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 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 including Camarillo Sewer and Camarillo Roads and Lighting;
- 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.

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. 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 Statements 67 and 68,* effective for periods beginning after June 15, 2015; except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective beginning after June 15, 2016, improves financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employer and nonemployer contributing entities. The provisions effective for the fiscal year 2015-16 financial statements were not applicable to the County of Ventura. The County implemented the remaining provisions for the fiscal year 2016-17 financial statements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* effective for periods beginning after June 15, 2016, improves the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and accessing accountability, primarily through enhanced note disclosures and schedules of required supplementary information. The new requirements are not applicable to the County of Ventura.

GASB Statement No. 77, *Tax Abatement Disclosures*, effective for periods beginning after December 15, 2015, improves financial reporting of state and local governments by providing users the tax abatement information they need to evaluate the financial health of governments, such as, a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This statement did not have a significant impact to the County's financial statements.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,* effective for periods beginning after December 15, 2015, amends the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions,* to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local government employer. This statement also establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The new requirements are not applicable to the County of Ventura.

GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14,* effective for periods beginning after June 15, 2016, improves financial reporting by clarifying the financial statement presentation requirements for certain component units established in Statement No. 14, *The Financial Report Entity, as amended,* by establishing an additional blending requirement. The new requirements are not applicable to the County of Ventura.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements,* effective for periods beginning after December 15, 2016, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The new requirements are not applicable to the County of Ventura.

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017, improves the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and enhances its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The County intends to implement the new requirements for the fiscal year 2017-18 financial statements.

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 requiring disclosures related to those AROs**.** The County intends to implement the new requirements for the fiscal year 2019-20 financial 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 activities 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 2018-19 financial statements.

GASB Statement No. 85, *Omnibus 2017,* effective for reporting periods beginning after June 15, 2017, enhances consistency in accounting and financial reporting requirements specifically relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The County intends to implement the new requirements for the fiscal year 2017-18 financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues,* effective for reporting periods beginning after June 15, 2017, increases consistency in accounting and financial reporting for debt extinguishments and related prepaid insurance by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired and enhances the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance. The County intends to implement the new requirements for the fiscal year 2017-18 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 2019-20 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 inflows of resources, and deferred outflows of resources.

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.

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, 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 provides support services 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 Sewer.

The County reports the following additional funds and fund types:

- *Internal Service* Funds account for the County’s fleet maintenance; engineering, construction, and maintenance services; telecommunication 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.

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 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:

Category	Capitalization Level	Useful Life
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.

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

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about fiduciary net position of the County's pension plan with Ventura County Employees Retirement Association (VCERA) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by VCERA. 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.

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.

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, improves accounting and financial reporting by state and local governments for pensions. The requirements of this Statement are effective for the fiscal year 2016-17 financial statements. Prior year balances have been restated as follows (in thousands):

	June 30, 2016, as previously presented	Restatement	July 1, 2016, as restated
Governmental Activities:			
Deferred outflows related to pensions	$ 315,607	$ 1,361	$ 316,968
Total pension liability	(662)	(13,077)	(13,739)
Net position-beginning	(1,210,065)	12,378	(1,197,687)

NOTE 3 - 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, 2017, are as follows (in thousands):

Governmental activities	$ 825,315
Business-type activities	132,556
Primary government	957,871
Component unit	20,202
Total government-wide	978,073
Fiduciary funds:	
Pension trust fund	24,056
Investment trust fund	1,412,387
Private-purpose trust fund	426
Agency fund	18,281
Total cash and investments	$ 2,433,223

Cash and investments at fair value for County funds, including those funds managed separately from the Treasury, at June 30, 2017, are summarized as follows (in thousands):

	Treasury	Fiscal Agents	SRP Pension Trust	Total
Cash:				
Cash on hand	$ 5	$ 20	$ -	$ 25
Deposits (net outstanding checks)	317,364	9,652	785	327,801
Total cash (net outstanding checks)	317,369	9,672	785	327,826
Investments:				
In Treasurer's pool	2,082,126	-	-	2,082,126
In pension portfolios	-	-	23,271	23,271
Total investments	2,082,126	-	23,271	2,105,397
Total cash and investments	$ 2,399,495	$ 9,672	$ 24,056	$ 2,433,223

Cash

The cash portion of cash and investments includes demand deposits.

At June 30, 2017, the carrying amount of the County's cash was $327,826,000, and the bank balance per various institutions was $371,314,000. Treasury cash of $317,369,000 is net of outstanding checks of $43,488,000. Treasurer's pool investments are managed daily to maximize earnings and provide cash as needed. Of the bank balance in financial institutions, $732,000 is covered by federal depository insurance and $370,582,000 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 $56,681,000 are held in the proprietary funds and include $55,181,000 that is restricted by trust agreements for funding capital projects and debt service. Of this, $86,000 is held with fiscal agents and $55,095,000 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, 2017, amounted to an increase of $627,000. The net change in fair value from June 30, 2016 to June 30, 2017, was a decrease of $3,052,000.

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, 2017, the County's investments in LAIF and CalTRUST were $35,000,000 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.

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, 2017, 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
Investments in Investment Pool									
U.S. Government Agencies:									
FFCB Bonds	0.710-1.101	10/13/17-11/19/18	$ 127,170	$ 126,970	0.847	AA+	Aaa	AAA	6.098%
FHLB Discount Notes	0.610-1.020	7/06/17-1/4/18	89,615	89,780	0.234	A-1+	P-1	N/A	4.312%
FHLB Bonds	0.750-1.250	9/08/17-4/18/19	57,936	57,770	1.163	AA+	Aaa	N/A	2.775%
FHLMC Medium-Term Corp Notes	0.750-1.220	10/27/17-4/26/19	35,342	35,145	1.357	AA+	Aaa	AAA	1.688%
FHLMC Discount Notes	0.820-1.070	9/01/17-3/01/18	34,787	34,837	0.422	A-1+	P-1	F1+	1.673%
FNMA Bonds	0.875-1.200	10/26/17-2/26/19	23,225	23,239	0.747	AA+	Aaa	AAA	1.116%
Yankee Certificates of Deposits:									
Yankee Certificates of Deposits	1.060-1.520	7/03/17-5/30/18	420,050	420,014	0.228	A-1+	P-1	F1+	20.172%
Yankee Certificates of Deposits	1.540-1.800	11/20/17-5/30/18	50,007	50,014	0.635	A-1	P-1	F1+	2.402%
Yankee Certificates of Deposits	1.380-1.730	11/06/17-5/30/18	50,007	50,002	0.635	A-1	P-1	F1	2.402%
Medium-Term Corporate Notes:									
Corporate Notes	1.100-1.250	10/05/17-4/25/18	50,656	50,476	0.718	AA-	Aa3	A	2.424%
Corporate Notes	1.125	4/11/18	10,798	10,784	0.781	AA	Aa2	AA	0.518%
Corporate Notes	1.550	2/8/19	9,992	9,997	1.611	AA+	Aa1	NR	0.480%
Corporate Notes	0.900	5/01/18	4,986	4,975	0.836	AA-	Aa3	WD**	0.239%
Corporate Notes	0.875	11/15/17	3,999	3,994	0.378	AAA	Aaa	AA+	0.192%
Corporate Notes	1.250	2/08/18	3,000	2,999	0.611	A+	A1	A+	0.144%
Corporate Notes	1.450	3/07/18	1,999	2,001	0.685	AA	Aa2	AA-	0.096%
Commercial paper:									
Commercial paper	0.980-1.370	7/05/17-11/20/17	185,877	186,667	0.145	A-1+	P-1	F1+	8.965%
Commercial paper	1.203-1.380	7/10/17-1/09/18	114,171	114,524	0.308	A-1	P-1	F1	5.500%
Commercial paper	0.930-1.260	7/06/17-11/06/17	105,273	105,642	0.192	A-1+	P-1	NR	5.074%
Commercial paper	1.120-1.230	7/03/17-10/06/17	79,464	79,903	0.102	A-1+	P-1	F1	3.838%
Commercial paper	1.290-1.380	11/06/17-1/05/18	69,449	69,608	0.413	A-1+	P-1	F2	3.343%
Commercial paper	1.180	9/06/17	2,957	2,964	0.186	A-1+	NR	F1*	0.142%
Municipal Bonds:									
Municipal Bonds	0.870-1.250	11/01/17-11/01/18	38,420	38,367	0.654	AA-	Aa3	N/A	1.843%
Municipal Bonds	0.822	8/01/17	28,400	28,401	0.088	AAA	Aaa	N/A	1.364%
Municipal Bonds	0.950-1.610	12/01/17-5/15/19	10,330	10,283	1.300	AA	Aa2	N/A	0.494%
Municipal Bonds	1.050-1.850	8/01/17-9/01/18	9,953	9,962	0.820	AA	NR	N/A	0.478%
Municipal Bonds	0.900-1.638	5/01/18-5/01/19	4,032	4,025	1.100	AA+	Aa1	N/A	0.193%
Municipal Bonds	1.200	4/01/18	3,350	3,342	0.753	AA+	Aa2	N/A	0.161%
Municipal Bonds	1.840-2.230	8/01/17-8/01/18	1,840	1,842	0.522	A	NR	N/A	0.088%
Municipal Bonds	0.871-1.570	9/01/17-8/01/19	1,730	1,728	1.196	AAA	NR	N/A	0.083%
Municipal Bonds	0.900-1.549	8/01/18-11/01/19	1,560	1,548	1.537	AA-	Aa2	N/A	0.074%
Municipal Bonds	1.950	8/01/19	575	574	2.088	AA	A1	N/A	0.028%
Local agency investment fund	0.978	7/01/17	35,000	35,000	0.003	A+	NR	N/A	1.681%
CalTRUST	1.037	7/01/17	25,000	24,990	0.003	AA	NR	N/A	1.200%
Supranationals:									
Supranationals	0.720-1.350	9/12/17- 4/26/19	266,762	265,985	0.980	AAA	Aaa	AAA	12.775%
Supranationals	0.625-1.080	12/21/17-6/15/18	88,934	88,865	0.860	AAA	Aaa	NR	4.268%
Supranationals	0.620	7/14/17	9,969	9,997	0.038	A-1+	Aaa	AAA	0.480%
Supranationals	0.940-1.000	11/3/17-11/17/17	19,893	19,918	0.364	A-1+	Aaa	NR	0.957%
U.S. Treasury Notes	0.750	10/31/17	4,991	4,994	0.337	AA+	Aaa	N/A	0.240%
Total investments in Investment Pool			2,081,499	2,082,126					100.000%
Investments outside Investment Pool									
SRP Pension Trust:									
Bond mutual funds			6,786	7,927	8.313	NR	NR	NR	
Equity mutual funds			8,381	15,344	-	NR	NR	NR	
Subtotal			15,167	23,271					
Total investments outside Investment Pool			15,167	23,271					
Total fair value				$ 2,105,397					

