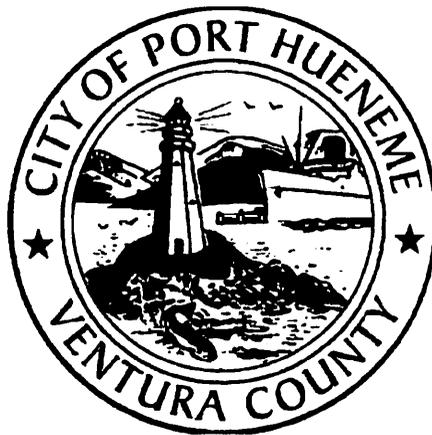


**CITY OF PORT HUENEME, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015**



**Prepared by
Finance Department**

**Alvin Burrell
Interim Finance Director/City Treasurer**

CITY OF PORT HUENEME
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City of Port Hueneme

FINANCE DEPARTMENT

December 15, 2015

Honorable Mayor, City Council members, 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, 2015. 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 contain all information needed for readers to gain a reasonable understanding of City of Port Hueneme's financial affairs.

INTRODUCTION

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

Patel & Associates LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2015. 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 five departments: City Administration, Community Development and Housing Authority, Finance, Police, Public Works and Recreation and Community Services. The City Council members also serve as the governing body of the following:

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

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

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

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

LOCAL ECONOMY

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

For December 2015, countywide unemployment rate was 5.9 percent. The countywide rate is below the California rate of 5.9 percent, but above the nationwide rate of 5.0 percent.

Consistent with the nationwide trend, median home prices increased in both the City and County from 2014 to 2015. The 2015 median single family home price in the City was \$318,000. The City of Port Hueneme median home prices increased by 10.69 percent in 2015. The latest trend through December, 2015, shows single family homes continuing to rise.

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 0.65 percent for the fiscal year ended June 30, 2015, which is a decrease from the prior year's return of 0.67 percent.

LONG TERM FINANCIAL PLANNING

In recognition of the financial challenges of the future, the City continues to review the current fiscal year's projects and progress, and discuss the Council's priorities for Fiscal Year 2014-15. In past years, the City has followed three objectives which further maintain and enhance a sustainable fiscal position and continues to be the objectives this year:

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

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

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

RELEVANT FINANCIAL POLICIES

The general fund maintains \$14.6 million assigned and committed 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, 2015 included \$18.6 million invested in LAIF and \$15.9 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.

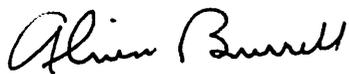
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Port Hueneme for its comprehensive annual financial report for the fiscal year ended June 20, 2014. This was the fourth consecutive year that the City of Port Hueneme has achieved such a prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

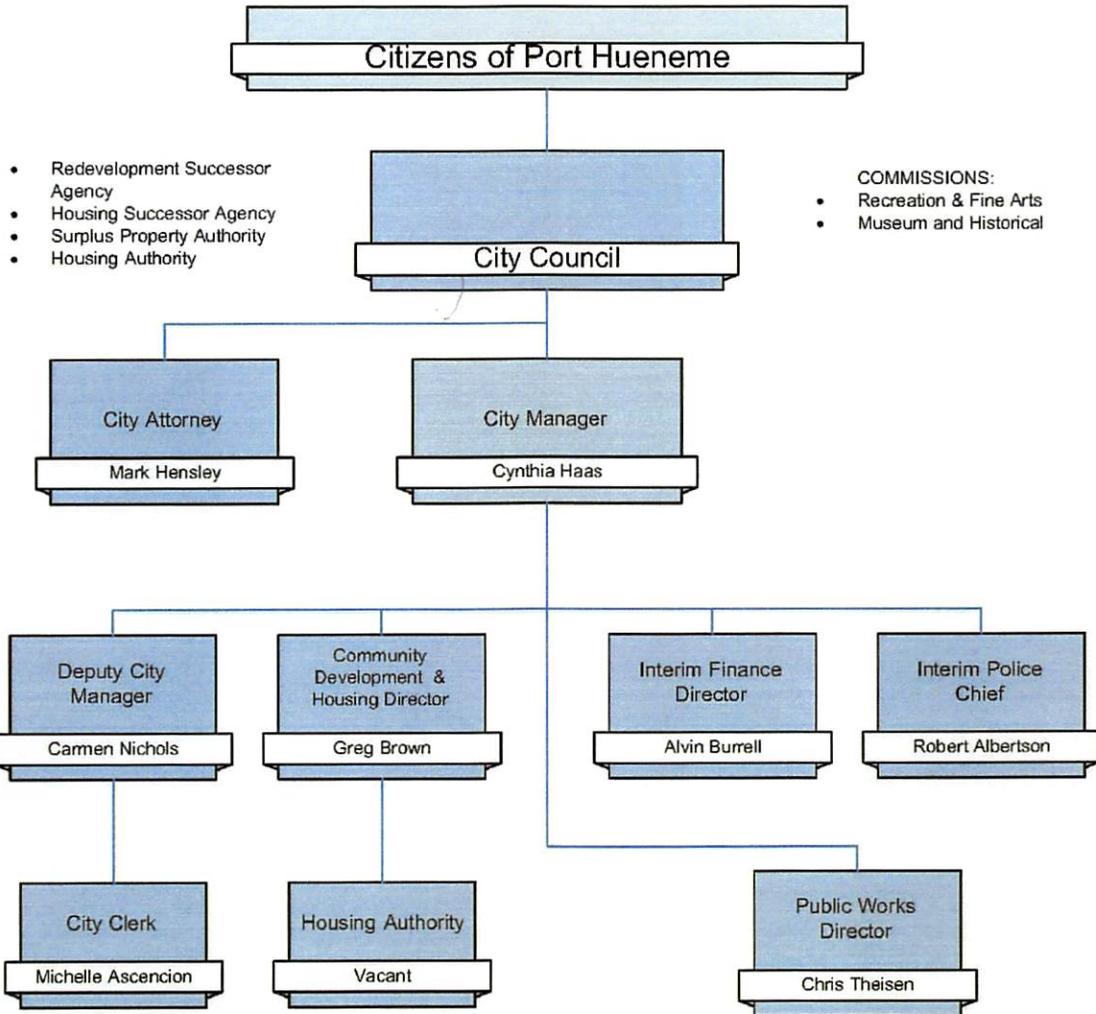
I wish to acknowledge the excellent participation and professional contribution of the financial staff in the preparation of this document, in particular Tonie Alix who is to be commended for her extensive work and high level of performance. Additional thanks go to other members of the Finance Department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

Respectfully submitted,

A handwritten signature in cursive script that reads "Alvin Burrell".

Alvin Burrell
Interim Finance Director/City Treasurer

City of Port Hueneme

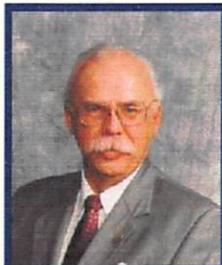


Organization Chart

City of Port Hueneme

COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2015

CITY COUNCIL



Jonathan Sharkey
Council Member



Douglas Breeze
Member Pro Tem



**Sylvia Munoz
Schnopp**
Mayor



Jim Hensley
Council Member



Tom Figg
Council Member

City Manager

Cynthia Haas

Department Directors

Carmen Nichols – Deputy City Manager

Alvin Burrell – Interim Finance Director

Greg Brown - Community Development & Housing Director

Robert Albertson – Interim Police Chief

Chris Theisen - Public Works Director



INDEPENDENT AUDITORS' REPORT

City Council Members
City Of Port Hueneme
Port Hueneme, California

Report on the Financial Statements

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 (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City Of Port Hueneme, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1F to the financial statements, in 2015, the City implemented new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions made subsequent to the measurement date – an amendment of GASB Statement No. 68, have significant impact over the City’s financial statements. Our opinion is not modified with respect to this matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, other required schedules of *Employee Retirement and Other Post Employment Benefit Pension Plans* and budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management’s discussion and analysis and other required schedules of *Employee Retirement and Other Post Employment Benefit Pension Plans* in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the management’s discussion and analysis and other required schedules of *Employee Retirement and Other Post Employment Benefit Pension Plans* because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

The budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements of the City or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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 section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2016, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Patel & Associates, LLP
Certified Public Accountants

Patel & Associates, LLP

Oakland, California
May 10, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 29. Comparative data for the current fiscal year and previous fiscal year is presented on the government-wide financial statements, as required by GASB 34.

FINANCIAL HIGHLIGHTS

- Governmental activities posted a decrease in total net position of \$1,581,014, while the business-type activities increased by \$3,046,500.
- Total revenues of \$39,770,582 exceeded total expenditures of \$38,305,096 by \$1,465,486.
- Deferred outflows of resources of \$1,782,686 related to pension and employer contributions subsequent to the measurement date and deferred inflows of resources of \$5,033,893 related to a pension plan are reported in the Statement of Net Position at June 30, 2015. These items are the result of the implementation of GASB 68 as it relates to the City's proportionate share of the CalPERS Pension Plan, a multiple employer cost sharing defined benefit pension plan.
- At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$37,056,925 , a decrease of \$540,698 in comparison with prior fiscal year's fund balances.
- At June 30, 2015, the unassigned fund balance of the General Fund balance was \$10,460,938, which is 70% of the general fund's operating expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City Of Port Hueneme's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements and required information.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's financial position, in a manner similar to that of a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 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 Housing Successor Agency, 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.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the difference between the two is reported as net position. 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 position over time will serve as a useful indicator of whether the financial position of the City is improving or declining.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: Governmental Funds, Proprietary Funds.

Governmental Funds (General Fund, Surplus Property Authority, and other non-governmental 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 36 and 39, immediately following the balance sheet and statement of revenues, expenditures, and changes in fund balances for governmental funds.

CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 and Surplus Property Authority Fund budgetary compliance and the City's progress in funding its obligation to provide pension and other post-employment 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position - The following is a condensed summary of the City's net position for governmental and business type activities:

Table 1- Net Position

	<u>Activities</u>						<u>Change</u>	<u>Percentage</u>
	<u>Governmental</u>		<u>Business-type</u>					
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>		
Assets								
Other assets	\$ 44,254,889	\$ 52,948,301	\$ 17,224,199	\$ 13,732,686	\$ 61,479,088	\$ 66,680,987	\$ (5,201,899)	(7.80)%
Capital assets	23,943,904	25,164,338	18,270,054	19,053,705	42,213,958	44,218,043	(2,004,085)	(4.53)%
Deferred outflows related to pension	<u>1,582,973</u>		<u>199,713</u>		<u>1,782,686</u>	<u>-</u>	<u>1,782,686</u>	<u>-</u> %
Total assets and deferred outflows related to pension	<u>69,781,766</u>	<u>78,112,639</u>	<u>35,693,966</u>	<u>32,786,391</u>	<u>105,475,732</u>	<u>110,899,030</u>	<u>(5,423,298)</u>	<u>(4.89)%</u>
Liabilities								
Other liabilities	3,811,799	3,957,121	1,479,430	1,704,814	5,291,229	5,661,935	(370,706)	(6.55)%
Long-term liabilities	25,203,063	10,706,333	6,334,905	4,512,054	31,537,968	15,218,387	16,319,581	107.24 %
Deferred inflows related to pension	<u>4,494,452</u>		<u>539,441</u>		<u>5,033,893</u>	<u>-</u>	<u>5,033,893</u>	<u>-</u> %
Total liabilities and Deferred inflows related to pension	<u>33,509,314</u>	<u>14,663,454</u>	<u>8,353,776</u>	<u>6,216,868</u>	<u>41,863,090</u>	<u>20,880,322</u>	<u>20,982,768</u>	<u>100.49 %</u>
Net Position								
Investment in Capital Assets	23,943,904	25,164,338	13,800,054	14,384,883	37,743,958	39,549,221	(1,805,263)	(4.56)%
Restricted			24,277	191,356	24,277	191,356	(167,079)	(87.31)%
Unrestricted	<u>12,328,548</u>	<u>38,284,847</u>	<u>13,515,859</u>	<u>11,993,284</u>	<u>25,844,407</u>	<u>50,278,131</u>	<u>(24,433,724)</u>	<u>(48.60)%</u>
Total net position	<u>\$ 36,272,452</u>	<u>\$ 63,449,185</u>	<u>\$ 27,340,190</u>	<u>\$ 26,569,523</u>	<u>\$ 63,612,642</u>	<u>\$ 90,018,708</u>	<u>\$ (26,406,066)</u>	<u>(29.33)%</u>

CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE - Cont'd

The City's assets exceeded liabilities by approximately \$63.6 million at the close of the fiscal year ending June 30, 2015. At June 30, 2015, the City's net position decreased by \$26.4 million or 29% in comparison to the fiscal year ending June 30, 2014 mainly due to implementation of GASB 68, accounting & financial reportings for pension.

Of the City's approximately \$105.5 million of assets, 59% are other assets and 41% 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 position \$24,277 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$25.8 million or 41% is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

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

Capital assets decreased by \$2.0 million or 4.53%. The reason for the decrease is primarily due to current year's depreciation expenses.

Total liabilities increases by \$15.9 million or 76% due to implementation of GASB 68, recording net pension liabilities.

Analysis of Activities:

The condensed summary of activities, which follows, shows that net position decreased by \$26.4 million for the fiscal year ended June 30, 2015.

CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE - Cont'd

Table 2 - Changes in Net Position

	<u>Activities</u>						<u>Change</u>	<u>Percent</u>
	<u>Governmental</u>		<u>Business-type</u>					
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>		
Revenues:								
Program Revenues:								
Charges for services	\$ 7,209,953	\$ 6,851,027	\$ 16,426,691	\$ 16,232,331	\$ 23,636,644	\$ 23,083,358	\$ 553,286	2.40 %
Operating grants/ contributions	1,672,863	457,566	2,985,094	3,364,762	4,657,957	3,822,328	835,629	21.86 %
Capital grants/contributions	1,106,893	2,881,263			1,106,893	2,881,263	(1,774,370)	(61.58)%
General Revenue:								
Property taxes	2,468,121	1,795,572			2,468,121	1,795,572	672,549	37.46 %
State sales taxes	2,003,923	2,370,342			2,003,923	2,370,342	(366,419)	(15.46)%
Other taxes and fees	<u>3,898,832</u>	<u>4,605,280</u>	<u>370,540</u>	<u>381,349</u>	<u>4,269,372</u>	<u>4,986,629</u>	<u>(717,257)</u>	<u>(14.38)%</u>
Total Revenues	<u>18,360,585</u>	<u>18,961,050</u>	<u>19,782,325</u>	<u>19,978,442</u>	<u>38,142,910</u>	<u>38,939,492</u>	<u>(796,582)</u>	<u>(2.05)%</u>
Expenses:								
General government	6,930,171	7,726,546			6,930,171	7,726,546	(796,375)	(10.31)%
Public safety	6,353,266	6,341,581			6,353,266	6,341,581	11,685	0.18 %
Community development	1,546,296	1,142,228			1,546,296	1,142,228	404,068	35.38 %
Streets & highway	2,420,754	2,874,888			2,420,754	2,874,888	(454,134)	(15.80)%
Beaches and parks	2,553,781	1,987,702			2,553,781	1,987,702	566,079	28.48 %
Interest on long term debts	629,686	676,153			629,686	676,153	(46,467)	(6.87)%
Housing authority			3,809,438	4,101,576	3,809,438	4,101,576	(292,138)	(7.12)%
Internal Service Fleet								
Equipment			787,273		787,273		787,273	%
Internal Service Risk Admin			1,360,458		1,360,458		1,360,458	%
Water			5,429,418	5,551,749	5,429,418	5,551,749	(122,331)	(2.20)%
Wastewater			3,001,674	3,401,089	3,001,674	3,401,089	(399,415)	(11.74)%
Solid waste			2,599,295	2,923,082	2,599,295	2,923,082	(323,787)	(11.08)%
Water plant			<u>883,586</u>	<u>878,187</u>	<u>883,586</u>	<u>878,187</u>	<u>5,399</u>	<u>0.61 %</u>
Total Expenses	<u>\$ 20,433,954</u>	<u>\$ 20,749,098</u>	<u>\$ 17,871,142</u>	<u>\$ 16,855,683</u>	<u>\$ 38,305,096</u>	<u>\$ 37,604,781</u>	<u>\$ 700,315</u>	<u>1.86 %</u>

CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Activities						Change	Percent
	Governmental		Business-type					
	2015	2014	2015	2014	2015	2014		
Increase (decrease) in net position	\$ (2,073,369)	\$ (1,788,048)	\$ 1,911,183	\$ 3,122,759	\$ (162,186)	\$ 1,334,711	\$ (1,496,897)	(112.15)%
Transfers	(1,134,265)	250,202	1,134,265	(250,202)				
Gain/Loss on disposal of capital assets		135,754		9,601		145,355	(145,355)	
Investment earnings	<u>1,626,620</u>	<u>1,933,459</u>	<u>1,052</u>	<u>973</u>	<u>1,627,672</u>	<u>1,934,432</u>	<u>(306,760)</u>	
Change in net position	(1,581,014)	531,367	3,046,500	2,883,131	1,465,486	3,414,498	(1,949,012)	(57.08)%
Net position, beginning, restated	<u>37,853,466</u>	<u>62,917,818</u>	<u>24,293,690</u>	<u>23,686,392</u>	<u>62,147,156</u>	<u>86,604,210</u>	<u>(24,457,054)</u>	<u>(28.24)%</u>
Net position, ending	<u>\$ 36,272,452</u>	<u>\$ 63,449,185</u>	<u>\$ 27,340,190</u>	<u>\$ 26,569,523</u>	<u>\$ 63,612,642</u>	<u>\$ 90,018,708</u>	<u>\$ (26,406,066)</u>	<u>(29.33)%</u>

CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

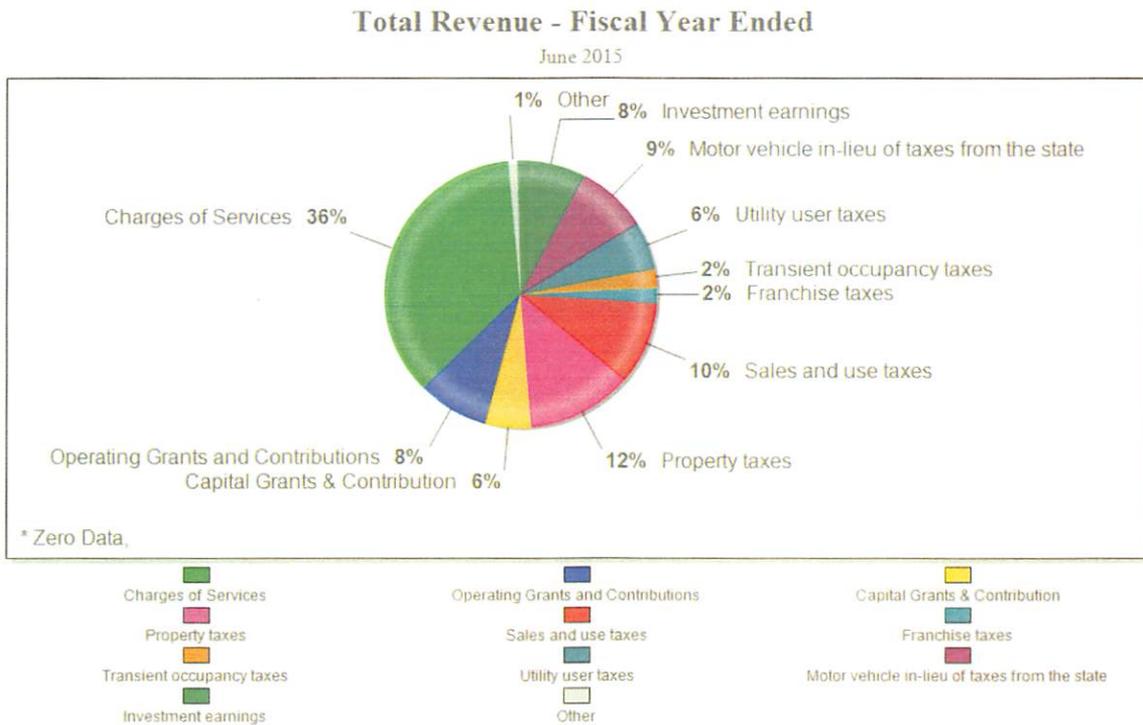
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE - Cont'd

Governmental Activities

Governmental activities decreased the City's net position by \$1,581,014. Revenues for the City's governmental activities decreased by \$600,465, while total expenses decreased by \$315,144.

Governmental program revenues funded 49% of total Governmental expenses of \$20,433,954 ; taxes, other general revenues and transfers financed the balance of 51%. Program revenues are resources obtained from parties outside of the City. They include: (a) amounts received from those who purchase, use or directly benefit from a program; (b) grants and contributions that are restricted to specific programs; and (c) investment earnings that are legally restricted for a specific program.

