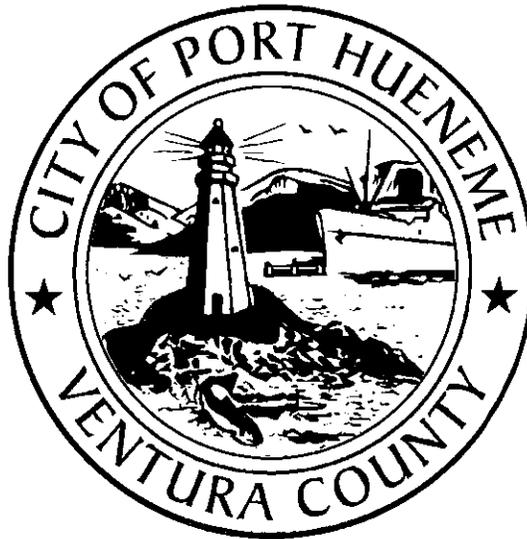


**CITY OF PORT HUENEME, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2013**



**Prepared by  
Finance Department**

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

**City of Port Hueneme  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2013**

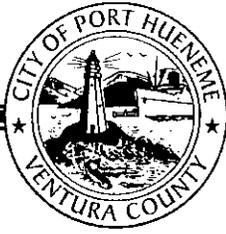
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Comprehensive Annual Financial Report  
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# City of Port Hueneme

## FINANCE DEPARTMENT

**December 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, 2013. 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, 2013. 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, 2013, totaled \$1.13 million compared to \$1.53 million for the previous year.

For 2013, countywide unemployment rate averaged 7.65 percent. The countywide rate is below the California average of 8.94 percent, but above the nationwide rate of 7.46 percent.

Consistent with the nationwide trend, median home prices increased in both the City and County from 2012 to 2013. The 2013 median single family home price in the City was \$287,500. City of Port Hueneme median home prices increased by 23.5 percent in 2013. The latest trend through November, 2013, shows single family homes continuing to rise.

In addition to community-related economics, i.e., business, employment, and real estate indices, the City's finances and operations are directly impacted by national and regional trends. The return on interest earnings was 0.67 percent for the fiscal year ended June 30, 2013, which is a decrease from the prior year's return of 0.72 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 2012 for Fiscal Year 2012-13. On February 11, 2012, 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 2012-13. 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.

## **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, 2013 included \$23.6 million invested in LAIF and \$9.5 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.

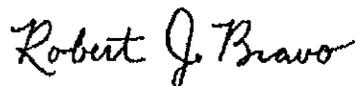
### **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE**

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, 2012. This was the second consecutive year that the City of Port Hueneme has achieved such a prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

I wish to acknowledge the excellent participation and professional contribution of the financial staff in the preparation of this document, in particular 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,

A handwritten signature in black ink that reads "Robert J. Bravo". The signature is written in a cursive, flowing style.

Robert J. Bravo  
Finance Director/City Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

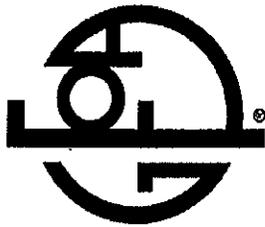
Presented to

**City of Port Hueneme  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



The Government Finance Officers Association  
of the United States and Canada

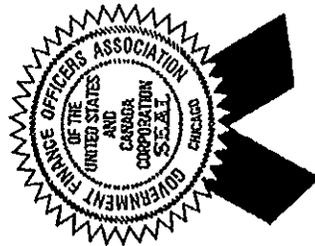
presents this

# AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

**Finance**

City of Port Hueneme, California

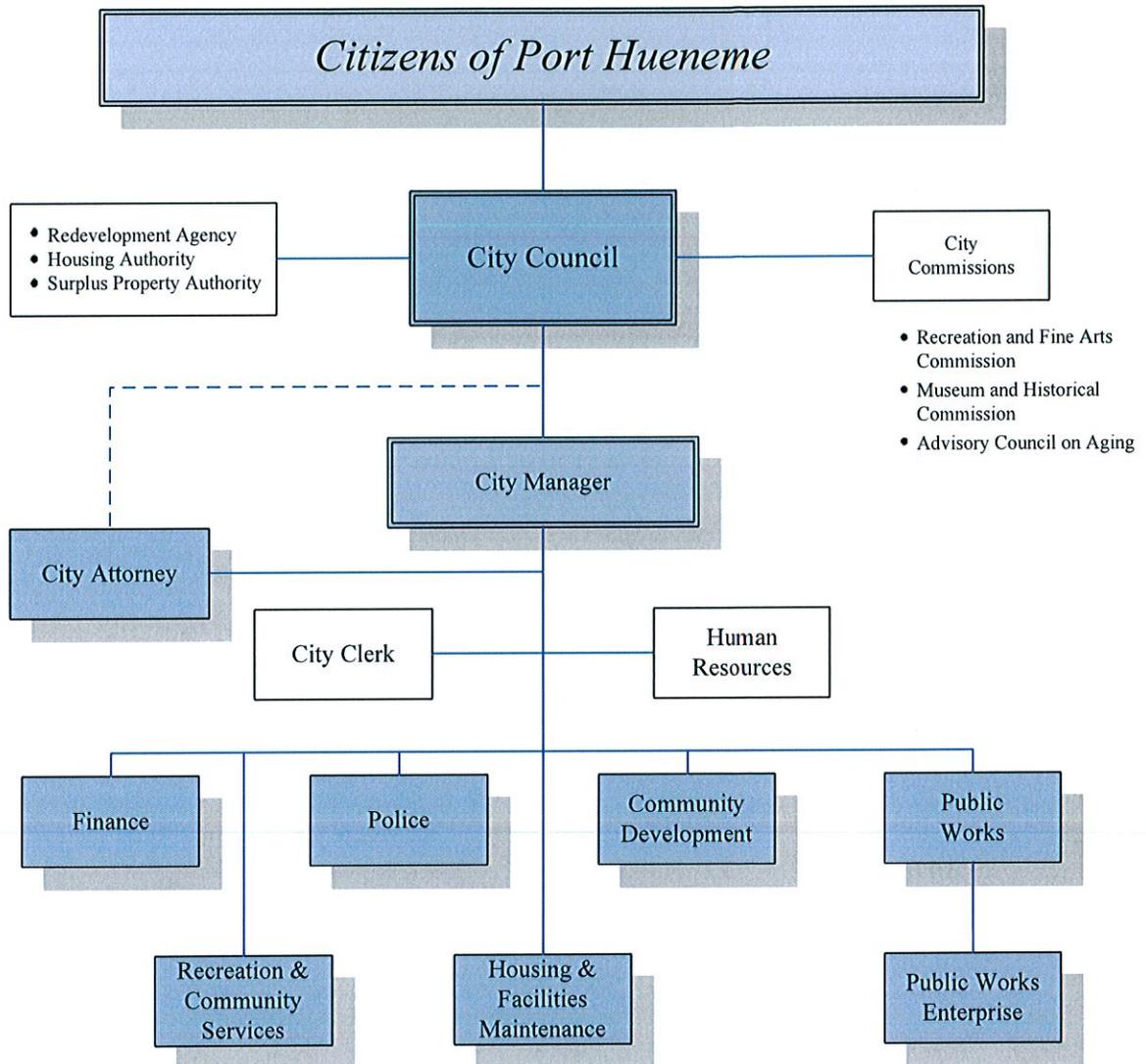


*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to 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 October 1, 2013

# City of Port Hueneme



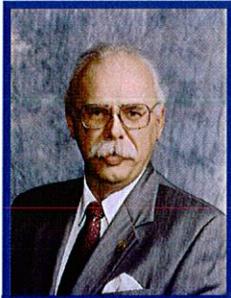
*Organization Chart*

# City of Port Hueneme

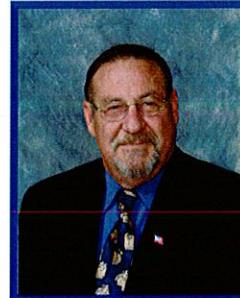
## COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2013

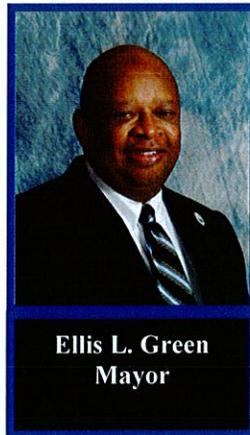
CITY COUNCIL



**Jonathan  
Sharkey  
Mayor Pro Tem**



**Douglas A.  
Breeze  
Council Member**



**Ellis L. Green  
Mayor**



**Norman E.  
Griffaw  
Council Member**



**Sylvia M. unoz  
Schnopp  
Council Member**

### Interim City Manager

**John Richard Velthoen**

### Department Directors

Robert J. Bravo – Finance Director

Greg Brown - Community Development Director

Lisa Donley - Recreation & Community Services Director

Robert Gager - Police Chief

Joseph Gately - Housing Authority Director

Andres Santamaria - Public Works Director

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

City Council Members  
City of Port Hueneme  
Port Hueneme, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Hueneme (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Hueneme, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1 to the basic financial statements, the City incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

As discussed in Notes 1 and 7 to the basic financial statements, the City has changed its method for accounting and reporting certain items previously reported as assets or liabilities during fiscal year 2012-2013 due to the early adoption of Governmental Accounting Standards Board's Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". The adoption of this standard required retrospective application resulting in \$189,826, \$216,000 and \$318,560 reduction of previously reported net position of the governmental activities, business-type activities and Successor Agency Private Purpose Trust Fund, respectively. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and the schedules 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 schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them. The budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements of the City or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole

## **Other Matters (Continued)**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*White Nelson Dick Evans LLP*

Irvine, California  
December 30, 2013

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

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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, 2013. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 15. Comparative data for the current fiscal year and previous fiscal year is presented on the government-wide financial statements, as required by GASB 34.

**FINANCIAL HIGHLIGHTS**

- Governmental activities posted a decrease in total net position of 5.7 million, while the business-type activities increased by \$1.8 million.
- Total expenditures of \$38.4 million exceeded total revenues of \$38.2 million by \$156,000.
- At June 30, 2013, the City's governmental funds reported combined ending fund balances of \$63.5 million, a decrease of \$6.4 million in comparison with prior fiscal year's fund balances.
- At June 30, 2013, the unassigned fund balance of the General Fund balance was \$15.7 million, which is 96% of the general fund's operating expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Statements**

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

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

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

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.

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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

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

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

### **Fund Financial Statements**

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

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

The focus of the funds financial statements is narrower than that of the government-wide financial statements. The various balance sheets and the statement of revenues, expenditures, and changes in fund balances, require a reconciliation to facilitate the comparison between fund statements and the government-wide statements. This reconciliation is required because the government-wide statements are prepared on the full accrual basis of accounting while the fund statements are prepared on the modified accrual basis of accounting. These reconciliations can be found on pages 18 and 20, 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, Housing Successor Special Revenue Fund, and Surplus Property Authority Fund budgetary compliance and the City's progress in funding its obligation to provide pension and other post-employment benefits.

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

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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

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

	Activities				Total		Change	Percentage
	Governmental		Business-type					
	2013	2012	2013	2012	2013	2012		
<b>Assets</b>								
Other assets	\$ 54,811	\$ 66,026	\$ 9,990	\$ 25,718	\$ 64,801	\$ 91,744	\$ (26,943)	-29.37%
Capital assets	23,942	24,011	19,874	19,401	43,816	\$ 43,412	\$ 404	0.93%
Total assets	78,753	90,037	29,864	45,119	108,617	135,156	(26,539)	-19.64%
<b>Liabilities</b>								
Other liabilities	\$ 3,705	\$ 4,848	\$ 1,283	\$ 1,317	\$ 4,987	\$ 6,165	\$ (1,178)	-19.11%
Long-term liabilities	11,571	10,886	4,733	5,115	\$ 16,305	\$ 16,001	304	1.90%
Total liabilities	15,276	15,734	6,016	6,432	21,292	22,166	(874)	-3.94%
<b>Net Position</b>								
Investment in Capital Assets	23,942	\$ 21,291	\$ 15,015	\$ 14,359	\$ 38,957	\$ 35,650	\$ 3,307	9.28%
Restricted	\$ 1,701	1,956	29	507	1,730	2,463	(733)	-29.76%
Unrestricted	37,834	51,057	8,804	7,398	46,638	58,455	(11,817)	-20.22%
Total net position	\$ 63,477	\$ 74,304	\$ 23,848	\$ 22,264	\$ 87,326	\$ 96,568	\$ (9,243)	-9.57%

*Table 1 – Net Position (in thousands)*

The City's assets exceeded liabilities by approximately \$87.3 million at the close of the fiscal year ending June 30, 2013. At June 30, 2013, the City's net position decreased by \$9.2 million or 10% in comparison to the fiscal year ending June 30, 2012 mainly due to a write-off of an uncollectable balance of \$5.1 million advances to the former Redevelopment Agency and restatement of net position due to adjustment to Net Pension asset related to safety plan.

Of the City's approximately \$108.6 million of assets, 60% are other assets and 40% reflect its investment in capital assets (i.e., land buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$1.7 million or 2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$46.7 million (53%) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

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

Capital assets increased by \$0.4 million or 0.93%. The reason for the increase is primarily due to upgrades in infrastructures, pipes and pipelines.

Total liabilities increased by \$0.9 million or 4% due primarily to the increase of accreted interest on the pension obligation bond.

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

**Analysis of Activities:**

The condensed summary of activities (in thousands), which follows, shows that net position decreased by \$9.2 million for the fiscal year ended June 30, 2013.