* Parent Rating
** Withdrawn

The following represents a condensed statement of net position and changes in net position for the pool (internal and external) as of June 30, 2017 (in thousands):

Statement of Net Position	Total
Net position held for pool participants	$ 2,399,495
Equity of internal pool participants	$ 966,936
Equity of external pool participants	1,412,357
Equity of discretely presented component unit	20,202
Total equity	$ 2,399,495
Statement of Changes in Net Position	
Net position at July 1, 2016	$ 2,369,065
Increase in investment by pool participants, net	30,430
Net position at June 30, 2017	$ 2,399,495

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 48 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, 2017, 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.

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 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, 2017:

Investment	Percentage of Investment Pool
International Bank for Reconstruction & Development	12.30 %
Toyota Motor Credit Corporation	10.57 %
Korea Development Bank	8.49 %
Federal Home Loan Bank	7.09 %
Federal Farm Credit Bank	6.10 %
Banco Del Estado De Chile	5.76 %
Toronto-Dominion	5.28 %
International Finance Corporation	5.23 %
Oversea-Chinese Banking	4.80 %
Credit Agricole Corporate & Investment Bank	3.59 %
Federal Home Loan Mortgage Corporation	3.36 %
General Electric Capital Treasury	3.36 %
Dexia Credit Local	3.34 %
National Bank of Kuwait	2.40 %
Kookmin Bank New York	1.92 %
State of California	1.68 %
Local Agency Investment Fund	1.68 %
Swedbank	1.44 %
Bank of Tokyo-Mitsubishi	1.43 %
San Francisco California Bay Area	1.36 %
CalTRUST	1.20 %
Federal National Mortgage Association	1.12 %
Combined Individual Issuers less than 1% of Portfolio:	
Municipal Bonds	1.77 %
Medium Term Corporate Notes	1.67 %
Commercial Paper	1.38 %
Supranationals	0.96 %
Yankee Certificate of Deposits	0.48 %
U.S. Treasury Notes	0.24 %
Total	100.00 %

SRP. Investments in mutual funds are excluded from the requirement to disclose concentration of credit risk. As of June 30, 2017, the SRP was not exposed to concentration of credit risk.

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, 2017, the weighted average maturity of the Investment Pool was 181 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 $7,927,000, or 34 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, 2017 include the following (in thousands):

		Fair Value Measurement Using		
Investments in Investment Pool	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments subject to fair value hierarchy:				
U.S. Government agency bonds	$ 243,124	$ -	$ 243,124	$ -
U.S. Government agency discount notes	124,617	124,617	-	-
Yankee certificate of deposit	520,030	-	520,030	-
Medium term corporate notes	85,226	-	85,226	-
Commercial Paper	559,308	-	559,308	-
Municipal Bonds	100,072	-	100,072	-
Supranational instruments	384,765	-	324,978	59,787
U.S. Treasury notes	4,994	-	4,994	-
Total investments subject to fair value hierarchy	$ 2,022,136	$ 124,617	$ 1,837,732	$ 59,787
Investments not subject to fair value hierarchy:				
CalTRUST	24,990			
LAIF	35,000			
Total investments not subject to fair value hierarchy	59,990			
Total investments in Investment Pool	$ 2,082,126			
Investments outside Investment Pool				
SRP Pension Trust:				
Bond mutual funds	$ 7,927	$ -	$ 7,927	$ -
Equity mutual funds	15,344	322	15,022	-
Total investments outside investment pool	$ 23,271	$ 322	$ 22,949	$ -
Total investments	$ 2,105,397			

NOTE 4 - 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 2,499 tax rate areas, which are unique combinations of various jurisdictions serving a specific geographic area. In fiscal year 2016-17, the rates levied within each tax rate area varied from a low of 1.000000 to a high of 1.434716 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.

NOTE 5 - 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	$ 420	$ -	$ -	$ -	$ -	$ -	$ 420
Accounts	97,087	4,260	3,831	11,575	18,471	3,451	138,675
Interest	1,540	78	161	259	311	621	2,970
Gross Receivables	99,047	4,338	3,992	11,834	18,782	4,072	142,065
Loans and other long-term receivables	30,651	344	-	-	10,066	97	41,158
Total receivables	$ 129,698	$ 4,682	$ 3,992	$ 11,834	$ 28,848	$ 4,169	$ 183,223

Proprietary Funds	Medical Center	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Total Enterprise Funds and Business-type Activities
Receivables:					
Accounts	$ 419,265	$ 399	$ 6,002	$ 4,999	$ 430,665
Interest	-	37	74	64	175
Other	50	-	-	270	320
Gross Receivables	419,315	436	6,076	5,333	431,160
Less: Allow./Uncollectible Acct	(254,380)	(20)	(8)	-	(254,408)
Total Receivables - fund statements	164,935	416	6,068	5,333	176,752
Loans and other long-term receivables	-	-	-	2,798	2,798
Total receivables	$ 164,935	$ 416	$ 6,068	$ 8,131	$ 179,550

The balance of loans and other long-term receivables at year-end for governmental activities includes Short-Doyle Medi-Cal (SDMC) admin and Cost Settlement recoupment of $15,735,000, and SB90 revenue of $14,652,000 in the General Fund. Also included are special assessment receivables of $9,330,000, primarily in County Service Area #34.

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/ Payables (Short-Term):

The composition of interfund balances as of June 30, 2017, is as follows (in thousands):

Receivable Fund	Payable Fund	Amount	
General Fund			
	Roads Fund	$ 30	
	Watershed Protection District	354	
	Fire Protection District	237	
	Non-major Governmental Funds	3,650	
	Medical Center	13,491	
	Department of Airports	3	
	Waterworks Districts	36	
	Non-major Enterprise Funds	138	
	Internal Service Funds	1,183	
			$ 19,122
Roads Fund			
	General Fund	22	
	Watershed Protection District	2	
	Non-major Governmental Funds	3	
			27
Watershed Protection District			
	General Fund	236	
	Non-major Governmental Funds	146	
	Internal Service Funds	8	
			390
Fire Protection District			
	General Fund	1,723	
	Internal Service Funds	133	
			1,856
Non-major Governmental Funds			
	General Fund	2,308	
	Medical Center	312	
	Waterworks Districts	504	
	Non-major Enterprise Funds	2	
			3,126
Medical Center			
	General Fund	969	
	Fire Protection District	2	
	Non-major Governmental Fund	1,612	
	Department of Airports	1	
	Non-major Enterprise Funds	13	
	Internal Service Funds	117	
			2,714
Department of Airports			
	General Fund	9	
	Internal Service Funds	2	
			11
Waterworks Districts			
	General Fund	19	
	Watershed Protection District	8	
	Internal Service Funds	2	
			29

Receivable Fund	Payable Fund	Amount	
Non-major Enterprise Funds			
	General Fund	$ 94	
	Medical Center	1,500	
	Internal Service Funds	16	
			$ 1,610
Internal Service Funds			
	General Fund	3,200	
	Roads Fund	200	
	Watershed Protection District	101	
	Fire Protection District	154	
	Non-major Governmental Funds	438	
	Medical Center	617	
	Department of Airports	178	
	Non-major Enterprise Funds	179	
	Internal Service Funds	740	
			5,807
Total Due To/Due From			$ 34,692

The balance of $3,650,000 due to the General Fund from Non-major Governmental Funds is primarily the reimbursement of capital projects expenditures from Public Financing Authority.

The balance of $13,491,000 due to the General Fund from the Medical Center is primarily administrative expenditures due to the Health Care Agency.

The balance of $1,723,000 due to Fire Protection District from the General Fund is primarily the transfer of property tax and Proposition 172 revenue.

The balance of $2,308,000 due to Non-major Governmental Funds from the General Fund is primarily the transfer of Short Doyle Medi-Cal, and mental health services revenue related to 2011 Realignment.

