6.62 %
Federal Home Loan Mortgage Corporation	6.36 %
Korea Development Bank	6.02 %
Combined Individual Issuers less than 5% of Portfolio:	
Commercial Paper	18.87 %
Yankee Certificate of Deposits	16.48 %
Supranationals	10.10 %
Medium Term Corporate Notes	9.45 %
U.S. Government Agencies	4.57 %
Municipal Bonds	2.18 %
LAIF	1.97 %
CalTRUST	0.90 %
Total	<u>100.00 %</u>

*SRP.* Investments in mutual funds are excluded from the requirement to disclose concentration of credit risk. As of June 30, 2019, the SRP was not exposed to concentration of credit risk.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

Interest Rate Risk

*Investment Pool.* Through its IPS, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the weighted average maturity of the Investment Pool's holdings to 375 days. At June 30, 2019, the weighted average maturity of the Investment Pool was 192 days.

*SRP.* The SRP does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The SRP has exposure to interest rate risk by investing \$10,073,000, or 38 percent, of its investments in bond mutual funds.

Foreign Currency Risk

*Investment Pool.* The Investment Pool is precluded from investing in foreign currency by the IPS; therefore, it is not subject to foreign currency risk.

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by GASB 72, *Fair Value Measurement and Application*. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets for identical assets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

Deposits and withdrawals in governmental investment pools, such as LAIF and CalTRUST are made on the basis of one dollar and not fair value. Accordingly, the fair value of the County's proportionate share in these types of investments is an uncategorized input not defined as Level 1, Level 2, or Level 3.

The County's investments by fair value level as of June 30, 2019 include the following (in thousands):

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments in Investment Pool</b>				
Investments subject to fair value hierarchy:				
U.S. Government agency bonds	\$ 473,771	\$ -	\$ 473,771	\$ -
U.S. Government agency discount notes	59,772	59,772	-	-
Yankee certificate of deposit	710,998	-	710,998	-
Medium term corporate notes	318,873	-	318,873	-
Commercial Paper	809,461	-	809,461	-
Municipal Bonds	61,047	-	61,047	-
Supranational instruments	282,279	-	282,279	-
<b>Total investments subject to fair value hierarchy</b>	<b>2,716,201</b>	<b>59,772</b>	<b>2,656,429</b>	<b>-</b>
Investments not subject to fair value hierarchy:				
CalTRUST	25,015			
LAIF	55,000			
<b>Total investments not subject to fair value hierarchy</b>	<b>80,015</b>			
<b>Total investments in Investment Pool</b>	<b>2,796,216</b>			
<b>Investments outside Investment Pool</b>				
<i>SRP Pension Trust:</i>				
Bond mutual funds	10,073	1,110	8,963	-
Equity mutual funds	16,572	830	15,742	-
<b>Total investments outside investment pool</b>	<b>26,645</b>	<b>1,940</b>	<b>24,705</b>	<b>-</b>
<b>Total investments</b>	<b>\$ 2,822,861</b>			

COUNTY OF VENTURA  
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**NOTE 3 - PROPERTY TAXES**

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Codes and Revenue and Taxation Codes. Property is originally assessed at 100 percent of full cash or market value at the date of transfer or completion of construction pursuant to Article XIII (A) of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. Annual increases are limited to 2 percent of base year values.

The property tax levy to support general operations of various jurisdictions is limited to one percent of full cash value and is distributed in accordance with statutory formulas. Amounts levied each fiscal year to finance the annual requirements of voter approved debt are excluded from this limitation and are calculated and levied each fiscal year. The rates are formally adopted by either the Board or the city councils and, in some instances, the governing board of a special district.

The County is divided into approximately 2,493 tax rate areas, which are unique combinations of various jurisdictions serving a specific geographic area. In fiscal year 2018-19, the rates levied within each tax rate area varied from a low of 1.000000 to a high of 1.495800 per \$100 of assessed valuation. Property taxes are levied on both real and personal property. Secured property taxes are levied July 1, and payable in two equal installments: the first is generally due November 1, and delinquent with penalties after December 10; the second is generally due on February 1, and delinquent with penalties after April 10. Unsecured property taxes become delinquent with penalties after August 31. Secured property taxes become a lien on the property on January 1, or the date on which title to the property transfers or improvements to the property are completed. Supplemental property tax assessments/refunds associated with changes in assessed valuations due to transfers of title and completed property improvements are levied in two equal installments and have variable due dates based on the date of title transfer and/or completion of the property improvements.

The County elected the alternative property tax treatment (Teeter Plan) effective July 1, 1993, whereby the County, through the Property Tax Resource Allocation Fund (PTRAF), purchases the current secured unpaid taxes remaining at year-end from participating agencies. In return, the PTRAF records a tax receivable and receives the delinquent secured taxes. The Property Tax Loss Reserve Fund (PTLRF) receives delinquent penalties and redemption interest accruing to delinquent collections related to participating agencies. The participating agencies, including the County, certain special districts, and the school districts, in turn, receive their full tax distribution with no liability for uncollected taxes to the PTRAF. Therefore, for participating agencies, revenue is measurable and available and is recorded in the period the payment of current secured unpaid taxes is received prior to fiscal year-end. The balance in the PTRAF is recorded to the General Fund for financial reporting purposes only as of fiscal year-end.



COUNTY OF VENTURA  
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**NOTE 4 - RECEIVABLES**

Year-end receivables of the County's major, non-major, and proprietary funds, as well as governmental and business-type activities, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

Governmental Funds	General Fund	Roads	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
Receivables:							
Taxes	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13
Accounts	115,755	3,382	4,293	9,637	15,514	4,078	152,659
Interest	<u>5,594</u>	<u>330</u>	<u>659</u>	<u>861</u>	<u>949</u>	<u>2,408</u>	<u>10,801</u>
Gross Receivables	121,362	3,712	4,952	10,498	16,463	6,486	163,473
Loans and other long-term receivables	<u>24,797</u>	<u>-</u>	<u>543</u>	<u>-</u>	<u>34,659</u>	<u>106</u>	<u>60,105</u>
Total receivables	<u>\$ 146,159</u>	<u>\$ 3,712</u>	<u>\$ 5,495</u>	<u>\$ 10,498</u>	<u>\$ 51,122</u>	<u>\$ 6,592</u>	<u>\$ 223,578</u>

Proprietary Funds	Medical Center	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Total Enterprise Funds and Business-type Activities
Receivables:					
Accounts	\$ 561,521	\$ 341	\$ 4,594	\$ 5,385	\$ 571,841
Interest	-	169	267	241	677
Other	<u>50</u>	<u>-</u>	<u>-</u>	<u>270</u>	<u>320</u>
Gross Receivables	561,571	510	4,861	5,896	572,838
Less: Allow./Uncollectible Acct	<u>(299,948)</u>	<u>(20)</u>	<u>(37)</u>	<u>-</u>	<u>(300,005)</u>
Total Receivables - fund statements	261,623	490	4,824	5,896	272,833
Loans and other long-term receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,368</u>	<u>2,368</u>
Total receivables	<u>\$ 261,623</u>	<u>\$ 490</u>	<u>\$ 4,824</u>	<u>\$ 8,264</u>	<u>\$ 275,201</u>

The balance of loans and other long-term receivables at year-end for governmental activities includes Short-Doyle Medi-Cal (SDMC) administration and Cost Settlement recoupment of \$16,215,000, SB90 revenue of \$5,184,000, and \$2,551,000, in the Neighborhood Stabilization Program in the General Fund. Non-major governmental funds had long-term receivables related to SDMC administration and Cost Settlement recoupment of \$11,090,000, in the Mental Health Service Act Fund, Housing and Urban Development (HUD) and Home Buyers Assistance Program (HOME) loan receivables in the HUD Grants Fund of approximately \$14,958,000, and special assessment receivables of \$7,955,000, in County Service Area #34 Fund. Proprietary Funds activities include long-term receivables of \$2,368,000 for the Parks Department Fund Service Concession Arrangement.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**NOTE 5 - INTERFUND TRANSACTIONS**

**Interfund Receivables/ Payables (Short-Term):**

The composition of interfund balances as of June 30, 2019, is as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Roads Fund	\$ 1
	Watershed Protection District	540
	Fire Protection District	366
	Non-major Governmental Funds	5,492
	Medical Center	954
	Department of Airports	8
	Waterworks Districts	66
	Non-major Enterprise Funds	586
	Internal Service Funds	<u>622</u>
		\$ 8,635
Roads Fund	General Fund	<u>27</u>
		27
Watershed Protection District	General Fund	<u>635</u>
		635
Fire Protection District	General Fund	1,452
	Internal Service Funds	<u>124</u>
		1,576
Non-major Governmental Funds	General Fund	2,675
	Non-major Governmental Funds	873
	Medical Center	101
	Non-major Enterprise Funds	<u>3</u>
		3,652
Medical Center	General Fund	835
	Fire Protection District	5
	Non-major Governmental Fund	161
	Non-major Enterprise Funds	6
	Internal Service Funds	<u>23</u>
		1,030
Department of Airports	General Fund	<u>25</u>
		25
Waterworks Districts	General Fund	<u>32</u>
		32



COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Non-major Enterprise Funds		
	General Fund	\$ 43
		\$ 43
Internal Service Funds		
	General Fund	3,162
	Roads Fund	211
	Watershed Protection District	79
	Fire Protection District	185
	Non-major Governmental Funds	289
	Medical Center	652
	Department of Airports	66
	Non-major Enterprise Funds	152
	Internal Service Funds	<u>756</u>
		<u>5,552</u>
Total Due To/Due From		<u>\$ 21,207</u>

The balance of \$5,492,000 due to the General Fund from Non-major Governmental Funds includes the reimbursement of capital projects expenditures from Public Financing Authority, and a short term cash flow loan to In-Home Supportive Services (IHSS).

The balance of \$954,000 due to the General Fund from the Medical Center is primarily administrative expenditures due to the County Executive Office.

The balance of \$1,452,000 due to Fire Protection District from the General Fund is primarily the transfer of property tax and Proposition 172 revenue.

The balance of \$2,675,000 due to Non-major Governmental Funds from the General Fund is primarily the transfer of 1991 Realignment to IHSS and commissary reimbursements to the Inmate Welfare Fund.

The balance of \$835,000 due to the Medical Center from the General Fund is primarily for the Huron contract and Maddy Funds.

The remaining interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include working capital loans that the General Fund expects to collect in the subsequent year.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**Advances to/from Other Funds (in thousands):**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-major Governmental Fund	\$ 35
	Medical Center	125,500
	Waterworks Districts	1,737
	Internal Service Funds	2,439
Total Advances		<u>\$ 129,711</u>

The General Fund extends long-term advances, when needed, for cash flow purposes to funds outside the General Fund that receive funding on a reimbursement basis. Repayment is expected when available cash is in excess of that needed for operations.

The General Fund has extended long-term advances, interest free, for cash flow purposes, to:

- Workforce Development Fund (WDD) in the amount of \$35,000. WDD receives funding after the expenditures have been incurred. This advance was authorized for up to \$35,000.
- Ventura County Medical Center (VCMC) in the amount of \$125,500,000. The VCMC cash flow shortage is primarily due to the delayed timing of revenue receipts from the State and Federal governments.

Based on available information, these loans are not expected to be repaid by June 30, 2020.

In FY 2009-10, the General Fund extended a loan in the amount of \$1,237,000 to the Waterworks Districts for the Piru Wastewater Treatment Plant (Piru WWTP). In August 2017, the Board approved a restructuring which consolidated the \$1,237,000 debt outstanding, along with \$500,000 of other short-term borrowing, into one General Fund 10-year loan for up to \$2,000,000 payable at the Investment Pool rate with repayment to begin no later than five years of the first loan draw down. The consolidation totaling \$1,737,000 occurred in August, 2017.

In May 2017, the Board approved a revolving line of credit for the Transportation Fund not to exceed \$3,800,000 for the purpose of replacing Sheriff Office and Probation Department vehicles. The loan was established with interest at the Investment Pool rate and will be repaid over the useful lives of the vehicles, which is typically three to eight years. The first draw down occurred in May 2017, and at June 30, 2019 the balance stands at \$2,439,000.

Advances are included in the internal balances on the Government-wide Statement of Net Position.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**Transfers**

Transfers are used to move funding for capital projects, lease payments or debt service, subsidies of various County operations, and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity (in thousands):

Transfer From	Transfer To	Amount	Purpose
General Fund	Non-major Governmental Funds	\$ 7,880	Transfer funds for scheduled debt service
	Non-major Governmental Funds	6,208	Subsidy for operating expenses
	Non-major Governmental Funds	2,694	Health and welfare realignment
	Medical Center	36,498	Subsidy for operating expenses
	Medical Center	3,409	Tobacco settlement revenues
	Medical Center	69	Reimbursement for capital assets
	Non-major Enterprise Funds	1,954	Subsidy for operating expenses
	Internal Service Funds	814	Subsidy for capital projects
	Internal Service Funds	796	Subsidy for capital asset purchase
	Internal Service Funds	<u>30</u>	Subsidy for operating expenses
		<u>60,352</u>	
Non-major Governmental Funds	General Fund	586	Transfer of HUD and Home grant funding
	General Fund	2	Subsidy for operating expenses
	Non-major Governmental Funds	986	Transfer funds for scheduled debt service
	Non-major Governmental Funds	10	Transfer of endowment interest
	Internal Service Funds	3	Subsidy for operating expenses
	Internal Service Funds	<u>170</u>	Subsidy for capital asset purchase
		<u>1,757</u>	
Waterworks Districts	Internal Service Funds	<u>138</u>	Subsidy for capital asset purchase
		<u>138</u>	
Non-major Enterprise Funds	General Fund	42	Subsidy for capital asset purchase
	General Fund	<u>28</u>	Subsidy for operating expenses
		<u>70</u>	
Internal Service Funds	General Fund	102	Subsidy for operating expenses
	Internal Service Funds	<u>1,250</u>	Subsidy for capital asset purchase
		<u>1,352</u>	
Total		<u>\$ 63,669</u>	

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, was as follows (in thousands):

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Governmental Activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 50,898	\$ 1,259	\$ -	\$ 52,157
Easements	200,195	69	-	200,264
Construction in progress	54,952	35,596	16,842	73,706
Total capital assets, nondepreciable	<u>306,045</u>	<u>36,924</u>	<u>16,842</u>	<u>326,127</u>
Capital assets, depreciable/amortizable:				
Land improvements	51,157	518	-	51,675
Structures and improvements	554,051	10,130	-	564,181
Equipment	104,018	12,062	5,180	110,900
Vehicles	107,264	7,649	3,764	111,149
Software	84,479	18,821	6,208	97,092
Infrastructure	579,520	2,056	-	581,576
Total capital assets, depreciable/amortizable	<u>1,480,489</u>	<u>51,236</u>	<u>15,152</u>	<u>1,516,573</u>
Less accumulated depreciation/amortization for:				
Land improvements	9,516	1,602	-	11,118
Structures and improvements	231,086	15,832	-	246,918
Equipment	73,694	6,846	5,007	75,533
Vehicles	57,656	7,850	3,368	62,138
Software	63,875	6,321	6,273	63,923
Infrastructure	136,046	5,879	-	141,925
Total accumulated depreciation/amortization	<u>571,873</u>	<u>44,330</u>	<u>14,648</u>	<u>601,555</u>
Total capital assets, depreciable/amortizable, net	<u>908,616</u>	<u>6,906</u>	<u>504</u>	<u>915,018</u>
Governmental activities capital assets, net	<u>\$ 1,214,661</u>	<u>\$ 43,830</u>	<u>\$ 17,346</u>	<u>\$ 1,241,145</u>
<b>Business-type Activities (Enterprise):</b>				
<b>Medical Center:</b>				
Capital assets, nondepreciable:				
Land	\$ 2,054	\$ -	\$ -	\$ 2,054
Construction in progress	12,869	889	6,549	7,209
Total capital assets, nondepreciable	<u>14,923</u>	<u>889</u>	<u>6,549</u>	<u>9,263</u>
Capital assets, depreciable/amortizable:				
Land improvements	894	-	871	23
Structures and improvements	461,284	9,591	289	470,586
Equipment	74,439	2,842	159	77,122
Software	45,030	366	11	45,385
Total capital assets, depreciable/amortizable	<u>581,647</u>	<u>12,799</u>	<u>1,330</u>	<u>593,116</u>
Less accumulated depreciation/amortization for:				
Land improvements	894	-	871	23
Structures and improvements	65,545	11,905	289	77,161
Equipment	41,119	6,244	158	47,205
Software	43,711	497	11	44,197
Total accumulated depreciation/amortization	<u>151,269</u>	<u>18,646</u>	<u>1,329</u>	<u>168,586</u>
Total capital assets, depreciable/amortizable, net	<u>430,378</u>	<u>(5,847)</u>	<u>1</u>	<u>424,530</u>
Medical Center capital assets, net	<u>\$ 445,301</u>	<u>\$ (4,958)</u>	<u>\$ 6,550</u>	<u>\$ 433,793</u>

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Department of Airports:</b>				
Capital assets, nondepreciable:				
Land	\$ 9,362	\$ -	\$ -	\$ 9,362
Easements	849	-	-	849
Construction in progress	1,791	1,048	-	2,839
Total capital assets, nondepreciable	<u>12,002</u>	<u>1,048</u>	<u>-</u>	<u>13,050</u>
Capital assets, depreciable/amortizable:				
Land improvements	50,639	16	-	50,655
Structures and improvements	18,143	-	-	18,143
Equipment	1,163	-	-	1,163
Vehicles	990	-	-	990
Total capital assets, depreciable/amortizable	<u>70,935</u>	<u>16</u>	<u>-</u>	<u>70,951</u>
Less accumulated depreciation/amortization for:				
Land improvements	26,488	2,000	-	28,488
Structures and improvements	14,246	388	-	14,634
Equipment	803	49	-	852
Vehicles	686	64	-	750
Total accumulated depreciation/amortization	<u>42,223</u>	<u>2,501</u>	<u>-</u>	<u>44,724</u>
Total capital assets, depreciable/amortizable, net	<u>28,712</u>	<u>(2,485)</u>	<u>-</u>	<u>26,227</u>
Department of Airports capital assets, net	<u>\$ 40,714</u>	<u>\$ (1,437)</u>	<u>\$ -</u>	<u>\$ 39,277</u>
<b>Waterworks Districts:</b>				
Capital assets, nondepreciable:				
Land	\$ 2,490	\$ -	\$ -	\$ 2,490
Easements	326	-	-	326
Construction in progress	14,382	909	9,702	5,589
Total capital assets, nondepreciable	<u>17,198</u>	<u>909</u>	<u>9,702</u>	<u>8,405</u>
Capital assets, depreciable/amortizable:				
Land improvements	2,074	-	-	2,074
Structures and improvements	135,817	12,062	15	147,864
Equipment	2,950	21	18	2,953
Vehicles	93	-	-	93
Software	87	-	-	87
Total capital assets, depreciable/amortizable	<u>141,021</u>	<u>12,083</u>	<u>33</u>	<u>153,071</u>
Less accumulated depreciation/amortization for:				
Land improvements	456	44	-	500
Structures and improvements	42,425	2,761	15	45,171
Equipment	1,881	109	14	1,976
Vehicles	88	-	-	88
Software	13	9	-	22
Total accumulated depreciation/amortization	<u>44,863</u>	<u>2,923</u>	<u>29</u>	<u>47,757</u>
Total capital assets, depreciable/amortizable, net	<u>96,158</u>	<u>9,160</u>	<u>4</u>	<u>105,314</u>
Waterworks Districts capital assets, net	<u>\$ 113,356</u>	<u>\$ 10,069</u>	<u>\$ 9,706</u>	<u>\$ 113,719</u>

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Non-major Enterprise Funds:</b>				
Capital assets, nondepreciable:				
Land	\$ 8,860	\$ 192	\$ -	\$ 9,052
Easements	122	-	-	122
Construction in progress	1,067	603	-	1,670
Total capital assets, nondepreciable	<u>10,049</u>	<u>795</u>	<u>-</u>	<u>10,844</u>
Capital assets, depreciable/amortizable:				
Land improvements	31,242	106	-	31,348
Structures and improvements	37,597	31	-	37,628
Equipment	2,314	162	58	2,418
Software	6,717	31	-	6,748
Total capital assets, depreciable/amortizable	<u>77,870</u>	<u>330</u>	<u>58</u>	<u>78,142</u>
Less accumulated depreciation/amortization for:				
Land improvements	19,638	1,004	-	20,642
Structures and improvements	19,096	829	-	19,925
Equipment	1,807	127	28	1,906
Software	5,386	361	-	5,747
Total accumulated depreciation/amortization	<u>45,927</u>	<u>2,321</u>	<u>28</u>	<u>48,220</u>
Total capital assets, depreciable/amortizable, net	<u>31,943</u>	<u>(1,991)</u>	<u>30</u>	<u>29,922</u>
Non-major Enterprise Funds capital assets, net	<u>\$ 41,992</u>	<u>\$ (1,196)</u>	<u>\$ 30</u>	<u>\$ 40,766</u>
Business-type activities capital assets, net	<u>\$ 641,363</u>	<u>\$ 2,478</u>	<u>\$ 16,286</u>	<u>\$ 627,555</u>

**Depreciation/amortization**

Depreciation/amortization expense was charged to governmental functions as follows (in thousands):

General government general administration	\$ 9,179
Public protection:	
Judicial	\$ 700
Police protection	1,985
Detention and correction	4,816
Fire protection	6,146
Flood control and soil and water conservation	3,994
Protective inspection	35
Other	<u>1,640</u>
Total public protection	19,316
Public ways and facilities	2,215
Health and sanitation services	679
Public assistance	1,139
Education	280
Recreation and cultural services	5
Capital assets held by the internal service funds	<u>11,517</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 44,330</u>

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

Depreciation/amortization expense was charged to the business-type activities as follows (in thousands):

Medical Center	\$ 18,646
Department of Airports	2,501
Waterworks Districts	2,923
Parks Department	1,058
Channel Islands Harbor	855
Health Care Plan	372
Oak View District	36
Total depreciation/amortization expense - business-type activities	<u>\$ 26,391</u>

**Construction in Progress and Capital Projects Commitments**

Construction in progress for governmental activities represents work being performed on Fire Protection District projects, infrastructure, Watershed Protection District projects, El Rio Sewer project, Information Technology Services Department, and a number of smaller projects. Construction in progress for the business-type activities represents work being performed on the Medical Center and Clinics, Waterworks District projects, Harbor Department projects, and Information Technology projects.

Construction in progress and capital projects commitments as of June 30, 2019, are as follows (in thousands):

	<u>Construction in Progress</u>	<u>Additional Committed Funds</u>
Governmental activities	<u>\$ 73,706</u>	<u>\$ 59,947</u>
Business-type activities:		
Medical Center	\$ 7,209	\$ 887
Department of Airports	2,839	-
Waterworks Districts	5,589	-
Parks Department	466	-
Channel Islands Harbor	1,204	-
Total business-type activities	<u>\$ 17,307</u>	<u>\$ 887</u>

Long-term commitments for infrastructure construction contracts totaled \$5,562,248 (principally for road and flood control projects) at June 30, 2019.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

**NOTE 7 - ACCRUED LIABILITIES**

Accrued liabilities at year-end of the County's major, non-major, and internal service funds in the aggregate are as follows (in thousands):

	General Fund	Roads	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
<u>Governmental Funds</u>							
Accrued salaries, benefits, and other payroll liabilities	\$ 27,087	\$ -	\$ -	\$ 5,455	\$ 2,232	\$ 4,099	\$ 38,873
Audit disallowances:							
Mental Health Short Doyle	20,975	-	-	-	-	-	20,975
Other audit disallowances	721	-	-	-	-	-	721
Accrued interest on tax and revenue anticipation notes	3,578	-	-	-	-	-	3,578
Money managed for others by Public Administrator/Public Guardian	4,816	-	-	-	-	-	4,816
Property tax clearing	2,129	-	-	-	-	-	2,129
Public assistance benefits payable	7,878	-	-	-	-	-	7,878
Civil judgments and holdings	731	-	-	-	-	-	731
Seized money pending release	2,480	-	-	-	-	-	2,480
Pay for Success Grant Program	1,488	-	-	-	-	-	1,488
Thomas Fire Debris Removal Program	7,121	-	-	-	-	-	7,121
Clearing and other liabilities	7,307	1,018	1,861	-	270	38	10,494
Total	<u>\$ 86,311</u>	<u>\$ 1,018</u>	<u>\$ 1,861</u>	<u>\$ 5,455</u>	<u>\$ 2,502</u>	<u>\$ 4,137</u>	<u>\$ 101,284</u>
	Medical Center	Department of Airports	Non-major Enterprise Funds	Total Business-type Activities			
<u>Proprietary Funds</u>							
Accrued salaries and benefits	\$ 7,110	\$ 117	\$ 640	\$ 7,867			
Medicare, Medi-Cal, and SB1100 reserves	99,523	-	-	99,523			
Clinic liabilities	1,769	-	-	1,769			
Clearing and other liabilities	711	-	-	711			
Total	<u>\$ 109,113</u>	<u>\$ 117</u>	<u>\$ 640</u>	<u>\$ 109,870</u>			



COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**NOTE 8 - LEASES**

**Operating Leases as Lessee**

The County is committed under various noncancelable operating leases (principally in the General Fund for governmental activities and Medical Center for business-type activities). Future minimum operating lease commitments are as follows (in thousands):

Year ending June 30:	Governmental Activities	Business-type Activities
2020	\$ 9,095	\$ 4,426
2021	8,506	4,373
2022	6,515	4,358
2023	5,546	4,223
2024	5,127	3,208
2025-2029	12,226	3,516
2030-2034	218	-
2035	36	-
Total minimum payments required	<u>\$ 47,269</u>	<u>\$ 24,104</u>

Rental expense for County-wide operating leases was \$31,781,000 for the year ended June 30, 2019.

**Operating Leases as Lessor**

The Channel Islands Harbor, Parks Department, and Department of Airports Enterprise funds lease properties to others under operating leases with terms of up to 85 years. The following is a summary of future minimum rental revenues on noncancelable leases at June 30, 2019 (in thousands):

Year ending June 30:	Amounts
2020	\$ 8,091
2021	7,708
2022	7,537
2023	7,178
2024	6,674
2025-2029	27,408
2030-2034	23,343
2035-2039	19,452
2040-2044	17,552
2045-2049	13,216
2050-2054	9,268
2055-2059	4,801
2060-2064	2,962
2065-2069	2,454
2070-2074	2,454
2075-2079	1,060
2080-2084	1,002
2085-2089	1,002
2090-2094	1,002
2095-2099	1,002
2100-2104	100
Total	<u>\$ 165,266</u>

Contingent rental revenues under operating leases are based on percentages of lease sales and totaled approximately \$2,111,000 for the year ended June 30, 2019.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

**Capital Leases**

The County has entered into capital lease agreements under which the present value of the minimum lease payments required under the lease is at least 90 percent of the fair value of the assets at the inception of the lease. There were no capital leases in the governmental activities.

The following is a schedule of property leased under capital lease by major class in the business-type activities at June 30, 2019 (in thousands):

	Business-type Activities
Equipment	\$ 37,096
Less: Accumulated amortization	(9,965)
Total net of amortization	<u>\$ 27,131</u>

As of June 30, 2019, capital lease annual amortization in the business-type activities is as follows (in thousands):

Year ending June 30:	Business-type Activities
2020	\$ 7,741
2021	7,739
2022	6,762
2023	1,194
2024	61
Total requirements	23,497
Less: amount representing interest	(979)
Present value of remaining payments	<u>\$ 22,518</u>

**NOTE 9 - LONG-TERM LIABILITIES**

Long-term obligations of the County consist of lease revenue bonds, certificates of participation, revolving credit agreement notes, loans payable, capital leases, compensated absences, and other liabilities. Capitalized lease obligations are described further in Note 8.

Lease revenue bonds (LRBs), certificates of participation (COPs), and revolving credit agreement notes (RCA) are obligations of a joint powers authority, the Ventura County Public Finance Authority (PFA), based on lease agreements and are paid by lease payments from County departments/funds for use of the facilities or equipment constructed or purchased from the debt proceeds.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

Changes in long-term obligations for the year ended June 30, 2019, are as follows:

Type of indebtedness/liabilities	Outstanding July 1, 2018	Additions and Transfers	Reductions and Transfers	Outstanding June 30, 2019	Amount Due Within One Year
<b>Governmental Activities:</b>					
<i>Lease Revenue Bonds:</i>					
Governmental Funds	\$ 29,843	\$ -	\$ 4,024	\$ 25,819	\$ 3,478
Unamortized Premium Governmental Funds	3,504	-	440	3,064	427
Internal Service Funds	5,460	-	946	4,514	975
Unamortized Premium Internal Service Funds	868	-	122	746	122
Total Lease Revenue Bonds	<u>39,675</u>	<u>-</u>	<u>5,532</u>	<u>34,143</u>	<u>5,002</u>
<i>Revolving Credit Agreement Notes from Direct Borrowings:</i>					
Governmental Funds	15,893	8,700	2,140	22,453	3,225
Internal Service Funds	<u>1,990</u>	<u>-</u>	<u>188</u>	<u>1,802</u>	<u>192</u>
Total Revolving Credit Agreement Notes from Direct Borrowings	<u>17,883</u>	<u>8,700</u>	<u>2,328</u>	<u>24,255</u>	<u>3,417</u>
<i>Loans from Direct Borrowings:</i>					
Governmental Funds	<u>8,100</u>	<u>-</u>	<u>291</u>	<u>7,809</u>	<u>296</u>
Total Loans from Direct Borrowings	<u>8,100</u>	<u>-</u>	<u>291</u>	<u>7,809</u>	<u>296</u>
<i>Other Liabilities:</i>					
Compensated Absences Liability	75,745	41,621	41,458	75,908	41,060
Net Pension Liability	619,018	177,919	175,491	621,446	-
Medical Malpractice (General Fund)	670	121	-	791	-
Total Pension Liability (Mgmt. Retiree Health Benefit)	15,079	1,126	1,674	14,531	1,583
Net Other Postemployment Benefits (OPEB) Liability	76,902	9,128	12,752	73,278	-
Total OPEB Liability (Subsidized Retiree Health Plan)	21,584	4,878	1,554	24,908	1,829
Claims Liabilities (General Insurance and Employee Benefit Insurance)	172,268	33,467	31,378	174,357	33,021
Other Long-term Liabilities (Information Technology Services)	-	12,283	-	12,283	381
Total Other Liabilities	<u>981,266</u>	<u>280,543</u>	<u>264,307</u>	<u>997,502</u>	<u>77,874</u>
Total Governmental Activities	<u>\$ 1,046,924</u>	<u>\$ 289,243</u>	<u>\$ 272,458</u>	<u>\$ 1,063,709</u>	<u>\$ 86,589</u>
<b>Business-type Activities:</b>					
<i>Lease Revenue Bonds</i>	\$ 300,722	\$ -	\$ 6,277	\$ 294,445	\$ 6,587
<i>Unamortized Premium</i>	<u>31,105</u>	<u>-</u>	<u>1,911</u>	<u>29,194</u>	<u>1,849</u>
Total Lease Revenue Bonds	<u>331,827</u>	<u>-</u>	<u>8,188</u>	<u>323,639</u>	<u>8,436</u>
<i>Certificates of Participation from Direct Placements</i>	2,741	-	70	2,671	72
<i>Revolving Credit Agreement Notes from Direct Borrowings</i>	3,617	-	572	3,045	583
<i>Loans from Direct Borrowings</i>	4,707	-	245	4,462	249
<i>Capital Lease Obligations from Direct Borrowings</i>	29,006	551	7,039	22,518	7,230
<i>Other Liabilities:</i>					
Compensated Absences Liability	9,923	7,682	6,547	11,058	7,074
Net Pension Liability	76,135	28,483	22,621	81,997	-
Medical Malpractice (Medical Center)	2,346	480	-	2,826	-
Claims Liabilities (Health Care Plan)	9,358	67,662	67,833	9,187	9,187
Other Long-term Liabilities	-	605	-	605	202
Total Other Liabilities	<u>97,762</u>	<u>104,912</u>	<u>97,001</u>	<u>105,673</u>	<u>16,463</u>
Total Business-type Activities	<u>\$ 469,660</u>	<u>\$ 105,463</u>	<u>\$ 113,115</u>	<u>\$ 462,008</u>	<u>\$ 33,033</u>

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**Lease Revenue Bonds**

On March 7, 2013, the PFA issued \$302,060,000 of Lease Revenue Bonds (LRBs Series 2013A) used to finance a new replacement wing of the Ventura County Medical Center, and to retire \$20,656,000 of tax-exempt commercial paper. The bonds were issued for both governmental and business-type activities. Interest is payable semiannually with remaining coupon rates ranging between 4.00 percent and 5.00 percent. The bonds mature serially each year through November 2043. The LRBs Series 2013A outstanding balance at June 30, 2019 was \$272,068,000, excluding unamortized premium.

On December 19, 2013, the PFA issued \$34,100,000 of Lease Revenue Bonds (LRBs Series 2013B) used to prefund the 2003 Certificates of Participations and finance the acquisition of an office building located at 1911 Williams Drive, Oxnard, California. The bonds were issued for governmental activities. Interest is payable semiannually with remaining coupon rates ranging between 4.00 percent and 5.00 percent. The bonds mature serially each year through November 2027. The LRBs Series 2013B outstanding balance at June 30, 2019 was \$19,315,000, excluding unamortized premium.

On July 6, 2016, PFA issued \$40,880,000 of Lease Revenue Refunding Bonds (LRRBs Series 2016A) used to advance refund PFA III COPs. The bonds were issued for both governmental and business-type activities. Interest is payable semiannually with remaining coupon rates ranging between 3.00 percent and 5.00 percent. The bonds mature serially each year through November 2029. The LRRBs Series 2016A outstanding balance at June 30, 2019 was \$33,395,000, excluding unamortized premium.

**Certificate of Participation from Direct Placements**

On December 1, 2013, the PFA entered into a purchase agreement with the Ventura County Waterworks District No. 19 (District) pursuant to which the District sold the Ventura County Waterworks District No. 19 Water Infrastructure Project to the PFA and the PFA entered into an installment sale agreement pursuant to which the PFA agreed to sell the Project to the District in consideration for which the District has agreed to make certain installment payments. The PFA then assigned to the County of Ventura Treasurer-Tax Collector, as Trust Administrator, certain of its rights, title, and interest in and to the installment sale agreement including its right to receive installment payments thereunder.

On January 22, 2014, the United States Department of Agriculture, Rural Development (USDA) agreed to purchase COPs in an aggregate amount not to exceed \$5,000,000 evidencing the right to receive installment payments made to the PFA pursuant to the Installment Sale Agreement dated December 1, 2013, between the PFA and the District. As of June 30, 2019, the United States Department of Agriculture, Rural Development had purchased COPs of \$2,997,000. The COPs were issued for business-type activities.

The installment sale agreement and trust agreement contain certain covenants of the District including but not limited to (i) maintaining the tax-exempt status of the COPs, (ii) maintaining certain insurance coverage, (iii) payment by the District from net revenue of installment payments, required reserve fund and capital replacement fund deposits; and (iv) not incur parity debt unless the District net revenues exceed 1.20 times the installment payments due in any future fiscal year and the maximum annual debt service of the parity debt. Failure by the District to observe and comply with these provisions could result in an event of default and all outstanding principal and interest of the installment sale agreement to become due and payable. The trust agreement contains a subjective acceleration clause that allows

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the USDA to require the district to refinance the certificates, in whole or in part, if it appears to USDA that refinancing is available to the district with reasonable rates and terms.

Interest is payable semiannually at 3.375 percent. The certificates mature serially each year through December 2043. The COPs outstanding balance at June 30, 2019 was \$2,671,000. Provisions of the COPs limit annual debt service payments to net revenues of the District.

**Revolving Credit Agreement Notes from Direct Borrowing**

On February 22, 2018, PFA entered into a revolving credit agreement with Wells Fargo Bank, National Association to issue up to \$51,000,000 of RCA and issued \$23,400,000 to currently refund all outstanding and maturing tax-exempt commercial paper related to governmental and business-type activities. The County may issue additional notes, such that the aggregate principal amount of the notes does not exceed \$51,000,000, for acquisition of or improvements of capital projects. In fiscal year 2019, an additional \$8,700,000 of RCA was issued and used to fund governmental activities related to an upgrade of the Ventura County Human Resources / Payroll System, and the development of the Property Tax Assessment and Collection System software.

The revolving credit agreement contains certain covenants of the County including but not limited to providing annual audited financial statements of the County and the current budget for the County which includes sufficient appropriations for the lease payments, maintaining certain insurance coverage on the properties included under the lease, providing notifications of any new significant debt issued by the County, and notification of any material events that could impact the ability of the County to perform its obligations under the agreement. Failure of the County to comply with the debt covenants could result in an event of default and all principal and accrued interest becoming immediately due and payable.

The RCAs have a variable interest rate calculated monthly as 80 percent of Libor index plus a spread, currently 0.32 percent based on the County's then current credit rating. The RCA outstanding balance at June 30, 2019 was \$27,300,000 with a current interest rate of 2.272 percent and an unused balance of \$23,700,000. The notes mature February 19, 2021 with interest payable monthly. The maturity date and any extended maturity date of the notes may be extended by mutual agreement of the County and lender. The intent is to extend the maturity date of the notes.

**Loans from Direct Borrowings**

On March 21, 2003, the County and the California State Water Resources Control Board (SWRCB) entered a direct borrowing project finance agreement that funded \$1,363,000 for an upgrade to the Camarillo Airport Wastewater Collection System. The financing agreement was issued for business-type activities. The district has pledged net revenues to repay the financing agreement. Principal and interest at 2.40 percent are payable annually through June 2023 and are payable solely from the net revenues of the Camarillo Utility Enterprise Sanitation fund. The total principal and interest remaining to be paid on the finance agreement at June 30, 2019 was \$343,000, including a \$332,000 principal balance. Principal and interest paid for the current year and total district net revenues were \$88,000 and \$22,000 respectively. Available prior year net revenues from the district fund balance was used to cover the difference between current year net revenues and principal and interest paid in the current year.

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On June 9, 2008, the County and the SWRCB entered a direct borrowing project finance agreement, subsequently amended, that funded \$6,599,000 towards phase 5A of the El Rio Sewer System project. The financing agreement was issued for governmental activities. The purchase agreement contains a covenant to establish a connection fee reserve fund and pledges all service connection fees collected by the County Service Area 34 be deposited in the reserve fund to be used to pay the financing agreement installment payments, with excess moneys held in the reserve to pay future installments. Principal and interest at 2.60 percent are payable annually through June 2040 and are payable from the reserve fund. The total principal and interest remaining to be paid on the finance agreement at June 30, 2019 is \$6,797,000, including a \$5,189,000 principal balance. Principal and interest paid for the current year and service connection fees were \$324,000 and \$429,000 respectively. The reserve fund balance for future installment payments of the finance agreement at June 30, 2019 was \$1,400,000.

On June 3, 2009, the County of Ventura Waterworks District 16 and the SWRCB entered a direct borrowing project finance agreement that funded \$5,399,000 towards an upgrade and expansion of the Piru wastewater treatment plant. The loan was issued for business type-type activities. The District has pledged net revenues to repay the financing agreement. Principal and interest at 1.00 percent are payable annually through July 2040 and are payable solely from the District's net revenues. The total principal and interest remaining to be paid on the finance agreement at June 30, 2019 was \$4,621,000, including a \$4,130,000 principal balance. Principal and interest paid for the current year and total district net revenues were \$210,000 and \$704,000 respectively.

On September 30, 2009, the County and the SWRCB entered a direct borrowing project finance agreement, subsequently amended, that funded \$3,463,000 towards phases 5B, 5C and 5D of the El Rio Sewer System project. The loan was issued for governmental activities. The County Service Area 34 (CSA 34) has pledged net revenues to repay the financing agreement. Principal and interest at 1.0 percent are payable annually through June 2041 and are payable solely from the CSA 34's net revenues. The total principal and interest remaining to be paid on the finance agreement at June 30, 2019 was \$2,933,000, including a \$2,620,000 principal balance. Principal and interest paid for the current year and total net revenues were \$133,000 and \$246,000 respectively. The purchase agreement also contains a provision that requires the County to maintain a reserve fund equal to one year's debt service for the term of the financing. The reserve balance at June 30, 2019 was \$133,000.

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Debt service requirements at June 30, 2019 are as follows:

<b>Governmental Activities</b>									
Year Ending June 30:	Lease Revenue		Revolving Credit		Loans from				
	Bonds		Agreement Notes from		Direct Borrowings				
	Principal	Interest	Principal	Interest	Principal	Interest			
2020	\$ 4,453	\$ 1,381	\$ 3,417	\$ 551	\$ 296	\$ 161			
2021	3,580	1,180	20,838	304	300	155			
2022	3,514	1,003	-	-	308	149			
2023	3,576	826	-	-	314	143			
2024	3,733	643	-	-	321	136			
2025-2029	11,477	988	-	-	1,705	580			
2030-2034	-	-	-	-	1,889	396			
2035-2039	-	-	-	-	2,097	189			
2040-2044	-	-	-	-	579	12			
Total requirements	30,333	\$ 6,021	\$ 24,255	\$ 855	\$ 7,809	\$ 1,921			
Unamortized bond premium	3,810								
Total	\$ 34,143								

<b>Business-Type Activities</b>									
Year Ending June 30:	Lease Revenue		Certificates of		Revolving Credit				
	Bonds		Participation from		Agreement Notes from				
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 6,587	\$ 13,841	\$ 72	\$ 89	\$ 583	\$ 69	\$ 249	\$ 46	
2021	6,975	13,502	74	86	2,462	36	252	43	
2022	7,571	13,138	77	84	-	-	256	40	
2023	8,074	12,747	79	81	-	-	260	37	
2024	8,502	12,333	82	79	-	-	175	34	
2025-2029	53,371	54,305	455	349	-	-	906	145	
2030-2034	54,815	41,146	536	265	-	-	950	100	
2035-2039	65,530	27,122	632	168	-	-	1,000	50	
2040-2044	83,020	9,634	664	51	-	-	414	7	
Total requirements	294,445	\$ 197,768	\$ 2,671	\$ 1,252	\$ 3,045	\$ 105	\$ 4,462	\$ 502	
Unamortized bond premium	29,194								
Total	\$ 323,639								

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**Other Liabilities**

Other liabilities include compensated absences, the net pension liability, the liability for medical malpractice insurance claims incurred but not reported (tail coverage) for General Fund health departments and the Medical Center, the total pension liability relating to the Management Retiree Health Benefit, the net other postemployment benefits (OPEB) obligation, the total OPEB liability for the subsidized retiree health plan, claims liabilities relating to the self-insurance of certain risks in the General Insurance and Employee Benefit Insurance Internal Service Funds, and the Health Care Plan. Governmental activities other liabilities are typically liquidated in the General Fund, and certain special revenue funds and internal service funds.

**Legal Debt Limit**

The County's legal annual debt limit as of June 30, 2019, is approximately \$1,738,637,000. The County's legal debt limit is set by statute at 1.25 percent of total assessed valuation. The general obligation bonded debt per capita is \$0.00.

**Prior Year Defeasance of Long-Term Debt**

On July 6, 2016, the County defeased the 2009 Certificates of Participation (2009 COPs) by placing proceeds of the refunding bonds along with the monies from the original issue in an irrevocable trust to provide for all future debt service payments on the 2009 COPs. Accordingly, the trust account assets and the liabilities for the defeased obligations are not included in the County's financial statements. At June 30, 2019, \$43,360,000 of the 2009 COPs were defeased and remain outstanding.

**Arbitrage**

The Internal Revenue Code of 1986, Sections 103 and 141 through 150, restricts the amount of interest earnings an issuer of tax-exempt issuances can earn on the proceeds. The interest earnings rate cannot exceed the yield on the tax-exempt debt.

Management believes that as of June 30, 2019, there is no arbitrage liability. The activities of tax-exempt debt issues will continue to be monitored and appropriate analysis made to determine any future obligations.



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**NOTE 10 - SERVICE CONCESSION ARRANGEMENTS (SCA)**

The County has determined that the following arrangements meet the criteria set forth in GASB Statement No. 60 (GASB 60), where the County is the transferor and therefore included these SCA's in the County's financial statements.