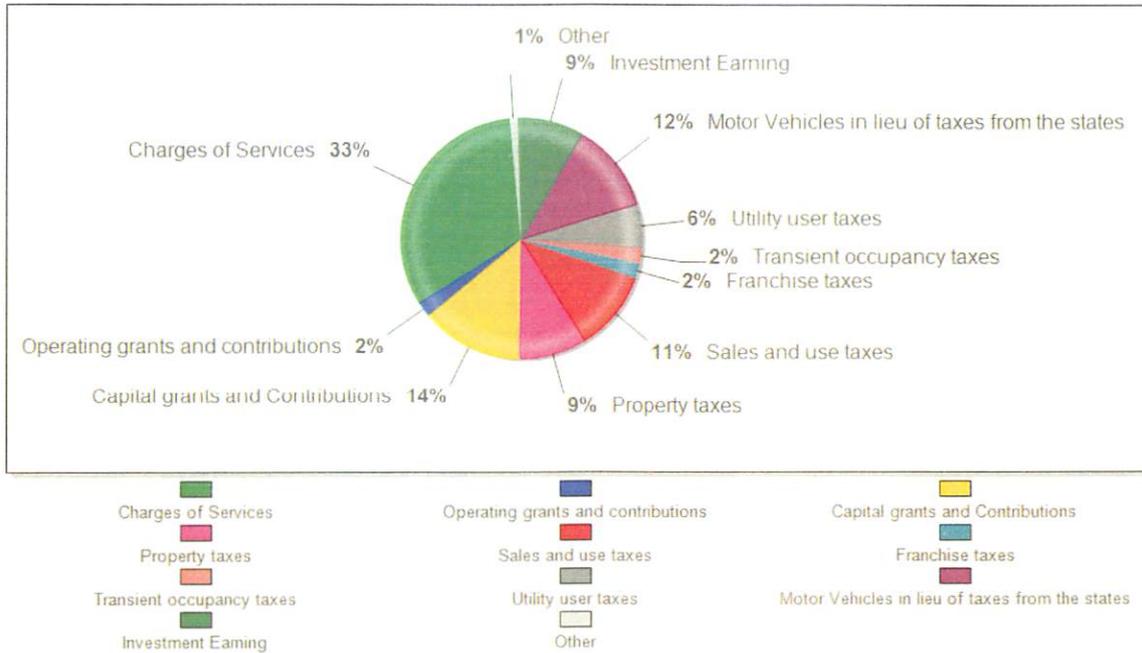
The following charts show a graphical comparison of governmental revenues by source:



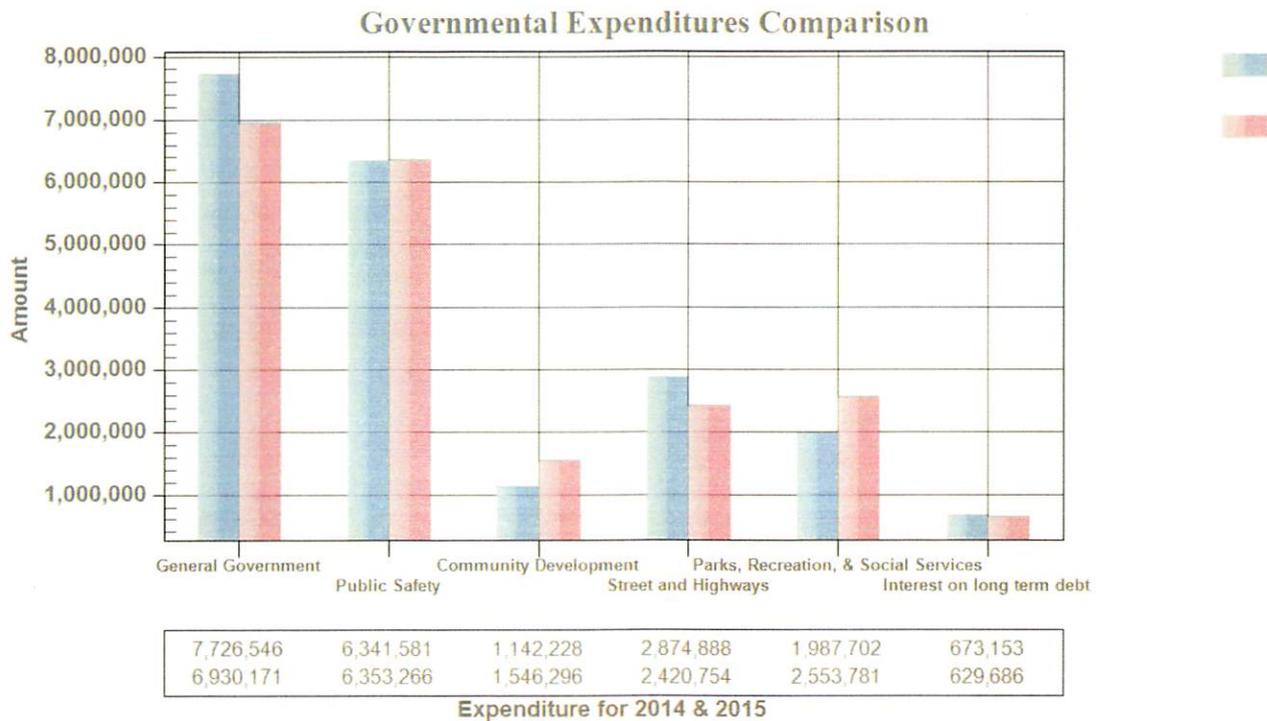
CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE - Cont'd

Total Revenue - Fiscal Year Ended
 June 2014



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



CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE - Cont'd

Overall expenses for General Government activities decreased by \$796,375 as a total over the prior fiscal year. Community Development expenses of \$1,546,296 increased by \$404,068. Street and highway expenses of \$2,420,754 decreased by \$454,134.

Business-Type Activities

The City operates seven business-type activities: water utility, wastewater utility, solid waste utility, water treatment plant, internal service-fleet/equip, internal service-risk admin and a housing authority. Total operating revenues and expenses for fiscal year ended June 30, 2015 were \$19,782,325 and \$17,871,142, respectively. Business-type activities increased the City's net position by \$3,046,500. Total operating revenues decreased by \$196,117 or 1%. Total operating expenses increased by approximately \$1,015,459 or 6% primarily due to addition of 2 internal service funds.

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.

The fund financial statements include separate columns, by fund type, for all major governmental funds of the City. All non-major governmental funds are consolidated into a single column labeled "Nonmajor Governmental Funds". The details of these funds are included in the combining and Individual Fund Statements and Schedules located in the Financial Section of this Report.

At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$37,056,925, decrease of \$540,698 or 1% in comparison with the prior year fund balances. This year-end total is made up of the following:

- \$19,518,292 is non-spendable consisting advances, receivables, and prepaid expenses.
- \$6,251,016 is restricted primarily for Housing and Community Development projects.
- \$10,355,891 is unassigned, which is available to meet City's current and future needs.

Revenues and expenditures for governmental funds overall totaled approximately \$20,880,312 and \$20,286,745, respectively, for the fiscal year ended June 30, 2015, which represents an increase in revenues of 2% from the fiscal year ended June 30, 2014. Expenditures for governmental funds of \$20,286,745 represent a decrease of 7% from fiscal year ended June 30, 2014. In the fiscal year ended June 30, 2015, revenues from governmental funds exceeded expenditures by \$593,567.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$10,460,938 of the total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total/Unassigned fund balance represents 70% of total General Fund expenditures of \$14,977,939.

CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - Cont'd

The Surplus Property Authority was established on October 6, 1993. 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 fund balance in the City's General Fund decreased by \$964,686 during the fiscal year. This decrease was primarily due to payment of pension obligation bond. Overall, the General Fund's performance resulted in revenues in excess of expenditures of \$1,745,365 in the fiscal year June 30, 2015.

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.

BUDGETARY HIGHLIGHTS

General Fund's actual revenues from intergovernmental revenue \$1,155,483 greater than the final budget for the fiscal year 2014-15 had anticipated. Actual revenues from property taxes were \$266,712 more than the budget for the fiscal year 2014-15 had anticipated. This variance was due to the anticipated increase in the value of the properties were not fully materialized.

For the fiscal year 2014-15, the budgeted General Fund expenditures were approximately \$16,612,385 million in which \$14,977,939 were actually expended. This resulted in a variance over budget of \$1,634,446. The net change in the fund balance was a decrease of \$964,686.

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, 2015, amounted to \$42,213,958 (net of accumulated depreciation) for the fiscal year ended June 30, 2015. This investment in capital assets includes land, infrastructure, buildings and improvements, and equipment. The total decrease in the City's net investment in capital assets for the current fiscal year is \$2,004,085 , and is comprised of a decrease of \$1,220,434 for governmental activities and a decrease of \$783,651 for business-type activities.

CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION - Cont'd

Table 3 - Capital Assets

	Activities				Total	
	Governmental		Business-type			
	2015	2014	2015	2014	2015	2014
Non-depreciable assets:						
Land as restated	<u>\$ 4,168,408</u>	<u>\$ 4,168,408</u>	<u>\$ 2,245,910</u>	<u>\$ 2,245,910</u>	<u>\$ 6,414,318</u>	<u>\$ 6,414,318</u>
Total non-depreciable assets	<u>4,168,408</u>	<u>4,168,408</u>	<u>2,245,910</u>	<u>2,245,910</u>	<u>6,414,318</u>	<u>6,414,318</u>
Depreciable assets (net):						
Buildings and structures	11,322,088	11,882,752	982,745	1,162,237	12,304,833	13,044,989
Office equipment	19,696	18,823			19,696	18,823
Mobile equipment	223,438	332,828	1,150,030	1,237,067	1,373,468	1,569,895
Other equipment	511,021	705,266	3,698,343	3,944,588	4,209,364	4,649,854
Pipeline/plant			10,193,026	10,463,903	10,193,026	10,463,903
Infrastructure	<u>7,699,253</u>	<u>8,056,261</u>			<u>7,699,253</u>	<u>8,056,261</u>
Total depreciable assets	<u>19,775,496</u>	<u>20,995,930</u>	<u>16,024,144</u>	<u>16,807,795</u>	<u>35,799,640</u>	<u>37,803,725</u>
Total assets	<u>\$ 23,943,904</u>	<u>\$ 25,164,338</u>	<u>\$ 18,270,054</u>	<u>\$ 19,053,705</u>	<u>\$ 42,213,958</u>	<u>\$ 44,218,043</u>

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

- Nine single family homes were granted to the City by the developer pursuant to the development permit conditions of approval requiring the developer to donate a total of nine (9) single family homes to the City for workforce housing.

Additional information on the City of Port Hueneme's capital assets can be found in note 3 on pages 72 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.

CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION - Cont'd

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 \$1,685,000 for Certificates of Participation.

Table 4 — Long-Term Liabilities

	Activities				Total	
	Governmental		Business-type			
	2015	2014	2015	2014	2015	2014
Certificates of Participation	\$ 1,685,000	\$ 2,050,000	\$	\$	\$ 1,685,000	\$ 2,050,000
Pension Obligation Bonds	8,303,508	8,963,808			8,303,508	8,963,808
Revenue Bonds			4,470,000	4,585,000	4,470,000	4,585,000
Capital Lease Agreement				83,822		83,822
Total	<u>\$ 9,988,508</u>	<u>\$11,013,808</u>	<u>\$ 4,470,000</u>	<u>\$ 4,668,822</u>	<u>\$14,458,508</u>	<u>\$15,682,630</u>

As of June 30, 2015, the City had outstanding bond issues totaling \$14,458,508 and Capital Lease Obligations were paid off in FY 2015.

The City of Port Hueneme's debt decreased by \$1,224,122 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 77 - 81 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 2015-16 financial and/or operational activities.

- The Fiscal Year 2015-16 Adopted Budget: Assumes a General Fund operating deficit of \$1.4 million, which is anticipated to be addressed through salary and benefit adjustments. An Unreserved Fund Balance of \$9.1 million is projected at the end of FY 2015-16.
- Enterprise Funds: Rates have been adjusted over a multi-year period to account for rising wholesale water costs, needed capital maintenance, and debt service. This increase has allowed the Enterprise Funds to be fiscally self-sufficient.

CITY OF PORT HUENEME
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 Alvin Burrell, Interim Finance Director, City of Port Hueneme, at (805) 986-6520. Formal requests may be submitted to Alvin Burrell, Interim Finance Director, City of Port Hueneme, 250 N. Ventura Road, Port Hueneme, California 93041.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

CITY OF PORT HUENEME
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 19,071,969	\$ 21,538,704	\$ 40,610,673
Receivables, net	2,044,445	3,268,209	5,312,654
Internal balances	14,986,971	(14,986,971)	
Prepays	3,713		3,713
Total current assets	<u>36,107,098</u>	<u>9,819,942</u>	<u>45,927,040</u>
Noncurrent assets:			
Advances to successor agency	8,147,791		8,147,791
Investment in joint venture		7,404,257	7,404,257
Capital assets, net			
Non-depreciable	4,168,408	2,245,911	6,414,319
Depreciable, net	<u>19,775,496</u>	<u>16,024,143</u>	<u>35,799,639</u>
Total capital assets	<u>23,943,904</u>	<u>18,270,054</u>	<u>42,213,958</u>
Total noncurrent assets	<u>32,091,695</u>	<u>25,674,311</u>	<u>57,766,006</u>
TOTAL ASSETS	<u>68,198,793</u>	<u>35,494,253</u>	<u>103,693,046</u>
DEFERRED OUTFLOWS OF RESOURCES			
Change in proportion	38,315	8,186	46,501
Employer contributions subsequent to the measurement date	<u>1,544,658</u>	<u>191,527</u>	<u>1,736,185</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,582,973</u>	<u>199,713</u>	<u>1,782,686</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>69,781,766</u>	<u>35,693,966</u>	<u>105,475,732</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	583,142	901,518	1,484,660
Accrued wages and benefits	265,941	72,560	338,501
Accrued interest payable	25,206		25,206
Unearned revenue	883,857		883,857
Other liabilities		1,411	1,411
Compensated absences-short term	539,596	163,280	702,876
Long-term debt-due within one year	1,368,610	120,000	1,488,610
Deposits	<u>145,447</u>	<u>220,661</u>	<u>366,108</u>
Total current liabilities	<u>\$ 3,811,799</u>	<u>\$ 1,479,430</u>	<u>\$ 5,291,229</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Noncurrent liabilities:			
Net pension liability	\$ 15,491,871	\$ 1,917,647	\$ 17,409,518
Long-term debt			
Due in more than one year	8,619,898	4,350,000	12,969,898
Net OPEB obligation	839,029		839,029
Compensated absences-long term	<u>252,265</u>	<u>67,258</u>	<u>319,523</u>
Total noncurrent liabilities	<u>25,203,063</u>	<u>6,334,905</u>	<u>31,537,968</u>
TOTAL LIABILITIES	<u>29,014,862</u>	<u>7,814,335</u>	<u>36,829,197</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	<u>4,494,452</u>	<u>539,441</u>	<u>5,033,893</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,494,452</u>	<u>539,441</u>	<u>5,033,893</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>33,509,314</u>	<u>8,353,776</u>	<u>41,863,090</u>
NET POSITION			
Net investment in capital assets	23,943,904	13,800,054	37,743,958
Restricted for capital improvement		24,277	24,277
Unrestricted	<u>12,328,548</u>	<u>13,515,859</u>	<u>25,844,407</u>
TOTAL NET POSITION	<u>\$ 36,272,452</u>	<u>\$ 27,340,190</u>	<u>\$ 63,612,642</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME

**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 6,930,171	\$ 1,971,841	\$ 242,242	\$	\$ 2,214,083
Public safety	6,353,266	150,043	194,594		344,637
Streets and highways	2,420,754	1,503,769	760,742	1,106,893	3,371,404
Parks, recreation and social services	2,553,781	2,899,859	15,964		2,915,823
Community development	1,546,296	684,441	459,321		1,143,762
Interest on long-term debt	<u>629,686</u>				
Total governmental activities	<u>20,433,954</u>	<u>7,209,953</u>	<u>1,672,863</u>	<u>1,106,893</u>	<u>9,989,709</u>
Business-type Activities:					
Housing authority	3,809,438	387,349	2,984,764		3,372,113
Internal service fleet equipment	787,273				
Internal service risk admin	1,360,458				
Water utility	5,429,418	7,329,785			7,329,785
Wastewater utility	3,001,674	3,806,645			3,806,645
Solid waste utility	2,599,295	3,962,240	330		3,962,570
Water plant	<u>883,586</u>	<u>940,672</u>			<u>940,672</u>
Total Business-type activities	<u>17,871,142</u>	<u>16,426,691</u>	<u>2,985,094</u>	<u>-</u>	<u>19,411,785</u>
Total Primary government	<u>\$ 38,305,096</u>	<u>\$ 23,636,644</u>	<u>\$ 4,657,957</u>	<u>\$ 1,106,893</u>	<u>\$ 29,401,494</u>
General revenues:					
Property taxes					
Sales and use taxes					
Franchise taxes					
Transient occupancy taxes					
Utility user taxes					
Motor vehicle in-lieu of taxes from the state					
Investment earnings					
Other					
Transfers					
Total general revenues					
Change in net position					
Net position - beginning					
Restatement					
Net position - beginning, restated					
Net position - ending					

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	Net (Expense) Revenues and Changes in Net Position		
	Government Activities	Business Type Activities	Total
Governmental activities:			
General government	\$ (4,716,088)	\$	\$ (4,716,088)
Public safety	(6,008,629)		(6,008,629)
Streets and highways	950,650		950,650
Parks, recreation and social services	362,042		362,042
Community development	(402,534)		(402,534)
Interest on long-term debt	<u>(629,686)</u>		<u>(629,686)</u>
Total governmental activities	<u>(10,444,245)</u>	<u>-</u>	<u>(10,444,245)</u>
Business-type Activities:			
Housing authority		(437,325)	(437,325)
Internal service fleet equipment		(787,273)	(787,273)
Internal service risk admin		(1,360,458)	(1,360,458)
Water utility		1,900,367	1,900,367
Wastewater utility		804,971	804,971
Solid waste utility		1,363,275	1,363,275
Water plant		<u>57,086</u>	<u>57,086</u>
Total Business-type activities	<u>-</u>	<u>1,540,643</u>	<u>1,540,643</u>
Total Primary government	<u>(10,444,245)</u>	<u>1,540,643</u>	<u>(8,903,602)</u>
General revenues:			
Property taxes	2,468,121		2,468,121
Sales and use taxes	2,003,923		2,003,923
Franchise taxes	387,817		387,817
Transient occupancy taxes	455,139		455,139
Utility user taxes	1,128,814		1,128,814
Motor vehicle in-lieu of taxes from the state	1,725,817		1,725,817
Investment earnings	1,626,620	1,052	1,627,672
Other	201,245	370,540	571,785
Transfers	<u>(1,134,265)</u>	<u>1,134,265</u>	
Total general revenues	<u>8,863,231</u>	<u>1,505,857</u>	<u>10,369,088</u>
Change in net position	<u>(1,581,014)</u>	<u>3,046,500</u>	<u>1,465,486</u>
Net position - beginning	63,449,185	26,569,523	90,018,708
Restatement	<u>(25,595,719)</u>	<u>(2,275,833)</u>	<u>(27,871,552)</u>
Net position - beginning, restated	<u>37,853,466</u>	<u>24,293,690</u>	<u>62,147,156</u>
Net position - ending	<u>\$ 36,272,452</u>	<u>\$ 27,340,190</u>	<u>\$ 63,612,642</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF PORT HUENEME
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	<u>General Fund</u>	<u>Surplus Property Authority</u>	<u>Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 10,647,916	\$ 5,592,935	\$ 2,831,118
Receivables	2,043,554	4,948	97,544
Due from other funds	362,146		
Due from other governments	35,659		58,637
Prepays	3,713		
Advances to other agencies		8,147,791	
Advances to other funds	19,514,579		
TOTAL ASSETS	<u>32,607,567</u>	<u>13,745,674</u>	<u>2,987,299</u>
LIABILITIES			
Accounts payable	336,863	7,562	238,717
Accrued wages and benefits	257,547	3,100	5,294
Due to other funds	5,892		148,663
Advances to other funds		4,735,199	
Unearned revenue	802,804		81,053
Deposits	97,776	18,347	29,324
Other liabilities			
Due to other governments	195,729		168
TOTAL LIABILITIES	<u>1,696,611</u>	<u>4,764,208</u>	<u>503,219</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues		5,319,577	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>5,319,577</u>	<u>-</u>
FUND BALANCES			
Nonspendable	19,518,292		
Restricted		3,661,889	2,589,127
Committed	931,726		
Unassigned	10,460,938		(105,047)
TOTAL FUND BALANCES	<u>30,910,956</u>	<u>3,661,889</u>	<u>2,484,080</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 32,607,567</u>	<u>\$ 13,745,674</u>	<u>\$ 2,987,299</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	Total Governmental Funds
ASSETS	
Cash and investments	\$ 19,071,969
Receivables	2,146,046
Due from other funds	362,146
Due from other governments	94,296
Prepays	3,713
Advances to other agencies	8,147,791
Advances to other funds	<u>19,514,579</u>
TOTAL ASSETS	<u>49,340,540</u>
LIABILITIES	
Accounts payable	583,142
Accrued wages and benefits	265,941
Due to other funds	154,555
Advances to other funds	4,735,199
Unearned revenue	883,857
Deposits	145,447
Other liabilities	
Due to other governments	<u>195,897</u>
TOTAL LIABILITIES	<u>6,964,038</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	<u>5,319,577</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,319,577</u>
FUND BALANCES	
Nonspendable	19,518,292
Restricted	6,251,016
Committed	931,726
Unassigned	<u>10,355,891</u>
TOTAL FUND BALANCES	<u>37,056,925</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 49,340,540</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Fund balances of the governmental funds		\$ 37,056,925
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		23,943,904
Receivables that are not available to finance current operations and are offset by a corresponding unavailable revenue balance with the governmental funds		5,319,577
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	(9,988,508)	
Net OPEB obligation	(839,029)	
Accrued interest	(25,206)	
Compensated absences	<u>(791,861)</u>	(11,644,604)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:		
Deferred outflows of resources related to pension	1,582,973	
Deferred inflows of resources related to pension	<u>(4,494,452)</u>	(2,911,479)
Net pension liability is not due and payable in the current period and therefore is not reported in the funds.		<u>(15,491,871)</u>
Net position of governmental activities		<u>\$ 36,272,452</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Surplus Property Authority</u>	<u>Nonmajor Governmental Funds</u>
Revenues			
Taxes	\$ 5,701,510	\$	\$
Property taxes	1,939,328		528,793
License and permits	609,664		
Fines and penalties	400,476		8,801
Charges for services	668,985		
Investment earnings	1,255,583	360,885	10,152
Rental income	452,893	200,345	229,983
Loan payments			52,741
Intergovernmental	4,046,603		1,342,723
Harbor district revenue	1,492,469		
Grant revenue		1,377,133	
Other	<u>155,793</u>		<u>45,452</u>
Total revenues	<u>16,723,304</u>	<u>1,938,363</u>	<u>2,218,645</u>
Expenditures:			
General government	4,228,811	1,243,380	432,225
Public safety	6,353,266		
Streets and highways	897,651		1,519,830
Parks, recreation and social services	2,552,618		1,163
Community development	945,593		451,678
Principal retirement			1,460,000
Interest and fiscal charges			<u>200,530</u>
Total expenditures	<u>14,977,939</u>	<u>1,243,380</u>	<u>4,065,426</u>
Excess (deficiency) of revenues over expenditures	<u>1,745,365</u>	<u>694,983</u>	<u>(1,846,781)</u>
Other Financing Sources (Uses):			
Transfer in	439,499		1,925,470
Transfer out	<u>(3,149,550)</u>	<u>(24,903)</u>	<u>(324,781)</u>
Total other financing sources (uses)	<u>(2,710,051)</u>	<u>(24,903)</u>	<u>1,600,689</u>
Net changes in fund balances	(964,686)	670,080	(246,092)
Fund balance - beginning	<u>31,875,642</u>	<u>2,991,809</u>	<u>2,730,172</u>
Fund balance - ending	<u>\$ 30,910,956</u>	<u>\$ 3,661,889</u>	<u>\$ 2,484,080</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Total Governmental Funds
Revenues	
Taxes	\$ 5,701,510
Property taxes	2,468,121
License and permits	609,664
Fines and penalties	409,277
Charges for services	668,985
Investment earnings	1,626,620
Rental income	883,221
Loan payments	52,741
Intergovernmental	5,389,326
Harbor district revenue	1,492,469
Grant revenue	1,377,133
Other	201,245
Total revenues	20,880,312
Expenditures:	
General government	5,904,416
Public safety	6,353,266
Streets and highways	2,417,481
Parks, recreation and social services	2,553,781
Community development	1,397,271
Principal retirement	1,460,000
Interest and fiscal charges	200,530
Total expenditures	20,286,745
Excess (deficiency) of revenues over expenditures	593,567
Other Financing Sources (Uses):	
Transfer in	2,364,969
Transfer out	(3,499,234)
Total other financing sources (uses)	(1,134,265)
Net changes in fund balances	(540,698)
Fund balance - beginning	37,597,623
Fund balance - ending	\$ 37,056,925

