

**CITY OF PORT HUENEME, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2012**



**Prepared by  
Finance Department**

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

**City of Port Hueneme  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2012**

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# City of Port Hueneme

## FINANCE DEPARTMENT

**January 31, 2013**

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Port Hueneme, California for the fiscal year ended June 30, 2012. The format and content of this CAFR complies with the principles and standards of accounting and financial reporting adopted by the Governmental Accounting Standards Board (GASB) and contains all information needed for readers to gain a reasonable understanding of City of Port Hueneme's financial affairs.

### **INTRODUCTION**

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

White Nelson Diehl Evans LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2012. The independent auditors' report is located at the front of the financial section of this report.

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

### **CITY OF PORT HUENEME PROFILE**

Port Hueneme (pronounced "Wy-nee'mee") is a seaside community in Ventura County, California. Port Hueneme is located 60 miles northwest of Los Angeles and 40 miles south of Santa Barbara. The City's name derives from a Chumash word (Wene'mu) that means "resting place". Today's Port Hueneme is located halfway between two larger Chumash settlements, today's Malibu and Ventura. The first post office in the community was in Wynema. When Thomas R. Bard laid out the town in 1872, he called it Hueneme. The name was changed to Port Hueneme after the Port of Hueneme was built in 1939.

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

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

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

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

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

## **LOCAL ECONOMY**

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

General Fund sales tax revenue remains a significant source of revenue to operate general government functions. The City was successful in November 2008 with the passage of a one-half cent sales tax increase, which became effective April 1, 2009. Sales and use tax revenue for fiscal year ended June 30, 2012, totaled \$1.53 million compared to \$1.79 million for the previous year.

For 2012, unemployment in the City was at 10.2 percent. The annual average 2012 countywide unemployment rate was 8.6 percent. The countywide rate is below the California average of 9.8 percent, but above the nationwide rate of 7.9 percent.

Consistent with the nationwide trend, median home prices decreased in both the City and County from calendar year 2010 to 2011. The 2011 median single family home price in the City was \$260,000. City real median home prices decreased 7.6 percent in 2011. With the decrease in residential property values, the effects of increased property assessment appeals may impact the current period, and may affect property tax revenue in FY 2012-13. The latest trend through October, 2012, shows single family homes rising.

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 0.72 percent for the fiscal year ended June 30, 2012, which is a decrease from the prior year's return of 1.41 percent.

## LONG TERM FINANCIAL PLANNING

In recognition of the financial challenges of the future, the City's Financial Strategic Plan (Plan) was adopted in May 2011 for Fiscal Year 2011-12. On February 14, 2011, the City Council, City Manager, City Attorney and Department Directors convened its fifth annual Strategic Planning workshop, reviewing the current fiscal year's projects and progress, and discussing the Council's priorities for Fiscal Year 2011-12. The No. 1 Goal of the Plan is to maintain balanced General Fund and Enterprise Fund budgets with adequate operating and capital reserves. This goal was first achieved with the adoption of Fiscal Year 2009-10 budget, which was balanced without the use of reserves for the first time in five years. The following three objectives under this goal will further maintain and enhance this fiscal position:

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

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

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

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

|                                    |             |
|------------------------------------|-------------|
| ▪ Street Mill and Overlay Project  | \$445,000   |
| ▪ Wastewater System Rehabilitation | \$1,240,000 |
| ▪ Water Distribution Design        | \$200,000   |
| ▪ Street Rehabilitation            | \$420,000   |

## RELEVANT FINANCIAL POLICIES

The general fund maintains \$12.2 million assigned 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, 2012 included \$30.9 million invested in LAIF and \$5.6 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.

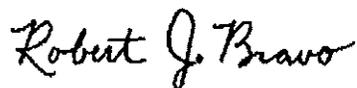
## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE

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, 1012. 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 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 Al Burrell, Shelly Kluksdahl, Tonie Alix and Juanita Guzman, who are to be commended for their extensive work and high level of performance. Additional thanks go to other members of the Finance Department who assisted with the report.

Respectfully submitted,



Robert J. Bravo  
Finance Director/City Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Port Hueneme  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

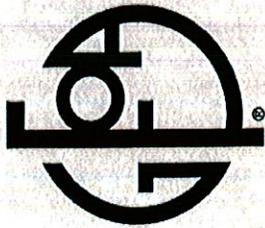


*Linda C. Davidson*

President

*Jeffrey R. Emer*

Executive Director



The Government Finance Officers Association  
of the United States and Canada

presents this

# AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

**Finance**  
City of Port Hueneme, California

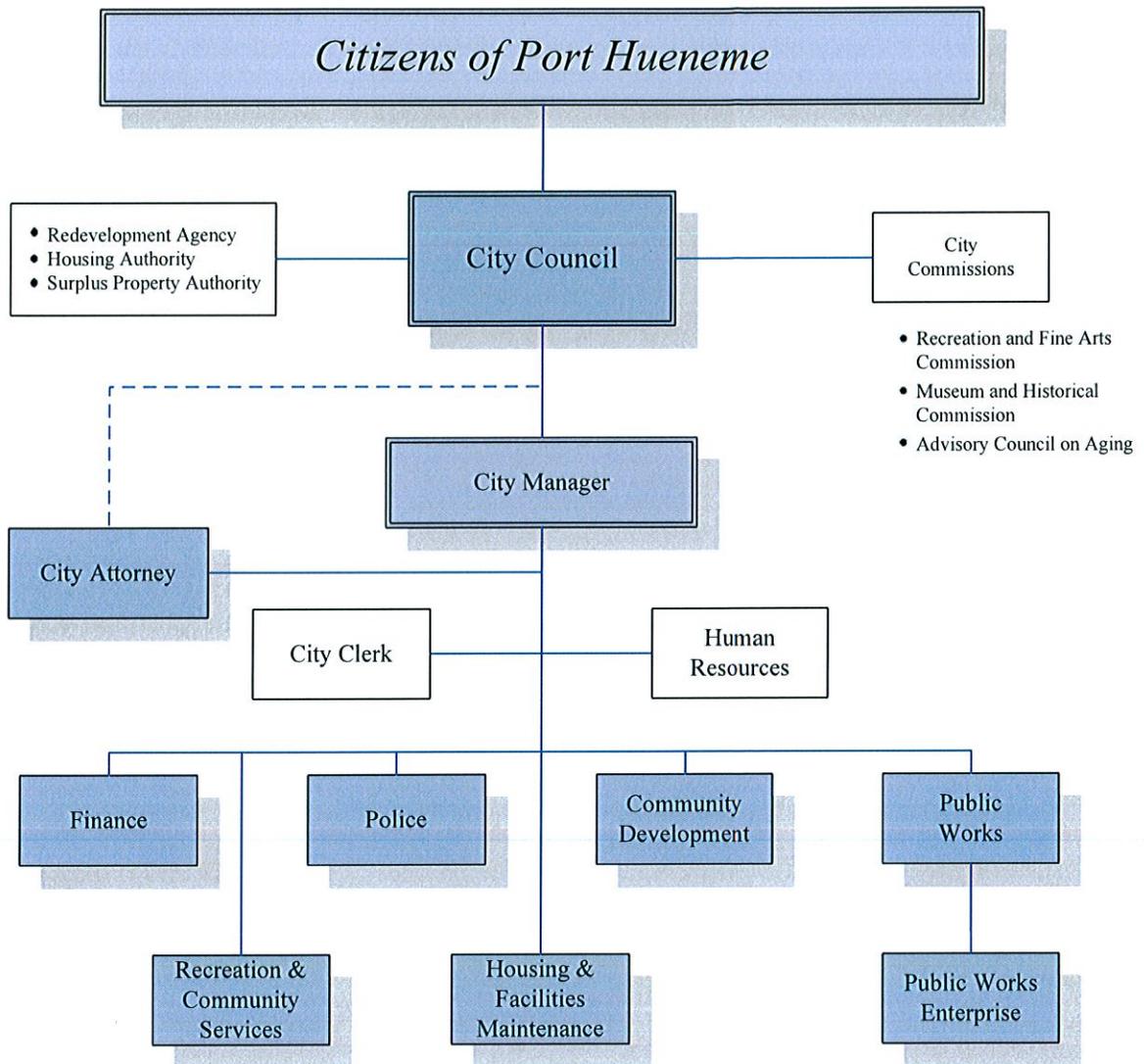


*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

Date June 19, 2012

# City of Port Hueneme



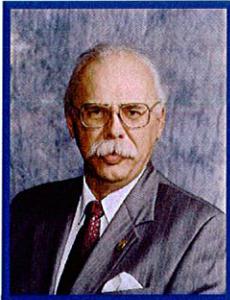
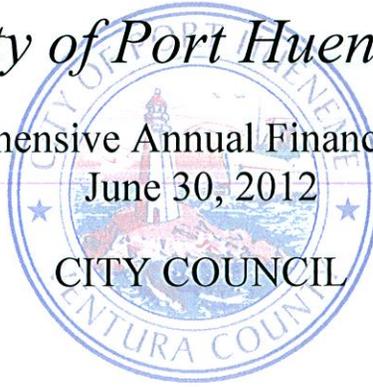
Organization Chart

# *City of Port Hueneme*

## Comprehensive Annual Financial Report

June 30, 2012

CITY COUNCIL



**Jonathan  
Sharkey  
Council Member**



**Ellis Green  
Mayor Pro  
Tem**



**Douglas A.  
Breeze  
Mayor**



**Norman E.  
Griffaw  
Council Member**



**Sylvia M.  
Schnopp  
Council Member**

### City Manager

**David J. Norman**

### Department Directors

Robert J. Bravo – Finance Director

Greg Brown - Community Development Director

Lisa Donley - Recreation & Community Services Director

Kathleen Sheehan - Police Chief

Joseph Gately - Housing/Facilities Director

Andres Santamaria - Public Works Director

## **FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Port Hueneme  
Port Hueneme, California

We have audited the accompanying financial statements of the governmental activities, the business-type activity, 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6 to the basic financial statements, the Port Hueneme Redevelopment Agency, a blended component unit of the City, was dissolved effective February 1, 2012 as a result of legislation enacted by the State of California.

As discussed in Note 7 to the basic financial statements, the City made prior period adjustments as of July 1, 2011.

In accordance with Government Auditing Standards, we have also issued our report dated January 28, 2013 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedule of funding progress and budgetary comparison schedules, listed in the table of contents as required supplementary information, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. This information is 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 the schedule of funding progress 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 the schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules and related note 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

*White Nelson Dick Evans LLP*

Irvine, California  
January 28, 2013

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

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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, 2012. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 13. Comparative data for the current fiscal year and previous fiscal year is presented on the government-wide financial statements, as required by GASB 34.

**FINANCIAL HIGHLIGHTS**

- Governmental activities posted an increase in total net assets of \$20.5 million, while the business-type activities increased by \$2.1 million.
- Total revenues of \$41 million exceeded total expenditures of \$38 million by \$3 million.
- At June 30, 2012, the City's governmental funds reported combined ending fund balances of \$50.7 million, an increase of \$1.4 million in comparison with prior fiscal year's fund balances.
- At June 30, 2012, the unassigned fund balance of the General Fund balance was \$20.1 million, which is 114% of the general fund's operating expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Statements**

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

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

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

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
**June 30, 2012**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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

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

**Fund Financial Statements**

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

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

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

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

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

**Required Supplementary Information** is presented concerning the City's General Fund and Housing Successor Special Revenue 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**  
**June 30, 2012**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

Net Assets - The following summaries of net assets and of changes in net assets are presented for the current year with fiscal year 2010-11 comparison data.

|                       | Activities   |           |               |           | Total     |           | Change    | Percentage |
|-----------------------|--------------|-----------|---------------|-----------|-----------|-----------|-----------|------------|
|                       | Governmental |           | Business-type |           |           |           |           |            |
|                       | 2012         | 2011      | 2012          | 2011      | 2012      | 2011      |           |            |
| <b>Assets</b>         |              |           |               |           |           |           |           |            |
| Other assets          | \$ 66,026    | \$ 63,801 | \$ 25,718     | \$ 6,475  | \$ 91,744 | \$ 70,276 | \$ 21,468 | 30.55%     |
| Capital assets        | 24,011       | 21,589    | 19,401        | 19,396    | 43,412    | \$ 40,985 | \$ 2,427  | 5.92%      |
| Total assets          | 90,037       | 85,390    | 45,119        | 25,871    | 135,156   | 111,261   | 23,895    | 21.48%     |
| <b>Liabilities</b>    |              |           |               |           |           |           |           |            |
| Other liabilities     | \$ 4,848     | \$ 4,430  | \$ 1,317      | \$ 1,346  | \$ 6,165  | \$ 5,776  | \$ 389    | 6.73%      |
| Long-term liabilities | 10,886       | 26,294    | 5,115         | 5,112     | \$ 16,001 | \$ 31,406 | (15,405)  | -49.05%    |
| Total liabilities     | 15,734       | 30,724    | 6,432         | 6,458     | 22,166    | 37,182    | (15,016)  | -40.39%    |
| <b>Net Assets</b>     |              |           |               |           |           |           |           |            |
| <b>Capital assets</b> |              |           |               |           |           |           |           |            |
| net of related debt   | \$ 21,291    | \$ 21,575 | \$ 14,359     | \$ 14,179 | \$ 35,650 | \$ 35,754 | \$ (104)  | -0.29%     |
| Restricted            | 1,956        | 4,394     | 507           | 1,120     | 2,463     | 5,514     | (3,051)   | -55.33%    |
| Unrestricted          | 51,057       | 28,697    | 7,398         | 4,114     | 58,455    | 32,811    | 25,644    | 78.16%     |
| Total net assets      | \$ 74,304    | \$ 54,666 | \$ 22,264     | \$ 19,413 | \$ 96,568 | \$ 74,079 | \$ 22,489 | 30.36%     |

*Table 1 - Net Assets (in thousands)*

The City's assets exceeded liabilities by approximately \$96.6 million at the close of the fiscal year ending June 30, 2012. At June 30, 2012, the City's net assets increased by \$22.5 million or 30.3% in comparison to the fiscal year ending June 30, 2011 mainly due to the dissolution of the former Redevelopment Agency.

Of the City's approximately \$135.1 million of assets, 68% are other assets and 32% reflect its investment in capital assets (i.e., land buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$2.5 million or 3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$58.5 million (61%) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

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

Capital assets increased by \$2.4 million or 5.92%. The reason for the increase is primarily due to major repairs in infrastructures and pipes and pipelines.

Total liabilities decreased by \$15 million or 40% due primarily to transfer of the former Redevelopment Agency's liabilities to the City of Port Hueneme as Successor Agency fund.

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

**Analysis of Activities:**

The condensed summary of activities, which follows, shows that net assets increased by \$22.5 million for the fiscal year ended June 30, 2012.

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

| Revenues                                | Activities    |               |               |               | Total         |               | Change         | Percentage     |
|---|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
|   | Governmental  |               | Business-type |               | 2012          | 2011          |                |                |
|   | 2012          | 2011          | 2012          | 2011          |               |               |                |                |
| <b>Program Revenues:</b>                |               |               |               |               |               |               |                |                |
| Charges for services                    | \$ 7,518      | \$ 6,899      | \$ 15,090     | \$ 15,085     | \$ 22,608     | \$ 21,984     | \$ 624         | 2.84%          |
| Operating grants/contributions          | 466           | 390           | 3,492         | 3,787         | 3,958         | 4,177         | (219)          | -5.24%         |
| Capital grants/contributions            | 2,454         | 2,338         |               |               | 2,454         | 2,338         | 116            | 4.96%          |
| <b>General Revenues:</b>                |               |               |               |               |               |               |                |                |
| Property taxes                          | 4,257         | 7,123         |               |               | 4,257         | 7,123         | (2,866)        | -40.24%        |
| State sales tax                         | 2,076         | 1,824         |               |               | 2,076         | 1,824         | 252            | 13.82%         |
| Other taxes and fees                    | 4,768         | 7,589         | 750           |               | 5,518         | 7,589         | (2,071)        | -27.29%        |
| <b>Total Revenues</b>                   | <b>21,539</b> | <b>26,163</b> | <b>19,332</b> | <b>18,872</b> | <b>40,871</b> | <b>45,035</b> | <b>(4,164)</b> | <b>-9.25%</b>  |
| <b>Expenses:</b>                        |               |               |               |               |               |               |                |                |
| General government                      | 5,862         | 7,020         |               |               | 5,862         | 7,020         | (1,158)        | -16.50%        |
| Public safety                           | 6,684         | 6,386         |               |               | 6,684         | 6,386         | 298            | 4.67%          |
| Community development                   | 2,265         | 3,631         |               |               | 2,265         | 3,631         | (1,366)        | -37.62%        |
| Streets & highways                      | 3,395         | 4,226         |               |               | 3,395         | 4,226         | (831)          | -19.66%        |
| Beaches and parks                       | 1,548         | 1,685         |               |               | 1,548         | 1,685         | (137)          | -8.13%         |
| Interest on long-term debt              | 1,127         | 1,704         | 1,428         |               | 2,555         | 1,704         | 851            | 49.94%         |
| Capital Outlay                          |               |               |               |               | -             | -             | -              | 0.00%          |
| Amortization expense                    | 36            | 49            |               |               | 36            | 49            | (13)           | -26.53%        |
| Housing Authority                       |               |               | 4,135         | 4,172         | 4,135         | 4,172         | (37)           | -0.89%         |
| Water                                   |               |               | 4,594         | 4,730         | 4,594         | 4,730         | (136)          | -2.88%         |
| Wastewater                              |               |               | 3,325         | 3,335         | 3,325         | 3,335         | (10)           | -0.30%         |
| Solid waste                             |               |               | 2,735         | 2,711         | 2,735         | 2,711         | 24             | 0.89%          |
| Water plant                             |               |               | 903           | 970           | 903           | 970           | (67)           | -6.91%         |
| <b>Total Expenses</b>                   | <b>20,917</b> | <b>24,701</b> | <b>17,120</b> | <b>15,918</b> | <b>38,037</b> | <b>40,619</b> | <b>(2,582)</b> | <b>-6.36%</b>  |
| Increase (decrease) in net assets       | 622           | 1,462         | 2,212         | 2,954         | 2,834         | 4,416         | (1,582)        | -35.82%        |
| Transfers                               | 191           | 202           | (191)         | (202)         | -             | -             |                |                |
| Gain/Loss on disposal of capital assets | -             | -             | 1             | -             | 1             | -             | 1              |                |
| Investment earnings                     | 2,051         | -             | 45            | -             | 2,096         | -             | 2,096          |                |
| Extraordinary item                      | 17,626        | -             | -             | -             | 17,626        | -             | 17,626         |                |
| Special Item                            | -             | -             | -             | (659)         | -             | (659)         | 659            |                |
| <b>Change in net assets</b>             | <b>20,490</b> | <b>1,665</b>  | <b>2,067</b>  | <b>2,093</b>  | <b>22,557</b> | <b>3,757</b>  | <b>18,800</b>  | <b>500.40%</b> |
| Net assets, beginning, restated         | 53,814        | 53,001        | 20,197        | 17,320        | 74,011        | 70,321        | 3,690          | 5.25%          |
| Net assets, ending                      | 74,304        | 54,666        | 22,264        | 19,413        | 96,568        | 74,079        | 22,489         | 30.36%         |

**Governmental Activities**

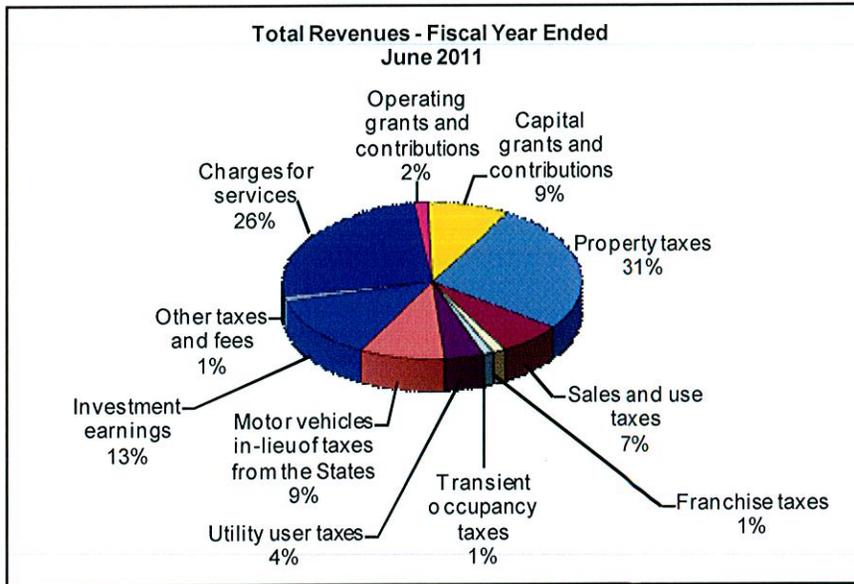
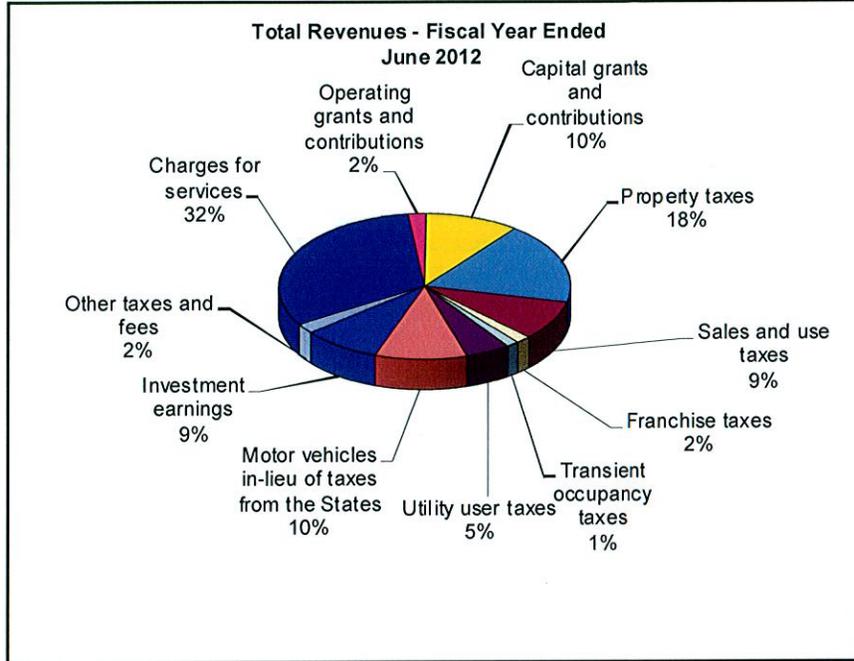
Governmental activities increased the City's net assets by \$19.6 million. Revenues for the City's governmental activities decreased by \$4.6 million, while total expenses decreased by approximately \$3.8 million over the prior fiscal year.

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

Governmental program revenues funded 50% of total Governmental expenses of \$20.9 million; taxes, other general revenues and transfers financed the balance of 50%. Program revenues are resources obtained from parties outside of the City. They include: (a) amounts received from those who purchase, use or directly benefit from a program; (b) grants and contributions that are restricted to specific programs; and (c) investment earnings that are legally restricted for a specific program.

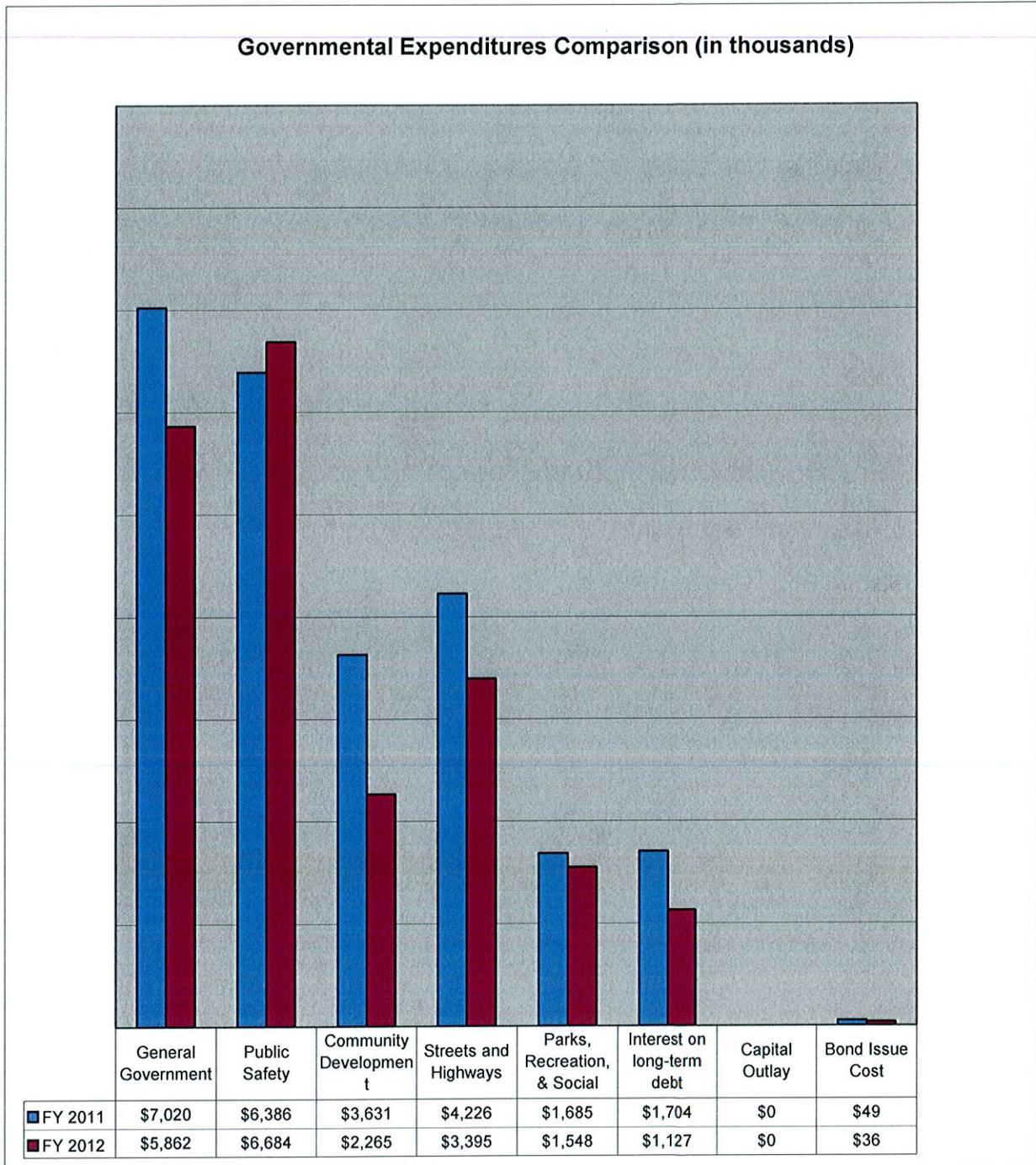
The following charts show a graphical comparison of governmental revenues by source:



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

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



Overall, expenses for General Government activities decreased by approximately \$1.2 million as a total over the prior fiscal year. Community Development expenses of \$2.3 million decreased by approximately \$1.4 million primarily due to dissolving of the Redevelopment Agency. Streets and Highways expenses of \$3.4 million decreased by approximately \$.83 million primarily due to street improvements.

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

*Business-Type Activities*

The City operates five (5) business-type activities: water utility, wastewater utility, solid waste utility, water treatment plant and a housing authority. Total operating revenues and expenses for fiscal year ended June 30, 2012 were \$19.3 million and \$15.7 million, respectively. Business-type activities increased the City's net assets by \$2.1 million. Approximately \$784 thousand of the \$2.1 million increase in the net assets is attributable to the prior year adjustment (see Note #8). Total operating revenues and expenses remained relatively constant.

**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, 2012, the City's governmental funds reported combined ending fund balances of \$50.7 million, an increase of \$1.4 million or 2% in comparison with the prior year fund balances. This year-end total is made up of the following:

- \$26.6 million is non-spendable consisting advances, receivables, and prepaid expenses.
- \$2.2 million is restricted primarily for Housing and Community Development projects.
- \$1.3 million is committed to special programs and street and public transportation.
- \$.7 million is assigned for special revenue.
- \$19.9 million is unassigned, which is available to meet City's current and future needs.

Revenues and expenditures for governmental funds overall totaled approximately \$23.4 million and \$23.6 million, respectively, for the fiscal year ended June 30, 2012, which represents a decrease in revenues of 12.7% from the fiscal year ended June 30, 2011. Expenditures for governmental funds of \$23.6 million represent a decrease of 11.6% from fiscal year ended June 30, 2011. In the fiscal year ended June 30, 2012, revenues from governmental funds exceeded expenditures by \$0.2 million.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$20.1 million of the total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 114% of total General Fund expenditures of \$17.6 million, while total fund balance represents 215% of that same amount.

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 unassigned fund balance of the Surplus Property Authority increased from \$570,534 in FY 2010/11 to \$677,238 in FY 2011/12. The nonspendable fund balance increased from \$7.6 million in FY2010/11 to \$8.2 million in FY 2011/12 due to unpaid interest being added to the principal balance of the loan by the Redevelopment Agency's Naval Civil Engineering Laboratory (NCEL).

**CITY OF PORT HUENEME**  
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**FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)**

The Housing Successor Agency Fund is a newly created fund to account for the assets, primarily cash and investments and loans receivable, transferred from the former Redevelopment Low and Moderate Income Housing Fund. These assets were transferred as of February 1, 2012 pursuant to AB1x26.