**Rustic Canyon Golf Course**

Effective May 1, 2001, the County entered into a 50-year lease agreement (having options for two successive 10-year extensions) with Happy Camp Canyon, LLC (Happy Camp), under which Happy Camp will develop, operate, and maintain a regulation, high quality, fully public 18-hole golf course, clubhouse, pro shop, food and beverage facility, cart storage structure(s), maintenance equipment storage structure(s), and supporting infrastructures. Happy Camp will invest a minimum of \$5,000,000 in real property improvements. Rates and charges to patrons shall be reasonable, competitive, and comparable to rates and charges at other comparable public golf courses in Ventura and Los Angeles Counties. The County has approval rights over the rules and regulations schedule, the operating schedule, and the prices. The agreement provides for base minimum rents which are considered installment payments under GASB 60 and percentage rents which are not. Minimum base rent terms are: Year 1, \$60,000; Year 2, \$130,000; Years 3-5, \$250,000 (less \$125,000 water credit); and Years 6-50, minimum annual rent is adjusted every 5 years to an amount equal to 80 percent of the average of the total yearly rent (minimum rent and percentage rent) for the previous 5 years, provided it shall not be less than \$250,000 per year adjusted by the Consumer Price Index; less \$125,000 water credit. It is reasonable to assume that those conditions will be met during the term of the agreement, therefore reductions to the base minimum rent installment payments have been made accordingly. At the end of the lease, all lessee owned improvements, except personal property, shall remain on the property and thereafter be owned by the County.

**Steckel Park – Ventura Ranch KOA**

Effective October 1, 2009, the County entered into a 14-year, 9 month lease agreement with Ventura Ranch Resort, LLC (Ventura Ranch KOA) (having one option for an additional 15 years, and two additional 10-year options, each contingent on the lessee's completion of additional capital improvements), under which Ventura Ranch KOA will improve, operate, and maintain the Steckel Recreation Vehicle Campground. The first investment commitment of \$1,000,000, which triggers GASB 60, will extend the lease term of 15 years to June 30, 2039, and is presumed to be exercised. Ventura Ranch KOA may use a rate management system that is commonly accepted and applies hospitality industry experience and practices and accounts for market conditions, capital expenditure, available amenities, and level of service. The County has approval rights over the rules and regulations schedule and the operating schedule. The agreement provides for base minimum rents which are considered installment payments under GASB 60 and percentage rents which are not. Minimum base rent terms are: Years 1-5, \$45,000, and Years 6 through the end of the term, minimum annual rent is adjusted every 5 years to an amount equal to 80 percent of the average of the total yearly rent (minimum rent and percentage rent) for the previous 5 years. At the end of the lease, all lessee owned improvements, except personal property, shall remain on the property and thereafter be owned by the County.

In December 2017, Ventura County experienced the devastating Thomas Fire. The fire began adjacent to the Ventura Ranch KOA Resort which suffered severe damage and loss of assets resulting in the disposition and impairment of assets valued at \$809,018. These losses were recognized as a reduction to the General Services Agency Parks Department capital assets for this location in fiscal year 2017-18. Additionally, lease rent was only partially paid for fiscal years 2017-18 and 2018-19 while a partial rent abatement is under consideration. This triggered a reassessment of the deferred inflow of resources and net present value of the installment payments over the life of the agreement. These adjustments were recognized in fiscal years 2017-18 and 2018-19.

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Capital asset balances and related accumulated depreciation for each SCA for the year ended June 30, 2019 are as follows (in thousands):

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Rustic Canyon Golf Course:</b>				
Capital assets, depreciable/amortizable:				
Land improvements	\$ 6,321	\$ -	\$ -	\$ 6,321
Structures and improvements	1,724	-	-	1,724
Total capital assets, depreciable/amortizable	8,045	-	-	8,045
Less accumulated depreciation/amortization for:				
Land improvements	6,322	-	-	6,322
Structures and improvements	862	57	-	919
Total accumulated depreciation/amortization	7,184	57	-	7,241
Total capital assets, depreciable/amortizable, net	861	(57)	-	804
<b>Steckel Park - Ventura Ranch KOA:</b>				
Capital assets, depreciable/amortizable:				
Land improvements	663	-	-	663
Structures and improvements	337	-	-	337
Total capital assets, depreciable/amortizable	1,000	-	-	1,000
Less accumulated depreciation/amortization for:				
Land improvements	319	41	-	360
Structures and improvements	205	20	-	225
Total accumulated depreciation/amortization	524	61	-	585
Total capital assets, depreciable/amortizable, net	476	(61)	-	415
SCA capital assets, net	\$ 1,337	\$ (118)	\$ -	\$ 1,219

The deferred inflows of resources activity for each SCA for the year ended June 30, 2019 are as follows (in thousands):

	Balance July 1, 2018	Additions	Deletions/ Amortization	Balance June 30, 2019
<b>Present Value of Installment Payments (1)</b>				
Rustic Canyon Golf Course	\$ 2,445	\$ -	\$ 199	\$ 2,246
Steckel Park - Ventura Ranch KOA	433	-	42	391
Sub-total Present Value of Installment Payments	2,878	-	241	2,637
<b>SCA Capital Assets (2)</b>				
Rustic Canyon Golf Course	5,521	-	168	5,353
Steckel Park - Ventura Ranch KOA	744	-	35	709
Sub-total SCA Capital Assets	6,265	-	203	6,062
Total deferred inflows	\$ 9,143	\$ -	\$ 444	\$ 8,699

(1) The installment payments' present values are calculated using a discount rate of 8.39 percent for Ventura Ranch KOA and 7.80 percent for Rustic Canyon Golf Course, with deferred inflows recognized in accordance with the amortization schedules.

(2) Amortization calculated using straight-line method for the term of agreement for each SCA.

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**NOTE 11 - NET POSITION/FUND BALANCES**

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- *Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation, the outstanding balances of debt, and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted* – This category reflects the component of net position that is subject to constraints either by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2019, restricted net position for governmental activities totaled \$401,890,000, of which \$381,176,000, was restricted by enabling legislation.
- *Unrestricted* – This category represents the net position of the County not restricted for any project or other purpose. Outstanding liabilities and deferred inflows of resources that are attributable to this component reduce the balance of this category.

**Fund Statement - Fund Balances**

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

*Nonspendable fund balance* - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories or prepaid amounts, and may also include the long-term receivables.

*Restricted fund balance* - includes amounts with constraints on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – includes amounts that can only be used for the specific purposes determined by the highest form of decision-making authority, an Ordinance, of the highest level of decision-making authority, the County Board of Supervisors (Board). Commitments may be changed only by the County taking the same formal action, amending or repealing the ordinance that originally imposed the constraint.

*Assigned fund balance* – includes amounts that are constrained by the County’s intent to be used for specific purposes. The intent can be expressed by either the highest level of decision making, the Board, or by a body or an official to which the Board has delegated the authority. The Board establishes and modifies assignments of fund balance through the adoption of the budget and subsequent budget amendments.

*Unassigned fund balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes.

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At June 30, 2019, fund balance for governmental funds is made up of the following (in thousands):

<b>Fund Balances</b>	General Fund	Roads	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Total
<b>Nonspendable:</b>						
Inventory and prepaid amounts	\$ 868	\$ -	\$ -	\$ 1,649	\$ 62	\$ 2,579
Long term loans and notes receivable	129,711	-	-	-	-	129,711
Permanent fund principal	-	-	-	-	1,133	1,133
<b>Total Nonspendable</b>	<b>130,579</b>	<b>-</b>	<b>-</b>	<b>1,649</b>	<b>1,195</b>	<b>133,423</b>
<b>Restricted for:</b>						
Teeter tax loss reserve	8,283	-	-	-	-	8,283
Law enforcement programs and capital projects	53,307	-	-	-	2,915	56,222
District attorney programs and services	9,133	-	-	-	-	9,133
Automation improvements	16,065	-	-	-	-	16,065
Health care programs	7,461	-	-	-	-	7,461
Behavioral health programs	17,754	-	-	-	-	17,754
Public assistance programs	26,986	-	-	-	249	27,235
Roads administration, maintenance, and projects	-	19,813	-	-	-	19,813
Watershed protection	-	-	70,991	-	-	70,991
Fire protection	-	-	-	88,706	-	88,706
County service areas	-	-	-	-	4,046	4,046
Mental Health Services Act (MHSA)	-	-	-	-	49,659	49,659
MHSA prudent reserve	-	-	-	-	8,571	8,571
Special assessment debt	-	-	-	-	1,525	1,525
Education	-	-	-	-	1,420	1,420
Recreation	-	-	-	-	71	71
Debt service	-	-	-	-	3,594	3,594
Capital projects	-	-	-	-	4,490	4,490
Other governmental purposes	2,720	-	-	-	-	2,720
<b>Total Restricted</b>	<b>141,709</b>	<b>19,813</b>	<b>70,991</b>	<b>88,706</b>	<b>76,540</b>	<b>397,759</b>
<b>Committed to:</b>						
Waste management	5,973	-	-	-	-	5,973
Roads administration, maintenance, and projects	-	329	-	-	-	329
Traffic impact mitigation fees	-	16,571	-	-	-	16,571
Watershed protection	-	-	381	-	-	381
Facility ordinance fees	-	-	-	4,982	-	4,982
Capital projects	-	-	-	-	153	153
County service areas	-	-	-	-	3,349	3,349
Education	-	-	-	-	196	196
Other governmental purposes	127	-	-	-	-	127
<b>Total Committed</b>	<b>6,100</b>	<b>16,900</b>	<b>381</b>	<b>4,982</b>	<b>3,698</b>	<b>32,061</b>
<b>Assigned to:</b>						
Purchase contracts	30,172	-	-	-	-	30,172
Fixed asset acquisitions	4,985	-	-	-	-	4,985
Stormwater management	2,266	-	-	-	-	2,266
Public assistance programs	222	-	-	-	-	222
Attrition and program mitigation	72,606	-	-	-	-	72,606
Audit disallowances	1,000	-	-	-	-	1,000
Law enforcement programs	1,398	-	-	-	-	1,398
Roads administration, maintenance, and projects	-	1,236	-	-	-	1,236
Watershed protection	-	-	1,451	-	-	1,451
County service areas	-	-	-	-	101	101
Education	-	-	-	-	3,900	3,900
Other governmental purposes	877	-	-	-	-	877
<b>Total Assigned</b>	<b>113,526</b>	<b>1,236</b>	<b>1,451</b>	<b>-</b>	<b>4,001</b>	<b>120,214</b>
<b>Unassigned</b>	<b>100,899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,899</b>
<b>Total fund balances</b>	<b>\$ 492,813</b>	<b>\$ 37,949</b>	<b>\$ 72,823</b>	<b>\$ 95,337</b>	<b>\$ 85,434</b>	<b>\$ 784,356</b>

When restricted and unrestricted (committed, assigned, or unassigned) resources are available, restricted resources are generally considered to be used first, followed by committed, assigned and unassigned resources as they are needed.

COUNTY OF VENTURA  
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**NOTE 12 - MEDICARE AND MEDI-CAL PROGRAMS**

The Medical Center provides services to eligible patients under Medi-Cal and Medicare programs. For the fiscal year ended June 30, 2019, the Medi-Cal and Medicare programs represented approximately 68 percent of the Medical Center's net revenue.

Medi-Cal inpatient services are reimbursed through the guidelines and methodology covered under California's Medi-Cal 2020 Waiver. The interim hospital per diem rates were computed based on the hospital's cost report data, supplemental worksheets, and supporting documentation that were designed by the Department of Health Care Services and are subject to reconciliation based on the filed and reconciled Medi-Cal 2552-96 cost report. Medi-Cal outpatient services are reimbursed under a schedule of maximum allowances and additional supplemental funding through AB915 for uncompensated costs. Outpatient services at the Federally Qualified Health Centers clinics are reimbursed based on a Medi-Cal Prospective Payment System (PPS) rate. Medical Managed Care (Gold Coast Health Plan) inpatient services are reimbursed at per diem rates, outpatient primary care services are reimbursed on a capitated basis, and outpatient specialty services are reimbursed based on the Medi-Cal fee schedule.

Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Medicare outpatient services and certain defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2016 for Medicare and June 30, 2017 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amounts can be determined.

In addition, for the Medicare and Medi-Cal programs, the Medical Center has established liability reserves in the aggregate amount of \$99,523,000, for settlement included in the line item "Accrued Liabilities" for cost report settlement reserves covering the period from fiscal year 2005-06 through fiscal year 2018-19. In accordance with the California Medi-Cal 2020 Waiver, the Medical Center receives an interim per diem payment in Medi-Cal revenue under Fee-for-Service program (FFS), Public Hospital Redesign and Incentive in Medi-Cal program (PRIME) a Medi-Cal incentive program aimed for improvement activities for specific delivery system for the hospitals, and a Global Payment Program (GPP) to provide support for the delivery of more cost effective and higher value care for indigent, uninsured individuals. In addition, it also includes a Whole Person Care Pilot (WPC), a competitive grant awarded to the Medical Center effective 2016 to improve and coordinate care for health, behavioral health, and social services, for the high risk population through more efficient and effective use of resources. For the fiscal year ended June 30, 2019, the Medical Center has recorded \$44,748,000 of PRIME revenue, \$18,705,000 of GPP revenue, and \$7,131,000 of WPC revenue. Medicare revenue represented 16 percent and Medi-Cal revenue represented 52 percent of the net revenue.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**NOTE 13 - PENSION PLANS**

Ventura County participates in the VCERA and SRP which are subject to GASB Statement No. 68. Ventura County also participates in Management Retiree Health Benefits Program which is subject to GASB Statement No. 73. A summary of the pension amounts for the County's plans at June 30, 2019 is as follows (in thousands):

	VCERA	SRP	Management Retiree Health Benefits Program	Total
Total pension liability	\$ 5,890,602	\$ 31,518	\$ 14,531	\$ 5,936,651
Net pension assets	5,192,530	26,147	-	5,218,677
Net pension liability	698,072	5,371	14,531	717,974
Deferred outflows related to pensions	367,586	1,483	2,007	371,076
Deferred inflows related to pensions	116,436	-	115	116,551
Pension expense	119,226	1,823	1,744	122,793

**VCERA**

*Plan Description*

The County has a contributory defined benefit plan (Plan) established pursuant to Government Code Sections 31450 through 31899 and administered by the VCERA. VCERA operates a cost-sharing, multiple-employer system with substantially all member employers included in the County's governmental reporting entity. Covered employees include those from Courts, Air Pollution Control District and other smaller special districts. Membership in the VCERA is mandatory for permanent employees who work a regular schedule of 64 hours or more per biweekly pay period.

VCERA is governed by the Board of Retirement. The Plan's benefit provisions and contribution requirements are established and may be amended by state law and resolutions and ordinances adopted by the Board of Retirement and Board of Supervisors. VCERA issues an independently audited Comprehensive Annual Financial Report. A copy of this report can be obtained by contacting the Retirement Association at 1190 South Victoria Avenue, Suite 200, Ventura, CA, 93003.

Plan members are classified as either General or Safety. Safety membership includes those involved in active law enforcement, fire suppression, and probation. Members are classified in tiers as follows:

Closed to New Enrollment:

<i>General Tier 1</i>	All general members with membership dates before June 30, 1979, plus Deputy Sheriff trainees and certain executive management with membership dates before January 1, 2013.
<i>General Tier 2</i>	All general members with membership dates on or after June 30, 1979 and before January 1, 2013, except as noted above for General Tier 1.
<i>Safety</i>	All safety members with membership dates before January 1, 2013.

Open to New Enrollment:

<i>PEPRA General Tier 1</i>	Deputy Sheriff trainees and certain executive management with membership dates on or after January 1, 2013.
<i>PEPRA General Tier 2</i>	All general members with membership dates on or after January 1, 2013, except as noted above for PEPRA General Tier 1.
<i>PEPRA Safety</i>	All safety members with membership dates on or after January 1, 2013.



COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

*Retirement Benefits*

VCERA provides retirement, disability, death, and survivor benefits to its members and qualified beneficiaries. A General or Safety member with 10 or more years of County service is entitled to an annual retirement allowance beginning at age 50. General members with 30 or more years of service and Safety members with 20 or more years of service may begin receiving a retirement allowance regardless of age. PEPRA members are eligible to retire with 5 or more years of service beginning at age 52 for general members and at age 50 for safety members. The basic retirement allowance is based upon the member's age, years of retirement service credit, and final average compensation. The tiers and benefit formulas are as follows:

Tier:	Benefit Formula
General Tier 1	2% @ 58.5
General Tier 2	2% @ 61
Safety Tier 1	2% @ 50
PEPRA General	2.5% @ 67
PEPRA Safety	2.7% @ 57

Employees terminating before accruing 5 years of retirement service credit (5-year vesting) forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning 5 years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. In addition, certain death, disability, and supplemental benefits are provided to eligible employees. Cost of living adjustments of up to three percent per annum are made for all Safety and Tier 1 employees. Certain General Tier 2 members also receive a fixed two percent cost of living adjustment on eligible SEIU service.

*Contributions*

The County of Ventura and contracting districts contribute to VCERA based upon actuarially determined contribution rates adopted by the Board of Retirement. Members are required to make contributions to VCERA regardless of the retirement plan or tier in which they are included. Employer contribution rates are adopted annually based upon recommendations received from VCERA's actuary after the completion of the annual actuarial valuation. Employer contributions to VCERA from the County were \$191,788,000 for the year ended June 30, 2019. Contribution rates, based on pensionable payroll, are as follows:

	Employer Contribution Rates	Employee Contribution Rates
General Tier 1	24.70%	10.33%
General PEPRA Tier 1	N/A	N/A
General Tier 2	16.09%	7.03%
General PEPRA Tier 2	16.12%	7.06%
General Tier 2C*	20.84%	9.66%
General PEPRA Tier 2C*	20.83%	9.69%
Safety	54.60%	13.94%
Safety PEPRA	52.19%	14.09%

\*2C (with COLA)

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

*Pension Liabilities, Pension Expenses, and Deferred Outflow of Resources  
and Deferred Inflows of Resources Related to Pensions*

At June 30, 2019, the County reported a liability of \$698,072,000 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2018. The Plan's fiduciary net position was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from the actuarial valuation as of June 30, 2017. The County's proportion of the NPL was based on the ratio of the County's compensation by tier to the total compensation for the tier. This ratio was then applied to the NPL for the tier. The County's NPL is the sum of the NPL for each tier. At June 30, 2018, the County's proportion was 96.221 percent, which was a decrease of 0.557 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$119,226,000. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in TPL	\$ 20,896	\$ 73,874
Changes in assumptions	153,628	-
Net excess of projected over actual earnings on Pension Plan investments	-	39,574
Changes in proportion and differences between County Contributions and proportionate share of contributions	1,274	2,988
County contributions subsequent to the measurement date	191,788	-
Total	<u>\$ 367,586</u>	<u>\$ 116,436</u>

\$191,788,000 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30,	Amount
2020	\$ 75,833
2021	11,649
2022	(48,513)
2023	7,598
2024	<u>12,795</u>
Total	<u>\$ 59,362</u>



COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

*Actuarial Assumptions*

The TPL was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

	Assumptions
• Rate of return on investment	7.25%
• Projected salary increases	3.75% - 11.75%
Amount attributable to inflation	2.75%
Amount attributable to merit and longevity	0.50% - 8.50%
Amount attributable to real "across the board"	0.50%
• Annual cost of living increases after retirement (Tier 1 and Safety members - contingent upon CPI increases, 3% maximum. Tier 2 SEIU members - fixed 2% not subject to CPI increases, for service after March 2003.)	0.00% - 3.00%
• Mortality	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table

The actuarial assumptions used in the June 30, 2017 valuation, were updated as of the measurement date and rolled forward to June 30, 2018, based on the results of the July 1, 2014 through June 30, 2017 Actuarial Experience Study report dated May 24, 2018.

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 inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	27.04 %	5.32 %
Small Cap U.S. Equity	4.48 %	6.07 %
Developed International Equity	17.32 %	6.68 %
Emerging Market Equity	4.16 %	8.87 %
Core Bonds	9.00 %	1.04 %
Real Estate	8.00 %	4.65 %
Master Limited Partnerships	4.00 %	6.31 %
Absolute Return (Fixed Income)	7.00 %	1.71 %
Private Debt/Credit Strategies	3.00 %	5.50 %
Absolute Return (Risk Parity)	6.00 %	4.63 %
Private Equity	10.00 %	8.97 %
Total	100.00 %	

*Discount Rate*

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, VCERA's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

*Sensitivity of the County's Proportionate Share of the Net Pension Liability to changes in the discount rate*

The following table presents the County's proportionate share of the NPL calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate (in thousands):

	1% Decrease (6.25 %)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability	\$ 1,505,244	\$ 698,072	\$ 32,750

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued VCERA financial report.

**Supplemental Retirement Plan**

*Plan Description*

The SRP is a single-employer contributory defined benefit pension plan governed by the Board of Supervisors and provisions of Internal Revenue Code Section 401. The SRP was adopted on January 1, 1992, and amended on the following dates: August 31, 1993, December 1, 2000, June 8, 2004, May 17, 2005, July 10, 2007, December 14, 2010, and May 15, 2012. The County Board of Supervisors governs the plan and has the authority to amend the benefit provisions and contribution requirements of the SRP. There is no separate report issued by the plan. SRP is comprised of three parts as follows:

- Part B - Safe Harbor. This plan was adopted on January 1, 1992, and provides benefits to County employees whose employment with the County does not otherwise entitle them to retirement benefits under the County's 1937 Act Retirement Plan or the Social Security Act and is in compliance with the Omnibus Budget Reconciliation Act of 1990. Eligible employees are vested upon enrollment.
- Part C - Early Retirement Incentive. This plan was adopted effective on January 1, 1992, and provides early retirement benefits to County employees pursuant to periodic early retirement incentive programs adopted by the County and is a tax qualified pension plan under Internal Revenue Code Section 401(a).
- Part D - Elected Department Head. This plan was adopted by the Board of Supervisors effective on December 1, 2000, and provides a supplemental retirement benefit to the County's elected department heads for retirement parity with appointed agency/department heads. The plan was amended on June 8, 2004, limiting eligible participants to those employees in an elected department head position between December 1, 2000, and June 8, 2004.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

The following disclosures are related to the plan reporting requirements of GASB Statement No. 67, and use a measurement date of June 30, 2019:

*Plan Membership*

Plan participants at June 30, 2019, were as follows:

<u>Participant Classification</u>	<u>Number of Participants</u>
Retirees and beneficiaries currently receiving benefits:	
Supplemental retirement participants (Safe Harbor)	494
Early retirement participants (Early Retirement Incentive Plan)	27
Elected department head participants	7
Current employee participants:	
Supplemental retirement participants (Safe Harbor)	413
Elected department head participants	2
Terminated participants not yet receiving benefits:	
Supplemental retirement participants (Safe Harbor)	10,451
Total	<u><u>11,394</u></u>

*Benefits*

- Part B - Safe Harbor. The participant's monthly benefit or lump sum benefit is based on the total amount of compensation for the period of the participant's benefit accrual service for the last 30 years of participation. The participant is entitled to the benefit at the later of age 65 or the termination of employment. The benefit will be payable as a single life annuity or, if the actuarial present value of the accrued benefit is not more than \$5,000, a one-time lump sum amount will be paid in lieu of the monthly benefit. If the participant dies before retirement benefits begin, the participant's beneficiary will be entitled to receive a lump-sum death benefit payment. In May 2005, the plan was amended to allow participants to receive an actuarially reduced benefit beginning at age 50, if terminated from County employment. Also in May 2005, the plan was amended to allow participants, upon retirement, to elect a joint and survivor annuity option in which the annuity benefit will continue to the surviving spouse upon the death of the retiree.
- Part C - Early Retirement Incentive. The benefit is a monthly retirement benefit payable to the participant for life. Upon the death of the participant, the monthly retirement benefit shall be paid to the participant's surviving spouse, if any, for life.
- Part D - Elected Department Head. The benefit is a supplemental monthly retirement benefit payable to the participant for life. Upon the death of the participant, the monthly retirement benefit shall be paid to the surviving spouse for life, depending on the retirement payment option selected.

*Contributions*

The funding policy provides for periodic employer and employee contributions at actuarially determined rates expressed as percentages of annual covered payroll that are sufficient to accumulate the required assets to pay benefits when due.

- Part B - Safe Harbor. Each participant contributes three percent of compensation to the plan on a pre-tax basis. Employee contributions cease upon attainment of 30 years of Benefit Accrual Service.
- Part C - Early Retirement Incentive. This benefit is funded solely by employer contributions.
- Part D - Elected Department Heads. This benefit is funded solely by employer contributions.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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The actuarially determined contribution rate/contributions for the County for the fiscal year ending June 30, 2019, was \$1,183,000, or 10.33 percent for Part B, \$66,000 for Part C, and \$129,000 for Part D.

*Investment Policy*

The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Board of Supervisors by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that emphasizes safety, diversification and yield and follows the "prudent investor rule". Fair value calculations are based on market values provided by the Plan's investment custodian. The following was the Board's adopted asset allocation policy as of June 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	60 %
Fixed Income	39 %
Cash	1 %
Total	<u>100 %</u>

As of June 30, 2019, the Plan held the following investments that represent 5 percent or more of the plans fiduciary net position:

<u>Investment</u>	<u>Percentage of Fiduciary Net Position</u>
Wells Fargo Core Bond CIT F	11 %
Wells Fargo/Blackrock Large Cap Value Index CIT F	16 %
Wells Fargo/Blackrock Large Cap Growth Index CIT F	16 %
Wells Fargo/Blackrock U.S. Aggregate Bond Index CIT F	11 %
Wells Fargo/Blackrock International Equity Index CIT F	12 %
Wells Fargo/Blackrock S&P Mid Cap Index CIT F	7 %
Wells Fargo/Dodge & Cox Intermediate Bond CIT F	10 %

*Rate of Return*

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.11 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Net Pension Liability*

The components of the NPL at June 30, 2019, were as follows (in thousands):

Total pension liability	\$ 32,023
Plan fiduciary net position	<u>(27,838)</u>
County's net pension liability	<u>\$ 4,185</u>
 Plan fiduciary net position as a percentage of the total pension liability	 86.9 %

The actuarial liabilities and assets are valued as of June 30, 2019.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

*Actuarial Assumptions*

The TPL was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Assumptions</u>
• Actuarial cost method	Entry age normal for Parts B and D, not applicable for Part C
• Amortization method	Level Dollar
• Remaining amortization period	6-15 years for Part B, 1 year for Part C, 6 years for Part D, closed
• Rate of return on investment	7.25% net of expense
• Payroll Growth	3.00% for Part B and D, not applicable for Part C
• Projected salary increases	4.00% for Part B and D; not applicable for Part C
Amount attributable to inflation	2.75% for Parts B , C and D
• Annual cost of living increases after retirement	3.00% for Part D; none for Parts B and C
• Mortality	Headcount-Weighted RP-2014 Employee Mortality Table for Parts B & D and Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table for Parts B, C and D

An experience study has not been conducted for the SRP. However, the County participates in VCERA and utilizes the assumptions used by VCERA where appropriate and reasonable. The VCERA experience study used was conducted in 2018 for the period of July 1, 2014 through June 30, 2017. Based on the experience study, the assumption used in the actuarial valuation changed from Level Percentage of Pay to Level Dollar for the amortization method.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	60.00 %	5.30 %
Fixed income	39.00 %	0.70 %
Cash	1.00 %	- %
Total	<u>100.00 %</u>	

*Discount Rate*

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with the SRP Funding Policy. Based on that assumption, the pension plan's fiduciary net position was projected to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, the 7.25 percent assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

*Sensitivity of the Net Pension Liability to changes in the discount rate*

The following table presents the NPL of the Plan, calculated using the discount rate of 7.25 percent, as well as what the Plan's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate (in thousands):

	1% Decrease (6.25 %)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Plan's net pension liability	\$ 9,066	\$ 4,185	\$ 310

The following disclosures are related to the employer reporting requirements of GASB Statement No. 68, and use a measurement date of June 30, 2018:

*Employees covered by benefit terms*

Plan participants at June 30, 2018, were as follows:

<u>Participant Classification</u>	<u>Number of Participants</u>
Retirees and beneficiaries currently receiving benefits:	
Supplemental retirement participants (Safe Harbor)	458
Early retirement participants (Early Retirement Incentive Plan)	29
Elected department head participants	7
Current employee participants:	
Supplemental retirement participants (Safe Harbor)	506
Elected department head participants	2
Terminated participants not yet receiving benefits:	
Supplemental retirement participants (Safe Harbor)	10,223
Total	<u>11,225</u>

*Contributions*

The required contributions were determined as part of the June 30, 2018 actuarial valuation. The actuarially determined contributions for the fiscal year ending June 30, 2018, were \$1,279,000 for the employer and \$381,000 for employees for Part B, \$63,000 for Part C, and \$155,000 for Part D.

*Net Pension Liability*

The County's NPL was measured as of June 30, 2018, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

The TPL was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Assumptions</u>
• Actuarial cost method	Entry age normal for Parts B and D, not applicable for Part C
• Amortization method	Level Dollar
• Remaining amortization period	7-15 years for Part B, 2 years for Part C, 7 years for Part D, closed
• Rate of return on investment	7.25% net of expense
• Payroll Growth	3.00% for Parts B and D, not applicable for Part C
• Projected salary increases	4.00% for Parts B and D; not applicable for Part C
Amount attributable to inflation	2.75% for Parts B, C and D
• Annual cost of living increases after retirement	3.00% for Part D; none for Parts B and C
• Mortality	Headcount-Weighted RP-2014 Employee Mortality Table for Parts B & D and Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table for Parts B, C and D

COUNTY OF VENTURA  
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(Continued)

An experience study has not been conducted for the SRP. However, the County participates in VCERA and utilizes the assumptions used by VCERA where appropriate and reasonable. The VCERA experience study used was conducted in 2018 for the period of July 1, 2014 through June 30, 2017. Based on the experience study, the assumption used in the actuarial valuation changed from 7.50 percent to 7.25 percent for the discount rate and from 3.00 percent to 2.75 percent for the inflation rate. Also changed is the mortality table used which changed from the RP-2000 Combined Healthy Mortality Table to the Headcount-Weighted RP-2014 Employee Mortality Table for early retirement and Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table for post-retirement.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00 %	5.30 %
Fixed income	39.00 %	0.70 %
Cash	1.00 %	- %
Total	100.00 %	

*Discount Rate*

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with the SRP Funding Policy. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

*Changes in Net Pension Liability*

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2018 <i>for measurement date of June 30, 2017</i>	\$ 28,990	\$ 24,031	\$ 4,959
Changes for the year:			
Service Cost	644	-	644
Interest	2,130	-	2,130
Difference between expected and actual experience	(480)	-	(480)
Changes of assumptions	1,415	-	1,415
Contributions - employer	-	1,497	(1,497)
Contributions - employee	-	381	(381)
Net investment income	-	1,751	(1,751)
Benefit payments, including refunds of employee contributions	(1,181)	(1,181)	-
Administrative expense	-	(332)	332
Net changes	2,528	2,116	412
Balances at June 30, 2019 <i>for measurement date of June 30, 2018</i>	\$ 31,518	\$ 26,147	\$ 5,371
Plan fiduciary net position as a percentage of the total pension liability			82.96 %



COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

*Sensitivity of the Net Pension Liability to change in the discount rate*

The following table presents the NPL of the Plan, calculated using the discount rate of 7.25 percent, as well as what the Plan's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate (in thousands):

	1% Decrease (6.25 %)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Plan's net pension liability	\$ 10,202	\$ 5,371	\$ 1,532

*Pension Expense and Deferred Outflows of Resources related to pensions*

For the year ended June 30, 2019, the County recognized pension expense of \$1,823,000. At June 30, 2019, the County reported deferred outflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources
Net difference between projected and actual earnings on retirement plan investments	\$ 105
County contributions subsequent to the measurement date	1,378
Total	<u>\$ 1,483</u>

\$1,378,000 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30,	Amount
2020	\$ 219
2021	65
2022	(180)
2023	1
Total	<u>\$ 105</u>



COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

**Management Retiree Health Benefits Program**

*Plan Description*

The Management Retiree Health Benefits Program is a single-employer defined benefit plan administered by the County of Ventura and is governed by the Board of Supervisors who has the authority to establish and amend benefit provisions. A separate financial statement is not issued for the plan. Adopted by the Board of Supervisors on June 8, 1999, eligible employees are covered by the Management Resolution who retired after July 1, 1999. The payments do not constitute any guarantee of medical care benefits. Cash payments are made to eligible employees with no requirement to purchase health coverage. On June 21, 2005, the Board of Supervisors approved the elimination of this benefit for employees covered after July 2, 2005.

*Plan Membership*

Plan participants at June 30, 2018, the measurement date, were as follows:

<u>Participant Classification</u>	<u>Number of Participants</u>
Inactive members currently receiving benefits	123
Inactive members entitled to but not yet receiving benefits	69
Active members	<u>219</u>
Total	<u>411</u>

*Benefits*

Participants receive one year of payments for every five years of service, up to a maximum of five years of payments. Payments of approximately \$1,046 per month were equivalent to premiums for the Ventura County Health Care Plan.

*Contributions*

Employer contributions in fiscal year 2018-19 were \$1,583,000.

*Funding Policy*

The County currently funds the management retiree health benefits on a pay-as-you-go basis. No assets directly or indirectly relating to this plan are held in trust or otherwise held or set aside for the exclusive benefit of participants.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

*Actuarial Assumptions*

The Total Pension Liability (TPL) was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions; applied to all periods included in the measurement:

	Assumptions
• Actuarial cost method	Entry age normal
• Inflation	2.75%
• Real wage growth	0.50%
• Wage inflation	3.25%
• Projected salary increases (including wage inflation)	3.75% - 10.25%
• Subsidy cost trends	7.00% decreasing to an ultimate rate of 5.00% by 2023
• Mortality	RP-2014 Headcount-Weighted Mortality Table and RP-2014 Disabled Headcount-Weighted Mortality Table

The demographic actuarial assumptions in the June 30, 2018 valuation were based on the VCERA economic and demographic experience study covering period July 1, 2014 through June 30, 2017. The remaining actuarial assumptions including subsidy cost trends were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

*Discount Rate*

Discount rate of 3.89 percent was used to measure the TPL. This was a change from 3.56 percent, the rate used on the prior measurement date. The discount rate was based upon the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

*Changes in Total Pension Liability*

	Total Pension Liability
Balances at June 30, 2018 <i>for measurement date of June 30, 2017</i>	\$ 15,079
Changes for the year:	
Service Cost	477
Interest	510
Difference between expected and actual experience	(165)
Changes of assumptions	139
Benefit payments	(1,509)
Net changes	(548)
Balances at June 30, 2019 <i>for measurement date of June 30, 2018</i>	\$ 14,531

*Sensitivity of the Total Pension Liability to changes in the discount rate*

The following table presents the TPL of the Plan, calculated using the discount rate of 3.89 percent, as well as what the Plan's TPL would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current rate (in thousands):

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Plan's total pension liability	\$ 15,186	\$ 14,531	\$ 13,894

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to pensions*  
For the year ended June 30, 2019, the County recognized pension expense of \$1,744,000. At June 30, 2019, the County reported deferred outflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39	\$ 115
Changes in assumptions	385	-
County contributions subsequent to the measurement date	1,583	-
Total	<u>\$ 2,007</u>	<u>\$ 115</u>

\$1,583,000 reported as deferred outflows of resources related to pension benefits resulting from County contributions subsequent to the measurement date will be recognized as reduction of the TPL in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30,	Amount
2020	\$ 310
2021	2
2022	(3)
2023	-
Total	<u>\$ 309</u>

**Replacement Benefit Plan**

Internal Revenue Code (IRC) Section 415(b) limits the maximum annual amount that a defined benefit plan can pay to any individual. The Replacement Benefit Plan, a qualified IRC 415(m) plan, provides annual retirement benefits earned in excess of Section 415(b) limits.

The plan is administered by the County. Participation is limited to retired members whose benefit payments are limited by Section 415(b). No assets directly or indirectly relating to this plan are held in trust or otherwise held or set aside for the exclusive benefit of participants or their beneficiaries. As of June 30, 2019, there was one participant in the plan.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Ventura County manages the Subsidized Retiree Health Benefits Program which is subject to GASB Statement No. 75 (GASB 75). In addition, as described in more detail below, in accordance with memorandums of agreement the County makes contributions to the Ventura County Deputy Sheriffs' Association (VCDSA) Retiree Medical Reimbursement Plan and the Ventura County Professional Firefighters' Association (VCPFA) Medical Premium Reimbursement Plan for the purpose of reimbursing health insurance premiums for future eligible retirees. Under GASB 75, this is considered a constructive obligation that must be reported in the County's financial statements even though the County has no control over these plans and has no legal obligation to make contributions to fund the plans' unfunded OPEB liability, other than to make the contributions agreed to in collective bargaining. A summary of the OPEB amounts for the plans at June 30, 2019 is as follows (in thousands):

	Subsidized Retiree Health Benefits Program	VCDSA Retiree Medical Reimbursement Plan	VCPFA Medical Premium Reimbursement Plan	Total
Total OPEB liability	\$ 24,908	\$ 105,177	\$ 11,883	\$ 141,968
Net OPEB assets	-	31,899	13,530	45,429
Net OPEB liability (asset)	24,908	73,278	(1,647)	96,539
Deferred outflows related to OPEB	4,920	2,487	977	8,384
Deferred inflows related to OPEB	-	18,714	230	18,944
OPEB expense	2,694	4,547	87	7,328

**Subsidized Retiree Health Benefits Program**

*Plan Description*

The Subsidized Retiree Health Benefits Program is a single-employer defined benefit plan administered by the County of Ventura and governed by the County Board of Supervisors who has the authority to establish and amend benefit provisions. The plan allows eligible employees to receive health benefits under group plans offered by the County. Eligible employees include all General Employees and Firefighters that meet the following criteria:

<u>Classification:</u>	<u>Age/Years of Service</u>
<i>General Employees hired before January 1, 2013 (Non-PEPRA)</i>	<ul style="list-style-type: none"> <li>• Age 50 with 10 years of County service</li> <li>• Age 70 with any service</li> <li>• 30 years of County service</li> <li>• 5 years of County service and disabled</li> </ul>
<i>General Employees hired after December 31, 2012 (PEPRA)</i>	<ul style="list-style-type: none"> <li>• Age 52 with 5 years of County service</li> <li>• Age 70 with any service</li> <li>• 5 years of County service and disabled</li> </ul>
<i>Firefighters hired before January 1, 2013 (Non-PEPRA)</i>	<ul style="list-style-type: none"> <li>• Age 50 with 10 years of County service</li> <li>• Age 70 with any service</li> <li>• 20 years of County service</li> <li>• Disabled</li> </ul>
<i>Firefighters hired after December 31, 2012 (PEPRA)</i>	<ul style="list-style-type: none"> <li>• Age 50 with 5 years of County service</li> <li>• Age 70 with any service</li> <li>• Disabled</li> </ul>

The County has made no commitments to maintain this program and retirees' participation in the program is approved on a year-to-year basis by the Board. Retiree Health Benefits are not vested and may be modified or eliminated at anytime. A separate financial statement is not issued for the plan.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

*Plan Membership*

Plan participants at June 30, 2018, the measurement date, were as follows:

<u>Participant Classification</u>	<u>Number of Participants</u>
Inactive members currently receiving benefits	334
Active members	
General Employees	7,023
Firefighters	<u>379</u>
Total	<u><u>7,736</u></u>

*Benefits*

Eligible employees who retire directly from the County may receive health benefits at subsidized rates. For coverage prior to age 65, the retiree pays premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more to insure than active employees, the premium paid by the retiree is less than the “true cost” of coverage for retirees thus creating an implicit subsidy. This implicit subsidy is considered an obligation under GASB Statement No. 75.

*Contributions*

Employer contributions in fiscal year 2018-19 were \$1,829,000.

*Funding Policy*

The County currently funds the subsidized retiree health benefits on a pay-as-you-go basis. No assets directly or indirectly relating to this plan are held in trust or otherwise held or set aside for the exclusive benefit of participants.

*Actuarial Assumptions*

The Total OPEB Liability (TOL) was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions; applied to all periods included in the measurement:

	<u>Assumptions</u>
• Actuarial funding method	Entry age normal
• Inflation	2.75%
• Real wage growth	0.50%
• Wage inflation	3.25%
• Projected salary increases (including wage inflation)	3.25% - 11.25%
• Health care cost trends	
Ventura County Health Care Plan	7.00% decreasing to an ultimate rate of 5.00% by 2023
All other coverage options	7.75% decreasing to an ultimate rate of 5.00% by 2024
• Mortality	RP-2014 Headcount-Weighted Mortality Table RP-2014 Disabled Headcount-Weighted Mortality Table

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2018 valuation were based on the VCERA economic and demographic experience study for the period July 1, 2014 through June 30, 2017. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

*Discount Rate*

Discount rate of 3.89 percent was used to measure the TOL. This was a change from 3.56 percent, the rate used on the prior measurement date. The discount rate was based upon the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

*Changes in Total OPEB Liability*

	Total OPEB Liability
Balances at June 30, 2018 for measurement date of June 30, 2017	\$ 21,584
Changes for the year:	
Service Cost	1,579
Interest	741
Difference between expected and actual experience	1,854
Changes of assumptions	704
Benefit payments	(1,554)
Net changes	3,324
Balances at June 30, 2019 for measurement date of June 30, 2018	\$ 24,908

*Sensitivity of the Total OPEB Liability to changes in the discount rate*

The following table presents the TOL of the Plan, calculated using the discount rate of 3.89 percent, as well as what the Plan's TOL would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current rate (in thousands):

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Plan's total OPEB liability	\$ 26,562	\$ 24,908	\$ 23,338

*Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates*

The following table presents the TOL of the Plan, as well as what the Plan's TOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.75 and 6.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (8.75 and 8.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates (in thousands):

	1% Decrease (6.75%/6.00% decreasing to 4.00%)	Current Healthcare Cost Trend Rates (7.75%/7.00% decreasing to 5.00%)	1% Increase (8.75%/8.00% decreasing to 6.00%)
Plan's total OPEB liability	\$ 22,488	\$ 24,908	\$ 27,759

*OPEB Expense and Deferred Outflows of Resources Related to OPEB*

For the year ended June 30, 2019, the County recognized OPEB expense of \$2,694,000. At June 30, 2019, the County reported deferred outflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,167
Changes in assumptions	924
County contributions subsequent to the measurement date	1,829
Total	\$ 4,920

\$1,829,000 reported as deferred outflows of resources related to OPEB benefits resulting from County contributions subsequent to the measurement date will be recognized as reduction of the TOL in the year ended June 30, 2020.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 375
2021	375
2022	375
2023	375
2024	375
Thereafter	<u>1,216</u>
Total	<u>\$ 3,091</u>

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

**VCDSA Retiree Medical Reimbursement Plan**

*Plan Description*

The VCDSA Retiree Medical Reimbursement Plan is a single-employer defined benefit plan administered by the VCDSA and is governed by the Board of Trustees of the plan. The plan is a non-governmental entity. The County has no control over the plan. The Board of Trustees has the authority to establish and amend benefit provisions. The plan allows eligible participants that retire from the County to receive reimbursement of health premiums. VCDSA issues separate audited financial reports for the plan prepared on the accrual basis of accounting with investments measured at fair value. The reports can be requested by writing to the Ventura County Deputy Sheriffs' Association Retiree Medical Reimbursement Trust, 981 South Victoria Avenue, Ventura, CA 93003.

The County is not legally liable for the plan's unfunded OPEB liability of \$73,278,000. The County is only legally responsible for the contributions agreed to in the Memorandum of Agreement between the County and VCDSA. However, under GASB 75 the OPEB benefit to the employees is considered a constructive obligation that must be reported in the County's financial statements.

*Plan Membership*

Plan participants at June 30, 2017, the valuation date, were as follows:

<u>Participant Classification</u>	<u>Number of Participants</u>
Inactive members or beneficiaries currently receiving benefits	445
Inactive members entitled to but not yet receiving benefits	41
Active members	<u>708</u>
Total	<u>1,194</u>

*Benefits*

In accordance with the plan, eligible participants (age 50 with 10 years of active service) include members of VCDSA and participants who move to sworn management positions not covered by the VCDSA Memorandum of Agreement that continue to make the required self-contributions. Benefits are a percentage of an annual benefit level and are based on years of service, ranging from twenty percent with ten years of service to one hundred percent with twenty or more years of service. Benefits are not to exceed the actual premiums paid by the retiree.

*Contributions*

Contributions are made as required under provisions of the Memorandum of Agreement between the County and VCDSA. Contributions are 1.5 percent of covered payroll.

*Net OPEB Liability*

The County's Net OPEB Liability (NOL) was measured as of June 30, 2018, and the TOL used to calculate the NOL was determined by an actuarial valuation as of June 30, 2017 and then rolled-forward to the June 30, 2018 measurement date.



COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

*Actuarial Assumptions*

The TOL was determined by an actuarial valuation as of June 30, 2017, and then rolled-forward to the June 30, 2018 measurement date using the following actuarial assumptions; applied to all periods included in the measurement:

	<u>Assumptions</u>
• Actuarial funding method	Entry age normal
• Inflation	3.00%
• Real wage growth	0.50%
• Wage inflation	3.50%
• Projected salary increases (including wage inflation)	3.95% - 11.75%
• Health Care Cost Trends	7.75% decreasing to an ultimate rate of 5.00% by 2023
• Mortality	RP-2014 Headcount Weighted Mortality Table

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2017 valuation were based on the VCERA economic and demographic experience study for the period July 1, 2014 through June 30, 2017. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The long-term expected rate of return on OPEB plan investments was determined using best-estimate ranges of expected future real rates of return for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

<u>Asset Class</u>	<u>Actual Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Corporate Debt Securities	28.00 %	
Preferred Stocks	2.80 %	
Common Stocks	31.10 %	
Mutual Funds	38.10 %	
Total	<u>100.00 %</u>	6.00 %

*Discount Rate*

Discount rate of 4.21 percent was used to measure the TOL. This was a change from 3.88 percent, the rate used on the prior measurement date. The projection of cashflows used to determine the discount rate assumed that employer contributions will be made at the contractually required rate and that any member contributions will be made in accordance to the plan document. Based on that assumption, the OPEB plan's fiduciary net position was not projected to provide all projected future benefit payments for current members for all future years. Therefore, the 6.00 percent assumed long-term expected rate of return on plan investments was applied to periods up to 2043 where the plan's fiduciary net position was projected to be sufficient to make projected benefit payments. The June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, 3.89 percent, was used for all periods subsequent to 2043 where the plan's fiduciary net position was not projected to be sufficient to make projected benefit payments resulting in a single equivalent interest rate of 4.21 percent.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

*Changes in Net OPEB Liability*

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018 for measurement date of June 30, 2017	\$ 105,743	\$ 28,841	\$ 76,902
Changes for the year:			
Service cost	4,596	-	4,596
Interest	4,424	-	4,424
Changes of assumptions	(8,251)	-	(8,251)
Contributions - employer	-	2,456	(2,456)
Contributions - self-pay member	-	54	(54)
Net investment income	-	1,991	(1,991)
Benefit payments	(1,335)	(1,335)	-
Administrative expense	-	(108)	108
Net changes	(566)	3,058	(3,624)
Balances at June 30, 2019 for measurement date of June 30, 2018	\$ 105,177	\$ 31,899	\$ 73,278

*Sensitivity of the Net OPEB Liability to changes in the discount rate*

The following table presents the NOL of the Plan, calculated using the discount rate of 4.21 percent, as well as what the Plan's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current rate (in thousands):

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Plan's net OPEB liability	\$ 99,777	\$ 73,278	\$ 53,478

*Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rate*

The following table presents the NOL of the Plan, as well as what the Plan's NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.75 percent decreasing to 4.00 percent) or 1-percentage-point higher (8.75 percent decreasing to 6.00 percent) than the current healthcare cost trend rates (in thousands):

	1% Decrease (6.75% decreasing to 4.00%)	Healthcare Cost Trend Rates (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
Plan's net OPEB liability	\$ 73,278	\$ 73,278	\$ 73,278

Benefits are valued as a percentage of the maximum benefit. Because the cap was always assumed to apply, the healthcare cost trend rate has no impact on the net OPEB liability.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*  
For the year ended June 30, 2019, the County recognized OPEB expense of \$ 4,547,000. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 732
Changes in assumptions	-	17,982
County contributions subsequent to the measurement date	2,487	-
Total	\$ 2,487	\$ 18,714

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

\$2,487,000 reported as deferred outflows of resources related to OPEB benefits resulting from County contributions subsequent to the measurement date will be recognized as reduction of the NOL in the year ended June 30, 2020.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ (2,764)
2021	(2,764)
2022	(2,764)
2023	(2,581)
2024	(2,535)
Thereafter	<u>(5,306)</u>
Total	<u><u>\$ (18,714)</u></u>

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**VCPFA Medical Premium Reimbursement Plan**

*Plan Description*

The VCPFA Medical Premium Reimbursement Plan is a single-employer defined benefit plan administered by the VCPFA and is governed by the Board of Trustees of the plan. The plan is a non-governmental entity. The County has no control over the plan. The Board of Trustees has the authority to establish and amend benefit provisions. The plan allows eligible participants that retire from the County to receive reimbursement of health premiums. VCPFA issues separate audited financial reports for the plan prepared on the accrual basis of accounting with investments measured at fair value. The reports can be requested by writing to the Ventura County Professional Firefighters' Association Benefit Trust, 3251 Corte Malpaso, Suite 501B, Camarillo, CA 93012.

The plan currently has a net OPEB asset of \$1,647,000, which does not legally belong to the County. The County is only legally responsible for the contributions agreed to in the Memorandum of Agreement between the County and VCPFA. However, under GASB 75 the OPEB benefit to the employees is considered a constructive obligation that must be reported in the County's financial statements.

*Plan Membership*

Plan participants at June 30, 2017, the valuation date, were as follows:

<u>Participant Classification</u>	<u>Number of Participants</u>
Inactive members or beneficiaries currently receiving benefits	177
Inactive members entitled to but not yet receiving benefits	5
Active members	<u>411</u>
Total	<u><u>593</u></u>

*Benefits*

In accordance with the plan, eligible participants include members of VCPFA who are part of the Firefighter Unit, and participants who move to management positions not covered by the VCPFA Memorandum of Agreement that continue to make the required self-contributions. To be eligible for the benefit, retirees must attain age 55 and have completed 10 years of service, at least five of which were earned as a VCPFA member. Benefits are set at an annual maximum amount, not to exceed the actual premiums paid by the retiree.

*Contributions*

Contributions are made as required under provisions of the Memorandum of Agreement between the County and VCPFA. Contributions are 1.00 percent of covered payroll.

*Net OPEB Liability*

The County's Net OPEB Liability (NOL) was measured as of June 30, 2018, and the TOL used to calculate the NOL was determined by an actuarial valuation as of June 30, 2017 and then rolled-forward to the June 30, 2018 measurement date.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

*Actuarial Assumptions*

The TOL was determined by an actuarial valuation as of June 30, 2017, rolled forward to the June 30, 2018 measurement date using the following actuarial assumptions; applied to all periods included in the measurement:

	<u>Assumptions</u>
• Actuarial funding method	Entry age normal
• Inflation	3.00%
• Real wage growth	0.50%
• Wage inflation	3.50%
• Projected salary increases (including wage inflation)	4.00% - 11.50%
• Health Care Cost Trends	7.75% decreasing to an ultimate rate of 5.00% by 2023
• Mortality	RP-2014 Headcount Weighted Mortality Table

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2017 valuation were based on the VCERA economic and demographic experience study for the period July 1, 2014 through June 30, 2017. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The long-term expected rate of return on OPEB plan investments was determined using best-estimate ranges of expected future real rates of return for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

<u>Asset Class</u>	<u>Actual Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Bonds	30.00 %	
Stocks	30.00 %	
Alternative Investments	40.00 %	
Total	<u>100.00 %</u>	6.00 %

*Discount Rate*

Discount rate of 6.00 percent was used to measure the TOL. The projection of cashflows used to determine the discount rate assumed that employer contributions will be made at the contractually required rate and that any member contributions will be made in accordance to the plan document. Based on that assumption, the OPEB plan's fiduciary net position was projected to provide all projected future benefit payments for current members for all future years. Therefore, the 6.00 percent assumed long-term expected rate of return on plan investments was applied to all periods of projected benefit payment to determine the TPL.

*Changes in Net OPEB Liability (Asset)*

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
Balances at June 30, 2018 <i>for measurement date of June 30, 2017</i>	\$ 11,661	\$ 12,500	\$ (839)
Changes for the year:			
Service Cost	201	-	201
Interest	680	-	680
Contributions - employee	-	974	(974)
Contributions - self-pay member	-	9	(9)
Net investment income	-	756	(756)
Benefit payments	(659)	(659)	-
Administrative expense	-	(50)	50
Net changes	<u>222</u>	<u>1,030</u>	<u>(808)</u>
Balances at June 30, 2019 <i>for measurement date of June 30, 2018</i>	<u>\$ 11,883</u>	<u>\$ 13,530</u>	<u>\$ (1,647)</u>

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

*Sensitivity of the Net OPEB Liability (Asset) to changes in the discount rate*

The following table presents the NOL (asset) of the Plan, calculated using the discount rate of 6.00 percent, as well as what the Plan's NOL (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate (in thousands):

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Plan's net OPEB liability (asset)	\$ (185)	\$ (1,647)	\$ (2,874)

*Sensitivity of the Net OPEB Liability (Asset) to changes in the healthcare cost trend rate*

The following table presents the NOL (asset) of the Plan, as well as what the Plan's NOL (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.75 percent decreasing to 4.00 percent) or 1-percentage-point higher (8.75 percent decreasing to 6.00 percent) than the current healthcare cost trend rates (in thousands):

	1% Decrease (6.75% decreasing to 4.00%)	Healthcare Cost Trend Rates (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
Plan's net OPEB liability (asset)	\$ (1,671)	\$ (1,647)	\$ (1,628)

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*  
For the year ended June 30, 2019, the County recognized OPEB expense of \$87,000. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 2	\$ 230
County contributions subsequent to the measurement date	975	-
Total	<u>\$ 977</u>	<u>\$ 230</u>

\$975,000 reported as deferred outflows of resources related to OPEB benefits resulting from County contributions subsequent to the measurement date will be recognized as reduction of the NOL (asset) in the year ended June 30, 2020.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ending June 30,	Amount
2020	\$ (76)
2021	(76)
2022	(76)
Total	<u>\$ (228)</u>

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**NOTE 15 - TAX AND REVENUE ANTICIPATION NOTES PAYABLE**

On July 2, 2018, the County issued \$143,515,000 in Tax and Revenue Anticipation Notes (Notes) at a 2.50 percent interest rate, priced to yield 1.44 percent, to meet current year cash flow requirements for operational needs. At June 30, 2019, the outstanding principal was \$143,515,000. Principal and interest for fiscal year 2018-19 was paid on July 1, 2019, the maturity date of these notes.

The Notes, in accordance with California law, are general obligations of the County and are payable out of fiscal year 2018-19 taxes and other revenues, which are legally available for payment thereof.

The summary of the notes transactions for the fiscal year ended June 30, 2019, is as follows (in thousands):

Beginning Balance July 1, 2018	Additions	Reductions	Ending Balance June 30, 2019	Due Within One Year
<u>\$ 145,535</u>	<u>\$ 143,515</u>	<u>\$ 145,535</u>	<u>\$ 143,515</u>	<u>\$ 143,515</u>

**NOTE 16 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; hospital liability (malpractice); errors and omissions; theft of, damage to, and destruction of assets; and natural disasters for which the government is either self-insured, commercially insured, or a combination of both.

The Human Resources Department acquired commercial insurance for primary group medical and long-term disability insurance. Unemployment insurance benefits are self-insured and administered by the Human Resources Department within the Employee Benefits Insurance Internal Service Fund (ISF). Professional Firefighters and Deputy Sheriffs Associations also administer commercial group medical insurance plans available for their members.

The Ventura County Health Care Plan (VCHCP), administered by the Health Care Agency, provides a County medical plan for County employees. In addition, plans are offered to affiliated clinics and small group employees through their employers, as well as Ventura County Deputy Sheriffs Association (VCDSA). Excess commercial coverage is also purchased by VCHCP.

The Risk Management Department within the General Insurance ISF administers the commercial and self-insurance aspects of the County's casualty risk programs. General liability is self-insured to \$1,000,000 per occurrence, and thereafter covered by excess commercial liability insurance up to \$42 million per occurrence.



COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

In October 2004, the County joined the California State Association of Counties (CSAC) Excess Insurance Authority, a joint powers authority, for property and earthquake coverage. The Authority was formed in 1979 by and for California counties and currently has 55 participating counties, and a number of other public entities. The Authority is governed by a Board of Directors composed of one director from each member county appointed by each member county's Board of Supervisors, and five other public entity Board members. The Authority annually issues an audited Comprehensive Annual Financial Report. Through participation in the Authority, risk is pooled (shared) among the pool participants. Accordingly, the premiums are reported as insurance expenses in the General Liability Internal Service Fund as required by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

Medical malpractice liability insurance provides liability coverage on a claims made basis, up to \$50,000,000 per incident for the County, and \$3,000,000 per occurrence for individually named physicians, with a \$100,000 per occurrence deductible. Medical malpractice claims made coverage includes a retroactive date of October 1, 1986. Tail coverage for events that occurred prior to October 1, 1986 but have not yet been reported is self-insured. In March 2004, the County began participating in the BETA Healthcare Group, a joint powers authority, for the purpose of purchasing medical malpractice insurance. This risk-sharing pool program, established as a cost effective alternative to the commercial insurance market, is structured like a traditional insurer in that members are not assessed for excess pool losses. Coverage was renewed in July 2019.

The unpaid claims liabilities included in the General Insurance fund are based on actuarial studies and include amounts for claims incurred but not reported including loss adjustment expenses. The discount rate for the General Insurance liability is 3.0 percent. The revenue received, including interest, and contribution funded liabilities, and net position are sufficient to meet liabilities as they come due.

Workers' compensation occurrences are self-insured effective July 1, 2002, with coverage for all employees. Injuries occurring from July 1, 1995 to June 30, 2002, are fully covered by the prior commercial insurer without a maximum. Injuries occurring prior to July 1, 1995, were originally self-insured and self-administered. Beginning in April 1997, these claims were adjusted and funded through a loss portfolio transfer policy with limits of liability of \$22,800,000, and the insurance carrier's right to reimbursement for claims expenses in excess of the policy limit. The limit of liability was exceeded in July 2007. Litigation ensued against the carrier, resulting in a settlement in March 2011, whereby the carrier waived reimbursement of \$1,650,000 in expenses and the County took over further administration of the claims as of April 2011. As a result, the claims are now once again administered by, and claims costs borne by the County, along with the post July 1, 2002, self-insured claims. As of June 30, 2019, the expected liability on the pre-1995 claims, at the 80 percent confidence level, discounted at 4.0 percent, was actuarially estimated to be \$6,549,000.

The unpaid claims liabilities in the Workers' Compensation fund for losses prior to 1995 and subsequent to 2002 included in the self-insurance fund are based on actuarial studies and include amounts for claims incurred but not reported including loss adjustment expenses. The discount rate for the Workers' Compensation fund is 4.0 percent. This discount rate is higher than the discount rate for the liability fund because the liability for workers' compensation cases is much longer than other types of liabilities in the General Insurance ISF.



COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

Settlements or judgments have not exceeded commercial coverage for any risk of loss in each of the past three fiscal years. In addition, litigation expenses and liability for damages for uninsured cases, such as inverse condemnation and land subsidence cases, have been incurred by the General Insurance ISF.

Changes in the balances of claims liabilities of General Insurance and Employee Benefits ISFs and Health Care Plan Enterprise Fund and medical malpractice liability of the Medical Center during fiscal years 2017-18 and 2018-19 are as follows (in thousands):

	Claims Fiscal Year		Medical Malpractice Fiscal Year	
	2018-19	2017-18	2018-19	2017-18
Liabilities, beginning	\$ 181,626	\$ 188,202	\$ 2,346	\$ 2,208
Incurred losses and adjustments	101,129	93,781	480	138
Claim payments	(99,211)	(100,357)	-	-
Liabilities, ending	<u>\$ 183,544</u>	<u>\$ 181,626</u>	<u>\$ 2,826</u>	<u>\$ 2,346</u>

Medical malpractice liability for public and mental health functions in the General Fund of \$791,000, an increase of \$121,000 from the prior year, is reported in the governmental activities portion of the government-wide financial statements.

**NOTE 17 - DEFERRED INFLOWS OF RESOURCES - UNAVAILABLE REVENUE**

Deferred inflows of resources to the County's governmental funds relate to unavailable revenue as of June 30, 2019. Unavailable revenue is revenue that is earned, however is not available for use on current or near-term expenditures. The year-end unavailable revenue balances are summarized as follows:

Governmental Funds	General Fund	Roads	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Total Governmental Activities
Unavailable Revenue:						
Medi-Cal	\$ 18,441	\$ -	\$ -	\$ -	\$ 11,090	\$ 29,531
H.U.D. Programs	2,914	-	-	-	14,958	17,872
Special Assessments	-	-	-	-	8,308	8,308
SB 90 Revenue	5,184	-	-	-	-	5,184
Elections Revenue	3,372	-	-	-	-	3,372
Substance Abuse Block Grant	2,929	-	-	-	-	2,929
Behavioral Health-2011 Realignment	1,323	-	-	-	-	1,323
CA. Department of Public Health	993	-	-	-	-	993
Other	2,582	212	560	1,506	665	5,525
Total Unavailable Revenue	<u>\$ 37,738</u>	<u>\$ 212</u>	<u>\$ 560</u>	<u>\$ 1,506</u>	<u>\$ 35,021</u>	<u>\$ 75,037</u>

Non-major governmental funds had unavailable revenue related to the Mental Health Services Act Fund of approximately \$11,090,000, the Housing and Urban Development (H.U.D.) Grants Fund of approximately \$14,958,000, and the County Service Area #34 Debt Service Fund of approximately \$8,308,000.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**NOTE 18 - COMMITMENTS AND CONTINGENCIES**

**Medical Center**

The County is currently engaged in a lawsuit which is under seal. Certain amounts have been accrued for this issue in the financial statements. In the opinion of management, there is an additional net exposure of potentially up to \$12 million.

**Grants**

The County recognizes as revenue grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. The County's grant programs are subject to audit under the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards (Uniform Grant Guidance), and are generally subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant or in reductions of future grant monies. An annual amount is set aside for contingencies in the General Fund for this possibility. Based on prior experience, management believes that grant costs ultimately disallowed, if any, would not materially affect the financial condition of the County.

**Encumbrances**

Encumbrances are commitments related to unperformed (executory) contracts for goods or services. Encumbrances outstanding at year end are not accounted for as expenditures and liabilities, but are included in fund balance. As of June 30, 2019, encumbrances of \$30,172,000 were reported in the General Fund, \$5,966,000 in the Road Fund, \$13,110,000 in the Watershed Protection District, \$20,870,000 in the Fire Protection District, and \$52,596,000 in the Non-major Governmental Funds.

**Other**

Legal proceedings normally occur related to construction projects and are subject to arbitration by agreement. Claims are negotiated by the County of Ventura. In the opinion of management, current claims are not likely to have a material adverse impact on the County financial statements and, accordingly, no provision for losses has been recorded.

**NOTE 19 - SUBSEQUENT EVENTS**

**Tax and Revenue Anticipation Notes**

On July 1, 2019, the County issued \$154,220,000 of 5.00 percent fixed-rate, priced to yield 1.20 percent, tax and revenue anticipation notes. The notes received SP-1+ and MIG 1 ratings from Standard and Poor's Ratings Services (S&P) and Moody's Investors Services (Moody's), respectively. Proceeds from the notes will be used to meet fiscal year 2019-20 expenditures and the discharge of other obligations of the County. The maturity date of the notes is July 1, 2020.

**Southern California Edison Settlement**

In November 2019, the County reached a settlement with Southern California Edison to resolve claims resulting from the 2017 Thomas Fire and the 2018 Woolsey Fire. On December 19, 2019, the County received settlement amounts totaling \$16,589,000, net of costs and attorney's fees.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**NOTE 20 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the County of Ventura that previously had reported a redevelopment agency within the reporting entity of the County as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the County or another unit of local government shall serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. Effective February 1, 2012, the County became the Successor Agency for the former redevelopment agency in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012, (effectively the same date as January 31, 2012) from governmental funds of the County to fiduciary funds was reported in the governmental funds as an extraordinary loss in the governmental fund financial statements. In accordance with the Bill all capital assets were disposed of during fiscal year 2013-14. Accordingly there are no capital assets as of June 30, 2019.

Pursuant to Health and Safety Code 34179.6(c), the County of Ventura Successor Agency submitted to the California Department of Finance (DOF) the Low and Moderate Income Housing Due Diligence Review (DDR) on October 12, 2012, and the Other Funds and Accounts DDR on January 10, 2013. After completion of the two required DDRs, a Finding of Completion Request was granted on April 26, 2013 by the DOF.

On September 22, 2015, the Governor signed Senate Bill 107 adding section 34191.6 to the Health and Safety Code. Section 34191.6 authorized Successor Agencies to submit a Last and Final Recognized Obligation Payment Schedule (ROPS) beginning January 1, 2016. On March 25, 2016, the DOF approved the Last and Final ROPS for the Successor Agency to the former redevelopment agency. The Last and Final ROPS authorizes payments on Successor Agency obligations and administrative costs until July 1, 2038, when all Successor Agency obligations have been fully discharged.

On May 10, 2018, the Board of Supervisors approved Board Resolution 18-01, directing all Successor Agency staff to transfer all files and records of the County Oversight Board to the Consolidated Oversight Board upon its formation on July 1, 2018.

COUNTY OF VENTURA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**Long-Term Debt**

Tax revenues for the Successor Agency for the current year were \$66,000.

Information about the Successor Agency long-term debt is as follows:

U.S. Department of Agriculture (USDA) Bonds

On May 8, 2007 the Agency applied for a second USDA Rural Development Community facilities Direct Low Interest Loan, in the amount of \$750,000 for the Piru Earthquake Related Redevelopment Project. On June 3, 2008, the Agency accepted the loan and authorized the issuance of tax allocation bonds to the USDA to secure the loan. To repay the tax allocation bonds, the Agency pledged property tax increment revenues. On July 24, 2008, the tax allocation bonds were delivered to the USDA. Interest is payable semiannually at a rate of 4.125 percent. Bonds mature serially each year through July 2038.

On February 1, 2012, the bond obligation was transferred from the County of Ventura Redevelopment Agency to the Successor Agency.

Summary of long-term indebtedness as of June 30, 2019, are as follows (in thousands):

Obligation	Outstanding July 1, 2018	Additions	Maturities	Outstanding June 30, 2019	Amount Due Within One Year
Bonds from Direct Placement	\$ 611	\$ -	\$ 18	\$ 593	20
Totals	<u>\$ 611</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 593</u>	<u>\$ 20</u>

Deficit Net Position

As a result of the transfer of the assets to the County of Ventura in fiscal year 2013-14, the RDA County Successor Agency had a deficit net position as of June 30, 2019. The deficit will continue to be reduced over the years as the related debt is paid off with funds received from the Redevelopment Property Tax Trust Fund, which is administered by the County Auditor-Controller.



# REQUIRED SUPPLEMENTARY INFORMATION

*OTHER THAN MD & A – UNAUDITED*

COUNTY OF VENTURA | CALIFORNIA





COUNTY OF VENTURA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**VCERA**

Schedule of the County's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years \*  
(In Thousands)

	2015	2016	2017	2018	2019
County's proportion of the net pension liability	\$ 531,315	\$ 822,802	\$1,028,750	\$ 690,194	\$ 698,072
County's proportionate share of the net pension liability	96.05 %	96.29 %	96.62 %	96.78 %	96.22 %
County's covered payroll (1)	\$ 601,395	\$ 624,245	\$ 651,548	\$ 678,723	\$ 697,412
County's proportionate share of the net pension liability as a percentage of its covered payroll (1)	88.35 %	131.81 %	157.89 %	101.69 %	100.09 %
Plan's fiduciary net position as a percentage of the total pension liability	88.54 %	83.63 %	80.47 %	87.44 %	88.15 %
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018

(1) Restated to covered payroll in 2015-16.

\* Information from fiscal years ended 2010 to 2014 is not presented as required by GASB Statement No. 68 as 2015 was the first year of implementation. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of June 30.

COUNTY OF VENTURA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**VCERA**

Schedule of the County's Contributions  
Last Ten Fiscal Years \*  
(In Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 167,431	\$ 169,941	\$ 182,821	\$ 189,741	\$ 191,788
Contributions in relation to the actuarially determined contribution	<u>167,431</u>	<u>169,941</u>	<u>182,821</u>	<u>189,741</u>	<u>191,788</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll (1)	 \$ 624,245	 \$ 651,548	 \$ 678,723	 \$ 697,412	 \$ 712,948
 Contributions as a percentage of covered payroll (1)	 26.82 %	 26.08 %	 26.94 %	 27.21 %	 26.90 %

(1) Restated to covered payroll in 2015-16

\* Information from fiscal years ended 2010 to 2014 is not presented as required by GASB Statement No. 68 as 2015 was the first year of implementation. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of June 30.



COUNTY OF VENTURA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**SUPPLEMENTAL RETIREMENT PLAN**

Schedule of Changes in Net Pension Liability and Related Ratios  
Last Ten Fiscal Years \*  
(In Thousands)

	2014 Plan 2015 Employer	2015 Plan 2016 Employer	2016 Plan 2017 Employer	2017 Plan 2018 Employer	2018 Plan 2019 Employer	2019 Plan
<b>Total pension liability</b>						
Service cost	\$ 692	\$ 695	\$ 765	\$ 773	\$ 644	\$ 720
Interest	1,782	1,869	1,992	2,092	2,130	2,237
Changes of benefit terms	-	(442)	(347)	(1,214)	(480)	(1,139)
Changes of assumptions	-	1,331	-	-	1,415	-
Benefit payments, including refunds of member contributions	(981)	(1,019)	(1,023)	(1,112)	(1,181)	(1,313)
Net change in total pension liability	1,493	2,434	1,387	539	2,528	505
Total pension liability - beginning	23,137	24,630	27,064	28,451	28,990	31,518
Total pension liability - ending (a)	<u>\$ 24,630</u>	<u>\$ 27,064</u>	<u>\$ 28,451</u>	<u>\$ 28,990</u>	<u>\$ 31,518</u>	<u>\$ 32,023</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 1,475	\$ 1,410	\$ 1,558	\$ 1,581	\$ 1,497	\$ 1,378
Contributions - member	409	402	407	410	381	344
Net investment income	2,722	702	297	2,498	1,751	1,604
Benefit payments, including refunds of member contributions	(981)	(1,019)	(1,023)	(1,112)	(1,181)	(1,313)
Administrative expense	(275)	(280)	(237)	(307)	(332)	(322)
Net change in plan fiduciary net position	3,350	1,215	1,002	3,070	2,116	1,691
Plan fiduciary net position - beginning	15,394	18,744	19,959	20,961	24,031	26,147
Plan fiduciary net position - ending (b)	<u>\$ 18,744</u>	<u>\$ 19,959</u>	<u>\$ 20,961</u>	<u>\$ 24,031</u>	<u>\$ 26,147</u>	<u>\$ 27,838</u>
County's net pension liability - ending (a) - (b)	<u>\$ 5,886</u>	<u>\$ 7,105</u>	<u>\$ 7,490</u>	<u>\$ 4,959</u>	<u>\$ 5,371</u>	<u>\$ 4,185</u>
Plan's fiduciary net position as a percentage of the total pension liability	76.10 %	73.75 %	73.67 %	82.89 %	82.96 %	86.93 %
Covered payroll (1)	\$ 13,579	\$ 13,242	\$ 13,721	\$ 11,035	\$ 12,755	\$ 11,538
County's net pension liability as a percentage of covered payroll (1)	43.35 %	53.66 %	54.59 %	44.94 %	42.11 %	36.27 %

(1) Restated to covered payroll in 2015-16

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

*Changes of assumptions.* In 2015 and 2018, rates of withdrawal, retirement and mortality were adjusted to more closely reflect actual and anticipated experience. Additionally, the assumed investment rate of return was lowered from 7.75 percent to 7.50 percent in 2015 and from 7.50 percent to 7.25 percent in 2018. In 2019, there was a change in the amortization method from Level Percentage of Pay to Level Dollar. These assumptions were recommended as part of the VCERA Experience Study performed for the three-year periods ended June 30, 2014 and June 30, 2017.

Schedule of Investment Returns  
Last Ten Fiscal Years \*

	2014	2015	2016	2017	2018	2019
Annual money-weighted rate of return, net of investment related expenses	17.14 %	3.70 %	1.47 %	11.67 %	7.18 %	6.11 %

\* Information from fiscal years ended 2010 to 2013 is not presented as required by GASB Statement No. 68 as 2015 was the first year of implementation. Additional years will be presented as they become available.

COUNTY OF VENTURA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**SUPPLEMENTAL RETIREMENT PLAN**

Schedule of the County's Contributions  
Last Ten Fiscal Years \*  
(In Thousands)

	2014 (1)	2015 (1)	2016	2017	2018	2019
Actuarially determined contribution	\$ 1,475	\$ 1,410	\$ 1,558	\$ 1,581	\$ 1,497	\$ 1,378
Contributions in relation to the actuarially determined contribution	<u>1,475</u>	<u>1,410</u>	<u>1,558</u>	<u>1,581</u>	<u>1,497</u>	<u>1,378</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,579	\$ 13,242	\$ 13,721	\$ 11,035	\$ 12,755	\$ 11,538
Contributions as a percentage of covered payroll	10.86 %	10.65 %	11.35 %	14.33 %	11.74 %	11.94 %

(1) Restated to covered payroll in 2015-16

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level Dollar
Remaining amortization period	1 to 15 years closed
Asset valuation method	5 year smoothed market value
Inflation	2.75% annual rate
Salary increases	4.00%
Investment rate of return	7.25% annual rate, net of expense
Payroll growth	3.00% annual rate
Cost-of-living adjustments	3.00% annual rate for part D only

\* Information from fiscal years ended 2010 to 2013 is not presented as required by GASB Statement No. 67 and No. 68 as 2015 was the first year of implementation. Additional years will be presented as they become available.

COUNTY OF VENTURA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**MANAGEMENT RETIREE HEALTH BENEFITS PROGRAM**

Schedule of Changes in Total Pension Liability and Related Ratios  
Last Ten Fiscal Years \*  
(In Thousands)

	2017	2018	2019
<b>Total pension liability</b>			
Service cost	\$ 461	\$ 523	\$ 477
Interest	499	419	510
Differences between expected and actual experience	155	(71)	(165)
Changes of assumptions	1,126	979	139
Benefit payments	<u>(1,361)</u>	<u>(1,390)</u>	<u>(1,509)</u>
Net change in total pension liability	880	460	(548)
Total pension liability - beginning	13,739	14,619	15,079
Total pension liability - ending	<u>\$ 14,619</u>	<u>\$ 15,079</u>	<u>\$ 14,531</u>
Covered-employee payroll	\$ 34,814	\$ 31,738	\$ 28,789
County's total pension liability as a percentage of covered-employee payroll	41.99 %	47.51 %	50.47 %
Measurement date	6/30/16	6/30/17	6/30/18

Note to Schedule:

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 73 to pay related benefits.

*Changes of assumptions.* The discount rate was changed from 3.01 percent to 3.56 percent in 2018. In 2019, rates of inflation, salary scales, and mortality were adjusted to reflect more closely actual and anticipated experience. Additionally, the discount rate was changed from 3.56 percent to 3.89 percent.

\* Information from fiscal years ended 2010 to 2016 is not presented as required by GASB Statement No. 73 as 2017 was the first year of implementation. Additional years will be presented as they become available.

**SUBSIDIZED RETIREE HEALTH BENEFITS PROGRAM**

Schedule of Changes in Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years \*  
(In Thousands)

	2018	2019
<b>Total OPEB liability</b>		
Service cost	\$ 1,550	\$ 1,579
Interest	574	741
Differences between expected and actual experience	645	1,854
Changes of assumptions	375	704
Benefit payments	<u>(1,274)</u>	<u>(1,554)</u>
Net change in total OPEB liability	1,870	3,324
Total OPEB liability - beginning	19,714	21,584
Total OPEB liability - ending	<u>\$ 21,584</u>	<u>\$ 24,908</u>
Covered-employee payroll	\$ 534,135	\$ 541,752
County's total OPEB liability as a percentage of covered-employee payroll	4.04 %	4.60 %
Measurement date	6/30/17	6/30/18

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.

*Changes of assumptions.* In 2019, rates of inflation, salary scales, and mortality were adjusted to reflect more closely actual and anticipated experience. Additionally, the discount rate was changed from 3.56 percent to 3.89 percent.

\* Information from fiscal years ended 2010 to 2017 is not presented as required by GASB Statement No. 75 as 2018 was the first year of implementation. Additional years will be presented as they become available.

COUNTY OF VENTURA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**VCDSA RETIREE MEDICAL REIMBURSEMENT PLAN**

Schedule of Changes in Net OPEB Liability and Related Ratios  
Last Ten Fiscal Years \*  
(In Thousands)

	2018	2019
<b>Total OPEB liability</b>		
Service cost	\$ 5,342	\$ 4,596
Interest	3,712	4,424
Changes of assumptions	(13,856)	(8,251)
Benefit payments	(1,180)	(1,335)
Net change in total OPEB liability	(5,982)	(566)
Total OPEB liability - beginning	111,725	105,743
Total OPEB liability - ending (a)	<u>\$ 105,743</u>	<u>\$ 105,177</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 2,379	\$ 2,456
Contributions - self-pay member	45	54
Net investment income	2,464	1,991
Benefit payments	(1,180)	(1,335)
Administrative expense	(111)	(108)
Net change in plan fiduciary net position	3,597	3,058
Plan fiduciary net position - beginning	25,244	28,841
Plan fiduciary net position - ending (b)	<u>\$ 28,841</u>	<u>\$ 31,899</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 76,902</u>	<u>\$ 73,278</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	27.27 %	30.33 %
Covered payroll	\$ 158,243	\$ 163,329
Net OPEB liability as a percentage of covered payroll	48.60 %	44.87 %
Measurement date	6/30/17	6/30/18

Note to Schedule:

*Changes of assumptions.* The discount rate was changed from 3.34 percent to 3.88 percent in 2018. In 2019, the discount rate was changed from 3.88 percent to 4.21 percent.

**VCDSA RETIREE MEDICAL REIMBURSEMENT PLAN**

Schedule of the County's Contributions  
Last Ten Fiscal Years \*  
(In Thousands)

	2018	2019
Contractually required contribution	\$ 2,456	\$ 2,487
Contributions in relation to the contractually required contribution	2,456	2,487
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 163,329	\$ 165,754
Contributions as a percentage of covered payroll	1.50 %	1.50 %

\* Information from fiscal years ended 2010 to 2017 is not presented as required by GASB Statement No. 75 as 2018 was the first year of implementation. Additional years will be presented as they become available.

COUNTY OF VENTURA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**VCPFA PREMIUM REIMBURSEMENT PLAN**

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios  
Last Ten Fiscal Years \*  
(In Thousands)

	2018	2019
<b>Total OPEB liability</b>		
Service cost	\$ 190	\$ 201
Interest	664	680
Benefit payments	<u>(502)</u>	<u>(659)</u>
Net change in total OPEB liability	352	222
 Total OPEB liability - beginning	 <u>11,309</u>	 <u>11,661</u>
Total OPEB liability - ending (a)	<u>\$ 11,661</u>	<u>\$ 11,883</u>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 883	\$ 974
Contributions - self-pay member	10	9
Net investment income	1,060	756
Benefit payments	(502)	(659)
Administrative expense	<u>(39)</u>	<u>(50)</u>
Net change in plan fiduciary net position	1,412	1,030
 Plan fiduciary net position - beginning	 <u>11,088</u>	 <u>12,500</u>
Plan fiduciary net position - ending (b)	<u>\$ 12,500</u>	<u>\$ 13,530</u>
 Net OPEB liability (asset) - ending (a) - (b)	 <u>\$ (839)</u>	 <u>\$ (1,647)</u>
 Plan's fiduciary net position as a percentage of the total OPEB liability	 107.19 %	 113.86 %
 Covered payroll	 \$ 88,261	 \$ 97,381
 Net OPEB liability (asset) as a percentage of covered payroll	 (0.95)%	 (1.69)%
 Measurement date	 6/30/17	 6/30/18

**VCPFA PREMIUM REIMBURSEMENT PLAN**

Schedule of the County's Contributions  
Last Ten Fiscal Years \*  
(In Thousands)

	2018	2019
Contractually required contribution	\$ 974	\$ 975
Contributions in relation to the contractually required contribution	<u>974</u>	<u>975</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 97,381	 \$ 97,521
 Contributions as a percentage of covered payroll	 1.00 %	 1.00 %

\* Information from fiscal years ended 2010 to 2017 is not presented as required by GASB Statement No. 75 as 2018 was the first year of implementation. Additional years will be presented as they become available.

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	GENERAL FUND			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Taxes	\$ 378,100	\$ 377,800	\$ 389,491	\$ 11,691
Licenses, permits, and franchises	22,872	22,872	22,352	(520)
Fines, forfeitures, and penalties	21,754	21,832	19,182	(2,650)
Revenues from use of money and property	6,652	6,652	9,624	2,972
Aid from other governmental units	458,754	468,722	432,733	(35,989)
Charges for services	184,189	186,497	183,236	(3,261)
Other	25,942	27,532	28,158	626
Amount available for appropriation	<u>1,098,263</u>	<u>1,111,907</u>	<u>1,084,776</u>	<u>(27,131)</u>
<b>Charges to appropriations (outflows):</b>				
General government:				
Salaries and benefits	66,906	54,874	48,919	5,955
Services and supplies	44,066	42,662	27,499	15,163
Other charges	423	423	376	47
Contingencies	2,000	2,020	-	2,020
Total general government	<u>113,395</u>	<u>99,979</u>	<u>76,794</u>	<u>23,185</u>
Public protection:				
Salaries and benefits	386,187	397,050	390,102	6,948
Services and supplies	109,698	113,010	99,204	13,806
Other charges	15,292	15,935	15,469	466
Total public protection	<u>511,177</u>	<u>525,995</u>	<u>504,775</u>	<u>21,220</u>
Health and sanitation services:				
Salaries and benefits	85,748	85,775	80,351	5,424
Services and supplies	70,927	75,914	68,377	7,537
Other charges	5,065	5,247	5,170	77
Total health and sanitation services	<u>161,740</u>	<u>166,936</u>	<u>153,898</u>	<u>13,038</u>
Public assistance:				
Salaries and benefits	129,607	131,960	128,725	3,235
Services and supplies	38,195	34,708	31,900	2,808
Other charges	96,098	96,041	85,420	10,621
Total public assistance	<u>263,900</u>	<u>262,709</u>	<u>246,045</u>	<u>16,664</u>
Education:				
Salaries and benefits	262	272	249	23
Services and supplies	378	174	171	3
Other charges	-	204	204	-
Total education	<u>640</u>	<u>650</u>	<u>624</u>	<u>26</u>
Capital outlay	20,199	32,803	14,878	17,925
Debt service:				
Principal retirement	6,192	129	-	129
Interest and fiscal charges	5,802	4,236	4,185	51
Total charges to appropriations	<u>1,083,045</u>	<u>1,093,437</u>	<u>1,001,199</u>	<u>92,238</u>
Excess of revenues over expenditures	<u>15,218</u>	<u>18,470</u>	<u>83,577</u>	<u>65,107</u>
Other financing sources (uses):				
Issuance of long-term debt	8,769	11,958	-	(11,958)
Gain from insurance recovery	-	-	82	82
Transfers in	387	1,953	760	(1,193)
Transfers out	(53,386)	(72,590)	(60,352)	12,238
Total other financing sources (uses)	<u>(44,230)</u>	<u>(58,679)</u>	<u>(59,510)</u>	<u>(831)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(29,012)	(40,209)	24,067	64,276
<b>Fund balances - beginning</b>	<u>454,048</u>	<u>454,048</u>	<u>454,048</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 425,036</u>	<u>\$ 413,839</u>	<u>\$ 478,115</u>	<u>\$ 64,276</u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
ROADS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	ROADS			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Taxes	\$ 434	\$ 434	\$ 399	\$ (35)
Licenses, permits, and franchises	550	550	733	183
Fines, forfeitures, and penalties	225	225	121	(104)
Revenues from use of money and property	174	174	355	181
Aid from other governmental units	33,114	33,114	29,937	(3,177)
Charges for services	2	2	12	10
Other	376	376	166	(210)
Amount available for appropriation	<u>34,875</u>	<u>34,875</u>	<u>31,723</u>	<u>(3,152)</u>
<b>Charges to appropriations (outflows):</b>				
Public ways and facilities:				
Services and supplies	29,304	29,304	22,532	6,772
Other charges	138	138	14	124
Total public ways and facilities	<u>29,442</u>	<u>29,442</u>	<u>22,546</u>	<u>6,896</u>
Capital outlay	<u>7,520</u>	<u>7,520</u>	<u>2,046</u>	<u>5,474</u>
Total charges to appropriations	<u>36,962</u>	<u>36,962</u>	<u>24,592</u>	<u>12,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,087)</u>	<u>(2,087)</u>	<u>7,131</u>	<u>9,218</u>
Other financing uses:				
Transfers out	<u>(1,250)</u>	<u>(1,250)</u>	<u>-</u>	<u>1,250</u>
Total other financing uses	<u>(1,250)</u>	<u>(1,250)</u>	<u>-</u>	<u>1,250</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>(3,337)</u>	<u>(3,337)</u>	<u>7,131</u>	<u>10,468</u>
<b>Fund balances - beginning</b>	<u>29,745</u>	<u>29,745</u>	<u>29,745</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 26,408</u></u>	<u><u>\$ 26,408</u></u>	<u><u>\$ 36,876</u></u>	<u><u>\$ 10,468</u></u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
WATERSHED PROTECTION DISTRICT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	WATERSHED PROTECTION DISTRICT			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Taxes	\$ 21,549	\$ 21,549	\$ 24,544	\$ 2,995
Licenses, permits, and franchises	92	92	53	(39)
Fines, forfeitures, and penalties	62	62	35	(27)
Revenues from use of money and property	970	1,221	1,628	407
Aid from other governmental units	14,825	14,883	5,083	(9,800)
Charges for services	11,152	11,752	11,530	(222)
Other	8	88	135	47
Amount available for appropriation	<u>48,658</u>	<u>49,647</u>	<u>43,008</u>	<u>(6,639)</u>
<b>Charges to appropriations (outflows):</b>				
Public protection:				
Services and supplies	42,190	43,060	28,264	14,796
Other charges	975	1,963	5	1,958
Total public protection	<u>43,165</u>	<u>45,023</u>	<u>28,269</u>	<u>16,754</u>
Capital outlay	18,857	26,151	4,951	21,200
Debt Service:				
Interest and fiscal charges	-	131	-	131
Total charges to appropriations	<u>62,022</u>	<u>71,305</u>	<u>33,220</u>	<u>38,085</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,364)</u>	<u>(21,658)</u>	<u>9,788</u>	<u>31,446</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	500	500	-	(500)
Transfers in	-	7,554	-	(7,554)
Transfers out	(185)	(7,879)	-	7,879
Total other financing sources (uses)	<u>315</u>	<u>175</u>	<u>-</u>	<u>(175)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(13,049)</u>	<u>(21,483)</u>	<u>9,788</u>	<u>31,271</u>
<b>Fund balances - beginning</b>	<u>62,555</u>	<u>62,555</u>	<u>62,555</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 49,506</u>	<u>\$ 41,072</u>	<u>\$ 72,343</u>	<u>\$ 31,271</u>



COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
FIRE PROTECTION DISTRICT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	FIRE PROTECTION DISTRICT			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Taxes	\$ 141,244	\$ 141,244	\$ 147,114	\$ 5,870
Licenses, permits, and franchises	1,285	1,285	1,282	(3)
Fines, forfeitures, and penalties	41	41	62	21
Revenues from use of money and property	671	671	2,082	1,411
Aid from other governmental units	14,435	14,882	17,341	2,459
Charges for services	6,867	6,867	6,962	95
Other	4,209	4,209	316	(3,893)
Amount available for appropriation	<u>168,752</u>	<u>169,199</u>	<u>175,159</u>	<u>5,960</u>
<b>Charges to appropriations (outflows):</b>				
Public protection:				
Salaries and benefits	137,726	137,775	134,256	3,519
Services and supplies	26,968	40,709	34,634	6,075
Other charges	400	400	246	154
Contingencies	500	500	-	500
Total public protection	<u>165,594</u>	<u>179,384</u>	<u>169,136</u>	<u>10,248</u>
Capital outlay	<u>39,928</u>	<u>37,407</u>	<u>14,266</u>	<u>23,141</u>
Total charges to appropriations	<u>205,522</u>	<u>216,791</u>	<u>183,402</u>	<u>33,389</u>
Deficiency of revenues under expenditures	<u>(36,770)</u>	<u>(47,592)</u>	<u>(8,243)</u>	<u>39,349</u>
Other financing sources:				
Proceeds from sale of capital assets	60	60	-	(60)
Gain from insurance recovery	-	-	2	2
Transfers in	2,593	2,593	-	(2,593)
Total other financing sources	<u>2,653</u>	<u>2,653</u>	<u>2</u>	<u>(2,651)</u>
Deficiency of revenues and other sources under expenditures	(34,117)	(44,939)	(8,241)	36,698
<b>Fund balances - beginning</b>	<u>99,021</u>	<u>99,021</u>	<u>99,021</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 64,904</u>	<u>\$ 54,082</u>	<u>\$ 90,780</u>	<u>\$ 36,698</u>

COUNTY OF VENTURA  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

*Budgetary Adoption*

The County is legally required to adopt a balanced annual budget for the General Fund, special revenue funds, the permanent fund, the debt service fund for County Service Area #34, and capital projects funds for the Santa Rosa Road Assessment District and Todd Road Jail Expansion. The County adheres to provisions of the California Government Code Sections 29000 through 29144, known as The County Budget Act. Annually, the Board conducts a public hearing for discussion of the proposed budget. At the conclusion of the hearing, and no later than August 30, the Board adopts the final budget including revisions by resolution. A Final Budget book is published.