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Net change in fund balances for governmental funds **\$ (540,698)**

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 as depreciation expense. This is the amount by which capital expenditures and contributions exceeded depreciation and disposition of capital Assets in the assets in the current period:

Capital Expenditures	35,325	
Depreciation expenses	<u>(1,255,759)</u>	(1,220,434)

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 position. Also governmental funds report the effect of 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	5,544	
Bond principal retirement	1,460,000	
Change in accreted interest	<u>(434,700)</u>	1,030,844

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds (893,107)

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:

Net OPEB expense	(158,448)	
Compensated absences	<u>131,818</u>	(26,630)

Governmental funds report the City's pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

Pension expense	(1,475,647)	
Pension contributions	<u>1,544,658</u>	<u>69,011</u>

Change in net position of governmental activities **\$ (1,581,014)**

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Water Utility</u>	<u>Water Plant</u>	<u>Wastewater Utility</u>
ASSETS			
Current assets:			
Cash and investments	\$ 11,035,550	\$	\$ 5,625,731
Receivables, net	<u>1,375,343</u>	<u>255,323</u>	<u>718,716</u>
Total current assets	<u>12,410,893</u>	<u>255,323</u>	<u>6,344,447</u>
Non current assets:			
Advances to other funds			192,997
Investment in joint venture	7,404,257		
Capital assets:			
Non-depreciable	596,007		1,083,500
Depreciable, net	<u>3,791,280</u>	<u> </u>	<u>10,345,058</u>
Total capital assets	<u>4,387,287</u>	<u>-</u>	<u>11,428,558</u>
Total noncurrent assets	<u>11,791,544</u>	<u>-</u>	<u>11,621,555</u>
TOTAL ASSETS	<u>24,202,437</u>	<u>255,323</u>	<u>17,966,002</u>
Deferred outflows of resources:			
Deferred outflows - Pension	<u>46,354</u>	<u>13,199</u>	<u>46,452</u>
Total deferred outflows of resources	<u>46,354</u>	<u>13,199</u>	<u>46,452</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>24,248,791</u>	<u>268,522</u>	<u>18,012,454</u>
LIABILITIES			
Current liabilities:			
Accounts payable	254,188	32,561	172,265
Accrued wages and benefits	14,393	5,612	15,913
Due to other funds		207,591	
Due to other government	1,411		
Deposits	157,771		9,000
Compensated absences - current portion	28,570	9,559	31,610
Long-term debt - current portion	<u> </u>	<u> </u>	<u>120,000</u>
Total current liabilities	<u>456,333</u>	<u>255,323</u>	<u>348,788</u>
Noncurrent portion of long-term liabilities:			
Advances from other funds	14,779,380		
Compensated absences-long term portions	1,890		13,219
Net pension liabilities	445,093	126,734	446,030
Long-term debt	<u> </u>	<u> </u>	<u>4,350,000</u>
Total noncurrent liabilities	<u>15,226,363</u>	<u>126,734</u>	<u>4,809,249</u>
TOTAL LIABILITIES	<u>\$ 15,682,696</u>	<u>\$ 382,057</u>	<u>\$ 5,158,037</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Solid Waste Utility</u>	<u>Internal Svc- Fleet/Equip</u>	<u>Internal Svc- Risk Admin</u>
ASSETS			
Current assets:			
Cash and investments	\$ 3,615,560	\$ 67,678	\$ 192,271
Receivables, net	<u>703,001</u>	<u>2,401</u>	<u>2,770</u>
Total current assets	<u>4,318,561</u>	<u>70,079</u>	<u>195,041</u>
Non current assets:			
Advances to other funds			
Investment in joint venture			
Capital assets:			
Non-depreciable	507,271		
Depreciable, net	<u>1,167,428</u>		
Total capital assets	<u>1,674,699</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>1,674,699</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>5,993,260</u>	<u>70,079</u>	<u>195,041</u>
Deferred outflows of resources:			
Deferred outflows - Pension	<u>49,135</u>	<u>16,395</u>	<u>-</u>
Total deferred outflows of resources	<u>49,135</u>	<u>16,395</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>6,042,395</u>	<u>86,474</u>	<u>195,041</u>
LIABILITIES			
Current liabilities:			
Accounts payable	165,973	30,354	195,041
Accrued wages and benefits	19,181	5,295	
Due to other funds			
Due to other government			
Deposits	29,613		
Compensated absences - current portion	48,131	17,662	
Long-term debt - current portion			
Total current liabilities	<u>262,898</u>	<u>53,311</u>	<u>195,041</u>
Noncurrent portion of long-term liabilities:			
Advances from other funds	192,997		
Compensated absences-long term portions	28,099	16,768	
Net pension liabilities	471,798	157,422	
Long-term debt			
Total noncurrent liabilities	<u>692,894</u>	<u>174,190</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 955,792</u>	<u>\$ 227,501</u>	<u>\$ 195,041</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Housing Authority</u>	<u>Total</u>
ASSETS		
Current assets:		
Cash and investments	\$ 1,001,914	\$ 21,538,704
Receivables, net	<u>210,655</u>	<u>3,268,209</u>
Total current assets	<u>1,212,569</u>	<u>24,806,913</u>
Non current assets:		
Advances to other funds		192,997
Investment in joint venture		7,404,257
Capital assets:		
Non-depreciable	59,133	2,245,911
Depreciable, net	<u>720,377</u>	<u>16,024,143</u>
Total capital assets	<u>779,510</u>	<u>18,270,054</u>
Total noncurrent assets	<u>779,510</u>	<u>25,867,308</u>
TOTAL ASSETS	<u>1,992,079</u>	<u>50,674,221</u>
Deferred outflows of resources:		
Deferred outflows - Pension	<u>28,178</u>	<u>199,713</u>
Total deferred outflows of resources	<u>28,178</u>	<u>199,713</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>2,020,257</u>	<u>50,873,934</u>
LIABILITIES		
Current liabilities:		
Accounts payable	51,136	901,518
Accrued wages and benefits	12,166	72,560
Due to other funds		207,591
Due to other government		1,411
Deposits	24,277	220,661
Compensated absences - current portion	27,748	163,280
Long-term debt - current portion		<u>120,000</u>
Total current liabilities	<u>115,327</u>	<u>1,687,021</u>
Noncurrent portion of long-term liabilities:		
Advances from other funds		14,972,377
Compensated absences-long term portions	7,282	67,258
Net pension liabilities	270,570	1,917,647
Long-term debt		<u>4,350,000</u>
Total noncurrent liabilities	<u>277,852</u>	<u>21,307,282</u>
TOTAL LIABILITIES	<u>\$ 393,179</u>	<u>\$ 22,994,303</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Water Utility</u>	<u>Water Plant</u>	<u>Wastewater Utility</u>
Deferred Inflows of Resources:			
Deferred Inflows - pension	<u>125,206</u>	<u>35,651</u>	<u>125,471</u>
Total Deferred inflows of resources	<u>125,206</u>	<u>35,651</u>	<u>125,471</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>15,807,902</u>	<u>417,708</u>	<u>5,283,508</u>
NET POSITION			
Net investment in capital assets	4,387,287		6,958,558
Restricted for capital improvement			
Unrestricted	<u>4,053,602</u>	<u>(149,186)</u>	<u>5,770,388</u>
TOTAL NET POSITION	<u>\$ 8,440,889</u>	<u>\$ (149,186)</u>	<u>\$ 12,728,946</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Solid Waste Utility</u>	<u>Internal Svc- Fleet/Equip</u>	<u>Internal Svc- Risk Admin</u>
Deferred Inflows of Resources:			
Deferred Inflows - pension	<u>132,718</u>	<u>44,283</u>	<u>-</u>
Total Deferred inflows of resources	<u>132,718</u>	<u>44,283</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,088,510</u>	<u>271,784</u>	<u>195,041</u>
NET POSITION			
Net investment in capital assets	1,674,699		
Restricted for capital improvement			
Unrestricted	<u>3,279,186</u>	<u>(185,310)</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 4,953,885</u>	<u>\$ (185,310)</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Housing Authority</u>	<u>Total</u>
Deferred Inflows of Resources:		
Deferred Inflows - pension	<u>76,112</u>	<u>539,441</u>
Total Deferred inflows of resources	<u>76,112</u>	<u>539,441</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>469,291</u>	<u>23,533,744</u>
NET POSITION		
Net investment in capital assets	779,510	13,800,054
Restricted for capital improvement	24,277	24,277
Unrestricted	<u>747,179</u>	<u>13,515,859</u>
TOTAL NET POSITION	<u>\$ 1,550,966</u>	<u>\$ 27,340,190</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Water Utility</u>	<u>Water Plant</u>	<u>Wastewater Utility</u>	<u>Solid Waste Utility</u>
Operating revenues				
Charges for services	\$ 7,329,785	\$ 940,672	\$ 3,806,645	\$ 3,962,240
Grant revenue				330
Other	<u>22,720</u>	<u> </u>	<u>86</u>	<u>90,042</u>
Total operating revenues	<u>7,352,505</u>	<u>940,672</u>	<u>3,806,731</u>	<u>4,052,612</u>
Operating expenses				
Personnel services	762,594	243,620	744,877	868,916
Maintenance and operations	3,466,377	638,856	1,763,271	1,588,767
Depreciation and amortization	<u>258,811</u>	<u> </u>	<u>296,861</u>	<u>126,293</u>
Total operating expenses	<u>4,487,782</u>	<u>882,476</u>	<u>2,805,009</u>	<u>2,583,976</u>
Operating income	<u>2,864,723</u>	<u>58,196</u>	<u>1,001,722</u>	<u>1,468,636</u>
Non-operating revenues (expenses)				
Interest (expenses)	(941,636)	(1,110)	(196,664)	(15,319)
Investment income	<u> </u>	<u> </u>	<u>1</u>	<u> </u>
Total non-operating revenues (expenses)	<u>(941,636)</u>	<u>(1,110)</u>	<u>(196,663)</u>	<u>(15,319)</u>
Other financing sources				
Transfer in			42,665	
Transfer (out)	<u>(107,504)</u>	<u>(55,828)</u>	<u>(150,671)</u>	<u>(705,759)</u>
Total other financing sources	<u>(107,504)</u>	<u>(55,828)</u>	<u>(108,006)</u>	<u>(705,759)</u>
Increase (decrease) in net position	1,815,583	1,258	697,053	747,558
Net position, beginning	<u>7,153,535</u>	<u>(38)</u>	<u>12,561,234</u>	<u>4,766,250</u>
<i>Restatement - GASB 68</i>	<u>(528,229)</u>	<u>(150,406)</u>	<u>(529,341)</u>	<u>(559,923)</u>
Net position, beginning, <i>restated</i>	<u>6,625,306</u>	<u>(150,444)</u>	<u>12,031,893</u>	<u>4,206,327</u>
Net position (deficit), ending	<u>\$ 8,440,889</u>	<u>\$ (149,186)</u>	<u>\$ 12,728,946</u>	<u>\$ 4,953,885</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Internal Svc- Fleet/Equip</u>	<u>Internal Svc- Risk Admin</u>	<u>Housing Authority</u>	<u>Total</u>
Operating revenues				
Charges for services	\$	\$	\$ 387,349	\$ 16,426,691
Grant revenue			2,984,764	2,985,094
Other	<u>16,419</u>	<u>21,466</u>	<u>219,807</u>	<u>370,540</u>
Total operating revenues	<u>16,419</u>	<u>21,466</u>	<u>3,591,920</u>	<u>19,782,325</u>
Operating expenses				
Personnel services	299,393		629,830	3,549,230
Maintenance and operations	487,880	1,360,458	2,994,418	12,300,027
Depreciation and amortization			<u>185,190</u>	<u>867,155</u>
Total operating expenses	<u>787,273</u>	<u>1,360,458</u>	<u>3,809,438</u>	<u>16,716,412</u>
Operating income	<u>(770,854)</u>	<u>(1,338,992)</u>	<u>(217,518)</u>	<u>3,065,913</u>
Non-operating revenues (expenses)				
Interest (expenses)				(1,154,729)
Investment income			<u>1,051</u>	<u>1,052</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>1,051</u>	<u>(1,153,677)</u>
Other financing sources				
Transfer in	810,168	1,338,992		2,191,825
Transfer (out)	<u>(37,798)</u>			<u>(1,057,560)</u>
Total other financing sources	<u>772,370</u>	<u>1,338,992</u>	<u>-</u>	<u>1,134,265</u>
Increase (decrease) in net position	1,516		(216,467)	3,046,501
Net position, beginning	<u>0</u>	<u>0</u>	<u>2,088,541</u>	<u>26,569,522</u>
<i>Restatement - GASB 68</i>	<u>(186,826)</u>		<u>(321,108)</u>	<u>(2,275,833)</u>
Net position, beginning, <i>restated</i>	<u>(186,826)</u>	<u>-</u>	<u>1,767,433</u>	<u>24,293,689</u>
Net position (deficit), ending	<u>\$ (185,310)</u>	<u>\$ -</u>	<u>\$ 1,550,966</u>	<u>\$ 27,340,190</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Primary Government		
	Water Utility	Water Plant	Wastewater Utility
Cash flows from operating activities:			
Cash received from customers	\$ 7,390,845	\$ 781,343	\$ 3,706,548
Cash received from grantors			
Cash received from other operating	22,720		86
Cash paid to suppliers for goods and services	(3,880,452)	(483,367)	(1,575,847)
Cash paid to employees for services	<u>(764,598)</u>	<u>(241,038)</u>	<u>(758,684)</u>
Net cash provided by operating activities	<u>2,768,515</u>	<u>56,938</u>	<u>1,372,103</u>
 Cash flows from noncapital financing activities:			
Transfer	<u>(107,504)</u>	<u>(55,828)</u>	<u>(108,006)</u>
Net cash provided (used) by noncapital financing activities	<u>(107,504)</u>	<u>(55,828)</u>	<u>(108,006)</u>
 Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(30,233)		(36,781)
Repayment of loans			(115,000)
Interest paid	<u>(941,636)</u>	<u>(1,110)</u>	<u>(196,664)</u>
Net cash used for capital and related financing activities	<u>(971,869)</u>	<u>(1,110)</u>	<u>(348,445)</u>
 Cash flows from investing activities			
Advances to other funds			
Joint venture	193,222		
Investment income	<u> </u>	<u> </u>	<u> 1</u>
Net cash flows from investing activities	<u>193,222</u>	<u>-</u>	<u>1</u>
 Net increase (decrease) in cash and cash equivalents	1,882,364	-	915,653
Cash and cash equivalents, beginning	<u>9,153,186</u>	<u> </u>	<u>4,710,078</u>
Cash and cash equivalents, ending	<u>\$ 11,035,550</u>	<u>\$ -</u>	<u>\$ 5,625,731</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Primary Government</u>		
	<u>Solid Waste Utility</u>	<u>Internal Svc- Fleet/Equip</u>	<u>Internal Svc- Risk Admin</u>
Cash flows from operating activities:			
Cash received from customers	\$ 3,857,424	\$ (2,401)	\$ (2,770)
Cash received from grantors	330		
Cash received from other operating	90,042	16,419	21,466
Cash paid to suppliers for goods and services	(1,740,232)	(457,526)	(1,165,417)
Cash paid to employees for services	<u>(857,795)</u>	<u>(261,184)</u>	<u> </u>
Net cash provided by operating activities	<u>1,349,769</u>	<u>(704,692)</u>	<u>(1,146,721)</u>
 Cash flows from noncapital financing activities:			
Transfer	<u>(705,759)</u>	<u>772,370</u>	<u>1,338,992</u>
Net cash provided (used) by noncapital financing activities	<u>(705,759)</u>	<u>772,370</u>	<u>1,338,992</u>
 Cash flows from capital and related financing activities			
Acquisition and construction of capital assets			
Repayment of loans	(83,822)		
Interest paid	<u>(15,319)</u>	<u> </u>	<u> </u>
Net cash used for capital and related financing activities	<u>(99,141)</u>	<u>-</u>	<u>-</u>
 Cash flows from investing activities			
Advances to other funds			
Joint venture			
Investment income	<u> </u>	<u> </u>	<u> </u>
Net cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	544,869	67,678	192,271
Cash and cash equivalents, beginning	<u>3,070,691</u>	<u> </u>	<u> </u>
Cash and cash equivalents, ending	<u>\$ 3,615,560</u>	<u>\$ 67,678</u>	<u>\$ 192,271</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Primary Government		
	Water Utility	Water Plant	Waste water Utility
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 2,864,723	\$ 58,196	\$ 1,001,722
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	258,811		296,861
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivable	61,060	(159,329)	(100,097)
(Increase)/decrease in other current assets			
Increase/(decrease) in accounts payable	(246,232)	(25,098)	2,904
Increase/(decrease) in accrued wage and benefits	(311)	1,205	(1,306)
Increase/(decrease) in due to other funds and government	(167,843)	180,587	184,520
Increase/(decrease) in compensated absences	2,591	2,597	(8,209)
Increase/(decrease) in pension obligation and related deferrals	<u>(4,284)</u>	<u>(1,220)</u>	<u>(4,292)</u>
Net cash provided by operating activities	<u>\$ 2,768,515</u>	<u>\$ 56,938</u>	<u>\$ 1,372,103</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Primary Government</u>		
	<u>Solid Waste Utility</u>	<u>Internal Svc- Fleet/Equip</u>	<u>Internal Svc- Risk Admin</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 1,468,636	\$ (770,854)	\$ (1,338,992)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	126,293		
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivable	(104,816)	(2,401)	(2,770)
(Increase)/decrease in other current assets			
Increase/(decrease) in accounts payable	(151,465)	30,354	195,041
Increase/(decrease) in accrued wage and benefits	2,840	5,295	
Increase/(decrease) in due to other funds and government			
Increase/(decrease) in compensated absences	12,823	34,430	
Increase/(decrease) in pension obligation and related deferrals	<u>(4,542)</u>	<u>(1,516)</u>	<u> </u>
Net cash provided by operating activities	<u>\$ 1,349,769</u>	<u>\$ (704,692)</u>	<u>\$ (1,146,721)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Primary Government</u>	
	<u>Housing Authority</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (217,518)	\$ 3,065,913
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization	185,190	867,155
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable	1,433	(306,920)
(Increase)/decrease in other current assets	1,500	1,500
Increase/(decrease) in accounts payable	6,304	(188,192)
Increase/(decrease) in accrued wage and benefits	1,961	9,684
Increase/(decrease) in due to other funds and government		197,264
Increase/(decrease) in compensated absences	5,418	49,650
Increase/(decrease) in pension obligation and related deferrals	<u>(359,373)</u>	<u>(375,227)</u>
Net cash provided by operating activities	<u><u>\$ (375,085)</u></u>	<u><u>\$ 3,320,827</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

Successor Agency to
the Port Hueneme
Redevelopment
Agency Private-
Purpose Trust Fund

ASSETS

Current assets:

Cash and investments \$ 2,218,535

Receivables:

Interest 741

Due from other government 7,138

Restricted cash and investments 1,876,547

Total current assets 4,102,961

Noncurrent assets:

Land held for sale 759,981

Total noncurrent assets 759,981

TOTAL ASSETS 4,862,942

LIABILITIES

Current liabilities:

Accounts payable 5,704

Accrued salary 3,488

Interest payable 97,186

Due to other government 46,495

Refunding bonds payable - current portion 1,255,000

Total current liabilities 1,407,873

Noncurrent liabilities:

Refunding bonds payable 10,495,000

Advances from the City of Port Hueneme 8,147,791

Total noncurrent liabilities 18,642,791

TOTAL LIABILITIES 20,050,664

NET POSITION

Net position for private purpose \$ (15,187,722)

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Successor Agency to the Port Hueneme Redevelopment Agency Private- Purpose Trust Fund</u>
ADDITIONS:	
Property tax increments	\$ 2,719,411
Investment earnings	<u>41,260</u>
Total Additions	<u>2,760,671</u>
DEDUCTIONS:	
Community development	396,667
Interest and fiscal charges	<u>915,887</u>
Total Deductions	<u>1,312,554</u>
Change in net position	1,448,117
Net Position, June 30, 2014	<u>(16,635,839)</u>
Net Position, June 30, 2015	<u><u>\$ (15,187,722)</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Port Hueneme, California (City) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Description of Reporting Entity

The City of Port Hueneme, California (City) is located in the County of Ventura and was incorporated on March 24, 1948, under the general laws of the State of California. The City operates under an elected Council form of government. The City's major operations include police protection, water, sanitation, public works, parks, recreation and certain social services and general administration services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Port Hueneme (the City) and its component units, entities for which the City is considered financially accountable.

