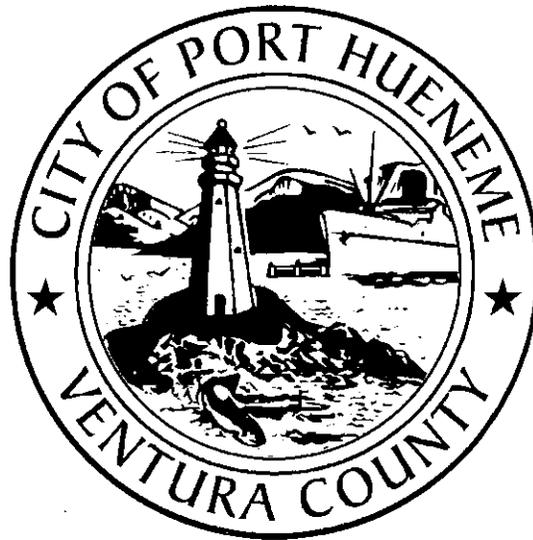


**CITY OF PORT HUENEME, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011**



**Prepared by
Finance Department**

**Robert J. Bravo
Finance Director/City Treasurer**

**City of Port Hueneme
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011**

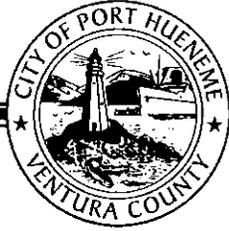
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City of Port Hueneme

FINANCE DEPARTMENT

December 28, 2011

Honorable Mayor, City Councilmembers, and the Citizens of Port Hueneme:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Port Hueneme, California for the fiscal year ended June 30, 2011. The format and content of this CAFR complies with the principles and standards of accounting and financial reporting adopted by the Governmental Accounting Standards Board (GASB) and contains all information needed for readers to gain a reasonable understanding of City of Port Hueneme's financial affairs.

INTRODUCTION

This report was prepared by the City's Finance Department. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatement.

Simpson and Simpson, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2011. The independent auditors' report is located at the front of the financial section of this report.

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

CITY OF PORT HUENEME PROFILE

Port Hueneme (pronounced "Wy-nee'mee") is a seaside community in Ventura County, California. Port Hueneme is located 60 miles northwest of Los Angeles and 40 miles south of Santa Barbara. The City's name derives from a Chumash word (Wene'mu) that means "resting place". Today's Port Hueneme is located halfway between two larger Chumash settlements, today's Malibu and Ventura. The first post office in the community was in Wynema. When Thomas R. Bard

laid out the town in 1872, he called it Hueneme. The name was changed to Port Hueneme after the Port of Hueneme was built in 1939.

Incorporated in 1948, Port Hueneme has a 5-member City Council which functions as the policy making governmental body. The five individuals serve staggered four-year terms in office, with the Mayor and Mayor Pro-Tem being selected by the City Council each year. City services are structured around eight departments: City Administration, Community Development, Finance, Housing and Facilities Maintenance, Police, Public Works and Recreation and Community Services. The City Council members also serve as the governing body of the following:

- Port Hueneme Redevelopment Agency
- Port Hueneme Housing Authority
- Port Hueneme Public Finance Authority
- Surplus Property Authority

In addition, the City Council appoints the members of the following advisory Commissions and Boards:

- Recreation and Fine Arts Commission
- Museum and Historical Commission
- Advisory Council on Aging

Primary responsibility for financial administration of the City rests with the Finance Director/City Treasurer. He is appointed by the City Manager and is responsible for establishing and maintaining the accounting and financial systems for the City. He is also responsible for the receipt, investments, and disbursement of all City funds.

LOCAL ECONOMY

The City has developed a strong mix of General Fund revenues based on property tax, sales tax, permit fees, service charges, transient occupancy taxes, vehicle license taxes, business licenses, investment earnings, cost allocation and the Oxnard Harbor District's operations. The Water, Wastewater and Solid Waste enterprises are self-sustaining through user fee charges.

General Fund sales tax revenue remains a significant source of revenue to operate general government functions. The City was successful in November 2008 with the passage of a one-half cent sales tax increase, which became effective April 1, 2009. Sales and use tax revenue for fiscal year ended June 30, 2011, totaled \$1.79 million compared to \$1.66 million for the previous year.

For 2011, unemployment in the City was at 11.1 percent. The annual average 2011 countywide unemployment rate was 9.5 percent. The countywide rate is

below the California average of 10.9 percent, but above the nationwide rate of 8.2 percent.

Consistent with the nationwide trend, median home prices decreased in both the City and County. The 2011 median home price in the City was \$242,000. City real median home prices increased 3.2 percent in 2011. With the slight increase in residential property values, the effects of increased property assessment appeals are not evident in the current period, but will minimally affect property tax revenue in FY 2011-12.

In addition to community-related economics, i.e., business, employment, and real estate indices, the City's finances and operations are directly impacted by national and regional trends. The return on interest earnings was 1.41 percent for the fiscal year ended June 30, 2011, which is a decrease from the prior year's return of 1.76 percent.

LONG TERM FINANCIAL PLANNING

In recognition of the financial challenges of the future, the City's Financial Strategic Plan (Plan) was adopted in May 2010 for Fiscal Year 2010-11. On February 22, 2010, the City Council, City Manager, City Attorney and Department Directors convened its fourth annual Strategic Planning workshop, reviewing the current fiscal year's projects and progress, and discussing the Council's priorities for Fiscal Year 2010-11. The No. 1 Goal of the Plan is to achieve and maintain balanced General Fund and Enterprise Fund budgets with operating and capital reserves. This goal was first achieved with the adoption of Fiscal Year 2009-10 budget, which was balanced without the use of reserves for the first time in five years. The following three objectives under this goal will further maintain and enhance this fiscal position:

1. *Economic Development*: Ensuring that the City continues to create the economic capacity to generate revenues sufficient to fund new and ongoing City services and operations.
2. *Stabilize and Enhance Revenues*: Ensuring that existing revenue sources keep pace with inflation, the cost of services provided, and changes in law.
3. *Contain and Reduce Costs*: Ensuring that the cost of providing services is a reasonable and efficient use of available revenues.

In recognition of the financial challenges of the future, the City continues to maintain a Financial Plan covering a 5-year period. This dynamic plan is updated at least every six months reflecting any new fiscal changes that have occurred or are anticipated.

The three enterprise funds have all increased their respective fees to cover operating and capital costs for at least the next two years.

In regards to Capital projects, the City will continue with its projects identified in the five-year Capital Improvement Program (CIP). Major projects include the following:

- | | |
|--|-----------|
| ▪ Pavement Management Program | \$200,000 |
| ▪ Wastewater Gravity Line Rehabilitation | \$500,000 |
| ▪ Water Distribution Upgrades | \$400,000 |

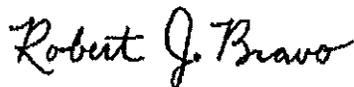
RELEVANT FINANCIAL POLICIES

The general fund maintains \$8.0 million designated for contingencies per the City's financial policies.

When monies are deemed investable, they are placed in the State of California's Local Agency Investment Fund (LAIF), or U.S. Treasury or Agency securities maturing in five years or less. The City's investment portfolio at June 30, 2011 included \$19.3 million invested in LAIF and \$16.7 million invested in U.S. Government securities. Funds placed at LAIF can be withdrawn with a same-day notice providing the City with daily liquidity. The investment in U.S. Government securities provides portfolio diversification. Both investment vehicles offer the City outstanding security and are consistent with the City's Investment Policy.

I wish to acknowledge the excellent participation and professional contribution of the financial staff in the preparation of this document, in particular Al Burrell, Shelly Kluksdahl, Tonie Alix and Juanita Guzman, who are to be commended for their extensive work and high level of performance. Additional thanks go to other members of the Finance Department who assisted with the report.

Respectfully submitted,



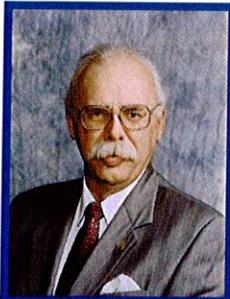
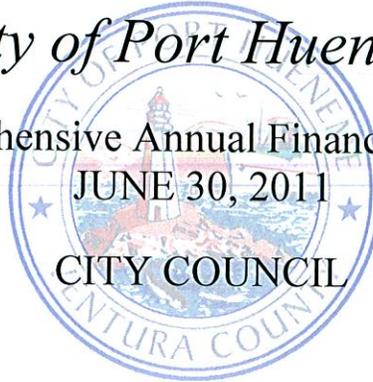
Robert J. Bravo
Finance Director/City Treasurer

City of Port Hueneme

Comprehensive Annual Financial Report

JUNE 30, 2011

CITY COUNCIL



**Jonathan
Sharkey
Council Member**



**Douglas A.
Breeze
Mayor Pro Tem**



**Sylvia M.
Schnopp
Mayor**



**Norman E.
Griffaw
Council Member**



**Ellis Green
Council Member**

City Manager

David J. Norman

Department Directors

Robert J. Bravo – Finance Director

Greg Brown - Community Development Director

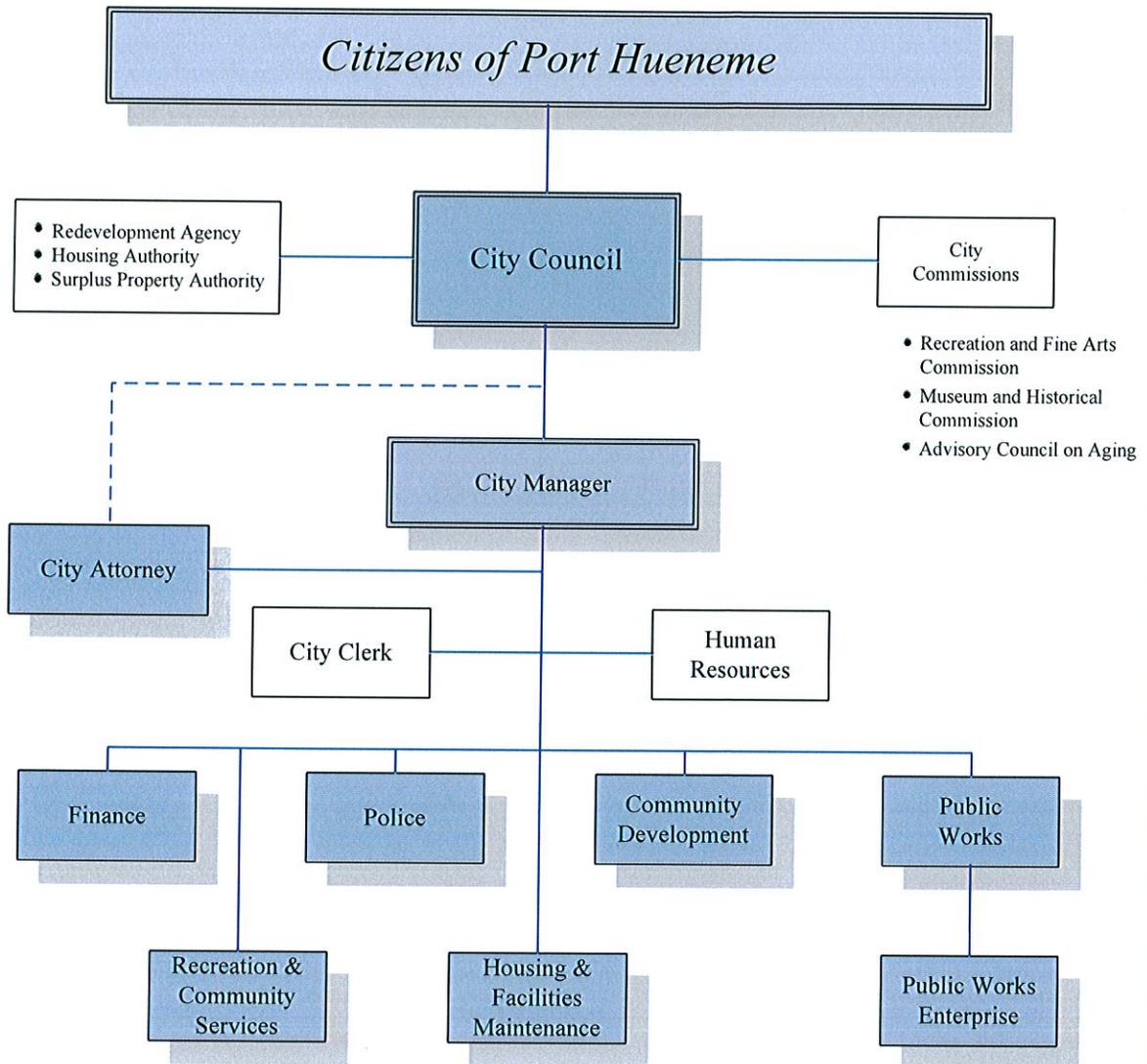
Lisa Donley - Recreation & Community Services Director

Kathleen Sheehan - Police Chief

Joseph Gately - Housing/Facilities Director

Andres Santamaria - Public Works Director

City of Port Hueneme



Organization Chart

FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

The Honorable Mayor and
Members of the City Council
City of Port Hueneme, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Port Hueneme, California** (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position, and where applicable cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4A to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended June 30, 2011.

As explained further in Note 5, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011 on our consideration of the City'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in



accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (MD&A) on pages 3 to 12, and the schedule of funding progress on page 51 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory, required supplementary information on pages 52 and 53, other supplementary information and statistical sections listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. The required supplementary information on pages 52 and 53, and the other supplementary information section has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections listed in the accompanying table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California

December 28, 2011, except for Note 6, as to which the date is December 29, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2011

As management of the City of Port Hueneme, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 13. Comparative data for the current fiscal year and previous fiscal year is presented on the government-wide financial statements, as required by GASB 34.

FINANCIAL HIGHLIGHTS

- Governmental activities posted an increase in total net assets of \$1.7 million, while the business-type activities increased by \$2.1 million.
- Total revenues of \$45 million exceeded total expenditures of \$40.6 million by \$4.4 million.
- At June 30, 2011, the City's governmental funds reported combined ending fund balances of \$49.3 million, an increase of \$291,081 in comparison with prior fiscal year's fund balances.
- At June 30, 2011, the unassigned fund balance of the General Fund balance was \$20.9 million, which is 122% of the general fund's operating expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Port Hueneme's basic financial statements. The City's 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 contains other supplementary information in addition to the basic financial statements and required information.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's financial position, in a manner similar to that of a private-sector business. These statements are reported on the full accrual basis of accounting. Thus, revenues and expenses are reported for some items that will not affect cash flows until future periods.

The government-wide financial statements separate **Governmental Activities** that are principally supported by taxes and revenues from other agencies, from **Business-type Activities** that are intended to recover all, or a significant portion of their costs, through user fees and charges. The governmental activities of the City include General Government, Public Safety, Public Works, Community Development, Beaches, Parks and Recreation. The City's Business-type activities include Water Utility, Wastewater Utility, Solid Waste Utility, Water Treatment Plant, Naval Base Ventura County (NBVC) wastewater contract and Housing Authority Funds.

The government-wide financial statements include not only the City, but also all legal entities for which the City is financially accountable. Accordingly, the financial information for the City's Redevelopment Agency (RDA), Surplus Property Authority (SPA) and the Port Hueneme Housing Authority are included as an integral part of the City's financial statements and reported as blended component units.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The statement of net assets presents information on all of the City's assets and liabilities; the difference between the two is reported as net assets. These assets include infrastructure and all assets previously included in the General Fixed Asset Account Group. The liabilities include all obligations previously reported in the General Long Term Debt Account Group. Evaluating increases or decreases in net assets over time will serve as a useful indicator of whether the financial position of the City is improving or declining.

The statement of activities presents information on the net cost of each governmental function (activity) during the fiscal year. This statement also identifies the amount of general revenues needed to fully fund each governmental function.

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. The City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: Governmental Funds, Proprietary Funds.

Governmental Funds (General Fund, Special Revenue, Debt Service and Capital Projects Funds) are used to account for the same functions reported as governmental activities in the Government-wide financial statements. However, unlike government-wide financial statements, funds financial statements focus on short-term inflows and outflows of spendable resources. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. This information may be useful in evaluating the City's short-term financing requirements.

The focus of the funds financial statements is narrower than that of the government-wide financial statements. The various balance sheets and the statement of revenues, expenditures, and changes in fund balances, require a reconciliation to facilitate the comparison between fund statements and the government-wide statements. This reconciliation is required because the government-wide statements are prepared on the full accrual basis of accounting while the fund statements are prepared on the modified accrual basis of accounting. These reconciliations can be found on pages 16 and 18, immediately following the balance sheet and statement of revenues, expenditures, and changes in fund balances for governmental funds.

Proprietary Funds are enterprise funds. The City uses an enterprise fund to account for its Water, Wastewater, Solid Waste, Refuse Operations and Housing Authority. The proprietary fund statements provide information for the Water Operations, Wastewater Operations, Solid Waste Operations, Water Plant Operations and Housing Authority Operations.

Notes to the Financial Statements provide additional information that is essential to the reader for a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information is presented concerning the City's General Fund budgetary compliance and the City's progress in funding its obligation to provide pension benefits.

Other Supplementary Information The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2011

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets - The following summaries of net assets and of changes in net assets are presented for the current year with fiscal year 2009-10 comparison data.

	Activities				Total		Change	Percentage
	Governmental		Business-type					
	2011	2010	2011	2010	2011	2010		
Assets								
Other assets	\$ 63,801	\$ 64,325	\$ 6,475	\$ 4,317	\$ 70,276	\$ 68,642	\$ 1,634	2.38%
Capital assets	21,589	21,977	19,396	19,960	40,985	\$ 41,937	\$ (952)	-2.27%
Total assets	85,390	86,302	25,871	24,277	111,261	110,579	682	0.62%
Liabilities								
Other liabilities	\$ 4,430	\$ 4,394	\$ 1,346	\$ 1,610	\$ 5,776	\$ 6,004	\$ (228)	-3.80%
Long-term liabilities	26,294	28,907	5,112	5,347	\$ 31,406	\$ 34,254	(2,848)	-8.31%
Total liabilities	30,724	33,301	6,458	6,957	37,182	40,258	(3,076)	-7.64%
Net Assets								
Capital assets								
net of related debt	\$ 21,575	\$ 21,873	\$ 14,179	\$ 13,547	\$ 35,754	\$ 35,420	\$ 334	0.94%
Restricted	4,394	4,369	1,120	1,026	5,514	5,395	119	2.21%
Unrestricted	28,697	26,759	4,114	2,747	32,811	29,506	3,305	11.20%
Total net assets	\$ 54,666	\$ 53,001	\$ 19,413	\$ 17,320	\$ 74,079	\$ 70,321	\$ 3,758	5.34%

Table 1 - Net Assets (in thousands)

The City's assets exceeded liabilities by approximately \$74.1 million at the close of the fiscal year ending June 30, 2011. At June 30, 2011, the City's net assets increased by \$3.8 million or 5% in comparison to the fiscal year ending June 30, 2010 due to liquidation of two of the three promissory notes or advances to the Redevelopment Agency.

Of the City's approximately \$111.3 million of assets, 63% are other assets and 37% reflect its investment in capital assets (i.e., land buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$5.5 million or 7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$32.8 million (44%) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

Key changes in the statement of net assets are as follows:

Capital assets decreased by \$952,000 or 2.27%. The reason for the decrease is primarily due to the depreciation expenses for the current year.

Other liabilities decreased by \$228,000 or 3.8% due primarily to liquidation of two of the three promissory notes or advances to the Redevelopment Agency.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2011

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Analysis of Activities:

The condensed summary of activities, which follows, shows that net assets increased by \$1.8 million for the fiscal year ended June 30, 2011.

