

VENTURA COUNCIL OF GOVERNMENTS

**BASIC FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

VENTURA COUNCIL OF GOVERNMENTS

**Basic Financial Statements
For the Year Ended June 30, 2017**

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ventura Council of Governments
Ventura, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Ventura Council of Governments (Council), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Council as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 20-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

The financial statements include partial or summarized prior year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2016, from which such partial or summarized information was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2018, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Vavinek, Jine, Day & Co., LLP

Rancho Cucamonga, California
April 13, 2018

VENTURA COUNCIL OF GOVERNMENTS

Management's Discussion and Analysis

As management of the Ventura Council of Governments (VCOG), we offer readers of VCOG's financial statements this narrative overview and analysis of VCOG's financial activities for the fiscal year ended June 30, 2017.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to VCOG's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of VCOG's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of VCOG's assets and liabilities, with the difference between assets and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indication on whether the financial position of VCOG is improving or deteriorating.

The statement of activities presents information showing how VCOG's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this same statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements may be found on pages 7-8.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. VCOG, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. VCOG consists of a single governmental fund. The fund financial statements may be found on page 9-10.

Government-wide Financial Analysis

The total net position of VCOG was \$107,229 at June 30, 2017 (as noted in Table 1). In comparison, the total net position of VCOG at June 30, 2016 was \$ 100,557. VCOG's net position at June 30, 2017 was unrestricted, meaning there are no external restrictions placed on the future use of the organization's net position.

Table 1
VENTURA COUNCIL OF GOVERNMENTS
Net Position at June 30:

	Governmental Activities		Percent Change
	2017	2016	
Assets:			
Current assets	\$ 111,403	\$ 100,558	
Total Assets	<u>111,403</u>	<u>100,558</u>	10.8%
Liabilities:			
Current liabilities	<u>4,174</u>	<u>1</u>	
Total Liabilities	<u>4,174</u>	<u>1</u>	417300%
Net Position:			
Unrestricted	<u>107,229</u>	<u>100,557</u>	
Total Net Position	<u>\$ 107,229</u>	<u>\$ 100,557</u>	6.6%

The total net position of VCOG increased by \$6,672, or 6.6%, during FY 2016-2017. This means that revenues exceeded expenses, on a full accrual basis, by \$6,672 for the year. We have not presented a complete comparison to the previous fiscal year since VCOG changed from cash to an accrual accounting system at the beginning of the fiscal year 2016-2017. General government expenses decreased from the previous fiscal year primarily due to decreases in professional services as a result of lower costs for executive administration and accounting services. The 2015-16 fiscal year included extra costs during the transition to a new Executive Director. In addition, in 2015-16, there were significant costs for contract accounting services to evaluate VCOG's accounting procedures with an objective to convert to an automated accounting system. The increase in liabilities was mainly due to invoices for support services totaling \$4,063 were received and paid after the end of the fiscal year.

Table 2
 VENTURA COUNCIL OF GOVERNMENTS
 Changes in Net Position
 For the Year Ended:

	Governmental Activities		Percent Change
	2017	2016	
Revenues:			
Program revenues:			
Charges for Services	\$ 3,540	\$ 1,300	172.3%
Operating Grants and Contributions	64,992	64,992	0%
General Revenues:			
Investment earnings	36	25	44%
Total revenues	<u>68,568</u>	<u>66,317</u>	3%
Expenses:			
General government	<u>61,896</u>	<u>68,245</u>	-9%
Change in Net Position	6,672	(1,928)	-446%
Net position - beginning of year	<u>100,557</u>	<u>102,485</u>	-1.9%
Net position - end of year	<u>\$ 107,229</u>	<u>\$ 100,557</u>	6.6%

Financial Analysis of the General Operating Fund

VCOG maintains a single government fund called the General Operating Fund. As of June 30, 2017, total revenues, assets, liabilities and expenditures of the General Operating Fund are the same as total assets, liabilities and expenses as shown on the government-wide financial statements.

VCOG's revenues for FY 2016-17 came from membership dues as well as a SCAAG Sponsorship of \$2,500 for the Annual Dinner and sales of tickets for the Annual Dinner. There were no changes in the dues structure from FY 2015-16 to FY 2016-17. There were no grant revenues.

General Operating Fund Budgetary Highlights

The VCOG Board of Directors adopted a formal budget for the fiscal year ended June 30, 2017 on July 14, 2016. The delay in adopting the budget beyond June 30 was because the new Executive Director needed additional time to adjust and plan changes on accounting procedures. The new budget featured several changes:

- Reduction of the Miscellaneous Expense Item from \$5,000 to \$200.
- Separating Operations Expenses for better accountability
- Elimination of Government Services Contract Accounting Services in favor of hourly accounting assistance.
- Reduction of Executive Administration to \$40,000 from \$50,000 in FY 15-16
- Reduction in Annual Meeting Expense from \$7,500 to \$6,000.
- Increase in Travel, Conference and Meeting Budget to allow more staff participation in county-wide, regional and state-wide issues.

