

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 84, *Fiduciary Activities*, 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.

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.

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Fiduciary Component Unit

Based on the criteria established by GASB Statement No. 84, *Fiduciary Activities*, the following component units have been determined to be fiduciary in nature:

- Pension Trust Funds – Ventura County Employees' Retirement Association (VCERA) and the County of Ventura Supplemental Retirement Plan (SRP).

The County appoints a majority of the VCERA Retirement Board and is considered to have a financial burden as it is legally obligated to make contributions to the plan. The County Board of Supervisors acts as the Board for the SRP and the County is also considered to have a financial burden.

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. 87, *Leases*, effective for reporting periods beginning after June 15, 2021*, 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 implemented the new requirements for the fiscal year 2021-22 financial statements. The effect of the implementation of this standard on beginning balances is disclosed in Note 2.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for reporting periods beginning after December 15, 2020*, 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 implemented the new requirements for the fiscal year 2021-22 financial statements.

GASB Statement No. 92 *Omnibus 2020*, effective for reporting period beginning after June 15, 2021*, enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation of certain GASB Statements. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The County implemented the new requirements for the fiscal year 2021-22 financial statements.

* Date as modified by GASB Statement No. 95.

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GASB Statement No. 93 *Replacement of Interbank Offered Rates*, effective for reporting periods beginning after June 15, 2021*, except for the removal of LIBOR as an appropriate benchmark interest which is effective for reporting periods ending after December 31, 2022. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The requirements of this Statement will enhance the comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The County implemented the new requirements for the fiscal year 2021-22 financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for reporting periods beginning after June 15, 2021, but requires immediate implementation of paragraphs that address defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This new guidance intends to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances where a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans while mitigating the costs associated with reporting those plans. The requirements will, also, enhance the relevance, consistency, and comparability of the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and investment information for all Section 457 plans. The County implemented the new requirements for the fiscal year 2021-22 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. 91, *Conduit Debt Obligations*, effective for reporting periods beginning after December 15, 2021*, 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 2022-23 financial statements.

GASB Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for reporting period beginning after June 15, 2022, is intended to improve financial reporting by addressing issues related to improve public-private and public-public partnership arrangements (PPPs). The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definition. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The County intends to implement the new requirements for the fiscal year 2022-23 financial statements.

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GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*, effective for reporting period beginning after June 15, 2022, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The County intends to implement the new requirements for the fiscal year 2022-23 financial statements.

GASB Statement No. 99 *Omnibus 2022*, effective for reporting period beginning after June 15, 2023, except for those requirements related to leases, PPPs and SBITAs which are effective for reporting periods beginning after June 15, 2022. This statement enhances comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and addressing accounting and financial reporting for financial guarantees. The comparability and consistency of financial statements will improve the usefulness of information for users of state and local government financial statements. The County intends to implement the new requirements for the fiscal year 2023-24 financial statements.

GASB Statement No. 100 *Accounting Changes and Error Corrections- an amendment of GASB Statement No.62*, effective for reporting period beginning after June 15, 2023, provides guidance that will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections. The requirements of this Statement will improve financial reporting by establishing a clear accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. The County intends to implement the new requirements for the fiscal year 2023-24 financial statements.

GASB Statement No. 101 *Compensated Absences*, effective for reporting period beginning after December 15, 2023, provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement will improve financial reporting by establishing a unified recognition and measurement model for compensated absences that more appropriately reflects when a government incurs an obligation. The County intends to implement the new requirements for the fiscal year 2024-25 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.

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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. 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.

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- The Roads Special Revenue 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 Special Revenue 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 Special Revenue 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 System 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.

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- Pension Trust Funds account for the assets, contributions, and benefit payments of VCERA which was established under the provisions of the County Employees Retirement law of 1937 on January 1, 1947 and the SRP, established January 1, 1992, under provisions of the Internal Revenue Code Section 401(a).
- The Investment Trust Fund is used to report fiduciary activities from the external portion of the Investment Pool that are held in a trust or equivalent arrangement. Participants include school and community college districts, special districts governed by local boards, and authorities that are required to keep cash in the County Treasury.
- Private-purpose Trust Funds are fiduciary fund types used by the County to report trust arrangements under which principal and income benefit specific beneficiaries. These funds report the assets, liabilities, and activities of the Ventura County Redevelopment Successor Agency (Successor Agency), Public Guardian, and Public Administrator.
- Custodial Funds are used to report activities carried out exclusively for the benefit of those outside of the County but not administered through other fiduciary fund types. These include unapportioned property taxes and other custodial funds. The External Investment Pool is used to report fiduciary activities of external participants that are not required to keep cash in the County Treasury.

D) Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and 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.

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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. VCERA investments are presented at fair value as valued by VCERA's custodian. 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, right-to-use structures and improvement, right-to-use equipment, and infrastructure. The County defines capital assets as assets with an estimated useful life in excess of one year.

The capitalization level and estimated useful lives are as follows:

<u>Category</u>	<u>Capitalization Level</u>	<u>Useful Life</u>
Land improvements	\$5,000	5-75
Structures and improvements	\$25,000, except \$5,000 for Airports, and \$50,000 for Waterworks	30-75 *
Betterments	\$5,000	30-75
Equipment	\$5,000	2-30
Vehicles	\$5,000	2-25
Software	\$5,000, purchased software; \$50,000, internally generated software	3-10
Right-to-use structures and improvements	\$5,000	2-15
Right-to-use equipment	\$5,000	2-15
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 costs incurred.

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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.

Right-to-use leased assets are recognized at the lease commencement date and represent the County's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use leased assets are amortized over the shorter of the least term or useful live of the underlying asset using the straight-line method.

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 Outflows of Resources

Deferred outflows of resources represent a consumption of net assets that apply to future reporting periods and will not be recognized as an expense/expenditure until then. The County has deferred outflows of resources related to pension and OPEB and the deferred loss on refunding. The deferred amounts for pension and OPEB relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes. The deferred loss on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

I) Leases

In accordance with GASB Statement No. 87, leases are defined as financings of the right to use an underlying asset.

Lease receivables and the corresponding deferred inflow represent the County's expected future returns as lessor. They are recorded at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision of estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the rate provided in the lease contract or if not available, the imputed interest rate that was calculated using the Applicable Federal Rate (AFR) as published by the Internal Revenue Services for June of the prior fiscal year plus a margin of 2%.

Lease liabilities and the corresponding right-to-use leased assets represent the County's obligations as a lessee to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on the rate provided in the lease contract or if not available, the borrowing rate determined by the County from Indicative Interest Rate Scales as of June 1 of the prior fiscal year.

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J) Pensions and Other Postemployment Benefits (OPEB)

Net Pension Liability (Asset) 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 VCERA and the 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 Liability (Asset) and Related Balances – VCDSA and VCPFA

For purposes of measuring the net OPEB liability (asset), 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.

K) 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.

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L) 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.

M) Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that apply to future reporting periods and will not be recognized as revenue until that time. The County has deferred inflows of resources related to pension and OPEB, the deferred gain on refunding, service concession arrangements, leases, and unavailable revenue. The deferred amounts related to pension and OPEB relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes. The deferred gain on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Service concession arrangements and leases are required to report contractual future installment and rent payments as deferred inflows. The County reports deferred amounts for unavailable revenue that has not met the County’s availability period based on the modified accrual basis of accounting in the governmental funds. The unavailable revenue reported as a deferred inflow of resources in the governmental funds is then recognized as revenue based on the accrual basis of accounting in government-wide financial statements.

N) 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.

O) Estimates

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

P) 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.

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NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLE AND CORRECTION OF AN ERROR

As of July 1, 2021, the County adopted GASB Statement No. 87, *Leases (GASB 87)*, which requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. In addition, a prior period adjustment was recorded to the General Fund and governmental activities to correct the overaccrual of State revenue.

Prior balances have been restated as follows (in thousands):

	June 30, 2021, as previously presented	Restatement	June 30, 2021, as restated
Governmental Activities:			
Receivables, net	\$ 216,264	\$ (5,416)	\$ 210,848
Net position - June 30, 2021 (error correction)	(1,702,966)	5,416	(1,697,550)
Right-to-use leased structures and improvements	-	35,913	35,913
Structure and improvement lease liability	-	(35,913)	(35,913)
Right-to-use leased equipment	-	6,518	6,518
Equipment lease liability	-	(6,518)	(6,518)
Lease receivable	-	4,520	4,520
Lease related deferred inflow	-	(4,520)	(4,520)
Business-type Activities:			
Construction in progress	40,629	(24)	40,605
Equipment	88,063	(5,120)	82,943
Equipment depreciation	(64,030)	2,609	(61,421)
Right-to-use leased equipment	-	5,144	5,144
Right-to-use leased equipment amortization	-	(2,609)	(2,609)
Capital lease obligations from direct borrowings	(9,169)	9,169	-
Equipment finance purchase liability	-	(6,743)	(6,743)
Equipment lease liability	-	(2,426)	(2,426)
Right-to-use leased structures and improvements	-	16,445	16,445
Structure and improvement lease liability	-	(16,445)	(16,445)
Lease receivable	-	107,070	107,070
Lease related deferred inflow	-	(107,070)	(107,070)
Governmental Funds:			
General Fund:			
Accounts receivable	156,962	(5,416)	151,546
Fund balances - ending (error correction)	(517,495)	5,416	(512,079)
Lease receivable	-	2,867	2,867
Lease related deferred inflow	-	(2,867)	(2,867)
Non-major Governmental Funds:			
Lease receivable	-	1,213	1,213
Lease related deferred inflow	-	(1,213)	(1,213)

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
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	June 30, 2021, as previously presented	Restatement	June 30, 2021, as restated
Proprietary Funds:			
Medical System:			
Construction in progress	14,666	(24)	14,642
Equipment	81,521	(5,120)	76,401
Equipment depreciation	(58,942)	2,609	(56,333)
Right-to-use leased equipment	-	5,144	5,144
Right-to-use leased equipment amortization	-	(2,609)	(2,609)
Capital lease obligations from direct borrowings	(9,169)	9,169	-
Equipment finance purchase liability	-	(6,743)	(6,743)
Equipment lease liability	-	(2,426)	(2,426)
Right-to-use leased structures and improvements	-	16,445	16,445
Structure and improvement lease liability	-	(16,445)	(16,445)
Department of Airports:			
Lease receivable	-	34,234	34,234
Lease related deferred inflow	-	(34,234)	(34,234)
Waterworks Districts:			
Lease receivable	-	4,631	4,631
Lease related deferred inflow	-	(4,631)	(4,631)
Non-major Enterprise Funds:			
Lease receivable	-	68,205	68,205
Lease related deferred inflow	-	(68,205)	(68,205)
Internal Service Funds:			
Right-to-use leased structures and improvements	-	5,894	5,894
Structure and improvement lease liability	-	(5,894)	(5,894)
Right-to-use leased equipment	-	6,518	6,518
Equipment lease liability	-	(6,518)	(6,518)
Lease receivable	-	440	440
Lease related deferred inflow	-	(440)	(440)

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NOTE 3 - CASH AND INVESTMENTS

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

Pursuant to Government Code 27130-27137, the Board of Supervisors established the Treasury Oversight Committee (TOC) which monitors and reviews the IPS. The TOC consists of Ventura County officials, representatives from various pool participants, and members of the public.

Total cash and investments, including restricted, at fair value as reported at June 30, 2022, are as follows (in thousands):

Governmental activities	\$ 1,633,650
Business-type activities	<u>116,875</u>
Primary government	1,750,525
Component unit	<u>18,021</u>
Total government-wide	<u>1,768,546</u>
Fiduciary funds:	
Pension trust funds	7,172,102
Investment trust fund	1,853,165
Private-purpose trust funds	9,754
Custodial-external investment pool	245,701
Custodial-other custodial funds	<u>25,402</u>
Total cash and investments	<u>\$ 11,074,670</u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Cash and investments at fair value for County funds, including those funds managed separately from the Treasury, at June 30, 2022, are summarized as follows (in thousands):

	<u>Treasury</u>	<u>Fiscal Agents</u>	<u>Pension Trusts</u>	<u>Total</u>
Cash:				
Cash on hand	\$ 9	\$ 23	\$ -	\$ 32
Deposits (net outstanding checks)	<u>162,931</u>	<u>16,454</u>	<u>138,804</u>	<u>318,189</u>
Total cash (net outstanding checks)	<u>162,940</u>	<u>16,477</u>	<u>138,804</u>	<u>318,221</u>
Investments:				
In Treasurer's pool	3,723,151	-	-	3,723,151
In pension portfolios	<u>-</u>	<u>-</u>	<u>7,033,298</u>	<u>7,033,298</u>
Total investments	<u>3,723,151</u>	<u>-</u>	<u>7,033,298</u>	<u>10,756,449</u>
Total cash and investments	<u>\$ 3,886,091</u>	<u>\$ 16,477</u>	<u>\$ 7,172,102</u>	<u>\$ 11,074,670</u>

Cash

The cash portion of cash and investments includes demand deposits.

At June 30, 2022, the carrying amount of the County's cash was \$318,221,000, and the bank balance per various institutions was \$385,568,000. Treasury cash of \$162,940,000 is net of outstanding checks of \$67,347,000. Treasurer's pool investments are managed daily to maximize earnings and provide cash as needed. Of the bank balance in financial institutions, \$499,000 is covered by federal depository insurance and \$385,069,000 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 Monies.

Restricted cash and investments in the amount of \$12,131,000 are held in the proprietary funds and include \$10,631,000 that is restricted by trust agreements for funding capital projects and debt service. Of this, \$10,416,000 is held with fiscal agents and \$215,000 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 \$1,500,000 for Health Care Plan is 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, 2022, amounted to a decrease of \$61,770,000. The net change in fair value from June 30, 2021 to June 30, 2022, was a decrease of \$56,752,000.

