NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

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

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

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

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

Blended Component Units

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

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

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

Discretely Presented Component Unit

Children and Families First Commission

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

B) New Accounting Pronouncements

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

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

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

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

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* effective for reporting periods beginning after December 15, 2019, provides users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The County intends to implement the new requirements for the fiscal year 2020-21 financial statements.

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

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

C) Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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, Santa Paula, Simi Valley, and Thousand Oaks. Support is principally from property taxes and aid from other governmental units. These funds are restricted for the purpose of the fund.

The County reports the following major enterprise funds:

- The *Medical Center* Fund is part of the County Health Care Agency which operates a two campus hospital. The main campus in Ventura is a general acute care facility providing emergency room, inpatient, and mental health inpatient services. The Santa Paula campus is licensed and accredited as part of Ventura County Medical Center (VCMC) and is licensed for 49 acute beds. VCMC maintains comprehensive neonatal, emergency and outpatient medical care programs. Outpatient care is provided by a fully integrated system of nineteen community-based clinics and nine specialty clinics located throughout the County. It also provides support services to related public and mental health programs administered by the Health Care Agency. The fund provides indigent care which is subsidized, in part, by transfers from the General Fund for such services.

- The *Department of Airports* Fund operates the County-owned general aviation facilities at the Camarillo and Oxnard airports and provides administrative, fiscal, and other support services for airport tenants and the flying public. This fund accounts for aid from other governmental units in support of aviation and also includes support services in the Camarillo Utility Enterprise, Roads and Lighting fund, for the operation of the streets, street lighting, and storm drains at the Camarillo airport.

- The *Waterworks Districts* Fund performs necessary administrative, maintenance, and operations functions to provide uninterrupted water delivery services and sewer collection and disposal services to various communities of Ventura County. These districts include Waterworks Districts 1, 16, 17, 19, 38, and Camarillo Utility Enterprise Sanitation fund.

The County reports the following additional funds and fund types:

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

D) Measurement Focus and Basis of Accounting

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

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

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

E) Cash and Investments

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

F) Inventories and Other Assets

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

G) Capital Assets

Capital asset components consist of land, easements, construction in progress, land improvements, structures and improvements, equipment, vehicles, software, and infrastructure. The County defines capital assets as assets with an estimated useful life in excess of one year.

The capitalization level and estimated useful lives are as follows:

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 and Other Postemployment Benefits (OPEB)

Net Pension and Related Balances – VCERA and SRP

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's pension plans and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the Ventura County Employees Retirement Association (VCERA) and the Supplemental Retirement Plan (SRP). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Total Pension Liability and Related Balances – Management Retiree Health Benefits Program

For purposes of measuring the total pension liability, deferred outflows/inflows of resources related to pensions, and pension expense have been determined on the same basis as they are reported by the Management Retiree Health Benefits Program. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net OPEB and Related Balances – VCDSA and VCPFA

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Ventura County Deputy Sheriffs' Association (VCDSA) Retiree Medical Reimbursement Plan and the Ventura County Professional Firefighters' Association (VCPFA) Premium Reimbursement Plan and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the VCDSA Retiree Medical Reimbursement Plan and the VCPFA Premium Reimbursement Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Total OPEB Liability and Related Balances – Subsidized Retiree Health Benefits Program
For purposes of measuring the total OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the Subsidized Retiree Health Benefits Program. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

J) Compensated Absences

County policy permits employees to accumulate earned but unused vacation, sick pay, and compensatory time. A liability for all vacation pay and compensatory time and 25 percent of unused accumulated sick leave for those employees with at least ten years of service is accrued when earned in the government-wide and proprietary funds financial statements. In accordance with GASB Interpretation No. 6, a liability for these amounts is reported in the governmental funds financial statements only if they have matured as a result of employee resignations and retirements prior to year-end and are paid by the County subsequent to year-end.

K) Interfund Transactions

Interfund transactions are reflected as loans, services provided or used, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans) and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in the General Fund and as restricted, committed, or assigned fund balance in other governmental funds as applicable.

Services provided or used and deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are repayments (adjustments to the expenditures or expenses) from the funds responsible for certain expenditures or expenses to the funds that initially paid for them. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

L) Deferred Inflow of Resources

A deferred inflow of resources represents an acquisition of net position by the government that is applicable to a future reporting period.

M) Fund Balance Policy

The County has adopted a policy to achieve a minimum level of unassigned fund balance in the General Fund of 10 percent of total appropriations/revenue, with a long-term goal of 15 percent.

N) Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O) Reclassifications

Certain prior year balances may have been reclassified in order to conform to current year presentation. These reclassifications had no effect upon reported net position.

NOTE 2 - CASH AND INVESTMENTS

The County sponsors an Investment Pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the Investment Pool. The respective funds' shares of the total pool are included in the accompanying basic financial statements under the captions "Cash and investments" and "Restricted cash and investments." Cash and investments managed separately from the Investment Pool include those of the PFA and SRP.

The Investment Pool is comprised of internal and external pool participants. The internal pool participants include the funds and component units of the reporting entity and are reported in the various County funds. The external pool participants include legally separate entities, which are not part of the sponsor's reporting entity. The external investment component of the Investment Pool is reported in the accompanying financial statements as an investment trust fund within the fiduciary funds and uses the economic resources measurement focus and accrual basis of accounting.

The County has adopted an Investment Policy Statement (IPS), which complies with the requirements of California Government Code, and serves as the basis for the type of investments, maturity limit, credit rating, and diversification of securities comprising the Investment Pool. The objectives of the IPS are safety of principal, maintenance of liquidity, and earning a competitive rate of return.

Investments permitted by the IPS include obligations of the U.S. Treasury, agencies and instrumentalities, or commercial paper rated A-1 or better by Standard and Poor's Ratings Services (S&P), P-1 by Moody's Investors Service, or F1 or better by Fitch Ratings, Supranationals rated AAA by S&P, bankers' acceptances, repurchase agreements, corporate notes, negotiable certificates of deposit and Yankee certificates of deposit, obligations of the State of California, and obligations of any local agency within California.

Total cash and investments at fair value as reported at June 30, 2019, are as follows (in thousands):

Governmental activities	$ 1,107,088
Business-type activities	118,821
Primary government	1,225,909
Component unit	12,320
Total government-wide	1,238,229
Fiduciary funds:	
Pension trust fund	27,887
Investment trust fund	1,603,644
Private-purpose trust fund	405
Agency fund	12,975
Total cash and investments	$ 2,883,140

Cash and investments at fair value for County funds, including those funds managed separately from the Treasury, at June 30, 2019, are summarized as follows (in thousands):

	Treasury	Fiscal Agents	SRP Pension Trust	Total
Cash:				
Cash on hand	$ 5	$ 22	$ -	$ 27
Deposits (net outstanding checks)	46,055	12,955	1,242	60,252
Total cash (net outstanding checks)	46,060	12,977	1,242	60,279
Investments:				
In Treasurer's pool	2,796,216	-	-	2,796,216
In pension portfolios	-	-	26,645	26,645
Total investments	2,796,216	-	26,645	2,822,861
Total cash and investments	$ 2,842,276	$ 12,977	$ 27,887	$ 2,883,140

Cash

The cash portion of cash and investments includes demand deposits.

At June 30, 2019, the carrying amount of the County's cash was $60,279,000, and the bank balance per various institutions was $125,690,000. Treasury cash of $46,060,000 is net of outstanding checks of $49,486,000. Treasurer's pool investments are managed daily to maximize earnings and provide cash as needed. Of the bank balance in financial institutions, $919,000 is covered by federal depository insurance and $124,771,000 was uninsured. The uninsured deposits were held by financial institutions, which are legally required by the California Government Code (GC) to collateralize the County's deposits by pledging government securities or first trust deed mortgage notes. In accordance with GC 53652, the market value of the pledged securities and first trust deed mortgage notes must be at least 110 percent and 150 percent of the County's deposits, respectively, as provided for in the County's Contract for Deposit of Moneys.

Restricted cash and investments in the amount of $31,124,000 are held in the proprietary funds and include $29,624,000 that is restricted by trust agreements for funding capital projects and debt service. Of this, $2,000 is held with fiscal agents and $29,622,000 is held in the County Treasury. In addition, $1,500,000 is restricted for Health Care Plan tangible net equity deposit and is held in the County Treasury. The amounts of $215,000 for Waterworks Districts and $1,500,000 for Health Care Plan are included in cash and cash equivalents on the Statement of Cash Flows.

Investments–Investment Pool (Treasury)

Fair value calculations at fiscal year-end for the Investment Pool are based on market values provided by the County's investment custodian. The net change in fair value from carrying value at June 30, 2019, amounted to an increase of $15,925,000. The net change in fair value from June 30, 2018 to June 30, 2019, was an increase of $10,626,000.

The Investment Pool maintains investments in two investment pools regulated by the California Government Code: (1) the State of California Local Agency Investment Fund (LAIF) and (2) CalTRUST. LAIF is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. CalTRUST is a joint powers authority governed by a Board of Trustees of investment officers and policy-makers of the public agency members. At June 30, 2019, the County's investments in LAIF and CalTRUST were $55,000,000 and $25,000,000, respectively. Each investment approximates fair value and is the same as the value of the pool shares, which is determined on a full cost basis.

The County is not registered with the Securities and Exchange Commission as an investment company. No legally binding guarantees have been provided during the period to support the value of shares in the pool. Investment earnings are allocated based on the average daily balance in the Investment Pool for the calendar quarter. The earnings are distributed to participants twice per quarter as cash is received.

As of June 30, 2019, the major classes of the County's investments, including those managed outside the Treasury, consisted of the following (in thousands):

	Interest Rate Range	Maturity Date/Range	Cost	Fair Value	Weighted Average Maturity (Years)	Credit Rating (S&P)	Credit Rating (Moody's)	Credit Rating (Fitch)	Percent of Portfolio
Investments in Investment Pool									
U.S. Government Agencies:									
FHLB Bonds	2.375-2.920	8/9/19-4/16/21	$ 197,540	$ 197,820	0.954	AA+	Aaa	NR	7.075%
FHLMC Bonds	0.875-2.650	7/19/19-6/17/22	147,683	148,044	1.348	AA+	Aaa	AAA	5.294%
FFCB Bonds	1.490-2.700	8/22/19-12/17/21	76,586	76,684	1.333	AA+	Aaa	AAA	2.742%
FNMA Bonds	0.875-1.750	8/2/19-11/26/19	50,697	51,223	0.136	AA+	Aaa	AAA	1.832%
FHLB Discount Notes	2.490-2.601	7/1/19-9/12/19	29,416	29,893	0.165	A-1+	P-1	NR	1.069%
FHLMC Discount Notes	2.425-2.525	8/2/19-11/19/19	29,473	29,879	0.190	A-1+	P-1	F1+	1.069%
Yankee Certificates of Deposits:									
Yankee Certificates of Deposits	2.510-3.070	7/2/19-5/1/20	430,055	430,773	0.390	A-1+	P-1	F1+	15.406%
Yankee Certificates of Deposits	2.500-3.090	7/3/19-5/19/20	185,021	185,129	0.372	A-1	P-1	F1+	6.621%
Yankee Certificates of Deposits	2.510-3.190	7/18/19-5/29/20	95,013	95,096	0.201	A-1	P-1	F1	3.401%
Medium-Term Corporate Notes:									
Corporate Notes	1.100-1.850	8/8/19-2/12/20	72,499	72,981	0.415	AAA	Aaa	AA+	2.610%
Corporate Notes	1.900-2.700	3/12/20-4/8/21	54,557	54,734	1.272	AA-	Aa3	A+	1.957%
Corporate Notes	2.050-2.500	9/11/19-5/3/21	40,169	40,373	1.074	A	A1	AA-	1.444%
Corporate Notes	2.500-2.725	4/22/21-6/3/21	30,000	30,028	1.890	A+	Aa2	AA	1.074%
Corporate Notes	1.912	3/6/20	21,583	21,688	0.685	AA+	Aaa	NR	0.776%
Corporate Notes	1.300	8/15/19	19,547	19,714	0.126	AA	Aa2	AA-	0.705%
Corporate Notes	2.125	10/28/19	14,830	14,941	0.329	AA-	A1	AA-	0.534%
Corporate Notes	1.400	9/20/19	14,712	14,858	0.225	AA-	A1	NR	0.531%
Corporate Notes	1.100-2.000	8/2/19-5/6/20	11,652	11,688	0.199	AA+	Aa1	NR	0.418%
Corporate Notes	2.000-2.450	5/19/20-11/5/20	10,959	10,976	0.930	A	A2	A+	0.393%
Corporate Notes	1.600-2.250	7/15/19-11/9/20	6,462	6,492	1.342	AA-	Aa3	AA-	0.232%
Corporate Notes	1.961-2.427	3/3/20-6/24/20	5,587	5,605	0.732	AA	Aa2	NR	0.201%
Corporate Notes	1.625	5/15/20	5,514	5,518	0.877	A	A1	WD	0.197%
Corporate Notes	1.250	10/9/19	5,171	5,237	0.277	A	A2	A	0.187%
Corporate Notes	1.200-2.000	7/12/19-11/13/19	2,846	2,860	0.243	A	A2	NR	0.102%
Corporate Notes	2.350	6/15/20	1,181	1,180	0.962	A	A1	A	0.042%
Commercial paper:									
Commercial paper	2.330-2.971	7/3/19-2/24/20	270,985	273,571	0.242	A-1	P-1	F1	9.784%
Commercial paper	2.530-2.830	7/15/19-1/6/20	211,080	213,502	0.322	A-1+	P-1	F1	7.635%
Commercial paper	2.540-2.880	7/18/19-12/18/19	112,235	113,338	0.372	A-1+	P-1	F1+	4.053%
Commercial paper	2.550-2.870	7/15/19-1/10/20	107,853	109,553	0.186	A-1+	P-1	NR	3.918%
Commercial paper	2.230-2.920	7/19/19-1/21/20	88,291	89,542	0.235	A-1	P-1	F1+	3.202%
Commercial paper	2.350	9/12/19	9,941	9,955	0.203	A-1+	NR	F1	0.356%
Municipal Bonds:									
Municipal Bonds	2.600-3.250	8/1/19-4/1/20	38,054	37,997	0.370	AA-	Aa3	N/A	1.359%
Municipal Bonds	2.330-2.546	8/1/19-6/15/21	9,145	9,153	0.179	AAA	Aaa	N/A	0.327%
Municipal Bonds	2.893	6/1/20	5,000	5,028	0.923	AA-	A1	N/A	0.180%
Municipal Bonds	2.804	6/1/20	3,060	3,070	0.923	A	N/A	N/A	0.110%
Municipal Bonds	1.950-3.300	8/1/19-12/1/21	1,530	1,556	1.546	AA	A1	N/A	0.056%
Municipal Bonds	2.813	1/1/21	1,000	1,010	1.510	A	A1	N/A	0.036%
Municipal Bonds	2.011-2.650	7/1/19-11/1/19	928	930	0.068	AA+	N/A	N/A	0.033%
Municipal Bonds	2.553	5/15/21	800	809	1.877	AA	Aa2	N/A	0.029%
Municipal Bonds	2.700	9/1/19	635	635	0.173	AA-	N/A	N/A	0.023%
Municipal Bonds	1.549	11/1/19	560	559	0.340	AA-	Aa2	N/A	0.020%
Municipal Bonds	1.570	8/1/19	300	300	0.088	AAA	N/A	N/A	0.011%
LAIF	2.546		55,000	55,000	0.490	NR	NR	N/A	1.967%
CalTRUST	2.541		25,000	25,015	0.910	AA	NR	N/A	0.895%
Supranationals:									
Supranationals	0.876-3.875	7/26/19-4/12/22	176,359	177,769	0.808	AAA	Aaa	AAA	6.357%
Supranationals	1.750-2.630	1/25/20-3/30/20	49,738	49,895	0.715	AAA	Aaa	NR	1.784%
Supranationals	2.450-2.480	7/18/19-11/15/19	44,244	44,723	0.291	A-1+	P-1	NR	1.599%
Supranationals	2.440	1/8/20	9,801	9,892	0.526	A-1+	P-1	F1+	0.354%
Total investments in Investment Pool			2,780,292	2,796,216					100.000%
Investments outside Investment Pool									
SRP Pension Trust:									
Bond mutual funds			9,007	10,073	7.878	NR	NR	NR	
Equity mutual funds			9,899	16,572	-	NR	NR	NR	
Total investments outside Investment Pool			18,906	26,645					
Total fair value				$2,822,861					