The fund balance in the City's General Fund decreased by \$1,957,913 during the fiscal year. Overall, the General Fund's performance resulted in expenditures in excess of revenues of \$784,667 in the fiscal year June 30, 2012.

The Redevelopment Agency Debt Service Fund has reported an extraordinary loss of \$4.7 million due to the elimination of Redevelopment Agencies. The same amount has been reported in the newly formed Fiduciary Fund as an extraordinary gain item.

**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**

Actual revenues from investment earnings were \$359,846 less than the final budget for the fiscal year 2011-12 had anticipated. Actual revenues from taxes were \$435,881 less than the budget for the fiscal year 2011-12 had anticipated. This variance was due to decreases in Users tax, and Motor Vehicle In-Lieu taxes. Actual revenues from property taxes were \$210,879 less than the budget for the fiscal year 2011-12 had anticipated. This variance was largely due to a downturn in the economy's real estate market.

For the fiscal year 2011-12, the budgeted General Fund expenditures were approximately \$17 million in which \$17.5 were actually expended. This resulted in a variance over budget of \$500,000. The net change in the fund balance was a decrease of \$1,957,915 to an ending Fund Balance of \$39 million.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounted to \$43.4 million (net of accumulated depreciation) for the fiscal year ended June 30, 2012. This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, and construction-in-progress. The total increase in the City's net investment in capital assets for the current fiscal year is \$2.4 million, and is comprised of an increase of \$2.4 million for governmental activities.

**CITY OF PORT HUENEME**  
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**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

*Table 3 - Capital Assets (in thousands)*

|                              | Governmental |           | Business-type |           | Total     |           |
|------------------------------|--------------|-----------|---------------|-----------|-----------|-----------|
|                              | 2012         | 2011      | 2012          | 2011      | 2012      | 2011      |
| Non-depreciable assets:      |              |           |               |           |           |           |
| Land                         | \$ 2,545     | \$ 2,185  | \$ 2,246      | \$ 2,246  | \$ 4,791  | \$ 4,431  |
| Construction in progress     | 551          | -         | 420           | 5,020     | \$ 971    | \$ 5,020  |
| Total non-depreciable assets | 3,096        | 2,185     | 2,666         | 7,266     | 5,762     | 9,451     |
| Depreciable assets (net):    |              |           |               |           |           |           |
| Buildings, structures, and   | 11,545       | 11,180    | 1,554         | 1,730     | 13,099    | 12,910    |
| Office equipment             | 30           | 41        | 2             | 3         | 32        | 44        |
| Mobile equipment             | 227          | 185       | 1,171         | 879       | 1,398     | 1,064     |
| Other equipment              | 287          | 307       | 4,543         | 4,788     | 4,830     | 5,095     |
| Pipeline/plant               |              |           | 9,466         | 4,731     | 9,466     | 4,731     |
| Infrastructure               | 8,826        | 7,691     |               |           | 8,826     | 7,691     |
| Total depreciable assets     | 20,915       | 19,404    | 16,736        | 12,131    | 37,651    | 31,535    |
| Total assets                 | \$ 24,011    | \$ 21,589 | \$ 19,402     | \$ 19,397 | \$ 43,413 | \$ 40,986 |

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

- Majority of the projects on the wastewater gravity line were completed this current year. Thus, moving the costs from non-depreciable asset (construction in progress) into the depreciable assets (Pipeline/Plant).
- The City made major improvements to City infrastructure, costs for the current fiscal year was \$1.8 million.

Additional information on the City of Port Hueneme's capital assets can be found in note 3 on pages 37-39 of this report.

**Long-term Debt**

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

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

At the end of the current fiscal year, the City had outstanding debt of \$2.7 million for Certificates of Participation. A scheduled principal payment of \$305,000 reduced the June 2012 outstanding balance of \$3.0 million to \$2.7 million.

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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

|                               | Activities       |                  |                 |                 | Total            |                  |
|-------------------------------|------------------|------------------|-----------------|-----------------|------------------|------------------|
|                               | Governmental     |                  | Business-Type   |                 |                  |                  |
|                               | 2012             | 2011             | 2012            | 2011            | 2012             | 2011             |
| Tax Allocation Bonds          | \$ -             | \$ 16,220        |                 |                 | \$ -             | \$ 16,220        |
| Certificates of Participation | 2,720            | 3,025            |                 |                 | 2,720            | 3,025            |
| Capital Lease Obligation      | -                | 15               |                 |                 | -                | 15               |
| Pension Obligation Bonds      | 8,094            | 8,818            |                 |                 | 8,094            | 8,818            |
| Revenue Bonds                 |                  |                  | 4,800           | 4,900           | 4,800            | 4,900            |
| Capital Lease Agreement       |                  |                  | 242             | 316             | 242              | 316              |
| <b>Total</b>                  | <b>\$ 10,814</b> | <b>\$ 28,078</b> | <b>\$ 5,042</b> | <b>\$ 5,216</b> | <b>\$ 15,856</b> | <b>\$ 33,294</b> |

As of June 30, 2012, the City had outstanding bond issues totaling \$15.6 million and Capital Lease Obligations totaling \$242,000.

The City of Port Hueneme's debt decreased by \$15.8 million during the current fiscal year. No new debt was incurred in the current fiscal year.

Additional information on the City of Port Hueneme's long-term debt can be found in note 3 on pages 43-45 of this report.

**Currently Known Facts**

Currently known facts consist of information that management is aware of that will have an impact on fiscal year 2009-10 financial and/or operational activities.

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

**REQUEST FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT – WIDE  
FINANCIAL STATEMENTS**

**CITY OF PORT HUENEME**  
**Statement of Net Assets**  
**June 30, 2012**

| ASSETS  | Primary Government         |                             | Total                |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities |                      |
| <b>Current assets:</b>                          |                            |                             |                      |
| Cash and investments                            | \$ 25,114,652              | \$ 13,426,917               | \$ 38,541,569        |
| Receivables, net                                | 3,963,383                  | 3,212,575                   | 7,175,958            |
| Advances to Successor Agency                    | 9,720,663                  | -                           | 9,720,663            |
| Internal balances                               | 15,767,942                 | (15,767,942)                | -                    |
| Prepaid expenses                                | 11,553                     | -                           | 11,553               |
| <b>Total current assets</b>                     | <b>54,578,193</b>          | <b>871,550</b>              | <b>55,449,743</b>    |
| <b>Noncurrent assets:</b>                       |                            |                             |                      |
| Investment in joint venture                     | -                          | 8,098,323                   | 8,098,323            |
| Restricted cash and investments                 | -                          | 108,834                     | 108,834              |
| Deferred bond issuance costs                    | 189,826                    | 16,639,492                  | 16,829,318           |
| Net pension asset                               | 11,257,860                 | -                           | 11,257,860           |
| Capital assets, net                             |                            |                             |                      |
| Non-depreciable                                 | 3,096,034                  | 2,665,976                   | 5,762,010            |
| Depreciable, net                                | 20,915,436                 | 16,734,913                  | 37,650,349           |
| <b>Total capital assets</b>                     | <b>24,011,470</b>          | <b>19,400,889</b>           | <b>43,412,359</b>    |
| <b>Total noncurrent assets</b>                  | <b>11,447,686</b>          | <b>24,846,649</b>           | <b>36,294,335</b>    |
| <b>TOTAL ASSETS</b>                             | <b>90,037,349</b>          | <b>45,119,089</b>           | <b>135,156,437</b>   |
| <b>LIABILITIES</b>                              |                            |                             |                      |
| <b>Current liabilities:</b>                     |                            |                             |                      |
| Accounts payable                                | 629,798                    | 861,092                     | 1,490,889            |
| Accrued wages and benefits                      | 1,097,251                  | 63,736                      | 1,160,987            |
| Accrued interest payable                        | 40,800                     | -                           | 40,800               |
| Unearned revenue                                | 311,438                    | -                           | 311,438              |
| Other liabilities                               | 198,051                    | -                           | 198,051              |
| Compensated absence-short term                  | 603,782                    | 164,688                     | 768,470              |
| Long-term debt-due within one year              | 1,113,701                  | 182,408                     | 1,296,109            |
| Net OPEB obligation                             | 163,460                    | -                           | 163,460              |
| Claims and judgments payable                    | 184,571                    | -                           | 184,571              |
| Worker's compensations payable                  | 399,872                    | -                           | 399,872              |
| Deposits  | 105,560                    | 227,430                     | 332,990              |
| <b>Total current liabilities</b>                | <b>4,848,284</b>           | <b>1,499,354</b>            | <b>6,347,638</b>     |
| <b>Noncurrent liabilities</b>                   |                            |                             |                      |
| Long-term debt                                  |                            |                             |                      |
| Due in more than one year                       | 9,700,366                  | 4,859,374                   | 14,559,740           |
| Net OPEB obligation-long-term                   | 205,307                    | -                           | 205,307              |
| Claims and judgments payable                    | 208,133                    | -                           | 208,133              |
| Worker's compensations payable                  | 450,919                    | -                           | 450,919              |
| Compensated absences                            |                            |                             |                      |
| Long term                                       | 320,672                    | 73,058                      | 393,730              |
| <b>Total noncurrent liabilities</b>             | <b>10,885,397</b>          | <b>4,932,432</b>            | <b>15,817,829</b>    |
| <b>TOTAL LIABILITIES</b>                        | <b>15,733,681</b>          | <b>6,431,786</b>            | <b>22,165,467</b>    |
| <b>NET ASSETS</b>                               |                            |                             |                      |
| Invested in capital assets, net of related debt | 21,291,470                 | 14,359,107                  | 35,650,577           |
| Restricted for:                                 |                            |                             |                      |
| Capital improvement                             | 1,955,773                  | 506,361                     | 2,462,134            |
| Unrestricted                                    | 51,056,425                 | 7,398,342                   | 58,454,767           |
| <b>TOTAL NET ASSETS</b>                         | <b>\$ 74,303,668</b>       | <b>\$ 22,263,810</b>        | <b>\$ 96,567,478</b> |

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Activities and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2012**

| Functions/Programs                    | Program Revenues     |                      |                                    |                                  | Primary Government      |                          |                    |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|--------------------|
|                                       | Expenses             | Charges for Services | Operating Grants and Contributions |                                  | Governmental Activities | Business-type Activities | Total              |
|                                       |                      |                      | Operating Grants and Contributions | Capital Grants and Contributions |                         |                          |                    |
| <b>Governmental activities</b>        |                      |                      |                                    |                                  |                         |                          |                    |
| General government                    | \$ 5,861,741         | \$ 4,962,751         | \$ -                               | \$ -                             | \$ (898,989)            | \$ -                     | \$ (898,989)       |
| Public safety                         | 6,684,727            | 174,296              | -                                  | 689,049                          | (5,821,383)             | -                        | (5,821,383)        |
| Streets and highways                  | 3,394,783            | 1,055,661            | -                                  | 1,765,288                        | (573,834)               | -                        | (573,834)          |
| Parks, recreation and social services | 1,547,726            | 440,077              | -                                  | -                                | (1,107,649)             | -                        | (1,107,649)        |
| Community development                 | 2,265,054            | 885,507              | -                                  | 465,376                          | (914,170)               | -                        | (914,170)          |
| Interest on long-term debt            | 1,127,067            | -                    | -                                  | -                                | (1,127,067)             | -                        | (1,127,067)        |
| Amortization expense                  | 35,728               | -                    | -                                  | -                                | (35,728)                | -                        | (35,728)           |
| Total governmental activities         | 20,916,826           | 7,518,292            | 465,376                            | 2,454,337                        | (10,478,820)            | -                        | (10,478,820)       |
| <b>Business-type activities</b>       |                      |                      |                                    |                                  |                         |                          |                    |
| Housing Authority                     | 4,134,878            | 346,465              | 3,422,405                          | -                                | -                       | (366,009)                | (366,009)          |
| Water utility                         | 5,665,080            | 7,057,175            | -                                  | -                                | -                       | 1,392,095                | 1,392,095          |
| Wastewater utility                    | 3,590,127            | 3,309,012            | -                                  | -                                | -                       | (281,115)                | (281,115)          |
| Solid waste utility                   | 2,827,258            | 3,457,898            | 69,162                             | -                                | -                       | 699,802                  | 699,802            |
| Water plant                           | 903,928              | 919,953              | -                                  | -                                | -                       | 16,025                   | 16,025             |
| Total business-type activities        | 17,121,271           | 15,090,503           | 3,491,567                          | -                                | -                       | 1,460,798                | 1,460,798          |
| <b>Total primary government</b>       | <b>\$ 38,038,097</b> | <b>\$ 22,608,794</b> | <b>\$ 3,956,943</b>                | <b>\$ 2,454,337</b>              | <b>(10,478,820)</b>     | <b>1,460,798</b>         | <b>(9,018,022)</b> |

**General revenues:**

|   |                      |                      |             |             |                      |
|---|----------------------|----------------------|-------------|-------------|----------------------|
| Property taxes                                | 4,257,197            | -                    | -           | -           | 4,257,197            |
| Sales and use taxes                           | 2,075,781            | -                    | -           | -           | 2,075,781            |
| Franchise taxes                               | 385,558              | -                    | -           | -           | 385,558              |
| Transient occupancy taxes                     | 326,055              | -                    | -           | -           | 326,055              |
| Utility user taxes                            | 1,153,247            | -                    | -           | -           | 1,153,247            |
| Motor vehicle in-lieu of taxes from the State | 2,405,872            | -                    | -           | -           | 2,405,872            |
| Investment earnings                           | 2,050,376            | 44,873               | -           | -           | 2,095,248            |
| Other   | 497,172              | 750,570              | -           | -           | 1,247,742            |
| Gain on disposal of capital asset             | -                    | 1,370                | -           | -           | 1,370                |
| Transfers                                     | 191,148              | (191,148)            | -           | -           | -                    |
| <b>Total general revenues</b>                 | <b>13,342,407</b>    | <b>605,664</b>       | <b>-</b>    | <b>-</b>    | <b>13,948,071</b>    |
| Extraordinary gain                            | 17,625,859           | -                    | -           | -           | 17,625,859           |
| <b>Change in net assets</b>                   | <b>20,489,446</b>    | <b>2,066,463</b>     | <b>-</b>    | <b>-</b>    | <b>22,555,908</b>    |
| <b>Net assets - beginning, restated</b>       | <b>53,814,222</b>    | <b>20,197,347</b>    | <b>-</b>    | <b>-</b>    | <b>74,011,569</b>    |
| <b>Net assets - ending</b>                    | <b>\$ 74,303,668</b> | <b>\$ 22,263,810</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 96,567,477</b> |

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

**CITY OF PORT HUENEME**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

|  | <u>General Fund</u>  | <u>Housing<br/>Successor Agency</u> | <u>Surplus Property<br/>Authority</u> | <u>Redevelopment<br/>Agency Debt<br/>Service Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|----------------------|-------------------------------------|---------------------------------------|---|--|---|
| <b>ASSETS</b>                                  |                      |                                     |                                       |   |  |   |
| Cash and investments                           | \$ 21,491,412        | \$ 438,085                          | \$ 699,752                            | \$ -  | \$ 2,485,403                               | \$ 25,114,652                           |
| Receivables                                    | 1,896,719            | 1,552,532                           | 4,126                                 | -   | 117,723                                    | 3,571,100                               |
| Due from other funds                           | 254,144              | -                                   | -                                     | -   | -  | 254,144                                 |
| Due from other Governments                     | 392,283              | -                                   | -                                     | -   | -  | 392,283                                 |
| Prepaid expenses                               | 11,553               | -                                   | -                                     | -   | -  | 11,553                                  |
| Advances to Successor Agency                   | 1,537,608            | -                                   | 8,183,055                             | -   | -  | 9,720,663                               |
| Advances to other funds                        | 15,767,942           | -                                   | -                                     | -   | -  | 15,767,942                              |
| <b>TOTAL ASSETS</b>                            | <u>\$ 41,351,661</u> | <u>\$ 1,990,617</u>                 | <u>\$ 8,886,933</u>                   | <u>\$ -</u>   | <u>\$ 2,603,126</u>                        | <u>\$ 54,832,337</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b>           |                      |                                     |                                       |   |  |   |
| <b>LIABILITIES</b>                             |                      |                                     |                                       |   |  |   |
| Accounts payable                               | \$ 462,002           | \$ 4,863                            | \$ 4,494                              | \$ -  | \$ 158,439                                 | \$ 629,798                              |
| Accrued wages and benefits                     | 1,091,835            | 1,899                               | 753                                   | -   | 2,764                                      | 1,097,251                               |
| Due to other funds                             | -                    | -                                   | -                                     | -   | 254,144                                    | 254,144                                 |
| Deferred revenue                               | 222,438              | 1,551,345                           | -                                     | -   | 89,000                                     | 1,862,783                               |
| Deposits                                       | 54,108               | 28,082                              | 21,392                                | -   | 1,978                                      | 105,560                                 |
| Due to other governments                       | 198,051              | -                                   | -                                     | -   | -  | 198,051                                 |
| <b>TOTAL LIABILITIES</b>                       | <u>2,028,434</u>     | <u>1,586,189</u>                    | <u>26,640</u>                         | <u>-</u>  | <u>506,324</u>                             | <u>4,147,587</u>                        |
| <b>FUND BALANCES</b>                           |                      |                                     |                                       |   |  |   |
| Nonspendable                                   | 17,928,824           | -                                   | 8,183,055                             | -   | 477,450                                    | 26,589,329                              |
| Restricted                                     | -                    | 404,428                             | -                                     | -   | 1,799,266                                  | 2,203,694                               |
| Committed                                      | 1,301,001            | -                                   | -                                     | -   | -  | 1,301,001                               |
| Assigned                                       | 6,241                | -                                   | 677,238                               | -   | -  | 683,479                                 |
| Unassigned                                     | 20,087,161           | -                                   | -                                     | -   | (179,914)                                  | 19,907,247                              |
| <b>TOTAL FUND BALANCES</b>                     | <u>39,323,227</u>    | <u>404,428</u>                      | <u>8,860,293</u>                      | <u>-</u>  | <u>2,096,802</u>                           | <u>50,684,750</u>                       |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 41,351,661</u> | <u>\$ 1,990,617</u>                 | <u>\$ 8,886,933</u>                   | <u>\$ -</u>   | <u>\$ 2,603,126</u>                        | <u>\$ 54,832,337</u>                    |

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Reconciliation of the Fund Balance on the Balance Sheet for Governmental Funds**  
**to Net Assets of Governmental Activities on the Statement of Net Assets**  
**June 30, 2012**

|   |                 |                   |
|---|-----------------|-------------------|
| <b>Fund balances of the governmental funds</b>  | \$              | 50,684,750        |
| Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the governmental funds.  |                 | 24,011,470        |
| Net pension asset is not a financial resource and therefore is not reported in the governmental funds   |                 | 11,257,860        |
| Long-term loan receivables are not available to finance current operations and are offset by a corresponding deferred revenue balance in the governmental funds.  |                 | 1,551,345         |
| Bond issue costs are reported as expenditures on statement of revenues, expenditures and change in fund balances in the governmental funds in the year the bond is issued; however, such costs are reported as deferred expense in the statement of net assets to be amortized over the term of the bond. |                 | 189,826           |
| 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   | \$ (10,814,067) |                   |
| Net OPEB obligation   | (368,767)       |                   |
| Accrued interest  | (40,800)        |                   |
| Claims and judgments payable  | (392,704)       |                   |
| Worker's compensations payable  | (850,791)       |                   |
| Compensated absences  | (924,454)       |                   |
|   |                 | (13,391,583)      |
| <b>Net assets of governmental activities</b>  | <b>\$</b>       | <b>74,303,668</b> |

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

|  | General Fund         | Housing<br>Successor<br>Agency | Surplus<br>Property<br>Authority | Redevelopment<br>Agency Debt<br>Service Fund | Nonmajor<br>Governmental<br>Funds | Total Governmental<br>Funds |
|--|----------------------|--------------------------------|----------------------------------|--|-----------------------------------|-----------------------------|
| <b>Revenues:</b>   |                      |                                |                                  |  |                                   |                             |
| Taxes  | \$ 5,442,818         | \$ -                           | \$ -                             | \$ 2,480,436                                 | \$ 527,935                        | \$ 8,451,189                |
| Property taxes   | 1,248,826            | -                              | -                                | -  | -                                 | 1,248,826                   |
| Licenses and permits   | 504,564              | -                              | -                                | -  | -                                 | 504,564                     |
| Fines and penalties  | 370,668              | -                              | -                                | -  | 28,464                            | 399,132                     |
| Charges for services   | 463,423              | -                              | -                                | -  | -                                 | 463,423                     |
| Investment earnings  | 1,341,636            | -                              | 614,495                          | 39,202                                       | 55,041                            | 2,050,374                   |
| Rental income  | 272,162              | 94,795                         | 217,115                          | -  | 115,098                           | 699,170                     |
| Loan payments  | -                    | 23,172                         | -                                | -  | 15,197                            | 38,369                      |
| Intergovernmental  | 6,055,666            | 385,453                        | -                                | -  | 1,765,288                         | 8,206,407                   |
| Harbor district revenue                                      | 1,030,638            | -                              | -                                | -  | -                                 | 1,030,638                   |
| Other  | 42,163               | 481                            | -                                | -  | 286,818                           | 329,462                     |
| <b>Total revenues</b>  | <b>\$ 16,772,564</b> | <b>\$ 503,901</b>              | <b>\$ 831,610</b>                | <b>\$ 2,519,638</b>                          | <b>\$ 2,793,841</b>               | <b>\$ 23,421,553</b>        |
| <b>Expenditures:</b>   |                      |                                |                                  |  |                                   |                             |
| General government   | \$ 7,656,120         | \$ 99,473                      | \$ 168,569                       | \$ -   | \$ -                              | \$ 7,924,162                |
| Public safety  | 6,560,702            | -                              | -                                | -  | 78,256                            | 6,638,958                   |
| Streets and highways   | 911,700              | -                              | -                                | -  | 2,452,025                         | 3,363,725                   |
| Parks, recreation and social services                        | 1,496,698            | -                              | -                                | -  | 37,951                            | 1,534,649                   |
| Community development  | 917,475              | -                              | -                                | 1,687  | 1,324,642                         | 2,243,804                   |
| Principal retirement   | 14,534               | -                              | -                                | -  | 1,029,077                         | 1,043,611                   |
| Interest and fiscal charges                                  | -                    | -                              | -                                | 462,739                                      | 414,692                           | 877,431                     |
| <b>Total expenditures</b>                                    | <b>17,557,229</b>    | <b>99,473</b>                  | <b>168,569</b>                   | <b>464,426</b>                               | <b>5,336,643</b>                  | <b>23,626,341</b>           |
| <b>Excess (deficiency) of<br/>revenues over expenditures</b> | <b>(784,665)</b>     | <b>404,428</b>                 | <b>663,041</b>                   | <b>2,055,211</b>                             | <b>(2,542,803)</b>                | <b>(204,788)</b>            |
| <b>Other Financing Sources (Uses):</b>                       |                      |                                |                                  |  |                                   |                             |
| Transfers in   | 395,659              | -                              | -                                | -  | 1,699,450                         | 2,095,109                   |
| Transfers out  | (1,568,907)          | -                              | -                                | (161,337)                                    | (173,717)                         | (1,903,961)                 |
| <b>Total other financing sources (uses)</b>                  | <b>(1,173,248)</b>   | <b>-</b>                       | <b>-</b>                         | <b>(161,337)</b>                             | <b>1,525,733</b>                  | <b>191,148</b>              |
| <b>Special Item</b>  |                      |                                |                                  |  |                                   |                             |
| Extraordinary Gain/(loss)                                    | -                    | -                              | -                                | 4,724,880                                    | (3,359,983)                       | 1,364,897                   |
| <b>Net change in fund balances</b>                           | <b>(1,957,913)</b>   | <b>404,428</b>                 | <b>663,041</b>                   | <b>6,618,754</b>                             | <b>(4,377,053)</b>                | <b>1,351,257</b>            |
| <b>Fund balances - beginning</b>                             | <b>41,281,140</b>    | <b>-</b>                       | <b>8,197,252</b>                 | <b>(6,618,754)</b>                           | <b>6,473,855</b>                  | <b>49,333,493</b>           |
| <b>Fund balances - ending</b>                                | <b>\$ 39,323,227</b> | <b>\$ 404,428</b>              | <b>\$ 8,860,293</b>              | <b>\$ -</b>                                  | <b>\$ 2,096,802</b>               | <b>\$ 50,684,750</b>        |

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**to the Government-Wide Statement of Activity and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2012**

|   |              |                          |
|---|--------------|--------------------------|
| <b>Net change in fund balances for governmental funds</b>   | <b>\$</b>    | <b>1,351,256</b>         |
| <p>Amount reported for governmental activities in the statement of activities are different because:</p>  |              |                          |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>  |              | 3,413,157                |
| <p>The City of Port Hueneme Redevelopment Agency was dissolved as of February 1, 2012 pursuant to programs and the receipts of principal repayments are recognized as expenditures and program revenues respectively in the governmental funds.</p>   |              |                          |
| Transfer of Deferred Bond Issue Costs   | \$ (331,834) |                          |
| Transfer of Long-Term Debt to Successor Agency  | 16,220,000   |                          |
| Transfer of accrued interest payable to the Successor Agency  | 372,796      | 16,260,962               |
| <p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> |              |                          |
| Interest expense  | (249,629)    |                          |
| Bond principal retirement   | 1,029,077    |                          |
| Capital lease payments  | 14,534       |                          |
| Amortization of bond issuance costs   | (35,728)     | 758,254                  |
| <p>Deferred revenue is reported as revenue in the Government-Wide Statement of Activities. The following amount represents the change in accrual deferred revenue from the prior year</p>   |              |                          |
|   |              | 167,710                  |
| <p>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:</p>  |              |                          |
| Depreciation expenses   | \$ (980,329) |                          |
| Loss on sale of asset   | (10,791)     |                          |
| Amortization of net OPEB assets   | 153,422      |                          |
| Claims and judgments  | (304,879)    |                          |
| Worker's compensation   | (87,006)     |                          |
| Net OPEB expense  | (163,460)    |                          |
| Compensated absences  | (68,850)     | (1,461,893)              |
| <b>Change in net assets of governmental activities</b>  | <b>\$</b>    | <b><u>20,489,446</u></b> |

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

|   | <b>Primary Government</b> |                               |                                |                    |                              | <b>Total</b>         |
|---|---------------------------|-------------------------------|--------------------------------|--------------------|------------------------------|----------------------|
|   | <b>Water<br/>Utility</b>  | <b>Wastewater<br/>Utility</b> | <b>Solid Waste<br/>Utility</b> | <b>Water Plant</b> | <b>Housing<br/>Authority</b> |                      |
| <b>ASSETS</b>                                   |                           |                               |                                |                    |                              |                      |
| Current assets:                                 |                           |                               |                                |                    |                              |                      |
| Cash and investments                            | \$ 5,097,911              | \$ 4,664,485                  | \$ 2,069,347                   | \$ 68,195          | 1,526,979                    | \$ 13,426,917        |
| Receivables, net                                | <u>1,886,261</u>          | <u>719,510</u>                | <u>579,439</u>                 | <u>13,373</u>      | <u>13,992</u>                | <u>3,212,575</u>     |
| <b>Total current assets</b>                     | <u>6,984,172</u>          | <u>5,383,995</u>              | <u>2,648,786</u>               | <u>81,568</u>      | <u>1,540,971</u>             | <u>16,639,492</u>    |
| Noncurrent assets:                              |                           |                               |                                |                    |                              |                      |
| Restricted cash and investments                 | -                         | 108,834                       | -                              | -                  | -                            | 108,834              |
| Deferred bond issuance costs                    | -                         | 216,000                       | -                              | -                  | -                            | 216,000              |
| Advances from other funds                       | -                         | 722,600                       | -                              | -                  | -                            | 722,600              |
| Investment in joint venture                     | 8,098,323                 | -                             | -                              | -                  | -                            | 8,098,323            |
| <b>Capital assets:</b>                          |                           |                               |                                |                    |                              |                      |
| Non-depreciable                                 | 596,007                   | 1,503,566                     | 507,271                        | -                  | 59,132                       | 2,665,976            |
| Depreciable, net                                | <u>4,490,948</u>          | <u>9,661,216</u>              | <u>1,328,697</u>               | <u>-</u>           | <u>1,254,052</u>             | <u>16,734,913</u>    |
| <b>Total capital assets</b>                     | <u>5,086,955</u>          | <u>11,164,782</u>             | <u>1,835,968</u>               | <u>-</u>           | <u>1,313,184</u>             | <u>19,400,889</u>    |
| <b>Total noncurrent assets</b>                  | <u>13,185,278</u>         | <u>12,212,216</u>             | <u>1,835,968</u>               | <u>-</u>           | <u>1,313,184</u>             | <u>28,546,646</u>    |
| <b>TOTAL ASSETS</b>                             | <u>20,169,450</u>         | <u>17,596,211</u>             | <u>4,484,754</u>               | <u>81,568</u>      | <u>2,854,155</u>             | <u>45,186,138</u>    |
| <b>LIABILITIES</b>                              |                           |                               |                                |                    |                              |                      |
| Current liabilities:                            |                           |                               |                                |                    |                              |                      |
| Accounts payable                                | 435,983                   | 240,053                       | 73,002                         | 65,953             | 46,101                       | 861,092              |
| Accrued wages and benefits                      | 9,366                     | 19,313                        | 19,553                         | 4,004              | 11,500                       | 63,736               |
| Due to other funds                              | -                         | -                             | -                              | -                  | -                            | -                    |
| Deposits  | 176,097                   | 9,000                         | 21,096                         | -                  | 21,237                       | 227,430              |
| Compensated absences-current portion            | 40,139                    | 47,462                        | 44,632                         | 11,138             | 21,317                       | 164,688              |
| Long-term debts - current portion               | <u>-</u>                  | <u>105,000</u>                | <u>77,408</u>                  | <u>-</u>           | <u>-</u>                     | <u>182,408</u>       |
| <b>Total current liabilities</b>                | <u>661,585</u>            | <u>420,828</u>                | <u>235,691</u>                 | <u>81,094</u>      | <u>100,156</u>               | <u>1,499,354</u>     |
| Noncurrent portion of long-term liabilities:    |                           |                               |                                |                    |                              |                      |
| Advances from other funds                       | 15,767,942                | -                             | 722,600                        | -                  | -                            | 16,490,542           |
| Compensated absences-long term portion          | 18,047                    | 11,285                        | 26,930                         | 10,826             | 5,970                        | 73,058               |
| Long-term debt                                  | <u>-</u>                  | <u>4,695,000</u>              | <u>164,374</u>                 | <u>-</u>           | <u>-</u>                     | <u>4,859,374</u>     |
| <b>Total noncurrent liabilities</b>             | <u>15,785,989</u>         | <u>4,706,285</u>              | <u>913,904</u>                 | <u>10,826</u>      | <u>5,970</u>                 | <u>21,422,974</u>    |
| <b>TOTAL LIABILITIES</b>                        | <u>16,447,574</u>         | <u>5,127,113</u>              | <u>1,149,595</u>               | <u>91,920</u>      | <u>106,126</u>               | <u>22,922,328</u>    |
| <b>NET ASSETS</b>                               |                           |                               |                                |                    |                              |                      |
| Invested in capital assets, net of related debt | 5,086,955                 | 6,364,782                     | 1,594,186                      | -                  | 1,313,184                    | 14,359,107           |
| Restricted for capital improvement              | -                         | 108,834                       | -                              | -                  | 397,527                      | 506,361              |
| Unrestricted                                    | <u>(1,365,079)</u>        | <u>5,995,482</u>              | <u>1,740,973</u>               | <u>(10,352)</u>    | <u>1,037,318</u>             | <u>7,398,342</u>     |
| <b>TOTAL NET ASSETS</b>                         | <u>\$ 3,721,876</u>       | <u>\$ 12,469,098</u>          | <u>\$ 3,335,159</u>            | <u>\$ (10,352)</u> | <u>\$ 2,748,029</u>          | <u>\$ 22,263,810</u> |