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, 2022, 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 once or twice per quarter as cash is received.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

As of June 30, 2022, the major classes of the County's investments 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	0.320-4.000	7/21/23-6/30/25	\$ 500,441	\$ 478,972	2.046	AA+	Aaa	NR	12.865%
FHLMC Bonds	0.300-4.000	10/20/23-5/12/25	130,303	126,483	1.354	AA+	Aaa	AAA	3.397%
FFCB Bonds	0.170-0.320	8/10/23-1/11/24	28,500	27,581	1.264	AA+	Aaa	AAA	0.741%
FHLB Bonds	.000	6/16/23	9,696	9,726	0.962	A-1+	P-1	NR	0.261%
FFCB Bonds	1.625	8/22/22	1,203	1,200	0.145	A-1+	P-1	F1+	0.032%
Yankee Certificates of Deposits:									
Yankee Certificates of Deposits	0.190-3.660	7/1/22-6/23/23	865,080	863,721	0.267	A-1+	P-1	F1+	23.199%
Yankee Certificates of Deposits	1.370-3.850	8/1/22-6/24/23	125,025	124,901	0.538	A-1	P-1	F1	3.355%
Yankee Certificates of Deposits	1.100	8/23/22	30,003	29,972	0.148	A-1+	P-1	NR	0.805%
Medium-Term Corporate Notes:									
Corporate Notes	0.400-3.450	9/11/22-5/6/24	124,515	121,285	0.981	AA+	Aaa	NR	3.258%
Corporate Notes	0.400-3.450	7/13/22-1/11/24	125,191	120,534	0.818	A+	A1	A+	3.237%
Corporate Notes	0.426-2.726	8/16/22-8/11/23	47,191	45,955	0.801	AA-	Aa2	NR	1.234%
Corporate Notes	0.250-2.500	11/29/22-6/3/23	28,007	27,488	0.892	AA	A1	AA-	0.738%
Corporate Notes	2.400	7/30/24	21,179	19,508	2.085	A+	A2	A+	0.524%
Corporate Notes	2.750-3.000	2/11/23-3/15/23	18,243	17,482	0.698	AA	Aa2	A+	0.470%
Corporate Notes	0.537-3.550	8/1/22-11/13/23	15,508	14,784	0.290	A+	A2	NR	0.397%
Corporate Notes	1.950-3.400	1/9/23-7/24/23	10,884	10,459	0.682	AA-	A1	AA-	0.281%
Corporate Notes	2.000-3.625	11/15/22-12/15/23	10,730	10,396	1.189	AAA	Aaa	AAA	0.279%
Corporate Notes	0.350-3.450	1/27/23-12/7/23	10,165	9,809	1.060	A	A1	AA-	0.264%
Corporate Notes	2.100-3.100	5/1/23-8/15/23	6,288	6,097	0.983	AA-	Aa3	NR	0.164%
Corporate Notes	2.050-2.625	11/9/22-11/21/22	5,535	5,409	0.378	AA-	Aa3	A+	0.145%
Corporate Notes	3.375	2/25/24	5,068	5,028	1.658	AA+	Aa2	NR	0.135%
Corporate Notes	2.600	3/7/24	1,781	1,658	1.688	A	A2	A	0.045%
Corporate Notes	2.050	3/1/23	309	298	0.668	AAA	Aaa	NR	0.008%
Commercial paper:									
Commercial paper	0.250-2.960	7/5/22-1/13/23	369,017	369,537	0.097	A-1+	P-1	F1+	9.926%
Commercial paper	0.370-2.580	7/2/22-12/19/22	208,607	208,872	0.206	A-1+	P-1	F1	5.610%
Commercial paper	0.200-1.450	7/25/22-10/6/22	139,318	139,530	0.184	A-1+	P-1	NR	3.748%
Commercial paper	0.710-2.120	7/1/22-12/16/22	129,136	129,350	0.266	A-1	P-1	F1+	3.474%
Commercial paper	0.950-2.790	7/5/22-12/19/22	89,324	89,448	0.182	A-1	P-1	F1	2.403%
Commercial paper	1.030-1.330	8/2/22-9/13/22	84,398	84,560	0.138	A-1+	NR	F1+	2.271%
Municipal Bonds:									
Municipal Bonds	0.193-5.200	8/1/22-8/1/24	73,079	70,364	1.345	AAA	Aaa	N/A	1.890%
Municipal Bonds	0.218-5.000	7/1/22-6/1/25	44,624	43,057	1.108	AA	NR	N/A	1.157%
Municipal Bonds	0.249-1.700	8/1/22-3/1/24	16,373	15,868	1.059	AA-	Aa2	N/A	0.426%
Municipal Bonds	0.142-5.000	8/1/22-6/1/25	11,418	11,231	1.518	AA+	Aa1	N/A	0.302%
Municipal Bonds	0.183-5.000	8/1/22-9/1/24	10,971	10,466	1.523	AA	Aa2	N/A	0.281%
Municipal Bonds	0.000-5.000	7/1/22-8/1/24	9,875	9,592	0.800	AA-	NR	N/A	0.258%
Municipal Bonds	0.309-3.128	8/1/22-4/1/25	7,680	7,457	1.485	AA	Aa3	N/A	0.200%
Municipal Bonds	0.308-5.000	8/1/22-6/1/25	6,939	6,827	0.972	AAA	NR	N/A	0.183%
Municipal Bonds	0.299-5.000	8/1/22-5/1/25	4,949	4,813	1.245	AA+	NR	N/A	0.129%
Municipal Bonds	0.632-6.420	8/1/22-7/1/24	3,920	3,739	0.750	AA	A1	N/A	0.100%
Municipal Bonds	0.345-0.514	2/1/23-2/1/24	1,625	1,574	1.092	A+	A1	N/A	0.042%
Municipal Bonds	2.125-5.000	11/1/22-9/1/23	1,559	1,513	0.695	A+	NR	N/A	0.041%
Municipal Bonds	0.347-0.508	9/1/22-8/1/24	1,280	1,242	1.059	AA	Aa1	N/A	0.033%
Municipal Bonds	3.000-5.000	8/1/22-8/1/23	1,105	1,093	0.281	AA+	Aaa	N/A	0.029%
Municipal Bonds	5.000	7/1/22	1,073	1,065	0.003	AAA	Aa1	N/A	0.029%
Municipal Bonds	0.244-5.000	8/1/22-4/1/24	814	789	0.932	AA+	Aa2	N/A	0.021%
Municipal Bonds	3.595-5.000	8/1/22-6/1/24	795	755	0.866	A	NR	N/A	0.020%
Municipal Bonds	0.372	8/1/22	750	749	0.088	A+	Aa2	N/A	0.020%
Municipal Bonds	1.569-2.987	11/1/22-8/1/23	615	592	0.963	AA-	A1	N/A	0.016%
Municipal Bonds	3.000-5.250	5/1/24-8/1/24	249	232	1.950	AA	A2	N/A	0.006%
Municipal Bonds	5.000	8/1/23	188	176	1.088	AA-	A3	N/A	0.005%
Municipal Bonds	1.665	3/1/23	154	149	0.668	A	Aa3	N/A	0.004%
Municipal Bonds	2.324	6/1/24	128	127	1.923	AA-	A2	N/A	0.003%
LAIF	0.861		55,000	55,000	0.840	NR	NR	N/A	1.477%
CalTRUST	0.080		25,000	24,990	0.900	AA	NR	N/A	0.671%
Supranationals:									
Supranationals	0.125-7.625	9/14/22-11/25/24	263,966	252,079	1.259	AAA	Aaa	AAA	6.771%
Supranationals	0.390-2.000	10/24/22-9/3/24	60,134	57,574	1.540	AAA	Aaa	NR	1.546%
Supranationals	0.000-2.125	7/1/22-7/7/22	40,013	39,995	0.011	A-1+	P-1	F1+	1.074%
Total investments in Investment Pool			<u>\$3,784,921</u>	<u>\$ 3,723,151</u>					<u>100.000%</u>

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The following represents a condensed statement of net position and changes in net position for the pool (internal and external) as of June 30, 2022 (in thousands):

Statement of Net Position	<u>Total</u>
Net position held for pool participants	\$ 3,886,091
Equity of internal pool participants	\$ 1,741,916
Equity of external pool participants	2,126,154
Equity of discretely presented component unit	18,021
Total equity	\$ 3,886,091
Statement of Changes in Net Position	
Net position at July 1, 2021	\$ 3,217,395
Increase in investment by pool participants, net	668,696
Net position at June 30, 2022	\$ 3,886,091

The Investment Pool includes both voluntary and involuntary participants for whom cash and investments are held by the County Treasurer. The total percentage share of the Investment Pool related to involuntary participants is estimated at 48 percent. Legal provisions require certain special districts to maintain surplus cash in the Investment Pool including public school districts, cemetery districts, recreation and park districts, and the Air Pollution Control District.

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

Investment Policy – Pension Trust

The VCERA, in accordance with state statutes, invests in any form or type of investment, financial instrument, or financial transaction deemed prudent in the informed opinion of the Board. The Board's investment policy allows investment to the entire global fixed income market (maturities 1 to 30 years), including treasury and government agency bonds, corporate debt, mortgages, asset-backed securities, and international and emerging markets. Under GAAP, VCERA investments are presented at fair value and are in the custody of, or controlled by, State Street Bank and Trust, VCERA's custodian.

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 – Investment Pool

Custodial Credit Risk

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, 2022, 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 custodian in their trust department.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Credit Risk

State law and the IPS limit investments in commercial paper to those with the rating of A-1 or better by Standard and Poor's, P-1 by Moody's Investors Service, or F1 or better by Fitch Ratings. State law and IPS limits investment in medium term notes to a rating of A or better by Standard & Poor's, A2 or better by Moody's Investors Service, or A or better 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. 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

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, 2022:

Investment	Percentage of Investment Pool
Federal Home Loan Bank	13.12 %
Toronto Dominion Holdings	9.51 %
Korea Development Bank	7.70 %
Royal Bank of Canada	7.62 %
Oversea-Chinese Bank	6.98 %
Toyota Motor Credit Corporation	5.18 %
Combined Individual Issuers less than 5% of Portfolio:	
Commercial Paper	14.94 %
Supranationals	9.39 %
Medium-Term Corporate Notes	8.00 %
Yankee Certificate of Deposits	6.04 %
Municipal Bonds	5.20 %
U.S. Government Agencies	4.17 %
LAIF	1.48 %
CalTRUST	0.67 %
Total	100.00 %

Interest Rate Risk

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, 2022, the weighted average maturity of the Investment Pool was 278 days.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Risk Disclosures – VCERA

Custodial Credit Risk

VCERA considers investments purchased with a maturity of 12 months or less to be short-term investments. Although not having a policy that specifically addresses the limiting of custodial credit risk, VCERA, in practice, limits custodial credit risk for deposits by maintaining substantially all cash and short-term investments in external investment pools managed by the County of Ventura and State Street Bank and Trust. All other investment securities are held by State Street Bank and Trust in VCERA’s name. As of June 30, 2022, VCERA had the following cash and short-term investments (in thousands):

State Street Bank and Trust	\$	126,099
County of Ventura Treasurer's Investment Pool		<u>12,148</u>
Total		<u><u>\$ 138,247</u></u>

Credit Risk

VCERA requires its overall weighted fixed income holdings to be rated at a minimum AA by Standard & Poor’s (S&P), Aa by Moody’s, or AA by Fitch Rating. Aggregated amounts by rating category using S&P ratings at June 30, 2022, are as follows (in thousands):

<u>Rating Category</u>	
<u>Separate Holdings</u>	
AAA	\$ 23,715
AA	14,440
A	45,253
BBB	93,233
BB	15,442
B	6,033
CCC	11,061
No Rating	<u>154,602</u>
Total Separate Holdings	<u>363,779</u>
 <u>Pooled Investments</u>	
AAA	263,604
AA	23,677
A	95,519
BBB	172,561
BB	13,773
B	4,648
CCC	1,219
CC	10,009
No Rating	<u>98,527</u>
Total Pooled Investments	<u>683,537</u>
Total Portfolio	<u><u>\$ 1,047,316</u></u>

Note - The Total Portfolio amount does not agree to the Fixed Income amount in the Investment Section of the Statement of Fiduciary Net Position due to one investment classified under "Equities" having fixed income holdings.

Overall, the Plan's fixed income holdings were rated A at June 30, 2022.

COUNTY OF VENTURA
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(Continued)

Concentration of Credit Risk

VCERA had no single issuer that exceeds 5% of total investments per GASB Statement No. 40 disclosure requirements or any one issuer which represents 5% or more of total fiduciary net position in accordance with GASB Statement No. 67. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt from the disclosure requirements. The VCERA's investment policy does not allow more than 5% of the total portfolio fair value to be invested in any one issuer.

Interest Rate Risk

VCERA has developed a policy to limit the duration of VCERA's fixed income portfolio to $\pm 20\%$ of the broad fixed income market as defined by the Bloomberg Barclays U.S. Aggregate Bond Index and Bloomberg Barclays Global Aggregate Bond Index. Duration is an investment's exposure to fair value change arising from a change in interest rates, by investment category. Amounts held as of June 30, 2022, are as follows (in thousands):

<u>Category</u>	<u>Amount</u>	<u>Duration (Years)</u>
Treasury	\$ 344,618	5.9
Agency	17,856	0.9
Mortgage-Backed	134,545	3.4
Asset-Backed	39,751	1.6
Credit	467,041	4.3
Foreign	36,609	5.5
Other	<u>6,896</u>	0.3
Total	<u>\$ 1,047,316</u>	7.2

Notes - The duration of the Bloomberg Barclays Aggregate Bond Index as of June 30, 2022 was 6.4 years. Also, the Total Portfolio amount does not agree to the Fixed Income amount in the Investment Section of the Statement of Fiduciary Net Position due to one investment classified under "Equities" having fixed income holdings.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Foreign Currency Risk. Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. VCERA's authorized managers are permitted to invest in approved countries or regions, as stated in their respective investment guidelines.

The schedule below represents VCERA's exposure to Foreign Currency Risk in U.S. dollars. VCERA is invested in several non-U.S. commingled funds. This means VCERA owns units of commingled funds, and the fund holds actual securities and/or currencies. The values shown include VCERA's pro rata portion of non-U.S. commingled fund holdings at June 30, 2022 (in thousands):

Currency	Fixed Income	Equities
Australian Dollar	\$ 2,566	\$ 49,511
British Pound	2,917	188,710
Canadian Dollar	4,705	90,093
Danish Krone	-	33,101
Euro	6,097	372,759
Hong Kong Dollar	-	48,772
Japanese Yen	5,924	190,116
Mexican Peso	2,277	6,340
New Zealand Dollar	-	1,742
Norwegian Krone	5,866	11,913
South African Rand	-	10,067
Singapore Dollar	-	19,252
South Korean Won	4,334	37,497
Swedish Krona	-	25,118
Swiss Franc	-	97,702
Other/Emerging Markets	22,298	309,486
Total Securities Subject to Foreign Currency Risk	<u>\$ 56,984</u>	<u>\$ 1,492,179</u>

Securities Lending. VCERA, under provisions of state statutes, and its investment policy, authorizes State Street Bank and Trust to act as agent in lending VCERA's securities to broker-dealers and other entities in the form of a loan agreement. Borrowers were required to deliver collateral in an amount equal to not less than 100%, and typically 102%, of the fair value of securities borrowed.