The following represents a condensed statement of net position and changes in net position for the pool (internal and external) as of June 30, 2019 (in thousands):

Statement of Net Position	Total
Net position held for pool participants	$ 2,842,276
Equity of internal pool participants	$ 1,214,753
Equity of external pool participants	1,615,203
Equity of discretely presented component unit	12,320
Total equity	$ 2,842,276
Statement of Changes in Net Position	
Net position at July 1, 2018	$ 2,553,179
Increase in investment by pool participants, net	289,097
Net position at June 30, 2019	$ 2,842,276

The Investment Pool includes both voluntary and involuntary participants for whom cash and investments are held by the County Treasurer. The total percentage share of the Investment Pool related to involuntary participants is estimated at 50 percent. Legal provisions require certain special districts to maintain surplus cash in the Investment Pool including public school districts, cemetery districts, recreation and park districts, and the Air Pollution Control District.

Requests for additional information or the separately issued financial statements of the Investment Pool can be addressed to the County Treasurer-Tax Collector, 800 South Victoria Avenue, Ventura, CA 93009-1290.

Investments – SRP

The SRP adopts an investment policy which emphasizes safety, diversification and yield and follows the "prudent investor rule" as required by the Employment Retirement Income Security Act of 1974. Investments permitted by the policy include fixed income and equity mutual funds. Fair value calculations at fiscal year-end for the SRP are based on market values provided by the SRP's investment custodian.

Risk Disclosures

Custodial Credit Risk

Investment Pool. Custodial credit risk is the risk that the County will not be able to recover the value of its deposits, investments, and collateral securities that are in possession of an outside party. For deposits, this risk is mitigated through federal depository insurance coverage and collateralization in accordance with California Government Code Section 53652. Information about the composition of insured and uninsured deposits at June 30, 2019, is provided in the section "Cash." For investments, the County utilizes third party delivery versus payment to mitigate risk. Further, all securities owned by the County are held by a third party bank trust department.

Credit Risk

Investment Pool. State law and the IPS limit investments in commercial paper to those with the rating of A-1 or better by Standard & Poor's or P-1 by Moody's Investors Service. State law limits investment in medium term notes to a rating of A or better by Standard & Poor's or A2 by Moody's Investors Service; the IPS limits the short term ratings to A-1 or higher by Standard and Poor's, P-1 by Moody's, and F1 or higher by Fitch Ratings. In addition, the IPS limits the long-term ratings to A or higher by Standard and Poor's, A2 or higher by Moody's, and A or higher by Fitch Ratings. State law does not limit investments in Municipal notes, bonds, and other obligations; the IPS limits the long-term ratings to A or higher by Standard and Poor's, A2 or higher by Moody's, and A or higher by Fitch Ratings. The County does not have credit limits on government agency securities. Certificates of deposit are required to be insured by the FDIC.

Concentration of Credit Risk

Investment Pool. State law and the IPS limit investments in commercial paper to 40 percent of the investment pool and 10 percent of the investment pool per issuer. State law limits investments in medium term notes to 30 percent of the investment pool; the IPS limit is 20 percent of the investment pool. State law and the IPS limit investments in negotiable certificates of deposit to 30 percent of the investment pool. The following is a summary of the concentration of credit risk as a percentage of the Investment Pool's fair value at June 30, 2019:

Investment	Percentage of Investment Pool
Toyota Motor Credit Corporation	8.34 %
Federal Home Loan Bank	8.14 %
National Bank of Kuwait	6.62 %
Federal Home Loan Mortgage Corporation	6.36 %
Korea Development Bank	6.02 %
Combined Individual Issuers less than 5% of Portfolio:	
Commercial Paper	18.87 %
Yankee Certificate of Deposits	16.48 %
Supranationals	10.10 %
Medium Term Corporate Notes	9.45 %
U.S. Government Agencies	4.57 %
Municipal Bonds	2.18 %
LAIF	1.97 %
CalTRUST	0.90 %
Total	100.00 %

SRP. Investments in mutual funds are excluded from the requirement to disclose concentration of credit risk. As of June 30, 2019, the SRP was not exposed to concentration of credit risk.

Interest Rate Risk

Investment Pool. Through its IPS, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the weighted average maturity of the Investment Pool's holdings to 375 days. At June 30, 2019, the weighted average maturity of the Investment Pool was 192 days.

SRP. The SRP does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The SRP has exposure to interest rate risk by investing $10,073,000, or 38 percent, of its investments in bond mutual funds.

Foreign Currency Risk

Investment Pool. The Investment Pool is precluded from investing in foreign currency by the IPS; therefore, it is not subject to foreign currency risk.

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by GASB 72, *Fair Value Measurement and Application*. These principles recognize a three-tiered fair value hierarchy, as follows:

Level 1: Investments reflect prices quoted in active markets for identical assets;
Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
Level 3: Investments reflect prices based upon unobservable sources.

Deposits and withdrawals in governmental investment pools, such as LAIF and CalTRUST are made on the basis of one dollar and not fair value. Accordingly, the fair value of the County's proportionate share in these types of investments is an uncategorized input not defined as Level 1, Level 2, or Level 3.

The County's investments by fair value level as of June 30, 2019 include the following (in thousands):

		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	$ 473,771	$ -	$ 473,771	$ -
U.S. Government agency discount notes	59,772	59,772	-	-
Yankee certificate of deposit	710,998	-	710,998	-
Medium term corporate notes	318,873	-	318,873	-
Commercial Paper	809,461	-	809,461	-
Municipal Bonds	61,047	-	61,047	-
Supranational instruments	282,279	-	282,279	-
Total investments subject to fair value hierarchy	2,716,201	59,772	2,656,429	-
Investments not subject to fair value hierarchy:				
CalTRUST	25,015			
LAIF	55,000			
Total investments not subject to fair value hierarchy	80,015			
Total investments in Investment Pool	2,796,216			
Investments outside Investment Pool				
SRP Pension Trust:				
Bond mutual funds	10,073	1,110	8,963	-
Equity mutual funds	16,572	830	15,742	-
Total investments outside investment pool	26,645	1,940	24,705	-
Total investments	$ 2,822,861			

NOTE 3 - PROPERTY TAXES

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Codes and Revenue and Taxation Codes. Property is originally assessed at 100 percent of full cash or market value at the date of transfer or completion of construction pursuant to Article XIII (A) of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. Annual increases are limited to 2 percent of base year values.

The property tax levy to support general operations of various jurisdictions is limited to one percent of full cash value and is distributed in accordance with statutory formulas. Amounts levied each fiscal year to finance the annual requirements of voter approved debt are excluded from this limitation and are calculated and levied each fiscal year. The rates are formally adopted by either the Board or the city councils and, in some instances, the governing board of a special district.

The County is divided into approximately 2,493 tax rate areas, which are unique combinations of various jurisdictions serving a specific geographic area. In fiscal year 2018-19, the rates levied within each tax rate area varied from a low of 1.000000 to a high of 1.495800 per $100 of assessed valuation. Property taxes are levied on both real and personal property. Secured property taxes are levied July 1, and payable in two equal installments: the first is generally due November 1, and delinquent with penalties after December 10; the second is generally due on February 1, and delinquent with penalties after April 10. Unsecured property taxes become delinquent with penalties after August 31. Secured property taxes become a lien on the property on January 1, or the date on which title to the property transfers or improvements to the property are completed. Supplemental property tax assessments/refunds associated with changes in assessed valuations due to transfers of title and completed property improvements are levied in two equal installments and have variable due dates based on the date of title transfer and/or completion of the property improvements.

The County elected the alternative property tax treatment (Teeter Plan) effective July 1, 1993, whereby the County, through the Property Tax Resource Allocation Fund (PTRAF), purchases the current secured unpaid taxes remaining at year-end from participating agencies. In return, the PTRAF records a tax receivable and receives the delinquent secured taxes. The Property Tax Loss Reserve Fund (PTLRF) receives delinquent penalties and redemption interest accruing to delinquent collections related to participating agencies. The participating agencies, including the County, certain special districts, and the school districts, in turn, receive their full tax distribution with no liability for uncollected taxes to the PTRAF. Therefore, for participating agencies, revenue is measurable and available and is recorded in the period the payment of current secured unpaid taxes is received prior to fiscal year-end. The balance in the PTRAF is recorded to the General Fund for financial reporting purposes only as of fiscal year-end.

NOTE 4 - RECEIVABLES

Year-end receivables of the County's major, non-major, and proprietary funds, as well as governmental and business-type activities, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

Governmental Funds	General Fund	Roads	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
Receivables:							
Taxes	$ 13	$ -	$ -	$ -	$ -	$ -	$ 13
Accounts	115,755	3,382	4,293	9,637	15,514	4,078	152,659
Interest	5,594	330	659	861	949	2,408	10,801
Gross Receivables	121,362	3,712	4,952	10,498	16,463	6,486	163,473
Loans and other long-term receivables	24,797	-	543	-	34,659	106	60,105
Total receivables	$ 146,159	$ 3,712	$ 5,495	$ 10,498	$ 51,122	$ 6,592	$ 223,578

Proprietary Funds	Medical Center	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Total Enterprise Funds and Business-type Activities
Receivables:					
Accounts	$ 561,521	$ 341	$ 4,594	$ 5,385	$ 571,841
Interest	-	169	267	241	677
Other	50	-	-	270	320
Gross Receivables	561,571	510	4,861	5,896	572,838
Less: Allow./Uncollectible Acct	(299,948)	(20)	(37)	-	(300,005)
Total Receivables - fund statements	261,623	490	4,824	5,896	272,833
Loans and other long-term receivables	-	-	-	2,368	2,368
Total receivables	$ 261,623	$ 490	$ 4,824	$ 8,264	$ 275,201

The balance of loans and other long-term receivables at year-end for governmental activities includes Short-Doyle Medi-Cal (SDMC) administration and Cost Settlement recoupment of $16,215,000, SB90 revenue of $5,184,000, and $2,551,000, in the Neighborhood Stabilization Program in the General Fund. Non-major governmental funds had long-term receivables related to SDMC administration and Cost Settlement recoupment of $11,090,000, in the Mental Health Service Act Fund, Housing and Urban Development (HUD) and Home Buyers Assistance Program (HOME) loan receivables in the HUD Grants Fund of approximately $14,958,000, and special assessment receivables of $7,955,000, in County Service Area #34 Fund. Proprietary Funds activities include long-term receivables of $2,368,000 for the Parks Department Fund Service Concession Arrangement.

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/ Payables (Short-Term):

The composition of interfund balances as of June 30, 2019, is as follows (in thousands):

Receivable Fund	Payable Fund	Amount	
General Fund			
	Roads Fund	$ 1	
	Watershed Protection District	540	
	Fire Protection District	366	
	Non-major Governmental Funds	5,492	
	Medical Center	954	
	Department of Airports	8	
	Waterworks Districts	66	
	Non-major Enterprise Funds	586	
	Internal Service Funds	622	
			$ 8,635
Roads Fund			
	General Fund	27	
			27
Watershed Protection District			
	General Fund	635	
			635
Fire Protection District			
	General Fund	1,452	
	Internal Service Funds	124	
			1,576
Non-major Governmental Funds			
	General Fund	2,675	
	Non-major Governmental Funds	873	
	Medical Center	101	
	Non-major Enterprise Funds	3	
			3,652
Medical Center			
	General Fund	835	
	Fire Protection District	5	
	Non-major Governmental Fund	161	
	Non-major Enterprise Funds	6	
	Internal Service Funds	23	
			1,030
Department of Airports			
	General Fund	25	
			25
Waterworks Districts			
	General Fund	32	
			32

Receivable Fund	Payable Fund	Amount	
Non-major Enterprise Funds			
	General Fund	$ 43	
			$ 43
Internal Service Funds			
	General Fund	3,162	
	Roads Fund	211	
	Watershed Protection District	79	
	Fire Protection District	185	
	Non-major Governmental Funds	289	
	Medical Center	652	
	Department of Airports	66	
	Non-major Enterprise Funds	152	
	Internal Service Funds	756	
			5,552
Total Due To/Due From			$ 21,207

The balance of $5,492,000 due to the General Fund from Non-major Governmental Funds includes the reimbursement of capital projects expenditures from Public Financing Authority, and a short term cash flow loan to In-Home Supportive Services (IHSS).

The balance of $954,000 due to the General Fund from the Medical Center is primarily administrative expenditures due to the County Executive Office.

The balance of $1,452,000 due to Fire Protection District from the General Fund is primarily the transfer of property tax and Proposition 172 revenue.

The balance of $2,675,000 due to Non-major Governmental Funds from the General Fund is primarily the transfer of 1991 Realignment to IHSS and commissary reimbursements to the Inmate Welfare Fund.

The balance of $835,000 due to the Medical Center from the General Fund is primarily for the Huron contract and Maddy Funds.

The remaining interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include working capital loans that the General Fund expects to collect in the subsequent year.

Advances to/from Other Funds (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Non-major Governmental Fund	$ 35
	Medical Center	125,500
	Waterworks Districts	1,737
	Internal Service Funds	2,439
Total Advances		$ 129,711

The General Fund extends long-term advances, when needed, for cash flow purposes to funds outside the General Fund that receive funding on a reimbursement basis. Repayment is expected when available cash is in excess of that needed for operations.

The General Fund has extended long-term advances, interest free, for cash flow purposes, to:

- Workforce Development Fund (WDD) in the amount of $35,000. WDD receives funding after the expenditures have been incurred. This advance was authorized for up to $35,000.
- Ventura County Medical Center (VCMC) in the amount of $125,500,000. The VCMC cash flow shortage is primarily due to the delayed timing of revenue receipts from the State and Federal governments.