Table 2 – Changes in Net Assets (in thousands)

Revenues	Activities				Total		Change	Percentage
	Governmental		Business-type		2011	2010		
	2011	2010	2011	2010				
Program Revenues:								
Charges for services	\$ 6,899	\$ 7,348	\$ 15,085	\$ 13,543	\$ 21,984	\$ 20,891	\$ 1,093	5.23%
Operating grants/contributions	390	894	3,787	3,996	4,177	4,890	(713)	-14.58%
Capital grants/contributions	2,338	1,239	-	81	2,338	1,320	1,018	77.12%
General Revenues:								
Property taxes	7,123	7,294			7,123	7,294	(171)	-2.34%
State sales tax	1,824	1,661			1,824	1,661	163	9.81%
Other taxes and fees	7,589	6,273		-	7,589	6,273	1,316	20.98%
Total Revenues	26,163	24,709	18,872	17,620	45,035	42,329	2,706	6.39%
Expenses:								
General government	7,020	6,175			7,020	6,175	845	13.68%
Public safety	6,386	6,101			6,386	6,101	285	4.67%
Community development	3,631	5,526			3,631	5,526	(1,895)	-34.29%
Streets & highways	4,226	2,651			4,226	2,651	1,575	59.41%
Beaches and parks	1,685	1,600			1,685	1,600	85	5.31%
Interest on long-term debt	1,704	1,737			1,704	1,737	(33)	-1.90%
Capital Outlay					-	-	-	0.00%
Amortization expense	49	49			49	49	-	0.00%
Housing Authority			4,172	4,110	4,172	4,110	62	1.51%
Water			4,730	4,216	4,730	4,216	514	12.19%
Wastewater			3,335	3,508	3,335	3,508	(173)	-4.93%
Solid waste			2,711	2,731	2,711	2,731	(20)	-0.73%
Water plant			970	983	970	983	(13)	-1.32%
Total Expenses	24,701	23,839	15,918	15,548	40,619	39,387	1,232	3.13%
Increase (decrease) in net assets	1,462	870	2,954	2,072	4,416	2,942	1,474	50.10%
Transfers	202	(1,087)	(202)	1,087	-	-		
Gain/Loss on disposal of capital assets		-	-	27	-	27	(27)	
Special Item			(659)	(1,000)	(659)	(1,000)	341	
Change in net assets	1,665	(217)	2,093	2,186	3,757	1,969	1,788	
Net assets, beginning, restated	53,001	53,218	17,320	15,133	70,321	68,351	1,970	2.88%
Net assets, ending	54,666	53,001	19,413	17,319	74,079	70,320	3,759	5.34%

Governmental Activities

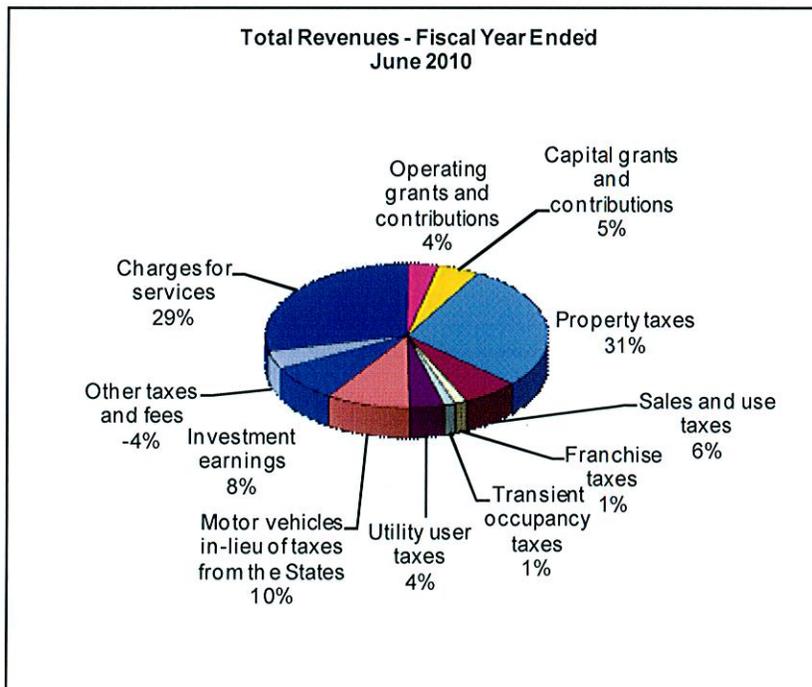
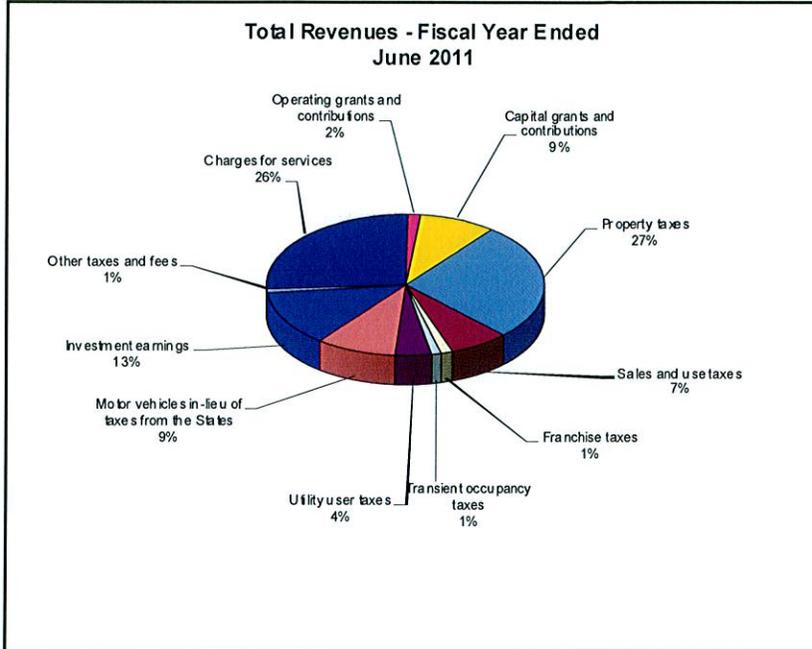
Governmental activities increased the City's net assets by \$1.7 million. Revenues for the City's governmental activities increased by \$1.5 million, while total expenses increased by approximately 862,000 over the prior fiscal year.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2011

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Governmental program revenues funded 39% of total Governmental expenses of \$25 million; taxes, other general revenues and transfers financed the balance of 61%. Program revenues are resources obtained from parties outside of the City. They include: (a) amounts received from those who purchase, use or directly benefit from a program; (b) grants and contributions that are restricted to specific programs; and (c) investment earnings that are legally restricted for a specific program.

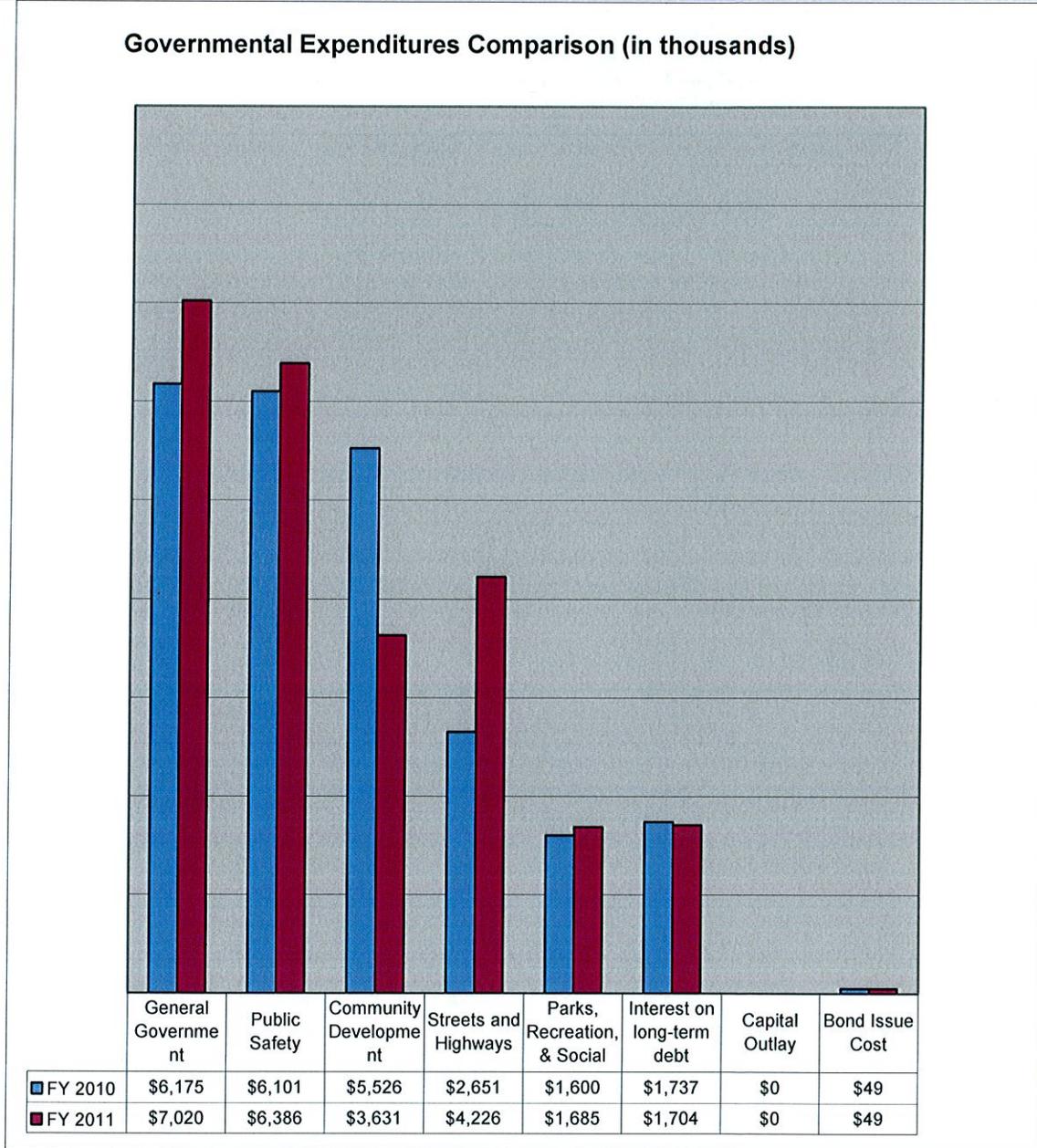
The following charts show a graphical comparison of governmental revenues by source:



CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2011

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

The following chart shows a graphical comparison of governmental expenditures by source:



Overall, expenses for governmental activities increased by approximately \$862,000 as a total over the prior fiscal year. Community Development expenses of \$3.6 million decreased by approximately \$1.9 million primarily due to significant decrease in the second payment of the State of California Supplemental Education Revenue Augmentation Fund. Streets and Highways expenses of \$4.2 million increased by approximately \$1.6 million primarily due to street improvements.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2011

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Business-Type Activities

The City operates five (5) business-type activities: water utility, wastewater utility, solid waste utility, water treatment plant and a housing authority. Total operating revenues and expenses for fiscal year ended June 30, 2011 were \$18.9 million and \$15.9 million, respectively. Business-type activities increased the City's net assets by \$2.1 million. Total operating revenues for the City's business-type activities increased by 7.1% or \$1.3 million; while total expenses increased by 2.4% or \$370,000. The factors driving these results include: charges for services revenues increased by \$1.5 million, operating grants/contributions decreased by \$209,000 while expenses remain relatively steady. The wastewater contract with NBVC is not included as a business-type activity; it is accounted for as a governmental activity.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds - The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2011, the City's governmental funds reported combined ending fund balances of \$49.3 million, an increase of \$291,081 or .6% in comparison with the prior year fund balances. This year-end total is made up of the following:

- \$29.6 million is non-spendable consisting of \$1.45 million of property held for resale and \$28.15 million in receivables and prepaid expenses.
- \$2.4 million is restricted primarily for Housing and Community Development projects and streets and public transportation.
- \$1.3 million is committed to special programs other capital projects.
- \$1.9 million is assigned for capital projects
- \$14.1 million is unassigned, which is available to meet City's current and future needs.

Revenues and expenditures for governmental funds overall totaled approximately \$26.8 million and \$26.7 million, respectively, for the fiscal year ended June 30, 2011, which represents an increase in revenues of 5% from the fiscal year ended June 30, 2010. Expenditures for governmental funds of \$24.7 million represent an increase of 5% from fiscal year ended June 30, 2010. In the fiscal year ended June 30, 2011, revenues from governmental funds exceeded expenditures by \$1.4 million.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$20.85 million of the total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 122% of total General Fund expenditures of \$17.2 million, while total fund balance represents 241% of that same amount.

The fund balance in the City's General Fund decreased by \$746,492 during the fiscal year. Overall, the General Fund's performance resulted in revenues in excess of expenditures of \$341,266 in the fiscal year June 30, 2011.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2011

The City's Redevelopment Funds balances increased by approximately \$1.2 million in Fiscal Year 2010-11. The Redevelopment Special Revenue Fund balance increased by \$442,997 primarily due to limited activities in the low and moderate income housing programs. The Redevelopment Debt Service Fund balance at the end of FY 2010-11 is negative \$6.6 million compared to FY 2009-10 fund balance of negative \$7.3 million. The Redevelopment Capital Projects Fund balance remained relatively constant at \$2.8 million.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As discussed earlier, the City maintains five proprietary funds. The City uses this type of enterprise fund to account for its water, wastewater, solid waste, water treatment plant, and housing authority operations.

BUDGETARY HIGHLIGHTS

Actual revenues from investment earnings were \$359,846 less than the final budget for the fiscal year 2010-11 had anticipated. Actual revenues from taxes were \$435,881 less than the budget for the fiscal year 2010-11 had anticipated. This variance was due to decreases in Users tax, and Motor Vehicle In-Lieu taxes. Actual revenues from taxes were \$210,879 less than the budget for the fiscal year 2010-11 had anticipated. This variance was largely due to a downturn in the economy's real estate market.

For the fiscal year 2010-11, the budgeted General Fund expenditures were approximately \$16.5 million in which \$17.2 were actually expended. This resulted in a variance under budget of \$636,000. The net change in the fund balance was a decrease of \$746,492 to an ending Fund Balance of \$41 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounted to \$41.0 million (net of accumulated depreciation) for the fiscal year ended June 30, 2011. This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, and construction-in-progress. The total decrease in the City's net investment in capital assets for the current fiscal year is \$952,000, and is comprised of a decrease of \$388,000 for governmental activities and a decrease of \$564,000 for business-type activities.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Table 3 - Capital Assets (in thousands)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Non-depreciable assets:						
Land	\$ 2,185	\$ 2,185	\$ 2,246	\$ 2,246	\$ 4,431	\$ 4,431
Construction in progress		-	5,020	9,718	\$ 5,020	\$ 9,718
Total non-depreciable assets	2,185	2,185	7,266	11,964	9,451	14,149
Depreciable assets (net):						
Buildings, structures, and	11,180	11,966	1,730	1,955	12,910	13,921
Office equipment	41	56	3	675	44	731
Mobile equipment	185	188	879	-	1,064	188
Other equipment	307	298	4,788	495	5,095	793
Pipeline/plant			4,731	4,872	4,731	4,872
Infrastructure	7,691	7,284			7,691	7,284
Total depreciable assets	19,404	19,792	12,131	7,997	31,535	27,789
Total assets	<u>\$ 21,589</u>	<u>\$ 21,977</u>	<u>\$ 19,397</u>	<u>\$ 19,961</u>	<u>\$ 40,986</u>	<u>\$ 41,938</u>

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

- Continued construction in progress on the wastewater gravity lines, costs for current fiscal year was \$196,652.
- Water meter project was completed in the current year.
- The City made miscellaneous improvements to City infrastructure, costs for the current fiscal year was \$567,197.

Additional information on the City of Port Hueneme's capital assets can be found in note 3 on pages 32-34 of this report.

Long-term Debt

On April 1, 2007, the City issued \$10.7 million in Pension Obligation Bonds (POB). The proceeds of the sale, together with available monies, were used for the funding of the City's Unfunded Pension Liability, which is the gap between the amount of available funds and necessary funds to pay City pension benefits earned by eligible current and former City employees.

On October 1, 2006, the City's Wastewater enterprise fund issued \$5,270,000 in California Statewide Communities Development Authority (CSCDA) Wastewater Revenue Series 2007D-1 Bonds. The purpose of the bond proceeds were to construct approximately 5,000 lineal feet of new gravity lines and associated manholes, metering stations, and decommissioning of lift stations and other wastewater system capital improvements.

At the beginning of the current fiscal year, the City had outstanding debt of \$3.3 million for Certificates of Participation. A scheduled principal payment of \$295,000 reduced the June 2011 outstanding balance of \$3.3 million to \$3 million.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

	Activities				Total	
	Governmental		Business-Type			
	2011	2010	2011	2010	2011	2010
Tax Allocation Bonds	\$ 16,220	\$ 17,195			\$ 16,220	\$ 17,195
Certificates of Participation	3,025	3,315			3,025	3,315
Capital Lease Obligation	15	90			15	90
Pension Obligation Bonds	8,818	9,475			8,818	9,475
Revenue Bonds Capital Lease Agreement			4,900	5,000	4,900	5,000
			316	388	316	388
Total	\$ 28,078	\$ 30,075	\$ 5,216	\$ 5,388	\$ 33,294	\$ 35,463

As of June 30, 2011, the City had outstanding bond issues totaling \$32.9 million and Capital Lease Obligations totaling \$331,000.

The City of Port Hueneme's debt decreased by \$2.2 million during the current fiscal year. No new debt was incurred in the current fiscal year.

Additional information on the City of Port Hueneme's long-term debt can be found in note 3 on pages 37-40 of this report.

Currently Known Facts

Currently known facts consist of information that management is aware of that will have an impact on fiscal year 2010-11 financial and/or operational activities.