*Budgetary Comparisons*

GAAP requires a budgetary comparison for the major general and special revenue funds from the funds financial statements. The County has elected to present this information as Required Supplementary Information. Analysis of the General Fund budget is included in Management's Discussion and Analysis.

Required comparisons are between original budget and final budget and between final budget and actual on a budgetary basis. The "original budget" includes the original approved budget (published as the Final Budget) plus appropriations for prior year approved roll-over encumbrances. The "final budget" is the budget as Board approved at the end of the fiscal year. The "actual on a budgetary basis" includes the actual revenues and expenditures as presented in the budget and as adjusted for the fund financial statements.

The primary changes are as follows:

- For budgetary purposes, changes in the fair value of investments are not recognized as increases or decreases to revenue. Under GAAP such changes are recognized as increases or decreases to revenue.
- For budgetary purposes, the County agency fund amounts planned by departments for use during the fiscal year were recognized as revenue. Under GAAP, all County agency funds must be included within the related County fund as revenue, unearned revenue, unavailable revenue, or liability.
- For budgetary purposes, the Stormwater-Unincorporated fund is maintained as a special revenue fund. Under GAAP, this fund does not meet the criteria to be reported as a separate special revenue fund.

The following schedule is a reconciliation for major funds of the differences between fund balances on the actual on a budgetary basis and GAAP basis fund balances (in thousands):

	General Fund	SPECIAL REVENUE FUNDS		
		Roads	Watershed Protection District	Fire Protection District
Fund Balances - Actual on a budgetary basis	\$ 478,115	\$ 36,876	\$ 72,343	\$ 90,780
Adjustments:				
Change in fair value of investments	2,950	81	278	348
Change in county agency funds	13,159	992	202	4,209
Change in Stormwater-Unincorporated Fund	(1,411)	-	-	-
Total adjustments	14,698	1,073	480	4,557
Fund Balances - GAAP basis	\$ 492,813	\$ 37,949	\$ 72,823	\$ 95,337

COUNTY OF VENTURA  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

*Supplemental Appropriations*

The Board may approve supplemental appropriations during the year if revenues are received from unanticipated sources or from anticipated sources, but in excess of estimates thereof. Transfers of appropriations between budget units/departments must also be approved by the Board.

Supplemental appropriations for those funds which the County is legally required to adopt an annual budget approximated \$124,260,000 for the fiscal year ended June 30, 2019.

*Level of Budgetary Control*

County expenditures are controlled at the object level (salaries and benefits, services and supplies, other charges, and other financing uses) and sub-object level (capital assets) within budget units/departments for the County. The object level is the level at which expenditures may not legally exceed appropriations. Any transfer of appropriations between object levels within the same budget unit is delegated by the Board to the County Executive Officer.

The County is legally required to adopt an annual budget including over 90 budget units/departments in over 30 funds. Because of this large volume of detail, a separate Departmental Budget Report of Revenues and Expenditures – Budget and Actual on a Budgetary Basis has been prepared at the budget unit/department, function, and object level for those funds for which the County is legally required to adopt an annual budget. After approved year-end and post-closing adjustments, there are no departments exceeding appropriations at the object level. The budgetary document is available from the Auditor-Controller's Office, 800 South Victoria Avenue, Ventura, CA 93009-1540, or on the County website at: [http://vcportal.ventura.org/auditor/docs/financial-reports/FY19\\_BudgetToActual.pdf](http://vcportal.ventura.org/auditor/docs/financial-reports/FY19_BudgetToActual.pdf)

*Encumbrances*

The County requires use of an encumbrance system as an extension of normal budgetary accounting to assist all funds in controlling expenditures. Under this system, purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are included in restricted, committed or assigned fund balance in the governmental funds. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

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# SUPPLEMENTARY INFORMATION

COUNTY OF VENTURA | CALIFORNIA







## NON-MAJOR GOVERNMENTAL FUNDS





COUNTY OF VENTURA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019  
(In Thousands)

	Total Non-major Governmental Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	George D. Lyon Permanent Fund
<b><u>ASSETS</u></b>					
Cash and investments	\$ 90,307	\$ 76,555	\$ 4,006	\$ 8,564	\$ 1,182
Receivables, net	16,463	15,769	467	217	10
Due from other funds	3,652	2,615	999	37	1
Inventories and other assets	68	68	-	-	-
Long-term receivables	34,659	26,704	7,955	-	-
	<u>34,659</u>	<u>26,704</u>	<u>7,955</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 145,149</u>	<u>\$ 121,711</u>	<u>\$ 13,427</u>	<u>\$ 8,818</u>	<u>\$ 1,193</u>
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ 10,520	\$ 9,194	\$ -	\$ 1,326	\$ -
Accrued liabilities	2,502	2,502	-	-	-
Due to other funds	6,815	3,956	-	2,849	10
Unearned revenue	4,822	4,822	-	-	-
Advances from other funds	35	35	-	-	-
	<u>35</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>24,694</u>	<u>20,509</u>	<u>-</u>	<u>4,175</u>	<u>10</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Unavailable revenue	35,021	26,713	8,308	-	-
	<u>35,021</u>	<u>26,713</u>	<u>8,308</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>35,021</u>	<u>26,713</u>	<u>8,308</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCES</u></b>					
Nonspendable	1,195	62	-	-	1,133
Restricted	76,540	66,881	5,119	4,490	50
Committed	3,698	3,545	-	153	-
Assigned	4,001	4,001	-	-	-
	<u>4,001</u>	<u>4,001</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>85,434</u>	<u>74,489</u>	<u>5,119</u>	<u>4,643</u>	<u>1,183</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 145,149</u>	<u>\$ 121,711</u>	<u>\$ 13,427</u>	<u>\$ 8,818</u>	<u>\$ 1,193</u>

COUNTY OF VENTURA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Total Non-major Governmental Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	George D. Lyon Permanent Fund
<b>Revenues:</b>					
Taxes	\$ 7,920	\$ 7,920	\$ -	\$ -	\$ -
Licenses, permits, and franchises	111	111	-	-	-
Fines, forfeitures, and penalties	109	109	-	-	-
Revenues from use of money and property	3,188	2,068	340	749	31
Aid from other governmental units	85,103	83,342	-	1,761	-
Charges for services	25,797	25,262	460	75	-
Other	3,479	3,479	-	-	-
Total revenues	<u>125,707</u>	<u>122,291</u>	<u>800</u>	<u>2,585</u>	<u>31</u>
<b>Expenditures:</b>					
Current:					
Public protection	27,324	27,324	-	-	-
Health and sanitation services	58,907	58,907	-	-	-
Public assistance	25,042	25,042	-	-	-
Education	7,999	7,999	-	-	-
Recreation	38	38	-	-	-
Capital outlay	9,915	182	-	9,733	-
Debt service:					
Principal retirement	6,455	-	6,455	-	-
Interest and fiscal charges	1,922	-	1,922	-	-
Total expenditures	<u>137,602</u>	<u>119,492</u>	<u>8,377</u>	<u>9,733</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,895)</u>	<u>2,799</u>	<u>(7,577)</u>	<u>(7,148)</u>	<u>31</u>
<b>Other financing sources (uses):</b>					
Gain from insurance recovery	24	24	-	-	-
Issuance of long-term debt	8,700	-	-	8,700	-
Transfers in	17,778	8,911	8,867	-	-
Transfers out	(1,757)	(1,747)	-	-	(10)
Total other financing sources (uses)	<u>24,745</u>	<u>7,188</u>	<u>8,867</u>	<u>8,700</u>	<u>(10)</u>
<b>Net change in fund balances</b>	12,850	9,987	1,290	1,552	21
Fund balances - beginning	<u>72,584</u>	<u>64,502</u>	<u>3,829</u>	<u>3,091</u>	<u>1,162</u>
Fund balances - ending	<u>\$ 85,434</u>	<u>\$ 74,489</u>	<u>\$ 5,119</u>	<u>\$ 4,643</u>	<u>\$ 1,183</u>

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## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for revenues that are restricted by law or administrative action to expenditures for specified purposes. Non-major special revenue funds used by the County are listed below:

#### **COUNTY LIBRARY**

This fund accounts for the provision of library services in twelve branches throughout the County, except in the cities of Camarillo, Oxnard, Moorpark, Simi Valley, and Thousand Oaks, and the Santa Paula School District, which provide their own library facilities. Support is derived principally from property taxes and includes donations from citizens, groups, and cities.

#### **H.U.D. GRANTS**

This fund is primarily used to account for federal grants from the Department of Housing and Urban Development (H.U.D.) for development of low and moderate income housing, rehabilitation and improvements of public facilities, and meeting conditions which pose a serious and immediate threat to health and welfare in the County.

#### **FISH AND WILDLIFE**

This fund was established to receive the County's share of fines levied for violations of fish and game laws within its boundaries. Expenditures are made from time to time for purposes of improving the habitat for wildlife propagation and for incidental administrative matters.

#### **DOMESTIC VIOLENCE PROGRAM**

This program was established to provide services to victims of domestic violence and their children in accordance with state statute and to explore and determine ways of reducing incidences of domestic violence. The program is funded by a special surcharge levied on the issuance of all marriage licenses.

#### **COUNTY SERVICE AREAS**

County Service Areas account for lighting, street and road maintenance, ambulance service, recreation, and wastewater treatment facilities in specific geographic areas. Support is derived principally from property taxes and service charges in each service area.

#### **WORKFORCE DEVELOPMENT**

This fund accounts for the provision of services to the public and private sectors, including the planning, operation, administration, and management of job training programs pursuant to the Workforce Investment Act, regulations of the U.S. Department of Labor, Family Economic Security Act, and the directions of the Governor of the State of California. Support consists principally of federal funds.

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

**(Continued)**

#### **SPAY/NEUTER PROGRAM**

This fund is used to account for the spay/neuter subvention program. The program provides Ventura County animal owners with financial assistance, using a voucher system, for altering dogs. The program is funded by forfeited spay/neuter deposit monies and animal license fees.

#### **INMATE WELFARE**

This fund was established pursuant to Section 4025 of the California Penal Code for the benefit, education, and welfare of inmates confined to County jail. It is funded by proceeds from the jail canteen, jail commissary, vocational programs, and telephone commissions.

#### **IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**

The Ventura County In-Home Supportive Services Public Authority (IHS) was established on July 23, 2002, to provide an employer of record for in-home supportive service providers, as required by Welfare and Institutions Code Section 12302.25. Federal, State, County, and realignment funds support the activities of IHS.

#### **DEPARTMENT OF CHILD SUPPORT SERVICES**

This fund was established in July 2002, pursuant to Family Code Section 17304 which required the transfer of local child support programs from the District Attorney's Office to a newly created County department under the oversight of the State. Services, which include location, establishment and enforcement of orders for child and medical support, and paternity determination, are funded by federal and state reimbursements.

#### **MENTAL HEALTH SERVICES ACT (MHSA)**

In November 2004, voters passed Proposition 63 (MHSA) to provide funding to support County mental health programs for children, transition age youth, adults, older adults and families. This fund was created in July 2007 to support and provide a broad continuum of prevention, early intervention and service needs and the necessary infrastructure, technology and training elements.

#### **COUNTY SUCCESSOR HOUSING AGENCY**

The County Successor Housing Agency fund was created on February 1, 2012, pursuant to the provisions of the Redevelopment Restructuring Act. Under this act the County elected to retain the housing assets, functions and powers previously performed by the County of Ventura Redevelopment Agency.

#### **NYELAND ACRES COMMUNITY CENTER COMMUNITY FACILITIES DISTRICT (CFD)**

In January 2016, a special election was held in Nyeland Acres Community Center CFD to provide funding for the annual maintenance costs of the Nyeland Acres Community Center CFD via a special tax. The property serves the Nyeland Acres community and its youth.

COUNTY OF VENTURA  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019  
(In Thousands)

	Total	County Library Fund	H.U.D. Grants Fund	Fish and Wildlife Fund
<b><u>ASSETS</u></b>				
Cash and investments	\$ 76,555	\$ 5,577	\$ 4,989	\$ -
Receivables, net	15,769	367	433	1
Due from other funds	2,615	61	-	-
Inventories and other assets	68	-	-	-
Long-term receivables	26,704	231	14,958	-
Total assets	<u>\$ 121,711</u>	<u>\$ 6,236</u>	<u>\$ 20,380</u>	<u>\$ 1</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 9,194	\$ 288	\$ 487	\$ 1
Accrued liabilities	2,502	214	-	-
Due to other funds	3,956	28	130	-
Unearned revenue	4,822	-	4,805	-
Advances from other funds	35	-	-	-
Total liabilities	<u>20,509</u>	<u>530</u>	<u>5,422</u>	<u>1</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue	<u>26,713</u>	<u>240</u>	<u>14,958</u>	<u>-</u>
Total deferred inflows of resources	<u>26,713</u>	<u>240</u>	<u>14,958</u>	<u>-</u>
<b><u>FUND BALANCES</u></b>				
Nonspendable	62	-	-	-
Restricted	66,881	1,370	-	-
Committed	3,545	196	-	-
Assigned	4,001	3,900	-	-
Total fund balances	<u>74,489</u>	<u>5,466</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 121,711</u>	<u>\$ 6,236</u>	<u>\$ 20,380</u>	<u>\$ 1</u>

COUNTY OF VENTURA  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019  
(In Thousands)

Domestic Violence Program Fund	County Service Areas	Workforce Development Fund	
\$ 256	\$ 9,035	\$ 121	<b><u>ASSETS</u></b>
9	93	703	Cash and investments
-	12	-	Receivables, net
-	-	-	Due from other funds
-	-	-	Inventories and other assets
-	-	-	Long-term receivables
<u>\$ 265</u>	<u>\$ 9,140</u>	<u>\$ 824</u>	Total assets
			<b><u>LIABILITIES</u></b>
\$ 17	\$ 349	\$ 516	Accounts payable
-	220	171	Accrued liabilities
-	1,058	102	Due to other funds
-	17	-	Unearned revenue
-	-	35	Advances from other funds
<u>17</u>	<u>1,644</u>	<u>824</u>	Total liabilities
			<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>
-	-	-	Unavailable revenue
-	-	-	Total deferred inflows of resources
			<b><u>FUND BALANCES</u></b>
-	-	-	Nonspendable
248	4,046	-	Restricted
-	3,349	-	Committed
-	101	-	Assigned
<u>248</u>	<u>7,496</u>	<u>-</u>	Total fund balances
<u>\$ 265</u>	<u>\$ 9,140</u>	<u>\$ 824</u>	Total liabilities, deferred inflows of resources, and fund balances

(Continued)

COUNTY OF VENTURA  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019  
(In Thousands)  
(Continued)

	Spay/Neuter Program	Inmate Welfare Fund	In-Home Supportive Services Public Authority
<b><u>ASSETS</u></b>			
Cash and investments	\$ 34	\$ 2,134	\$ 2,177
Receivables, net	-	22	751
Due from other funds	9	893	1,239
Inventories and other assets	-	62	-
Long-term receivables	-	-	-
	<u>43</u>	<u>3,111</u>	<u>4,167</u>
Total assets	<u>\$ 43</u>	<u>\$ 3,111</u>	<u>\$ 4,167</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ -	\$ 96	\$ 2,209
Accrued liabilities	-	52	41
Due to other funds	-	35	1,917
Unearned revenue	-	-	-
Advances from other funds	-	-	-
	<u>-</u>	<u>183</u>	<u>4,167</u>
Total liabilities	<u>-</u>	<u>183</u>	<u>4,167</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable	-	62	-
Restricted	43	2,866	-
Committed	-	-	-
Assigned	-	-	-
	<u>43</u>	<u>2,928</u>	<u>-</u>
Total fund balances	<u>43</u>	<u>2,928</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 43</u>	<u>\$ 3,111</u>	<u>\$ 4,167</u>



COUNTY OF VENTURA  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019  
(In Thousands)  
(Continued)

Department of Child Support Services	Mental Health Services Act	County Successor Housing Agency	Nyeland Acres Community Center CFD	
\$ 259	\$ 51,899	\$ 1	\$ 73	<b><u>ASSETS</u></b>
541	12,848	-	1	Cash and investments
1	400	-	-	Receivables, net
6	-	-	-	Due from other funds
-	11,090	425	-	Inventories and other assets
-	-	-	-	Long-term receivables
<u>\$ 807</u>	<u>\$ 76,237</u>	<u>\$ 426</u>	<u>\$ 74</u>	Total assets
				<b><u>LIABILITIES</u></b>
\$ 14	\$ 5,215	\$ -	\$ 2	Accounts payable
776	1,028	-	-	Accrued liabilities
11	674	-	1	Due to other funds
-	-	-	-	Unearned revenue
-	-	-	-	Advances from other funds
<u>801</u>	<u>6,917</u>	<u>-</u>	<u>3</u>	Total liabilities
				<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>
-	11,090	425	-	Unavailable revenue
<u>-</u>	<u>11,090</u>	<u>425</u>	<u>-</u>	Total deferred inflows of resources
				<b><u>FUND BALANCES</u></b>
-	-	-	-	Nonspendable
6	58,230	1	71	Restricted
-	-	-	-	Committed
-	-	-	-	Assigned
<u>6</u>	<u>58,230</u>	<u>1</u>	<u>71</u>	Total fund balances
<u>\$ 807</u>	<u>\$ 76,237</u>	<u>\$ 426</u>	<u>\$ 74</u>	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF VENTURA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Total	County Library Fund	H.U.D. Grants Fund	Fish and Wildlife Fund
<b>Revenues:</b>				
Taxes	\$ 7,920	\$ 6,701	\$ -	\$ -
Licenses, permits, and franchises	111	-	-	-
Fines, forfeitures, and penalties	109	3	-	-
Revenues from use of money and property	2,068	270	4	-
Aid from other governmental units	83,342	730	2,366	-
Charges for services	25,262	138	-	4
Other	3,479	598	-	-
Total revenues	<u>122,291</u>	<u>8,440</u>	<u>2,370</u>	<u>4</u>
<b>Expenditures:</b>				
Current:				
Public protection	27,324	-	-	3
Health and sanitation services	58,907	-	-	-
Public assistance	25,042	-	1,785	-
Education	7,999	7,999	-	-
Recreation	38	-	-	-
Capital outlay	182	57	-	-
Total expenditures	<u>119,492</u>	<u>8,056</u>	<u>1,785</u>	<u>3</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,799</u>	<u>384</u>	<u>585</u>	<u>1</u>
<b>Other financing sources (uses):</b>				
Gain from insurance recovery	24	-	-	-
Transfers in	8,911	860	-	-
Transfers out	<u>(1,747)</u>	<u>(169)</u>	<u>(585)</u>	<u>(2)</u>
Total other financing sources (uses)	<u>7,188</u>	<u>691</u>	<u>(585)</u>	<u>(2)</u>
<b>Net change in fund balances</b>	9,987	1,075	-	(1)
Fund balances - beginning	<u>64,502</u>	<u>4,391</u>	<u>-</u>	<u>1</u>
Fund balances - ending	<u>\$ 74,489</u>	<u>\$ 5,466</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF VENTURA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

Domestic Violence Program Fund	County Service Areas	Workforce Development Fund	
\$ -	\$ 1,219	\$ -	<b>Revenues:</b>
111	-	-	Taxes
84	4	-	Licenses, permits, and franchises
7	264	5	Fines, forfeitures, and penalties
-	8	6,771	Revenues from use of money and property
-	1,878	-	Aid from other governmental units
4	3	-	Charges for services
			Other
<u>206</u>	<u>3,376</u>	<u>6,776</u>	Total revenues
			<b>Expenditures:</b>
-	2,855	-	Current:
-	-	-	Public protection
160	-	6,776	Health and sanitation services
-	-	-	Public assistance
-	-	-	Education
-	-	-	Recreation
-	-	-	Capital outlay
<u>160</u>	<u>2,855</u>	<u>6,776</u>	Total expenditures
<u>46</u>	<u>521</u>	<u>-</u>	Excess (deficiency) of revenues over (under) expenditures
			<b>Other financing sources (uses):</b>
-	-	-	Gain from insurance recovery
-	-	-	Transfers in
-	(991)	-	Transfers out
<u>-</u>	<u>(991)</u>	<u>-</u>	Total other financing sources (uses)
46	(470)	-	<b>Net change in fund balances</b>
<u>202</u>	<u>7,966</u>	<u>-</u>	Fund balances - beginning
<u>\$ 248</u>	<u>\$ 7,496</u>	<u>\$ -</u>	Fund balances - ending

(Continued)

COUNTY OF VENTURA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)  
(Continued)

	Spay/Neuter Program	Inmate Welfare Fund	In-Home Supportive Services Public Authority
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-
Fines, forfeitures, and penalties	18	-	-
Revenues from use of money and property	-	62	55
Aid from other governmental units	-	-	8,221
Charges for services	-	-	-
Other	1	2,853	-
Total revenues	19	2,915	8,276
<b>Expenditures:</b>			
Current:			
Public protection	10	2,448	-
Health and sanitation services	-	-	-
Public assistance	-	-	16,321
Education	-	-	-
Recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	10	2,448	16,321
Excess (deficiency) of revenues over (under) expenditures	9	467	(8,045)
<b>Other financing sources (uses):</b>			
Gain from insurance recovery	-	-	-
Transfers in	-	-	8,045
Transfers out	-	-	-
Total other financing sources (uses)	-	-	8,045
<b>Net change in fund balances</b>	9	467	-
Fund balances - beginning	34	2,461	-
Fund balances - ending	<u>\$ 43</u>	<u>\$ 2,928</u>	<u>\$ -</u>

COUNTY OF VENTURA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)  
(Continued)

Department of Child Support Services	Mental Health Services Act	County Successor Housing Agency	Nyeland Acres Community Center CFD	
\$ -	\$ -	\$ -	\$ -	<b>Revenues:</b>
-	-	-	-	Taxes
-	-	-	-	Licenses, permits, and franchises
18	1,381	-	2	Fines, forfeitures, and penalties
21,984	43,262	-	-	Revenues from use of money and property
-	23,194	-	48	Aid from other governmental units
-	15	-	5	Charges for services
-	-	-	-	Other
<u>22,002</u>	<u>67,852</u>	<u>-</u>	<u>55</u>	Total revenues
				<b>Expenditures:</b>
22,008	-	-	-	Current:
-	58,907	-	-	Public protection
-	-	-	-	Health and sanitation services
-	-	-	-	Public assistance
-	-	-	-	Education
-	-	-	38	Recreation
-	125	-	-	Capital outlay
<u>22,008</u>	<u>59,032</u>	<u>-</u>	<u>38</u>	Total expenditures
<u>(6)</u>	<u>8,820</u>	<u>-</u>	<u>17</u>	Excess (deficiency) of revenues over (under) expenditures
-	24	-	-	<b>Other financing sources (uses):</b>
6	-	-	-	Gain from insurance recovery
-	-	-	-	Transfers in
-	-	-	-	Transfers out
<u>6</u>	<u>24</u>	<u>-</u>	<u>-</u>	Total other financing sources (uses)
-	8,844	-	17	<b>Net change in fund balances</b>
<u>6</u>	<u>49,386</u>	<u>1</u>	<u>54</u>	Fund balances - beginning
<u>\$ 6</u>	<u>\$ 58,230</u>	<u>\$ 1</u>	<u>\$ 71</u>	Fund balances - ending

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
COUNTY LIBRARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	COUNTY LIBRARY FUND			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Taxes	\$ 6,006	\$ 6,006	\$ 6,701	\$ 695
Fines, forfeitures, and penalties	2	2	3	1
Revenues from use of money and property	150	150	225	75
Aid from other governmental units	666	830	730	(100)
Charges for services	95	95	138	43
Other	673	818	620	(198)
Amounts available for appropriation	<u>7,592</u>	<u>7,901</u>	<u>8,417</u>	<u>516</u>
<b>Charges to appropriations (outflows):</b>				
Education:				
Salaries and benefits	5,521	5,543	5,220	323
Services and supplies	<u>3,299</u>	<u>3,360</u>	<u>2,779</u>	<u>581</u>
Total education	<u>8,820</u>	<u>8,903</u>	<u>7,999</u>	<u>904</u>
Capital outlay	<u>-</u>	<u>57</u>	<u>57</u>	<u>-</u>
Total charges to appropriations	<u>8,820</u>	<u>8,960</u>	<u>8,056</u>	<u>904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,228)</u>	<u>(1,059)</u>	<u>361</u>	<u>1,420</u>
Other financing sources (uses):				
Transfers in	860	860	860	-
Transfers out	<u>-</u>	<u>(171)</u>	<u>(169)</u>	<u>2</u>
Total other financing sources (uses)	<u>860</u>	<u>689</u>	<u>691</u>	<u>2</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(368)</u>	<u>(370)</u>	<u>1,052</u>	<u>1,422</u>
<b>Fund balances - beginning</b>	<u>4,391</u>	<u>4,391</u>	<u>4,391</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 4,023</u>	<u>\$ 4,021</u>	<u>\$ 5,443</u>	<u>\$ 1,422</u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
H.U.D. GRANTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<b>HOUSING AND URBAN DEVELOPMENT GRANTS</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ -	\$ -	\$ 3	\$ 3
Aid from other governmental units	<u>4,338</u>	<u>13,495</u>	<u>2,366</u>	<u>(11,129)</u>
Amounts available for appropriation	<u>4,338</u>	<u>13,495</u>	<u>2,369</u>	<u>(11,126)</u>
<b>Charges to appropriations (outflows):</b>				
Public assistance:				
Services and supplies	2,977	11,737	1,544	10,193
Other charges	<u>650</u>	<u>820</u>	<u>241</u>	<u>579</u>
Total public assistance	<u>3,627</u>	<u>12,557</u>	<u>1,785</u>	<u>10,772</u>
Total charges to appropriations	<u>3,627</u>	<u>12,557</u>	<u>1,785</u>	<u>10,772</u>
Excess of revenues over expenditures	<u>711</u>	<u>938</u>	<u>584</u>	<u>(354)</u>
Other financing uses:				
Transfers out	<u>(725)</u>	<u>(939)</u>	<u>(585)</u>	<u>354</u>
Total other financing uses	<u>(725)</u>	<u>(939)</u>	<u>(585)</u>	<u>354</u>
Deficiency of revenues under expenditures and other uses	(14)	(1)	(1)	-
<b>Fund balances - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ (14)</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ -</u></u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
FISH AND WILDLIFE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<b>FISH AND WILDLIFE FUND</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Charges for services	\$ 9	\$ 9	\$ 4	\$ (5)
Other	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Amounts available for appropriation	<u>10</u>	<u>10</u>	<u>4</u>	<u>(6)</u>
<b>Charges to appropriations (outflows):</b>				
Public protection:				
Other charges	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Total public protection	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Total charges to appropriations	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Excess of revenues over expenditures	<u>7</u>	<u>7</u>	<u>1</u>	<u>(6)</u>
Other financing uses:				
Transfers out	<u>(7)</u>	<u>(7)</u>	<u>(2)</u>	<u>5</u>
Total other financing uses	<u>(7)</u>	<u>(7)</u>	<u>(2)</u>	<u>5</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	-	-	(1)	(1)
<b>Fund balances - beginning</b>	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1)</u></u>



COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
DOMESTIC VIOLENCE PROGRAM FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<b>DOMESTIC VIOLENCE PROGRAM FUND</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Licenses, permits, and franchises	\$ 150	\$ 150	\$ 111	\$ (39)
Fines, forfeitures, and penalties	50	50	84	34
Revenues from use of money and property	-	-	6	6
Other	-	-	4	4
Amounts available for appropriation	<u>200</u>	<u>200</u>	<u>205</u>	<u>5</u>
<b>Charges to appropriations (outflows):</b>				
Public assistance:				
Services and supplies	<u>200</u>	<u>200</u>	<u>160</u>	<u>40</u>
Total public assistance	<u>200</u>	<u>200</u>	<u>160</u>	<u>40</u>
Total charges to appropriations	<u>200</u>	<u>200</u>	<u>160</u>	<u>40</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	45	45
<b>Fund balances - beginning</b>	<u>202</u>	<u>202</u>	<u>202</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 202</u>	<u>\$ 202</u>	<u>\$ 247</u>	<u>\$ 45</u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
COUNTY SERVICE AREAS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	COUNTY SERVICE AREAS			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Taxes	\$ 1,147	\$ 1,147	\$ 1,219	\$ 72
Fines, forfeitures, and penalties	3	6	4	(2)
Revenues from use of money and property	149	177	230	53
Aid from other governmental units	12	12	8	(4)
Charges for services	1,833	1,859	1,878	19
Other	1	1	3	2
Amounts available for appropriation	<u>3,145</u>	<u>3,202</u>	<u>3,342</u>	<u>140</u>
<b>Charges to appropriations (outflows):</b>				
Public protection:				
Services and supplies	<u>3,671</u>	<u>3,609</u>	<u>2,855</u>	<u>754</u>
Total public protection	<u>3,671</u>	<u>3,609</u>	<u>2,855</u>	<u>754</u>
Capital outlay	<u>4,635</u>	<u>4,508</u>	<u>-</u>	<u>4,508</u>
Total charges to appropriations	<u>8,306</u>	<u>8,117</u>	<u>2,855</u>	<u>5,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,161)</u>	<u>(4,915)</u>	<u>487</u>	<u>5,402</u>
Other financing sources (uses):				
Issuance of long-term debt	4,375	4,375	-	(4,375)
Transfers out	<u>-</u>	<u>(993)</u>	<u>(991)</u>	<u>2</u>
Total other financing sources (uses)	<u>4,375</u>	<u>3,382</u>	<u>(991)</u>	<u>(4,373)</u>
Deficiency of revenues and other sources under expenditures	(786)	(1,533)	(504)	1,029
<b>Fund balances - beginning</b>	<u>7,966</u>	<u>7,966</u>	<u>7,966</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 7,180</u>	<u>\$ 6,433</u>	<u>\$ 7,462</u>	<u>\$ 1,029</u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
WORKFORCE DEVELOPMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<b>WORKFORCE DEVELOPMENT FUND</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ -	\$ -	\$ 5	\$ 5
Aid from other governmental units	8,184	8,995	6,771	(2,224)
Amounts available for appropriation	<u>8,184</u>	<u>8,995</u>	<u>6,776</u>	<u>(2,219)</u>
<b>Charges to appropriations (outflows):</b>				
Public assistance:				
Salaries and benefits	3,744	3,744	3,296	448
Services and supplies	1,499	1,599	1,393	206
Other charges	<u>3,118</u>	<u>3,828</u>	<u>2,087</u>	<u>1,741</u>
Total public assistance	<u>8,361</u>	<u>9,171</u>	<u>6,776</u>	<u>2,395</u>
Total charges to appropriations	<u>8,361</u>	<u>9,171</u>	<u>6,776</u>	<u>2,395</u>
Excess (deficiency) of revenues over (under) expenditures	(177)	(176)	-	176
<b>Fund balances - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ (177)</u>	<u>\$ (176)</u>	<u>\$ -</u>	<u>\$ 176</u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
SPAY/NEUTER PROGRAM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	SPAY/NEUTER PROGRAM			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 9	\$ 9
Other	20	20	1	(19)
Amounts available for appropriation	20	20	10	(10)
<b>Charges to appropriations (outflows):</b>				
Public protection:				
Services and supplies	20	20	10	10
Total public protection	20	20	10	10
Total charges to appropriations	20	20	10	10
 Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>Fund balances - beginning</b>	34	34	34	-
<b>Fund balances - ending</b>	\$ 34	\$ 34	\$ 34	\$ -

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
INMATE WELFARE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	INMATE WELFARE FUND			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ 15	\$ 15	\$ 54	\$ 39
Other	2,776	2,776	2,853	77
Amounts available for appropriation	2,791	2,791	2,907	116
<b>Charges to appropriations (outflows):</b>				
Public protection:				
Salaries and benefits	1,504	1,504	1,239	265
Services and supplies	1,387	1,387	1,209	178
Contingencies	100	100	-	100
Total public protection	2,991	2,991	2,448	543
Total charges to appropriations	2,991	2,991	2,448	543
Excess (deficiency) of revenues over (under) expenditures	(200)	(200)	459	659
<b>Fund balances - beginning</b>	2,461	2,461	2,461	-
<b>Fund balances - ending</b>	\$ 2,261	\$ 2,261	\$ 2,920	\$ 659

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ -	\$ -	\$ 44	\$ 44
Aid from other governmental units	8,346	8,346	8,232	(114)
Amounts available for appropriation	8,346	8,346	8,276	(70)
<b>Charges to appropriations (outflows):</b>				
Public assistance:				
Salaries and benefits	984	984	946	38
Services and supplies	220	220	215	5
Other charges	15,704	15,704	15,160	544
Total public assistance	16,908	16,908	16,321	587
Total charges to appropriations	16,908	16,908	16,321	587
Deficiency of revenues under expenditures	(8,562)	(8,562)	(8,045)	517
Other financing sources:				
Transfers in	8,561	8,561	8,045	(516)
Total other financing sources	8,561	8,561	8,045	(516)
Excess (deficiency) of revenues and other sources over (under) expenditures	(1)	(1)	-	1
<b>Fund balances - beginning</b>	-	-	-	-
<b>Fund balances - ending</b>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 1</u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
DEPARTMENT OF CHILD SUPPORT SERVICES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<b>DEPARTMENT OF CHILD SUPPORT SERVICES</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ 8	\$ 8	\$ 16	\$ 8
Aid from other governmental units	22,192	22,232	21,984	(248)
Amounts available for appropriation	<u>22,200</u>	<u>22,240</u>	<u>22,000</u>	<u>(240)</u>
<b>Charges to appropriations (outflows):</b>				
Public protection:				
Salaries and benefits	19,656	19,596	19,402	194
Services and supplies	<u>2,575</u>	<u>2,685</u>	<u>2,606</u>	<u>79</u>
Total public protection	22,231	22,281	22,008	273
Capital outlay	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>22,241</u>	<u>22,281</u>	<u>22,008</u>	<u>273</u>
Deficiency of revenues under expenditures	<u>(41)</u>	<u>(41)</u>	<u>(8)</u>	<u>33</u>
Other financing sources:				
Transfers in	<u>15</u>	<u>15</u>	<u>6</u>	<u>(9)</u>
Total other financing sources	<u>15</u>	<u>15</u>	<u>6</u>	<u>(9)</u>
Deficiency of revenues and other sources under expenditures	(26)	(26)	(2)	24
<b>Fund balances - beginning</b>	<u>6</u>	<u>6</u>	<u>6</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ (20)</u>	<u>\$ (20)</u>	<u>\$ 4</u>	<u>\$ 24</u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
MENTAL HEALTH SERVICES ACT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

MENTAL HEALTH SERVICES ACT				
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ 254	\$ 254	\$ 1,177	\$ 923
Aid from other governmental units	40,963	41,113	43,262	2,149
Charges for services	22,295	22,295	23,194	899
Other	18	18	15	(3)
Amounts available for appropriation	<u>63,530</u>	<u>63,680</u>	<u>67,648</u>	<u>3,968</u>
<b>Charges to appropriations (outflows):</b>				
Health and sanitation services:				
Salaries and benefits	31,929	32,097	25,515	6,582
Services and supplies	34,751	34,746	29,004	5,742
Other charges	<u>5,730</u>	<u>5,863</u>	<u>4,388</u>	<u>1,475</u>
Total health and sanitation services	<u>72,410</u>	<u>72,706</u>	<u>58,907</u>	<u>13,799</u>
Capital outlay	<u>255</u>	<u>260</u>	<u>125</u>	<u>135</u>
Total charges to appropriations	<u>72,665</u>	<u>72,966</u>	<u>59,032</u>	<u>13,934</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,135)</u>	<u>(9,286)</u>	<u>8,616</u>	<u>17,902</u>
Other financing uses:				
Gain from insurance recovery	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>(9,135)</u>	<u>(9,286)</u>	<u>8,640</u>	<u>17,926</u>
<b>Fund balances - beginning</b>	<u>49,386</u>	<u>49,386</u>	<u>49,386</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 40,251</u>	<u>\$ 40,100</u>	<u>\$ 58,026</u>	<u>\$ 17,926</u>



COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
COUNTY SUCCESSOR HOUSING AGENCY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	COUNTY SUCCESSOR HOUSING AGENCY			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ 5	\$ 5	\$ -	\$ (5)
Other	485	485	-	(485)
Amounts available for appropriation	490	490	-	(490)
<b>Charges to appropriations (outflows):</b>				
Public assistance:				
Other charges	490	490	-	490
Total public assistance	490	490	-	490
Total charges to appropriations	490	490	-	490
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>Fund balances - beginning</b>	1	1	1	-
<b>Fund balances - ending</b>	\$ 1	\$ 1	\$ 1	\$ -

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
NYELAND ACRES COMMUNITY CENTER CFD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<b>NYELAND ACRES COMMUNITY CENTER CFD</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ 1	\$ 1	\$ 2	\$ 1
Charges for services	54	54	48	(6)
Other	5	5	5	-
Amounts available for appropriation	<u>60</u>	<u>60</u>	<u>55</u>	<u>(5)</u>
<b>Charges to appropriations (outflows):</b>				
Recreation and cultural services:				
Services and supplies	55	55	34	21
Other charges	5	5	4	1
Total recreation and cultural services	<u>60</u>	<u>60</u>	<u>38</u>	<u>22</u>
Total charges to appropriations	<u>60</u>	<u>60</u>	<u>38</u>	<u>22</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	17	17
<b>Fund balances - beginning</b>	<u>54</u>	<u>54</u>	<u>54</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 54</u>	<u>\$ 54</u>	<u>\$ 71</u>	<u>\$ 17</u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR SPECIAL REVENUE FUNDS  
STORMWATER-UNINCORPORATED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<b>STORMWATER-UNINCORPORATED *</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ 25	\$ 25	\$ 60	\$ 35
Aid from other governmental units	1,180	1,180	233	(947)
Charges for services	56	56	84	28
Amounts available for appropriation	<u>1,261</u>	<u>1,261</u>	<u>377</u>	<u>(884)</u>
<b>Charges to appropriations (outflows):</b>				
Public protection:				
Services and supplies	<u>2,548</u>	<u>2,548</u>	<u>1,499</u>	<u>1,049</u>
Total public protection	<u>2,548</u>	<u>2,548</u>	<u>1,499</u>	<u>1,049</u>
Capital outlay	<u>1,299</u>	<u>1,299</u>	<u>289</u>	<u>1,010</u>
Total charges to appropriations	<u>3,847</u>	<u>3,847</u>	<u>1,788</u>	<u>2,059</u>
Deficiency of revenues under expenditures	<u>(2,586)</u>	<u>(2,586)</u>	<u>(1,411)</u>	<u>1,175</u>
Other financing sources:				
Transfers in	<u>1,625</u>	<u>1,625</u>	<u>1,625</u>	<u>-</u>
Total other financing sources	<u>1,625</u>	<u>1,625</u>	<u>1,625</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	(961)	(961)	214	1,175
<b>Fund balances - beginning</b>	<u>2,266</u>	<u>2,266</u>	<u>2,266</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,305</u>	<u>\$ 1,305</u>	<u>\$ 2,480</u>	<u>\$ 1,175</u>

\*For budgetary purposes, the Stormwater-Unincorporated fund is maintained as a special revenue fund. Under GAAP, this fund does not meet the criteria to be reported as a separate special revenue fund and is reported in the General Fund.

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## **NON-MAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUNDS**

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt. A more detailed description of each fund is listed below:

#### **PUBLIC FINANCING AUTHORITY**

This fund is used to finance a portion of various capital projects and pay costs incurred in connection with the issuance, sale, and delivery of the Public Financing Authority's (PFA) Tax Exempt Commercial Paper Notes (TECP), the Revolving Credit Agreement Notes (RCA), the Lease Revenue Bonds, Series 2013A and Series 2013B (LRB 2013A and LRB 2013B, respectively), the Lease Revenue Refunding Bonds, Series 2016A (LRRB 2016A), and the Certificates of Participation issued to the United States Department of Agriculture (USDA COPs). The LRB 2013A financed a new replacement wing of the Ventura County Medical Center and retired \$20,656,000 of TECP. The LRB 2013B financed the acquisition of an office building located at 1911 Williams Drive in Oxnard and refunded the 2003 Certificates of Participation. The LRRB 2016A were used to advance refund the PFA 2009 Certificate of Participation. The USDA COPs were used to fund the Waterworks District No. 19 Water Infrastructure Project. This fund receives lease revenue payments in compliance with lease-purchase agreements and installment sale payments in compliance with installment sale agreements. These payments are accumulated for making payment of principal and interest on these debt issues.

#### **COUNTY SERVICE AREA #34**

This fund is used to account for the required debt service reserve and accumulate resources for the payment of principal and interest on the Revolving Fund Loan issued by the State of California, State Water Resources Control Board-Clean Water Act. Revenues are received through special assessment taxes on property.

COUNTY OF VENTURA  
 COMBINING BALANCE SHEET  
 NON-MAJOR DEBT SERVICE FUNDS  
 JUNE 30, 2019  
 (In Thousands)

	Total	Public Financing Authority	County Service Area #34
<b><u>ASSETS</u></b>			
Cash and investments	\$ 4,006	\$ 3,474	\$ 532
Receivables, net	467	108	359
Due from other funds	999	12	987
Long-term receivables	<u>7,955</u>	<u>-</u>	<u>7,955</u>
Total assets	<u><u>\$ 13,427</u></u>	<u><u>\$ 3,594</u></u>	<u><u>\$ 9,833</u></u>
<b><u>LIABILITIES</u></b>			
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue	<u>\$ 8,308</u>	<u>\$ -</u>	<u>\$ 8,308</u>
Total deferred inflows of resources	<u>8,308</u>	<u>-</u>	<u>8,308</u>
<b><u>FUND BALANCES</u></b>			
Restricted	<u>5,119</u>	<u>3,594</u>	<u>1,525</u>
Total fund balances	<u>5,119</u>	<u>3,594</u>	<u>1,525</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 13,427</u></u>	<u><u>\$ 3,594</u></u>	<u><u>\$ 9,833</u></u>

COUNTY OF VENTURA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR DEBT SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Total	Public Financing Authority	County Service Area #34
<b>Revenues:</b>			
Revenues from use of money and property	\$ 340	\$ 324	\$ 16
Charges for services	460	-	460
Total revenues	800	324	476
<b>Expenditures:</b>			
Current:			
Debt service:			
Principal retirement	6,455	6,165	290
Interest and fiscal charges	1,922	1,755	167
Total expenditures	8,377	7,920	457
Excess (deficiency) of revenues over (under) expenditures	(7,577)	(7,596)	19
<b>Other financing sources:</b>			
Transfers in	8,867	7,880	987
Total other financing sources	8,867	7,880	987
<b>Net change in fund balances</b>	1,290	284	1,006
Fund balances - beginning	3,829	3,310	519
Fund balances - ending	\$ 5,119	\$ 3,594	\$ 1,525

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR DEBT SERVICE FUNDS  
COUNTY SERVICE AREA #34  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<b>COUNTY SERVICE AREA #34</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ 9	\$ 9	\$ 14	\$ 5
Charges for services	<u>457</u>	<u>457</u>	<u>460</u>	<u>3</u>
Amounts available for appropriation	<u>466</u>	<u>466</u>	<u>474</u>	<u>8</u>
<b>Charges to appropriations (outflows):</b>				
Debt service:				
Principal retirement	290	290	290	-
Interest and fiscal charges	<u>167</u>	<u>167</u>	<u>167</u>	<u>-</u>
Total charges to appropriations	<u>457</u>	<u>457</u>	<u>457</u>	<u>-</u>
Excess of revenues over expenditures	9	9	17	8
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>987</u>	<u>987</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>987</u>	<u>987</u>
Excess of revenues and other sources over expenditures	9	9	1,004	995
<b>Fund balances - beginning</b>	<u>519</u>	<u>519</u>	<u>519</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 528</u></u>	<u><u>\$ 528</u></u>	<u><u>\$ 1,523</u></u>	<u><u>\$ 995</u></u>



## **NON-MAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for financial resources provided by borrowings or contributions and for major capital acquisition and construction activities funded by those resources (other than those financed by proprietary funds and trust funds). Major capital activities are reported in the following funds:

#### **PUBLIC FINANCING AUTHORITY**

This fund is used to account for the costs of constructing and acquiring various buildings, facilities, and equipment for the County that are funded by debt. The cost of various projects were financed by the periodic issuance of Tax Exempt Commercial Paper Notes (TECP) which were first used in 1998 through the Public Financing Authority (PFA). In 2018, PFA issued Revolving Credit Agreement Notes (RCA) to retire all of the outstanding TECP and continue to fund ongoing projects. Certificates of Participation (COPs) were issued in 2003 to purchase the Gonzales Road Building and finance the construction of the Juvenile Justice Facility Courthouse. Also, COPs were issued in 2009 in part to fund the construction of the Medical Center Clinic and the acquisition of the Fillmore Human Services Agency building. The Lease Revenue Bonds, Series 2013A were issued in 2013 in part to finance a new replacement wing of the Ventura County Medical Center. The Lease Revenue Bonds, Series 2013B in part financed the acquisition of an office building located at 1911 Williams Drive in Oxnard.