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

|   | Primary Government  |                       |                        |                    |                      | Total                |
|---|---------------------|-----------------------|------------------------|--------------------|----------------------|----------------------|
|   | Water<br>Utility    | Wastewater<br>Utility | Solid Waste<br>Utility | Water Plant        | Housing<br>Authority |                      |
| <b>Operating revenues:</b>                      |                     |                       |                        |                    |                      |                      |
| Charges for services                            | \$ 7,057,175        | \$ 3,249,012          | \$ 3,457,898           | \$ 919,953         | \$ 346,465           | \$ 15,030,503        |
| Connection fees                                 | -                   | 60,000                |                        |                    |                      | 60,000               |
| Grant revenue                                   | -                   | -                     | 69,162                 |                    | 3,422,405            | 3,491,567            |
| Other   | 530,751             | 7,597                 | 62,384                 | -                  | 149,838              | 750,570              |
| <b>Total operating revenues</b>                 | <b>7,587,926</b>    | <b>3,316,609</b>      | <b>3,589,444</b>       | <b>919,953</b>     | <b>3,918,707</b>     | <b>19,332,639</b>    |
| <b>Operating expenses:</b>                      |                     |                       |                        |                    |                      |                      |
| Personnel services                              | 524,412             | 942,184               | 807,714                | 321,163            | 828,566              | 3,424,039            |
| Maintenance and operations                      | 3,819,683           | 2,074,577             | 1,814,467              | 582,239            | 3,109,933            | 11,400,899           |
| Depreciation and amortization                   | 249,641             | 308,817               | 97,437                 | -                  | 196,379              | 852,274              |
| <b>Total operating expenses</b>                 | <b>4,593,736</b>    | <b>3,325,578</b>      | <b>2,719,618</b>       | <b>903,402</b>     | <b>4,134,878</b>     | <b>15,677,212</b>    |
| <b>Operating income</b>                         | <b>2,994,190</b>    | <b>(8,969)</b>        | <b>869,826</b>         | <b>16,551</b>      | <b>(216,171)</b>     | <b>3,655,427</b>     |
| <b>Non-operating revenues (expenses):</b>       |                     |                       |                        |                    |                      |                      |
| Gain/(loss) on disposal of capital asset        | -                   | 1,370                 | (15,964)               | -                  | -                    | (14,594)             |
| Interest revenues                               | -                   | 36,702                | -                      | -                  | -                    | 36,702               |
| Interest (expenses)                             | (1,071,344)         | (264,549)             | (91,676)               | (526)              | -                    | (1,428,095)          |
| Investment income                               | -                   | 40                    | -                      | -                  | 8,130                | 8,170                |
| <b>Total non-operating revenues (expenses)</b>  | <b>(1,071,344)</b>  | <b>(226,437)</b>      | <b>(107,640)</b>       | <b>(526)</b>       | <b>8,130</b>         | <b>(1,397,817)</b>   |
| Transfer in                                     | -                   | 416,950               | -                      | -                  | -                    | 416,950              |
| Transfer (out)                                  | (16,050)            | (437,613)             | (138,513)              | (15,922)           | -                    | (608,098)            |
| <b>Total other financing sources</b>            | <b>(16,050)</b>     | <b>(20,663)</b>       | <b>(138,513)</b>       | <b>(15,922)</b>    | <b>-</b>             | <b>(191,148)</b>     |
| <b>Increase (decrease) in net assets</b>        | <b>1,906,796</b>    | <b>(256,069)</b>      | <b>623,673</b>         | <b>103</b>         | <b>(208,041)</b>     | <b>2,066,462</b>     |
| <b>Net assets (deficit), beginning restated</b> | <b>1,815,080</b>    | <b>12,725,167</b>     | <b>2,711,486</b>       | <b>(10,455)</b>    | <b>2,956,070</b>     | <b>20,197,348</b>    |
| <b>Net assets (deficit), ending</b>             | <b>\$ 3,721,876</b> | <b>\$ 12,469,098</b>  | <b>\$ 3,335,159</b>    | <b>\$ (10,352)</b> | <b>\$ 2,748,029</b>  | <b>\$ 22,263,810</b> |

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

|  | <b>Primary Government</b> |                           |                            |                    |                          | <b>Total</b>         |
|--|---------------------------|---------------------------|----------------------------|--------------------|--------------------------|----------------------|
|  | <b>Water Utility</b>      | <b>Wastewater Utility</b> | <b>Solid Waste Utility</b> | <b>Water Plant</b> | <b>Housing Authority</b> |                      |
| <b>Cash flows from operating activities:</b>                       |                           |                           |                            |                    |                          |                      |
| Cash received from customers                                       | \$ 7,287,556              | \$ 3,446,963              | \$ 3,586,936               | \$ 1,064,588       | 345,304                  | \$ 15,731,347        |
| Cash received from grantors  | -                         | -                         | 69,162                     | -                  | 3,422,405                | 3,491,567            |
| Cash received from other operating                                 | 16,563                    | 7,597                     | 62,384                     | -                  | 149,838                  | 236,382              |
| Cash paid to suppliers for goods and services                      | (3,706,099)               | (2,086,524)               | (1,996,727)                | (655,560)          | (3,138,447)              | (11,583,357)         |
| Cash paid to employees for services                                | (497,389)                 | (915,149)                 | (793,938)                  | (324,385)          | (816,113)                | (3,346,974)          |
| <b>Net cash provided by operating activities</b>                   | <b>3,100,631</b>          | <b>452,887</b>            | <b>927,817</b>             | <b>84,643</b>      | <b>(37,013)</b>          | <b>4,528,965</b>     |
| <b>Cash flows from noncapital financing activities:</b>            |                           |                           |                            |                    |                          |                      |
| Transfers to other funds   | (16,050)                  | (437,613)                 | (138,513)                  | (15,922)           | -                        | (608,098)            |
| Transfers from other funds   | -                         | 416,950                   | -                          | -                  | -                        | 416,950              |
| <b>Net cash provided (used) by noncapital financing activities</b> | <b>(16,050)</b>           | <b>(20,663)</b>           | <b>(138,513)</b>           | <b>(15,922)</b>    | <b>-</b>                 | <b>(191,148)</b>     |
| <b>Cash flows from capital and related financing activities:</b>   |                           |                           |                            |                    |                          |                      |
| Acquisition and construction of capital assets                     | (28,362)                  | (391,322)                 | (405,283)                  | -                  | (32,476)                 | (857,443)            |
| Principal paid on capital lease                                    | -                         | -                         | (74,388)                   | -                  | -                        | (74,388)             |
| Repayment of loans   | -                         | (100,000)                 | -                          | -                  | -                        | (100,000)            |
| Proceeds from sale of assets                                       | -                         | 1,370                     | -                          | -                  | -                        | 1,370                |
| Loss on sale of assets   | -                         | -                         | (15,964)                   | -                  | -                        | (15,964)             |
| Interest paid  | (1,071,344)               | (264,549)                 | (91,676)                   | (526)              | -                        | (1,428,095)          |
| <b>Net cash used for capital and related financing activities</b>  | <b>(1,099,706)</b>        | <b>(754,501)</b>          | <b>(587,311)</b>           | <b>(526)</b>       | <b>(32,476)</b>          | <b>(2,474,520)</b>   |
| <b>Cash flows from investing activities:</b>                       |                           |                           |                            |                    |                          |                      |
| Joint venture  | 245,929                   | -                         | -                          | -                  | -                        | 245,929              |
| Interest on cash and cash equivalents                              | -                         | 36,742                    | -                          | -                  | 8,131                    | 44,873               |
| <b>Net cash flows from investing activities</b>                    | <b>245,929</b>            | <b>36,742</b>             | <b>-</b>                   | <b>-</b>           | <b>8,131</b>             | <b>290,802</b>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>        | <b>2,230,804</b>          | <b>(285,535)</b>          | <b>201,993</b>             | <b>68,195</b>      | <b>(61,359)</b>          | <b>2,154,098</b>     |
| <b>Cash and cash equivalents, beginning</b>                        | <b>2,867,107</b>          | <b>5,058,854</b>          | <b>1,867,354</b>           | <b>-</b>           | <b>1,588,338</b>         | <b>11,381,653</b>    |
| <b>Cash and cash equivalents, ending</b>                           | <b>\$ 5,097,911</b>       | <b>\$ 4,773,319</b>       | <b>\$ 2,069,347</b>        | <b>\$ 68,195</b>   | <b>1,526,979</b>         | <b>\$ 13,535,751</b> |

See accompanying notes to financial statements.

THE CITY OF PORT HUENEME  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2012  
(Continued)

|  | Primary Government  |                       |                        |                  |                      | Total               |
|--|---------------------|-----------------------|------------------------|------------------|----------------------|---------------------|
|  | Water<br>Utility    | Wastewater<br>Utility | Solid Waste<br>Utility | Water<br>Plant   | Housing<br>Authority |                     |
| <b>Reconciliation of operating income to net cash provided by (used for) operating activities:</b> |                     |                       |                        |                  |                      |                     |
| Operating income (loss)  | \$ 2,994,190        | \$ (8,969)            | \$ 869,826             | \$ 16,551        | (216,171)            | \$ 3,655,427        |
| Adjustments to reconcile operating   |                     |                       |                        |                  |                      |                     |
| Depreciation   | 249,641             | 308,817               | 97,437                 | -                | 196,379              | 852,274             |
| Changes in assets and liabilities:   |                     |                       |                        |                  |                      |                     |
| (Increase) decrease in accounts receivable   | (283,806)           | (32,308)              | 129,038                | 144,634          | (1,160)              | (43,602)            |
| (Increase) decrease in prepaid   | -                   | -                     | -                      | -                | -                    | -                   |
| Increase in deposits   | 13,477              | -                     | (3,962)                | -                | 75                   | 9,590               |
| Increase in deferred bond issuance costs   | -                   | 9,000                 | -                      | -                | -                    | 9,000               |
| Increase (decrease) in accounts payable  | 85,048              | (11,947)              | (17,039)               | 33,734           | (28,071)             | 61,725              |
| Increase (decrease) in accrued wage and benefits   | 5,986               | 11,219                | 11,434                 | 689              | 6,390                | 35,717              |
| Increase (decrease) in due to other funds  | 15,058              | 161,259               | (161,259)              | (107,054)        | (518)                | (92,514)            |
| Increase (decrease) in compensated absences  | 21,037              | 15,816                | 2,342                  | (3,910)          | 6,063                | 41,348              |
| <b>Net cash provided by operating activities</b>   | <b>\$ 3,100,631</b> | <b>\$ 452,887</b>     | <b>\$ 927,817</b>      | <b>\$ 84,643</b> | <b>(37,013)</b>      | <b>\$ 4,528,965</b> |

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2012**

|   |    | Successor<br>Agency to the<br>Port Hueneme<br>Redevelopment<br>Agency Private-<br>Purpose Trust Fund |
|---|----|--|
| <b>ASSETS</b>                             |    |  |
| <b>CURRENT ASSETS:</b>                    |    |  |
| Cash and investments                      | \$ | 3,757,644  |
| Receivables:                              |    |  |
| Taxes                                     |    | -  |
| Interest                                  |    | 3,145  |
| Due from Other Government                 |    | 198,051  |
| Restricted cash and investments           |    | 1,795,879  |
| <b>TOTAL CURRENT ASSETS</b>               |    | <u>5,754,720</u>   |
| <b>NONCURRENT ASSETS:</b>                 |    |  |
| Deferred bond issuance costs              |    | 318,560  |
| Land held for resale                      |    | 1,449,541  |
| <b>TOTAL NONCURRENT ASSETS</b>            |    | <u>1,768,101</u>   |
| <b>TOTAL ASSETS</b>                       |    | <u>7,522,821</u>   |
| <b>LIABILITIES</b>                        |    |  |
| <b>CURRENT LIABILITIES:</b>               |    |  |
| Accounts payable                          |    | 15,119   |
| Accrued salary                            |    | 2,782  |
| Interest payable                          |    | 166,014  |
| Due to other governments                  |    | 52,385   |
| Refunding Bonds payable - current portion |    | 1,085,000  |
| <b>TOTAL CURRENT LIABILITIES</b>          |    | <u>1,321,300</u>   |
| <b>NONCURRENT LIABILITIES:</b>            |    |  |
| Refunding Bonds payable                   |    | 14,105,000   |
| Advances to the City of Port Hueneme      |    | 9,720,663  |
| <b>TOTAL NONCURRENT LIABILITIES</b>       |    | <u>23,825,663</u>  |
| <b>TOTAL LIABILITIES</b>                  |    | <u>25,146,963</u>  |
| <b>NET ASSETS (DEFICIT):</b>              |    |  |
| Net deficit for private purpose           | \$ | <u>(17,624,142)</u>  |

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the period from February 1, 2012 to June 30, 2012**

|  | Successor<br>Agency to the<br>Port Hueneme<br>Redevelopment<br>Agency Private-<br>Purpose Trust Fund |
|--|--|
| <b>ADDITONS:</b>                                   |  |
| Property tax increments                            | \$ 1,349,299   |
| Investment earnings                                | 40,049   |
| Other  | 6,796  |
| <b>Total Additions</b>                             | <b>1,396,144</b>   |
| <b>DEDUCTIONS:</b>                                 |  |
| Community development                              | 521,133  |
| Other  | 6,796  |
| Debt service:                                      |  |
| Bond amortization expense                          | 13,273   |
| Interest and fiscal charges                        | 853,225  |
| <b>Total Deductions</b>                            | <b>1,394,427</b>   |
| Change in net assets before<br>extraordinary Items | 1,717  |
| <b>Extraordinary Items:</b>                        |  |
| Extraordinary Loss                                 | (17,625,859)   |
| Change in net assets                               | (17,624,142)   |
| <b>Net assets, June 30, 2011</b>                   | <b>-</b>   |
| <b>Net assets, June 30, 2012</b>                   | <b>\$ (17,624,142)</b>   |

See accompanying notes to financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Reporting Entity**

The City of Port Hueneme is a California municipal corporation with a five-member City Council. In evaluating the City as a reporting entity, management has addressed all potential component units, which may or may not fall within the City's financial statements. The basic criterion for including a component unit within the City's reporting entity is designation of the management, and the ability to significantly influence operations. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Based upon the application of these criteria, the following is a brief review of each of the component units addressed in defining the City's reporting entity:

*Blended Component Units*

Port Hueneme Redevelopment Agency (Agency) – The Agency was established pursuant to an ordinance adopted by the Port Hueneme City Council (City Council) on April 14, 1962, following a determination by the City Council that a need existed for the redevelopment of property within areas of the City. The Agency is a legal public body separate and distinct from the City. The members of the City Council also serve as members of the Agency Board of Directors. The financial activities of the Agency is presented in these financial statement through the date of dissolution of February 1, 2012 (See note 6 for additional information)".

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 15 and 17.

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 15 and 17.

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

**B. Government-wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods and services; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

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, liabilities, 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 government's governmental, proprietary, and fiduciary funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and proprietary funds. Fiduciary statements, even though excluded from the government-wide financial statements represent private purpose trust funds and agency funds.

**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 and liabilities (whether current or non-current) associated with their activity are included on their balance sheet. Operating statements present increases (revenues) and decreases (expenses) in total net assets. 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 and current liabilities are generally included on the balance sheets. The reported fund balance (net current assets) 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 net current assets. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available as net current assets. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The Housing Successor Agency Fund is used to account for the City's assumption of the former Low and Moderate Income Housing Program.

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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

Redevelopment Agency Debt Service Fund is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specific purposes.

The City reports the following major proprietary funds:

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

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

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

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

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

The City reports the following fund types:

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

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

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

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

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

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

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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

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

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

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

**D. Assets, Liabilities and Net Assets**

Cash and Investments

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

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

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

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

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are 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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

Capital Assets

Capital assets, which include property, plant equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

Property Taxes

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

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

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

Deferred Revenue

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

Compensated Absences

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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

Long-Term Debt

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

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

Fund Balances

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

Net Assets

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

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

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

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

Use of Estimates

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

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, 2012. It is not reported on the balance sheet, but expensed on the statement of revenues, expenditures and changes in fund balances

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

**E. Subsequent Events:**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 28, 2013, the date the financial statements were available to be issued

**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 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 exceeded their appropriation:

| <u>Fund</u>               | <u>Appropriations</u> | <u>Expenditures</u> |
|---------------------------|-----------------------|---------------------|
| General Fund              |                       |                     |
| General Government        | \$ 7,254,085          | \$ 7,656,120        |
| Public Safety             | 6,223,119             | 6,560,702           |
| Housing Successor         |                       |                     |
| General Government        | 317,365               | 99,473              |
| COPS AB3229               |                       |                     |
| Public Safety             | 0                     | 22,151              |
| Bike Path                 |                       |                     |
| Streets and Highways      | 0                     | 14,408              |
| Light Assessment District |                       |                     |
| Streets and Highways      | 147,000               | 155,050             |

The following funds reported deficit fund balances:

Nonmajor Governmental Funds

|                            |            |
|----------------------------|------------|
| Senior Nutrition Grant     | \$ 415     |
| Median Assessment District | \$ 6,975   |
| Light Assessment District  | \$ 172,524 |

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 Basic Financial Statements**  
**June 30, 2012**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

Cash and investments at June 30, 2012 consisted of the following:

|                                | Government<br>Wide<br>Statement of<br>Net Assets | Fiduciary<br>Funds<br>Statement of<br>Net Assets | Total                    |
|--------------------------------|--|--|--------------------------|
| Unrestricted assets:           |  |  |                          |
| Cash and investments           | \$ 38,541,569                                    | \$ 3,757,644                                     | \$ 42,299,213            |
| Total unrestricted assets      | <u>38,541,569</u>                                | <u>3,757,644</u>                                 | <u>42,299,213</u>        |
| Restricted assets:             |  |  |                          |
| Cash and investments           | 108,834  | 1,795,879  | \$ 1,904,713             |
| Total unrestricted assets      | <u>108,834</u>                                   | <u>1,795,879</u>                                 | <u>1,904,713</u>         |
| <br>TOTAL CASH AND INVESTMENTS | <br><u>\$ 38,650,403</u>                         | <br><u>\$ 5,553,523</u>                          | <br><u>\$ 44,203,926</u> |

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

Primary Government

|             |                      |
|-------------|----------------------|
| Deposits    | \$ 4,199,720         |
| Investments | 40,004,206           |
|             | <u>\$ 44,203,926</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 on the combined balance sheet 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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

**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.

| <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                                | No Limit                                |
| 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:**

Investment 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                                |

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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

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:

Primary Government

| Investment Type                        | Remaining Maturity (in months) |                   |                     | Total                |
|--|--------------------------------|-------------------|---------------------|----------------------|
|  | 12 Months<br>or less           | 13 - 36<br>Months | 37 - 60<br>Months   |                      |
| Local Agency Investment Fund           | \$ 30,934,313                  | \$ -              | \$ -                | \$ 30,934,313        |
| Federal Home Loan Mortgage Corporation | -                              | -                 | 2,002,930           | 2,002,930            |
| Federal National Mortgage Association  | -                              | -                 | 3,604,706           | 3,604,706            |
| Guaranteed Investment Contracts        | -                              | -                 | 1,794,454           | 1,794,454            |
| Money Market Mutual Funds              | 1,667,803                      | -                 | -                   | 1,667,803            |
|  | <u>\$ 32,602,116</u>           | <u>\$ -</u>       | <u>\$ 7,402,090</u> | <u>\$ 40,004,206</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

| Investment Type                        | Minimum<br>Legal<br>Rating | Total<br>as of<br>30-Jun-12 | AAA                 | AA+                 | Not<br>Required to<br>be Rated | Not<br>Rated         |
|--|----------------------------|-----------------------------|---------------------|---------------------|--------------------------------|----------------------|
| Local Agency Investment Fund           | N/A                        | \$ 30,934,313               | \$ -                | \$ -                | \$ -                           | \$ 30,934,313        |
| Federal Home Loan Mortgage Corporation | N/A                        | 2,002,930                   | -                   | 2,002,930           | -                              | -                    |
| Federal National Mortgage Association  | N/A                        | 3,604,706                   | -                   | 3,604,706           | -                              | -                    |
| Money Market Mutual Funds              | N/A                        | 1,667,803                   | 1,667,803           | -                   | -                              | -                    |
| Guaranteed Investment Contracts        | N/A                        | 1,794,454                   | -                   | 1,794,454           | -                              | -                    |
|  |                            | <u>\$ 40,004,206</u>        | <u>\$ 1,667,803</u> | <u>\$ 7,402,090</u> | <u>\$ -</u>                    | <u>\$ 30,934,313</u> |

N/A - Not Applicable

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

**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 Mortgage Corporation | United States Government Sponsored Agency Securities | \$ 2,002,930           |
| Federal National Mortgage Association  | United States Government Sponsored Agency Securities | 3,604,706              |

**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 City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2012, 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 Basic Financial Statements**  
**June 30, 2012**

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

**B. Receivables**

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

| <i>Governmental Funds:</i> | General             | Housing<br>Successor<br>Agency | Surplus<br>Property | Nonmajor          | Total               |
|----------------------------|---------------------|--------------------------------|---------------------|-------------------|---------------------|
| Accounts                   | \$ 1,128,381        | \$ 1,551,345                   |                     | \$ 9,412          | \$ 2,689,138        |
| Tenants                    |                     | 1,187                          | 3,904               |                   | 5,091               |
| Interest                   | 833                 |                                | 222                 |                   | 1,055               |
| Taxes                      | 685,479             |                                |                     |                   | 685,479             |
| Grants                     | 82,026              |                                |                     | 108,311           | 190,337             |
| Due from other Government  | 392,283             |                                |                     |                   | 392,283             |
| Total:                     | <u>\$ 2,289,002</u> | <u>\$ 1,552,532</u>            | <u>\$ 4,126</u>     | <u>\$ 117,723</u> | <u>\$ 3,963,383</u> |

| <i>Proprietary Funds:</i> | Water Utility       | Wastewater<br>Utility | Solid<br>Waste<br>Utility | Water<br>Plant   | Housing<br>Authority | Total              |
|---------------------------|---------------------|-----------------------|---------------------------|------------------|----------------------|--------------------|
| Accounts                  | \$ 1,886,261        | \$ 719,510            | \$579,439                 | \$ 13,373        | \$ 13,430            | \$3,212,013        |
| Interest                  |                     |                       |                           |                  | 562                  | 562                |
| Total:                    | <u>\$ 1,886,261</u> | <u>\$ 719,510</u>     | <u>\$579,439</u>          | <u>\$ 13,373</u> | <u>\$ 13,992</u>     | <u>\$3,212,575</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 \$8,098,323 as of June 30, 2012.

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
- 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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

The following are the net assets of PHWA as of June 30, 2012:

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

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

**D. Capital Assets**

Effective July 1, 2002, the City raised its capitalization threshold policy from \$1,000 to \$5,000. The City has reported all capital assets including infrastructure in the Government-wide Statement of Net Assets. A summary of changes in capital asset activities for the City's governmental and business-type activities for the year ended June 30, 2012 are as follows:

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

**D. Capital Assets (Continued)**

*Primary Government*

**Governmental Activities:**

|   | Beginning<br>Balance | Addition            | Retirements        | Ending<br>Balance    |
|---|----------------------|---------------------|--------------------|----------------------|
| Non-depreciable assets:                     |                      |                     |                    |                      |
| Land  | \$ 2,185,294         | \$ 359,666          | \$ -               | \$ 2,544,960         |
| Construction in progress                    | -                    | 551,074             | -                  | 551,074              |
| Total non-depreciable assets                | <u>2,185,294</u>     | <u>910,740</u>      | <u>-</u>           | <u>3,096,034</u>     |
| Depreciable assets:                         |                      |                     |                    |                      |
| Buildings, structures, improvements         | 19,833,227           | 810,002             |                    | 20,643,229           |
| Office equipment                            | 760,580              |                     |                    | 760,580              |
| Mobile equipment                            | 1,486,965            | 137,109             | (151,759)          | 1,472,315            |
| Other equipment                             | 825,903              | 27,956              | (5,296)            | 848,563              |
| Infrastructure                              | 15,777,384           | 1,527,350           |                    | 17,304,734           |
| Total depreciable assets                    | <u>38,684,059</u>    | <u>2,502,417</u>    | <u>(157,055)</u>   | <u>41,029,421</u>    |
| Less accumulated depreciation               |                      |                     |                    |                      |
| Buildings, structures, improvements         | (8,652,924)          | (444,883)           |                    | (9,097,807)          |
| Office equipment                            | (719,421)            | (10,754)            |                    | (730,175)            |
| Mobile equipment                            | (1,301,932)          | (86,671)            | 143,086            | (1,245,517)          |
| Other equipment                             | (519,126)            | (45,833)            | 3,178              | (561,781)            |
| Infrastructure                              | (8,086,517)          | (392,188)           |                    | (8,478,705)          |
| Total accumulated depreciation              | <u>(19,279,920)</u>  | <u>(980,329)</u>    | <u>146,264</u>     | <u>(20,113,985)</u>  |
| Governmental activities capital assets, net | <u>\$ 21,589,433</u> | <u>\$ 2,432,828</u> | <u>\$ (10,791)</u> | <u>\$ 24,011,470</u> |

**Business-type Activities**

|  |                      |                     |                       |                      |
|--|----------------------|---------------------|-----------------------|----------------------|
| Non-depreciable assets:                      |                      |                     |                       |                      |
| Land   | \$ 2,245,910         |                     |                       | \$ 2,245,910         |
| Construction in progress                     | 5,020,457            | 154,489             | (4,754,880)           | 420,066              |
| Total non-depreciable assets                 | <u>7,266,367</u>     | <u>154,489</u>      | <u>(4,754,880)</u>    | <u>2,665,976</u>     |
| Depreciable assets:                          |                      |                     |                       |                      |
| Buildings, structures, improvements          | 5,437,545            | 32,476              |                       | 5,470,021            |
| Pipe line/plant                              | 9,533,545            | 4,971,578           |                       | 14,505,123           |
| Meters                                       | 4,894,119            |                     |                       | 4,894,119            |
| Equipment                                    | 3,161,604            | 476,162             | (137,186)             | 3,500,580            |
| Total depreciable assets                     | <u>23,026,813</u>    | <u>5,480,216</u>    | <u>(137,186)</u>      | <u>28,369,843</u>    |
| Less accumulated depreciation                |                      |                     |                       |                      |
| Buildings, structures, improvements          | (3,707,898)          | (207,642)           |                       | (3,915,540)          |
| Pipe line/plant                              | (4,802,336)          | (237,255)           |                       | (5,039,591)          |
| Meters                                       | (244,706)            | (244,706)           |                       | (489,412)            |
| Equipment                                    | (2,142,517)          | (153,672)           | 105,802               | (2,190,387)          |
| Total accumulated depreciation               | <u>(10,897,457)</u>  | <u>(843,275)</u>    | <u>105,802</u>        | <u>(11,634,930)</u>  |
| Business-type activities capital assets, net | <u>\$ 19,395,723</u> | <u>\$ 4,791,430</u> | <u>\$ (4,786,264)</u> | <u>\$ 19,400,889</u> |

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

**D. Capital Assets (Continued)**

Depreciation expenses of \$980,329 and \$843,275 were charged to the following functions of the City's primary government:

|                           | Governmental<br>Activities | Business-type<br>Activities |
|---------------------------|----------------------------|-----------------------------|
| <i>Primary Government</i> |                            |                             |
| General government        | \$ 454,350                 |                             |
| Community development     | 133,791                    |                             |
| Street and highways       | 392,188                    |                             |
| Water utility             |                            | \$ 249,641                  |
| Wastewater utility        |                            | 299,818                     |
| Solid waste utility       |                            | 97,437                      |
| Housing Authority         |                            | 196,379                     |
|                           | \$ 980,329                 | \$ 843,275                  |

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

*Interfund Receivables and Payables*

The following summarizes interfund receivables and payables at June 30, 2012:

| Receivable                | Payable                          | Amount     |
|---------------------------|----------------------------------|------------|
| <i>Primary Government</i> | <i>Other Governmental Funds:</i> |            |
| General Fund              | Traffic Safety                   | \$ 6,816   |
|                           | Homeland Security Grant          | 5,564      |
|                           | Stormwater Program               | 2459       |
|                           | Senior Nutrition Grant           | 945        |
|                           | Median Assessment District       | 6,975      |
|                           | Light Assessment District        | 159,926    |
|                           | CDBG Program                     | 7,809      |
|                           | COPS Grant                       | 25,000     |
|                           | Neighborhood Preservation        | 38,650     |
|                           | Total                            | \$ 254,144 |

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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

| <i>Advances From/To Other Funds</i> | <u>Payable</u>                | <u>Amount</u>        |
|-------------------------------------|-------------------------------|----------------------|
| <u>Receivable</u>                   |                               |                      |
| General Fund                        | Water Utility Fund – PN#7     | \$ 291,264           |
|                                     | Water Utility Fund – PN#8     | 254,856              |
|                                     | Water Utility Fund – PN#9     | 124,828              |
|                                     | Water Utility Fund – PN#06-01 | 5618,932             |
|                                     | Water Utility Fund – PN#03-01 | 9,478,062            |
|                                     | Total                         | <u>15,767,942</u>    |
| Wastewater Utility                  | Solid Waste Utility           | <u>722,600</u>       |
| Total Advances                      |                               | <u>\$ 16,490,542</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% annually for a term of 45 years. Repayment began on July 1, 2003.