As of June 30, 2022, VCERA had no credit risk exposure because the amounts VCERA owed the borrowers exceeded the amounts the borrowers owed VCERA. State Street Bank and Trust indemnified VCERA by agreeing to purchase replacements securities, or return cash collateral, in the event a borrower failed to return a lent security or pay distributions while the security was on loan. VCERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested with cash collateral of other qualified tax-exempt plan lenders in a collective investment pool. Because loans were terminable at will, their maturity did not generally match the maturity of the investments made with cash collateral. VCERA cannot pledge or sell collateral securities without borrower default. As of June 30, 2022, VCERA had securities on loan with a fair value of \$105.4 million, with collateral of \$107.0 million.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

VCERA's net securities lending income for the fiscal years ended June 30, 2022, is as follows (in thousands):

Gross Income	\$	480
Expenses:		
Borrower Rebates		123
Management Fees		107
Net Securities Lending Income	\$	<u>250</u>

Derivative Financial Instruments. As part of VCERA's investment policy, investment managers are allowed the use of derivatives. Derivatives are financial instruments that derive their value, usefulness, and marketability from an underlying instrument which represents direct ownership of an asset or of an issuer whose payments are based on or "derived" from the performance of an agreed upon benchmark. Values of derivatives change daily. VCERA's managers are required to mark-to-market derivative positions daily. Within VCERA's investment policy, specific guidelines are put forth with investment managers who invest in derivatives. Substitution, risk control, and arbitrage are the only derivative strategies permitted; speculation is prohibited. No contingent features are present. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Gains and losses from derivatives are included in the Statement of Changes in Fiduciary Net Position. For financial reporting purposes, all of VCERA's derivatives are classified as investment derivatives. The following types of derivatives are permitted: futures contracts, currency forward contracts, options, and swaps.

Futures. Futures are financial agreements to buy or sell an underlying asset at a specified future date and price. Futures contracts are standardized contracts traded on organized exchanges and they are marked-to-market daily. The futures exchange reduces counterparty credit risk by acting as a central counterparty. It does this by collecting a daily margin payment from one trade participant and crediting it to the other, based on price changes in the underlying asset.

Currency Forwards. A forward contract represents an agreement to buy or sell an underlying asset at a specified future date for a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions. The following analysis is as of June 30, 2022 (in thousands):

Currency Forwards Analysis

Currency	Options	Currency Forward Contracts		Swap Agreement	Net Exposure
		Net Receivables	Net Payables		
Australian Dollar	\$ -	\$ -	\$ 31	\$ -	\$ 31
Canadian Dollar	-	-	10	-	10
Yuan Renminbi Offshore	-	-	4	-	4
Euro Currency Unit	-	-	6	-	6
British Pound Sterling	-	-	46	-	46
Japanese Yen	-	-	15	-	15
Mexican Peso	-	-	5	-	5
Subtotal	-	-	117	-	117
U.S. Dollar	(392)	-	-	7,006	6,614
Total	<u>\$ (392)</u>	<u>\$ -</u>	<u>\$ 117</u>	<u>\$ 7,006</u>	<u>\$ 6,731</u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Option Contracts. An option is a type of derivative security in which a buyer (purchaser) has the right, not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

Swap Agreements. A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. No principal is exchanged at the beginning of the swap. The cash flows the counter parties exchange are tied to a “notional” or contract amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior marking-to-market, which are functions of general interest rate fluctuations.

The investment derivatives schedule listed below reports the net appreciation (depreciation) in fair value and related fair value amounts as of June 30, 2022, and the notional amounts for derivatives outstanding, classified by derivative type (in thousands).

Derivative Type	Net Appreciation (Depreciation) in Fair Value		Notional Value (Dollars)	Notional Shares (Units)
Credit Default Swaps Bought	\$ 729	\$ 11	\$ 35,253	\$ -
Credit Default Swaps Written	(223)	(51)	1,750	-
Fixed Income Futures Long	(22,437)	-	-	332,120
Fixed Income Futures Short	19,608	-	-	(294,682)
Foreign Currency Futures Long	(424)	-	-	13,300
Futures Options Bought	(2,084)	126	-	117
Futures Options Written	3,131	(518)	-	(1,690)
FX Forwards	467	108	3,185	-
Index Futures Long	(62,663)	-	-	178
Index Futures Short	15,515	-	-	(2)
Pay Fixed Interest Rate Swaps	9,978	8,753	93,829	-
Receive Fixed Interest Rate Swaps	(1,883)	(1,707)	75,463	-
Total	<u>\$ (40,286)</u>	<u>\$ 6,722</u>	<u>\$ 209,480</u>	<u>\$ 49,341</u>

All investment derivative positions are included as part of investments at fair value on the Statement of Fiduciary Net Position. All changes in fair value are reported as part of Net Appreciation/(Depreciation) in Fair Value of Investments in the Statement of Changes in Fiduciary Net Position.

Counterparty Credit Risk. VCERA is exposed to credit risk on investment derivatives that are traded over-the-counter and are reported in asset positions. Derivatives exposed to credit risk include currency forward contracts and certain swap agreements. To minimize counterparty credit risk exposure, VCERA’s investment managers continually monitor credit ratings of counterparties. In addition, collateral provided by the counterparty reduces VCERA’s counterparty credit risk exposure. Should there be a counterparty failure, VCERA would be exposed to the loss of the fair value of derivatives that have unrealized gains and any collateral provided to the counterparty, net of applicable netting arrangements. VCERA requires investment managers to have Master Agreements in place to minimize credit risk. Netting arrangements provide VCERA with a legal right of setoff in the event of bankruptcy or default by the counterparty.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

The following schedule displays the fair value of investments with each counterpart's S&P, Fitch, and Moody's credit rating by counterparty name alphabetically, as of June 30, 2022 (in thousands):

Counterparty Name	Fair Value	S&P Rating	Fitch Rating	Moody's Rating
Bank of America, N.A.	\$ 1	A+	AA	Aa2
BNP Paribas, S.A.	5	A+	A+	Aa3
Citibank N.A.	40	A+	A+	Aa3
Goldman Sachs Bank USA	67	BBB+	A	A2
Goldman Sachs CME	4,069	BBB+	A	A2
Goldman Sachs ICE	6	BBB+	A	A2
Goldman Sachs LDN LCH UK	114	BBB+	A	A2
JPMorgan Chase Bank N.A.	4	A+	AA	Aa2
Morgan Stanley LCH	214	A-	A	A1
UBS AG	130	A+	AA-	Aa3
UBS CME	4,248	A+	AA-	Aa3
UBS ICE	5	A+	AA-	Aa3
Total	<u>\$ 8,903</u>			

Interest Rate Risk. Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest Rate Swaps is an example of a derivative investment that is highly sensitive to interest rates changes. These investments are disclosed in the following table, not including holdings within commingled structure, as of June 30, 2022 (in thousands):

Derivative Type	Notional Value (Dollar)	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Credit Default Swaps Bought	\$ 35,253	\$ 11	\$ -	\$ 11	\$ -	\$ -
Credit Default Swaps Written	1,750	(51)	-	(51)	-	-
Pay Fixed Interest Rate Swaps	93,829	8,753	-	2,167	2,672	3,914
Receive Fixed Interest Rate Swaps	<u>75,463</u>	<u>(1,707)</u>	<u>-</u>	<u>(1,557)</u>	<u>(150)</u>	<u>-</u>
Total	<u>\$ 206,295</u>	<u>\$ 7,006</u>	<u>\$ -</u>	<u>\$ 570</u>	<u>\$ 2,522</u>	<u>\$ 3,914</u>

Risk Disclosures – SRP

Concentration of Credit Risk

SRP. Investments in mutual funds are excluded from the requirement to disclose concentration of credit risk. As of June 30, 2022, the SRP was not exposed to concentration of credit risk.

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 \$11,605,000, or 40 percent, of its investments in bond mutual funds.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by GASB 72, *Fair Value Measurement and Application*. The County's investments and outside investments by fair value level as of June 30, 2022 include the following (in thousands):

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in Investment Pool				
Investments not subject to fair value hierarchy:				
CalTRUST	\$ 24,990	\$ -	\$ -	\$ -
LAIF	55,000	-	-	-
Total investments not subject to fair value hierarchy	79,990	-	-	-
Investments subject to fair value hierarchy:				
U.S. Government Agency Bonds	643,962	9,726	634,236	-
Yankee Certificate of Deposit	1,018,594	-	1,018,594	-
Medium Term Corporate Notes	416,190	-	416,190	-
Commercial Paper	1,021,297	-	1,021,297	-
Municipal Bonds	193,470	-	193,470	-
Supranational Instruments	349,648	-	349,648	-
Total investments subject to fair value hierarchy	3,643,161	\$ 9,726	\$ 3,633,435	\$ -
Total investments in investment pool	3,723,151			
Investments outside Investment Pool				
Investments by fair value level:				
VCERA Pension Trust:				
Debt Securities:				
Asset Backed Securities	18,397	\$ 218	\$ 18,179	\$ -
Commercial Mortgage-Backed Securities	19,365	-	19,365	-
Corporate and Other Credit	119,842	-	119,842	-
U.S. Government Agency	142,485	130,729	11,756	-
Total Debt Securities	300,089	\$ 130,947	\$ 169,142	\$ -
Equity Securities:				
U.S. Equity	16,638	\$ -	\$ 16,638	\$ -
Limited Partnerships	181,302	140,599	-	40,703
Preferred Stock	614	614	-	-
Total Equity Securities	198,554	\$ 141,213	\$ 16,638	\$ 40,703
Collateral from Securities Lending	107,023	\$ -	\$ 107,023	\$ -
SRP Pension Trust:				
Bond Mutual Funds	11,605	\$ 1,175	\$ 10,430	\$ -
Equity Mutual Funds	17,461	864	16,596	-
Total SRP Pension Trust	29,066	\$ 2,039	\$ 27,026	\$ -
Total investments subject to fair value hierarchy	634,732			
Investments measured at net asset value (NAV):				
Fixed Income	545,225			
Private Credit	320,986			
Equity:				
U.S.	1,773,206			
Non-U.S.	957,843			
Global	670,886			
Real Assets	892,710			
Private Equity	1,237,710			
Total investments measured at NAV	6,398,566			
Total investments outside investment pool	7,033,298			
Total investments	\$ 10,756,449			
Investment derivative instruments:				
Forward Exchange Contracts	\$ 108	\$ 108	\$ -	\$ -
Future Options Contracts	(392)	(392)	-	-
Credit Default Swaps	(40)	-	(40)	-
Interest Rate Swaps	7,046	-	7,046	-
Total investment derivative instruments	\$ 6,722	\$ (284)	\$ 7,006	\$ -

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Investments are recorded at fair value in the statement of net position and are categorized based upon the level of judgment associated with the inputs used to measure their fair value and are classified as follows:

Level 1 were valued using unadjusted, quoted prices for identical assets in active markets.

Level 2 were valued using various pricing models such as matrix pricing technique, option adjusted spread model, and multi-dimensional relational model.

Level 3 were priced manually using various sources such as issuer investment manager, client, default price, and other unobservable inputs.

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.

NOTE 4 - PROPERTY TAXES

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

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

The County is divided into approximately 2,505 tax rate areas, which are unique combinations of various jurisdictions serving a specific geographic area. In fiscal year 2021-22, the rates levied within each tax rate area varied from a low of 1.000000 to a high of 1.643640 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.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

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

NOTE 5 - RECEIVABLES

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

Governmental Funds	General Fund	Roads	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
Receivables:							
Accounts	\$ 145,935	\$ 6,498	\$ 740	\$ 7,011	\$ 31,686	\$ 4,899	\$ 196,769
Interest	198	14	31	44	41	90	418
Lease	244	-	-	-	54	17	315
Gross Receivables	<u>146,377</u>	<u>6,512</u>	<u>771</u>	<u>7,055</u>	<u>31,781</u>	<u>5,006</u>	<u>197,502</u>
Long-term receivables:							
Lease	2,370	-	-	-	1,239	403	4,012
Medi-Cal	19,688	-	-	-	11,873	-	31,561
SB90 revenue	6,899	-	-	-	-	-	6,899
Neighborhood Stabilization Program	2,551	-	-	-	-	-	2,551
HUD programs	-	-	-	-	14,462	-	14,462
Special assessments	-	-	-	-	6,878	-	6,878
Other long-term receivables	<u>551</u>	<u>-</u>	<u>1,751</u>	<u>-</u>	<u>639</u>	<u>97</u>	<u>5,251</u>
Total long-term receivables	<u>32,059</u>	<u>-</u>	<u>1,751</u>	<u>-</u>	<u>35,091</u>	<u>500</u>	<u>71,614</u>
Total receivables	<u>\$ 178,436</u>	<u>\$ 6,512</u>	<u>\$ 2,522</u>	<u>\$ 7,055</u>	<u>\$ 66,872</u>	<u>\$ 5,506</u>	<u>\$ 273,128</u>
Proprietary Funds	Medical System	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Total Enterprise Funds and Business-type Activities		
Receivables:							
Accounts	\$ 597,426	\$ 3,929	\$ 8,267	\$ 3,975	\$ 613,597		
Interest	-	4	9	14	27		
Lease	-	1,397	96	1,784	3,277		
Other	50	-	-	270	320		
Gross Receivables	<u>597,476</u>	<u>5,330</u>	<u>8,372</u>	<u>6,043</u>	<u>617,221</u>		
Less: Allow./Uncollectible Acct	<u>(371,828)</u>	<u>(20)</u>	<u>(29)</u>	<u>-</u>	<u>(371,877)</u>		
Total Receivables - fund statements	<u>225,648</u>	<u>5,310</u>	<u>8,343</u>	<u>6,043</u>	<u>245,344</u>		
Long-term receivables:							
Lease	-	31,813	4,434	64,543	100,790		
Service Concession Arrangement	-	-	-	1,762	1,762		
Total long-term receivables	<u>-</u>	<u>31,813</u>	<u>4,434</u>	<u>66,305</u>	<u>102,552</u>		
Total receivables	<u>\$ 225,648</u>	<u>\$ 37,123</u>	<u>\$ 12,777</u>	<u>\$ 72,348</u>	<u>\$ 347,896</u>		

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/ Payables (Short-Term):

The composition of interfund balances as of June 30, 2022, is as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Roads Fund	\$ 55	
	Watershed Protection District	172	
	Fire Protection District	130	
	Non-major Governmental Funds	5,902	
	Medical System	573	
	Department of Airports	4	
	Waterworks Districts	277	
	Non-major Enterprise Funds	25	
	Internal Service Funds	<u>614</u>	
			\$ 7,752
Roads Fund	General Fund	282	
	Non-major Governmental Funds	11	
	Internal Service Funds	<u>85</u>	
			378
Watershed Protection District	General Fund	<u>500</u>	
			500
Fire Protection District	General Fund	1,251	
	Internal Service Funds	<u>60</u>	
			1,311
Non-major Governmental Funds	General Fund	1,290	
	Non-major Governmental Funds	146	
	Medical System	<u>90</u>	
			1,526
Medical System	General Fund	183	
	Fire Protection District	36	
	Non-major Governmental Fund	315	
	Non-major Enterprise Funds	4	
	Internal Service Funds	<u>27</u>	
			565
Department of Airports	General Fund	<u>20</u>	
			20
Waterworks Districts	General Fund	<u>511</u>	
			511

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Receivable Fund	Payable Fund	Amount
Non-major Enterprise Funds	General Fund	<u>\$ 129</u>
		\$ 129
Internal Service Funds	General Fund	4,765
	Roads Fund	268
	Watershed Protection District	161
	Fire Protection District	166
	Non-major Governmental Funds	703
	Medical System	1,222
	Department of Airports	89
	Waterworks Districts	466
	Non-major Enterprise Funds	288
	Internal Service Funds	<u>664</u>
		<u>8,792</u>
Total Due To/Due From		<u>\$ 21,484</u>

The balance of \$5,902,000 due to the General Fund from Non-major Governmental Funds includes the reimbursement of capital projects expenditures from the PFA and administrative reimbursements.