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

	Activities				Total		Change	Percentage
	Governmental		Business-type					
	2013	2012	2013	2012	2013	2012		
<b>Revenues</b>								
<b>Program Revenues:</b>								
Charges for services	\$ 6,682	\$ 7,518	\$ 15,870	\$ 15,090	\$ 22,552	\$ 22,608	\$ (56)	-0.25%
Operating grants/contributions	447	466	3,229	3,492	3,676	3,958	(282)	-7.12%
Capital grants/contributions	2,133	2,454			2,133	2,454	(321)	-13.08%
<b>General Revenues:</b>								
Property taxes	1,765	4,257			1,765	4,257	(2,492)	-58.54%
State sales tax	2,734	2,076			2,734	2,076	658	31.70%
Other taxes and fees	4,853	4,768	521	750	5,374	5,518	(144)	-2.61%
<b>Total Revenues</b>	<b>18,614</b>	<b>21,539</b>	<b>19,620</b>	<b>19,332</b>	<b>38,234</b>	<b>40,871</b>	<b>(2,637)</b>	<b>-6.45%</b>
<b>Expenses:</b>								
General government	7,369	5,862			7,369	5,862	1,507	25.71%
Public safety	6,350	6,684			6,350	6,684	(334)	-5.00%
Community development	1,229	2,265			1,229	2,265	(1,036)	-45.74%
Streets & highways	3,446	3,395			3,446	3,395	51	1.50%
Beaches and parks	1,663	1,548			1,663	1,548	115	7.43%
Interest on long-term debt	717	1,127	1,455	1,428	2,172	2,555	(383)	-14.99%
Capital Outlay					-	-	-	0.00%
Amortization expense		36			-	36	(36)	-100.00%
Housing Authority			4,187	4,135	4,187	4,135	52	1.26%
Water			5,059	4,594	5,059	4,594	465	10.12%
Wastewater			3,258	3,325	3,258	3,325	(67)	-2.02%
Solid waste			2,818	2,735	2,818	2,735	83	3.03%
Water plant			839	903	839	903	(64)	-7.09%
<b>Total Expenses</b>	<b>20,774</b>	<b>20,917</b>	<b>17,616</b>	<b>17,120</b>	<b>38,390</b>	<b>38,037</b>	<b>353</b>	<b>0.93%</b>
Increase (decrease) in net position	(2,160)	622	2,004	2,212	(156)	2,834	(2,990)	-105.50%
Transfers	242	191	(242)	(191)	-	-	-	-
Gain/Loss on disposal of capital assets		-		1	-	1	(1)	-
Investment earnings	1,607	2,051	38	45	1,645	-	1,645	-
Extraordinary item	(5,394)	17,626		-	(5,394)	-	(5,394)	-
Special Item		-		-	-	-	-	-
<b>Change in net position</b>	<b>(5,705)</b>	<b>20,490</b>	<b>1,800</b>	<b>2,067</b>	<b>(3,905)</b>	<b>2,835</b>	<b>(6,740)</b>	<b>-237.74%</b>
Net position, beginning, restated	69,182	53,814	22,048	20,197	91,230	74,011	17,219	23.27%
Net position, ending	63,477	74,304	23,848	22,264	87,325	96,568	(9,243)	-9.57%

**Governmental Activities**

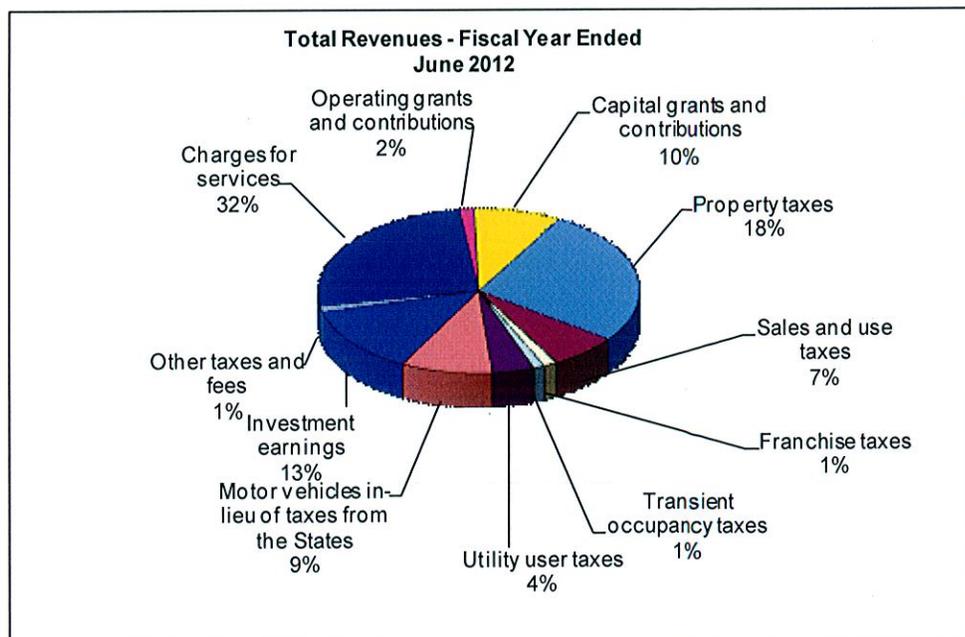
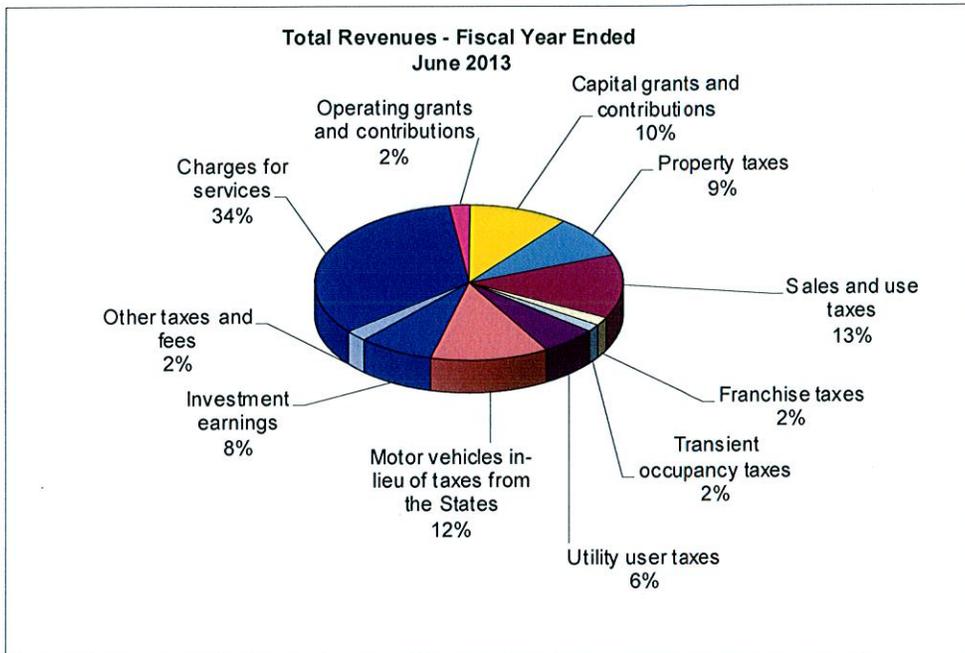
Governmental activities decreased the City's net position by \$5.7 million. Revenues for the City's governmental activities decreased by \$2.9 million, while total expenses increased by approximately \$0.1 million over the prior fiscal year.

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

Governmental program revenues funded 46% of total Governmental expenses of \$20.8 million; taxes, other general revenues and transfers financed the balance of 54%. Program revenues are resources obtained from parties outside of the City. They include: (a) amounts received from those who purchase, use or directly benefit from a program; (b) grants and contributions that are restricted to specific programs; and (c) investment earnings that are legally restricted for a specific program.

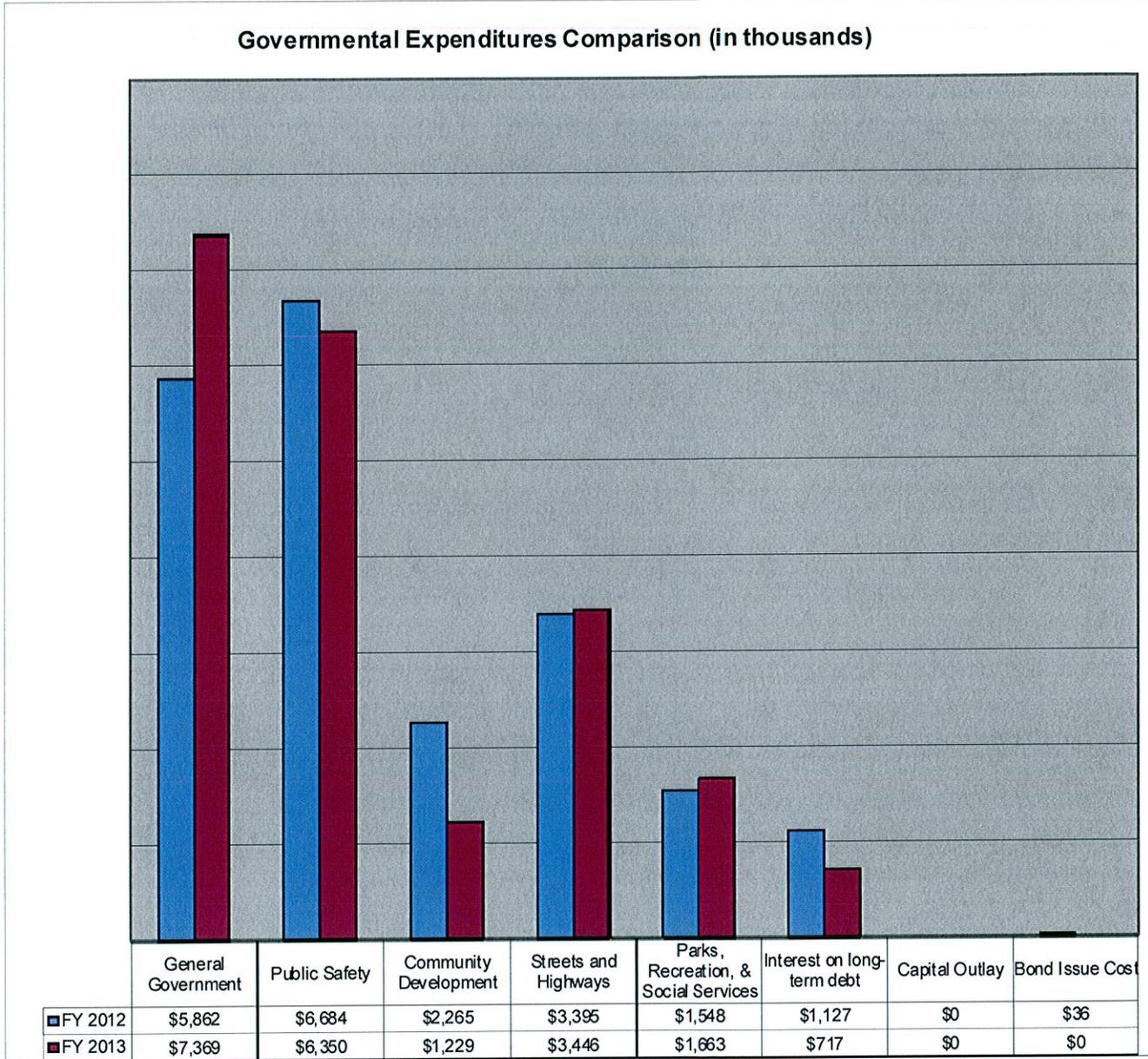
The following charts show a graphical comparison of governmental revenues by source:



**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
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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 increased by approximately \$1.9 million as a total over the prior fiscal year. Community Development expenses of \$1.2 million decreased by approximately \$1 million primarily due to dissolving of the Redevelopment Agency. Streets and Highways expenses of \$3.4 million increased by approximately \$.05 million primarily due to street improvements.

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

*Business-Type Activities*

The City operates five (5) business-type activities: water utility, wastewater utility, solid waste utility, water treatment plant and a housing authority. Total operating revenues and expenses for fiscal year ended June 30, 2013 were \$19.6 million and \$17.6 million, respectively. Business-type activities increased the City's net position by \$1.8 million. 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, 2013, the City's governmental funds reported combined ending fund balances of \$44.3 million, a decrease of \$6.4 million or 13% in comparison with the prior year fund balances. This year-end total is made up of the following:

- \$24.7 million is non-spendable consisting advances, receivables, and prepaid expenses.
- \$2.4 million is restricted primarily for Housing and Community Development projects.
- \$1.3 million is committed to special programs and street and public transportation.
- \$.4 million is assigned for special revenue.
- \$15.5 million is unassigned, which is available to meet City's current and future needs.

Revenues and expenditures for governmental funds overall totaled approximately \$20.2 million and \$21.4 million, respectively, for the fiscal year ended June 30, 2013, which represents a decrease in revenues of 13.7% from the fiscal year ended June 30, 2012. Expenditures for governmental funds of \$21.4 million represent a decrease of 9.3% from fiscal year ended June 30, 2012. In the fiscal year ended June 30, 2013, expenditures from governmental funds exceeded revenues by \$1.2 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 \$15.7 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 96% of total General Fund expenditures of \$16.4 million, while total fund balance represents 202% 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 assigned fund balance of the Surplus Property Authority decreased from \$677,238 in FY 2011/12 to \$438,332 in FY 2012/13. The nonspendable fund balance increased from \$8.2 million in FY2011/12 to \$8.6 million in FY 2012/13 due to unpaid interest being added to the principal balance of the loan by the former 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 accounts 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 \$6,255,437 during the fiscal year. This decrease was primarily due to the uncollectability of \$5.1 million advances to the former Redevelopment Agency reported as extraordinary item (see Note 6). Overall, the General Fund's performance resulted in revenues in excess of expenditures of \$200,000 in the fiscal year June 30, 2013.