*Advances to Successor Agency*

| <u>Receivable</u>                  | <u>Payable</u>              | <u>Amount</u>       |
|------------------------------------|-----------------------------|---------------------|
| General Fund                       | Successor Agency – PN#7     | \$ 1,537,608        |
| Surplus Property Authority         | Successor Agency – NCEL PN1 | <u>8,183,055</u>    |
| Total Advances to Successor Agency |                             | <u>\$ 9,720,663</u> |

1) The City's General Fund and Surplus Property Authority have paid for various redevelopment projects, which are treated as advances to the Port Hueneme Redevelopment Agency (Agency) under the California Redevelopment Law. 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 General Fund records \$1,537,608 of the advance and the Surplus Property Authority records \$8,183,055 for a total advance of \$9,720,663. The collectability of the advances is subject to the approval of the Department of Finance. See Note 6 for additional information.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

*Transfers In/Out*

Interfund transfers during the fiscal year ended June 30, 2012 were as follows:

|                          | <b>Transfers<br/>Out</b> | <b>Transfers In</b>     |                           |                            |                              | <b>Total</b>     |
|--------------------------|--------------------------|-------------------------|---------------------------|----------------------------|------------------------------|------------------|
|                          |                          | <b>General<br/>Fund</b> | <b>Non-Major<br/>Fund</b> | <b>Wastewater<br/>Fund</b> | <b>Housing<br/>Authority</b> |                  |
| General Fund             | (1,568,907)              | 395,659                 | 1,699,450                 |                            |                              | 2,095,109        |
| <b>RDA:</b>              |                          |                         |                           |                            |                              | -                |
| Debt Service Fund        | (161,337)                |                         |                           |                            |                              | -                |
| Non-Major Fund           | (173,717)                |                         |                           |                            |                              | -                |
| <b>Enterprise Funds:</b> |                          |                         |                           |                            |                              | -                |
| Water                    | (16,050)                 |                         |                           |                            |                              | -                |
| Wastewater               | (437,613)                |                         |                           | 416,950                    |                              | 416,950          |
| Solid Waste              | (138,513)                |                         |                           |                            |                              | -                |
| Water Plant              | (15,922)                 |                         |                           |                            |                              | -                |
| Housing Authority        |                          |                         |                           |                            |                              | -                |
| <b>Total</b>             | <b>(2,512,059)</b>       | <b>395,659</b>          | <b>1,699,450</b>          | <b>416,950</b>             | <b>-</b>                     | <b>2,512,059</b> |

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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

**F. Long-Term Obligations**

Governmental Activities

Changes in Long-Term Obligations Governmental Activities:

|                                      | Balance<br>July 1, 2011 | Additions           | Reductions            | Transfers<br>(a)       | Balance<br>June 30, 2012 | Due within<br>one year |
|--------------------------------------|-------------------------|---------------------|-----------------------|------------------------|--------------------------|------------------------|
| <i>Governmental Activities</i>       |                         |                     |                       |                        |                          |                        |
| Tax Allocation Bonds Payable         | \$ 16,220,000           | \$ -                | \$ -                  | \$ (16,220,000)        | \$ -                     | \$ -                   |
| Certificates of Participation        | 3,025,000               | -                   | (305,000)             | -                      | 2,720,000                | 325,000                |
| Capital Lease Obligation             | 14,534                  | -                   | (14,534)              | -                      | -                        | -                      |
| Pension Obligation Bonds             | 8,818,144               | -                   | (724,077)             | -                      | 8,094,067                | 788,701                |
| Total Long-term Debt                 | <u>28,077,678</u>       | -                   | <u>(1,043,611)</u>    | <u>(16,220,000)</u>    | <u>10,814,067</u>        | <u>1,113,701</u>       |
| Net OPEB obligation                  | -                       | 368,767             | -                     | -                      | 368,767                  | 163,460                |
| Claims and judgments payable         | 87,825                  | 579,556             | (274,677)             | -                      | 392,704                  | 184,571                |
| Worker's compensatio payable         | 763,785                 | 87,006              | -                     | -                      | 850,791                  | 399,872                |
| Compensated Absences                 | 855,604                 | 649,210             | (580,360)             | -                      | 924,454                  | 603,782                |
| <i>Total governmental activities</i> | <u>\$ 29,784,892</u>    | <u>\$ 1,684,539</u> | <u>\$ (1,898,648)</u> | <u>\$ (16,220,000)</u> | <u>\$ 13,350,783</u>     | <u>\$ 2,465,386</u>    |

(a) The transfers relate to the transfer of long-term liabilities to the successor agency from the former redevelopment Agency. See Notes 5 and 6 for additional information.

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

| Type of liability                           | Maturity   | Interest<br>Rates | Annual<br>Principal<br>Installments | Original Issue<br>Amount | Outstanding<br>June 30, 2012 |
|---|------------|-------------------|-------------------------------------|--------------------------|------------------------------|
| <i>Government Activities:</i>               |            |                   |                                     |                          |                              |
| <u>Certificates of Participation:</u>       |            |                   |                                     |                          |                              |
| 1992 Refunding COP                          | 04/01/2019 | 3.25% - 6%        | \$215 - \$465                       | \$ 5,605,000             | \$ 2,720,000                 |
| <i>Total Certificates of Participation:</i> |            |                   |                                     | <u>5,605,000</u>         | <u>2,720,000</u>             |
| <u>Capital Lease Obligation:</u>            |            |                   |                                     |                          |                              |
| Lease agreement 05-053-AF                   | 08/18/2010 | 3.7%              | \$70,097                            | 341,400                  | 0                            |
| Lease agreement 06-042-AF                   | 09/29/2011 | 4.25%             | \$52,033                            | 263,400                  | 0                            |
| <i>Total Capital Lease Obligation:</i>      |            |                   |                                     | <u>604,800</u>           | <u>0</u>                     |
| <u>Pension Obligation Bonds:</u>            |            |                   |                                     |                          |                              |
| Series 2006A-1 Bonds                        | 06/01/2016 | 5.30%             | \$290,000-\$675,000                 | 4,305,000                | 2,375,000                    |
| Series 2006A-2 Bonds                        | 06/01/2035 | 5.30%             | \$174,853-\$309,843                 | 6,374,956                | 5,719,067                    |
| <i>Total Pension Obligation Bonds:</i>      |            |                   |                                     | <u>10,679,956</u>        | <u>8,094,067</u>             |
| <i>Total Governmental Activities:</i>       |            |                   |                                     | <u>\$16,889,756</u>      | <u>\$10,814,067</u>          |

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

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

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

The Certificates represent the proportional interest of the registered owners in the Base Rental payments to be made by the City. The payments will cover both principal and interest portions of the payments due under the Certificates. Base Rental payments are due to be made on October 1 and April 1 of each year. Base Rental payments for the fiscal year ended June 30, 2012 were \$486,500. Interest rate(s) ranges from 3.25% to 6%.

The outstanding balance as of June 30, 2012 was \$2,720,000.

Pension Obligation Bonds:

On April 1, 2007, the City of Port Hueneme pursuant to an Agreement with the California Statewide Communities Development Authority issued \$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, 2012 was \$8,094,067, including accreted interest of \$496,835.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

Bonds Payable

Governmental:

| Fiscal year ended June 30 | Principal            | Interest             | Total                | Capital<br>Appreciation |
|---------------------------|----------------------|----------------------|----------------------|-------------------------|
| 2013.....                 | 1,113,701            | 515,982              | 1,629,683            | 484,380                 |
| 2014.....                 | 1,210,533            | 376,002              | 1,586,535            | 524,380                 |
| 2015.....                 | 1,294,843            | 356,669              | 1,651,512            | 564,380                 |
| 2016.....                 | 1,368,610            | 328,265              | 1,696,875            | 288,602                 |
| 2017.....                 | 703,535              | 294,465              | 998,000              | 288,603                 |
| 2018-2022.....            | 2,268,806            | 1,547,794            | 3,816,600            | 1,496,737               |
| 2023-2027.....            | 1,210,699            | 2,124,301            | 3,335,000            | 1,753,768               |
| 2028-2032.....            | 1,069,125            | 2,855,875            | 3,925,000            | 1,684,454               |
| 2033-2035.....            | 574,215              | 2,100,785            | 2,675,000            | 586,710                 |
|                           | <u>\$ 10,814,067</u> | <u>\$ 10,500,138</u> | <u>\$ 21,314,205</u> | <u>\$ 7,672,014</u>     |

Changes in Long-Term Obligations Business Type Activities:

|                                       | Balance<br>July 1, 2011 | Additions        | Reductions          | Balance<br>June 30, 2012 | Due within<br>one year |
|---------------------------------------|-------------------------|------------------|---------------------|--------------------------|------------------------|
| <i>Business-type Activities</i>       |                         |                  |                     |                          |                        |
| Capital Lease Obligation              | \$ 316,170              | \$ -             | \$ (74,388)         | \$ 241,782               | \$ 77,408              |
| Revenue Bonds                         | 4,900,000               | -                | (100,000)           | 4,800,000                | 105,000                |
| Total Long-term Debt                  | 5,216,170               | -                | (174,388)           | 5,041,782                | 182,408                |
| Compensated absences                  | 196,400                 | 49,482           | (8,136)             | 237,746                  | 164,688                |
| <i>Total business-type activities</i> | <u>\$ 5,412,570</u>     | <u>\$ 49,482</u> | <u>\$ (182,524)</u> | <u>\$ 5,279,528</u>      | <u>\$ 347,096</u>      |

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

| Type of liability                 | Maturity   | Interest<br>Rates | Annual<br>Principal<br>Installments    | Original Issue<br>Amount | Outstanding<br>June 30, 2012 |
|-----------------------------------|------------|-------------------|--|--------------------------|------------------------------|
| <i>Business-types Activities:</i> |            |                   |  |                          |                              |
| <i>Revenue Bonds:</i>             |            |                   |  |                          |                              |
| Series 2006D-1 Bonds              | 10/01/2037 | 4% -<br>4.25%     | \$85,000-\$165,000                     | \$ 5,270,000             | \$ 4,800,000                 |
|                                   |            |                   | <i>Total Revenue Bonds:</i>            | <u>5,270,000</u>         | <u>4,800,000</u>             |
| <i>Capital Lease Agreement:</i>   |            |                   |  |                          |                              |
| Lease agreement #05-018-<br>AF    | 06/07/2015 | 4%                | \$85,928                               | 712,411                  | 241,782                      |
|                                   |            |                   | <i>Total Lease Agreement:</i>          | <u>712,411</u>           | <u>241,782</u>               |
|                                   |            |                   | <i>Total Business-type Activities:</i> | <u>\$ 5,982,411</u>      | <u>\$ 5,041,782</u>          |

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

Revenue Bonds:

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

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>(386,573)</u>                |
| <b>Total</b>                      | <b><u>\$ 441,798</u></b>        |

Business-type Activities:

**Bonds Payable**

| <u>Fiscal year ended June 30</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|----------------------------------|---------------------|---------------------|---------------------|
| 2013.....                        | 105,000             | 207,564             | 312,564             |
| 2014.....                        | 110,000             | 203,364             | 313,364             |
| 2015.....                        | 115,000             | 198,964             | 313,964             |
| 2016.....                        | 120,000             | 194,364             | 314,364             |
| 2017.....                        | 125,000             | 189,564             | 314,564             |
| 2018-2022.....                   | 700,000             | 869,180             | 1,569,180           |
| 2023-2027.....                   | 855,000             | 711,863             | 1,566,863           |
| 2028-2032.....                   | 1,055,000           | 508,319             | 1,563,319           |
| 2033-2037.....                   | 1,315,000           | 250,200             | 1,565,200           |
| 2038-2039.....                   | 300,000             | 13,500              | 313,500             |
|                                  | <b>\$ 4,800,000</b> | <b>\$ 3,346,880</b> | <b>\$ 8,146,880</b> |

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

The following is a schedule, by year, of future minimum lease payments and present value of the net minimum lease payments for capital leases as of June 30, 2012:

| Year Ending<br>June 30,                     | Minimum<br>Lease Payments |
|---|---------------------------|
| 2013  | \$ 85,928                 |
| 2014  | 85,928                    |
| 2015  | 85,928                    |
|   | 257,784                   |
| Less: amounts representing interest         | (16,002)                  |
| Present value of net minimum lease payments | \$ 241,782                |

**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, 2012, fund balance for governmental funds are made up of the following:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

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

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

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

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

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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

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

Fund Balances at June 30, 2012, for the governmental funds are nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

| Fund Balances:              | General Fund                | Housing<br>Successor<br>Agency | Surplus<br>Property<br>Authority | Redevelopment<br>Agency - Debt<br>Service Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------|-----------------------------|--------------------------------|----------------------------------|--|-----------------------------------|--------------------------------|
| Nonspendable:               |                             |                                |                                  |  |                                   |                                |
| Loans and Advances          | \$ 16,379,663               | \$ -                           | \$ -                             | \$ -   | \$ 477,450                        | \$ 16,857,113                  |
| Advance to Successor Agency | 1,537,608                   | -                              | 8,183,055                        | -  | -                                 | 9,720,663                      |
| Prepays                     | 11,553                      | -                              | -                                | -  | -                                 | 11,553                         |
| Subtotal                    | <u>17,928,824</u>           | <u>-</u>                       | <u>8,183,055</u>                 | <u>-</u>                                       | <u>477,450</u>                    | <u>26,589,329</u>              |
| Restricted for:             |                             |                                |                                  |  |                                   |                                |
| Housing & Community Dev     | -                           | 404,428                        | -                                | -  | 889,990                           | 1,294,418                      |
| Capital Projects            | -                           | -                              | -                                | -  | 909,276                           | 909,276                        |
| Subtotal                    | <u>-</u>                    | <u>404,428</u>                 | <u>-</u>                         | <u>-</u>                                       | <u>1,799,266</u>                  | <u>2,203,694</u>               |
| Committed to:               |                             |                                |                                  |  |                                   |                                |
| Special Programs            | 920,500                     | -                              | -                                | -  | -                                 | 920,500                        |
| Capital Projects            | 380,501                     | -                              | -                                | -  | -                                 | 380,501                        |
| Subtotal                    | <u>1,301,001</u>            | <u>-</u>                       | <u>-</u>                         | <u>-</u>                                       | <u>-</u>                          | <u>1,301,001</u>               |
| Assigned:                   |                             |                                |                                  |  |                                   |                                |
| Special Revenue             | 6,241                       | -                              | 677,238                          | -  | -                                 | 683,479                        |
| Subtotal                    | <u>6,241</u>                | <u>-</u>                       | <u>677,238</u>                   | <u>-</u>                                       | <u>-</u>                          | <u>683,479</u>                 |
| Unassigned:                 |                             |                                |                                  |  |                                   |                                |
| Economic Uncertainty        | 2,816,200                   | -                              | -                                | -  | -                                 | 2,816,200                      |
| Unassigned                  | 17,270,961                  | -                              | -                                | -  | (179,914)                         | 17,091,047                     |
| Subtotal                    | <u>20,087,161</u>           | <u>-</u>                       | <u>-</u>                         | <u>-</u>                                       | <u>(179,914)</u>                  | <u>19,907,247</u>              |
| <b>Total Fund Balances:</b> | <u><u>\$ 39,323,227</u></u> | <u><u>\$ 404,428</u></u>       | <u><u>\$ 8,860,293</u></u>       | <u><u>\$ -</u></u>                             | <u><u>\$ 2,096,802</u></u>        | <u><u>\$ 50,684,750</u></u>    |

**B. Risk Management**

California Joint Powers Insurance Authority (CJPIA)

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

I. 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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

2. Self-Insurance Programs of CJPIA

General liability coverage

Annual deposits are paid by members and are adjusted retrospectively to cover costs. Each member, including Port Hueneme, self-insures through CJPIA for the first \$30,000 of each loss, which is funded through annual deposits. Participating members then share on a pro rata basis losses between \$30,000 and \$750,000. Specific coverage includes comprehensive and general automobile liability, personal injury, contractual liability, errors and omissions, employment practices, earth movement, accidental pollution and other areas not covered by traditional liability insurance. Coverage limit is \$50 million. There were no changes in coverage during the year ended June 30, 2012. For the past three years, no payment on any claim or judgment has exceeded coverage.

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 2011-12.

**B. Employee Retirement and Other Post Employment Benefit Plans**

1. Pension Plans

Plan Description

The City's defined benefit pension plans, the Miscellaneous and Safety Plans for the City of Port Hueneme (Plans), provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. As of July 1, 2005, the City was mandated by the State to participate in the risk pool for the Safety Plan. For the Safety Plan, a cost sharing multiple employer deferred benefit plan, the risk pool combines the assets and liabilities across employers of the risk pool to provide a method to spread the risk of uncertain gains and losses over a larger base of members. The Miscellaneous Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 8%-9% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution requirement for fiscal year 2012 was \$1,063,229 for miscellaneous employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost for the Miscellaneous Plan

For fiscal year 2012, the City's actual and contributed annual pension cost was \$1,714,885. The required contribution for the fiscal year 2012 was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45%, (c) inflation of 3.00%, (d) payroll growth of 3.25%, and (e) an individual salary growth based on merit scale varying by duration of employment, coupled with an assumed annual inflation component of 3.00%, and an annual production growth of 0.25%.

Annual Pension Cost for the Miscellaneous Plan (Continued)

The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a 15 year period. The Plan's initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period. If the Plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period. The remaining Plan's amortization period at June 30, 2012 was 25 years for the Miscellaneous Plan.

Three-Year Trend Information for the Miscellaneous Plan:

|               | <i>Three-Year Trend Information For PERS</i> |                              |                                  |                   |
|---------------|--|------------------------------|----------------------------------|-------------------|
|               | Fiscal Year<br>Ending                        | Annual Pension<br>Cost (APC) | Percentage of APC<br>Contributed | Net Pension Asset |
| Miscellaneous | 6/30/10                                      | \$ 703,970                   | 115%                             | \$ 6,672,405      |
|               | 6/30/11                                      | \$ 785,200                   | 115%                             | \$ 6,773,707      |
|               | 6/30/12                                      | \$ 1,063,229                 | 110%                             | \$ 6,868,828      |
| Safety        | 6/30/10                                      | \$ 450,080                   | 115%                             | \$ 4,265,964      |
|               | 6/30/11                                      | \$ 508,869                   | 115%                             | \$ 4,330,731      |
|               | 6/30/12                                      | \$ 651,656                   | 110%                             | \$ 4,389,032      |

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the miscellaneous plan was 84.5% funded. The actuarial accrued liability for benefits was \$44.8 million, and the actuarial value of assets was \$37.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.5 million, and the ratio of the UAAL to the covered payroll was 107.1%.

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 rates of employee turnover, retirement, mortality, as well as economic assumptions regarding salary increase, inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Annual Required Contribution for the Safety Plan

The contribution requirements of the Safety Plan members and the City are established and may be amended by the State. Plan members are required to contribute 9% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 94.2% of covered payroll. The City's contributions to CalPERS for the years ended June 30, 2012, 2011, and 2010 were \$651,656, \$508,869 and \$450,080, respectively, and were equal to the required contributions for each year.

The City's change in net pension asset for the year ended June 30, 2012 were as follows:

|  | MISC.          | SAFETY       | TOTAL          |
|--|----------------|--------------|----------------|
| Annual required contribution                   | \$ (1,063,229) | \$ (651,656) | \$ (1,714,885) |
| Interest on net pension obligation             | 533,568        | 327,026      | 860,594        |
| Adjustment to the annual required contribution | (438,447)      | (268,725)    | (707,172)      |
| Annual pension costs                           | (968,108)      | (593,355)    | (1,561,463)    |
| Contribution made                              | 1,063,229      | 651,656      | 1,714,885      |
| Change in net pension asset                    | 95,121         | 58,301       | 153,422        |
| Net pension asset, beginning of year           | 6,773,707      | 4,330,731    | 11,104,438     |
| Net pension asset, end of year                 | \$ 6,868,828   | \$ 4,389,032 | \$ 11,257,860  |

The City's contribution to the plan in the fiscal year ended June 30, 2007 included \$10,404,400 from the proceeds of the Pension Obligation Refunding Bonds Series 2007. The City's contributions for 2012 was equal to annual required contribution, which was more than the annual pension cost as a result of the pension obligation bond transaction.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

2. Other Post Employment Benefits (OPEB)

Plan Description

Medical coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. The City sets its monthly contribution rates for health insurance on behalf of active employees according to the PEMHCA statutory minimum (\$108.00/month for calendar 2011 and \$112.00/month for calendar 2012.) 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 (\$108/month for 2011 and \$112/month for 2012), 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 0.37% 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 Basic Financial Statements**  
**June 30, 2012**

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

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the City's Annual OPEB Cost for the fiscal year ended June 30, 2012 and 2011, the amount actually contributed to the plan (including administrative costs), and changes in the City's Net OPEB Obligation:

| <u>Item</u>                                    | <u>FYE 6/30/12</u> | <u>FYE 6/30/11</u> |
|--|--------------------|--------------------|
| Annual Required Contributions                  | \$209,025          | \$104,569          |
| Interest on Net OPEB Obligation/(Asset)        | 10,265             | 7,123              |
| Adjustment to Annual Required Contributions    | <u>(13,356)</u>    | <u>(9,267)</u>     |
| Annual OPEB cost (expense)                     | 205,934            | 102,425            |
| Contributions made                             | <u>(42,474)</u>    | <u>(39,570)</u>    |
| Increase in Net OPEB Obligation/(Asset)        | 163,460            | 62,855             |
| Net OPEB Obligation/(Asset)– beginning of year | <u>205,307</u>     | <u>142,452</u>     |
| Net OPEB Obligation/(Asset) – end of year      | <u>\$368,767</u>   | <u>\$ 205,307</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, 2012, 2011 and 2010 is as follows:

| <u>Fiscal</u><br><u>Year</u><br><u>Ended</u> | <u>Annual</u><br><u>OPEB Cost</u> | <u>Actual</u><br><u>Contribution</u> | <u>Percentage of</u><br><u>Annual OPEB</u><br><u>Cost Contributed</u> | <u>Net OPEB</u><br><u>Obligation/</u><br><u>(Asset)</u> |
|--|-----------------------------------|--------------------------------------|---|---|
| 6/30/12                                      | \$205,934                         | \$42,474                             | 20.63%  | \$368,767   |
| 6/30/11                                      | 102,425                           | 39,570                               | 38.63%  | 205,307   |
| 6/30/10                                      | 103,478                           | 31,035                               | 29.99%  | 142,452   |

Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation, July 1, 2011, was as follows:

| <u>Actuarial</u><br><u>Valuation</u><br><u>Date</u> | <u>Actuarial</u><br><u>Value of</u><br><u>Assets</u> | <u>Projected</u><br><u>Unit Credit</u><br><u>Actuarial</u><br><u>Accrued</u><br><u>Liability</u> | <u>Unfunded</u><br><u>AAL</u><br><u>(UAAL)</u> | <u>Funded</u><br><u>Ratio</u> | <u>Covered</u><br><u>Payroll</u> | <u>UAAL as a</u><br><u>Percentage</u><br><u>of Covered</u><br><u>Payroll</u> |
|---|--|--|--|-------------------------------|----------------------------------|--|
| July 1, 2011  | \$0  | \$1,654,879  | \$1,654,879                                    | 0.00%                         | \$9,510,069                      | 17.40%   |

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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

Actuarial Methods and Assumptions

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

In the July 1, 2011 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 basi |
| Actuarial assumptions:        |   |
| Investment rate of return     | 5%  |
| Health cost rate trend        | 8% in 2011, decreasing to 5% in 2019                  |
| Inflation rate                | 3%  |
| Projected salary increases    | None  |

**C. Commitments and Contingencies**

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

**D. Leases of City Owned Facilities**

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

1. Port Hueneme Athletic Center is leased to the Oxnard Boy's and Girl's Club (Club). The lease was for five years beginning February 1, 1995. The rent is one dollar (\$1.00) per year with the Club agreeing to maintain the facility and operate a minimum of twenty (20) hours per week. The lease was extended on March 8, 2010 for another three (3) years at \$1 per year.
2. The front section of the Port Hueneme City Yard Complex is leased to Port Hueneme Marine Supply, Inc. The lease is for five (5) years. The base rent was \$6,646 per month. The rent will be increased at the beginning of the third (3<sup>rd</sup>), fourth (4<sup>th</sup>) and fifth (5<sup>th</sup>) year of the lease by a percentage equal to the percentage increase in the Consumer's Price Index (CPI). Current monthly rent being paid to the City at June 30, 2012, is \$11,391.

**E. Claims and Judgments Payable**

Estimates for all workers' compensation and general liabilities up to the self-insured levels have been recorded as long-term liabilities. At June 30, 2012, total estimated workers' compensation and general

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

liability claims payable, including a provision for incurred but not reported claims, were \$570,890 and \$409,868, respectively, for a total claims and judgments payable of \$980,758.

Changes in claims liabilities during the past two years are as follows:

|   | June 30, 2011 | June 30, 2012 |
|---|---------------|---------------|
| Claims Payable – Beginning of Year        | \$899,691     | \$470,867     |
| Incurring Claims and changes in estimates | (11,256)      | 995,009       |
| Claims payments                           | (417,568)     | (485,118)     |
| Claims Payable – End of Year              | \$470,867     | \$980,758     |
|   |               |               |

**NOTE 5 – SUCCESSOR AGENCY DISCLOSURES:**

The liabilities of the former Redevelopment Agency were transferred to the Successor Agency of the City of Port Hueneme Redevelopment Agency on February 1, 2012 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 February 1, 2012 through June 30, 2012 was as follows:

|   | Balance<br>July 1, 2011 | Transfers (a)<br>Feb. 1, 2012 | Additions   | Deletions            | Balance at<br>June 30, 2012 | Due w/in<br>One-Year |
|---|-------------------------|-------------------------------|-------------|----------------------|-----------------------------|----------------------|
| Bonds Payable:                          |                         |                               |             |                      |                             |                      |
| Tax allocation bond<br>1993 Series – CC | \$ -                    | \$ 2,565,000                  | \$ -        | \$ (810,000)         | \$ 1,755,000                | \$ 855,000           |
| Tax allocation bond<br>1993 Series – R7 | -                       | 2,075,000                     | -           | (120,000)            | 1,955,000                   | 125,000              |
| Tax allocation Bond<br>2004 Series      | -                       | 11,580,000                    | -           | (100,000)            | 11,480,000                  | 105,000              |
| Total Bond Payable:                     | <u>\$ -</u>             | <u>\$16,220,000</u>           | <u>\$ -</u> | <u>\$(1,030,000)</u> | <u>\$15,190,000</u>         | <u>\$1,085,000</u>   |

- (a) The transfers relate to the transfer of long-term liabilities from the former Redevelopment Agency. The Successor Agency of the City of Port Hueneme Redevelopment Agency has assumed these liabilities as a result of the dissolution of the Redevelopment Agency. See Note 6 for additional information.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 5 – SUCCESSOR AGENCY DISCLOSURES (Continued)**

Tax Allocation Bond, 1993 Series – Central Community

On April 12, 1993, the Agency issued Tax Allocation Bond, 1993 Series for the Central Community Project Area, in the amount of \$23, 410, 000. The purpose of the Bonds was to use to refund all or a portion of the outstanding Port Hueneme Redevelopment Agency Central Community Redevelopment Project Tax Allocation Refunding Bonds, 1986 Series A.