- The Fiscal Year 2011-12 Adopted Budget: Assumes a General Fund operating deficit of \$299,603, which is anticipated to be addressed through salary and benefit adjustments. An Unreserved Fund Balance of \$6 million is projected at the end of FY 2011-12.
- Enterprise Funds: Rates have been adjusted over a multi-year period to account for rising wholesale water costs, needed capital maintenance, and debt service. This increase has allowed the Enterprise Funds to be fiscally self-sufficient.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Inquiries regarding this information should be directed to Robert J. Bravo, Finance Director, City of Port Hueneme, at (805) 986-6520. Formal requests may be submitted to Robert J. Bravo, Finance Director, City of Port Hueneme, 250 N. Ventura Road, Port Hueneme, California 93041

BASIC FINANCIAL STATEMENTS

**GOVERNMENT – WIDE
FINANCIAL STATEMENTS**

CITY OF PORT HUENEME
Statement of Net Assets
June 30, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and investments	\$ 28,355,277	\$ 10,878,007	\$ 39,233,284
Receivables, net	3,702,020	2,384,956	6,086,976
Internal balances	15,860,456	(15,860,456)	-
Prepaid expenses	975,565	-	975,565
Investment in joint venture	-	8,344,252	8,344,252
Restricted cash and investments	1,795,532	503,646	2,299,178
Land held for resale	1,449,541	-	1,449,541
Deferred bond issuance costs	557,388	225,000	782,388
Net pension asset	11,104,438	-	11,104,438
Capital assets, net	21,589,428	19,395,721	40,985,149
TOTAL ASSETS	85,389,643	25,871,126	111,260,770
LIABILITIES			
Accounts payable	513,780	799,366	1,313,146
Accrued wages and benefits	340,192	28,019	368,211
Accrued interest payable	163,960	-	163,960
Deferred revenue	311,483	-	311,483
Other liabilities	14,858	-	14,858
Deposits	240,948	217,840	458,788
Long-term debt			
Due within one year	2,073,611	174,388	2,247,999
Due in more than one year	26,004,068	5,041,782	31,045,850
Net OPEB obligation	205,307	-	205,307
Compensated absences			
Short term	580,360	126,326	706,686
Long term	275,244	70,074	345,318
TOTAL LIABILITIES	30,723,811	6,457,795	37,181,606
NET ASSETS			
Invested in capital assets, net of related debt	18,549,894	14,179,551	32,729,445
Restricted for:			
Low and moderate income housing	2,598,200	-	2,598,200
Debt service	1,795,532	-	1,795,532
Capital improvement	-	1,119,964	1,119,964
Unrestricted	31,722,206	4,113,816	35,836,022
TOTAL NET ASSETS	\$ 54,665,832	\$ 19,413,331	\$ 74,079,163

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Activities and Changes in Net Assets
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Total	Net (Expenses) Revenues and Change in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Primary Government	Total
Governmental activities									
General government	\$ 7,019,698	\$ 3,798,777	\$ -	\$ -	\$ 3,798,777	\$ (3,220,921)	\$ -	\$ (3,220,921)	
Public safety	6,383,901	158,857	336,588	372,939	868,384	(5,517,517)	-	(5,517,517)	
Streets and highways	4,226,070	1,046,002	-	1,965,367	3,011,369	(1,214,701)	-	(1,214,701)	
Parks, recreation and social services	1,685,482	405,956	-	-	405,956	(1,279,526)	-	(1,279,526)	
Community development	3,630,572	1,489,810	53,348	-	1,543,158	(2,087,415)	-	(2,087,415)	
Interest on long-term debt	1,704,342	-	-	-	-	(1,704,342)	-	(1,704,342)	
Amortization expense	49,002	-	-	-	-	(49,002)	-	(49,002)	
Total governmental activities	24,701,066	6,899,401	389,936	2,338,305	9,627,643	(15,073,423)	-	(15,073,423)	
Business-type activities									
Housing Authority	4,172,358	408,189	3,720,402	-	4,128,591	-	(43,767)	(43,767)	
Water utility	4,729,828	6,307,060	-	-	6,307,060	-	1,577,232	1,577,232	
Wastewater utility	3,334,681	3,880,863	-	-	3,880,863	-	546,182	546,182	
Solid waste utility	2,711,682	3,509,735	66,912	-	3,576,647	-	864,965	864,965	
Water plant	969,737	979,114	-	-	979,114	-	9,377	9,377	
Total business-type activities	15,918,286	15,084,961	3,787,314	-	18,872,275	-	2,953,989	2,953,989	
Total primary government	\$ 40,619,352	\$ 21,984,362	\$ 4,177,250	\$ 2,338,305	\$ 28,499,918	(15,073,423)	2,953,989	(12,119,434)	
General revenues:									
			Property taxes			7,122,966			7,122,966
			Sales and use taxes			1,823,785			1,823,785
			Franchise taxes			361,276			361,276
			Transient occupancy taxes			295,439			295,439
			Utility user taxes			1,119,550			1,119,550
			Motor vehicle in-lieu of taxes from the State			2,442,447			2,442,447
			Investment earnings			3,332,132	(1,100,792)		2,231,340
			Other			37,953			442,583
			Gain on disposal of capital asset			-			-
			Transfers			202,353	(202,353)		-
			Total general revenues			16,737,901	(860,562)		15,877,339
			Change in net assets			1,664,478	2,093,427		3,757,905
			Net assets - beginning, restated			53,001,354	17,319,904		70,321,258
			Net assets - ending			\$ 54,665,832	\$ 19,413,331		\$ 74,079,163

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF PORT HUENEME
Balance Sheet
Governmental Funds
June 30, 2011

	<u>Redevelopment Agency</u>						
	<u>General Fund</u>	<u>Low and Moderate Income Housing</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Surplus Property Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and investments	\$ 21,417,347	\$ 1,233,659	\$ 998,861	\$ 1,387,850	\$ 594,413	\$ 2,723,147	\$ 28,355,277
Receivables	2,136,203	1,393,512	1,575	1,530	533	168,667	3,702,020
Due from other funds	624,197	-	-	-	-	-	624,197
Prepaid expenses	975,565	-	-	-	-	-	975,565
Restricted cash and investments	-	-	1,795,532	-	-	-	1,795,532
Land held for resale	-	-	-	1,449,541	-	-	1,449,541
Advances to other funds	17,533,172	-	-	-	7,626,718	-	25,159,890
TOTAL ASSETS	\$ 42,686,484	\$ 2,627,171	\$ 2,795,967	\$ 2,838,921	\$ 8,221,664	\$ 2,891,814	\$ 62,062,020
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 371,711	\$ 9,715	\$ 6,026	\$ 10,785	\$ 3,020	\$ 112,690	\$ 513,946
Accrued wages and benefits	336,399	3,002	-	183	-	608	340,191
Due to other funds	284,415	-	1,688	-	-	231,040	517,143
Advances from other funds	-	-	9,407,007	-	-	-	9,407,007
Deferred revenue	222,483	1,383,635	-	-	-	89,000	1,695,118
Deposits	190,335	16,254	-	10,989	21,392	1,978	240,948
Other liabilities	-	-	-	-	-	14,172	14,172
Due to other governments	-	-	-	-	-	-	-
TOTAL LIABILITIES	1,405,343	1,412,606	9,414,721	21,956	24,412	449,487	12,728,526
FUND BALANCES							
Nonspendable	19,125,294	1,383,635	-	1,449,541	7,626,718	-	29,585,188
Restricted	-	-	-	-	-	2,442,326	2,442,326
Committed	1,300,964	-	-	-	-	-	1,300,964
Assigned	-	-	-	1,367,423	570,534	-	1,937,957
Unassigned	20,854,883	(169,070)	(6,618,754)	-	-	-	14,067,058
TOTAL FUND BALANCES	41,281,140	1,214,565	(6,618,754)	2,816,964	8,197,252	2,442,326	49,333,494
TOTAL LIABILITIES AND FUND BALANCES	\$ 42,686,484	\$ 2,627,171	\$ 2,795,967	\$ 2,838,920	\$ 8,221,664	\$ 2,891,814	\$ 62,062,020

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Reconciliation of the Fund Balance on the Balance Sheet for Governmental Funds
to Net Assets of Governmental Activities on the Statement of Net Assets
June 30, 2011

Fund balances of the governmental funds	\$	49,333,494
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		21,589,428
Net pension asset is not a financial resource and therefore is not reported in the funds		11,104,438
Long-term loan receivables are not available to finance current operations and are offset by a corresponding deferred revenue balance in the governmental funds.		1,383,635
Bond issue costs are reported as expenditures on statement of revenues, expenditures and change in fund balances in the governmental funds in the year the bond is issued; however, such costs are reported as deferred expense in the statement of net assets to be amortized over the term of the bond.		557,388
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	\$ (28,002,454)	
Capital lease	(75,226)	
Net OPEB obligation	(205,307)	
Accrued interest	(163,960)	
Compensated absences	(855,604)	
	(29,302,551)	
Net assets of governmental activities	\$	54,665,832

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	<u>Redevelopment Agency</u>						Total Governmental Funds
	General Fund	Low and Moderate Income Housing	Debt Service Fund	Capital Projects Fund	Surplus Property Authority	Nonmajor Governmental Funds	
Revenues:							
Taxes	\$ 5,173,221	\$ -	\$ -	\$ -	\$ -	\$ 532,720	\$ 5,705,941
Property taxes	1,202,498	-	5,387,748	-	-	-	6,590,246
Licenses and permits	487,310	-	-	-	-	-	487,310
Fines and penalties	348,187	-	-	-	-	38,599	386,786
Charges for services	381,911	-	-	-	-	-	381,911
Investment earnings	1,562,540	7,124	105,418	8,694	576,499	60,693	2,320,968
Rental income	249,990	158,163	-	18,791	222,804	(978)	648,771
Loan payments	-	82,304	-	-	-	53,348	135,652
Intergovernmental	7,042,319	-	-	-	-	1,914,917	8,957,236
Harbor district revenue	1,034,557	-	-	-	-	-	1,034,557
Other	17,069	-	-	-	-	109,542	126,611
Total revenues	\$ 17,499,602	\$ 247,592	\$ 5,493,166	\$ 27,485	\$ 799,303	\$ 2,708,841	\$ 26,775,989
Expenditures:							
General government	\$ 7,103,227	-	-	-	198,057	-	7,301,284
Public safety	6,197,933	-	-	-	-	170,346	6,368,279
Streets and highways	1,297,556	-	-	-	-	2,916,852	4,214,408
Parks, recreation and social services	1,680,831	-	-	-	-	-	1,680,831
Community development	878,789	919,099	63,886	805,330	-	268,873	2,935,977
Principal retirement	-	-	975,000	-	-	946,960	1,921,960
Interest and fiscal charges	-	-	1,833,331	-	-	431,193	2,264,524
Total expenditures	17,158,336	919,099	2,872,217	805,330	198,057	4,734,222	26,687,262
Excess (deficiency) of revenues over expenditures	341,266	(671,508)	2,620,949	(777,845)	601,246	(2,025,381)	88,727
Other Financing Sources (Uses):							
Transfers in	505,072	1,114,505	-	786,469	-	1,426,231	3,832,277
Transfers out	(1,592,830)	-	(1,900,974)	-	-	(136,119)	(3,629,924)
Total other financing sources (uses)	(1,087,758)	1,114,505	(1,900,974)	786,469	-	1,290,111	202,353
Net change in fund balances	(746,492)	442,997	719,975	8,624	601,246	(735,269)	291,081
Fund balances - beginning, restated	42,027,632	771,568	(7,338,729)	2,808,340	7,596,006	3,177,596	49,042,413
Fund balances - ending	\$ 41,281,140	\$ 1,214,565	\$ (6,618,754)	\$ 2,816,964	\$ 8,197,252	\$ 2,442,327	\$ 49,333,494

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental
Funds to the Government-Wide Statement of Activities and Changes in Net Assets
For the Fiscal Year Ended June 30, 2011

Net change in fund balances for governmental funds \$ 291,081

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. 909,171

Loans made under the Home Buyer and Residential Rehabilitation Loan programs and the receipts of principal repayments are recognized as expenditures and program revenues respectively in the governmental funds. However, in the statement of net assets, these transactions change the loan receivable balances.

New loans made	\$	87,495	
Repayment of loan principal received		(61,420)	
Bad Debt		<u>(295,380)</u>	(269,305)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Interest expense		8,804	
Bond principal retirement		1,921,960	
Capital lease payments		75,226	
Amortization of bond issuance costs		<u>(53,179)</u>	1,952,811

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

Depreciation expenses	\$	(1,296,599)	
Amortization of net OPEB assets		166,069	
Net OPEB expense		(62,765)	
Compensated absences		<u>(25,984)</u>	<u>(1,219,279)</u>

Change in net assets of governmental activities \$ 1,664,478

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
ASSETS						
Current assets:						
Cash and investments	\$ 2,867,107	\$ 4,555,208	\$ 1,867,354	\$ -	1,588,338	\$ 10,878,007
Receivables, net	1,179,057	467,678	567,381	158,007	12,833	2,384,956
Deferred bond issuance costs	-	225,000	-	-	-	225,000
Noncurrent assets:						
Restricted cash and investments	-	503,646	-	-	-	503,646
Due from other funds	-	883,859	-	-	-	883,859
Investment in joint venture	8,344,252	-	-	-	-	8,344,252
Capital assets, net	5,308,235	11,082,277	1,528,122	-	1,477,087	19,395,721
TOTAL ASSETS	17,698,651	17,717,668	3,962,857	158,007	3,078,258	42,615,441
LIABILITIES						
Current liabilities:						
Accounts payable	350,935	252,000	90,040	32,219	74,172	799,366
Accrued wages and benefits	3,380	8,094	8,119	3,315	5,111	28,019
Due to other funds	-	-	-	107,054	-	107,054
Deposits	162,620	9,000	25,058	-	21,162	217,840
Compensated absences-current portion	19,102	31,646	42,290	15,048	18,240	126,326
Long-term debts - current portion	-	100,000	74,388	-	-	174,388
Noncurrent portion of long-term liabilities:						
Advances from other funds	15,752,884	-	883,859	-	518	16,637,261
Compensated absences-long term portion	18,047	11,286	26,930	10,826	2,985	70,074
Long-term debt	-	4,800,000	241,782	-	-	5,041,782
TOTAL LIABILITIES	16,306,968	5,212,026	1,392,466	168,462	122,188	23,202,110
NET ASSETS						
Invested in capital assets, net of related debt	5,308,235	6,182,277	1,211,952	-	1,477,087	14,179,551
Restricted for capital improvement	-	503,646	-	-	616,318	1,119,964
Unrestricted	(3,916,552)	5,819,719	1,358,439	(10,455)	862,665	4,113,816
TOTAL NET ASSETS	\$ 1,391,683	\$ 12,505,642	\$ 2,570,391	\$ (10,455)	\$ 2,956,070	\$ 19,413,331

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
Operating revenues:						
Charges for services	\$ 6,307,060	\$ 3,856,863	\$ 3,509,735	\$ 979,114	\$ 408,189	\$ 15,060,961
Connection fees	-	24,000	-	-	-	24,000
Grant revenue	-	-	66,912	-	3,720,402	3,787,314
Other	305,998	22,004	33,499	-	81,082	442,583
Total operating revenues	6,613,058	3,902,867	3,610,146	979,114	4,209,673	19,314,858
Operating expenses:						
Personnel services	338,560	777,108	783,302	345,597	844,998	3,089,565
Maintenance and operations	4,144,137	2,343,299	1,824,922	624,140	3,109,406	12,045,904
Depreciation and amortization	247,131	214,274	103,458	-	217,954	782,817
Total operating expenses	4,729,828	3,334,681	2,711,682	969,737	4,172,358	15,918,286
Operating income	1,883,230	568,186	898,464	9,377	37,314	3,396,571
Non-operating revenues (expenses):						
Interest revenues	-	70,285	-	-	-	70,285
Interest (expenses)	(904,214)	(213,564)	(58,000)	(869)	-	(1,176,647)
Investment income	-	296	-	-	5,274	5,570
Total non-operating revenues (expenses)	(904,214)	(142,983)	(58,000)	(869)	5,274	(1,100,792)
Transfer in	-	388,109	-	-	-	388,109
Transfer (out)	(14,782)	(425,422)	(134,885)	(15,373)	-	(590,462)
Total other financing sources	(14,782)	(37,313)	(134,885)	(15,373)	-	(202,353)
Increase (decrease) in net assets	964,234	387,890	705,579	(6,865)	42,589	2,093,427
Net assets (deficit), beginning	427,449	12,117,752	1,864,812	(3,590)	2,913,481	17,319,904
Net assets (deficit), ending	\$ 1,391,683	\$ 12,505,642	\$ 2,570,391	\$ (10,455)	\$ 2,956,070	\$ 19,413,331

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
Cash flows from operating activities:						
Cash received from customers	\$ 5,956,505	\$ 3,885,600	\$ 3,372,012	\$ 938,859	451,531	\$ 14,604,507
Cash received from grantors		-	66,912	-	3,720,402	3,787,314
Cash received from other operating	305,998	22,004	33,499	-	81,082	442,583
Cash paid to suppliers for goods and services	(4,179,563)	(2,493,795)	(1,964,473)	(574,755)	(3,116,318)	(12,328,904)
Cash paid to employees for services	(334,684)	(755,929)	(797,010)	(347,862)	(874,402)	(3,109,887)
Net cash provided by operating activities	<u>1,748,256</u>	<u>657,880</u>	<u>710,940</u>	<u>16,242</u>	<u>262,295</u>	<u>3,395,613</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(12,292)	(305,654)	-	-	(0)	(317,946)
Principal paid on capital lease	-	-	(74,389)	-	-	(74,389)
Repayment of loans from other funds	-	-	-	-	-	-
Interest paid	(918,995)	(638,986)	(192,885)	(16,242)	-	(1,767,108)
Net cash used for capital and related financing activities	<u>(931,287)</u>	<u>(944,640)</u>	<u>(267,274)</u>	<u>(16,242)</u>	<u>(0)</u>	<u>(2,159,443)</u>
Cash flows from investing activities:						
Interest on cash and cash equivalents	116,961	458,690	-	-	5,275	580,926
Net increase/(decrease) in cash and cash equivalents	933,930	171,930	443,666	0	267,570	1,817,096
Cash and cash equivalents, beginning	<u>1,933,177</u>	<u>4,886,924</u>	<u>1,423,688</u>	<u>-</u>	<u>1,320,768</u>	<u>9,564,557</u>
Cash and cash equivalents, ending	<u>\$ 2,867,107</u>	<u>\$ 5,058,854</u>	<u>\$ 1,867,354</u>	<u>\$ 0</u>	<u>1,588,338</u>	<u>\$ 11,381,653</u>

See accompanying notes to financial statements.

THE CITY OF PORT HUENEME
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(Continued)

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
Reconciliation of operating income to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 1,883,230	\$ 568,186	\$ 898,464	\$ 9,377	37,314	\$ 3,396,571
Adjustments to reconcile operating						
Depreciation	247,131	214,274	103,458	-	217,954	782,817
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(350,555)	28,603	(137,723)	(40,255)	43,342	(456,588)
(Increase) decrease in prepaid	-	-	-	-	-	-
Increase in deposits	3,757	9,000	2,487	-	3,532	18,776
Increase in deferred bond issuance costs	-	9,000	-	-	-	9,000
Increase (decrease) in accounts payable	(53,507)	(304,674)	9,235	11,518	52,542	(284,886)
Increase (decrease) in accrued wage and benefits	(14,543)	(31,399)	(41,739)	(12,722)	(26,595)	(126,998)
Increase (decrease) in due to other funds	14,324	154,176	(151,273)	37,867	(62,986)	(7,892)
Increase (decrease) in compensated absences	18,419	10,714	28,031	10,457	(2,809)	64,812
Net cash provided by operating activities	<u>\$ 1,748,256</u>	<u>\$ 657,880</u>	<u>\$ 710,940</u>	<u>\$ 16,242</u>	<u>262,295</u>	<u>\$ 3,395,613</u>

See accompanying notes to financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The City of Port Hueneme is a California municipal corporation with a five-member City Council. In evaluating the City as a reporting entity, management has addressed all potential component units, which may or may not fall within the City's financial statements. The basic criterion for including a component unit within the City's reporting entity is designation of the management, and the ability to significantly influence operations.

The following is a brief review of each of the component units addressed in defining the City's reporting entity:

Blended Component Units

Port Hueneme Redevelopment Agency (Agency) – The Agency was established pursuant to an ordinance adopted by the Port Hueneme City Council (City Council) on April 14, 1962, following a determination by the City Council that a need existed for the redevelopment of property within areas of the City. The Agency is a legal public body separate and distinct from the City. The members of the City Council also serve as members of the Agency Board of Directors.

Surplus Property Authority of the City of Port Hueneme – On October 6, 1993, the City Council by adoption of Ordinance No. 591, established the Surplus Property Authority to function within the City of Port Hueneme. Although the Surplus Property Authority is a separate legal entity from the City of Port Hueneme, its financial operations are closely related and the Port Hueneme City Council serves as the Surplus Property Authority Board of Directors.

The Housing Authority of the City of Port Hueneme (PHHA) – On May 16, 1973, pursuant to the provisions of the Health & Safety Code of the State of California, the City Council established the Housing Authority. The City Council along with two appointed members (Housing Authority Tenants) act as the PHHA Board of Directors and have oversight of the PHHA operations. The City has no responsibility for the outstanding debt of PHHA or the surplus or deficit from operations.

Complete financial statements for each of the individual component units may be obtained from the City of Port Hueneme Finance Department.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is not financially accountable.

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 and services; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary 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. Property taxes are recognized as revenues in the year for which they are levied. 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. Under this method, revenues are recognized when they are measurable and available as net current assets. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

Debt Service Fund – Redevelopment Agency is used to account for the accumulation of resources for and payment of interest and principal on long-term debt.

Capital Projects Fund – Redevelopment Agency is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Special Revenue Fund – Low and Moderate Income Housing is used to account for financial resources required to be set aside for low and moderate-income housing.

Surplus Property Authority is used to account for the purchase, maintenance, operation and disposition of surplus real properties.

The City reports the following major proprietary funds:

The Water Utility Operations Fund accounts for the activities of providing water services to the residents of the City.

The Wastewater Utility Operations Fund accounts for the activities of maintaining sanitary sewer and storm drain systems within the City.

The Solid Waste Operations Fund accounts for the activities of refuse removal within the City.

The Water Plant accounts for the activities of maintaining water quality within the City.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Housing Authority accounts for the administration and management of Federally-sponsored Public Housing and Housing Choice Voucher (Section 8) programs.

