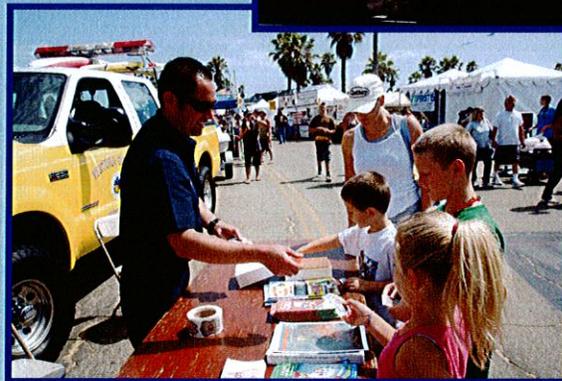
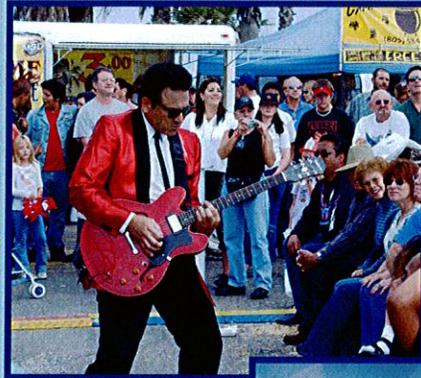


Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2010

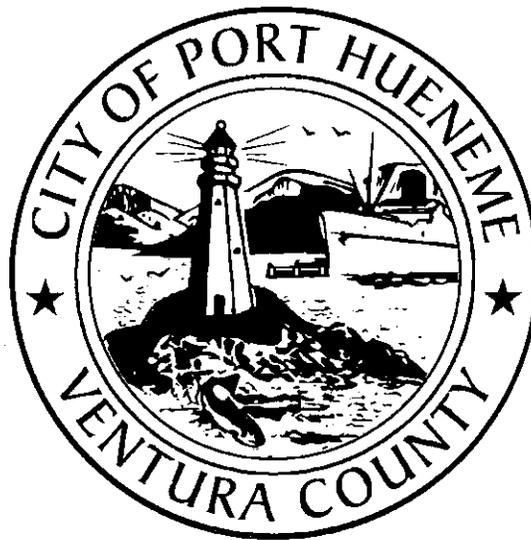


# CITY OF PORT HUENEME



*"The Friendly City by the Sea"*

**CITY OF PORT HUENEME, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010**



**Prepared by  
Finance Department**

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

**City of Port Hueneme  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2010**

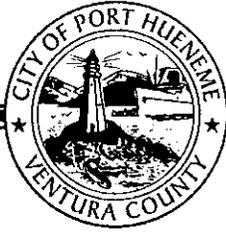
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# City of Port Hueneme

## FINANCE DEPARTMENT

**December 22, 2010**

**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, 2010. 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 misstatements.

Simpson and Simpson, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2010. 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 mostly 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, 2010, totaled \$1.66 million compared to \$1.1 million for the previous year.

For 2010, unemployment in the City was at 11.7 percent. The annual average 2010 countywide unemployment rate was 10.8 percent. The countywide rate is below the California average of 12.4 percent.

Consistent with the nationwide trend, median home prices decreased in both the City and County. The 2010 median home price in the City was \$234,500. City real median home prices increased 6.6 percent in 2010. The projected increase in median home prices for 2011 is 5.0 percent. 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 2010-11.

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 1.35 percent for the fiscal year ended June 30, 2010, which is a decrease from the prior year's return of 1.94 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 2009 for Fiscal Year 2009-10. On February 11, 2009, the City Council, City Manager, City Attorney and Department Directors convened its third annual Strategic Planning workshop, reviewing the current fiscal year's projects and progress, and discussing the Council's priorities for Fiscal Year 2009-10. 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 every six months reflecting any new fiscal changes that have occurred or are anticipated.

The three enterprise funds have all raised their respective fees to cover operating and capital costs for at least the next four 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 \$1.2M
- Wastewater Gravity Line Rehabilitation \$4.0M

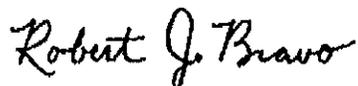
## RELEVANT FINANCIAL POLICIES

The general fund maintains \$8 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, 2010 included \$16.6 million invested in LAIF and \$14 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, 2010

CITY COUNCIL



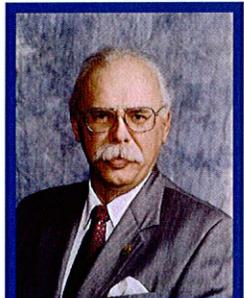
**Mariela P.  
Morales  
Council Member**



**Sylvia M.  
Schnopp  
Mayor Pro Tem**



**Norman E.  
Griffaw  
Mayor**



**Jonathan  
Sharkey  
Council Member**



**Douglas A.  
Breeze  
Council Member**

### City Manager

**David J. Norman**

### Department Directors

Robert J. Bravo – Finance Director

Greg Brown - Community Development Director

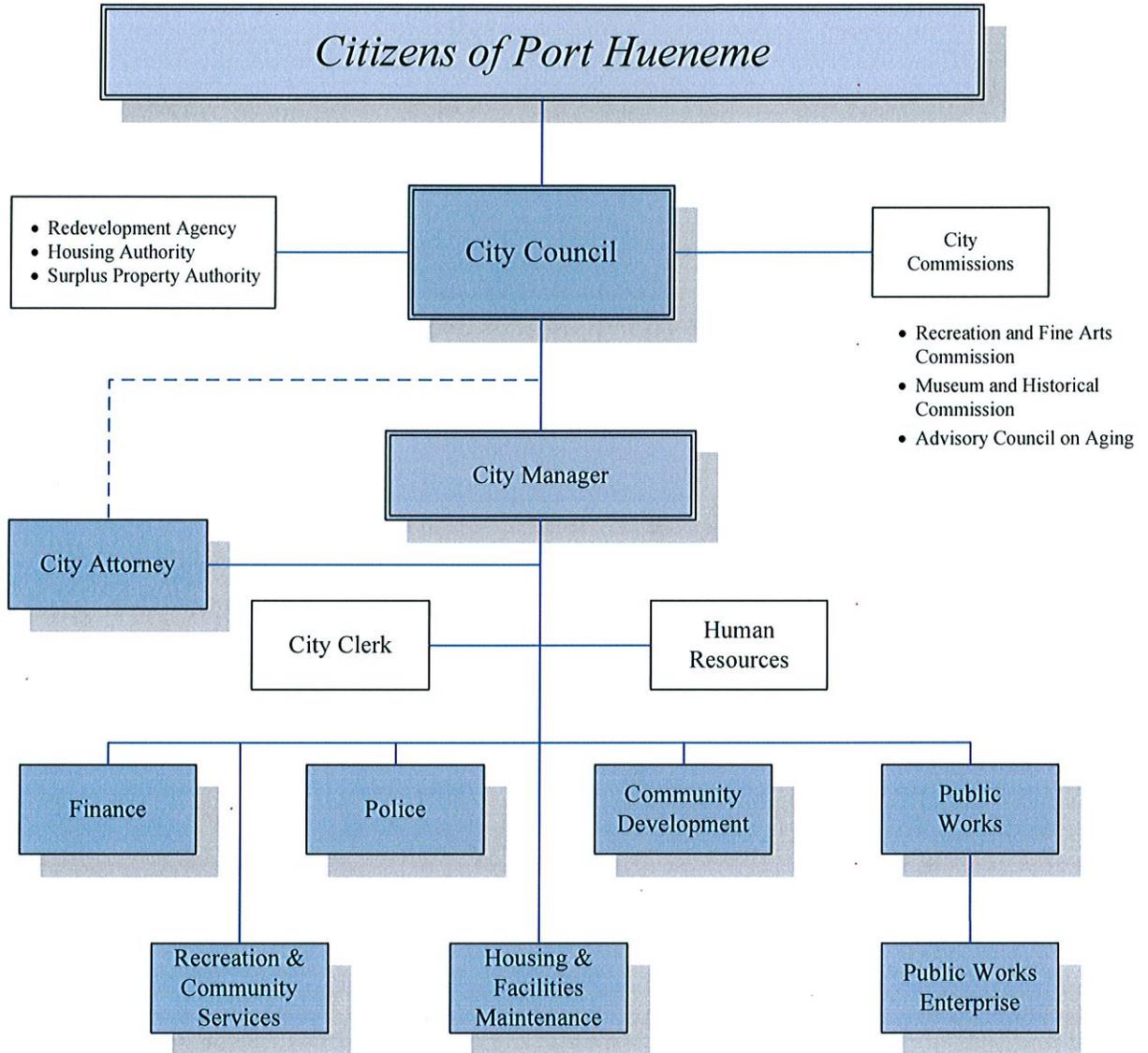
Lisa Donley - Recreation & Community Services Director

Fernando Estrella - 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  
CARL P. SIMPSON, CPA

3600 WILSHIRE BOULEVARD, SUITE 1710  
LOS ANGELES, CA 90010  
(213) 736-6664 TELEPHONE  
(213) 736-6692 FAX  
www.simpsonandsimpsoncpas.com

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, 2010, 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010 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 48 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.



The CPA. Never Underestimate The Value.™



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 49 and 50, 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 49 and 50, and the other supplementary information section have 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, reading "Simpson &amp; Simpson".

Los Angeles, California  
December 22, 2010

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
**June 30, 2010**

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, 2010. 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**

- The City's total net assets increased by approximately \$12.7 million primarily due to the net pension asset of \$10 million. Governmental activities posted an increase of \$10.5 million, while the business-type activities increased by \$2.2 million.
- Total revenues of \$42.3 million exceeded total expenditures of \$39.4 million by \$2.9 million.
- At June 30, 2010, the City's governmental funds reported combined ending fund balances of \$49.0 million, a decrease of \$1.3 million in comparison with prior fiscal year's fund balances.
- At June 30, 2010, the unreserved fund balance of the General Fund balance was \$20.2 million or 138% of total 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, 2010**

**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 three categories: Governmental Funds, Proprietary Funds, and Fiduciary 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, 2010**

**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 2008-09 comparison data.

	Activities				Total		Change	Percentage
	Governmental		Business-type					
	2010	2009	2010	2009	2010	2009		
<b>Assets</b>								
Other assets	\$ 64,325	\$ 56,627	\$ 4,317	\$ 6,110	\$ 68,642	\$ 62,737	\$ 5,905	9.41%
Capital assets	21,977	22,278	19,960	14,773	41,937	\$ 37,051	\$ 4,886	13.19%
Total assets	86,302	78,905	24,277	20,883	110,579	99,788	10,791	10.81%
<b>Liabilities</b>								
Other liabilities	\$ 4,394	\$ 4,248	\$ 1,610	\$ 1,551	\$ 6,004	\$ 5,799	\$ 205	3.54%
Long-term liabilities	28,907	31,972	5,347	5,552	\$ 34,254	\$ 37,524	(3,270)	-8.71%
Total liabilities	33,301	36,220	6,957	7,103	40,258	43,323	(3,065)	-7.07%
<b>Net Assets</b>								
<b>Capital assets</b>								
net of related debt	\$ 21,873	\$ 22,278	\$ 13,547	\$ 9,222	\$ 35,420	\$ 31,500	\$ 3,920	12.44%
Restricted	4,369	6,027	1,026	4,223	5,395	10,250	(4,855)	-47.37%
Unrestricted	26,759	14,152	2,747	335	29,506	14,487	15,019	103.67%
Total net assets	\$ 53,001	\$ 42,457	\$ 17,320	\$ 13,780	\$ 70,321	\$ 56,237	\$ 14,084	25.04%

*Table 1 - Net Assets (in thousands)*

The City's assets exceeded liabilities by approximately \$70.3 million at the close of the fiscal year ending June 30, 2010. At June 30, 2010, the City's net assets increased by \$12.7 million or 22.11% in comparison to the fiscal year ending June 30, 2009 due to the net pension asset.

Of the City's approximately \$110.6 million of assets, 62% are other assets and 38% 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 (\$5.4 million or 8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$29.5 million (42%) 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 increased by \$4.6 million or 12.3%. The reason for the increase is primarily due to the addition of structures, improvements and infrastructure.

Other liabilities decreased by \$125,000 or 2.0% due primarily to Redevelopment Agency's bad debt write off.

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
**June 30, 2010**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)**

**Analysis of Activities:**

The condensed summary of activities, which follows, shows that net assets decreased by \$1.8 million for the fiscal year ended June 30, 2010.