Based on available information, these loans are not expected to be repaid by June 30, 2020.

In FY 2009-10, the General Fund extended a loan in the amount of $1,237,000 to the Waterworks Districts for the Piru Wastewater Treatment Plant (Piru WWTP). In August 2017, the Board approved a restructuring which consolidated the $1,237,000 debt outstanding, along with $500,000 of other short-term borrowing, into one General Fund 10-year loan for up to $2,000,000 payable at the Investment Pool rate with repayment to begin no later than five years of the first loan draw down. The consolidation totaling $1,737,000 occurred in August, 2017.

In May 2017, the Board approved a revolving line of credit for the Transportation Fund not to exceed $3,800,000 for the purpose of replacing Sheriff Office and Probation Department vehicles. The loan was established with interest at the Investment Pool rate and will be repaid over the useful lives of the vehicles, which is typically three to eight years. The first draw down occurred in May 2017, and at June 30, 2019 the balance stands at $2,439,000.

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

Transfers

Transfers are used to move funding for capital projects, lease payments or debt service, subsidies of various County operations, and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity (in thousands):

Transfer From	Transfer To	Amount	Purpose
General Fund	Non-major Governmental Funds	$ 7,880	Transfer funds for scheduled debt service
	Non-major Governmental Funds	6,208	Subsidy for operating expenses
	Non-major Governmental Funds	2,694	Health and welfare realignment
	Medical Center	36,498	Subsidy for operating expenses
	Medical Center	3,409	Tobacco settlement revenues
	Medical Center	69	Reimbursement for capital assets
	Non-major Enterprise Funds	1,954	Subsidy for operating expenses
	Internal Service Funds	814	Subsidy for capital projects
	Internal Service Funds	796	Subsidy for capital asset purchase
	Internal Service Funds	30	Subsidy for operating expenses
		60,352	
Non-major Governmental Funds	General Fund	586	Transfer of HUD and Home grant funding
	General Fund	2	Subsidy for operating expenses
	Non-major Governmental Funds	986	Transfer funds for scheduled debt service
	Non-major Governmental Funds	10	Transfer of endowment interest
	Internal Service Funds	3	Subsidy for operating expenses
	Internal Service Funds	170	Subsidy for capital asset purchase
		1,757	
Waterworks Districts	Internal Service Funds	138	Subsidy for capital asset purchase
		138	
Non-major Enterprise Funds	General Fund	42	Subsidy for capital asset purchase
	General Fund	28	Subsidy for operating expenses
		70	
Internal Service Funds	General Fund	102	Subsidy for operating expenses
	Internal Service Funds	1,250	Subsidy for capital asset purchase
		1,352	
Total		$ 63,669	

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows (in thousands):

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Capital assets, nondepreciable:				
Land	$ 50,898	$ 1,259	$ -	$ 52,157
Easements	200,195	69	-	200,264
Construction in progress	54,952	35,596	16,842	73,706
Total capital assets, nondepreciable	306,045	36,924	16,842	326,127
Capital assets, depreciable/amortizable:				
Land improvements	51,157	518	-	51,675
Structures and improvements	554,051	10,130	-	564,181
Equipment	104,018	12,062	5,180	110,900
Vehicles	107,264	7,649	3,764	111,149
Software	84,479	18,821	6,208	97,092
Infrastructure	579,520	2,056	-	581,576
Total capital assets, depreciable/amortizable	1,480,489	51,236	15,152	1,516,573
Less accumulated depreciation/amortization for:				
Land improvements	9,516	1,602	-	11,118
Structures and improvements	231,086	15,832	-	246,918
Equipment	73,694	6,846	5,007	75,533
Vehicles	57,656	7,850	3,368	62,138
Software	63,875	6,321	6,273	63,923
Infrastructure	136,046	5,879	-	141,925
Total accumulated depreciation/amortization	571,873	44,330	14,648	601,555
Total capital assets, depreciable/amortizable, net	908,616	6,906	504	915,018
Governmental activities capital assets, net	$ 1,214,661	$ 43,830	$ 17,346	$ 1,241,145
Business-type Activities (Enterprise):				
Medical Center:				
Capital assets, nondepreciable:				
Land	$ 2,054	$ -	$ -	$ 2,054
Construction in progress	12,869	889	6,549	7,209
Total capital assets, nondepreciable	14,923	889	6,549	9,263
Capital assets, depreciable/amortizable:				
Land improvements	894	-	871	23
Structures and improvements	461,284	9,591	289	470,586
Equipment	74,439	2,842	159	77,122
Software	45,030	366	11	45,385
Total capital assets, depreciable/amortizable	581,647	12,799	1,330	593,116
Less accumulated depreciation/amortization for:				
Land improvements	894	-	871	23
Structures and improvements	65,545	11,905	289	77,161
Equipment	41,119	6,244	158	47,205
Software	43,711	497	11	44,197
Total accumulated depreciation/amortization	151,269	18,646	1,329	168,586
Total capital assets, depreciable/amortizable, net	430,378	(5,847)	1	424,530
Medical Center capital assets, net	$ 445,301	$ (4,958)	$ 6,550	$ 433,793

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Department of Airports:				
Capital assets, nondepreciable:				
Land	$ 9,362	$ -	$ -	$ 9,362
Easements	849	-	-	849
Construction in progress	1,791	1,048	-	2,839
Total capital assets, nondepreciable	12,002	1,048	-	13,050
Capital assets, depreciable/amortizable:				
Land improvements	50,639	16	-	50,655
Structures and improvements	18,143	-	-	18,143
Equipment	1,163	-	-	1,163
Vehicles	990	-	-	990
Total capital assets, depreciable/amortizable	70,935	16	-	70,951
Less accumulated depreciation/amortization for:				
Land improvements	26,488	2,000	-	28,488
Structures and improvements	14,246	388	-	14,634
Equipment	803	49	-	852
Vehicles	686	64	-	750
Total accumulated depreciation/amortization	42,223	2,501	-	44,724
Total capital assets, depreciable/amortizable, net	28,712	(2,485)	-	26,227
Department of Airports capital assets, net	$ 40,714	$ (1,437)	$ -	$ 39,277
Waterworks Districts:				
Capital assets, nondepreciable:				
Land	$ 2,490	$ -	$ -	$ 2,490
Easements	326	-	-	326
Construction in progress	14,382	909	9,702	5,589
Total capital assets, nondepreciable	17,198	909	9,702	8,405
Capital assets, depreciable/amortizable:				
Land improvements	2,074	-	-	2,074
Structures and improvements	135,817	12,062	15	147,864
Equipment	2,950	21	18	2,953
Vehicles	93	-	-	93
Software	87	-	-	87
Total capital assets, depreciable/amortizable	141,021	12,083	33	153,071
Less accumulated depreciation/amortization for:				
Land improvements	456	44	-	500
Structures and improvements	42,425	2,761	15	45,171
Equipment	1,881	109	14	1,976
Vehicles	88	-	-	88
Software	13	9	-	22
Total accumulated depreciation/amortization	44,863	2,923	29	47,757
Total capital assets, depreciable/amortizable, net	96,158	9,160	4	105,314
Waterworks Districts capital assets, net	$ 113,356	$ 10,069	$ 9,706	$ 113,719

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Non-major Enterprise Funds:				
Capital assets, nondepreciable:				
Land	$ 8,860	$ 192	$ -	$ 9,052
Easements	122	-	-	122
Construction in progress	1,067	603	-	1,670
Total capital assets, nondepreciable	10,049	795	-	10,844
Capital assets, depreciable/amortizable:				
Land improvements	31,242	106	-	31,348
Structures and improvements	37,597	31	-	37,628
Equipment	2,314	162	58	2,418
Software	6,717	31	-	6,748
Total capital assets, depreciable/amortizable	77,870	330	58	78,142
Less accumulated depreciation/amortization for:				
Land improvements	19,638	1,004	-	20,642
Structures and improvements	19,096	829	-	19,925
Equipment	1,807	127	28	1,906
Software	5,386	361	-	5,747
Total accumulated depreciation/amortization	45,927	2,321	28	48,220
Total capital assets, depreciable/amortizable, net	31,943	(1,991)	30	29,922
Non-major Enterprise Funds capital assets, net	$ 41,992	$ (1,196)	$ 30	$ 40,766
Business-type activities capital assets, net	$ 641,363	$ 2,478	$ 16,286	$ 627,555

Depreciation/amortization

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

General government general administration		$ 9,179
Public protection:		
Judicial	$ 700	
Police protection	1,985	
Detention and correction	4,816	
Fire protection	6,146	
Flood control and soil and water conservation	3,994	
Protective inspection	35	
Other	1,640	
Total public protection		19,316
Public ways and facilities		2,215
Health and sanitation services		679
Public assistance		1,139
Education		280
Recreation and cultural services		5
Capital assets held by the internal service funds		11,517
Total depreciation/amortization expense - governmental activities		$ 44,330

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

Medical Center	$	18,646
Department of Airports		2,501
Waterworks Districts		2,923
Parks Department		1,058
Channel Islands Harbor		855
Health Care Plan		372
Oak View District		36
Total depreciation/amortization expense - business-type activities	$	26,391

Construction in Progress and Capital Projects Commitments

Construction in progress for governmental activities represents work being performed on Fire Protection District projects, infrastructure, Watershed Protection District projects, El Rio Sewer project, Information Technology Services Department, and a number of smaller projects. Construction in progress for the business-type activities represents work being performed on the Medical Center and Clinics, Waterworks District projects, Harbor Department projects, and Information Technology projects.

Construction in progress and capital projects commitments as of June 30, 2019, are as follows (in thousands):

	Construction in Progress	Additional Committed Funds
Governmental activities	$ 73,706	$ 59,947
Business-type activities:		
Medical Center	$ 7,209	$ 887
Department of Airports	2,839	-
Waterworks Districts	5,589	-
Parks Department	466	-
Channel Islands Harbor	1,204	-
Total business-type activities	$ 17,307	$ 887

Long-term commitments for infrastructure construction contracts totaled $5,562,248 (principally for road and flood control projects) at June 30, 2019.

NOTE 7 - ACCRUED LIABILITIES

Accrued liabilities at year-end of the County's major, non-major, and internal service funds in the aggregate are as follows (in thousands):

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	$ 27,087	$ -	$ -	$ 5,455	$ 2,232	$ 4,099	$ 38,873
Audit disallowances:							
Mental Health Short Doyle	20,975	-	-	-	-	-	20,975
Other audit disallowances	721	-	-	-	-	-	721
Accrued interest on tax and revenue anticipation notes	3,578	-	-	-	-	-	3,578
Money managed for others by Public Administrator/Public Guardian	4,816	-	-	-	-	-	4,816
Property tax clearing	2,129	-	-	-	-	-	2,129
Public assistance benefits payable	7,878	-	-	-	-	-	7,878
Civil judgments and holdings	731	-	-	-	-	-	731
Seized money pending release	2,480	-	-	-	-	-	2,480
Pay for Success Grant Program	1,488	-	-	-	-	-	1,488
Thomas Fire Debris Removal Program	7,121	-	-	-	-	-	7,121
Clearing and other liabilities	7,307	1,018	1,861	-	270	38	10,494
Total	$ 86,311	$ 1,018	$ 1,861	$ 5,455	$ 2,502	$ 4,137	$ 101,284

Proprietary Funds	Medical Center	Department of Airports	Non-major Enterprise Funds	Total Business-type Activities
Accrued salaries and benefits	$ 7,110	$ 117	$ 640	$ 7,867
Medicare, Medi-Cal, and SB1100 reserves	99,523	-	-	99,523
Clinic liabilities	1,769	-	-	1,769
Clearing and other liabilities	711	-	-	711
Total	$ 109,113	$ 117	$ 640	$ 109,870

NOTE 8 - LEASES

Operating Leases as Lessee

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

Year ending June 30:	Governmental Activities	Business-type Activities
2020	$ 9,095	$ 4,426
2021	8,506	4,373
2022	6,515	4,358
2023	5,546	4,223
2024	5,127	3,208
2025-2029	12,226	3,516
2030-2034	218	-
2035	36	-
Total minimum payments required	$ 47,269	$ 24,104

Rental expense for County-wide operating leases was $31,781,000 for the year ended June 30, 2019.

Operating Leases as Lessor

The Channel Islands Harbor, Parks Department, and Department of Airports Enterprise funds lease properties to others under operating leases with terms of up to 85 years. The following is a summary of future minimum rental revenues on noncancelable leases at June 30, 2019 (in thousands):

Year ending June 30:	Amounts
2020	$ 8,091
2021	7,708
2022	7,537
2023	7,178
2024	6,674
2025-2029	27,408
2030-2034	23,343
2035-2039	19,452
2040-2044	17,552
2045-2049	13,216
2050-2054	9,268
2055-2059	4,801
2060-2064	2,962
2065-2069	2,454
2070-2074	2,454
2075-2079	1,060
2080-2084	1,002
2085-2089	1,002
2090-2094	1,002
2095-2099	1,002
2100-2104	100
Total	$ 165,266

Contingent rental revenues under operating leases are based on percentages of lease sales and totaled approximately $2,111,000 for the year ended June 30, 2019.

Capital Leases
The County has entered into capital lease agreements under which the present value of the minimum lease payments required under the lease is at least 90 percent of the fair value of the assets at the inception of the lease. There were no capital leases in the governmental activities.

The following is a schedule of property leased under capital lease by major class in the business-type activities at June 30, 2019 (in thousands):

	Business-type Activities
Equipment	$ 37,096
Less: Accumulated amortization	(9,965)
Total net of amortization	$ 27,131

As of June 30, 2019, capital lease annual amortization in the business-type activities is as follows (in thousands):

Year ending June 30:	Business-type Activities
2020	$ 7,741
2021	7,739
2022	6,762
2023	1,194
2024	61
Total requirements	23,497
Less: amount representing interest	(979)
Present value of remaining payments	$ 22,518

NOTE 9 - LONG-TERM LIABILITIES

Long-term obligations of the County consist of lease revenue bonds, certificates of participation, revolving credit agreement notes, loans payable, capital leases, compensated absences, and other liabilities. Capitalized lease obligations are described further in Note 8.

Lease revenue bonds (LRBs), certificates of participation (COPs), and revolving credit agreement notes (RCA) are obligations of a joint powers authority, the Ventura County Public Finance Authority (PFA), based on lease agreements and are paid by lease payments from County departments/funds for use of the facilities or equipment constructed or purchased from the debt proceeds.