#### **SANTA ROSA ROAD ASSESSMENT DISTRICT**

On November 13, 2005, in accordance with Streets and Highways Code Section 22000 and Article XII D of the California Constitution, the Board of Supervisors adopted a resolution forming the Santa Rosa Road Assessment District for the purpose of funding the cost of installation, maintenance, and servicing of public improvements of four traffic signals along Santa Rosa Road. The project was funded by a combination of a private donation, a transfer and a loan from the Road Fund, and assessments imposed on assessable parcels within the District's boundaries.

#### **TODD ROAD JAIL EXPANSION**

Established to account for the design and construction of a new Health and Programming Unit (HPU) at the Todd Road Jail (TRJ). On May 10, 2016 the Board of Supervisors (BOS) accepted an award in the amount of \$55,137,000 from the State of California's Board of State and Community Corrections (BSCC). These funds were made available by Senate Bill 863, Chapter 37, which formed the Adult Local Criminal Justice Facilities Construction Financing Program. A 10 percent match from the County, in the amount of \$6,127,000 is required. Once constructed, the new HPU will be a 64-bed facility used to house inmates with medical and mental health special needs.

COUNTY OF VENTURA  
COMBINING BALANCE SHEET  
NON-MAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019  
(In Thousands)

	Total	Public Financing Authority	Santa Rosa Road Assessment District	Todd Road Jail Expansion
<b><u>ASSETS</u></b>				
Cash and investments	\$ 8,564	\$ 6,449	\$ 152	\$ 1,963
Receivables, net	217	216	1	-
Due from other funds	37	13	-	24
Total assets	<u>\$ 8,818</u>	<u>\$ 6,678</u>	<u>\$ 153</u>	<u>\$ 1,987</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 1,326	\$ 122	\$ -	\$ 1,204
Due to other funds	2,849	2,848	-	1
Total liabilities	<u>4,175</u>	<u>2,970</u>	<u>-</u>	<u>1,205</u>
<b><u>FUND BALANCES</u></b>				
Restricted	4,490	3,708	-	782
Committed	153	-	153	-
Total fund balances	<u>4,643</u>	<u>3,708</u>	<u>153</u>	<u>782</u>
Total liabilities and fund balances	<u>\$ 8,818</u>	<u>\$ 6,678</u>	<u>\$ 153</u>	<u>\$ 1,987</u>

COUNTY OF VENTURA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<u>Total</u>	<u>Public Financing Authority</u>	<u>Santa Rosa Road Assessment District</u>	<u>Todd Road Jail Expansion</u>
<b>Revenues:</b>				
Revenues from use of money and property	\$ 749	\$ 679	\$ 3	\$ 67
Aid from other governmental units	1,761	-	-	1,761
Charges for services	<u>75</u>	<u>-</u>	<u>75</u>	<u>-</u>
Total revenues	<u>2,585</u>	<u>679</u>	<u>78</u>	<u>1,828</u>
<b>Expenditures:</b>				
Current:				
Capital outlay	<u>9,733</u>	<u>4,765</u>	<u>-</u>	<u>4,968</u>
Total expenditures	<u>9,733</u>	<u>4,765</u>	<u>-</u>	<u>4,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,148)</u>	<u>(4,086)</u>	<u>78</u>	<u>(3,140)</u>
<b>Other financing sources:</b>				
Issuance of long-term debt	<u>8,700</u>	<u>8,700</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>8,700</u>	<u>8,700</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	1,552	4,614	78	(3,140)
Fund balances (deficits) - beginning	<u>3,091</u>	<u>(906)</u>	<u>75</u>	<u>3,922</u>
Fund balances - ending	<u>\$ 4,643</u>	<u>\$ 3,708</u>	<u>\$ 153</u>	<u>\$ 782</u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR CAPITAL PROJECTS FUNDS  
SANTA ROSA ROAD ASSESSMENT DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<b>SANTA ROSA ROAD ASSESSMENT DISTRICT</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ 1	\$ 1	\$ 3	\$ 2
Charges for services	<u>75</u>	<u>75</u>	<u>75</u>	<u>-</u>
Amounts available for appropriation	<u>76</u>	<u>76</u>	<u>78</u>	<u>2</u>
<b>Charges to appropriations (outflows):</b>				
Public ways and facilities:				
Services and supplies	<u>25</u>	<u>25</u>	<u>-</u>	<u>25</u>
Total public ways and facilities	<u>25</u>	<u>25</u>	<u>-</u>	<u>25</u>
Total charges to appropriations	<u>25</u>	<u>25</u>	<u>-</u>	<u>25</u>
Excess of revenues over expenditures	<u>51</u>	<u>51</u>	<u>78</u>	<u>27</u>
<b>Fund balances - beginning</b>	<u>75</u>	<u>75</u>	<u>75</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 126</u></u>	<u><u>\$ 126</u></u>	<u><u>\$ 153</u></u>	<u><u>\$ 27</u></u>

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR CAPITAL PROJECTS FUNDS  
TODD ROAD JAIL EXPANSION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

TODD ROAD JAIL EXPANSION				
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ 15	\$ 15	\$ 64	\$ 49
Aid from other governmental units	-	55,137	1,761	(53,376)
Amounts available for appropriation	15	55,152	1,825	(53,327)
<b>Charges to appropriations (outflows):</b>				
Capital outlay	3,827	58,964	4,968	53,996
Total charges to appropriations	3,827	58,964	4,968	53,996
Deficiency of revenues under expenditures	(3,812)	(3,812)	(3,143)	669
<b>Fund balances - beginning</b>	3,922	3,922	3,922	-
<b>Fund balances - ending</b>	\$ 110	\$ 110	\$ 779	\$ 669

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## **NON-MAJOR GOVERNMENTAL FUNDS**

### **PERMANENT FUND**

#### **GEORGE D. LYON**

The George D. Lyon Permanent Fund was established in December 2002, funded by a bequest with the legal restriction that only earnings, and not principal, may be used for the purchase of books for the Foster Library in Ventura, CA.

COUNTY OF VENTURA  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR PERMANENT FUND  
GEORGE D. LYON PERMANENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<b>GEORGE D. LYON PERMANENT FUND</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Revenues from use of money and property	\$ 10	\$ 10	\$ 27	\$ 17
Amounts available for appropriation	10	10	27	17
<b>Charges to appropriations (outflows):</b>				
Excess of revenues over expenditures	10	10	27	17
Other financing uses:				
Transfers out	(10)	(10)	(10)	-
Total other financing uses	(10)	(10)	(10)	-
Excess (deficiency) of revenues over (under) expenditures and other uses	-	-	17	17
<b>Fund balances - beginning</b>	<u>1,162</u>	<u>1,162</u>	<u>1,162</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,162</u>	<u>\$ 1,162</u>	<u>\$ 1,179</u>	<u>\$ 17</u>





## NON-MAJOR ENTERPRISE FUNDS



## **NON-MAJOR ENTERPRISE FUNDS**

Enterprise funds are one of two types of proprietary funds used to report activities for which fees are charged to external users for full recovery, or more, of goods or services provided. They are exempt from legal compliance for budgetary control and follow commercial accounting principles for determination of operating, rather than budgetary, results. The County has established and uses the following enterprise funds:

### **PARKS DEPARTMENT**

This fund accounts for the operation of the County's parks and golf courses, including administrative, fiscal, and other support services to these operations. Revenues are derived primarily from rentals of facilities to operators and concessionaires and from fees charged to public users of the facilities. The fund also accounts for federal and state aid and County contributions in support of parks and recreational activities.

### **CHANNEL ISLANDS HARBOR**

This fund accounts for the operation of all areas of the Channel Islands Harbor, including administrative, fiscal, and other support for operations, as well as the expansion area of Channel Islands Harbor that was financed by loans from the State of California and the commercial fishing enterprise activities funded by a federal loan. Revenues for the Harbor are derived from rentals of facilities to operators, concessionaires, tenants, and from fees charged to the public users of the facility.

### **HEALTH CARE PLAN**

The Ventura County Health Care Plan (VCHCP) is a service oriented, County sponsored Health Maintenance Organization (HMO) that offers an extensive range of benefits and low out-of-pocket expenses. Established during the 1993-94 fiscal year, VCHCP was developed as a practical and cost effective option for providing health care services to County employees and their covered dependents. Revenues are derived primarily from charges to participating employer groups for medical insurance.

### **OAK VIEW DISTRICT**

This assessment district was established on August 2, 2002, for the costs of acquiring and rehabilitating the former Oak View School for use as a community park and family resource center. Acquisition and development costs of \$1,400,000, were financed principally by tax-exempt commercial paper and grant funds. Benefit assessments fund annual debt service and maintenance and operation costs. The project is administered by the General Services Agency.

COUNTY OF VENTURA  
COMBINING STATEMENT OF NET POSITION  
NON-MAJOR ENTERPRISE FUNDS  
JUNE 30, 2019  
(In Thousands)

	Total	Parks Department	Channel Islands Harbor	Health Care Plan	Oak View District
<b><u>ASSETS</u></b>					
Current assets:					
Cash and investments	\$ 27,531	\$ 4,053	\$ 13,367	\$ 9,655	\$ 456
Receivables, net	5,896	400	745	4,747	4
Due from other funds	43	28	11	4	-
Inventories and other assets	170	-	36	124	10
Restricted cash and investments	1,651	-	151	1,500	-
Total current assets	35,291	4,481	14,310	16,030	470
Noncurrent assets:					
Long-term receivables	2,368	2,368	-	-	-
Capital assets:					
Nondepreciable:					
Land	9,052	5,677	2,154	-	1,221
Easements	122	122	-	-	-
Construction in progress	1,670	466	1,204	-	-
Depreciable:					
Land improvements	31,348	24,821	6,374	-	153
Structures and improvements	37,628	10,552	26,077	417	582
Equipment/Vehicles	2,418	376	1,993	10	39
Software	6,748	38	12	6,698	-
Less accumulated depreciation	(48,220)	(26,102)	(15,942)	(5,819)	(357)
Total noncurrent assets	43,134	18,318	21,872	1,306	1,638
Total assets	78,425	22,799	36,182	17,336	2,108
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
Deferred pensions	3,453	441	1,686	1,326	-
Total deferred outflows of resources	3,453	441	1,686	1,326	-
Total assets and deferred outflows of resources	\$ 81,878	\$ 23,240	\$ 37,868	\$ 18,662	\$ 2,108
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable	\$ 1,070	\$ 251	\$ 208	\$ 603	\$ 8
Due to other funds	747	179	29	534	5
Accrued liabilities	640	85	344	211	-
Compensated absences, current	584	88	226	270	-
Claims liabilities, current	9,187	-	-	9,187	-
Certificates of participation, lease revenue bonds, notes, loans, and capital leases, current	559	-	523	-	36
Total current liabilities	12,787	603	1,330	10,805	49
Noncurrent liabilities:					
Unearned revenue	816	724	75	17	-
Deposits and other liabilities	1,009	90	919	-	-
Compensated absences, noncurrent	415	132	148	135	-
Net pension liability	6,621	864	3,239	2,518	-
Certificates of participation, lease revenue bonds, notes, loans, and capital leases, noncurrent	1,574	-	1,079	-	495
Total noncurrent liabilities	10,435	1,810	5,460	2,670	495
Total liabilities	23,222	2,413	6,790	13,475	544
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred service concession arrangements	8,699	8,699	-	-	-
Deferred pensions	1,082	135	527	420	-
Total deferred inflows of resources	9,781	8,834	527	420	-
<b><u>NET POSITION</u></b>					
Net investment in capital assets	32,571	9,888	20,270	1,306	1,107
Restricted for:					
Debt service	151	-	151	-	-
Grantors	710	710	-	-	-
Tangible net equity reserve	1,500	-	-	1,500	-
Unrestricted	13,943	1,395	10,130	1,961	457
Total net position	48,875	11,993	30,551	4,767	1,564
Total liabilities, deferred inflows of resources, and net position	\$ 81,878	\$ 23,240	\$ 37,868	\$ 18,662	\$ 2,108

COUNTY OF VENTURA  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
NON-MAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<u>Total</u>	<u>Parks Department</u>	<u>Channel Islands Harbor</u>	<u>Health Care Plan</u>	<u>Oak View District</u>
<b>Operating Revenues:</b>					
Charges for services	\$ 87,762	\$ 3,186	\$ 3,626	\$ 80,747	\$ 203
Rents and royalties	6,414	722	5,618	-	74
Miscellaneous	47	32	15	-	-
Total operating revenues	<u>94,223</u>	<u>3,940</u>	<u>9,259</u>	<u>80,747</u>	<u>277</u>
<b>Operating Expenses:</b>					
Salaries and benefits	11,688	1,860	4,556	5,272	-
Services and supplies	9,925	2,615	3,715	3,380	215
Insurance premiums	3,213	42	157	3,014	-
Utilities	615	350	265	-	-
Provision for claims	67,662	-	-	67,662	-
Depreciation and amortization	2,321	1,058	855	372	36
Total operating expenses	<u>95,424</u>	<u>5,925</u>	<u>9,548</u>	<u>79,700</u>	<u>251</u>
Operating income (loss)	<u>(1,201)</u>	<u>(1,985)</u>	<u>(289)</u>	<u>1,047</u>	<u>26</u>
<b>Nonoperating revenues (expenses):</b>					
State and federal grants	94	38	43	-	13
Gain from insurance recovery	62	62	-	-	-
Gain from sale of capital assets	(28)	(2)	(26)	-	-
Interest and investment income	700	93	342	252	13
Interest expense	<u>(62)</u>	<u>-</u>	<u>(15)</u>	<u>(34)</u>	<u>(13)</u>
Total nonoperating revenues (expenses)	<u>766</u>	<u>191</u>	<u>344</u>	<u>218</u>	<u>13</u>
Income (loss) before capital contributions and transfers	(435)	(1,794)	55	1,265	39
Capital grants and contributions	277	277	-	-	-
Transfers in	1,954	588	600	750	16
Transfers out	<u>(70)</u>	<u>(70)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	1,726	(999)	655	2,015	55
Net position - beginning	<u>47,149</u>	<u>12,992</u>	<u>29,896</u>	<u>2,752</u>	<u>1,509</u>
Net position - ending	<u>\$ 48,875</u>	<u>\$ 11,993</u>	<u>\$ 30,551</u>	<u>\$ 4,767</u>	<u>\$ 1,564</u>

COUNTY OF VENTURA  
COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Total	Parks Department	Channel Islands Harbor	Health Care Plan	Oak View District
<b>Cash flows from operating activities:</b>					
Cash receipts from customers	\$ 25,808	\$ 4,639	\$ 9,087	\$ 11,804	\$ 278
Cash receipts from other funds	68,478	2	4	68,472	-
Cash paid to suppliers for goods and services	(6,464)	(1,543)	(3,290)	(1,439)	(192)
Cash paid to employees for services	(11,902)	(1,883)	(4,733)	(5,286)	-
Cash paid to other funds	(3,753)	(1,382)	(866)	(1,467)	(38)
Cash paid for insurance premiums	(3,098)	-	(64)	(3,034)	-
Cash paid for judgments and claims	(67,833)	-	-	(67,833)	-
Net cash provided by (used in) operating activities	<u>1,236</u>	<u>(167)</u>	<u>138</u>	<u>1,217</u>	<u>48</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers received	1,949	583	600	750	16
Transfers paid	(29)	(29)	-	-	-
Advances from other funds	(2,000)	-	-	(2,000)	-
Interest paid on noncapital debt	(34)	-	-	(34)	-
State and federal grant receipts	94	38	43	-	13
Net cash provided by (used in) noncapital financing activities	<u>(20)</u>	<u>592</u>	<u>643</u>	<u>(1,284)</u>	<u>29</u>
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from capital grants and contributions	74	74	-	-	-
Proceeds from insurance recovery	933	933	-	-	-
Acquisition and construction of capital assets	(1,125)	(720)	(373)	(32)	-
Principal paid on capital debt	(474)	-	(440)	-	(34)
Interest paid on capital debt	(92)	-	(79)	-	(13)
Net cash provided by (used in) capital and related financing activities	<u>(684)</u>	<u>287</u>	<u>(892)</u>	<u>(32)</u>	<u>(47)</u>
<b>Cash flows from investing activities:</b>					
Interest and investment income received	609	74	296	229	10
Net cash provided by investing activities	<u>609</u>	<u>74</u>	<u>296</u>	<u>229</u>	<u>10</u>
Net increase in cash and cash equivalents	1,141	786	185	130	40
Total cash and cash equivalents, beginning of the year	27,890	3,267	13,182	11,025	416
Total cash and cash equivalents, end of the year	<u>\$ 29,031</u>	<u>\$ 4,053</u>	<u>\$ 13,367</u>	<u>\$ 11,155</u>	<u>\$ 456</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Position:</b>					
Cash and investments	\$ 27,531	\$ 4,053	\$ 13,367	\$ 9,655	\$ 456
Restricted cash and investments	1,500	-	-	1,500	-
Total cash and cash equivalents, end of the year	<u>\$ 29,031</u>	<u>\$ 4,053</u>	<u>\$ 13,367</u>	<u>\$ 11,155</u>	<u>\$ 456</u>

COUNTY OF VENTURA  
COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Total	Parks Department	Channel Islands Harbor	Health Care Plan	Oak View District
<b>Reconciliation of operating income (loss) to net cash</b>					
<b>Provided by (used in) operating activities:</b>					
Operating income (loss)	\$ (1,201)	\$ (1,985)	\$ (289)	\$ 1,047	\$ 26
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation and amortization	2,321	1,058	855	372	36
Decrease (increase) in:					
Accounts receivable	(712)	(18)	(230)	(464)	-
Due from other funds	-	2	(2)	-	-
Inventories and other assets	(4)	-	16	(20)	-
Deferred outflow pension	(804)	(108)	(304)	(392)	-
Increase (decrease) in:					
Accounts payable	493	118	(66)	454	(13)
Accrued liabilities	229	17	183	29	-
Due to other funds	(51)	(36)	(34)	20	(1)
Unearned revenue	675	720	(38)	(7)	-
Claims liabilities	(171)	-	-	(171)	-
Deposits and other liabilities	99	(3)	102	-	-
Compensated absences	89	7	57	25	-
Net pension liability	260	57	(83)	286	-
Deferred inflow pension	13	4	(29)	38	-
Net cash provided by (used in) operating activities	<u>\$ 1,236</u>	<u>\$ (167)</u>	<u>\$ 138</u>	<u>\$ 1,217</u>	<u>\$ 48</u>
 <b>Noncash financing, capital, and investing activities:</b>					
Noncash retirement of capital assets	\$ (28)	\$ (2)	\$ (26)	\$ -	\$ -
Decrease in fair value of investments	(91)	(19)	(46)	(23)	(3)
Decrease in capital grants and contributions	(203)	(203)	-	-	-
Decrease in transfers in	(5)	(5)	-	-	-
Decrease in transfers out	41	41	-	-	-
Increase in noncash interest expense	(64)	-	(64)	-	-
Increase in insurance proceeds	871	871	-	-	-

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## INTERNAL SERVICE FUNDS



## **INTERNAL SERVICE FUNDS**

Internal service funds are one of two types of proprietary funds used to centralize and allocate the cost of certain services provided on a cost-reimbursement basis primarily to County departments as well as to other government agencies. User charges are based upon standard rates calculated on an estimated cost recovery basis.

### **PUBLIC WORKS SERVICES**

This fund coordinates the County's property management activities and provides administrative, engineering, construction, and maintenance services to various County departments as well as other governmental units.

### **HEAVY EQUIPMENT**

This fund maintains the County's fleet of machinery and construction equipment and rents such equipment to County departments and other governmental units.

### **TRANSPORTATION**

This fund provides for the acquisition, maintenance, and replacement of County automobiles and light trucks, which it rents to various County departments and non-County entities.

### **GENERAL INSURANCE**

This fund administers certain commercial and County self-insurance programs, principally worker's compensation, medical malpractice, and general insurance. It also administers the hazardous materials program which provides for waste handling, disposal, and reporting.

### **INFORMATION TECHNOLOGY SERVICES**

This fund is responsible for the design, implementation, and maintenance of the telecommunication network as well as the computer-assisted systems which support the information processing requirements of the County departments and certain non-County entities.

### **GENERAL SERVICES**

This fund's services include graphics, mailroom, stores, purchasing, security, maintenance, custodial, and landscaping provided to all County departments and certain non-County entities. The fund also administers the utilities program and the job order contract program, which contracts with outside vendors to provide maintenance projects for County departments.

### **EMPLOYEE BENEFITS INSURANCE**

This fund administers the County's commercial employees' group medical plan and disability income protection plan and the self-insured, wage-supplement, and unemployment insurance programs. The fund, operated by the Human Resources Department, collects premiums from County agencies, departments and employees, and makes benefit payments through outside settlement agents.

### **PERSONNEL SERVICES**

This fund administers the training services offered to County and non-County entities. Services include assessment of the requesting entity's needs as well as the development and delivery of comprehensive programs. This fund, operated by the Human Resources Department, provides these services at cost to both County departments and outside entities.

COUNTY OF VENTURA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2019  
(In Thousands)

	Total	Public Works Services	Heavy Equipment	Transportation
<b><u>ASSETS</u></b>				
Current assets:				
Cash and investments	\$ 276,712	\$ 18,404	\$ 11,150	\$ 7,274
Receivables, net	6,486	194	246	327
Due from other funds	5,552	137	326	1,308
Inventories and other assets	4,737	-	-	655
Restricted cash and investments	418	-	-	-
Total current assets	<u>293,905</u>	<u>18,735</u>	<u>11,722</u>	<u>9,564</u>
Noncurrent assets:				
Long-term receivables	106	-	-	-
Capital assets:				
Nondepreciable:				
Land	770	-	-	-
Construction in progress	241	127	-	41
Depreciable:				
Land improvements	1,327	119	-	-
Structures and improvements	18,195	722	9	869
Equipment/Vehicles	108,610	660	17,560	56,065
Software	22,402	1,375	-	461
Less accumulated depreciation	<u>(77,120)</u>	<u>(1,839)</u>	<u>(11,342)</u>	<u>(30,532)</u>
Total noncurrent assets	<u>74,531</u>	<u>1,164</u>	<u>6,227</u>	<u>26,904</u>
Total assets	<u>368,436</u>	<u>19,899</u>	<u>17,949</u>	<u>36,468</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred pensions	22,568	9,847	220	780
Total deferred outflows of resources	<u>22,568</u>	<u>9,847</u>	<u>220</u>	<u>780</u>
Total assets and deferred outflows of resources	<u>\$ 391,004</u>	<u>\$ 29,746</u>	<u>\$ 18,169</u>	<u>\$ 37,248</u>
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable	\$ 9,167	\$ 163	\$ 7	\$ 527
Due to other funds	1,525	138	122	550
Accrued liabilities	4,137	1,698	42	149
Compensated absences, current	4,577	2,064	48	160
Claims liabilities, current	33,021	-	-	-
Lease revenue bonds and notes, current	1,289	-	-	20
Other long-term liabilities, current	381	-	-	-
Total current liabilities	<u>54,097</u>	<u>4,063</u>	<u>219</u>	<u>1,406</u>
Noncurrent liabilities:				
Unearned revenue	818	213	-	-
Advances from other funds	2,439	-	-	2,439
Compensated absences, noncurrent	3,372	1,774	36	141
Net pension liability	42,996	18,764	418	1,494
Claims liabilities, noncurrent	141,336	-	-	-
Lease revenue bonds and notes, noncurrent	5,773	-	-	83
Other long-term liabilities, noncurrent	11,902	-	-	-
Total noncurrent liabilities	<u>208,636</u>	<u>20,751</u>	<u>454</u>	<u>4,157</u>
Total liabilities	<u>262,733</u>	<u>24,814</u>	<u>673</u>	<u>5,563</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred pensions	7,124	3,108	70	245
Total deferred inflows of resources	<u>7,124</u>	<u>3,108</u>	<u>70</u>	<u>245</u>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	55,080	1,164	6,227	26,801
Restricted for:				
Debt service	418	-	-	-
Unrestricted	<u>65,649</u>	<u>660</u>	<u>11,199</u>	<u>4,639</u>
Total net position	<u>121,147</u>	<u>1,824</u>	<u>17,426</u>	<u>31,440</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 391,004</u>	<u>\$ 29,746</u>	<u>\$ 18,169</u>	<u>\$ 37,248</u>

COUNTY OF VENTURA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2019  
(In Thousands)

General Insurance	Information Technology Services	General Services	Employee Benefits Insurance	Personnel Services
\$ 199,574	\$ 15,349	\$ 19,289	\$ 5,499	\$ 173
3,218	233	1,607	519	142
103	568	3,106	3	1
778	2,617	687	-	-
-	418	-	-	-
<u>203,673</u>	<u>19,185</u>	<u>24,689</u>	<u>6,021</u>	<u>316</u>
97	9	-	-	-
770	-	-	-	-
-	27	-	46	-
-	1,208	-	-	-
-	2,253	14,342	-	-
-	26,664	7,653	8	-
-	19,602	842	122	-
-	(23,585)	(9,770)	(52)	-
<u>867</u>	<u>26,178</u>	<u>13,067</u>	<u>124</u>	<u>-</u>
<u>204,540</u>	<u>45,363</u>	<u>37,756</u>	<u>6,145</u>	<u>316</u>
373	6,205	4,590	479	74
<u>373</u>	<u>6,205</u>	<u>4,590</u>	<u>479</u>	<u>74</u>
<u>\$ 204,913</u>	<u>\$ 51,568</u>	<u>\$ 42,346</u>	<u>\$ 6,624</u>	<u>\$ 390</u>
\$ 1,513	\$ 619	\$ 5,934	\$ 381	\$ 23
566	36	96	15	2
68	1,052	835	280	13
105	1,201	869	118	12
32,878	-	-	143	-
-	1,097	172	-	-
-	381	-	-	-
<u>35,130</u>	<u>4,386</u>	<u>7,906</u>	<u>937</u>	<u>50</u>
-	15	590	-	-
-	-	-	-	-
43	638	673	67	-
708	11,799	8,748	924	141
141,336	-	-	-	-
-	4,164	1,526	-	-
-	11,902	-	-	-
<u>142,087</u>	<u>28,518</u>	<u>11,537</u>	<u>991</u>	<u>141</u>
<u>177,217</u>	<u>32,904</u>	<u>19,443</u>	<u>1,928</u>	<u>191</u>
118	1,962	1,448	149	24
<u>118</u>	<u>1,962</u>	<u>1,448</u>	<u>149</u>	<u>24</u>
770	8,625	11,369	124	-
-	418	-	-	-
<u>26,808</u>	<u>7,659</u>	<u>10,086</u>	<u>4,423</u>	<u>175</u>
<u>27,578</u>	<u>16,702</u>	<u>21,455</u>	<u>4,547</u>	<u>175</u>
<u>\$ 204,913</u>	<u>\$ 51,568</u>	<u>\$ 42,346</u>	<u>\$ 6,624</u>	<u>\$ 390</u>

**ASSETS**

Current assets:

Cash and investments  
Receivables, net  
Due from other funds  
Inventories and other assets  
Restricted cash and investments  
Total current assets

Noncurrent assets:

Long-term receivables  
Capital assets:  
Nondepreciable:  
Land  
Construction in progress  
Depreciable:  
Land improvements  
Structures and improvements  
Equipment/Vehicles  
Software  
Less accumulated depreciation  
Total noncurrent assets  
Total assets

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred pensions

Total deferred outflows of resources

Total assets and deferred outflows of resources

**LIABILITIES**

Current liabilities:

Accounts payable  
Due to other funds  
Accrued liabilities  
Compensated absences, current  
Claims liabilities, current  
Lease revenue bonds and notes, current  
Other long-term liabilities, current  
Total current liabilities

Noncurrent liabilities:

Unearned revenue  
Advances from other funds  
Compensated absences, noncurrent  
Net pension liability  
Claims liabilities, noncurrent  
Lease revenue bonds and notes, noncurrent  
Other long-term liabilities, noncurrent  
Total noncurrent liabilities  
Total liabilities

**DEFERRED INFLOWS OF RESOURCES**

Deferred pensions

Total deferred inflows of resources

**NET POSITION**

Net investment in capital assets

Restricted for:

Debt service

Unrestricted

Total net position

Total liabilities, deferred inflows of resources, and net position

COUNTY OF VENTURA  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	<u>Total</u>	<u>Public Works Services</u>	<u>Heavy Equipment</u>	<u>Transportation</u>
<b>Operating Revenues:</b>				
Charges for services	\$ 247,846	\$ 50,413	\$ 3,854	\$ 16,016
Rents and royalties	36	36	-	-
Miscellaneous	1,248	11	40	-
	<u>249,130</u>	<u>50,460</u>	<u>3,894</u>	<u>16,016</u>
Total operating revenues				
<b>Operating Expenses:</b>				
Salaries and benefits	90,770	39,497	918	3,147
Services and supplies	96,131	7,023	2,282	7,786
Insurance premiums	6,632	186	31	36
Provision for claims	33,467	-	-	-
Depreciation and amortization	11,517	205	1,041	4,931
	<u>238,517</u>	<u>46,911</u>	<u>4,272</u>	<u>15,900</u>
Total operating expenses				
Operating income (loss)	<u>10,613</u>	<u>3,549</u>	<u>(378)</u>	<u>116</u>
<b>Nonoperating revenues (expenses):</b>				
State and federal grants	27	10	2	-
Gain from insurance recovery	553	-	46	463
Gain (loss) from sale (disposal) of capital assets	(27)	-	(66)	48
Interest and investment income	7,125	440	260	193
Interest expense	(232)	-	-	(74)
	<u>7,446</u>	<u>450</u>	<u>242</u>	<u>630</u>
Total nonoperating revenues (expenses)				
Income (loss) before capital contributions and transfers	18,059	3,999	(136)	746
Capital grants and contributions	306	-	-	-
Transfers in	3,201	85	1,086	1,187
Transfers out	(1,352)	-	-	(1,086)
	<u>20,214</u>	<u>4,084</u>	<u>950</u>	<u>847</u>
<b>Change in net position</b>				
Net position (deficit) - beginning	<u>100,933</u>	<u>(2,260)</u>	<u>16,476</u>	<u>30,593</u>
Net position - ending	<u>\$ 121,147</u>	<u>\$ 1,824</u>	<u>\$ 17,426</u>	<u>\$ 31,440</u>

COUNTY OF VENTURA  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

General Insurance	Information Technology Services	General Services	Employee Benefits Insurance	Personnel Services	
\$ 48,322	\$ 44,647	\$ 71,281	\$ 12,669	\$ 644	<b>Operating Revenues:</b>
-	-	-	-	-	Charges for services
937	-	207	53	-	Rents and royalties
<u>49,259</u>	<u>44,647</u>	<u>71,488</u>	<u>12,722</u>	<u>644</u>	Miscellaneous
					Total operating revenues
1,586	23,848	19,363	2,112	299	<b>Operating Expenses:</b>
4,749	15,928	48,518	9,500	345	Salaries and benefits
5,925	146	299	8	1	Services and supplies
32,878	-	-	589	-	Insurance premiums
-	4,357	973	10	-	Provision for claims
<u>45,138</u>	<u>44,279</u>	<u>69,153</u>	<u>12,219</u>	<u>645</u>	Depreciation and amortization
					Total operating expenses
<u>4,121</u>	<u>368</u>	<u>2,335</u>	<u>503</u>	<u>(1)</u>	Operating income (loss)
-	15	-	-	-	<b>Nonoperating revenues (expenses):</b>
-	-	44	-	-	State and federal grants
-	(13)	4	-	-	Gain from insurance recovery
5,174	442	468	141	7	Gain (loss) from sale (disposal) of capital assets
<u>-</u>	<u>(116)</u>	<u>(42)</u>	<u>-</u>	<u>-</u>	Interest and investment income
<u>5,174</u>	<u>328</u>	<u>474</u>	<u>141</u>	<u>7</u>	Interest expense
					Total nonoperating revenues (expenses)
9,295	696	2,809	644	6	Income (loss) before capital contributions and transfers
-	-	306	-	-	Capital grants and contributions
-	813	-	30	-	Transfers in
<u>(100)</u>	<u>(166)</u>	<u>-</u>	<u>-</u>	<u>-</u>	Transfers out
9,195	1,343	3,115	674	6	<b>Change in net position</b>
<u>18,383</u>	<u>15,359</u>	<u>18,340</u>	<u>3,873</u>	<u>169</u>	Net position (deficit) - beginning
<u>\$ 27,578</u>	<u>\$ 16,702</u>	<u>\$ 21,455</u>	<u>\$ 4,547</u>	<u>\$ 175</u>	Net position - ending

COUNTY OF VENTURA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Total	Public Works Services	Heavy Equipment	Transportation
<b>Cash flows from operating activities:</b>				
Cash receipts from customers	\$ 17,693	\$ 426	\$ 42	\$ 268
Cash receipts from other funds	231,685	50,108	3,874	15,807
Cash receipts from other sources	1,512	-	40	-
Cash paid to suppliers for goods and services	(71,957)	(1,723)	(645)	(6,320)
Cash paid to employees for services	(95,144)	(41,402)	(966)	(3,252)
Cash paid to other funds	(24,480)	(5,505)	(1,775)	(1,494)
Cash paid for insurance premiums	(5,659)	-	-	-
Cash paid for judgments and claims	(35,989)	-	-	-
Net cash provided by (used in) operating activities	<u>17,661</u>	<u>1,904</u>	<u>570</u>	<u>5,009</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers received	1,929	-	1,086	-
Transfers paid	(1,352)	-	-	(1,086)
Advances from other funds	(369)	-	-	(369)
State and federal grant receipts	<u>40</u>	<u>10</u>	<u>2</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>248</u>	<u>10</u>	<u>1,088</u>	<u>(1,455)</u>
<b>Cash flows from capital and related financing activities:</b>				
Transfers received	1,250	85	-	1,165
Proceeds from capital grants and contributions	306	-	-	-
Proceeds from insurance recovery	553	-	46	463
Acquisition and construction of capital assets	(12,246)	(92)	(204)	(5,019)
Principal paid on capital debt	(1,133)	-	-	(19)
Interest paid on capital debt	(335)	-	-	(55)
Proceeds from sales of capital assets	<u>261</u>	<u>-</u>	<u>38</u>	<u>219</u>
Net cash provided by (used in) capital and related financing activities	<u>(11,344)</u>	<u>(7)</u>	<u>(120)</u>	<u>(3,246)</u>
<b>Cash flows from investing activities:</b>				
Interest and investment income received	<u>6,103</u>	<u>375</u>	<u>223</u>	<u>151</u>
Net cash provided by investing activities	<u>6,103</u>	<u>375</u>	<u>223</u>	<u>151</u>
Net increase (decrease) in cash and cash equivalents	12,668	2,282	1,761	459
Total cash and cash equivalents, beginning of the year	<u>264,044</u>	<u>16,122</u>	<u>9,389</u>	<u>6,815</u>
Total cash and cash equivalents, end of the year	<u>\$ 276,712</u>	<u>\$ 18,404</u>	<u>\$ 11,150</u>	<u>\$ 7,274</u>



COUNTY OF VENTURA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

General Insurance	Information Technology Services	General Services	Employee Benefits Insurance	Personnel Services	
\$ 56	\$ 1,259	\$ 3,861	\$ 11,301	\$ 480	<b>Cash flows from operating activities:</b>
49,103	44,180	67,093	1,460	60	Cash receipts from customers
1,265	-	207	-	-	Cash receipts from other funds
(3,599)	(14,500)	(42,520)	(2,445)	(205)	Cash receipts from other sources
(1,667)	(24,980)	(20,122)	(2,448)	(307)	Cash paid to suppliers for goods and services
(2,356)	(1,724)	(4,462)	(6,986)	(178)	Cash paid to employees for services
(5,659)	-	-	-	-	Cash paid to other funds
(35,409)	-	-	(580)	-	Cash paid for insurance premiums
1,734	4,235	4,057	302	(150)	Cash paid for judgments and claims
					Net cash provided by (used in) operating activities
-	813	-	30	-	<b>Cash flows from noncapital financing activities:</b>
(100)	(166)	-	-	-	Transfers received
-	-	-	-	-	Transfers paid
-	15	13	-	-	Advances from other funds
					State and federal grant receipts
(100)	662	13	30	-	Net cash provided by (used in) noncapital financing activities
-	-	-	-	-	<b>Cash flows from capital and related financing activities:</b>
-	-	306	-	-	Transfers received
-	-	44	-	-	Proceeds from capital grants and contributions
-	(6,397)	(488)	(46)	-	Proceeds from insurance recovery
-	(945)	(169)	-	-	Acquisition and construction of capital assets
-	(238)	(42)	-	-	Principal paid on capital debt
-	-	4	-	-	Interest paid on capital debt
					Proceeds from sales of capital assets
-	(7,580)	(345)	(46)	-	Net cash provided by (used in) capital and related financing activities
4,463	388	378	120	5	<b>Cash flows from investing activities:</b>
4,463	388	378	120	5	Interest and investment income received
					Net cash provided by investing activities
6,097	(2,295)	4,103	406	(145)	Net increase (decrease) in cash and cash equivalents
193,477	17,644	15,186	5,093	318	Total cash and cash equivalents, beginning of the year
\$ 199,574	\$ 15,349	\$ 19,289	\$ 5,499	\$ 173	Total cash and cash equivalents, end of the year

(Continued)

COUNTY OF VENTURA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)  
(Continued)

	Total	Public Works Services	Heavy Equipment	Transportation
<b>Reconciliation of operating income (loss) to net cash</b>				
<b>Provided (used) by operating activities:</b>				
Operating income (loss)	\$ 10,613	\$ 3,549	\$ (378)	\$ 116
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation and amortization	11,517	205	1,041	4,931
Decrease (increase) in:				
Accounts receivable	82	(17)	6	(182)
Due from other funds	209	104	68	175
Due from other governmental agencies	(477)	(54)	(11)	65
Inventories and other assets	(13)	-	-	(75)
Deferred outflow pension	(4,684)	(1,982)	(50)	(150)
Increase (decrease) in:				
Accounts payable	894	8	1	121
Accrued liabilities	115	174	2	19
Due to other funds	(3,475)	(26)	(108)	(36)
Unearned revenue	599	40	-	-
Claims liabilities	2,090	-	-	-
Compensated absences	177	65	(12)	55
Net pension liability	170	(70)	11	(20)
Deferred inflow pension	(156)	(92)	-	(10)
Net cash provided by (used in) operating activities	<u>\$ 17,661</u>	<u>\$ 1,904</u>	<u>\$ 570</u>	<u>\$ 5,009</u>
<b>Noncash financing, capital, and investing activities:</b>				
Capital additions funded by debt	\$ 12,283	\$ -	\$ -	\$ -
Noncash retirement of capital assets	(288)	-	(104)	(171)
Decrease in fair value of investments	(1,022)	(65)	(37)	(42)
Increase in capital debt and other liability	(12,283)	-	-	-
Increase in non-capital State and Federal grant	13	-	-	-
Decrease in transfers in	(22)	-	-	(22)
Increase in advances to/from	85	-	-	85
Decrease (increase) in noncash interest expense	(103)	-	-	19

COUNTY OF VENTURA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)  
(Continued)

General Insurance	Information Technology Services	General Services	Employee Benefits Insurance	Personnel Services	
\$ 4,121	\$ 368	\$ 2,335	\$ 503	\$ (1)	<b>Reconciliation of operating income (loss) to net cash</b>
					<b>Provided (used) by operating activities:</b>
					Operating income (loss)
					Adjustments to reconcile operating income (loss)
					to cash flows from operating activities:
-	4,357	973	10	-	Depreciation and amortization
					Decrease (increase) in:
331	68	46	(67)	(103)	Accounts receivable
(227)	709	(725)	106	(1)	Due from other funds
-	2	(479)	-	-	Due from other governmental agencies
40	35	(13)	-	-	Inventories and other assets
(83)	(1,341)	(949)	(108)	(21)	Deferred outflow pension
					Increase (decrease) in:
(1,214)	(200)	2,117	84	(23)	Accounts payable
7	82	107	(279)	3	Accrued liabilities
(3,316)	14	18	(7)	(14)	Due to other funds
-	14	545	-	-	Unearned revenue
2,081	-	-	9	-	Claims liabilities
(19)	(16)	90	20	(6)	Compensated absences
14	167	24	30	14	Net pension liability
(1)	(24)	(32)	1	2	Deferred inflow pension
<u>\$ 1,734</u>	<u>\$ 4,235</u>	<u>\$ 4,057</u>	<u>\$ 302</u>	<u>\$ (150)</u>	Net cash provided by (used in) operating activities
					<b>Noncash financing, capital, and investing activities:</b>
\$ -	\$ 12,283	\$ -	\$ -	\$ -	Capital additions funded by debt
-	(13)	-	-	-	Noncash retirement of capital assets
(711)	(54)	(90)	(21)	(2)	Decrease in fair value of investments
-	(12,283)	-	-	-	Increase in capital debt and other liability
-	-	13	-	-	Increase in non-capital State and Federal grant
-	-	-	-	-	Decrease in transfers in
-	-	-	-	-	Increase in advances to/from
-	(122)	-	-	-	Decrease (increase) in noncash interest expense

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## FIDUCIARY FUNDS



## **FIDUCIARY FUNDS**

Fiduciary funds are custodial in nature and are used to account for assets and liabilities held in a trustee or agency capacity for others. Therefore, these resources cannot be used to support the ongoing activities of the County.

### **INVESTMENT TRUST**

The County Treasurer operates a single investment pool and provides fiscal services for various other governmental entities, such as special districts and school districts. This fund represents the external portion of the pool with the assets, primarily cash and investments, of these entities in the Treasurer's custody and the related liability of the County to disburse these monies on demand. The County follows procedures of GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

### **AGENCY**

Agency funds account for assets held for distribution by the County as an agent for various local governments.