The balance of \$1,251,000 due to the Fire Protection District from the General Fund is primarily the transfer of property tax.

The balance of \$1,290,000 due to Non-major Governmental Funds from the General Fund is primarily grant reimbursements.

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

COUNTY OF VENTURA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

Advances to/from Other Funds (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-major Governmental Fund	\$ 16,135
	Medical System	97,000
	Waterworks Districts	1,732
	Internal Service Funds	559
Total Advances		<u>\$ 115,426</u>

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

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

- Todd Road Jail Expansion (TRJ) in the amount of \$16,100,000 to provide timely payments to contractors while grant claims are processed by the State. This advance was authorized for up to \$17,000,000.
- 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.
- Medical System in the amount of \$97,000,000. The Medical System 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, 2023.

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. 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 first draw down occurred in August 2017, and at June 30, 2022 the balance stands at \$1,732,000

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's 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, 2022 the balance stands at \$559,000.

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

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Transfers

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

Transfer From	Transfer To	Amount	Purpose
General Fund	Roads Fund	\$ 57	Subsidy for capital projects
	Non-major Governmental Funds	7,980	Transfer funds for scheduled debt service
	Non-major Governmental Funds	2,400	Subsidy for capital projects
	Non-major Governmental Funds	10,360	Subsidy for operating expenses
	Non-major Governmental Funds	2,410	Health and welfare realignment
	Medical System	28,920	Subsidy for operating expenses
	Medical System	3,409	Tobacco settlement revenues
	Non-major Enterprise Funds	1,293	Subsidy for operating expenses
	Internal Service Funds	1,415	Subsidy for capital asset purchase
	Internal Service Funds	813	Subsidy for capital projects
	Internal Service Funds	<u>230</u>	Subsidy for operating expenses
		<u>59,287</u>	
Roads Fund	Internal Service Funds	<u>1,250</u>	Subsidy for capital asset purchase
		<u>1,250</u>	
Watershed Protection District	Internal Service Funds	<u>717</u>	Subsidy for capital asset purchase
		<u>717</u>	
Non-major Governmental Funds	General Fund	1,310	Transfer of HUD and Home grant funding
	General Fund	4	Subsidy for operating expenses
	Non-major Governmental Funds	155	Transfer of HUD grant funding
	Non-major Governmental Funds	133	Transfer funds for scheduled debt service
	Medical System	572	Subsidy for operating expenses
	Medical System	64	Transfer of HUD grant funding
	Internal Service Funds	<u>5</u>	Subsidy for capital asset purchase
		<u>2,243</u>	
Department of Airports	Internal Service Funds	<u>46</u>	Subsidy for capital asset purchase
		<u>46</u>	
Waterworks Districts	Internal Service Funds	<u>43</u>	Subsidy for capital projects
		<u>43</u>	
Non-major Enterprise Funds	General Fund	<u>43</u>	Subsidy for operating expenses
		<u>43</u>	
Internal Service Funds	General Fund	<u>100</u>	Subsidy for operating expenses
		<u>100</u>	
Total		<u>\$ 63,729</u>	

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows (in thousands):

	Balance July 1, 2021, as restated	Additions	Deletions	Balance June 30, 2022
Governmental Activities:				
Capital assets, nondepreciable:				
Land	\$ 53,088	\$ -	\$ -	\$ 53,088
Easements	200,451	-	-	200,451
Construction in progress	111,881	73,316	11,005	174,192
Total capital assets, nondepreciable	<u>365,420</u>	<u>73,316</u>	<u>11,005</u>	<u>427,731</u>
Capital assets, depreciable/amortizable:				
Land improvements	55,076	3,448	-	58,524
Structures and improvements	595,023	10,864	1,233	604,654
Equipment	144,395	10,631	7,026	148,000
Vehicles	122,944	11,848	4,994	129,798
Software	104,091	12,810	1	116,900
Infrastructure	604,941	3,981	15	608,907
Right-to-use leased structures and improvements	35,913	6,990	-	42,903
Right-to-use leased equipment	6,518	-	-	6,518
Total capital assets, depreciable/amortizable	<u>1,668,901</u>	<u>60,572</u>	<u>13,269</u>	<u>1,716,204</u>
Less accumulated depreciation/amortization for:				
Land improvements	14,503	1,900	-	16,403
Structures and improvements	279,177	15,906	1,115	293,968
Equipment	86,900	9,380	6,726	89,554
Vehicles	70,685	7,395	4,357	73,723
Software	77,136	10,072	-	87,208
Infrastructure	154,047	6,193	11	160,229
Right-to-use leased structures and improvements	-	10,570	-	10,570
Right-to-use leased equipment	-	834	-	834
Total accumulated depreciation/amortization	<u>682,448</u>	<u>62,250</u>	<u>12,209</u>	<u>732,489</u>
Total capital assets, depreciable/amortizable, net	<u>986,453</u>	<u>(1,678)</u>	<u>1,060</u>	<u>983,715</u>
Governmental activities capital assets, net	<u>\$ 1,351,873</u>	<u>\$ 71,638</u>	<u>\$ 12,065</u>	<u>\$ 1,411,446</u>
Business-type Activities (Enterprise):				
Medical System:				
Capital assets, nondepreciable:				
Land	\$ 2,054	\$ -	\$ -	\$ 2,054
Construction in progress	14,642	6,359	899	20,102
Total capital assets, nondepreciable	<u>16,696</u>	<u>6,359</u>	<u>899</u>	<u>22,156</u>
Capital assets, depreciable/amortizable:				
Structures and improvements	472,122	-	2	472,120
Equipment	76,401	2,678	523	78,556
Software	46,290	-	-	46,290
Right-to-use leased structures and improvements	16,445	1,528	-	17,973
Right-to-use leased equipment	5,144	117	-	5,261
Total capital assets, depreciable/amortizable	<u>616,402</u>	<u>4,323</u>	<u>525</u>	<u>620,200</u>
Less accumulated depreciation/amortization for:				
Structures and improvements	101,828	12,225	-	114,053
Equipment	56,333	5,534	523	61,344
Software	45,827	310	-	46,137
Right-to-use leased structures and improvements	-	4,468	-	4,468
Right-to-use leased equipment	2,609	1,137	-	3,746
Total accumulated depreciation/amortization	<u>206,597</u>	<u>23,674</u>	<u>523</u>	<u>229,748</u>
Total capital assets, depreciable/amortizable, net	<u>409,805</u>	<u>(19,351)</u>	<u>2</u>	<u>390,452</u>
Medical System capital assets, net	<u>\$ 426,501</u>	<u>\$ (12,992)</u>	<u>\$ 901</u>	<u>\$ 412,608</u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

	Balance July 1, 2021, as restated	Additions	Deletions	Balance June 30, 2022
Department of Airports:				
Capital assets, nondepreciable:				
Land	\$ 9,362	\$ -	\$ -	\$ 9,362
Easements	849	-	-	849
Construction in progress	<u>13,872</u>	<u>12,765</u>	<u>3</u>	<u>26,634</u>
Total capital assets, nondepreciable	<u>24,083</u>	<u>12,765</u>	<u>3</u>	<u>36,845</u>
Capital assets, depreciable/amortizable:				
Land improvements	50,921	-	-	50,921
Structures and improvements	18,399	-	-	18,399
Equipment	1,255	13	-	1,268
Vehicles	<u>990</u>	<u>-</u>	<u>-</u>	<u>990</u>
Total capital assets, depreciable/amortizable	<u>71,565</u>	<u>13</u>	<u>-</u>	<u>71,578</u>
Less accumulated depreciation/amortization for:				
Land improvements	32,329	1,854	-	34,183
Structures and improvements	15,326	325	-	15,651
Equipment	957	55	-	1,012
Vehicles	<u>877</u>	<u>29</u>	<u>-</u>	<u>906</u>
Total accumulated depreciation/amortization	<u>49,489</u>	<u>2,263</u>	<u>-</u>	<u>51,752</u>
Total capital assets, depreciable/amortizable, net	<u>22,076</u>	<u>(2,250)</u>	<u>-</u>	<u>19,826</u>
Department of Airports capital assets, net	<u>\$ 46,159</u>	<u>\$ 10,515</u>	<u>\$ 3</u>	<u>\$ 56,671</u>
Waterworks Districts:				
Capital assets, nondepreciable:				
Land	\$ 2,490	\$ -	\$ -	\$ 2,490
Easements	326	-	-	326
Construction in progress	<u>9,829</u>	<u>7,239</u>	<u>1,863</u>	<u>15,205</u>
Total capital assets, nondepreciable	<u>12,645</u>	<u>7,239</u>	<u>1,863</u>	<u>18,021</u>
Capital assets, depreciable/amortizable:				
Land improvements	2,074	-	-	2,074
Structures and improvements	152,203	1,863	-	154,066
Equipment	3,012	113	-	3,125
Vehicles	93	-	-	93
Software	<u>87</u>	<u>-</u>	<u>-</u>	<u>87</u>
Total capital assets, depreciable/amortizable	<u>157,469</u>	<u>1,976</u>	<u>-</u>	<u>159,445</u>
Less accumulated depreciation/amortization for:				
Land improvements	584	41	-	625
Structures and improvements	50,731	2,918	-	53,649
Equipment	2,187	107	-	2,294
Vehicles	92	1	-	93
Software	<u>39</u>	<u>9</u>	<u>-</u>	<u>48</u>
Total accumulated depreciation/amortization	<u>53,633</u>	<u>3,076</u>	<u>-</u>	<u>56,709</u>
Total capital assets, depreciable/amortizable, net	<u>103,836</u>	<u>(1,100)</u>	<u>-</u>	<u>102,736</u>
Waterworks Districts capital assets, net	<u>\$ 116,481</u>	<u>\$ 6,139</u>	<u>\$ 1,863</u>	<u>\$ 120,757</u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

	Balance July 1, 2021, as restated	Additions	Deletions	Balance June 30, 2022
Non-major Enterprise Funds:				
Capital assets, nondepreciable:				
Land	\$ 9,052	\$ -	\$ -	\$ 9,052
Easements	122	-	-	122
Construction in progress	<u>2,262</u>	<u>305</u>	<u>1,590</u>	<u>977</u>
Total capital assets, nondepreciable	<u>11,436</u>	<u>305</u>	<u>1,590</u>	<u>10,151</u>
Capital assets, depreciable/amortizable:				
Land improvements	31,391	104	-	31,495
Structures and improvements	38,002	30	-	38,032
Equipment	2,275	19	29	2,265
Software	<u>6,937</u>	<u>950</u>	<u>-</u>	<u>7,887</u>
Total capital assets, depreciable/amortizable	<u>78,605</u>	<u>1,103</u>	<u>29</u>	<u>79,679</u>
Less accumulated depreciation/amortization for:				
Land improvements	22,602	930	-	23,532
Structures and improvements	21,600	840	-	22,440
Equipment	1,944	105	29	2,020
Software	<u>6,466</u>	<u>612</u>	<u>-</u>	<u>7,078</u>
Total accumulated depreciation/amortization	<u>52,612</u>	<u>2,487</u>	<u>29</u>	<u>55,070</u>
Total capital assets, depreciable/amortizable, net	<u>25,993</u>	<u>(1,384)</u>	<u>-</u>	<u>24,609</u>
Non-major Enterprise Funds capital assets, net	<u>\$ 37,429</u>	<u>\$ (1,079)</u>	<u>\$ 1,590</u>	<u>\$ 34,760</u>
Business-type Activities (Enterprise) Totals:				
Capital assets, nondepreciable:				
Land	\$ 22,958	\$ -	\$ -	\$ 22,958
Easements	1,297	-	-	1,297
Construction in progress	<u>40,605</u>	<u>26,668</u>	<u>4,355</u>	<u>62,918</u>
Total capital assets, nondepreciable	<u>64,860</u>	<u>26,668</u>	<u>4,355</u>	<u>87,173</u>
Capital assets, depreciable/amortizable:				
Land improvements	84,386	104	-	84,490
Structures and improvements	680,726	1,893	2	682,617
Equipment	82,943	2,822	551	85,214
Vehicles	1,083	-	-	1,083
Software	53,314	950	-	54,264
Right-to-use leased structures and improvements	16,445	1,528	-	17,973
Right-to-use leased equipment	<u>5,144</u>	<u>117</u>	<u>-</u>	<u>5,261</u>
Total capital assets, depreciable/amortizable	<u>924,041</u>	<u>7,414</u>	<u>553</u>	<u>930,902</u>
Less accumulated depreciation/amortization for:				
Land improvements	55,515	2,825	-	58,340
Structures and improvements	189,485	16,308	-	205,793
Equipment	61,421	5,800	551	66,670
Vehicles	969	30	-	999
Software	52,332	931	-	53,263
Right-to-use leased structures and improvements	-	4,468	-	4,468
Right-to-use leased equipment	<u>2,609</u>	<u>1,137</u>	<u>-</u>	<u>3,746</u>
Total accumulated depreciation/amortization	<u>362,331</u>	<u>31,499</u>	<u>551</u>	<u>393,279</u>
Total capital assets, depreciable/amortizable, net	<u>561,710</u>	<u>(24,085)</u>	<u>2</u>	<u>537,623</u>
Business-type activities capital assets, net	<u>\$ 626,570</u>	<u>\$ 2,583</u>	<u>\$ 4,357</u>	<u>\$ 624,796</u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Depreciation/amortization

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

General government:		
General administration	\$ 10,084	
Property management	<u>537</u>	
Total general government		\$ 10,621
Public protection:		
Judicial	2,008	
Police protection	3,009	
Detention and correction	5,130	
Fire protection	7,406	
Flood control and soil and water conservation	4,244	
Protective inspection	36	
Other	<u>1,735</u>	
Total public protection		23,568
Public ways and facilities		2,429
Health and sanitation services		3,506
Public assistance:		
Administration	4,546	
Other	<u>1</u>	
Total public assistance		4,547
Education		627
Recreation and cultural services		5
Capital assets held by the internal service funds		<u>16,947</u>
Total depreciation/amortization expense - governmental activities		<u>\$ 62,250</u>

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

Medical System	\$ 23,674
Department of Airports	2,263
Waterworks Districts	3,076
Parks Department	990
Channel Islands Harbor	838
Health Care Plan	623
Oak View District	<u>36</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 31,500</u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Construction in Progress and Capital Projects Commitments

Construction in progress for governmental activities represents work being performed in Government projects, Todd Road Jail project, infrastructure, Watershed Protection District projects, Fire Protection District projects, and a number of smaller projects. Construction in progress for the business-type activities represents work being performed on Airport projects, Ventura County Medical System projects, Waterworks District projects, and various smaller projects.