Changes in long-term obligations for the year ended June 30, 2019, are as follows:

Type of indebtedness/liabilities	Outstanding July 1, 2018	Additions and Transfers	Reductions and Transfers	Outstanding June 30, 2019	Amount Due Within One Year
Governmental Activities:					
Lease Revenue Bonds:					
Governmental Funds	$ 29,843	$ -	$ 4,024	$ 25,819	$ 3,478
Unamortized Premium Governmental Funds	3,504	-	440	3,064	427
Internal Service Funds	5,460	-	946	4,514	975
Unamortized Premium Internal Service Funds	868	-	122	746	122
Total Lease Revenue Bonds	39,675	-	5,532	34,143	5,002
Revolving Credit Agreement Notes from Direct Borrowings:					
Governmental Funds	15,893	8,700	2,140	22,453	3,225
Internal Service Funds	1,990	-	188	1,802	192
Total Revolving Credit Agreement Notes from Direct Borrowings	17,883	8,700	2,328	24,255	3,417
Loans from Direct Borrowings:					
Governmental Funds	8,100	-	291	7,809	296
Total Loans from Direct Borrowings	8,100	-	291	7,809	296
Other Liabilities:					
Compensated Absences Liability	75,745	41,621	41,458	75,908	41,060
Net Pension Liability	619,018	177,919	175,491	621,446	-
Medical Malpractice (General Fund)	670	121	-	791	-
Total Pension Liability (Mgmt. Retiree Health Benefit)	15,079	1,126	1,674	14,531	1,583
Net Other Postemployment Benefits (OPEB) Liability	76,902	9,128	12,752	73,278	-
Total OPEB Liability (Subsidized Retiree Health Plan)	21,584	4,878	1,554	24,908	1,829
Claims Liabilities (General Insurance and Employee Benefit Insurance)	172,268	33,467	31,378	174,357	33,021
Other Long-term Liabilities (Information Technology Services)	-	12,283	-	12,283	381
Total Other Liabilities	981,266	280,543	264,307	997,502	77,874
Total Governmental Activities	$ 1,046,924	$ 289,243	$ 272,458	$ 1,063,709	$ 86,589
Business-type Activities:					
Lease Revenue Bonds	$ 300,722	$ -	$ 6,277	$ 294,445	$ 6,587
Unamortized Premium	31,105	-	1,911	29,194	1,849
Total Lease Revenue Bonds	331,827	-	8,188	323,639	8,436
Certificates of Participation from Direct Placements	2,741	-	70	2,671	72
Revolving Credit Agreement Notes from Direct Borrowings	3,617	-	572	3,045	583
Loans from Direct Borrowings	4,707	-	245	4,462	249
Capital Lease Obligations from Direct Borrowings	29,006	551	7,039	22,518	7,230
Other Liabilities:					
Compensated Absences Liability	9,923	7,682	6,547	11,058	7,074
Net Pension Liability	76,135	28,483	22,621	81,997	-
Medical Malpractice (Medical Center)	2,346	480	-	2,826	-
Claims Liabilities (Health Care Plan)	9,358	67,662	67,833	9,187	9,187
Other Long-term Liabilities	-	605	-	605	202
Total Other Liabilities	97,762	104,912	97,001	105,673	16,463
Total Business-type Activities	$ 469,660	$ 105,463	$ 113,115	$ 462,008	$ 33,033

Lease Revenue Bonds
On March 7, 2013, the PFA issued $302,060,000 of Lease Revenue Bonds (LRBs Series 2013A) used to finance a new replacement wing of the Ventura County Medical Center, and to retire $20,656,000 of tax-exempt commercial paper. The bonds were issued for both governmental and business-type activities. Interest is payable semiannually with remaining coupon rates ranging between 4.00 percent and 5.00 percent. The bonds mature serially each year through November 2043. The LRBs Series 2013A outstanding balance at June 30, 2019 was $272,068,000, excluding unamortized premium.

On December 19, 2013, the PFA issued $34,100,000 of Lease Revenue Bonds (LRBs Series 2013B) used to prefund the 2003 Certificates of Participations and finance the acquisition of an office building located at 1911 Williams Drive, Oxnard, California. The bonds were issued for governmental activities. Interest is payable semiannually with remaining coupon rates ranging between 4.00 percent and 5.00 percent. The bonds mature serially each year through November 2027. The LRBs Series 2013B outstanding balance at June 30, 2019 was $19,315,000, excluding unamortized premium.

On July 6, 2016, PFA issued $40,880,000 of Lease Revenue Refunding Bonds (LRRBs Series 2016A) used to advance refund PFA III COPs. The bonds were issued for both governmental and business-type activities. Interest is payable semiannually with remaining coupon rates ranging between 3.00 percent and 5.00 percent. The bonds mature serially each year through November 2029. The LRRBs Series 2016A outstanding balance at June 30, 2019 was $33,395,000, excluding unamortized premium.

Certificate of Participation from Direct Placements
On December 1, 2013, the PFA entered into a purchase agreement with the Ventura County Waterworks District No. 19 (District) pursuant to which the District sold the Ventura County Waterworks District No. 19 Water Infrastructure Project to the PFA and the PFA entered into an installment sale agreement pursuant to which the PFA agreed to sell the Project to the District in consideration for which the District has agreed to make certain installment payments. The PFA then assigned to the County of Ventura Treasurer-Tax Collector, as Trust Administrator, certain of its rights, title, and interest in and to the installment sale agreement including its right to receive installment payments thereunder.

On January 22, 2014, the United States Department of Agriculture, Rural Development (USDA) agreed to purchase COPs in an aggregate amount not to exceed $5,000,000 evidencing the right to receive installment payments made to the PFA pursuant to the Installment Sale Agreement dated December 1, 2013, between the PFA and the District. As of June 30, 2019, the United States Department of Agriculture, Rural Development had purchased COPs of $2,997,000. The COPs were issued for business-type activities.

The installment sale agreement and trust agreement contain certain covenants of the District including but not limited to (i) maintaining the tax-exempt status of the COPs, (ii) maintaining certain insurance coverage, (iii) payment by the District from net revenue of installment payments, required reserve fund and capital replacement fund deposits; and (iv) not incur parity debt unless the District net revenues exceed 1.20 times the installment payments due in any future fiscal year and the maximum annual debt service of the parity debt. Failure by the District to observe and comply with these provisions could result in an event of default and all outstanding principal and interest of the installment sale agreement to become due and payable. The trust agreement contains a subjective acceleration clause that allows the USDA to require the district to refinance the certificates, in whole or in part, if it appears to USDA that refinancing is available to the district with reasonable rates and terms.

Interest is payable semiannually at 3.375 percent. The certificates mature serially each year through December 2043. The COPs outstanding balance at June 30, 2019 was $2,671,000. Provisions of the COPs limit annual debt service payments to net revenues of the District.

Revolving Credit Agreement Notes from Direct Borrowing

On February 22, 2018, PFA entered into a revolving credit agreement with Wells Fargo Bank, National Association to issue up to $51,000,000 of RCA and issued $23,400,000 to currently refund all outstanding and maturing tax-exempt commercial paper related to governmental and business-type activities. The County may issue additional notes, such that the aggregate principal amount of the notes does not exceed $51,000,000, for acquisition of or improvements of capital projects. In fiscal year 2019, an additional $8,700,000 of RCA was issued and used to fund governmental activities related to an upgrade of the Ventura County Human Resources / Payroll System, and the development of the Property Tax Assessment and Collection System software.

The revolving credit agreement contains certain covenants of the County including but not limited to providing annual audited financial statements of the County and the current budget for the County which includes sufficient appropriations for the lease payments, maintaining certain insurance coverage on the properties included under the lease, providing notifications of any new significant debt issued by the County, and notification of any material events that could impact the ability of the County to perform its obligations under the agreement. Failure of the County to comply with the debt covenants could result in an event of default and all principal and accrued interest becoming immediately due and payable.

The RCAs have a variable interest rate calculated monthly as 80 percent of Libor index plus a spread, currently 0.32 percent based on the County's then current credit rating. The RCA outstanding balance at June 30, 2019 was $27,300,000 with a current interest rate of 2.272 percent and an unused balance of $23,700,000. The notes mature February 19, 2021 with interest payable monthly. The maturity date and any extended maturity date of the notes may be extended by mutual agreement of the County and lender. The intent is to extend the maturity date of the notes.

Loans from Direct Borrowings

On March 21, 2003, the County and the California State Water Resources Control Board (SWRCB) entered a direct borrowing project finance agreement that funded $1,363,000 for an upgrade to the Camarillo Airport Wastewater Collection System. The financing agreement was issued for business-type activities. The district has pledged net revenues to repay the financing agreement. Principal and interest at 2.40 percent are payable annually through June 2023 and are payable solely from the net revenues of the Camarillo Utility Enterprise Sanitation fund. The total principal and interest remaining to be paid on the finance agreement at June 30, 2019 was $343,000, including a $332,000 principal balance. Principal and interest paid for the current year and total district net revenues were $88,000 and $22,000 respectively. Available prior year net revenues from the district fund balance was used to cover the difference between current year net revenues and principal and interest paid in the current year.

On June 9, 2008, the County and the SWRCB entered a direct borrowing project finance agreement, subsequently amended, that funded $6,599,000 towards phase 5A of the El Rio Sewer System project. The financing agreement was issued for governmental activities. The purchase agreement contains a covenant to establish a connection fee reserve fund and pledges all service connection fees collected by the County Service Area 34 be deposited in the reserve fund to be used to pay the financing agreement installment payments, with excess moneys held in the reserve to pay future installments. Principal and interest at 2.60 percent are payable annually through June 2040 and are payable from the reserve fund. The total principal and interest remaining to be paid on the finance agreement at June 30, 2019 is $6,797,000, including a $5,189,000 principal balance. Principal and interest paid for the current year and service connection fees were $324,000 and $429,000 respectively. The reserve fund balance for future installment payments of the finance agreement at June 30, 2019 was $1,400,000.

On June 3, 2009, the County of Ventura Waterworks District 16 and the SWRCB entered a direct borrowing project finance agreement that funded $5,399,000 towards an upgrade and expansion of the Piru wastewater treatment plant. The loan was issued for business type-type activities. The District has pledged net revenues to repay the financing agreement. Principal and interest at 1.00 percent are payable annually through July 2040 and are payable solely from the District’s net revenues. The total principal and interest remaining to be paid on the finance agreement at June 30, 2019 was $4,621,000, including a $4,130,000 principal balance. Principal and interest paid for the current year and total district net revenues were $210,000 and $704,000 respectively.

On September 30, 2009, the County and the SWRCB entered a direct borrowing project finance agreement, subsequently amended, that funded $3,463,000 towards phases 5B, 5C and 5D of the El Rio Sewer System project. The loan was issued for governmental activities. The County Service Area 34 (CSA 34) has pledged net revenues to repay the financing agreement. Principal and interest at 1.0 percent are payable annually through June 2041 and are payable solely from the CSA 34’s net revenues. The total principal and interest remaining to be paid on the finance agreement at June 30, 2019 was $2,933,000, including a $2,620,000 principal balance. Principal and interest paid for the current year and total net revenues were $133,000 and $246,000 respectively. The purchase agreement also contains a provision that requires the County to maintain a reserve fund equal to one year’s debt service for the term of the financing. The reserve balance at June 30, 2019 was $133,000.

Debt service requirements at June 30, 2019 are as follows:

Governmental Activities

Year Ending June 30:	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Revolving Credit Agreement Notes from Direct Borrowings Principal	Revolving Credit Agreement Notes from Direct Borrowings Interest	Loans from Direct Borrowings Principal	Loans from Direct Borrowings Interest
2020	$ 4,453	$ 1,381	$ 3,417	$ 551	$ 296	$ 161
2021	3,580	1,180	20,838	304	300	155
2022	3,514	1,003	-	-	308	149
2023	3,576	826	-	-	314	143
2024	3,733	643	-	-	321	136
2025-2029	11,477	988	-	-	1,705	580
2030-2034	-	-	-	-	1,889	396
2035-2039	-	-	-	-	2,097	189
2040-2044	-	-	-	-	579	12
Total requirements	30,333	$ 6,021	$ 24,255	$ 855	$ 7,809	$ 1,921
Unamortized bond premium	3,810					
Total	$ 34,143					

Business-Type Activities

Year Ending June 30:	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Certificates of Participation from Direct Placement Principal	Certificates of Participation from Direct Placement Interest	Revolving Credit Agreement Notes from Direct Borrowings Principal	Revolving Credit Agreement Notes from Direct Borrowings Interest	Loans from Direct Borrowings Principal	Loans from Direct Borrowings Interest
2020	$ 6,587	$ 13,841	$ 72	$ 89	$ 583	$ 69	$ 249	$ 46
2021	6,975	13,502	74	86	2,462	36	252	43
2022	7,571	13,138	77	84	-	-	256	40
2023	8,074	12,747	79	81	-	-	260	37
2024	8,502	12,333	82	79	-	-	175	34
2025-2029	53,371	54,305	455	349	-	-	906	145
2030-2034	54,815	41,146	536	265	-	-	950	100
2035-2039	65,530	27,122	632	168	-	-	1,000	50
2040-2044	83,020	9,634	664	51	-	-	414	7
Total requirements	294,445	$ 197,768	$ 2,671	$ 1,252	$ 3,045	$ 105	$ 4,462	$ 502
Unamortized bond premium	29,194							
Total	$ 323,639							

Other Liabilities

Other liabilities include compensated absences, the net pension liability, the liability for medical malpractice insurance claims incurred but not reported (tail coverage) for General Fund health departments and the Medical Center, the total pension liability relating to the Management Retiree Health Benefit, the net other postemployment benefits (OPEB) obligation, the total OPEB liability for the subsidized retiree health plan, claims liabilities relating to the self-insurance of certain risks in the General Insurance and Employee Benefit Insurance Internal Service Funds, and the Health Care Plan. Governmental activities other liabilities are typically liquidated in the General Fund, and certain special revenue funds and internal service funds.

Legal Debt Limit

The County's legal annual debt limit as of June 30, 2019, is approximately $1,738,637,000. The County's legal debt limit is set by statute at 1.25 percent of total assessed valuation. The general obligation bonded debt per capita is $0.00.

Prior Year Defeasance of Long-Term Debt

On July 6, 2016, the County defeased the 2009 Certificates of Participation (2009 COPs) by placing proceeds of the refunding bonds along with the monies from the original issue in an irrevocable trust to provide for all future debt service payments on the 2009 COPs. Accordingly, the trust account assets and the liabilities for the defeased obligations are not included in the County's financial statements. At June 30, 2019, $43,360,000 of the 2009 COPs were defeased and remain outstanding.

Arbitrage

The Internal Revenue Code of 1986, Sections 103 and 141 through 150, restricts the amount of interest earnings an issuer of tax-exempt issuances can earn on the proceeds. The interest earnings rate cannot exceed the yield on the tax-exempt debt.

Management believes that as of June 30, 2019, there is no arbitrage liability. The activities of tax-exempt debt issues will continue to be monitored and appropriate analysis made to determine any future obligations.

NOTE 10 - SERVICE CONCESSION ARRANGEMENTS (SCA)

The County has determined that the following arrangements meet the criteria set forth in GASB Statement No. 60 (GASB 60), where the County is the transferor and therefore included these SCA's in the County's financial statements.