The balance of $1,500,000 due to Non-major Enterprise Funds from the Medical Center primarily represents a liability for profit risk-sharing between the Medical Center and the Ventura County Health Care Plan.

The balance of $3,200,000 due to Internal Service Funds from the General Fund is primarily for tenant improvement and other projects due to the General Services Agency.

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.

Advances to/from Other Funds (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Non-major Governmental Fund	$ 35
	Medical Center	51,100
	Waterworks Districts	1,237
	Non-major Enterprise Funds	4,000
Total Advances		$ 56,372

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 a long-term advance, 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 $51,100,000. 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, 2018.

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 FY 2012-13. In addition, in FY 2012-13 a loan in the amount of $3,000,000 to the Waterworks Districts for the Piru WWTP Tertiary Project was authorized. Both of these loans are with interest at the Investment Pool rate with repayment within four years of the first draw down on the Tertiary Project loan. Due to the delay in the construction of the project, the first draw down is projected to be in FY 2017-18.

In August, 2017, the Board approved a restructuring which consolidated the $1,237,000 debt outstanding, along with 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 first loan draw down occurred in August, 2017.

The General Fund advanced a loan to the Ventura County Health Care Plan (VCHCP) in the amount of $4,000,000 for the purpose of maintaining 100 percent Tangible Net Equity (TNE) as required under the regulations for the Knox-Keene Health Care Service Plan Act. VCHCP will repay the interest-free loan over a two-year period beginning fiscal year 2017-18.

Advances are included in the internal balances on the Government-wide Statement of Net Position.

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	$ 6,698	Transfer funds for scheduled debt service
	Non-major Governmental Funds	5,027	Subsidy for capital projects
	Non-major Governmental Funds	909	Contribution to debt refunding
	Non-major Governmental Funds	5,738	Subsidy for operating expenses
	Non-major Governmental Funds	832	Health and welfare realignment
	Medical Center	26,698	Subsidy for operating expenses
	Medical Center	3,409	Tobacco settlement revenues
	Non-major Enterprise Funds	1,210	Subsidy for operating expenses
	Internal Service Funds	813	Subsidy for capital projects
	Internal Service Funds	236	Subsidy for capital asset purchase
	Internal Service Funds	30	Subsidy for operating expenses
		51,600	
Non-major Governmental Funds	General Fund	408	Transfer of HUD and Home grant funding
	General Fund	5	Subsidy for operating expenses
	Non-major Governmental Funds	1,488	Contribution to debt refunding
	Internal Service Funds	78	Subsidy for capital asset purchase
		1,979	
Department of Airports	General Fund	263	Subsidy for capital projects
		263	
Waterworks Districts	Internal Service Funds	88	Subsidy for capital asset purchase
		88	
Non-major Enterprise Funds	General Fund	15	Subsidy for capital asset purchase
	General Fund	3	Subsidy for operating expenses
	Internal Service Funds	11	Subsidy for capital asset purchase
		29	
Internal Service Funds	General Fund	1,059	Subsidy for capital projects
	Internal Service Funds	114	Subsidy for capital asset purchase
		1,173	
Total		$ 55,132	

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows (in thousands):

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental Activities:				
Capital assets, nondepreciable:				
Land	$ 40,195	$ -	$ -	$ 40,195
Easements	200,045	88	-	200,133
Construction in progress	44,362	28,195	26,562	45,995
Total capital assets, nondepreciable	284,602	28,283	26,562	286,323
Capital assets, depreciable/amortizable:				
Land improvements	45,743	3,923	-	49,666
Structures and improvements	522,436	22,887	682	544,641
Equipment	100,676	6,776	5,328	102,124
Vehicles	92,419	16,184	5,723	102,880
Software	81,924	1,109	201	82,832
Infrastructure	561,464	4,964	53	566,375
Total capital assets, depreciable/amortizable	1,404,662	55,843	11,987	1,448,518
Less accumulated depreciation/amortization for:				
Land improvements	6,606	1,416	-	8,022
Structures and improvements	201,637	14,410	409	215,638
Equipment	70,175	6,508	5,102	71,581
Vehicles	50,862	7,179	4,710	53,331
Software	53,341	5,361	113	58,589
Infrastructure	124,643	5,690	28	130,305
Total accumulated depreciation/amortization	507,264	40,564	10,362	537,466
Total capital assets, depreciable/amortizable, net	897,398	15,279	1,625	911,052
Governmental activities capital assets, net	$ 1,182,000	$ 43,562	$ 28,187	$ 1,197,375
Business-type Activities (Enterprise):				
Medical Center:				
Capital assets, nondepreciable:				
Land	$ 2,047	$ 7	$ -	$ 2,054
Construction in progress	284,772	67,885	2,435	350,222
Total capital assets, nondepreciable	286,819	67,892	2,435	352,276
Capital assets, depreciable/amortizable:				
Land improvements	1,084	-	-	1,084
Structures and improvements	130,216	563	-	130,779
Equipment	41,220	2,562	178	43,604
Software	43,216	430	-	43,646
Total capital assets, depreciable/amortizable	215,736	3,555	178	219,113
Less accumulated depreciation/amortization for:				
Land improvements	1,084	-	-	1,084
Structures and improvements	51,003	3,599	-	54,602
Equipment	34,751	2,413	177	36,987
Software	29,839	6,408	-	36,247
Total accumulated depreciation/amortization	116,677	12,420	177	128,920
Total capital assets, depreciable/amortizable, net	99,059	(8,865)	1	90,193
Medical Center capital assets, net	$ 385,878	$ 59,027	$ 2,436	$ 442,469

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Department of Airports:				
Capital assets, nondepreciable:				
Land	$ 9,362	$ -	$ -	$ 9,362
Easements	849	-	-	849
Construction in progress	1,515	994	1,117	1,392
Total capital assets, nondepreciable	11,726	994	1,117	11,603
Capital assets, depreciable/amortizable:				
Land improvements	49,219	1,029	-	50,248
Structures and improvements	17,323	373	-	17,696
Equipment	1,127	36	-	1,163
Vehicles	990	-	-	990
Total capital assets, depreciable/amortizable	68,659	1,438	-	70,097
Less accumulated depreciation/amortization for:				
Land improvements	22,322	2,091	-	24,413
Structures and improvements	13,400	425	-	13,825
Equipment	710	44	-	754
Vehicles	556	65	-	621
Total accumulated depreciation/amortization	36,988	2,625	-	39,613
Total capital assets, depreciable/amortizable, net	31,671	(1,187)	-	30,484
Department of Airports capital assets, net	$ 43,397	$ (193)	$ 1,117	$ 42,087
Waterworks Districts:				
Capital assets, nondepreciable:				
Land	$ 2,490	$ -	$ -	$ 2,490
Easements	326	-	-	326
Construction in progress	9,684	4,578	1,854	12,408
Total capital assets, nondepreciable	12,500	4,578	1,854	15,224
Capital assets, depreciable/amortizable:				
Land improvements	2,074	-	-	2,074
Structures and improvements	133,937	1,880	-	135,817
Equipment	2,924	48	-	2,972
Vehicles	93	-	-	93
Software	-	87	-	87
Total capital assets, depreciable/amortizable	139,028	2,015	-	141,043
Less accumulated depreciation/amortization for:				
Land improvements	374	41	-	415
Structures and improvements	37,312	2,560	-	39,872
Equipment	1,688	105	-	1,793
Vehicles	80	4	-	84
Software	-	4	-	4
Total accumulated depreciation/amortization	39,454	2,714	-	42,168
Total capital assets, depreciable/amortizable, net	99,574	(699)	-	98,875
Waterworks Districts capital assets, net	$ 112,074	$ 3,879	$ 1,854	$ 114,099

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Non-major Enterprise Funds:				
Capital assets, nondepreciable:				
Land	$ 8,860	$ -	$ -	$ 8,860
Easements	122	-	-	122
Construction in progress	532	470	135	867
Total capital assets, nondepreciable	9,514	470	135	9,849
Capital assets, depreciable/amortizable:				
Land improvements	31,536	-	-	31,536
Structures and improvements	37,864	159	-	38,023
Equipment	2,308	48	-	2,356
Vehicles	37	-	-	37
Software	6,644	70	-	6,714
Total capital assets, depreciable/amortizable	78,389	277	-	78,666
Less accumulated depreciation/amortization for:				
Land improvements	16,798	1,486	-	18,284
Structures and improvements	17,710	897	-	18,607
Equipment	1,798	127	-	1,925
Vehicles	36	-	-	36
Software	4,014	357	-	4,371
Total accumulated depreciation/amortization	40,356	2,867	-	43,223
Total capital assets, depreciable/amortizable, net	38,033	(2,590)	-	35,443
Non-major Enterprise Funds capital assets, net	$ 47,547	$ (2,120)	$ 135	$ 45,292
Business-type activities capital assets, net	$ 588,896	$ 60,593	$ 5,542	$ 643,947

Depreciation/amortization

Depreciation/amortization expense was charged to governmental functions as follows (in thousands):

General government:		
General administration	$ 8,150	
Total general government		$ 8,150
Public protection:		
Judicial	694	
Police protection	1,858	
Detention and correction	4,253	
Fire protection	4,980	
Watershed protection and soil & water conservation	3,753	
Protective inspection	36	
Other	1,555	
Total public protection		17,129
Public ways and facilities		2,137
Health and sanitation services		752
Public assistance:		
Administration	1,068	
Total public assistance		1,068
Education		315
Recreation and cultural services		5
Capital assets held by the internal service funds		11,008
Total depreciation/amortization expense - governmental activities		$ 40,564

Depreciation/amortization expense was charged to the business-type activities as follows (in thousands):

Medical Center	$	12,420
Department of Airports		2,625
Waterworks Districts		2,714
Parks Department		1,615
Channel Islands Harbor		830
Health Care Plan		369
Oak View District		35
Total depreciation/amortization expense - business-type activities	$	20,608

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, Information Technology Services projects, 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 Districts projects, Harbor Department projects, and information technology projects.