*Table 2 – Changes in Net Assets (in thousands)*

Revenues	Activities				Total		Change	Percentage
	Governmental		Business-type		2010	2009		
	2010	2009	2010	2009				
<b>Program Revenues:</b>								
Charges for services	\$ 7,348	\$ 7,337	\$ 13,543	\$ 11,828	\$ 20,891	\$ 19,165	\$ 1,726	9.01%
Operating grants/contributions	894	490	3,996	50	4,890	540	4,350	805.56%
Capital grants/contributions	1,239	1,124	81	-	1,320	1,124	196	
<b>General Revenues:</b>								
Property taxes	7,294	7,771			7,294	7,771	(477)	
State sales tax	1,661	1,111			1,661	1,111	550	49.50%
Other taxes and fees	6,273	6,844		-	6,273	6,844	(571)	-8.35%
<b>Total Revenues</b>	<b>24,709</b>	<b>24,677</b>	<b>17,620</b>	<b>11,878</b>	<b>42,329</b>	<b>36,555</b>	<b>5,774</b>	<b>15.79%</b>
<b>Expenses:</b>								
General government	6,175	5,544			6,175	5,544	631	11.38%
Public safety	6,101	5,797			6,101	5,797	304	5.24%
Community development	5,526	3,001			5,526	3,001	2,525	84.14%
Streets & highways	2,651	2,982			2,651	2,982	(331)	-11.10%
Beaches and parks	1,600	1,617			1,600	1,617	(17)	-1.05%
Interest on long-term debt	1,737	1,796			1,737	1,796	(59)	-3.29%
Capital Outlay					-	-	-	0.00%
Amortization expense	49	49			49	49	-	0.00%
Housing Authority			4,110	-	4,110	-	4,110	#DIV/0!
Water			4,216	3,966	4,216	3,966	250	6.30%
Wastewater			3,508	3,329	3,508	3,329	179	5.38%
Solid waste			2,731	2,632	2,731	2,632	99	3.76%
Water plant			983	1,084	983	1,084	(101)	-9.32%
<b>Total Expenses</b>	<b>23,839</b>	<b>20,786</b>	<b>15,548</b>	<b>11,011</b>	<b>39,387</b>	<b>31,797</b>	<b>7,590</b>	<b>23.87%</b>
Increase (decrease) in net assets	870	3,891	2,072	867	2,942	4,758	(1,816)	-38.17%
Transfers	(1,087)	152	1,087	(152)	-	-		
Gain/Loss on disposal of capital assets		(168)	(1,000)		(1,000)	(168)	(832)	
Special Item			27	(826)	27	(826)	853	
<b>Change in net assets</b>	<b>(217)</b>	<b>3,875</b>	<b>2,186</b>	<b>(111)</b>	<b>1,969</b>	<b>3,764</b>	<b>(1,795)</b>	
Net assets, beginning, restated	53,218	38,581	15,133	13,891	68,351	52,472	15,879	30.28%
Net assets, ending	53,001	42,456	17,319	13,780	70,320	56,236	14,084	25.04%

**Governmental Activities**

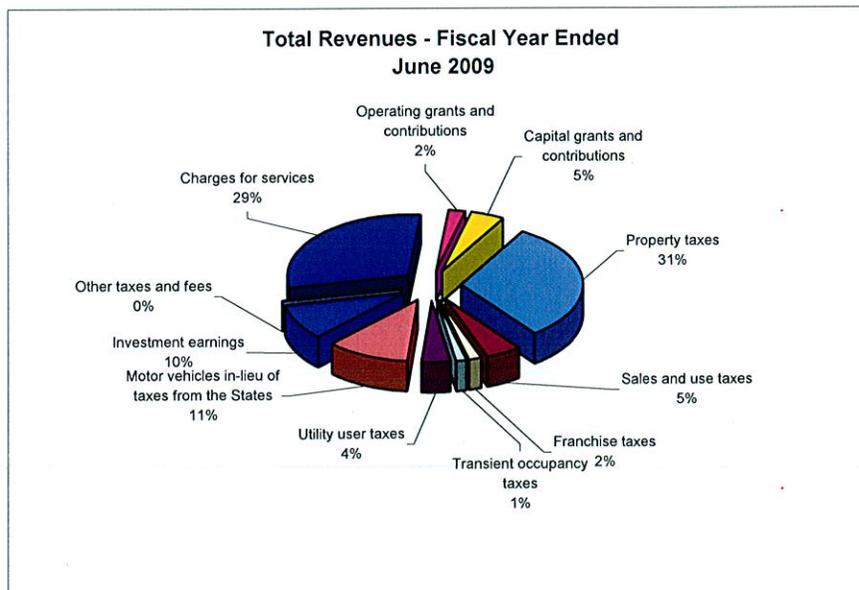
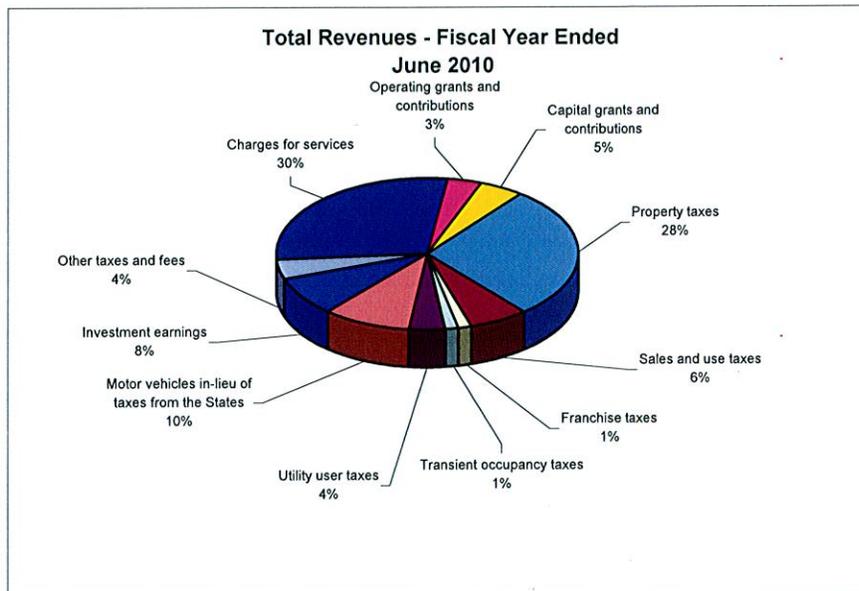
Governmental activities decreased the City's net assets by \$3.0 million. Revenues for the City's governmental activities increased by \$32,000, while total expenses increased by \$3.6 million over the prior fiscal year.

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
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**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)**

Governmental program revenues funded 40% of total Governmental expenses of \$24 million; taxes, other general revenues and transfers financed the balance of 60%. 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.

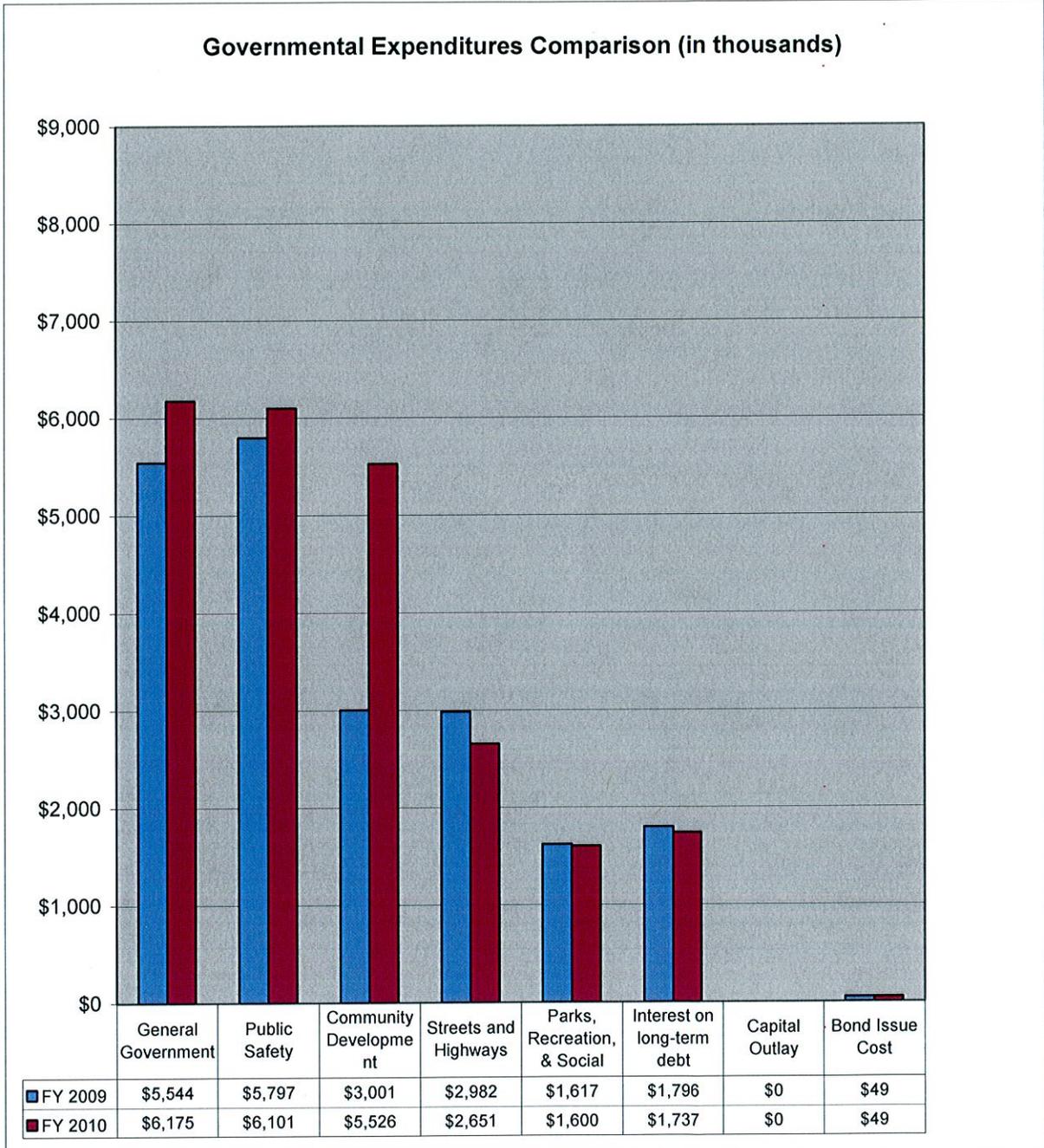
The following charts show a graphical comparison of governmental revenues by source:



**CITY OF PORT HUENEME**  
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**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 \$3.1 million as a total over the prior fiscal year. Community Development expenses of \$5.5 million increased by approximately \$2.5 million primarily due to the Redevelopment Agency's payment for the State of California Supplemental Education Revenue Augmentation Fund.

**CITY OF PORT HUENEME**  
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**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, 2010 were \$17.7 million and \$15.5 million, respectively. Business-type activities increased the City's net assets by \$1.2 million. Total operating revenues for the City's business-type activities increased by 11.7% or \$1.8 million; while total expenses increased by 4.0% or \$595,000. The factors driving these results include: charges for services revenues increased by \$1.3 million, operating grants/contributions increased by \$794,000, maintenance and operating expenses increased by \$127,700, and personnel services expenses increased by \$423,800. 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, 2010, the City's governmental funds reported combined ending fund balances of \$49.0 million, a decrease of \$1.3 million or 3% in comparison with the prior year fund balances. Of the \$49.0 million fund balances, approximately \$17.6 million constitutes unreserved fund balance, which is available to meet the City's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed: (1) \$6.4 million to pay debt service and (2) \$25.0 million fund balance reserved for non-current assets, such as notes receivable, prepaid, land held for resale and advances to other funds.

Revenues and expenditures for governmental funds overall totaled approximately \$25.0 million and \$25.9 million, respectively, for the fiscal year ended June 30, 2010, which represents a decrease in revenues of 1.14% from the fiscal year ended June 30, 2009. Expenditures for governmental funds of \$25.9 million represent an increase of 12% from fiscal year ended June 30, 2009. In the fiscal year ended June 30, 2010, expenses from governmental funds exceeded revenues by \$785,129.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$20.2 million of the total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 138% of total General Fund expenditures of \$14.7 million, while total fund balance represents 287% of that same amount.

The fund balance in the City's General Fund increased by \$81,514 during the fiscal year. Overall, the General Fund's performance resulted in revenues in excess of expenditures of \$1.1 million in the fiscal year June 30, 2010.

**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 four proprietary funds. The City uses this type of enterprise fund to account for its water, wastewater, solid waste, and housing authority operations.

**CITY OF PORT HUENEME**  
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**BUDGETARY HIGHLIGHTS**

Actual revenues from investment earnings were \$280,793 less than the final budget for the fiscal year 2009-10 had anticipated. Actual revenues from taxes were \$732,655 less than the budget for the fiscal year 2009-10 had anticipated. This variance was due to decreases in Transient Occupancy tax, Utility Users tax, and Motor Vehicle In-Lieu taxes. Actual revenues from property taxes were \$281,618 less than the budget for the fiscal year 2009-10 had anticipated. This variance was largely due to a downturn in the economy's real estate market.

For the fiscal year 2009-10, the budgeted General Fund expenditures were approximately \$15.6 million in which \$14.6 were actually expended. This resulted in a variance under budget of \$997,131. The net change in the fund balance was an increase of \$81,514 to an ending Fund Balance of \$42 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, 2010, amounted to \$41.9 million (net of accumulated depreciation) for the fiscal year ended June 30, 2010. This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, and construction-in-progress. The total increase in the City's net investment in capital assets for the current fiscal year is \$4.9 million, and is comprised of a decrease of \$.3 million for governmental activities and an increase of \$5.2 million for business-type activities.

*Table 3 - Capital Assets (in thousands)*

	Governmental		Business-type		Total	
	2010	2009	2010	2009	2010	2009
Non-depreciable assets:						
Land	\$ 2,185	\$ 1,806	\$ 2,246	\$ 2,187	\$ 4,431	\$ 3,993
Construction in progress		-	9,718	6,115	\$ 9,718	\$ 6,115
Total non-depreciable assets	2,185	1,806	11,964	8,302	14,149	10,108
Depreciable assets (net):						
Buildings, structures, and	11,966	12,265	1,955	337	13,921	12,602
Office equipment	56	78	675		731	78
Mobile equipment	188	259			188	259
Other equipment	298	311	495	1,114	793	1,425
Pipeline/plant			4,872	5,020	4,872	5,020
Infrastructure	7,284	7,559			7,284	7,559
Total depreciable assets	19,792	20,472	7,997	6,471	27,789	26,943
Total assets	\$ 21,977	\$ 22,278	\$ 19,961	\$ 14,773	\$ 41,938	\$ 37,051

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
**June 30, 2010**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

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 \$3,224,645.
- Continued construction in progress on the water meter project, costs for current fiscal year was \$378,042.
- The City made miscellaneous improvements to City facilities, costs for the current fiscal year was \$313,000.

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 end of the current fiscal year, the City had outstanding debt of \$3 million for Certificates of Participation. A scheduled principal payment of \$275,000 reduced the June 2010 outstanding balance of \$3.6 million to \$3 million.

	Activities					
	Governmental		Business-Type		Total	
	2010	2009	2010	2009	2010	2009
Tax Allocation Bonds	\$ 17,195	\$ 18,125			\$ 17,195	\$ 18,125
Certificates of Participation	3,315	3,590			3,315	3,590
Capital Lease Obligation	90	217			90	217
Pension Obligation Bonds	9,475	10,040			9,475	10,040
Revenue Bonds			5,000	5,095	5,000	5,095
Capital Lease Agreement			388	456	388	456
<b>Total</b>	<b>\$ 30,075</b>	<b>\$ 31,972</b>	<b>\$ 5,388</b>	<b>\$ 5,551</b>	<b>\$ 35,463</b>	<b>\$ 37,523</b>

As of June 30, 2010, the City had outstanding bond issues totaling \$35.0 million and Capital Lease Obligations totaling \$478,000.

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
**June 30, 2010**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

The City of Port Hueneme's debt decreased by \$2.1 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 2009-10 financial and/or operational activities.

- The Fiscal Year 2010-11 Adopted Budget: Includes minimal or no new personnel or programs and capital improvements of approximately \$649,250, projects a deficit of \$70,701 in the general fund.
- Enterprise Funds: All utility rates under went rate studies to determine full cost recovery, and as a result, rate increases were scheduled for the next 3-4 years to recover costs and establish sufficient capital and operating reserves.