Construction in progress and capital projects commitments as of June 30, 2022, are as follows (in thousands):

	Construction in Progress	Additional Committed Funds
Governmental activities	\$ 174,192	\$ 29,081
Business-type activities:		
Medical System	\$ 20,102	\$ 4,410
Department of Airports	26,634	1,393
Waterworks Districts	15,205	3,714
Parks Department	386	-
Channel Islands Harbor	591	-
Total business-type activities	\$ 62,918	\$ 9,517

Long-term commitments for infrastructure construction contracts totaled \$137,729 (principally for road and flood control projects) at June 30, 2022.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8 - ACCRUED LIABILITIES

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

Governmental Funds	General Fund	Roads	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
Accrued liabilities:							
Accrued salaries, benefits, and other payroll liabilities	\$ 49,315	\$ -	\$ -	\$ 1,931	\$ 756	\$ 1,393	\$ 53,395
Audit disallowances:							
SB90	-	-	-	-	-	-	4,185
Mental Health Short Doyle	31,239	-	-	-	9,339	-	40,578
Property tax clearing	7,103	-	-	-	-	-	7,103
Public assistance benefits payable	8,102	-	-	-	-	-	8,102
Held for grant repayment	7,466	-	-	-	-	-	7,466
Thomas Fire Debris Removal Program	12,075	-	-	-	-	-	12,075
Building Homes and Jobs Act	2,062	-	-	-	-	-	2,062
Retainage	-	-	-	-	-	-	2,213
Clearing and other liabilities	6,679	1,009	1,855	353	232	-	10,128
Total accrued liabilities	<u>\$ 124,041</u>	<u>\$ 1,009</u>	<u>\$ 1,855</u>	<u>\$ 2,284</u>	<u>\$ 10,327</u>	<u>\$ 1,393</u>	<u>\$ 147,307</u>
Proprietary Funds	Medical System	Department of Airports	Non-major Enterprise Funds	Total Business-type Activities			
Accrued liabilities:							
Accrued salaries and benefits	\$ 4,024	\$ 43	\$ 167	\$ 4,234			
Medicare, Medi-Cal, and SB1100 reserves	53,569	-	-	53,569			
Accounts receivable credit balances	8,277	-	-	8,277			
Global Payment Program obligation	4,500	-	-	4,500			
Clearing and other liabilities	3,660	-	1,800	5,460			
Total accrued liabilities	<u>\$ 74,030</u>	<u>\$ 43</u>	<u>\$ 1,967</u>	<u>\$ 76,040</u>			

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9 - LEASES

Leases as Lessee

The County has noncancelable leases as the lessee with various vendors for purposes, such as office space, medical and dental offices and clinics, fire and sheriff stations, public libraries, residential facilities, cell sites, and general warehouse and storage facilities. The County enters into these lease agreements that outline the terms and conditions of the tenancy, including the rent amount, the length of the lease, and any restrictions on the use of the property. The term of these leases includes the noncancelable period per the contract, plus or minus any extension or termination options that the County and the lessor are reasonably certain to exercise. The County makes monthly payments ranging from \$1,947 to \$121,126 and the agreements vary in term from 1 to 14 years. An initial lease liability was recorded in the governmental activities and business-type activities in the amounts of \$35,913,000 and \$16,445,000, respectively. The imputed interest rate ranges from .085 to 1.295 percent.

The County subleases certain portions of various right-to-use leased assets to third parties. These subleases represent right-to-use leased assets of \$679,000 as of June 30, 2022. The agreements result in lease receivables and deferred inflows of \$415,000 as of June 30, 2022, which are included in the lease receivables table on page 96.

In addition, the County maintains lease agreements as the lessee for the acquisition and use of medical equipment and copiers. The County is required to make periodic principal and interest payments ranging from \$590 per quarter to \$82,000 per month and the agreements vary in term from 1 to 8 years. An initial lease liability was recorded in the governmental activities and business-type activities in the amount of \$6,518,000 and \$2,426,000, respectively. The equipment and copier leases imputed, and incremental borrowing rates range from 0.280 to 4.782 percent.

Future principal and interest lease payments as of June 30, 2022, are as follows (in thousands):

Year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 9,606	\$ 196	\$ 5,453	\$ 61
2024	8,954	157	4,404	34
2025	6,921	120	3,135	15
2026	5,204	86	1,558	5
2027	3,483	59	609	1
2028-2032	5,396	63	-	-
2033-2037	81	2	-	-
Total	<u>\$ 39,645</u>	<u>\$ 683</u>	<u>\$ 15,159</u>	<u>\$ 116</u>

For governmental activities and business-type activities, principal expense related to leases was \$9,776,000 and \$5,357,000, respectively for the year ended June 30, 2022. Variable payments previously not included in the measurement of the lease liability were \$894,000 for governmental activities and \$-0- for business-type activities for the year ended June 30, 2022. There were no payments for residual value guarantees or termination penalties during the reporting period.

Right-to-use leased assets by major classe at June 30, 2022, are as follows (in thousands):

	Governmental Activities	Business-type Activities
Right-to-use leased structures and improvements	\$ 42,903	\$ 17,973
Right-to-use leased equipment	6,518	5,261
Right-to-use accumulated amortization	(11,404)	(8,214)
Total	<u>\$ 38,017</u>	<u>\$ 15,020</u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Leases as Lessor

The County leases County owned land and buildings for various purposes such as office space, residential, recreational, industrial, retail, and cultural uses. The term of these leases includes the noncancelable period per the contract, plus or minus any extension or termination options the County and the lessee are reasonably certain to exercise. The leases vary in term from 1 to 77 years and the County receives monthly payments ranging from \$203 to \$43,000. As of June 30, 2022, the County's receivable and the associated deferred inflow was \$108,396,000. The imputed interest rate ranges from 2.13 to 4.08 percent.

The following is a summary of future minimum lease receipts on noncancellable leases as of June 30, 2022 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 315	\$ 161	\$ 3,277	\$ 4,002
2024	310	151	2,923	4,032
2025	291	140	2,643	3,927
2026	304	130	2,672	3,824
2027	321	119	2,749	3,718
2028-2032	951	464	13,520	16,972
2033-2037	721	307	15,686	14,029
2038-2042	367	196	16,159	10,681
2043-2047	462	113	12,789	7,711
2048-2052	285	28	9,321	5,531
2053-2057	-	-	7,607	3,728
2058-2062	-	-	3,771	2,624
2063-2067	-	-	3,471	1,884
2068-2072	-	-	2,324	1,274
2073-2077	-	-	1,559	881
2078-2082	-	-	544	681
2083-2087	-	-	667	558
2088-2092	-	-	818	407
2093-2097	-	-	1,003	222
2098-2102	-	-	564	29
Total	<u>\$ 4,327</u>	<u>\$ 1,809</u>	<u>\$ 104,067</u>	<u>\$ 86,715</u>

Lease revenue is as follows for the year ended June 30, 2022 (in thousands):

	Governmental Activities	Business-type Activities
Minimum lease payments	\$ 323	\$ 3,404
Interest lease payments	125	3,861
Variable lease payments	25	2,451
Total	<u>\$ 473</u>	<u>\$ 9,716</u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10 - LONG-TERM LIABILITIES

Long-term obligations of the County consist of lease revenue bonds, revolving credit agreement notes, loans payable, financed purchases, leases, compensated absences, and other liabilities. Leases are described further in Note 9.

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

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Changes in long-term obligations for the year ended June 30, 2022, are as follows (in thousands):

Type of indebtedness/liabilities	Outstanding July 1, 2021, as restated	Additions and Transfers	Reductions and Transfers	Outstanding June 30, 2022	Amount Due Within One Year
Governmental Activities:					
<i>Lease Revenue Bonds:</i>					
Governmental Funds	\$ 19,863	\$ -	\$ 2,797	\$ 17,066	\$ 2,921
Unamortized Premium Governmental Funds	1,871	-	332	1,539	316
Internal Service Funds	2,751	-	836	1,915	723
Total Lease Revenue Bonds	<u>24,485</u>	<u>-</u>	<u>3,965</u>	<u>20,520</u>	<u>3,960</u>
<i>Revolving Credit Agreement Notes from Direct Borrowings:</i>					
Governmental Funds	23,018	-	4,261	18,757	3,485
Internal Service Funds	1,397	-	207	1,190	207
Total Revolving Credit Agreement Notes from Direct Borrowings	<u>24,415</u>	<u>-</u>	<u>4,468</u>	<u>19,947</u>	<u>3,692</u>
<i>Loans from Direct Borrowings:</i>					
Governmental Funds	7,211	-	308	6,903	314
Total Loans from Direct Borrowings	<u>7,211</u>	<u>-</u>	<u>308</u>	<u>6,903</u>	<u>314</u>
<i>Structure and Improvement Leases (Note 9):</i>					
Governmental Funds	30,019	6,990	7,786	29,223	7,601
Internal Service Funds	5,894	-	1,056	4,838	1,063
Total Structure and Improvement Leases	<u>35,913</u>	<u>6,990</u>	<u>8,842</u>	<u>34,061</u>	<u>8,664</u>
<i>Equipment Leases (Note 9):</i>					
Internal Service Funds	6,518	-	934	5,584	942
Total Equipment Leases	<u>6,518</u>	<u>-</u>	<u>934</u>	<u>5,584</u>	<u>942</u>
<i>Other Liabilities:</i>					
Compensated Absences Liability	94,091	46,585	45,744	94,932	48,895
Net Pension Liabilities (VCERA and SRP)	692,564	11,906	704,470	-	-
Medical Malpractice (General Fund)	687	138	-	825	-
Total Pension Liability (Mgmt. Retiree Health Benefit)	14,593	2,597	1,710	15,480	1,903
Net Other Postemployment Benefits (OPEB) Liability	161,305	14,661	45,495	130,471	-
Total OPEB Liability (Subsidized Retiree Health Plan)	33,257	3,999	6,444	30,812	1,907
Claims Liabilities (General Insurance and Employee Benefit Insurance)	202,025	43,091	32,375	212,741	42,478
Other Long-term Liabilities (General Fund and Information Technology Services)	10,865	9,418	6,046	14,237	4,287
Total Other Liabilities	<u>1,209,387</u>	<u>132,395</u>	<u>842,284</u>	<u>499,498</u>	<u>99,470</u>
Total Governmental Activities	<u>\$ 1,307,929</u>	<u>\$ 139,385</u>	<u>\$ 860,801</u>	<u>\$ 586,513</u>	<u>\$ 117,042</u>
Business-type Activities:					
<i>Lease Revenue Bonds</i>					
Governmental Funds	\$ 296,676	\$ -	\$ 11,092	\$ 285,584	\$ 11,401
Unamortized Premium	2,929	-	638	2,291	564
Total Lease Revenue Bonds	<u>299,605</u>	<u>-</u>	<u>11,730</u>	<u>287,875</u>	<u>11,965</u>
<i>Revolving Credit Agreement Notes from Direct Borrowings</i>					
	4,685	-	731	3,954	409
<i>Loans from Direct Borrowings</i>					
	3,961	-	256	3,705	260
<i>Equipment Finance Purchase</i>					
	6,743	-	6,315	428	428
<i>Structure and Improvement Leases (Note 9)</i>					
	16,445	1,528	4,319	13,654	4,627
<i>Equipment Leases (Note 9)</i>					
	2,426	117	1,038	1,505	826
<i>Other Liabilities:</i>					
Compensated Absences Liability	14,684	9,543	7,936	16,291	9,746
Net Pension Liabilities (VCERA and SRP)	102,130	1,756	103,886	-	-
Medical Malpractice (Medical System)	2,537	403	-	2,940	-
Claims Liabilities (Health Care Plan)	9,905	70,742	69,572	11,075	11,075
Other Long-term Liabilities (Medical System and Health Care Plan)	20,608	202	9,141	11,669	11,418
Total Other Liabilities	<u>149,864</u>	<u>82,646</u>	<u>190,535</u>	<u>41,975</u>	<u>32,239</u>
Total Business-type Activities	<u>\$ 483,729</u>	<u>\$ 84,291</u>	<u>\$ 214,924</u>	<u>\$ 353,096</u>	<u>\$ 50,754</u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Lease Revenue Bonds

The PFA issues lease revenue bonds that are marketed to investors. The proceeds of the bonds are used to finance the costs of acquisition, installation, and construction of capital projects. Under site leases, the PFA leases certain property from the County, and the PFA leases the property back to the County in consideration for lease payments. The PFA has assigned without recourse all of its rights to receive the lease payments to a trustee. The bonds are secured by the lease revenues and all amounts on deposit with the trustee from the lease payments paid by the County. Revenues from the lease payments are used to pay interest and principal of the bonds as they become due. If the County fails to make the lease payments, then the PFA has the right to re-lease the property. However, in no event shall the PFA have the right to accelerate any lease payments.

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, 2022 was \$13,080,000, excluding unamortized premium.

On July 6, 2016, PFA issued \$40,880,000 of Lease Revenue Refunding Bonds (LRBs 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 LRBs Series 2016A outstanding balance at June 30, 2022 was \$24,905,000, excluding unamortized premium.

On June 11, 2020, the PFA issued \$287,105,000 of Lease Revenue Refunding Bonds (LRRBs Series 2020A) used to advance refund Lease Revenue Bonds (LRBs Series 2013A). The bonds were issued for governmental and business-type activities. Interest is payable semiannually with remaining coupon rates ranging between 0.85 percent and 3.24 percent. The bonds mature serially each year through November 2043. The LRRBs Series 2020A outstanding balance at June 30, 2022 was \$266,580,000.

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. Preceding the initial issuance, the County has issued an additional \$7,500,000 of RCA. 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 2022, no additional notes were issued to fund governmental activities or business-type activities.

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.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

The RCAs have a variable interest rate calculated monthly as 80 percent of LIBOR index plus a spread, based on the County's then current credit rating. The RCA outstanding balance at June 30, 2022 was \$23,901,000 with an interest rate of 0.66 percent and an unused balance of \$27,099,000. On February 19, 2021, the RCA notes were renegotiated to mature on February 16, 2024 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 Wells Fargo. 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 finance agreement was issued for business-type activities. The Camarillo Utility Enterprise Sanitation Fund (CUE) 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 CUE. The total principal and interest remaining to be paid on the finance agreement at June 30, 2022 was \$88,000, including a \$86,000 principal balance. Principal and interest paid for the current year and total CUE's net revenues were \$88,000 and \$149,000 respectively. Available prior year net revenues from the CUE 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 (CSA 34) be deposited in the reserve fund to be used to pay the financing agreement installment payments, with excess monies 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, 2022 is \$5,828,000, including a \$4,607,000 principal balance. Principal and interest paid for the current year and service connection fees were \$324,000 and \$425,000 respectively. The reserve fund balance for future installment payments of the finance agreement at June 30, 2022 was \$1,778,000.