Construction in progress and capital projects commitments as of June 30, 2017, are as follows (in thousands):

	Construction in Progress	Additional Committed Funds
Governmental activities	$ 45,995	$ 15,064
Business-type activities:		
Medical Center	$ 350,222	$ 22,037
Department of Airports	1,392	296
Waterworks Districts	12,408	1,393
Parks Department	63	-
Channel Islands Harbor	804	-
Total business-type activities	$ 364,889	$ 23,726

Long-term commitments for infrastructure construction contracts totaled $904,122 (principally for road and watershed protection projects) at June 30, 2017.

NOTE 8 - 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):

Governmental Funds	General Fund	Roads	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
Accrued salaries, benefits, and other payroll liabilities	$ 22,111	$ -	$ -	$ 4,360	$ 1,848	$ 3,676	$ 31,995
Audit disallowances:							
Mental Health Short Doyle	14,513	-	-	-	-	-	14,513
Other audit disallowances	1,067	-	-	-	-	-	1,067
Accrued interest on tax and revenue anticipation notes	360	-	-	-	-	-	360
Money managed for others by Public Administrator/Public Guardian	5,465	-	-	-	-	-	5,465
Property tax clearing	3,637	-	-	-	-	-	3,637
Public assistance benefits payable	4,674	-	-	-	-	-	4,674
Civil judgments and holdings	444	-	-	-	-	-	444
Seized money pending release	2,864	-	-	-	-	-	2,864
Clearing and other liabilities	7,062	726	1,937	1	227	1,589	11,542
Total	$ 62,197	$ 726	$ 1,937	$ 4,361	$ 2,075	$ 5,265	$ 76,561

Proprietary Funds	Medical Center	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Total Business-type Activities
Accrued salaries and benefits	$ 5,558	$ 97	$ -	$ 369	$ 6,024
Medicare, Medi-Cal, and SB1100 reserves	32,425	-	-	-	32,425
Clinic liabilities	16,119	-	-	-	16,119
Clearing and other liabilities	12,731	135	1	83	12,950
Total	$ 66,833	$ 232	$ 1	$ 452	$ 67,518

NOTE 9 - LEASES

Operating Leases as Lessee

The County is committed under various noncancelable operating leases (principally in the General Fund for governmental activities). Future minimum operating lease commitments are as follows (in thousands):

Year ending June 30:	Governmental Activities	Business-type Activities
2018	$ 9,149	$ 4,256
2019	8,977	4,318
2020	8,408	3,948
2021	7,944	3,890
2022	5,784	3,865
2023-2027	13,773	9,880
Total minimum payments required	$ 54,035	$ 30,157

Rental expense for County-wide operating leases was $32,613,000 for the year ended June 30, 2017.

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, 2017 (in thousands):

Year ending June 30:	Amounts
2018	$ 6,754
2019	6,645
2020	6,492
2021	6,106
2022	5,905
2023-2027	25,308
2028-2032	21,567
2033-2037	18,456
2038-2042	15,687
2043-2047	14,033
2048-2052	8,352
2053-2057	4,333
2058-2062	3,067
2063-2067	2,304
2068-2072	2,304
2073-2077	1,575
2078-2082	1,002
2083-2087	1,002
2088-2092	1,002
2093-2097	1,002
2098-2102	501
Total	$ 153,397

Contingent rental revenues under operating leases are based on percentages of lease sales and totaled approximately $1,574,308 for the year ended June 30, 2017.

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% 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, 2017 (in thousands):

	Business-type Activities
Equipment	$ 24,417
Less: Accumulated amortization	(258)
Total net of amortization	$ 24,159

As of June 30, 2017, capital lease annual amortization in the business-type activities is as follows (in thousands):

Year ending June 30:	Business-type Activities
2018	$ 5,281
2019	5,280
2020	5,237
2021	5,238
2022	4,266
Total requirements	25,302
Less: amount representing interest	(1,884)
Present value of remaining payments	$ 23,418

NOTE 10 - LONG-TERM LIABILITIES

Long-term obligations of the County consist of certificates of participation, lease revenue bonds, tax-exempt commercial paper, loans payable, capital leases, compensated absences, and other liabilities. Capitalized lease obligations are described further in Note 9.

Certificates of participation (COPs) and lease revenue bonds (LRBs) are obligations of a public entity based on a lease agreement and are paid by lease payments from County departments/funds for use of the facilities or equipment constructed or purchased from the debt proceeds. Tax-exempt commercial paper (TECP) is unsecured short-term promissory notes issued with maturities ranging from 2 to 270 days.

The Public Financing Authority (PFA) was formed in August of 1998. TECP is used for the acquisition and renovation of facilities and the acquisition and upgrade of information systems. In 2016-17, TECP was used to fund the upgrade of the Ventura County Financial Management System, the development of the Property Tax Assessment and Collection System, and the construction of the Mental Health Rehabilitation Center.

On July 14, 2009, the PFA originally issued $89,720,000 of 2009 Certificates of Participation (PFA III COPs) used to currently refund 1998 COPs, PFA I, and reimburse advances from TECP for the Fillmore office building, and the VCMC clinic and its continuing construction costs.

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 TECP.

On December 19, 2013, the PFA issued $34,100,000 of Lease Revenue Bonds (LRBs Series 2013B) used to prefund PFA II, and finance the acquisition of an office building located at 1911 Williams Drive, Oxnard, California.

On December 1, 2013, the PFA entered into a purchase agreement with the Ventura County Waterworks District No. 19 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 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, 2017, the United States Department of Agriculture, Rural Development had purchased COPs of $2,996,986.

On July 6, 2016, the PFA issued $40,880,000 of Lease Revenue Refunding Bonds (LRRBs Series 2016A) with an average coupon rate of 4.55 percent, of which $40,880,000 plus a premium of $7,670,000 was used to advance refund $55,610,000 of outstanding PFA III COPs with an average coupon rate of 5.47 percent. The net proceeds of $48,081,000 (after payment of $469,000 in underwriter's discount and cost of issue) plus an additional $11,618,000 PFA III COPs funds and $3,477,000 in County contributions were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the PFA III COPs. Of the combined funds of $63,176,000 deposited in the irrevocable trust $62,031,000 was used to defease the PFA III COPs and $1,145,000 was used to pay accrued interest on the PFA III COPs.

The advance refunding resulted in the recognition of an accounting gain of $6,084,000 for the year ended June 30, 2017. However, because the $63,176,000 placed in escrow exceeded the $57,391,000 carrying value of the PFA III COPs, a deferred loss on refunding of $6,198,000 was recognized in business-type activities and a deferred gain on refunding of $413,000 in governmental activities. As of June 30, 2017, the unamortized portion of the deferred loss was $5,389,000 and the unamortized portion of the deferred gain was $389,000. The PFA III COPs are considered defeased and the liability for those COPs has been removed from the financial statements. As a result of the refunding, the County in effect reduced its aggregate debt service payments by $19,521,000 over the next 13 years and obtained an economic gain (the difference between the present value of the old and the new debt service payments) of $6,119,000.

Compensated absences are liabilities for vacation, vested sick leave benefits, and compensatory time reported as required by GASB Statement Nos. 16 and 34 in the proprietary fund financial statements and the governmental and business-type activities of the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured due to employee resignations and retirements. Governmental fund liabilities are typically liquidated in the General Fund and certain special revenue funds.

Other liabilities include 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, 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.

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Summaries of long-term indebtedness and liabilities incurred by the governmental and business-type activities, outstanding as of June 30, 2017, are as follows (in thousands):

Type of indebtedness/liabilities	Maturity	Interest Rates	Original Issue Amount
Governmental Activities:			
Certificates of Participation/Lease Revenue Bonds:			
Public Financing Authority III:			
General Fund (including premiums)	Refunded 07/06/16	See LRB 2016A	$ 20,663
General Services - Facilities	Refunded 07/06/16	See LRB 2016A	1,845
Public Financing Authority			
Lease Revenue Bonds (Series 2013A):			
General Fund (including premiums)	11/01/17-11/01/26	4.00 - 5.00%	4,975
Information Technology Services - Telecommunications (including premiums)	11/01/17-11/01/26	4.00 - 5.00%	9,735
Lease Revenue Bonds (Series 2013B):			
General Fund (including premiums)	11/01/17-11/01/27	4.00 - 5.00%	34,100
Lease Revenue Refunding Bonds (Series 2016A):			
General Fund (including premiums)	11/01/17-11/01/24	3.00 - 5.00%	4,615
Total Certificates of Participation/Lease Revenue Bonds			75,933
Tax-Exempt Commercial Paper:			
Public Financing Authority:			
General Fund	Rolling	0.44 - 0.93%	34,537
Transportation	Rolling	0.44 - 0.93%	300
General Services - Facilities	Rolling	0.44 - 0.93%	2,386
JJC Traffic Signal	Rolling	0.44 - 0.93%	250
Total Tax-Exempt Commercial Paper			37,473
Loans Payable:			
County Service Areas - 34 El Rio (SWRCB 09)	06/30/17-06/30/40	2.60%	6,869
County Service Areas - 34 El Rio (SWRCB 10)	06/23/17-06/23/41	1.0%	4,564
Total Loans Payable			11,433
Compensated Absences Liability	N/A	N/A	-
Other Liabilities:			
Net Pension Liability	N/A	N/A	-
Medical Malpractice (General Fund)	N/A	N/A	-
Total Pension Liability (Mgmt. Retiree Health Benefit)	N/A	N/A	-
Net Other Postemployment Benefits (OPEB)	N/A	N/A	-
Claims Liabilities (General Insurance and Employee Benefit Insurance)	N/A	N/A	-
Total Other Liabilities			-
Total Governmental Activities			$ 124,839