Rustic Canyon Golf Course
Effective May 1, 2001, the County entered into a 50-year lease agreement (having options for two successive 10-year extensions) with Happy Camp Canyon, LLC (Happy Camp), under which Happy Camp will develop, operate, and maintain a regulation, high quality, fully public 18-hole golf course, clubhouse, pro shop, food and beverage facility, cart storage structure(s), maintenance equipment storage structure(s), and supporting infrastructures. Happy Camp will invest a minimum of $5,000,000 in real property improvements. Rates and charges to patrons shall be reasonable, competitive, and comparable to rates and charges at other comparable public golf courses in Ventura and Los Angeles Counties. The County has approval rights over the rules and regulations schedule, the operating schedule, and the prices. The agreement provides for base minimum rents which are considered installment payments under GASB 60 and percentage rents which are not. Minimum base rent terms are: Year 1, $60,000; Year 2, $130,000; Years 3-5, $250,000 (less $125,000 water credit); and Years 6-50, minimum annual rent is adjusted every 5 years to an amount equal to 80 percent of the average of the total yearly rent (minimum rent and percentage rent) for the previous 5 years, provided it shall not be less than $250,000 per year adjusted by the Consumer Price Index; less $125,000 water credit. It is reasonable to assume that those conditions will be met during the term of the agreement, therefore reductions to the base minimum rent installment payments have been made accordingly. At the end of the lease, all lessee owned improvements, except personal property, shall remain on the property and thereafter be owned by the County.

Steckel Park – Ventura Ranch KOA
Effective October 1, 2009, the County entered into a 14-year, 9 month lease agreement with Ventura Ranch Resort, LLC (Ventura Ranch KOA) (having one option for an additional 15 years, and two additional 10-year options, each contingent on the lessee's completion of additional capital improvements), under which Ventura Ranch KOA will improve, operate, and maintain the Steckel Recreation Vehicle Campground. The first investment commitment of $1,000,000, which triggers GASB 60, will extend the lease term of 15 years to June 30, 2039, and is presumed to be exercised. Ventura Ranch KOA may use a rate management system that is commonly accepted and applies hospitality industry experience and practices and accounts for market conditions, capital expenditure, available amenities, and level of service. The County has approval rights over the rules and regulations schedule and the operating schedule. The agreement provides for base minimum rents which are considered installment payments under GASB 60 and percentage rents which are not. Minimum base rent terms are: Years 1-5, $45,000, and Years 6 through the end of the term, minimum annual rent is adjusted every 5 years to an amount equal to 80 percent of the average of the total yearly rent (minimum rent and percentage rent) for the previous 5 years. At the end of the lease, all lessee owned improvements, except personal property, shall remain on the property and thereafter be owned by the County.

In December 2017, Ventura County experienced the devastating Thomas Fire. The fire began adjacent to the Ventura Ranch KOA Resort which suffered severe damage and loss of assets resulting in the disposition and impairment of assets valued at $809,018. These losses were recognized as a reduction to the General Services Agency Parks Department capital assets for this location in fiscal year 2017-18. Additionally, lease rent was only partially paid for fiscal years 2017-18 and 2018-19 while a partial rent abatement is under consideration. This triggered a reassessment of the deferred inflow of resources and net present value of the installment payments over the life of the agreement. These adjustments were recognized in fiscal years 2017-18 and 2018-19.

Capital asset balances and related accumulated depreciation for each SCA for the year ended June 30, 2019 are as follows (in thousands):

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
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	6,322	-	-	6,322
Structures and improvements	862	57	-	919
Total accumulated depreciation/amortization	7,184	57	-	7,241
Total capital assets, depreciable/amortizable, net	861	(57)	-	804
Steckel Park - Ventura Ranch KOA:				
Capital assets, depreciable/amortizable:				
Land improvements	663	-	-	663
Structures and improvements	337	-	-	337
Total capital assets, depreciable/amortizable	1,000	-	-	1,000
Less accumulated depreciation/amortization for:				
Land improvements	319	41	-	360
Structures and improvements	205	20	-	225
Total accumulated depreciation/amortization	524	61	-	585
Total capital assets, depreciable/amortizable, net	476	(61)	-	415
SCA capital assets, net	$ 1,337	$ (118)	$ -	$ 1,219

The deferred inflows of resources activity for each SCA for the year ended June 30, 2019 are as follows (in thousands):

	Balance July 1, 2018	Additions	Deletions/ Amortization	Balance June 30, 2019
Present Value of Installment Payments (1)				
Rustic Canyon Golf Course	$ 2,445	$ -	$ 199	$ 2,246
Steckel Park - Ventura Ranch KOA	433	-	42	391
Sub-total Present Value of Installment Payments	2,878	-	241	2,637
SCA Capital Assets (2)				
Rustic Canyon Golf Course	5,521	-	168	5,353
Steckel Park - Ventura Ranch KOA	744	-	35	709
Sub-total SCA Capital Assets	6,265	-	203	6,062
Total deferred inflows	$ 9,143	$ -	$ 444	$ 8,699

(1) The installment payments' present values are calculated using a discount rate of 8.39 percent for Ventura Ranch KOA and 7.80 percent for Rustic Canyon Golf Course, with deferred inflows recognized in accordance with the amortization schedules.

(2) Amortization calculated using straight-line method for the term of agreement for each SCA.

NOTE 11 - NET POSITION/FUND BALANCES

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- *Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation, the outstanding balances of debt, and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted* – This category reflects the component of net position that is subject to constraints either by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2019, restricted net position for governmental activities totaled $401,890,000, of which $381,176,000, was restricted by enabling legislation.
- *Unrestricted* – This category represents the net position of the County not restricted for any project or other purpose. Outstanding liabilities and deferred inflows of resources that are attributable to this component reduce the balance of this category.

Fund Statement - Fund Balances

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Nonspendable fund balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories or prepaid amounts, and may also include the long-term receivables.

Restricted fund balance - includes amounts with constraints on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – includes amounts that can only be used for the specific purposes determined by the highest form of decision-making authority, an Ordinance, of the highest level of decision-making authority, the County Board of Supervisors (Board). Commitments may be changed only by the County taking the same formal action, amending or repealing the ordinance that originally imposed the constraint.

Assigned fund balance – includes amounts that are constrained by the County’s intent to be used for specific purposes. The intent can be expressed by either the highest level of decision making, the Board, or by a body or an official to which the Board has delegated the authority. The Board establishes and modifies assignments of fund balance through the adoption of the budget and subsequent budget amendments.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes.

At June 30, 2019, 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	$ 868	$ -	$ -	$ 1,649	$ 62	$ 2,579
Long term loans and notes receivable	129,711	-	-	-	-	129,711
Permanent fund principal	-	-	-	-	1,133	1,133
Total Nonspendable	130,579	-	-	1,649	1,195	133,423
Restricted for:						
Teeter tax loss reserve	8,283	-	-	-	-	8,283
Law enforcement programs and capital projects	53,307	-	-	-	2,915	56,222
District attorney programs and services	9,133	-	-	-	-	9,133
Automation improvements	16,065	-	-	-	-	16,065
Health care programs	7,461	-	-	-	-	7,461
Behavioral health programs	17,754	-	-	-	-	17,754
Public assistance programs	26,986	-	-	-	249	27,235
Roads administration, maintenance, and projects	-	19,813	-	-	-	19,813
Watershed protection	-	-	70,991	-	-	70,991
Fire protection	-	-	-	88,706	-	88,706
County service areas	-	-	-	-	4,046	4,046
Mental Health Services Act (MHSA)	-	-	-	-	49,659	49,659
MHSA prudent reserve	-	-	-	-	8,571	8,571
Special assessment debt	-	-	-	-	1,525	1,525
Education	-	-	-	-	1,420	1,420
Recreation	-	-	-	-	71	71
Debt service	-	-	-	-	3,594	3,594
Capital projects	-	-	-	-	4,490	4,490
Other governmental purposes	2,720	-	-	-	-	2,720
Total Restricted	141,709	19,813	70,991	88,706	76,540	397,759
Committed to:						
Waste management	5,973	-	-	-	-	5,973
Roads administration, maintenance, and projects	-	329	-	-	-	329
Traffic impact mitigation fees	-	16,571	-	-	-	16,571
Watershed protection	-	-	381	-	-	381
Facility ordinance fees	-	-	-	4,982	-	4,982
Capital projects	-	-	-	-	153	153
County service areas	-	-	-	-	3,349	3,349
Education	-	-	-	-	196	196
Other governmental purposes	127	-	-	-	-	127
Total Committed	6,100	16,900	381	4,982	3,698	32,061
Assigned to:						
Purchase contracts	30,172	-	-	-	-	30,172
Fixed asset acquisitions	4,985	-	-	-	-	4,985
Stormwater management	2,266	-	-	-	-	2,266
Public assistance programs	222	-	-	-	-	222
Attrition and program mitigation	72,606	-	-	-	-	72,606
Audit disallowances	1,000	-	-	-	-	1,000
Law enforcement programs	1,398	-	-	-	-	1,398
Roads administration, maintenance, and projects	-	1,236	-	-	-	1,236
Watershed protection	-	-	1,451	-	-	1,451
County service areas	-	-	-	-	101	101
Education	-	-	-	-	3,900	3,900
Other governmental purposes	877	-	-	-	-	877
Total Assigned	113,526	1,236	1,451	-	4,001	120,214
Unassigned	100,899	-	-	-	-	100,899
Total fund balances	$ 492,813	$ 37,949	$ 72,823	$ 95,337	$ 85,434	$ 784,356

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 12 - MEDICARE AND MEDI-CAL PROGRAMS

The Medical Center provides services to eligible patients under Medi-Cal and Medicare programs. For the fiscal year ended June 30, 2019, the Medi-Cal and Medicare programs represented approximately 68 percent of the Medical Center's net revenue.

Medi-Cal inpatient services are reimbursed through the guidelines and methodology covered under California's Medi-Cal 2020 Waiver. The interim hospital per diem rates were computed based on the hospital's cost report data, supplemental worksheets, and supporting documentation that were designed by the Department of Health Care Services and are subject to reconciliation based on the filed and reconciled Medi-Cal 2552-96 cost report. Medi-Cal outpatient services are reimbursed under a schedule of maximum allowances and additional supplemental funding through AB915 for uncompensated costs. Outpatient services at the Federally Qualified Health Centers clinics are reimbursed based on a Medi-Cal Prospective Payment System (PPS) rate. Medical Managed Care (Gold Coast Health Plan) inpatient services are reimbursed at per diem rates, outpatient primary care services are reimbursed on a capitated basis, and outpatient specialty services are reimbursed based on the Medi-Cal fee schedule.

Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Medicare outpatient services and certain defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2016 for Medicare and June 30, 2017 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amounts can be determined.

In addition, for the Medicare and Medi-Cal programs, the Medical Center has established liability reserves in the aggregate amount of $99,523,000, for settlement included in the line item "Accrued Liabilities" for cost report settlement reserves covering the period from fiscal year 2005-06 through fiscal year 2018-19. In accordance with the California Medi-Cal 2020 Waiver, the Medical Center receives an interim per diem payment in Medi-Cal revenue under Fee-for-Service program (FFS), Public Hospital Redesign and Incentive in Medi-Cal program (PRIME) a Medi-Cal incentive program aimed for improvement activities for specific delivery system for the hospitals, and a Global Payment Program (GPP) to provide support for the delivery of more cost effective and higher value care for indigent, uninsured individuals. In addition, it also includes a Whole Person Care Pilot (WPC), a competitive grant awarded to the Medical Center effective 2016 to improve and coordinate care for health, behavioral health, and social services, for the high risk population through more efficient and effective use of resources. For the fiscal year ended June 30, 2019, the Medical Center has recorded $44,748,000 of PRIME revenue, $18,705,000 of GPP revenue, and $7,131,000 of WPC revenue. Medicare revenue represented 16 percent and Medi-Cal revenue represented 52 percent of the net revenue.

NOTE 13 - PENSION PLANS

Ventura County participates in the VCERA and SRP which are subject to GASB Statement No. 68. Ventura County also participates in Management Retiree Health Benefits Program which is subject to GASB Statement No. 73. A summary of the pension amounts for the County's plans at June 30, 2019 is as follows (in thousands):

	VCERA	SRP	Management Retiree Health Benefits Program	Total
Total pension liability	$ 5,890,602	$ 31,518	$ 14,531	$ 5,936,651
Net pension assets	5,192,530	26,147	-	5,218,677
Net pension liability	698,072	5,371	14,531	717,974
Deferred outflows related to pensions	367,586	1,483	2,007	371,076
Deferred inflows related to pensions	116,436	-	115	116,551
Pension expense	119,226	1,823	1,744	122,793

VCERA

Plan Description

The County has a contributory defined benefit plan (Plan) established pursuant to Government Code Sections 31450 through 31899 and administered by the VCERA. VCERA operates a cost-sharing, multiple-employer system with substantially all member employers included in the County's governmental reporting entity. Covered employees include those from Courts, Air Pollution Control District and other smaller special districts. Membership in the VCERA is mandatory for permanent employees who work a regular schedule of 64 hours or more per biweekly pay period.

VCERA is governed by the Board of Retirement. The Plan's benefit provisions and contribution requirements are established and may be amended by state law and resolutions and ordinances adopted by the Board of Retirement and Board of Supervisors. VCERA issues an independently audited Comprehensive Annual Financial Report. A copy of this report can be obtained by contacting the Retirement Association at 1190 South Victoria Avenue, Suite 200, Ventura, CA, 93003.

Plan members are classified as either General or Safety. Safety membership includes those involved in active law enforcement, fire suppression, and probation. Members are classified in tiers as follows:

Closed to New Enrollment:	
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 Benefit*s

VCERA provides retirement, disability, death, and survivor benefits to its members and qualified beneficiaries. A General or Safety member with 10 or more years of County service is entitled to an annual retirement allowance beginning at age 50. General members with 30 or more years of service and Safety members with 20 or more years of service may begin receiving a retirement allowance regardless of age. PEPRA members are eligible to retire with 5 or more years of service beginning at age 52 for general members and at age 50 for safety members. The basic retirement allowance is based upon the member's age, years of retirement service credit, and final average compensation. The tiers and benefit formulas are as follows:

Tier:	Benefit Formula
General Tier 1	2% @ 58.5
General Tier 2	2% @ 61
Safety Tier 1	2% @ 50
PEPRA General	2.5% @ 67
PEPRA Safety	2.7% @ 57

Employees terminating before accruing 5 years of retirement service credit (5-year vesting) forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning 5 years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. In addition, certain death, disability, and supplemental benefits are provided to eligible employees. Cost of living adjustments of up to three percent per annum are made for all Safety and Tier 1 employees. Certain General Tier 2 members also receive a fixed two percent cost of living adjustment on eligible SEIU service.