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

**BUDGETARY HIGHLIGHTS**

General Fund's actual revenues from investment earnings were \$564,114 less than the final budget for the fiscal year 2012-13 had anticipated. Actual revenues from taxes were \$330,662 more than the budget for the fiscal year 2012-13 had anticipated. This variance was due to an increase in residual revenue coming from the Redevelopment Property Tax Trust Fund (RPTTF) of which the City gets 15% share. Actual revenues from property taxes were \$614,650 less than the budget for the fiscal year 2012-13 had anticipated. This variance was largely due to a significant decrease in the value of properties.

For the fiscal year 2012-13, the budgeted General Fund expenditures were approximately \$17 million in which \$16.4 were actually expended. This resulted in a variance over budget of \$612,500. The net change in the fund balance was a decrease of \$6,255,437 of which \$5,104,310 was due to a write-off of advances to the former Redevelopment Agency resulting to an ending Fund Balance of \$33 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, 2013, amounted to \$43.8 million (net of accumulated depreciation) for the fiscal year ended June 30, 2013. 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 \$0.4 million, and is comprised of a decrease of \$.06 million for governmental activities and an increase of \$.47 million for business-type activities.

**CITY OF PORT HUENEME**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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

*Table 3 - Capital Assets (in thousands)*

	Governmental		Business-type		Total	
	2013	2012	2013	2012	2013	2012
Non-depreciable assets:						
Land	\$ 3,235	\$ 2,545	\$ 2,246	\$ 2,246	\$ 5,481	\$ 4,791
Construction in progress	499	551		420	\$ 499	\$ 971
Total non-depreciable assets	3,734	3,096	2,246	2,666	5,980	5,762
Depreciable assets (net):						
Buildings, structures, and	11,048	11,545	1,353	1,554	12,401	13,099
Office equipment	24	30	2	2	26	32
Mobile equipment	305	227	1,221	1,171	1,526	1,398
Other equipment	398	287	157	4,543	555	4,830
Pipeline/plant			14,895	9,466	14,895	9,466
Infrastructure	8,434	8,826			8,434	8,826
Total depreciable assets	20,209	20,915	17,628	16,736	37,837	37,651
Total assets	\$ 23,943	\$ 24,011	\$ 19,874	\$ 19,402	\$ 43,817	\$ 43,413

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

- Remaining improvements to wastewater gravity line projects were all completed this current year. Thus, eliminating all non-depreciable assets (construction in progress) and adding it into the depreciable assets (Pipeline/Plant).
- Land that was owned by the former Redevelopment Agency were deeded to the Housing Successor Agency for the purpose of maintaining the low and moderate housing needs of the City.

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 \$2.4 million for Certificates of Participation. A scheduled principal payment of \$325,000 reduced the June 2013 outstanding balance of \$2.7 million to \$2.4 million.

**CITY OF PORT HUENEME  
Management's Discussion and Analysis  
June 30, 2013**

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

*Table 4 – Long-Term Liabilities (in thousands)*

	Activities				Total	
	Governmental		Business-Type			
	2013	2012	2013	2012	2013	2012
Certificates of Participation	2,395	2,720			2,395	2,720
Pension Obligation Bonds	7,305	8,094			7,305	8,094
Revenue Bonds			4,695	4,800	4,695	4,800
Capital Lease Agreement			164	242	164	242
<b>Total</b>	<b>\$ 9,700</b>	<b>\$ 10,814</b>	<b>\$ 4,859</b>	<b>\$ 5,042</b>	<b>\$ 14,559</b>	<b>\$ 15,856</b>

As of June 30, 2013, the City had outstanding bond issues totaling \$14.4 million and Capital Lease Obligations totaling \$164,000.

The City of Port Hueneme's debt decreased by \$1.2 million during the current fiscal year. No new debt was incurred in the current fiscal year.

Additional information on the City of Port Hueneme's long-term debt can be found in note 3 on pages 42-46 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 2012-13 financial and/or operational activities.

- The Fiscal Year 2012-13 Adopted Budget: Assumes a General Fund operating deficit of \$249,880, which is anticipated to be addressed through salary and benefit adjustments. An Unreserved Fund Balance of \$4.8 million is projected at the end of FY 2012-13.
- 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

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT – WIDE  
FINANCIAL STATEMENTS**

**CITY OF PORT HUENEME**  
**Statement of Net Position**  
**June 30, 2013**

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Current assets:</b>			
Cash and investments	\$ 20,142,189	\$ 14,709,628	\$ 34,851,817
Receivables, net	3,441,731	2,951,853	6,393,584
Internal balances	15,519,574	(15,519,574)	-
Prepays	3,713	-	3,713
<b>Total current assets</b>	<b>39,107,207</b>	<b>2,141,907</b>	<b>41,249,114</b>
<b>Noncurrent assets:</b>			
Advances to Successor Agency	8,637,700	-	8,637,700
Investment in joint venture	-	7,848,072	7,848,072
Net pension asset	7,065,903	-	7,065,903
Capital assets, net			
Non-depreciable	3,733,766	2,245,910	5,979,676
Depreciable, net	20,208,696	17,628,568	37,837,264
<b>Total capital assets</b>	<b>23,942,462</b>	<b>19,874,478</b>	<b>43,816,940</b>
<b>Total noncurrent assets</b>	<b>15,703,603</b>	<b>7,848,072</b>	<b>23,551,675</b>
<b>TOTAL ASSETS</b>	<b>78,753,272</b>	<b>29,864,457</b>	<b>108,617,729</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	732,704	644,026	1,376,730
Accrued wages and benefits	735,993	60,583	796,576
Accrued interest payable	35,925	-	35,925
Unearned revenue	296,015	-	296,015
Other liabilities	8,429	-	8,429
Compensated absence-short term	574,597	159,318	733,915
Long-term debt-due within one year	1,210,533	190,551	1,401,084
Deposits	110,576	228,069	338,645
<b>Total current liabilities</b>	<b>3,704,772</b>	<b>1,282,547</b>	<b>4,987,319</b>
<b>Noncurrent liabilities</b>			
Long-term debt			
Due in more than one year	10,714,822	4,668,823	15,383,645
Net OPEB obligation	529,177	-	529,177
Compensated absences			
Long term	327,235	64,641	391,876
<b>Total noncurrent liabilities</b>	<b>11,571,234</b>	<b>4,733,464</b>	<b>16,304,698</b>
<b>TOTAL LIABILITIES</b>	<b>15,276,006</b>	<b>6,016,011</b>	<b>21,292,017</b>
<b>NET POSITION</b>			
Net investment in capital assets	23,942,462	15,015,104	38,957,566
Restricted for:			
Capital improvement	1,700,763	29,484	1,730,247
Unrestricted	37,834,041	8,803,858	46,637,899
<b>TOTAL NET POSITION</b>	<b>\$ 63,477,266</b>	<b>\$ 23,848,446</b>	<b>\$ 87,325,712</b>

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Activities and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2013**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Capital Grants		Primary Government			
			Operating Grants and Contributions	and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Governmental activities</b>								
General government	\$ 7,369,212	\$ 3,999,418	\$ -	\$ -	\$ 3,999,418	\$ (3,369,794)	\$ -	\$ (3,369,794)
Public safety	6,349,764	182,263	-	605,610	787,873	(5,561,891)	-	(5,561,891)
Streets and highways	3,445,483	1,267,242	-	1,527,748	2,794,990	(650,493)	-	(650,493)
Parks, recreation and social services	1,663,385	470,565	-	-	470,565	(1,192,820)	-	(1,192,820)
Community development	1,229,464	762,056	-	-	1,209,052	(20,412)	-	(20,412)
Interest on long-term debt	716,591	-	-	-	-	(716,591)	-	(716,591)
<b>Total governmental activities</b>	<b>20,773,899</b>	<b>6,681,544</b>	<b>446,996</b>	<b>2,133,358</b>	<b>9,261,898</b>	<b>(11,512,001)</b>	<b>-</b>	<b>(11,512,001)</b>
<b>Business-type activities</b>								
Housing Authority	4,186,659	365,663	3,180,003	-	3,545,666	-	(640,993)	(640,993)
Water utility	6,141,435	7,533,284	-	-	7,533,284	-	1,391,849	1,391,849
Wastewater utility	3,529,296	3,626,449	-	-	3,626,449	-	97,153	97,153
Solid waste utility	2,919,931	3,468,483	50,014	-	3,518,497	-	598,566	598,566
Water plant	839,073	875,909	-	-	875,909	-	36,836	36,836
<b>Total business-type activities</b>	<b>17,616,394</b>	<b>15,869,788</b>	<b>3,230,017</b>	<b>-</b>	<b>19,099,805</b>	<b>-</b>	<b>1,483,411</b>	<b>1,483,411</b>
<b>Total primary government</b>	<b>\$ 38,390,293</b>	<b>\$ 22,551,332</b>	<b>\$ 3,677,013</b>	<b>\$ 2,133,358</b>	<b>\$ 28,361,703</b>	<b>(11,512,001)</b>	<b>1,483,411</b>	<b>(10,028,590)</b>

General revenues:	
Property taxes	1,764,939
Sales and use taxes	2,733,978
Franchise taxes	355,871
Transient occupancy taxes	300,505
Utility user taxes	1,185,088
Motor vehicle in-lieu of taxes from the State	2,531,547
Investment earnings	1,607,025
Other	480,039
Gain on disposal of capital asset	-
Transfers	242,353
<b>Total general revenues</b>	<b>11,201,345</b>
Extraordinary gain/(Loss)	(5,394,363)
<b>Change in net position</b>	<b>(5,705,019)</b>
<b>Net position - beginning, restated</b>	<b>69,182,285</b>
<b>Net position - ending</b>	<b>\$ 63,477,266</b>

Governmental Activities	1,764,939	-	1,764,939
Business-type Activities	2,733,978	-	2,733,978
	355,871	-	355,871
	300,505	-	300,505
	1,185,088	-	1,185,088
	2,531,547	-	2,531,547
	1,607,025	37,650	1,644,675
	480,039	521,927	1,001,966
	-	(242,353)	-
	11,201,345	317,224	11,518,569
	(5,394,363)	-	(5,394,363)
	(5,705,019)	1,800,635	(3,904,384)
	69,182,285	22,047,811	91,230,096
	\$ 63,477,266	\$ 23,848,446	\$ 87,325,712

See accompanying notes to financial statements.

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## **FUND FINANCIAL STATEMENTS**

**CITY OF PORT HUENEME**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	<u>General Fund</u>	<u>Housing Successor Agency</u>	<u>Surplus Property Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 17,113,347	\$ 197,816	\$ 479,191	\$ 2,351,835	\$ 20,142,189
Receivables	1,332,457	1,551,718	4,984	86,276	2,975,435
Due from other funds	318,245	-	-	-	318,245
Due from other Governments	435,681	-	-	30,616	466,297
Prepays	3,713	-	-	-	3,713
Advances to Successor Agency	-	-	8,637,700	-	8,637,700
Advances to other funds	15,454,720	-	-	-	15,454,720
<b>TOTAL ASSETS</b>	<b>\$ 34,658,163</b>	<b>\$ 1,749,534</b>	<b>\$ 9,121,875</b>	<b>\$ 2,468,727</b>	<b>\$ 47,998,299</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 538,281	\$ 17,910	\$ 26,597	\$ 149,916	\$ 732,704
Accrued wages and benefits	731,792	1,992	899	1,310	735,993
Due to other funds	-	-	-	253,391	253,391
Unearned Revenue	251,237	-	-	44,778	296,015
Deposits	63,360	28,869	18,347	-	110,576
Other liabilities	-	-	-	2,726	2,726
Due to other governments	5,703	-	-	-	5,703
<b>TOTAL LIABILITIES</b>	<b>1,590,373</b>	<b>48,771</b>	<b>45,843</b>	<b>452,121</b>	<b>2,137,108</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue-HOME Loans	-	1,551,345	-	-	1,551,345
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>1,551,345</b>	<b>-</b>	<b>-</b>	<b>1,551,345</b>
<b>FUND BALANCES</b>					
Nonspendable	16,068,878	-	8,637,700	-	24,706,578
Restricted	-	149,418	-	2,217,467	2,366,885
Committed	1,311,123	-	-	-	1,311,123
Assigned	-	-	438,332	-	438,332
Unassigned	15,687,789	-	-	(200,861)	15,486,928
<b>TOTAL FUND BALANCES</b>	<b>33,067,790</b>	<b>149,418</b>	<b>9,076,032</b>	<b>2,016,606</b>	<b>44,309,846</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 34,658,163</b>	<b>\$ 1,749,534</b>	<b>\$ 9,121,875</b>	<b>\$ 2,468,727</b>	<b>\$ 47,998,299</b>

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2013**

<b>Fund balances of the governmental funds</b>	\$	44,309,846
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		23,942,462
Net pension asset is not a current financial resource and therefore is not reported in the governmental funds		7,065,903
Long-term loan receivables are not available to finance current operations and are offset by a corresponding unavailable revenue balance in the governmental funds.		1,551,345
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		(11,925,355)
Net OPEB obligation		(529,177)
Accrued interest		(35,925)
Compensated absences		(901,833)
		(13,392,290)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>63,477,266</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, 2013**