The Bonds bear interest rates between 2.75% to 5.5% due May 1 and November 1 of each year and mature May 1, 2014.

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 trusted for the Bonds is \$951,525.00

The outstanding balance of the Bonds was \$1,755,000 at June 30, 2012.

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

| Year Ending |             |           |             |
|-------------|-------------|-----------|-------------|
| June 30,    | Principal   | Interest  | Total       |
| 2013        | \$ 855,000  | \$ 96,525 | \$ 951,525  |
| 2014        | 900,000     | 49,500    | 949,500     |
|             |             |           |             |
| Totals      | \$1,755,000 | \$146,025 | \$1,901,025 |
|             |             |           |             |

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 trusted for the Bonds is \$256,525.00

The outstanding balance of the Bonds was \$1,955,000 at June 30, 2012.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 5 – SUCCESSOR AGENCY DISCLOSURES (Continued)**

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

| Year Ending<br>June 30, | Principal          | Interest         | Total              |
|-------------------------|--------------------|------------------|--------------------|
| 2013                    | \$ 125,000         | \$127,075        | \$252,075          |
| 2014                    | 135,000            | 118,950          | 253,950            |
| 2015                    | 145,000            | 110,175          | 255,175            |
| 2016                    | 155,000            | 100,750          | 255,750            |
| 2017                    | 165,000            | 90,675           | 255,675            |
| 2018 - 2023             | 1,230,000          | 294,775          | 1,524,775          |
| Totals                  | <u>\$1,955,000</u> | <u>\$842,400</u> | <u>\$2,797,400</u> |

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 trusted for the Bonds is \$586,403.76

The outstanding balance of the Bonds was \$11,480,000 at June 30, 2012.

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

| Year Ending<br>June 30, | Principal           | Interest           | Total               |
|-------------------------|---------------------|--------------------|---------------------|
| 2013                    | \$ 105,000          | \$480,244          | \$ 585,244          |
| 2014                    | 110,000             | 476,779            | 586,779             |
| 2015                    | 1,065,000           | 472,928            | 1,537,928           |
| 2016                    | 1,100,000           | 434,322            | 1,534,322           |
| 2017                    | 1,145,000           | 390,322            | 1,535,322           |
| 2018 - 2023             | 7,955,000           | 1,259,436          | 9,214,436           |
| Totals                  | <u>\$11,480,000</u> | <u>\$3,514,031</u> | <u>\$14,994,031</u> |

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 6 - RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:**

On June 29, 2011, Assembly Bills 1x 26 (the "Dissolution Act") and 1x 27 were enacted as part of the FY 2011-12 state budget package. The Dissolution Act required each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for impending dissolution. Assembly Bill 1x 27 provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn the Dissolution Act and Assembly Bill 1x 27 on the grounds that these bills violate the California Constitution.

On December 29, 2011, the California Supreme Court upheld the Dissolution Act and struck down Assembly Bill 1x 27.

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.

Prior to February 1, 2012, the final seven months of activity of the Dissolved RDA are reported in the governmental funds of the City. 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 transfer of the assets and liabilities of the Dissolved RDA as of February 1, 2012 (except for certain assets of the former Low and Moderate Income Housing Fund, which were transferred to the City of Port Hueneme as Successor Agency) (effectively the same date as January 31, 2012) from the governmental funds of the City to the fiduciary fund was reported in the governmental funds as an extraordinary loss (or

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 6 - RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (continued):**

gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of February 1, 2012 was also reported in the fiduciary fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the fiduciary private-purpose trust fund (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary gain recognized in the fund financial statements and the extraordinary loss recognized in the fiduciary fund financial statements is reconciled as follows:

|   |                              |
|---|------------------------------|
| Total extraordinary loss reported in governmental funds – decrease to net assets of the Successor Agency Trust Fund   | (1,364,897)                  |
| Deferred Bond Issuance cost reported in the government-wide financial Statements – increase to net assets of the Successor Agency Trust Fund  | 331,834                      |
| Unpaid Interest for seven month period added to long-term debt – decrease to net assets of the Successor Agency Trust Fund  | ( 324,530)                   |
| Unpaid Principal for seven month period on Advances to City – increase to net assets of the Successor Agency Trust Fund   | 141,564                      |
| Long-term debt reported in the government-wide financial Statements – decrease to net assets of the Successor Agency Trust Fund   | (16,220,000)                 |
| Unpaid Interest for seven month period on bonds Payable – decrease to net assets of the Successor Agency Trust Fund   | <u>(189,830)</u>             |
| Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City) | <u><u>\$(17,625,859)</u></u> |

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.

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 Successor Agency received \$1,009,775 from the County Auditor-Controller on June 18, 2012 for the ROPS for the period July 1, 2012 to December 31, 2012.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 6 - RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (continued):**

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.

The Low and moderate income housing fund of the former redevelopment agency transferred loans in the amount of \$1,576,374 and real property in the amount of \$7,033,276 to the City of Port Hueneme as the Housing Successor Agency of February 1, 2012 as authorized by Health and Safety Code Section 341746(a)(2).

The former redevelopment agency made principal and interest payment totaling \$4,049,307 on advances from the City of Port Hueneme for the period January 1, 2011 to June 30, 2012. These payments may have to be paid back by the City if the California Department of Finance determines that the repayments on these advances were on loans made within the first two years of the formation of the former redevelopment agency.

The former redevelopment agency made principal and interest payments totaling \$124,282 on advances from the Surplus Authority of the City of Port Hueneme for the period January 1, 2011 to June 30, 2012.

Pursuant to ROPS approved by the DOF, the Successor Agency continued to make payments to the City pursuant to its obligations under the promissory notes. At June 30, 2012, the outstanding amount owed to the General Fund is \$1,537,608 and to the Surplus Property Authority is \$8,183,055. However, AB1X26, adopted by the State Legislature in June 2011, purports to retroactively invalidate agreements between redevelopment agencies and the cities that created them, unless the agreements were made within the first two years after formation of the redevelopment agency. The State Controller's Office may demand that any payments made pursuant to such invalid agreements be repaid to the Successor Agency. AB 1484, adopted by the State Legislature in June 2012, permits any agreements invalidated pursuant to AB 1X26 to be considered valid and enforceable upon issuance of a Finding of Completion by the DOF to the Successor Agency.

**Advances from City of Port Hueneme**

AB 1484 specifies the actions to be taken and the method of repayment for advances by the Successor 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 be 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. The annual advances repayments are subject to a formula distribution, and have a lower priority for repayment as described in AB 1484 (Health and Safety Code Section 34191.4(2)(A)). The advances related to the borrowing for the SERAF payment have a priority over repayment of the other advances. 20% of the repayment of the other advances not related to the SERAF advances shall be deducted and transferred to the Low and Moderate Income Housing Fund (Housing

Authority). Management of the City has not recorded an allowance for uncollectible advances as all the advances are expected to be repaid.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 6 - RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (continued):**

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

**NOTE 7 – PRIOR PERIOD ADJUSTMENT**

The accompanying financial statements reflect an adjustment resulting from restatement of the beginning fund equity balance as of June 30, 2011. Beginning fund equity balance in the Proprietary fund has been restated to reflect a correction in Utility Accounts Receivables from prior years.

The following schedule summarizes the effect of the prior period adjustment on the beginning fund equity balance at July 1, 2011:

Fund Statements – Proprietary Funds:

|  | Water Utility | Wastewater Utility | Solid Waste Utility | Water Plant | Housing Authority | Total         |
|--|---------------|--------------------|---------------------|-------------|-------------------|---------------|
| Beginning fund equity balance, as previously reported: | \$ 1,391,683  | \$ 12,505,642      | \$ 2,570,391        | \$ (10,455) | \$ 2,956,070      | \$ 19,413,331 |
| Utility Accounts Receivable                            | \$ 423,397    | \$ 219,525         | \$ 141,095          | \$ -        | \$ -              | \$ 784,017    |
| Beginning fund equity balance, restated:               | \$ 1,815,080  | \$ 12,725,167      | \$ 2,711,486        | \$ (10,455) | \$ 2,956,070      | \$ 20,197,348 |

The following schedules summarize the effect of the prior period adjustments on the beginning net assets for the government-wide statement at July 1, 2011:

Statement of Net Assets

|   |                                |
|---|--------------------------------|
|   | <u>Governmental Activities</u> |
| Beginning net assets, as previously reported: | \$54,665,832                   |
| To record Claims and judgment payable         | (87,825)                       |
| To record Worker's compensations payable      | <u>(763,785)</u>               |
| Beginning net assets, as restated:            | <u>\$53,814,222</u>            |

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**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Port Hueneme  
Schedule of Funding Progress  
June 30, 2012**

Miscellaneous Pension Plan

| <u>Valuation Date</u> | <u>Entry Age Normal Accrued Liability</u> | <u>Actuarial Value of Assets</u> | <u>Unfunded/ (Overfunded) Liability</u> | <u>Funded Ration</u> | <u>Annual Covered Payroll</u> | <u>Funded Ratio</u> |
|-----------------------|---|----------------------------------|---|----------------------|-------------------------------|---------------------|
| 6/30/2008             | \$35,415,349                              | \$32,348,316                     | \$3,067,033                             | 91.3%                | \$6,628,059                   | 46.3%               |
| 6/30/2009             | \$39,580,518                              | \$33,625,609                     | \$5,954,909                             | 85.0%                | \$6,377,765                   | 93.4%               |
| 6/30/2010             | \$41,648,222                              | \$35,430,979                     | \$6,217,243                             | 85.1%                | \$6,535,479                   | 95.1%               |
| 6/30/2011             | \$44,785,333                              | \$37,826,484                     | \$6,958,849                             | 84.5%                | \$6,496,810                   | 107.1%              |

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 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> |
|---------------------------------|------------------------|----------------------------------|--|----------------------------|---------------------|-------------------------------|--|
| 7/1/2011                        | 6/30/2012              | \$ -                             | \$ 1,654,879                                     | \$ 1,654,879               | 0.00%               | \$ 9,510,069                  | 17.40%   |
| 7/1/2008                        | 6/30/2010              | \$ -                             | \$ 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, 2012**

|  | <u>Original Budget</u> | <u>Final Budget</u>  | <u>Actual</u>        | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|------------------------|----------------------|----------------------|---|
| <b>Revenues:</b>   |                        |                      |                      |   |
| Taxes  | \$ 5,586,454           | \$ 5,586,454         | \$ 5,442,818         | \$ (143,636)  |
| Property taxes   | 1,351,700              | 1,351,700            | 1,248,826            | (102,874)   |
| Licenses and permits   | 479,800                | 479,800              | 504,564              | 24,764  |
| Fines and penalties  | 531,900                | 531,900              | 370,668              | (161,232)   |
| Charges for services   | 506,000                | 506,000              | 463,423              | (42,577)  |
| Investment earnings  | 1,641,603              | 1,641,603            | 1,341,636            | (299,967)   |
| Rental income  | 254,600                | 254,600              | 272,162              | 17,562  |
| Intergovernmental  | 5,495,826              | 5,495,826            | 6,055,666            | 559,840   |
| Harbor district revenue                                      | 1,091,700              | 1,091,700            | 1,030,638            | (61,062)  |
| Other  | 13,600                 | 13,600               | 42,163               | 28,563  |
| <b>Total revenues</b>  | <u>16,953,183</u>      | <u>16,953,183</u>    | <u>16,772,564</u>    | <u>(180,619)</u>  |
| <b>Expenditures:</b>   |                        |                      |                      |   |
| General government   | 7,254,085              | 7,254,085            | 7,656,120            | (402,035)   |
| Public safety  | 6,223,119              | 6,223,119            | 6,560,702            | (337,583)   |
| Streets and highways   | 927,761                | 927,761              | 911,700              | 16,061  |
| Parks, recreation and social services                        | 1,580,521              | 1,580,521            | 1,496,698            | 83,823  |
| Community development  | 1,033,750              | 1,033,750            | 917,475              | 116,275   |
| Principal retirement   | 14,534                 | 14,534               | 14,534               | 0   |
| <b>Total expenditures</b>                                    | <u>17,033,770</u>      | <u>17,033,770</u>    | <u>17,557,229</u>    | <u>(523,459)</u>  |
| <b>Excess (deficiency) of<br/>revenues over expenditures</b> | <u>(80,587)</u>        | <u>(80,587)</u>      | <u>(784,665)</u>     | <u>(704,078)</u>  |
| <b>Other financing sources (uses):</b>                       |                        |                      |                      |   |
| Transfers in   | (430,103)              | (430,103)            | 395,659              | 825,762   |
| Transfers out  | (1,302,626)            | (1,302,626)          | (1,568,907)          | (266,281)   |
| <b>Total other financing<br/>sources (uses)</b>              | <u>(1,732,729)</u>     | <u>(1,732,729)</u>   | <u>(1,173,248)</u>   | <u>559,481</u>  |
| <b>Net change in fund balance</b>                            | <u>(1,813,316)</u>     | <u>(1,813,316)</u>   | <u>(1,957,913)</u>   | <u>(144,597)</u>  |
| <b>Fund balances, beginning</b>                              | <u>41,130,826</u>      | <u>39,609,179</u>    | <u>41,281,140</u>    | <u>1,671,961</u>  |
| <b>Fund balances, ending</b>                                 | <u>\$ 39,317,510</u>   | <u>\$ 37,795,863</u> | <u>\$ 39,323,227</u> | <u>\$ 1,527,364</u>   |

**Note to Required Supplementary Information:**

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

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Housing Successor Agency Fund**  
For period from February 1, 2011 to June 30, 2012

|  | <b>Original<br/>Budget/Final<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|---|-------------------|---|
| <b>Revenues:</b>   |   |                   |   |
| Intergovernmental  | \$ -  | \$ 385,453        | \$ 385,453                                  |
| Loan payments  | 15,000                                      | 23,172            | 8,172                                       |
| Interest income  | 100   | -                 | (100)                                       |
| Rental income  | 93,500                                      | 94,795            | 1,295                                       |
| Other  | -   | 481               | 481   |
| <b>Total revenues</b>  | <u>108,600</u>                              | <u>503,901</u>    | <u>395,301</u>                              |
| <b>Expenditures:</b>   |   |                   |   |
| General government   | 317,365                                     | 99,473            | (217,892)                                   |
| <b>Total expenditures</b>                                    | <u>317,365</u>                              | <u>99,473</u>     | <u>(217,892)</u>                            |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>(208,765)</u>                            | <u>404,428</u>    | <u>613,193</u>                              |
| <b>Net change in fund balances</b>                           | (208,765)                                   | 404,428           | 613,193                                     |
| <b>Fund balance, beginning</b>                               | <u>-</u>                                    | <u>-</u>          | <u>-</u>                                    |
| <b>Fund balance, ending</b>                                  | <u>\$ (208,765)</u>                         | <u>\$ 404,428</u> | <u>\$ 613,193</u>                           |

## **OTHER SUPPLEMENTARY INFORMATION**

CITY OF PORT HUENEME  
Combining Balance Sheets  
Nonmajor Governmental Funds  
June 30, 2012

SPECIAL REVENUE FUNDS

| ASSETS                                     | Traffic Safety  | "COPS" AB3229    | Homeland Security Grant | Stormwater Program | TDA               | Gas Tax Fund      | Senior Nutrition Grant | Bike Path         | Neighborhood Preservation |
|--|-----------------|------------------|-------------------------|--------------------|-------------------|-------------------|------------------------|-------------------|---------------------------|
| Cash and investments Receivables           | \$ -            | \$ -             | \$ -                    | \$ -               | \$ 384,693        | \$ 479,286        | \$ 139                 | \$ 118,667        | \$ 712,295                |
| Accounts Property taxes Grants             | 6,816 - -       | - 25,000 -       | - 5,564 -               | 2,596 - -          | - - -             | - 66,151 -        | - 1,250 -              | - - -             | - - -                     |
| <b>TOTAL ASSETS</b>                        | <u>6,816</u>    | <u>25,000</u>    | <u>5,564</u>            | <u>2,596</u>       | <u>384,693</u>    | <u>545,437</u>    | <u>1,389</u>           | <u>118,667</u>    | <u>712,295</u>            |
| <b>LIABILITIES AND FUND BALANCES</b>       |                 |                  |                         |                    |                   |                   |                        |                   |                           |
| <b>LIABILITIES</b>                         |                 |                  |                         |                    |                   |                   |                        |                   |                           |
| Accounts payable                           | -               | -                | -                       | 137                | 28,941            | 110,580           | 250                    | -                 | 2,805                     |
| Accrued wages and benefits                 | -               | -                | -                       | -                  | -                 | -                 | 609                    | -                 | 2,155                     |
| Due to other funds                         | 6,816           | 25,000           | 5,564                   | 2,459              | -                 | -                 | 945                    | -                 | 38,650                    |
| Deferred revenue                           | -               | -                | -                       | -                  | -                 | -                 | -                      | -                 | -                         |
| Deposits                                   | -               | -                | -                       | -                  | -                 | -                 | -                      | -                 | -                         |
| Other liabilities                          | -               | -                | -                       | -                  | -                 | -                 | -                      | -                 | -                         |
| <b>TOTAL LIABILITIES</b>                   | <u>6,816</u>    | <u>25,000</u>    | <u>5,564</u>            | <u>2,596</u>       | <u>28,941</u>     | <u>110,580</u>    | <u>1,804</u>           | <u>-</u>          | <u>43,610</u>             |
| <b>Fund Balances:</b>                      |                 |                  |                         |                    |                   |                   |                        |                   |                           |
| Assigned                                   | -               | -                | -                       | -                  | -                 | -                 | -                      | -                 | -                         |
| Nonspendable                               | -               | -                | -                       | -                  | -                 | -                 | -                      | -                 | -                         |
| Restricted                                 | -               | -                | -                       | -                  | 355,752           | 434,857           | -                      | 118,667           | 668,685                   |
| Committed                                  | -               | -                | -                       | -                  | -                 | -                 | -                      | -                 | -                         |
| Unassigned                                 | -               | -                | -                       | -                  | -                 | -                 | (415)                  | -                 | -                         |
| <b>TOTAL FUND BALANCES</b>                 | <u>-</u>        | <u>-</u>         | <u>-</u>                | <u>-</u>           | <u>355,752</u>    | <u>434,857</u>    | <u>(415)</u>           | <u>118,667</u>    | <u>668,685</u>            |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 6,816</u> | <u>\$ 25,000</u> | <u>\$ 5,564</u>         | <u>\$ 2,596</u>    | <u>\$ 384,693</u> | <u>\$ 545,437</u> | <u>\$ 1,389</u>        | <u>\$ 118,667</u> | <u>\$ 712,295</u>         |

CITY OF PORT HUENEME  
Combining Balance Sheets  
Nonmajor Governmental Funds  
June 30, 2012

|  | SPECIAL REVENUE FUNDS      |                           |                              |             |                   |                                 | Redevelopment Agency      |                          | Debt Service Fund |                             | Total |
|--|----------------------------|---------------------------|------------------------------|-------------|-------------------|---------------------------------|---------------------------|--------------------------|-------------------|-----------------------------|-------|
|  | Median Assessment District | Light Assessment District | Drainage Assessment District | Block Grant | Homebuyer Program | Low and Moderate Income Housing | RDA Capital Projects Fund | Pension Obligation Bonds | 1992 A COP        | Nonmajor Governmental Funds |       |
| <b>ASSETS</b>                              |                            |                           |                              |             |                   |                                 |                           |                          |                   |                             |       |
| Cash and investments                       | \$ -                       | \$ -                      | \$ 177,308                   | \$ 45,066   | \$ 89,000         | \$ -                            | \$ -                      | \$ -                     | \$ 478,950        | \$ 2,485,403                |       |
| Receivables                                | -                          | -                         | -                            | -           | -                 | -                               | -                         | -                        | -                 | 9,412                       |       |
| Accounts receivable                        | -                          | -                         | -                            | -           | -                 | -                               | -                         | -                        | -                 | -                           |       |
| Property taxes                             | -                          | -                         | -                            | 10,346      | -                 | -                               | -                         | -                        | -                 | 108,311                     |       |
| Grants                                     | -                          | -                         | -                            | 55,411      | 89,000            | -                               | -                         | -                        | 478,950           | 2,603,126                   |       |
| <b>TOTAL ASSETS</b>                        | -                          | -                         | 177,308                      | 55,411      | 89,000            | -                               | -                         | -                        | 478,950           | 2,603,126                   |       |
| <b>LIABILITIES AND FUND BALANCE</b>        |                            |                           |                              |             |                   |                                 |                           |                          |                   |                             |       |
| <b>LIABILITIES</b>                         |                            |                           |                              |             |                   |                                 |                           |                          |                   |                             |       |
| Accounts payable                           | -                          | 12,598                    | 44                           | 1,584       | -                 | -                               | -                         | -                        | 1,500             | 158,439                     |       |
| Accrued wages and benefits                 | -                          | -                         | -                            | -           | -                 | -                               | -                         | -                        | -                 | 2,764                       |       |
| Due to other funds                         | 6,975                      | 159,926                   | -                            | 7,808       | -                 | -                               | -                         | -                        | -                 | 254,144                     |       |
| Deferred revenue                           | -                          | -                         | -                            | 1,978       | 89,000            | -                               | -                         | -                        | -                 | 89,000                      |       |
| Deposits                                   | -                          | -                         | -                            | -           | -                 | -                               | -                         | -                        | -                 | 1,978                       |       |
| Other liabilities                          | -                          | -                         | -                            | -           | -                 | -                               | -                         | -                        | -                 | -                           |       |
| <b>TOTAL LIABILITIES</b>                   | 6,975                      | 172,524                   | 44                           | 11,370      | 89,000            | -                               | -                         | -                        | 1,500             | 506,324                     |       |
| <b>Fund Balances:</b>                      |                            |                           |                              |             |                   |                                 |                           |                          |                   |                             |       |
| Assigned                                   | -                          | -                         | -                            | -           | -                 | -                               | -                         | -                        | -                 | -                           |       |
| Nonspendable                               | -                          | -                         | -                            | -           | -                 | -                               | -                         | -                        | -                 | 477,450                     |       |
| Restricted                                 | -                          | -                         | 177,264                      | 44,041      | -                 | -                               | -                         | -                        | -                 | 1,799,266                   |       |
| Committed                                  | -                          | -                         | -                            | -           | -                 | -                               | -                         | -                        | -                 | -                           |       |
| Unassigned                                 | (6,975)                    | (172,524)                 | -                            | -           | -                 | -                               | -                         | -                        | -                 | (179,914)                   |       |
| <b>TOTAL FUND BALANCES</b>                 | (6,975)                    | (172,524)                 | 177,264                      | 44,041      | -                 | -                               | -                         | -                        | 477,450           | 2,096,802                   |       |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | \$ -                       | \$ -                      | \$ 177,308                   | \$ 55,411   | \$ 89,000         | \$ -                            | \$ -                      | \$ -                     | \$ 478,950        | \$ 2,603,126                |       |

CITY OF PORT HUENEME  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Nonmajor Governmental Funds  
 For the Fiscal Year Ended June 30, 2012

SPECIAL REVENUE FUNDS

|  | Traffic Safety  | COPS AB3229     | Homeland Grant | Stormwater Program | TDA               | Gas Tax           | Senior Nutrition Grant | Bike Path         |
|--|-----------------|-----------------|----------------|--------------------|-------------------|-------------------|------------------------|-------------------|
| <b>Revenues:</b>   |                 |                 |                |                    |                   |                   |                        |                   |
| Taxes  | \$ 28,464       | -               | -              | -                  | -                 | -                 | -                      | \$ 59,929         |
| Fines and penalties                                      | -               | (64)            | -              | -                  | 1,940             | 9,904             | -                      | -                 |
| Interest income  | -               | -               | -              | -                  | -                 | -                 | -                      | -                 |
| Investment earnings                                      | -               | -               | -              | -                  | -                 | -                 | -                      | 746               |
| Program Revenue  | -               | -               | -              | -                  | -                 | -                 | -                      | -                 |
| Rental income  | -               | -               | -              | -                  | -                 | -                 | -                      | -                 |
| Loan payments  | -               | 100,000         | 56,105         | 13,563             | 672,256           | 634,845           | 15,000                 | -                 |
| Intergovernmental  | -               | -               | -              | -                  | -                 | 73,207            | 1,844                  | -                 |
| Other  | -               | -               | -              | -                  | -                 | -                 | -                      | -                 |
| <b>Total revenues</b>                                    | <b>28,464</b>   | <b>99,936</b>   | <b>56,105</b>  | <b>13,563</b>      | <b>674,196</b>    | <b>717,957</b>    | <b>16,844</b>          | <b>60,675</b>     |
| <b>Expenditures:</b>                                     |                 |                 |                |                    |                   |                   |                        |                   |
| General government                                       | -               | -               | -              | -                  | -                 | -                 | -                      | -                 |
| Public safety  | -               | 22,151          | 56,105         | -                  | -                 | -                 | -                      | -                 |
| Streets and highways                                     | -               | -               | -              | 111,989            | 472,969           | 1,382,518         | -                      | 14,408            |
| Parks, recreation and social services                    | -               | -               | -              | -                  | -                 | -                 | 37,951                 | -                 |
| Community development                                    | -               | -               | -              | -                  | -                 | -                 | -                      | -                 |
| Principal retirement                                     | -               | -               | -              | -                  | -                 | -                 | -                      | -                 |
| Interest and fiscal charges                              | -               | -               | -              | -                  | -                 | -                 | -                      | -                 |
| <b>Total expenditures</b>                                | <b>-</b>        | <b>22,151</b>   | <b>56,105</b>  | <b>111,989</b>     | <b>472,969</b>    | <b>1,382,518</b>  | <b>37,951</b>          | <b>14,408</b>     |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>28,464</b>   | <b>77,785</b>   | <b>-</b>       | <b>(98,426)</b>    | <b>201,227</b>    | <b>(664,562)</b>  | <b>(21,107)</b>        | <b>46,267</b>     |
| <b>Other Financing Sources (Uses):</b>                   |                 |                 |                |                    |                   |                   |                        |                   |
| Transfer in  | -               | -               | -              | 98,426             | -                 | -                 | 20,692                 | -                 |
| Transfer (out)   | (28,464)        | (77,785)        | -              | -                  | -                 | -                 | -                      | -                 |
| <b>Total other financing sources (uses)</b>              | <b>(28,464)</b> | <b>(77,785)</b> | <b>-</b>       | <b>98,426</b>      | <b>-</b>          | <b>-</b>          | <b>20,692</b>          | <b>-</b>          |
| <b>Extraordinary Gain/(Loss)</b>                         | <b>-</b>        | <b>-</b>        | <b>-</b>       | <b>-</b>           | <b>-</b>          | <b>-</b>          | <b>-</b>               | <b>-</b>          |
| <b>Net change in fund balances</b>                       | <b>-</b>        | <b>-</b>        | <b>-</b>       | <b>-</b>           | <b>201,227</b>    | <b>(664,562)</b>  | <b>(415)</b>           | <b>46,267</b>     |
| <b>Fund balances (deficits), beginning</b>               | <b>-</b>        | <b>-</b>        | <b>-</b>       | <b>-</b>           | <b>154,525</b>    | <b>1,099,419</b>  | <b>-</b>               | <b>72,400</b>     |
| <b>Fund balances (deficits), ending</b>                  | <b>\$ -</b>     | <b>\$ -</b>     | <b>\$ -</b>    | <b>\$ -</b>        | <b>\$ 355,752</b> | <b>\$ 434,857</b> | <b>\$ (415)</b>        | <b>\$ 118,667</b> |