The City reports the following fund types:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.

The Debt Service Funds are used to account for accumulation of resources for and the payment of principal and interest on general long-term debt.

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets

Cash and Investments

Investments are reported in the accompanying statement of net assets at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income, earned by the pooled investments, is allocated to the various funds based on each fund's average cash and investment balance.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents. Cash invested in the City's cash management pool is also considered to be cash equivalents.

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and 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 a fund balance reserve account as applicable, governmental funds to indicate that they are not available for appropriation and are not expendable available financial assets.

Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value. Reported land held for resale is equally offset by a fund balance reserve which indicates that it does not constitute available expendable resources.

Investment in Joint Venture

Investment in joint venture is reported using the equity method. Initially, the investment is reported at cost and the equity interest is adjusted for the City's share of the joint venture's net income or loss.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the fair market value of the assets on the date on which they were contributed. Public domain (infrastructure) assets consist of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is charged to operations using the straight-line method of depreciation over the estimated useful lives of the assets as follows:

	Year
Building and Improvements	27.5-50
Pipeline and Plant	30
Equipment	7-15
Infrastructure	20-50

Property Taxes

The State of California constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless voters have approved an additional amount for debt. Assessed value is calculated at 100% of market value as defined by Article XIII A, and may be increased by no more than 2% per year unless the property is sold, transferred, or improved.

The County of Ventura assesses properties, bills for and collects property taxes on the basis of the taxing jurisdiction's tax rate percentage, subject to individual tax jurisdiction's adjustments as may be allowed for voter-approved debt, as follows:

Lien dates	January 1
Levy dates	July 1
Due dates	50% on November 1 50% on March 1
Delinquent as of	December 10 (for November) April 10 (for February)

Deferred Revenue

Deferred revenue arises in the governmental funds when a potential revenue transaction does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received before the City has a legal claim to them, as when grant monies are received in advance of incurring qualified expenditures.

Compensated Absences

In the government-wide financial statements, a liability is accrued for earned but unused vacation leave benefits relating to the operations of the funds. This liability will be liquidated as either additional cash payments in the event of employee termination or as part of budgeted salary expenditures if used by employees as compensated leave time while still employed by the City.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligation is reported as liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

In the fund financial statements, governmental funds report fund balances in classification based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition* for the year ended June 30, 2011 (see Note 4A).

Net Assets

The government-wide financial statements and business-type activities fund financial statements utilize a net assets presentation. The net assets represent the difference between assets and liabilities. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “Invested in Capital assets, net of related debt” or “restricted net assets”.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amounts of revenues and expenses. Actual results could differ from those estimates and assumptions.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

The City uses the purchase method of accounting for inventory items (for example, materials and supplies), as there is not significant inventory on hand at June 30, 2011. It is not reported on the balance sheet, but expensed on the statement of revenues, expenditures and changes in fund balances.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. The City adopts a one-year line-item budget for the General, certain Special Revenue, and the City Capital Projects Fund to maintain administrative control. The one-year line item budget sets annual limits for each year. This budget is adopted in total by resolution and, accordingly, the legal level of control is expenditures for the City as a whole. The City Manager may authorize budget transfers between departments, provided the budgeted expenditures in total do not increase. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. All appropriations lapse at the end of each fiscal year.

The following funds exceeded their appropriation:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>
Redevelopment Agency Fund:		
Debt Service Fund	\$ 4,416,744	\$ 6,107,455
Capital Projects Fund	\$ 45,660	\$ 805,330

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the average cash balance in each fund. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Authorized Deposits/Investments:

Under provision of the City’s investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investment (Continued)

- Savings accounts and other time accounts of commercial banks or savings and loans, commercial banks insured by the Federal Deposit Insurance Corporation
- Money Market Mutual Funds that invests solely in U.S. Treasury Instruments with an average maturity of less than two years
- Certificate of Deposits of Commercial Banks or Savings and Loans insured by the Federal Deposit Insurance Corporation
- Treasury Bills, Treasury Notes, Treasury Bonds and Federal Agency securities which are guaranteed by the full faith and credit of the United States of America (All Securities must be purchased on a full delivery vs. payment basis where the securities are delivered at the time the City releases funds for their purchase.)
- Local Agency Investment Fund (LAIF) Pool
- County of Ventura Investment Pool
- Small Business Administration Loans
- Negotiable Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Mutual Funds with “AAA” rating by two reputable rating agencies, with a fund manager that has at least five years in business, have their interest rates reset periodically and have an average maturity of less than five years (unless securities held are backed by an agency of the U.S. Govt.)
- Medium Term Notes of U.S. Corporations with an “A” rating or better
- Other investments that are, or may become, legal investments through the State of California Government Code and with prior approval of the City Council

Deposits

The primary government’s deposits had a carrying amount of \$3,740,005 and a bank balance of \$3,790,722 as of June 30, 2011.

Custodial Credit Risk: The custodial credit risk for depository is the risk that, in the event of a bank failure, the government will not be able to recover its deposits. The California Government Code requires California banks and savings and loan associations to secure the City’s deposits by pledging governmental securities as collateral. The market value of pledged securities must equal at least 110% of deposits. California law further allows financial institutions to secure the City’s deposits by pledging first trust deed mortgage notes having a market value of 150% of the City’s total deposits. The City may waive collateral requirements for deposits, which are fully insured by the Federal Deposit Insurance Corporation. Of the bank balance, \$250,000 is covered by federal depository insurance and the remainder was collateralized with securities held by the bank.

The City’s investments at June 30, 2011 are:

Primary Government

	<u>Carrying Value</u>	<u>Fair Value</u>	
Local Agency Investment Fund	\$ 19,298,897	\$ 19,298,897	
Money Market Mutual Funds	8,750	8,750	
U.S. Government Agency	16,690,203	16,690,203	
Guaranteed Investment Contracts	1,794,607	1,794,607	
	<u>\$ 37,792,457</u>	<u>\$ 37,792,457</u>	

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investment (Continued)

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is an investment pool for local government agencies and is part of the Pooled Money Investment Account (PMIA) managed by the State Treasurer's Office. The investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. The fair value of the City's investment in this pool as noted above is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Interest Rate Risk: The City's investment policy limits investment maturity as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that investments in United States Treasury Security and securities for which the full faith and credit of the United States is pledged should have a maturity no longer than two years. The average life of the LAIF portfolio was 203 days as of June 1, 2011. The average maturity information of the LAIF portfolio as of June 30, 2011 was not available. As of June 30, 2011 the average maturity of the City's portfolio of United States Treasury Securities was not available.

Credit Risk: The City's investment policy states that all investments must be rated Aaa by Moody's Investor Services or A1 by Standard & Poors. At June 30, 2011, the City's primary government invested \$19,298,897 in the LAIF pool. The credit quality of the LAIF pool is not available. The pool invests in high quality securities and maintains a mix of securities to provide reasonable assurance that no single investment or class of investments will have a disproportionate impact on the portfolio. The LAIF portfolio is authorized to invest in U.S. government securities, securities of federally-sponsored agencies, domestic corporate bonds, interest-bearing time deposits in California banks and savings and loan associations, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, banker's acceptances, negotiable certificates of deposit and loans to various bond funds as permitted under Government Code Section 16430. The Guaranteed Investment Contract with BNY Western Trustee Company is unrated.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of year end for the government's individual major funds, nonmajor funds are as follows:

<i>Governmental Activities:</i>	General	Low/Mod Housing	Debt Service	Capital Project	Surplus Property	Nonmajor	Total
Accounts	\$ 745,326	\$ -			-	\$ 13,247	\$ 758,573
Tenants	-	-			204	-	204
Interest	1,237	-	1,123	1,530	329	-	4,219
Taxes	490,287	9,877	452		-	9,689	510,305
Grants	281,967				-	145,730	427,697
Notes	617,386	1,383,635			-	-	2,001,021
Total:	\$ 2,136,203	\$ 1,393,512	\$ 1,575	\$ 1,530	\$ 533	\$ 168,666	\$ 3,702,019
<i>Business-Type Activities:</i>	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	Total	
Accounts	\$ 1,179,057	\$ 467,678	\$567,381	\$158,007	\$ 11,510	\$2,383,633	
Interest					1,323	1,323	
Total:	\$ 1,179,057	\$ 467,678	\$567,381	\$158,007	\$ 12,833	\$2,384,956	

C. Investment in Joint Venture

Investment in joint venture represents the City's investment in the Port Hueneme Water Agency (PHWA), a joint powers agency created on July 20, 1994 when the City entered into a Joint Powers Agency Agreement (Agreement) with the Channel Islands Beach Community Services District (District).

PHWA was created to plan, develop, finance, construct and operate joint water desalination and softening plant. The City Water Fund contributed \$12,673,812 to PHWA for the acquisition and construction of property, plant and equipment and the amount was reported as investment in joint venture. The balance is adjusted yearly based on the City's pro rata share of PHWA's income or loss. The balance of the investment is \$8,344,252 as of June 30, 2011.

Under the Agreement, the City:

- Received capacity rights in water facilities, namely the right to use a portion of each of the water facilities constructed and operated by PHWA, and the right to take its proportionate share of water produced and available from each of the facilities.
- Owns an undivided interest, equal to its pro rata contribution, in all property and facilities acquired by PHWA

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

C. Investment in Joint Venture

- Bears financial responsibility for and all rights to the portion of the water facilities capacity attributable to its own capacity and the capacity attributable to PHWA's customers
- Is responsible for its proportionate share of PHWA's debts, liabilities and obligations

The following are the net assets of PHWA as of June 30, 2011:

Net Assets:	
Invested in capital assets, net of related debt	\$ 17,899,069
Restricted for operations	577,337
Unrestricted	<u>1,706,428</u>
Total net assets	<u>\$ 20,182,834</u>

The financial statements for PHWA can be obtained through the City Finance Department.

D. Capital Assets

Effective July 1, 2002, the City raised its capitalization threshold policy from \$1,000 to \$5,000. The City has reported all capital assets including infrastructure in the Government-wide Statement of Net Assets. A summary of changes in capital asset activities for the City's governmental and business-type activities for the year ended June 30, 2011 are as follows:

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Primary Government

Governmental Activities:

	Beginning Balance	Addition	Retirements	Ending Balance
Non-depreciable assets:				
Land	\$ 2,185,294		\$ -	\$ 2,185,294
Total non-depreciable assets	<u>2,185,294</u>	<u>-</u>	<u>-</u>	<u>2,185,294</u>
Depreciable assets:				
Buildings, structures, improvements	19,833,227			19,833,227
Office equipment	760,580			760,580
Mobile equipment	1,474,954	90,648	(78,637)	1,486,965
Other equipment	803,855	56,874	(34,826)	825,903
Infrastructure	15,015,735	761,649		15,777,384
Total depreciable assets	<u>37,888,351</u>	<u>909,171</u>	<u>(113,463)</u>	<u>38,684,059</u>
Less accumulated depreciation				
Buildings, structures, improvements	(7,867,574)	(785,350)		(8,652,924)
Office equipment	(704,422)	(15,000)		(719,422)
Mobile equipment	(1,287,254)	(93,318)	78,637	(1,301,935)
Other equipment	(505,469)	(48,483)	34,826	(519,126)
Infrastructure	(7,732,070)	(354,449)		(8,086,519)
Total accumulated depreciation	<u>(18,096,789)</u>	<u>(1,296,600)</u>	<u>113,463</u>	<u>(19,279,926)</u>
Governmental activities capital assets, net	<u>\$ 21,976,856</u>	<u>\$ (387,429)</u>	<u>\$ -</u>	<u>\$ 21,589,427</u>

Business-type Activities

	Beginning Balance	Addition	Retirements	Ending Balance
Non-depreciable assets:				
Land	\$ 2,245,910			\$ 2,245,910
Construction in progress	9,717,924	196,652	(4,894,119)	5,020,457
Total non-depreciable assets	<u>11,963,834</u>	<u>196,652</u>	<u>(4,894,119)</u>	<u>7,266,367</u>
Depreciable assets:				
Buildings, structures, improvements	5,437,545			5,437,545
Pipeline/plant	9,533,545			9,533,545
Meters	-	4,894,119		4,894,119
Equipment	3,149,313	12,291		3,161,604
Total depreciable assets	<u>18,120,403</u>	<u>4,906,410</u>	<u>-</u>	<u>23,026,813</u>
Less accumulated depreciation				
Buildings, structures, improvements	(3,482,009)	(225,891)		(3,707,900)
Pipeline/plant	(4,661,693)	(140,643)		(4,802,336)
Meters	-	(244,706)		(244,706)
Equipment	(1,979,942)	(162,575)		(2,142,517)
Total accumulated depreciation	<u>(10,123,644)</u>	<u>(773,815)</u>	<u>-</u>	<u>(10,897,459)</u>
Business-type activities capital assets, net	<u>\$ 19,960,593</u>	<u>\$ 4,329,247</u>	<u>\$ (4,894,119)</u>	<u>\$ 19,395,721</u>

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Depreciation expenses of \$1,296,600 and \$782,817 were charged to the following functions of the City's primary government:

General government	\$	807,096	
Community development		477,254	
Street and highways		12,250	
Water utility	\$		247,131
Wastewater utility			214,274
Solid waste utility			103,458
Housing Authority			217,954
	<u>\$</u>	<u>1,296,600</u>	<u>\$ 782,817</u>

E. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

The following summarizes interfund receivables and payables at June 30, 2011:

Receivable	Payable	Amount
<i>Primary Government</i>		
General Fund	Traffic Safety	\$ 11,091
	JAG Grant	4,405
	Stormwater Program	1,722
	Senior Nutrition Grant	1,250
	Median Assessment District	4,030
	Light Assessment District	147,806
	CDBG Program	35,879
	COPS Grant	24,858
	NBVC Wastewater	284,415
	Water Plant	107,054
	Redevelopment Agency	1,687
	Total	<u>\$ 624,197</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occurred; (2) transactions are recorded in the accounting system; and (3) payments between funds are made.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

<i>Advances From/To Other Funds</i>		
<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Water Utility Fund – PN#7	\$ 296,750
	Water Utility Fund – PN#8	259,656
	Water Utility Fund – PN#9	127,179
	Water Utility Fund – PN#06-01	5,412,717
	Water Utility Fund – PN#03-01	9,656,582
	RDA – Debt Services Fund	1,780,288
		<u>17,533,172</u>
Wastewater Utility	Solid Waste Utility	883,859
Surplus Property Authority	RDA – Debt Service Fund	7,626,718
Total		<u>\$ 26,043,749</u>

The above advances from/to other funds primarily consist of:

- 1) Notes between the General Fund and the Water Utility Fund (Enterprise fund type) for the construction of a desalinization plant and the purpose of funding capital improvement projects. Each of the notes bears interest at 5% annually. Repayment, which began in July 1998, is monthly and is computed to fully pay the outstanding balances within 25 years between 30 years.
- 2) Loans between the City's General Fund and the Agency's Capital Projects Fund (Capital Projects fund type). These loans bear interest at 8% annually, and will be repaid pending the receipt of money owed.
- 3) A loan from the Wastewater Utility Fund (Enterprise fund) to the Solid Waste Utility fund (Enterprise fund) for the purchase of land, building, and trucks for the Public Works Annex. The loan bears interest at 4% annually for a term of 45 years. Repayment began on July 1, 2003.
- 4) The City's General Fund and Surplus Property Authority have paid for various redevelopment projects, which are treated as advances to the Port Hueneme Redevelopment Agency (Agency) under the California Redevelopment Law. These advances to the Agency are to be repaid to the General Fund from tax increment revenue, if and when available. Interest accrues on the advances at an annual rate of 8%. The General Fund records \$1,780,288 of the advance and the Surplus Property Authority records \$7,626,718 for a total advance of \$9,407,006.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Transfers In/Out

Interfund transfers during the fiscal year ended June 30, 2011 were as follows:

	Transfers Out	Transfers In						Total
		General Fund	Low & Mod Housing	Capital Projects Fund	Non-Major Fund	Wastewater Capital Fund	Housing Authority	
General Fund	(1,592,830)	505,072			1,426,231			1,931,303
RDA:								
Low & Mod Housing			1,114,505					1,114,505
Debt Service Fund	(1,900,974)							-
Capital Project Fund				786,469				786,469
Non-Major Fund	(136,119)							-
Enterprise Funds:								
Water	(14,782)							-
Wastewater	(425,422)							-
Wastewater Capital						388,109		388,109
Solid Waste	(134,885)							-
Water Plant	(15,373)							-
Housing Authority								-
Total	(4,220,385)	505,072	1,114,505	786,469	1,426,231	388,109	-	4,220,386

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move receipts restricted to the debt service fund from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Obligations

Governmental Activities

Changes in Long-Term Obligations Governmental Activities:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within one year
<i>Governmental Activities</i>					
Tax Allocation Bonds Payable	\$ 17,195,000	\$ -	\$ (975,000)	\$ 16,220,000	\$ 1,030,000
Certificates of Participation	3,315,000	-	(290,000)	3,025,000	305,000
Capital Lease Obligation	89,762	-	(75,228)	14,534	14,534
Pension Obligation Bonds	9,475,103	-	(656,959)	8,818,144	724,077
Total Long-term Debt	<u>30,074,865</u>	-	<u>(1,997,187)</u>	<u>28,077,678</u>	<u>2,073,611</u>
Compensated Absences	<u>829,620</u>	<u>72,740</u>	<u>(46,756)</u>	<u>855,604</u>	<u>580,360</u>
<i>Total governmental activities</i>	<u>\$ 30,904,485</u>	<u>\$ 72,740</u>	<u>\$ (2,043,943)</u>	<u>\$ 28,933,282</u>	<u>\$ 2,653,971</u>

A summary of long-term debt for governmental activities is as follows:

Type of liability	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding June 30, 2011
<i>Government Activities:</i>					
<i><u>Tax Allocation Bonds:</u></i>					
R-76 Project	05/01/2023	6.5%	\$75,000-\$240,000	\$ 3,320,000	\$ 2,075,000
Central Community	05/01/2023	2.75%-5.5%	\$530,000-\$900,000	23,410,000	2,565,000
2004 Subordinate	05/01/2023	2%-4.45%	\$55,000-\$1,470,000	12,210,000	11,580,000
			<i>Total Tax Allocation Bonds Payable:</i>	<u>38,940,000</u>	<u>16,220,000</u>
<i><u>Certificates of Participation:</u></i>					
1992 Refunding COP	04/01/2019	3.25% - 6%	\$215 - \$465	5,605,000	3,025,000
			<i>Total Certificates of Participation:</i>	<u>5,605,000</u>	<u>3,025,000</u>
<i><u>Capital Lease Obligation:</u></i>					
Lease agreement 05-053-AF	08/18/2010	3.7%	\$70,097	341,400	0
Lease agreement 06-042-AF	09/29/2011	4.25%	\$52,033	263,400	14,534
			<i>Total Capital Lease Obligation:</i>	<u>604,800</u>	<u>14,534</u>
<i><u>Pension Obligation Bonds:</u></i>					
Series 2006A-1 Bonds	06/01/2016	5.30%	\$290,000-\$675,000	4,305,000	2,845,000
Series 2006A-2 Bonds	06/01/2035	5.30%	\$174,853-\$309,843	6,374,956	5,973,144
			<i>Total Pension Obligation Bonds:</i>	<u>10,679,956</u>	<u>8,818,144</u>
			<i>Total Governmental Activities:</i>	<u>\$ 55,829,756</u>	<u>\$ 28,077,678</u>

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

1992 Certificates of Participation – Refunding Issue \$5,605,000

On July 3, 1992, the City of Port Hueneme issued \$5,605,000 in Certificates of Participation (Certificates). The Proceeds of the sale of the Certificates, together with other available monies, were used to provide for the funding of a security deposit with respect to a portion of certain base rental payments (the Prior Lease Payments) to be made by the City under and pursuant to a sublease, dated as of April 1, 1998 (the Prior Lease Agreement), by and between the City, as lessee, and the Port Hueneme Redevelopment Agency (the Agency), as lessor, which, in turn, will provide for the defeasance of that portion of the City's \$5,000,000 Certificates of Participation (Capital Improvement Program) (the Prior Certificates) represented by the \$1,090,000 Prior Certificates due on April 1, 2009, and the \$3,080,000 Prior Certificates due on April 1, 2018 (such portion hereinafter referred to as the Refunded Prior Certificates"), (ii) to fund a reserve fund, and (iii) to pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates.