	<u>General Fund</u>	<u>Housing Successor Agency</u>	<u>Surplus Property Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 6,047,671	\$ -	\$ -	\$ 502,988	\$ 6,550,659
Property taxes	1,261,950	-	-	-	1,261,950
Licenses and permits	576,351	-	-	-	576,351
Fines and penalties	458,031	-	-	24,936	482,967
Charges for services	485,413	-	-	-	485,413
Investment earnings	905,720	293	656,310	44,702	1,607,025
Rental income	321,978	224,684	196,942	369	743,973
Loan payments	-	-	-	25,000	25,000
Intergovernmental	5,260,734	-	-	1,527,749	6,788,483
Harbor district revenue	1,219,029	-	-	-	1,219,029
Other	73,061	1,058	-	405,920	480,039
<b>Total revenues</b>	<u>16,609,938</u>	<u>226,035</u>	<u>853,252</u>	<u>2,531,664</u>	<u>20,220,889</u>
<b>Expenditures:</b>					
General government	6,234,470	478,820	636,401	-	7,349,691
Public safety	6,280,633	-	-	18,500	6,299,133
Streets and highways	1,314,307	-	-	2,103,662	3,417,969
Parks, recreation and social services	1,612,317	-	-	37,785	1,650,102
Community development	968,753	-	-	250,893	1,219,646
Principal retirement	-	-	-	1,113,701	1,113,701
Interest and fiscal charges	-	-	-	393,541	393,541
<b>Total expenditures</b>	<u>16,410,480</u>	<u>478,820</u>	<u>636,401</u>	<u>3,918,082</u>	<u>21,443,783</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>199,458</u>	<u>(252,785)</u>	<u>216,851</u>	<u>(1,386,418)</u>	<u>(1,222,894)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	322,081	-	-	1,534,751	1,856,832
Transfers out	(1,382,613)	(2,225)	(1,112)	(228,529)	(1,614,479)
<b>Total other financing sources (uses)</b>	<u>(1,060,532)</u>	<u>(2,225)</u>	<u>(1,112)</u>	<u>1,306,222</u>	<u>242,353</u>
<b>Special Items</b>					
Extraordinary loss on Interest payments on Advances from former Redevelopment Agency	(290,053)	-	-	-	(290,053)
Extraordinary loss on uncollectible advances	(5,104,310)	-	-	-	(5,104,310)
<b>Total Special Items</b>	<u>(5,394,363)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,394,363)</u>
<b>Net change in fund balances</b>	<u>(6,255,437)</u>	<u>(255,010)</u>	<u>215,739</u>	<u>(80,196)</u>	<u>(6,374,904)</u>
<b>Fund balances - beginning</b>	<u>39,323,227</u>	<u>404,428</u>	<u>8,860,293</u>	<u>2,096,802</u>	<u>50,684,750</u>
<b>Fund balances - ending</b>	<u>\$ 33,067,790</u>	<u>\$ 149,418</u>	<u>\$ 9,076,032</u>	<u>\$ 2,016,606</u>	<u>\$ 44,309,846</u>

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Government Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

**Net change in fund balances for governmental funds** **\$ (6,374,904)**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital expenditures and contributions exceeded depreciation and disposition of capital Assets in the assets in the current period:

Capital Expenditures	1,149,923	
Depreciation expenses	(1,156,218)	
Loss on sale of asset	<u>(62,713)</u>	(69,008)

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

Interest expense	4,875	
Bond principal retirement	1,113,701	
Change in accreted interest	<u>(327,925)</u>	790,651

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:

Amortization of net OPEB assets	86,030	
Net OPEB expense	(160,410)	
Compensated absences	<u>22,622</u>	<u>(51,758)</u>

**Change in net position of governmental activities** **\$ (5,705,019)**

**CITY OF PORT HUENEME**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 6,873,225	\$ 4,048,233	\$ 2,485,818	\$ -	1,302,352	\$ 14,709,628
Receivables, net	1,750,768	616,732	465,161	105,887	13,305	2,951,853
<b>Total current assets</b>	<u>8,623,993</u>	<u>4,664,965</u>	<u>2,950,979</u>	<u>105,887</u>	<u>1,315,657</u>	<u>17,661,481</u>
Noncurrent assets:						
Advances from other funds	-	553,933	-	-	-	553,933
Investment in joint venture	7,848,072	-	-	-	-	7,848,072
Capital assets:						
Non-depreciable	596,007	1,083,500	507,271	-	59,132	2,245,910
Depreciable, net	4,236,787	10,898,569	1,428,856	-	1,064,356	17,628,568
<b>Total capital assets</b>	<u>4,832,794</u>	<u>11,982,069</u>	<u>1,936,127</u>	<u>-</u>	<u>1,123,488</u>	<u>19,874,478</u>
<b>Total noncurrent assets</b>	<u>12,680,866</u>	<u>12,536,002</u>	<u>1,936,127</u>	<u>-</u>	<u>1,123,488</u>	<u>28,276,483</u>
<b>TOTAL ASSETS</b>	<u>21,304,859</u>	<u>17,200,967</u>	<u>4,887,106</u>	<u>105,887</u>	<u>2,439,145</u>	<u>45,937,964</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	292,021	167,636	136,491	18,235	29,643	644,026
Accrued wages and benefits	10,087	15,949	18,119	4,838	11,590	60,583
Due to other funds	-	-	-	64,854	-	64,854
Deposits	180,450	9,000	16,882	-	21,737	228,069
Compensated absences-current portion	28,966	43,445	48,627	7,134	31,146	159,318
Long-term debts - current portion	-	110,000	80,551	-	-	190,551
<b>Total current liabilities</b>	<u>511,524</u>	<u>346,030</u>	<u>300,670</u>	<u>95,061</u>	<u>94,116</u>	<u>1,347,401</u>
Noncurrent portion of long-term liabilities:						
Advances from other funds	15,454,720	-	553,933	-	-	16,008,653
Compensated absences-long term portion	14,943	14,939	31,617	2,656	486	64,641
Long-term debt	-	4,585,000	83,823	-	-	4,668,823
<b>Total noncurrent liabilities</b>	<u>15,469,663</u>	<u>4,599,939</u>	<u>669,373</u>	<u>2,656</u>	<u>486</u>	<u>20,742,117</u>
<b>TOTAL LIABILITIES</b>	<u>15,981,187</u>	<u>4,945,969</u>	<u>970,043</u>	<u>97,717</u>	<u>94,602</u>	<u>22,089,518</u>
<b>NET POSITION</b>						
Net Investment in capital assets	4,832,794	7,287,069	1,771,753	-	1,123,488	15,015,104
Restricted for capital improvement	-	-	-	-	29,484	29,484
Unrestricted	490,878	4,967,929	2,145,310	8,170	1,191,571	8,803,858
<b>TOTAL NET POSITION</b>	<u>\$ 5,323,672</u>	<u>\$ 12,254,998</u>	<u>\$ 3,917,063</u>	<u>\$ 8,170</u>	<u>\$ 2,344,543</u>	<u>\$ 23,848,446</u>

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
<b>Operating revenues:</b>						
Charges for services	\$ 7,533,284	\$ 3,452,449	\$ 3,468,483	\$ 875,909	\$ 365,663	\$ 15,695,788
Connection fees	-	174,000				174,000
Grant revenue	-		50,014		3,180,003	3,230,017
Other	235,970	23,019	54,327	-	208,611	521,927
<b>Total operating revenues</b>	<u>7,769,254</u>	<u>3,649,468</u>	<u>3,572,824</u>	<u>875,909</u>	<u>3,754,277</u>	<u>19,621,732</u>
<b>Operating expenses:</b>						
Personnel services	657,410	815,754	801,498	238,386	829,535	3,342,583
Maintenance and operations	4,147,391	2,106,481	1,891,391	600,399	3,167,429	11,913,091
Depreciation and amortization	254,162	336,256	125,506	-	189,695	905,619
					-	
<b>Total operating expenses</b>	<u>5,058,963</u>	<u>3,258,491</u>	<u>2,818,395</u>	<u>838,785</u>	<u>4,186,659</u>	<u>16,161,293</u>
<b>Operating income</b>	<u>2,710,291</u>	<u>390,977</u>	<u>754,429</u>	<u>37,124</u>	<u>(432,382)</u>	<u>3,460,439</u>
<b>Non-operating revenues (expenses):</b>						
Interest revenues	-	8,754	-	-	-	8,754
Interest (expenses)	(1,082,472)	(270,805)	(101,536)	(288)	-	(1,455,101)
Investment income	-	-			28,896	28,896
<b>Total non-operating revenues (expenses)</b>	<u>(1,082,472)</u>	<u>(262,051)</u>	<u>(101,536)</u>	<u>(288)</u>	<u>28,896</u>	<u>(1,417,451)</u>
Transfer in	-	108,839	-	-	-	108,839
Transfer (out)	(26,023)	(161,485)	(145,370)	(18,314)	-	(351,192)
<b>Total other financing sources</b>	<u>(26,023)</u>	<u>(52,646)</u>	<u>(145,370)</u>	<u>(18,314)</u>	<u>-</u>	<u>(242,353)</u>
<b>Increase (decrease) in net position</b>	1,601,796	76,280	507,523	18,522	(403,486)	1,800,635
<b>Net position (deficit), beginning restated</b>	<u>3,721,876</u>	<u>12,178,718</u>	<u>3,409,540</u>	<u>(10,352)</u>	<u>2,748,029</u>	<u>22,047,811</u>
<b>Net position (deficit), ending</b>	<u>\$ 5,323,672</u>	<u>\$ 12,254,998</u>	<u>\$ 3,917,063</u>	<u>\$ 8,170</u>	<u>\$ 2,344,543</u>	<u>\$ 23,848,446</u>

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 7,668,778	\$ 3,654,848	\$ 3,657,140	\$ 783,395	366,350	\$ 16,130,511
Cash received from grantors	-	-	50,015	-	3,180,003	3,230,018
Cash received from other operating	235,970	23,019	54,327	-	208,611	521,927
Cash paid to suppliers for goods and services	(4,600,223)	(2,005,232)	(1,997,640)	(583,262)	(3,183,387)	(12,369,744)
Cash paid to employees for services	(670,966)	(819,481)	(794,250)	(249,726)	(825,100)	(3,359,523)
<b>Net cash provided by operating activities</b>	<u>2,633,559</u>	<u>853,154</u>	<u>969,592</u>	<u>(49,593)</u>	<u>(253,523)</u>	<u>4,153,189</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfers to other funds	(26,023)	(161,485)	(145,370)	(18,314)	-	(351,192)
Transfers from other funds	-	108,839	-	-	-	108,839
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(26,023)</u>	<u>(52,646)</u>	<u>(145,370)</u>	<u>(18,314)</u>	<u>-</u>	<u>(242,353)</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	0	(1,153,543)	(225,665)	-	-	(1,379,208)
Repayment of loans	-	(110,000)	(80,551)	-	-	(190,551)
Interest paid	(1,082,473)	(270,805)	(101,536)	(288)	-	(1,455,102)
<b>Net cash used for capital and related financing activities</b>	<u>(1,082,473)</u>	<u>(1,534,348)</u>	<u>(407,752)</u>	<u>(288)</u>	<u>-</u>	<u>(3,024,861)</u>
<b>Cash flows from investing activities:</b>						
Joint venture	250,251	-	-	-	-	250,251
Interest on cash and cash equivalents	-	8,754	-	-	28,896	37,650
<b>Net cash flows from investing activities</b>	<u>250,251</u>	<u>8,754</u>	<u>-</u>	<u>-</u>	<u>28,896</u>	<u>287,901</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>1,775,314</u>	<u>(725,086)</u>	<u>416,470</u>	<u>(68,195)</u>	<u>(224,627)</u>	<u>1,173,876</u>
<b>Cash and cash equivalents, beginning</b>	<u>5,097,911</u>	<u>4,773,319</u>	<u>2,069,348</u>	<u>68,195</u>	<u>1,526,979</u>	<u>13,535,752</u>
<b>Cash and cash equivalents, ending</b>	<u>\$ 6,873,225</u>	<u>\$ 4,048,233</u>	<u>\$ 2,485,818</u>	<u>\$ -</u>	<u>1,302,352</u>	<u>\$ 14,709,628</u>

See accompanying notes to financial statements.

**THE CITY OF PORT HUENEME**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(Continued)**

	<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>Reconciliation of operating income to net cash provided by (used for) operating activities:</b>						
Operating income (loss)	\$ 2,710,291	\$ 390,977	\$ 754,429	\$ 37,124	(432,382)	\$ 3,460,439
Adjustments to reconcile operating						
Depreciation	254,162	336,256	125,506	-	189,695	905,619
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	135,493	(187,601)	188,657	(92,514)	687	44,722
Increase in deposits	4,353	-	(4,214)	-	500	639
Increase in deferred bond issuance costs	-	216,000	-	-	-	216,000
Increase (decrease) in accounts payable	(143,963)	(72,417)	63,490	(47,718)	(16,458)	(217,066)
Increase (decrease) in accrued wage and benefits	721	(3,364)	(1,434)	835	90	(3,152)
Increase (decrease) in due to other funds	(313,222)	173,667	(165,524)	64,854	-	(240,225)
Increase (decrease) in compensated absences	(14,276)	(364)	8,682	(12,174)	4,345	(13,787)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 2,633,559</b>	<b>\$ 853,154</b>	<b>\$ 969,592</b>	<b>\$ (49,593)</b>	<b>(253,523)</b>	<b>\$ 4,153,189</b>

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2013**

	Successor Agency to the Port Hueneme Redevelopment Agency Private- Purpose Trust Fund
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and investments	\$ 2,719,596
Receivables:	
Interest	1,239
Restricted cash and investments	1,797,053
<b>TOTAL CURRENT ASSETS</b>	<b>4,517,888</b>
<b>NONCURRENT ASSETS:</b>	
Land held for resale	759,980
<b>TOTAL NONCURRENT ASSETS</b>	<b>759,980</b>
<b>TOTAL ASSETS</b>	<b>5,277,868</b>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	14,924
Accrued salary	2,752
Interest payable	107,538
Due to other governments	141
Refunding Bonds payable - current portion	1,145,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,270,355</b>
<b>NONCURRENT LIABILITIES:</b>	
Refunding Bonds payable	12,960,000
Advances from the City of Port Hueneme	8,637,700
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>21,597,700</b>
<b>TOTAL LIABILITIES</b>	<b>22,868,055</b>
<b>NET POSITION:</b>	
Net Position for private purpose	<b>\$ (17,590,187)</b>

See accompanying notes to financial statements.