Contributions

The County of Ventura and contracting districts contribute to VCERA based upon actuarially determined contribution rates adopted by the Board of Retirement. Members are required to make contributions to VCERA regardless of the retirement plan or tier in which they are included. Employer contribution rates are adopted annually based upon recommendations received from VCERA's actuary after the completion of the annual actuarial valuation. Employer contributions to VCERA from the County were $191,788,000 for the year ended June 30, 2019. Contribution rates, based on pensionable payroll, are as follows:

	Employer Contribution Rates	Employee Contribution Rates
General Tier 1	24.70%	10.33%
General PEPRA Tier 1	N/A	N/A
General Tier 2	16.09%	7.03%
General PEPRA Tier 2	16.12%	7.06%
General Tier 2C*	20.84%	9.66%
General PEPRA Tier 2C*	20.83%	9.69%
Safety	54.60%	13.94%
Safety PEPRA	52.19%	14.09%

*2C (with COLA)

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

At June 30, 2019, the County reported a liability of $698,072,000 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2018. The Plan's fiduciary net position was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from the actuarial valuation as of June 30, 2017. The County's proportion of the NPL was based on the ratio of the County's compensation by tier to the total compensation for the tier. This ratio was then applied to the NPL for the tier. The County's NPL is the sum of the NPL for each tier. At June 30, 2018, the County's proportion was 96.221 percent, which was a decrease of 0.557 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of $119,226,000. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in TPL	$ 20,896	$ 73,874
Changes in assumptions	153,628	-
Net excess of projected over actual earnings on Pension Plan investments	-	39,574
Changes in proportion and differences between County Contributions and proportionate share of contributions	1,274	2,988
County contributions subsequent to the measurement date	191,788	-
Total	$ 367,586	$ 116,436

$191,788,000 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30,	Amount
2020	$ 75,833
2021	11,649
2022	(48,513)
2023	7,598
2024	12,795
Total	$ 59,362

Actuarial Assumptions

The TPL was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

	Assumptions
• Rate of return on investment	7.25%
• Projected salary increases	3.75% - 11.75%
Amount attributable to inflation	2.75%
Amount attributable to merit and longevity	0.50% - 8.50%
Amount attributable to real "across the board"	0.50%
• Annual cost of living increases after retirement (Tier 1 and Safety members - contingent upon CPI increases, 3% maximum. Tier 2 SEIU members - fixed 2% not subject to CPI increases, for service after March 2003.)	0.00% - 3.00%
• Mortality	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table

The actuarial assumptions used in the June 30, 2017 valuation, were updated as of the measurement date and rolled forward to June 30, 2018, based on the results of the July 1, 2014 through June 30, 2017 Actuarial Experience Study report dated May 24, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	27.04 %	5.32 %
Small Cap U.S. Equity	4.48 %	6.07 %
Developed International Equity	17.32 %	6.68 %
Emerging Market Equity	4.16 %	8.87 %
Core Bonds	9.00 %	1.04 %
Real Estate	8.00 %	4.65 %
Master Limited Partnerships	4.00 %	6.31 %
Absolute Return (Fixed Income)	7.00 %	1.71 %
Private Debt/Credit Strategies	3.00 %	5.50 %
Absolute Return (Risk Parity)	6.00 %	4.63 %
Private Equity	10.00 %	8.97 %
Total	100.00 %	

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, VCERA's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to changes in the discount rate

The following table presents the County's proportionate share of the NPL calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate (in thousands):

	1% Decrease (6.25 %)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability	$ 1,505,244	$ 698,072	$ 32,750

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued VCERA financial report.

Supplemental Retirement Plan

Plan Description

The SRP is a single-employer contributory defined benefit pension plan governed by the Board of Supervisors and provisions of Internal Revenue Code Section 401. The SRP was adopted on January 1, 1992, and amended on the following dates: August 31, 1993, December 1, 2000, June 8, 2004, May 17, 2005, July 10, 2007, December 14, 2010, and May 15, 2012. The County Board of Supervisors governs the plan and has the authority to amend the benefit provisions and contribution requirements of the SRP. There is no separate report issued by the plan. SRP is comprised of three parts as follows:

- Part B - Safe Harbor. This plan was adopted on January 1, 1992, and provides benefits to County employees whose employment with the County does not otherwise entitle them to retirement benefits under the County's 1937 Act Retirement Plan or the Social Security Act and is in compliance with the Omnibus Budget Reconciliation Act of 1990. Eligible employees are vested upon enrollment.
- Part C - Early Retirement Incentive. This plan was adopted effective on January 1, 1992, and provides early retirement benefits to County employees pursuant to periodic early retirement incentive programs adopted by the County and is a tax qualified pension plan under Internal Revenue Code Section 401(a).
- Part D - Elected Department Head. This plan was adopted by the Board of Supervisors effective on December 1, 2000, and provides a supplemental retirement benefit to the County's elected department heads for retirement parity with appointed agency/department heads. The plan was amended on June 8, 2004, limiting eligible participants to those employees in an elected department head position between December 1, 2000, and June 8, 2004.

The following disclosures are related to the plan reporting requirements of GASB Statement No. 67, and use a measurement date of June 30, 2019:

Plan Membership
Plan participants at June 30, 2019, were as follows:

Participant Classification	Number of Participants
Retirees and beneficiaries currently receiving benefits:	
Supplemental retirement participants (Safe Harbor)	494
Early retirement participants (Early Retirement Incentive Plan)	27
Elected department head participants	7
Current employee participants:	
Supplemental retirement participants (Safe Harbor)	413
Elected department head participants	2
Terminated participants not yet receiving benefits:	
Supplemental retirement participants (Safe Harbor)	10,451
Total	11,394

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, 2019, was $1,183,000, or 10.33 percent for Part B, $66,000 for Part C, and $129,000 for Part D.

Investment Policy
The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Board of Supervisors by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that emphasizes safety, diversification and yield and follows the "prudent investor rule". Fair value calculations are based on market values provided by the Plan's investment custodian. The following was the Board's adopted asset allocation policy as of June 30, 2019:

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

As of June 30, 2019, 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	11 %
Wells Fargo/Blackrock Large Cap Value Index CIT F	16 %
Wells Fargo/Blackrock Large Cap Growth Index CIT F	16 %
Wells Fargo/Blackrock U.S. Aggregate Bond Index CIT F	11 %
Wells Fargo/Blackrock International Equity Index CIT F	12 %
Wells Fargo/Blackrock S&P Mid Cap Index CIT F	7 %
Wells Fargo/Dodge & Cox Intermediate Bond CIT F	10 %

Rate of Return
For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.11 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability
The components of the NPL at June 30, 2019, were as follows (in thousands):

Total pension liability	$ 32,023
Plan fiduciary net position	(27,838)
County's net pension liability	$ 4,185
Plan fiduciary net position as a percentage of the total pension liability	86.9 %

The actuarial liabilities and assets are valued as of June 30, 2019.

Actuarial Assumptions

The TPL was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

	Assumptions
• Actuarial cost method	Entry age normal for Parts B and D, not applicable for Part C
• Amortization method	Level Dollar
• Remaining amortization period	6-15 years for Part B, 1 year for Part C, 6 years for Part D, closed
• Rate of return on investment	7.25% net of expense
• Payroll Growth	3.00% for Part B and D, not applicable for Part C
• Projected salary increases	4.00% for Part B and D; not applicable for Part C
Amount attributable to inflation	2.75% for Parts B , C and D
• Annual cost of living increases after retirement	3.00% for Part D; none for Parts B and C
• Mortality	Headcount-Weighted RP-2014 Employee Mortality Table for Parts B & D and Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table for Parts B, C and D

An experience study has not been conducted for the SRP. However, the County participates in VCERA and utilizes the assumptions used by VCERA where appropriate and reasonable. The VCERA experience study used was conducted in 2018 for the period of July 1, 2014 through June 30, 2017. Based on the experience study, the assumption used in the actuarial valuation changed from Level Percentage of Pay to Level Dollar for the amortization method.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00 %	5.30 %
Fixed income	39.00 %	0.70 %
Cash	1.00 %	- %
Total	100.00 %	

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with the SRP Funding Policy. Based on that assumption, the pension plan's fiduciary net position was projected to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, the 7.25 percent assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity of the Net Pension Liability to changes in the discount rate
The following table presents the NPL of the Plan, calculated using the discount rate of 7.25 percent, as well as what the Plan's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate (in thousands):

	1% Decrease (6.25 %)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Plan's net pension liability	$ 9,066	$ 4,185	$ 310

The following disclosures are related to the employer reporting requirements of GASB Statement No. 68, and use a measurement date of June 30, 2018:

Employees covered by benefit terms
Plan participants at June 30, 2018, were as follows:

Participant Classification	Number of Participants
Retirees and beneficiaries currently receiving benefits:	
Supplemental retirement participants (Safe Harbor)	458
Early retirement participants (Early Retirement Incentive Plan)	29
Elected department head participants	7
Current employee participants:	
Supplemental retirement participants (Safe Harbor)	506
Elected department head participants	2
Terminated participants not yet receiving benefits:	
Supplemental retirement participants (Safe Harbor)	10,223
Total	11,225

Contributions
The required contributions were determined as part of the June 30, 2018 actuarial valuation. The actuarially determined contributions for the fiscal year ending June 30, 2018, were $1,279,000 for the employer and $381,000 for employees for Part B, $63,000 for Part C, and $155,000 for Part D.

Net Pension Liability
The County's NPL was measured as of June 30, 2018, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions
The TPL was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

	Assumptions
• Actuarial cost method	Entry age normal for Parts B and D, not applicable for Part C
• Amortization method	Level Dollar
• Remaining amortization period	7-15 years for Part B, 2 years for Part C, 7 years for Part D, closed
• Rate of return on investment	7.25% net of expense
• Payroll Growth	3.00% for Parts B and D, not applicable for Part C
• Projected salary increases	4.00% for Parts B and D; not applicable for Part C
Amount attributable to inflation	2.75% for Parts B , C and D
• Annual cost of living increases after retirement	3.00% for Part D; none for Parts B and C
• Mortality	Headcount-Weighted RP-2014 Employee Mortality Table for Parts B & D and Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table for Parts B, C and D

An experience study has not been conducted for the SRP. However, the County participates in VCERA and utilizes the assumptions used by VCERA where appropriate and reasonable. The VCERA experience study used was conducted in 2018 for the period of July 1, 2014 through June 30, 2017. Based on the experience study, the assumption used in the actuarial valuation changed from 7.50 percent to 7.25 percent for the discount rate and from 3.00 percent to 2.75 percent for the inflation rate. Also changed is the mortality table used which changed from the RP-2000 Combined Healthy Mortality Table to the Headcount-Weighted RP-2014 Employee Mortality Table for early retirement and Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table for post-retirement.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00 %	5.30 %
Fixed income	39.00 %	0.70 %
Cash	1.00 %	- %
Total	100.00 %	

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with the SRP Funding Policy. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2018			
for measurement date of June 30, 2017	$ 28,990	$ 24,031	$ 4,959
Changes for the year:			
Service Cost	644	-	644
Interest	2,130	-	2,130
Difference between expected and actual experience	(480)	-	(480)
Changes of assumptions	1,415	-	1,415
Contributions - employer	-	1,497	(1,497)
Contributions - employee	-	381	(381)
Net investment income	-	1,751	(1,751)
Benefit payments, including refunds of employee contributions	(1,181)	(1,181)	-
Administrative expense	-	(332)	332
Net changes	2,528	2,116	412
Balances at June 30, 2019			
for measurement date of June 30, 2018	$ 31,518	$ 26,147	$ 5,371

Plan fiduciary net position as a percentage of the total pension liability 82.96 %

Sensitivity of the Net Pension Liability to change in the discount rate
The following table presents the NPL of the Plan, calculated using the discount rate of 7.25 percent, as well as what the Plan's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate (in thousands):

	1% Decrease (6.25 %)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Plan's net pension liability	$ 10,202	$ 5,371	$ 1,532

Pension Expense and Deferred Outflows of Resources related to pensions
For the year ended June 30, 2019, the County recognized pension expense of $1,823,000. At June 30, 2019, the County reported deferred outflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources
Net difference between projected and actual earnings on retirement plan investments	$ 105
County contributions subsequent to the measurement date	1,378
Total	$ 1,483

$1,378,000 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30,	Amount
2020	$ 219
2021	65
2022	(180)
2023	1
Total	$ 105

Management Retiree Health Benefits Program

Plan Description

The Management Retiree Health Benefits Program is a single-employer defined benefit plan administered by the County of Ventura and is governed by the Board of Supervisors who has the authority to establish and amend benefit provisions. A separate financial statement is not issued for the plan. Adopted by the Board of Supervisors on June 8, 1999, eligible employees are covered by the Management Resolution who retired after July 1, 1999. The payments do not constitute any guarantee of medical care benefits. Cash payments are made to eligible employees with no requirement to purchase health coverage. On June 21, 2005, the Board of Supervisors approved the elimination of this benefit for employees covered after July 2, 2005.

Plan Membership

Plan participants at June 30, 2018, the measurement date, were as follows:

Participant Classification	Number of Participants
Inactive members currently receiving benefits	123
Inactive members entitled to but not yet receiving benefits	69
Active members	219
Total	411

Benefits

Participants receive one year of payments for every five years of service, up to a maximum of five years of payments. Payments of approximately $1,046 per month were equivalent to premiums for the Ventura County Health Care Plan.

Contributions

Employer contributions in fiscal year 2018-19 were $1,583,000.

Funding Policy

The County currently funds the management retiree health benefits on a pay-as-you-go basis. No assets directly or indirectly relating to this plan are held in trust or otherwise held or set aside for the exclusive benefit of participants.

Actuarial Assumptions
The Total Pension Liability (TPL) was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions; applied to all periods included in the measurement:

	Assumptions
• Actuarial cost method	Entry age normal
• Inflation	2.75%
• Real wage growth	0.50%
• Wage inflation	3.25%
• Projected salary increases (including wage inflation)	3.75% - 10.25%
• Subsidy cost trends	7.00% decreasing to an ultimate rate of 5.00% by 2023
• Mortality	RP-2014 Headcount-Weighted Mortality Table and RP-2014 Disabled Headcount-Weighted Mortality Table

The demographic actuarial assumptions in the June 30, 2018 valuation were based on the VCERA economic and demographic experience study covering period July 1, 2014 through June 30, 2017. The remaining actuarial assumptions including subsidy cost trends were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Discount Rate
Discount rate of 3.89 percent was used to measure the TPL. This was a change from 3.56 percent, the rate used on the prior measurement date. The discount rate was based upon the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

Changes in Total Pension Liability

	Total Pension Liability
Balances at June 30, 2018 *for measurement date of June 30, 2017*	$ 15,079
Changes for the year:	
Service Cost	477
Interest	510
Difference between expected and actual experience	(165)
Changes of assumptions	139
Benefit payments	(1,509)
Net changes	(548)
Balances at June 30, 2019 *for measurement date of June 30, 2018*	$ 14,531

Sensitivity of the Total Pension Liability to changes in the discount rate
The following table presents the TPL of the Plan, calculated using the discount rate of 3.89 percent, as well as what the Plan's TPL would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current rate (in thousands):

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Plan's total pension liability	$ 15,186	$ 14,531	$ 13,894

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to pensions
For the year ended June 30, 2019, the County recognized pension expense of $1,744,000. At June 30, 2019, the County reported deferred outflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 39	$ 115
Changes in assumptions	385	-
County contributions subsequent to the measurement date	1,583	-
Total	$ 2,007	$ 115

$1,583,000 reported as deferred outflows of resources related to pension benefits resulting from County contributions subsequent to the measurement date will be recognized as reduction of the TPL in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30,	Amount
2020	$ 310
2021	2
2022	(3)
2023	-
Total	$ 309

Replacement Benefit Plan
Internal Revenue Code (IRC) Section 415(b) limits the maximum annual amount that a defined benefit plan can pay to any individual. The Replacement Benefit Plan, a qualified IRC 415(m) plan, provides annual retirement benefits earned in excess of Section 415(b) limits.