Contacting VCOG Management

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the VCOG Executive Director, 33 East High Street, Suite 200, Moorpark, CA 93020, P.O. Box 157, Moorpark, California 93020.

VENTURA COUNCIL OF GOVERNMENTS

**Statement of Net Position
June 30, 2017
(With Comparative Totals for June 30, 2016)**

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Assets:		
Cash and Cash Equivalents (note 2)	\$ 111,303	\$ 100,058
Accounts Receivable	100	500
Total Assets	<u>111,403</u>	<u>100,558</u>
Liabilities:		
Accounts Payable	<u>4,174</u>	<u>1</u>
Total Liabilities	<u>4,174</u>	<u>1</u>
Net Position:		
Unrestricted	<u>107,229</u>	<u>100,557</u>
Total Net Position	<u>\$ 107,229</u>	<u>\$ 100,557</u>

The accompanying notes are an integral part of these financial statements.

VENTURA COUNCIL OF GOVERNMENTS

**Statement of Activities
Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	Expenses	Program Revenues		Governmental Activities	
		Charges for Services	Operating Grants and Contributions	2017 Net (Expense) Revenue	2016 Net (Expense) Revenue
Governmental Activities:					
General Government	\$ 61,896	\$ 3,540	\$ 64,992	\$ 6,636	\$ (1,953)
Total Governmental Activities	\$ 61,896	\$ 3,540	\$ 64,992	\$ 6,636	\$ (1,953)
General Revenues:					
Unrestricted Investment Earnings				36	25
Change in Net Position				6,672	(1,928)
Net Position at Beginning of Year				100,557	102,485
Net Position at End of Year				\$ 107,229	\$ 100,557

The accompanying notes are an integral part of these financial statements.

VENTURA COUNCIL OF GOVERNMENTS

**Governmental Funds
Balance Sheet – General Fund
June 30, 2017
(With Comparative Totals for June 30, 2016)**

	<u>2017</u>	<u>2016</u>
Assets:		
Cash and Cash Equivalents (note 2)	\$ 111,303	\$ 100,058
Accounts Receivable	100	500
Total Assets	<u>\$ 111,403</u>	<u>\$ 100,558</u>
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 4,174	\$ 1
Total Liabilities	<u>4,174</u>	<u>1</u>
 Fund Balances:		
Committed	75,000	-
Unassigned	32,229	100,557
Total Fund Balances	<u>107,229</u>	<u>100,557</u>
Total Liabilities and Fund Balances	<u>\$ 111,403</u>	<u>\$ 100,558</u>

The accompanying notes are an integral part of these financial statements.

VENTURA COUNCIL OF GOVERNMENTS

**Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund
Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017	2016
Revenues:		
Charges for Services	\$ 3,540	\$ 1,300
Contributions	64,992	64,992
Investment Income	36	25
Total Revenues	68,568	66,317
 Expenditures:		
Current:		
General Government:		
Professional Services	50,681	62,412
Other	11,215	5,833
Total Expenditures	61,896	68,245
 Net Change in Fund Balances	 6,672	 (1,928)
Fund Balance, Beginning of Year	100,557	102,485
Fund Balance, End of Year	\$ 107,229	\$ 100,557

The accompanying notes are an integral part of these financial statements.

VENTURA COUNCIL OF GOVERNMENTS

Notes to the Basic Financial Statements Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Ventura Council of Governments (Council) was established by a voluntary joint powers agreement on December 1, 1992 representing the 10 cities within Ventura County as well as the County. This Joint Powers Agency was established under Organization of Title 1, Division 7, Chapter 5 of the California Government Code Section 6503.5. The purpose of the Council is to facilitate cooperative sub-regional and regional planning, coordination and technical assistance on issues of mutual concern.

There are many other governmental agencies, including the County of Ventura and the Ventura County Transportation Commission, providing services within the area served by the Council. These other governmental agencies have independently elected governing boards and consequently are not under the direction of the Council. Financial information for these agencies is not included in the accompanying financial statements.

Financial Statement Presentation: The Council's basic financial statements consist of government-wide financial statements, including a statement of net position and statement of activities, and fund financial statements.

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB).

Government-Wide Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Council. These statements report governmental activities, which normally are supported by general and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. For the Council, contributions represent member agency dues. Investment earnings and other items not properly included among program revenues are reported instead as *general revenues*.