**CITY OF PORT HUENEME**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2013**

		Successor Agency to the Port Hueneme Redevelopment Agency Private- Purpose Trust Fund
<b>ADDITONS:</b>		
Property tax increments	\$	2,254,725
Investment earnings		7,654
Other		71,842
<b>Total Additions</b>		<u>2,334,221</u>
<b>DEDUCTIONS:</b>		
Community development		272,817
Payment to County Auditor		5,113,679
Transfer of properties to Port Hueneme		689,561
Debt service:		
Interest and fiscal charges		1,300,012
<b>Total Deductions</b>		<u>7,376,069</u>
Change in net position before extraordinary Items		<u>(5,041,848)</u>
<b>Extraordinary Items:</b>		
Extraordinary gain on advances written-off		5,104,310
Extraordinary gain on repayment of interest		290,053
<b>Total Extraordinary Items</b>		<u>5,394,363</u>
Change in net position		352,515
<b>Net Position, June 30, 2012, Restated</b>		<u>(17,942,702)</u>
<b>Net Position, June 30, 2013</b>	<b>\$</b>	<u><u>(17,590,187)</u></u>

See accompanying notes to financial statements.

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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*

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 17 and 19.

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 17 and 19.

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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government 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.

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,

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets 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 accounts for specific revenues that are legally restricted to expenditures for housing functions performed by the Agency.

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

The City reports the following major proprietary funds:

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

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

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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

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

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

D. Deferred Outflows/Inflows of Resources:

In Addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows or resources. This separated financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no deferred outflows of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from two long term loans receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Investments

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

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

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

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

Interfund Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are reported as nonspendable or restricted as applicable, governmental funds to indicate that they are not available for appropriation and are not expendable available financial assets.

Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value.

Investment in Joint Venture

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

Capital Assets

Capital assets, which include property, plant equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial individual cost of \$5,000 or more for equipment, \$25,000 or more for building improvements and infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the fair market value of the assets on the date on which they were contributed. Public domain (infrastructure) assets consist of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

Property Taxes

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

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

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

F. New Accounting Pronouncements

Implemented

In fiscal year 2012-2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, "*Elements of Financial Statements*" into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new Statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In fiscal year 2012-2013, the City early implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Due to the early implementation of this statement, bond issue costs, which should be recognized as an expense in the period incurred, were eliminated. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this standard

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

decreased the net position at July 1, 2012 of the governmental activities, business-type activity and the Successor Agency to the Port Hueneme Redevelopment Agency Private-Purpose Trust Fund by \$189,826, \$216,000 and \$318,560, respectively.

Pending Accounting Standards

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

- GASB 66 - "*Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62*", effective for periods beginning after December 15, 2012.
- GASB 67 - "*Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*", effective for the fiscal years beginning after June 15, 2013.
- GASB 68 - "*Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*", effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - "*Government Combinations and Disposals of Government Operations*", effective for periods beginning after December 15, 2013.
- GASB 70 - "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*", effective for the periods beginning after June 15, 2013.

Compensated Absences

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

Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligation is reported as liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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 during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses

Fund Balances

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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

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 position are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

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

*Restricted Net 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 “Net Investment in Capital assets” or “restricted net assets”.

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

Use of Estimates

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

Inventory

The City uses the purchase method of accounting for inventory items (for example, materials and supplies), as there is not significant inventory on hand at June 30, 2013. It is not reported on the balance sheet, but expensed on the statement of revenues, expenditures and changes in fund balances.

G. Subsequent Events:

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 30, 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 City maintains budgetary controls with provisions embodied in the annual budget by the City Council, Housing Authority Board of Directors and Surplus Property Authority Commissioners. The City Council approves

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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		
Public Safety	6,249,636	6,280,633

The following funds reported deficit fund balances:

Nonmajor Governmental Funds

Stormwater Program	\$ 23,914
Median Assessment District	\$ 5,734
Light Assessment District	\$ 171,214

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

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments at June 30, 2013 consisted of the following:

	<u>Government Wide Statement of Net Position</u>	<u>Fiduciary Funds Statement of Net Position</u>	<u>Total</u>
Unrestricted assets:			
Cash and investments	<u>\$ 34,851,817</u>	<u>\$ 2,719,596</u>	<u>\$ 37,571,413</u>
Total unrestricted assets	<u>34,851,817</u>	<u>2,719,596</u>	<u>37,571,413</u>
Restricted assets:			
Cash and investments	<u>-</u>	<u>1,797,053</u>	<u>\$ 1,797,053</u>
Total unrestricted assets	<u>-</u>	<u>1,797,053</u>	<u>1,797,053</u>
 TOTAL CASH AND INVESTMENTS	 <u>\$ 34,851,817</u>	 <u>\$ 4,516,649</u>	 <u>\$ 39,368,466</u>

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Primary Government

Deposits	\$ 3,956,114
Investments	35,412,352
	39,368,466

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

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

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

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk:

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

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

Primary Government

<u>Investment Type</u>	<u>Remaining Maturity (in months)</u>			<u>Total</u>
	<u>12 Months or less</u>	<u>13 - 36 Months</u>	<u>37 - 60 Months</u>	
Local Agency Investment Fund	\$ 23,606,109	\$ -	\$ -	\$ 23,606,109
Federal Home Loan Mortgage Corporation	-	-	1,961,120	1,961,120
Federal National Mortgage Association	-	-	598,524	598,524
Federal Farm Credit Bank	-	-	1,461,915	1,461,915
Federal Home Loan Bank Cons Bond	-	-	5,469,092	5,469,092
Guaranteed Investment Contracts	-	-	1,208,050	1,208,050
Money Market Mutual Funds	1,107,542	-	-	1,107,542
	<u>\$ 24,713,651</u>	<u>\$ -</u>	<u>\$ 10,698,701</u>	<u>\$ 35,412,352</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:

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Primary Government

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Total as of 30-Jun-13</u>	<u>AAA</u>	<u>AA+</u>	<u>Not Rated</u>
Local Agency Investment Fund	N/A	\$ 23,606,109	\$ -	\$ -	\$ 23,606,109
Federal Home Loan Mortgage Corporation	N/A	1,961,120	-	1,961,120	-
Federal National Mortgage Association	N/A	598,524	-	598,524	-
Federal Farm Credit Bond	N/A	1,461,915		1,461,915	
Federal Home Loan Bank Cons Bond	N/A	5,469,092		5,469,092	
Money Market Mutual Funds	A	1,107,542	1,107,542	-	-
Guaranteed Investment Contracts	N/A	1,208,050	-		1,208,050
		<u>\$ 35,412,352</u>	<u>\$ 1,107,542</u>	<u>\$ 9,490,651</u>	<u>\$ 24,814,159</u>

N/A - Not Applicable

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	\$ 1,961,120
Federal Home Loan Bank Cons Bond	United States Government Sponsored Agency Securities	5,469,092

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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2013, 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.

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 Successor Agency	Surplus Property	Nonmajor	Total
Accounts	\$ 848,325	\$ 1,551,435		\$ 1,694	\$ 2,401,454
Tenants		283	4,807		5,090
Interest	665		177		842
Taxes	483,467			10,528	493,995
Grants				74,054	74,054
Due from other Government	435,681			30,616	466,297
Total:	<u>\$ 1,768,138</u>	<u>\$ 1,551,718</u>	<u>\$ 4,984</u>	<u>\$ 116,892</u>	<u>\$ 3,441,732</u>

<i>Proprietary Funds:</i>	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	Total
Accounts	\$ 1,750,768	\$ 616,732	\$ 465,161	\$ 105,887	\$ 13,060	\$ 2,951,608
Interest					245	245
Total:	<u>\$ 1,750,768</u>	<u>\$ 616,732</u>	<u>\$ 465,161</u>	<u>\$ 105,887</u>	<u>\$ 13,305</u>	<u>\$ 2,951,853</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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
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NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

and equipment and the amount was reported as investment in joint venture. The balance is adjusted yearly based on the City's pro rata share of PHWA's income or loss. The balance of the investment is \$7,848,072 as of June 30, 2013.

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

The following are the net position of PHWA as of June 30, 2013:

Net Position:	
Net Investment in capital assets:	\$ 17,272,708
Restricted for operations	105,932
Unrestricted	<u>1,632,242</u>
Total net position	<u>\$ 19,010,882</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, 2013 are as follows:

**CITY OF PORT HUENEME**  
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**June 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

*Primary Government*

**Governmental Activities:**

	Beginning Balance	Addition	Retirements	Ending Balance
Non-depreciable assets:				
Land	\$ 2,544,960	\$ 689,561	\$ -	\$ 3,234,521
Construction in progress	551,074	10,885	(62,714)	499,245
Total non-depreciable assets	<u>3,096,034</u>	<u>700,446</u>	<u>(62,714)</u>	<u>3,733,766</u>
Depreciable assets:				
Buildings, structures, improvements	20,643,229			20,643,229
Office equipment	760,580			760,580
Mobile equipment	1,472,315	225,658	(127,907)	1,570,066
Other equipment	848,563	223,818		1,072,381
Infrastructure	17,304,734			17,304,734
Total depreciable assets	<u>41,029,421</u>	<u>449,476</u>	<u>(127,907)</u>	<u>41,350,990</u>
Less accumulated depreciation				
Buildings, structures, improvements	(9,097,806)	(497,722)		(9,595,528)
Office equipment	(730,175)	(5,791)		(735,966)
Mobile equipment	(1,245,517)	(147,669)	127,907	(1,265,279)
Other equipment	(561,781)	(112,849)		(674,630)
Infrastructure	(8,478,704)	(392,187)		(8,870,891)
Total accumulated depreciation	<u>(20,113,983)</u>	<u>(1,156,218)</u>	<u>127,907</u>	<u>(21,142,294)</u>
Governmental activities capital assets, net	<u>\$ 24,011,472</u>	<u>\$ (6,296)</u>	<u>\$ (62,714)</u>	<u>\$ 23,942,462</u>

**Business-type Activities**

Non-depreciable assets:				
Land	\$ 2,245,910			\$ 2,245,910
Construction in progress	420,066		(420,066)	-
Total non-depreciable assets	<u>2,665,976</u>	<u>-</u>	<u>(420,066)</u>	<u>2,245,910</u>
Depreciable assets:				
Buildings, structures, improvements	5,470,021			5,470,021
Pipelinc/plant	14,505,123	1,540,125		16,045,248
Meters	4,894,119			4,894,119
Equipment	3,500,580	259,151		3,759,731
Total depreciable assets	<u>28,369,843</u>	<u>1,799,276</u>	<u>-</u>	<u>30,169,119</u>
Less accumulated depreciation				
Buildings, structures, improvements	(3,915,540)	(201,330)		(4,116,870)
Pipelinc/plant	(5,039,591)	(270,877)		(5,310,468)
Meters	(489,412)	(244,706)		(734,118)
Equipment	(2,190,389)	(188,706)		(2,379,095)
Total accumulated depreciation	<u>(11,634,932)</u>	<u>(905,619)</u>	<u>-</u>	<u>(12,540,551)</u>
Business-type activities capital assets, net	<u>\$ 19,400,887</u>	<u>\$ 893,657</u>	<u>\$ (420,066)</u>	<u>\$ 19,874,478</u>

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Depreciation expenses of \$1,156,218 and \$905,619 were charged to the following functions of the City's primary government:

	Governmental Activities	Business-type Activities
<i>Primary Government</i>		
General government	\$ 1,018,867	
Community development	133,796	
Street and highways	3,555	
Water utility		\$ 254,162
Wastewater utility		336,256
Solid waste utility		125,506
Housing Authority		189,695
	\$ 1,156,218	\$ 905,619

E. Interfund Receivables, Payables and Transfers

*Interfund Receivables and Payables*

The following summarizes interfund receivables and payables at June 30, 2013:

Receivable	Payable	Amount
<i>Primary Government</i>	<i>Other Governmental Funds:</i>	
General Fund	Traffic Safety	\$ 1,694
	Stormwater Program	26,765
	Senior Nutrition Grant	1,481
	Median Assessment District	10,342
	Light Assessment District	161,121
	CDBG Program	26,988
	COPS Grant	25,000
General Fund	Water Capital	64,854
	Total	\$ 318,245

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, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

*Advances From/To Other Funds*

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Water Utility Fund – PN#7	\$ 285,498
	Water Utility Fund – PN#8	249,810
	Water Utility Fund – PN#9	122,357
	Water Utility Fund – PN#06-01	5,506,646
	Water Utility Fund – PN#03-01	9,290,409
	Total	<u>15,454,720</u>
Wastewater Utility	Solid Waste Utility	<u>553,933</u>
Total Advances		<u>\$ 16,008,653</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>
Surplus Property Authority	Successor Agency – NCEL PN1	<u>8,637,700</u>
Total Advances to Successor Agency		<u>\$ 8,637,700</u>

- 1) 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 Surplus Property Authority records \$8,637,700. 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, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

*Transfers In/Out*

Interfund transfers during the fiscal year ended June 30, 2013 were as follows:

	Transfers Out	Transfers In			Total
		General Fund	Non-Major Fund	Wastewater Fund	
General Fund	(1,382,613)	222,081	1,160,532		1,382,613
Housing Successor Agency	(2,225)		2,225		2,225
Surplus Property Authority	(1,112)		1,112		1,112
Non-Major Fund	(228,529)		228,529		228,529
Enterprise Funds:					
Water	(26,023)		26,023		26,023
Wastewater	(161,485)		52,646	108,839	161,485
Solid Waste	(145,370)	100,000	45,370		145,370
Water Plant	(18,314)		18,314		18,314
<b>Total</b>	<b>(1,965,671)</b>	<b>322,081</b>	<b>1,534,751</b>	<b>108,839</b>	<b>1,965,671</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.