**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, 2010**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 30,146,554	\$ 8,778,432	\$ 38,924,986
Receivables, net	3,509,896	1,928,368	5,438,264
Internal balances	15,871,251	(15,871,251)	-
Prepaid expenses	3,713	-	3,713
Investment in joint venture	-	8,461,213	8,461,213
Restricted cash and investments	1,799,419	786,125	2,585,544
Land held for resale	1,449,541	-	1,449,541
Deferred bond issuance costs	606,390	234,000	840,390
Net pension asset	10,938,369	-	10,938,369
Capital assets, net	21,976,856	19,960,593	41,937,449
<b>TOTAL ASSETS</b>	<b>86,301,989</b>	<b>24,277,480</b>	<b>110,579,469</b>
<b>LIABILITIES</b>			
Accounts payable	732,011	1,084,251	1,816,262
Accrued wages and benefits	422,891	155,016	577,907
Accrued interest payable	172,764	-	172,764
Deferred revenue	617,169	-	617,169
Other liabilities	54,928	-	54,928
Deposits	253,846	199,064	452,910
Net OPEB obligation	142,542	-	142,542
Long-term debt			
Due within one year	1,997,188	171,485	2,168,674
Due in more than one year	28,077,677	5,216,171	33,293,848
Compensated absences	829,620	131,589	961,209
<b>TOTAL LIABILITIES</b>	<b>33,300,636</b>	<b>6,957,576</b>	<b>40,258,213</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	21,872,560	13,546,674	35,419,234
Restricted for:			
Low and moderate income housing	2,570,068		2,570,068
Debt service	1,799,419		1,799,419
Capital improvement	-	1,026,263	1,026,263
Unrestricted	26,759,307	2,746,966	29,506,273
<b>TOTAL NET ASSETS</b>	<b>\$ 53,001,354</b>	<b>\$ 17,319,904</b>	<b>\$ 70,321,258</b>

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, 2010**

Functions/Programs	Program Revenues					Net (Expenses) Revenues and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Total	Primary Government	
			Operating Grants	Contributions			Governmental Activities	Business-type Activities
<b>Governmental activities</b>								
General government	\$ 6,174,844	\$ 4,638,992	\$ -	\$ -	\$ -	\$ 4,638,992	\$ (1,535,852)	\$ (1,535,852)
Public safety	6,101,143	292,885	605,061	-	-	897,946	(5,203,198)	(5,203,198)
Streets and highways	2,651,158	984,828	-	1,238,598	-	2,223,427	(427,731)	(427,731)
Parks, recreation and social services	1,599,642	585,090	17,525	-	-	602,614	(997,027)	(997,027)
Community development	5,525,629	846,066	271,365	-	-	1,117,432	(4,408,198)	(4,408,198)
Interest on long-term debt	1,737,267	-	-	-	-	-	(1,737,267)	(1,737,267)
Amortization expense	49,002	-	-	-	-	-	(49,002)	(49,002)
<b>Total governmental activities</b>	<b>23,838,685</b>	<b>7,347,861</b>	<b>893,951</b>	<b>1,238,598</b>	<b>-</b>	<b>9,480,410</b>	<b>(14,358,275)</b>	<b>(14,358,275)</b>
<b>Business-type activities</b>								
Housing Authority	4,109,738	343,843	3,943,780	81,278	-	4,368,901	259,163	259,163
Water utility	4,216,324	5,617,688	-	-	-	5,617,688	1,401,364	1,401,364
Wastewater utility	3,507,739	3,463,574	-	-	-	3,463,574	(44,165)	(44,165)
Solid waste utility	2,731,260	3,119,699	51,727	-	-	3,171,426	440,166	440,166
Water plant	982,677	998,626	-	-	-	998,626	15,949	15,949
<b>Total business-type activities</b>	<b>15,547,738</b>	<b>13,543,430</b>	<b>3,995,507</b>	<b>81,278</b>	<b>-</b>	<b>17,620,215</b>	<b>2,072,477</b>	<b>2,072,477</b>
<b>Total primary government</b>	<b>\$ 39,386,423</b>	<b>\$ 20,891,291</b>	<b>\$ 4,889,458</b>	<b>\$ 1,319,876</b>	<b>\$ -</b>	<b>\$ 27,100,625</b>	<b>(14,358,275)</b>	<b>(12,285,798)</b>
<b>General revenues:</b>								
Property taxes							7,293,627	7,293,627
Sales and use taxes							1,661,471	1,661,471
Franchise taxes							353,748	353,748
Transient occupancy taxes							328,754	328,754
Utility user taxes							1,032,097	1,032,097
Motor vehicle in-lieu of taxes from the State							2,454,890	2,454,890
Investment earnings							2,092,280	940,183
Other							11,756	151,853
Gain on disposal of capital asset							-	26,556
Transfers							(1,087,188)	1,087,188
<b>Total general revenues</b>							<b>14,141,434</b>	<b>14,254,934</b>
<b>Change in net assets</b>							<b>(216,841)</b>	<b>1,969,136</b>
<b>Net assets - beginning, restated</b>							<b>53,218,195</b>	<b>68,352,122</b>
<b>Net assets - ending</b>							<b>\$ 53,001,354</b>	<b>\$ 70,321,258</b>

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

**CITY OF PORT HUENEME**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	Redevelopment Agency						Total Governmental Funds
	General Fund	Low and Moderate Income Housing	Debt Service Fund	Capital Projects Fund	Surplus Property Authority	Nonmajor Governmental Funds	
<b>ASSETS</b>							
Cash and investments	\$ 19,241,100	\$ 728,390	\$ 4,573,401	\$ 1,371,736	\$ 449,425	\$ 3,782,502	\$ 30,146,554
Receivables	1,624,881	1,807,149	14,623	2,087	5,329	201,386	3,655,456
Due from other funds	1,614,375	63,504	-	-	-	-	1,677,879
Prepaid expenses	3,713	-	-	-	-	-	3,713
Restricted cash and investments	-	-	1,799,419	-	-	-	1,799,419
Land held for resale	-	-	-	1,449,541	-	-	1,449,541
Advances to other funds	21,209,568	-	-	-	7,167,051	-	28,376,619
<b>TOTAL ASSETS</b>	<b>\$ 43,693,637</b>	<b>\$ 2,599,044</b>	<b>\$ 6,387,443</b>	<b>\$ 2,823,364</b>	<b>\$ 7,621,805</b>	<b>\$ 3,983,888</b>	<b>\$ 67,109,181</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 536,269	\$ 4,949	\$ 8,368	\$ 2,089	\$ 4,407	\$ 175,929	\$ 732,011
Accrued wages and benefits	399,435	14,509	-	957	-	7,990	422,891
Due to other funds	290,679	-	1,075,568	-	-	178,941	1,545,188
Advances from other funds	-	-	12,642,236	-	-	-	12,642,236
Deferred revenue	230,642	1,798,500	-	-	-	386,527	2,415,669
Deposits	208,980	9,518	-	11,978	21,392	1,978	253,846
Other liabilities	-	-	-	-	-	54,928	54,928
<b>TOTAL LIABILITIES</b>	<b>1,666,005</b>	<b>1,827,476</b>	<b>13,726,172</b>	<b>15,024</b>	<b>25,799</b>	<b>806,292</b>	<b>18,066,769</b>
<b>FUND BALANCES</b>							
Reserved for:							
Debt service funds	-	-	6,387,443	-	-	-	6,387,443
Notes receivable	622,856	1,798,500	-	-	-	-	2,421,355
Prepaid expenses	-	-	-	-	-	-	-
Land held for resale	-	-	-	1,449,541	-	-	1,449,541
Advances to other funds	21,209,568	-	-	-	-	-	21,209,568
Encumbrances	-	-	-	-	-	-	-
Unreserved:							
Designated for:							
Encumbrances	400,000	-	-	-	-	-	400,000
General	2,816,200	-	-	-	-	-	2,816,200
Disaster	500,000	-	-	-	-	-	500,000
Capital assets	8,291,682	-	-	-	-	-	8,291,682
Undesignated, reported in:							
General fund	8,187,326	-	-	-	-	-	8,187,326
Special revenue funds	-	(1,026,932)	-	-	7,596,007	3,177,595	9,746,671
Capital project funds	-	-	-	1,358,799	-	-	1,358,799
Debt service funds	-	-	(13,726,172)	-	-	-	(13,726,172)
<b>TOTAL FUND BALANCES</b>	<b>42,027,632</b>	<b>771,568</b>	<b>(7,338,729)</b>	<b>2,808,340</b>	<b>7,596,006</b>	<b>3,177,595</b>	<b>49,042,412</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 43,693,637</b>	<b>\$ 2,599,044</b>	<b>\$ 6,387,443</b>	<b>\$ 2,823,364</b>	<b>\$ 7,621,805</b>	<b>\$ 3,983,888</b>	<b>\$ 67,109,181</b>

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, 2010**

<b>Fund balances of the governmental funds</b>	\$	49,042,412
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		21,976,856
Net pension asset is not a financial resource and therefore is not reported in the funds		10,938,369
Long-term loan receivables are not available to finance current operations and are offset by a corresponding deferred revenue balance in the governmental funds.		1,652,940
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.		606,390
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	\$ (29,980,925)	
Capital lease	(89,762)	
Net OPEB obligation	(142,542)	
Accrued interest	(172,764)	
Compensated absences	(829,620)	
		(31,215,613)
<b>Net assets of governmental activities</b>	<b>\$</b>	<b>53,001,354</b>

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, 2010**

	Redevelopment Agency						Total Governmental Funds
	General Fund	Low and Moderate Income Housing	Debt Service Fund	Capital Projects Fund	Surplus Property Authority	Nonmajor Governmental Funds	
<b>Revenues:</b>							
Taxes	\$ 4,989,345	\$ -	\$ -	\$ -	\$ -	\$ 538,313	\$ 5,527,658
Property taxes	1,256,682	-	5,498,632	-	-	-	6,755,314
Licenses and permits	468,963	-	-	-	-	-	468,963
Fines and penalties	372,652	-	-	-	-	-	372,652
Charges for services	1,064,823	-	-	-	-	-	1,064,823
Investment earnings	1,453,793	27,863	114,757	10,384	455,607	94,342	2,156,746
Rental income	264,009	117,198	-	21,636	271,602	4,797	679,242
Loan payments	-	-	-	-	-	13,802	13,802
Intergovernmental	4,936,033	-	-	-	-	1,857,858	6,793,891
Harbor district revenue	969,612	-	-	-	-	-	969,612
Other	8,022	3,734	-	-	-	274,691	286,447
<b>Total revenues</b>	<b>\$ 15,783,934</b>	<b>\$ 148,795</b>	<b>\$ 5,613,388</b>	<b>\$ 32,020</b>	<b>\$ 727,209</b>	<b>\$ 2,783,804</b>	<b>\$ 25,089,150</b>
<b>Expenditures:</b>							
General government	\$ 5,340,456	-	-	-	184,565	-	5,525,021
Public safety	5,887,048	-	-	-	-	192,335	6,079,383
Streets and highways	961,241	-	-	-	-	1,679,037	2,640,278
Parks, recreation and social services	1,576,315	-	-	-	-	17,525	1,593,840
Community development	884,874	1,400,592	74,465	2,789,292	-	798,940	5,948,162
Principal retirement	-	-	930,000	-	-	839,853	1,769,853
Interest and fiscal charges	-	-	1,890,144	-	-	427,597	2,317,741
<b>Total expenditures</b>	<b>14,649,934</b>	<b>1,400,592</b>	<b>2,894,609</b>	<b>2,789,292</b>	<b>184,565</b>	<b>3,955,286</b>	<b>25,874,278</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,134,000</b>	<b>(1,251,797)</b>	<b>2,718,779</b>	<b>(2,757,272)</b>	<b>542,644</b>	<b>(1,171,482)</b>	<b>(785,129)</b>
<b>Other Financing Sources (Uses):</b>							
Transfers in	179,208	1,158,370	-	2,767,616	-	1,267,481	5,372,675
Transfers out	(1,231,694)	(1,295,059)	(3,925,986)	-	-	(7,124)	(6,459,864)
<b>Total other financing sources (uses)</b>	<b>(1,052,486)</b>	<b>(136,689)</b>	<b>(3,925,986)</b>	<b>2,767,616</b>	<b>-</b>	<b>1,260,357</b>	<b>(1,087,188)</b>
<b>Net change in fund balances</b>	<b>81,514</b>	<b>(1,388,486)</b>	<b>(1,207,207)</b>	<b>10,344</b>	<b>542,644</b>	<b>88,874</b>	<b>(1,872,317)</b>
<b>Fund balances - beginning, restated</b>	<b>41,946,118</b>	<b>2,160,054</b>	<b>(6,131,522)</b>	<b>2,797,996</b>	<b>7,053,362</b>	<b>3,088,721</b>	<b>50,914,728</b>
<b>Fund balances - ending</b>	<b>\$ 42,027,632</b>	<b>\$ 771,568</b>	<b>\$ (7,338,729)</b>	<b>\$ 2,808,340</b>	<b>\$ 7,596,006</b>	<b>\$ 3,177,595</b>	<b>\$ 49,042,411</b>

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**to the Government-Wide Statement of Activity and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2010**

**Net change in fund balances for governmental funds** **\$ (1,872,317)**

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. 889,888

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	146,938	
Bond principal retirement	1,769,853	
Capital lease payments	127,007	
Amortization of bond issuance costs	49,002	2,092,800

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	\$ (1,190,980)	
Net OPEB expense	(72,533)	
Compensated absences	(63,699)	(1,327,212)

**Change in net assets of governmental activities** **\$ (216,841)**

**CITY OF PORT HUENEME**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 1,933,177	\$ 4,100,799	\$ 1,423,688	\$ -	1,320,768	\$ 8,778,432
Receivables, net	828,502	496,281	429,658	117,752	56,175	1,928,368
Deferred bond issuance costs	-	234,000	-	-	-	234,000
Noncurrent assets:						
Restricted cash and investments	-	786,125	-	-	-	786,125
Due from other funds	-	1,038,035	-	-	-	1,038,035
Investment in joint venture	8,461,213	-	-	-	-	8,461,213
Capital assets, net	5,543,075	11,090,897	1,631,580	-	1,695,041	19,960,593
<b>TOTAL ASSETS</b>	<b>16,765,967</b>	<b>17,746,137</b>	<b>3,484,926</b>	<b>117,752</b>	<b>3,071,984</b>	<b>41,186,766</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	404,442	556,674	80,805	20,701	21,630	1,084,252
Accrued wages and benefits	17,923	39,493	49,858	16,037	31,705	155,016
Due to other funds	-	-	-	69,187	63,504	132,691
Deposits	158,863	-	22,571	-	17,630	199,064
Long-term debts - current portion	-	100,000	71,485	-	-	171,485
Noncurrent portion of long-term liabilities:						
Advances from other funds	15,738,560	-	1,038,035	-	-	16,776,595
Compensated absences	18,730	32,218	41,189	15,417	24,035	131,589
Long-term debt	-	4,900,000	316,171	-	-	5,216,171
<b>TOTAL LIABILITIES</b>	<b>16,338,518</b>	<b>5,628,385</b>	<b>1,620,114</b>	<b>121,342</b>	<b>158,504</b>	<b>23,866,863</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	5,543,075	6,090,897	1,243,924	-	1,695,041	13,546,674
Restricted for capital improvement	-	786,125	-	-	240,138	1,026,263
Unrestricted	(5,115,626)	5,240,730	620,888	(3,590)	978,301	2,746,967
<b>TOTAL NET ASSETS</b>	<b>\$ 427,449</b>	<b>\$ 12,117,752</b>	<b>\$ 1,864,812</b>	<b>\$ (3,590)</b>	<b>2,913,480</b>	<b>\$ 17,319,904</b>