In the fiscal year ended June 30, 2017, the government-wide financial statements under full accrual were the same as the fund financial statements under modified accrual.

Fund Financial Statements: The underlying accounting system of the Council is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the Council's governmental funds are presented after the government-wide financial statements. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. The Council has only one fund, the General Fund. The General Fund is the general operating fund of the Council.

VENTURA COUNCIL OF GOVERNMENTS

Notes to the Basic Financial Statements Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting: The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

Revenues susceptible to accrual include member agency dues and interest revenue.

Cash and Cash Equivalents: The Council maintains cash and cash equivalents in accordance with its investment policy adopted on November 14, 2013. The investment policy complies with, or is more restrictive than, applicable state statutes.

The cash of the General Fund is deposited in an interest bearing bank account.

Fair Value Measurements: The Council adopted Governmental Accounting Standards Board (“GASB”) Statement No. 72, *Fair Value Measurements and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes, applying fair value to certain investments and disclosures related to all fair value measurements. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2017, the Council only had cash.

Fund Balance: The Council maintains its equity in accordance with the fund balance policy.

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned fund balances to identify the extent to which the Council is bound to honor constraints on the specific purposes for which amounts can be spent.

Nonspendable fund balance: includes assets that are not in spendable form (i.e. prepaid items) or are legally or contractually required to be maintained intact (i.e. permanent endowments).

Restricted fund balance: includes amounts that are constrained by the specific purpose stipulated by external resource providers and/or imposed constitutionally or by enabling legislation.

Committed fund balance: includes amounts that can be used for specific purposes determined by formal action of the government’s highest level of decision-making authority by resolution or formal board action. The Board of Directors, as the Council’s highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the Regional Council removes or changes the specific use through the same type of formal action taken to establish the commitment. As of June 30, 2017, the Council committed \$75,000 to maintain an annual operating reserve in order to provide sufficient liquidity to fund the day-to-day operating expenses should a member city decide to withdraw from the Council. The reserve shall equal or exceed the cost of annual operations.

VENTURA COUNCIL OF GOVERNMENTS

Notes to the Basic Financial Statements Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned fund balance: includes amounts that are intended by the government to be used for specific purposes, but are neither committed nor restricted. The Council has designated the authority to assign amounts used for specific purposes to the Executive Director.

Unassigned fund balance: includes the residual funds for the General Fund and all amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use the most restricted resources first and then unrestricted resources in the following manner: committed, assigned and unassigned.

Net Position: In the government-wide financial statements, net position represents the difference between assets and liabilities and is classified as unrestricted net position.

Unrestricted net position represents those assets that are available for general use.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first and then unrestricted resources, as they are needed.

Use of Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Prior Year Data: Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's prior year financial statements, from which this selected financial data was derived.

VENTURA COUNCIL OF GOVERNMENTS

Notes to the Basic Financial Statements Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements:

Adopted in the Current Year

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The principal objectives of this Statement is to improve the information provided in the general purpose external financial reports of state and local governments about pensions and related assets that are not within the scope of Statement No. 68. The Statement is effective for periods beginning after June 15, 2016. The Council has determined that the requirements of this statement do not have a material impact to the financial statements.

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for periods beginning after June 15, 2016. The Council has determined that the requirements of this statement do not have a material impact to the financial statements.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The Statement is effective for periods beginning after December 15, 2015. The Council has determined that the requirements of this statement do not have a material impact to the financial statements.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement is effective for periods beginning after December 15, 2015. The Council has determined that the requirements of this statement do not have a material impact to the financial statements.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement is effective for periods beginning after December 15, 2015. The Council has determined that the requirements of this statement do not have a material impact to the financial statements.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The Statement is effective for periods beginning after June 15, 2016. The Council has determined that the requirements of this statement do not have a material impact to the financial statements.

VENTURA COUNCIL OF GOVERNMENTS

Notes to the Basic Financial Statements Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adopted in the Current Year (Continued)

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of the Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, the Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement is effective for the reporting periods beginning after June 15, 2016. The Council has determined that the requirements of this statement do not have a material impact to the financial statements.

Effective in Future Fiscal Years

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of Statements No. 45 and No. 57. The Statement is effective for periods beginning after June 15, 2017. The Council has not determined the effect of the statement.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of the Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Statement is effective for the reporting periods beginning after December 15, 2016, or the 2017-2018 fiscal year. The Council has not determined the effect of the statement.

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, or the 2018-2019 fiscal year. The Council has not determined its effect of the statement.

VENTURA COUNCIL OF GOVERNMENTS

Notes to the Basic Financial Statements Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effective in Future Fiscal Years (Continued)

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or the 2019-2020 fiscal year. The Council has not determined its effect of the statement.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, or the 2017-2018 fiscal year. The Council has not determined its effect of the statement.