F. Long-Term Obligations

Governmental Activities

Changes in Long-Term Obligations Governmental Activities:

	Balance Restated July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
<i>Governmental Activities</i>					
Certificates of Participation	2,720,000	-	(325,000)	2,395,000	345,000
Pension Obligation Bonds	9,991,131	429,224	(890,000)	9,530,355	865,533
Total Long-term Debt	12,711,131	429,224	(1,215,000)	11,925,355	1,210,533
Net OPEB obligation	368,767	160,410		529,177	
Compensated Absences	924,454	581,160	(603,782)	901,832	574,597
<i>Total governmental activities</i>	<u>\$ 14,004,352</u>	<u>\$ 1,170,794</u>	<u>\$ (1,818,782)</u>	<u>\$ 13,356,364</u>	<u>\$ 1,785,130</u>

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

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

Type of liability	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding June 30, 2013
<i>Government Activities:</i>					
<i>Certificates of Participation:</i>					
1992 Refunding COP	04/01/2019	3.25% - 6%	\$215 - \$465	\$ 5,605,000	\$ 2,395,000
<i>Total Certificates of Participation:</i>				<u>5,605,000</u>	<u>2,395,000</u>
<i>Pension Obligation Bonds:</i>					
Series 2006A-1 Bonds	06/01/2016	5.30%	\$290,000-\$675,000	4,305,000	1,860,000
Series 2006A-2 Bonds	06/01/2035	5.30%	\$174,853-\$309,843	6,374,956	7,670,355
<i>Total Pension Obligation Bonds:</i>				<u>10,679,956</u>	<u>9,530,355</u>
<i>Total Governmental Activities:</i>				<u>\$16,284,956</u>	<u>\$11,925,355</u>

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, 2013 were \$488,200. Interest rate(s) ranges from 3.25% to 6%.

The outstanding balance as of June 30, 2013 was \$2,395,000.

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

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NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2013 was \$9,530,355, including accreted interest of \$2,224,989.

Bonds Payable

Governmental:

Fiscal year ended June 30	Principal	Interest	Total
2014.....	\$ 1,210,533	\$ 376,002	\$ 1,586,535
2015.....	1,294,843	356,669	1,651,512
2016.....	1,368,610	328,265	1,696,875
2017.....	703,535	294,465	998,000
2018.....	718,924	294,776	1,013,700
2019-2023.....	1,804,026	1,623,874	3,427,900
2024-2028.....	1,181,539	2,263,461	3,445,000
2029-2033.....	1,040,679	3,014,321	4,055,000
2034-2035.....	377,677	1,432,323	1,810,000
	<u>9,700,366</u>	<u>9,984,156</u>	<u>19,684,522</u>
Accreted Interest	2,224,989	(2,224,989)	-
	<u>\$ 11,925,355</u>	<u>\$ 7,759,167</u>	<u>\$ 19,684,522</u>

Changes in Long-Term Obligations Business Type Activities:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
<i>Business-type Activities</i>					
Capital Lease Obligation	\$ 241,782	\$ -	\$ (77,408)	\$ 164,374	\$ 80,551
Revenue Bonds	4,800,000	-	(105,000)	4,695,000	110,000
Total Long-term Debt	5,041,782	-	(182,408)	4,859,374	190,551
Compensated absences	237,746	2,972	(16,759)	\$ 223,959	159,318
Total business-type activities	<u>\$ 5,279,528</u>	<u>\$ 2,972</u>	<u>\$ (199,167)</u>	<u>\$ 5,083,333</u>	<u>\$ 349,869</u>

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
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NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Type of liability	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding June 30, 2013
<i>Business-types Activities:</i>					
<i>Revenue Bonds:</i>					
Series 2006D-1 Bonds	10/01/2037	4% -4.25%	\$85,000-\$165,000	\$ 5,270,000	\$ 4,695,000
<i>Total Revenue Bonds:</i>				<u>5,270,000</u>	<u>4,695,000</u>
<i>Capital Lease Agreement:</i>					
Lease agreement #05-018AF	06/07/2015	4%	\$85,928	712,411	164,374
<i>Total Lease Agreement:</i>				<u>712,411</u>	<u>164,374</u>
<i>Total Business-type Activities:</i>				<u>\$ 5,982,411</u>	<u>\$ 4,859,374</u>

Revenue Bonds:

On October 1, 2006, the City issued \$5,270,000 in revenue bonds, maturing on various dates between 2007 and 2023 with interest rates ranging from 4% to 4.125%. Bond proceeds will be used to finance and refinance certain public capital improvements of the City and to pay certain costs of issuance incurred in connection with the Series 2006D Bonds. Annual principal payment ranging from \$85,000 to \$165,000 is due and payable every October 1 of each year.

Capital Lease Agreement:

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

The asset acquired through this capital lease is as follows:

	<u>Business-type Activities</u>
Asset:	
Trucks	\$ 712,411
Add: Trade-in value of Old Trucks	<u>115,960</u>
Depreciable Value	\$ 828,371
Less: Accumulated Depreciation	<u>(441,798)</u>
Total	<u>\$ 385,573</u>

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Business-type Activities:

Fiscal year ended June 30	Principal	Interest	Total
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.....	130,000	184,564	314,564
2019-2023.....	725,000	841,016	1,566,016
2024-2028.....	895,000	674,856	1,569,856
2029-2033.....	1,100,000	461,600	1,561,600
2034-2038.....	1,375,000	191,025	1,566,025
	<u>\$ 4,695,000</u>	<u>\$ 3,139,317</u>	<u>\$ 7,834,317</u>

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, 2013:

Year Ending June 30,	Minimum Lease Payments
2014	\$ 85,928
2015	85,928
	<u>171,856</u>
Less: amounts representing interest	(7,482)
Present value of net minimum lease payments	<u>\$ 164,374</u>

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, 2013, 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

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NOTE 4 – OTHER INFORMATION (Continued)

originally (for example: resolution and ordinance). Ordinance is the most binding constraint.

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

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

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

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

Fund Balances at June 30, 2013, for the governmental funds are nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

<b>Fund Balances:</b>	<b>General Fund</b>	<b>Housing Successor Agency</b>	<b>Surplus Property Authority</b>	<b>Nonmajor Governmen tal Funds</b>	<b>Total Governmental Funds</b>
<b>Nonspendable:</b>					
Loans and Advances	\$ 16,065,165	\$ -	\$ -	\$ -	\$ 16,065,165
Advance to Successor Agency	-	-	8,637,700	-	8,637,700
Prepays	3,713	-	-	-	3,713
Subtotal	<u>16,068,878</u>	<u>-</u>	<u>8,637,700</u>	<u>-</u>	<u>24,706,578</u>
<b>Restricted for:</b>					
Housing & Community Dev	-	149,418	-	1,165,211	1,314,629
Debt Service	-	-	-	478,950	478,950
Capital Projects	-	-	-	573,306	573,306
Subtotal	<u>-</u>	<u>149,418</u>	<u>-</u>	<u>2,217,467</u>	<u>2,366,885</u>
<b>Committed to:</b>					
Special Programs	930,622	-	-	-	930,622
Capital Projects	380,501	-	-	-	380,501
Subtotal	<u>1,311,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,311,123</u>
<b>Assigned:</b>					
Special Revenue	-	-	438,332	-	438,332
Subtotal	<u>-</u>	<u>-</u>	<u>438,332</u>	<u>-</u>	<u>438,332</u>
<b>Unassigned:</b>					
Unassigned	15,687,789	-	-	(200,861)	15,486,928
Subtotal	<u>15,687,789</u>	<u>-</u>	<u>-</u>	<u>(200,861)</u>	<u>15,486,928</u>
<b>Total Fund Balances:</b>	<u>\$ 33,067,790</u>	<u>\$ 149,418</u>	<u>\$ 9,076,032</u>	<u>\$ 2,016,606</u>	<u>\$ 44,309,846</u>

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 4 – OTHER INFORMATION (Continued)

B. Risk Management

California Joint Powers Insurance Authority (CJPIA)

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

1. Description of Risk Pool

The CJPIA is comprised of one hundred and one (123) members and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the CJPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each member has a representative on the Board of Directors. The Board members elect officers of the Agency annually.

2. Self-Insurance Programs of CJPIA

General liability coverage

Annual deposits are paid by members and are adjusted retrospectively to cover costs. Each member, including Port Hueneme, self-insures through CJPIA for the first \$30,000 of each loss, which is funded through annual deposits. Participating members then share on a pro rata basis losses between \$30,000 and \$750,000. Specific coverage includes comprehensive and general automobile liability, personal injury, contractual liability, errors and omissions, employment practices, earth movement, accidental pollution and other areas not covered by traditional liability insurance. Coverage limit is \$50 million. There were no changes in coverage during the year ended June 30, 2013. 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 2012-13.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 4 – OTHER INFORMATION (Continued)

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 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 2013 was \$1,095,793 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 2013, the City's actual and contributed annual pension cost was \$1,009,764. The required contribution for the fiscal year 2013 was determined as part of the June 30, 2010 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%.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 4 – OTHER INFORMATION (Continued)

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, 2013 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 Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
Miscellaneous	6/30/11	\$ 785,200	115%	\$ 6,773,707
	6/30/12	\$ 968,108	110%	\$ 6,979,873
	6/30/13	\$ 1,009,764	109%	\$ 7,065,903

Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the miscellaneous plan was 69.6% funded. The actuarial accrued liability for benefits was \$47.1 million, and the actuarial value of assets was \$32.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$14.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.2 million, and the ratio of the UAAL to the covered payroll was 230.1%.

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, 2013, 2012, and 2011 were \$671,615, \$651,656, and \$508,869, respectively, and were equal to the required contributions for each year.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 4 – OTHER INFORMATION (Continued)

The City's change in net pension asset for the year ended June 30, 2013 were as follows:

	<u>MISC.</u>	<u>TOTAL</u>
Annual required contribution	\$ (1,095,793)	\$ (1,095,793)
Interest on net pension obligation	540,940	540,940
Adjustment to the annual required contribution	(454,911)	(454,911)
Annual pension costs	<u>(1,009,764)</u>	<u>(1,009,764)</u>
Contribution made	<u>1,095,794</u>	<u>1,095,794</u>
Change in net pension asset	86,030	86,030
Net pension asset, beginning of year - restated	<u>6,979,873</u>	<u>6,979,873</u>
Net pension asset, end of year	<u>\$ 7,065,903</u>	<u>\$ 7,065,903</u>

The City's contribution to the plan in the fiscal year ended June 30, 2007 included \$10,404,400 from the proceeds of the Pension Obligation Refunding Bonds Series 2007. The City's contributions for 2013 was equal to annual required contribution, which was more than the annual pension cost as a result of the pension obligation bond transaction.

Restated Net Pension Asset

The City's Safety Plan became a cost-sharing plan in 2005. The City issued bonds to pay off the pension related debt, thus no pension asset reported for the Safety Plan.

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 (\$112.00/month for calendar 2012 and \$115.00/month for calendar 2013.) 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 (\$112/month for 2012 and \$115/month for 2013), 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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 4 – OTHER INFORMATION (Continued)

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.

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, 2013 and 2012, the amount actually contributed to the plan (including administrative costs), and changes in the City's Net OPEB Obligation:

<u>Item</u>	<u>FYE 6/30/13</u>	<u>FYE 6/30/12</u>
Annual Required Contributions	\$209,025	\$209,025
Interest on Net OPEB Obligation/(Asset)	18,438	10,265
Adjustment to Annual Required Contributions	<u>(23,989)</u>	<u>(13,356)</u>
Annual OPEB cost (expense)	203,474	205,934
Contributions made	<u>(43,064)</u>	<u>(42,474)</u>
Increase in Net OPEB Obligation/(Asset)	160,410	163,460
Net OPEB Obligation/(Asset)– beginning of year	<u>368,767</u>	<u>205,307</u>
Net OPEB Obligation/(Asset) – end of year	<u>\$529,177</u>	<u>\$368,767</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, 2013, 2012 and 2011 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/13	\$203,474	\$43,064	21.16%	\$529,177
6/30/12	205,934	42,474	20.63%	368,767
6/30/11	102,425	39,570	38.63%	205,307

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 4 – OTHER INFORMATION (Continued)

Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Projected Unit Credit Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 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.

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 basis
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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 4 – OTHER INFORMATION (Continued)

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 original lease was for five years beginning February 1, 1995. The rent is one dollar (\$1.00) per year with the Club agreeing to maintain the facility and operate a minimum of twenty (20) hours per week. The lease was renewed on March 8, 2007 and ending on March 7, 2010. The Lessee may renew the agreement for two (2) extension terms of three (3) years each. The Lessee recently exercised the second extension term commencing on March 8, 2013 and ending on March 7, 2016 at \$1 per year.
2. The front section of the Port Hueneme City Yard Complex is leased to Port Hueneme Marine Supply, Inc. The lease is for five (5) years. The base rent was \$6,646 per month. The rent will be increased at the beginning of the third (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, 2013, is \$11,936.

NOTE 5 – SUCCESSOR AGENCY DISCLOSURES:

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency of the City of Port Hueneme Redevelopment Agency on February 1, 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 July 1, 2012 through June 30, 2013 was as follows:

Bonds Payable:	Balance			Balance	Due w/in
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>	<u>One-Year</u>
Tax Allocation Bond 1993 Series - CC	\$ 1,755,000		\$ (855,000)	\$ 900,000	\$ 900,000
Tax Allocation Bond 1993 Series - R76	1,955,000		(125,000)	1,830,000	135,000
Tax Allocation Bond 2004 Series	11,480,000		(105,000)	11,375,000	110,000
<b>Total Bonds Payable:</b>	<u>\$ 15,190,000</u>	<u>\$ -</u>	<u>\$ (1,085,000)</u>	<u>\$ 14,105,000</u>	<u>\$ 1,145,000</u>

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.

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 5 – SUCCESSOR AGENCY DISCLOSURES (Continued)

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 trustee for the Bonds is \$951,525.

The outstanding balance of the Bonds was \$900,000 at June 30, 2013.

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

Year Ending	Principal	Interest	Total
June 30, 2014	\$900,000	\$49,500	\$949,500
Totals	\$900,000	\$49,500	\$949,500

Tax Allocation Bond, 1993 Series – R76

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

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

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

The outstanding balance of the Bonds was \$1,830,000 at June 30, 2013.