CITY OF PORT HUENEME  
 Normal Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the Fiscal Year Ended June 30, 2012

|  | Special Revenue Funds        |                                  |                                 |                                    |                  | Redevelopment Agency |                                       |                          | Debt Service Fund           |                   | Total<br>Normal<br>Governmental<br>Funds |
|--|------------------------------|----------------------------------|---------------------------------|------------------------------------|------------------|----------------------|---------------------------------------|--------------------------|-----------------------------|-------------------|--|
|  | Neighborhood<br>Preservation | Median<br>Assessment<br>District | Light<br>Assessment<br>District | Drainage<br>Assessment<br>District | Block<br>Grant   | Homebuyer<br>Program | Low and<br>Moderate<br>Income Housing | Capital Projects<br>Fund | Pension<br>Obligation Bonds | 1992 A COP        |  |
| <b>Revenues:</b>   |                              |                                  |                                 |                                    |                  |                      |                                       |                          |                             |                   |  |
| Taxes  | \$ -                         | \$ 172,481                       | \$ 117,761                      | \$ 177,764                         | \$ -             | \$ -                 | \$ -                                  | \$ -                     | \$ -                        | \$ -              | \$ 527,935                               |
| Fines and penalties  | -                            | -                                | -                               | -                                  | -                | -                    | -                                     | -                        | -                           | -                 | 28,464                                   |
| Interest income  | -                            | -                                | -                               | -                                  | -                | -                    | 3,446                                 | 2,805                    | -                           | -                 | 11,780                                   |
| Investment earnings  | 36,199                       | -                                | -                               | -                                  | 66               | -                    | 7,714                                 | -                        | -                           | -                 | 43,262                                   |
| Program Revenue  | -                            | -                                | -                               | -                                  | -                | -                    | 108,474                               | 12,449                   | -                           | -                 | 7,714                                    |
| Rental income  | -                            | -                                | -                               | -                                  | (5,825)          | -                    | -                                     | -                        | -                           | -                 | 113,098                                  |
| Loan payments  | 15,197                       | -                                | -                               | -                                  | 273,519          | -                    | -                                     | -                        | -                           | -                 | 15,197                                   |
| Intergovernmental  | 106,000                      | -                                | -                               | -                                  | 50,778           | -                    | -                                     | -                        | -                           | -                 | 1,765,288                                |
| Other  | -                            | -                                | -                               | -                                  | -                | -                    | -                                     | -                        | 47,275                      | -                 | 279,104                                  |
| <b>Total revenues</b>  | <b>157,396</b>               | <b>172,481</b>                   | <b>117,761</b>                  | <b>177,764</b>                     | <b>318,538</b>   | <b>-</b>             | <b>119,633</b>                        | <b>15,254</b>            | <b>47,275</b>               | <b>-</b>          | <b>2,793,841</b>                         |
| <b>Expenditures:</b>   |                              |                                  |                                 |                                    |                  |                      |                                       |                          |                             |                   |  |
| General government   | -                            | -                                | -                               | -                                  | -                | -                    | -                                     | -                        | -                           | -                 | 78,236                                   |
| Public safety  | -                            | -                                | -                               | -                                  | -                | -                    | -                                     | -                        | -                           | -                 | 2,452,025                                |
| Streets and highways   | -                            | 179,000                          | 155,050                         | 136,092                            | -                | -                    | -                                     | -                        | -                           | -                 | 37,951                                   |
| Parks, recreation and social services                        | -                            | -                                | -                               | -                                  | 207,939          | -                    | 467,406                               | 500,365                  | -                           | -                 | 1,324,642                                |
| Community development  | 148,931                      | -                                | -                               | -                                  | -                | -                    | -                                     | -                        | 724,077                     | -                 | 1,029,077                                |
| Principal retirement   | -                            | -                                | -                               | -                                  | -                | -                    | -                                     | -                        | 228,390                     | -                 | 186,592                                  |
| Interest and fiscal charges                                  | -                            | -                                | -                               | -                                  | -                | -                    | -                                     | -                        | 952,377                     | 491,392           | 414,692                                  |
| <b>Total expenditures</b>                                    | <b>148,931</b>               | <b>179,000</b>                   | <b>155,050</b>                  | <b>136,092</b>                     | <b>207,939</b>   | <b>-</b>             | <b>467,406</b>                        | <b>500,365</b>           | <b>952,377</b>              | <b>491,392</b>    | <b>5,336,643</b>                         |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <b>8,465</b>                 | <b>(6,519)</b>                   | <b>(37,289)</b>                 | <b>41,672</b>                      | <b>110,599</b>   | <b>-</b>             | <b>(347,773)</b>                      | <b>(485,111)</b>         | <b>(905,102)</b>            | <b>(491,392)</b>  | <b>(2,542,803)</b>                       |
| <b>Other Financing Sources (Uses):</b>                       |                              |                                  |                                 |                                    |                  |                      |                                       |                          |                             |                   |  |
| Transfer in  | -                            | -                                | 24,000                          | -                                  | -                | -                    | -                                     | 161,337                  | 905,102                     | 489,892           | 1,609,450                                |
| Transfer (out)   | (3,326)                      | -                                | -                               | -                                  | (64,142)         | -                    | -                                     | -                        | 905,102                     | 489,892           | (173,717)                                |
| <b>Total other financing sources (uses)</b>                  | <b>(3,326)</b>               | <b>-</b>                         | <b>24,000</b>                   | <b>-</b>                           | <b>(64,142)</b>  | <b>-</b>             | <b>-</b>                              | <b>161,337</b>           | <b>905,102</b>              | <b>489,892</b>    | <b>1,525,733</b>                         |
| <b>Extraordinary Gain/(Loss)</b>                             | <b>-</b>                     | <b>-</b>                         | <b>-</b>                        | <b>-</b>                           | <b>-</b>         | <b>-</b>             | <b>(866,793)</b>                      | <b>(2,493,190)</b>       | <b>-</b>                    | <b>-</b>          | <b>(3,359,983)</b>                       |
| <b>Net change in fund balances</b>                           | <b>5,139</b>                 | <b>(6,519)</b>                   | <b>(13,289)</b>                 | <b>41,672</b>                      | <b>46,457</b>    | <b>-</b>             | <b>(1,214,566)</b>                    | <b>(2,816,964)</b>       | <b>-</b>                    | <b>(1,500)</b>    | <b>(4,377,053)</b>                       |
| <b>Fund balances (deficits), beginning</b>                   | <b>663,546</b>               | <b>(455)</b>                     | <b>(159,234)</b>                | <b>135,592</b>                     | <b>(2,415)</b>   | <b>-</b>             | <b>1,214,565</b>                      | <b>2,816,964</b>         | <b>-</b>                    | <b>478,950</b>    | <b>6,473,855</b>                         |
| <b>Fund balances (deficits), ending</b>                      | <b>\$ 668,685</b>            | <b>\$ (6,973)</b>                | <b>\$ (172,524)</b>             | <b>\$ 177,264</b>                  | <b>\$ 44,041</b> | <b>\$ -</b>          | <b>\$ -</b>                           | <b>\$ -</b>              | <b>\$ -</b>                 | <b>\$ 477,450</b> | <b>\$ 2,096,802</b>                      |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Traffic Safety Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

|  | <u>Original<br/>Budget/Final<br/>Budget</u> | <u>Actual</u>   | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---|-----------------|---|
| <b>Revenues:</b>                                     |   |                 |   |
| Fines and penalties                                  | \$ 50,300                                   | \$ 28,464       | \$ (21,836)                                 |
| <b>Total revenues</b>                                | <u>50,300</u>                               | <u>28,464</u>   | <u>(21,836)</u>                             |
| <b>Expenditures:</b>                                 |   |                 |   |
| Streets and highways                                 | -   | -               | -   |
| <b>Total Expenditures</b>                            | <u>-</u>                                    | <u>-</u>        | <u>-</u>                                    |
| Excess (deficiency)<br>of revenues over expenditures | <u>50,300</u>                               | <u>28,464</u>   | <u>(21,836)</u>                             |
| <b>Other financing sources (uses):</b>               |   |                 |   |
| Transfer in  | -   | -               | -   |
| Transfer (out)                                       | (50,300)                                    | (28,464)        | -   |
| <b>Total other financing sources (uses)</b>          | <u>(50,300)</u>                             | <u>(28,464)</u> | <u>21,836</u>                               |
| <b>Net change in fund balance</b>                    | -   | -               | -   |
| <b>Fund balance, beginning</b>                       | <u>-</u>                                    | <u>-</u>        | <u>-</u>                                    |
| <b>Fund balance, ending</b>                          | <u>\$ -</u>                                 | <u>\$ -</u>     | <u>\$ -</u>                                 |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**COPS AB3229 Fund**  
**For the Fiscal Year Ended June 30, 2012**

|  | <b>Original<br/>Budget/Final<br/>Budget</b> | <b>Actual</b>   | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|---|-----------------|---|
| <b>Revenues:</b>   |   |                 |   |
| Interest income  | \$ -  | \$ (64)         | (64)  |
| Intergovernmental  | -   | 100,000         | 100,000                                     |
| <b>Total revenues</b>  | <b>-</b>                                    | <b>99,936</b>   | <b>99,936</b>                               |
| <b>Expenditures:</b>   |   |                 |   |
| Public safety  | -   | 22,151          | (22,151)                                    |
| <b>Total expenditures</b>                                    | <b>-</b>                                    | <b>22,151</b>   | <b>(22,151)</b>                             |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <b>-</b>                                    | <b>77,785</b>   | <b>77,785</b>                               |
| <b>Other Financing Sources (Uses):</b>                       |   |                 |   |
| Transfer in  |   |                 | -   |
| Transfer (out)   | -   | (77,785)        | (77,785)                                    |
| <b>Total other financing sources (uses)</b>                  | <b>-</b>                                    | <b>(77,785)</b> | <b>(77,785)</b>                             |
| <b>Net change in fund balance</b>                            | <b>-</b>                                    | <b>-</b>        | <b>-</b>                                    |
| <b>Fund balance, beginning</b>                               | <b>-</b>                                    | <b>-</b>        | <b>-</b>                                    |
| <b>Fund balance, ending</b>                                  | <b>\$ -</b>                                 | <b>\$ -</b>     | <b>\$ -</b>                                 |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Homeland Grant**  
**For the Fiscal Year Ended June 30, 2012**

|  | <u>Original<br/>Budget/Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---|---------------|---|
| <b>Revenues:</b>   |   |               |   |
| Intergovernmental  | \$ 58,975                                   | \$ 56,105     | \$ (2,870)                                  |
| <b>Total revenues</b>  | <u>58,975</u>                               | <u>56,105</u> | <u>(2,870)</u>                              |
| <b>Expenditures:</b>   |   |               |   |
| Public safety  | 58,975                                      | 56,105        | 2,870                                       |
| <b>Total expenditures</b>                                    | <u>58,975</u>                               | <u>56,105</u> | <u>2,870</u>                                |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>-</u>                                    | <u>-</u>      | <u>-</u>                                    |
| <b>Net change in fund balance</b>                            | -   | -             | -   |
| <b>Fund balance, beginning</b>                               | <u>-</u>                                    | <u>-</u>      | <u>-</u>                                    |
| <b>Fund balance (deficit), ending</b>                        | <u>\$ -</u>                                 | <u>\$ -</u>   | <u>\$ -</u>                                 |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Stormwater Program**  
**For the Fiscal Year Ended June 30, 2012**

|  | <u>Original<br/>Budget/Final<br/>Budget</u> | <u>Actual</u>   | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---|-----------------|---|
| <b>Revenues:</b>   |   |                 |   |
| Intergovernmental  | \$ 15,647                                   | \$ 13,563       | \$ (2,084)                                  |
| <b>Total revenues</b>  | <u>15,647</u>                               | <u>13,563</u>   | <u>(2,084)</u>                              |
| <br>   |   |                 |   |
| <b>Expenditures:</b>   |   |                 |   |
| Streets and highways   | 207,985                                     | 111,989         | 95,996                                      |
| <b>Total expenditures</b>                                    | <u>207,985</u>                              | <u>111,989</u>  | <u>95,996</u>                               |
| <br>   |   |                 |   |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>(192,338)</u>                            | <u>(98,426)</u> | <u>93,912</u>                               |
| <br>   |   |                 |   |
| <b>Other Financing Sources (Uses):</b>                       |   |                 |   |
| Transfer in  | 192,338                                     | 98,426          | (93,912)                                    |
| Transfer (out)   | -   | -               | -   |
| <b>Total Other Financing Sources (Uses)</b>                  | <u>192,338</u>                              | <u>98,426</u>   | <u>(93,912)</u>                             |
| <br>   |   |                 |   |
| <b>Net change in fund balance</b>                            | -   | -               | -   |
| <br>   |   |                 |   |
| <b>Fund balance, beginning</b>                               | <u>-</u>                                    | <u>-</u>        | <u>-</u>                                    |
| <br>   |   |                 |   |
| <b>Fund balance, ending</b>                                  | <u>\$ -</u>                                 | <u>\$ -</u>     | <u>\$ -</u>                                 |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**TDA Grant**  
**For the Fiscal Year Ended June 30, 2012**

|  | <b>Original<br/>Budget/Final<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|---|-------------------|---|
| <b>Revenues:</b>   |   |                   |   |
| Interest income  | \$ 2,000                                    | \$ 1,940          | \$ (60)                                     |
| Intergovernmental  | 672,256                                     | 672,256           | -   |
| Other  | 400   | -                 | (400)                                       |
| <b>Total revenues</b>  | <u>674,656</u>                              | <u>674,196</u>    | <u>(460)</u>                                |
| <b>Expenditures:</b>   |   |                   |   |
| Streets and highways   | 655,845                                     | 472,969           | 182,876                                     |
| <b>Total expenditures</b>                                    | <u>655,845</u>                              | <u>472,969</u>    | <u>182,876</u>                              |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>18,811</u>                               | <u>201,227</u>    | <u>182,416</u>                              |
| <b>Net change in fund balance</b>                            | 18,811                                      | 201,227           | 182,416                                     |
| <b>Fund balance, beginning</b>                               | <u>154,525</u>                              | <u>154,525</u>    | <u>-</u>                                    |
| <b>Fund balance, ending</b>                                  | <u>\$ 173,336</u>                           | <u>\$ 355,752</u> | <u>\$ 182,416</u>                           |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Gas Tax Fund**  
**For the Fiscal Year Ended June 30, 2012**

|  | <u>Original<br/>Budget/Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---|-------------------|---|
| <b>Revenues:</b>   |   |                   |   |
| Interest income  | \$ 5,000                                    | \$ 9,904          | \$ 4,904                                    |
| Investment earnings  |   |                   |   |
| Rental income  |   |                   |   |
| Other  | 1,000                                       | 73,207            |   |
| Intergovernmental  | 567,177                                     | 634,845           | 67,668                                      |
| <b>Total revenues</b>  | <u>573,177</u>                              | <u>717,957</u>    | <u>144,780</u>                              |
| <b>Expenditures:</b>   |   |                   |   |
| Streets and highways   | 1,582,878                                   | 1,382,518         | 200,360                                     |
| <b>Total expenditures</b>                                    | <u>1,582,878</u>                            | <u>1,382,518</u>  | <u>200,360</u>                              |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>(1,009,701)</u>                          | <u>(664,562)</u>  | <u>345,139</u>                              |
| <b>Other Financing Sources (Uses):</b>                       |   |                   |   |
| Transfer in/(out)  | -   | -                 | -   |
| <b>Total other financing sources (uses)</b>                  | <u>-</u>                                    | <u>-</u>          | <u>-</u>                                    |
| <b>Net change in fund balance</b>                            | (1,009,701)                                 | (664,562)         | 345,139                                     |
| <b>Fund balance, beginning</b>                               | <u>1,099,419</u>                            | <u>1,099,419</u>  | <u>-</u>                                    |
| <b>Fund balance, ending</b>                                  | <u>\$ 89,718</u>                            | <u>\$ 434,857</u> | <u>\$ 345,139</u>                           |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Senior Nutrition Grant**  
**For the Fiscal Year Ended June 30, 2012**

|  | <u>Original<br/>Budget/Final<br/>Budget</u> | <u>Actual</u>   | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---|-----------------|---|
| <b>Revenues:</b>   |   |                 |   |
| Intergovernmental  | \$ 15,000                                   | \$ 15,000       | \$ -  |
| Other program revenue  | 5,400                                       | 1,844           | (3,556)                                     |
| <b>Total revenues</b>  | <u>20,400</u>                               | <u>16,844</u>   | <u>(3,556)</u>                              |
| <b>Expenditures:</b>   |   |                 |   |
| Parks, recreation and social services                        | 39,015                                      | 37,951          | 1,064                                       |
| <b>Total expenditures</b>                                    | <u>39,015</u>                               | <u>37,951</u>   | <u>1,064</u>                                |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>(18,615)</u>                             | <u>(21,107)</u> | <u>(2,492)</u>                              |
| <b>Other Financing Sources (Uses):</b>                       |   |                 |   |
| Transfer in  | 18,615                                      | 20,692          | 2,077                                       |
| Transfer (out)   | -   | -               | -   |
| <b>Total other financing sources (uses)</b>                  | <u>18,615</u>                               | <u>20,692</u>   | <u>2,077</u>                                |
| <b>Net change in fund balance</b>                            | -   | (415)           | (415)                                       |
| <b>Fund balance, beginning</b>                               | <u>-</u>                                    | <u>-</u>        | <u>-</u>                                    |
| <b>Fund balance (deficit), ending</b>                        | <u>\$ -</u>                                 | <u>\$ (415)</u> | <u>\$ (415)</u>                             |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Bike Path Fund**  
**For the Fiscal Year Ended June 30, 2012**

|  | <u>Original<br/>Budget/Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---|-------------------|---|
| <b>Revenues:</b>   |   |                   |   |
| Taxes  |   | \$ 59,929         | \$ 59,929                                   |
| Interest income  |   | 746               | 746   |
| <b>Total revenues</b>  | <u>-</u>                                    | <u>60,675</u>     | <u>60,675</u>                               |
| <b>Expenditures:</b>   |   |                   |   |
| Streets and highways   | <u>-</u>                                    | <u>14,408</u>     | <u>(14,408)</u>                             |
| <b>Total expenditures</b>                                    | <u>-</u>                                    | <u>14,408</u>     | <u>(14,408)</u>                             |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>-</u>                                    | <u>46,267</u>     | <u>46,267</u>                               |
| <b>Net change in fund balance</b>                            | <u>-</u>                                    | <u>46,267</u>     | <u>46,267</u>                               |
| <b>Fund balance, beginning</b>                               |   | <u>72,400</u>     | <u>72,400</u>                               |
| <b>Fund balance (deficit), ending</b>                        | <u>\$ -</u>                                 | <u>\$ 118,667</u> | <u>\$ 118,667</u>                           |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Neighborhood Preservation**  
**For the Fiscal Year Ended June 30, 2012**

|  | <b>Original<br/>Budget/Final<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|---|-------------------|---|
| <b>Revenues:</b>   |   |                   |   |
| Investment earnings  | \$ 100,000                                  | \$ 36,199         | \$ (63,801)                                 |
| Loan payments  | 60,000                                      | 15,197            | (44,803)                                    |
| Other  | 500   | 106,000           | 105,500                                     |
| <b>Total revenues</b>  | <u>160,500</u>                              | <u>157,396</u>    | <u>(3,104)</u>                              |
| <b>Expenditures:</b>   |   |                   |   |
| Community development  | 274,500                                     | 148,931           | 125,569                                     |
| <b>Total expenditures</b>                                    | <u>274,500</u>                              | <u>148,931</u>    | <u>125,569</u>                              |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>(114,000)</u>                            | <u>8,465</u>      | <u>122,465</u>                              |
| <b>Other Financing Sources (Uses):</b>                       |   |                   |   |
| Transfer (out)   | <u>(3,326)</u>                              | <u>(3,326)</u>    | <u>-</u>                                    |
| <b>Total other financing sources (uses)</b>                  | <u>(3,326)</u>                              | <u>(3,326)</u>    | <u>-</u>                                    |
| <b>Net change in fund balance</b>                            | (117,326)                                   | 5,139             | 122,465                                     |
| <b>Fund balance, beginning</b>                               | <u>663,546</u>                              | <u>663,546</u>    | <u>-</u>                                    |
| <b>Fund balance, ending</b>                                  | <u>\$ 546,220</u>                           | <u>\$ 668,685</u> | <u>\$ 122,465</u>                           |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Median Assessment District**  
**For the Fiscal Year Ended June 30, 2012**

|  | <u>Original<br/>Budget/Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---|-------------------|---|
| <b>Revenues:</b>   |   |                   |   |
| Taxes  | \$ 179,000                                  | \$ 172,481        | \$ (6,519)                                  |
| <b>Total revenues</b>  | <u>179,000</u>                              | <u>172,481</u>    | <u>(6,519)</u>                              |
| <b>Expenditures:</b>   |   |                   |   |
| Streets and highways   | 179,000                                     | 179,000           | -   |
| <b>Total expenditures</b>                                    | <u>179,000</u>                              | <u>179,000</u>    | <u>-</u>                                    |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>-</u>                                    | <u>(6,519)</u>    | <u>(6,519)</u>                              |
| <b>Net change in fund balance</b>                            | -   | (6,519)           | (6,519)                                     |
| <b>Fund balance (deficit), beginning</b>                     | <u>(455)</u>                                | <u>(455)</u>      | <u>-</u>                                    |
| <b>Fund balance (deficit), ending</b>                        | <u>\$ (455)</u>                             | <u>\$ (6,975)</u> | <u>\$ (6,520)</u>                           |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Light Assessment District**  
**For the Fiscal Year Ended June 30, 2012**

|  | Original<br>Budget/Final<br>Budget | Actual              | Variance<br>Positive<br>(Negative) |
|--|------------------------------------|---------------------|------------------------------------|
| <b>Revenues:</b>   |                                    |                     |                                    |
| Taxes  | \$ 123,000                         | \$ 117,761          | \$ (5,239)                         |
| <b>Total revenues</b>  | <u>123,000</u>                     | <u>117,761</u>      | <u>(5,239)</u>                     |
| <b>Expenditures:</b>   |                                    |                     |                                    |
| Streets and highways   | 147,000                            | 155,050             | (8,050)                            |
| <b>Total expenditures</b>                                    | <u>147,000</u>                     | <u>155,050</u>      | <u>(8,050)</u>                     |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>(24,000)</u>                    | <u>(37,289)</u>     | <u>(13,289)</u>                    |
| <b>Other Financing Sources (Uses):</b>                       |                                    |                     |                                    |
| Transfer in  | 24,000                             | 24,000              | -                                  |
| Transfer (out)   | -                                  | -                   | -                                  |
| <b>Total Other Financing Sources (Uses)</b>                  | <u>24,000</u>                      | <u>24,000</u>       | <u>-</u>                           |
| <b>Net change in fund balance</b>                            | -                                  | (13,289)            | (13,289)                           |
| <b>Fund balance (deficit), beginning</b>                     | <u>(159,234)</u>                   | <u>(159,234)</u>    | <u>-</u>                           |
| <b>Fund balance (deficit), ending</b>                        | <u>\$ (159,234)</u>                | <u>\$ (172,524)</u> | <u>\$ (13,290)</u>                 |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Drainage Assessment District**  
**For the Fiscal Year Ended June 30, 2012**

|  | <b>Original<br/>Budget/Final<br/>Budget</b> | <b>Actual</b>            | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|---|--------------------------|---|
| <b>Revenues:</b>   |   |                          |   |
| Taxes  | \$ 184,300                                  | \$ 177,764               | \$ (6,536)                                  |
| <b>Total revenues</b>  | <u>184,300</u>                              | <u>177,764</u>           | <u>(6,536)</u>                              |
| <b>Expenditures:</b>   |   |                          |   |
| Streets and highways   | 152,300                                     | 136,092                  | 16,208                                      |
| <b>Total expenditures</b>                                    | <u>152,300</u>                              | <u>136,092</u>           | <u>16,208</u>                               |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>32,000</u>                               | <u>41,672</u>            | <u>9,672</u>                                |
| <b>Net change in fund balance</b>                            | 32,000                                      | 41,672                   | 9,672                                       |
| <b>Fund balance, beginning</b>                               | <u>135,592</u>                              | <u>135,592</u>           | <u>-</u>                                    |
| <b>Fund balance, ending</b>                                  | <u><u>\$ 167,592</u></u>                    | <u><u>\$ 177,264</u></u> | <u><u>\$ 9,672</u></u>                      |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Block Grant**  
**For the Fiscal Year Ended June 30, 2012**

|  | <u>Original<br/>Budget/Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---|------------------|---|
| <b>Revenues:</b>   |   |                  |   |
| Investment earnings  | \$ -  | \$ 66            | \$ 66                                       |
| Rental income  | -   | (5,825)          | (5,825)                                     |
| Intergovernmental  | 350,453                                     | 273,519          | (76,934)                                    |
| Other  | -   | 50,778           | 50,778                                      |
| <b>Total revenues</b>  | <u>350,453</u>                              | <u>318,538</u>   | <u>(31,915)</u>                             |
| <b>Expenditures:</b>   |   |                  |   |
| Community development  | <u>350,257</u>                              | <u>207,939</u>   | <u>142,318</u>                              |
| <b>Total expenditures</b>                                    | <u>350,257</u>                              | <u>207,939</u>   | <u>142,318</u>                              |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>196</u>                                  | <u>110,598</u>   | <u>110,402</u>                              |
| <b>Other Financing Sources (Uses):</b>                       |   |                  |   |
| Transfer in  | -   | -                | -   |
| Transfer in/(out)  | -   | (64,142)         | (64,142)                                    |
| <b>Total Other Financing Sources (Uses)</b>                  | <u>-</u>                                    | <u>(64,142)</u>  | <u>(64,142)</u>                             |
| <b>Net change in fund balance</b>                            | 196   | 46,456           | 46,260                                      |
| <b>Fund balance (deficit), beginning</b>                     | <u>(2,415)</u>                              | <u>(2,415)</u>   | <u>-</u>                                    |
| <b>Fund balance (deficit), ending</b>                        | <u>\$ (2,219)</u>                           | <u>\$ 44,041</u> | <u>\$ 46,260</u>                            |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Low and Moderate Income Housing Special Revenue Fund**  
**For the Seven Month Period July 1, 2011 to January 31, 2012**

|  | <u>Budget/Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|--------------------------------|------------------|---|
| <b>Revenues:</b>                                     |                                |                  |   |
| Interest earnings                                    | \$ 4,173                       | \$ 3,446         | \$ (727)                                    |
| Rental income  | 114,344                        | 108,474          | \$ (5,870)                                  |
| Program revenue                                      | 21,000                         | 7,714            | \$ (13,286)                                 |
| Other  | 386                            | -                | (386)                                       |
| Total revenues                                       | <u>139,903</u>                 | <u>119,633</u>   | <u>(20,270)</u>                             |
| <b>Expenditures:</b>                                 |                                |                  |   |
| Community development                                | 626,584                        | 467,406          | (159,178)                                   |
| Other  |                                |                  | -   |
| Total expenditures                                   | <u>626,584</u>                 | <u>467,406</u>   | <u>(159,178)</u>                            |
| Excess (deficiency)<br>of revenues over expenditures | <u>(486,681)</u>               | <u>(347,772)</u> | <u>138,909</u>                              |
| <b>Other financing sources:</b>                      |                                |                  |   |
| Transfer in  | 672,485                        | -                | (672,485)                                   |
| Transfer (out)                                       | -                              | -                | -   |
| Total other financing sources (Uses)                 | <u>672,485</u>                 | <u>-</u>         | <u>(672,485)</u>                            |
| <b>Extraordinary Gain/(Loss)</b>                     |                                | (866,793)        | (866,793)                                   |
| Net change in fund balances                          | 185,804                        | (1,214,565)      | (1,400,369)                                 |
| Fund balance (deficit), beginning                    | <u>-</u>                       | <u>1,214,565</u> | <u>1,214,565</u>                            |
| Fund balance (deficit), ending                       | <u>\$ 185,804</u>              | <u>\$ -</u>      | <u>\$ (185,804)</u>                         |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Pension Obligation Bonds**  
**For the Fiscal Year Ended June 30, 2012**

|  | <b>Original<br/>Budget/Final<br/>Budget</b> | <b>Actual</b>    | <b>Variance<br/>Positive<br/>(Negative)</b> |
|--|---|------------------|---|
| <b>Revenues:</b>   |   |                  |   |
| Other  | \$ -  | \$ 47,275        | \$ 47,275                                   |
| <b>Total revenues</b>  | <u>-</u>                                    | <u>47,275</u>    | <u>47,275</u>                               |
| <b>Expenditures:</b>   |   |                  |   |
| Principal retirement   | 724,077                                     | 724,077          | -   |
| Interest and fiscal charges                                  | 228,443                                     | 228,300          | 143   |
| <b>Total expenditures</b>                                    | <u>952,520</u>                              | <u>952,377</u>   | <u>143</u>                                  |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>(952,520)</u>                            | <u>(905,102)</u> | <u>47,418</u>                               |
| <b>Other financing sources (uses):</b>                       |   |                  |   |
| Transfer in/(out)  | 952,520                                     | 905,102          | (47,418)                                    |
| <b>Total other financing sources (uses)</b>                  | <u>952,520</u>                              | <u>905,102</u>   | <u>(47,418)</u>                             |
| <b>Net change in fund balance</b>                            | -   | -                | -   |
| <b>Fund balance, beginning</b>                               | <u>-</u>                                    | <u>-</u>         | <u>-</u>                                    |
| <b>Fund balance, ending</b>                                  | <u>\$ -</u>                                 | <u>\$ -</u>      | <u>\$ -</u>                                 |

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**1992 A COP**  
**For the Fiscal Year Ended June 30, 2012**

|  | <u>Original<br/>Budget/Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---|-------------------|---|
| <b>Revenues:</b>   |   |                   |   |
| Investment earnings  | \$ -  | \$ -              | \$ -  |
| <b>Total revenues</b>  | <u>-</u>                                    | <u>-</u>          | <u>-</u>                                    |
| <b>Expenditures:</b>   |   |                   |   |
| Principal retirement   | 290,000                                     | 305,000           | (15,000)                                    |
| Interest and fiscal charges                                  | 203,900                                     | 186,392           | 17,508                                      |
| <b>Total expenditures</b>                                    | <u>493,900</u>                              | <u>491,392</u>    | <u>2,508</u>                                |
| <b>Excess (deficiency)<br/>of revenues over expenditures</b> | <u>(493,900)</u>                            | <u>(491,392)</u>  | <u>2,508</u>                                |
| <b>Other financing sources (uses):</b>                       |   |                   |   |
| Transfer in/(out)  | 493,900                                     | 489,892           | (4,008)                                     |
| <b>Total other financing sources (uses)</b>                  | <u>493,900</u>                              | <u>489,892</u>    | <u>(4,008)</u>                              |
| <b>Net change in fund balance</b>                            | -   | (1,500)           | (1,500)                                     |
| <b>Fund balance, beginning</b>                               | <u>478,950</u>                              | <u>478,950</u>    | <u>-</u>                                    |
| <b>Fund balance, ending</b>                                  | <u>\$ 478,950</u>                           | <u>\$ 477,450</u> | <u>\$ (1,500)</u>                           |

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## **STATISTICAL SECTION**

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

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 | 2005                 | 2004                 | 2003                 |
| <b>Governmental activities:</b>                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | 21,291,470           | 18,549,894           | \$ 21,872,560        | \$ 22,277,948        | \$ 22,069,405        | \$ 20,469,453        | \$ 19,788,439        | \$ 18,548,142        | \$ 19,030,418        | \$ 18,009,485        |
| Restricted                                      | 1,955,773            | 4,393,732            | 4,369,487            | 6,026,662            | 6,028,993            | 6,501,726            | 6,519,029            | 6,759,636            | 5,889,372            | 3,368,831            |
| Unrestricted                                    | 51,056,425           | 31,722,206           | 26,759,307           | 14,352,106           | 11,661,280           | 7,441,754            | 14,640,289           | 14,193,708           | 13,693,456           | 12,071,182           |
| Total governmental activities net assets        | <u>74,303,668</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>    | <u>39,501,486</u>    | <u>38,613,246</u>    | <u>33,449,498</u>    |
| <b>Business-type activities:</b>                |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | 14,339,107           | 14,179,551           | 13,546,674           | 9,222,016            | 6,473,602            | 3,858,516            | 5,891,531            | 5,584,440            | 6,052,200            | 4,256,103            |
| Restricted                                      | 506,361              | 1,119,964            | 1,026,263            | 4,223,455            | 4,644,057            | 5,125,278            | -                    | -                    | -                    | -                    |
| Unrestricted                                    | 7,398,342            | 4,113,816            | 3,773,231            | 334,739              | 2,773,653            | 4,330,851            | 6,602,545            | 7,237,745            | 5,645,673            | 6,021,956            |
| Total business-type activities net assets       | <u>22,263,810</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>    | <u>12,822,185</u>    | <u>11,697,873</u>    | <u>10,278,059</u>    |
| <b>Primary government:</b>                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | 35,650,577           | 32,729,445           | 35,419,234           | 31,499,964           | 28,543,007           | 24,327,969           | 25,679,970           | 24,132,582           | 25,082,618           | 22,265,588           |
| Restricted                                      | 2,462,134            | 5,513,696            | 5,395,750            | 10,250,117           | 10,673,050           | 11,627,004           | 6,519,029            | 6,759,636            | 5,889,372            | 3,368,831            |
| Unrestricted                                    | 58,454,767           | 35,836,022           | 30,532,538           | 14,486,845           | 14,434,933           | 11,772,605           | 21,242,834           | 21,431,453           | 19,339,129           | 18,093,138           |
| Total primary government net assets             | <u>\$ 96,567,478</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> | <u>\$ 52,323,671</u> | <u>\$ 50,311,119</u> | <u>\$ 43,727,557</u> |

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

Source: The Comprehensive Annual Financial Report.