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Revenues, Expenditures and Changes in Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2010**

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
<b>Operating revenues:</b>						
Charges for services	\$ 5,617,688	\$ 3,463,574	\$ 3,119,699	\$ 998,626	\$ 343,843	\$ 13,543,430
Grant revenue	-	-	51,727	-	3,943,780	3,995,507
Other	17,758	47,768	83,879	1,243	1,205	151,853
<b>Total operating revenues</b>	<u>5,635,446</u>	<u>3,511,342</u>	<u>3,255,305</u>	<u>999,869</u>	<u>4,288,828</u>	<u>17,690,790</u>
<b>Operating expenses:</b>						
Personnel services	321,645	761,346	770,882	350,462	981,746	3,186,081
Maintenance and operations	3,881,747	2,521,789	1,855,785	628,624	2,907,455	11,795,400
Depreciation and amortization	12,932	224,604	104,593	3,591	220,537	566,257
<b>Total operating expenses</b>	<u>4,216,324</u>	<u>3,507,739</u>	<u>2,731,260</u>	<u>982,677</u>	<u>4,109,738</u>	<u>15,547,738</u>
<b>Operating income</b>	<u>1,419,122</u>	<u>3,603</u>	<u>524,045</u>	<u>17,192</u>	<u>179,090</u>	<u>2,143,052</u>
<b>Non-operating revenues (expenses):</b>						
Gain/(loss) on disposal of capital asset	27,807	1,387	(2,638)	-	-	26,556
Interest revenues	9,357	96,798	7,958	-	-	114,113
Interest (expenses)	(1,006,142)	(217,464)	(67,561)	(2,633)	-	(1,293,800)
Investment income	-	23,253	-	-	4,336	27,589
<b>Total non-operating revenues (expenses)</b>	<u>(968,978)</u>	<u>(96,026)</u>	<u>(62,241)</u>	<u>(2,633)</u>	<u>4,336</u>	<u>(1,125,542)</u>
Capital grants	-	-	-	-	81,278	81,278
Transfer in	-	2,986,233	-	-	1,295,059	4,281,292
Transfer (out)	(12,813)	(3,039,225)	(130,722)	(11,344)	-	(3,194,104)
<b>Total other financing sources</b>	<u>(12,813)</u>	<u>(52,992)</u>	<u>(130,722)</u>	<u>(11,344)</u>	<u>1,376,337</u>	<u>1,168,466</u>
<b>Increase (decrease) in net assets</b>	<u>437,331</u>	<u>(145,415)</u>	<u>331,082</u>	<u>3,215</u>	<u>1,559,763</u>	<u>2,185,977</u>
<b>Net assets (deficit), beginning</b>	<u>(9,882)</u>	<u>12,263,167</u>	<u>1,533,730</u>	<u>(6,805)</u>	<u>1,353,717</u>	<u>15,133,927</u>
<b>Net assets (deficit), ending</b>	<u>\$ 427,449</u>	<u>\$ 12,117,752</u>	<u>\$ 1,864,812</u>	<u>\$ (3,590)</u>	<u>\$ 2,913,480</u>	<u>\$ 17,319,904</u>

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2010**

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 5,394,325	\$ 3,422,098	\$ 3,007,758	\$ 1,021,419	299,161	\$ 13,144,761
Cash received from grantors		-	51,727	-	3,678,852	3,730,579
Cash received from other operating	17,758	47,768	83,879	1,243	1,205	151,853
Cash paid to suppliers for goods and services	(4,104,568)	(2,167,320)	(2,042,720)	(661,948)	(2,830,021)	(11,806,577)
Cash paid to employees for services	(320,308)	(764,533)	(755,824)	(346,528)	(976,255)	(3,163,448)
<b>Net cash provided by operating activities</b>	<u>987,207</u>	<u>538,013</u>	<u>344,820</u>	<u>14,185</u>	<u>172,942</u>	<u>2,057,168</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(378,045)	(3,254,298)	(205,562)	(1)	(1,641,265)	(5,479,171)
Principal paid on capital lease	-	-	(71,485)	-	-	(71,485)
Repayment of loans from other funds	-	(95,000)	-	-	-	(95,000)
Interest paid	(1,018,955)	(3,256,689)	(198,283)	(13,976)	-	(4,487,903)
<b>Net cash used for capital and related financing activities</b>	<u>(1,397,000)</u>	<u>(6,605,987)</u>	<u>(475,330)</u>	<u>(13,977)</u>	<u>(1,641,265)</u>	<u>(10,133,559)</u>
<b>Cash flows from investing activities:</b>						
Interest on cash and cash equivalents	256,750	3,107,671	5,320	-	1,645,601	5,015,342
<b>Net increase/(decrease) in cash and cash equivalents</b>	(153,042)	(2,960,303)	(125,190)	208	177,278	(3,061,049)
<b>Cash and cash equivalents, beginning</b>	<u>2,086,219</u>	<u>7,847,227</u>	<u>1,548,878</u>	<u>(208)</u>	<u>1,143,490</u>	<u>12,625,606</u>
<b>Cash and cash equivalents, ending</b>	<u>\$ 1,933,177</u>	<u>\$ 4,886,924</u>	<u>\$ 1,423,688</u>	<u>\$ 0</u>	<u>1,320,768</u>	<u>\$ 9,564,557</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, 2010**  
**(Continued)**

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
<b>Reconciliation of operating income to net cash provided by (used for) operating activities:</b>						
Operating income (loss)	\$ 1,419,122	\$ 3,603	\$ 524,045	\$ 17,192	(85,838)	\$ 1,878,124
Adjustments to reconcile operating						
Depreciation	12,932	224,604	104,593	3,591	220,537	566,257
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(227,247)	(41,476)	(111,941)	22,793	(22,755)	(380,626)
(Increase) decrease in prepaid	3,884	-	-	-	1,623	5,507
Increase in deposits	(88,148)	-	(228)	-	2,550	(85,826)
Increase in deferred bond issuance costs	-	9,000	-	-	-	9,000
Increase (decrease) in accounts payable	(153,403)	207,064	(42,321)	(12,906)	(11,775)	(13,341)
Increase (decrease) in accrued wage and benefits	(12,291)	8,783	10,317	2,053	3,992	12,854
Increase (decrease) in due to other funds	13,628	147,405	(144,614)	(20,418)	63,109	59,110
Increase (decrease) in compensated absences	18,730	(20,970)	4,969	1,881	1,499	6,109
<b>Net cash provided by operating activities</b>	<b>\$ 987,207</b>	<b>\$ 538,013</b>	<b>\$ 344,820</b>	<b>\$ 14,185</b>	<b>172,942</b>	<b>\$ 2,057,168</b>

See accompanying notes to financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**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, 2010**

**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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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 Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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, 2010**

**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, 2010. 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>
Nonmajor fund:		
Block Grant	\$ 590,948	\$ 676,805

**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, 2010**

**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 \$1,734,338 and a bank balance of \$1,717,157 as of June 30, 2010.

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, 2010 are:

Primary Government

	<u>Carrying Value</u>	<u>Fair Value</u>
Local Agency Investment Fund	\$ 16,559,945	\$ 16,559,945
Certificate of Deposits	618,686	618,686
Money Market Mutual Funds	9,439,272	9,439,272
U.S. Treasury Securities	14,081,445	14,081,445
Guaranteed Investment Contracts	1,799,414	1,799,414
	<u>\$ 42,498,762</u>	<u>\$ 42,498,762</u>

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**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, 2010. The average maturity information of the LAIF portfolio as of June 30, 2010 was not available. As of June 30, 2010 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, 2010, the City's primary government invested \$16,559,945 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, 2010**

**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	\$ 428,648	\$ -			-	\$ 14,153	\$ 442,801
Tenants	-	-			5,092	-	5,092
Interest	896	-	6,683	2,087	237	-	9,903
Taxes	459,830	8,649	7,940		-	10,799	487,218
Grants	39,900				-	176,434	216,334
Notes	695,607	1,798,500			-	-	2,494,107
<b>Total:</b>	<b>\$ 1,624,881</b>	<b>\$ 1,807,149</b>	<b>\$ 14,623</b>	<b>\$ 2,087</b>	<b>\$ 5,329</b>	<b>\$ 201,386</b>	<b>\$ 3,655,455</b>

<i>Business-Type Activities:</i>	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	Total
Accounts	\$ 828,502	\$ 496,281	\$ 429,658	\$ 117,752	\$ 54,717	\$ 1,926,910
Interest					1,458	1,458
<b>Total:</b>	<b>\$ 828,502</b>	<b>\$ 496,281</b>	<b>\$ 429,658</b>	<b>\$ 117,752</b>	<b>\$ 56,175</b>	<b>\$ 1,928,368</b>

**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 \$8,461,213 as of June 30, 2010.

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, 2010**

**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, 2010:

Net Assets:	
Invested in capital assets, net of related debt	\$ 19,510,465
Restricted for operations	0
Unrestricted	<u>1,770,540</u>
Total net assets	<u>\$ 21,281,005</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, 2010 are as follows:

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**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	\$ 1,805,911	\$ 379,383	-	\$ 2,185,294
Total non-depreciable assets	<u>1,805,911</u>	<u>379,383</u>	<u>-</u>	<u>2,185,294</u>
Depreciable assets:				
Buildings, structures, improvements	19,467,165	366,062		19,833,227
Office equipment	760,580			760,580
Mobile equipment	1,436,005	38,949		1,474,954
Other equipment	772,126	31,729		803,855
Infrastructure	14,941,973	73,762		15,015,735
Total depreciable assets	<u>37,377,849</u>	<u>510,502</u>	<u>-</u>	<u>37,888,351</u>
Less accumulated depreciation				
Buildings, structures, improvements	(7,202,411)	(665,163)		(7,867,574)
Office equipment	(682,453)	(21,969)		(704,422)
Mobile equipment	(1,177,085)	(110,169)		(1,287,254)
Other equipment	(460,628)	(44,841)		(505,469)
Infrastructure	(7,383,236)	(348,834)		(7,732,070)
Total accumulated depreciation	<u>(16,905,813)</u>	<u>(1,190,976)</u>	<u>-</u>	<u>(18,096,789)</u>
Governmental activities capital assets, net	<u>\$ 22,277,946</u>	<u>\$ (301,090)</u>	<u>\$ -</u>	<u>\$ 21,976,856</u>

**Business-type Activities**

	Beginning Balance	Addition	Retirements	Ending Balance
Non-depreciable assets:				
Land	\$ 2,245,910			\$ 2,245,910
Construction in progress	6,134,235	3,602,688	(18,999)	9,717,924
Total non-depreciable assets	<u>8,380,145</u>	<u>3,602,688</u>	<u>(18,999)</u>	<u>11,963,834</u>
Depreciable assets:				
Buildings, structures, improvements	3,777,281	1,660,264		5,437,545
Pipeline/plant	9,533,545			9,533,545
Equipment	2,987,293	230,548	(68,528)	3,149,313
Total depreciable assets	<u>16,298,119</u>	<u>1,890,812</u>	<u>(68,528)</u>	<u>18,120,403</u>
Less accumulated depreciation				
Buildings, structures, improvements	(3,254,311)	(227,698)		(3,482,009)
Pipeline/plant	(4,513,065)	(148,628)		(4,661,693)
Equipment	(1,863,206)	(180,931)	64,195	(1,979,942)
Total accumulated depreciation	<u>(9,630,582)</u>	<u>(557,257)</u>	<u>64,195</u>	<u>(10,123,644)</u>
Business-type activities capital assets, net	<u>\$ 15,047,682</u>	<u>\$ 4,936,243</u>	<u>\$ (23,332)</u>	<u>\$ 19,960,593</u>

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

Depreciation expenses of \$1,190,976 and \$557,256 were charged to the following functions of the City's primary government:

General government	\$	820,915	
Community development		353,714	
Street and highways		16,347	
Water utility	\$		16,522
Wastewater utility			215,604
Solid waste utility			104,593
Housing Authority			220,537
	<u>\$</u>	<u>1,190,976</u>	<u>\$ 557,256</u>

**E. Interfund Receivables, Payables and Transfers**

*Interfund Receivables and Payables*

The following summarizes interfund receivables and payables at June 30, 2010:

Receivable	Payable	Amount
<i>Primary Government</i>		
General Fund	Traffic Safety	\$ 13,090
	Homeland Security	639
	Stormwater Program	1,063
	Senior Nutrition Grant	585
	Median Assessment District	1,629
	Light Assessment District	110,444
	CDBG Program	51,492
	Payroll Fund	4,075
	NBVC Wastewater	286,604
	Water Plant	69,187
	RDA- Debt Service Fund	<u>1,075,568</u>
		1,614,376
Redevelopment Agency	Housing Authority	63,504
	Total	<u>\$ 1,677,880</u>

These balances resulted from the time lag between the dates that (1) interfold 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, 2010**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

<i>Advances From/To Other Funds</i>	<u>Payable</u>	<u>Amount</u>
<u>Receivable</u>		
General Fund	Water Utility Fund – PN#7	\$ 301,969
	Water Utility Fund – PN#8	264,223
	Water Utility Fund – PN#9	129,415
	Water Utility Fund – PN#06-01	5,216,538
	Water Utility Fund – PN#03-01	9,826,413
	RDA – Debt Services Fund	5,471,009
		<u>21,209,567</u>
Wastewater Utility	Solid Waste Utility	1,038,035
Surplus Property Authority	RDA – Debt Service Fund	7,167,051
Total		<u>\$ 29,514,623</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 \$5,471,009 of the advance and the Surplus Property Authority records \$7,167,051 for a total advance of \$12,638,060.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*Transfers In/Out*