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

Year Ending	Principal	Interest	Total
June 30, 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	175,000	79,950	254,950
2019 - 2023	1,055,000	214,825	1,269,825
Totals	\$1,830,000	\$715,325	\$2,545,325

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 5 – SUCCESSOR AGENCY DISCLOSURES (Continued)

Tax Allocation Bond, 2004 Series – Central Community

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

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

Tax revenues are pledge for the payment of principal and interest on the Bonds until the Bonds and any Parity Debt have been paid, or until monies have been set-aside irrevocable for that purpose. A reserve account has been established to be held by the trustee to further secure the timely payment of principal and interest on the Bonds. The amount required to be maintained by the trustee for the Bonds is \$586,403.76

The outstanding balance of the Bonds was \$11,375,000 at June 30, 2013.

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

Year Ending June 30,	Principal	Interest	Total
2014	\$110,000	\$476,779	\$586,779
2015	1,065,000	472,929	1,537,929
2016	1,100,000	434,322	1,534,322
2017	1,145,000	390,322	1,535,322
2018	1,190,000	343,950	1,533,950
2019 - 2023	6,765,000	915,480	7,680,480
Totals	<u>\$11,375,000</u>	<u>\$3,033,782</u>	<u>\$14,408,782</u>

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.

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

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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

RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

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

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

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

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

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

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

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

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

AB 1484 specifies the actions to be taken and the method of repayment for advances by the Successor Agency (former Redevelopment Agency) to the various funds of the City. Upon application and approval

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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

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. Loan repayments could begin in the 2014-15 fiscal year as governed by the criteria in the health and code safety section. Management believes that the outstanding balance of the advance balance is not collectible. The City wrote-off the entire balance of \$5,104,310 and reported it as an extraordinary item.

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.

**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, 2012. Beginning fund equity balance in the Proprietary fund has been restated to reflect a correction in Commercial Refuse Revenue from prior year and write-off bond issuance cost as a result of implementation of GASB Statement No. 65.

The following schedule summarizes the effect of the prior period adjustment on the beginning net position balance at July 1, 2012:

**Fund Statements – Proprietary Funds:**

	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	Total
Beginning Net position balance, as previously reported:	\$3,721,876	\$12,469,098	\$3,335,160	\$(10,352)	\$2,748,029	\$22,263,811
Commercial Refuse Revenue	-	(74,380)	74,380	-	-	-
Bond Issuance cost	-	(216,000)	-	-	-	(216,000)
Beginning Net position balance, restated:	\$3,721,876	\$12,178,718	\$3,409,540	\$(10,352)	\$2,748,029	\$22,047,811

**CITY OF PORT HUENEME**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

NOTE 7 – PRIOR PERIOD ADJUSTMENT (Continued)

The following schedules summarize the effect of the prior period adjustments on the beginning net position for the government-wide statement at July 1, 2012:

Statement of Activities and changes in Net Position:

	<u>Governmental Activities</u>
Beginning net position, as previously reported:	\$74,303,668
Net Pension Asset related to Safety Plan	(4,277,987)
Adjust POB outstanding balance of Accreted Interest	(1,897,065)
Write off Bond Issuance Cost as a result of Implementation of GASB #65	(189,826)
Adjust claims payable balance	<u>1,243,495</u>
Beginning net position, as restated:	<u>\$69,182,285</u>

The following schedules summarize the effect of the prior period adjustments on the beginning net assets for the Private-Purpose fund at July 1, 2012:

Beginning net position as previously reported:	\$(17,624,142)
Write off Bond Issuance Cost due to implementation of GASB 65	<u>(318,560)</u>
Beginning net position, as restated:	<u>\$(17,942,702)</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Port Hueneme  
Schedule of Funding Progress  
June 30, 2013**

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 Ratio</u>	<u>Annual Covered Payroll</u>	<u>Funded Ratio</u>
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%
6/30/2012	\$ 47,087,155	\$ 32,750,709	\$ 14,336,446	69.6%	\$ 6,229,199	230.1%

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	6/30/2013	\$ -	\$ 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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 5,717,009	\$ 5,717,009	\$ 6,047,671	\$ 330,662
Property taxes	1,876,600	1,876,600	1,261,950	(614,650)
Licenses and permits	499,400	499,400	576,351	76,951
Fines and penalties	543,000	543,000	458,031	(84,969)
Charges for services	547,428	547,428	485,413	(62,015)
Investment earnings	1,469,834	1,469,834	905,720	(564,114)
Rental income	277,635	277,635	321,978	44,343
Intergovernmental	4,958,305	4,958,305	5,260,734	302,429
Harbor district revenue	1,124,500	1,124,500	1,219,029	94,529
Other	13,900	13,900	73,061	59,161
<b>Total revenues</b>	<u>17,027,611</u>	<u>17,027,611</u>	<u>16,609,938</u>	<u>(417,673)</u>
<b>Expenditures:</b>				
General government	6,723,805	6,723,805	6,234,470	489,335
Public safety	6,249,636	6,249,636	6,280,633	(30,997)
Streets and highways	1,338,408	1,338,408	1,314,307	24,101
Parks, recreation and social services	1,700,694	1,700,694	1,612,317	88,377
Community development	1,001,433	1,001,433	968,753	32,680
Principal retirement	9,079	9,079	-	9,079
<b>Total expenditures</b>	<u>17,023,055</u>	<u>17,023,055</u>	<u>16,410,480</u>	<u>612,575</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>4,556</u>	<u>4,556</u>	<u>199,458</u>	<u>194,902</u>
<b>Other financing sources (uses):</b>				
Transfers in	(491,233)	(491,233)	322,081	813,314
Transfers out	(1,382,984)	(1,382,984)	(1,382,613)	371
<b>Total other financing sources (uses)</b>	<u>(1,874,217)</u>	<u>(1,874,217)</u>	<u>(1,060,532)</u>	<u>813,685</u>
<b>Special Items:</b>				
Extraordinary loss on interest payments on advances from former RDA	(290,053)	(290,053)	(290,053)	-
Extraordinary Gain/(Loss)	(5,104,310)	(5,104,310)	(5,104,310)	-
<b>Total Special Items</b>	<u>(5,394,363)</u>	<u>(5,394,363)</u>	<u>(5,394,363)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(7,264,024)</u>	<u>(7,264,024)</u>	<u>(6,255,437)</u>	<u>1,008,587</u>
<b>Fund balances, beginning</b>	<u>39,323,227</u>	<u>39,323,227</u>	<u>39,323,227</u>	<u>-</u>
<b>Fund balances, ending</b>	<u>\$ 32,059,203</u>	<u>\$ 32,059,203</u>	<u>\$ 33,067,790</u>	<u>\$ 1,008,587</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 the Fiscal Year Ended June 30, 2013**

	<b>Original Budget/Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 500,000	\$ -	\$ (500,000)
Loan payments	30,000	-	(30,000)
Interest income	200	293	93
Rental income	231,540	224,684	(6,856)
Other	100	1,058	958
<b>Total revenues</b>	<u>761,840</u>	<u>226,035</u>	<u>(535,805)</u>
<b>Expenditures:</b>			
General government	941,696	478,820	462,876
<b>Total expenditures</b>	<u>941,696</u>	<u>478,820</u>	<u>462,876</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(179,856)</u>	<u>(252,785)</u>	<u>(72,929)</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	-	-	-
Transfer (out)	-	(2,225)	(2,225)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(2,225)</u>	<u>(2,225)</u>
<b>Net change in fund balances</b>	(179,856)	(255,010)	(75,154)
<b>Fund balance, beginning</b>	<u>404,428</u>	<u>404,428</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 224,572</u>	<u>\$ 149,418</u>	<u>\$ (75,154)</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Surplus Property Authority**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Investment earnings	\$ 91,530	\$ 656,310	\$ 564,780
Rental income	153,492	196,942	43,450
<b>Total revenues</b>	<u>245,022</u>	<u>853,252</u>	<u>608,230</u>
<b>Expenditures:</b>			
General government	1,074,315	636,401	437,914
<b>Total expenditures</b>	<u>1,074,315</u>	<u>636,401</u>	<u>437,914</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(829,293)</u>	<u>216,851</u>	<u>1,046,144</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	-	-	-
Transfer (out)	-	(1,112)	(1,112)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(1,112)</u>	<u>(1,112)</u>
<b>Net change in fund balances</b>	(829,293)	215,739	1,045,032
<b>Fund balance, beginning</b>	<u>8,860,293</u>	<u>8,860,293</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 8,031,000</u>	<u>\$ 9,076,032</u>	<u>\$ 1,045,032</u>

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## **OTHER SUPPLEMENTARY INFORMATION**

CITY OF PORT HUENEME  
 Combining Balance Sheets  
 Nonmajor Governmental Funds  
 June 30, 2013

SPECIAL REVENUE FUNDS

	Traffic Safety	"COPS" AB3229	Homeland Security Grant	Stormwater Program	TDA	Gas Tax Fund	Senior Nutrition Grant	Bike Path	Neighborhood Preservation	Median Assessment District
<b>ASSETS</b>										
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 257,157	\$ 349,366	\$ 471	\$ 54,292	\$ 957,288	\$ -
Receivables	1,694	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	47,066	-	-	-	4,608
Grants	-	25,000	-	-	-	-	2,500	-	-	-
Due fr Other Government	-	-	-	3,116	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>1,694</b>	<b>25,000</b>	<b>-</b>	<b>3,116</b>	<b>257,157</b>	<b>396,432</b>	<b>2,971</b>	<b>54,292</b>	<b>957,288</b>	<b>4,608</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES</b>										
Accounts payable	-	-	-	265	81,545	50,304	330	-	4,000	-
Accrued wages and benefits	-	-	-	-	-	-	689	-	621	-
Due to other funds	1,694	25,000	-	26,765	-	-	1,481	-	-	10,342
Unearned	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	1,352	-	-	1,374	-	-
<b>TOTAL LIABILITIES</b>	<b>1,694</b>	<b>25,000</b>	<b>-</b>	<b>27,030</b>	<b>82,897</b>	<b>50,304</b>	<b>2,500</b>	<b>1,374</b>	<b>4,621</b>	<b>10,342</b>
<b>Fund Balances:</b>										
Assigned	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	174,260	346,128	471	52,918	952,666	-
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(23,914)	-	-	-	-	-	(5,734)
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,914)</b>	<b>174,260</b>	<b>346,128</b>	<b>471</b>	<b>52,918</b>	<b>952,666</b>	<b>(5,734)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,694</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ 3,116</b>	<b>\$ 257,157</b>	<b>\$ 396,432</b>	<b>\$ 2,971</b>	<b>\$ 54,292</b>	<b>\$ 957,288</b>	<b>\$ 4,608</b>

CITY OF PORT HUENEME  
Combining Balance Sheets  
Nonmajor Governmental Funds  
June 30, 2013

	SPECIAL REVENUE FUNDS						Debt Service Fund		Total
	Light Assessment District	Drainage Assessment District	Block Grant	Jag Grant	Homebuyer Program	Pension Obligation Bonds	1992 A COP	Nonmajor Governmental Funds	
<b>ASSETS</b>									
Cash and investments	\$ -	\$ 209,409	\$ -	\$ -	\$ 44,902	\$ -	\$ 478,950	\$ 2,351,835	
Receivables	-	-	-	-	-	-	-	-	
Accounts	-	-	-	-	-	-	-	1,694	
Property taxes	3,157	2,763	-	-	-	-	-	10,528	
Grants	-	-	26,988	-	-	-	-	74,054	
Due fr Other Government	-	-	-	-	-	-	-	30,616	
Advances to other funds	-	-	-	-	-	-	-	-	
<b>TOTAL ASSETS</b>	<u>3,157</u>	<u>212,172</u>	<u>26,988</u>	<u>-</u>	<u>44,902</u>	<u>-</u>	<u>478,950</u>	<u>2,468,727</u>	
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts payable	13,249	223	-	-	-	-	-	149,916	
Accrued wages and benefits	-	-	-	-	-	-	-	1,310	
Due to other funds	161,121	-	26,988	-	-	-	-	253,391	
Unearned	-	-	-	-	44,778	-	-	44,778	
Deposits	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	-	-	2,726	
<b>TOTAL LIABILITIES</b>	<u>174,370</u>	<u>223</u>	<u>26,988</u>	<u>-</u>	<u>44,778</u>	<u>-</u>	<u>-</u>	<u>452,121</u>	
<b>Fund Balances:</b>									
Assigned	-	-	-	-	-	-	-	-	
Nonspendable	-	-	-	-	-	-	-	-	
Restricted	-	211,949	-	-	124	-	478,950	2,217,467	
Committed	-	-	-	-	-	-	-	-	
Unassigned	(171,214)	-	-	-	-	-	-	(200,861)	
<b>TOTAL FUND BALANCES</b>	<u>(171,214)</u>	<u>211,949</u>	<u>-</u>	<u>-</u>	<u>124</u>	<u>-</u>	<u>478,950</u>	<u>2,016,606</u>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,156</u>	<u>\$ 212,172</u>	<u>\$ 26,988</u>	<u>\$ -</u>	<u>\$ 44,902</u>	<u>\$ -</u>	<u>\$ 478,950</u>	<u>\$ 2,468,727</u>	