**City of Port Hueneme**

**Changes in Net Assets**

**Last Ten Fiscal Years**

(accrual basis of accounting)

|   | Fiscal Year     |                 |                 |                 |                 |                 |                 |                 |                |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|
|   | 2012            | 2011            | 2010            | 2009            | 2008            | 2007            | 2006            | 2005            | 2004           | 2003            |
| <b>Expenses:</b>                                |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |
| <b>Governmental activities:</b>                 |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |
| General government                              | \$ 5,861,741    | \$ 7,019,698    | \$ 6,174,844    | \$ 5,543,821    | \$ 3,431,111    | \$ 3,207,654    | \$ 4,249,828    | \$ 3,374,464    | \$ 4,761,974   | \$ 7,228,795    |
| Community development                           | 2,263,054       | 3,630,572       | 5,325,629       | 3,000,750       | 1,115,833       | 3,238,233       | 2,791,936       | 2,113,188       | 909,680        | 1,647,735       |
| Streets and highways                            | 3,394,782       | 4,226,070       | 2,631,158       | 2,982,475       | 3,010,185       | 2,272,933       | 2,909,892       | 3,396,020       | 1,269,845      | 1,125,104       |
| Public safety - police                          | 6,681,727       | 6,385,901       | 6,101,143       | 5,796,561       | 7,431,276       | 7,614,945       | 6,733,773       | 5,001,446       | 4,837,349      | 4,092,167       |
| Parks, recreation and social services           | 1,517,726       | 1,685,482       | 1,599,642       | 1,617,275       | 1,570,193       | 1,734,198       | 1,925,857       | 1,493,763       | 871,966        | 1,404,492       |
| Bond issue cost                                 | 35,728          | 49,002          | 49,002          | 49,002          | 49,036          | 31,856          | 31,856          | 30,086          | 33,626         | -               |
| Capital outlay                                  | -               | -               | -               | -               | 1,265,846       | 611,515         | 960,502         | -               | -              | -               |
| Interest and fiscal charges on long term debt   | 1,127,067       | 1,704,342       | 1,737,267       | 1,795,651       | 1,415,804       | 1,403,261       | 1,279,487       | 1,409,542       | 1,564,414      | 2,640,742       |
| Total governmental activities expenses          | \$ 20,916,823   | \$ 24,701,066   | \$ 23,838,685   | \$ 20,785,535   | \$ 19,319,304   | \$ 20,114,595   | \$ 20,883,131   | \$ 16,818,509   | \$ 14,248,854  | \$ 18,039,035   |
| <b>Business-type activities:</b>                |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |
| Wastewater                                      | \$ 3,325,578    | \$ 3,334,681    | \$ 3,507,739    | \$ 3,328,909    | \$ 3,525,917    | \$ 3,868,524    | \$ 3,744,342    | \$ 3,207,633    | \$ 3,013,746   | \$ 2,484,795    |
| Water   | 4,393,736       | 4,729,828       | 4,216,324       | 3,966,315       | 3,773,817       | 3,629,376       | 3,631,330       | 3,430,883       | 3,419,332      | 3,408,084       |
| Solid waste                                     | 2,735,582       | 2,711,682       | 2,731,260       | 2,631,439       | 2,601,708       | 2,679,039       | 2,722,712       | 2,572,590       | 1,891,231      | 1,881,385       |
| Interest and fiscal charges on long term debt   | 1,428,094       | 1,172,358       | 1,109,738       | -               | -               | -               | -               | -               | -              | -               |
| Housing Authority                               | 4,134,878       | 4,172,358       | 4,109,738       | -               | -               | -               | -               | -               | -              | -               |
| Other business-type funds                       | 903,402         | 969,737         | 982,677         | 1,084,118       | 1,011,500       | 1,014,934       | 981,427         | 1,673,717       | 1,330,047      | 1,443,512       |
| Total business-type activities expenses         | \$ 17,121,270   | \$ 15,918,286   | \$ 15,547,738   | \$ 11,910,681   | \$ 10,912,972   | \$ 11,191,873   | \$ 11,079,831   | \$ 10,884,823   | \$ 9,654,336   | \$ 9,217,776    |
| Total primary government expenses               | \$ 38,038,093   | \$ 40,619,352   | \$ 39,386,423   | \$ 31,796,216   | \$ 30,232,276   | \$ 31,306,468   | \$ 31,962,962   | \$ 27,703,332   | \$ 23,903,210  | \$ 27,256,811   |
| <b>Program revenues:</b>                        |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |
| <b>Governmental activities:</b>                 |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |
| <b>Charges for services:</b>                    |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |
| General government                              | \$ 4,962,751    | \$ 3,798,777    | \$ 4,638,992    | \$ 4,734,479    | \$ 3,154,440    | \$ 2,376,678    | \$ 3,074,430    | \$ 1,265,741    | \$ 1,022,074   | \$ 1,309,774    |
| Community development                           | 885,507         | 1,489,810       | 846,066         | 822,741         | 1,119,345       | 360,369         | 336,998         | 346,274         | 423,721        | 618,574         |
| Streets and highways                            | 1,055,661       | 1,046,002       | 984,828         | 1,118,886       | 1,395,218       | 68,484          | 322,447         | 19,940          | 927,849        | 885,211         |
| Public safety - police                          | 174,296         | 158,857         | 292,885         | 222,113         | 363,053         | 298,990         | 83,421          | 29,922          | 343,683        | 491,945         |
| Parks, recreation and social services           | 440,077         | 405,956         | 585,090         | 438,490         | 390,127         | 1,233,810       | 1,192,739       | 1,043,918       | 389,657        | 663,396         |
| Operating grants and contributions              | 463,376         | 389,936         | 893,951         | 490,025         | 624,809         | 2,831,098       | 2,429,689       | 1,564,409       | 3,177,401      | 1,463,011       |
| Capital grants and contributions                | 2,454,337       | 2,338,305       | 1,238,598       | 1,123,481       | 2,072,705       | -               | 1,002           | -               | 432,386        | 1,116,606       |
| Total governmental activities program revenues  | \$ 10,438,006   | \$ 9,627,643    | \$ 9,480,410    | \$ 8,950,215    | \$ 8,119,697    | \$ 7,169,429    | \$ 7,440,746    | \$ 4,270,704    | \$ 6,716,771   | \$ 6,548,517    |
| <b>Business-type activities:</b>                |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |
| <b>Charges for services:</b>                    |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |
| Sewer and sanitation                            | \$ 3,309,012    | \$ 3,880,863    | \$ 3,463,574    | \$ 3,223,359    | \$ 3,719,420    | \$ 3,888,904    | \$ 2,608,686    | \$ 2,775,671    | \$ 2,733,163   | \$ 2,584,107    |
| Water   | 7,057,175       | 6,307,060       | 5,617,688       | 4,685,991       | 4,222,053       | 3,867,934       | 3,453,051       | 3,582,297       | 3,636,892      | 2,776,072       |
| Solid waste                                     | 3,457,898       | 3,509,735       | 3,119,699       | 2,848,459       | 2,997,859       | 2,952,216       | 2,986,341       | 3,093,941       | 2,867,966      | 2,349,544       |
| Operating grants and contributions              | 3,491,567       | 3,787,314       | 4,076,785       | 50,107          | 261,566         | 241,152         | 112,445         | -               | -              | -               |
| Housing Authority                               | 346,465         | 408,189         | 343,813         | -               | -               | -               | -               | -               | -              | -               |
| Water plant                                     | 919,933         | 979,114         | 998,626         | 1,069,946       | 1,027,228       | 1,015,345       | 993,197         | 2,631,579       | 2,344,101      | 1,967,759       |
| Total business-type activities program revenues | \$ 18,582,069   | \$ 18,872,275   | \$ 17,620,215   | \$ 11,877,852   | \$ 12,228,126   | \$ 11,965,551   | \$ 10,153,720   | \$ 12,083,488   | \$ 11,582,122  | \$ 9,677,482    |
| Total primary government program revenues       | \$ 29,020,075   | \$ 28,499,918   | \$ 27,100,625   | \$ 20,828,067   | \$ 20,347,823   | \$ 19,134,980   | \$ 17,594,466   | \$ 16,353,692   | \$ 18,298,893  | \$ 16,225,999   |
| <b>Net revenues (expenses):</b>                 |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |
| Governmental activities:                        | \$ (10,478,819) | \$ (15,073,423) | \$ (14,358,273) | \$ (11,835,320) | \$ (11,199,607) | \$ (12,943,166) | \$ (13,442,385) | \$ (12,548,305) | \$ (7,532,083) | \$ (11,490,518) |
| Business-type activities:                       | 1,460,798       | 2,953,989       | 2,072,477       | 867,171         | 1,315,154       | 773,678         | (926,111)       | 1,198,665       | 1,927,766      | 459,706         |
| Total net revenues (expenses):                  | \$ (9,018,021)  | \$ (12,119,434) | \$ (12,285,796) | \$ (10,968,149) | \$ (9,884,453)  | \$ (12,171,488) | \$ (14,368,496) | \$ (11,349,640) | \$ (5,604,317) | \$ (11,030,812) |

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

|  | Fiscal Year          |                     |                     |                     |                     |                       |                     |                     |                     |                     |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2012                 | 2011                | 2010                | 2009                | 2008                | 2007                  | 2006                | 2005                | 2004                | 2003                |
| <b>General revenues and other changes in net assets:</b> |                      |                     |                     |                     |                     |                       |                     |                     |                     |                     |
| <b>Governmental activities:</b>                          |                      |                     |                     |                     |                     |                       |                     |                     |                     |                     |
| <b>Taxes:</b>  |                      |                     |                     |                     |                     |                       |                     |                     |                     |                     |
| Property taxes   | 4,257,197            | 7,122,966           | 7,293,627           | 7,770,698           | 8,037,996           | 7,968,560             | 6,613,841           | 5,726,141           | 5,035,548           | 4,453,739           |
| Sales taxes  | 2,075,781            | 1,823,785           | 1,661,471           | 1,111,111           | 1,093,727           | 1,111,399             | 1,044,283           | 1,040,777           | 948,891             | 684,222             |
| Utility users taxes                                      | 1,153,247            | 1,119,550           | 1,032,097           | 976,685             | 962,674             | 955,927               | 1,002,804           | 884,290             | 792,313             | 887,549             |
| Transient lodging taxes                                  | 326,055              | 295,439             | 338,754             | 323,960             | 408,972             | 313,552               | 262,000             | 295,977             | 297,742             | 247,214             |
| Franchise taxes  | 385,558              | 361,276             | 353,748             | 431,946             | 419,943             | 376,700               | 309,586             | 335,709             | 326,489             | 311,397             |
| Other taxes  | 497,172              | -                   | -                   | -                   | 223,061             | -                     | -                   | -                   | 13,753              | 249,801             |
| Rental income  | -                    | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                   | 111,731             |
| Motor vehicle license in lieu                            | 2,405,872            | 2,442,447           | 2,434,890           | 2,719,017           | 1,824,175           | 1,787,133             | 2,009,673           | 1,429,983           | 991,644             | 1,316,923           |
| Use of money and property                                | -                    | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                   | 3,709,436           |
| Investment earnings                                      | 2,050,376            | 3,332,132           | 2,092,280           | 2,376,782           | 3,443,938           | 4,039,880             | 3,028,922           | 1,861,054           | 1,468,735           | -                   |
| Loss on disposal of capital asset                        | -                    | -                   | -                   | (167,978)           | (37,240)            | -                     | (4,594)             | -                   | (73,814)            | -                   |
| Other  | -                    | 37,953              | 11,756              | 16,099              | -                   | 261,591               | 1,294,562           | 1,346,948           | 283,693             | 179,098             |
| Special item   | 17,625,839           | -                   | -                   | -                   | -                   | (10,404,400)          | -                   | -                   | -                   | -                   |
| Transfers  | 191,148              | 202,353             | (1,087,188)         | 152,274             | 163,086             | -                     | (819,825)           | 515,667             | 674,856             | 1,493,392           |
| <b>Total governmental activities</b>                     | <b>\$ 30,968,266</b> | <b>16,737,901</b>   | <b>14,141,435</b>   | <b>15,710,594</b>   | <b>16,546,352</b>   | <b>6,410,342</b>      | <b>14,741,252</b>   | <b>13,436,546</b>   | <b>10,779,850</b>   | <b>13,644,502</b>   |
| <b>Business-type activities:</b>                         |                      |                     |                     |                     |                     |                       |                     |                     |                     |                     |
| Use of money and property                                | \$ -                 | -                   | -                   | -                   | -                   | -                     | -                   | -                   | -                   | 284,921             |
| Investment earnings                                      | 44,873               | (1,100,792)         | (1,152,097)         | (917,382)           | (628,885)           | (58,995)              | 57,339              | 441,314             | 137,369             | (243,077)           |
| Gain/(Loss) on disposal of capital asset                 | 1,370                | -                   | 26,556              | -                   | -                   | 35,316                | (131,757)           | -                   | -                   | 50,284              |
| Other  | 750,570              | 442,583             | 151,853             | 91,383              | 55,484              | 70,570                | -                   | -                   | 29,532              | 30,284              |
| Transfers  | (191,148)            | (202,353)           | 1,087,188           | (152,274)           | (163,086)           | -                     | 819,825             | (515,667)           | (674,856)           | (1,493,392)         |
| <b>Total business-type activities</b>                    | <b>\$ 605,664</b>    | <b>(860,362)</b>    | <b>113,500</b>      | <b>(978,273)</b>    | <b>(738,487)</b>    | <b>46,891</b>         | <b>745,407</b>      | <b>(74,353)</b>     | <b>(507,955)</b>    | <b>(1,401,264)</b>  |
| <b>Total primary government</b>                          | <b>\$ 31,573,930</b> | <b>15,877,539</b>   | <b>14,254,935</b>   | <b>14,732,321</b>   | <b>15,807,865</b>   | <b>6,457,233</b>      | <b>15,486,659</b>   | <b>13,362,193</b>   | <b>10,271,895</b>   | <b>12,243,238</b>   |
| <b>Changes in net assets</b>                             |                      |                     |                     |                     |                     |                       |                     |                     |                     |                     |
| Governmental activities:                                 | 20,489,447           | 1,664,478           | (216,841)           | 3,875,274           | 5,346,745           | (6,534,824)           | 1,298,867           | 888,241             | 3,247,767           | 2,153,984           |
| Business-type activities:                                | 2,066,463            | 2,093,427           | 2,185,977           | (111,103)           | 376,667             | 820,569               | (180,704)           | 1,124,312           | 1,419,811           | (941,558)           |
| <b>Total primary government</b>                          | <b>22,555,910</b>    | <b>\$ 3,757,905</b> | <b>\$ 1,969,136</b> | <b>\$ 3,764,172</b> | <b>\$ 5,923,412</b> | <b>\$ (5,714,255)</b> | <b>\$ 1,118,163</b> | <b>\$ 2,012,553</b> | <b>\$ 4,667,578</b> | <b>\$ 1,212,426</b> |

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

Source: The Comprehensive Annual Financial Report.

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

|   | Fiscal Year          |                      |                     |                     |                     |                     |                     |                     |                   |                       |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-----------------------|
|   | 2012                 | 2011                 | 2010                | 2009                | 2008                | 2007                | 2006                | 2005                | 2004              | 2003                  |
| <b>General fund:</b>                      |                      |                      |                     |                     |                     |                     |                     |                     |                   |                       |
| Nonspendable                              | \$ 17,928,824        | \$ 19,125,294        |                     |                     |                     |                     |                     |                     |                   |                       |
| Restricted                                | -                    | -                    |                     |                     |                     |                     |                     |                     |                   |                       |
| Committed                                 | 1,301,001            | 1,300,964            |                     |                     |                     |                     |                     |                     |                   |                       |
| Assigned                                  | 6,241                | -                    |                     |                     |                     |                     |                     |                     |                   |                       |
| Unassigned                                | 20,087,161           | 20,854,883           |                     |                     |                     |                     |                     |                     |                   |                       |
| Reserved                                  |                      |                      | \$ 21,832,424       | \$ 22,346,466       | \$ 23,120,517       | \$ 23,325,799       | \$ 20,747,634       | \$ 19,485,313       | \$ 20,040,195     | \$ 25,971,598         |
| Unreserved, designated                    |                      |                      | 12,007,882          | 12,007,882          | 12,007,882          | 12,007,882          | 16,833,727          | 12,488,227          | 12,276,930        | 10,881,340            |
| Unreserved, undesignated                  |                      |                      | 8,187,326           | 7,056,378           | 5,668,032           | 4,657,034           | 3,330,462           | 9,443,468           | 10,670,669        | 6,400,618             |
| <b>Total general fund</b>                 | <b>\$ 39,323,227</b> | <b>\$ 41,281,140</b> | <b>42,027,632</b>   | <b>41,410,726</b>   | <b>40,796,431</b>   | <b>39,990,715</b>   | <b>40,911,823</b>   | <b>41,417,008</b>   | <b>42,987,794</b> | <b>43,253,556</b>     |
| <b>All other governmental funds:</b>      |                      |                      |                     |                     |                     |                     |                     |                     |                   |                       |
| Nonspendable                              | 8,660,505            | \$ 10,459,894        |                     |                     |                     |                     |                     |                     |                   |                       |
| Restricted                                | 2,203,694            | 2,442,326            |                     |                     |                     |                     |                     |                     |                   |                       |
| Committed                                 | -                    | -                    |                     |                     |                     |                     |                     |                     |                   |                       |
| Assigned                                  | 677,238              | 1,937,957            |                     |                     |                     |                     |                     |                     |                   |                       |
| Unassigned                                | (179,914)            | (6,787,824)          |                     |                     |                     |                     |                     |                     |                   |                       |
| Reserved                                  |                      |                      | 9,635,483           | 17,865,433          | 15,576,247          | 11,080,795          | 3,327,892           | 3,249,441           | 8,480,723         | 9,976,962             |
| Unreserved, designated                    |                      |                      | -                   | -                   | -                   | -                   | -                   | -                   | -                 | -                     |
| Unreserved, undesignated:                 |                      |                      |                     |                     |                     |                     |                     |                     |                   |                       |
| Reported in special revenue funds         |                      |                      | 9,746,671           | 3,777,436           | 4,095,019           | 6,972,204           | 12,127,283          | 12,820,201          | 4,994,761         | 1,993,093             |
| Debt service funds                        |                      |                      | (13,726,172)        | (14,018,191)        | (12,828,799)        | (12,596,826)        | (12,574,372)        | (13,409,404)        | (12,676,813)      | (13,699,677)          |
| Reported in capital project funds         |                      |                      | 1,358,798           | 1,343,932           | 1,321,489           | 1,259,601           | 1,201,791           | 1,148,802           | 54,391            | -                     |
| <b>Total all other governmental funds</b> | <b>\$ 11,361,523</b> | <b>\$ 8,052,354</b>  | <b>\$ 7,014,780</b> | <b>\$ 8,968,610</b> | <b>\$ 8,163,956</b> | <b>\$ 6,715,774</b> | <b>\$ 4,082,594</b> | <b>\$ 3,809,040</b> | <b>\$ 853,062</b> | <b>\$ (1,729,622)</b> |

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

Source: The Comprehensive Annual Financial Report.

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

|  | Fiscal Year          |                   |                       |                     |                     |                     |                     |                     |                     |                     |
|--|----------------------|-------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2012                 | 2011              | 2010                  | 2009                | 2008                | 2007                | 2006                | 2005                | 2004                | 2003                |
| <b>Revenues:</b>   |                      |                   |                       |                     |                     |                     |                     |                     |                     |                     |
| Taxes  | \$ 9,700,015         | 12,296,187        | \$ 12,282,972         | \$ 12,370,446       | \$ 12,901,063       | \$ 12,571,544       | \$ 11,770,922       | \$ 11,025,684       | \$ 10,371,572       | \$ 9,328,299        |
| Licenses and permits   | 504,564              | 487,310           | 468,963               | 624,304             | 579,198             | 601,851             | 478,231             | 456,663             | 374,665             | 440,958             |
| Intergovernmental  | 8,206,407            | 8,957,236         | 6,793,891             | 6,245,720           | 3,365,954           | 3,541,209           | 4,142,863           | 1,937,774           | 1,261,883           | 1,923,787           |
| Charges for services   | 463,423              | 381,911           | 1,064,823             | 776,256             | 2,704,159           | 2,113,250           | 2,335,736           | 349,056             | 268,554             | 317,421             |
| Fines and forfeitures  | 399,132              | 386,786           | 372,652               | 470,483             | 411,100             | 346,472             | 322,254             | 354,493             | 357,545             | 369,020             |
| Investment earnings  | 2,030,374            | 2,320,968         | 2,156,746             | 2,943,142           | 3,443,958           | 3,270,247           | 3,028,922           | 2,941,126           | 3,101,323           | 3,918,543           |
| Other revenues   | 2,097,639            | 1,945,590         | 1,949,103             | 1,948,997           | 2,195,618           | 2,779,266           | 2,303,561           | 2,368,993           | 2,533,282           | 2,648,595           |
| <b>Total revenues</b>  | <b>\$ 23,421,553</b> | <b>26,775,989</b> | <b>25,089,150</b>     | <b>25,379,348</b>   | <b>25,601,050</b>   | <b>25,223,839</b>   | <b>24,382,489</b>   | <b>19,433,789</b>   | <b>18,268,824</b>   | <b>18,946,623</b>   |
| <b>Expenditures:</b>   |                      |                   |                       |                     |                     |                     |                     |                     |                     |                     |
| <b>Current:</b>  |                      |                   |                       |                     |                     |                     |                     |                     |                     |                     |
| General government   | \$ 1,097,848         | 7,301,284         | 5,525,021             | 5,485,023           | 2,916,632           | 2,805,560           | 3,539,125           | 2,522,027           | 4,804,099           | 7,006,435           |
| Community development  | 2,243,804            | 2,935,977         | 5,948,162             | 3,426,578           | 2,683,320           | 5,112,682           | 4,140,504           | 2,475,061           | 1,215,922           | 1,331,641           |
| Streets and highways   | 3,363,725            | 4,214,408         | 2,640,278             | 2,943,365           | 3,782,463           | 2,330,776           | 2,606,908           | 3,383,757           | 1,724,546           | 842,138             |
| Parks, recreation and social services                          | 1,534,649            | 1,680,831         | 1,593,840             | 1,611,674           | 1,570,193           | 1,734,198           | 2,027,814           | 1,493,763           | 873,476             | 1,119,350           |
| Public safety - police   | 6,638,958            | 6,368,279         | 6,079,383             | 5,775,558           | 7,431,276           | 7,614,945           | 6,733,773           | 5,001,446           | 4,732,026           | 4,018,297           |
| Capital outlays  | 3,413,157            | -                 | -                     | -                   | 1,265,846           | 611,515             | 1,527,936           | 315,047             | 679,012             | 615,307             |
| <b>Debt service:</b>   |                      |                   |                       |                     |                     |                     |                     |                     |                     |                     |
| Principal retirement   | 1,043,611            | 1,921,960         | 1,769,853             | 1,495,000           | 1,380,000           | 1,030,000           | 1,084,255           | 895,000             | 2,724,106           | 755,000             |
| Interest and other charges                                     | 877,431              | 2,264,524         | 2,317,742             | 2,374,710           | 2,482,523           | 2,547,633           | 2,390,639           | 2,478,161           | 795,000             | 2,648,066           |
| <b>Total expenditures</b>                                      | <b>\$ 20,213,183</b> | <b>26,687,262</b> | <b>25,874,279</b>     | <b>23,111,908</b>   | <b>23,512,253</b>   | <b>23,787,309</b>   | <b>24,050,954</b>   | <b>18,564,262</b>   | <b>17,548,187</b>   | <b>18,336,234</b>   |
| <b>Revenues over (under) expenditures</b>                      | <b>\$ 3,208,370</b>  | <b>88,727</b>     | <b>(785,129)</b>      | <b>2,267,440</b>    | <b>2,088,797</b>    | <b>1,436,530</b>    | <b>331,535</b>      | <b>869,527</b>      | <b>720,637</b>      | <b>610,389</b>      |
| <b>Other financing sources (uses):</b>                         |                      |                   |                       |                     |                     |                     |                     |                     |                     |                     |
| Proceeds from long-term debt                                   | \$ -                 | -                 | -                     | -                   | -                   | 10,679,956          | -                   | -                   | 921,427             | -                   |
| Transfers in   | 2,095,109            | 3,832,277         | 5,372,675             | 2,659,102           | 2,569,798           | 2,516,659           | 3,629,616           | 2,860,253           | 6,009,662           | 7,207,479           |
| Transfers out  | (1,903,961)          | (3,629,924)       | (6,459,864)           | (2,506,828)         | (2,404,713)         | (2,516,659)         | (4,449,441)         | (2,344,586)         | (5,334,807)         | (5,714,087)         |
| <b>Total other financing sources (uses)</b>                    | <b>191,147</b>       | <b>202,353</b>    | <b>(1,087,188)</b>    | <b>152,274</b>      | <b>165,085</b>      | <b>10,679,956</b>   | <b>(819,825)</b>    | <b>515,667</b>      | <b>1,596,282</b>    | <b>1,493,392</b>    |
| Special item   | 1,364,897            | -                 | -                     | -                   | -                   | (10,404,400)        | -                   | -                   | -                   | -                   |
| <b>Net change in fund balances</b>                             | <b>\$ 4,764,414</b>  | <b>\$ 291,081</b> | <b>\$ (1,872,317)</b> | <b>\$ 2,419,714</b> | <b>\$ 2,253,882</b> | <b>\$ 1,712,086</b> | <b>\$ (488,290)</b> | <b>\$ 1,385,194</b> | <b>\$ 2,316,919</b> | <b>\$ 2,103,781</b> |
| <b>Debt service as a percentage of noncapital expenditures</b> |                      |                   |                       |                     |                     |                     |                     |                     |                     |                     |
|  | 10.5%                | 18.6%             | 18.8%                 | 20.1%               | 21.0%               | 18.3%               | 18.2%               | 22.7%               | 26.4%               | 23.8%               |

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

Source: The Comprehensive Annual Financial Report.