GASB Statement No. 86 – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, or the 2017-2018 fiscal year. The Council has not determined its effect of the statement.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, or the 2020-2021 fiscal year. The Council has not determined its effect of the statement.

VENTURA COUNCIL OF GOVERNMENTS

Notes to the Basic Financial Statements
Year Ended June 30, 2017

NOTE 2 – CASH AND CASH EQUIVALENTS

The unexpended cash of the General Fund is deposited in an interest bearing bank account. The carrying value of cash as of June 30, 2017 was \$111,303. The first \$250,000 of the deposit balance is federally insured and the remaining balance is collateralized in accordance with the California Government Code.

Investments Authorized by the Council’s Investment Policy: The table below identifies the investment types that are authorized for the Council by the California Government Code and the Council’s investment policy. The table also identifies certain provisions of the California Government Code (or the Council’s investment policy, if more restrictive) that addresses interest rate risk, credit risk, and concentration of credit risk.

Table with 4 columns: Investment Types Authorized by State Law, Maximum Maturity, Maximum Investment of Portfolio, and Maximum in One Issuer. Rows include Local Agency Bonds, U.S. Treasury Obligations, U.S. Agency Securities, Banker's Acceptances, Negotiable Certificates of Deposit, County Pooled Investment Fund, and Local Agency Investment Fund.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Council’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Council deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE 3 – RISK MANAGEMENT

The Council has general liability insurance coverage. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There have been no claims or insurance settlements for the past three years and the Council has no liability at June 30, 2017 for unpaid claims.

NOTE 4 – SUPPORT SERVICES

The Council has no employees. The Council contracts with its current Executive Director. During the fiscal year ended June 30, 2017, the Council paid \$44,126 for Executive Director support services to perform management and administrative services. The expenditures for the Council are included in professional services in the fund financial statements.

VENTURA COUNCIL OF GOVERNMENTS

**Notes to the Basic Financial Statements
Year Ended June 30, 2017**

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Council's management is not aware of any outstanding claims or litigation. The Council has limited revenue sources from member dues. It is dependent on continued available funding.

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA COUNCIL OF GOVERNMENTS

**General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2017**

	Fiscal Year 2016/2017		Fiscal Year 2016/2017 Actual	Variances with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
Revenues:				
Charges for Services	\$ 500	\$ 500	\$ 3,540	\$ 3,040
Contributions	65,000	65,000	64,992	(8)
Investment Income	-	-	36	36
Total Revenues	<u>65,500</u>	<u>65,500</u>	<u>68,568</u>	<u>3,068</u>
Expenditures:				
Current:				
General Government:				
Professional Services	47,000	47,000	50,681	(3,681)
Other	18,500	18,500	11,215	7,285
Total Expenditures	<u>65,500</u>	<u>65,500</u>	<u>61,896</u>	<u>3,604</u>
Net Change in Fund Balances	-	-	6,672	6,672
Fund Balance, Beginning of Year	100,557	100,557	100,557	-
Fund Balance, End of Year	<u>\$ 100,557</u>	<u>\$ 100,557</u>	<u>\$ 107,229</u>	<u>\$ 6,672</u>

See accompanying note to the required supplementary information.

VENTURA COUNCIL OF GOVERNMENTS

Note to Required Supplementary Information Year Ended June 30, 2017

NOTE 1 – BUDGETARY DATA

The annual budget serves the fiscal period from July 1 through June 30 and is a vehicle that accurately and openly communicates the Council's priorities to the community, businesses, vendors and other public agencies. Also, the budget provides the foundation of financial planning by providing resources planning and controls that permit the evaluation and adjustment of the Council's performance.

Budgets are prepared in accordance with generally accepted accounting principles using the modified accrual basis of accounting. Budgeted amounts are as originally adopted, or as amended in accordance with prescribed procedures throughout the fiscal year.

The adopted budget can be amended by the Council to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations require approval by the Council Board. Expenditures may not exceed total appropriations at the individual object level. Any transfer of appropriations between object levels is delegated by the Council to the Executive Director. It is the practice of the Council's management to review the budget quarterly and, if necessary, recommend changes to the Board.

The legal level for budgetary control (the level at which expenditures may not legally exceed appropriations) is at the object level: Professional Services and Other Expenditures. Any transfer of appropriations between object levels within the same budget unit is delegated by the Council to the Executive Director.

NOTE 2 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

At June 30, 2017, Professional Services expenditures exceeded the legal level for budgetary control by \$3,681 due to an increase in the Executive Director's contract.