The Certificates represent the proportional interest of the registered owners in the Base Rental payments to be made by the City. The payments will cover both principal and interest portions of the payments due under the Certificates. Base Rental payments are due to be made on October 1 and April 1 of each year. Base Rental payments for the fiscal year ended June 30, 2011 were \$488,900. Interest rate(s) ranges from 3.25% to 6%.

Pension Obligation Bonds:

On April 1, 2007, the City of Port Hueneme pursuant to an Agreement with the California Statewide Communities Development Authority issued \$10,679,956 of Pension Obligation Bonds. The aggregate total amounts of the bonds for all agencies were \$87,475,699, which includes \$65,140,000 of Series A-1 current interest and \$22,335,699 of Series A-2 capital appreciation bonds. The issuance of the bonds provided monies to meet the City's obligation to pay the City's unfunded accrued actuarial liability ("UAAL") to the California Public Employees Retirement System ("PERS"). The City's obligation includes, among others, the requirement to amortize the unfunded accrued liability over a multi-year period. On April 1, 2007 the City contributed \$10,404,400 of the bond proceeds to PERS to fund a portion of the unfunded liability for the Miscellaneous and Safety Plans that provides retirement benefits to the City employees and public safety officers.

Interest on Series A-1 Current Interest Bonds of \$4,305,000, is payable on June 1 and December 1, commencing December 1, 2007. The rate of interest varies from 5.060% to 5.3% per annum. Principal is payable in annual installments ranging from \$290,000 to \$675,000 commencing on June 1, 2008 and ending on June 1, 2016.

The balance outstanding as of June 30, 2011 was \$8,818,144, including accreted interest of \$449,789.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Bonds Payable

Governmental:

<u>Fiscal year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Appreciation</u>
2012.....	2,059,077	1,165,261	3,224,338	496,835
2013.....	2,198,701	1,092,751	3,291,452	484,380
2014.....	2,355,533	1,021,230	3,376,763	524,380
2015.....	2,504,843	939,772	3,444,615	564,380
2016.....	2,623,610	863,338	3,486,948	288,602
2017-2021.....	9,861,829	3,294,279	13,156,108	1,496,737
2022-2026.....	4,585,902	2,227,793	6,813,695	1,753,768
2027-2031.....	1,098,643	2,701,357	3,800,000	1,684,454
2032-2035.....	775,007	2,734,993	3,510,000	586,710
	<u>\$ 28,063,144</u>	<u>\$ 16,040,774</u>	<u>\$ 44,103,919</u>	<u>\$ 7,880,246</u>

Changes in Long-Term Obligations Business Type Activities:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within one year
<i>Business-type Activities</i>					
Capital Lease Obligation	\$ 387,656	\$ -	\$ (71,485)	\$ 316,171	\$ 74,388
Revenue Bonds	5,000,000	-	(100,000)	4,900,000	100,000
Total Long-term Debt	5,387,656	-	(171,485)	5,216,171	174,388
Compensated absences	131,589	119,925	(55,114)	\$ 196,400	126,326
<i>Total business-type activities</i>	<u>\$ 5,519,245</u>	<u>\$ 119,925</u>	<u>\$ (226,599)</u>	<u>\$ 5,412,571</u>	<u>\$ 300,714</u>

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

A summary of long-term debt for business type activities is as follows:

Type of liability	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding June 30, 2011
<i>Business-types Activities:</i>					
<i>Revenue Bonds:</i>					
Series 2006D-1 Bonds	10/01/2037	4% - 4.25%	\$85,000-\$165,000	\$ 5,270,000	\$ 4,900,000
<i>Total Revenue Bonds:</i>				5,270,000	4,900,000
<i>Capital Lease Agreement:</i>					
Lease agreement #05-018-AF	06/07/2015	4%	\$85,928	712,411	316,171
<i>Total Lease Agreement:</i>				712,411	316,171
<i>Total Business-type Activities:</i>				\$ 5,982,411	\$ 5,216,171

Revenue Bonds:

On October 1, 2006, the City issued \$5,270,000 in revenue bonds, maturing on various dates between 2007 and 2023 with interest rates ranging from 4% to 4.125%. Bond proceeds will be used to finance and refinance certain public capital improvements of the City and to pay certain costs of issuance incurred in connection with the Series 2006D Bonds.

Business-type Activities:

<u>Fiscal year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	100,000	211,564	311,564
2013.....	105,000	207,564	312,564
2014.....	110,000	203,364	313,364
2015.....	115,000	198,964	313,964
2016.....	120,000	194,364	314,364
2017-2021.....	675,000	896,156	1,571,156
2022-2026.....	820,000	746,963	1,566,963
2027-2031.....	1,010,000	552,781	1,562,781
2032-2036.....	1,260,000	306,900	1,566,900
2037-2039.....	585,000	39,825	624,825
	\$ 4,900,000	\$ 3,558,444	\$ 8,458,444

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 – OTHER INFORMATION

A. FUND BALANCES FOR GOVERNMENTAL FUNDS

Effective July 1, 2010, the City adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition. The objective of the statement is to enhance the usefulness of fund balance information by providing fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City has evaluated the use of the Special Revenue, Debt Service and Capital Projects Funds under the criteria set forth in GASB Statement No. 54 and has determined there is no change needed.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2011, fund balance for governmental funds are made up of the following:

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, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) City Council or (b) a body (a budget, finance committee, or management (City Wide Leadership team, which consists of City Manager and Executive Department Heads)) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund, that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance – the residual classification for the General fund and includes all amounts not contained in the other classifications. Governmental funds report residual negative balances as unassigned fund balance.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 – OTHER INFORMATION (Continued)

Fund Balances at June 30, 2011, for the governmental funds are nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

Fund Balances:	General Fund	Low and Moderate Income Housing	Debt Service Fund	Capital Projects Fund	Surplus Property Authority	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Loans and Notes Receivable	\$ 16,373,253	\$ 1,383,635	\$ -	\$ -	\$ -	\$ -	\$ 17,756,888
Advance to RDA	1,780,288	-	-	-	7,626,718	-	9,407,006
Prepays	971,752	-	-	-	-	-	971,752
Land held for resale	-	-	-	1,449,541	-	-	1,449,541
Subtotal	<u>19,125,294</u>	<u>1,383,635</u>	<u>-</u>	<u>1,449,541</u>	<u>7,626,718</u>	<u>-</u>	<u>29,585,188</u>
Restricted for:							
Housing & Community Dev	-	-	-	-	-	2,442,326	2,442,326
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,442,326</u>	<u>2,442,326</u>
Committed to:							
Special Programs	908,159	-	-	-	-	-	908,159
Capital Projects	392,804	-	-	-	-	-	392,804
Subtotal	<u>1,300,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300,964</u>
Assigned:							
Capital Projects	-	-	-	1,367,423	-	-	1,367,423
Special Revenue	-	-	-	-	570,534	-	570,534
Streets and Public Transport	-	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,367,423</u>	<u>570,534</u>	<u>-</u>	<u>1,937,957</u>
Unassigned:							
Economic Uncertainty	2,816,200	-	-	-	-	-	2,816,200
Unassigned	18,038,683	(169,070)	\$ (6,618,754)	-	-	-	11,250,859
Subtotal	<u>20,854,883</u>	<u>(169,070)</u>	<u>(6,618,754)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,067,059</u>
Total Fund Balances:	<u>\$ 41,281,140</u>	<u>\$ 1,214,565</u>	<u>\$ (6,618,754)</u>	<u>\$ 2,816,964</u>	<u>\$ 8,197,252</u>	<u>\$ 2,442,326</u>	<u>\$ 49,333,494</u>

B. Risk Management

California Joint Powers Insurance Authority (CJPIA)

The City is a Member of the California Joint Powers Insurance Authority (CJPIA). The following disclosures are regarding the risk pool:

1. Description of Risk Pool

The CJPIA is comprised of one hundred and one (101) members and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the CJPIA is to arrange and administer programs of insurance for the pooling of self insured losses and to purchase excess insurance coverage. Each member has a representative on the Board of Directors. The Board members elect officers of the Agency annually.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 – OTHER INFORMATION (Continued)

2. Self-Insurance Programs of CJPIA

General liability coverage

Annual deposits are paid by members and are adjusted retrospectively to cover costs. Each member, including Port Hueneme, self-insures through CJPIA for the first \$30,000 of each loss, which is funded through annual deposits. Participating members then share on a pro rata basis losses between \$30,000 and \$750,000. Specific coverage includes comprehensive and general automobile liability, personal injury, contractual liability, errors and omissions, employment practices, earth movement, accidental pollution and other areas not covered by traditional liability insurance. Coverage limit is \$50 million.

Workers' Compensation

The workers' compensation program includes pooling of retained losses plus excess insurance. Annual deposits are paid by members and are adjusted retrospectively on an annual basis to cover costs and to reflect claims experience of both the individual member and the pool. The annual retrospective computation of the deposit is based on one (1) member's own losses up to its retention level. The City of Port Hueneme has a retention level of \$50,000, and all claims up to that level are paid by the City. The pool covers losses from \$50,000 to \$2,000,000. Excess insurance covers claims over \$2,000,000. In addition to this coverage, workers' compensation claims arising out of employer liability are covered up to \$10 million per occurrence.

Property Protection Insurance

The City also participates in CJPIA's All Risk Property Protection Program for insurance on its property, boiler and machinery, auto physical damage, fire and extended coverage. The annual deposits paid by the City are based upon deductibility levels and are not subject to retrospective adjustments.

C. Employee Retirement and Other Post Employment Benefit Plans

1. Pension Plans

Plan Description

The City contributes to the California Public Employee Retirement System (PERS), an agent multiple-employer plan for Miscellaneous and a cost-sharing multiple employer plan for Safety. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of the PERS annual financial report may be obtained from their Executive Office – 400 P Street – Sacramento, CA 95814.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 – OTHER INFORMATION (Continued)

Funding Policy

Active plan members in the Miscellaneous and Safety Plans are required to contribute 8% and 9%, respectively of their annual covered salary. The City makes the contributions required of city employees on their behalf and for their account. For the fiscal year 2010-11, the City (employer) was required to contribute at an actuarially determined rate of 12.168% for miscellaneous employees and 16.407% for police employees, of annual covered payroll. The contribution requirements of plan members and the City are established and adjusted annually by CAL PERS based on actuarial requirements.

Annual Pension Cost

For fiscal year-ended June 30, 2011, the City's annual pension cost was \$1,128,000 and the City actually contributed \$1,294,069. The required contribution for fiscal year-ended June 30, 2011 was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service; and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%.

The City's change in net pension asset for the year ended June 30, 2011 were as follows:

Annual required contribution	\$ (1,294,069)
Interest on net pension obligation	847,724
Adjustment to the annual required contribution	(681,654)
Annual pension costs	(1,128,000)
Contribution made	1,294,069
Change in net pension asset	166,069
Net pension asset, beginning of year restated	10,938,369
Net pension asset, end of year	\$ 11,104,438

The City's contribution to the plan in the fiscal year ended June 30, 2007 included \$10,404,400 from the proceeds of the Pension Obligation Refunding Bonds Series 2007. The City's contributions for 2011 was equal to annual required contribution, which was more than the annual pension cost as a result of the pension obligation bond transaction.

<i>Three-Year Trend Information For PERS</i>					
	<u>Fiscal Year</u> <u>Ending</u>		<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Asset</u>
Miscellaneous	6/30/09	\$	538,700	119%	\$ 6,349,273
	6/30/10	\$	703,970	115%	\$ 6,672,405
	6/30/11	\$	785,200	115%	\$ 6,773,707
Safety	6/30/09	\$	374,350	119%	\$ 4,412,206
	6/30/10	\$	450,080	115%	\$ 4,265,964
	6/30/11	\$	508,869	115%	\$ 4,330,731

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 – OTHER INFORMATION (Continued)

Funded Status and Funding Progress – Miscellaneous Plan

The funded status of the plan as of the most recent actuarial valuation was as follows:

Valuation Date	Entry Age Normal Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded AAL	Funded Status	Annual Covered Payroll	Unfunded AAL as a % of Payroll
6/30/2010	\$ 41,648,222	\$ 35,430,979	\$ 6,217,243	85.1%	\$ 6,535,479	95.1%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

A summary of principal assumptions and methods used to determine the ARC is shown below:

Valuation Date	June 30, 2007
Actuarial Cost Method	Entry age actuarial cost method
Amortization Method	Level percent of payroll
Average remaining period	13 years as of valuation date
Asset Valuation Method	15 year smoothed market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on age, service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed inflation of 3.00% and an annual production growth of 0.25%

2. Other Post Employment Benefits (OPEB)

Plan Description

Medical coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. The City sets its monthly contribution rates for health insurance on behalf of active employees according to the PEMHCA statutory minimum (\$105.00/month for calendar 2010 and \$108.00/month for calendar 2011.) These amounts are indexed (increased) in all future years according to the rate of medical inflation.

Employees become eligible to retire under PEMHCA and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The City contributes the statutory minimum on behalf of all retirees in PEMHCA (\$105/month for 2010 and \$108/month for 2011), except as noted below.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 – OTHER INFORMATION (Continued)

Police Officers who have completed at least 15 years of service receive a lifetime City contribution up to the two-party Blue Shield HMO rate. Management employees and Directors who complete 5 years of service with the City and attain age 55 may receive an additional City contribution equal to \$100 per month after 5 years of service, \$150 per month after 11 years of service, increased by \$25 per month in 5-year bands thereafter to a maximum of \$225 per month after 26+ years of service. The additional contribution ends after three years or age 65, if earlier, with the City contribution reverting to the statutory minimum at that time and for the retiree's further lifetime.

The City pays a 0.43% of premium administrative fee on behalf of employees and retirees.

Funding Policy

As required by GASB 45, an actuary will determine the City's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAL) over a period not to exceed 30 years.

GASB 45 does not require pre-funding of OPEB benefits. Therefore, the City's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The City has elected not to establish an irrevocable trust at this time.

The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the City's Annual OPEB Cost for the fiscal year ended June 30, 2011 and 2010, the amount actually contributed to the plan (including administrative costs), and changes in the City's Net OPEB Obligation:

<u>Item</u>	<u>FYE 6/30/11</u>	<u>FYE 6/30/10</u>
Annual Required Contributions	\$104,569	\$104,569
Interest on Net OPEB Obligation/(Asset)	7,123	3,624
Adjustment to Annual Required Contributions	<u>(9,267)</u>	<u>(4,715)</u>
Annual OPEB cost (expense)	\$102,425	\$103,478
Contributions made	<u>(39,570)</u>	<u>(31,035)</u>
Increase in Net OPEB Obligation/(Asset)	\$ 62,855	\$ 72,443
Net OPEB Obligation/(Asset)– beginning of year	<u>\$142,452</u>	<u>\$ 70,009</u>
Net OPEB Obligation/(Asset) – end of year	\$205,307	\$ 142,452

The City's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation for the fiscal year ended June 30, 2011, 2010 and 2009 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/(Asset)</u>
6/30/11	\$102,425	\$39,570	38.63%	\$205,307
6/30/10	\$103,478	\$31,035	29.99%	\$142,452
6/30/09	\$104,569	\$32,091	33.05%	\$70,009

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 – OTHER INFORMATION (Continued)

Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation, July 1, 2008, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Projected Unit Credit Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2008	\$0	\$865,242	\$865,242	0.00%	\$10,603,055	8.16%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the June 30, 2008 actuarial valuation, the following actuarial assumptions were used:

Actuarial cost method	Entry Level Normal Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years of the Valuation Date, on a closed basis
Actuarial assumptions:	
Investment rate of return	5%
Health cost rate trend	5%
Inflation rate	3%
Projected salary increases	None
Post retirement benefit increases	None

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 – OTHER INFORMATION (Continued)

D. Commitments and Contingencies

The City is named as a defendant in various lawsuits arising from its daily operations. In the opinion of counsel, it appears reasonably possible that such claims may eventually result in a liability to the City; however, no reasonable estimate of loss can be made at this time.

E. Leases of City Owned Facilities

The City of Port Hueneme currently leases two of its facilities. Terms and conditions of these leases are as follows:

1. Port Hueneme Athletic Center is leased to the Oxnard Boy's and Girl's Club (Club). The lease was for five years beginning February 1, 1995. The rent is one dollar (\$1.00) per year with the Club agreeing to maintain the facility and operate a minimum of forty (40) hours per week. The lease was renewed March 8, 2007 for three (3) years at \$1 per year.
2. The front section of the Port Hueneme City Yard Complex is leased to Port Hueneme Marine Supply, Inc. The lease is for five (5) years. The base rent was \$6,646 per month. The rent will be increased at the beginning of the third (3rd), fourth (4th) and fifth (5th) year of the lease by a percentage equal to the percentage increase in the Consumer's Price Index (CPI). Current monthly rent being paid to the City at June 30, 2011, is \$11,256.

NOTE 5 – RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Port Hueneme intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011, on behalf of the cities, counties and redevelopment agencies petitioning the California

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2011

Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011, indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in Assembly Bill X1 26.

On November 7, 2011, City Ordinance No. 709 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be Two Million One Hundred Thirty-Three Thousand Five Hundred Forty-One Dollars (\$2,133,541) with one half due on January 15, 2012, and the other half due May 15, 2012. Thereafter, an estimated Two Million One Hundred Thirty-Three Thousand Five Hundred Forty-One Dollars (\$2,133,541) will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of Assembly Bill X1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the state. In the event that Assembly Bills X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

NOTE 6 – SUBSEQUENT EVENT – DISSOLUTION OF REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 the right for the Legislature to dissolve the redevelopment agencies, as constitutional, but ruled Assembly Bill X1 27 which provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program, was unconstitutional. The ruling, said the Legislature has the power "to establish or dissolve local agencies and subdivisions as it sees fit." But once it authorizes an agency, "it may not thereafter require that such allocated tax increment be remitted for the benefit of schools or other local agencies." As a result, the Agency will be required to continue to suspend its activities and windup for dissolution.

REQUIRED SUPPLEMENTARY INFORMATION

**City of Port Hueneme
PERS Schedule of Funding Progress
June 30, 2011**

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ration</u>	<u>Annual Covered Payroll</u>	<u>Funded Ratio</u>
Miscellaneous Plan						
6/30/2007	\$ 31,931,583	\$ 29,902,282	\$ 2,029,301	93.6%	\$ 6,478,899	31.3%
6/30/2008	\$ 35,415,349	\$ 32,348,316	\$ 3,067,033	91.3%	\$ 6,628,059	46.3%
6/30/2009	\$ 39,580,518	\$ 33,625,609	\$ 5,954,909	85.0%	\$ 6,377,765	93.4%
6/30/2010	\$ 41,648,222	\$ 35,430,979	\$ 6,217,243	85.1%	\$ 6,535,479	95.1%

CITY OF PORT HUENEME
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:				
Taxes	\$ 5,384,100	\$ 5,384,100	\$ 5,173,221	\$ (210,879)
Property taxes	1,427,500	1,427,500	1,202,498	(225,002)
Licenses and permits	516,300	516,300	487,310	(28,990)
Fines and penalties	361,000	361,000	348,187	(12,813)
Charges for services	756,270	756,270	381,911	(374,359)
Investment earnings	1,922,386	1,922,386	1,562,540	(359,846)
Rental income	289,408	289,408	249,990	(39,418)
Intergovernmental	5,383,155	5,383,155	7,042,319	1,659,164
Harbor district revenue	1,011,400	1,011,400	1,034,557	23,157
Other	5,000	5,000	17,069	12,069
Total revenues	<u>17,056,519</u>	<u>17,056,519</u>	<u>17,499,602</u>	<u>443,083</u>
Expenditures:				
General government	6,312,994	6,312,994	7,103,227	(790,233)
Public safety	6,130,494	6,130,494	6,197,933	(67,439)
Streets and highways	1,311,198	1,311,198	1,297,556	13,642
Parks, recreation and social services	1,803,004	1,803,004	1,680,831	122,173
Community development	965,118	965,118	878,789	86,329
Total expenditures	<u>16,522,808</u>	<u>16,522,808</u>	<u>17,158,336</u>	<u>(635,528)</u>
Excess (deficiency) of revenues over expenditures	<u>533,711</u>	<u>533,711</u>	<u>341,266</u>	<u>(192,445)</u>
Other financing sources (uses):				
Transfers in	507,518	507,518	505,072	(2,446)
Transfers out	(1,220,622)	(1,220,622)	(1,592,830)	(372,208)
Total other financing sources (uses)	<u>(713,104)</u>	<u>(713,104)</u>	<u>(1,087,758)</u>	<u>(374,654)</u>
Net change in fund balance	<u>(179,393)</u>	<u>(179,393)</u>	<u>(746,492)</u>	<u>(567,099)</u>
Fund balances, beginning	<u>41,310,219</u>	<u>39,788,572</u>	<u>42,027,632</u>	<u>2,239,060</u>
Fund balances, ending	<u>\$ 41,130,826</u>	<u>\$ 39,609,179</u>	<u>\$ 41,281,140</u>	<u>\$ 1,671,961</u>

Note to Required Supplementary Information:

The annual General Fund Budget adopted by the City includes proposed expenditures and estimated revenues. The Budget is adopted on a basis consistent with general accepted accounting principles and is formally integrated into the accounting system as a management control device.