A component unit is included in the primary government's financial statement if the City appoints a voting majority of the component unit's governing body and (1) it is able to impose its will on the component unit or (2) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the City. The component units discussed below are controlled by common governing boards, which are substantively the same as the City's. In addition, the component units are presented as blended component units for financial reporting purposes. The component units have the same fiscal year end as the City. The blended component units discussed below, although legally separate entities, are in substance part of the government operation and have been combined herein.

A brief description of each component unit follows:

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. See financial statements on page 34 and 37.

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. See financial statements on page 42 and 47.

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

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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 (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are 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, or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, inter-fund services have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

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

Separate financial statements for the City's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental funds. Fiduciary fund statements, even though excluded from the government-wide financial statements, include financial information for private purpose trust funds and agency funds.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

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

The government-wide, proprietary fund, and private purpose trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets, deferred outflows of resources, liabilities (whether current or non-current), and deferred inflows of resources associated with their activity are included on their balance sheet. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under 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 the current financial resources measurement focus, only current assets, current liabilities, and deferred inflows of resources are generally included on the balance sheets. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available as fund balance. 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.

Surplus Property Authority Fund accounts for rental revenues that are legally restricted to the purchase, maintenance, operation and disposition of surplus real properties.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Cont'd

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 Internal Svc- Fleet/Equip accounts for the excellent professional and technical services in the maintenance and repair of the City's vehicle fleet and equipment.

The Internal Svc- Risk Admin accounts for the recognition of risk, risk assessment, developing strategies to manage it, and mitigation of risk using managerial resources.

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.

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.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Cont'd

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.

Private Purpose Fund is used to account for transactions of the City of Port Hueneme Successor Agency funds.

D. Deferred Outflows/Inflows of Resources:

In Addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separated financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has 1 item that qualifies for reporting in this category. The item is deferred outflow related to pensions which are reported on the Government-wide and Proprietary fund statements of Net Position. This amount is equal to Employer Contributions made after the measurement date and change in proportion of net pension liability.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has 2 items that qualify for reporting in this category. The First item is unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: Investment earnings.

This amount is unavailable and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions for the changes in employer's proportion and differences between employer contributions and the employer's proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2013 (the beginning of the measurement period ended June 30, 2014), which is 3.8 years. The second deferred inflow item is reported on the government-wide and proprietary funds Statements of Net Position.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and Investments

Investments are reported in the accompanying statement of net position 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 reported as nonspendable or restricted 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.

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.

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. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial individual cost of \$5,000 or more for equipment, \$25,000 or more for building improvements and infrastructure. 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.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Net Position - Cont'd

Capital Assets - Cont'd

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:

	<u>Year</u>
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)	

F. New Accounting Pronouncements

Current Year Standards

In fiscal year 2014/15, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68".

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

F. New Accounting Pronouncements - Cont'd

Current Year Standards - Cont'd

These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Accounting changes adopted to conform to the provisions of these statements were applied retroactively. The result of the implementation of these standards decreased the governmental activities and business-type activities net position at July 1, 2014 by \$(25,595,719) and \$(2,275,833), respectively.

Pending Accounting Standards

GASB has issued the following statements which may impact the City's financial reporting requirements in the future:

- GASB 72 - "Fair Value Measurement and Application", effective for periods beginning after June 15, 2015.
- GASB 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", effective for periods beginning after June 15, 2015 — except for those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", effective for fiscal years beginning after June 15, 2016.
- GASB 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans", effective for fiscal years beginning after June 15, 2017.
- GASB 76 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", effective for reporting periods beginning after June 15, 2015.

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, longterm 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 position. Bond issuance costs are reflected as a current period expense per GASB 65.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

F. New Accounting Pronouncements - Cont'd

Long-Term Debt - Cont'd

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Fund Balances

In the fund financial statements, governmental funds report fund balances in classification based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Net Position

The government-wide financial statements and business-type activities fund financial statements utilize a net position presentation. The net positions represent the difference between assets and liabilities. Net position are categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets — 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 Position — This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position — This amount is all net position that do not meet the definition of "Net Investment in Capital assets" or "restricted net position".

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.

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.

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, 2015. It is not reported on the balance sheet, but expensed on the statement of revenues, expenditures and changes in fund balances.

G. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through May 10, 2016, the date the financial statements were available to be issued.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

Budgets are legally adopted annually by the Council by resolution, and are prepared for each fund in accordance with its basis of accounting consistent with generally accepted accounting principles. The City Manager is responsible for preparing the budget and for its implementation after adoption.

Annual appropriations lapse at fiscal year-end; however, the City Manager has the authority to approve appropriation carryovers for unexpended appropriations for incomplete capital projects, and unexpended appropriations for the grant programs.

The City maintains budgetary controls with provisions embodied in the annual budget by the City Council, Housing Authority Board of Directors and Surplus Property Authority Commissioners. The City Council approves operating and capital appropriations at the fund and department levels. The level of budgetary control is established for the City in total, but budgets are monitored by fund and department.

The Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to transfer between expenditure accounts.

The following funds reported deficit fund balances/net position

Major Enterprise Funds

Water Plant	\$	149,186
Internal Service — Fleet		185,310

Nonmajor Governmental Funds

Stormwater Program	\$	66,227
Light Assessment District		38,040
Median Assessment District		780

The City's intentions are to eliminate deficit fund balances through future grant funding, other future revenue sources, or interfund transfers.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments at June 30, 2015 consisted of the following:

	<u>Government Wide Statement of Net Position</u>	<u>Fiduciary Funds Statement of Net Position</u>	<u>Total</u>
Unrestricted assets:			
Cash and investments	\$ <u>40,610,673</u>	\$ <u>2,218,535</u>	\$ <u>42,829,208</u>
Total unrestricted assets	<u>40,610,673</u>	<u>2,218,535</u>	<u>42,829,208</u>
Restricted assets:			
Cash and investments	<u> </u>	<u>1,876,547</u>	<u>1,876,547</u>
Total unrestricted assets	<u> </u>	<u>1,876,547</u>	<u>1,876,547</u>
Total Cash and investments	<u>\$ 40,610,673</u>	<u>\$ 4,095,082</u>	<u>\$ 44,705,755</u>

Cash and investments consist of deposits and investments, as noted below:

Primary Government

Deposits	\$ 7,827,030
Investments	<u>36,878,725</u>
Total	<u>\$ 44,705,755</u>

The City follows the Practice of pooling cash and investments of all funds except for amounts with fiscal agents, and legally restricted funds. Each fund type's portion of this pool is displayed as "Unrestricted assets — cash and investments" or "Restricted assets — cash and investments".

Investment income earned on pooled cash investments is allocated to various funds based on ending cash and investment balances. Interest from cash and investments of funds excluded from pooled amounts is credited directly to the related fund.

Investments Authorized by the California Government Code and the City's Investment Policy:

The table below identifies the investment types that are authorized for the City, including the fiduciary private purpose trust fund, by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than general provisions of the California Government Code or the City's investment policy.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

A. Cash and Investments - Cont'd

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
United States Government Sponsored Agency Securities	5 Years	No Limit	No Limit
Local Agency Investment Fund (LAIF)	N/A	No Limit	\$50 million
Money Market Mutual Fund	N/A	No Limit	No Limit

N/A - Not Applicable

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

Investment Authorized by Debt Agreement:

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
United States Government Sponsored Agency Securities	No Limit	No Limit	No Limit
Time Certificate of Deposits	5 Years	No Limit	No Limit
Money Market Mutual Funds	N/A	No Limit	No Limit
Guaranteed Investment Contracts	No Limit	No Limit	No Limit

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

A. Cash and Investments - Cont'd

Primary Government

<u>Investment Type</u>	<u>Remaining Maturity (in months)</u>			<u>Total</u>
	<u>12 Months or less</u>	<u>13-36 Months</u>	<u>37-60 Months</u>	
Local Agency Investment Fund	\$ 18,606,339	\$	\$	\$ 18,606,339
Federal Home Loan Mortgage Corporation			2,488,830	2,488,830
Federal Farm Credit Bank			1,494,720	1,494,720
Federal Home Loan Bank Cons Bond			11,657,329	11,657,329
Guaranteed Investment Contracts			256,525	256,525
Money Market Mutual Funds	<u>2,374,982</u>			<u>2,374,982</u>
	<u>\$ 20,981,321</u>	<u>\$</u>	<u>\$ 15,897,404</u>	<u>\$ 36,878,725</u>

Disclosure Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government, the City's investment policy, or debt agreements, and the actual rating, by Standard and Poor, as of year end for each investment type:

Primary Government

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Total as of 30-Jun-15</u>	<u>AAA</u>	<u>AA+</u>	<u>Not Rated</u>
Local Agency Investment Fund	N/A	\$18,606,339	\$	\$	\$ 18,606,339
Federal Home Loan Mortgage Corporation	N/A	2,488,830		2,488,830	
Federal Farm Credit Bond	N/A	1,494,720		1,494,720	
Federal Home Loan Bank Cons Bond	N/A	11,657,329		11,657,329	
Guaranteed Investment Contract	N/A	256,525			256,525
Money Market Mutual Funds	A	<u>2,374,982</u>	<u>2,374,982</u>		
		<u>\$36,878,725</u>	<u>\$2,374,982</u>	<u>\$15,640,879</u>	<u>\$ 18,862,864</u>

N/A - Not Applicable

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

A. Cash and Investments - Cont'd

Concentration of Credit Risk:

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Primary Government

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank Cons Bond	United States Government Sponsored Agency Securities	\$ 11,657,329
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	\$ 2,488,830

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institution to secure the City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2015, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool 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.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

B. Receivables

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

<u>Governmental Funds</u>	<u>General</u>	<u>Surplus Property</u>	<u>Nonmajor</u>	<u>Total</u>
Accounts	\$ 1,463,324	\$	\$ 24,928	\$1,488,252
Tenants	711	4,948	667	6,326
Interest	37,129			37,129
Taxes	542,390		71,949	614,339
Grants				
Total	<u>\$ 2,043,554</u>	<u>\$ 4,948</u>	<u>\$ 97,544</u>	<u>\$ 2,146,046</u>

<u>Proprietary Funds</u>	<u>Water Utility</u>	<u>Waste water Utility</u>	<u>Solid waste Utility</u>	<u>Water Plant</u>	<u>Internal Svc- Fleet/ Equip</u>	<u>Internal Svc- Risk Admin</u>	<u>Housing Authority</u>	<u>Total</u>
Accounts	\$ 1,375,343	\$718,716	\$703,001	\$ 255,323	\$ 2,401	\$ 2,770	\$ 210,369	\$ 3,267,923
Interest							286	286
Total	<u>\$ 1,375,343</u>	<u>\$718,716</u>	<u>\$703,001</u>	<u>\$ 255,323</u>	<u>\$ 2,401</u>	<u>\$ 2,770</u>	<u>\$ 210,655</u>	<u>\$ 3,268,209</u>

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 \$7,404,257 as of June 30, 2015.

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 FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

C. Investment in Joint Venture - Cont'd

- 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 position of PHWA as of June 30, 2015:

Net Position:

Net Investment in capital assets	\$ 15,887,452
Restricted for operations	367,223
Unrestricted	<u>1,310,097</u>
Total net position	<u><u>\$ 17,564,772</u></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 Position. A summary of changes in capital asset activities for the City's governmental and business-type activities for the year ended June 30, 2015 are as follows:

Primary Government

	Balance 6/30/2014	Additions	Retirements	Balance 6/30/2015
Governmental Activities:				
Non-depreciable assets:				
Land	\$ <u>4,168,408</u>	\$ _____	\$ _____	\$ <u>4,168,408</u>
Total non-depreciable assets	<u>4,168,408</u>	<u>-</u>	<u>-</u>	<u>4,168,408</u>
Depreciable assets:				
Buildings, structure, improvements	22,146,084			22,146,084
Office equipment	760,580	6,800		767,380
Mobile equipment	1,601,314			1,601,314
Other equipment	1,598,666	28,525	(15,518)	1,611,673
Infrastructure	<u>17,304,734</u>	<u> </u>	<u> </u>	<u>17,304,734</u>
Total depreciable assets	<u><u>\$ 43,411,378</u></u>	<u><u>\$ 35,325</u></u>	<u><u>\$ (15,518)</u></u>	<u><u>\$ 43,431,185</u></u>

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

D. Capital Assets - Cont'd

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2015</u>
Less: accumulated depreciation				
Buildings, structures, improvements	\$ (10,263,332)	\$ (560,664)	\$	\$ (10,823,996)
Office equipment	(741,757)	(5,927)		(747,684)
Mobile equipment	(1,268,486)	(109,390)		(1,377,876)
Other equipment	(893,400)	(222,770)	15,518	(1,100,652)
Infrastructure	<u>(9,248,473)</u>	<u>(357,008)</u>		<u>(9,605,481)</u>
Total accumulated depreciation	<u>(22,415,448)</u>	<u>(1,255,759)</u>	<u>15,518</u>	<u>(23,655,689)</u>
Total Governmental activities capital assets, net	<u>\$ 25,164,338</u>	<u>\$ (1,220,434)</u>	<u>\$ -</u>	<u>\$ 23,943,904</u>

Business-type Activities

Non-depreciable assets:

Land	\$ <u>2,245,910</u>	\$ _____	\$ _____	\$ <u>2,245,910</u>
Total non-depreciable assets	<u>2,245,910</u>	<u>-</u>	<u>-</u>	<u>2,245,910</u>

Depreciable Assets:

Buildings, structures, improvements	5,479,822	16,490		5,496,312
Pipeline/plant	16,045,248			16,045,248
Meters	4,924,905			4,924,905
Equipment	<u>3,712,790</u>	<u>67,014</u>	<u>(17,607)</u>	<u>3,762,197</u>
Total depreciable assets	<u>30,162,765</u>	<u>83,504</u>	<u>(17,607)</u>	<u>30,228,662</u>

Less: accumulated depreciation

Buildings, structures, improvements	(4,317,585)	(195,982)		(4,513,567)
Pipeline/plant	(5,581,345)	(270,877)		(5,852,222)
Meters	(980,317)	(246,245)		(1,226,562)
Equipment	<u>(2,475,723)</u>	<u>(154,051)</u>	<u>17,607</u>	<u>(2,612,167)</u>
Total accumulated depreciation	<u>(13,354,970)</u>	<u>(867,155)</u>	<u>17,607</u>	<u>(14,204,518)</u>

Total Business-type activities capital assets, net

\$ <u>19,053,705</u>	\$ <u>(783,651)</u>	\$ _____	\$ <u>18,270,054</u>
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CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

D. Capital Assets - Cont'd

Depreciation expenses of \$1,255,759 and \$867,155 were charged to the following functions of the City's primary government:

	Governmental Activities	Business-type Activities
<i>Primary Government</i>		
General government	\$ 1,103,461	\$
Community development	149,025	
Street and highways	3,273	
Water utility		258,811
Wastewater utility		296,861
Solid waste utility		126,293
Housing Authority		185,190
	\$ 1,255,759	\$ 867,155

E. Interfund Receivables, Payables

The following table summarizes interfund receivables & payables and transfers at June 30, 2015:

Due from other funds	Amount	Due to other funds	Amount
Major governmental funds:		Major governmental funds:	
General Fund	\$ <u>362,146</u>	General Fund	\$ <u>5,892</u>
Total major governmental funds	<u>362,146</u>	Total major governmental funds	<u>5,892</u>
Total nonmajor governmental funds	-	Total Nonmajor governmental funds	148,663
Proprietary Funds		Proprietary Funds	
Internal Svc-Fleet/Equip	_____	Water Plant	<u>207,591</u>
Total Proprietary funds	-	Total Proprietary funds	<u>207,591</u>
Grand total	<u>\$ 362,146</u>	Grand total	<u>\$ 362,146</u>

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

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

E. Interfund Receivables, Payables - Cont'd

Advances From/To Other Funds

Receivable	Payable	Amount
General Fund	Surplus Property Authority	\$ 4,735,199
	Water Utility Fund - PN#7	273,064
	Water Utility Fund - PN#8	238,931
	Water Utility Fund - PN#9	117,028
	Water Utility Fund - PN#06-01	5,264,547
	Water Utility Fund - PN#03-01	<u>8,885,810</u>
	Total	19,514,579
Wastewater Utility	Solid Waste Utility	<u>192,997</u>
	Total Advances	<u>\$ 19,707,576</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) 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 4.5% annually through June 2016. Repayment began on July 1, 2003.
- 3) A loan from the General Fund and the Surplus Property Authority for the purpose of maintenance and capital improvement projects at Hueneme Beach Park and Moranda Park. The loan bears interest at 6% annually through June 2017. Repayment began on June 30, 2015.

Advances to Successor Agency

Receivable	Payable	Amount
Surplus Property Authority	Successor Agency - NCEL PN1	\$ 8,147,791
	Total Advances to Successor Agency	<u>\$ 8,147,791</u>

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

E. Interfund Receivables, Payables - Cont'd

Surplus Property Authority has paid for various redevelopment projects, which are treated as advances to the Port Hueneme Redevelopment Agency (Agency) under the California Redevelopment Law. However, with the dissolution of the former Redevelopment Agency, these advances were transferred from the Redevelopment Agency to the newly formed City of Port Hueneme as Successor Agency. The City is acting in a fiduciary capacity for these advances. Interest accrues on the advances at an annual rate of 8%. The Surplus Property Authority records \$8,147,791. The collectability of the advances is subject to the approval of the Department of Finance. See Note 6 for additional information.

Transfers In/Out

Interfund transfers during the fiscal year ended June 30, 2015 were as follows:

Transfer in	Amount	Transfer out	Amount
Major governmental funds:		Major governmental funds:	
General Fund	\$ 439,499	General Fund	\$ 3,149,550
		Surplus Property Authority	24,903
Total major governmental funds	439,499	Total major governmental funds	3,174,453
Total nonmajor governmental funds	1,925,470	Total nonmajor governmental funds	324,781
Proprietary Funds		Proprietary Funds	
Wastewater Utility	42,665	Water Utility	107,504
Internal Service	2,149,160	Water Plant	55,828
Housing Authority	-	Wastewater Utility	150,671
		Solid Waste Utility	705,759
		Housing Authority	-
		Internal Service	37,798
Total Proprietary funds	2,191,825	Total Proprietary funds	1,057,560
Grand total	\$ 4,556,794	Grand total	\$ 4,556,794

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund 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 FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

F. Long-Term Obligations

Governmental Activities

Changes in Long-Term Obligations Governmental Activities:

	Balance 6/30/2014	Additions	Reductions	Balance 6/30/2015	Due within one year
<i>Governmental Activities</i>					
Certificates of Participation	\$ 2,050,000	\$	\$ (365,000)	\$ 1,685,000	\$ 385,000
Pension Obligation Bonds	<u>8,963,808</u>	<u>434,700</u>	<u>(1,095,000)</u>	<u>8,303,508</u>	<u>983,610</u>
Total Long-term Debt	<u>11,013,808</u>	<u>434,700</u>	<u>(1,460,000)</u>	<u>9,988,508</u>	<u>1,368,610</u>
Net OPEB obligation	680,581	257,968	(99,520)	839,029	
Compensated Absence	<u>923,679</u>	<u>851,491</u>	<u>(983,309)</u>	<u>791,861</u>	<u>539,596</u>
Total Governmental Activities	<u>\$ 12,618,068</u>	<u>\$ 1,544,159</u>	<u>\$ (2,542,829)</u>	<u>\$ 11,619,398</u>	<u>\$ 1,908,206</u>

Net pension obligation, net other postemployment benefit obligation, and compensated absences in the governmental funds has been liquidated primarily by the General Fund.