COUNTY OF VENTURA  
STATEMENT OF FIDUCIARY NET POSITION  
INVESTMENT TRUST FUND  
JUNE 30, 2019  
(In Thousands)

	<u>Total</u>	<u>Special Districts under Local Board</u>	<u>School Districts</u>	<u>Independent Special Districts</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 1,603,644	\$ 133,499	\$ 1,427,767	\$ 42,378
Receivables, net:				
Accounts	609	296	-	313
Interest	14,452	1,274	12,788	390
Due from other governmental agencies	<u>2,727</u>	<u>87</u>	<u>719</u>	<u>1,921</u>
Total assets	<u>1,621,432</u>	<u>135,156</u>	<u>1,441,274</u>	<u>45,002</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	3,695	35	-	3,660
Due to other governmental agencies	<u>2,534</u>	<u>38</u>	<u>-</u>	<u>2,496</u>
Total liabilities	<u>6,229</u>	<u>73</u>	<u>-</u>	<u>6,156</u>
<b><u>NET POSITION</u></b>				
Net position held in trust for investment pool participants	<u>\$ 1,615,203</u>	<u>\$ 135,083</u>	<u>\$ 1,441,274</u>	<u>\$ 38,846</u>



COUNTY OF VENTURA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
INVESTMENT TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Total	Special Districts under Local Board	School Districts	Independent Special Districts
<b>ADDITIONS</b>				
Contributions:				
Contributions to investment pool	\$ 4,337,747	\$ 637,149	\$ 3,122,459	\$ 578,139
Total contributions	<u>4,337,747</u>	<u>637,149</u>	<u>3,122,459</u>	<u>578,139</u>
Net investment income:				
Net appreciation in fair value of investments	8,985	748	7,999	238
Investment income	34,139	3,518	29,206	1,415
Net investment income	<u>43,124</u>	<u>4,266</u>	<u>37,205</u>	<u>1,653</u>
Total additions	<u>4,380,871</u>	<u>641,415</u>	<u>3,159,664</u>	<u>579,792</u>
<b>DEDUCTIONS</b>				
Distributions from investment pool	<u>4,151,729</u>	<u>700,317</u>	<u>2,876,176</u>	<u>575,236</u>
Total deductions	<u>4,151,729</u>	<u>700,317</u>	<u>2,876,176</u>	<u>575,236</u>
Change in net position	229,142	(58,902)	283,488	4,556
Net position - beginning	<u>1,386,061</u>	<u>193,985</u>	<u>1,157,786</u>	<u>34,290</u>
Net position - ending	<u>\$ 1,615,203</u>	<u>\$ 135,083</u>	<u>\$ 1,441,274</u>	<u>\$ 38,846</u>

COUNTY OF VENTURA  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b><u>ASSETS</u></b>				
Cash and investments	\$ 13,232	\$ 138,146	\$ 138,403	\$ 12,975
Interest	105	164	105	164
Due from other governmental agencies	1	1	1	1
Total assets	<u>\$ 13,338</u>	<u>\$ 138,311</u>	<u>\$ 138,509</u>	<u>\$ 13,140</u>
<b><u>LIABILITIES</u></b>				
Other liabilities	<u>\$ 13,338</u>	<u>\$ 226,669</u>	<u>\$ 226,867</u>	<u>\$ 13,140</u>
Total liabilities	<u>\$ 13,338</u>	<u>\$ 226,669</u>	<u>\$ 226,867</u>	<u>\$ 13,140</u>



## **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**



## **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

The following schedules present only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

COUNTY OF VENTURA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY SOURCE  
JUNE 30, 2019  
(In Thousands)

Governmental funds capital assets:	
Land and improvements	\$ 101,735
Easements	200,264
Structures and improvements	545,985
Equipment	68,589
Vehicles	44,851
Software	74,690
Infrastructure	581,576
Construction in progress	<u>73,465</u>
Total governmental funds capital assets	<u>\$ 1,691,155</u>
Investments in governmental funds capital assets by source:	
Federal grants and entitlements	\$ 16,499
State grants	17,180
Grants from other governmental units	6,037
General Fund revenues	607,971
Special revenue fund revenues	761,174
Donations	<u>282,294</u>
Total governmental funds capital assets	<u>\$ 1,691,155</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

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COUNTY OF VENTURA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
JUNE 30, 2019  
(In Thousands)

Function and Activity	Total	Land and Improvements	Easements	Structures and Improvements
General government:				
General administration	\$ 287,163	\$ 27,567	\$ -	\$ 204,987
Plant acquisition	2,298	-	-	-
Other	892	892	-	-
Total general government	<u>290,353</u>	<u>28,459</u>	<u>-</u>	<u>204,987</u>
Public protection:				
Judicial	32,787	516	-	27,742
Police protection	66,102	-	-	21,339
Detention and correction	193,511	6,201	-	169,530
Fire protection	184,910	18,306	20	70,505
Flood control and soil and water conservation	409,401	15,578	2,109	1,267
Protective inspection	817	5	-	743
Other	55,902	31,710	157	19,993
Total public protection	<u>943,430</u>	<u>72,316</u>	<u>2,286</u>	<u>311,119</u>
Public ways and facilities	<u>414,927</u>	<u>-</u>	<u>197,978</u>	<u>63</u>
Health and sanitation services	<u>22,316</u>	<u>554</u>	<u>-</u>	<u>14,748</u>
Public assistance	<u>10,441</u>	<u>-</u>	<u>-</u>	<u>6,509</u>
Education	<u>9,362</u>	<u>206</u>	<u>-</u>	<u>8,433</u>
Recreation and cultural services	<u>326</u>	<u>200</u>	<u>-</u>	<u>126</u>
Total capital assets allocated to functions	<u>\$ 1,691,155</u>	<u>\$ 101,735</u>	<u>\$ 200,264</u>	<u>\$ 545,985</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.



COUNTY OF VENTURA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
JUNE 30, 2019  
(In Thousands)

Equipment	Vehicles	Software	Infrastructure	Construction in Progress	Function and Activity
					General government:
\$ 3,153	\$ -	\$ 39,623	\$ -	\$ 11,833	General administration
-	-	-	-	2,298	Plant acquisition
-	-	-	-	-	Other
<u>3,153</u>	<u>-</u>	<u>39,623</u>	<u>-</u>	<u>14,131</u>	Total general government
					Public protection:
3,236	-	1,218	-	75	Judicial
24,254	121	19,162	-	1,226	Police protection
8,512	65	2,587	-	6,616	Detention and correction
20,434	44,242	6,141	-	25,262	Fire protection
664	-	264	366,795	22,724	Flood control and soil and water conservation
69	-	-	-	-	Protective inspection
932	22	1,822	-	1,266	Other
<u>58,101</u>	<u>44,450</u>	<u>31,194</u>	<u>366,795</u>	<u>57,169</u>	Total public protection
<u>65</u>	<u>-</u>	<u>40</u>	<u>214,781</u>	<u>2,000</u>	Public ways and facilities
<u>4,107</u>	<u>401</u>	<u>2,494</u>	<u>-</u>	<u>12</u>	Health and sanitation services
<u>2,551</u>	<u>-</u>	<u>1,228</u>	<u>-</u>	<u>153</u>	Public assistance
<u>612</u>	<u>-</u>	<u>111</u>	<u>-</u>	<u>-</u>	Education
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Recreation and cultural services
<u>\$ 68,589</u>	<u>\$ 44,851</u>	<u>\$ 74,690</u>	<u>\$ 581,576</u>	<u>\$ 73,465</u>	Total capital assets allocated to functions

COUNTY OF VENTURA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(In Thousands)

<b>Function and Activity</b>	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Net Transfers</b>	<b>Balance June 30, 2019</b>
General government:					
General administration	\$ 278,507	\$ 14,123	\$ 5,467	\$ -	\$ 287,163
Plant acquisition	591	1,878	171	-	2,298
Other	892	-	-	-	892
Total general government	<u>279,990</u>	<u>16,001</u>	<u>5,638</u>	<u>-</u>	<u>290,353</u>
Public protection:					
Judicial	32,682	530	425	-	32,787
Police protection	63,290	2,964	152	-	66,102
Detention and correction	187,118	7,470	1,077	-	193,511
Fire protection	172,445	23,653	11,188	-	184,910
Flood control and soil and water conservation	404,193	5,240	32	-	409,401
Protective inspection	810	7	-	-	817
Other	55,585	815	498	-	55,902
Total public protection	<u>916,123</u>	<u>40,679</u>	<u>13,372</u>	<u>-</u>	<u>943,430</u>
Public ways and facilities	<u>412,883</u>	<u>2,782</u>	<u>738</u>	<u>-</u>	<u>414,927</u>
Health and sanitation services	<u>21,682</u>	<u>1,156</u>	<u>522</u>	<u>-</u>	<u>22,316</u>
Public assistance	<u>9,789</u>	<u>652</u>	<u>-</u>	<u>-</u>	<u>10,441</u>
Education	<u>9,305</u>	<u>57</u>	<u>-</u>	<u>-</u>	<u>9,362</u>
Recreation and cultural services	<u>326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326</u>
Total governmental funds capital assets	<u>\$ 1,650,098</u>	<u>\$ 61,327</u>	<u>\$ 20,270</u>	<u>\$ -</u>	<u>\$ 1,691,155</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position. The total governmental additions exceed capital outlay due to \$14,982,000 in transfers from construction in progress to equipment and structures recorded as additions and deletions.



**STATISTICAL SECTION**  
*UNAUDITED*

COUNTY OF VENTURA | CALIFORNIA





## STATISTICAL SECTION

This part of the County of Ventura's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	208
<b>Revenue Capacity</b> These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	218
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	222
<b>Demographic and Economic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	226
<b>Operating Information</b> These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	228

### Sources:

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

COUNTY OF VENTURA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(In Thousands)  
(UNAUDITED)

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Governmental activities:					
Net investment in capital assets	\$ 999,078	\$ 1,016,133	\$ 1,030,088	\$ 1,045,671	\$ 1,075,474
Restricted	115,570	332,555	324,859	320,719	323,619
Unrestricted (deficit)	402,082	221,430	236,909	273,145	309,087
Total governmental activities net position	<u>\$ 1,516,730</u>	<u>\$ 1,570,118</u>	<u>\$ 1,591,856</u>	<u>\$ 1,639,535</u>	<u>\$ 1,708,180</u>
Business-type activities:					
Net investment in capital assets	\$ 192,079	\$ 199,646	\$ 244,839	\$ 256,025	\$ 275,131
Restricted	19,668	13,613	11,689	22,318	19,696
Unrestricted (deficit)	46,604	91,588	94,895	92,582	76,332
Total business-type activities net position	<u>\$ 258,351</u>	<u>\$ 304,847</u>	<u>\$ 351,423</u>	<u>\$ 370,925</u>	<u>\$ 371,159</u>
Primary government:					
Net investment in capital assets	\$ 1,191,157	\$ 1,215,779	\$ 1,274,927	\$ 1,301,696	\$ 1,350,605
Restricted	135,238	346,168	336,548	343,037	343,315
Unrestricted (deficit)	448,686	313,018	331,804	365,727	385,419
Total primary government activities net position	<u>\$ 1,775,081</u>	<u>\$ 1,874,965</u>	<u>\$ 1,943,279</u>	<u>\$ 2,010,460</u>	<u>\$ 2,079,339</u>

COUNTY OF VENTURA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(In Thousands)  
(UNAUDITED)

Fiscal Year					
2014-15	2015-16	2016-17	2017-18	2018-19	
\$ 1,079,922	\$ 1,099,380	\$ 1,124,728	\$ 1,149,011	\$ 1,162,314	Governmental activities:
333,367	322,177	347,088	370,750	401,890	Net investment in capital assets
(291,055)	(211,492)	(198,202)	(167,704)	(36,943)	Restricted
<u>\$ 1,122,234</u>	<u>\$ 1,210,065</u>	<u>\$ 1,273,614</u>	<u>\$ 1,352,057</u>	<u>\$ 1,527,261</u>	Unrestricted (deficit)
					Total governmental activities net position
\$ 296,597	\$ 297,671	\$ 306,944	\$ 267,806	\$ 268,425	Business-type activities:
10,203	14,910	17,136	36,230	31,416	Net investment in capital assets
(3,947)	1,782	(3,316)	13,756	29,140	Restricted
<u>\$ 302,853</u>	<u>\$ 314,363</u>	<u>\$ 320,764</u>	<u>\$ 317,792</u>	<u>\$ 328,981</u>	Unrestricted (deficit)
					Total business-type activities net position
\$ 1,376,519	\$ 1,397,051	\$ 1,431,672	\$ 1,416,817	\$ 1,430,739	Primary government:
343,570	337,087	364,224	406,980	433,306	Net investment in capital assets
(295,002)	(209,710)	(201,518)	(153,948)	(7,803)	Restricted
<u>\$ 1,425,087</u>	<u>\$ 1,524,428</u>	<u>\$ 1,594,378</u>	<u>\$ 1,669,849</u>	<u>\$ 1,856,242</u>	Unrestricted (deficit)
					Total primary government activities net position

COUNTY OF VENTURA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(In Thousands)  
(UNAUDITED)

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Expenses</b>					
Governmental activities:					
General government	\$ 77,932	\$ 75,481	\$ 72,477	\$ 75,597	\$ 72,193
Public protection	566,385	578,421	577,240	592,192	608,750
Public ways and facilities	41,310	31,068	26,676	27,562	25,939
Health and sanitation services	145,726	154,408	167,971	174,920	170,208
Public assistance	216,528	224,132	214,737	216,112	225,682
Education	10,754	10,206	8,654	8,166	7,778
Recreation	-	-	-	-	-
Interest on long-term debt	6,080	5,003	4,944	7,574	698
Total governmental activities expenses	<u>1,064,715</u>	<u>1,078,719</u>	<u>1,072,699</u>	<u>1,102,123</u>	<u>1,111,248</u>
Business-type activities:					
Medical Center	259,494	284,223	314,651	332,606	361,302
Department of Airports	7,393	7,958	6,472	7,289	6,954
Waterworks - Water	11,036	19,715	19,783	22,534	25,067
Waterworks - Sewer	12,583	3,997	4,872	4,752	5,014
Parks Department	4,177	4,129	3,987	5,215	5,142
Channel Islands Harbor	7,025	7,058	6,850	7,719	7,503
Health Care Plan	35,854	46,411	52,229	56,642	53,929
Oak View School Preservation	235	218	185	245	230
Total business-type activities expenses	<u>337,797</u>	<u>373,709</u>	<u>409,029</u>	<u>437,002</u>	<u>465,141</u>
Total primary government expenses	<u>\$ 1,402,512</u>	<u>\$ 1,452,428</u>	<u>\$ 1,481,728</u>	<u>\$ 1,539,125</u>	<u>\$ 1,576,389</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 51,493	\$ 48,165	\$ 46,971	\$ 46,572	\$ 42,111
Public protection	128,226	128,980	121,721	120,914	122,382
Public ways and facilities	50	2,254	1,305	789	903
Health and sanitation services	55,442	57,492	59,910	64,085	55,968
Public assistance	846	1,063	1,070	1,299	1,005
Education	194	94	584	199	95
Recreation	-	-	-	-	-
Operating grants and contributions	441,314	473,746	453,377	473,760	510,197
Capital grants and contributions	29,404	12,441	5,622	9,618	7,788
Total governmental activities program revenues	<u>706,969</u>	<u>724,235</u>	<u>690,560</u>	<u>717,236</u>	<u>740,449</u>
Business-type activities:					
Charges for services:					
Medical Center	224,877	285,959	288,620	303,282	310,377
Department of Airports	4,941	5,046	5,569	5,121	5,261
Waterworks - Water	18,930	19,034	21,869	24,668	27,070
Waterworks - Sewer	4,882	5,374	4,854	5,403	5,813
Parks Department	3,000	2,735	2,948	3,145	3,497
Channel Islands Harbor	7,406	6,790	7,097	7,296	7,771
Health Care Plan	36,881	46,369	53,868	57,538	54,019
Oak View School Preservation	276	281	254	260	248
Operating grants and contributions	370	976	6	47	20
Capital grants and contributions	11,082	5,735	29,668	8,318	10,689
Total business-type activities program revenues	<u>312,645</u>	<u>378,299</u>	<u>414,753</u>	<u>415,078</u>	<u>424,765</u>
Total primary government program revenues	<u>\$ 1,019,614</u>	<u>\$ 1,102,534</u>	<u>\$ 1,105,313</u>	<u>\$ 1,132,314</u>	<u>\$ 1,165,214</u>
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (357,746)	\$ (354,484)	\$ (382,139)	\$ (384,887)	\$ (370,799)
Business-type activities	(25,152)	4,590	5,724	(21,924)	(40,376)
Total primary government net (expense) revenue	<u>\$ (382,898)</u>	<u>\$ (349,894)</u>	<u>\$ (376,415)</u>	<u>\$ (406,811)</u>	<u>\$ (411,175)</u>



COUNTY OF VENTURA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(In Thousands)  
(UNAUDITED)

	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
\$ 70,522	\$ 82,387	\$ 84,896	\$ 85,241	\$ 86,013	
586,147	602,307	669,543	678,940	698,234	
22,465	29,227	29,305	22,005	23,656	
169,010	193,282	210,284	207,606	197,672	
243,256	259,743	269,345	259,854	264,897	
7,922	8,368	8,843	8,304	8,404	
-	4	152	57	41	
4,408	4,782	4,975	7,732	5,734	
<u>1,103,730</u>	<u>1,180,100</u>	<u>1,277,343</u>	<u>1,269,739</u>	<u>1,284,651</u>	
375,451	421,233	445,644	481,116	499,359	
6,214	6,484	6,833	7,351	6,806	
25,416	24,503	25,458	28,002	28,034	
5,409	5,842	5,646	6,187	6,665	
5,491	5,259	5,529	5,483	5,765	
7,816	7,540	8,193	8,539	9,589	
59,142	68,940	71,570	76,318	79,736	
213	220	222	274	264	
<u>485,152</u>	<u>540,021</u>	<u>569,095</u>	<u>613,270</u>	<u>636,218</u>	
<u>\$ 1,588,882</u>	<u>\$ 1,720,121</u>	<u>\$ 1,846,438</u>	<u>\$ 1,883,009</u>	<u>\$ 1,920,869</u>	
\$ 47,531	\$ 47,948	\$ 48,136	\$ 54,462	\$ 59,549	
124,373	126,573	136,928	138,299	139,967	
851	1,003	1,025	1,057	972	
72,821	78,343	88,489	88,533	86,613	
1,594	1,599	1,308	1,745	1,170	
418	138	124	133	240	
-	-	45	49	49	
506,064	529,933	549,296	600,613	580,473	
4,871	4,818	10,430	11,122	14,091	
<u>758,523</u>	<u>790,355</u>	<u>835,781</u>	<u>896,013</u>	<u>883,124</u>	
357,748	391,875	419,921	434,720	460,684	
6,306	7,474	7,364	7,260	6,827	
24,197	22,585	23,611	27,736	26,557	
5,807	5,725	6,061	6,142	6,489	
3,656	3,672	3,744	4,739	4,002	
8,261	8,250	8,703	9,135	9,259	
57,723	63,582	71,234	77,868	80,747	
245	242	258	320	277	
30	330	558	5,590	2,288	
5,225	8,587	2,325	3,597	6,437	
<u>469,198</u>	<u>512,322</u>	<u>543,779</u>	<u>577,107</u>	<u>603,567</u>	
<u>\$ 1,227,721</u>	<u>\$ 1,302,677</u>	<u>\$ 1,379,560</u>	<u>\$ 1,473,120</u>	<u>\$ 1,486,691</u>	
\$ (345,207)	\$ (389,745)	\$ (441,562)	\$ (373,726)	\$ (401,527)	
(15,954)	(27,699)	(25,316)	(36,163)	(32,651)	
<u>\$ (361,161)</u>	<u>\$ (417,444)</u>	<u>\$ (466,878)</u>	<u>\$ (409,889)</u>	<u>\$ (434,178)</u>	

**Expenses**

Governmental activities:  
General government  
Public protection  
Public ways and facilities  
Health and sanitation services  
Public assistance  
Education  
Recreation  
Interest on long-term debt

Total governmental activities expenses

Business-type activities:

Medical Center  
Department of Airports  
Waterworks - Water  
Waterworks - Sewer  
Parks Department  
Channel Islands Harbor  
Health Care Plan  
Oak View School Preservation

Total business-type activities expenses

Total primary government expenses

**Program Revenues**

Governmental activities:

Charges for services:

General government  
Public protection  
Public ways and facilities  
Health and sanitation services  
Public assistance  
Education  
Recreation

Operating grants and contributions

Capital grants and contributions

Total governmental activities program revenues

Business-type activities:

Charges for services:

Medical Center  
Department of Airports  
Waterworks - Water  
Waterworks - Sewer  
Parks Department  
Channel Islands Harbor  
Health Care Plan  
Oak View School Preservation

Operating grants and contributions

Capital grants and contributions

Total business-type activities program revenues

Total primary government program revenues

**Net (Expense) Revenue**

Governmental activities

Business-type activities

Total primary government net (expense) revenue

COUNTY OF VENTURA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(In Thousands)  
(UNAUDITED)

	Fiscal Year				
	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 389,675	\$ 391,822	\$ 393,038	\$ 390,685	\$ 408,095
Property transfer taxes	3,142	3,090	3,147	3,962	4,251
Sales and use tax	7,537	8,801	8,988	10,335	11,258
Unrestricted aid from other governmental units	22,457	20,642	22,152	46,744	36,340
Other	19,258	18,253	16,886	24,217	18,399
Unrestricted interest and investment earnings	1,654	6,341	1,519	612	2,614
Extraordinary item - RDA dissolution	-	-	(1,414)	-	-
Transfers	<u>(41,314)</u>	<u>(41,077)</u>	<u>(40,439)</u>	<u>(43,989)</u>	<u>(41,189)</u>
Total governmental activities	<u>402,409</u>	<u>407,872</u>	<u>403,877</u>	<u>432,566</u>	<u>439,768</u>
Business-type activities:					
Unrestricted interest and investment earnings	710	829	413	342	392
Transfers	<u>41,314</u>	<u>41,077</u>	<u>40,439</u>	<u>43,989</u>	<u>41,189</u>
Total business-type activities	<u>42,024</u>	<u>41,906</u>	<u>40,852</u>	<u>44,331</u>	<u>41,581</u>
Total primary government	<u>\$ 444,433</u>	<u>\$ 449,778</u>	<u>\$ 444,729</u>	<u>\$ 476,897</u>	<u>\$ 481,349</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 44,663	\$ 53,388	\$ 21,738	\$ 47,679	\$ 68,969
Business-type activities	<u>16,872</u>	<u>46,496</u>	<u>46,576</u>	<u>22,407</u>	<u>1,205</u>
Total change in Net Position, primary government	<u>\$ 61,535</u>	<u>\$ 99,884</u>	<u>\$ 68,314</u>	<u>\$ 70,086</u>	<u>\$ 70,174</u>

COUNTY OF VENTURA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(In Thousands)  
(UNAUDITED)

Fiscal Year				
2014-15	2015-16	2016-17	2017-18	2018-19
\$ 430,001	\$ 470,263	\$ 503,226	\$ 520,713	\$ 552,861
5,034	5,318	5,496	5,752	5,153
12,039	9,088	10,266	10,764	12,545
34,893	4,315	2,812	2,917	2,847
16,028	19,358	20,726	25,659	19,877
7,858	7,756	5,900	14,467	25,170
-	-	-	-	-
(33,895)	(38,522)	(30,937)	(32,084)	(41,722)
<u>471,958</u>	<u>477,576</u>	<u>517,489</u>	<u>548,188</u>	<u>576,731</u>
400	687	780	1,107	2,118
<u>33,895</u>	<u>38,522</u>	<u>30,937</u>	<u>32,084</u>	<u>41,722</u>
<u>34,295</u>	<u>39,209</u>	<u>31,717</u>	<u>33,191</u>	<u>43,840</u>
<u>\$ 506,253</u>	<u>\$ 516,785</u>	<u>\$ 549,206</u>	<u>\$ 581,379</u>	<u>\$ 620,571</u>
\$ 126,751	\$ 87,831	\$ 75,927	\$ 174,462	\$ 175,204
<u>18,341</u>	<u>11,510</u>	<u>6,401</u>	<u>(2,972)</u>	<u>11,189</u>
<u>\$ 145,092</u>	<u>\$ 99,341</u>	<u>\$ 82,328</u>	<u>\$ 171,490</u>	<u>\$ 186,393</u>

**General Revenues and Other Changes in Net Position**

Governmental activities:

Taxes:

Property taxes

Property transfer taxes

Sales and use tax

Unrestricted aid from other governmental units

Other

Unrestricted interest and investment earnings

Extraordinary item - RDA dissolution

Transfers

Total governmental activities

Business-type activities:

Unrestricted interest and investment earnings

Transfers

Total business-type activities

Total primary government

**Change in Net Position**

Governmental activities

Business-type activities

Total change in Net Position, primary government

COUNTY OF VENTURA  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(In Thousands)  
(UNAUDITED)

	Fiscal Year				
	<u>2009-10</u>	<u>2010-11</u> (1)	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
General Fund					
Reserved	\$ 96,139				
Unreserved	<u>117,623</u>				
Total General Fund	<u>\$ 213,762</u>				
All Other Governmental Funds					
Reserved	\$ 45,452				
Unreserved					
Special revenue funds	224,468				
Capital projects funds	2,194				
Permanent fund	<u>23</u>				
Total All Other Governmental Funds	<u>\$ 272,137</u>				
General Fund					
Nonspendable	\$ 8,052	\$ 6,525	\$ 3,906	\$ 22,529	
Restricted	73,182	82,067	99,170	113,233	
Committed	2,368	3,137	3,139	3,724	
Assigned	17,866	24,451	27,112	30,245	
Unassigned	<u>129,247</u>	<u>133,437</u>	<u>151,538</u>	<u>154,044</u>	
Total General Fund	<u>\$ 230,715</u>	<u>\$ 249,617</u>	<u>\$ 284,865</u>	<u>\$ 323,775</u>	
All Other Governmental Funds					
Nonspendable	\$ 2,539	\$ 2,601	\$ 2,496	\$ 2,324	
Restricted	248,608	233,492	216,540	206,763	
Committed	26,917	24,098	24,080	25,375	
Assigned	6,873	7,167	7,710	7,107	
Unassigned (deficit)	<u>(2,807)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total All Other Governmental Funds	<u>\$ 282,130</u>	<u>\$ 267,358</u>	<u>\$ 250,826</u>	<u>\$ 241,569</u>	

Notes:

(1) In fiscal year 2010-11 the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

COUNTY OF VENTURA  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(In Thousands)  
(UNAUDITED)

Fiscal Year					
<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
					General Fund
\$ 18,501	\$ 67,217	\$ 57,277	\$ 70,607	\$ 130,579	Nonspendable
106,774	94,529	107,999	129,161	141,709	Restricted
3,911	4,244	4,968	5,583	6,100	Committed
64,297	51,827	63,867	109,727	113,526	Assigned
<u>174,986</u>	<u>140,746</u>	<u>155,648</u>	<u>138,970</u>	<u>100,899</u>	Unassigned
<u>\$ 368,469</u>	<u>\$ 358,563</u>	<u>\$ 389,759</u>	<u>\$ 454,048</u>	<u>\$ 492,813</u>	Total General Fund
					All Other Governmental Funds
\$ 2,421	\$ 2,944	\$ 2,523	\$ 2,670	\$ 2,844	Nonspendable
223,394	223,338	235,244	235,029	256,050	Restricted
26,182	21,902	20,807	21,120	25,961	Committed
6,525	5,726	5,333	5,992	6,688	Assigned
<u>(1,945)</u>	<u>-</u>	<u>-</u>	<u>(906)</u>	<u>-</u>	Unassigned (deficit)
<u>\$ 256,577</u>	<u>\$ 253,910</u>	<u>\$ 263,907</u>	<u>\$ 263,905</u>	<u>\$ 291,543</u>	Total All Other Governmental Funds

COUNTY OF VENTURA  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(In Thousands)  
(UNAUDITED)

	Fiscal Year				
	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<b>Revenues</b>					
Taxes	\$ 400,354	\$ 403,713	\$ 405,173	\$ 404,982	\$ 423,604
Licenses, permits, and franchises	18,977	19,464	17,632	20,778	22,059
Fines, forfeitures, and penalties	27,329	23,200	25,112	22,861	20,733
Revenues from use of money and property	1,814	5,160	1,447	1,251	3,193
Aid from other governmental units	481,739	495,471	479,801	524,238	538,308
Charges for services	179,579	187,276	178,308	166,989	183,953
Other	35,936	32,912	30,485	38,994	29,710
Total revenues	<u>1,145,728</u>	<u>1,167,196</u>	<u>1,137,958</u>	<u>1,180,093</u>	<u>1,221,560</u>
<b>Expenditures</b>					
General government	63,252	62,528	61,440	64,123	61,549
Public protection	549,707	564,747	566,896	579,838	600,309
Public ways and facilities	39,074	29,296	25,391	25,798	25,263
Health and sanitation services	145,720	160,499	170,297	176,690	173,740
Public assistance	216,238	224,144	215,216	215,914	226,570
Education	11,104	10,596	8,929	8,432	7,667
Recreation	-	-	-	-	-
Capital outlay	30,760	42,562	45,158	35,144	66,831
Debt service:					
Principal retirement	12,277	6,821	8,050	11,286	9,360
Interest and fiscal charges	5,722	4,795	5,035	5,164	3,990
Payment to refunding escrow agent	-	-	-	-	11,880
Refunding bond issuance costs	-	-	-	-	-
Cost of issuance	131	-	-	-	-
Total expenditures	<u>1,073,985</u>	<u>1,105,988</u>	<u>1,106,412</u>	<u>1,122,389</u>	<u>1,187,159</u>
Excess of revenues over expenditures	<u>71,743</u>	<u>61,208</u>	<u>31,546</u>	<u>57,704</u>	<u>34,401</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	93	167	217	84	35
Gain from insurance recovery	11	257	7	20	101
Issuance of long-term debt	23,396	7,310	15,088	5,684	34,104
Premium on long-term debt	1,002	-	-	902	3,810
Discount on long-term debt	(658)	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-
Payment to refunding escrow agent	(33,209)	-	-	-	-
Transfers in	21,840	12,934	16,741	21,396	12,520
Transfers out	(65,078)	(54,930)	(59,152)	(67,074)	(55,318)
Total other financing sources (uses)	<u>(52,603)</u>	<u>(34,262)</u>	<u>(27,099)</u>	<u>(38,988)</u>	<u>(4,748)</u>
Net change in fund balances before extraordinary item	<u>19,140</u>	<u>26,946</u>	<u>4,447</u>	<u>18,716</u>	<u>29,653</u>
<b>Extraordinary item:</b>					
RDA dissolution	-	-	(317)	-	-
Total extraordinary item	-	-	(317)	-	-
Net change in fund balances	<u>\$ 19,140</u>	<u>\$ 26,946</u>	<u>\$ 4,130</u>	<u>\$ 18,716</u>	<u>\$ 29,653</u>
Debt service as a percentage of noncapital expenditures	1.73 %	1.09 %	1.23 %	1.51 %	2.25 %

COUNTY OF VENTURA  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(In Thousands)  
(UNAUDITED)

Fiscal Year					
<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
\$ 447,075	\$ 484,669	\$ 518,988	\$ 537,229	\$ 570,559	<b>Revenues</b>
22,174	23,940	23,871	24,466	24,562	Taxes
21,893	22,349	19,037	20,836	18,384	Licenses, permits, and franchises
7,852	6,998	7,160	13,572	20,933	Fines, forfeitures, and penalties
555,652	531,363	561,881	599,418	581,057	Revenues from use of money and property
193,245	203,586	224,716	233,205	230,079	Aid from other governmental units
29,408	30,038	32,467	34,723	37,395	Charges for services
<u>1,277,299</u>	<u>1,302,943</u>	<u>1,388,120</u>	<u>1,463,449</u>	<u>1,482,969</u>	Other
					Total revenues
62,324	66,208	70,431	73,979	76,794	<b>Expenditures</b>
621,258	652,857	667,507	706,228	731,003	General government
19,976	27,394	26,933	21,018	22,546	Public protection
179,494	203,543	215,876	221,875	212,805	Public ways and facilities
249,095	259,394	267,045	267,201	271,087	Health and sanitation services
8,283	8,579	8,975	8,579	8,623	Public assistance
-	4	147	54	38	Education
36,116	49,541	45,118	55,923	46,345	Recreation
					Capital outlay
6,462	6,784	5,477	23,274	6,455	Debt service:
4,621	5,149	5,916	8,056	6,107	Principal retirement
-	-	2,713	-	-	Interest and fiscal charges
-	-	35	-	-	Payment to refunding escrow agent
-	-	-	-	-	Refunding bond issuance costs
<u>1,187,629</u>	<u>1,279,453</u>	<u>1,316,173</u>	<u>1,386,187</u>	<u>1,381,803</u>	Cost of issuance
					Total expenditures
<u>89,670</u>	<u>23,490</u>	<u>71,947</u>	<u>77,262</u>	<u>101,166</u>	Excess of revenues over expenditures
39	-	-	-	-	<b>Other Financing Sources (Uses)</b>
39	74	322	2,688	108	Proceeds from sale of capital assets
5,000	11,100	-	18,024	8,700	Gain from insurance recovery
-	-	-	-	-	Issuance of long-term debt
-	-	-	-	-	Premium on long-term debt
-	-	-	-	-	Discount on long-term debt
-	-	4,615	-	-	Refunding bonds issued
-	-	615	-	-	Premium on refunding bonds issued
-	-	(5,172)	-	-	Payment to refunding escrow agent
18,993	14,262	22,445	33,600	18,538	Transfers in
<u>(54,039)</u>	<u>(61,499)</u>	<u>(53,579)</u>	<u>(67,287)</u>	<u>(62,109)</u>	Transfers out
<u>(29,968)</u>	<u>(36,063)</u>	<u>(30,754)</u>	<u>(12,975)</u>	<u>(34,763)</u>	Total other financing sources (uses)
<u>59,702</u>	<u>(12,573)</u>	<u>41,193</u>	<u>64,287</u>	<u>66,403</u>	Net change in fund balances before extraordinary item
-	-	-	-	-	<b>Extraordinary item:</b>
-	-	-	-	-	RDA dissolution
<u>\$ 59,702</u>	<u>\$ (12,573)</u>	<u>\$ 41,193</u>	<u>\$ 64,287</u>	<u>\$ 66,403</u>	Total extraordinary item
					Net change in fund balances
0.96 %	0.97 %	1.11 %	2.36 %	0.94 %	Debt service as a percentage of noncapital expenditures

COUNTY OF VENTURA  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST FISCAL YEARS  
 (In Thousands)  
 (UNAUDITED)

<b>Fiscal Year Ended June 30:</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Supplemental</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2010	100,207,840	4,449,291	1,505,751	106,162,882	1%
2011	100,157,703	4,224,932	1,001,666	105,384,301	1%
2012	100,292,025	4,100,802	891,111	105,283,938	1%
2013	101,018,163	4,048,784	947,708	106,014,655	1%
2014	104,474,910	4,100,506	1,845,992	110,421,408	1%
2015	110,517,381	4,145,873	2,257,500	116,920,754	1%
2016	115,195,869	4,212,395	2,893,838	122,302,102	1%
2017	119,740,557	4,211,651	2,770,022	126,722,230	1%
2018	125,875,143	4,113,287	2,661,662	132,650,092	1%
2019	131,409,988	4,335,930	3,345,035	139,090,953	1%

Notes:

(1) Proposition 13, passed in 1978 by California voters, limited property taxes to a maximum rate of 1 percent of assessed value. Assessed value is based upon the purchase price of the property. The assessed value may be increased by an inflation factor of up to 2 percent per year. The assessed valuation data shown above is the value used for taxation purposes. Actual market value is not used in the property tax calculation and is not available. The assessed values presented are the County-wide assessed values based on the equalized roll. Unitary and Homeowners Property Tax Relief are included in all values, and values are net of all exemptions.

Source:  
 Auditor-Controller, County of Ventura



COUNTY OF VENTURA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST FISCAL YEARS  
(UNAUDITED)

<b>Fiscal Year</b>	<b>County Direct Rates</b>		<b>Overlapping Rates</b>
	<b>Basic Rate</b>	<b>Total Direct</b>	<b>Ventura County Bond Rate</b>
2010	1.0000%	1.0000%	0.0216%
2011	1.0000%	1.0000%	0.0228%
2012	1.0000%	1.0000%	0.0233%
2013	1.0000%	1.0000%	0.0219%
2014	1.0000%	1.0000%	0.0233%
2015	1.0000%	1.0000%	0.0223%
2016	1.0000%	1.0000%	0.0213%
2017	1.0000%	1.0000%	0.0203%
2018	1.0000%	1.0000%	0.0211%
2019	1.0000%	1.0000%	0.0211%

Notes:

(1) Proposition 13, passed in 1978 by California voters, limited property taxes to a maximum rate of 1 percent of assessed value. This 1 percent is distributed to all taxing agencies that provide services to the subject property. In addition to the 1 percent maximum rate, property owners may be charged an additional percentage for voter approved bonds based on their tax rate area. The bond rate shown is the weighted average of all Ventura County bonds. The weighted average is based on assessed valuation of the tax rate areas where the bonds are levied.

Source:

Auditor-Controller, County of Ventura

COUNTY OF VENTURA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(In Thousands)  
(UNAUDITED)

Taxpayer	Fiscal Year 2018-19			Fiscal Year 2009-10		
	Secured Assessed Value	Rank	Percentage of Total County Taxable Secured Assessed Value	Secured Assessed Value	Rank	Percentage of Total County Taxable Secured Assessed Value
Amgen, Inc.	\$ 1,415,101	1	1.08 %	\$ 1,204,207	1	1.20 %
Southern California Edison Company	1,047,925	2	0.80 %	592,532	2	0.59 %
Procter-Gamble Paper Products	310,567	3	0.24 %	252,437	6	0.25 %
Macerich Oaks LLC	307,972	4	0.23 %	261,100	5	0.26 %
Southern California Gas Company	283,808	5	0.22 %	138,325	10	0.14 %
Baxalta US Inc	247,978	6	0.19 %			
Aera Energy LLC	223,820	7	0.17 %	411,960	3	0.41 %
Los Robles Hospital	211,237	8	0.16 %			
Chelsea GCA Realty Partnership LP	202,324	9	0.15 %	178,666	7	0.18 %
Duesenberg Investment Company	201,523	10	0.15 %	168,875	8	0.17 %
Occidental Petroleum Corporation				399,463	4	0.40 %
Verizon California, Inc.				168,190	9	0.17 %
Total attributable to ten largest taxpayers	<u>\$ 4,452,255</u>		<u>3.39 %</u>	<u>\$ 3,775,755</u>		<u>3.77 %</u>
Total Secured Assessed Value	<u>\$ 131,409,988</u>		<u>100.00 %</u>	<u>\$ 100,207,840</u>		<u>100.00 %</u>

Notes:

(1) Amounts exclude special assessments and voter-approved bonds. The assessed value is based on the equalized roll plus all escaped assessments and assessor's roll corrections processed in the 2009-10 and the 2018-19 fiscal years.

Source:

Auditor-Controller, County of Ventura

COUNTY OF VENTURA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST FISCAL YEARS  
(In Thousands)  
(UNAUDITED)

Fiscal Year Ended June 30:	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
		(a)	Amount (a)	Percentage of Levy (a)	(a)	Amount (a)	Percentage of Levy (a)
2010	\$ 342,351	\$	326,080	95.25 %	\$ 10,043	\$ 336,123	98.18 %
2011	338,881		325,308	95.99 %	8,508	333,816	98.51 %
2012	338,289		325,536	96.23 %	6,918	332,454	98.28 %
2013	339,175		327,259	96.49 %	6,212	333,471	98.32 %
2014	353,562		339,015	95.89 %	6,971	345,986	97.86 %
2015	373,559		360,807	96.59 %	6,940	367,747	98.44 %
2016	387,373		374,411	96.65 %	8,577	382,988	98.87 %
2017	400,732		382,538	95.46 %	7,535	390,073	97.34 %
2018	420,552		405,083	96.32 %	2,534	407,617	96.92 %
2019	440,452		424,367	96.35 %	-	424,367	96.35 %

(a) Corrected in 2014-15.

Notes:

(1) The collections presented are based on payments made on the secured, unsecured and supplemental taxes levied. The taxes levied are based on the equalized roll plus supplemental bills processed in the fiscal year. The levied and collected amounts shown represent taxes distributed to County of Ventura agencies that are governed by the Board of Supervisors. Collections in subsequent years are updated annually.

Source:

Auditor-Controller, County of Ventura

COUNTY OF VENTURA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(In Thousands, Except Per Capita)  
(UNAUDITED)

Governmental Activities						
Fiscal Year	Certificates of Participation from Direct Placement (c)	Lease Revenue Bonds	Tax-Exempt Commercial Paper from Direct Borrowings (c)	Revolving Credit Agreement from Direct Borrowings (c)	Loans from Direct Borrowings (c)	
2009-10	\$ 42,043	\$ -	\$ 16,971	\$ -	\$ 5,252	
2010-11	37,949	-	19,221	-	9,117	
2011-12	33,645	-	27,727	-	10,774	
2012-13	29,822	17,070	12,738	-	9,466	
2013-14	13,462	53,578	7,637	-	9,203	
2014-15	11,072	49,370	11,232	-	8,935	
2015-16	8,585	44,907	20,926	-	8,662	
2016-17	-	44,996	19,206	-	8,384	
2017-18	-	39,675	-	17,883	8,100	
2018-19	-	34,143	-	24,255	7,809	

Business-type Activities						
Fiscal Year	Certificates of Participation from Direct Placement (c)	Lease Revenue Bonds	Tax-Exempt Commercial Paper from Direct Borrowings (c)	Revolving Credit Agreement from Direct Borrowings (c)	Loans from Direct Borrowings (c)	Capital Lease Obligations from Direct Borrowings (c)
2009-10	\$ 68,963	\$ -	\$ 6,730	\$ -	\$ 4,768	\$ 1,346
2010-11	65,554	-	6,579	-	6,117	903
2011-12	61,851	-	8,473	-	6,264	460
2012-13	58,160	318,591	6,362	-	5,979	37
2013-14	54,120	313,950	5,964	-	5,814	180
2014-15	53,592 (b)	309,235	5,369	-	5,434 (b)	144
2015-16	50,535 (b)	304,409	4,775	-	5,188 (b)	2,447
2016-17	2,808 (b)	339,818	4,193	-	4,949 (b)	23,418
2017-18	2,741	331,827	-	3,617	4,707	422,542
2018-19	2,671	323,639	-	3,045	4,462	22,518

Fiscal Year	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	Percentage of Assessed Value of Property (2)
2009-10	\$ 146,073	0.39%	\$177	0.14%
2010-11	145,440	0.37%	175	0.14%
2011-12	149,194	0.36%	179	0.14%
2012-13	458,225	1.10%	546	0.43%
2013-14	463,908	1.06%	550	0.42%
2014-15	454,383 (a)	0.98%	536	0.39%
2015-16	450,434	0.95%	530	0.37%
2016-17	447,772	0.89%	523	0.35%
2017-18	437,556	0.83%	509	0.33%
2018-19	422,542	0.77%	496	0.31%

(a) Corrected in 2015-16.

(b) Corrected in 2017-18, to correctly classify Waterworks District No. 19 USDA COPs.

(c) Title revised in 2018-19.

Notes:

(1) See the "Demographic and Economic Statistics" table for population and personal income figures. Note that this ratio is calculated using population and personal income for the latest calendar year for each corresponding fiscal year, except the most recent available year is used when information for a year is not available. In addition the "Demographic and Economic Statistics" table has been updated in FY 2018-19.

(2) See the "Legal Debt Margin Information" table for assessed value of property figure.

Source: Auditor-Controller, County of Ventura

COUNTY OF VENTURA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(In Thousands)  
(UNAUDITED)

<u>Fiscal Year</u>	<u>Assessed Value of Property</u>	<u>Legal Debt Limit (1)</u>	<u>Amount of debt applicable to limit</u>	<u>Legal Debt Margin (2)</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
2009-10	\$ 106,162,882	\$ 1,327,036	\$ -	\$ 1,180,963	0.00%
2010-11	105,384,301	1,317,304	-	1,171,864	0.00%
2011-12	105,283,938	1,316,049	-	1,166,855	0.00%
2012-13	106,014,655	1,325,183	-	866,958	0.00%
2013-14	110,421,408	1,380,268	-	916,360	0.00%
2014-15	116,920,754	1,461,509	-	1,007,126	0.00%
2015-16	122,302,102	1,528,776	-	1,078,342	0.00%
2016-17	126,722,230	1,584,028	-	1,136,256	0.00%
2017-18	132,650,092	1,658,126	-	1,220,570	0.00%
2018-19	139,090,953	1,738,637	-	1,316,095	0.00%

Notes:

(1) The legal debt limit is set by statute at 1.25 percent of total assessed valuation.

(2) The legal debt margin is the legal debt limit reduced by all long-term bonds, certificates of participation, loans, and capital leases and represents the County's legal borrowing authority for all years reported.

Source:

Auditor-Controller, County of Ventura

COUNTY OF VENTURA  
DEBT/REVENUE COVERAGE  
LAST TEN FISCAL YEARS  
(In Thousands)  
(UNAUDITED)

**Certificates of Participation from direct placement (d)**

Fiscal Year	Gross Revenue*	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009-10	\$ 47,717 (b)	\$ -	\$ 47,717	\$ 43,235	\$ 4,482	1.00
2010-11	12,453	-	12,453	7,320	5,133	1.00
2011-12	12,407	-	12,407	7,550	4,857	1.00
2012-13	11,906	-	11,906	7,350	4,556	1.00
2013-14	23,719 (b)	-	23,719	19,550	4,169	1.00
2014-15 (c)	8,955	-	8,955	5,561	3,394	1.00
2015-16 (c)	9,015	-	9,015	5,844 (a)	3,171	1.00
2016-17 (c)	56,452 (b)	-	56,452	56,313	139	1.00
2017-18	160	-	160	67	93	1.00
2018-19	161	-	161	70	91	1.00

\* Revenue source is lease rental payments and installment sale payments.

(a) Principal (including premiums) starting in 2015-16.

(b) Gross revenue includes debt refunding.

(c) Corrected in 2017-18 to include Waterworks District No.19 COPs.

(d) Title revised in 2018-19.