PORT HUENEME REDEVELOPMENT AGENCY
Budgetary Comparison Schedule
Low and Moderate Income Housing Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:				
Interest earnings	\$ 60,000	\$ 60,000	\$ 7,296	\$ (52,704)
Rental income	178,360	\$ 178,360	158,163	(20,197)
Program revenue	47,100	\$ 47,100	82,304	35,204
Total revenues	<u>285,460</u>	<u>285,460</u>	<u>247,763</u>	<u>(37,697)</u>
Expenditures:				
Community development	1,106,656	\$ 1,106,656	915,900	(190,757)
Other		\$ -	3,200	3,200
Total expenditures	<u>1,106,656</u>	<u>1,106,656</u>	<u>919,100</u>	<u>(187,556)</u>
Excess (deficiency) of revenues over expenditures	<u>(821,196)</u>	<u>(821,196)</u>	<u>(671,336)</u>	<u>149,860</u>
Other financing sources:				
Transfer in	1,188,947	\$ 1,188,947	1,114,505	(74,442)
Transfer (out)	(220,000)	(220,000)	-	220,000
Total other financing sources	<u>968,947</u>	<u>968,947</u>	<u>1,114,505</u>	<u>145,558</u>
Net change in fund balances	147,751	147,751	443,169	295,418
Fund balance, beginning	<u>771,568</u>	<u>771,568</u>	<u>771,568</u>	<u>-</u>
Fund balance, ending	<u>\$ 919,319</u>	<u>\$ 919,319</u>	<u>\$ 1,214,737</u>	<u>\$ 295,418</u>

Note to Required Supplementary Information:

The annual Special Revenue Fund Budget adopted by the Agency includes proposed expenditures and estimated revenues. The Budget is adopted on basis consistent with general accepted accounting principles and is formally integrated into the accounting system as a management control device.

OTHER SUPPLEMENTARY INFORMATION

CITY OF PORT HUENEME
 Combining Balance Sheets
 Nonmajor Governmental Funds
 June 30, 2011

ASSETS	Traffic Safety	"COPS" AB3229	Homeland Security Grant	Stormwater Program	TDA	Gas Tax Fund	Senior Nutrition Grant	Bike Path	Neighborhood Preservation
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ 211,005	1,057,569	\$ -	\$ 90,499	664,154
Receivables	11,091	-	-	2,156	-	-	-	-	-
Accounts	-	-	-	-	-	69,730	1,250	-	-
Property taxes	-	25,000	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	11,091	25,000	-	2,156	211,005	1,127,299	1,250	90,499	664,154
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	-	142	-	434	49,395	27,880	-	11,013	-
Accrued wages and benefits	-	-	-	-	-	-	-	-	608
Due to other Funds	11,091	24,858	-	1,722	-	-	1,250	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	7,086	-	-	7,086	-
TOTAL LIABILITIES	11,091	25,000	-	2,156	56,481	27,880	1,250	18,099	608
Fund Balances:									
Assigned	0	(0)	-	(0)	-	-	-	0	-
Nonspendable	0	(0)	-	(0)	154,524	1,099,419	-	72,400	663,546
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	0	(0)	-	(0)	154,524	1,099,419	-	72,400	663,546
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,091	\$ 25,000	\$ -	\$ 2,156	\$ 211,005	\$ 1,127,299	\$ 1,250	\$ 90,499	\$ 664,154

CITY OF PORT HUENEME
 Combining Balance Sheets
 Nonmajor Governmental Funds
 June 30, 2011

	Debt Service Fund							Total	
	Median Assessment District	Light Assessment District	Drainage Assessment District	Block Grant	Homebuyer Program	JAG Grant	Pension Obligation Bonds		1992 A COP
ASSETS									
Cash and investments	-	-	131,970	-	89,000	\$ -	-	478,950	2,723,147
Receivables	-	-	-	-	-	-	-	-	13,247
Accounts	3,574	2,449	3,666	-	-	-	-	-	9,689
Property taxes	-	-	-	40,180	-	9,570	-	-	145,730
Grants	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	3,574	2,449	135,636	40,180	89,000	9,570	-	478,950	2,891,814
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	-	13,877	44	4,739	-	5,166	-	-	112,690
Accrued wages and benefits	-	-	-	-	-	-	-	-	608
Due to other funds	4,030	147,806	-	35,878	-	4,405	-	-	231,040
Deferred revenue	-	-	-	-	89,000	-	-	-	89,000
Deposits	-	-	-	1,978	-	-	-	-	1,978
Other liabilities	-	-	-	-	-	-	-	-	14,172
TOTAL LIABILITIES	4,030	161,683	44	42,595	89,000	9,570	-	-	449,487
Fund Balances:									
Assigned	-	-	-	-	-	-	-	-	0
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	(455)	(159,234)	135,592	(2,415)	-	-	-	478,950	2,442,326
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	0
TOTAL FUND BALANCES	(455)	(159,234)	135,592	(2,415)	-	-	-	478,950	2,442,326
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,575	\$ 2,449	\$ 135,636	\$ 40,180	\$ 89,000	\$ 9,570	\$ -	\$ 478,950	\$ 2,891,814

CITY OF PORT HUENEME
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2011

	Traffic Safety	COPS AB3229	Homeland Grant	Stormwater Program	TDA	Gas Tax	Senior Nutrition Grant	Bike Path	Homebuyer Program
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,201	\$ -
Fines and penalties	38,599	-	-	-	-	-	-	-	-
Interest income	-	(75)	-	-	1,536	8,346	-	-	-
Investment earnings	-	-	-	-	-	-	-	906	-
Rental income	-	-	-	-	-	-	-	-	-
Loan payments	-	-	-	-	-	-	-	-	-
Intergovernmental	-	100,000	14,393	14,026	541,133	1,024,234	15,000	-	-
Other	-	-	-	-	3,925	-	5,000	-	-
Total Revenues	38,599	99,926	14,393	14,026	546,583	1,032,579	20,000	56,107	-
Expenditures:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	142,990	14,393	-	-	-	-	-	-
Streets and highways	-	-	-	90,164	1,172,999	986,314	-	179,173	-
Parks, recreation and social services	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	24,380
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	-	142,990	14,393	90,164	1,172,999	986,314	20,000	179,173	24,380
Excess (deficiency) of revenues over expenditures	38,599	(43,065)	-	(76,138)	(626,416)	46,266	20,000	(123,066)	(24,380)
Other Financing Sources (Uses):									
Transfer in	-	13,908	-	76,138	-	-	-	-	-
Transfer (out)	(38,599)	(6,262)	-	76,138	-	-	(20,000)	-	-
Total other financing sources (uses)	(38,599)	7,646	-	76,138	-	-	(20,000)	-	-
Net change in fund balances	0	(35,419)	-	(0)	(626,416)	46,266	-	(123,066)	(24,380)
Fund balances, beginning	-	35,419	-	-	780,941	1,053,153	-	195,466	24,380
Fund balances, ending	\$ 0	\$ (0)	\$ -	\$ (0)	\$ 154,525	\$ 1,099,419	\$ -	\$ 72,400	\$ -

CITY OF PORT HUENEME
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds						Debt Service Fund			Total Nonmajor Governmental Funds
	Neighborhood Preservation	Median Assessment District	Light Assessment District	Drainage Assessment District	Block Grant	Jag Grant	Pension Obligation Bonds	1992 A COP		
Revenues:										
Taxes	\$ -	\$ 176,255	\$ 120,386	\$ 180,878	\$ -	\$ -	\$ -	\$ -	\$ 332,720	
Fines and penalties	-	-	-	-	-	-	-	-	38,599	
Interest income	-	-	-	-	-	-	-	-	9,797	
Investment earnings	49,990	-	-	-	-	-	-	-	50,896	
Rental income	-	-	-	-	(978)	-	-	-	(978)	
Loan payments	53,348	-	-	-	-	-	-	-	53,348	
Intergovernmental	-	-	-	-	193,169	-	-	-	1,914,917	
Other	53,000	-	-	-	4,150	-	-	-	109,542	
Total revenues	156,338	176,255	120,386	180,878	196,342	12,962	43,467	-	2,708,841	
Expenditures:										
General government	-	-	-	-	-	-	-	-	-	
Public safety	-	179,000	158,382	150,820	-	12,962	-	-	170,345	
Streets and highways	-	-	-	-	-	-	-	-	2,916,852	
Parks, recreation and social services	-	-	-	-	-	-	-	-	-	
Community development	114,184	-	-	-	130,308	-	-	-	268,873	
Principal retirement	-	-	-	-	-	-	656,960	290,000	946,960	
Interest and fiscal charges	-	-	-	-	-	-	227,401	203,792	431,193	
Total expenditures	114,184	179,000	158,382	150,820	130,308	12,962	884,360	493,792	4,734,222	
Excess (deficiency) of revenues over expenditures	42,154	(2,745)	(37,995)	30,058	66,033	-	(840,893)	(493,792)	(2,025,380)	
Other Financing Sources (Uses):										
Transfer in	-	-	-	-	-	-	840,893	495,292	1,426,231	
Transfer (out)	(3,157)	-	-	-	(68,101)	-	-	-	(136,119)	
Total other financing sources (uses)	(3,157)	-	-	-	(68,101)	-	840,893	495,292	1,290,111	
Net change in fund balances	38,997	(2,745)	(37,995)	30,058	(2,068)	-	-	1,500	(735,269)	
Fund balances, beginning	624,549	2,290	(121,239)	105,534	(347)	-	-	477,450	3,177,596	
Fund balances, ending	\$ 663,546	\$ (455)	\$ (159,234)	\$ 135,592	\$ (2,415)	\$ -	\$ 478,950	\$ -	\$ 2,442,327	

CITY OF PORT HUENEME
Budgetary Comparison Schedule
COPS AB3229 Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Interest income	\$ 1,500	\$ (75)	(1,575)
Intergovernmental	100,000	100,000	-
Total revenues	<u>101,500</u>	<u>99,925</u>	<u>(1,575)</u>
Expenditures:			
Public safety	137,802	142,990	(5,188)
Total expenditures	<u>137,802</u>	<u>142,990</u>	<u>(5,188)</u>
Excess (deficiency) of revenues over expenditures	<u>(36,302)</u>	<u>(43,065)</u>	<u>(6,763)</u>
Other Financing Sources (Uses):			
Transfer in	-	13,908	13,908
Transfer (out)	-	(6,262)	(6,262)
Total other financing sources (uses)	<u>-</u>	<u>7,646</u>	<u>7,646</u>
Net change in fund balance	(36,302)	(35,419)	883
Fund balance, beginning	<u>35,419</u>	<u>35,419</u>	<u>-</u>
Fund balance, ending	<u>\$ (883)</u>	<u>\$ -</u>	<u>\$ 883</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Homeland Grant
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 60,991	\$ 14,393	\$ (46,598)
Total revenues	<u>60,991</u>	<u>14,393</u>	<u>(46,598)</u>
Expenditures:			
Public safety	60,991	14,393	46,598
Total expenditures	<u>60,991</u>	<u>14,393</u>	<u>46,598</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Stormwater Program
For the Fiscal Year Ended June 30, 2011

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 15,000	\$ 14,026	\$ (974)
NBVC Contract	-		\$ -
Total revenues	<u>15,000</u>	<u>14,026</u>	<u>(974)</u>
Expenditures:			
Streets and highways	323,710	90,164	233,546
Total expenditures	<u>323,710</u>	<u>90,164</u>	<u>233,546</u>
Excess (deficiency) of revenues over expenditures	<u>(308,710)</u>	<u>(76,138)</u>	<u>232,572</u>
Other Financing Sources (Uses):			
Transfer in	305,510	76,138	(229,372)
Transfer (out)	-		-
Total Other Financing Sources (Uses)	<u>305,510</u>	<u>76,138</u>	<u>(229,372)</u>
Net change in fund balance	(3,200)	0	3,200
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ (3,200)</u>	<u>\$ 0</u>	<u>\$ 3,200</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
TDA Grant
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Interest income	\$ 15,000	\$ 1,526	\$ (13,474)
Intergovernmental	541,133	541,133	-
Other	400	3,925	3,525
Total revenues	<u>556,533</u>	<u>546,583</u>	<u>(9,950)</u>
Expenditures:			
Streets and highways	<u>1,318,781</u>	<u>1,172,999</u>	<u>145,782</u>
Total expenditures	<u>1,318,781</u>	<u>1,172,999</u>	<u>145,782</u>
Excess (deficiency) of revenues over expenditures	<u>(762,248)</u>	<u>(626,416)</u>	<u>135,832</u>
Net change in fund balance	(762,248)	(626,416)	135,832
Fund balance, beginning	<u>780,941</u>	<u>780,941</u>	<u>-</u>
Fund balance, ending	<u>\$ 18,693</u>	<u>\$ 154,525</u>	<u>\$ 135,832</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Gas Tax Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Interest income	\$ 16,000	\$ 8,346	\$ (7,654)
Intergovernmental	967,059	1,024,234	57,175
Total revenues	<u>983,059</u>	<u>1,032,579</u>	<u>49,520</u>
Expenditures:			
Streets and highways	1,399,008	986,314	412,694
Total expenditures	<u>1,399,008</u>	<u>986,314</u>	<u>412,694</u>
Excess (deficiency) of revenues over expenditures	<u>(415,949)</u>	<u>46,266</u>	<u>462,215</u>
Other Financing Sources (Uses):			
Transfer in/(out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(415,949)	46,266	462,215
Fund balance, beginning	<u>1,053,153</u>	<u>1,053,153</u>	<u>-</u>
Fund balance, ending	<u>\$ 637,204</u>	<u>\$ 1,099,419</u>	<u>\$ 462,215</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Senior Nutrition Grant
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 15,000	\$ 15,000	\$ -
Other program revenue	5,400	5,000	(400)
Total revenues	<u>20,400</u>	<u>20,000</u>	<u>(400)</u>
Expenditures:			
Parks, recreation and social services	400		400
Total expenditures	<u>400</u>	<u>-</u>	<u>400</u>
Excess (deficiency) of revenues over expenditures	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfer in	-	-	-
Transfer (out)	(20,000)	(20,000)	-
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Bike Path Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 400	\$ 906	\$ 506
Interest income	60,000	55,201	(4,799)
Total revenues	<u>60,400</u>	<u>56,107</u>	<u>(4,293)</u>
Expenditures:			
Streets and highways	286,208	179,173	(107,035)
Total expenditures	<u>286,208</u>	<u>179,173</u>	<u>(107,035)</u>
Excess (deficiency) of revenues over expenditures	<u>(225,808)</u>	<u>(123,066)</u>	<u>102,742</u>
Net change in fund balance	(225,808)	(123,066)	102,742
Fund balance, beginning	<u>195,466</u>	<u>195,466</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (30,342)</u>	<u>\$ 72,400</u>	<u>\$ 102,742</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Homebuyer Program
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Investment earnings	\$ -	\$ -	\$ -
Loan payments	-		-
Intergovernmental	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Community development	-	24,380	(24,380)
Total expenditures	<u>-</u>	<u>24,380</u>	<u>(24,380)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(24,380)</u>	<u>(24,380)</u>
Net change in fund balance	-	(24,380)	(24,380)
Fund balance, beginning		<u>24,380</u>	<u>24,380</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Neighborhood Preservation
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Investment earnings	\$ 61,100	\$ 49,990	\$ (11,110)
Loan payments	60,000	53,348	(6,652)
Other	-	53,000	53,000
Total revenues	<u>121,100</u>	<u>156,338</u>	<u>35,238</u>
Expenditures:			
Community development	308,938	114,184	194,754
Total expenditures	<u>308,938</u>	<u>114,184</u>	<u>194,754</u>
Excess (deficiency) of revenues over expenditures	<u>(187,838)</u>	<u>42,154</u>	<u>229,992</u>
Other Financing Sources (Uses):			
Transfer (out)	-	(3,157)	(3,157)
Total other financing sources (uses)	<u>-</u>	<u>(3,157)</u>	<u>(3,157)</u>
Net change in fund balance	(187,838)	38,997	226,835
Fund balance, beginning	<u>624,549</u>	<u>624,549</u>	<u>-</u>
Fund balance, ending	<u>\$ 436,711</u>	<u>\$ 663,546</u>	<u>\$ 226,835</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Median Assessment District
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 179,000	\$ 176,255	\$ (2,745)
Total revenues	<u>179,000</u>	<u>176,255</u>	<u>(2,745)</u>
Expenditures:			
Streets and highways	179,000	179,000	-
Total expenditures	<u>179,000</u>	<u>179,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(2,745)</u>	<u>(2,745)</u>
Net change in fund balance	-	(2,745)	(2,745)
Fund balance (deficit), beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ -</u>	<u>\$ (2,745)</u>	<u>\$ (2,745)</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Light Assessment District
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 147,000	\$ 120,386	\$ (26,614)
Total revenues	<u>147,000</u>	<u>120,386</u>	<u>(26,614)</u>
Expenditures:			
Streets and highways	147,000	158,382	(11,382)
Total expenditures	<u>147,000</u>	<u>158,382</u>	<u>(11,382)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(37,995)</u>	<u>(37,995)</u>
Net change in fund balance	-	(37,995)	(37,995)
Fund balance (deficit), beginning	<u>-</u>	<u>(121,239)</u>	<u>(121,239)</u>
Fund balance (deficit), ending	<u>\$ -</u>	<u>\$ (159,234)</u>	<u>\$ (159,234)</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Drainage Assessment District
For the Fiscal Year Ended June 30, 2011