Outstanding July 1, 2016	Additions and Transfers	Reductions and Transfers	Outstanding June 30, 2017	Amount Due Within One Year	Type of indebtedness/liabilities
					Governmental Activities:
					Certificates of Participation/Lease Revenue Bonds:
					Public Financing Authority III:
$ 8,299	$ -	$ 8,299	$ -	$ -	General Fund (including premiums)
286	-	286	-	-	General Services - Facilities
					Public Financing Authority
					Lease Revenue Bonds (Series 2013A):
4,811	-	361	4,450	371	General Fund (including premiums)
					Information Technology Services
8,364	-	1,003	7,361	1,032	- Telecommunications (including premiums)
					Lease Revenue Bonds (Series 2013B):
31,732	-	3,241	28,491	3,365	General Fund (including premiums)
					Lease Revenue Refunding Bonds (Series 2016A):
-	5,230	536	4,694	552	General Fund (including premiums)
53,492	5,230	13,726	44,996	5,320	Total Certificates of Participation/Lease Revenue Bonds
					Tax-Exempt Commercial Paper:
					Public Financing Authority:
18,509	-	1,485	17,024	2,069	General Fund
161	-	20	141	19	Transportation
2,219	-	178	2,041	172	General Services - Facilities
37	-	37	-	-	JJC Traffic Signal
20,926	-	1,720	19,206	2,260	Total Tax-Exempt Commercial Paper
					Loans Payable:
5,727	-	175	5,552	179	County Service Areas - 34 El Rio (SWRCB 09)
2,935	-	103	2,832	105	County Service Areas - 34 El Rio (SWRCB 10)
8,662	-	278	8,384	284	Total Loans Payable
71,058	41,306	37,045	75,319	40,461	*Compensated Absences Liability*
					Other Liabilities:
736,948	336,855	154,069	919,734	-	Net Pension Liability
505	145	-	650	-	Medical Malpractice (General Fund)
13,739	2,241	1,361	14,619	1,390	Total Pension Liability (Mgmt. Retiree Health Benefit)
5,258	603	-	5,861	-	Net Other Postemployment Benefits (OPEB)
161,770	40,296	23,674	178,392	39,822	Claims Liabilities (General Insurance and Employee Benefit Insurance)
918,220	380,140	179,104	1,119,256	41,212	Total Other Liabilities
$ 1,072,358	$ 426,676	$ 231,873	$1,267,161	$ 89,537	Total Governmental Activities

Type of indebtedness/liabilities	Maturity	Interest Rates	Original Issue Amount
Business-type Activities - Major Funds:			
Medical Center:			
Public Financing Authority III	Refunded 07/06/16	See LRB 2016A	$ 67,130
Public Financing Authority Lease Revenue Bonds (Series 2013A) (including premium)	11/01/17 - 11/01/43	4.00 - 5.00%	283,465
Public Financing Authority/Tax-Exempt Commercial Paper	Rolling	0.44 - 0.93%	3,753
Public Financing Authority Lease Revenue Refunding Bonds (Series 2016A) (including premium)	11/01/17 - 11/01/29	3.00 - 5.00%	36,265
Capital Lease Obligation - Stryker	Semi-Annual to 1/19	7.76%	180
Capital Lease Obligation - BAPCC	Quarterly to 06/22	1.49 - 1.77%	9,825
Capital Lease Obligation - Philips	Quarterly to 04/22	3.22 - 4.05%	14,412
Total Medical Center			415,030
Waterworks Districts:			
Revolving Fund Loan (Maximum Commitment of $1,769)	06/11/17-06/11/23	1.40%	1,364
Revolving Fund Loan (Maximum Commitment of $5,555)	07/01/17 - 07/01/40	1.00%	5,415
Waterworks District No. 19 USDA Loan (Maximum Commitment of $5,000)	12/01/17 - 12/01/53	3.375%	2,997
Total Waterworks Districts			9,776
Business-type Activities - Non-major Funds:			
Channel Islands Harbor:			
Public Financing Authority Lease Revenue Bonds (Series 2013A) (including premium) Harbor Revetment Project	11/01/17-11/01/21	4.00 - 5.00%	3,885
Total Channel Islands Harbor			3,885
Oak View District:			
Public Financing Authority/Tax-Exempt Commercial Paper	Rolling	0.44 - 0.93%	1,200
Compensated Absences Liability	N/A	N/A	-
Other Liabilities:			
Net Pension Liability	N/A	N/A	-
Claims Liabilities (Health Care Plan)	N/A	N/A	-
Medical Malpractice (Medical Center)	N/A	N/A	-
Total Other Liabilities			-
Total Business-type Activities			$ 429,891

Outstanding July 1, 2016	Additions and Transfers	Reductions and Transfers	Outstanding June 30, 2017	Amount Due Within One Year	Type of indebtedness/liabilities
					Business-type Activities - Major Funds:
					Medical Center:
$ 47,663	$ -	$ 47,663	$ -	$ -	Public Financing Authority III
301,340	-	4,472	296,868	4,598	Public Financing Authority Lease Revenue Bonds Bonds (Series 2013A) (including premiums)
4,135	-	544	3,591	537	Public Financing Authority/Tax-Exempt Commercial Paper
-	43,320	2,964	40,356	2,906	Public Financing Authority Lease Revenue Refunding Bonds (Series 2016A) (including premium)
112	-	35	77	37	Capital Lease Obligation - Stryker
2,335	7,490	828	8,997	1,914	Capital Lease Obligation - BAPCC
-	14,412	68	14,344	2,663	Capital Lease Obligation - Philips
355,585	65,222	56,574	364,233	12,655	Total Medical Center
					Waterworks Districts:
560	-	74	486	77	Revolving Fund Loan (Maximum Commitment of $1,769)
4,628	-	165	4,463	165	Revolving Fund Loan (Maximum Commitment of $5,555)
2,872	-	64	2,808	67	Waterworks District No. 19 USDA Loan (Maximum Commitment of $5,000)
8,060	-	303	7,757	309	Total Waterworks Districts
					Business-type Activities - Non-major Funds:
					Channel Islands Harbor:
3,069	-	475	2,594	488	Public Financing Authority Lease Revenue Bonds (Series 2013A) (including premiums) Harbor Revetment Project
3,069	-	475	2,594	488	Total Channel Islands Harbor
					Oak View District:
640	-	38	602	36	Public Financing Authority/Tax-Exempt Commercial Paper
9,388	6,379	5,756	10,011	6,261	*Compensated Absences Liability*
					Other Liabilities:
92,959	42,573	19,026	116,506	-	Net Pension Liability
11,019	61,689	62,898	9,810	9,810	Claims Liabilities (Health Care Plan)
1,877	331	-	2,208	-	Medical Malpractice (Medical Center)
105,855	104,593	81,924	128,524	9,810	Total Other Liabilities
$ 482,597	$ 176,194	$ 145,070	$ 513,721	$ 29,559	Total Business-type Activities

As of June 30, 2017, annual debt service requirements of governmental activities to maturity are as follows (in thousands):

Year Ending June 30:	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Tax-Exempt Commercial Paper Principal	Tax-Exempt Commercial Paper Interest	Loans Payable Principal	Loans Payable Interest
2018	$ 4,745	$ 1,838	$ 2,260	$ 288	$ 284	$ 172
2019	4,968	1,610	2,280	254	290	167
2020	4,453	1,382	2,308	220	296	161
2021	3,580	1,181	2,342	185	301	155
2022	3,514	1,003	2,377	150	308	149
2023-2027	16,338	2,406	6,388	297	1,637	648
2028-2032	2,450	49	1,251	43	1,812	473
2033-2037	-	-	-	-	2,012	275
2038-2042	-	-	-	-	1,444	61
Total requirements	40,048	$ 9,469	$ 19,206	$ 1,437	$ 8,384	$ 2,261
Bond premium	4,948					
Total	$ 44,996					

LRBs and TECP interest payments and principal retirements are serviced by revenues generated from lease payments made by the General Fund on leased facilities.