The plan is administered by the County. Participation is limited to retired members whose benefit payments are limited by Section 415(b). No assets directly or indirectly relating to this plan are held in trust or otherwise held or set aside for the exclusive benefit of participants or their beneficiaries. As of June 30, 2019, there was one participant in the plan.

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Ventura County manages the Subsidized Retiree Health Benefits Program which is subject to GASB Statement No. 75 (GASB 75). In addition, as described in more detail below, in accordance with memorandums of agreement the County makes contributions to the Ventura County Deputy Sheriffs' Association (VCDSA) Retiree Medical Reimbursement Plan and the Ventura County Professional Firefighters' Association (VCPFA) Medical Premium Reimbursement Plan for the purpose of reimbursing health insurance premiums for future eligible retirees. Under GASB 75, this is considered a constructive obligation that must be reported in the County's financial statements even though the County has no control over these plans and has no legal obligation to make contributions to fund the plans' unfunded OPEB liability, other than to make the contributions agreed to in collective bargaining. A summary of the OPEB amounts for the plans at June 30, 2019 is as follows (in thousands):

	Subsidized Retiree Health Benefits Program	VCDSA Retiree Medical Reimbursement Plan	VCPFA Medical Premium Reimbursement Plan	Total
Total OPEB liability	$ 24,908	$ 105,177	$ 11,883	$ 141,968
Net OPEB assets	-	31,899	13,530	45,429
Net OPEB liability (asset)	24,908	73,278	(1,647)	96,539
Deferred outflows related to OPEB	4,920	2,487	977	8,384
Deferred inflows related to OPEB	-	18,714	230	18,944
OPEB expense	2,694	4,547	87	7,328

Subsidized Retiree Health Benefits Program

Plan Description

The Subsidized Retiree Health Benefits Program is a single-employer defined benefit plan administered by the County of Ventura and governed by the County Board of Supervisors who has the authority to establish and amend benefit provisions. The plan allows eligible employees to receive health benefits under group plans offered by the County. Eligible employees include all General Employees and Firefighters that meet the following criteria:

Classification:	Age/Years of Service
General Employees hired before January 1,2013 (Non-PEPRA)	• Age 50 with 10 years of County service • Age 70 with any service • 30 years of County service • 5 years of County service and disabled
General Employees hired after December 31,2012 (PEPRA)	• Age 52 with 5 years of County service • Age 70 with any service • 5 years of County service and disabled
Firefighters hired before January 1,2013 (Non-PEPRA)	• Age 50 with 10 years of County service • Age 70 with any service • 20 years of County service • Disabled
Firefighters hired after December 31,2012 (PEPRA)	• Age 50 with 5 years of County service • Age 70 with any service • Disabled

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.

Plan Membership
Plan participants at June 30, 2018, the measurement date, were as follows:

Participant Classification	Number of Participants
Inactive members currently receiving benefits	334
Active members	
General Employees	7,023
Firefighters	379
Total	7,736

Benefits
Eligible employees who retire directly from the County may receive health benefits at subsidized rates. For coverage prior to age 65, the retiree pays premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more to insure than active employees, the premium paid by the retiree is less than the "true cost" of coverage for retirees thus creating an implicit subsidy. This implicit subsidy is considered an obligation under GASB Statement No. 75.

Contributions
Employer contributions in fiscal year 2018-19 were $1,829,000.

Funding Policy
The County currently funds the subsidized retiree health benefits on a pay-as-you-go basis. No assets directly or indirectly relating to this plan are held in trust or otherwise held or set aside for the exclusive benefit of participants.

Actuarial Assumptions
The Total OPEB Liability (TOL) was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions; applied to all periods included in the measurement:

	Assumptions
• Actuarial funding method	Entry age normal
• Inflation	2.75%
• Real wage growth	0.50%
• Wage inflation	3.25%
• Projected salary increases (including wage inflation)	3.25% - 11.25%
• Health care cost trends	
Ventura County Health Care Plan	7.00% decreasing to an ultimate rate of 5.00% by 2023
All other coverage options	7.75% decreasing to an ultimate rate of 5.00% by 2024
• Mortality	RP-2014 Headcount-Weighted Mortality Table RP-2014 Disabled Headcount-Weighted Mortality Table

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2018 valuation were based on the VCERA economic and demographic experience study for the period July 1, 2014 through June 30, 2017. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Discount Rate
Discount rate of 3.89 percent was used to measure the TOL.This was a change from 3.56 percent, the rate used on the prior measurement date. The discount rate was based upon the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2018	
for measurement date of June 30, 2017	$ 21,584
Changes for the year:	
Service Cost	1,579
Interest	741
Difference between expected and actual experience	1,854
Changes of assumptions	704
Benefit payments	(1,554)
Net changes	3,324
Balances at June 30, 2019	
for measurement date of June 30, 2018	$ 24,908

Sensitivity of the Total OPEB Liability to changes in the discount rate

The following table presents the TOL of the Plan, calculated using the discount rate of 3.89 percent, as well as what the Plan's TOL would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current rate (in thousands):

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Plan's total OPEB liability	$ 26,562	$ 24,908	$ 23,338

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates

The following table presents the TOL of the Plan, as well as what the Plan's TOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.75 and 6.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (8.75 and 8.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates (in thousands):

	1% Decrease (6.75%/6.00% decreasing to 4.00%)	Current Healthcare Cost Trend Rates (7.75%/7.00% decreasing to 5.00%)	1% Increase (8.75%/8.00% decreasing to 6.00%)
Plan's total OPEB liability	$ 22,488	$ 24,908	$ 27,759

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2019, the County recognized OPEB expense of $2,694,000. At June 30, 2019, the County reported deferred outflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 2,167
Changes in assumptions	924
County contributions subsequent to the measurement date	1,829
Total	$ 4,920

$1,829,000 reported as deferred outflows of resources related to OPEB benefits resulting from County contributions subsequent to the measurement date will be recognized as reduction of the TOL in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ending June 30,	Amount
2020	$ 375
2021	375
2022	375
2023	375
2024	375
Thereafter	1,216
Total	$ 3,091

VCDSA Retiree Medical Reimbursement Plan

Plan Description

The VCDSA Retiree Medical Reimbursement Plan is a single-employer defined benefit plan administered by the VCDSA and is governed by the Board of Trustees of the plan. The plan is a non-governmental entity. The County has no control over the plan. The Board of Trustees has the authority to establish and amend benefit provisions. The plan allows eligible participants that retire from the County to receive reimbursement of health premiums. VCDSA issues separate audited financial reports for the plan prepared on the accrual basis of accounting with investments measured at fair value. The reports can be requested by writing to the Ventura County Deputy Sheriffs' Association Retiree Medical Reimbursement Trust, 981 South Victoria Avenue, Ventura, CA 93003.

The County is not legally liable for the plan's unfunded OPEB liability of $73,278,000. The County is only legally responsible for the contributions agreed to in the Memorandum of Agreement between the County and VCDSA. However, under GASB 75 the OPEB benefit to the employees is considered a constructive obligation that must be reported in the County's financial statements.

Plan Membership

Plan participants at June 30, 2017, the valuation date, were as follows:

Participant Classification	Number of Participants
Inactive members or beneficiaries currently receiving benefits	445
Inactive members entitled to but not yet receiving benefits	41
Active members	708
Total	1,194

Benefits

In accordance with the plan, eligible participants (age 50 with 10 years of active service) include members of VCDSA and participants who move to sworn management positions not covered by the VCDSA Memorandum of Agreement that continue to make the required self-contributions. Benefits are a percentage of an annual benefit level and are based on years of service, ranging from twenty percent with ten years of service to one hundred percent with twenty or more years of service. Benefits are not to exceed the actual premiums paid by the retiree.

Contributions

Contributions are made as required under provisions of the Memorandum of Agreement between the County and VCDSA. Contributions are 1.5 percent of covered payroll.

Net OPEB Liability

The County's Net OPEB Liability (NOL) was measured as of June 30, 2018, and the TOL used to calculate the NOL was determined by an actuarial valuation as of June 30, 2017 and then rolled-forward to the June 30, 2018 measurement date.

Actuarial Assumptions

The TOL was determined by an actuarial valuation as of June 30, 2017, and then rolled-forward to the June 30, 2018 measurement date using the following actuarial assumptions; applied to all periods included in the measurement:

	Assumptions
• Actuarial funding method	Entry age normal
• Inflation	3.00%
• Real wage growth	0.50%
• Wage inflation	3.50%
• Projected salary increases (including wage inflation)	3.95% - 11.75%
• Health Care Cost Trends	7.75% decreasing to an ultimate rate of 5.00% by 2023
• Mortality	RP-2014 Headcount Weighted Mortality Table

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2017 valuation were based on the VCERA economic and demographic experience study for the period July 1, 2014 through June 30, 2017. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The long-term expected rate of return on OPEB plan investments was determined using best-estimate ranges of expected future real rates of return for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

Asset Class	Actual Allocation	Long-Term Expected Real Rate of Return
Corporate Debt Securities	28.00 %	
Preferred Stocks	2.80 %	
Common Stocks	31.10 %	
Mutual Funds	38.10 %	
Total	100.00 %	6.00 %

Discount Rate

Discount rate of 4.21 percent was used to measure the TOL. This was a change from 3.88 percent, the rate used on the prior measurement date. The projection of cashflows used to determine the discount rate assumed that employer contributions will be made at the contractually required rate and that any member contributions will be made in accordance to the plan document. Based on that assumption, the OPEB plan's fiduciary net position was not projected to provide all projected future benefit payments for current members for all future years. Therefore, the 6.00 percent assumed long-term expected rate of return on plan investments was applied to periods up to 2043 where the plan's fiduciary net position was projected to be sufficient to make projected benefit payments. The June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, 3.89 percent, was used for all periods subsequent to 2043 where the plan's fiduciary net position was not projected to be sufficient to make projected benefit payments resulting in a single equivalent interest rate of 4.21 percent.

Changes in Net OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018			
for measurement date of June 30, 2017	$ 105,743	$ 28,841	$ 76,902
Changes for the year:			
Service cost	4,596	-	4,596
Interest	4,424	-	4,424
Changes of assumptions	(8,251)	-	(8,251)
Contributions - employer	-	2,456	(2,456)
Contributions - self-pay member	-	54	(54)
Net investment income	-	1,991	(1,991)
Benefit payments	(1,335)	(1,335)	-
Administrative expense	-	(108)	108
Net changes	(566)	3,058	(3,624)
Balances at June 30, 2019			
for measurement date of June 30, 2018	$ 105,177	$ 31,899	$ 73,278

Sensitivity of the Net OPEB Liability to changes in the discount rate
The following table presents the NOL of the Plan, calculated using the discount rate of 4.21 percent, as well as what the Plan's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current rate (in thousands):

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Plan's net OPEB liability	$ 99,777	$ 73,278	$ 53,478

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rate
The following table presents the NOL of the Plan, as well as what the Plan's NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.75 percent decreasing to 4.00 percent) or 1-percentage-point higher (8.75 percent decreasing to 6.00 percent) than the current healthcare cost trend rates (in thousands):

	1% Decrease (6.75% decreasing to 4.00%)	Healthcare Cost Trend Rates (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
Plan's net OPEB liability	$ 73,278	$ 73,278	$ 73,278

Benefits are valued as a percentage of the maximum benefit. Because the cap was always assumed to apply, the healthcare cost trend rate has no impact on the net OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2019, the County recognized OPEB expense of $ 4,547,000. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 732
Changes in assumptions	-	17,982
County contributions subsequent to the measurement date	2,487	-
Total	$ 2,487	$ 18,714

$2,487,000 reported as deferred outflows of resources related to OPEB benefits resulting from County contributions subsequent to the measurement date will be recognized as reduction of the NOL in the year ended June 30, 2020.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ending June 30,		Amount
2020	$	(2,764)
2021		(2,764)
2022		(2,764)
2023		(2,581)
2024		(2,535)
Thereafter		(5,306)
Total	$	(18,714)

VCPFA Medical Premium Reimbursement Plan

Plan Description

The VCPFA Medical Premium Reimbursement Plan is a single-employer defined benefit plan administered by the VCPFA and is governed by the Board of Trustees of the plan. The plan is a non-governmental entity. The County has no control over the plan. The Board of Trustees has the authority to establish and amend benefit provisions. The plan allows eligible participants that retire from the County to receive reimbursement of health premiums. VCPFA issues separate audited financial reports for the plan prepared on the accrual basis of accounting with investments measured at fair value. The reports can be requested by writing to the Ventura County Professional Firefighters' Association Benefit Trust, 3251 Corte Malpaso, Suite 501B, Camarillo, CA 93012.

The plan currently has a net OPEB asset of $1,647,000, which does not legally belong to the County. The County is only legally responsible for the contributions agreed to in the Memorandum of Agreement between the County and VCPFA. However, under GASB 75 the OPEB benefit to the employees is considered a constructive obligation that must be reported in the County's financial statements.

Plan Membership

Plan participants at June 30, 2017, the valuation date, were as follows:

Participant Classification	Number of Participants
Inactive members or beneficiaries currently receiving benefits	177
Inactive members entitled to but not yet receiving benefits	5
Active members	411
Total	593

Benefits

In accordance with the plan, eligible participants include members of VCPFA who are part of the Firefighter Unit, and participants who move to management positions not covered by the VCPFA Memorandum of Agreement that continue to make the required self-contributions. To be eligible for the benefit, retirees must attain age 55 and have completed 10 years of service, at least five of which were earned as a VCPFA member. Benefits are set at an annual maximum amount, not to exceed the actual premiums paid by the retiree.

Contributions

Contributions are made as required under provisions of the Memorandum of Agreement between the County and VCPFA. Contributions are 1.00 percent of covered payroll.

Net OPEB Liability

The County's Net OPEB Liability (NOL) was measured as of June 30, 2018, and the TOL used to calculate the NOL was determined by an actuarial valuation as of June 30, 2017 and then rolled-forward to the June 30, 2018 measurement date.