**Tax Exempt Commercial Paper from direct borrowings (a)**

Fiscal Year	Gross Revenue*	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009-10	\$ 28,570	\$ -	\$ 28,570	\$ 28,499	\$ 71	1.00
2010-11	3,681	-	3,681	3,600	81	1.00
2011-12	5,054	-	5,054	5,000	54	1.00
2012-13	22,752	-	22,752	22,700	52	1.00
2013-14	5,516	-	5,516	5,500	16	1.00
2014-15	2,013	-	2,013	2,000	13	1.00
2015-16	2,025	-	2,025	2,000	25	1.00
2016-17	2,492	-	2,492	2,302	190	1.00
2017-18	23,743	-	23,743	23,399	344	1.00

\* Revenue source is lease rental payments and proceeds from PFA III and Lease Revenue Bonds.

(a) Title revised in 2018-19.

**Revolving Credit Agreement from direct borrowings (a) (b)**

Fiscal Year	Gross Revenue*	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017-18	\$ 3,212	\$ -	\$ 3,212	\$ 2,899	\$ 313	1.00
2018-19	3,423	-	3,423	2,900	523	1.00

\* Revenue source is lease rental payments.

(a) New in 2017-18.

(b) Title revised in 2018-19.

Source: Auditor-Controller, County of Ventura

COUNTY OF VENTURA  
DEBT/REVENUE COVERAGE  
LAST TEN FISCAL YEARS  
(In Thousands)  
(UNAUDITED)

<b>Loans Payable from direct borrowings (b)</b>							
Fiscal Year	Gross Revenue*	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2009-10	\$ 3,565	\$ 3,531	\$ 34	\$ 172	\$ 89	0.13	
2010-11	7,303	7,937	(634)	353	254	(1.04)	
2011-12 (a)	4,945	4,097	848	629	290	0.92	
2012-13	4,564	2,725	1,839	544	276	2.24	
2013-14	4,626	4,008	618	542	269	0.76	
2014-15 (c)	4,699	3,924	775	534	257	0.98	
2015-16 (c)	4,152	4,265	(113)	519	248	(0.15)	
2016-17 (c)	4,187	3,017	1,170	516	237	1.55	
2017-18	4,984	4,049	935	526	230	1.24	
2018-19	5,535	4,341	1,194	536	220	1.58	

\* Revenue source is ad valorem taxes on property, CDBG, lease rents, and charges for services.

(a) Corrected in 2013-14.

(b) Title revised in 2018-19.

(c) Corrected in 2017-18 to exclude Waterworks District No.19 COPs.

<b>Capital Leases from direct borrowings (a)</b>							
Fiscal Year	Gross Revenue*	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2009-10	\$ 483	\$ -	\$ 483	\$ 443	\$ 40	1.00	
2010-11	482	-	482	443	39	1.00	
2011-12	482	-	482	443	39	1.00	
2012-13	459	-	459	423	36	1.00	
2013-14	40	-	40	37	3	1.00	
2014-15	42	-	42	36	6	1.00	
2015-16	43	-	43	32	11	1.00	
2016-17	1,027	-	1,027	931	96	1.00	
2017-18	6,573	-	6,573	5,860	713	1.00	
2018-19	7,716	-	7,716	7,039	677	1.00	

\* Revenue source is lease rental payments and charges for services.

(a) Title revised in 2018-19.

<b>Lease Revenue Bonds (a)</b>							
Fiscal Year	Gross Revenue*	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2012-13 (b)	\$ 2,513	\$ -	\$ 2,513	\$ 421	\$ 2,092	1.00	
2013-14 (b)	20,515	-	20,515	6,042	14,473	1.00	
2014-15 (b)	24,234	-	24,234	8,924	15,310	1.00	
2015-16	24,357	-	24,357	9,289	15,068	1.00	
2016-17	29,353	-	29,353	13,052	16,301	1.00	
2017-18	29,550	-	29,550	13,312	16,238	1.00	
2018-19	29,471	-	29,471	13,720	15,751	1.00	

\* Revenue source is lease rental payments.

(a) New in 2012-13.

(b) Corrected in 2015-16, restated principal (including premium).

COUNTY OF VENTURA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Year</u>	<u>Population</u>	(a)	<u>Personal Income (in millions)</u>	(a)	<u>Per Capita Personal Income</u>	(a)	<u>Unemployment Rate</u>	(d)
2010	825,298	(1)	\$ 37,869	(1)	\$ 45,885	(1)	10.8%	
2011	830,990	(1)	39,908	(1)	48,025	(1)	10.3%	(2)
2012	835,143	(1)	41,705	(1)	49,937	(1)	9.1%	
2013	840,175	(1)	42,314	(1)	50,363	(1)	7.9%	
2014	844,749	(1)	44,708	(1)	52,925	(1)	6.7%	(2)
2015	848,925	(1)	47,195	(1)	55,594	(1)	5.6%	
2016	851,096	(1)	48,381	(1)	56,846	(1)	5.2%	
2017	854,223	(1)	50,551	(1)	59,178	(1)	4.5%	
2018	857,415	(b)	52,900	(c)	61,804	(c)	3.8%	(2)
2019	856,598	(b)	55,500	(c)	62,738	(c)	3.7%	

Notes:

1) Revised in 2018-19 to reflect data from the U.S. Department of Commerce (last updated: March 6, 2019.)

2) Updated in 2018-19

Sources:

(a) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, CAINC1 Personal Income Summary: Personal Income, Population, Per Capita Personal Income. Population numbers reflect Census Bureau midyear population estimates for 2010-2017 and County population as of March 2018. All dollar estimates are in current dollars (not adjusted for inflation).

(b) State of California, Department of Finance, Report E-5 Population and Housing Estimates for Cities, Counties, and the State, January 1, 2011 - 2019 with a 2010 Census benchmark as of May 1, 2019.

(c) 2019 Los Angeles County and Ventura County Economic Outlook, Ventura County Economic Forecast Summary, 2013 - 2018 History, 2019 - 2023 Forecast. (P.29)

(d) State of California, Employment Development Department, Labor Market Information Division, Unemployment Rates (Labor Force) Report June 2019. Historical Civilian Labor Force, data not seasonally adjusted. 2010 to 2018 rates are annual averages. The 2019 rate is a six-month average.



COUNTY OF VENTURA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

<b>Employer</b>	<b>2019 (a)</b>			<b>2010 (b)</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment(c)</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
United States Naval Base	18,776	1	4.65%	15,300	1	5.26%
County of Ventura	8,435	2	2.09%	8,241	2	2.83%
Amgen, Inc.	5,500	3	1.36%	6,700	3	2.30%
Anthem Inc. (previously Wellpoint, Inc.)	2,860	4	0.71%	3,622	4	1.25%
Simi Valley Unified School District	2,737	5	0.68%	2,600	5	0.89%
Community Memorial Hospital	2,300	6	0.57%	2,000	7	0.69%
Conejo Valley Unified School District	2,050	7	0.51%	2,129	6	0.73%
Dignity Health (St. John's)	2,016	8	0.50%			
Ventura Unified School District	1,835	9	0.45%	1,909	9	0.66%
Oxnard Union School District	1,654	10	0.41%			
Los Robles Regional Medical Center				1,469	10	0.51%
Ventura County Community College Dist				1,935	8	0.67%
	<u>48,163</u>		<u>11.93%</u>	<u>45,905</u>		<u>15.79%</u>

Sources:

(a) 2019 Los Angeles County and Ventura County Economic Outlook, February 2019.

(b) 2010 Real Estate and Economic Outlook as of February, 2010.

(c) Employment Development Department, Ventura County, Industry Employment & Labor Force.

COUNTY OF VENTURA  
FULL-TIME EMPLOYEES BY FUNCTION  
LAST FISCAL YEARS  
(UNAUDITED)

<u>Function/Program</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<u>Governmental activities:</u>					
General government	1,216	1,201	1,216	1,155	1,176
Public protection	2,982	3,014	2,981	3,040	3,074
Health and sanitation	1,059	1,064	1,132	1,250	1,210
Public assistance	1,019	1,067	1,103	1,127	1,193
Education	89	64	62	58	56
Total governmental activities	<u>6,365</u>	<u>6,410</u>	<u>6,494</u>	<u>6,630</u>	<u>6,709</u>
<u>Business-type activities:</u>					
Medical Center	1,290	1,338	1,378	1,449	1,468
Health Care Plan	-	-	-	2 (a)	46
Airports	29	29	27	29	28
Parks and Harbor	82	97	88	93	94
Total business-type activities	<u>1,401</u>	<u>1,464</u>	<u>1,493</u>	<u>1,573</u>	<u>1,636</u>
Total government-wide	<u><u>7,766</u></u>	<u><u>7,874</u></u>	<u><u>7,987</u></u>	<u><u>8,203</u></u>	<u><u>8,345</u></u>

(a) New employment function in fiscal year 2012-13.

Notes:

(1) Full-time employees work a minimum of 64 hours per biweek.

Source:

Auditor-Controller, County of Ventura

COUNTY OF VENTURA  
FULL-TIME EMPLOYEES BY FUNCTION  
LAST FISCAL YEARS  
(UNAUDITED)

<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>Function/Program</u>
					<u>Governmental activities:</u>
1,215	1,411	1,368	1,321	1,279	General government
3,045	3,064	3,059	3,077	3,106	Public protection
1,222	1,515	1,674	1,641	1,133	Health and sanitation
1,280	1,409	1,431	1,348	1,378	Public assistance
49	52	51	49	49	Education
<u>6,811</u>	<u>7,451</u>	<u>7,583</u>	<u>7,436</u>	<u>6,945</u>	Total governmental activities
					<u>Business-type activities:</u>
1,484	1,468	1,478	1,453	1,518	Medical Center
46	51	39	39	42	Health Care Plan
27	32	29	28	28	Airports
86	80	84	91	99	Parks and Harbor
<u>1,643</u>	<u>1,631</u>	<u>1,630</u>	<u>1,611</u>	<u>1,687</u>	Total business-type activities
<u>8,454</u>	<u>9,082</u>	<u>9,213</u>	<u>9,047</u>	<u>8,632</u>	Total government-wide

COUNTY OF VENTURA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<u>Public protection</u>					
Sheriff:					
Jail bookings	27,818	27,935	25,030	26,432	26,332
District Attorney:					
Filed felonies	3,898	3,840	3,458	3,926	4,144
Filed misdemeanors	13,823	13,374	12,410	10,972	10,411
Probation:					
Cases supervised - Adult	17,450	17,197	16,924	16,453	15,034
Cases supervised - Juvenile	2,253	1,631	1,425	1,189	984
Average daily population	174	163	135	108	98
<u>Health</u>					
Public Health:					
Clinic client visits	32,559	23,535	25,612	22,735	15,718
Vaccines distributed	51,216	44,234	46,233	32,331	29,031
Hospital:					
Patient days	56,916	52,112	52,525	54,878	53,351
Emergency room visits	46,571	47,047	48,913	52,285	51,532
Clinic visits (including satellite clinics)	434,943	449,058	470,421	485,255	429,058
Behavioral Health:					
Total contacts - Mental Health	379,726 (a)	392,242 (a)	431,674	443,674	435,400
Unduplicated client count	12,899	13,348	12,481	13,516	13,770
Total contacts - Alcohol and Drug Program	138,315	140,330	141,733	399,710 (c)	405,538
Total contacts - Driving Under the Influence Program	118,922	115,386	117,414	106,310	94,908
<u>Public assistance</u>					
Average number of CalWORKs participants	17,284	17,465	16,011	15,163	14,265
Average number of CalWORKs cases	7,229	7,221	6,752	6,456	6,142
Average number of CalFresh participants (b)	53,930	60,624	64,795	68,033	71,338
Average number of CalFresh cases (b)	24,483	28,107	30,692	32,345	34,085
Average child welfare services caseload	784	803	1,044	1,098	1,196

(a) Corrected in 2012-13.

(b) Prior to 2012-13 CalFresh was formerly Food Stamps.

(c) Prior to 2012-13 prevention contacts were not included.

(d) Corrected in 2017-18.

Sources:

County of Ventura, various departments

COUNTY OF VENTURA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Fiscal Year</u>					<u>Function/Program</u>
<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
					<u>Public protection</u>
					Sheriff:
26,410	28,114	29,203 (d)	32,582	29,473	Jail bookings
					District Attorney:
3,133	2,800	2,458	2,594	2,547	Filed felonies
12,379	14,882	17,280	16,883	14,286	Filed misdemeanors
					Probation:
13,581	8,425	8,079	7,241	7,090	Cases supervised - Adult
919	757	748	669	608	Cases supervised - Juvenile
82	87	91	88	75	Average daily population
					<u>Health</u>
					Public Health:
17,342	14,787	12,701	12,680	16,196	Clinic client visits
27,943	24,890	20,110	15,590	18,130	Vaccines distributed
					Hospital:
49,000	48,283	47,886	43,960	42,723	Patient days
54,022	55,369	54,055	55,981	56,443	Emergency room visits
486,135	523,176	656,814	657,381	665,303	Clinic visits (including satellite clinics)
					Behavioral Health:
463,002	487,455	499,839	503,639	523,305	Total contacts - Mental Health
17,868	17,808	18,828	18,310	18,922	Unduplicated client count
600,127	622,658	650,439	672,129	685,683	Total contacts - Alcohol and Drug Program
98,667	101,092	93,567	87,680	92,613	Total contacts - Driving Under the Influence Program
					<u>Public assistance</u>
14,035	13,176	11,844	10,864	9,540	Average number of CalWORKs participants
5,984	5,568	5,010	4,613	4,050	Average number of CalWORKs cases
76,152	78,438	75,554	70,278	64,038	Average number of CalFresh participants (b)
36,710	38,189	36,992	35,080	32,975	Average number of CalFresh cases (b)
1,192	1,210	1,195	1,142	1,001	Average child welfare services caseload

COUNTY OF VENTURA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year				
	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<b><u>Governmental Activities:</u></b>					
<b>General government</b>					
Building - Hall of Administration	Occupied by general government and support services.				
<b>Public protection</b>					
Jail and detention facilities:					
Probation:					
Adult facilities - work furlough	1	1	1	1	1
Adult beds - work furlough	235	235	235	235	235
Juvenile facilities	1	1	1	1	1
Juvenile beds	205	205	205	205	420
Sheriff:					
Adult facilities	3	3	3	3	3
Adult beds	1,606	1,606	1,606	1,606	1,606
Sheriff helicopters	4	4	4	4	4
Fire trucks	65	63	62	64	64
Fire stations	31	31	31	32	32
Building - Hall of Justice	Occupied by public safety departments and courts.				
Miles of flood control channels (a)	216.50	216.50	216.50	216.50	216.50
<b>Public ways and facilities</b>					
Centerline miles of county roads	544.15	543.86	542.46	542.43	541.91
Traffic signals	37	37	42	38	38
Bridges	158	158	159	159	159
<b>Education</b>					
Libraries	5	5	5	5	5

(a) Prior year miles of flood control channels increased in fiscal year 2011-12 due to previously unreported channels.

(b) In September of 2015, the Probation Agency shut down the Work Furlough Program and replaced it with a “day reporting model treatment program”. The new treatment program is being operated by an outside provider contracted by the agency.

(c) In September of 2016, the building for the Work Furlough Program was demolished.

**Note:**

Buildings include those that are capitalized but excludes real property that is leased.

**Sources:**

County of Ventura, various departments

COUNTY OF VENTURA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year					
<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
					<b><u>Governmental Activities:</u></b>
					<b>General government</b>
Occupied by general government and support services.					Building - Hall of Administration
					<b>Public protection</b>
					Jail and detention facilities:
					Probation:
1	1 (b)	- (c)	-	-	Adult facilities - work furlough
235	- (b)	-	-	-	Adult beds - work furlough
1	1	1	1	1	Juvenile facilities
420	420	420	420	420	Juvenile beds
					Sheriff:
3	3	3	3	3	Adult facilities
1,650	1,650	1,650	1,606	1,606	Adult beds
4	5	5	5	5	Sheriff helicopters
64	67	72	69	70	Fire trucks
32	32	32	32	33	Fire stations
Occupied by public safety departments and courts.					Building - Hall of Justice
216.50	216.50	216.50	216.50	216.50	Miles of flood control channels (a)
					<b>Public ways and facilities</b>
542.84	542.84	542.67	542.66	542.59	Centerline miles of county roads
39	40	40	42	42	Traffic signals
158	158	158	158	158	Bridges
					<b>Education</b>
5	5	5	5	5	Libraries

(Continued)

COUNTY OF VENTURA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)  
(Continued)

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
<b><u>Business-type Activities:</u></b>					
<b>Medical Center</b>					
Hospitals	2	2	2	2	2
Licensed beds	272	272	272	272	272
<b>Department of Airports</b>					
Number of airports	2	2	2	2	2
Number of acres	880	891	891	891	891
Number of runways	2	2	2	2	2
Number of hangars	202	202	202	202	202
<b>Waterworks Districts - Water</b>					
Miles of pipeline	219	219 (a)	220	220	218
Number of reservoirs	30	30	30	30	30
<b>Waterworks Districts - Sewer</b>					
Miles of pipeline	157	157	159	159	159
Treatment capacity (millions of gallons per day)	5.6	5.6	5.6	5.6	5.6
Number of treatment plants	3	3	3	3	3
<b>Parks and Harbor</b>					
Number of county parks	24	25	25 (b)	25	27
Park acreage	4,621	4,621	4,621 (b)	4,621	4,637
County golf courses	3	3	3	3	3
County golf course acreage	672	672	672	672	672
Miles of park trails	21.0	21.6	21.6 (b)	21.6	22.5
Number of harbors	1	1	1	1	1
Number of acres	310	310	310	310	310
Number of boat slips	233	233	233	233	233
Fuel dock	1	1	1	1	1
Sportfishing dock	1	1	1	1	1

(a) Miles of pipeline previously overstated for fiscal years 2002-03 through 2009-10, corrected 2010-11.

(b) Prior year number of parks, park acreage, and miles of park trails was recalculated in fiscal year 2011-12, as additional information became available.

Notes:

(1) Buildings include those that are capitalized but excludes real property that is leased.

Sources:

County of Ventura, various departments



COUNTY OF VENTURA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)  
(Continued)

Fiscal Year					
<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
					<b><u>Business-type Activities:</u></b>
					<b>Medical Center</b>
2	2	2	2	2	Hospitals
272	272	272	272	272	Licensed beds
					<b>Department of Airports</b>
2	2	2	2	2	Number of airports
891	891	893	893	893	Number of acres
2	2	2	2	2	Number of runways
225	225	203	203	203	Number of hangars
					<b>Waterworks Districts - Water</b>
218	218	250	250	262	Miles of pipeline
30	30	31	31	31	Number of reservoirs
					<b>Waterworks Districts - Sewer</b>
159	159	159	159	163	Miles of pipeline
5.6	5.6	5.6	5.6	5.6	Treatment capacity (millions of gallons per day)
3	3	3	3	3	Number of treatment plants
					<b>Parks and Harbor</b>
26	26	27	27	27	Number of county parks
4,633	4,633	4,649	4,649	4,649	Park acreage
3	3	3	3	3	County golf courses
672	672	672	672	672	County golf course acreage
22.5	22.5	22.5	22.5	22.5	Miles of park trails
1	1	1	1	1	Number of harbors
310	310	310	310	310	Number of acres
233	233	233	233	233	Number of boat slips
1	1	1	1	1	Fuel dock
1	1	1	1	1	Sportfishing dock

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## **APPENDIX B**

### **SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS**

The following is a summary of certain provisions of the Indenture, the Lease, the Site Lease and the Assignment Agreement. This summary is not to be considered a full statement of the terms of such documents and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise defined in this summary or in this Official Statement have the respective meanings set forth in the Indenture.

### **DEFINITIONS**

“Act” means Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

“Additional Bonds” means the Bonds of an additional Series authorized by a Supplemental Indenture.

“Additional Rental” means Additional Rental due under the Lease.

“Additional Rental Payments” means the additional rental payable by the County under and pursuant to the Lease.

“Assignment Agreement” means that certain Assignment Agreement, dated as of June 1, 2020, by and between the Authority and the Trustee.

“Authority” means the Ventura County Public Financing Authority, a joint powers authority duly organized and existing under the Joint Exercise of Powers Agreement and the laws of the State.

“Authority Board” means the governing body of the Authority.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Base Rental Payments” means the Base Rental Payments under the Lease with respect to the Bonds, as the context requires, and any additional base rental payments made under the Lease, as amended and supplemented, with respect to any Additional Bonds issued in accordance with the Indenture..

“Bond Counsel” means (a) Norton Rose Fulbright US LLP or any successor thereto, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act, as in existence on the Closing Date or as thereafter amended from time to time.

“Bond Year” means each twelve-month period extending from November 2 in one calendar year to November 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and shall end on November 1, 2020.

“Bonds” means the Authority’s Lease Revenue Refunding Bonds, Series 2020A (Federally Taxable) and, where the context requires, any Additional Bonds. .

“Business Day” means a day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the city in which the Trustee maintains its Trust Office are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

“Certificate of the Authority” means a certificate in writing signed by a Responsible Officer of the Authority or by any other officer of the Authority duly authorized by the Executive Director or by the Authority for that purpose, as evidenced in writing to the Trustee.

“Certificate of the County” means a certificate in writing signed by a Responsible County Officer of the County or by any other officer of the County duly authorized for that purpose.

“Closing Date” means the date of delivery of the Bonds to the Original Purchaser thereof.

“Code” means the Internal Revenue Code of 1986 and any regulations promulgated thereunder.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Bond, the U.S. Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of the Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such Bonds to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Bond, (i) the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m. New York City time, on the Valuation Date; or (ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the average of five Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or if the Designated Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all such quotations.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority and the Trustee, compensation to any financial consultants or underwriters, legal fees and expenses (including fees and expenses of Bond Counsel and Disclosure Counsel), filing and recording costs, rating agency fees, costs of preparation and reproduction of documents, costs of printing and fees and costs for any guaranty, surety bond, letter of credit or other credit facility.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“County” means the County of Ventura, California.

“Defeasance Securities” means:

- (1) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series — “SLGS”).

- (2) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
- (3) Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
- (4) Pre-refunded municipal bonds rated “Aaa” by Moody’s and at least “AA+” by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or “AA+” rated pre-refunded municipals to satisfy this condition.
- (5) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
  - (a) U.S. Export-Import Bank (Eximbank)
    - (i) Direct obligations or fully guaranteed certificates of beneficial ownership
  - (b) Farmers Home Administration (FmHA)
    - (i) Certificates of beneficial ownership
  - (c) Federal Financing Bank
  - (d) General Services Administration
    - (i) Participation certificates
  - (e) U.S. Maritime Administration
    - (i) Guaranteed Title XI financing
  - (f) U.S. Department of Housing and Urban Development (HUD)
    - (i) Project Notes
    - (ii) Local Authority Bonds
    - (iii) New Communities Debentures – U.S. government guaranteed debentures
    - (iv) U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds.

“Depository” means DTC and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the Authority discontinues use of the Depository pursuant to the Indenture, any other securities depository which agrees to follow the procedures requested to be followed by a securities depository in connection with the Bonds and which is selected by the Authority.

“Depository Participant” means a member of, or participant in, the Depository.

“Designated Investment Banker” means one of the Reference Treasury Dealers appointed by the County.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., as escrow agent under the Escrow Agreement, and any successor thereunder.

“Escrow Agreement” means the Escrow Agreement, dated as of June 1, 2020, by and between the County and the Escrow Agent, providing for the refunding and prepayment of the Refunded Certificates.

“Event of Default” means any of the events described in the Indenture.

“Expiration Date” means the date defined in the Lease.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit the value of which is determined in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) the value of which is determined in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

“Fiscal Year” means any twelve-month period extending from June 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

“Indenture” means that certain Indenture, dated as of June 1, 2020, by and between the Authority and the Trustee, as originally executed or as it may from time to time be amended or supplemented in accordance with the Indenture.

“Independent Certified Public Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, and who, or each of whom:

- (a) is in fact independent and not under domination of the Authority or the County;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the County; and
- (c) is not connected with the Authority or the County as an officer or employee of the Authority or the County but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the County.



“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at <http://emma.msrb.org>; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other organizations providing information with respect to called Bonds as the Authority may designate in writing to the Trustee.

“Insurance Consultant” means an individual or firm retained by the County as an independent insurance consultant, experienced in the field of risk management.

“Insurance Proceeds and Condemnation Awards Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Interest Account” means the account by that name established within the Lease Revenue Fund and held by the Trustee pursuant to the Indenture.

“Interest Payment Date” means May 1 and November 1 of each year, commencing November 1, 2020.

“Lease” means that certain Lease Agreement, dated as of June 1, 2020, by and between the Authority and the County, pursuant to which the County leases the Leased Property from the Authority.

“Lease Revenue Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Leased Property” means, collectively, those certain parcels of real property, together with the improvements thereon, leased by the Authority to the County pursuant to the Lease, as more fully described in Exhibit A to the Lease, as such Exhibit A may be revised and amended from time to time pursuant to the terms of the Indenture and of the Lease.

“Maximum Annual Debt Service” in respect of any Bond Year means the largest of the sums obtained for that or any succeeding Bond Year after totaling the following for each such Bond Year:

A. The principal amount of all Outstanding Bonds maturing or required to be redeemed by mandatory sinking account redemption in such Bond Year; and

B. The interest that would be due during such Bond Year on the aggregate principal amount of Bonds which would be Outstanding in such Bond Year if the Bonds Outstanding on the date of such computation were to mature or be redeemed in accordance with the applicable maturity or mandatory sinking account redemption schedule. At the time and for the purpose of making such computation, the amount of Bonds already retired in advance of the above mentioned schedule or schedules shall be deducted pro rata from the remaining amounts thereon.

“Moody’s” means Moody’s Investors Service, and its successors and assigns.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

“Original Purchaser” means the original purchaser defined in the Indenture.

“Outstanding,” when used as of any particular time with reference to Bonds and Additional Bonds, means (subject to the provisions of the Indenture) all Bonds and Additional Bonds theretofore executed, issued and delivered by the Authority under the Indenture except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within as defined in the Indenture; and
- (c) Bonds in lieu of which or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the Indenture or any Supplemental Indenture.

“Net Proceeds” means proceeds of any casualty or title insurance or condemnation awards, paid with respect to the Leased Property, remaining after payment therefrom of all expenses in the collection thereof.

“Owner” when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Trustee is entitled to conclusively rely on a Request of the Authority directing investment in such Permitted Investment as a certification by the Authority to the Trustee that such Permitted Investment is a legal investment under the laws of the State), but only to the extent that the same are acquired at Fair Market Value:

- (a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America, including instruments evidencing a direct ownership interest in securities described in this clause such as Stripped Treasury Coupons rated the same rating as direct obligations of the United States of America by S&P and Moody’s and held by a custodian for safekeeping on behalf of holders of such securities.
- (b) Bonds or notes which are exempt from federal income taxes and for the payment of which cash or obligations described in clause (a) of this definition in an amount sufficient to pay the principal of, premium, if any, and interest on when due have been irrevocably deposited with a trustee or other fiscal depository and which are rated the same rating as direct obligations of the United States of America by S&P and Moody’s.
- (c) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Government National Mortgage Association, Farmer’s Home Administration, Federal Home Loan Mortgage Corporation or Federal Housing Administration; provided that with respect to the funds and accounts established under the Indenture.
- (d) Deposit accounts, certificates of deposit, including those placed by a third party pursuant to an agreement between the Authority and the Trustee, trust funds, trust accounts, trust deposits, overnight bank deposits, interest bearing deposits, interest bearing money market accounts, and/or savings accounts (i) fully insured by the Federal Deposit Insurance Corporation or (ii) with banks whose short term obligations are rated no lower than “A-1” by S&P and “P-1”

by Moody's or whose obligations are rated in the "A" long-term ratings category by S&P or Moody's, including those of the Trustee and its affiliates.

(e) Federal funds or banker's acceptances with a maximum term of one year of any bank that has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" by Moody's and "A-1" or "A" or better by S&P (including the Trustee or any of its affiliates).

(f) Repurchase obligations with a term not exceeding 90 days pursuant to a written agreement between the Trustee and either a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the SIPC or a federally chartered commercial bank whose long-term debt obligations are rated A or better by S&P and Moody's, with respect to any security described in clause (a); provided that the securities which are the subject of such repurchase obligation (i) must be free and clear of all liens, (ii) in the case of a SIPC dealer, were not acquired pursuant to a repurchase or reverse repurchase agreement, (iii) must be deposited with the Trustee and maintained through weekly market valuations in an amount equal to 104% of the invested funds plus accrued interest; and further provided that the Trustee must have a valid first perfected security interest in such securities.

(g) Taxable government money market portfolios that have a rating by S&P of "Am-G" or "Am" or better and rated in one of the three highest rating categories of Moody's, subject to a maximum permissible limit equal to six months of principal and interest on the Bonds including portfolios of the Trustee and its affiliates.

(h) Tax-exempt government money market portfolios that have a rating by S&P of "Am-G" or "Am" or better and rated in one of the three highest rating categories of Moody's consisting of securities which are rated in the highest rating categories of S&P and Moody's subject to a maximum permissible limit equal to six months of principal and interest on the Bonds.

(i) Money market mutual funds registered under the Investment Company Act of 1940, the shares in which are registered under the Securities Act of 1933 and that have a rating by S&P of "AAAm-G" or "AAAm" and rated in one of the two highest rating categories of Moody's, including those managed or advised by the Trustee or its affiliates or for which the Trustee or an affiliate of the Trustee serves as administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(j) The Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

(k) Investment agreements, including guaranteed investment contracts ("GICs") forward purchase agreements and reserve fund put agreements with banks or other financial institutions rated, or guaranteed by institutions rated, or with senior unsecured debt rated, by S&P or Moody's, in one of the three highest rating categories assigned by such agencies.

(l) The Ventura County Treasury Portfolio.

(m) Any other investments which meet the criteria established by applicable published investment guidelines issued by each rating agency then rating the Bonds.

“Permitted Encumbrances” means, with respect to the Leased Property, as of any particular time, (i) the Site Lease; (ii) the Lease, (iii) the Indenture and the Assignment Agreement and the Trustee’s and the Authority’s interests in the Leased Property, (iv) liens for taxes and assessments not then delinquent, (v) utility, access and other easements and rights of way, restrictions and exceptions that as certified in a Certificate of the County will not interfere with or impair the use intended to be made of the Leased Property; (vi) encumbrances upon any additions and improvements to the Leased Property as permitted in the Lease and which do not materially impair the use intended to be made of the portions of the Leased Property other than such additions and improvements; (vii) any sublease or use permitted by the Lease, (viii) covenants, conditions or restrictions or liens of record relating to the Leased Property and existing on the Closing Date; and (xiv) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property similar in character to the Leased Property and as do not materially impair the use intended to be made of property affected thereby.

“Principal Account” means the account by that name established within the Lease Revenue Fund and held by the Trustee pursuant to the Indenture.

“Principal Component” means the principal component of any Base Rental Payments as set forth in the exhibit to the Lease relating to such Base Rental Payments.

“Record Date” means, with respect to any Interest Payment Date, the 15th day of the month immediately prior to such Interest Payment Date, whether or not such day is a Business Day.

“Reference Treasury Dealer” means each of five firms, specified by the County from time to time, that are primary U.S. Government securities dealers in the City of New York (each, a “Primary Treasury Dealer”); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the County will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular Taxable Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the County and the Trustee by such Reference Treasury Dealer at 3:30 p.m. (New York City time) on the Valuation Date.

“Refunded Bonds” means the Ventura County Public Financing Authority Lease Revenue Bonds, Series 2013A, currently outstanding in the aggregate principal amount of \$266,380,000.

“Registration Books” means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

“Rental Payments” means, collectively, Base Rental Payments and payments of Additional Rental.

“Request of the Authority” means a request in writing signed by a Responsible Officer of the Authority or by any other officer of the Authority duly authorized for that purpose, as evidenced in writing to the Trustee.

“Request of the County” means a request in writing signed by a Responsible County Officer or by any other officer of the County duly authorized for that purpose, as evidenced in writing to the Trustee.

“Responsible County Officer” means any officer of the County or any other person authorized by resolution of the Board of Supervisors of the County to act on behalf of the County under or with respect to the Lease.

“Responsible Officer” means any officer of the Authority or any other person authorized by resolution of the Board of Directors of the Authority to act on behalf of the Authority under or with respect to the Lease or the Indenture.

“Revenues” means (i) all Base Rental Payments paid or payable by the County pursuant to the Lease (including prepayments) and (ii) any insurance proceeds or condemnation awards received by or payable to the Trustee under the Lease and any amounts received by the Trustee as a result of or in connection with the Trustee’s pursuit of remedies under the Lease.

“S&P” means S&P Global Ratings, and its successors and assigns.

“Securities Depositories” means The Depository Trust Company, New York, New York and its successors and assigns or if (i) the then Securities Depository resigns from its functions as depository of the Bonds or (ii) the Authority discontinues use of the then Securities Depository pursuant to the Indenture, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Authority.

“Series” whenever used in this Indenture with respect to the Bonds or Additional Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as provided herein.

“Site Lease” means that certain Site and Facility Lease, dated as of June 1, 2020, by and between the County and the Authority, pursuant to which the Authority leases the Leased Property from the County.

“State” means the State of California.

“Supplemental Indenture” means any agreement supplemental to or amendatory of the Indenture entered into in accordance with the provisions of the Indenture.

“Trust Office” means the corporate trust office of the Trustee in Los Angeles, California or, solely for purposes of the presentation of Bonds for payment, transfer or exchange, the corporate trust operations or agency office designated by the Trustee or such other offices as may be specified to the Authority by the Trustee in writing.

“Trustee” means U.S. Bank National Association, and its successors and assigns, and any other corporation or association that may at any time be substituted in its place as provided in the Indenture.

“Written Request of the Authority” means a request in writing signed by a Responsible Officer.

## THE INDENTURE

### The Bonds

Method of Payment. The principal, prepayment premium, if any, and interest payable with respect to the Bonds shall be payable in lawful money of the United States of America. Interest with respect to any Bond shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date, such interest to be paid by check of the Trustee, mailed by first class mail no later than the Interest Payment Date to the Owner at his address as it appears, on such Record Date, on the Registration Books maintained by the Trustee; provided, however, that at the written request of the Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Trustee prior to any Record Date, interest on such Bonds shall be paid to such Owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by wire transfer of immediately available funds to an account in the United States designated in such written request. Payments of defaulted interest with respect to the Bonds shall be paid by check or draft to the registered Owners of the Bonds as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the registered Owners of the Bonds not less than ten days prior thereto. The principal of and premium, if any, on the Bonds are payable by check when due upon surrender thereof at the Trust Office in lawful money of the United States of America.

Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon presentation and surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the Authority shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, interest rate, maturity and aggregate principal amount in Authorized Denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such transfer shall be paid by the Authority, except that the Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Trustee shall not be required to transfer, pursuant to the Indenture, (a) any Bond during the period established by the Trustee for the selection of Bonds for redemption or (b) any Bond selected for redemption pursuant to the Indenture.

Exchange of Bonds. Bonds may be exchanged at the Trust Office of the Trustee for the same aggregate principal amount of Bonds of the same tenor, interest rate and maturity and of other Authorized Denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such exchange shall be paid by the Authority, except that the Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange, pursuant to the Indenture, (a) any Bond during the period established by the Trustee for the selection of Bonds for redemption or (b) any Bond selected for redemption pursuant to the Indenture.

Registration Books. The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which shall at all times during regular business hours be open to inspection by the Authority with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on said records, Bonds as provided in the Indenture.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and

deliver, a new Bond of like tenor, maturity and aggregate principal amount in an Authorized Denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond issued under the Indenture shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to it shall be given, the Authority, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Authority may require payment of a reasonable fee for each new Bond issued under the Indenture and of the expenses that may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of the Indenture in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

### **Funds and Accounts**

Cost of Issuance Fund. Under the Indenture, there is established a fund to be held by the Trustee known as the “Costs of Issuance Fund,” into which shall be deposited a portion of the proceeds of the sale of the Bonds pursuant to the Indenture. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance related to the Bonds from time to time and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition, substantially in the form attached to the Indenture, executed by an officer of the Authority. On the date that is 180 days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority certifying that all Costs of Issuance related to the Bonds have been paid or provided for, the Trustee shall transfer any remaining amounts in the Costs of Issuance Fund to the Interest Account of the Lease Revenue Fund and the Trustee shall then close the Costs of Issuance Fund.

### **Pledge of Revenues; Lease Revenue Fund**

Pledge of Revenues; Assignment of Rights in Lease. The Bonds are secured by a first lien on and pledge (which shall be effected in the manner and to the extent provided in the Indenture) of all of the Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture, including all of the moneys in the Interest Account and the Principal Account, and all amounts derived from the investment of such amounts on deposit in such funds. The Bonds and the Additional Bonds shall be equally secured by a pledge, charge and lien upon the Revenues and such amounts on deposit in such funds and accounts without priority for number, date of the Bonds and Additional Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and the Additional Bonds and any premiums upon the redemption of any portion thereof shall be and are secured by an exclusive pledge, charge and lien upon the Revenues and such amounts on deposit. So long as any of the Bonds or the Additional Bonds are Outstanding, the Revenues and such amounts on deposit shall not be used for any other purpose; except that out of the Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

The Authority pursuant to the Assignment Agreement transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds and the Additional Bonds, all of the Revenues and all of the right, title and interest (but none of the obligations) of the Authority in and to the Lease, including its rights to receive the Base Rental Payments scheduled to be paid by the County under and pursuant to the Lease and any and all of the other rights of the Authority under the Lease as may be

necessary to enforce payment of such Base Rental Payments when due or otherwise to protect the interest of the Owners of the Bonds and Additional Bonds, including its leasehold title to the Leased Property leased to the County pursuant to the Lease with respect to the Base Rental Payments, all to the extent provided in the Assignment Agreement. The Trustee accepts such assignments. The Trustee shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee.

The Indenture shall be supplemented pursuant to a Supplemental Indenture to pledge revenues from additional base rental payments under the Lease for any series of Additional Bonds.

Lease Revenue Fund: Receipt, Deposit and Application of Revenues. All Revenues shall be deposited by the Trustee in a special fund designated as the "Lease Revenue Fund," which the Trustee shall establish, maintain and hold in trust. In the event the County pays more than 100% of the Base Rental Payments coming due five days prior to any Interest Payment Date, the Trustee shall deposit into the Lease Revenue Fund only that portion of the Base Rental Payments which the County is required to make under the Lease, and shall remit any excess to the County.

On or before each Interest Payment Date, the Trustee shall transfer from the Lease Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Lease Revenue Fund), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

The Trustee shall apply moneys on deposit in the Lease Payment Fund in the following order of priority:

(a) Interest Account. The Trustee shall establish and maintain a separate account within the Lease Revenue Fund to be known as the "Interest Account." On or before each Interest Payment Date, the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all respective Outstanding Bonds. No deposit shall be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all respective Outstanding Bonds on each succeeding Interest Payment Date within the then current Bond Year. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity).

(b) Principal Account. The Trustee shall establish and maintain a separate account within the Lease Revenue Fund to be known as the "Principal Account." On or before each Interest Payment Date, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds maturing on such Interest Payment Date pursuant to the Indenture or pursuant to a Supplemental Indenture, as the case may be. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds.

(c) Surplus. Before April 26<sup>th</sup> and October 27<sup>th</sup> of each year the Trustee shall determine the amount, if any, in the Lease Revenue Fund after making the deposits required by



paragraphs (a) and (b) above and the transfers of investment earnings pursuant to the Indenture, and shall apply such amount as a credit against the next following Base Rental Payment.

(d) Prepayment Account. The Trustee shall establish and maintain a separate account within the Lease Revenue Fund to be known as the "Prepayment Account." The Trustee, on the prepayment date specified in the Request of the County filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease, shall deposit in the Prepayment Account that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Monies in the Prepayment Account shall be used and withdrawn by the Trustee for the purpose of paying the principal, premium, if any, and interest with respect to any Bonds to be redeemed.

## **Investments**

Held in Trust. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments pursuant to the written direction of the Authority given to the Trustee two Business Days in advance of the making of such investments. In the absence of any such direction from the Authority, the Trustee shall invest any such moneys in the investment described in subsection (l) of the definition of Permitted Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

Any income, profit or loss on the investment of moneys held by the Trustee under the Indenture shall be credited to the fund or account from which such investment was made. For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds held by it under the Indenture. The Trustee or any of its affiliates may act as principal or agent in the acquisition of any investment and may impose its customary charges therefor. The Trustee or any of its affiliates may act as manager, sponsor, advisor or depository with respect to any Permitted Investment, and may charge its normal and customary fees with respect to such Permitted Investment. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture. The Authority acknowledges that regulations of the Comptroller of the Currency grant the Authority the right to receive brokerage confirmations of security transactions to be effected by the Trustee under the Indenture as they occur, at no additional cost. The Authority specifically waives the right to receive such confirmation to the extent permitted by applicable law and agrees that it will instead receive periodic cash transaction statements which shall include detail for the investment transactions effected by the Trustee under the Indenture; provided, however, that the Authority retains its right to receive brokerage confirmation on any investment transaction requested by the Authority. The Trustee may conclusively rely on the investment directions of the Authority as to both the suitability and legality of the directed investments. Ratings of Permitted Investments shall be determined at the time of purchase and without regard to ratings subcategories, and the Trustee shall have no responsibility to monitor ratings.

Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account, Permitted Investments credited to such fund or account shall be valued at least semiannually on or before each Interest Payment Date at cost (excluding any brokerage commissions and excluding any accrued interest) by the Authority.

## **Application of Insurance Proceeds and Condemnation Awards.**

The Trustee shall receive all moneys which may become due and payable under any insurance policies obtained pursuant to the Lease and shall apply the proceeds of such insurance as provided in the Lease. The Trustee shall not be responsible for the sufficiency of any insurance required by the Lease

and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the County.

Except as provided below, in the event of any damage to or destruction of any part of the Leased Property, caused by the perils covered by the policies of insurance required to be maintained by the County pursuant to the Lease, the County shall cause the proceeds of such insurance (other than rental interruption insurance which is to be placed in the Lease Revenue Fund) to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Leased Property. The Trustee shall hold said proceeds in a separate fund to be established and maintained by the Trustee and designated the "Insurance Proceeds and Condemnation Awards Fund," to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Leased Property to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall permit withdrawals of said proceeds from time to time upon receiving the Request of the County, stating that the County has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred. Any balance of said proceeds not required for such repair, reconstruction or replacement as evidenced by a Certificate of the County to the effect that such repair, reconstruction or replacement has been completed and all amounts owing therefor have been paid or provision for the payment therefor has been made shall be treated by the Trustee as prepaid Base Rental Payments and transferred to the Prepayment Account and applied in the manner provided by the Indenture. Alternatively, the County, at its option, and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to redeem all Outstanding Bonds, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property and thereupon shall cause said proceeds to be transferred to the Prepayment Account and used for the redemption of Outstanding Bonds pursuant to the Indenture. Notwithstanding the foregoing, the County shall cause the proceeds of such insurance to be utilized for the purpose of repair, reconstruction or replacement in the event the County is directed to do so by the Authority, and the proceeds of such insurance are sufficient to pay the costs of all of such repair, reconstruction or replacement or, if such proceeds are insufficient for that purpose, the County shall deposit or provide for deposit with the Trustee, prior to the commencement of the work of repair, reconstruction or replacement, an amount equal to the amount by which such proceeds are less than the amount necessary to complete such repair, reconstruction or replacement. The proceeds of any award in eminent domain shall be deposited by the Trustee in the Prepayment Account and applied to the prepayment of Outstanding Bonds pursuant to the Indenture.

#### **Certain Covenants of the Authority**

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such

issuance shall not be deemed to constitute an extension of maturity of the Bonds. Nothing in the Indenture shall be deemed to limit the right of the Authority to issue Additional Bonds, or issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds. The final maturity of any Additional Bonds shall not be limited to the maturity of the Bonds.

Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds and the Additional Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues, the Lease and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee (subject to the provisions of the Indenture) shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions by the Trustee relating to the proceeds of Bonds, the Revenues, the Lease and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the County during regular business hours with reasonable prior written notice.

Additional Obligations. The Authority covenants that no additional bonds, notes or indebtedness shall be issued or incurred that are payable out of the Revenues or other assets pledged hereunder in whole or in part, other than the Additional Bonds.

Lease. The Trustee, as assignee of the Authority's rights under the Lease pursuant to the Indenture and the Assignment Agreement, shall receive Base Rental Payments due from the County pursuant to the Lease.

Except as otherwise provided in the Lease or the Site Lease, so long as any Bond remains Outstanding, the Authority will not alter, amend or modify the Lease or the Site Lease without the prior written consent of the Trustee, which consent shall be given only (i) if the Trustee receives an opinion of counsel selected by the Authority that such alteration, amendment or modification will not result in any material impairment of the covenants made or the security given or intended to be given for the payment of the Base Rental Payments, or (ii) if the Trustee first obtains the written consents of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding to such alteration, amendment or modification.