As of June 30, 2017, annual debt service requirements of business-type activities for major funds and non-major funds to maturity are as follows (in thousands):

Year Ending June 30:	MEDICAL CENTER Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Tax-Exempt Commercial Paper Principal	Tax-Exempt Commercial Paper Interest	WATERWORKS DISTRICTS Loans Payable Principal	Loans Payable Interest
2018	$ 5,600	$ 14,300	$ 537	$ 54	$ 309	$ 146
2019	5,837	14,060	545	46	315	140
2020	6,127	13,780	553	38	321	135
2021	6,490	13,464	562	29	326	129
2022	7,061	13,126	271	21	333	124
2023-2027	46,362	59,258	1,123	43	1,399	543
2028-2032	56,345	46,270	-	-	1,434	418
2033-2037	59,390	33,255	-	-	1,571	279
2038-2042	75,760	16,897	-	-	1,518	120
2043-2047	35,455	1,607	-	-	231	6
Total requirements	304,427	$ 226,017	$ 3,591	$ 231	$ 7,757	$ 2,040
Bond premium	32,797					
Total	$ 337,224					

Year Ending June 30:	NON-MAJOR FUNDS Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Tax-Exempt Commercial Paper Principal	Tax-Exempt Commercial Paper Interest
2018	$ 425	$ 99	$ 36	$ 9
2019	440	81	37	9
2020	460	61	37	8
2021	485	38	38	7
2022	510	13	38	7
2023-2027	-	-	201	25
2028-2032	-	-	215	6
Total requirements	2,320	$ 292	$ 602	$ 71
Bond premium	274			
Total	$ 2,594			

Oak View District
As of June 30, 2017, tax-exempt commercial paper was outstanding in the amount of $602,000 for the Oak View School Preservation and Maintenance District (Oak View District). On August 2, 2002, the Oak View District was formed to purchase and rehabilitate the Oak View School for a community park and family resource center. The initial funding was provided by a PFA loan from tax-exempt commercial paper partially offset by grant funds. The cost of debt payments over the thirty year period and operations are paid from benefit assessments and lease revenues from non-County sources.

Legal Debt Limit
The County’s legal annual debt limit as of June 30, 2017, is approximately $1,584,028,000. 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.

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, 2017, 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 obligation.

NOTE 11 - SERVICE CONCESSION ARRANGEMENTS (SCA)

The County has determined that the following arrangements meet the criteria set forth in GASB Statement No. 60, where the County is the transferor and therefore included these SCAs 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 CPI; 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.

Capital asset balances and related accumulated depreciation for each SCA for the year ended June 30, 2017 are as follows (in thousands):

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Rustic Canyon Golf Course:				
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	5,506	438	-	5,944
Structures and improvements	748	57	-	805
Total accumulated depreciation/amortization	6,254	495	-	6,749
Total capital assets, depreciable/amortizable, net	1,791	(495)	-	1,296
Steckel Park - Ventura Ranch KOA:				
Capital assets, depreciable/amortizable:				
Land improvements	957	-	-	957
Structures and improvements	852	-	-	852
Total capital assets, depreciable/amortizable	1,809	-	-	1,809
Less accumulated depreciation/amortization for:				
Land improvements	281	68	-	349
Structures and improvements	412	80	-	492
Total accumulated depreciation/amortization	693	148	-	841
Total capital assets, depreciable/amortizable, net	1,116	(148)	-	968
SCA capital assets, net	$ 2,907	$ (643)	$ -	$ 2,264

The deferred inflows of resources activity for each SCA for the year ended June 30, 2017 was as follows (in thousands):

	Balance July 1, 2016	Additions	Deletions/ Amortization	Balance June 30, 2017
Present Value of Installment Payments (1)				
Rustic Canyon Golf Course	$ 1,797	$ 1,019	$ 155	$ 2,661
Steckel Park - Ventura Ranch KOA	227	249	68	408
Sub-total Present Value of Installment Payments	2,024	1,268	223	3,069
SCA Capital Assets (2)				
Rustic Canyon Golf Course	5,857	-	168	5,689
Steckel Park - Ventura Ranch KOA	1,516	-	66	1,450
Sub-total SCA Capital Assets	7,373	-	234	7,139
Total deferred inflows	$ 9,397	$ 1,268	$ 457	$ 10,208

(1) Installment payments present values calculated using a discount rate of 7.57% for Rustic Canyon Golf Course and 9.46% for Ventura Ranch KOA 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.

NOTE 12 - 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, 2017, restricted net position for governmental activities totaled $347,088,000, of which $322,914,000, 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.

At June 30, 2017, fund balance for governmental funds is made up of the following (in thousands):

Fund Balances	General Fund	Roads	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Total
Nonspendable:						
Inventory and prepaid amounts	$ 905	$ -	$ -	$ 1,345	$ 45	$ 2,295
Long-term loans and notes receivable	56,372	-	-	-	-	56,372
Permanent fund principal	-	-	-	-	1,133	1,133
Restricted for:						
Teeter tax loss reserve	12,806	-	-	-	-	12,806
Law enforcement programs and capital projects	41,922	-	-	-	8,502	50,424
District attorney programs	8,847	-	-	-	-	8,847
Automation improvements	17,183	-	-	-	-	17,183
Health care programs	5,591	-	-	-	-	5,591
Behavioral health programs	11,050	-	-	-	-	11,050
Public assistance programs	8,350	-	-	-	164	8,514
Roads administration, maintenance, and projects	-	12,046	-	-	-	12,046
Watershed protection	-	-	56,837	-	-	56,837
Fire protection	-	-	-	107,853	-	107,853
County service areas	-	-	-	-	3,476	3,476
Mental Health Services Act (MHSA)	-	-	-	-	31,485	31,485
MHSA prudent reserve	-	-	-	-	9,575	9,575
Special assessment debt	-	-	-	-	516	516
Education	-	-	-	-	1,359	1,359
Recreation	-	-	-	-	54	54
Debt service	-	-	-	-	3,377	3,377
Other governmental purposes	2,250	-	-	-	-	2,250
Committed to:						
Waste management	4,850	-	-	-	-	4,850
Roads administration, maintenance, and projects	-	353	-	-	-	353
Traffic impact mitigation fees	-	15,882	-	-	-	15,882
Watershed protection	-	-	356	-	-	356
Facility ordinance fees	-	-	-	379	-	379
County service areas	-	-	-	-	3,829	3,829
Other governmental purposes	118	-	-	-	8	126
Assigned to:						
Purchase contracts	27,484	-	-	-	-	27,484
Fixed asset acquisitions	7,402	-	-	-	-	7,402
Stormwater management	1,814	-	-	-	-	1,814
Public assistance programs	977	-	-	-	-	977
Attrition and program mitigation	23,441	-	-	-	-	23,441
Audit disallowances	1,000	-	-	-	-	1,000
Law enforcement programs	390	-	-	-	-	390
Roads administration, maintenance, and projects	-	1,226	-	-	-	1,226
Watershed protection	-	-	1,451	-	-	1,451
County service areas	-	-	-	-	97	97
Education	-	-	-	-	2,559	2,559
Other governmental purposes	1,359	-	-	-	-	1,359
Unassigned	155,648	-	-	-	-	155,648
Total fund balances	$ 389,759	$ 29,507	$ 58,644	$ 109,577	$ 66,179	$ 653,666

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.

NOTE 13 - 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, 2017, the Medi-Cal and Medicare programs represented approximately 75 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, 2013 for Medicare and June 30, 2015 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 $50,169,000, 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 2016-17. 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, 2017, the Medical Center has recorded $47,170,000 of PRIME revenue, $28,395,000 of GPP revenue, and $9,784,000 of WPC revenue. Medicare revenue represented 15 percent and Medi-Cal revenue represented 60 percent of the net revenue.

NOTE 14 - 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, 2017 is as follows (in thousands):

	VCERA	SRP	Management Retiree Health Benefits Program	Total
Total pension liability	$ 5,267,440	$ 28,451	$ 14,619	$ 5,310,510
Net pension assets	4,238,690	20,961	-	4,259,651
Net pension liability	1,028,750	7,490	14,619	1,050,859
Deferred outflows related to pensions	551,805	2,422	2,352	556,579
Deferred inflows related to pensions	112,155	-	-	112,155
Pension expense	162,776	824	1,278	164,878

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, California, 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:	
General Tier 1	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.
General Tier 2	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.
Safety	All safety members with membership dates before January 1, 2013.
Open to New Enrollment:	
PEPRA General Tier 1	Deputy Sheriff trainees and certain executive management with membership dates on or after January 1, 2013.
PEPRA General Tier 2	All general members with membership dates on or after January 1, 2013, except as noted above for PEPRA General Tier 1.
PEPRA Safety	All safety members with membership dates on or after January 1, 2013.

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 Tier1	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 $182,821,000 for the year ended June 30, 2017. Contribution rates, based on pensionable payroll, are as follows:

	Employer Contribution Rates	Employee Contribution Rates
General Tier 1	23.85%	10.09%
General PEPRA Tier 1	N/A	N/A
General Tier 2	16.80%	7.16%
General PEPRA Tier 2	16.67%	7.03%
General Tier 2C*	20.52%	9.79%
General PEPRA Tier 2C*	20.33%	9.66%
Safety	54.56%	15.27%
Safety PEPRA	52.77%	14.68%

*2C (with COLA)

Pension Liabilities, Pension Expenses, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported a liability of $1,028,750,000 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2016. 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, 2015. 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, 2016, the County's proportion was 96.623 percent, which was an increase of 0.337 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of $162,776,000. At June 30, 2017, 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	$ -	$ 111,838
Changes in assumptions	139,639	-
Net excess of projected over actual earnings on Pension Plan investments	227,678	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	1,667	317
County contributions subsequent to the measurement date	182,821	-
Total	$ 551,805	$ 112,155

$182,821,000 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, 2018.