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 6/30/2015
<i>Governmental Activities:</i>					
<u><i>Certificates of Participation</i></u>					
1992 Refunding COP	4/01/2019	3.25%-6%	\$215,000- \$465,000	\$ <u>5,605,000</u>	\$ <u>1,685,000</u>
<i>Total Certificates of Participation:</i>				<u>5,605,000</u>	<u>1,685,000</u>
<u><i>Pension Obligation Bonds:</i></u>					
Series 2006A-1 Bonds	6/01/2016	5.30%	\$290,000 - \$675,000	4,305,000	675,000
Series 2006A-2 Bonds	6/01/2035	5.30%	\$174,853 - \$309,843	<u>6,374,956</u>	<u>7,628,508</u>
<i>Total Pension Obligation Bonds:</i>				<u>10,679,956</u>	<u>8,303,508</u>
<i>Total Governmental Activities:</i>				<u>\$ 16,284,956</u>	<u>\$ 9,988,508</u>

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

F. Long-Term Obligations (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 former 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, 2015 were \$488,000. Interest rate(s) ranges from 3.25% to 6%.

The outstanding balance as of June 30, 2015 was \$1,685,000.

Pension Obligation Bonds:

On April 1, 2007, the City of Port Hueneme pursuant to an Agreement with the California Statewide Communities Development Authority issued \$4,305,000 or 6.6% of Series A-1 and \$6,374,956 or 28.54% of Series A-2 for a total of \$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, 2015 was 8,303,508, including accreted interest of \$2,793,516.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

F. Long-Term Obligations (Continued)

Bonds Payable

Governmental:

<u>Fiscal year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,368,610	\$ 328,265	\$ 1,696,875
2017	703,535	294,465	998,000
2018	718,924	294,776	1,013,700
2019	747,238	295,662	1,042,900
2020	275,430	322,470	597,900
2021-2025	1,270,906	1,854,094	3,125,000
2026-2030	1,126,263	2,553,737	3,680,000
2031-2035	<u>984,086</u>	<u>3,577,985</u>	<u>4,562,071</u>
	7,194,992	9,521,454	16,716,446
Accreted Interest	<u>2,793,516</u>		<u>2,793,516</u>
	<u>\$ 9,988,508</u>	<u>\$ 9,521,454</u>	<u>\$ 19,509,962</u>

Changes in Long-Term Obligations Business Type Activities:

	<u>Balance</u>		<u>Balance</u>	<u>Due within</u>
	<u>6/30/2014</u>	<u>Additions</u>	<u>6/30/2015</u>	<u>one year</u>
		<u>Reductions</u>		
<i>Business-type Activities</i>				
Capital Lease Obligation	\$ 83,822	\$	\$ (83,822)	\$
Revenue Bonds	<u>4,585,000</u>		<u>(115,000)</u>	<u>120,000</u>
Total Long-term Debt	4,668,822		(198,822)	120,000
Compensated absences	<u>180,888</u>	<u>415,891</u>	<u>(366,241)</u>	<u>163,280</u>
Total Business-type activities	<u>\$ 4,849,710</u>	<u>\$415,891</u>	<u>\$ (565,063)</u>	<u>\$ 283,280</u>

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

F. Long-Term Obligations (Continued)

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

<u>Type of liability</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding 6/30/2015</u>
Business-types Activities:					
<u>Revenue Bonds</u>					
Series 2006D-1 Bonds	10/01/2037	4%-4.25%	\$85,000 - \$165,000	\$ <u>5,270,000</u>	\$ <u>4,470,000</u>
			<i>Total Revenue Bonds:</i>	<u>5,270,000</u>	<u>4,470,000</u>
<u>Capital Lease Agreement:</u>					
Lease agreement #05-018AF	6/07/2015	4%	\$85,928	<u>712,411</u>	_____
			<i>Total Lease Agreement:</i>	<u>712,411</u>	_____
			<i>Total Business-type Activities:</i>	<u>\$ 5,982,411</u>	<u>\$ 4,470,000</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 were 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. Annual principal payment ranging from \$85,000 to \$165,000 is due and payable every October 1 of each year.

Capital Lease Agreement:

On November 16, 2005, the City entered into a lease purchase agreement in the amount of \$712,411 with Municipal Finance Corporation for a term of ten years at 4% interest for purposes of financing the cost of five solid waste vehicles. This lease agreement is considered a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future value of the future minimum lease payments as of the inception date.

The asset acquired through this capital lease is as follows:

	<u>Business-type Activities</u>
Asset:	
Trucks	\$ 712,411
Add: Trade-in value of Old Trucks	<u>115,960</u>
Depreciable Value	828,371
Less: Accumulated Depreciation	<u>(552,247)</u>
Total	<u>\$ 276,124</u>

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS - Cont'd

F. Long-Term Obligations (Continued)

Business-type Activities:

Bonds Payable:

<u>Fiscal year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 120,000	\$ 194,364	\$ 314,364
2017	125,000	189,564	314,564
2018	130,000	184,564	314,564
2019	135,000	179,364	314,364
2020	140,000	174,133	314,133
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>\$ 4,470,000</u>	<u>\$ 2,736,991</u>	<u>\$ 7,206,991</u>

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION

A. FUND BALANCES FOR GOVERNMENTAL FUNDS

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2015, fund balance for governmental funds is made up of the following:

Nonspendable Fund Balance — includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, and prepaid amounts.

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

Committed Fund Balance — includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance — includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) City Council or (b) a body (a budget, finance committee, or management (City Wide Leadership team, which consists of City Manager and Executive Department Heads)) to which the assigned amounts are to be used for specific purposes. Council authorized the City Manager to assign fund balance amounts to a specific purpose.

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

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

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

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

A. FUND BALANCES FOR GOVERNMENTAL FUNDS (Continued)

Fund Balances at June 30, 2015, for the governmental funds are nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

Fund Balances:	<u>General Fund</u>	<u>Surplus Property Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Loans and Advances	\$ 19,514,579	\$	\$	\$ 19,514,579
Prepaid	<u>3,713</u>	<u> </u>	<u> </u>	<u>3,713</u>
Subtotal	<u>19,518,292</u>	<u>-</u>	<u>-</u>	<u>19,518,292</u>
Restricted for:				
Housing & Community Development			1,014,783	1,014,783
Debt Service			478,950	478,950
Specific Programs			1,532	1,532
Capital Projects	<u> </u>	<u>3,661,889</u>	<u>1,093,862</u>	<u>4,755,751</u>
Subtotal	<u>-</u>	<u>3,661,889</u>	<u>2,589,127</u>	<u>6,251,016</u>
Committed to:				
Special Programs	931,726			931,726
Capital Projects	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal	<u>931,726</u>	<u>-</u>	<u>-</u>	<u>931,726</u>
Unassigned:				
Unassigned	<u>10,460,938</u>	<u> </u>	<u>(105,047)</u>	<u>10,355,891</u>
Subtotal	<u>10,460,938</u>	<u>-</u>	<u>(105,047)</u>	<u>10,355,891</u>
Total Fund Balance	<u><u>\$ 30,910,956</u></u>	<u><u>\$ 3,661,889</u></u>	<u><u>\$ 2,484,080</u></u>	<u><u>\$ 37,056,925</u></u>

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

B. Risk Management

California Joint Powers Insurance Authority (CJPIA)

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

1. Description of Risk Pool

The CJPIA is comprised of one hundred and one (123) 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. There were no changes in coverage during the year ended June 30, 2015.

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.

3. Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage from coverage in 2014-15.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

C. Employee Retirement and Other Post Employment Benefit Plans

1. Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police) and Miscellaneous (all other) Plans, agent multiple-employer defined pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 Q Street, Sacramento, California 95811, and online at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (Tier 1 Miscellaneous Plan), age 52 (PEPRA Miscellaneous Plan) and age 50 (Tier 1 and PEPRA Safety Police Plans) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. Pursuant to PEPRA, the Miscellaneous and Safety Police "Classic" plans are closed to new entrants as of January 1, 2013.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

C. Employee Retirement and Other Post Employment Benefit Plans (Continued)

For the year ended June 30, 2015 the contributions recognized as part of pension expense for each plan were as follows:

	Miscellaneous Plans		Safety Plan	
	Tier 1	PEPRA	Tier 1	PEPRA
	Prior to April 1, 2012	After January 1, 2013	Prior to April 1, 2012	After January 1, 2013
Hire date				
Benefit formula	2.7% @55	2.0% @ 62	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of credited service			
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%	3.00%	2.0% - 2.7%
Required employee contribution rates	8.00%	N/A	9.00%	N/A
Required employer contribution rates	18.331%	N/A	22.250%	N/A

Employees Covered:

At June 30, 2015, the following employees were covered by the benefit:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	106	46
Inactive employees entitled to but not yet receiving benefits	87	12
Active employees	83	22
Total	276	80

Contribution:

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for all Pension Plans are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

C. Employee Retirement and Other Post Employment Benefit Plans (Continued)

For the year ended June 30, 2015, the contributions recognized as a reduction to the net pension liability for each plan were as follows:

	<u>Miscellaneous Classic</u>	<u>Miscellaneous PEPRA</u>	<u>Safety Classic</u>	<u>Safety PEPRA</u>	<u>Total Pension Plans</u>
Employee Contributions	\$ 448,465	\$ 14,826	\$ 256,989	\$ 5,618	\$ 725,898
Employer Proportionate Share of Aggregate Employer Contributions	\$ <u>1,073,151</u>	\$ <u>14,826</u>	\$ <u>642,590</u>	\$ <u>5,618</u>	\$ <u>1,736,185</u>

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Miscellaneous Classic</u>	<u>Safety Classic</u>	<u>Total Pension Plans</u>
Proportion - June 30, 2013	\$ 14,134,362	\$ 8,628,557	\$ 22,762,919
Proportion - June 30, 2014	<u>10,893,295</u>	<u>6,516,223</u>	<u>17,409,518</u>
Change - Increase/(Decrease)	<u><u>\$ (3,241,067)</u></u>	<u><u>\$ (2,112,334)</u></u>	<u><u>\$ (5,353,401)</u></u>

The City's net pension liability for each of the Pension Plans is measured as the proportionate share of the net pension liability. The net pension liability of each plan is measured as of June 30, 2014, and the total pension liability for each Pension Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each of the Pension Plans as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous Classic</u>	<u>Safety Classic</u>	<u>Total Pension Plans</u>
Proportion - June 30, 2013	0.1753 %	0.1070 %	0.2824 %
Proportion - June 30, 2014	<u>0.1751 %</u>	<u>0.1047 %</u>	<u>0.2798 %</u>
Change - Increase/(Decrease)	<u><u>(0.0002)%</u></u>	<u><u>(0.0023)%</u></u>	<u><u>(0.0026)%</u></u>

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

C. Employee Retirement and Other Post Employment Benefit Plans (Continued)

For the year ended June 30, 2015, the City pension plans recognized pension expense of \$1,648,717. At June 30, 2015, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,736,185	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(5,031,783)
Adjustment due to differences in proportions	<u>46,501</u>	<u>(2,110)</u>
Total	<u>\$ 1,782,686</u>	<u>\$ (5,033,893)</u>

\$1,736,185 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2016	\$ (1,242,092)
2017	(1,242,092)
2018	(1,245,263)
2019	(1,257,945)
Thereafter	-

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

C. Employee Retirement and Other Post Employment Benefit Plans (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities for the Pension Plans were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.5% (net of administrative expenses)
Inflation	2.75%
Payroll growth	3.0%
Projected salary increase	3.0% to 14.20%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds

**The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.*

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period from 1997 to 2011. The Experience Study report can be obtained at CalPERS' website.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

C. Employee Retirement and Other Post Employment Benefit Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CaIPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CaIPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CaIPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CaIPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CaIPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CaIPERS will continue to check the materiality of the difference in calculation until such times as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CaIPERS took into account both the short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

C. Employee Retirement and Other Post Employment Benefit Plans (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for each Miscellaneous Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Net Pension Liability</u>	<u>Discount Rate - 1% 6.5%</u>	<u>Current Discount Rate 7.5%</u>	<u>Discount Rate + 1% 8.5%</u>
Miscellaneous Classic	\$ 18,256,748	\$ 10,893,295	\$ 4,782,328
Safety Classic	11,213,576	6,516,223	2,645,807
Total	<u>\$ 29,470,324</u>	<u>\$ 17,409,518</u>	<u>\$ 7,428,135</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

C. Employee Retirement and Other Post Employment Benefit Plans (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 (\$119.00/month for calendar 2014 and \$122.00/month for calendar 2015.) 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 (\$119/month for 2014 and \$122/month for 2015), 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. Police Officers retiring on or after July 1, 2011 are subject to a fixed dollar cap of \$668/month per month, and Police Officers hired on or after July 1, 2011 are not eligible for supplemental benefits. 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 0.34% 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 three 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 FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

C. Employee Retirement and Other Post Employment Benefit Plans (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, 2015 and 2014, the amount actually contributed to the plan (including administrative costs), and changes in the City's Net OPEB Obligation:

	<u>FYE 6/30/15</u>	<u>FYE 6/30/14</u>
Annual Required Contributions	\$ 230,745	\$ 209,025
Interest on Net OPEB Obligation/(Asset)	27,223	26,459
Adjustment to Annual Required Contributions	<u>(39,358)</u>	<u>(34,424)</u>
Annual OPEB cost (expense)	218,610	201,060
Contributions made	<u>(60,162)</u>	<u>(49,656)</u>
Increase in Net OPEB Obligation/(Asset)	158,448	151,404
Net OPEB Obligation/(Asset)— beginning of year	<u>680,581</u>	<u>529,177</u>
Net OPEB Obligation/(Asset) — end of year	<u>\$ 839,029</u>	<u>\$ 680,581</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, 2015, 2014 and 2013 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/ (Asset)</u>
6/30/2015	\$ 218,610	\$ 60,162	27.52 %	\$ 839,029
6/30/2014	201,060	49,656	24.70 %	680,581
6/30/2013	203,474	43,064	21.16 %	529,177

Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation, July 1, 2014, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Projected Unit Credit Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/01/2014	\$ 0	\$ 2,147,945	\$ 2,147,945	0.00 %	\$ 10,294,293	20.87 %

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

C. Employee Retirement and Other Post Employment Benefit Plans (Continued)

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

Actuarial Methods and Assumptions

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

In the July 1, 2014 actuarial valuation, the following actuarial assumptions were used:

Actuarial cost method	Projected unit credit method
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years of the Valuation Date, on a open period basis
Actuarial assumptions:	
Investment rate of return	4%
Health cost rate trend	8% in 2014, decreasing to 5% in 2019
Inflation rate	3%
Projected salary increases	None

D. Commitments and Contingencies

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

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION - Cont'd

E. Leases of City Owned Facilities

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

- 1) Port Hueneme Athletic Center is leased to the Oxnard Boy's and Girl's Club (Club). The original 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 twenty (20) hours per week. The lease was renewed on March 8, 2007 and ending on March 7, 2010. The Lessee may renew the agreement for two (2) extension terms of three (3) years each. The Lessee recently exercised the second extension term commencing on March 8, 2014 and ending on March 7, 2016 at \$1 per year.
- 2) The front section of the Port Hueneme City Yard Complex is leased to Port Hueneme Marine Supply, Inc. The lease is for five (5) years. The base rent was \$6,646 per month. The rent will be increased at the beginning of the third (3rd), fourth (4th) and fifth (5th) year of the lease by a percentage equal to the percentage increase in the Consumer's Price Index (CPI). Current monthly rent being paid to the City at June 30, 2015, is \$12,064.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 SUCCESSOR AGENCY DISCLOSURES

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency of the City of Port Hueneme Redevelopment Agency on February 1, 2013 as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to these transactions are as follows:

Long-Term Liabilities:

Long-term liability activity for the period from July 01, 2014 through June 30, 2015 was as follows:

<u>Bonds Payable</u>	<u>Balance 6/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>	<u>Due w/in One-Year</u>
Tax Allocation Bond 1993 Series - R76	\$ 1,695,000	\$	\$ (145,000)	\$ 1,550,000	\$ 155,000
Tax Allocation Bond 1993 2004 Series	<u>11,265,000</u>	<u> </u>	<u>(1,065,000)</u>	<u>10,200,000</u>	<u>1,100,000</u>
Total Bonds Payable:	<u>\$ 12,960,000</u>	<u>\$ -</u>	<u>\$(1,210,000)</u>	<u>\$ 11,750,000</u>	<u>\$ 1,255,000</u>

Tax Allocation Bond, 1993 Series — R76

On April 12, 1993, the Agency issued Tax Allocation Bond, 1993 Series for the R-76 Project Area, in the amount of \$3,320,000. The purpose of the Bonds was to use to refund all or a portion of the Installment Note with Interest on Unpaid Balance, executed by the Agency for the benefit of the City, dated December 18, 1985 (the "R-76 Note").

The Bonds bear interest rates between 2.75% to 5.5% due May 1 and November 1 of each year and mature May 1, 2023.

Tax revenues are pledge for the payment of principal and interest on the Bonds until the Bonds and any Parity Debt have been paid, or until monies have been set-aside irrevocable for that purpose. A reserve account has been established to be held by the trustee to further secure the timely payment of principal and interest on the Bonds. The amount required to be maintained by the trustee for the Bonds is \$256,525.

The outstanding balance of the Bonds was \$1,550,000 at June 30, 2015.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 155,000	\$ 100,750	\$ 255,750
2017	165,000	90,675	255,675
2018	175,000	79,950	254,950
2019	185,000	68,575	253,575
2020	195,000	56,550	251,550
2021-2023	<u>675,000</u>	<u>89,700</u>	<u>764,700</u>
Totals	<u>\$ 1,550,000</u>	<u>\$ 486,200</u>	<u>\$ 2,036,200</u>

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 SUCCESSOR AGENCY DISCLOSUR - Cont'd

Tax Allocation Bond, 2004 Series — Central Community

On March 31, 2004, the Agency issued Tax Allocation Bond, 1993 Series for the Central Community Project Area, in the amount of \$12,210,000. The purpose of the Bonds was to use to refund all or a portion of the outstanding Port Hueneme Redevelopment Agency Central Community Project 1993 Tax Allocation Refunding Bonds and financing redevelopment activities of the Agency.

The Bonds bear interest rates between 2% to 4.45% due May 1 and November 1 of each year and mature May 1, 2023.

Tax revenues are pledge for the payment of principal and interest on the Bonds until the Bonds and any Parity Debt have been paid, or until monies have been set-aside irrevocable for that purpose. A reserve account has been established to be held by the trustee to further secure the timely payment of principal and interest on the Bonds. The amount required to be maintained by the trustee for the Bonds is \$586,404.

The outstanding balance of the Bonds was \$10,200,000 at June 30, 2015.

The annual debt service requirements on these bonds are as follows;

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,100,000	\$ 434,322	\$ 1,534,322
2017	1,145,000	390,322	1,535,322
2018	1,190,000	343,950	1,533,950
2019	1,240,000	294,565	1,534,565
2020	1,295,000	241,865	1,536,865
2021-2023	<u>4,230,000</u>	<u>379,051</u>	<u>4,609,051</u>
Totals	<u>\$ 10,200,000</u>	<u>\$ 2,084,075</u>	<u>\$ 12,284,075</u>

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 29, 2011, Assembly Bills lx 26 (the "Dissolution Act") and lx 27 were enacted as part of the FY 2011-12 state budget package.

On June 27, 2012, as part of the FY 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each a "Dissolved RDA") was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 11, 2012, the City elected to serve as the Successor Agency of the Port Hueneme Redevelopment Agency.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City of Port Hueneme elected on January 11, 2012 to serve as the Housing Successor Agency.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a special revenue fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller, the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES - Cont'd

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

As part of the dissolution process, AB1484 required the Successor Agency to have full diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The Successor Agency made payments totaling \$5,113,679 to the CAC as a result of the due diligence reviews.

The DOF issued a Finding of Completion on May 24, 2013 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews. The Finding of Completion allows the placement of loan agreements between the former redevelopment agency and the City on the ROPS, as an enforceable obligation.

AB 1484 specifies the actions to be taken and the method of repayment for advances by the Successor Agency (former Redevelopment Agency) to the various funds of the City. Upon application and approval by the successor agency and approval by the oversight board, loan agreements (advances) entered into by former redevelopment agency and the city shall deemed to be enforceable obligations provided that the oversight board makes a finding that the advances were for legitimate redevelopment purposes. The accumulated interest on the remaining amount of advances will be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The advances are to be repaid with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by the funds deposited into the Local Agency Investment Fund. Loan repayments could begin in the 2014-15 fiscal year as governed by the criteria in the health and code safety section. Management believes that the outstanding balance of the advance balance is not collectible.

CITY OF PORT HUENEME
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$(27,871,552) has been reflected in the City's financial statements to record the net pension asset/liability, deferred outflows/inflows, and adjusted pension expense and net position in accordance to GASB 68.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning net position as previously reported at June 30, 2014	\$ 63,449,185	\$ 26,569,522
Prior period adjustment - Implementation GASB 68:		
Net pension asset at June 30, 2014	(7,123,359)	
Net pension liability (measurement date)	(20,274,717)	(2,488,202)
Deferred outflows - The City's contributions made during fiscal year 2014	<u>1,802,357</u>	<u>212,369</u>
Total prior period adjustment	<u>(25,595,719)</u>	<u>(2,275,833)</u>
Net position as restated, July 1, 2014	<u>\$ 37,853,466</u>	<u>\$ 24,293,689</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PORT HUENEME
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2015, FOR THE LAST TEN FISCAL YEARS*

	<u>Miscellaneous Classic</u>	<u>Safety Classic</u>	<u>Total Pension Plans</u>
Proportion of the Net Pension Liability	0.17506 %	0.10472 %	0.27980 %
Proportionate Share of the Net Pension Liability	\$ 10,893,295	\$ 6,516,223	\$ 17,409,518
Covered-Employee Payroll	\$ 5,732,955	\$ 2,888,043	\$ 8,620,998
Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	190.01 %	225.63 %	201.94 %
Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	80.37 %	81.42 %	- %
Proportionate Share of Aggregate Employer Contributions	\$ 1,073,151	\$ 642,590	\$ 1,715,741

*Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF PORT HUENEME
SCHEDULE OF PLAN CONTRIBUTION
JUNE 30, 2015, FOR THE LAST TEN FISCAL YEARS*

	<u>Miscellaneous Classic</u>	<u>Miscellaneous PEPRA</u>	<u>Safety Classic</u>	<u>Safety PEPRA</u>	<u>Total Pension Plans</u>
Actuarially Determined Contribution	\$ 1,073,151	\$ 14,826	\$ 642,590	\$ 5,618	\$ 1,736,185
Contribution in Relation to the Actuarially Determined Contribution	\$ (1,073,151)	\$ (14,826)	\$ (642,590)	\$ (5,618)	\$ (1,736,185)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 5,732,955	\$ 237,220	\$ 2,888,043	\$ 48,851	\$ 8,907,069
Contributions as a Percentage of Covered- Employee Payroll	18.72 %	6.25 %	22.25 %	11.50 %	19.49 %

*Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF PORT HUENEME
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

Notes to Schedule:

Benefit Changes:

In 2015, benefit terms were modified to base miscellaneous employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes of Assumptions:

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees.