Interfund transfers during the fiscal year ended June 30, 2010 were as follows:

	Transfers Out	Transfers In						Total
		General Fund	RDA		Non Major Fund	Wastewater Capital Fund	Housing Authority	
			Low & Mod Housing	Capital Project Fund				
General Fund	(1,231,694)	179,209			495,323		674,532	
<b>RDA:</b>								
Low & Mod Housing	(1,295,059)		1,158,370				2,453,429	
Debt Service Fund	(3,925,986)						-	
Capital Project Fund	-			2,767,616			2,767,616	
Non-Major Fund	(7,125)				772,158		772,158	
<b>Enterprise Funds:</b>								
Water	(12,813)						-	
Wastewater	(3,039,225)						-	
Wastewater Capital						2,986,233	2,986,233	
Solid Waste	(130,722)						-	
Water Plant	(11,344)						-	
Housing Authority							-	
<b>Total</b>	<b>(9,653,968)</b>	179,209	1,158,370	2,767,616	1,267,481	2,986,233	1,295,059	<b>9,653,968</b>

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, 2010**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Obligations**

Governmental Activities

Changes in Long-Term Obligations Governmental Activities:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within one year
<i>Governmental Activities</i>					
Tax Allocation Bonds Payable	\$ 18,125,000	\$ -	\$ (930,000)	\$ 17,195,000	\$ 975,000
Certificates of Participation	3,590,000	-	(275,000)	3,315,000	290,000
Capital Lease Obligation	216,769	-	(127,007)	89,762	75,228
Pension Obligation Bonds	10,039,956	-	(564,853)	9,475,103	656,960
Total Long-term Debt	31,971,725	-	(1,896,860)	30,074,865	1,997,188
Compensated Absences	765,920	63,700	-	829,620	-
<i>Total governmental activities</i>	<u>\$ 32,737,645</u>	<u>\$ 63,700</u>	<u>\$ (1,896,860)</u>	<u>\$ 30,904,485</u>	<u>\$ 1,997,188</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, 2010
<i>Government Activities:</i>					
<u>Tax Allocation Bonds:</u>					
R-76 Project	05/01/2023	6.5%	\$75,000-\$240,000	\$ 3,320,000	\$ 2,185,000
Central Community	05/01/2009	2.75%-5.5%	\$530,000-\$900,000	23,410,000	3,330,000
2004 Subordinate	05/01/2023	2%-4.45%	\$55,000-\$1,470,000	12,210,000	11,680,000
<i>Total Tax Allocation Bonds Payable:</i>				<u>38,940,000</u>	<u>17,195,000</u>
<u>Certificates of Participation:</u>					
1992 Refunding COP	04/01/2019	3.25% - 6%	\$215 - \$465	5,605,000	3,315,000
<i>Total Certificates of Participation:</i>				<u>5,605,000</u>	<u>3,315,000</u>
<u>Capital Lease Obligation:</u>					
Lease agreement 05-053-AF	08/18/2010	3.7%	\$70,097	341,400	18,604
Lease agreement 06-042-AF	09/29/2011	4.25%	\$52,033	263,400	71,158
<i>Total Capital Lease Obligation:</i>				<u>604,800</u>	<u>89,762</u>
<u>Pension Obligation Bonds:</u>					
Series 2006A-1 Bonds	06/01/2016	5.30%	\$290,000-\$675,000	4,305,000	3,275,000
Series 2006A-2 Bonds	06/01/2035	5.30%	\$174,853-\$309,843	6,374,956	6,200,103
<i>Total Pension Obligation Bonds:</i>				<u>10,679,956</u>	<u>9,475,103</u>
<i>Total Governmental Activities:</i>				<u>\$ 55,829,756</u>	<u>\$ 30,074,865</u>

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**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, 2010 were \$490,400. 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, 2010 was \$9,859,549, including accreted interest of \$384,446.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**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>Capital Appreciation</u>
2011.....	\$ 1,921,960	\$ 1,233,766	\$ 3,155,725	\$ 449,789
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
2016-2020.....	10,658,737	3,609,263	14,268,000	1,443,009
2021-2025.....	6,175,906	2,322,844	8,498,750	1,711,651
2026-2030.....	1,126,263	2,553,737	3,680,000	1,922,233
2031-2035.....	984,084	3,335,916	4,320,000	733,387
	<u>\$ 29,985,104</u>	<u>\$ 17,274,540</u>	<u>\$ 47,259,644</u>	<u>\$ 8,330,044</u>

Changes in Long-Term Obligations Business Type Activities:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Due within one year</u>
<i>Business-type Activities</i>					
Capital Lease Obligation	\$ 456,352	\$ -	\$ (68,696)	\$ 387,656	\$ 71,485
Revenue Bonds	5,095,000	-	(95,000)	\$ 5,000,000	100,000
Total Long-term Debt	5,551,352	-	(163,696)	5,387,656	171,485
Compensated absences	102,944	28,645	-	\$ 131,589	-
<i>Total business-type activities</i>	<u>\$ 5,654,296</u>	<u>\$ 28,645</u>	<u>\$ (163,696)</u>	<u>\$ 5,519,245</u>	<u>\$ 171,485</u>

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**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, 2010
<b><i>Business-types Activities:</i></b>					
<b><i>Revenue Bonds:</i></b>					
Series 2006D-1 Bonds	10/01/2037	4% - 4.25%	\$85,000-\$165,000	\$ 5,270,000	\$ 5,000,000
<i>Total Revenue Bonds:</i>				<u>5,270,000</u>	<u>5,000,000</u>
<b><i>Capital Lease Agreement:</i></b>					
Lease agreement #05-018-AF	06/07/2015	4%	\$85,928	712,411	387,656
<i>Total Lease Agreement:</i>				<u>712,411</u>	<u>387,656</u>
<i>Total Business-type Activities:</i>				<u>\$ 5,982,411</u>	<u>\$ 5,387,656</u>

**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:**

Fiscal year ended June 30	Principal	Interest	Total
2011.....	\$ 100,000	\$ 215,564	\$ 315,564
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
2016-2020.....	650,000	921,988	1,571,988
2021-2025.....	785,000	780,133	1,565,133
2026-2030.....	970,000	595,219	1,565,219
2031-2035.....	1,205,000	361,125	1,566,125
2036-2038.....	860,000	78,525	938,525
	<u>\$ 5,000,000</u>	<u>\$ 3,774,008</u>	<u>\$ 8,774,008</u>

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**4. OTHER INFORMATION**

**A. 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.

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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 4 – OTHER INFORMATION (Continued)**

**B. 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.

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 2009-10, the City (employer) was required to contribute at an actuarially determined rate of 12.061% for miscellaneous employees and 16.091% 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, 2010, the City's annual pension cost was \$1,154,050 and the City actually contributed \$1,330,939. The required contribution for fiscal year-ended June 30, 2010 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, 2010 were as follows:

Annual required contribution	\$ (1,330,939)
Interest on net pension obligation	834,015
Adjustment to the annual required contribution	<u>(657,125)</u>
Annual pension costs	(1,154,050)
Contribution made	<u>1,330,939</u>
Change in net pension asset	176,889
Net pension asset, beginning of year restated	<u>10,761,479</u>
Net pension asset, end of year	<u><u>\$ 10,938,369</u></u>

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 2010 was equal to annual required contribution, which was more than the annual pension cost as a result of the pension obligation bond transaction.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 4 – OTHER INFORMATION (Continued)**

<i>Three-Year Trend Information For PERS</i>				
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
Miscellaneous	6/30/08	\$ 334,577	126%	\$ 5,081,976
	6/30/09	\$ 538,700	119%	\$ 6,349,273
	6/30/10	\$ 703,970	115%	\$ 6,672,405
Safety	6/30/08	\$ 362,459	126%	\$ 5,505,475
	6/30/09	\$ 374,350	119%	\$ 4,412,206
	6/30/10	\$ 450,080	115%	\$ 4,265,964

Funded Status and Funding Progress – Miscellaneous Plan

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

	<u>6/30/2009</u>
Present value of projected benefits	\$ 48,058,118
Entry age normal accrued liability	39,580,518
Actuarial value of assets	<u>33,625,609</u>
Unfunded liability	\$ 5,954,909
 Market value of assets	 \$ 24,035,660

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 annual inflation of 3.00% and an annual production growth of 0.25%

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 4 – OTHER INFORMATION (Continued)**

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 (\$101.00/month for calendar 2009 and \$105.00/month for calendar 2010.) 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 (\$101/month for 2009 and \$105/month for 2010), except as noted below.

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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 4 – OTHER INFORMATION (Continued)**

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, 2010, the amount actually contributed to the plan (including administrative costs), and changes in the City's Net OPEB Obligation:

Item	<u>FYE 6/30/10</u>
Annual Required Contributions	\$104,569
Interest on Net OPEB Obligation	3,624
Adjustment to Annual Required Contributions	<u>(4,715)</u>
Annual OPEB cost	\$103,478
Contributions made	<u>(31,035)</u>
Increase in Net OPEB Obligation	\$ 72,443
Net OPEB Obligation– beginning of year	<u>\$ 70,009</u>
Net OPEB Obligation– end of year	<u>\$ 142,452</u>

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, 2010 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$103,478	\$31,035	33.05%	\$142,452
6/30/09	\$104,569	\$34,560	33.05%	\$ 70,009

Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Projected Unit Credit Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 4 – OTHER INFORMATION (Continued)**

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.

The plan's most recent actuarial valuation was performed as of July 1, 2008. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after 3 years. These assumptions reflect an implicit 3.0 percent general inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of June 30, 2010 was 30 years.

**C. 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.

**D. 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 (3<sup>rd</sup>), fourth (4<sup>th</sup>) and fifth (5<sup>th</sup>) 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, 2009, is \$11,256.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 5 – PRIOR PERIOD ADJUSTMENT**

The accompanying financial statements reflect adjustments resulting from restatements of beginning fund balance and net assets as of June 30, 2009. Beginning fund balances and beginning net assets have been restated to reflect correction in Compensated Absences and Net Pension Asset from prior years.

The following schedules summarize the effect of the prior period adjustments on the beginning fund balance and net assets at July 1, 2009:

Fund Statements – Governmental Funds:

		<u>General Fund</u>
Beginning fund balance, as previously reported:	\$	41,410,726
Compensated absences		<u>535,392</u>
Beginning fund balance, as restated:	\$	<u><u>41,946,118</u></u>

Statement of Net Assets

		<u>Governmental Activities</u>
Beginning fund balance, as previously reported:	\$	42,456,716
Net pension asset		<u>10,761,479</u>
Beginning fund balance, as restated:	\$	<u><u>53,218,195</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Port Hueneme  
PERS Schedule of Funding Progress  
June 30, 2010**

<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						
6/30/2006	\$ 27,506,478	\$ 20,523,310	\$ 6,983,168	74.6%	\$ 6,019,930	116.0%
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%

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
<b>Revenues:</b>				
Taxes	\$ 5,722,000	\$ 5,722,000	\$ 4,989,345	\$ (732,655)
Property taxes	1,538,300	1,538,300	1,256,682	(281,618)
Licenses and permits	547,700	547,700	468,963	(78,737)
Fines and penalties	347,600	347,600	372,652	25,052
Charges for services	714,485	714,485	1,064,823	350,338
Use of money and property	-	-	-	-
Investment earnings	1,734,586	1,734,586	1,453,793	(280,793)
Rental income	296,700	296,700	264,009	(32,691)
Intergovernmental	5,090,620	5,090,620	4,936,033	(154,587)
Harbor district revenue	1,181,900	1,181,900	969,612	(212,288)
Other	10,000	10,000	8,022	(1,978)
<b>Total revenues</b>	<u>17,183,891</u>	<u>17,183,891</u>	<u>15,783,934</u>	<u>(1,399,957)</u>
<b>Expenditures:</b>				
General government	6,090,991	6,090,991	5,340,456	750,535
Public safety	5,924,419	5,924,419	5,887,048	37,371
Streets and highways	983,681	983,681	961,241	22,440
Parks, recreation and social services	1,687,191	1,687,191	1,576,315	110,876
Community development	960,783	960,783	884,874	75,909
<b>Total expenditures</b>	<u>15,647,065</u>	<u>15,647,065</u>	<u>14,649,934</u>	<u>997,131</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,536,826</u>	<u>1,536,826</u>	<u>1,134,000</u>	<u>(402,826)</u>
<b>Other financing sources (uses):</b>				
Transfers in	120,400	120,400	179,208	58,808
Transfers out	(1,112,156)	(1,112,156)	(1,231,694)	(119,538)
<b>Total other financing sources (uses)</b>	(991,756)	(991,756)	(1,052,486)	(60,730)
<b>Net change in fund balance</b>	545,070	545,070	81,514	(463,556)
<b>Fund balances, beginning</b>	<u>40,765,149</u>	<u>39,243,502</u>	<u>41,946,118</u>	<u>2,702,616</u>
<b>Fund balances, ending</b>	<u>\$ 41,310,219</u>	<u>\$ 39,788,572</u>	<u>\$ 42,027,632</u>	<u>\$ 2,239,060</u>

See accompanying independent auditor's report.