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
2018	$ 41,439
2019	41,439
2020	121,090
2021	56,637
2022	(3,776)
Total	$ 256,829

Actuarial Assumptions

The TPL was determined by an actuarial valuation as of June 30, 2015, which was rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

	Assumptions
• Rate of return on investment	7.50%
• Projected salary increases	4.00% - 11.50%
Amount attributable to inflation	3.00%
Amount attributable to merit and longevity	0.50% - 8.00%
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	RP-2000 Combined Health Mortality Table

The actuarial assumptions used in the June 30, 2015 valuation, which was rolled forward to June 30, 2016, were based on the results of an experience study for the period July 1, 2011 through June 30, 2014 and June 30, 2015 Economic Actuarial Assumptions Report both dated April 14, 2015.

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	27.74 %	5.90 %
Small Cap U.S. Equity	3.41 %	6.60 %
Developed International Equity	14.73 %	6.95 %
Emerging Market Equity	3.12 %	8.44 %
U.S. Core Fixed Income	14.00 %	0.71 %
Real Estate	7.00 %	4.65 %
Private Debt/Credit Strategies	5.00 %	6.01 %
Absolute Return (Risk Parity)	16.00 %	4.13 %
Real Assets (Master Limited Partnerships)	4.00 %	6.51 %
Private Equity	5.00 %	9.25 %
Total	100.00 %	

Discount Rate

The discount rate used to measure the TPL was 7.50 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.

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate (in thousands):

	1% Decrease (6.50 %)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	$ 1,733,176	$ 1,028,750	$ 453,961

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.

The following disclosures are related to the plan reporting requirements of GASB Statement No. 67, and use a measurement date of June 30, 2017:

Plan Membership
Plan participants at June 30, 2017, were as follows:

Participant Classification	Number of Participants
Retirees and beneficiaries currently receiving benefits:	
Supplemental retirement participants (Safe Harbor)	418
Early retirement participants (Early Retirement Incentive Plan)	33
Elected department head participants	7
Current employee participants:	
Supplemental retirement participants (Safe Harbor)	515
Elected department head participants	2
Terminated participants not yet receiving benefits:	
Supplemental retirement participants (Safe Harbor)	10,095
Total	11,070

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.

The actuarially determined contribution rate/contributions for the County for the fiscal year ending June 30, 2017, was $1,581,000, or 9.84 percent for Part B, $62,000 for Part C, and $186,000 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, 2017:

Asset Class	Target Allocation
Equity	60 %
Fixed Income	39 %
Cash	1 %
Total	100 %

As of June 30, 2017, the Plan held the following investments that represent 5 percent or more of the plans fiduciary net position:

Investment	Percentage of Fiduciary Net Position
Wells Fargo Core Bond CIT F	23 %
Wells Fargo/Blackrock Large Cap Value Index CIT F	23 %
Wells Fargo/Blackrock Large Cap Growth Index CIT F	23 %
Wells Fargo/Blackrock Russell 2000 Index CIT F	5 %
Wells Fargo/Blackrock U.S. Aggregate Bond Index CIT F	10 %
Wells Fargo/Blackrock International Equity Index CIT F	7 %
Wells Fargo/Multi-Manager Small Cap CIT F	5 %

Rate of Return
For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.67 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, 2017, were as follows (in thousands):

Total pension liability	$ 28,990
Plan fiduciary net position	(24,031)
County's net pension liability	$ 4,959
Plan fiduciary net position as a percentage of the total pension liability	82.9 %

The actuarial liabilities and assets are valued as of June 30, 2017.

Actuarial Assumptions

The TPL was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

	Assumptions
• Actuarial cost method	Entry age normal for Parts B and D, not applicable for Part C
• Amortization method	Level percentage of pay
• Remaining amortization period	8-15 years for Part B, 3 years for Part C, 8 years for Part D, closed
• Asset valuation method	5 years smoothed market value
• Rate of return on investment	7.50% net of expense
• Payroll Growth	3.00% for Part B, 3.00% for Part D, not applicable for Part C
• Projected salary increases	4.00% for Part B and 4.00% for Part D; not applicable for Part C
Amount attributable to inflation	3.00% 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	RP-2000 Combined Healthy 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 most recent VCERA experience study was conducted in 2015 for the period of July 1, 2011 through June 30, 2014.

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
Domestic equity - Large Cap	40.00 %	6.00 %
Domestic equity - Small Cap	10.00 %	7.75 %
International equity	10.00 %	6.89 %
Fixed income	39.00 %	1.00 %
Cash	1.00 %	0.25 %
Total	100.00 %	

Discount Rate

The discount rate used to measure the TPL was 7.50 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 7.50 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.

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate (in thousands):

	1% Decrease (6.50 %)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan's net pension liability	$ 9,218	$ 4,959	$ 1,537

The following disclosures are related to the employer reporting requirements of GASB Statement No. 68, and use a measurement date of June 30, 2016:

Employees covered by benefit terms
Plan participants at June 30, 2016, were as follows:

Participant Classification	Number of Participants
Retirees and beneficiaries currently receiving benefits:	
Supplemental retirement participants (Safe Harbor)	389
Early retirement participants (Early Retirement Incentive Plan)	33
Elected department head participants	7
Current employees participants:	
Supplemental retirement participants (Safe Harbor)	649
Elected department head participants	2
Terminated participants not yet receiving benefits:	
Supplemental retirement participants (Safe Harbor)	9,768
Total	10,848

Contributions
The required contributions were determined as part of the June 30, 2016 actuarial valuation. The actuarially determined contributions for the fiscal year ending June 30, 2016, were $1,287,000 for the employer and $407,000 for employees for Part B, $62,000 for Part C, and $209,000 for Part D.

Net Pension Liability
The County's NPL was measured as of June 30, 2016, 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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

	Assumptions
• Actuarial cost method	Entry age normal for Parts B and D, not applicable for Part C
• Amortization method	Level percentage of pay
• Remaining amortization period	9-15 years for Part B, 4 years for Part C, 9 years for Part D, closed
• Asset valuation method	5 years smoothed market value
• Rate of return on investment	7.50% net of expense
• Payroll Growth	3.00% for Part B, 3.00% for Part D, not applicable for Part C
• Projected salary increases	4.00% for Part B and 4.50% for Part D; not applicable for Part C
Amount attributable to inflation	3.00% 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	RP-2000 Combined Healthy 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 2015 for the period of July 1, 2011 through June 30, 2014.

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
Domestic equity - Large Cap	40.00 %	6.00 %
Domestic equity - Small Cap	10.00 %	7.75 %
International equity	10.00 %	6.89 %
Fixed income	39.00 %	1.00 %
Cash	1.00 %	0.25 %
Total	100.00 %	

Discount Rate

The discount rate used to measure the TPL was 7.50 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, 2016			
for measurement date of June 30, 2015	$ 27,064	$ 19,959	$ 7,105
Changes for the year:			
Service Cost	765	-	765
Interest	1,992	-	1,992
Difference between expected and actual experience	(347)	-	(347)
Changes of assumptions	-	-	-
Contributions - employer	-	1,558	(1,558)
Contributions - employee	-	407	(407)
Net investment income	-	297	(297)
Benefit payments, including refunds of employee contributions	(1,023)	(1,023)	-
Administrative expense	-	(237)	237
Net changes	1,387	1,002	385
Balances at June 30, 2017			
for measurement date of June 30, 2016	$ 28,451	$ 20,961	$ 7,490

Plan fiduciary net position as a percentage of the total pension liability 73.67 %

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate (in thousands):

	1% Decrease (6.50 %)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan's net pension liability	$ 11,820	$ 7,490	$ 4,023

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions
For the year ended June 30, 2017, the County recognized pension expense of $824,000. At June 30, 2017, 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
Net difference between projected and actual earnings on retirement plan investments	$ 841	$ -
County contributions subsequent to the measurement date	1,581	-
Total	$ 2,422	$ -

$1,581,000 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, 2018.

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
2018	$ 98
2019	98
2020	399
2021	246
Total	$ 841

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, 2016, the measurement date, were as follows:

Participant Classification	Number of Participants
Inactive members currently receiving benefits	135
Inactive members entitled to but not yet receiving benefits	73
Active members	279
Total	487

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 $887 per month were equivalent to premiums for the Ventura County Health Care Plan.

Contributions

Employer contributions in fiscal year 2016-17 were $1,390,000.

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.

Actuarial Assumptions

The Total Pension Liability (TPL) was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions; applied to all periods included in the measurement:

	Assumptions
• Actuarial cost method	Entry age normal
• Inflation	3.00%
• Real wage growth	0.50%
• Wage inflation	3.50%
• Projected salary increases (including wage inflation)	4.00%-9.50%
• Subsidy cost trends	6.00% decreasing to an ultimate rate of 5.00% by 2018
• Mortality	RP-2000 Combined Healthy Mortality Table

The demographic actuarial assumptions in the June 30, 2016 valuation were based on the VCERA economic and demographic experience study covering period July 1, 2011 through June 30, 2014. The remaining actuarial assumptions including subsidy cost trends were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

Discount Rate

Discount rate of 3.01 percent was used to measure the TPL. The discount rate was based upon the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System.