CITY OF PORT HUENEME
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2015

Other Post-Employment Benefit Plan

<u>Actuarial Valuation Date</u>	<u>Fiscal Year End</u>	<u>Actuarial Value of Assets</u>	<u>Projected Unit Credit Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/01/2014	6/30/2015	\$ 0	\$ 2,147,945	\$ 2,147,945	0.00%	\$10,294,293	20.87%
7/01/2011	6/30/2013	\$ 0	\$ 1,654,879	\$ 1,654,879	0.00%	\$ 9,510,069	17.40%
7/01/2008	6/30/2010	\$ 0	\$ 865,242	\$ 865,242	0.00%	\$10,603,055	8.16%

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 5,137,700	\$ 5,701,510	\$ 563,810
Property taxes	1,672,616	1,939,328	266,712
License and permits	1,483,900	609,664	(874,236)
Fines and penalties	547,600	400,476	(147,124)
Charges for services		668,985	668,985
Investment earnings	487,221	1,255,583	768,362
Rental income	464,400	452,893	(11,507)
Intergovernmental	2,891,120	4,046,603	1,155,483
Harbor district revenue	3,202,734	1,492,469	(1,710,265)
Other	<u>524,782</u>	<u>155,793</u>	<u>(368,989)</u>
Total revenues	<u>16,412,073</u>	<u>16,723,304</u>	<u>311,231</u>
EXPENDITURES:			
General government	5,124,016	4,228,811	895,205
Public safety	6,353,266	6,353,266	
Street and highways	1,003,593	897,651	105,942
Parks, recreation and social services	3,185,917	2,552,618	633,299
Community development	<u>945,593</u>	<u>945,593</u>	
Total expenditures	<u>16,612,385</u>	<u>14,977,939</u>	<u>1,634,446</u>
Excess (deficiency) of revenues over expenditures	<u>(200,312)</u>	<u>1,745,365</u>	<u>1,945,677</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	345,000	439,499	94,499
Transfers (out)	<u>(2,050,071)</u>	<u>(3,149,550)</u>	<u>(1,099,479)</u>
Total other financing sources (uses)	<u>(1,705,071)</u>	<u>(2,710,051)</u>	<u>(1,004,980)</u>
Net change in fund balances	(1,905,383)	(964,686)	940,697
Fund balances, beginning	<u>31,562,385</u>	<u>31,875,642</u>	<u>313,257</u>
Fund balances, ending	<u>\$ 29,657,002</u>	<u>\$ 30,910,956</u>	<u>\$ 1,253,954</u>

Note to Required Supplementary Information:

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

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
SURPLUS PROPERTY AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment earnings	\$ 500	\$ 360,885	\$ 360,385
Rental income	198,684	200,345	1,661
Grant revenue		1,377,133	1,377,133
Intergovernmental	<u>665,566</u>	<u> </u>	<u>(665,566)</u>
Total revenues	<u>864,750</u>	<u>1,938,363</u>	<u>1,073,613</u>
EXPENDITURES:			
General government	<u>1,558,573</u>	<u>1,243,380</u>	<u>315,193</u>
Total expenditures	<u>1,558,573</u>	<u>1,243,380</u>	<u>315,193</u>
Excess (deficiency) of revenues over expenditures	<u>(693,823)</u>	<u>694,983</u>	<u>1,388,806</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	<u>(91,800)</u>	<u>(24,903)</u>	<u>66,897</u>
Total other financing sources (uses)	<u>(91,800)</u>	<u>(24,903)</u>	<u>66,897</u>
Net change in fund balances	(785,623)	670,080	1,455,703
Fund balances, beginning	<u>3,634,526</u>	<u>2,991,809</u>	<u>(642,717)</u>
Fund balances, ending	<u>\$ 2,848,903</u>	<u>\$ 3,661,889</u>	<u>\$ 812,986</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF PORT HUENEME
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Neighborhood Preservation	Stormwater Program	Drainage Assessment District	Light Assessment District
ASSETS				
Cash and investments	\$ 939,914	\$	\$ 276,994	\$
Receivable:				
Accounts				
Property taxes			3,546	2,423
Due from other governments		<u>2,249</u>		
TOTAL ASSETS	<u>939,914</u>	<u>2,249</u>	<u>280,540</u>	<u>2,423</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	3,166	176	50	567
Accrued wages and benefits	558			
Due to other funds		68,300		39,896
Unearned revenue				
Deposits				
Due to other governments				
TOTAL LIABILITIES	<u>3,724</u>	<u>68,476</u>	<u>50</u>	<u>40,463</u>
FUND BALANCES				
Restricted	936,190		280,490	
Unassigned		<u>(66,227)</u>		<u>(38,040)</u>
TOTAL FUND BALANCES	<u>936,190</u>	<u>(66,227)</u>	<u>280,490</u>	<u>(38,040)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 939,914</u>	<u>\$ 2,249</u>	<u>\$ 280,540</u>	<u>\$ 2,423</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Median Assessment District	COPS AB3229	Traffic Safety	TDA
ASSETS				
Cash and investments	\$	\$	\$	\$ 236,642
Receivable:				
Accounts			3,130	10,375
Property taxes	3,537			
Due from other governments	<u> </u>	<u>23,217</u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>3,537</u>	<u>23,217</u>	<u>3,130</u>	<u>247,017</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable				125,550
Accrued wages and benefits				
Due to other funds	4,317	23,217	1,598	
Unearned revenue				
Deposits				
Due to other governments	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>4,317</u>	<u>23,217</u>	<u>1,598</u>	<u>125,550</u>
FUND BALANCES				
Restricted			1,532	121,467
Unassigned	<u>(780)</u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>(780)</u>	<u>-</u>	<u>1,532</u>	<u>121,467</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,537</u>	<u>\$ 23,217</u>	<u>\$ 3,130</u>	<u>\$ 247,017</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue Funds				
	Gas Tax	Bike Path	Block Grant	Homebuyer Program	Senior Nutrition Grant
ASSETS					
Cash and investments	\$ 614,280	\$ 119,351	\$	\$ 81,812	\$ 23
Receivable:					
Accounts			11,335		
Property taxes	62,443				
Due from other governments	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>676,723</u>	<u>119,351</u>	<u>11,335</u>	<u>81,812</u>	<u>23</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	104,169				23
Accrued wages and benefits					
Due to other funds			11,335		
Unearned revenue				81,053	
Deposits					
Due to other governments	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>104,169</u>	<u>-</u>	<u>11,335</u>	<u>81,053</u>	<u>23</u>
FUND BALANCES					
Restricted	572,554	119,351		759	
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>572,554</u>	<u>119,351</u>	<u>-</u>	<u>759</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 676,723</u>	<u>\$ 119,351</u>	<u>\$ 11,335</u>	<u>\$ 81,812</u>	<u>\$ 23</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Debt Service Fund</u>		
	<u>Housing Successor Agency</u>	<u>1992 A COP</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 83,152	\$ 478,950	\$ 2,831,118
Receivable:			
Accounts	755		25,595
Property taxes			71,949
Due from other governments	<u>33,171</u>		<u>58,637</u>
TOTAL ASSETS	<u>117,078</u>	<u>478,950</u>	<u>2,987,299</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	5,016		238,717
Accrued wages and benefits	4,736		5,294
Due to other funds			148,663
Unearned revenue			81,053
Deposits	29,324		29,324
Due to other governments	<u>168</u>		<u>168</u>
TOTAL LIABILITIES	<u>39,244</u>	<u>-</u>	<u>503,219</u>
FUND BALANCES			
Restricted	77,834	478,950	2,589,127
Unassigned			<u>(105,047)</u>
TOTAL FUND BALANCES	<u>77,834</u>	<u>478,950</u>	<u>2,484,080</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 117,078</u>	<u>\$ 478,950</u>	<u>2,987,299</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Neighborhood Preservation	Stormwater Program	Drainage Assessment District	Light Assessment District
REVENUES:				
Property taxes	\$	\$	\$ 184,664	\$ 121,764
Fines and penalties				
Investment earnings	5,312			
Rental income				
Loan payments	52,741			
Intergovernmental		2,249		
Other	<u>600</u>			
Total revenues	<u>58,653</u>	<u>2,249</u>	<u>184,664</u>	<u>121,764</u>
EXPENDITURES:				
General government				
Streets and highways		93,602	150,236	159,804
Parks, recreation and social services				
Community development	73,395			
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>73,395</u>	<u>93,602</u>	<u>150,236</u>	<u>159,804</u>
Excess (deficiency) of revenues over expenditures	<u>(14,742)</u>	<u>(91,353)</u>	<u>34,428</u>	<u>(38,040)</u>
OTHER FINANCING SOURCES				
(USES):				
Transfer in		131,920		168,239
Transfer (out)	<u>(9,710)</u>	<u>(42,665)</u>		
Total other financing sources (uses)	<u>(9,710)</u>	<u>89,255</u>		<u>168,239</u>
Net change in fund balances	(24,452)	(2,098)	34,428	130,199
Fund balances (deficits), beginning	<u>960,642</u>	<u>(64,129)</u>	<u>246,062</u>	<u>(168,239)</u>
Fund balances (deficits), ending	<u>\$ 936,190</u>	<u>\$ (66,227)</u>	<u>\$ 280,490</u>	<u>\$ (38,040)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Median Assessment District	COPS AB3229	Traffic Safety	TDA
REVENUES:				
Property taxes	\$ 178,220	\$	\$	\$
Fines and penalties			8,801	
Investment earnings				1,358
Rental income				
Loan payments				
Intergovernmental		104,447		124,500
Other				
Total revenues	<u>178,220</u>	<u>104,447</u>	<u>8,801</u>	<u>125,858</u>
EXPENDITURES:				
General government				
Streets and highways	179,000			584,399
Parks, recreation and social services				
Community development				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>179,000</u>	<u></u>	<u></u>	<u>584,399</u>
Excess (deficiency) of revenues over expenditures	<u>(780)</u>	<u>104,447</u>	<u>8,801</u>	<u>(458,541)</u>
OTHER FINANCING SOURCES				
(USES):				
Transfer in	7,104			
Transfer (out)		(137,780)	(8,801)	
Total other financing sources (uses)	<u>7,104</u>	<u>(137,780)</u>	<u>(8,801)</u>	<u></u>
Net change in fund balances	6,324	(33,333)		(458,541)
Fund balances (deficits), beginning	<u>(7,104)</u>	<u>33,333</u>	<u>1,532</u>	<u>580,008</u>
Fund balances (deficits), ending	<u>\$ (780)</u>	<u>\$</u>	<u>\$ 1,532</u>	<u>\$ 121,467</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds				
	Gas Tax	Bike Path	Block Grant	Homebuyer Program	Senior Nutrition Grant
REVENUES:					
Property taxes	\$	\$ 11,031	\$	\$	\$
Fines and penalties					
Investment earnings	2,423	629		430	
Rental income					
Loan payments					
Intergovernmental	636,242		459,321		15,964
Other	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>1,398</u>
Total revenues	<u>638,665</u>	<u>11,660</u>	<u>459,321</u>	<u>430</u>	<u>17,362</u>
EXPENDITURES:					
General government					
Streets and highways	352,788	1			
Parks, recreation and social services					1,163
Community development			378,283		
Principal retirement					
Interest and fiscal charges	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>352,788</u>	<u>1</u>	<u>378,283</u>	<u> </u>	<u>1,163</u>
Excess (deficiency) of revenues over expenditures	<u>285,877</u>	<u>11,659</u>	<u>81,038</u>	<u>430</u>	<u>16,199</u>
OTHER FINANCING SOURCES (USES):					
Transfer in					
Transfer (out)	<u> </u>	<u> </u>	<u>(75,325)</u>	<u> </u>	<u>(17,593)</u>
Total other financing sources (uses)	<u> </u>	<u> </u>	<u>(75,325)</u>	<u> </u>	<u>(17,593)</u>
Net change in fund balances	285,877	11,659	5,713	430	(1,394)
Fund balances (deficits), beginning	<u>286,677</u>	<u>107,692</u>	<u>(5,713)</u>	<u>329</u>	<u>1,394</u>
Fund balances (deficits), ending	<u>\$572,554</u>	<u>\$ 119,351</u>	<u>\$ </u>	<u>\$ 759</u>	<u>\$ </u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	Debt Service Fund			Total
	Housing Successor Agency	1992 A COP	Pension Obligation Bonds	Nonmajor Governmental Funds
REVENUES:				
Property taxes	\$ 33,114	\$	\$	\$ 528,793
Fines and penalties				8,801
Investment earnings				10,152
Rental income	229,983			229,983
Loan payments				52,741
Intergovernmental				1,342,723
Other	<u>1,131</u>	<u>42,323</u>	<u> </u>	<u>45,452</u>
Total revenues	<u>264,228</u>	<u>42,323</u>	<u> </u>	<u>2,218,645</u>
EXPENDITURES:				
General government	432,225			432,225
Streets and highways				1,519,830
Parks, recreation and social services				1,163
Community development				451,678
Principal retirement		365,000	1,095,000	1,460,000
Interest and fiscal charges	<u> </u>	<u>128,210</u>	<u>72,320</u>	<u>200,530</u>
Total expenditures	<u>432,225</u>	<u>493,210</u>	<u>1,167,320</u>	<u>4,065,426</u>
Excess (deficiency) of revenues over expenditures	<u>(167,997)</u>	<u>(450,887)</u>	<u>(1,167,320)</u>	<u>(1,846,781)</u>
OTHER FINANCING SOURCES				
(USES):				
Transfer in		450,887	1,167,320	1,925,470
Transfer (out)	<u>(32,907)</u>	<u> </u>	<u> </u>	<u>(324,781)</u>
Total other financing sources (uses)	<u>(32,907)</u>	<u>450,887</u>	<u>1,167,320</u>	<u>1,600,689</u>
Net change in fund balances	(200,904)			(246,092)
Fund balances (deficits), beginning	<u>278,738</u>	<u>478,950</u>	<u> </u>	<u>2,730,172</u>
Fund balances (deficits), ending	<u>\$ 77,834</u>	<u>\$ 478,950</u>	<u>\$</u>	<u>2,484,080</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD PRESERVATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment earnings	\$ 40,000	\$ 5,312	\$ (34,688)
Loan Payments	35,000	52,741	17,741
Other	<u>500</u>	<u>600</u>	<u>100</u>
Total revenues	<u>75,500</u>	<u>58,653</u>	<u>(16,847)</u>
EXPENDITURES:			
Community development	<u>227,568</u>	<u>73,395</u>	<u>154,173</u>
Total expenditures	<u>227,568</u>	<u>73,395</u>	<u>154,173</u>
Excess (deficiency) of revenues over expenditures	<u>(152,068)</u>	<u>(14,742)</u>	<u>137,326</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	<u>(36,000)</u>	<u>(9,710)</u>	<u>26,290</u>
Total other financing sources (uses)	<u>(36,000)</u>	<u>(9,710)</u>	<u>26,290</u>
Net change in fund balances	(188,068)	(24,452)	163,616
Fund balances, beginning	<u>801,020</u>	<u>960,642</u>	<u>159,622</u>
Fund balances, ending	<u>\$ 612,952</u>	<u>\$ 936,190</u>	<u>\$ 323,238</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
STORMWATER PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$	\$ 2,249	\$ 2,249
Other	<u>13,575</u>	<u> </u>	<u>(13,575)</u>
Total revenues	<u>13,575</u>	<u>2,249</u>	<u>(11,326)</u>
EXPENDITURES:			
Street and highways	<u>152,029</u>	<u>93,602</u>	<u>58,427</u>
Total expenditures	<u>152,029</u>	<u>93,602</u>	<u>58,427</u>
Excess (deficiency) of revenues over expenditures	<u>(138,454)</u>	<u>(91,353)</u>	<u>47,101</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	123,625	131,920	8,295
Transfers (out)	<u>(51,300)</u>	<u>(42,665)</u>	<u>8,635</u>
Total other financing sources (uses)	<u>72,325</u>	<u>89,255</u>	<u>16,930</u>
Net change in fund balances	(66,129)	(2,098)	64,031
Fund balances, beginning	<u>61,382</u>	<u>(64,129)</u>	<u>(125,511)</u>
Fund balances, ending	<u>\$ (4,747)</u>	<u>\$ (66,227)</u>	<u>\$ (61,480)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
DRAINAGE ASSESSMENT DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<i>REVENUES:</i>			
Property taxes	\$ 185,000	\$	\$ (185,000)
Fines and penalties	<u> </u>	<u>184,664</u>	<u>184,664</u>
Total revenues	<u>185,000</u>	<u>184,664</u>	<u>(336)</u>
<i>EXPENDITURES:</i>			
Street and highways	<u>150,800</u>	<u>150,236</u>	<u>564</u>
Total expenditures	<u>150,800</u>	<u>150,236</u>	<u>564</u>
Excess (deficiency) of revenues over expenditures	<u>34,200</u>	<u>34,428</u>	<u>228</u>
Net change in fund balances	34,200	34,428	228
Fund balances, beginning	<u>243,949</u>	<u>246,062</u>	<u>2,113</u>
Fund balances, ending	<u>\$ 278,149</u>	<u>\$ 280,490</u>	<u>\$ 2,341</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
LIGHT ASSESSMENT DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<i>REVENUES:</i>			
Property taxes	\$ 123,000	\$	\$ (123,000)
Fines and penalties	<u> </u>	<u>121,764</u>	<u>121,764</u>
Total revenues	<u>123,000</u>	<u>121,764</u>	<u>(1,236)</u>
<i>EXPENDITURES:</i>			
Street and highways	<u>157,500</u>	<u>159,804</u>	<u>(2,304)</u>
Total expenditures	<u>157,500</u>	<u>159,804</u>	<u>(2,304)</u>
Excess (deficiency) of revenues over expenditures	<u>(34,500)</u>	<u>(38,040)</u>	<u>(3,540)</u>
<i>OTHER FINANCING SOURCES (USES):</i>			
Transfers in	<u>34,500</u>	<u>168,239</u>	<u>133,739</u>
Total other financing sources (uses)	<u>34,500</u>	<u>168,239</u>	<u>133,739</u>
Net change in fund balances	0	130,199	130,199
Fund balances, beginning	<u>(171,214)</u>	<u>(168,239)</u>	<u>2,975</u>
Fund balances, ending	<u><u>\$ (171,214)</u></u>	<u><u>\$ (38,040)</u></u>	<u><u>\$ 133,174</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
MEDIAN ASSESSMENT DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 180,000	\$	\$ (180,000)
Fines and penalties	<u> </u>	<u>178,220</u>	<u>178,220</u>
Total revenues	<u>180,000</u>	<u>178,220</u>	<u>(1,780)</u>
EXPENDITURES:			
Street and highways	<u>179,000</u>	<u>179,000</u>	<u> </u>
Total expenditures	<u>179,000</u>	<u>179,000</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>1,000</u>	<u>(780)</u>	<u>(1,780)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u> </u>	<u>7,104</u>	<u>7,104</u>
Total other financing sources (uses)	<u>0</u>	<u>7,104</u>	<u>7,104</u>
Net change in fund balances	1,000	6,324	5,324
Fund balances, beginning	<u>(5,734)</u>	<u>(7,104)</u>	<u>(1,370)</u>
Fund balances, ending	<u>\$ (4,734)</u>	<u>\$ (780)</u>	<u>\$ 3,954</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
COPS GRANT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$	\$ 104,447	\$ 104,447
Gain or Sale of capital asset	<u>100,000</u>	<u> </u>	<u>(100,000)</u>
Total revenues	<u>100,000</u>	<u>104,447</u>	<u>4,447</u>
EXPENDITURES:			
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>100,000</u>	<u>104,447</u>	<u>4,447</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	<u>(100,000)</u>	<u>(137,780)</u>	<u>(37,780)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(137,780)</u>	<u>(37,780)</u>
Net change in fund balances	0	(33,333)	(33,333)
Fund balances, beginning	<u>0</u>	<u>33,333</u>	<u>33,333</u>
Fund balances, ending	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Fines and penalties	\$ <u>30,000</u>	\$ <u>8,801</u>	\$ <u>(21,199)</u>
Total revenues	<u>30,000</u>	<u>8,801</u>	<u>(21,199)</u>
EXPENDITURES:			
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>30,000</u>	<u>8,801</u>	<u>(21,199)</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	<u>(30,000)</u>	<u>(8,801)</u>	<u>21,199</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>(8,801)</u>	<u>21,199</u>
Net change in fund balances	0	0	0
Fund balances, beginning	<u>0</u>	<u>1,532</u>	<u>1,532</u>
Fund balances, ending	<u><u>\$ 0</u></u>	<u><u>\$ 1,532</u></u>	<u><u>\$ 1,532</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
TDA GRANT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment earnings	\$	\$ 1,358	\$ 1,358
Intergovernmental	<u>124,500</u>	<u>124,500</u>	<u></u>
Total revenues	<u>124,500</u>	<u>125,858</u>	<u>1,358</u>
EXPENDITURES:			
Street and highways	<u>705,400</u>	<u>584,399</u>	<u>121,001</u>
Total expenditures	<u>705,400</u>	<u>584,399</u>	<u>121,001</u>
Excess (deficiency) of revenues over expenditures	<u>(580,900)</u>	<u>(458,541)</u>	<u>122,359</u>
Net change in fund balances	(580,900)	(458,541)	122,359
Fund balances, beginning	<u>(1,303,533)</u>	<u>580,008</u>	<u>1,883,541</u>
Fund balances, ending	<u><u>\$ (1,884,433)</u></u>	<u><u>\$ 121,467</u></u>	<u><u>\$ 2,005,900</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
GAS TAX FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Investment earnings	\$ 200	\$ 2,423	\$ 2,223
Intergovernmental	<u>568,671</u>	<u>636,242</u>	<u>67,571</u>
Total revenues	<u>568,871</u>	<u>638,665</u>	<u>69,794</u>
EXPENDITURES:			
Street and highways	<u>1,094,877</u>	<u>352,788</u>	<u>742,089</u>
Total expenditures	<u>1,094,877</u>	<u>352,788</u>	<u>742,089</u>
Excess (deficiency) of revenues over expenditures	<u>(526,006)</u>	<u>285,877</u>	<u>811,883</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	<u>(100,000)</u>	<u> </u>	<u>100,000</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>0</u>	<u>100,000</u>
Net change in fund balances	(626,006)	285,877	911,883
Fund balances, beginning	<u>24,207</u>	<u>286,677</u>	<u>262,470</u>
Fund balances, ending	<u><u>\$ (601,799)</u></u>	<u><u>\$ 572,554</u></u>	<u><u>\$ 1,174,353</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
BIKE PATH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Fines and penalties		11,031	11,031
Investment earnings	150	629	479
Intergovernmental	50,000		(50,000)
Other	5,000		(5,000)
Total revenues	55,150	11,660	(43,490)
EXPENDITURES:			
Street and highways	0	1	(1)
Total expenditures	0	1	(1)
Excess (deficiency) of revenues over expenditures	55,150	11,659	(43,491)
Net change in fund balances	55,150	11,659	(43,491)
Fund balances, beginning	26,992	107,692	80,700
Fund balances, ending	\$ 82,142	\$ 119,351	\$ 37,209