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 183,000	\$ 180,878	\$ (2,122)
Total revenues	<u>183,000</u>	<u>180,878</u>	<u>(2,122)</u>
Expenditures:			
Streets and highways	156,200	150,820	5,380
Total expenditures	<u>156,200</u>	<u>150,820</u>	<u>5,380</u>
Excess (deficiency) of revenues over expenditures	<u>26,800</u>	<u>30,058</u>	<u>3,258</u>
Net change in fund balance	26,800	30,058	3,258
Fund balance, beginning	<u>105,535</u>	<u>105,535</u>	<u>-</u>
Fund balance, ending	<u>\$ 132,335</u>	<u>\$ 135,593</u>	<u>\$ 3,258</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Block Grant
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Investment earnings	\$ 3,000	\$ -	\$ (3,000)
Rental income	-	(978)	(978)
Intergovernmental	375,107	193,169	(181,938)
Other	10,000	4,150	(5,850)
Total revenues	<u>388,107</u>	<u>196,342</u>	<u>(191,765)</u>
Expenditures:			
Community development	<u>385,107</u>	<u>130,308</u>	<u>254,799</u>
Total expenditures	<u>385,107</u>	<u>130,308</u>	<u>254,799</u>
Excess (deficiency) of revenues over expenditures	<u>3,000</u>	<u>66,033</u>	<u>63,033</u>
Other Financing Sources (Uses):			
Transfer in	-	-	-
Transfer in/(out)	-	(68,101)	(68,101)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(68,101)</u>	<u>(68,101)</u>
Net change in fund balance	3,000	(2,068)	(5,068)
Fund balance (deficit), beginning	<u>(347)</u>	<u>(347)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 2,653</u>	<u>\$ (2,415)</u>	<u>\$ (5,068)</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Jag Grant Fund 251
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 23,035	\$ 12,962	\$ 10,073
Total revenues	23,035	12,962	10,073
Expenditures:			
Public safety	23,035	12,962	10,073
Total expenditures	23,035	12,962	10,073
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Pension Obligation Bonds
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Principal retirement	656,960	656,960	0
Interest and fiscal charges	227,447	227,401	47
Total expenditures	<u>884,407</u>	<u>884,360</u>	<u>47</u>
Excess (deficiency) of revenues over expenditures	<u>(884,407)</u>	<u>(884,360)</u>	<u>47</u>
Other financing sources (uses):			
Transfer in/(out)	884,407	884,360	(47)
Total other financing sources (uses)	<u>884,407</u>	<u>884,360</u>	<u>(47)</u>
Net change in fund balance	-	(0)	(0)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>(0)</u>	<u>\$ (0)</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Pension Obligation Bonds
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Principal retirement	656,960	656,960	0
Interest and fiscal charges	227,447	227,401	47
Total expenditures	<u>884,407</u>	<u>884,360</u>	<u>47</u>
Excess (deficiency) of revenues over expenditures	<u>(884,407)</u>	<u>(884,360)</u>	<u>47</u>
Other financing sources (uses):			
Transfer in/(out)	884,407	884,360	(47)
Total other financing sources (uses)	<u>884,407</u>	<u>884,360</u>	<u>(47)</u>
Net change in fund balance	-	(0)	(0)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>(0)</u>	<u>\$ (0)</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Traffic Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and penalties	\$ 46,100	\$ 38,599	\$ (7,501)
Total revenues	46,100	38,599	(7,501)
Expenditures:			
Streets and highways	-	-	-
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	46,100	38,599	(7,501)
Other financing sources (uses):			
Transfer in	-	-	-
Transfer (out)	(46,100)	(38,599)	-
Total other financing sources (uses)	(46,100)	(38,599)	7,501
 Net change in fund balance	 -	 0	 0
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ 0	\$ 0

STATISTICAL SECTION

City of Port Hueneme
Net Assets by Component
Last Nine Fiscal Years
 (accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:									
Invested in capital assets, net of related debt	18,549,894	\$ 21,872,560	\$ 22,277,948	\$ 22,069,405	\$ 20,469,453	\$ 19,788,439	\$ 18,548,142	\$ 19,030,418	\$ 18,009,485
Restricted	4,393,732	4,369,487	6,026,662	6,028,993	6,501,726	6,519,029	6,759,636	5,889,372	3,368,831
Unrestricted	31,722,206	26,759,307	14,152,106	11,661,280	7,441,754	14,640,289	14,193,708	13,693,456	12,071,182
Total governmental activities net assets	<u>54,665,832</u>	<u>53,001,354</u>	<u>42,456,716</u>	<u>39,759,678</u>	<u>34,412,933</u>	<u>40,947,757</u>	<u>39,501,486</u>	<u>38,613,246</u>	<u>33,449,498</u>
Business-type activities:									
Invested in capital assets, net of related debt	14,179,551	13,546,674	9,222,016	6,473,602	3,858,516	5,891,531	5,584,440	6,052,200	4,256,103
Restricted	1,119,964	1,026,263	4,223,455	4,644,057	5,125,278	-	-	-	-
Unrestricted	4,113,816	3,773,231	334,739	2,773,653	4,330,851	6,602,545	7,237,745	5,645,673	6,021,956
Total business-type activities net assets	<u>19,413,331</u>	<u>18,346,168</u>	<u>13,780,210</u>	<u>13,891,312</u>	<u>13,314,645</u>	<u>12,494,076</u>	<u>12,822,185</u>	<u>11,697,873</u>	<u>10,278,059</u>
Primary government:									
Invested in capital assets, net of related debt	32,729,445	35,419,234	31,499,964	28,543,007	24,327,969	25,679,970	24,132,582	25,082,618	22,265,588
Restricted	5,513,696	5,395,750	10,250,117	10,673,050	11,627,004	6,519,029	6,759,636	5,889,372	3,368,831
Unrestricted	35,836,022	30,532,538	14,486,845	14,434,933	11,772,605	21,242,834	21,431,453	19,339,129	18,093,138
Total primary government net assets	<u>\$ 74,079,163</u>	<u>\$ 71,347,522</u>	<u>\$ 56,236,926</u>	<u>\$ 53,650,990</u>	<u>\$ 47,727,578</u>	<u>\$ 53,441,833</u>	<u>\$ 52,323,671</u>	<u>\$ 50,311,119</u>	<u>\$ 43,727,557</u>

The City of Port Hueneme GASB 34 for the fiscal year ended June 30, 2003.
 For comparison purposes, the City has elected to show the year beginning 2003.

Source: The Comprehensive Annual Financial Report.

City of Port Hueneme
Changes in Net Assets
Last Nine Fiscal Years
(accural basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:									
Governmental activities:									
General government	\$ 7,019,698	\$ 6,174,844	\$ 5,543,821	\$ 3,431,111	\$ 3,207,654	\$ 4,249,828	\$ 3,374,464	\$ 4,761,974	\$ 7,228,795
Community development	3,630,572	5,525,629	3,000,750	1,115,853	3,238,233	2,791,936	2,113,188	909,680	1,647,735
Streets and highways	4,226,070	2,651,158	2,982,475	3,010,185	2,272,933	2,909,892	3,396,020	1,269,845	1,125,104
Public safety - police	6,385,901	6,101,143	5,796,561	7,431,276	7,614,945	6,733,773	5,001,446	4,837,349	4,092,167
Parks, recreation and social services	1,685,482	1,599,642	1,617,275	1,570,193	1,734,198	1,925,857	1,493,763	871,966	1,304,492
Bond issue cost	49,002	49,002	49,002	49,036	31,856	31,856	30,086	33,626	-
Capital outlay	-	-	-	1,265,846	611,515	960,502	-	-	-
Interest and fiscal charges on long term debt	1,704,342	1,737,267	1,795,651	1,445,804	1,403,261	1,279,487	1,409,542	1,564,414	2,640,742
Total governmental activities expenses	24,701,066	23,838,685	20,785,535	19,319,304	20,114,595	20,883,131	16,818,509	14,248,854	18,039,035
Business-type activities:									
Wastewater	3,334,681	3,507,739	3,328,909	3,525,917	3,868,524	3,744,342	3,207,633	3,013,746	2,484,795
Water	4,729,828	4,216,324	3,966,215	3,773,847	3,629,376	3,631,350	3,430,883	3,419,332	3,408,084
Solid waste	2,711,682	2,731,260	2,631,439	2,601,708	2,679,039	2,722,712	2,572,590	1,891,231	1,881,385
Housing Authority	4,172,358	4,109,738	-	-	-	-	-	-	-
Other business-type funds	969,737	982,677	1,084,118	1,011,500	1,014,934	981,427	1,673,717	1,330,047	1,443,512
Total business-type activities expenses	15,918,286	15,547,738	11,010,681	10,912,972	11,191,873	11,079,831	10,884,823	9,654,356	9,217,776
Total primary government expenses	40,619,352	39,386,423	31,796,216	30,232,276	31,306,468	31,962,962	27,703,332	23,903,210	27,256,811
Program revenues:									
Governmental activities:									
Charges for services:									
General government	3,798,777	4,638,992	4,734,479	3,154,440	2,376,678	3,074,450	1,265,741	1,022,074	1,309,774
Community development	1,489,810	846,066	822,741	119,345	360,369	336,998	346,274	423,721	618,574
Streets and highways	1,046,002	984,828	1,118,886	1,395,218	68,484	322,447	19,940	927,849	885,211
Public safety - police	158,857	292,885	222,113	363,053	298,990	83,421	29,922	343,683	491,945
Parks, recreation and social services	405,956	585,090	438,490	390,127	1,233,810	1,192,739	1,043,918	389,657	663,396
Operating grants and contributions	389,936	893,951	490,025	624,809	2,831,098	2,429,689	1,564,409	3,177,401	1,463,011
Capital grants and contributions	2,338,305	1,238,598	1,123,481	2,072,705	-	1,002	-	432,386	1,116,606
Total governmental activities program revenues	9,627,643	9,480,410	8,950,215	8,119,697	7,169,429	7,440,746	4,270,204	6,716,771	6,548,517
Business-type activities:									
Charges for services:									
Sewer and sanitation	3,880,863	3,463,574	3,223,359	3,719,420	3,888,904	2,608,686	2,775,671	2,733,163	2,584,107
Water	6,307,060	5,617,688	4,685,991	4,222,053	3,867,934	3,453,051	3,582,297	3,636,892	2,776,072
Solid waste	3,509,735	3,119,699	2,848,459	2,997,859	2,952,216	2,986,341	3,093,941	2,867,966	2,349,544
Operating grants and contributions	3,787,314	4,076,785	50,107	261,566	241,152	112,445	-	-	-
Housing Authority	408,189	343,843	-	-	-	-	-	-	-
Water plant	979,114	998,626	1,069,936	1,027,228	1,015,345	993,197	2,631,579	2,344,101	1,967,759
Total business-type activities program revenues	18,872,275	17,620,215	11,877,852	12,228,126	11,965,551	10,153,720	12,083,488	11,582,122	9,677,482
Total primary government program revenues	28,499,918	27,100,625	20,828,067	20,347,823	19,134,980	17,594,466	16,353,692	18,298,893	16,225,999
Net revenues (expenses):									
Governmental activities:	(15,073,423)	(14,358,275)	(11,835,320)	(11,199,607)	(12,945,166)	(13,442,385)	(12,548,305)	(7,532,083)	(11,490,518)
Business-type activities:	2,953,989	2,072,477	867,171	1,315,154	773,678	(926,111)	1,198,665	1,927,766	459,706
Total net revenues (expenses):	(12,119,434)	(12,285,798)	(10,968,149)	(9,884,453)	(12,171,488)	(14,368,496)	(11,349,640)	(5,604,317)	(11,030,812)

City of Port Hueneme
Changes in Net Assets
Last Nine Fiscal Years, Continued
(accrual basis of accounting)

	Fiscal Year					Fiscal Year			
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General revenues and other changes in net assets:									
Governmental activities:									
Taxes:									
Property taxes	7,122,966	7,293,627	7,770,698	8,037,996	7,968,560	6,613,841	5,726,141	5,055,548	4,453,739
Sales taxes	1,823,785	1,661,471	1,111,111	1,095,727	1,111,399	1,044,283	1,040,777	948,891	684,222
Utility users taxes	1,119,550	1,032,097	976,685	962,674	955,927	1,002,804	884,290	792,313	887,549
Transient lodging taxes	295,439	328,754	323,960	408,972	313,552	262,000	295,977	297,742	247,214
Franchise taxes	361,276	353,748	431,946	419,943	376,700	309,586	335,709	326,489	311,397
Other taxes	-	-	-	225,061	-	-	-	13,753	249,801
Rental income	-	-	-	-	-	-	-	-	111,731
Motor vehicle license in lieu	2,442,447	2,454,890	2,719,017	1,824,175	1,787,133	2,009,673	1,429,983	991,644	1,316,923
Use of money and property	-	-	-	-	-	-	-	-	3,709,436
Investment earnings	3,332,132	2,092,280	2,376,782	3,443,958	4,039,880	3,028,922	1,861,054	1,468,735	-
Loss on disposal of capital asset	-	-	(167,978)	(37,240)	-	(4,594)	-	(73,814)	-
Other	37,953	11,756	16,099	-	261,591	1,294,562	1,346,948	283,693	179,098
Special item	-	-	-	-	(10,404,400)	-	-	-	-
Transfers	202,353	(1,087,188)	152,274	165,086	-	(819,825)	515,667	674,856	1,493,392
Total governmental activities	16,737,901	14,141,435	15,710,594	16,546,352	6,410,342	14,741,252	13,436,546	10,779,850	13,644,502
Business-type activities:									
Use of money and property	-	-	-	-	-	-	-	-	284,921
Investment earnings	(1,100,792)	(1,152,097)	(917,382)	(628,885)	(58,995)	57,339	441,314	137,369	-
Gain/(Loss) on disposal of capital asset	-	26,556	-	-	35,316	(131,757)	-	-	(243,077)
Other	442,583	151,853	91,383	55,484	70,570	-	-	29,532	50,284
Transfers	(202,353)	1,087,188	(152,274)	(165,086)	-	819,825	(515,667)	(674,856)	(1,493,392)
Total business-type activities	(860,562)	113,500	(978,273)	(738,487)	46,891	745,407	(74,353)	(507,955)	(1,401,264)
Total primary government	15,877,339	14,254,935	14,732,321	15,807,865	6,457,233	15,486,659	13,362,193	10,271,895	12,243,238
Changes in net assets									
Governmental activities:	1,664,478	(216,841)	3,875,274	5,346,745	(6,534,824)	1,298,867	888,241	3,247,767	2,153,984
Business-type activities:	2,093,427	2,185,977	(111,102)	576,667	820,569	(180,704)	1,124,312	1,419,811	(941,558)
Total primary government	\$ 3,757,905	\$ 1,969,136	\$ 3,764,172	\$ 5,923,412	\$ (5,714,255)	\$ 1,118,163	\$ 2,012,553	\$ 4,667,578	\$ 1,212,426

The City of Port Hueneme implemented GASB 34 for the fiscal year ended June 30, 2003.

Source: The Comprehensive Annual Financial Report.

City of Port Hueneme
Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General fund:									
Nonspendable	\$ 19,125,294								
Restricted	-								
Committed	1,300,964								
Assigned	-								
Unassigned	20,854,883								
Reserved		\$ 21,832,424	\$ 22,346,466	\$ 23,120,517	\$ 23,325,799	\$ 20,747,634	\$ 19,485,313	\$ 20,040,195	\$ 25,971,598
Unreserved, designated		12,007,882	12,007,882	12,007,882	12,007,882	16,833,727	12,488,227	12,276,930	10,881,340
Unreserved, undesignated		8,187,326	7,056,378	5,668,032	4,657,034	3,330,462	9,443,468	10,670,669	6,400,618
Total general fund	\$ 41,281,140	42,027,632	41,410,726	40,796,431	39,990,715	40,911,823	41,417,008	42,987,794	43,253,556
All other governmental funds:									
Nonspendable	\$ 10,459,894								
Restricted	2,442,326								
Committed	-								
Assigned	1,937,957								
Unassigned	(6,787,824)								
Reserved		9,635,483	17,865,433	15,576,247	11,080,795	3,327,892	3,249,441	8,480,723	9,976,962
Unreserved, designated		-	-	-	-	-	-	-	-
Unreserved, undesignated:									
Reported in special revenue funds		9,746,671	3,777,436	4,095,019	6,972,204	12,127,283	12,820,201	4,994,761	1,993,093
Debt service funds		(13,726,172)	(14,018,191)	(12,828,799)	(12,596,826)	(12,574,372)	(13,409,404)	(12,676,813)	(13,699,677)
Reported in capital project funds		1,358,798	1,343,932	1,321,489	1,259,601	1,201,791	1,148,802	54,391	-
Total all other governmental funds	\$ 8,052,354	\$ 7,014,780	\$ 8,968,610	\$ 8,163,956	\$ 6,715,774	\$ 4,082,594	\$ 3,809,040	\$ 853,062	\$ (1,729,622)

The City of Port Hueneme implemented GASB 34 for the fiscal year ended June 30, 2003. For comparison purposes, the City has elected to show the year beginning 2003.

Source: The Comprehensive Annual Financial Report.

City of Port Hueneme
Changes in Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:									
Taxes	12,296,187	\$ 12,282,972	\$ 12,370,446	\$ 12,901,063	\$ 12,571,544	\$ 11,770,922	\$ 11,025,684	\$ 10,371,572	\$ 9,328,299
Licenses and permits	487,310	468,963	624,304	579,198	601,851	478,231	456,663	374,665	440,958
Intergovernmental	8,957,236	6,793,891	6,245,720	3,365,954	3,541,209	4,142,863	1,937,774	1,261,883	1,923,787
Charges for services	381,911	1,064,823	776,256	2,704,159	2,113,250	2,335,736	349,056	268,554	317,421
Fines and forfeitures	386,786	372,652	470,483	411,100	346,472	322,254	354,493	357,545	369,020
Investment earnings	2,320,968	2,156,746	2,943,142	3,443,958	3,270,247	3,028,922	2,941,126	3,101,323	3,918,543
Other revenues	1,945,590	1,949,103	1,948,997	2,195,618	2,779,266	2,303,561	2,368,993	2,533,282	2,648,595
Total revenues	<u>26,775,989</u>	<u>25,089,150</u>	<u>25,379,348</u>	<u>25,601,050</u>	<u>25,223,839</u>	<u>24,382,489</u>	<u>19,433,789</u>	<u>18,268,824</u>	<u>18,946,623</u>
Expenditures:									
Current:									
General government	6,392,113	5,525,021	5,485,023	2,916,632	2,805,560	3,539,125	2,522,027	4,804,099	7,006,435
Community development	2,935,977	5,948,162	3,426,578	2,683,320	5,112,682	4,140,504	2,475,061	1,215,922	1,331,641
Streets and highways	4,214,408	2,640,278	2,943,365	3,782,463	2,330,776	2,606,908	3,383,757	1,724,546	842,138
Parks, recreation and social services	1,680,831	1,593,840	1,611,674	1,570,193	1,734,198	2,027,814	1,493,763	873,476	1,119,350
Public safety - police	6,368,279	6,079,383	5,775,558	7,431,276	7,614,945	6,733,773	5,001,446	4,732,026	4,018,297
Capital outlays	909,171	-	-	1,265,846	611,515	1,527,936	315,047	679,012	615,307
Debt service:									
Principal retirement	1,921,960	1,769,853	1,495,000	1,380,000	1,030,000	1,084,255	895,000	2,724,106	755,000
Interest and other charges	2,264,524	2,317,742	2,374,710	2,482,523	2,547,633	2,390,639	2,478,161	795,000	2,648,066
Total expenditures	<u>26,687,262</u>	<u>25,874,279</u>	<u>23,111,908</u>	<u>23,512,253</u>	<u>23,787,309</u>	<u>24,050,954</u>	<u>18,564,262</u>	<u>17,548,187</u>	<u>18,336,234</u>
Revenues over (under) expenditures	<u>88,727</u>	<u>(785,129)</u>	<u>2,267,440</u>	<u>2,088,797</u>	<u>1,436,530</u>	<u>331,535</u>	<u>869,527</u>	<u>720,637</u>	<u>610,389</u>
Other financing sources (uses):									
Proceeds from long-term debt	-	-	-	-	10,679,956	-	-	921,427	-
Transfers in	3,832,277	5,372,675	2,659,102	2,569,798	2,516,659	3,629,616	2,860,253	6,009,662	7,207,479
Transfers out	(3,629,924)	(6,459,864)	(2,506,828)	(2,404,713)	(2,516,659)	(4,449,441)	(2,344,586)	(5,334,807)	(5,714,087)
Total other financing sources (uses)	<u>202,353</u>	<u>(1,087,188)</u>	<u>152,274</u>	<u>165,085</u>	<u>10,679,956</u>	<u>(819,825)</u>	<u>515,667</u>	<u>1,596,282</u>	<u>1,493,392</u>
Special item					(10,404,400)				
Net change in fund balances	<u>\$ 291,081</u>	<u>\$ (1,872,317)</u>	<u>\$ 2,419,714</u>	<u>\$ 2,253,882</u>	<u>\$ 1,712,086</u>	<u>\$ (488,290)</u>	<u>\$ 1,385,194</u>	<u>\$ 2,316,919</u>	<u>\$ 2,103,781</u>
Debt service as a percentage of noncapital expenditures	19.4%	18.8%	20.1%	21.0%	18.3%	18.2%	22.7%	26.4%	23.8%

The City of Port Hueneme implemented GASB 34 for the fiscal year ended June 30, 2003. For comparison purposes, the City has elected to show the year beginning 2003.