On June 3, 2009, the County of Ventura Waterworks District No. 16 (WW16) 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 finance agreement was issued for business-type activities. The District has pledged net revenues to repay the finance agreement. Principal and interest at 1.00 percent are payable annually through July 2040 and are payable solely from WW16's net revenues. The total principal and interest remaining to be paid on the finance agreement at June 30, 2022 was \$3,992,000, including a \$3,619,000 principal balance. Principal and interest paid for the current year and total net revenues were \$210,000 and \$2,600,000 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 finance agreement was issued for governmental activities. The County Service Area 34 (CSA 34) has pledged net revenues to repay the finance 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, 2022 was \$2,533,000, including a \$2,296,000 principal balance. Principal and interest paid for the current year and total net revenues were \$133,000 and \$168,000 respectively. The finance 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, 2022 was \$133,000.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Debt service requirements at June 30, 2022 are as follows:

Year Ending June 30,	Governmental Activities					
	Lease Revenue Bonds		Revolving Credit Agreement Notes from Direct Borrowings		Loans from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 3,644	\$ 697	\$ 3,692	\$ 253	\$ 314	\$ 143
2024	3,764	559	16,255	131	321	136
2025	3,573	414	-	-	327	130
2026	2,730	281	-	-	334	123
2027	2,820	160	-	-	341	116
2028-2032	2,450	49	-	-	1,813	472
2033-2037	-	-	-	-	2,010	275
2038-2042	-	-	-	-	1,443	61
Total requirements	18,981	\$ 2,160	\$ 19,947	\$ 384	\$ 6,903	\$ 1,456
Unamortized bond premium	1,539					
Total	\$ 20,520					

Year Ending June 30,	Business-type Activities					
	Lease Revenue Bonds		Revolving Credit Agreement Notes from Direct Borrowings		Loans from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 11,401	\$ 7,449	\$ 409	\$ 50	\$ 260	\$ 38
2024	11,621	7,234	3,545	28	176	34
2025	12,186	6,993	-	-	177	33
2026	12,600	6,731	-	-	179	31
2027	12,900	6,448	-	-	181	29
2028-2032	65,055	27,409	-	-	932	118
2033-2037	62,835	19,650	-	-	980	71
2038-2042	72,615	9,893	-	-	820	21
2043-2045	24,370	668	-	-	-	-
Total requirements	285,584	\$ 92,475	\$ 3,954	\$ 78	\$ 3,705	\$ 375
Unamortized bond premium	2,291					
Total	\$ 287,875					

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Other Liabilities

Other liabilities include compensated absences, the liability for medical malpractice insurance claims incurred but not reported (tail coverage) for General Fund health departments and the Medical System, 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, and other long-term liabilities. Other long-term liabilities includes the Medical System's decelerated and advance payment from the Center for Medicare and Medicaid Services, Expanded Accelerated and Advance Payments Program. Governmental activities other liabilities are typically liquidated in the General Fund, and certain special revenue funds, other non-major governmental, and internal service funds.

Legal Debt Limit

The County's legal annual debt limit as of June 30, 2022, is approximately \$1,968,247,000. 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 June 11, 2020, the County defeased the LRB Series 2013A 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 LRB Series 2013A. Accordingly, the trust account assets and liabilities for the defeased obligations are not included in the County's financial statements. At June 30, 2022, \$254,115,000 of the LRB Series 2013A 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, 2022, 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.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11 - SERVICE CONCESSION ARRANGEMENTS (SCA)

The County has determined that the following arrangements meet the criteria set forth in GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements* (GASB 60), where the County is the transferor and therefore included these SCAs in the County's financial statements.

Rustic Canyon Golf Course

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

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(Continued)

Capital asset balances and related accumulated depreciation for each SCA for the year ended June 30, 2022 are as follows (in thousands):

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Rustic Canyon Golf Course:				
Capital assets, depreciable/amortizable:				
Land improvements	\$ 6,354	\$ -	\$ -	\$ 6,354
Structures and improvements	<u>1,724</u>	<u>-</u>	<u>-</u>	<u>1,724</u>
Total capital assets, depreciable/amortizable	<u>8,078</u>	<u>-</u>	<u>-</u>	<u>8,078</u>
Less accumulated depreciation/amortization for:				
Land improvements	6,324	2	-	6,326
Structures and improvements	<u>1,035</u>	<u>58</u>	<u>-</u>	<u>1,093</u>
Total accumulated depreciation/amortization	<u>7,359</u>	<u>60</u>	<u>-</u>	<u>7,419</u>
Total capital assets, depreciable/amortizable, net	<u>719</u>	<u>(60)</u>	<u>-</u>	<u>659</u>
Steckel Park - Ventura Ranch KOA:				
Capital assets, depreciable/amortizable:				
Land improvements	663	-	-	663
Structures and improvements	<u>337</u>	<u>-</u>	<u>-</u>	<u>337</u>
Total capital assets, depreciable/amortizable	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Less accumulated depreciation/amortization for:				
Land improvements	442	41	-	483
Structures and improvements	<u>266</u>	<u>20</u>	<u>-</u>	<u>286</u>
Total accumulated depreciation/amortization	<u>708</u>	<u>61</u>	<u>-</u>	<u>769</u>
Total capital assets, depreciable/amortizable, net	<u>292</u>	<u>(61)</u>	<u>-</u>	<u>231</u>
SCA capital assets, net	<u>\$ 1,011</u>	<u>\$ (121)</u>	<u>\$ -</u>	<u>\$ 890</u>

The deferred inflows of resources activity for each SCA for the year ended June 30, 2022 are as follows (in thousands):

	Balance July 1, 2021	Additions	Deletions/ Amortization	Balance June 30, 2022
Present Value of Installment Payments (1)				
Rustic Canyon Golf Course	\$ 1,906	\$ -	\$ 159	\$ 1,747
Steckel Park - Ventura Ranch KOA	<u>317</u>	<u>-</u>	<u>33</u>	<u>284</u>
Sub-total Present Value of Installment Payments	<u>2,223</u>	<u>-</u>	<u>192</u>	<u>2,031</u>
SCA Capital Assets (2)				
Rustic Canyon Golf Course	5,049	-	169	4,880
Steckel Park - Ventura Ranch KOA	<u>637</u>	<u>-</u>	<u>35</u>	<u>602</u>
Sub-total SCA Capital Assets	<u>5,686</u>	<u>-</u>	<u>204</u>	<u>5,482</u>
Total deferred inflows	<u>\$ 7,909</u>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 7,513</u>

(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.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 12 - NET POSITION/FUND BALANCES

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

- *Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation, the outstanding balances of debt, and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted* – This category reflects the component of net position that is subject to constraints either by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2022, restricted net position for governmental activities totaled \$645,988,000, of which \$624,567,000, 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.

Governmental Fund Statements - 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. 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.

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 and it is necessary to report a negative fund balance.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

At June 30, 2022, 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	\$ 708	\$ -	\$ -	\$ 1,912	\$ 46	\$ 2,666
Long term loans and notes receivable	115,426	-	-	-	-	115,426
Permanent fund principal	-	-	-	-	1,133	1,133
Total Nonspendable	<u>116,134</u>	<u>-</u>	<u>-</u>	<u>1,912</u>	<u>1,179</u>	<u>119,225</u>
Restricted for:						
Teeter tax loss reserve	14,039	-	-	-	-	14,039
Law enforcement programs and capital projects	94,384	-	-	-	4,122	98,506
District attorney programs and services	15,338	-	-	-	-	15,338
Automation improvements	18,329	-	-	-	-	18,329
Health care programs	19,737	-	-	-	-	19,737
Behavioral health programs	39,078	-	-	-	-	39,078
Public assistance programs	51,553	-	-	-	101	51,654
Roads administration, maintenance, and projects	-	28,346	-	-	-	28,346
Watershed protection	-	-	99,235	-	-	99,235
Fire protection	-	-	-	140,177	-	140,177
County service areas	-	-	-	-	4,668	4,668
Mental Health Services Act (MHSA)	-	-	-	-	91,085	91,085
MHSA prudent reserve	-	-	-	-	8,492	8,492
Special assessment debt	-	-	-	-	1,850	1,850
Education	-	-	-	-	2,462	2,462
Recreation	-	-	-	-	50	50
Debt service	-	-	-	-	2,753	2,753
Capital projects	-	-	-	-	3,075	3,075
Other governmental purposes	3,315	-	-	-	-	3,315
Total Restricted	<u>255,773</u>	<u>28,346</u>	<u>99,235</u>	<u>140,177</u>	<u>118,658</u>	<u>642,189</u>
Committed to:						
Waste management	9,246	-	-	-	-	9,246
Traffic impact mitigation fees	-	17,927	-	-	-	17,927
Facility ordinance fees	-	-	-	5,808	-	5,808
Capital projects	-	-	-	-	101	101
County service areas	-	-	-	-	3,388	3,388
Education	-	-	-	-	198	198
Other governmental purposes	139	-	-	-	-	139
Total Committed	<u>9,385</u>	<u>17,927</u>	<u>-</u>	<u>5,808</u>	<u>3,687</u>	<u>36,807</u>
Assigned to:						
Purchase contracts	29,717	-	-	-	-	29,717
Fixed asset acquisitions	4,839	-	-	-	-	4,839
Stormwater management	2,205	-	-	-	-	2,205
Public assistance programs	222	-	-	-	-	222
Attrition and program mitigation	90,871	-	-	-	-	90,871
Pension mitigation	12,500	-	-	-	-	12,500
Audit disallowances	10,000	-	-	-	-	10,000
Law enforcement programs	1,664	-	-	-	-	1,664
Roads administration, maintenance, and projects	-	4,461	-	-	-	4,461
Watershed protection	-	-	5,220	-	-	5,220
County service areas	-	-	-	-	16	16
Education	-	-	-	-	6,412	6,412
Bicycle lane projects	4,500	-	-	-	-	4,500
Other governmental purposes	385	-	-	-	2,365	2,750
Total Assigned	<u>156,903</u>	<u>4,461</u>	<u>5,220</u>	<u>-</u>	<u>8,793</u>	<u>175,377</u>
Unassigned (deficit)	<u>83,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,900)</u>	<u>77,023</u>
Total fund balances	<u>\$ 622,118</u>	<u>\$ 50,734</u>	<u>\$ 104,455</u>	<u>\$ 147,897</u>	<u>\$ 125,417</u>	<u>\$ 1,050,621</u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 13 - MEDICARE AND MEDI-CAL PROGRAMS

The Medical System provides services to eligible patients under Medi-Cal and Medicare programs. For the fiscal year ended June 30, 2022, the Medi-Cal and Medicare programs represented approximately 70 percent of the Medical System'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 System. Reports on the results of such audits have been received through June 30, 2017 for Medicare and June 30, 2020 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 System has established liability reserves in the aggregate amount of \$53,569,000, 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 2021-22. In accordance with the California Medi-Cal 2020 Waiver, the Medical System receives an interim per diem payment in Medi-Cal revenue under Fee-for-Service program (FFS), Quality Incentive Pool Program (QIP) a Medi-Cal incentive program aimed for improvement activities for specific delivery system for the hospitals, an Enhanced Payment Program (EPP) supplementing the base rates received through Medi-Cal Managed Care, 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 Whole Person Care (WPC), a competitive grant awarded to the Medical System 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, 2022, the Medical System has recorded \$85,301,000 of QIP revenue, \$20,634,000 of GPP revenue, \$7,873,000 of WPC revenue and \$19,395,000 of EPP revenue. Medicare revenue represented 15 percent and Medi-Cal revenue represented 55 percent of net revenue.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 14 - PENSION PLANS

The County participates in the VCERA and SRP which are subject to GASB Statement No. 68. The 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, 2022 is as follows (in thousands):

	<u>VCERA</u>	<u>SRP</u>	<u>Management Retiree Health Benefits Program</u>	<u>Total</u>
Net pension liability (asset)	\$ (489,859)	\$ (32)	\$ 15,480	\$ (474,411)
Deferred outflows related to pensions	335,564	658	3,256	339,478
Deferred inflows related to pensions	999,009	3,301	-	1,002,310
Pension expense	(111,714)	1,751	2,018	(107,945)

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 Annual Comprehensive Financial Report that contains all of the GASB 67 required disclosures. A copy of this report can be obtained by contacting the Retirement Association at 1190 South Victoria Avenue, Suite 200, Ventura, CA, 93003 or at www.vcera.org.

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 with membership dates on or after January 1, 2013 and before April 17, 2014.
- 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.

COUNTY OF VENTURA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

Retirement Benefits

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

<u>Tier:</u>	<u>Benefit Formula</u>
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 \$171,924,000 for the year ended June 30, 2022. Contribution rates, based on pensionable payroll, are as follows:

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>
General Tier 1	23.57%	10.53%
General Tier 2	14.31%	7.30%
PEPRA General Tier 2	14.49%	7.48%
General Tier 2C*	20.43%	9.93%
PEPRA General Tier 2C*	20.70%	10.11%
Safety	37.61%	13.43%
PEPRA Safety	35.17%	14.57%

*2C (with COLA)

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

At June 30, 2022, the County reported an asset of \$489,859,000 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2021. 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, 2020. 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, 2021, the County's proportion was 97.105 percent, which was an increase of 1.314 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized a credit to the pension expense of \$111,714,000. At June 30, 2022, 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	\$ 27,828	\$ 4,913
Changes of assumptions	129,716	-
Net difference between projected and actual earnings on pension plan investments	-	992,640
Changes in proportion and differences between County contributions and proportionate share of contributions	6,096	1,456
County contributions subsequent to the measurement date	171,924	-
Total	\$ 335,564	\$ 999,009

\$171,924,000 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, 2023.

Other amounts reported as deferred outflows (inflows) 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
2023	\$ (194,792)
2024	(189,550)
2025	(207,353)
2026	(249,819)
2027	6,145
Total	\$ (835,369)

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Actuarial Assumptions

The TPL was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

	Assumptions
Rate of return on investment	7.00%
Projected salary increases	3.75% - 12.00%
Amount attributable to inflation	2.50%
Amount attributable to merit and longevity	0.75% - 9.00%
Amount attributable to real "across the board"	0.50%
Annual cost of living increases after retirement (Tier 1 and Safety members - contingent upon CPI increases, 3% maximum. Tier 2 SEIU members - fixed 2% not subject to CPI increases, for service after March 2003.)	0.00% - 3.00%
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table

The actuarial assumptions used in the June 30, 2020 valuation, were updated as of the measurement date and rolled forward to June 30, 2021, based on the results of the July 1, 2017 through June 30, 2020 Actuarial Experience Study report dated June 3, 2021.

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	27.69 %	5.39 %
Small Cap U.S. Equity	3.96 %	6.58 %
Developed International Equity	16.04 %	6.39 %
Emerging Market Equity	4.31 %	8.60 %
Core Bonds	5.00 %	0.83 %
Real Estate	8.00 %	5.01 %
Absolute Return (Fixed Income)	5.00 %	2.17 %
Private Debt/Credit Strategies	6.00 %	5.02 %
Private Equity	16.00 %	10.00 %
Treasuries	2.00 %	- %
Infrastructure	4.00 %	5.89 %
Natural Resources	2.00 %	11.24 %
Total	100.00 %	

Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, VCERA's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

COUNTY OF VENTURA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

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

The following table presents the County's proportionate share of the NPL calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate (in thousands):

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 434,143	\$ (489,859)	\$ (1,252,901)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued VCERA financial report which can be found at www.vcera.org.