## **OTHER SUPPLEMENTARY INFORMATION**

CITY OF PORT HUENEME  
 Combining Balance Sheets  
 Nonmajor Governmental Funds  
 June 30, 2010

ASSETS	Traffic Safety	"COPS" AB3229	Homeland Grant	Stormwater Program	TDA	Gas Tax Fund	Senior Nutrition Grant	Bike Path	Neighborhood Preservation
Cash and investments	\$ -	\$ 15,447	\$ -	\$ -	\$ 929,478	\$ 1,319,889	\$ -	\$ 195,466	628,311
Receivables									
Accounts	13,090	-	-	1,063	-	-	-	-	-
Property taxes	-	-	-	-	-	92,125	-	-	-
Grants	-	25,000	639	-	-	-	585	-	-
<b>TOTAL ASSETS</b>	<u>13,090</u>	<u>40,447</u>	<u>639</u>	<u>1,063</u>	<u>929,478</u>	<u>1,412,014</u>	<u>585</u>	<u>195,466</u>	<u>628,311</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts payable	-	115	-	-	148,537	10,589	-	-	684
Accrued wages and benefits	-	4,913	-	-	-	-	-	-	3,077
Due to other funds	13,090	-	639	1,063	-	-	585	-	-
Deferred revenue	-	-	-	-	-	293,345	-	-	-
Deposits	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	54,928	-	-	-
<b>TOTAL LIABILITIES</b>	<u>13,090</u>	<u>5,028</u>	<u>639</u>	<u>1,063</u>	<u>148,537</u>	<u>358,862</u>	<u>585</u>	<u>-</u>	<u>3,761</u>
<b>Fund Balances:</b>									
Reserved	-	35,419	-	(0)	780,941	1,053,152	-	195,466	624,550
Unreserved	-	35,419	-	(0)	780,941	1,053,152	-	195,466	624,550
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>35,419</u>	<u>-</u>	<u>(0)</u>	<u>780,941</u>	<u>1,053,152</u>	<u>-</u>	<u>195,466</u>	<u>624,550</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>									
<b>FUND BALANCES</b>	<u>\$ 13,090</u>	<u>\$ 40,447</u>	<u>\$ 639</u>	<u>\$ 1,063</u>	<u>\$ 929,478</u>	<u>\$ 1,412,014</u>	<u>\$ 585</u>	<u>\$ 195,466</u>	<u>\$ 628,311</u>

CITY OF PORT HUENEME  
 Combining Balance Sheets  
 Nonmajor Governmental Funds  
 June 30, 2010

	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
<b>ASSETS</b>									
Cash and investments	-	-	101,581	-	113,380	\$ -	-	478,950	3,782,502
Receivables	-	-	-	-	-	-	-	-	14,153
Accounts	3,918	2,684	4,197	-	-	-	-	-	10,799
Property taxes	-	-	-	58,085	-	-	-	-	176,434
Grants	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>3,918</b>	<b>2,684</b>	<b>105,778</b>	<b>58,085</b>	<b>113,380</b>	<b>-</b>	<b>-</b>	<b>478,950</b>	<b>3,983,888</b>
<b>LIABILITIES AND FUND BALAN</b>									
<b>LIABILITIES</b>									
Accounts payable	-	13,479	244	781	-	-	-	1,500	175,929
Accrued wages and benefits	-	-	-	-	-	-	-	-	7,990
Due to other Funds	1,629	110,444	-	51,491	-	-	-	-	178,941
Deferred revenue	-	-	-	4,182	89,000	-	-	-	386,527
Deposits	-	-	-	1,978	-	-	-	-	1,978
Other liabilities	-	-	-	-	-	-	-	-	54,928
<b>TOTAL LIABILITIES</b>	<b>1,629</b>	<b>123,923</b>	<b>244</b>	<b>58,432</b>	<b>89,000</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>806,293</b>
<b>Fund Balances:</b>									
Reserved	2,290	(121,239)	105,534	(347)	24,380	-	-	477,450	3,177,595
Unreserved	2,290	(121,239)	105,534	(347)	24,380	-	-	477,450	3,177,595
<b>TOTAL FUND BALANCES</b>	<b>2,290</b>	<b>(121,239)</b>	<b>105,534</b>	<b>(347)</b>	<b>24,380</b>	<b>-</b>	<b>-</b>	<b>477,450</b>	<b>3,177,595</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>3,919</b>	<b>2,684</b>	<b>105,778</b>	<b>58,085</b>	<b>113,380</b>	<b>-</b>	<b>-</b>	<b>478,950</b>	<b>3,983,888</b>

CITY OF PORT HUENEME  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Nonmajor Governmental Funds  
 For the Fiscal Year Ended June 30, 2010

	Traffic Safety	COPS AB3229	Homeland Grant	Stormwater Program	TDA	Gas Tax	Senior Nutrition Grant	Bike Path	Homebuyer Program
<b>Revenues:</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,569	\$ -
Interest income	-	29	-	-	20,599	24,382	-	3,325	-
Investment earnings	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-
Loan payments	-	-	-	-	-	-	-	-	-
Intergovernmental	-	142,010	28,139	74,704	553,431	609,562	15,000	-	13,580
Other	-	-	-	-	801	-	2,525	-	-
<b>Total revenues</b>	-	142,039	28,139	74,704	574,931	634,044	17,525	56,894	13,580
<b>Expenditures:</b>									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	120,546	28,139	-	-	-	-	-	-
Streets and highways	-	-	-	72,182	714,702	392,970	-	-	-
Parks, recreation and social services	-	-	-	-	-	-	17,525	-	-
Community development	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	-	120,546	28,139	72,182	714,702	392,970	17,525	-	-
<b>Excess (deficiency) of revenues over expenditures</b>	-	21,493	-	2,522	(139,770)	241,075	-	56,894	13,580
<b>Other Financing Sources (Uses):</b>									
Transfer in	-	-	-	-	-	-	-	-	-
Transfer (out)	-	(4,650)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	-	(4,650)	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	-	16,843	-	2,522	(139,770)	241,075	-	56,894	13,580
<b>Fund balances, beginning</b>	-	18,576	-	(2,522)	920,711	812,078	-	138,572	10,800
<b>Fund balances, ending</b>	\$ -	\$ 35,419	\$ -	\$ (0)	\$ 780,941	\$ 1,053,153	\$ -	\$ 195,466	\$ 24,380

CITY OF PORT HUENEME  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Nonmajor Governmental Funds  
 For the Fiscal Year Ended June 30, 2010

	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	
<b>Revenues:</b>									
Taxes	\$ -	\$ 178,507	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 538,313
Interest income	42,184	-	-	-	3,723	-	-	-	48,435
Investment earnings	-	-	-	-	4,797	-	-	-	45,907
Rental income	222	-	-	-	-	-	-	-	4,797
Loan payments	-	-	-	-	391,261	-	-	-	13,802
Intergovernmental	-	-	-	-	265,483	-	-	-	1,857,858
Other	5,883	-	-	-	-	-	-	-	274,691
<b>Total revenues</b>	<b>48,289</b>	<b>178,507</b>	<b>121,969</b>	<b>184,268</b>	<b>665,265</b>	<b>43,650</b>	<b>-</b>	<b>-</b>	<b>2,783,804</b>
<b>Expenditures:</b>									
General government	-	-	-	-	-	-	-	-	192,335
Public safety	-	179,000	157,635	162,549	-	43,650	-	-	1,679,037
Streets and highways	-	-	-	-	-	-	-	-	17,525
Parks, recreation and social services	-	-	-	-	676,805	-	-	-	798,940
Community development	122,135	-	-	-	-	-	-	-	839,853
Principal retirement	-	-	-	-	-	-	564,853	275,000	427,597
Interest and fiscal charges	-	-	-	-	-	-	207,305	220,292	427,597
<b>Total expenditures</b>	<b>122,135</b>	<b>179,000</b>	<b>157,635</b>	<b>162,549</b>	<b>676,805</b>	<b>43,650</b>	<b>772,158</b>	<b>495,292</b>	<b>3,955,286</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(73,846)</b>	<b>(493)</b>	<b>(35,666)</b>	<b>21,720</b>	<b>(1,540)</b>	<b>-</b>	<b>(772,158)</b>	<b>(495,292)</b>	<b>(1,171,482)</b>
<b>Other Financing Sources (Uses):</b>									
Transfer in	-	-	-	-	-	-	772,158	495,323	1,267,481
Transfer (out)	(2,474)	-	-	-	-	-	-	-	(7,124)
<b>Total other financing sources (uses)</b>	<b>(2,474)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>772,158</b>	<b>495,323</b>	<b>1,260,357</b>
<b>Net change in fund balances</b>	<b>(76,321)</b>	<b>(493)</b>	<b>(35,666)</b>	<b>21,720</b>	<b>(1,540)</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>88,874</b>
<b>Fund balances, beginning</b>	<b>700,870</b>	<b>2,783</b>	<b>(85,573)</b>	<b>83,814</b>	<b>1,193</b>	<b>-</b>	<b>-</b>	<b>477,419</b>	<b>3,088,721</b>
<b>Fund balances, ending</b>	<b>624,549</b>	<b>2,290</b>	<b>(121,239)</b>	<b>105,534</b>	<b>(347)</b>	<b>-</b>	<b>-</b>	<b>477,450</b>	<b>3,177,595</b>

**CITY OF PORT HUENEME**

**COPS AB3229 Fund  
For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Interest income	\$ 1,500	\$ 29	\$ (1,471)
Intergovernmental	100,000	142,010	42,010
<b>Total revenues</b>	<u>101,500</u>	<u>142,039</u>	<u>40,539</u>
<b>Expenditures:</b>			
Public safety	125,922	120,546	5,376
<b>Total expenditures</b>	<u>125,922</u>	<u>120,546</u>	<u>5,376</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(24,422)</u>	<u>21,493</u>	<u>45,915</u>
<b>Other Financing Sources (Uses):</b>			
Transfer (out)	-	(4,650)	(4,650)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(4,650)</u>	<u>(4,650)</u>
<b>Net change in fund balance</b>	<u>(24,422)</u>	<u>16,843</u>	<u>41,265</u>
<b>Fund balance, beginning</b>	<u>18,576</u>	<u>18,576</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ (5,846)</u>	<u>\$ 35,419</u>	<u>\$ 41,265</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Homeland Grant**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 78,800	\$ 28,139	\$ (50,661)
<b>Total revenues</b>	<u>78,800</u>	<u>28,139</u>	<u>(50,661)</u>
<b>Expenditures:</b>			
Public safety	78,800	28,139	50,661
<b>Total expenditures</b>	<u>78,800</u>	<u>28,139</u>	<u>50,661</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	-
<b>Fund balance, beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance (deficit), ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Stormwater Program**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 65,000	\$ 14,048	\$ (50,952)
NBVC Contract	246,700	\$ 60,656	\$ (186,044)
<b>Total revenues</b>	<u>311,700</u>	<u>74,704</u>	<u>(236,996)</u>
<b>Expenditures:</b>			
Streets and highways	<u>307,400</u>	<u>72,182</u>	<u>235,218</u>
<b>Total expenditures</b>	<u>307,400</u>	<u>72,182</u>	<u>235,218</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>4,300</u>	<u>2,522</u>	<u>(1,778)</u>
<b>Net change in fund balance</b>	4,300	2,522	(1,778)
<b>Fund balance, beginning</b>	<u>(2,522)</u>	<u>(2,522)</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 1,778</u>	<u>\$ (0)</u>	<u>\$ (1,778)</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**TDA Grant**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Interest income	\$ 15,000	\$ 20,699	\$ 5,699
Intergovernmental	621,076	553,431	(67,645)
Other	400	801	401
<b>Total revenues</b>	<u>636,476</u>	<u>574,931</u>	<u>(61,545)</u>
<b>Expenditures:</b>			
Streets and highways	<u>1,350,764</u>	<u>714,702</u>	<u>636,062</u>
<b>Total expenditures</b>	<u>1,350,764</u>	<u>714,702</u>	<u>636,062</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(714,288)</u>	<u>(139,770)</u>	<u>574,518</u>
<b>Net change in fund balance</b>	(714,288)	(139,770)	574,518
<b>Fund balance, beginning</b>	<u>920,711</u>	<u>920,711</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 206,423</u>	<u>\$ 780,941</u>	<u>\$ 574,518</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Gas Tax Fund**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Interest income	\$ 16,000	\$ 24,382	\$ 8,382
Intergovernmental	400,000	609,662	209,662
<b>Total revenues</b>	<u>416,000</u>	<u>634,044</u>	<u>218,044</u>
<b>Expenditures:</b>			
Streets and highways	1,045,473	392,970	652,503
<b>Total expenditures</b>	<u>1,045,473</u>	<u>392,970</u>	<u>652,503</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(629,473)</u>	<u>241,074</u>	<u>870,547</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in/(out)	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	(629,473)	241,074	870,547
<b>Fund balance, beginning</b>	<u>812,078</u>	<u>812,078</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 182,605</u>	<u>\$ 1,053,152</u>	<u>\$ 870,547</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Senior Nutrition Grant**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 15,000	\$ 15,000	\$ -
Other program revenue	5,400	2,525	(2,876)
<b>Total revenues</b>	<u>20,400</u>	<u>17,525</u>	<u>(2,876)</u>
<b>Expenditures:</b>			
Parks, recreation and social services	20,400	17,525	2,876
<b>Total expenditures</b>	<u>20,400</u>	<u>17,525</u>	<u>2,876</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	-
<b>Fund balance, beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Bike Path Fund**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 110,000	\$ 53,569	\$ (56,431)
Interest income	400	3,325	2,925
<b>Total revenues</b>	<b>110,400</b>	<b>56,894</b>	<b>(53,506)</b>
<b>Expenditures:</b>			
Streets and highways	100,000	-	(100,000)
<b>Total expenditures</b>	<b>100,000</b>	<b>-</b>	<b>(100,000)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>10,400</b>	<b>56,894</b>	<b>46,494</b>
<b>Net change in fund balance</b>	<b>10,400</b>	<b>56,894</b>	<b>46,494</b>
<b>Fund balance, beginning</b>	<b>138,572</b>	<b>138,572</b>	<b>-</b>
<b>Fund balance (deficit), ending</b>	<b>\$ 148,972</b>	<b>\$ 195,466</b>	<b>\$ 46,494</b>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Homebuyer Program**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ -	\$ -
Loan payments	-	13,580	13,580
Intergovernmental	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>13,580</u>	<u>13,580</u>
<b>Expenditures:</b>			
Community development	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>13,580</u>	<u>13,580</u>
<b>Net change in fund balance</b>	-	13,580	13,580
<b>Fund balance, beginning</b>	<u>10,800</u>	<u>10,800</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 10,800</u>	<u>\$ 24,380</u>	<u>\$ 13,580</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Neighborhood Preservation**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Investment earnings	\$ 115,500	\$ 42,184	\$ (73,316)
Loan payments	60,000	222	(59,778)
Other	-	5,883	5,883
<b>Total revenues</b>	<u>175,500</u>	<u>48,289</u>	<u>(127,211)</u>
<b>Expenditures:</b>			
Community development	300,625	122,135	178,490
<b>Total expenditures</b>	<u>300,625</u>	<u>122,135</u>	<u>178,490</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(125,125)</u>	<u>(73,846)</u>	<u>51,279</u>
<b>Other Financing Sources (Uses):</b>			
Transfer (out)	-	(2,474)	(2,474)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(2,474)</u>	<u>(2,474)</u>
<b>Net change in fund balance</b>	(125,125)	(76,319)	48,805
<b>Fund balance, beginning</b>	<u>700,870</u>	<u>700,870</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 575,745</u>	<u>\$ 624,551</u>	<u>\$ 48,806</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Median Assessment District**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 176,700	\$ 178,507	\$ 1,807
<b>Total revenues</b>	<u>176,700</u>	<u>178,507</u>	<u>1,807</u>
<b>Expenditures:</b>			
Streets and highways	179,000	179,000	-
<b>Total expenditures</b>	<u>179,000</u>	<u>179,000</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,300)</u>	<u>(493)</u>	<u>1,807</u>
<b>Net change in fund balance</b>	(2,300)	(493)	1,807
<b>Fund balance (deficit), beginning</b>	<u>-</u>	<u>2,783</u>	<u>2,783</u>
<b>Fund balance (deficit), ending</b>	<u>\$ (2,300)</u>	<u>\$ 2,290</u>	<u>\$ 4,590</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Light Assessment District**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 121,000	\$ 121,969	\$ 969
<b>Total revenues</b>	<u>121,000</u>	<u>121,969</u>	<u>969</u>
<b>Expenditures:</b>			
Streets and highways	175,400	157,635	17,765
<b>Total expenditures</b>	<u>175,400</u>	<u>157,635</u>	<u>17,765</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(54,400)</u>	<u>(35,666)</u>	<u>18,734</u>
<b>Net change in fund balance</b>	(54,400)	(35,666)	18,734
<b>Fund balance (deficit), beginning</b>	<u>(85,573)</u>	<u>(85,573)</u>	<u>-</u>
<b>Fund balance (deficit), ending</b>	<u>\$ (139,973)</u>	<u>\$ (121,239)</u>	<u>\$ 18,734</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Drainage Assessment District**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 180,500	\$ 184,268	\$ 3,768
<b>Total revenues</b>	<u>180,500</u>	<u>184,268</u>	<u>3,768</u>
<b>Expenditures:</b>			
Streets and highways	190,100	162,549	27,551
<b>Total expenditures</b>	<u>190,100</u>	<u>162,549</u>	<u>27,551</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(9,600)</u>	<u>21,720</u>	<u>31,320</u>
<b>Net change in fund balance</b>	(9,600)	21,720	31,320
<b>Fund balance, beginning</b>	<u>83,814</u>	<u>83,814</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 74,214</u>	<u>\$ 105,534</u>	<u>\$ 31,320</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Block Grant**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Investment earnings	\$ 3,000	\$ 3,723	\$ 723
Rental income	10,000	4,797	(5,203)
Intergovernmental	536,644	391,261	(145,383)
Other	190,267	265,483	75,216
<b>Total revenues</b>	<u>739,911</u>	<u>665,265</u>	<u>(74,646)</u>
<b>Expenditures:</b>			
Community development	590,948	676,805	(85,857)
<b>Total expenditures</b>	<u>590,948</u>	<u>676,805</u>	<u>(85,857)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>148,963</u>	<u>(11,540)</u>	<u>(160,503)</u>
<b>Net change in fund balance</b>	148,963	(11,540)	(160,503)
<b>Fund balance (deficit), beginning</b>	<u>11,193</u>	<u>11,193</u>	<u>-</u>
<b>Fund balance (deficit), ending</b>	<u>\$ 160,156</u>	<u>\$ (347)</u>	<u>\$ (160,503)</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Jag Grant Fund 251**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable )</u>
<b>Revenues:</b>			
Intergovernmental	\$ 56,718	43,650	\$ 13,068
<b>Total revenues</b>	<u>56,718</u>	<u>43,650</u>	<u>13,068</u>
<b>Expenditures:</b>			
Public safety	56,718	43,650	13,068
<b>Total expenditures</b>	<u>56,718</u>	<u>43,650</u>	<u>13,068</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	-
<b>Fund balance, beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance (deficit), ending</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Pension Obligation Bonds**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
Principal retirement	564,853	564,853	0
Interest and fiscal charges	221,927	207,305	14,622
<b>Total expenditures</b>	<u>786,780</u>	<u>772,158</u>	<u>14,622</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(786,780)</u>	<u>(772,158)</u>	<u>14,622</u>
<b>Other financing sources (uses):</b>			
Transfer in/(out)	786,780	772,158	(14,622)
<b>Total other financing sources (uses)</b>	<u>786,780</u>	<u>772,158</u>	<u>(14,622)</u>
<b>Net change in fund balance</b>	-	-	-
<b>Fund balance, beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**1992 A COP**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Investment earnings	\$ 5,000	\$ -	\$ (5,000)
<b>Total revenues</b>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
<b>Expenditures:</b>			
Principal retirement	275,000	275,000	-
Interest and fiscal charges	220,400	220,292	108
<b>Total expenditures</b>	<u>495,400</u>	<u>495,292</u>	<u>108</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(490,400)</u>	<u>(495,292)</u>	<u>(4,892)</u>
<b>Other financing sources (uses):</b>			
Transfer in/(out)	495,400	495,323	(77)
<b>Total other financing sources (uses)</b>	<u>495,400</u>	<u>495,323</u>	<u>(77)</u>
<b>Net change in fund balance</b>	5,000	31	(4,969)
<b>Fund balance, beginning</b>	<u>477,419</u>	<u>477,419</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 482,419</u>	<u>\$ 477,450</u>	<u>\$ (4,969)</u>