Changes in Total Pension Liability

	Total Pension Liability
Balances at June 30, 2016 *for measurement date of June 30, 2015*	$ 13,739
Changes for the year:	
Service Cost	461
Interest	499
Difference between expected and actual experience	155
Changes of assumptions	1,126
Benefit payments, including refunds of employee contributions	(1,361)
Net changes	880
Balances at June 30, 2017 *for measurement date of June 30, 2016*	$ 14,619

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 3.01 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 (2.01 percent) or 1-percentage-point higher (4.01 percent) than the current rate (in thousands):

	1% Decrease (2.01%)	Current Discount Rate (3.01%)	1% Increase (4.01%)
Plan's total pension liability	$ 15,299	$ 14,619	$ 13,951

Pension Expense and Deferred Outflows of Resources Related to pensions
For the year ended June 30, 2017, the County recognized pension expense of $1,278,000. At June 30, 2017, the County reported deferred outflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 116
Changes in assumptions	846
County contributions subsequent to the measurement date	1,390
Total	$ 2,352

$1,390,000 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, 2018.

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
2018	$ 318
2019	318
2020	317
2021	9
Total	$ 962

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, 2017, there was one participant in the plan.

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Subsidized Retiree Health Benefits Program

Plan Description

The Subsidized Retiree Health Benefits Program is a cost-sharing, multiple-employer defined benefit plan administered by the County of Ventura. Substantially all participants are included in the County's primary government reporting entity. Due to the relative insignificance of the non-County employers participating in the plan, the County has elected to include financial statement disclosures required for a single-employer plan. The information presented is for all participants and includes non-County participants.

Eligible employees (age 50 with 10 years of County Service) who retire 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 45.

The plan is governed by the County Board of Supervisors. 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. The schedule of funding progress is included in the Required Supplementary Information section of this report.

Funding Policy

The County currently funds postemployment health benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

For 2016-17, the annual OPEB cost consists of the annual required contribution plus interest on the net OPEB obligation less the adjustment to the annual required contribution as presented below (in thousands):

Annual required contribution	$ 1,831
Interest on the net OPEB obligation	263
Adjustment to the annual required contribution	(217)
Annual OPEB cost	1,877
Contributions made	(1,274)
Increase (decrease) in net OPEB obligation	603
Net OPEB obligation - beginning	5,258
Net OPEB obligation - ending	$ 5,861

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and the preceding two fiscal years were as follows (in thousands):

Fiscal Year Ending June 30:	Annual OPEB Cost (AOC)	Percent of AOC Contributed	Net OPEB Obligation
2015	$ 1,533	78.5%	$ 4,832
2016	1,669	74.5%	5,258
2017	1,877	67.9%	5,861

Funded Status and Funding Progress
As of June 30, 2017, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the UAAL was $19,764,000. The annual covered payroll for all employees covered by the Subsidized Retiree Health Benefits Program is $534,135,000 and the ratio of the UAAL to the covered payroll was 3.7 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, is presented as required supplementary information following the notes to the financial statements. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets (if any), consistent with the long-term perspective of the calculations.

In the County's June 30, 2017, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.00 percent inflation rate, a 5.0 percent investment rate of return, based on the rate of return of the County's Investment Pool over time, since the plan is funded on a pay-as-you-go basis, and healthcare cost trend rates that vary by plan starting at 7.0 to 7.75 percent and declining to 5.0 percent over 5 to 6 years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was 30 years.

NOTE 16 - TAX AND REVENUE ANTICIPATION NOTES PAYABLE

On July 1, 2016, the County issued $177,635,000 in Tax and Revenue Anticipation Notes (Notes) at a 2.00 percent interest rate, priced to yield 0.65 percent, to meet current year cash flow requirements for operational needs. At June 30, 2017, the outstanding principal was $0. Principal and interest for fiscal year 2016-17 was paid on June 30, 2017, 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 2016-17 taxes and other revenues, which are legally available for payment thereof.

The summary of the notes transactions for the fiscal year ended June 30, 2017, is as follows (in thousands):

Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017	Due Within One Year
$ 140,585	$ 177,635	$ 318,220	$ -	$ -

NOTE 17 - 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.

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 million 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 2017.

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 $1.65 million 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, 2017, the expected liability on the pre-1995 claims, at the 80 percent confidence level, discounted at 4.0 percent, was actuarially estimated to be $8,700,527.

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.

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 2015-16 and 2016-17 are as follows (in thousands):

	Claims Fiscal Year		Medical Malpractice Fiscal Year	
	2016-17	2015-16	2016-17	2015-16
Liabilities, beginning	$ 172,789	$ 155,936	$ 1,877	$ 1,420
Incurred losses and adjustments	101,985	94,394	331	457
Claim payments	(86,572)	(77,541)	-	-
Liabilities, ending	$ 188,202	$ 172,789	$ 2,208	$ 1,877

Medical malpractice liability for public and mental health functions in the General Fund of $650,000, an increase of $145,000 from the prior year, is reported in the governmental activities portion of the government-wide financial statements.

NOTE 18 - DEFERRED INFLOWS OF RESOURCES - UNAVAILABLE REVENUE

Deferred inflows of resources to the County's governmental funds relate to unavailable revenue as of June 30, 2017. 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:						
SB 90 Revenue	$ 14,652	$ -	$ -	$ -	$ -	$ 14,652
Medi-Cal	15,735	-	-	-	-	15,735
Special Assessments	-	401	-	-	9,366	9,767
Other	1,256	519	2,907	824	1,079	6,585
Total Unavailable Revenue	$ 31,643	$ 920	$ 2,907	$ 824	$ 10,445	$ 46,739

Non-major governmental funds had unavailable revenue related to the County Successor Housing Agency Fund of approximately $653,000, the H.U.D. Grants Fund of approximately $426,000, Debt Service Fund for County Service Area #34 of approximately $9,072,000 and Capital Projects Fund for the Santa Rosa Road Assessment District of approximately $294,000.

NOTE 19 - 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 $19 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, 2017, encumbrances of $27,484,000 were reported in the General Fund, $1,161,000 in the Road Fund, $13,412,000 in the Watershed Protection District, $14,243,000 in the Fire Protection District, and $7,501,000 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 20 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

On July 3, 2017, the County issued $145,535,000 of 4.00 percent fixed-rate, priced to yield 0.85 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 2017-18 expenditures and the discharge of other obligations of the County. The maturity date of the notes is July 2, 2018.

Ventura County Public Financing Authority Tax-exempt Commercial Paper Note Program

On December 12, 2017, the Board of Supervisors of the County, and the Board of Directors of the Ventura County Public Financing Authority (PFA), a component unit of the County, authorized and approved the execution and delivery of a Revolving Credit Agreement (RCA) between the County, PFA, and Wells Fargo Bank, National Association (Wells Fargo) and other related documents between the parties related to the PFA Tax-exempt Commercial Paper Note (TECP) program. The RCA replaces the existing TECP Reimbursement Agreement with Wells Fargo which is set to expire January 2, 2018, with revolving loans under a master note maturing in three years. The existing reimbursement agreement is being extended for an additional 60 days and it is anticipated that the RCA will be executed and funded prior to the end of February 2018.

NOTE 21 - 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, 2017.

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 June 30, 2038, when all Successor Agency obligations have been fully discharged. However, no payments on administrative costs are permitted for fiscal year 2016-17.

Long-Term Debt

Tax revenues for the Successor Agency for the current year were $66,511.

Information about the Successor Agency long-term debt is as follows:

U.S. Department of Agriculture (USDA) Loan #1
On October 9, 2001, the Successor Agency applied for a USDA Rural Development Community Facilities Direct Low Interest Loan, in the amount of $750,000. The loan was offered to and accepted by the Agency in August 2002. The loan was secured through the purchase of tax allocation bonds issued by the Agency. To repay the tax allocation bonds, the Agency pledged property tax increment revenues consistent with the term and outstanding amount of the tax allocation bonds issued. The loan documents stipulated loan proceeds would not be distributed to the Agency until the Town Square project was completed, and project completion occurred in fiscal year 2002-03. The total loan proceeds received in fiscal year 2002-03 were $676,636; the remaining balance of $73,364 was received in fiscal year 2003-04. The first principal payment was made in fiscal year 2003-04. Bond payments are at a fixed rate not to exceed 4.75 percent for a term not to exceed 15 years.

USDA Loan #2
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. 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 in the same manner as USDA Loan #1 described above. On July 24, 2008, the tax allocation bonds were delivered to the USDA. The first principal payment was made in fiscal year 2009-10. Bond payments are at a fixed rate not to exceed 4.125 percent for a term not to exceed 30 years.

On February 1, 2012, the USDA Loans #1 and #2 were transferred from the County of Ventura Redevelopment Agency to the Successor Agency.

Summaries of long-term indebtedness outstanding as of June 30, 2017, are as follows (in thousands):

Loan/ Bonds	Outstanding July 1, 2016	Additions	Maturities	Outstanding June 30, 2017	Amount Due Within One Year
USDA Loan #1	$ 132	$ -	$ 64	$ 68	$ 68
USDA Loan #2	647	-	18	629	18
Totals	$ 779	$ -	$ 82	$ 697	$ 86

Deficit Net Position
As a result of the transfer of two assets to the County of Ventura in fiscal year 2014-15, the RDA County Successor Agency had a deficit net position as of June 30, 2017. 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.

NOTE 22 - DEFICIT NET POSITION/FUND BALANCE

The Public Works Services fund, an internal services fund, had a deficit net position of approximately $6,949,000 as of June 30, 2017. This resulted from an adjustment to the beginning net position in fiscal year 2014-15 related to the recognition of its net pension liability and subsequent adjustments.