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
CDBG PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<i>REVENUES:</i>			
Intergovernmental	\$ <u>499,971</u>	\$ <u>459,321</u>	\$ <u>(40,650)</u>
Total revenues	<u>499,971</u>	<u>459,321</u>	<u>(40,650)</u>
<i>EXPENDITURES:</i>			
Community development	<u>499,971</u>	<u>378,283</u>	<u>121,688</u>
Total expenditures	<u>499,971</u>	<u>378,283</u>	<u>121,688</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>81,038</u>	<u>81,038</u>
<i>OTHER FINANCING SOURCES (USES):</i>			
Transfers (out)	<u>0</u>	<u>(75,325)</u>	<u>(75,325)</u>
Total other financing sources (uses)	<u>0</u>	<u>(75,325)</u>	<u>(75,325)</u>
Net change in fund balances	0	5,713	5,713
Fund balances, beginning	<u>0</u>	<u>(5,713)</u>	<u>(5,713)</u>
Fund balances, ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
HOME BUYER PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Investment earnings	\$ <u> </u>	\$ <u> 430</u>	\$ <u> 430</u>
Total revenues	<u> 0</u>	<u> 430</u>	<u> 430</u>
EXPENDITURES:			
Total expenditures	<u> 0</u>	<u> 0</u>	<u> 0</u>
Excess (deficiency) of revenues over expenditures	<u> 0</u>	<u> 430</u>	<u> 430</u>
Net change in fund balances	0	430	430
Fund balances, beginning	<u> 0</u>	<u> 329</u>	<u> 329</u>
Fund balances, ending	<u><u> 0</u></u>	<u><u> 759</u></u>	<u><u> 759</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
SENIOR NUTRITION GRANT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 15,000	\$ 15,964	\$ 964
Other	<u>1,500</u>	<u>1,398</u>	<u>(102)</u>
Total revenues	<u>16,500</u>	<u>17,362</u>	<u>862</u>
EXPENDITURES:			
Parks, recreation and social services	<u>1,500</u>	<u>1,163</u>	<u>337</u>
Total expenditures	<u>1,500</u>	<u>1,163</u>	<u>337</u>
Excess (deficiency) of revenues over expenditures	<u>15,000</u>	<u>16,199</u>	<u>1,199</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	<u>(15,000)</u>	<u>(17,593)</u>	<u>(2,593)</u>
Total other financing sources (uses)	<u>(15,000)</u>	<u>(17,593)</u>	<u>(2,593)</u>
Net change in fund balances	0	(1,394)	(1,394)
Fund balances, beginning	<u>471</u>	<u>1,394</u>	<u>923</u>
Fund balances, ending	<u><u>\$ 471</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (471)</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
HOUSING SUCCESSOR AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 763,583	\$ 33,114	\$ (730,469)
Fines and penalties	200		(200)
Investment earnings	100		(100)
Rental income	232,654	229,983	(2,671)
Loan Payments	30,000		(30,000)
Other	<u>500</u>	<u>1,131</u>	<u>631</u>
Total revenues	<u>1,027,037</u>	<u>264,228</u>	<u>(762,809)</u>
EXPENDITURES:			
General government	504,819	432,225	72,594
Capital outlay	<u>2,000</u>	<u> </u>	<u>2,000</u>
Total expenditures	<u>506,819</u>	<u>432,225</u>	<u>74,594</u>
Excess (deficiency) of revenues over expenditures	<u>520,218</u>	<u>(167,997)</u>	<u>(688,215)</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	<u>(32,907)</u>	<u>(32,907)</u>	<u> </u>
Total other financing sources (uses)	<u>(32,907)</u>	<u>(32,907)</u>	<u>0</u>
Net change in fund balances	487,311	(200,904)	(688,215)
Fund balances, beginning	<u>180,752</u>	<u>278,738</u>	<u>97,986</u>
Fund balances, ending	<u>\$ 668,063</u>	<u>\$ 77,834</u>	<u>\$ (590,229)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
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FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Other	\$ _____	\$ <u>42,323</u>	\$ <u>42,323</u>
Total revenues	<u>0</u>	<u>42,323</u>	<u>42,323</u>
EXPENDITURES:			
Principal retirement	365,000	365,000	
Interest and fiscal charges	<u>128,000</u>	<u>128,210</u>	<u>(210)</u>
Total expenditures	<u>493,000</u>	<u>493,210</u>	<u>(210)</u>
Excess (deficiency) of revenues over expenditures	<u>(493,000)</u>	<u>(450,887)</u>	<u>42,113</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>493,000</u>	<u>450,887</u>	<u>(42,113)</u>
Total other financing sources (uses)	<u>493,000</u>	<u>450,887</u>	<u>(42,113)</u>
Net change in fund balances	0	0	0
Fund balances, beginning	<u>478,950</u>	<u>478,950</u>	<u>0</u>
Fund balances, ending	<u>\$ 478,950</u>	<u>\$ 478,950</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT HUENEME
BUDGETARY COMPARISON SCHEDULE
PENSION OBLIGATION BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Total revenues	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
EXPENDITURES:			
Principal retirement	1,095,020	1,095,000	20
Interest and fiscal charges	<u>72,512</u>	<u>72,320</u>	<u>192</u>
Total expenditures	<u>1,167,532</u>	<u>1,167,320</u>	<u>212</u>
Excess (deficiency) of revenues over expenditures	<u>(1,167,532)</u>	<u>(1,167,320)</u>	<u>212</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>1,167,532</u>	<u>1,167,320</u>	<u>(212)</u>
Total other financing sources (uses)	<u>1,167,532</u>	<u>1,167,320</u>	<u>(212)</u>
Net change in fund balances	0	0	0
Fund balances, beginning	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATISTICAL SECTION

CITY OF PORT HUENEME
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City of Port Hueneme
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:										
Net Investment in capital assets	\$ 23,943,904	\$ 25,164,338	\$ 23,942,462	\$ 18,549,894	\$ 18,549,894	\$ 21,872,560	\$ 22,277,948	\$ 22,069,405	\$ 20,469,453	\$ 19,788,439
Restricted	-	-	1,700,763	4,393,732	4,393,732	4,369,487	6,026,662	6,028,993	6,501,726	6,519,029
Unrestricted	12,328,548	38,284,847	37,834,041	31,722,206	31,722,206	26,759,307	14,152,106	11,661,280	7,441,754	14,640,289
Total governmental activities net position	<u>36,272,452</u>	<u>63,449,185</u>	<u>63,477,266</u>	<u>54,665,832</u>	<u>54,665,832</u>	<u>53,001,354</u>	<u>42,456,716</u>	<u>39,759,678</u>	<u>34,412,933</u>	<u>40,947,757</u>
Business-type activities:										
Net Investment in capital assets	13,800,054	14,384,883	15,015,104	21,291,470	14,179,551	13,546,674	9,222,016	6,473,602	3,858,516	5,891,531
Restricted	24,277	191,356	29,484	1,119,964	1,119,964	1,026,263	4,223,455	4,644,057	5,125,278	-
Unrestricted	13,515,859	11,993,284	8,803,858	4,113,816	4,113,816	3,773,231	334,739	2,773,653	4,330,851	6,602,545
Total business-type activities net position	<u>27,340,190</u>	<u>26,569,523</u>	<u>23,848,446</u>	<u>26,525,250</u>	<u>19,413,331</u>	<u>18,346,168</u>	<u>13,780,210</u>	<u>13,891,312</u>	<u>13,314,645</u>	<u>12,494,076</u>
Primary government:										
Net Investment in capital assets	37,743,958	39,549,221	38,957,566	39,841,364	32,729,445	35,419,234	31,499,964	28,543,007	24,327,969	25,679,970
Restricted	24,277	191,356	1,730,247	5,513,696	5,513,696	5,395,750	10,250,117	10,673,050	11,627,004	6,519,029
Unrestricted	25,844,407	50,278,131	46,637,899	35,836,022	35,836,022	30,532,538	14,486,845	14,434,933	11,772,605	21,242,834
Total primary government net position	<u>\$ 63,612,642</u>	<u>\$ 90,018,708</u>	<u>\$ 87,325,712</u>	<u>\$ 81,191,082</u>	<u>\$ 74,079,163</u>	<u>\$ 71,347,522</u>	<u>\$ 56,236,926</u>	<u>\$ 53,650,990</u>	<u>\$ 47,727,578</u>	<u>\$ 53,441,833</u>

City of Port Hueneme
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental activities:										
General government	\$ 6,930,171	\$ 7,726,546	\$ 7,369,212	\$ 5,861,741	\$ 7,019,698	\$ 6,174,844	\$ 5,543,821	\$ 3,431,111	\$ 3,207,654	\$ 4,249,828
Community development	1,546,296	1,142,228	1,229,464	2,265,054	3,630,572	5,525,629	3,000,750	1,115,853	3,238,233	2,791,936
Streets and highways	2,420,755	2,874,888	3,445,483	3,394,782	4,226,070	2,651,158	2,982,475	3,010,185	2,272,933	2,909,892
Public safety - police	6,353,265	6,341,581	6,349,764	6,684,727	6,385,901	6,101,143	5,796,561	7,431,276	7,614,945	6,733,773
Parks, recreation and social services	2,553,781	1,987,702	1,663,385	1,547,726	1,685,482	1,599,642	1,617,275	1,570,193	1,734,198	1,925,857
Bond issue cost	-	-	-	35,728	49,002	49,002	49,002	49,036	31,856	31,856
Capital outlay	-	-	-	-	-	-	-	1,265,846	611,515	960,502
Interest and fiscal charges on long term debt	629,686	676,153	716,591	1,127,067	1,704,342	1,737,267	1,795,651	1,445,804	1,403,261	1,279,487
Total governmental activities expenses	20,433,954	20,749,098	20,773,899	20,916,825	24,701,066	23,838,685	20,785,535	19,319,304	20,114,595	20,883,131
Business-type activities:										
Wastewater	3,001,674	3,401,089	3,529,296	3,590,127	3,334,681	3,507,739	3,328,909	3,525,917	3,868,524	3,744,342
Water	5,429,418	5,551,749	6,141,435	5,665,080	4,729,828	4,216,324	3,966,215	3,773,847	3,629,376	3,631,350
Solid waste	2,599,295	2,923,082	2,919,931	2,827,258	2,711,682	2,731,260	2,631,439	2,601,708	2,679,039	2,722,712
Housing Authority	3,809,438	4,101,576	4,186,659	4,134,878	4,172,358	4,109,738	-	-	-	-
Other business-type funds	3,031,317	878,187	839,073	903,928	969,737	982,677	1,084,118	1,011,500	1,014,934	981,427
Total business-type activities expenses	17,871,142	16,855,683	17,616,394	17,121,271	15,918,286	15,547,738	11,010,681	10,912,972	11,191,873	11,079,831
Total primary government expenses	38,305,096	37,604,781	38,390,293	38,038,096	40,619,352	39,386,423	31,796,216	30,232,276	31,306,468	31,962,962
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,971,841	3,937,746	3,999,418	4,962,751	3,798,777	4,638,992	4,734,479	3,154,440	2,376,678	3,074,450
Community development	684,441	879,648	762,056	885,507	1,489,810	846,066	822,741	119,345	360,369	336,998
Streets and highways	1,503,769	1,372,362	1,267,242	1,055,661	1,046,002	984,828	1,118,886	1,395,218	68,484	322,447
Public safety - police	150,043	158,476	182,263	174,296	158,857	292,885	222,113	363,053	298,990	83,421
Parks, recreation and social services	2,899,859	502,796	470,565	440,077	405,956	585,090	438,490	390,127	1,233,810	1,192,739
Operating grants and contributions	1,672,863	457,566	446,996	465,376	389,936	893,951	490,025	624,809	2,831,098	2,429,689
Capital grants and contributions	1,106,893	2,881,263	2,133,358	2,454,337	2,338,305	1,238,598	1,123,481	2,072,705	-	1,002
Total governmental activities program revenues	9,989,709	10,189,856	9,261,898	10,438,006	9,627,643	9,480,410	8,950,215	8,119,697	7,169,429	7,440,746
Business-type activities:										
Charges for services:										
Wastewater	3,806,645	3,750,154	3,626,449	3,309,012	3,880,863	3,463,574	3,223,359	3,719,420	3,888,904	2,608,686
Water	7,329,785	7,415,296	7,533,284	7,057,175	6,307,060	5,617,688	4,685,991	4,222,053	3,867,934	3,453,051
Solid waste	3,962,240	3,820,619	3,468,483	3,457,898	3,509,735	3,119,699	2,848,459	2,997,859	2,952,216	2,986,341
Operating grants and contributions	2,985,094	3,364,762	3,230,017	3,491,567	3,787,314	4,076,785	50,107	261,566	241,152	112,445
Housing Authority	387,349	362,169	365,663	346,465	408,189	343,843	-	-	-	-
Water plant	940,672	884,093	875,909	919,953	979,114	998,626	1,069,936	1,027,228	1,015,345	993,197
Total business-type activities program revenues	19,411,785	19,597,093	19,099,805	18,582,069	18,872,275	17,620,215	11,877,852	12,228,126	11,965,551	10,153,720
Total primary government program revenues	29,401,494	29,786,949	28,361,703	29,020,075	28,499,918	27,100,625	20,828,067	20,347,823	19,134,980	17,594,466
Net revenues (expenses):										
Governmental activities:	(10,444,245)	(10,559,242)	(11,512,001)	(10,478,820)	(15,073,423)	(14,358,275)	(11,835,320)	(11,199,607)	(12,945,166)	(13,442,385)
Business-type activities:	1,540,643	2,741,410	1,483,411	1,460,798	2,953,989	2,072,477	867,171	1,315,154	773,678	(926,111)
Total net revenues (expenses):	\$ (8,903,602)	\$ (7,817,832)	\$ (10,028,590)	\$ (9,018,021)	\$ (12,119,434)	\$ (12,285,798)	\$ (10,968,149)	\$ (9,884,453)	\$ (12,171,488)	\$ (14,368,496)

City of Port Hueneme
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,468,121	\$ 1,795,572	\$ 1,764,939	\$ 4,257,197	\$ 7,122,966	\$ 7,293,627	\$ 7,770,698	\$ 8,037,996	\$ 7,968,560	\$ 6,613,841
Sales taxes	2,003,923	2,370,342	2,733,978	2,075,781	1,823,785	1,661,471	1,111,111	1,095,727	1,111,399	1,044,283
Utility users taxes	1,128,814	1,158,019	1,185,088	1,153,247	1,119,550	1,032,097	976,685	962,674	955,927	1,002,804
Transient lodging taxes	455,139	393,337	300,505	326,055	295,439	328,754	323,960	408,972	313,552	262,000
Franchise taxes	387,817	368,368	355,871	385,558	361,276	353,748	431,946	419,943	376,700	309,586
Other taxes	201,245	155,292	480,039	497,172	-	-	-	225,061	-	-
Motor vehicle license in lieu	1,725,817	2,530,264	2,531,547	2,405,872	2,442,447	2,454,890	2,719,017	1,824,175	1,787,133	2,009,673
Investment earnings	1,626,620	1,933,459	1,607,025	2,050,376	3,332,132	2,092,280	2,376,782	3,443,958	4,039,880	3,028,922
Gain on disposal of capital asset	-	135,754	-	-	-	-	(167,978)	(37,240)	-	(4,594)
Other	-	-	-	-	37,953	11,756	16,099	-	261,591	1,294,562
Special item	-	-	(5,394,363)	17,625,859	-	-	-	-	(10,404,400)	-
Transfers	(1,134,265)	250,202	242,353	191,148	202,353	(1,087,188)	152,274	165,086	-	(819,825)
Total governmental activities	8,863,231	11,090,609	5,806,982	30,968,266	16,737,901	14,141,435	15,710,594	16,546,352	6,410,342	14,741,252
Business-type activities:										
Use of money and property	-	-	-	-	-	-	-	-	-	-
Investment earnings	1,052	973	37,650	44,872	(1,100,792)	(1,152,097)	(917,382)	(628,885)	(58,995)	57,339
Gain/(Loss) on disposal of capital asset	-	9,601	-	1,370	-	26,556	-	-	35,316	(131,757)
Other	370,540	381,349	521,927	750,570	442,583	151,853	91,383	55,484	70,570	-
Transfers	1,134,265	(250,202)	(242,353)	(191,148)	(202,353)	1,087,188	(152,274)	(165,086)	-	819,825
Total business-type activities	1,505,857	141,721	317,224	605,664	(860,562)	113,500	(978,273)	(738,487)	46,891	745,407
Total primary government	10,369,088	11,232,330	6,124,206	31,573,930	15,877,339	14,254,935	14,732,321	15,807,865	6,457,233	15,486,659
Changes in net position										
Governmental activities:	(1,581,014)	531,367	(5,705,020)	20,489,446	1,664,478	(216,841)	3,875,274	5,346,745	(6,534,824)	1,298,867
Business-type activities:	3,046,500	2,883,131	1,800,635	2,066,462	2,093,427	2,185,977	(111,102)	576,667	820,569	(180,704)
Total primary government	\$ 1,465,486	\$ 3,414,498	\$ (3,904,385)	\$ 22,555,908	\$ 3,757,905	\$ 1,969,136	\$ 3,764,172	\$ 5,923,412	\$ (5,714,255)	\$ 1,118,163

Source: The Comprehensive Annual Financial Report.

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General fund:										
Nonspendable	\$ 19,518,292	\$ 15,129,585	\$ 16,068,878	\$ 17,928,824	\$ 19,125,294					
Restricted	-	-	-	-	-					
Committed	931,726	925,957	1,311,123	1,301,001	1,300,964					
Assigned	-	-	-	6,241	-					
Unassigned	10,460,938	15,820,100	15,687,789	20,087,161	20,854,883					
Reserved						\$ 21,832,424	\$ 22,346,466	\$ 23,120,517	\$ 23,325,799	\$ 20,747,634
Unreserved, designated						12,007,882	12,007,882	12,007,882	12,007,882	16,833,727
Unreserved, undesignated						8,187,326	7,056,378	5,668,032	4,657,034	3,330,462
Total general fund	\$ 30,910,956	\$ 31,875,642	\$ 33,067,790	\$ 39,323,227	\$ 41,281,140	\$ 42,027,632	\$ 41,410,726	\$ 40,796,431	\$ 39,990,715	\$ 40,911,823
All other governmental funds:										
Nonspendable	-	-	8,637,700	8,660,505	10,459,894					
Restricted	6,251,016	5,967,165	2,366,885	2,203,694	2,442,326					
Committed	-	-	-	-	-					
Assigned	-	-	438,332	677,238	1,937,957					
Unassigned	(105,047)	(245,184)	(200,861)	(179,914)	(6,787,824)					
Reserved	-	-	-	-	-	9,635,483	17,865,433	15,576,247	11,080,795	3,327,892
Unreserved, designated	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated:										
Reported in special revenue funds	-	-	-	-	-	9,746,671	3,777,436	4,095,019	6,972,204	12,127,283
Debt service funds	-	-	-	-	-	(13,726,172)	(14,018,191)	(12,828,799)	(12,596,826)	(12,574,372)
Reported in capital project funds	-	-	-	-	-	1,358,798	1,343,932	1,321,489	1,259,601	1,201,791
Total all other governmental funds	\$ 6,145,969	\$ 5,721,981	\$ 11,242,056	\$ 11,361,523	\$ 8,052,354	\$ 7,014,780	\$ 8,968,610	\$ 8,163,956	\$ 6,715,774	\$ 4,082,594

Source: The Comprehensive Annual Financial Report.