Source: The Comprehensive Annual Financial Report.

City of Port Hueneme
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency			Taxable Assessed Value	Total Direct Tax Rate
	Local Secured	Utility	Unsecured		Secured	Unsecured	Less: Exemptions		
2002	834,085	265	25,414	859,764	309,695	21,842	4,203	327,334	(1)
2003	898,306	256	91,830	990,392	343,835	20,328	4,366	359,797	0.324%
2004	1,007,463	275	25,531	1,033,269	382,240	17,696	4,660	395,276	0.359%
2005	1,119,269	264	25,716	1,145,249	420,419	17,205	4,568	433,056	0.367%
2006	1,268,841	272	95,526	1,364,639	491,510	18,696	4,623	505,583	0.346%
2007	1,468,838	246	29,955	1,499,039	546,405	20,322	4,759	561,968	0.360%
2008	1,563,818	-	33,105	1,596,923	600,590	22,037	5,095	617,532	0.342%
2009	1,340,697	-	112,102	1,452,799	560,249	33,273	4,823	588,699	0.390%
2010	1,370,697	-	112,365	1,483,061	533,372	31,549	4,739	560,181	0.331%
2011	1,348,438	-	97,849	1,446,287	519,390	32,306	4,439	547,258	0.331%

Note: Data is stated at 100% of actual value as required under Section 135 of the Revenue and Tax Code.
Exemptions are netted directly against the individual property categories.

(1) No collection data for this year

Source: Ventura County Auditor-Controller's Office

City of Port Hueneme
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of assessed value)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
City Direct Rates:				
City Basic Rate	0.3039	0.0462	0.4667	0.4551
Redevelopment Agency	0.0251	0.0118	0.0290	0.0079
Total City Direct Rate	0.3290	0.0580	0.4957	0.4630
Overlapping Rates:				
Port Hueneme Elementary	0.0457	0.0448	0.0379	0.0368
Oxnard Elementary	0.0969	0.0245	0.0221	0.0269
Oxnard Elementary #2	0.0000	0.0412	0.0364	0.0302
Elementary School Bond Oxnard #3	0.0000	0.0324	0.0287	0.0256
Oxnard High School	0.0282	0.0109	0.0100	0.0098
Ventura Community College Board	0.0151	0.0139	0.0152	0.0050
United Water Cons Import	0.0214	0.0075	0.0247	0.0034
Metropolitan Water	0.0037	0.0043	0.0043	0.0045
City of Port Hueneme	1.0000	1.0000	1.0000	1.0000
Total Direct Rate	1.5400	1.2374	1.6749	1.6052

Source: Ventura County Assessor

2007	2006	2005	2004	2003	2002
0.4577	0.4458	0.4426	0.4538	0.4595	0.4479
0.0069	0.0109	0.0295	0.0231	0.0193	0.0177
0.4647	0.4567	0.4721	0.4769	0.4788	0.4656
0.0353	0.0459	0.0252	0.0277	0.0285	0.0195
0.0286	0.0352	0.0391	0.0462	0.0506	0.0518
0.0323	0.0339	0.0472	0.0450	0.0534	0.0663
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0107	0.0122	0.0145	0.0133	0.0185	0.0209
0.0127	0.0130	0.0130	0.0166	0.0178	0.0000
0.0022	0.0057	0.0237	0.0170	0.0126	0.0100
0.0047	0.0052	0.0058	0.0061	0.0067	0.0077
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
<u>1.5912</u>	<u>1.6078</u>	<u>1.6406</u>	<u>1.6488</u>	<u>1.6670</u>	<u>1.6418</u>

**City of Port Hueneme
Principal Property Taxpayers
Current Year and Ten Years Ago**

Taxpayer	2011		2002	
	Taxable Assessed Value ⁽¹⁾	Percent of Total City Taxable Assessed Value ⁽²⁾	Taxable Assessed Value ⁽³⁾	Percent of Total City Taxable Assessed Value ⁽⁴⁾
Oliveira Ranch Company	\$ 51,573,980	3.82%	\$ 14,800,000	1.23%
Jesco LLC	22,691,331	1.68%	-	0.00%
RECP Windsor PT Hueneme Ven	15,222,728	1.13%	-	0.00%
WL Homes LLC	10,003,498	0.74%	-	0.00%
Del Monte Fresh Produce	8,381,600	0.62%	-	0.00%
Seaview Apartments LLC	7,916,330	0.59%	-	0.00%
939 X Serano Av LLC	6,302,211	0.47%	-	0.00%
Yara North America, Inc	8,263,311	0.61%	-	0.00%
Nykcool USA Inc	7,820,684	0.58%	-	0.00%
Global Auto Processing Services	6,879,000	0.51%	-	0.00%
	<u>\$ 145,054,673</u>	<u>10.76%</u>	<u>\$ 14,800,000</u>	<u>1.23%</u>

(1) Source: Ventura County Assessor's Office

(2) 2010-11 Local Secured Assessed Valuation: \$1,348,437,753

(3) Source: Ventura County Assessor's Office

(4) 2001-2002 Local Secured Assessed Valuation: \$1,204,367,000

City of Port Hueneme
Property Tax Levies and Collections
Last Nine Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years (2)	Total Collections To-Date	
		Amount	Percent of Levy		Amount (2)	Percent of Levy
2003	\$ 4,734,929	\$ 4,375,677	92.41%	\$ 1,472	\$ 4,377,149	92.44%
2004	5,336,405	5,081,443	95.22%	42,906	5,124,349	96.03%
2005	5,878,805	5,784,333	98.39%	2,325	5,786,658	98.43%
2006	6,770,115	6,466,161	95.51%	-	6,466,161	95.51%
2007	7,868,162	7,417,488	94.27%	-	7,417,488	94.27%
2008	8,268,273	7,565,534	91.50%	2,061	7,567,595	91.53%
2009	8,380,003	7,971,239	95.12%	-	7,971,239	95.12%
2010	7,231,840	6,755,314	93.41%	2,481	6,757,795	93.45%
2011	\$ 6,834,607	\$ 6,590,246	96.42%	\$ -	6,590,246	96.42%

Source: (1) Ventura County Assessor's Office
(2) Finance Department, City of Port Hueneme

City of Port Hueneme
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Total Governmental Activities	Business-Type Activities	
	Certificates of Participation	Tax Allocation Bonds	Capital Lease Pension Oblig Bonds		Wastewater Revenue Bonds	Other Funds
2002	5,120,000	21,765,000	-	26,885,000	-	53,368
2003	4,940,000	21,190,000	-	26,130,000	-	-
2004	4,745,000	22,105,000	-	26,850,000	-	-
2005	4,540,000	21,415,000	-	25,955,000	-	705,357
2006	4,325,000	20,655,000	294,110	25,274,110	-	646,771
2007	4,095,000	19,855,000	228,990	24,178,990	5,270,000	585,807
2008	3,850,000	19,010,000	10,551,383	33,411,383	5,185,000	522,367
2009	3,590,000	18,125,000	10,256,725	31,971,725	5,095,000	456,352
2010	3,315,000	17,195,000	9,475,103	29,985,103	5,000,000	387,656
2011	3,025,000	16,220,000	8,832,678	28,077,678	4,900,000	316,171

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: The Comprehensive Annual Financial Report.

City of Port Hueneme
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>
<u>Seaview Apartments</u>	<u>Total Business-Type Activities</u>			
-	53,368	26,938,368	3.76%	1224
-	-	26,130,000	3.46%	1195
-	-	26,850,000	3.28%	1211
-	705,357	26,660,357	3.08%	1191
-	646,771	25,920,881	2.79%	1158
-	5,855,807	30,034,797	3.08%	1401
-	5,707,367	39,118,750	4.02%	1762
-	5,551,352	37,523,077	3.85%	1684
-	5,387,656	35,372,759	6.93%	1597
-	5,216,171	33,293,849		

City of Port Hueneme
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total	Total Taxable Assessed Value	Percent of Assessed Value (1)	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Pension Bonds				
2002	5,120	21,765	-	26,885	1,187,098	0.00%	233
2003	4,940	21,190	-	26,130	1,350,189	0.00%	226
2004	4,745	22,105	-	26,850	1,428,545	0.00%	214
2005	4,540	21,415	-	25,955	1,578,305	0.00%	203
2006	4,325	20,655	-	24,980	1,870,222	0.00%	193
2007	4,095	19,855	-	23,950	2,061,007	0.00%	191
2008	3,850	19,010	-	22,860	2,214,455	0.00%	173
2009	3,590	18,125	10,040	31,755	2,041,498	0.49%	161
2010	3,315	17,195	9,475	29,985	2,043,243	0.46%	150
2011	3,025	16,220	8,818	28,063	1,993,545	0.44%	138

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Source: The Comprehensive Annual Financial Report.

City of Port Hueneme
Direct and Overlapping Debt
June 30, 2011

2010-11 Assessed Valuation	\$ 1,446,287
Redevelopment Agency Incremental Valuation	547,258
Adjusted Assessed Valuation	<u>\$ 899,029</u>

	Total Debt 6/30/2011	Percentage Applicable	City's Share of Debt 6/30/2010
OVERLAPPING TAX AND ASSESSMENT DEBT			
Metropolitan Water District	\$ 225,335,000	0.043%	\$ 96,894
Ventura County Community College District	\$ 320,157,077	0.015%	48,024
Oxnard Union High School District	\$ 42,973,109	2.820%	1,211,842
Hueneme School District	\$ 24,019,708	14.201%	3,411,039
Oxnard School District	\$ 122,362,673	5.683%	6,953,871
Total Overlapping Tax and Assessment Debt			11,721,669
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Ventura County Certificates of Participation	\$ 105,332,000	0.969%	\$ 1,020,667
Ventura County Superintendent of Schools	\$ 12,150,000	0.969%	117,734
Oxnard Union High School District General Fund Obligations	\$ 9,280,000	3.051%	283,133
Oxnard School District Certificates of Participation	\$ 5,285,900	5.683%	300,398
City of Port Hueneme Certificates of Participation	\$ 3,025,000	100.000%	3,025,000 (1)
City of Port Hueneme Pension Obligations	\$ 8,818,144	100.000%	<u>8,818,144</u>
Total Direct and Overlapping General Fund Debt			13,565,076
Combined Total Debt			<u>\$ 25,286,745 (2)</u>

(1) Excludes certificates of participation to be sold.

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

Ratios to 2010-11 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 1.03%

Ratios to Adjusted Assessed Valuation:

Combined Total Debt..... 2.88%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

**City of Port Hueneme
 Legal Debt Margin Information
 Last Ten Fiscal Years**

Fiscal Year Ended June 30	(2) Assessed Valuation	Conversion Percentage	Adjusted Assessed Valuation	Debt Limit Percentage	(1) Total Net Debt Applicable to Limit:		Total Debt Applicable to the Limit as a Percentage of Debt Limit	
					Debt Limit	General Obligation Bonds Legal Debt Margin		
2002	1,187,098,000	25%	296,774,500	15%	44,516,175	-	44,516,175	0%
2003	1,350,189,000	25%	337,547,250	15%	50,632,088	-	50,632,088	0%
2004	1,428,545,000	25%	357,136,250	15%	53,570,438	-	53,570,438	0%
2005	1,578,305,000	25%	394,576,250	15%	59,186,438	-	59,186,438	0%
2006	1,870,222,000	25%	467,555,500	15%	70,133,325	-	70,133,325	0%
2007	2,061,007,000	25%	515,251,750	15%	77,287,763	-	77,287,763	0%
2008	2,214,455,000	25%	553,613,750	15%	83,042,063	-	83,042,063	0%
2009	2,041,498,000	25%	510,374,500	15%	76,556,175	-	76,556,175	0%
2010	2,043,242,555	25%	510,810,639	15%	76,621,596	-	76,621,596	0%
2011	1,993,544,974	25%	498,386,244	15%	74,757,937	-	74,757,937	0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Each parcel is assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: (1) Finance Department, City of Port Hueneme
 (2) Ventura County Tax Assessor's Office

City of Port Hueneme
Pledged Wastewater Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Wastewater Fund Revenue Bonds					Coverage
	Operating Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2002	2,736,919	1,802,215	934,704	-	-	-
2003	2,613,900	2,365,026	248,874	-	-	-
2004	2,871,258	2,852,269	18,989	-	-	-
2005	2,775,671	3,076,562	(300,891)	-	-	-
2006	2,620,828	3,602,321	(981,493)	-	-	-
2007	3,899,712	3,724,773	174,939	-	92,728	1.89
2008	3,728,152	3,375,604	352,548	85,000	233,373	1.11
2009	3,230,222	3,103,723	126,499	90,000	224,364	0.40
2010	3,511,342	3,065,671	445,671	95,000	217,464	1.43
2011	3,902,867	3,120,407	782,460	100,000	213,564	2.50

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
 Operating expenses do not include interest or depreciation expenses.

Source: Finance Department, City of Port Hueneme

City of Port Hueneme
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1) (2)	Personal Income (in thousands) (4)	Per Capita Personal Income (1)	Unemployment Rate (3)
2002	22,007	716,841	32,573	6.0%
2003	21,862	754,745	34,523	6.2%
2004	22,178	818,786	36,919	6.0%
2005	22,388	864,209	38,601	5.4%
2006	22,388	928,196	41,460	4.6%
2007	21,437	974,062	45,438	4.8%
2008	22,202	973,486	43,847	5.8%
2009	22,283	973,669	43,696	9.1%
2010	22,152	510,722	23,055	11.7%
2011	21,887	470,986	21,519	12.6%

(1) Source: Decennial census data

(2) Source: State Department of Finance

(3) Source: California Employment Development Department

(4) Source: Bureau of Labor Statistics- Demographic estimates are based on last available census

City of Port Hueneme
Full-time City Employees
by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Full-Time (FTE) Employees as of June 30</u>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Government	1	1	1	1	-	-	-	-	-	-
City Administration	4	4	4	4	5	5	5	5	5	4
Finance	9	9	9	10	9	9	10	10	11	10
Community Development	10	10	10	9	9	12	12	12	11	10
Recreation and Community Services	20	20	20	20	20	36	36	35	35	7
Public safety - police	35	36	36	37	40	54	54	55	55	54
Housing Authority	9	11	11	12	12	12	12	12	13	12
Public Works	45	51	54	55	58	59	59	59	59	56
Total	<u><u>133</u></u>	<u><u>142</u></u>	<u><u>145</u></u>	<u><u>148</u></u>	<u><u>153</u></u>	<u><u>187</u></u>	<u><u>188</u></u>	<u><u>188</u></u>	<u><u>189</u></u>	<u><u>152</u></u>

Source: City Budget Documents

**City of Port Hueneme
Principal Employers
Current Fiscal Year**

Employer (1)	2011	
	Number of Employees	Percent of Total Employment (2)
Naval Base Ventura County	19,000	85.43%
Hueneme School District	220	0.99%
PAC Foundries	179	0.80%
International Longshoremen's	151	0.68%
Pride Industries	139	0.62%

(1) Only five principal employers located within City limits were identified.

(2) "Total Employment" as used above represents the total employment of all employers located within City limits.

Source: State of California Employment Development Department

City of Port Hueneme
Investment Portfolio Statistics
Last Ten Fiscal Years

Year ended June 30,	City	
	Average Portfolio	Average Effective Rate of Return
2002	23,252,752	3.32%
2003	29,089,354	2.37%
2004	37,743,290	2.04%
2005	40,563,346	3.18%
2006	41,131,226	4.38%
2007	45,866,487	5.28%
2008	46,509,671	3.83%
2009	47,510,157	1.94%
2010	41,447,447	1.94%
2011	41,525,703	1.34%

Source: Finance Department, City of Port Hueneme

City of Port Hueneme
Operating Indicators
by Function
Last Ten Fiscal Years

	Fiscal Years									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police:										
Arrests	745	869	599	969	846	772	868	863	854	932
Parking citations issued	8209	8848	10,560	8,609	12,297	9,077	8,853	8,538	**	**
Public works:										
Street resurfacing (lane miles)	1.7	1.7	1.7	3.7	1.2	1.4	0.4	3.4	3.4	**
Parks and recreation:										
Number of recreation classes	30	32	33	34	26	33	29	31	36	40
Number of facility rentals per event	128	122	140	117	201	211	239	254	280	310
Number of park rental reservations per attendees (in thousands)	5	7	4	5	4	4	12	12	13	12
Water:										
Total system connections	5312	5665	5,462	5,246	5,157	5,189	5,168	5,158	5,121	5,111
Average daily consumption (million gallons per day)	2.45	2.42	2.48	2.63	2.87	2.60	2.48	2.58	2.67	2.83
Wastewater:										
Total system connections	4781	5157	5,126	5,081	4,992	5,027	5,008	4,999	5,074	5,089
Average daily sewage treatment (million gallons per day)	2.60	2.96	2.64	2.98	3.09	2.85	2.74	3.01	2.97	2.95
Refuse:										
Number of customers	4160	3828	4161	4132	3906	3920	3911	3890	3858	3844
Average daily collection (tonnage)	47.93	45.21	48.98	55.68	59.53	63.40	69.98	63.03	60.98	71.85

Source: City of Port Hueneme

** Data not available

City of Port Hueneme
Capital Assets Statistics
by Function
Last Ten Fiscal Years

	Fiscal Years									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Street (miles)	75	75	75	75	75	75	75	75	75	75
Streetlights	118	118	118	118	118	118	118	118	118	118
Traffic signals	10	10	10	10	10	10	10	10	9	9
Parks and recreation:										
Parks	5	5	5	5	5	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	100	100	100	100	100	100	100	95	95	95
Maximum daily capacity (million gallons per day)	10	10	10	10	10	10	10	9	9	9
Wastewater:										
Sanitary sewers (miles)	45	45	45	45	45	45	45	41	41	41
Storm sewers (miles)	22	22	22	22	22	22	22	20	20	20
Maximum daily treatment capacity (million gallons per day)	5	5	5	5	5	5	5	4	4	4

Source: City of Port Hueneme

City of Port Hueneme
Wastewater Service Rates
Last Six Fiscal Years

Fiscal Year Ended June 30	Wastewater Volume Rates Per Hundred Cubic Feet (HCF)					
	Residential		Commercial			
	Single Family	Muti- Family	Standard Strength	Med-High Strength	High Strength	Schools
2011	\$ 28	\$ 28	\$ 2.10	\$ 3.27	\$ 4.20	\$ 1.87
2010	24	24	2	3	4	2
2009	20.75	20.75	1.46	2.72	0.50	1.57
2008	20.75	20.75	1.40	2.60	0.48	1.50
2007	20.75	20.75	1.30	2.50	0.45	1.40
2006	16.50	16.50	1.13	2.00	0.40	1.21

NOTE:

1 HCF = 748 gallons

The City bills bi-monthly and by hundred cubic feet (HCF).

Rates are based on 3/4" meter, which is the standard household meter size.

Source: Port Hueneme Wastewater Division

**City of Port Hueneme
Principal Wastewater Customers
Current and Five Fiscal Years Ago**

Wastewater Customer	2011		2006 ⁽¹⁾	
	Wastewater Charges	Percent of Total Wastewater Revenues	Wastewater Charges	Percent of Total Wastewater Revenues
Naval Base Ventura County	\$ 1,371,872	35.57%	\$ 815,909	24.90%
CIBCSO	423,711	11.67%	552,694	16.86%
City of Oxnard	315,642	8.70%	295,176	9.01%
Hueneme School District	1,784	0.05%	8,845	0.27%
Oxnard Harbor District	113,712	3.13%	1,742	0.05%
	<u>\$ 2,226,721</u>	<u>59.12%</u>	<u>\$ 1,674,366</u>	<u>51.09%</u>

(1) 2006 was the first year of Wastewater Bond

Source: Port Hueneme Wastewater Division