## **STATISTICAL SECTION**

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

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental activities:</b>								
Invested in capital assets, net of related debt	\$ 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	4,369,487	6,026,662	6,028,993	6,501,726	6,519,029	6,759,636	5,889,372	3,368,831
Unrestricted	26,759,307	14,152,106	11,661,280	7,441,754	14,640,289	14,193,708	13,693,456	12,071,182
<b>Total governmental activities net assets</b>	<b>53,001,354</b>	<b>42,456,716</b>	<b>39,759,678</b>	<b>34,412,933</b>	<b>40,947,757</b>	<b>39,501,486</b>	<b>38,613,246</b>	<b>33,449,498</b>
<b>Business-type activities:</b>								
Invested in capital assets, net of related debt	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	1,026,263	4,223,455	4,644,057	5,125,278	-	-	-	-
Unrestricted	3,773,231	334,739	2,773,653	4,330,851	6,602,545	7,237,745	5,645,673	6,021,956
<b>Total business-type activities net assets</b>	<b>18,346,168</b>	<b>13,780,210</b>	<b>13,891,312</b>	<b>13,314,645</b>	<b>12,494,076</b>	<b>12,822,185</b>	<b>11,697,873</b>	<b>10,278,059</b>
<b>Primary government:</b>								
Invested in capital assets, net of related debt	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	5,395,750	10,250,117	10,673,050	11,627,004	6,519,029	6,759,636	5,889,372	3,368,831
Unrestricted	30,532,538	14,486,845	14,434,933	11,772,605	21,242,834	21,431,453	19,339,129	18,093,138
<b>Total primary government net assets</b>	<b>\$ 71,347,522</b>	<b>\$ 56,236,926</b>	<b>\$ 53,650,990</b>	<b>\$ 47,727,578</b>	<b>\$ 53,441,833</b>	<b>\$ 52,323,671</b>	<b>\$ 50,311,119</b>	<b>\$ 43,727,557</b>

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 Eight Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses:</b>								
<b>Governmental activities:</b>								
General government	\$ 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	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	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	6,101,143	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	1,599,642	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	49,036	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	1,737,267	1,795,651	1,445,804	1,403,261	1,279,487	1,409,542	1,564,414	2,640,742
<b>Total governmental activities expenses</b>	<b>23,838,685</b>	<b>20,785,535</b>	<b>19,319,304</b>	<b>20,114,595</b>	<b>20,883,131</b>	<b>16,818,509</b>	<b>14,248,854</b>	<b>18,039,035</b>
<b>Business-type activities:</b>								
Wastewater	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	4,216,324	3,966,215	3,773,847	3,629,376	3,631,350	3,430,883	3,419,332	3,408,084
Solid waste	2,731,260	2,631,439	2,601,708	2,679,039	2,722,712	2,572,590	1,891,231	1,881,385
Housing Authority	4,109,738	-	-	-	-	-	-	-
Other business-type funds	982,677	1,084,118	1,011,500	1,014,934	981,427	1,673,717	1,330,047	1,443,512
<b>Total business-type activities expenses</b>	<b>15,547,738</b>	<b>11,010,681</b>	<b>10,912,972</b>	<b>11,191,873</b>	<b>11,079,831</b>	<b>10,884,823</b>	<b>9,654,356</b>	<b>9,217,776</b>
<b>Total primary government expenses</b>	<b>39,386,423</b>	<b>31,796,216</b>	<b>30,232,276</b>	<b>31,306,468</b>	<b>31,962,962</b>	<b>27,703,332</b>	<b>23,903,210</b>	<b>27,256,811</b>
<b>Program revenues:</b>								
<b>Governmental activities:</b>								
Charges for services:								
General government	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	846,066	822,741	119,345	360,369	336,998	346,274	423,721	618,574
Streets and highways	984,828	1,118,886	1,395,218	68,484	322,447	19,940	927,849	885,211
Public safety - police	292,885	222,113	363,053	298,990	83,421	29,922	343,683	491,945
Parks, recreation and social services	585,090	438,490	390,127	1,233,810	1,192,739	1,043,918	389,657	663,396
Operating grants and contributions	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	1,238,598	1,123,481	2,072,705	-	1,002	-	432,386	1,116,606
<b>Total governmental activities program revenues</b>	<b>9,480,410</b>	<b>8,950,215</b>	<b>8,119,697</b>	<b>7,169,429</b>	<b>7,440,746</b>	<b>4,270,204</b>	<b>6,716,771</b>	<b>6,548,517</b>
<b>Business-type activities:</b>								
Charges for services:								
Sewer and sanitation	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	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	3,119,699	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	4,076,785	50,107	261,566	241,152	112,445	-	-	-
Housing Authority	343,843	-	-	-	-	-	-	-
Water plant	998,626	1,069,936	1,027,228	1,015,345	993,197	2,631,579	2,344,101	1,967,759
<b>Total business-type activities program revenues</b>	<b>17,620,215</b>	<b>11,877,852</b>	<b>12,228,126</b>	<b>11,965,551</b>	<b>10,153,720</b>	<b>12,083,488</b>	<b>11,582,122</b>	<b>9,677,482</b>
<b>Total primary government program revenues</b>	<b>27,100,625</b>	<b>20,828,067</b>	<b>20,347,823</b>	<b>19,134,980</b>	<b>17,594,466</b>	<b>16,353,692</b>	<b>18,298,893</b>	<b>16,225,999</b>
<b>Net revenues (expenses):</b>								
Governmental activities:	(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:	2,072,477	867,171	1,315,154	773,678	(926,111)	1,198,665	1,927,766	459,706
<b>Total net revenues (expenses):</b>	<b>(12,285,798)</b>	<b>(10,968,149)</b>	<b>(9,884,453)</b>	<b>(12,171,488)</b>	<b>(14,368,496)</b>	<b>(11,349,640)</b>	<b>(5,604,317)</b>	<b>(11,030,812)</b>

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

	Fiscal Year					Fiscal Year		
	2010	2009	2008	2007	2006	2005	2004	2003
<b>General revenues and other changes in net assets:</b>								
<b>Governmental activities:</b>								
Taxes:								
Property taxes	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	1,661,471	1,111,111	1,095,727	1,111,399	1,044,283	1,040,777	948,891	684,222
Utility users taxes	1,032,097	976,685	962,674	955,927	1,002,804	884,290	792,313	887,549
Transient lodging taxes	328,754	323,960	408,972	313,552	262,000	295,977	297,742	247,214
Franchise taxes	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	2,454,890	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	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	11,756	16,099	-	261,591	1,294,562	1,346,948	283,693	179,098
Special item	-	-	-	(10,404,400)	-	-	-	-
Transfers	(1,087,188)	152,274	165,086	-	(819,825)	515,667	674,856	1,493,392
Total governmental activities	<u>14,141,435</u>	<u>15,710,594</u>	<u>16,546,352</u>	<u>6,410,342</u>	<u>14,741,252</u>	<u>13,436,546</u>	<u>10,779,850</u>	<u>13,644,502</u>
<b>Business-type activities:</b>								
Use of money and property	-	-	-	-	-	-	-	284,921
Investment earnings	(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	151,853	91,383	55,484	70,570	-	-	29,532	50,284
Transfers	1,087,188	(152,274)	(165,086)	-	819,825	(515,667)	(674,856)	(1,493,392)
Total business-type activities	<u>113,500</u>	<u>(978,273)</u>	<u>(738,487)</u>	<u>46,891</u>	<u>745,407</u>	<u>(74,353)</u>	<u>(507,955)</u>	<u>(1,401,264)</u>
Total primary government	<u>14,254,935</u>	<u>14,732,321</u>	<u>15,807,865</u>	<u>6,457,233</u>	<u>15,486,659</u>	<u>13,362,193</u>	<u>10,271,895</u>	<u>12,243,238</u>
<b>Changes in net assets</b>								
Governmental activities:	(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:	2,185,977	(111,102)	576,667	820,569	(180,704)	1,124,312	1,419,811	(941,558)
Total primary government	<u>\$ 1,969,136</u>	<u>\$ 3,764,172</u>	<u>\$ 5,923,412</u>	<u>\$ (5,714,255)</u>	<u>\$ 1,118,163</u>	<u>\$ 2,012,553</u>	<u>\$ 4,667,578</u>	<u>\$ 1,212,426</u>

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 Eight Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>General fund:</b>								
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
<b>Total general fund</b>	<u>42,027,632</u>	<u>41,410,726</u>	<u>40,796,431</u>	<u>39,990,715</u>	<u>40,911,823</u>	<u>41,417,008</u>	<u>42,987,794</u>	<u>43,253,556</u>
<b>All other governmental funds:</b>								
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	-
<b>Total all other governmental funds</b>	<u>\$ 7,014,780</u>	<u>\$ 8,968,610</u>	<u>\$ 8,163,956</u>	<u>\$ 6,715,774</u>	<u>\$ 4,082,594</u>	<u>\$ 3,809,040</u>	<u>\$ 853,062</u>	<u>\$ (1,729,622)</u>

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 Eight Fiscal Years**  
(modified basis of accounting)