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

| Fiscal Year<br>Ended<br>June 30 | City          |         |           | Taxable<br>Assessed<br>Value | Redevelopment Agency (2) |           |                     | Taxable<br>Assessed<br>Value | Total<br>Direct Tax<br>Rate |
|---------------------------------|---------------|---------|-----------|------------------------------|--------------------------|-----------|---------------------|------------------------------|-----------------------------|
|                                 | Local Secured | Utility | Unsecured |                              | Secured                  | Unsecured | Less:<br>Exemptions |                              |                             |
| 2003                            | 898,306       | 256     | 91,830    | 990,392                      | 343,835                  | 20,328    | 4,366               | 359,797                      | 0.324%                      |
| 2004                            | 1,007,463     | 275     | 25,531    | 1,033,269                    | 382,240                  | 17,696    | 4,660               | 395,276                      | 0.359%                      |
| 2005                            | 1,119,269     | 264     | 25,716    | 1,145,249                    | 420,419                  | 17,205    | 4,568               | 433,056                      | 0.367%                      |
| 2006                            | 1,268,841     | 272     | 95,526    | 1,364,639                    | 491,510                  | 18,696    | 4,623               | 505,583                      | 0.346%                      |
| 2007                            | 1,468,838     | 246     | 29,955    | 1,499,039                    | 546,405                  | 20,322    | 4,759               | 561,968                      | 0.360%                      |
| 2008                            | 1,563,818     | -       | 33,105    | 1,596,923                    | 600,590                  | 22,037    | 5,095               | 617,532                      | 0.342%                      |
| 2009                            | 1,340,697     | -       | 112,102   | 1,452,799                    | 560,249                  | 33,273    | 4,823               | 588,699                      | 0.390%                      |
| 2010                            | 1,370,697     | -       | 112,365   | 1,483,061                    | 533,372                  | 31,549    | 4,739               | 560,181                      | 0.331%                      |
| 2011                            | 1,348,438     | -       | 97,849    | 1,446,287                    | 519,390                  | 32,306    | 4,439               | 547,258                      | 0.331%                      |
| 2012                            | 1,334,119     | -       | 95,190    | 1,429,309                    | -                        | -         | -                   | -                            | 0.087%                      |

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)

|                                  | 2012          | 2011          | 2010          | 2009          |
|----------------------------------|---------------|---------------|---------------|---------------|
| <b>City Direct Rates:</b>        |               |               |               |               |
| City Basic Rate                  | 0.0691        | 0.3039        | 0.0462        | 0.4667        |
| Redevelopment Agency             | 0.0179        | 0.0251        | 0.0118        | 0.0290        |
| <b>Total City Direct Rate</b>    | <b>0.0870</b> | <b>0.3290</b> | <b>0.0580</b> | <b>0.4957</b> |
| <b>Overlapping Rates:</b>        |               |               |               |               |
| Port Hueneme Elementary          | 0.0493        | 0.0457        | 0.0448        | 0.0379        |
| Oxnard Elementary                | 0.0937        | 0.0969        | 0.0245        | 0.0221        |
| Oxnard Elementary #2             | 0.0000        | 0.0000        | 0.0412        | 0.0364        |
| Elementary School Bond Oxnard #3 | 0.0000        | 0.0000        | 0.0324        | 0.0287        |
| Oxnard High School               | 0.0174        | 0.0282        | 0.0109        | 0.0100        |
| Ventura Community College Board  | 0.0140        | 0.0151        | 0.0139        | 0.0152        |
| United Water Cons Import         | 0.0142        | 0.0214        | 0.0075        | 0.0247        |
| Metropolitan Water               | 0.0037        | 0.0037        | 0.0043        | 0.0043        |
| City of Port Hueneme             | 1.0000        | 1.0000        | 1.0000        | 1.0000        |
| <b>Total Direct Rate</b>         | <b>1.2792</b> | <b>1.5400</b> | <b>1.2374</b> | <b>1.6749</b> |

Source: Ventura County Assessor

| 2008   | 2007   | 2006   | 2005   | 2004   | 2003   |
|--------|--------|--------|--------|--------|--------|
| 0.4551 | 0.4577 | 0.4458 | 0.4426 | 0.4538 | 0.4595 |
| 0.0079 | 0.0069 | 0.0109 | 0.0295 | 0.0231 | 0.0193 |
| 0.4630 | 0.4647 | 0.4567 | 0.4721 | 0.4769 | 0.4788 |
| 0.0368 | 0.0353 | 0.0459 | 0.0252 | 0.0277 | 0.0285 |
| 0.0269 | 0.0286 | 0.0352 | 0.0391 | 0.0462 | 0.0506 |
| 0.0302 | 0.0323 | 0.0339 | 0.0472 | 0.0450 | 0.0534 |
| 0.0256 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 0.0098 | 0.0107 | 0.0122 | 0.0145 | 0.0133 | 0.0185 |
| 0.0050 | 0.0127 | 0.0130 | 0.0130 | 0.0166 | 0.0178 |
| 0.0034 | 0.0022 | 0.0057 | 0.0237 | 0.0170 | 0.0126 |
| 0.0045 | 0.0047 | 0.0052 | 0.0058 | 0.0061 | 0.0067 |
| 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1.6052 | 1.5912 | 1.6078 | 1.6406 | 1.6488 | 1.6670 |

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

| Taxpayer                   | 2012                                  |   | 2003                                  |   |
|----------------------------|---------------------------------------|---|---------------------------------------|---|
|                            | Taxable Assessed Value <sup>(1)</sup> | Percent of Total City Taxable Assessed Value <sup>(2)</sup> | Taxable Assessed Value <sup>(3)</sup> | Percent of Total City Taxable Assessed Value <sup>(4)</sup> |
| Oliveira Ranch Company     | \$ 51,977,321                         | 3.90%   | \$ 25,367,845                         | 2.56%   |
| Jesco LLC                  | 22,862,192                            | 1.71%   | -                                     | 0.00%   |
| GCCFC Hueneme Rd LP        | 14,872,102                            | 1.11%   | -                                     | 0.00%   |
| Casa Pacifica              | 5,526,764                             | 0.41%   | 4,876,785                             | 0.00%   |
| Del Monte Fresh Produce    | 8,058,900                             | 0.60%   | -                                     | 0.00%   |
| Seaview Apartments LLC     | 7,967,863                             | 0.60%   | -                                     | 0.00%   |
| 939 X Serano Av LLC        | 6,349,665                             | 0.48%   | -                                     | 0.00%   |
| Standard Pacific Corp      | 7,130,000                             | 0.53%   | -                                     | 0.00%   |
| Nykcool USA Inc            | 7,244,165                             | 0.54%   | -                                     | 0.00%   |
| Consolidated Foundries Inc | 5,829,900                             | 0.44%   | -                                     | 0.00%   |
|                            | <u>\$ 137,818,872</u>                 | <u>10.33%</u>   | <u>\$ 30,244,630</u>                  | <u>2.56%</u>  |

(1) Source: Ventura County Assessor's Office

(2) 2011-12 Local Secured Assessed Valuation: \$1,334,119,242

(3) Source: Ventura County Assessor's Office

(4) 2002-2003 Local Secured Assessed Valuation: \$990,392,175

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

| Fiscal Year<br>Ended<br>June 30 | Taxes Levied<br>for the<br>Fiscal Year (1) | Collected within the<br>Fiscal Year of Levy |                    | Collections in<br>Subsequent<br>Years (2) | Total Collections To-Date |                    |
|---------------------------------|--|---|--------------------|---|---------------------------|--------------------|
|                                 |  | Amount                                      | Percent<br>of Levy |   | Amount (2)                | Percent<br>of Levy |
| 2003                            | \$ 4,734,929                               | \$ 4,375,677                                | 92.41%             | \$ 1,472                                  | \$ 4,377,149              | 92.44%             |
| 2004                            | 5,336,405                                  | 5,081,443                                   | 95.22%             | 42,906                                    | 5,124,349                 | 96.03%             |
| 2005                            | 5,878,805                                  | 5,784,333                                   | 98.39%             | 2,325                                     | 5,786,658                 | 98.43%             |
| 2006                            | 6,770,115                                  | 6,466,161                                   | 95.51%             | -   | 6,466,161                 | 95.51%             |
| 2007                            | 7,868,162                                  | 7,417,488                                   | 94.27%             | -   | 7,417,488                 | 94.27%             |
| 2008                            | 8,268,273                                  | 7,565,534                                   | 91.50%             | 2,061                                     | 7,567,595                 | 91.53%             |
| 2009                            | 8,380,003                                  | 7,971,239                                   | 95.12%             | -   | 7,971,239                 | 95.12%             |
| 2010                            | 7,231,840                                  | 6,755,314                                   | 93.41%             | 2,481                                     | 6,757,795                 | 93.45%             |
| 2011                            | 6,834,607                                  | \$ 6,590,246                                | 96.42%             | -   | 6,590,246                 | 96.42%             |
| 2012                            | \$ 1,288,257                               | \$ 1,246,661                                | 96.77%             | \$ 2,165                                  | 1,248,826                 | 96.94%             |

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<br>Ended<br>June 30 | Governmental Activities          |                            |   | Total<br>Governmental<br>Activities | Business-Type Activities       |                |
|---------------------------------|----------------------------------|----------------------------|---|-------------------------------------|--------------------------------|----------------|
|                                 | Certificates of<br>Participation | Tax<br>Allocation<br>Bonds | Capital Lease<br>Pension Oblig<br>Bonds |                                     | Wastewater<br>Revenue<br>Bonds | Other<br>Funds |
| 2003                            | 4,940,000                        | 21,190,000                 | -                                       | 26,130,000                          | -                              | -              |
| 2004                            | 4,745,000                        | 22,105,000                 | -                                       | 26,850,000                          | -                              | -              |
| 2005                            | 4,540,000                        | 21,415,000                 | -                                       | 25,955,000                          | -                              | 705,357        |
| 2006                            | 4,325,000                        | 20,655,000                 | 294,110                                 | 25,274,110                          | -                              | 646,771        |
| 2007                            | 4,095,000                        | 19,855,000                 | 228,990                                 | 24,178,990                          | 5,270,000                      | 585,807        |
| 2008                            | 3,850,000                        | 19,010,000                 | 10,551,383                              | 33,411,383                          | 5,185,000                      | 522,367        |
| 2009                            | 3,590,000                        | 18,125,000                 | 10,256,725                              | 31,971,725                          | 5,095,000                      | 456,352        |
| 2010                            | 3,315,000                        | 17,195,000                 | 9,475,103                               | 29,985,103                          | 5,000,000                      | 387,656        |
| 2011                            | 3,025,000                        | 16,220,000                 | 8,832,678                               | 28,077,678                          | 4,900,000                      | 316,171        |
| 2012                            | 2,720,000                        | 15,190,000                 | 8,094,067                               | 26,004,067                          | 4,800,000                      | 241,782        |

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

Source: The Comprehensive Annual Financial Report.

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

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| <u>Business-Type Activities</u> |   | <u>Total<br/>Primary<br/>Government</u> | <u>Percentage<br/>of Personal<br/>Income</u> | <u>Debt<br/>Per<br/>Capita</u> |
|---------------------------------|---|---|--|--------------------------------|
| <u>Seaview<br/>Apartments</u>   | <u>Total<br/>Business-Type<br/>Activities</u> |   |  |                                |
| -                               | -   | 26,130,000                              | 3.46%  | 1195                           |
| -                               | -   | 26,850,000                              | 3.28%  | 1211                           |
| -                               | 705,357                                       | 26,660,357                              | 3.08%  | 1191                           |
| -                               | 646,771                                       | 25,920,881                              | 2.79%  | 1158                           |
| -                               | 5,855,807                                     | 30,034,797                              | 3.08%  | 1401                           |
| -                               | 5,707,367                                     | 39,118,750                              | 4.02%  | 1762                           |
| -                               | 5,551,352                                     | 37,523,077                              | 3.85%  | 1684                           |
| -                               | 5,387,656                                     | 35,372,759                              | 6.93%  | 1597                           |
| -                               | 5,216,171                                     | 33,293,849                              |  |                                |
| -                               | 5,041,782                                     | 31,045,849                              |  |                                |

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

| Fiscal Year<br>Ended<br>June 30 | Outstanding General Bonded Debt  |                         |                  |        | Total Taxable<br>Assessed<br>Value | Percent of<br>Assessed<br>Value (1) | Per<br>Capita |
|---------------------------------|----------------------------------|-------------------------|------------------|--------|------------------------------------|-------------------------------------|---------------|
|                                 | Certificates of<br>Participation | Tax Allocation<br>Bonds | Pension<br>Bonds | Total  |                                    |                                     |               |
| 2003                            | 4,940                            | 21,190                  | -                | 26,130 | 1,350,189                          | 0.00%                               | 226           |
| 2004                            | 4,745                            | 22,105                  | -                | 26,850 | 1,428,545                          | 0.00%                               | 214           |
| 2005                            | 4,540                            | 21,415                  | -                | 25,955 | 1,578,305                          | 0.00%                               | 203           |
| 2006                            | 4,325                            | 20,655                  | -                | 24,980 | 1,870,222                          | 0.00%                               | 193           |
| 2007                            | 4,095                            | 19,855                  | -                | 23,950 | 2,061,007                          | 0.00%                               | 191           |
| 2008                            | 3,850                            | 19,010                  | -                | 22,860 | 2,214,455                          | 0.00%                               | 173           |
| 2009                            | 3,590                            | 18,125                  | 10,040           | 31,755 | 2,041,498                          | 0.49%                               | 161           |
| 2010                            | 3,315                            | 17,195                  | 9,475            | 29,985 | 2,043,243                          | 0.46%                               | 150           |
| 2011                            | 3,025                            | 16,220                  | 8,818            | 28,063 | 1,993,545                          | 0.44%                               | 138           |
| 2012                            | 2,720                            | 15,190                  | 8,094            | 26,004 | 1,429,309                          | 0.57%                               | 125           |

(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, 2012**

|  |                       |
|--|-----------------------|
| 2011-12 Assessed Valuation                 | \$ 1,428,782,908      |
| Redevelopment Agency Incremental Valuation | 522,607,123           |
| Adjusted Assessed Valuation                | <u>\$ 906,175,785</u> |

|  | Total Debt<br>6/30/2012 | Percentage<br>Applicable | City's Share of<br>Debt 6/30/2012 |
|--|-------------------------|--------------------------|-----------------------------------|
| <b>OVERLAPPING TAX AND ASSESSMENT DEBT</b>                 |                         |                          |                                   |
| Metropolitan Water District                                | \$ 196,545,000          | 0.050%                   | \$ 98,273                         |
| Ventura County Community College District                  | 310,868,691             | 0.957%                   | 2,975,013                         |
| Oxnard Union High School District                          | 90,359,913              | 3.041%                   | 2,747,845                         |
| Hueneme School District                                    | 23,191,007              | 14.573%                  | 3,379,625                         |
| Oxnard School District                                     | 113,793,139             | 5.635%                   | <u>6,412,243</u>                  |
| <br>Total Overlapping Tax and Assessment Debt              |                         |                          | <br><u>15,612,999</u>             |
| <b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>           |                         |                          |                                   |
| Ventura County Certificates of Participation               | \$ 93,740,000           | 0.957%                   | \$ 897,092                        |
| Ventura County Superintendent of Schools                   | 11,865,000              | 0.957%                   | 113,548                           |
| Oxnard Union High School District General Fund Obligations | 8,500,000               | 3.041%                   | 258,485                           |
| Oxnard School District Certificates of Participation       | 5,079,700               | 5.635%                   | 286,241                           |
| City of Port Hueneme Certificates of Participation         | 2,720,000               | 100.000%                 | 2,720,000 (1)                     |
| City of Port Hueneme Pension Obligations                   | 8,094,066               | 100.000%                 | <u>8,094,066</u>                  |
| <br>Total Direct and Overlapping General Fund Debt         |                         |                          | <br><u>12,369,432</u>             |
| <br>Combined Total Debt                                    |                         |                          | <br><u>\$ 27,982,431 (2)</u>      |

(1) Percentage of overlapping agencies assessed valuation located within boundaries of the City.

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

Ratios to Adjusted Assessed Valuation:

|                                       |       |
|---------------------------------------|-------|
| Total Direct Debt (\$10,814,066)..... | 1.19% |
| Combined Total Debt.....              | 3.09% |

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0

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

| Fiscal Year<br>Ended<br>June 30 | (2)<br>Assessed<br>Valuation | Conversion<br>Percentage | Adjusted<br>Assessed<br>Valuation | Debt Limit<br>Percentage | Debt Limit | (1)<br>Total Net Debt<br>Applicable to Limit: |                      | Total Debt Applicable<br>to the Limit as a<br>Percentage of<br>Debt Limit |
|---------------------------------|------------------------------|--------------------------|-----------------------------------|--------------------------|------------|---|----------------------|---|
|                                 |                              |                          |                                   |                          |            | General Obl-<br>igation Bonds                 | Legal<br>Debt Margin |   |
| 2003                            | 1,350,189,000                | 25%                      | 337,547,250                       | 15%                      | 50,632,088 | -   | 50,632,088           | 0%  |
| 2004                            | 1,428,545,000                | 25%                      | 357,136,250                       | 15%                      | 53,570,438 | -   | 53,570,438           | 0%  |
| 2005                            | 1,578,305,000                | 25%                      | 394,576,250                       | 15%                      | 59,186,438 | -   | 59,186,438           | 0%  |
| 2006                            | 1,870,222,000                | 25%                      | 467,555,500                       | 15%                      | 70,133,325 | -   | 70,133,325           | 0%  |
| 2007                            | 2,061,007,000                | 25%                      | 515,251,750                       | 15%                      | 77,287,763 | -   | 77,287,763           | 0%  |
| 2008                            | 2,214,455,000                | 25%                      | 553,613,750                       | 15%                      | 83,042,063 | -   | 83,042,063           | 0%  |
| 2009                            | 2,041,498,000                | 25%                      | 510,374,500                       | 15%                      | 76,556,175 | -   | 76,556,175           | 0%  |
| 2010                            | 2,043,242,555                | 25%                      | 510,810,639                       | 15%                      | 76,621,596 | -   | 76,621,596           | 0%  |
| 2011                            | 1,993,544,974                | 25%                      | 498,386,244                       | 15%                      | 74,757,937 | -   | 74,757,937           | 0%  |
| 2012                            | 1,429,308,948                | 25%                      | 357,327,237                       | 15%                      | 53,599,086 | -   | 53,599,086           | 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<br>Ended<br>June 30 | Wastewater Fund Revenue Bonds |                               |                             |              |          |          |
|---------------------------------|-------------------------------|-------------------------------|-----------------------------|--------------|----------|----------|
|                                 | Operating<br>Revenue          | Less<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |          | Coverage |
|                                 |                               |                               |                             | Principal    | Interest |          |
| 2003                            | 2,613,900                     | 2,365,026                     | 248,874                     | -            | -        | -        |
| 2004                            | 2,871,258                     | 2,852,269                     | 18,989                      | -            | -        | -        |
| 2005                            | 2,775,671                     | 3,076,562                     | (300,891)                   | -            | -        | -        |
| 2006                            | 2,620,828                     | 3,602,321                     | (981,493)                   | -            | -        | -        |
| 2007                            | 3,899,712                     | 3,724,773                     | 174,939                     | -            | 92,728   | 1.89     |
| 2008                            | 3,728,152                     | 3,375,604                     | 352,548                     | 85,000       | 233,373  | 1.11     |
| 2009                            | 3,230,222                     | 3,103,723                     | 126,499                     | 90,000       | 224,364  | 0.40     |
| 2010                            | 3,511,342                     | 3,065,671                     | 445,671                     | 95,000       | 217,464  | 1.43     |
| 2011                            | 3,902,867                     | 3,120,407                     | 782,460                     | 100,000      | 213,564  | 2.50     |
| 2012                            | 3,316,609                     | 3,016,761                     | 299,848                     | 100,000      | 264,549  | 0.82     |

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**

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| Calendar Year | Population (1) (2) | Personal Income (in thousands) (4) | Per Capita Personal Income (1) | Unemployment Rate (3) |
|---------------|--------------------|------------------------------------|--------------------------------|-----------------------|
| 2003          | 21,862             | 754,745                            | 34,523                         | 6.2%                  |
| 2004          | 22,178             | 818,786                            | 36,919                         | 6.0%                  |
| 2005          | 22,388             | 864,209                            | 38,601                         | 5.4%                  |
| 2006          | 22,388             | 928,196                            | 41,460                         | 4.6%                  |
| 2007          | 21,437             | 974,062                            | 45,438                         | 4.8%                  |
| 2008          | 22,202             | 973,486                            | 43,847                         | 5.8%                  |
| 2009          | 22,283             | 973,669                            | 43,696                         | 9.1%                  |
| 2010          | 22,152             | 510,722                            | 23,055                         | 11.7%                 |
| 2011          | 21,887             | 470,986                            | 21,519                         | 12.6%                 |
| 2012          | 21,682             | 486,436                            | 22,435                         | 11.8%                 |

(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**

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| <u>Function</u>                   | Full-Time (FTE) Employees as of June 30 |             |             |             |             |             |             |             |             |             |
|-----------------------------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                   | <u>2012</u>                             | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
| General Government                | 1                                       | 1           | 1           | 1           | 1           | -           | -           | -           | -           | -           |
| City Administration               | 8                                       | 4           | 4           | 4           | 4           | 5           | 5           | 5           | 5           | 5           |
| Finance                           | 10                                      | 9           | 9           | 9           | 10          | 9           | 9           | 10          | 10          | 11          |
| Community Development             | 10                                      | 10          | 10          | 10          | 9           | 9           | 12          | 12          | 12          | 11          |
| Recreation and Community Services | 20                                      | 20          | 20          | 20          | 20          | 20          | 36          | 36          | 35          | 35          |
| Public safety - police            | 36                                      | 35          | 36          | 36          | 37          | 40          | 54          | 54          | 55          | 55          |
| Housing Authority                 | 11                                      | 9           | 11          | 11          | 12          | 12          | 12          | 12          | 12          | 13          |
| Public Works                      | 51                                      | 45          | 51          | 54          | 55          | 58          | 59          | 59          | 59          | 59          |
| Total                             | <u>147</u>                              | <u>133</u>  | <u>142</u>  | <u>145</u>  | <u>148</u>  | <u>153</u>  | <u>187</u>  | <u>188</u>  | <u>188</u>  | <u>189</u>  |

Source: City Budget Documents

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

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| Employer (1)                 | 2012                |                                 |
|------------------------------|---------------------|---------------------------------|
|                              | Number of Employees | Percent of Total Employment (2) |
| Naval Base Ventura County    | 19,000              | 87.63%                          |
| Hueneme School District      | 215                 | 0.99%                           |
| PAC Foundries                | 179                 | 0.83%                           |
| International Longshoremen's | 151                 | 0.70%                           |
| Pride Industries             | 115                 | 0.53%                           |

(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**

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| Year ended<br>June 30, | City                 |                                     |
|------------------------|----------------------|-------------------------------------|
|                        | Average<br>Portfolio | Average Effective<br>Rate of Return |
| 2003                   | 29,089,354           | 2.37%                               |
| 2004                   | 37,743,290           | 2.04%                               |
| 2005                   | 40,563,346           | 3.18%                               |
| 2006                   | 41,131,226           | 4.38%                               |
| 2007                   | 45,866,487           | 5.28%                               |
| 2008                   | 46,509,671           | 3.83%                               |
| 2009                   | 47,510,157           | 1.94%                               |
| 2010                   | 41,447,447           | 1.94%                               |
| 2011                   | 41,525,703           | 1.34%                               |
| 2012                   | 44,121,112           | 0.72%                               |

Source: Finance Department, City of Port Hueneme

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

|   | Fiscal Years |       |       |        |       |        |       |       |       |       |
|---|--------------|-------|-------|--------|-------|--------|-------|-------|-------|-------|
|   | 2012         | 2011  | 2010  | 2009   | 2008  | 2007   | 2006  | 2005  | 2004  | 2003  |
| <b>Police:</b>  |              |       |       |        |       |        |       |       |       |       |
| Arrests   | 697          | 745   | 869   | 599    | 969   | 846    | 772   | 868   | 863   | 854   |
| Parking citations issued  | 8094         | 8209  | 8848  | 10,560 | 8,609 | 12,297 | 9,077 | 8,853 | 8,538 | **    |
| <b>Public works:</b>  |              |       |       |        |       |        |       |       |       |       |
| Street resurfacing (lane miles)                                 | 1.7          | 1.7   | 1.7   | 1.7    | 3.7   | 1.2    | 1.4   | 0.4   | 3.4   | 3.4   |
| <b>Parks and recreation:</b>                                    |              |       |       |        |       |        |       |       |       |       |
| Number of recreation classes                                    | 28           | 30    | 32    | 33     | 34    | 26     | 33    | 29    | 31    | 36    |
| Number of facility rentals per event                            | 119          | 128   | 122   | 140    | 117   | 201    | 211   | 239   | 254   | 280   |
| Number of park rental reservations per attendees (in thousands) | 4            | 5     | 7     | 4      | 5     | 4      | 4     | 12    | 12    | 13    |
| <b>Water:</b>   |              |       |       |        |       |        |       |       |       |       |
| Total system connections  | 5747         | 5312  | 5665  | 5,462  | 5,246 | 5,157  | 5,189 | 5,168 | 5,158 | 5,121 |
| Average daily consumption (million gallons per day)             | 2.41         | 2.45  | 2.42  | 2.48   | 2.63  | 2.87   | 2.60  | 2.48  | 2.58  | 2.67  |
| <b>Wastewater:</b>  |              |       |       |        |       |        |       |       |       |       |
| Total system connections  | 4822         | 4781  | 5157  | 5,126  | 5,081 | 4,992  | 5,027 | 5,008 | 4,999 | 5,074 |
| Average daily sewage treatment (million gallons per day)        | 2.50         | 2.60  | 2.96  | 2.64   | 2.98  | 3.09   | 2.85  | 2.74  | 3.01  | 2.97  |
| <b>Refuse:</b>  |              |       |       |        |       |        |       |       |       |       |
| Number of customers   | 4873         | 4160  | 3828  | 4161   | 4132  | 3906   | 3920  | 3911  | 3890  | 3858  |
| Average daily collection (tonage)                               | 45.45        | 47.93 | 45.21 | 48.98  | 55.68 | 59.53  | 63.40 | 69.98 | 63.03 | 60.98 |

Source: City of Port Hueneme

\*\* Data not available

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

|   | Fiscal Years |      |      |      |      |      |      |      |      |      |
|---|--------------|------|------|------|------|------|------|------|------|------|
|   | 2012         | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| 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   | 9    |
| Parks and recreation:   |              |      |      |      |      |      |      |      |      |      |
| Parks   | 5            | 5    | 5    | 5    | 5    | 5    | 5    | 5    | 5    | 5    |
| Community centers   | 1            | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Water:  |              |      |      |      |      |      |      |      |      |      |
| Water mains (miles)   | 100          | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 95   | 95   |
| Maximum daily capacity<br>(million gallons per day)           | 10           | 10   | 10   | 10   | 10   | 10   | 10   | 10   | 9    | 9    |
| Wastewater:   |              |      |      |      |      |      |      |      |      |      |
| Sanitary sewers (miles)                                       | 45           | 45   | 45   | 45   | 45   | 45   | 45   | 45   | 41   | 41   |
| Storm sewers (miles)  | 22           | 22   | 22   | 22   | 22   | 22   | 22   | 22   | 20   | 20   |
| Maximum daily treatment capacity<br>(million gallons per day) | 5            | 5    | 5    | 5    | 5    | 5    | 5    | 5    | 4    | 4    |

Source: City of Port Hueneme

**City of Port Hueneme  
Wastewater Service Rates  
Last Seven Fiscal Years**

| Fiscal<br>Year Ended<br>June 30 | Wastewater Volume Rates Per Hundred Cubic Feet (HCF) |                 |                      |                      |                  |         |
|---------------------------------|--|-----------------|----------------------|----------------------|------------------|---------|
|                                 | Residential  |                 | Commercial           |                      |                  |         |
|                                 | Single<br>Family                                     | Muti-<br>Family | Standard<br>Strength | Med-High<br>Strength | High<br>Strength | Schools |
| 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    |
| 2008                            | 20.75  | 20.75           | 1.40                 | 2.60                 | 0.48             | 1.50    |
| 2007                            | 20.75  | 20.75           | 1.30                 | 2.50                 | 0.45             | 1.40    |
| 2006                            | 16.50  | 16.50           | 1.13                 | 2.00                 | 0.40             | 1.21    |

**NOTE:**

1 HCF = 748 gallons

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

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

Source: Port Hueneme Wastewater Division

**City of Port Hueneme**  
**Principal Wastewater Customers**  
**Current Year and Seven Years Ago**

| Wastewater Customer       | 2012               |                                      | 2006 <sup>(1)</sup> |                                      |
|---------------------------|--------------------|--------------------------------------|---------------------|--------------------------------------|
|                           | Wastewater Charges | Percent of Total Wastewater Revenues | Wastewater Charges  | Percent of Total Wastewater Revenues |
| Naval Base Ventura County | \$ 167,121         | 5.04%                                | \$ 815,909          | 24.90%                               |
| Hueneme School District   | 2,067              | 0.06%                                | 8,845               | 0.27%                                |
| Oxnard Harbor District    | 25,413             | 0.77%                                | 1,742               | 0.05%                                |
|                           | <u>\$ 194,601</u>  | <u>5.87%</u>                         | <u>\$ 826,496</u>   | <u>25.22%</u>                        |

(1) 2006 was the first year of Wastewater Bond

Source: Port Hueneme Wastewater Division Division