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, May 15, 2012, and January 26, 2021. The County Board of Supervisors governs the plan and has the authority to amend the benefit provisions and contribution requirements of the SRP. There is no separate report issued by the plan. SRP is comprised of three parts as follows:

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

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

The plan year of the SRP is the County's fiscal year. A separate financial statement is not issued by SRP. The schedule of changes in net pension liability and related ratios, the schedule of investment returns, and the schedule of the County's contributions are included in the Required Supplementary Information section of this report. In lieu of separately issued financial statements for the SRP, condensed financial statements are presented below (in thousands):

Statement of Fiduciary Net Position

Cash and investments	\$ 29,623
Receivables, net:	
Interest	<u>1</u>
Total assets	<u>29,624</u>
Accounts Payable	55
Amount due to other governmental agencies	<u>27</u>
Total liabilities	<u>82</u>
Net position held in trust for pension benefits	<u><u>\$ 29,542</u></u>

Statement of Changes in Fiduciary Net Position

Contributions	\$ 836
Net investment income	<u>(4,579)</u>
Total additions	(3,743)
Total deductions	<u>3,453</u>
Change in net position	(7,196)
Net position - beginning	<u>36,738</u>
Net position - ending	<u><u>\$ 29,542</u></u>

The following disclosures are related to the plan reporting requirements of GASB Statement No. 67, and use a measurement date of June 30, 2022:

Plan Membership

Plan participants at June 30, 2022, were as follows:

<u>Participant Classification</u>	<u>Number of Participants</u>
Retirees and beneficiaries currently receiving benefits:	
Supplemental retirement participants (Safe Harbor)	647
Early retirement participants (Early Retirement Incentive Plan)	24
Elected department head participants	6
Current employee participants:	
Supplemental retirement participants (Safe Harbor)	60
Elected department head participants	1
Terminated participants not yet receiving benefits:	
Supplemental retirement participants (Safe Harbor)	<u>10,979</u>
Total	<u><u>11,717</u></u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

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. The Safe Harbor plan benefit type was changed from a defined benefit plan to a defined contribution plan for new hires beginning April 18, 2021. Current employee participants were given the option to change to the defined contribution plan effective September 5, 2021.
- 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, 2022, was \$526,000, or 12.77 percent for Part B, \$24,000 for Part C, and \$108,000 for Part D.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	60 %
Fixed Income	39 %
Cash	<u>1 %</u>
Total	<u><u>100 %</u></u>

As of June 30, 2022, the Plan held the following investments that represent 5 percent or more of the plans fiduciary net position:

<u>Investment</u>	<u>Percentage of Fiduciary Net Position</u>
Allspring Core Bond	11 %
Principal/Blackrock International Equity Index	12 %
Principal/Blackrock Large Cap Growth Index	16 %
Principal/Blackrock Large Cap Value Index	16 %
Principal/Blackrock S&P Midcap Index	7 %
Principal/Blackrock US Agg Bond Index	13 %
Principal/Dodge & Cox Intermediate Bond	11 %

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (13.01) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset)

The components of the NPL at June 30, 2022, were as follows (in thousands):

Total pension liability	\$ 34,498
Plan fiduciary net position	<u>(29,542)</u>
Plan’s net pension liability	<u><u>\$ 4,956</u></u>
Plan fiduciary net position as a percentage of the total pension liability	85.6 %

The actuarial liabilities and assets are valued as of June 30, 2022.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Actuarial Assumptions

The TPL was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Assumptions</u>
Actuarial cost method	Entry age normal for Parts B and D, not applicable for Part C
Amortization method	Level Dollar
Remaining amortization period	0-15 years closed
Rate of return on investment	7.00% net of expense
Projected salary increases	3.75% for Part B and D; not applicable for Part C
Amount attributable to inflation	2.50% 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	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table

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 2017-2020 VCERA experience study used was conducted in 2021 for the period of July 1, 2017 through June 30, 2020.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	60.00 %	5.30 %
Fixed income	39.00 %	0.70 %
Cash	1.00 %	0.00 %
Total	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the TPL was 7.00 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 7.00 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 (Asset) to changes in the discount rate

The following table presents the NPL of the Plan as of June 30, 2022, calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate (in thousands):

	1% Decrease (6.00 %)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's net pension liability (asset)	\$ 10,086	\$ 4,956	\$ 886

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Employer Reporting

The following disclosures are related to the employer reporting requirements of GASB Statement No. 68, and use a measurement date of June 30, 2021:

Employees covered by benefit terms

Plan participants at June 30, 2021, were as follows:

<u>Participant Classification</u>	<u>Number of Participants</u>
Retirees and beneficiaries currently receiving benefits:	
Supplemental retirement participants (Safe Harbor)	619
Early retirement participants (Early Retirement Incentive Plan)	27
Elected department head participants	7
Current employee participants:	
Supplemental retirement participants (Safe Harbor)	523
Elected department head participants	1
Terminated participants not yet receiving benefits:	
Supplemental retirement participants (Safe Harbor)	11,076
Total	<u><u>12,253</u></u>

Contributions

The required contributions were determined as part of the June 30, 2021 actuarial valuation. The actuarially determined contributions for the fiscal year ending June 30, 2021, were \$2,235,000 for the employer and \$465,000 for employees for Part B, \$53,000 for Part C, and \$135,000 for Part D.

Net Pension Liability

The County's NPL was measured as of June 30, 2021, 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, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Assumptions</u>
Actuarial cost method	Entry age normal for Parts B and D, not applicable for Part C
Amortization method	Level Dollar
Remaining amortization period	0-15 years closed
Rate of return on investment	7.00% net of expense
Projected salary increases	3.75% for Part B, 4.00% for Part C
Amount attributable to inflation	2.50% 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	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table

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 2021 for the period of July 1, 2017 through June 30, 2020.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

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 %	0.00 %
Total	100.00 %	

Discount Rate

The discount rate used to measure the TPL was 7.00 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 7.00 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.

Changes in Net Pension Liability (in thousands):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2021 <i>for measurement date of June 30, 2020</i>	\$ 33,279	\$ 28,545	\$ 4,734
Changes for the year:			
Service Cost	714	-	714
Interest	2,395	-	2,395
Difference between expected and actual experience	329	-	329
Changes of assumptions	1,559	-	1,559
Contributions - employer	-	2,423	(2,423)
Contributions - employee	-	465	(465)
Net investment income	-	7,128	(7,128)
Benefit payments, including refunds of employee contributions	(1,570)	(1,570)	-
Administrative expense	-	(253)	253
Net changes	3,427	8,193	(4,766)
Balances at June 30, 2022 <i>for measurement date of June 30, 2021</i>	\$ 36,706	\$ 36,738	\$ (32)

Plan fiduciary net position as a percentage of the total pension liability 100.09 %

Sensitivity of the Net Pension Liability to change in the discount rate

The following table presents the NPL of the Plan as of June 30, 2021 measurement date, calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate (in thousands):

	1% Decrease (6.00 %)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's net pension liability (asset)	\$ 5,617	\$ (32)	\$ (4,510)

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions
For the year ended June 30, 2022, the County recognized pension expense of \$1,751,000. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on retirement plan investments	\$ -	\$ 3,301
County contributions subsequent to the measurement date	658	-
Total	\$ 658	\$ 3,301

\$658,000 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, 2023.

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

Year Ending June 30,	Amount
2023	\$ (746)
2024	(746)
2025	(805)
2026	(1,004)
Total	\$ (3,301)

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. 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. 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, 2021, the measurement date, were as follows:

Participant Classification	Number of Participants
Inactive members currently receiving benefits	121
Inactive members entitled to but not yet receiving benefits	67
Active members	137
Total	325

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Benefits Provided

Participants receive one year of payments for every five years of service, up to a maximum of five years of payments. Payments of \$1,339 per month were equivalent to premiums for the Ventura County Health Care Plan.

Contributions and Funding Policy

Employer contributions in fiscal year 2021-22 were \$1,903,000. The County currently funds the management retiree health benefits on a pay-as-you-go basis.

Actuarial Assumptions

The Total Pension Liability (TPL) was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions; applied to all periods included in the measurement:

	Assumptions
Actuarial cost method	Entry age normal
Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Projected salary increases (including wage inflation)	3.50% - 10.00%
Subsidy cost trends	6.50% decreasing to an ultimate rate of 4.50% by 2029
Mortality	Pub-2010 General Healthy Amount-Weighted Above-Median Mortality Table, Pub-2010 Safety Healthy Amount-Weighted Above-Median Mortality Table, Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table, and Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table

The demographic actuarial assumptions in the June 30, 2021 valuation were based on the VCERA economic and demographic experience study covering period July 1, 2017 through June 30, 2020. The remaining actuarial assumptions including subsidy cost trends were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

Discount Rate

Discount rate of 2.13 percent was used to measure the TPL. This was a change from 2.19 percent, the rate used on the prior measurement date. The discount rate was based upon the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Changes in Total Pension Liability (in thousands):

	Total Pension Liability
Balances at June 30, 2021 <i>for measurement date of June 30, 2020</i>	\$ <u>14,593</u>
Changes for the year:	
Service Cost	467
Interest	301
Difference between expected and actual experience	1,252
Changes of assumptions	577
Benefit payments	<u>(1,710)</u>
Net changes	<u>887</u>
Balances at June 30, 2022 <i>for measurement date of June 30, 2021</i>	\$ <u><u>15,480</u></u>

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 2.13 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 (1.13 percent) or 1-percentage-point higher (3.13 percent) than the current rate (in thousands):

	1% Decrease (1.13%)	Current Discount Rate (2.13%)	1% Increase (3.13%)
Plan's total pension liability	\$ 16,050	\$ 15,480	\$ 14,915

Pension Expense and Deferred Outflows of Resources Related to pensions

For the year ended June 30, 2022, the County recognized pension expense of \$2,018,000. At June 30, 2022, the County reported deferred outflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 817
Changes in assumptions	536
County contributions subsequent to the measurement date	<u>1,903</u>
Total	<u><u>\$ 3,256</u></u>

\$1,903,000 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, 2023.

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
2023	\$ 1,023
2024	<u>330</u>
Total	<u><u>\$ 1,353</u></u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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, 2022, there were five participants in the plan.

NOTE 15 - 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, 2022 is as follows (in thousands):

	Subsidized Retiree Health Benefits Program	VCDSA Retiree Medical Reimbursement Plan	VCPFA Medical Premium Reimbursement Plan	Total
Net OPEB liability (asset)	\$ 30,812	\$ 130,471	\$ (3,499)	\$ 157,784
Deferred outflows related to OPEB	9,976	56,444	1,972	68,392
Deferred inflows related to OPEB	3,606	45,168	578	49,352
OPEB expense	3,871	13,587	93	17,551

COUNTY OF VENTURA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

Subsidized Retiree Health Benefits Program

Plan Description

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

<u>Classification:</u>	<u>Age/Years of Service</u>
<i>General Employees hired before January 1, 2013 (Non-PEPRA)</i>	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
<i>General Employees hired after December 31, 2012 (PEPRA)</i>	Age 52 with 5 years of County service Age 70 with any service 5 years of County service and disabled
<i>Firefighters hired before January 1, 2013 (Non-PEPRA)</i>	Age 50 with 10 years of County service Age 70 with any service 20 years of County service Disabled
<i>Firefighters hired after December 31, 2012 (PEPRA)</i>	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. 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. 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, 2021, the measurement date, were as follows:

<u>Participant Classification</u>	<u>Number of Participants</u>
Inactive members currently receiving benefits	306
Active members	
General Employees	7,635
Firefighters	<u>374</u>
Total	<u><u>8,315</u></u>

Benefits Provided

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.

COUNTY OF VENTURA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

Contributions and Funding Policy

Employer contributions in fiscal year 2021-22 were \$1,907,000. The County currently funds the subsidized retiree health benefits on a pay-as-you-go basis.

Actuarial Assumptions

The Total OPEB Liability (TOL) was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions; applied to all periods included in the measurement:

	Assumptions
Actuarial funding method	Entry age normal
Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Projected salary increases (including wage inflation)	3.50% - 11.50%
Discount rate	2.13%
Health care cost trends	
Ventura County Health Care Plan	6.50% decreasing to an ultimate rate of 4.50% by 2029
All other coverage options	7.00% decreasing to an ultimate rate of 4.50% by 2031
Mortality	
	Pub-2010 General Healthy Amount-Weighted Above-Median Mortality Table
	Pub-2010 Safety Healthy Amount-Weighted Above-Median Mortality Table
	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table
	Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2021 valuation were based on the VCERA economic and demographic experience study for the period July 1, 2017 through June 30, 2020. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

Discount Rate

Discount rate of 2.13 percent was used to measure the TOL. This was a change from 2.19 percent, the rate used on the prior measurement date. The discount rate was based upon the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Changes in Total OPEB Liability (in thousands):

	Total OPEB Liability
Balances at June 30, 2021 <i>for measurement date of June 30, 2020</i>	\$ 33,257
Changes for the year:	
Service Cost	2,400
Interest	702
Difference between expected and actual experience	(4,033)
Changes of assumptions	897
Benefit payments	(2,411)
Net changes	(2,445)
Balances at June 30, 2022 <i>for measurement date of June 30, 2021</i>	\$ 30,812

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 2.13 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 (1.13 percent) or 1-percentage-point higher (3.13 percent) than the current rate (in thousands):

	1% Decrease (1.13%)	Current Discount Rate (2.13%)	1% Increase (3.13%)
Plan's total OPEB liability	\$ 28,933	\$ 30,812	\$ 32,732

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 (5.50 and 6.00 percent decreasing to 4.50 percent) or 1-percentage-point higher (7.50 and 8.00 percent decreasing to 5.50 percent) than the current healthcare cost trend rates (in thousands):

	1% Decrease (5.50%/6.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (6.50%/7.00% decreasing to 4.50%)	1% Increase (7.50%/8.00% decreasing to 5.50%)
Plan's total OPEB liability	\$ 27,460	\$ 30,812	\$ 34,782

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$3,871,000. At June 30, 2022, 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 expected and actual experience	\$ 4,387	\$ 3,606
Changes in assumptions	3,682	-
County contributions subsequent to the measurement date	1,907	-
Total	\$ 9,976	\$ 3,606

\$1,907,000 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, 2023.

COUNTY OF VENTURA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

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
2023	\$ 768
2024	768
2025	768
2026	768
2027	655
Thereafter	736
Total	\$ 4,463

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 \$130,471,000. 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, 2021, the valuation date, were as follows:

<u>Participant Classification</u>	<u>Number of Participants</u>
Inactive members or beneficiaries currently receiving benefits	519
Inactive members entitled to but not yet receiving benefits	84
Active members	758
Total	1,361

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.

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 NOTES TO THE BASIC FINANCIAL STATEMENTS
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 (Continued)

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. Employer contributions in fiscal year 2021-22 were \$2,308,000.