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues:</b>								
Taxes	\$ 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	468,963	624,304	579,198	601,851	478,231	456,663	374,665	440,958
Intergovernmental	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	1,064,823	776,256	2,704,159	2,113,250	2,335,736	349,056	268,554	317,421
Fines and forfeitures	372,652	470,483	411,100	346,472	322,254	354,493	357,545	369,020
Investment earnings	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	1,949,103	1,948,997	2,195,618	2,779,266	2,303,561	2,368,993	2,533,282	2,648,595
<b>Total revenues</b>	<b>25,089,150</b>	<b>25,379,348</b>	<b>25,601,050</b>	<b>25,223,839</b>	<b>24,382,489</b>	<b>19,433,789</b>	<b>18,268,824</b>	<b>18,946,623</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	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	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	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	1,593,840	1,611,674	1,570,193	1,734,198	2,027,814	1,493,763	873,476	1,119,350
Public safety - police	6,079,383	5,775,558	7,431,276	7,614,945	6,733,773	5,001,446	4,732,026	4,018,297
Capital outlays	-	-	1,265,846	611,515	1,527,936	315,047	679,012	615,307
<b>Debt service:</b>								
Principal retirement	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	2,317,742	2,374,710	2,482,523	2,547,633	2,390,639	2,478,161	795,000	2,648,066
<b>Total expenditures</b>	<b>25,874,279</b>	<b>23,111,908</b>	<b>23,512,253</b>	<b>23,787,309</b>	<b>24,050,954</b>	<b>18,564,262</b>	<b>17,548,187</b>	<b>18,336,234</b>
<b>Revenues over (under) expenditures</b>	<b>(785,129)</b>	<b>2,267,440</b>	<b>2,088,797</b>	<b>1,436,530</b>	<b>331,535</b>	<b>869,527</b>	<b>720,637</b>	<b>610,389</b>
<b>Other financing sources (uses):</b>								
Proceeds from long-term debt	-	-	-	10,679,956	-	-	921,427	-
Transfers in	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	(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)	(1,087,188)	152,274	165,085	10,679,956	(819,825)	515,667	1,596,282	1,493,392
Special item	-	-	-	(10,404,400)	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ (1,872,317)</b>	<b>\$ 2,419,714</b>	<b>\$ 2,253,882</b>	<b>\$ 1,712,086</b>	<b>\$ (488,290)</b>	<b>\$ 1,385,194</b>	<b>\$ 2,316,919</b>	<b>\$ 2,103,781</b>
Debt service as a percentage of noncapital expenditures	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		
2001	747,080	258	109,076	856,414	261,516	23,289	3,832	288,637	(1)
2002	834,085	265	25,414	859,764	309,695	21,842	4,203	335,740	(1)
2003	898,306	256	91,830	990,392	343,835	20,328	4,366	368,529	0.322%
2004	1,007,463	275	25,531	1,033,269	382,240	17,696	4,660	404,596	0.356%
2005	1,119,269	264	25,716	1,145,249	420,419	17,205	4,568	442,192	0.365%
2006	1,268,841	272	95,526	1,364,639	491,510	18,696	4,623	514,829	0.344%
2007	1,468,838	246	29,955	1,499,039	546,405	20,322	4,759	571,486	0.358%
2008	1,563,818	-	33,105	1,596,923	600,590	22,037	5,095	627,722	0.340%
2009	1,340,697	-	112,102	1,452,799	560,249	33,273	4,823	598,345	0.389%
2010	1,370,697	-	112,365	1,483,061	533,372	31,549	4,739	569,659	0.329%

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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
City Direct Rates:				
City Basic Rate	0.0462	0.4667	0.4551	0.4577
Redevelopment Agency	0.0118	0.0290	0.0079	0.0069
<b>Total City Direct Rate</b>	<b>0.0580</b>	<b>0.4957</b>	<b>0.4630</b>	<b>0.4647</b>
Overlapping Rates:				
Port Hueneme Elementary	0.0448	0.0379	0.0368	0.0353
Oxnard Elementary	0.0245	0.0221	0.0269	0.0286
Oxnard Elementary #2	0.0412	0.0364	0.0302	0.0323
Elementary School Bond Oxnard #3	0.0324	0.0287	0.0256	0.0000
Oxnard High School	0.0109	0.0100	0.0098	0.0107
Ventura Community College Board	0.0139	0.0152	0.0050	0.0127
United Water Cons Import	0.0075	0.0247	0.0034	0.0022
Metropolitan Water	0.0043	0.0043	0.0045	0.0047
City of Port Hueneme	1.0000	1.0000	1.0000	1.0000
<b>Total Direct Rate</b>	<b><u>1.2374</u></b>	<b><u>1.6749</u></b>	<b><u>1.6052</u></b>	<b><u>1.5912</u></b>

Source: Ventura County Assessor

2006	2005	2004	2003	2002	2001
0.4458	0.4426	0.4538	0.4595	0.4479	0.3118
0.0109	0.0295	0.0231	0.0193	0.0177	0.0101
0.4567	0.4721	0.4769	0.4788	0.4656	0.3219
0.0459	0.0252	0.0277	0.0285	0.0195	0.0267
0.0352	0.0391	0.0462	0.0506	0.0518	0.0604
0.0339	0.0472	0.0450	0.0534	0.0663	0.0290
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0122	0.0145	0.0133	0.0185	0.0209	0.0271
0.0130	0.0130	0.0166	0.0178	0.0000	0.0000
0.0057	0.0237	0.0170	0.0126	0.0100	0.0013
0.0052	0.0058	0.0061	0.0067	0.0077	0.0088
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.6078	1.6406	1.6488	1.6670	1.6418	1.4752

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

Taxpayer	2010		2000	
	Taxable Assessed Value <sup>(1)</sup>	Percent of Total City Taxable Assessed Value <sup>(2)</sup>	Taxable Assessed Value <sup>(3)</sup>	Percent of Total City Taxable Assessed Value <sup>(4)</sup>
Oliveira Ranch Company	\$ 55,006,123	4.01%	\$ 22,802,539	2.82%
Jesco LLC	22,745,242	1.66%	-	0.00%
RECP Windsor PT Hueneme Ven	15,079,271	1.10%	-	0.00%
WL Homes LLC	11,612,889	0.85%	-	0.00%
Del Monte Fresh Produce	9,824,416	0.72%	7,894,604	0.97%
Seaview Apartments LLC	7,942,852	0.58%	-	0.00%
939 X Serano Av LLC	6,317,185	0.46%	-	0.00%
Consolidated Foundries Inc	6,325,900	0.46%	-	0.00%
Hydro Agri North America Inc	7,887,518	0.58%	4,662,000	0.58%
Casa Pacifica	-	0.00%	4,511,981	0.56%
	<u>\$ 142,741,396</u>	<u>10.41%</u>	<u>\$ 39,871,124</u>	<u>4.92%</u>

(1) Source: Ventura County Assessor's Office

(2) 2008-09 Local Secured Assessed Valuation: \$1,370,696,544

(3) Source: Ventura County Assessor's Office

(4) 1999-2000 Local Secured Assessed Valuation: \$809,883,000

**City of Port Hueneme**  
**Property Tax Levies and Collections**  
**Last Eight 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%

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			Business-Type Activities		
	Certificates of Participation	Tax Allocation Bonds	Capital Lease Pension Oblig Bonds	Total Governmental Activities	Wastewater Revenue Bonds	Other Funds
2001	5,290,000	26,730,000	-	32,020,000	-	8,458,907
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	3,025,000	17,195,000	9,475,103	29,695,103	5,000,000	387,656

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**

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<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>			
-	8,458,907	40,478,907	5.80%	1923
-	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	35,082,759	6.87%	1584

**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 Taxable Assessed Value	Percent of Assessed Value (1)	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Total			
2001	5,290	26,730	32,020	1,145,051	2.80%	251
2002	5,120	21,765	26,885	1,195,504	2.25%	233
2003	4,940	21,190	26,130	1,358,921	1.92%	226
2004	4,745	22,105	26,850	1,437,865	1.87%	214
2005	4,540	21,415	25,955	1,587,441	1.64%	203
2006	4,325	20,655	24,980	1,879,468	1.33%	193
2007	4,095	19,855	23,950	2,070,525	1.16%	191
2008	3,850	19,010	22,860	2,224,645	1.03%	173
2009	3,590	18,125	21,715	2,051,144	1.06%	161
2010	3,025	17,195	20,220	2,052,721	0.99%	137

(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, 2010**

2009-10 Assessed Valuation	\$ 1,482,798,864
Redevelopment Agency Incremental Valuation	565,085,160
Adjusted Assessed Valuation	<u>\$ 917,713,704</u>

	Total Debt 6/30/2010	Percentage Applicable	City's Share of Debt 6/30/2010
<b>OVERLAPPING TAX AND ASSESSMENT DEBT</b>			
Metropolitan Water District	\$ 264,220,000	0.051%	\$ 134,752
Ventura County Community College District	\$ 315,947,814	0.969%	3,061,534
Oxnard Union High School District	\$ 56,120,142	3.051%	1,712,226
Hueneme School District	\$ 24,689,708	14.201%	3,506,185
Oxnard School District	\$ 124,043,139	5.683%	7,049,372
Total Overlapping Tax and Assessment Debt			15,464,069
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Ventura County Certificates of Participation	\$ 108,610,000	0.969%	\$ 1,052,431
Ventura County Superintendent of Schools	\$ 12,445,000	0.969%	120,592
Oxnard Union High School District General Fund Obligations	\$ 10,045,000	3.051%	306,473
Oxnard School District Certificates of Participation	\$ 5,715,000	5.683%	324,783
City of Port Hueneme Certificates of Participation	\$ 3,315,000	100.000%	3,315,000 (1)
City of Port Hueneme Pension Obligations	\$ 9,475,103	100.000%	<u>9,475,103</u>
Total Direct and Overlapping General Fund Debt			14,594,382
Combined Total Debt			<u>\$ 30,058,451 (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 2009-10 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 1.04%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$13,629,956)..... 1.39%

Combined Total Debt..... 3.28%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

Source: California Municipal Statistics, Inc.

**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		
2001	1,145,051,000	25%	286,262,750	15%	42,939,413	-	42,939,413	0%
2002	1,195,504,000	25%	298,876,000	15%	44,831,400	-	44,831,400	0%
2003	1,358,921,000	25%	339,730,250	15%	50,959,538	-	50,959,538	0%
2004	1,437,865,000	25%	359,466,250	15%	53,919,938	-	53,919,938	0%
2005	1,587,441,000	25%	396,860,250	15%	59,529,038	-	59,529,038	0%
2006	1,879,468,000	25%	469,867,000	15%	70,480,050	-	70,480,050	0%
2007	2,070,525,000	25%	517,631,250	15%	77,644,688	-	77,644,688	0%
2008	2,224,645,000	25%	556,161,250	15%	83,424,188	-	83,424,188	0%
2009	2,051,144,000	25%	512,786,000	15%	76,917,900	-	76,917,900	0%
2010	2,052,720,555	25%	513,180,139	15%	76,977,021	-	76,977,021	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					
	Operating Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001	2,619,466	2,973,939	(354,473)	-	-	-
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

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)
2001	21,050	698,439	33,180	4.8%
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%

(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>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>	<u>2001</u>
General Government	1	1	1	-	-	-	-	-	-	-
City Administration	4	4	4	5	5	5	5	5	4	4
Finance	9	9	10	9	9	10	10	11	10	10
Community Development	10	10	9	9	12	12	12	11	10	10
Recreation and Community Services	20	20	20	20	36	36	35	35	7	7
Public safety - police	36	36	37	40	54	54	55	55	54	54
Housing Authority	11	11	12	12	12	12	12	13	12	12
Public Works	51	54	55	58	59	59	59	59	56	55
<b>Total</b>	<b>142</b>	<b>145</b>	<b>148</b>	<b>153</b>	<b>187</b>	<b>188</b>	<b>188</b>	<b>189</b>	<b>152</b>	<b>152</b>

Source: City Budget Documents

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

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Employer (1)	2010	
	Number of Employees	Percent of Total Employment (2)
Naval Base Ventura County	19,000	85.43%
Hueneme School District	260	1.17%
PAC Foundries	209	0.94%
International Longshoremen's	151	0.68%
Pride Industries	150	0.67%

(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
2001	18,328,051	5.28%
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%

Source: Finance Department, City of Port Hueneme

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

	Fiscal Years									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Police:</b>										
Arrests	869	599	969	846	772	868	863	854	932	1,971
Parking citations issued	8848	10,560	8,609	12,297	9,077	8,853	8,538	**	**	**
<b>Public works:</b>										
Street resurfacing (lane miles)	1.7	1.7	3.7	1.2	1.4	0.4	3.4	3.4	**	**
<b>Parks and recreation:</b>										
Number of recreation classes	32	33	34	26	33	29	31	36	40	38
Number of facility rentals per event	122	140	117	201	211	239	254	280	310	320
Number of park rental reservations per attendees (in thousands)	7	4	5	4	4	12	12	13	12	15
<b>Water:</b>										
Total system connections	5665	5,462	5,246	5,157	5,189	5,168	5,158	5,121	5,111	5,075
Average daily consumption (million gallons per day)	2.42	2.48	2.63	2.87	2.60	2.48	2.58	2.67	2.83	2.81
<b>Wastewater:</b>										
Total system connections	5157	5,126	5,081	4,992	5,027	5,008	4,999	5,074	5,089	5,223
Average daily sewage treatment (million gallons per day)	2.96	2.64	2.98	3.09	2.85	2.74	3.01	2.97	2.95	3.08
<b>Refuse:</b>										
Number of customers	3828	4161	4132	3906	3920	3911	3890	3858	3844	3120
Average daily collection (tonnage)	45.21	48.98	55.68	59.53	63.40	69.98	63.03	60.98	71.85	61.89

Source: City of Port Hueneme

\*\* Data not available

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

	Fiscal Years									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
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	9	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	95	95	95	90
Maximum daily capacity (million gallons per day)	10	10	10	10	10	10	9	9	9	8
Wastewater:										
Sanitary sewers (miles)	45	45	45	45	45	45	41	41	41	41
Storm sewers (miles)	22	22	22	22	22	22	20	20	20	20
Maximum daily treatment capacity (million gallons per day)	5	5	5	5	5	5	4	4	4	4

Source: City of Port Hueneme

**City of Port Hueneme  
Wastewater Service Rates  
Last Four 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
2010	\$ 24.00	\$ 24.00	\$ 1.80	\$ 2.80	\$ 3.60	\$ 1.60
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 Year and Four Years Ago**

Wastewater Customer	2010		2006 <sup>(1)</sup>	
	Wastewater Charges	Percent of Total Wastewater Revenues	Wastewater Charges	Percent of Total Wastewater Revenues
Naval Base Ventura County	\$ 1,811,072	49.90%	\$ 815,909	24.90%
CIBCSO	347,333	9.57%	552,694	16.86%
City of Oxnard	340,000	9.37%	295,176	9.01%
Hueneme School District	2,445	0.07%	8,845	0.27%
Oxnard Harbor District	106,254	2.93%	1,742	0.05%
	<u>\$ 2,607,104</u>	<u>71.83%</u>	<u>\$ 1,674,366</u>	<u>51.09%</u>

(1) 2006 was the first year of Wastewater Bond

Source: Port Hueneme Wastewater Division Division