Actuarial Assumptions

The TOL was determined by an actuarial valuation as of June 30, 2017, rolled forward to the June 30, 2018 measurement date using the following actuarial assumptions; applied to all periods included in the measurement:

	Assumptions
• Actuarial funding method	Entry age normal
• Inflation	3.00%
• Real wage growth	0.50%
• Wage inflation	3.50%
• Projected salary increases (including wage inflation)	4.00% - 11.50%
• Health Care Cost Trends	7.75% decreasing to an ultimate rate of 5.00% by 2023
• Mortality	RP-2014 Headcount Weighted Mortality Table

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2017 valuation were based on the VCERA economic and demographic experience study for the period July 1, 2014 through June 30, 2017. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The long-term expected rate of return on OPEB plan investments was determined using best-estimate ranges of expected future real rates of return for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

Asset Class	Actual Allocation	Long-Term Expected Real Rate of Return
Bonds	30.00 %	
Stocks	30.00 %	
Alternative Investments	40.00 %	
Total	100.00 %	6.00 %

Discount Rate

Discount rate of 6.00 percent was used to measure the TOL. The projection of cashflows used to determine the discount rate assumed that employer contributions will be made at the contractually required rate and that any member contributions will be made in accordance to the plan document. Based on that assumption, the OPEB plan's fiduciary net position was projected to provide all projected future benefit payments for current members for all future years. Therefore, the 6.00 percent assumed long-term expected rate of return on plan investments was applied to all periods of projected benefit payment to determine the TPL.

Changes in Net OPEB Liability (Asset)

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at June 30, 2018			
for measurement date of June 30, 2017	$ 11,661	$ 12,500	$ (839)
Changes for the year:			
Service Cost	201	-	201
Interest	680	-	680
Contributions - employee	-	974	(974)
Contributions - self-pay member	-	9	(9)
Net investment income	-	756	(756)
Benefit payments	(659)	(659)	-
Administrative expense	-	(50)	50
Net changes	222	1,030	(808)
Balances at June 30, 2019			
for measurement date of June 30, 2018	$ 11,883	$ 13,530	$ (1,647)

Sensitivity of the Net OPEB Liability (Asset) to changes in the discount rate
The following table presents the NOL (asset) of the Plan, calculated using the discount rate of 6.00 percent, as well as what the Plan's NOL (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate (in thousands):

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Plan's net OPEB liability (asset)	$ (185)	$ (1,647)	$ (2,874)

Sensitivity of the Net OPEB Liability (Asset) to changes in the healthcare cost trend rate
The following table presents the NOL (asset) of the Plan, as well as what the Plan's NOL (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.75 percent decreasing to 4.00 percent) or 1-percentage-point higher (8.75 percent decreasing to 6.00 percent) than the current healthcare cost trend rates (in thousands):

	1% Decrease (6.75% decreasing to 4.00%)	Healthcare Cost Trend Rates (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
Plan's net OPEB liability (asset)	$ (1,671)	$ (1,647)	$ (1,628)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2019, the County recognized OPEB expense of $87,000. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 2	$ 230
County contributions subsequent to the measurement date	975	-
Total	$ 977	$ 230

$975,000 reported as deferred outflows of resources related to OPEB benefits resulting from County contributions subsequent to the measurement date will be recognized as reduction of the NOL (asset) in the year ended June 30, 2020.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ending June 30,	Amount
2020	$ (76)
2021	(76)
2022	(76)
Total	$ (228)

NOTE 15 - TAX AND REVENUE ANTICIPATION NOTES PAYABLE

On July 2, 2018, the County issued $143,515,000 in Tax and Revenue Anticipation Notes (Notes) at a 2.50 percent interest rate, priced to yield 1.44 percent, to meet current year cash flow requirements for operational needs. At June 30, 2019, the outstanding principal was $143,515,000. Principal and interest for fiscal year 2018-19 was paid on July 1, 2019, the maturity date of these notes.

The Notes, in accordance with California law, are general obligations of the County and are payable out of fiscal year 2018-19 taxes and other revenues, which are legally available for payment thereof.

The summary of the notes transactions for the fiscal year ended June 30, 2019, is as follows (in thousands):

Beginning Balance July 1, 2018	Additions	Reductions	Ending Balance June 30, 2019	Due Within One Year
$ 145,535	$ 143,515	$ 145,535	$ 143,515	$ 143,515

NOTE 16 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; hospital liability (malpractice); errors and omissions; theft of, damage to, and destruction of assets; and natural disasters for which the government is either self-insured, commercially insured, or a combination of both.

The Human Resources Department acquired commercial insurance for primary group medical and long-term disability insurance. Unemployment insurance benefits are self-insured and administered by the Human Resources Department within the Employee Benefits Insurance Internal Service Fund (ISF). Professional Firefighters and Deputy Sheriffs Associations also administer commercial group medical insurance plans available for their members.

The Ventura County Health Care Plan (VCHCP), administered by the Health Care Agency, provides a County medical plan for County employees. In addition, plans are offered to affiliated clinics and small group employees through their employers, as well as Ventura County Deputy Sheriffs Association (VCDSA). Excess commercial coverage is also purchased by VCHCP.

The Risk Management Department within the General Insurance ISF administers the commercial and self-insurance aspects of the County's casualty risk programs. General liability is self-insured to $1,000,000 per occurrence, and thereafter covered by excess commercial liability insurance up to $42 million per occurrence.

In October 2004, the County joined the California State Association of Counties (CSAC) Excess Insurance Authority, a joint powers authority, for property and earthquake coverage. The Authority was formed in 1979 by and for California counties and currently has 55 participating counties, and a number of other public entities. The Authority is governed by a Board of Directors composed of one director from each member county appointed by each member county's Board of Supervisors, and five other public entity Board members. The Authority annually issues an audited Comprehensive Annual Financial Report. Through participation in the Authority, risk is pooled (shared) among the pool participants. Accordingly, the premiums are reported as insurance expenses in the General Liability Internal Service Fund as required by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.*

Medical malpractice liability insurance provides liability coverage on a claims made basis, up to $50,000,000 per incident for the County, and $3,000,000 per occurrence for individually named physicians, with a $100,000 per occurrence deductible. Medical malpractice claims made coverage includes a retroactive date of October 1, 1986. Tail coverage for events that occurred prior to October 1, 1986 but have not yet been reported is self-insured. In March 2004, the County began participating in the BETA Healthcare Group, a joint powers authority, for the purpose of purchasing medical malpractice insurance. This risk-sharing pool program, established as a cost effective alternative to the commercial insurance market, is structured like a traditional insurer in that members are not assessed for excess pool losses. Coverage was renewed in July 2019.

The unpaid claims liabilities included in the General Insurance fund are based on actuarial studies and include amounts for claims incurred but not reported including loss adjustment expenses. The discount rate for the General Insurance liability is 3.0 percent. The revenue received, including interest, and contribution funded liabilities, and net position are sufficient to meet liabilities as they come due.

Workers' compensation occurrences are self-insured effective July 1, 2002, with coverage for all employees. Injuries occurring from July 1, 1995 to June 30, 2002, are fully covered by the prior commercial insurer without a maximum. Injuries occurring prior to July 1, 1995, were originally self-insured and self-administered. Beginning in April 1997, these claims were adjusted and funded through a loss portfolio transfer policy with limits of liability of $22,800,000, and the insurance carrier's right to reimbursement for claims expenses in excess of the policy limit. The limit of liability was exceeded in July 2007. Litigation ensued against the carrier, resulting in a settlement in March 2011, whereby the carrier waived reimbursement of $1,650,000 in expenses and the County took over further administration of the claims as of April 2011. As a result, the claims are now once again administered by, and claims costs borne by the County, along with the post July 1, 2002, self-insured claims. As of June 30, 2019, the expected liability on the pre-1995 claims, at the 80 percent confidence level, discounted at 4.0 percent, was actuarially estimated to be $6,549,000.

The unpaid claims liabilities in the Workers' Compensation fund for losses prior to 1995 and subsequent to 2002 included in the self-insurance fund are based on actuarial studies and include amounts for claims incurred but not reported including loss adjustment expenses. The discount rate for the Workers' Compensation fund is 4.0 percent. This discount rate is higher than the discount rate for the liability fund because the liability for workers' compensation cases is much longer than other types of liabilities in the General Insurance ISF.

Settlements or judgments have not exceeded commercial coverage for any risk of loss in each of the past three fiscal years. In addition, litigation expenses and liability for damages for uninsured cases, such as inverse condemnation and land subsidence cases, have been incurred by the General Insurance ISF.

Changes in the balances of claims liabilities of General Insurance and Employee Benefits ISFs and Health Care Plan Enterprise Fund and medical malpractice liability of the Medical Center during fiscal years 2017-18 and 2018-19 are as follows (in thousands):

	Claims Fiscal Year		Medical Malpractice Fiscal Year	
	2018-19	2017-18	2018-19	2017-18
Liabilities, beginning	$ 181,626	$ 188,202	$ 2,346	$ 2,208
Incurred losses and adjustments	101,129	93,781	480	138
Claim payments	(99,211)	(100,357)	-	-
Liabilities, ending	$ 183,544	$ 181,626	$ 2,826	$ 2,346

Medical malpractice liability for public and mental health functions in the General Fund of $791,000, an increase of $121,000 from the prior year, is reported in the governmental activities portion of the government-wide financial statements.

NOTE 17 - DEFERRED INFLOWS OF RESOURCES - UNAVAILABLE REVENUE

Deferred inflows of resources to the County's governmental funds relate to unavailable revenue as of June 30, 2019. Unavailable revenue is revenue that is earned, however is not available for use on current or near-term expenditures. The year-end unavailable revenue balances are summarized as follows:

Governmental Funds	General Fund	Roads	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Total Governmental Activities
Unavailable Revenue:						
Medi-Cal	$ 18,441	$ -	$ -	$ -	$ 11,090	$ 29,531
H.U.D. Programs	2,914	-	-	-	14,958	17,872
Special Assessments	-	-	-	-	8,308	8,308
SB 90 Revenue	5,184	-	-	-	-	5,184
Elections Revenue	3,372	-	-	-	-	3,372
Substance Abuse Block Grant	2,929	-	-	-	-	2,929
Behavioral Health-2011 Realignment	1,323	-	-	-	-	1,323
CA. Department of Public Health	993	-	-	-	-	993
Other	2,582	212	560	1,506	665	5,525
Total Unavailable Revenue	$ 37,738	$ 212	$ 560	$ 1,506	$ 35,021	$ 75,037

Non-major governmental funds had unavailable revenue related to the Mental Health Services Act Fund of approximately $11,090,000, the Housing and Urban Development (H.U.D.) Grants Fund of approximately $14,958,000, and the County Service Area #34 Debt Service Fund of approximately $8,308,000.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Medical Center

The County is currently engaged in a lawsuit which is under seal. Certain amounts have been accrued for this issue in the financial statements. In the opinion of management, there is an additional net exposure of potentially up to $12 million.

Grants

The County recognizes as revenue grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. The County's grant programs are subject to audit under the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards (Uniform Grant Guidance), and are generally subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant or in reductions of future grant monies. An annual amount is set aside for contingencies in the General Fund for this possibility. Based on prior experience, management believes that grant costs ultimately disallowed, if any, would not materially affect the financial condition of the County.

Encumbrances

Encumbrances are commitments related to unperformed (executory) contracts for goods or services. Encumbrances outstanding at year end are not accounted for as expenditures and liabilities, but are included in fund balance. As of June 30, 2019, encumbrances of $30,172,000 were reported in the General Fund, $5,966,000 in the Road Fund, $13,110,000 in the Watershed Protection District, $20,870,000 in the Fire Protection District, and $52,596,000 in the Non-major Governmental Funds.

Other

Legal proceedings normally occur related to construction projects and are subject to arbitration by agreement. Claims are negotiated by the County of Ventura. In the opinion of management, current claims are not likely to have a material adverse impact on the County financial statements and, accordingly, no provision for losses has been recorded.

NOTE 19 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

On July 1, 2019, the County issued $154,220,000 of 5.00 percent fixed-rate, priced to yield 1.20 percent, tax and revenue anticipation notes. The notes received SP-1+ and MIG 1 ratings from Standard and Poor's Ratings Services (S&P) and Moody's Investors Services (Moody's), respectively. Proceeds from the notes will be used to meet fiscal year 2019-20 expenditures and the discharge of other obligations of the County. The maturity date of the notes is July 1, 2020.

Southern California Edison Settlement

In November 2019, the County reached a settlement with Southern California Edison to resolve claims resulting from the 2017 Thomas Fire and the 2018 Woolsey Fire. On December 19, 2019, the County received settlement amounts totaling $16,589,000, net of costs and attorney's fees.

NOTE 20 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the County of Ventura that previously had reported a redevelopment agency within the reporting entity of the County as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the County or another unit of local government shall serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. Effective February 1, 2012, the County became the Successor Agency for the former redevelopment agency in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012, (effectively the same date as January 31, 2012) from governmental funds of the County to fiduciary funds was reported in the governmental funds as an extraordinary loss in the governmental fund financial statements. In accordance with the Bill all capital assets were disposed of during fiscal year 2013-14. Accordingly there are no capital assets as of June 30, 2019.

Pursuant to Health and Safety Code 34179.6(c), the County of Ventura Successor Agency submitted to the California Department of Finance (DOF) the Low and Moderate Income Housing Due Diligence Review (DDR) on October 12, 2012, and the Other Funds and Accounts DDR on January 10, 2013. After completion of the two required DDRs, a Finding of Completion Request was granted on April 26, 2013 by the DOF.

On September 22, 2015, the Governor signed Senate Bill 107 adding section 34191.6 to the Health and Safety Code. Section 34191.6 authorized Successor Agencies to submit a Last and Final Recognized Obligation Payment Schedule (ROPS) beginning January 1, 2016. On March 25, 2016, the DOF approved the Last and Final ROPS for the Successor Agency to the former redevelopment agency. The Last and Final ROPS authorizes payments on Successor Agency obligations and administrative costs until July 1, 2038, when all Successor Agency obligations have been fully discharged.

On May 10, 2018, the Board of Supervisors approved Board Resolution 18-01, directing all Successor Agency staff to transfer all files and records of the County Oversight Board to the Consolidated Oversight Board upon its formation on July 1, 2018.

Long-Term Debt

Tax revenues for the Successor Agency for the current year were $66,000.

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

U.S. Department of Agriculture (USDA) Bonds
On May 8, 2007 the Agency applied for a second USDA Rural Development Community facilities Direct Low Interest Loan, in the amount of $750,000 for the Piru Earthquake Related Redevelopment Project. On June 3, 2008, the Agency accepted the loan and authorized the issuance of tax allocation bonds to the USDA to secure the loan. To repay the tax allocation bonds, the Agency pledged property tax increment revenues. On July 24, 2008, the tax allocation bonds were delivered to the USDA. Interest is payable semiannually at a rate of 4.125 percent. Bonds mature serially each year through July 2038.

On February 1, 2012, the bond obligation was transferred from the County of Ventura Redevelopment Agency to the Successor Agency.

Summary of long-term indebtedness as of June 30, 2019, are as follows (in thousands):

Obligation	Outstanding July 1, 2018	Additions	Maturities	Outstanding June 30, 2019	Amount Due Within One Year
Bonds from Direct Placement	$ 611	$ -	$ 18	$ 593	20
Totals	$ 611	$ -	$ 18	$ 593	$ 20

Deficit Net Position
As a result of the transfer of the assets to the County of Ventura in fiscal year 2013-14, the RDA County Successor Agency had a deficit net position as of June 30, 2019. The deficit will continue to be reduced over the years as the related debt is paid off with funds received from the Redevelopment Property Tax Trust Fund, which is administered by the County Auditor-Controller.