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Taxes	\$ 8,169,631	\$ 7,582,365	\$ 7,812,609	\$ 9,700,015	\$ 12,296,187	\$ 12,282,972	\$ 12,370,446	\$ 12,901,063	\$ 12,571,544	\$ 11,770,922
Licenses and permits	609,664	534,654	576,351	504,564	487,310	468,963	624,304	579,198	601,851	478,231
Intergovernmental	5,389,326	6,573,787	6,788,483	8,206,407	8,957,236	6,793,891	6,245,720	3,365,954	3,541,209	4,142,863
Charges for services	668,985	489,978	485,413	463,423	381,911	1,064,823	776,256	2,704,159	2,113,250	2,335,736
Fines and forfeitures	409,277	498,885	482,967	399,132	386,786	372,652	470,483	411,100	346,472	322,254
Investment earnings	1,626,620	2,251,581	1,607,025	2,050,374	2,320,968	2,156,746	2,943,142	3,443,958	3,270,247	3,028,922
Other revenues	4,006,809	2,524,030	2,468,041	2,097,639	1,945,590	1,949,103	1,948,997	2,195,618	2,779,266	2,303,561
Total revenues	20,880,312	20,455,280	20,220,889	23,421,553	26,775,989	25,089,150	25,379,348	25,601,050	25,223,839	24,382,489
Expenditures:										
Current:										
General government	3,966,655	6,128,490	6,199,768	4,511,005	7,301,284	5,525,021	5,485,023	2,916,632	2,805,560	3,539,125
Community development	1,397,271	1,132,961	1,219,646	2,243,804	2,935,977	5,948,162	3,426,578	2,683,320	5,112,682	4,140,504
Streets and highways	2,417,481	2,848,919	3,417,969	3,363,725	4,214,408	2,640,278	2,943,365	3,782,463	2,330,776	2,606,908
Parks, recreation and social services	2,553,781	1,975,165	1,650,102	1,534,649	1,680,831	1,593,840	1,611,674	1,570,193	1,734,198	2,027,814
Public safety - police	6,353,266	6,293,793	6,299,133	6,638,958	6,368,279	6,079,383	5,775,558	7,431,276	7,614,945	6,733,773
Capital outlays	1,937,761	1,937,761	1,149,923	3,413,157	-	-	-	1,265,846	611,515	1,527,936
Debt service:										
Principal retirement	1,460,000	1,210,533	1,113,701	1,043,611	1,921,960	1,769,853	1,495,000	1,380,000	1,030,000	1,084,255
Interest and other charges	200,530	382,343	393,541	877,431	2,264,524	2,317,742	2,374,710	2,482,523	2,547,633	2,390,639
Total expenditures	20,286,745	21,909,965	21,443,783	23,626,341	26,687,262	25,874,279	23,111,908	23,512,253	23,787,309	24,050,954
Revenues over (under) expenditures	593,567	(1,454,685)	(1,222,894)	(204,787)	88,727	(785,129)	2,267,440	2,088,797	1,436,530	331,535
Other financing sources (uses):										
Proceeds from long-term debt	-	-	-	-	-	-	-	-	10,679,956	-
Transfers in	2,364,969	1,884,340	1,856,832	2,095,109	3,832,277	5,372,675	2,659,102	2,569,798	2,516,659	3,629,616
Transfers out	(3,499,234)	(1,634,138)	(1,614,479)	(1,903,961)	(3,629,924)	(6,459,864)	(2,506,828)	(2,404,713)	(2,516,659)	(4,449,441)
Total other financing sources (uses)	(1,134,265)	250,202	242,353	191,147	202,353	(1,087,188)	152,274	165,085	10,679,956	(819,825)
Special item			(5,394,363)	1,364,897					(10,404,400)	
Net change in fund balances	\$ (540,698)	\$ (1,204,483)	\$ (6,374,904)	\$ 1,351,256	\$ 291,081	\$ (1,872,317)	\$ 2,419,714	\$ 2,253,882	\$ 1,712,086	\$ (488,290)
Debt service as a percentage of noncapital expenditures	8.9%	7.8%	7.4%	10.5%	18.6%	18.8%	20.1%	21.0%	18.3%	18.2%

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 2005.

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 (2)			Taxable Assessed Value	Total Direct Tax Rate
	Local Secured	Utility	Unsecured		Secured	Unsecured	Less: Exemptions		
2006	1,268,841	272	95,526	1,364,639	491,510	18,696	4,623	505,583	0.346%
2007	1,468,838	246	29,955	1,499,039	546,405	20,322	4,759	561,968	0.360%
2008	1,563,818	-	33,105	1,596,923	600,590	22,037	5,095	617,532	0.342%
2009	1,340,697	-	112,102	1,452,799	560,249	33,273	4,823	588,699	0.390%
2010	1,370,697	-	112,365	1,483,061	533,372	31,549	4,739	560,181	0.331%
2011	1,348,438	-	97,849	1,446,287	519,390	32,306	4,439	547,258	0.331%
2012	1,334,119	-	95,190	1,429,309	-	-	-	-	0.087%
2013	1,288,257	-	112,999	1,401,256	-	-	-	-	0.090%
2014	1,312,093	-	114,592	1,426,685	-	-	-	-	0.088%
2015	1,488,441	-	144,780	1,633,221	-	-	-	-	0.151%

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

(2) Redevelopment Agency dissolved January 31, 2012 pursuant to Assembly Bill X1 26.

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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
City Direct Rates:										
City Basic Rate	0.1347	0.1349	0.4394	0.4513	0.4562	0.4612	0.4667	0.4551	0.4577	0.4458
Redevelopment Agency	0.0000	0.0000	0.0000	0.0179	0.0251	0.0118	0.0290	0.0079	0.0069	0.0109
Total City Direct Rate	0.1347	0.1349	0.4394	0.4692	0.4813	0.4730	0.4957	0.4630	0.4647	0.4567
Overlapping Rates:										
Port Hueneme Elementary	0.0440	0.0483	0.0488	0.0493	0.0457	0.0448	0.0379	0.0368	0.0353	0.0459
Oxnard Elementary	0.0875	0.0811	0.0851	0.0937	0.0969	0.0245	0.0221	0.0269	0.0286	0.0352
Elementary School Bond Pt Hueneme#2	0.0228	0.0241	0.0000	0.0000	0.0000	0.0412	0.0364	0.0302	0.0323	0.0339
Elementary School Bond Oxnard #4	0.0190	0.0211	0.0000	0.0000	0.0000	0.0324	0.0287	0.0256	0.0000	0.0000
Oxnard High School	0.0178	0.0325	0.0199	0.0174	0.0282	0.0109	0.0100	0.0098	0.0107	0.0122
Ventura Community College Board	0.0176	0.0167	0.0191	0.0140	0.0151	0.0139	0.0152	0.0050	0.0127	0.0130
United Water Cons Import	0.0182	0.0171	0.0072	0.0142	0.0214	0.0075	0.0247	0.0034	0.0022	0.0057
Metropolitan Water	0.0035	0.0035	0.0035	0.0037	0.0037	0.0043	0.0043	0.0045	0.0047	0.0052
City of Port Hueneme	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total Direct Rate	1.3651	1.3793	1.6230	1.6614	1.6923	1.6524	1.6749	1.6052	1.5912	1.6078

Source: Ventura County Assessor

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

Taxpayer	2015		2006	
	Taxable Assessed Value ⁽¹⁾	Percent of Total City Taxable Assessed Value ⁽²⁾	Taxable Assessed Value ⁽³⁾	Percent of Total City Taxable Assessed Value ⁽⁴⁾
F Oliveira Ranch Company	\$ 64,711,264	4.35%	\$ 15,470,669	1.22%
Global Auto Processing Services Inc	25,690,526	1.73%	-	0.00%
Jesco LP	23,893,806	1.61%	21,013,093	1.66%
Cheng Hsin Investment Inc	15,208,810	1.02%	-	0.00%
BMW of North America LLC	11,128,000	0.75%	-	0.00%
Wallenius Wilhelemson Logistics	10,304,054	0.69%	-	0.00%
Del Monte Fresh Produce Company	8,936,100	0.60%	8,879,005	0.00%
Seaview Apartments LLC	8,322,903	0.56%	-	0.00%
Yara North America Inc	6,954,300	0.47%	-	0.00%
939 X Serano Av LLC	6,819,588	0.46%	5,858,370	0.46%
	<u>\$ 181,969,351</u>	<u>12.23%</u>	<u>\$ 51,221,137</u>	<u>3.34%</u>

(1) Source: Ventura County Assessor's Office

(2) 2014-15 Local Secured Assessed Valuation: \$1,488,441,000

(3) Source: Ventura County Assessor's Office

(4) 2004-2005 Local Secured Assessed Valuation: \$1,269,112,213

City of Port Hueneme
Property Tax Levies and Collections
Last Ten 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
2006	6,770,115	6,466,161	95.51%	-	6,466,161	95.51%
2007	7,868,162	7,417,488	94.27%	-	7,417,488	94.27%
2008	8,268,273	7,565,534	91.50%	2,061	7,567,595	91.53%
2009	8,380,003	7,971,239	95.12%	-	7,971,239	95.12%
2010	7,231,840	6,755,314	93.41%	2,481	6,757,795	93.45%
2011	6,834,607	6,590,246	96.42%	-	6,590,246	96.42%
2012	1,288,257	1,246,661	96.77%	2,165	1,248,826	96.94%
2013	1,401,256	1,261,950	90.06%	2,495.00	1,264,445	90.24%
2014	1,426,685	1,257,895	88.17%	2,239.80	1,260,135	88.33%
2015	1,633,221	2,468,121	151.12%	-	2,468,121	151.12%

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				Total Primary Government	Percentage of Personal Income	Debt Per Capita	
	Certificates of Participation	Tax Allocation Bonds	Capital Lease Pension Oblig Bonds	Total Governmental Activities	Wastewater Revenue Bonds	Other Funds	Seaview Apartments				Total Business-Type Activities
2006	4,325,000	20,655,000	294,110	25,274,110	-	646,771	-	646,771	25,920,881	2.79%	1158
2007	4,095,000	19,855,000	228,990	24,178,990	5,270,000	585,807	-	5,855,807	30,034,797	3.08%	1401
2008	3,850,000	19,010,000	10,551,383	33,411,383	5,185,000	522,367	-	5,707,367	39,118,750	4.02%	1762
2009	3,590,000	18,125,000	10,256,725	31,971,725	5,095,000	456,352	-	5,551,352	37,523,077	3.85%	1684
2010	3,315,000	17,195,000	9,475,103	29,985,103	5,000,000	387,656	-	5,387,656	35,372,759	6.93%	1597
2011	3,025,000	16,220,000	8,832,678	28,077,678	4,900,000	316,171	-	5,216,171	33,293,849	7.07%	1521
2012	2,720,000	15,190,000	8,094,067	26,004,067	4,800,000	241,782	-	5,041,782	31,045,849	6.38%	1432
2013	2,395,000	14,105,000	9,530,355	26,030,355	4,695,000	164,374	-	4,859,374	30,889,729	6.08%	1403
2014	2,050,000	12,960,000	8,963,808	23,973,808	4,585,000	83,822	-	4,668,822	28,642,630	5.66%	1279
2015	1,685,000	11,750,000	8,303,508	21,738,508	4,470,000	-	-	4,470,000	26,208,508	4.97%	#DIV/0!

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total	Total Taxable Assessed Value	Percent of Assessed Value (1)	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Pension Bonds				
2006	4,325	20,655	-	24,980	1,870,222	0.00%	193
2007	4,095	19,855	-	23,950	2,061,007	0.00%	191
2008	3,850	19,010	-	22,860	2,214,455	0.00%	173
2009	3,590	18,125	-	21,715	2,041,498	0.00%	161
2010	3,315	17,195	10,040	30,550	2,043,243	0.49%	150
2011	3,025	16,220	9,475	28,720	1,993,545	0.48%	138
2012	2,720	15,190	8,818	26,728	1,429,309	0.62%	125
2013	2,395	14,105	9,530	26,030	1,401,256	0.68%	109
2014	2,050	12,960	8,964	23,974	1,426,685	0.63%	92
2015	1,685	11,750	8,304	21,739	1,633,221	0.51%	75

(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, 2015**

	Total Debt 6/30/2015	Percentage Applicable	City's Share of Debt 6/30/2015
2014-15 Assessed Valuation	\$ 1,631,897,652		
Redevelopment Agency Incremental Valuation	-		
Adjusted Assessed Valuation	<u>\$ 1,631,897,652</u>		
OVERLAPPING TAX AND ASSESSMENT DEBT			
Metropolitan Water District	\$ 110,420,000	0.071%	\$ 78,398
Ventura County Community College District	303,412,082	1.430%	4,338,793
Oxnard Union High School District	135,007,016	4.465%	6,028,063
Hueneme School District	35,526,353	27.703%	9,841,866
Oxnard School District	156,164,120	5.172%	<u>8,076,808</u>
Total Overlapping Tax and Assessment Debt			<u>28,363,928</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Ventura County Certificates of Participation	\$ 385,475,000	1.430%	\$ 5,512,293
Ventura County Superintendent of Schools	10,795,000	1.430%	154,369
Oxnard Union High School District General Fund Obligations	6,240,000	4.465%	278,616
Oxnard School District Certificates of Participation	4,341,900	5.172%	224,563
City of Port Hueneme Certificates of Participation	1,685,000	100.000%	1,685,000 (1)
City of Port Hueneme Pension Obligations	5,509,990	100.000%	<u>5,509,990</u>
Total Direct and Overlapping General Fund Debt			<u>13,364,831</u>
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 11,750,000	100.000%	\$ 11,750,000
TOTAL DIRECT DEBT			\$ 7,149,990
TOTAL OVERLAPPING DEBT			\$ 46,283,769
Combined Total Debt			<u>\$ 53,478,759</u> (2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping districts's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

Ratios to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.74%
Total Direct Debt (\$7,149,990).....	0.44%
Combined Total Debt.....	3.28%

Ratios to Redevelopment Incremental Valuation (\$585,692,179):

Total Overlapping Tax Increment Debt.....	2.01%
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AB:(\$475)

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

Fiscal Year Ended June 30	(2) Assessed Valuation	Conversion Percentage	Adjusted Assessed Valuation	Debt Limit Percentage	(1) Total Net Debt Applicable to Limit:		Total Debt Applicable to the Limit as a Percentage of Debt Limit	
					Debt Limit	General Obligation Bonds Legal Debt Margin		
2006	1,870,222,000	25%	467,555,500	15%	70,133,325	-	70,133,325	0%
2007	2,061,007,000	25%	515,251,750	15%	77,287,763	-	77,287,763	0%
2008	2,214,455,000	25%	553,613,750	15%	83,042,063	-	83,042,063	0%
2009	2,041,498,000	25%	510,374,500	15%	76,556,175	-	76,556,175	0%
2010	2,043,242,555	25%	510,810,639	15%	76,621,596	-	76,621,596	0%
2011	1,993,544,974	25%	498,386,244	15%	74,757,937	-	74,757,937	0%
2012	1,429,308,948	25%	357,327,237	15%	53,599,086	-	53,599,086	0%
2013	1,401,256,000	25%	350,314,000	15%	52,547,100	-	52,547,100	0%
2014	1,426,685,000	25%	356,671,250	15%	53,500,688	-	53,500,688	0%
2015	1,633,221,000	25%	408,305,250	15%	61,245,788	-	61,245,788	0%

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

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

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

Fiscal Year Ended June 30	Wastewater Fund Revenue Bonds					Coverage
	Operating Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2006	2,620,828	3,602,321	(981,493)	-	-	-
2007	3,899,712	3,724,773	174,939	-	92,728	1.89
2008	3,728,152	3,375,604	352,548	85,000	233,373	1.11
2009	3,230,222	3,103,723	126,499	90,000	224,364	0.40
2010	3,511,342	3,065,671	445,671	95,000	217,464	1.43
2011	3,902,867	3,120,407	782,460	100,000	213,564	2.50
2012	3,316,609	3,016,761	299,848	100,000	264,549	0.82
2013	3,649,468	2,921,935	727,533	105,000	270,805	1.94
2014	3,750,154	2,844,702	905,452	110,000	247,984	2.53
2015	3,806,731	2,805,009	1,001,722	115,000	196,664	3.21

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)
2006	22,388	928,196	41,460	4.6%
2007	21,437	974,062	45,438	4.8%
2008	22,202	973,486	43,847	5.8%
2009	22,283	973,669	43,696	9.1%
2010	22,152	510,722	23,055	11.7%
2011	21,887	470,986	21,519	12.6%
2012	21,682	486,436	22,435	11.8%
2013	22,024	507,962	23,064	8.2%
2014	22,399	505,657	22,575	7.3%
2015	22,389	527,821	23,575	9.9%

(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

Full-Time (FTE) Employees as of June 30										
<u>Function</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government	1	1	1	1	1	1	1	1	-	-
City Administration	9	9	8	8	4	4	4	4	5	5
Finance	8	9	9	10	9	9	9	10	9	9
Community Development	8	9	9	10	10	10	10	9	9	12
Recreation and Community Services	20	20	20	20	20	20	20	20	20	36
Public safety - police	32	32	37	36	35	36	36	37	40	54
Housing Authority	4	5	7	11	9	11	11	12	12	12
Public Works	46	48	50	51	45	51	54	55	58	59
Total	<u>128</u>	<u>133</u>	<u>141</u>	<u>147</u>	<u>133</u>	<u>142</u>	<u>145</u>	<u>148</u>	<u>153</u>	<u>187</u>

Source: City Budget Documents

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

Employer (1)	2015	
	Number of Employees	Percent of Total Employment (2)
Naval Base Ventura County	19,000	87.63%
Hueneme School District	700	3.23%
PAC Foundries	229	1.06%
International Longshoremen's	151	0.70%
Pride Industries	140	0.65%

(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
2006	41,131,226	4.38%
2007	45,866,487	5.28%
2008	46,509,671	3.83%
2009	47,510,157	1.94%
2010	41,447,447	1.94%
2011	41,525,703	1.34%
2012	44,121,112	0.72%
2013	39,356,713	0.59%
2014	41,793,583	0.63%
2015	44,698,565	0.61%

Source: Finance Department, City of Port Hueneme

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

	Fiscal Years									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police:										
Arrests	886	751	789	697	745	869	599	969	846	772
Parking citations issued	9418	10321	10618	8094	8209	8848	10,560	8,609	12,297	9,077
Public works:										
Street resurfacing (lane miles)	1.6	1.7	1.7	1.7	1.7	1.7	1.7	3.7	1.2	1.4
Parks and recreation:										
Number of recreation classes	26	24	24	28	30	32	33	34	26	33
Number of facility rentals per event	137	120	120	119	128	122	140	117	201	211
Number of park rental reservations per attendees (in thousands)	5	5	5	4	5	7	4	5	4	4
Water:										
Total system connections	5765	5747	5747	5747	5312	5665	5,462	5,246	5,157	5,189
Average daily consumption (million gallons per day)	1.56	2.41	2.41	2.41	2.45	2.42	2.48	2.63	2.87	2.60
Wastewater:										
Total system connections	4972	4972	4822	4822	4781	5157	5,126	5,081	4,992	5,027
Average daily sewage treatment (million gallons per day)	1.54	2.50	2.50	2.50	2.60	2.96	2.64	2.98	3.09	2.85
Refuse:										
Number of customers	5023	5023	4873	4873	4160	3828	4161	4132	3906	3920
Average daily collection (tonage)	49.76	49.76	49.76	45.45	47.93	45.21	48.98	55.68	59.53	63.40

Source: City of Port Hueneme

** Data not available

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

	Fiscal Years									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Street (miles)	75	75	75	75	75	75	75	75	75	75
Streetlights	118	118	118	118	118	118	118	118	118	118
Traffic signals	10	10	10	10	10	10	10	10	10	10
Parks and recreation:										
Parks	5	5	5	5	5	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	100	100	100	100	100	100	100	100	100	100
Maximum daily capacity (million gallons per day)	5	5	10	10	10	10	10	10	10	10
Wastewater:										
Sanitary sewers (miles)	45	45	45	45	45	45	45	45	45	45
Storm sewers (miles)	22	22	22	22	22	22	22	22	22	22
Maximum daily treatment capacity (million gallons per day)	5	5	5	5	5	5	5	5	5	5

Source: City of Port Hueneme

**City of Port Hueneme
Wastewater Service Rates
Last Seven 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
2015	36.00	36.00	2.71	4.20	5.40	2.40
2014	36.00	36.00	2.71	4.20	5.40	2.40
2013	34.00	34.00	2.56	3.97	5.10	2.27
2012	31.00	31.00	2.33	3.62	4.65	2.07
2011	28.00	28.00	2.10	3.27	4.20	1.87
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

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 Seven Years Ago**

Wastewater Customer	2015		2009	
	Wastewater Charges	Percent of Total Wastewater Revenues	Wastewater Charges	Percent of Total Wastewater Revenues
Naval Base Ventura County		0.00%	\$ 815,909	24.90%
Tricast, Inc	\$ 23,822	0.63%	8,845	0.27%
Holiday Inn Express	10,428	0.27%	-	0.00%
Surfside Motel	9,366	0.25%	-	0.00%
Oxnard Harbor District	-	0.00%	1,742	0.05%
	<u>\$ 43,616</u>	<u>1.15%</u>	<u>\$ 826,496</u>	<u>25.22%</u>

(1) 2006 was the first year of Wastewater Bond

Source: Port Hueneme Wastewater Division Division