## **The Trustee**

Appointment of Trustee. The U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, is appointed Trustee by

the Authority for the purpose of receiving all moneys required to be deposited with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture. The Authority agrees that it will maintain a Trustee which has (or which is a wholly-owned subsidiary of a corporation which has) a combined capital and surplus of at least \$75,000,000, and which is subject to supervision or examination by Federal or State authority, so long as any Bonds are Outstanding. If such bank or trust company or such parent corporation publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the Indenture the combined capital and surplus of such bank or trust company or such parent corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds and accounts administered by it under the Indenture and of all Bonds paid and discharged. So long as no Event of Default shall have happened and be continuing, the County may remove the Trustee initially appointed for good cause, and any successor thereto, and may appoint a successor or successors thereto; provided, that any such successor shall be a bank, national banking association or trust company meeting the requirements set forth in the Indenture.

Acceptance of Trusts. The Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(b) Whenever in the administration of the Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action under the Indenture, the Trustee (unless other evidence is specifically prescribed in the Indenture) may, in the absence of bad faith on its part, conclusively rely upon a Certificate of the Authority.

(c) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Owners pursuant to the Indenture, unless such Owners shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(d) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document.

(e) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and no covenants of or against the Trustee shall be implied in the Indenture. In case an Event of Default under the Indenture or under the Lease has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by the Indenture and by the Lease, and shall use the same degree of care and skill in the exercise of such rights and powers as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(f) The Trustee may execute any of the trusts or powers under the Indenture and perform the duties required of it under the Indenture either directly or by or through attorneys, receivers or agents, shall not be liable for the acts or omissions of such attorneys, receivers or agents appointed with due care, and shall be entitled to advice of counsel concerning all matters of trust and its duties under the Indenture. The Trustee may conclusively rely on an opinion of counsel as full and complete authorization and protection for any action taken, suffered or omitted by it under the Indenture.

(g) The Trustee shall not be responsible for any recital in the Indenture, in the Lease, or in the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued under the Indenture or intended to be secured by the Indenture and makes no representation as to the validity or sufficiency of the Bonds, the Indenture or the Lease. The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority under the Lease or on the part of the Authority or the County under the Lease. The Trustee shall not be responsible for the application by the Authority or the County of the proceeds of the Bonds.

(h) The Trustee may become the Owner or pledgee of Bonds secured by the Indenture with the same rights it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(i) The Trustee may conclusively rely and shall be protected in acting or refraining from acting, in good faith and without negligence, upon any notice, resolution, opinion, report, direction, request, requisition, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and to have been signed or presented by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to the Indenture or the Lease upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Registration Books.

(j) The permissive right of the Trustee to do things enumerated in the Indenture or in the Lease shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities, indemnities, rights and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents and shall apply to the Trustee's actions and omissions to act under the Lease and the Site Lease.

(k) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under the Indenture or under the Lease except failure by the Authority to make any of the payments of principal of or interest on the Bonds to the Trustee required to be made by the Authority pursuant to the Indenture or to the Lease or actual knowledge of the Trustee of the failure by the Authority or the County to file with the Trustee any document required by the Indenture or the Lease to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by the Indenture to be delivered to the Trustee must, to be effective, be delivered at the Trust Office of the Trustee, and in the

absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default under the Indenture except as aforesaid.

(l) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right but shall not be required to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records which are not privileged by statute or by law.

(m) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises of the Indenture.

(n) Notwithstanding anything elsewhere in the Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of the Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash or the taking of any other action by the Trustee.

(o) All moneys received by the Trustee shall, until used or applied or invested as provided in the Indenture, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(p) Whether or not expressly provided in the Indenture, every provision of the Indenture and the Lease relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of the Indenture.

(q) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(r) The Trustee is authorized and directed to enter into the Assignment Agreement in its capacity as Trustee.

(s) Notwithstanding the effective date of the Indenture or anything to the contrary in the Indenture, the Trustee shall have no liability or responsibility for any act or event relating to the Indenture which occurs prior to the date the Trustee formally executes the Indenture and commences acting as Trustee under the Indenture.

(t) The Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture, the Lease or any other document reasonably related to the Bonds sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the County elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the County agree: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without

limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Authority or the County; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee and signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds. The Authority may also remove the Trustee at any time upon 30 days' notice, except during the existence of an Event of Default. The Trustee may be removed at any time for any breach of the Trustee's duties set forth in the Indenture.

### **Modification and Amendment of the Indenture**

Amendment of the Indenture. The Indenture and the rights and obligations of the Authority and of the Owners of a Series of Bonds may be modified or amended at any time by a Supplemental Indenture, which shall become binding upon adoption, without consent of any Owner, to the extent permitted by law, but only for any one or more of the following purposes:

- (a) to issue Additional Bonds in accordance with the Indenture.
- (b) to add to the covenants and agreements of the Authority in the Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers reserved to or conferred upon the Authority so long as such limitation or surrender of such rights or powers shall not materially adversely affect the Owners, as evidenced by the opinion of counsel pursuant to the Indenture;
- (c) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners in the reasonable judgment of the Authority; or
- (d) for any other purpose that does not materially adversely affect the interests of the Owners, as evidenced by the opinion of Bond Counsel pursuant to the Indenture.

Except as set forth in the preceding paragraph, the Indenture and the rights and obligations of the Authority and of the Owners may only be modified or amended at any time by a Supplemental Indenture, which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the affected Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) modify any of the rights or obligations of the Trustee without its written consent thereto.

Effect of Supplemental Agreement. From and after the time any Supplemental Indenture becomes effective, the Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties thereto and all Owners of Outstanding Bonds, as

the case may be, shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

## **Events of Default and Remedies of Owners**

Events of Default. The following events shall be Events of Default under the Indenture:

(a) Default in the due and punctual payment of the principal of or premium on any Bond, including any Additional Bond, when and as the same shall become due and payable, whether at maturity as therein expressed, or by proceedings for redemption.

(b) Default in the due and punctual payment of any installment of interest on any Bond, including any Additional Bond, when and as such interest installment shall become due and payable.

(c) Any Default (as defined in the Lease) shall have occurred and be continuing.

(d) Failure by the Authority to observe and perform any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than as referred to in the preceding clauses (i) and (ii), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied has been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than 25% in aggregate principal amount of the Outstanding Bonds; *provided, however*, that if in the reasonable opinion of the Authority the failure stated in such notice can be corrected, but not within such 60-day period, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Authority within such 60-day period and diligently pursued until such failure is corrected.

(e) The filing by the Authority or the County of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority or the County, seeking reorganization under the Federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or the County or of the whole or any substantial part of the property of the Authority or the County.

Remedies. Upon the occurrence of an Event of Default the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or any member, officer or employee thereof, to compel the Authority or any such member, officer or employee to perform and carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him contained in the indenture;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of an Event of Default to require the Authority and its members, officers and employees to account as the trustee of an express trust.



If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least 25% in aggregate principal amount of Outstanding Bonds and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as shall be deemed most expedient in the interests of the Owners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or the Owners under the Indenture or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver or any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

The Trustee shall have no right to declare the principal of or interest on the Bonds to be due and payable immediately.

Nothing in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Application of Funds Following an Event of Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture shall be applied by the Trustee in the following order upon presentation of the Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

(i) First to the payment of the fees, costs and expenses of the Trustee, including reasonable compensation to its agents, attorneys and counsel; and

(ii) Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, *provided, however*, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Power of Trustee to Control Proceedings. If the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation and if the Trustee is indemnified as provided in the Indenture. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners similarly

situated and the Trustee is appointed (and the successive respective Owners issued under the Indenture by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Non-waiver. A waiver of any default or breach of duty or contract by the Trustee or any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Owners by the Bond Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

Appointment of Receivers. Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

Rights of Owners. No Owner shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners.

The right of any Owner to receive payment of the principal of and interest and premium (if any) on such Bond as provided in the Indenture or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of the Indenture or any other provision of the Indenture.

Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Owners shall be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

## **Defeasance; Discharge of the Indenture**

If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premiums (if any) on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums (if any); or

(c) by irrevocably depositing with the Trustee or an escrow agent, in trust pursuant to an escrow deposit agreement, Defeasance Securities in such amount as an Independent Certified Public Accountant shall determine in a written report acceptable in form and substance to the Authority, and addressed, to the Authority and the Trustee, filed with the Trustee (upon which report the Trustee may conclusively rely) will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

and delivering an opinion of Bond Counsel acceptable in form and substance to the Authority, and addressed, to the Authority and the Trustee to the effect that the Bonds are no longer Outstanding under the Indenture, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been mailed pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, at the Request of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in the Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under the Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all amounts due the Trustee. Any funds held by the Trustee following any payment or discharge of the Outstanding Bonds pursuant to the Indenture, which are not required for said purposes, shall after payment of amounts due the Trustee under the Indenture be paid over to the Authority.

## **THE LEASE**

### **Term**

Pursuant to the Lease, the Authority leases to the County and the County leases from the Authority, on the terms and conditions set forth in the Lease, the Leased Property. The term of the Lease shall commence on the Closing Date.

The term of the leasehold interest created by the Lease shall expire on the earliest of (i) the Expiration Date; (ii) the date the last Base Rental Payment is made under the provisions of the Lease; or (iii) the date of discharge of the Indenture pursuant to the terms thereof. Notwithstanding the foregoing, the term of the Lease shall automatically be extended for a period of ten (10) years, if, on the Expiration Date, the Indenture has not been fully discharged, and shall terminate on the date when the Indenture has been fully discharged.

## Rental

Subject to the provisions of the Lease, the County agrees to pay to the Authority, its successors or assigns, as rental for the use and possession of the Leased Property, the following amounts at the following times:

(a) Base Rental Payments. The County shall pay the Base Rental Payments to the Trustee, as assignee of the Authority, as provided in the Lease, in accordance with the Base Rental Payment Schedule attached to the Lease, less any amounts credited against the Base Rental Payments pursuant to the Indenture. On or before each April 26 and October 27 the County shall pay to the Trustee the Base Rental Payments coming due on the next succeeding May 1 and November 1, respectively, as set forth in the Lease and such payments shall constitute payment in arrears in consideration for the County's use and possession of the Leased Property for the six-month period preceding the due date of such Base Rental Payments.

The obligation of the County to pay the Base Rental Payments with respect to the Bonds shall rank *pari passu* with the obligation of the County to pay base rental payments with respect to any Additional Bonds. Upon and after the issuance of any Additional Bonds secured by base rental payments with respect to the Leased Property, the County shall pay the Base Rental Payments with respect to such Additional Bonds as provided in the Supplemental Lease for such Additional Bonds, in accordance with an additional Base Rental Payment schedule which shall be attached to the Lease as an additional exhibit prior to the delivery of such Additional Bonds, as adjusted for any prepayments.

(b) Additional Rental. The County shall also pay, as "Additional Rental" under the Lease, in addition to the Base Rental Payments and any base rental payments made under the Lease with respect to Additional Bonds, to the Authority or to the Trustee, as provided in the Lease, such amounts in each year as shall be required for the payment of all costs and expenses (not otherwise paid for or provided for out of the proceeds of sale of the Bonds) incurred by the Authority or the Trustee in connection with the execution, performance or enforcement of the Lease or the assignment of the Lease, the Indenture, or the Authority's or the Trustee's interest in the Leased Property, including, but not limited to, all fees, costs and expenses, all administrative costs of the Authority relating to the Leased Property (including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture), fees of auditors, accountants, attorneys or engineers, and all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the Bonds or of the Indenture.

Such Additional Rental shall be billed to the County by the Authority or the Trustee from time to time. Amounts so billed shall be paid by the County within sixty (60) days after receipt of the bill by the County.

Fair Rental Value. Such payments of Base Rental Payments and Additional Rental for each rental payment period shall constitute the total rental for said rental payment period, and shall be paid by the County in each rental payment period for and in consideration of the right of the use and possession of, and the continued quiet use and enjoyment of, the Leased Property during each such period for which said rental is to be paid. The parties to the Lease have agreed and determined that such total rental is not in excess of the fair rental value of the Leased Property for each such period. In making such determination, consideration has been given to other obligations of the parties under the Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the County and the general public.

Payment of Base Rental Payments. Each installment of Base Rental Payments payable under the Lease shall be paid in lawful money of the United States of America to the order of the Trustee at the corporate trust office of the Trustee in Los Angeles, California, or such other place as the Trustee shall designate. All Base Rental Payments shall be made on a *pari passu* basis with each other. Notwithstanding any dispute between the County and the Authority, the County shall make all Base Rental Payments when due, without deduction or offset of any kind, and shall not withhold any Base Rental Payments pending the final resolution of any such dispute. In the event of a determination that the County was not liable for said Base Rental Payments or any portion thereof, said Base Rental Payments or excess of payments, as the case may be, shall, at the option of the County, be credited against subsequent Base Rental Payments due under the Lease or be refunded at the time of such determination.

Increases in Aggregate Base Rental Payments. The County covenants that it shall not permit an increase in the aggregate Base Rental Payments or permit additional base rental payments with respect to Additional Bonds without first obtaining an opinion of Bond Counsel to the effect that the incurring of such increased Base Rental Payments will not (i) impair the validity and enforceability of the Lease and (ii) in and of itself impair the exclusion of interest on the Bonds and, to the extent applicable, any outstanding Additional Bonds issued as tax-exempt from the gross income of the owners thereof for federal income tax purposes.

Covenant to Budget and Appropriate. The County covenants to take such action as may be necessary to include all Base Rental Payments and Additional Rental due under the Lease in its annual budget and to make the necessary annual appropriations for all such Base Rental Payments and Additional Rental, subject only to abatement as provided in the Lease. The County will furnish to the Trustee annually, on or before September 1, a certificate stating that it has complied with the covenant set forth in this paragraph. The covenants on the part of the County contained in the Lease shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the County. The obligation of the County to make Base Rental Payments or Additional Rental payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to make Base Rental Payments and payments of Additional Rental does not constitute an indebtedness of the County, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

### **Maintenance, Utilities, Taxes and Assessments**

During such time as the County or any assignee or sublessee thereof is in possession of the Leased Property, all maintenance and repair, ordinary or extraordinary, of the Leased Property shall be the responsibility of the County, and the County shall pay for or otherwise arrange for the payment of (a) all utility services supplied to the Leased Property, (b) the cost of operation of the Leased Property, and (c) the costs of maintenance of and repair to the Leased Property resulting from ordinary wear and tear or want of care on the part of the County. The County shall at the County's sole cost and expense keep and maintain the Leased Property clean and in a safe and good condition and repair. The Authority shall have no obligation to alter, remodel, improve, repair, decorate, or paint the Leased Property or any part thereof, and the parties to the Lease affirm that the Authority has made no representations or warranties to the County respecting the condition of the Leased Property.

### **Changes to the Leased Property**

The County shall have the right during the term of the Lease to acquire and construct improvements or to attach fixtures, structures or signs to the Leased Property if such improvements, fixtures, structures or signs are necessary or beneficial for the use of the Leased Property by the County; provided, however, that no such acquisition or construction shall result in a material reduction in the value of the Leased Property, reduce the fair rental value thereof or substantially alter the nature of the Leased Property.

Upon termination of the Lease, the County may remove any fixture, structure or sign added by the County, but such removal shall be accomplished so as to leave the Leased Property, except for ordinary wear and tear and damage by casualty, in substantially the same condition as it was in before the fixture, structure or sign was attached.

### **Substitution and Release of Property**

The County shall have, so long as the Lease is in effect, and is granted, the option at any time and from time to time, to substitute other real property (the "Substitute Property") for any portion of the Leased Property (the "Former Property") or release any identifiable real property and/or improvements currently constituting the Leased Property (in such case, Substitute Property shall mean the Former Property less any portion released pursuant to the Lease); provided, that the County shall satisfy all of the following requirements, which are conditions precedent to such substitution:

(a) No default under the Lease or Event of Default shall have occurred and be continuing;

(b) The County shall file with the Authority and the Trustee, and cause to be recorded in the office of the County Recorder, sufficient memorialization of amendments to the Lease and the Site Lease which replace Exhibit A to the Lease and Exhibit A to the Site Lease with a description of such Substitute Property and which delete therefrom the description of the Former Property;

(c) The County shall obtain an extended CLTA policy of title insurance insuring the County's fee estate in such Substitute Property, the County's leasehold estate under the Lease and the Authority's leasehold estate under the Site Lease in such Substitute Property, subject only to Permitted Encumbrances, in an amount not less than the aggregate principal amount of the Outstanding Bonds; provided, however, that this requirement shall not apply to Substitute Property that consists only of Former Property less any released portion;

(d) The County shall provide a Certificate of the County to the Authority and to the Trustee that such Substitute Property constitutes property which the County is permitted to lease under the laws of the State of California;

(e) The substitution of the Substitute Property shall not cause the County to violate any of its covenants, representations and warranties made in the Lease;

(f) The County shall file with the Authority and the Trustee a certificate of a qualified employee of the County or an independent certified real estate appraiser selected by the County establishing that the annual fair rental value of the Substitute Property after such substitution or release will be at least equal to 100% of the maximum amount of the Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year and the

useful economic life of the Substitute Property shall be at least equal to the maximum remaining term of the Lease;

(g) The County shall furnish to the Trustee an opinion of Bond Counsel addressed to the Trustee, the County and the Authority to the effect that the substitution or release is permitted under the Lease and will not in and of itself impair the validity and enforceability of the Lease or to the extent issued as tax-exempt impair the exclusion of interest on the Bonds and, if applicable, any Additional Bonds from the gross income of the owners thereof for federal income tax purposes; and

(h) the County shall have certified to the Trustee that the Substitute Property is essential for performing the County's governmental functions and has a useful life not less than the term of the existing Outstanding Bonds and Additional Bonds.

Upon the satisfaction of all such conditions precedent, and upon the County delivering to the Authority and the Trustee a Certificate of the County certifying that the conditions set forth in the Lease have been satisfied, the Term of the Lease shall thereupon end as to the Former Property and shall thereupon commence as to the Substitute Property, and all references to the Former Property shall apply with full force and effect to the Substitute Property. The County shall not be entitled to any reduction, diminution, extension or other modification of the Base Rental Payments whatsoever as a result of any substitution or removal under the Lease.

The parties to the Lease specifically acknowledge that the annual fair rental value of the Leased Property is in excess of the maximum annual Base Rental Payments. Without substituting or releasing any of the Leased Property, the County and the Authority may amend the Lease to increase the amount of Base Rental Payment payable under the Lease for the purpose of allowing the Authority to issue Additional Bonds pursuant to the Indenture; provided the County shall provide the Trustee and the Authority (i) a Certificate of the County certifying that (a) the value of the Leased Property shall not be less than the aggregate principal amount of the Outstanding Bonds and Additional Bonds to be issued, (b) the annual fair rental value of the Leased Property is at least equal to the maximum annual Base Rental Payments on the Outstanding Bonds and the Additional Bonds to be issued, and (c) the useful life of the Lease Property is at least equal to the term of the Outstanding Bonds and Additional Bonds, and (ii) a new or amended extended CLTA policy of title insurance in an amount not less than the aggregate principal amount of the Outstanding Bonds and Additional Bonds to be issued.

## **Insurance**

The County shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility or through a program of self-insurance to the extent specifically permitted in the Lease, all coverage on the Leased Property required by the Lease.

Such insurance shall consist of:

1. Comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from operations involving the Leased Property. Such insurance shall afford protection with a combined single limit of not less than \$1,000,000 per occurrence with respect to bodily injury, death or property damage liability, or such greater amount as may from time to time be recommended by the County's risk management officer or an independent insurance consultant retained by the County for that purpose; provided, however, that the County's obligations under this clause (1) may be satisfied by self-insurance;

2. Casualty insurance insuring the Leased Property against fire, lightning and all other risks covered by an extended coverage endorsement to the full insurance value of the Leased Property, subject to a \$100,000 loss deductible provision (excluding earthquake); provided, that earthquake coverage shall be required only if and to the extent available from reputable insurers at commercially reasonable rates, in the judgment of the County. Full insurable value shall be evaluated at least every five years by an Insurance Consultant or the County's Risk Manager and shall not be less than the aggregate principal amount of the Outstanding Bonds and the Additional Bonds; provided, however, that the County's obligations under this clause (2) may be satisfied by self-insurance;

3. Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the County in connection with the Leased Property and to cover full liability for compensation under any such act; provided, however, that the County's obligations under this clause (3) may be satisfied by self-insurance; and

4. Rental interruption insurance in an amount not less than the maximum remaining scheduled Base Rental Payments in any twenty-four-month period, by a commercial insurance provider, to insure against loss of use of the Leased Property caused by perils covered by the insurance required in the Lease. Such insurance may be maintained as part of or in conjunction with any other rental interruption insurance carried by the County and must list the Trustee as a loss payee. Such insurance shall be in place as of the Closing Date. The Net Insurance Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Revenue Fund, and shall be credited toward the payment of the Base Rental Payments in the order in which such Lease Payments come due and payable.

5. The County shall, on or before the Closing Date, deliver a CLTA title insurance policy insuring the fee interest in the Leased Property of the County and the leasehold interest in the Leased Property of the County and the Authority, in an amount not less than the aggregate principal amount of the Bonds.

#### **Damage, Destruction and Condemnation; Application of Net Proceeds**

If prior to the termination of the term of the Lease (a) the Leased Property is destroyed (in whole or in part) or is damaged by fire or other casualty, or (b) title to, or the temporary use of, any portion of the Leased Property or the estate of the Authority or the County in the Leased Property or any portion shall be taken under the exercise of the power of eminent domain by any governmental body or by any person or firm or corporation acting under governmental authority, then the County and the Authority shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the County elects not to repair or replace the Leased Property or portion thereof, in accordance with the provisions of the Lease. In the event that Net Proceeds are insufficient to repair or replace the Leased Property or portion thereof, the County shall, to the extent permitted by law, use its best efforts to fund any deficiency from any legally available funds.

If there is an abatement of rental payments pursuant to the Lease as a result of such casualty or event, and the County elects pursuant to the Lease to apply such insurance proceeds and such other sums as are deposited by the County pursuant to such provisions of the Lease to the prepayment of Base Rental Payments rather than replacing or repairing the destroyed or damaged portion of the Leased Property, then the Lease shall terminate with respect to the destroyed or damaged portion of the Leased Property as



of the later of the date of such election by the County or the date the amount required by the Lease is received by the Trustee.

The provisions of Section 1932, Subdivision 2, and Section 1933, Subdivision 4, of the California Civil Code, including any amendments thereto and any other law which may be in force during the term of the Lease which authorizes the termination of the Lease upon the partial or complete destruction of the Leased Property, are waived by the County.

The County covenants and agrees, to the extent it may lawfully do so, that so long as any of the Bonds and any Additional Bonds remain outstanding and unpaid, the County will not exercise the power of condemnation with respect to the Leased Property. The County further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the County should fail or refuse to abide by such covenant and condemns the Leased Property, the appraised value of the Leased Property shall not be less than the greater of (i) if such Bonds and Additional Bonds are then subject to redemption, the principal, premium, if any, and interest due on the Bonds and Additional Bonds outstanding through the date of their redemption, or (ii) if such Bonds and Additional Bonds are not then subject to redemption, the amount necessary to defease such Bonds and Additional Bonds to the first available redemption date in accordance with the Indenture.

The County shall deposit any proceeds received from insurance and condemnation awards with respect to the destruction or partial destruction of Leased Property with the Trustee for deposit into: (a) the Insurance Proceeds and Condemnation Awards Fund if the County elects to repair the Leased Property or (b) the Prepayment Account of the Lease Revenue Fund if the County elects to redeem the Bonds. The County shall have 45 days from the date of any such destruction or partial destruction to determine whether to repair the Leased Property or use insurance and condemnation award proceeds received to redeem Bonds. If the County determines to repair the Leased Property, disbursements by the Trustee shall only be made upon presentation of a requisition in a form substantially similar to the one attached to the Indenture with necessary modifications. If the County determines to cause the redemption of less than the full amount of the Bonds Outstanding, such redemption shall only be made to the extent the remaining fair market value of the Leased Property is sufficient to support the remaining Base Rental Payments supporting debt service on the Bonds.

### **Default by County; Remedies**

Default. If the County shall:

1. fail to deposit with the Trustee any Base Rental Payment required to be so deposited pursuant to the Lease by the close of business on the day such deposit is required to be made pursuant to the Lease;
2. fail to pay any item of Additional Rental as and when the same shall become due and payable pursuant to the Lease; or
3. breach any other terms, covenants or conditions contained in the Lease, and shall fail to remedy any such breach with all reasonable dispatch within a period of 30 days after written notice thereof from the Trustee to the County, then and in any such event the County shall be deemed to be in default under the Lease ("Default"); provided, however, that if the failure stated in the notice cannot be corrected within such period, then such period will be extended so long as corrective action is instituted by the County within such period and diligently pursued until the default is corrected, but only if such extension would not materially adversely affect the interest of any Owner as evidenced by an opinion of Bond Counsel.

### Remedies.

1. Whenever any Default referred to in the Lease shall have occurred and be continuing, the Authority, and any assignee of the rights of the Authority under the Lease, shall have the right, at its option, without any further demand or notice, to enforce all of its rights and remedies under the Lease, including the right to recover Base Rental Payments as they become due under the Lease (pursuant to Section 1951.4 of the California Civil Code with respect to all components of the Leased Property), by pursuing any remedy available at law or in equity, except as otherwise expressly provided in the Lease. Without limiting the foregoing, upon a Default the Authority may exercise any and all rights of entry and re-entry upon the Leased Property, and also, at its option, with or without such entry, may terminate the Lease as provided in the Lease; provided, that no such termination shall be effected either by operation of law or acts of the parties to the Lease, except only in the manner expressly provided in the Lease. The County acknowledges and agrees that no act by the Authority under the Lease shall be grounds for termination by the County of the Lease.

2. In the event the Authority does not elect to terminate the Lease in the manner provided for in the Lease, the County agrees to and shall remain liable for the payment of all Base Rental Payments and the performance of all conditions contained in the Lease and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Leased Property, or, in the event the Authority does not re-lease the Leased Property, then for the full amount of all Base Rental Payments to the end of the Lease Term, but said Base Rental Payments and/or deficiency shall be payable only at the same time and in the same manner as provided in the Lease for the payment of Base Rental Payments under the Lease notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Authority. The County irrevocably appoints the Authority as the agent and attorney-in-fact of the County to enter upon and re-lease the Leased Property upon the occurrence and continuation of any Default and to remove all personal property whatsoever situated upon the Leased Property to place such property in storage or other suitable place in Ventura County, for the account of and at the expense of the County, and the County exempts and agrees to hold harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Lease. The County waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Leased Property as provided in the Lease and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the County that may be in or upon the Leased Property. The County agrees that the terms of the Lease constitute full and sufficient notice of the right of the Authority to re-lease the Leased Property in the event of such re-entry without effecting a surrender of the Lease, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of the Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, upon the occurrence and during the continuance of any Default under the Lease, the right to terminate the Lease shall vest in the Authority to be effected in the sole and exclusive manner provided for in the Lease. The County further waives the right to any rental obtained by the Authority in excess of the Base Rental Payments and conveys and releases such excess to the Authority as compensation to the Authority for its services in re-leasing the Leased Property.

3. Upon the occurrence and continuation of any Default under the Lease, the Authority at its option may terminate the Lease and re-lease all or any portion of the Leased Property. In the event of the termination of the Lease by the Authority at its option and in the manner provided in the Lease on account of a Default by the County (and notwithstanding any re-entry upon the Leased Property by the Authority in any manner whatsoever or the re-leasing or sale of the Leased Property), the County nevertheless agrees to pay to the Authority all costs, loss provided in the Lease in the case of payment of the Base Rental Payments. Any surplus received by the Authority from such re-leasing shall be the absolute property of the Authority and the County shall have no right thereto, nor shall the County be entitled to any credit in the event of a deficiency in the rentals received by the Authority from the Leased Property. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate the Lease, and no termination of the Lease on account of default by the County shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the County of the election on the part of the Authority to terminate the Lease. The County covenants and agrees that no surrender of the Leased Property or of the remainder of the Lease Term or any termination of the Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

4. All damages and other payments received by the Authority or its assignee pursuant to the exercise of its rights and remedies pursuant to the Lease shall be applied in the manner set forth in the Indenture.

No Acceleration of Base Rental Payments. Notwithstanding any other provision of the Lease or the Indenture, in no event shall the Authority have the right to accelerate the payment of any Base Rental Payments under the Lease.

Remedies Cumulative. Each and every remedy of the Authority or any assignee of the rights of the Authority under the Lease is cumulative and the exercise of one remedy shall not impair the right of the Authority or its assignee to any or all other remedies. If any statute or rule validly shall limit the remedies given to the Authority or its assignee, the Authority or its assignee nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

## **Prepayment and Credits**

### Prepayment From Net Proceeds.

1. The County may prepay, from Net Proceeds of casualty or title insurance or a condemnation award received by it pursuant to the Lease, the Principal Component of Base Rental Payments then unpaid (and corresponding Interest Component), in whole or in part on any date, pursuant to the Lease, at a prepayment price equal to the sum of the Principal Component prepaid plus accrued interest thereon to the date of prepayment.

2. Prepayments made pursuant to this provision shall be allocated pro rata among the Principal Components of Base Rental Payments relating to the Bonds and any Additional Bonds.

### Optional Redemption at Make Whole Redemption Price.

The County may at its option, in accordance with the Indenture, prepay from any source of available moneys for redemption of Bonds pursuant to the Indenture, all or any part (in an integral

multiple of \$5,000) of the Principal Component of Base Rental Payments (and corresponding Interest Component), so that the aggregate annual amounts of Principal Component of Base Rental Payments which shall be payable after such prepayment shall each be an integral multiple of \$5,000, at the price equal to the "Make-Whole Redemption Price" for such Bonds to be redeemed pursuant to Section 2.03(b) of the Indenture, plus accrued and unpaid interest on the Bonds to be redeemed on the redemption date.

#### Optional Prepayment.

The County may at its option, in accordance with the Indenture, prepay from any source of available moneys for redemption of Bonds pursuant to the Lease of the Indenture, all or any part (in an integral multiple of \$5,000) of the Principal Component of Base Rental Payments (and corresponding Interest Component), so that the aggregate annual amounts of Principal Component of Base Rental Payments which shall be payable after such prepayment shall each be an integral multiple of \$5,000, at a prepayment price equal to the principal amount to be redeemed, plus accrued but unpaid interest to the prepayment date, without premium.

Before making any prepayment pursuant to the Lease, the County shall give written notice to the Trustee specifying the date on which the prepayment will be made, which date shall be not less than forty-five (45) days from the date such notice is given unless the Trustee agrees to a shorter period.

The Authority and the County agree that any prepayment in part under the Lease and the redemption of any Bonds by the Authority pursuant to the Indenture shall be credited towards the County's obligations under the Lease at the option of the County in any manner determined in writing delivered to the Trustee by the County. A prepayment made pursuant to the Lease shall not cause a defeasance of any Bonds unless the requirements of the Indenture are satisfied.

In the event of prepayment in full of the Principal Component of all Base Rental Payments, such that the Lease shall be terminated by its terms as provided in the Lease, all amounts then on deposit under the Indenture which are to be credited to the County's obligations to make Base Rental Payments shall be credited towards the amounts then required to be so prepaid.

#### **Mechanics' Liens**

In the event the County shall at any time during the term of the Lease cause any improvements or other work to be done or performed or materials to be supplied, in or upon the Leased Property, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon or about the Leased Property and which may be secured by any mechanics', materialmen's or other liens against the Leased Property or the Authority's interest therein, and will cause any such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the County desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the County shall forthwith pay and discharge said judgment.

#### **Assignment**

The parties understand that the Lease and the rights of the Authority under the Lease, with certain exceptions, will be assigned to the Trustee as provided in the Indenture and the Assignment Agreement, to which assignments the County consents.

Neither the Lease nor any interest of the County under the Lease shall be sold, mortgaged, pledged, assigned or transferred by the County by voluntary act or by operation of law or otherwise; *provided, however*, that the Leased Property may be subleased in whole or in part by the County, but only subject to the following conditions, which are made conditions precedent to any such sublease:

(a) The Lease and the obligation of the County to make all Rental Payments under the Lease shall remain the primary obligation of the County;

(b) The County shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) No such sublease by the County shall cause the Leased Property to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State of California;

(d) Any sublease of the Leased Property by the County shall explicitly provide that such sublease is subject to all rights of the Authority under the Lease; and

(e) The County shall have filed or caused to be filed with the Authority and the Trustee an opinion of Bond Counsel to the effect that such sublease will not, in and of itself, cause the interest on the Bonds and the Additional Bonds issued as tax-exempt to be included in gross income for federal income tax purposes.

### **Abatement of Rental**

The obligation of the County to pay Base Rental Payments and Additional Rental Payments shall be abated during any period in which by reason of any damage, destruction, condemnation or title defect there is substantial interference with the use by the County of the Leased Property or any portion thereof. Such abatement shall be in an amount such that the resulting Base Rental Payments in any year during which such interference continues does not exceed the fair rental value of the portions of the Leased Property as to which such damage, destruction, taking or title defect does not substantially interfere with the County's use and right of possession, as evidenced by a Certificate of the County. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Leased Property, and ending with the substantial completion of the work of repair or replacement of the Leased Property, or the portion thereof so damaged or destroyed, and the term of the Lease shall be extended as provided in the Lease.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts.

### **Amendment**

The Lease may be amended in writing as may be mutually agreed by the Authority and the County, subject to the written consent of Trustee; *provided*, that no such amendment that materially adversely affects the rights of the Owners shall be effective unless it shall have been consented to by the Owners of more than majority in aggregate principal amount of the Bonds and any Additional Bonds then Outstanding, and *provided further*, that no such amendment shall (a) extend the payment date of any Base Rental Payment, without the prior written consent of the Owner of each Bond and any Additional Bond

so affected, or (b) reduce the percentage of the Bonds the consent of the Owners of which is required for the execution of any amendment of the Lease.

The Lease and the rights and obligations of the Authority and the County under the Lease may also be amended or supplemented at any time by an amendment of the Lease or supplement to the Lease which shall become binding upon execution by the Authority and the County without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the agreements, conditions, covenants and terms required by the Authority or the County to be observed or performed in the Lease and other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the County, or to surrender any right or power reserved in the Lease to or conferred in the Lease on the Authority or the County, and which in either case shall not materially adversely affect the interests of the Owners;

(b) to make such provisions for the purpose of curing any ambiguity of correcting, curing or supplementing any defective provision contained in the Lease or in regard to questions arising under the Lease which the Authority or the County may deem desirable or necessary and not inconsistent with the Lease, and which shall not materially adversely affect the interests of the Owners;

(c) to effect a substitution for or removal of any portion of the Leased Property pursuant to the Lease;

(d) to increase the amount of Base Rental Payment payable under the Lease for the purpose of allowing the Authority to add any real property to be acquired and leased under the Lease or for the issuance of Additional Bonds; or

(e) for any other purpose which shall not materially adversely affect the interests of the Owners.

#### **THE SITE LEASE**

Pursuant to the Site Lease, the County leases the Leased Property to the Authority, and the Authority leases the Leased Property to the County, upon the terms and conditions of the Site Lease. Certain of the Authority's rights under the Site Lease will be assigned to the Trustee pursuant to the Assignment Agreement.

#### **THE ASSIGNMENT AGREEMENT**

Pursuant to the Assignment Agreement, the Authority assigns all of its right, title and interest in and to the Lease and the Site Lease (other than with respect to certain specified rights of indemnification) to the Trustee, including its right to receive and collect Base Rental Payments, Additional Rental and prepayments thereof, in trust for the benefit of the Owners of the Bonds.

## APPENDIX C

### BOOK-ENTRY ONLY SYSTEM

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as prepayments, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.



DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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## APPENDIX D

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the County of Ventura, California (the “County”) and U.S. Bank National Association, as trustee (the “Trustee”), in connection with the issuance of \$287,105,000 aggregate principal amount of Ventura County Public Financing Authority Lease Revenue Refunding Bonds, Series 2020A (the “Bonds”). The Bonds are being issued pursuant to an Indenture, dated as of June 1, 2020 (the “Indenture”), by and between the Ventura County Public Financing Authority and the Trustee. The County and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the county in which the Principal Corporate Trust Office is located are authorized or required by law to be closed, and (c) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

“Dissemination Agent” shall mean initially, the County, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County, which may be the Trustee, and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the County, with notice of such selection or change in fiscal year to be provided as set forth herein.

“Holder” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated June 3, 2020, relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean, until otherwise designated by the SEC, EMMA.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of California.

### SECTION 3. Provision of Annual Report.

(a) So long as any Bonds remain outstanding pursuant to the Indenture, the County shall, or shall cause the Dissemination Agent to, not later than 210 days after the end of each Fiscal Year, commencing with the report for the 2019-20 Fiscal Year, provide to the MSRB, through EMMA, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report must be submitted in electronic format, accompanied by such identifying information as provided by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the County may be submitted separately from the balance of such Annual Report and later than the date required above for the filing of such Annual Report if they are not available by that date. If the Fiscal Year changes for the County, the County shall give notice of such change in the manner provided under Section 5(e) hereof.

(b) Not later than 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, through EMMA, the County shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the County and the Dissemination Agent to determine if the County is in compliance with the first sentence of this subsection (b). The County shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and the Trustee may conclusively rely upon such certification of the County and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and

(ii) to the extent known to the Dissemination Agent file a report with the County and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

#### SECTION 4. Content of Annual Reports.

(a) The County's Annual Report shall contain or include by reference the following:

(i) The audited financial statements of the County for the Fiscal Year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and reporting standards as set forth by the State Controller in "State of California Accounting Standards and Procedures for Counties." If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to subsection 3(a) of this Disclosure Agreement, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report when it becomes available.

(b) To the extent not included in the financial statements, the following types of information will be provided in one or more reports:

(i) assessed valuations, tax levies and delinquencies for real property located in the County for the Fiscal Year of the County most recently ended;

(ii) summary financial information on revenues, expenditures and fund balances for the County's total budget funds for the Fiscal Year of the County most recently ended;

(iii) summary financial information on the proposed and adopted budget of the County for the current Fiscal Year and any changes in the adopted budget;

(iv) summary of the aggregate annual debt obligations of the County as of the beginning of the current Fiscal Year;

(v) summary of the annual outstanding principal amount of obligations of the County as of the beginning of the current Fiscal Year; and

(vi) the ratio of the County's outstanding debt to total assessed valuations as of the end of the Fiscal Year of the County most recently ended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the County or

related public entities, available to the public on the MSRB's Internet Web site or filed with the SEC. The County shall clearly identify each such other document so included by reference.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the County to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the County or to reflect changes in the business, structure, operations, legal form of the County; provided that any such modifications shall comply with the requirements of the Rule.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) defeasances;
- (3) tender offers;
- (4) rating changes;
- (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);
- (6) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (7) unscheduled draws on credit enhancements reflecting financial difficulties;
- (8) substitution of credit or liquidity providers or their failure to perform;
- (9) bankruptcy, insolvency, receivership or similar proceedings; or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

(b) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) the consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions;

(2) appointment of a successor or additional Trustee or the change of the name of a Trustee;

(3) non-payment related defaults;

(4) modifications to the rights of Owners;

(5) Bond calls;

(6) release, substitution or sale of property securing repayment of the Bonds;

(7) in addition to the adverse tax opinions or determinations of taxability described in Section 5(a)(5) above, any other notices or determinations with respect to the tax status of the Bonds;

(8) Incurrence of a Financial Obligation of the Authority or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect holders of the Bonds.

(c) Whenever the County obtains knowledge of the occurrence of a Listed Event, described in subsection (b) of this Section 5, the County shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the County determines that knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5 would be material under applicable federal securities law, the County shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to the Repository in a timely manner not more than ten (10) Business Days after the event.

(e) If the Dissemination Agent has been instructed by the County to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

SECTION 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The County's obligations under this Disclosure Agreement with respect to each series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds of such series of Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the County.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the County to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the County or the Dissemination Agent (if the Dissemination Agent is other than the County) to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of outstanding Bonds with indemnification satisfactory to it, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County or the Dissemination Agent (if the Dissemination Agent is other than the County), as the case may be, to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the County or the Dissemination Agent (if the Dissemination Agent is other than the County) to comply with this Disclosure Agreement shall be an action to compel performance. The Trustee shall not owe any fiduciary duty to the Participating Underwriters nor shall its failure to comply with the request of any Participating Underwriter result in a breach of any of its fiduciary duties owed to the Holders.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the County agrees to indemnify and save the Trustee, the Dissemination Agent, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees, costs and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Trustee or the Dissemination Agent and payment of the Bonds and shall inure to the benefit of the Trustee's successors and assigns. If the Trustee performs the duties assigned to it hereunder, the Trustee shall not be responsible to any person for any failure by the County or the Dissemination Agent (if other than the Trustee) to perform duties or obligations imposed hereby. The Dissemination Agent shall have the same rights and protections hereunder as accorded to the Trustee under the Indenture. It is understood and agreed that any information that the



Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the County. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Agreement, and has no liability to any person, including any owner of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the County shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the County.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Trustee, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent shall be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

SECTION 14. Governing Law. The rights and obligations of the Dissemination Agent and the Trustee hereunder shall be governed by and construed in accordance with the laws of the State of California.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: June 11, 2020

COUNTY OF VENTURA

By \_\_\_\_\_  
County Chief Financial Officer

U.S. Bank National Association,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: VENTURA COUNTY PUBLIC FINANCING AUTHORITY

Name of Issue: LEASE REVENUE REFUNDING BONDS, SERIES 2020A

Date of Issuance: June 11, 2020

NOTICE IS HEREBY GIVEN that the County of Ventura, California (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated June 11, 2020, between the County of Ventura and U.S. Bank National Association, as trustee. The County anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_, 20\_\_

U.S. Bank National Association, as Dissemination  
Agent, on behalf of the County of Ventura

By \_\_\_\_\_  
Title: \_\_\_\_\_

[cc: County of Ventura]

## APPENDIX E

### PROPOSED FORM OF BOND COUNSEL OPINION

*On the delivery date of the Bonds, Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, proposes to render its final approving opinions in substantially the following form:*

[Closing Date]

\$287,105,000  
Ventura County Public Financing Authority  
Lease Revenue Refunding Bonds  
Series 2020A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Ventura County Public Financing Authority (the “Authority”) of its \$287,105,000 Lease Revenue Refunding Bonds, Series 2020A (the “Bonds”). The Bonds are being issued under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the “Bond Law”), and pursuant to an Indenture, dated as of June 1, 2020 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

The Bonds are payable exclusively from Revenues and certain other funds pledged to the Bonds under the Indenture. “Revenues” means (i) all Base Rental Payments (including prepayments) paid or payable by the County of Ventura (the “County”) pursuant to the Lease Agreement, dated as of June 1, 2020 (the “Lease”), by and between the Authority and the County and (ii) any insurance proceeds or condemnation awards received by or payable to the Trustee under the Lease and any amounts received by the Trustee as a result of or in connection with the Trustee’s pursuit of remedies under the Lease. Under a Site and Facility Lease, dated as of June 1, 2020 (the “Site Lease”), by and between the County and the Authority, the Authority has agreed to lease certain Leased Property from the County. Under the Lease, the Authority has agreed to lease such Leased Property back to the County in consideration for the Base Rental Payments. Under the Assignment Agreement, dated as of June 1, 2020 (the “Assignment Agreement”), between the Authority and the Trustee, the Authority has assigned without recourse all of its rights to receive Base Rental Payments and certain other rights to the Trustee.

As Bond Counsel, we have reviewed the Site Lease, the Lease, the Assignment Agreement, the Indenture, certifications of the Authority, the County, the Trustee and others, opinions of counsel to the Authority, the County and the Trustee, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Based upon the foregoing, we are of the opinion that:

1. The Bonds constitute valid and binding special obligations of the Authority as provided in the Indenture, and are enforceable in accordance with their terms and the terms of the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legal, valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the Bonds, of the Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Rebate Fund), subject to the provisions of the Indenture permitting the application thereof for other purposes and on the terms and conditions set forth therein.

3. The Lease and Site Lease have been duly and validly authorized, executed and delivered by the Authority and the County and constitute the legally valid and binding obligations of the Authority and the County, enforceable against the Authority and the County in accordance with their terms.

4. The Assignment Agreement has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms.

5. Under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

The opinions expressed in paragraphs 1 through 4 above are qualified to the extent the enforceability of the Bonds, the Indenture, the Lease, the Site Lease and the Assignment Agreement may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. Further, the enforceability of the Bonds, the Indenture, the Lease, the Site Lease and the Assignment Agreement is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California (including, but not limited to, rights of indemnification). We advise you that we have not made or undertaken to make any investigation of the state of title to, or ownership of, any of the property described in the Lease and the Site Lease, or of the accuracy or sufficiency of the descriptions of such property contained therein, and we express no opinion with respect to such matters.

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,