Net OPEB Liability

The County's Net OPEB Liability (NOL) was measured as of June 30, 2021, and the TOL used to calculate the NOL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TOL was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions; applied to all periods included in the measurement:

	Assumptions
Actuarial funding method	Entry age normal
Inflation	2.00%
Real wage growth	0.50%
Wage inflation	2.50%
Projected salary increases (including wage inflation)	4.00% - 12.00%
Discount rate	2.46%
Annual Increase in Maximum Annual Benefit	5.75%
Mortality	Pub-2010 Safety Healthy Amount-Weighted Above-Median Mortality Table Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2021 valuation were based on the VCERA economic and demographic experience study for the period July 1, 2017 through June 30, 2020. The assumed increase in the benefit cap was based on the VCDSA ASC 965 report dated December 2021. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

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

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

Discount Rate

Discount rate of 2.46 percent was used to measure the TOL. This was a change from 2.44 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

COUNTY OF VENTURA
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(Continued)

plan investments was applied to periods up to 2045 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, 2.16 percent, was used for all periods subsequent to 2045 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 2.46 percent.

Changes in Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at June 30, 2021			
<i>for measurement date of June 30, 2020</i>	\$ 198,259	\$ 36,954	\$ 161,305
Changes for the year:			
Service cost	9,724	-	9,724
Interest	4,816	-	4,816
Difference between expected and actual experience	(18,010)	-	(18,010)
Changes of assumptions	(15,732)	-	(15,732)
Contributions - employer	-	2,247	(2,247)
Contributions - self-pay member	-	62	(62)
Net investment income	-	9,443	(9,443)
Benefit payments	(1,775)	(1,775)	-
Administrative expense	-	(120)	120
Net changes	<u>(20,977)</u>	<u>9,857</u>	<u>(30,834)</u>
Balances at June 30, 2022			
<i>for measurement date of June 30, 2021</i>	<u>\$ 177,282</u>	<u>\$ 46,811</u>	<u>\$ 130,471</u>

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 2.46 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 (1.46 percent) or 1-percentage-point higher (3.46 percent) than the current rate (in thousands):

	<u>1% Decrease (1.46%)</u>	<u>Current Discount Rate (2.46%)</u>	<u>1% Increase (3.46%)</u>
Plan's net OPEB liability	\$ 176,844	\$ 130,471	\$ 95,743

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 (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current healthcare cost trend rates (in thousands):

	<u>1% Decrease (4.75%)</u>	<u>Healthcare Cost Trend Rates (5.75%)</u>	<u>1% Increase (6.75%)</u>
Plan's net OPEB liability	\$ 130,471	\$ 130,471	\$ 130,471

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.

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(Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2022, the County recognized OPEB expense of \$13,587,000. At June 30, 2022, 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 expected and actual experience	\$ 7,060	\$ 15,748
Differences between projected and actual earnings on plan investments	-	5,287
Changes in assumptions	47,076	24,133
County contributions subsequent to the measurement date	2,308	-
Total	\$ 56,444	\$ 45,168

\$2,308,000 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, 2023.

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

Year Ending June 30,	Amount
2023	\$ 1,401
2024	1,447
2025	1,456
2026	1,718
2027	4,570
Thereafter	(1,624)
Total	\$ 8,968

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 \$3,499,000, 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.

COUNTY OF VENTURA
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(Continued)

Plan Membership

Plan participants at June 30, 2021, the valuation date, were as follows:

<u>Participant Classification</u>	<u>Number of Participants</u>
Inactive members or beneficiaries currently receiving benefits	240
Inactive members entitled to but not yet receiving benefits	2
Active members	<u>416</u>
Total	<u><u>658</u></u>

Benefits

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

Contributions

Contributions are made as required under provisions of the Memorandum of Agreement between the County and VCPFA. Contributions are 1.00 percent of covered payroll. Employer contributions in fiscal year 2021-22 were \$1,035,000.

Net OPEB Liability (Asset)

The County's Net OPEB Liability (NOL) was measured as of June 30, 2021, and the TOL used to calculate the NOL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TOL was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the June 30, 2020 measurement date, using the following actuarial assumptions; applied to all periods included in the measurement:

	Assumptions
Actuarial funding method	Entry age normal
Inflation	2.00%
Real wage growth	0.50%
Wage inflation	2.50%
Projected salary increases (including wage inflation)	4.00% - 12.00%
Discount Rate	6.00%
Health Care Cost Trends	7.00% decreasing to an ultimate rate of 4.50% by 2031
Mortality	Pub-2010 Safety Healthy Amount-Weighted Above-Median Mortality Table Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2021 valuation were based on the VCERA economic and demographic experience study for the period July 1, 2017 through June 30, 2020. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Bonds	30.00 %	
Stocks	30.00 %	
Alternative Investments	40.00 %	
Total	<u>100.00 %</u>	6.00 %

Discount Rate

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

Changes in Net OPEB Liability (Asset) (in thousands):

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
Balances at June 30, 2021			
<i>for measurement date of June 30, 2020</i>	\$ 12,659	\$ 14,517	\$ (1,858)
Changes for the year:			
Service Cost	206	-	206
Interest	736	-	736
Difference between expected and actual experience	645	-	645
Changes of assumptions or other inputs	(38)	-	(38)
Contributions - employer	-	1,017	(1,017)
Contributions - self-pay member	-	15	(15)
Net investment income	-	2,228	(2,228)
Benefit payments	(815)	(815)	-
Administrative expense	-	(70)	70
Net changes	<u>734</u>	<u>2,375</u>	<u>(1,641)</u>
Balances at June 30, 2022			
<i>for measurement date of June 30, 2021</i>	<u>\$ 13,393</u>	<u>\$ 16,892</u>	<u>\$ (3,499)</u>

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):

	<u>1% Decrease (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
Plan's net OPEB liability (asset)	\$ (2,046)	\$ (3,499)	\$ (4,732)

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 (6.00 percent decreasing to 3.50 percent) or 1-percentage-point higher (8.00 percent decreasing to 5.50 percent) than the current healthcare cost trend rates (in thousands):

	<u>1% Decrease (6.00% decreasing to 3.50%)</u>	<u>Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)</u>	<u>1% Increase (8.00% decreasing to 5.50%)</u>
Plan's net OPEB liability (asset)	\$ (3,515)	\$ (3,499)	\$ (3,487)

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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2022, the County recognized OPEB expense of \$93,000. At June 30, 2022, 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 expected and actual experience	\$ 937	\$ -
Differences between projected and actual earnings on plan investments	-	544
Changes in assumptions	-	34
County contributions subsequent to the measurement date	1,035	-
Total	\$ 1,972	\$ 578

\$1,035,000 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, 2023.

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

Year Ending June 30,	Amount
2023	\$ 49
2024	49
2025	2
2026	(146)
2027	124
Thereafter	281
Total	\$ 359

NOTE 16 - TAX AND REVENUE ANTICIPATION NOTES PAYABLE

On July 1, 2021, the County issued \$110,000,000 in Tax and Revenue Anticipation Notes (Notes) at a 0.25 percent interest rate, priced to yield 0.13 percent, to meet current year cash flow requirements for operational needs. At June 30, 2022, the outstanding principal was \$110,000,000. Principal and interest for fiscal year 2021-22 was paid on July 1, 2022, 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 2021-22 taxes and other revenues, which are legally available for payment thereof.

The summary of the notes transactions for the fiscal year ended June 30, 2022, is as follows (in thousands):

Beginning Balance	Additions	Reductions	Ending Balance June 30, 2022	Due Within One Year
July 1, 2021				
-	\$ 110,000	-	\$ 110,000	\$ 110,000

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 17 - RISK MANAGEMENT

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

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

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

The Risk Management Department within the General Insurance ISF administers the commercial and self-insurance aspects of the County's casualty risk programs. General liability is self-insured to \$2,000,000 per occurrence, and thereafter covered by excess commercial liability insurance up to \$42 million per occurrence. The Worker's Compensation Program in the Risk Management Workers' Compensation ISF funds is fully self-insured and is administered by a third-party administrator.

In October 2004, the County joined the California State Association of Counties (CSAC) Excess Insurance Authority, a joint powers authority now known as Public Risk Innovations, Solutions, and Management, 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 Annual Comprehensive 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 2022.

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 2.75 percent. The revenue received, including interest, and contribution funded liabilities, and net position are sufficient to meet liabilities as they come due.

COUNTY OF VENTURA
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(Continued)

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, 2022, the expected liability on the pre-1995 claims, at the 80 percent confidence level, discounted at 3.5 percent, was actuarially estimated to be \$4,423,000.

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 3.5 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 System during fiscal years 2020-21 and 2021-22 are as follows (in thousands):

	Claims Fiscal Year		Medical Malpractice Fiscal Year	
	2021-22	2020-21	2021-22	2020-21
Liabilities, beginning	\$ 211,930	\$ 195,110	\$ 2,537	\$ 2,494
Incurred losses and adjustments	113,833	109,951	403	43
Claim payments	(101,947)	(93,131)	-	-
Liabilities, ending	<u>\$ 223,816</u>	<u>\$ 211,930</u>	<u>\$ 2,940</u>	<u>\$ 2,537</u>

Medical malpractice liability for public and mental health functions in the General Fund of \$825,000, an increase of \$138,000 from the prior year, is reported in the governmental activities portion of the government-wide financial statements.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 18 - UNEARNED REVENUE

Unearned revenue 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	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
Unearned revenue:						
State and Local Recovery Funds	\$ 161,323	\$ -	\$ -	\$ -	\$ -	\$ 161,323
Deposits	11,495	1,171	-	-	25	12,691
Advances for Human Services Agency Programs	20,221	-	-	-	-	20,221
Homeless Housing Assistance and Prevention Program	-	-	-	4,886	-	4,886
Juvenile probation and camps funding	2,884	-	-	-	-	2,884
Stand-By Time for Fire Suppression Assets	-	-	3,484	-	-	3,484
Title IV-E Entitlement Program	1,593	-	-	-	-	1,593
Community Corrections Performance Incentives Fund	2,049	-	-	-	-	2,049
Maddy Emergency Medical Services Fund	1,468	-	-	-	-	1,468
State Custody Credit Fund	1,219	-	-	-	-	1,219
Lead abatement program	1,136	-	-	-	-	1,136
Other unearned revenue	5,086	-	-	241	303	5,630
Total unearned revenue	<u>\$ 208,474</u>	<u>\$ 1,171</u>	<u>\$ 3,484</u>	<u>\$ 5,127</u>	<u>\$ 328</u>	<u>\$ 218,584</u>

Proprietary Funds	Medical System	Department of Airports	Waterworks Districts	Non-major Enterprise Funds	Total Business-Type Funds
Unearned revenue:					
Deposits	\$ -	\$ -	\$ -	\$ 1,506	\$ 1,506
Other unearned revenue	-	326	293	171	790
Total unearned revenue	<u>\$ -</u>	<u>\$ 326</u>	<u>\$ 293</u>	<u>\$ 1,677</u>	<u>\$ 2,296</u>

NOTE 19 - DEFERRED INFLOWS OF RESOURCES - UNAVAILABLE REVENUE

Deferred inflows of resources to the County's governmental funds relate to unavailable revenue as of June 30, 2022. 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 (in thousands):

Governmental Funds	General Fund	Watershed Protection District	Fire Protection District	Non-major Governmental Funds	Total Governmental Activities
Unavailable revenue:					
Medi-Cal	\$ 19,658	\$ -	\$ -	\$ 12,633	\$ 32,291
HUD and HOME programs	2,832	-	-	14,662	17,494
Special assessments	-	-	-	7,238	7,238
Todd Road Jail construction funding	-	-	-	8,854	8,854
Behavioral Health Services Growth	7,259	-	-	-	7,259
SB 90 revenue	6,899	-	-	-	6,899
Public Health programs	1,913	-	-	-	1,913
Human Services Agency programs	1,378	-	-	-	1,378
Courthouse temporary construction	2,184	-	-	-	2,184
Disaster assistance	4,721	-	-	-	4,721
Other unavailable revenue	3,940	1,956	1,544	564	8,004
Total unavailable revenue	<u>\$ 50,784</u>	<u>\$ 1,956</u>	<u>\$ 1,544</u>	<u>\$ 43,951</u>	<u>\$ 98,235</u>

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 20 - COMMITMENTS AND CONTINGENCIES

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.

Federal Assistance

During fiscal years 2020-21 and 2021-22, the County received \$164,326,000 of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, a part of the American Rescue Plan Act, as a direct recipient. On April 26, 2022, the Board approved a funding plan for the usage of \$65,300,000 in SLFRF funds for various future projects and programs. Prior to that meeting, the Board approved various smaller projects totaling approximately \$7,400,000 in SLFRF funding, and during fiscal year 2021-22, \$3,333,000 was recognized as revenue. The unspent balance and related interest are reported as unearned revenue at June 30, 2022.

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 payable upon future performance. As of June 30, 2022, encumbrances of \$61,644,000 were reported in the General Fund, \$6,958,000 in the Road Fund, \$7,667,000 in the Watershed Protection District, \$35,747,000 in the Fire Protection District, and \$19,925,000 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.

COUNTY OF VENTURA
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NOTE 21 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

On July 1, 2022, the County issued \$87,000,000 of 2.13 percent fixed-rate, priced to yield 2.25 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 2022-23 expenditures and the discharge of other obligations of the County. The maturity date of the notes is June 30, 2023.

COVID-19 Pandemic Disaster Relief

The County incurred certain costs related to the COVID-19 pandemic that are reimbursable from grants provided by FEMA. In accordance with GAAP, amounts that were not obligated by FEMA by June 30, 2022, were not eligible to be accrued as revenue in fiscal year 2021-22 and instead will be recognized in subsequent periods. Subsequent to June 30, 2022, FEMA obligated \$29,702,000, of which \$26,828,000 has been received.

NOTE 22 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill XI 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. The former Redevelopment agency was established in 1994 pursuant to Section 33200 of the State of California Health and Safety Code. On February 1, 2012, the former Redevelopment Agency was dissolved pursuant to assembly Bill XI 26 and the Successor Agency was created. This action impacted the reporting entity of the County that previously had reported a redevelopment agency within the reporting entity of the County as a blended component unit.

Due to the dissolution of the County's Redevelopment Agency, 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.

COUNTY OF VENTURA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Long-Term Debt

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

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

U.S. Department of Agriculture (USDA) Bonds

On May 8, 2007 the Agency applied for a 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, 2022, are as follows (in thousands):

Obligation	Outstanding July 1, 2021	Additions	Maturities	Outstanding June 30, 2022	Amount Due Within One Year
Bonds from Direct Placement	\$ 552	\$ -	\$ 21	\$ 531	\$ 22

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, 2022. The deficit will continue to be reduced over the years as the related debt is paid off with funds received from the Redevelopment Property Tax Trust Fund, which is administered by the County Auditor-Controller.

NOTE 23 - DEFICIT FUND BALANCE

The Todd Road Jail Expansion fund, a capital projects fund, had a deficit fund balance of approximately \$6,900,000 as of June 30, 2022. This resulted from assets not available to pay for current-period expenditures and therefore, were not recognized as revenues.