**CITY OF FORT HUENEME**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

**SPECIAL REVENUE FUNDS**

	Traffic Safety	COPS AB3229	Homeland Grant	Stormwater Program	TDA	Gas Tax	Senior Nutrition Grant	Bike Path	Neighborhood Preservation	Median Assessment District
<b>Revenues:</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,580	\$ -	\$ 180,241
Fines and penalties	24,937	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	586	1,112	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	258	42,612	-
Program Revenue	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Loan payments	-	-	-	-	-	-	-	-	25,000	-
Intergovernmental	-	100,000	9,002	21,576	702,157	517,837	15,000	-	-	-
Other	-	-	-	-	-	-	1,273	-	371,075	-
<b>Total revenues</b>	<b>24,937</b>	<b>100,000</b>	<b>9,002</b>	<b>21,576</b>	<b>702,743</b>	<b>518,950</b>	<b>16,273</b>	<b>14,838</b>	<b>438,687</b>	<b>180,241</b>
<b>Expenditures:</b>										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	9,002	-	-	-	-	-	-	-
Streets and highways	-	-	-	45,489	884,236	607,678	-	80,588	-	179,000
Parks, recreation and social services	-	-	-	-	-	-	37,785	-	-	-
Community development	-	-	-	-	-	-	-	-	150,690	-
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>9,002</b>	<b>45,489</b>	<b>884,236</b>	<b>607,678</b>	<b>37,785</b>	<b>80,588</b>	<b>150,690</b>	<b>179,000</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>24,937</b>	<b>100,000</b>	<b>-</b>	<b>(23,914)</b>	<b>(181,492)</b>	<b>(88,729)</b>	<b>(21,513)</b>	<b>(65,750)</b>	<b>287,997</b>	<b>1,241</b>
<b>Other Financing Sources (Uses):</b>										
Transfer in	-	-	-	-	-	-	24,831	-	-	-
Transfer (out)	(24,937)	(100,000)	-	-	-	-	(2,432)	-	(4,016)	-
<b>Total other financing sources (uses)</b>	<b>(24,937)</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,399</b>	<b>-</b>	<b>(4,016)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,914)</b>	<b>(181,492)</b>	<b>(88,729)</b>	<b>886</b>	<b>(65,750)</b>	<b>283,981</b>	<b>1,241</b>
<b>Fund balances (deficits), beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>355,752</b>	<b>434,857</b>	<b>(415)</b>	<b>118,667</b>	<b>668,685</b>	<b>(6,975)</b>
<b>Fund balances (deficits), ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (23,914)</b>	<b>\$ 174,260</b>	<b>\$ 346,128</b>	<b>\$ 471</b>	<b>\$ 52,918</b>	<b>\$ 952,666</b>	<b>\$ (5,734)</b>

**CITY OF FORT HUENEME**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Special Revenue Funds			Debt Service Fund			Total Nonmajor Governmental Funds
	Light Assessment District	Drainage Assessment District	Block Grant	Jag Grant	Homebuyer Program	Pension Obligation Bonds	
<b>Revenues:</b>							
Taxes	\$ 123,076	\$ 185,090	\$ -	\$ -	\$ -	\$ -	\$ 502,988
Fines and penalties	-	-	-	-	-	-	24,937
Interest income	-	-	-	-	124	-	1,823
Investment earnings	-	-	9	-	-	-	42,879
Program Revenue	-	-	-	-	-	-	-
Rental income	-	-	369	-	-	-	369
Loan payments	-	-	-	-	-	-	25,000
Intergovernmental	-	-	152,678	9,498	-	-	1,527,749
Other	-	-	250	-	-	33,322	405,920
<b>Total revenues</b>	<b>123,076</b>	<b>185,090</b>	<b>153,306</b>	<b>9,498</b>	<b>124</b>	<b>33,322</b>	<b>2,531,664</b>
<b>Expenditures:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	9,498	-	-	18,500
Streets and highways	156,266	150,405	-	-	-	-	2,103,662
Parks, recreation and social services	-	-	-	-	-	-	37,785
Community development	-	-	100,203	-	-	-	250,893
Principal retirement	-	-	-	-	-	788,701	1,113,701
Interest and fiscal charges	-	-	-	-	-	226,949	393,541
<b>Total expenditures</b>	<b>156,266</b>	<b>150,405</b>	<b>100,203</b>	<b>9,498</b>	<b>-</b>	<b>1,015,630</b>	<b>3,918,082</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(33,190)</b>	<b>34,685</b>	<b>53,103</b>	<b>-</b>	<b>124</b>	<b>(982,328)</b>	<b>(1,386,418)</b>
<b>Other Financing Sources (Uses):</b>							
Transfer in	34,500	-	-	-	-	982,328	1,534,751
Transfer (out)	-	-	(97,144)	-	-	-	(228,529)
<b>Total other financing sources (uses)</b>	<b>34,500</b>	<b>-</b>	<b>(97,144)</b>	<b>-</b>	<b>-</b>	<b>982,328</b>	<b>1,306,222</b>
<b>Net change in fund balances</b>	<b>1,310</b>	<b>34,685</b>	<b>(44,041)</b>	<b>-</b>	<b>124</b>	<b>-</b>	<b>(80,196)</b>
<b>Fund balances (deficits), beginning</b>	<b>(172,524)</b>	<b>177,264</b>	<b>44,041</b>	<b>-</b>	<b>-</b>	<b>477,450</b>	<b>2,096,802</b>
<b>Fund balances (deficits), ending</b>	<b>\$ (171,214)</b>	<b>\$ 211,949</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 124</b>	<b>\$ -</b>	<b>\$ 2,016,606</b>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Traffic Safety Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Fines and penalties	\$ 46,200	\$ 24,937	\$ (21,263)
<b>Total revenues</b>	<u>46,200</u>	<u>24,937</u>	<u>(21,263)</u>
<b>Expenditures:</b>			
Streets and highways	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>46,200</u>	<u>24,937</u>	<u>(21,263)</u>
<b>Other financing sources (uses):</b>			
Transfer in	-	-	-
Transfer (out)	(46,200)	(24,937)	21,263
<b>Total other financing sources (uses)</b>	<u>(46,200)</u>	<u>(24,937)</u>	<u>21,263</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, 2013**

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

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Homeland Grant**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 12,736	\$ 9,002	\$ (3,734)
<b>Total revenues</b>	<u>12,736</u>	<u>9,002</u>	<u>(3,734)</u>
<b>Expenditures:</b>			
Public safety	12,736	9,002	3,734
<b>Total expenditures</b>	<u>12,736</u>	<u>9,002</u>	<u>3,734</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	-
<b>Fund balance, beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance (deficit), ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Stormwater Program**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 13,735	\$ 21,576	\$ 7,841
<b>Total revenues</b>	<u>13,735</u>	<u>21,576</u>	<u>7,841</u>
<b>Expenditures:</b>			
Streets and highways	174,700	45,489	129,211
<b>Total expenditures</b>	<u>174,700</u>	<u>45,489</u>	<u>129,211</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(160,965)</u>	<u>(23,914)</u>	<u>137,051</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	160,965	-	(160,965)
Transfer (out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>160,965</u>	<u>-</u>	<u>(160,965)</u>
<b>Net change in fund balance</b>	-	(23,914)	(23,914)
<b>Fund balance, beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ -</u>	<u>\$ (23,914)</u>	<u>\$ (23,914)</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**TDA Grant**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Interest income	\$ 1,500	\$ 586	\$ (914)
Intergovernmental	672,256	702,157	29,901
<b>Total revenues</b>	<u>673,756</u>	<u>702,743</u>	<u>28,987</u>
<b>Expenditures:</b>			
Streets and highways	984,823	884,236	100,587
<b>Total expenditures</b>	<u>984,823</u>	<u>884,236</u>	<u>100,587</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(311,067)</u>	<u>(181,492)</u>	<u>129,575</u>
<b>Net change in fund balance</b>	(311,067)	(181,492)	129,575
<b>Fund balance, beginning</b>	<u>355,752</u>	<u>355,752</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 44,685</u>	<u>\$ 174,260</u>	<u>\$ 129,575</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Gas Tax Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Interest income	\$ 2,000	\$ 1,112	\$ (888)
Intergovernmental	585,079	517,837	(67,242)
<b>Total revenues</b>	<u>587,079</u>	<u>518,950</u>	<u>(68,129)</u>
<b>Expenditures:</b>			
Streets and highways	686,275	607,678	78,597
<b>Total expenditures</b>	<u>686,275</u>	<u>607,678</u>	<u>78,597</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(99,196)</u>	<u>(88,729)</u>	<u>10,467</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>	(99,196)	(88,729)	10,467
<b>Fund balance, beginning</b>	<u>434,857</u>	<u>434,857</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 335,661</u>	<u>\$ 346,128</u>	<u>\$ 10,467</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Senior Nutrition Grant**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 15,000	\$ 15,000	\$ -
Other program revenue	5,400	1,273	(4,127)
<b>Total revenues</b>	<u>20,400</u>	<u>16,273</u>	<u>(4,127)</u>
<b>Expenditures:</b>			
Parks, recreation and social services	41,237	37,785	3,452
<b>Total expenditures</b>	<u>41,237</u>	<u>37,785</u>	<u>3,452</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(20,837)</u>	<u>(21,513)</u>	<u>(676)</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	22,337	24,831	2,494
Transfer (out)	<u>(2,432)</u>	<u>(2,432)</u>	<u>(2,432)</u>
<b>Total other financing sources (uses)</b>	<u>22,337</u>	<u>22,399</u>	<u>62</u>
<b>Net change in fund balance</b>	1,500	886	(614)
<b>Fund balance, beginning</b>	<u>(415)</u>	<u>(415)</u>	<u>-</u>
<b>Fund balance (deficit), ending</b>	<u>\$ 1,085</u>	<u>\$ 471</u>	<u>\$ (614)</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Bike Path Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 15,000	\$ 14,580	\$ (420)
Interest income	600	258	(342)
<b>Total revenues</b>	<u>15,600</u>	<u>14,838</u>	<u>(762)</u>
<b>Expenditures:</b>			
Streets and highways	122,526	80,588	41,939
<b>Total expenditures</b>	<u>122,526</u>	<u>80,588</u>	<u>41,939</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(106,926)</u>	<u>(65,750)</u>	<u>41,176</u>
<b>Net change in fund balance</b>	(106,926)	(65,750)	41,176
<b>Fund balance, beginning</b>	<u>118,667</u>	<u>118,667</u>	<u>-</u>
<b>Fund balance (deficit), ending</b>	<u>\$ 11,741</u>	<u>\$ 52,918</u>	<u>\$ 41,176</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Neighborhood Preservation**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Investment earnings	\$ 50,000	\$ 42,612	\$ (7,388)
Loan payments	60,000	25,000	(35,000)
Other	500	371,075	370,575
<b>Total revenues</b>	<u>110,500</u>	<u>438,687</u>	<u>328,187</u>
<b>Expenditures:</b>			
Community development	391,753	150,690	241,063
<b>Total expenditures</b>	<u>391,753</u>	<u>150,690</u>	<u>241,063</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(281,253)</u>	<u>287,997</u>	<u>569,250</u>
<b>Other Financing Sources (Uses):</b>			
Transfer (out)	(4,016)	(4,016)	-
<b>Total other financing sources (uses)</b>	<u>(4,016)</u>	<u>(4,016)</u>	<u>-</u>
<b>Net change in fund balance</b>	(285,269)	283,981	569,250
<b>Fund balance, beginning</b>	<u>668,685</u>	<u>668,685</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 383,416</u>	<u>\$ 952,666</u>	<u>\$ 569,250</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Median Assessment District**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 179,000	\$ 180,241	\$ 1,241
<b>Total revenues</b>	<u>179,000</u>	<u>180,241</u>	<u>1,241</u>
<b>Expenditures:</b>			
Streets and highways	179,000	179,000	-
<b>Total expenditures</b>	<u>179,000</u>	<u>179,000</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>1,241</u>	<u>1,241</u>
<b>Net change in fund balance</b>	-	1,241	1,241
<b>Fund balance (deficit), beginning</b>	<u>(6,975)</u>	<u>(6,975)</u>	<u>-</u>
<b>Fund balance (deficit), ending</b>	<u>\$ (6,975)</u>	<u>\$ (5,734)</u>	<u>\$ 1,241</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Light Assessment District**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 123,000	\$ 123,076	\$ 76
<b>Total revenues</b>	<u>123,000</u>	<u>123,076</u>	<u>76</u>
<b>Expenditures:</b>			
Streets and highways	157,500	156,266	1,234
<b>Total expenditures</b>	<u>157,500</u>	<u>156,266</u>	<u>1,234</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(34,500)</u>	<u>(33,190)</u>	<u>1,310</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	34,500	34,500	-
Transfer (out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>34,500</u>	<u>34,500</u>	<u>-</u>
<b>Net change in fund balance</b>	-	1,310	1,310
<b>Fund balance (deficit), beginning</b>	<u>(172,524)</u>	<u>(172,524)</u>	<u>-</u>
<b>Fund balance (deficit), ending</b>	<u>\$ (172,524)</u>	<u>\$ (171,214)</u>	<u>\$ 1,310</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Drainage Assessment District**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 184,300	\$ 185,090	\$ 790
<b>Total revenues</b>	<u>184,300</u>	<u>185,090</u>	<u>790</u>
<b>Expenditures:</b>			
Streets and highways	152,300	150,405	1,895
<b>Total expenditures</b>	<u>152,300</u>	<u>150,405</u>	<u>1,895</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>32,000</u>	<u>34,685</u>	<u>2,685</u>
<b>Net change in fund balance</b>	32,000	34,685	2,685
<b>Fund balance, beginning</b>	<u>177,264</u>	<u>177,264</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 209,264</u>	<u>\$ 211,949</u>	<u>\$ 2,685</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Block Grant**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Original Budget/Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 9	\$ 9
Rental income	-	369	369
Intergovernmental	242,621	152,678	(89,943)
Other	8,733	250	(8,483)
<b>Total revenues</b>	<u>251,354</u>	<u>153,306</u>	<u>(98,048)</u>
<b>Expenditures:</b>			
Community development	262,621	100,203	162,418
<b>Total expenditures</b>	<u>262,621</u>	<u>100,203</u>	<u>162,418</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(11,267)</u>	<u>53,103</u>	<u>64,370</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	-	-	-
Transfer in/(out)	-	(97,144)	(97,144)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(97,144)</u>	<u>(97,144)</u>
<b>Net change in fund balance</b>	(11,267)	(44,041)	(32,774)
<b>Fund balance (deficit), beginning</b>	<u>44,041</u>	<u>44,041</u>	<u>-</u>
<b>Fund balance (deficit), ending</b>	<u>\$ 32,774</u>	<u>\$ -</u>	<u>\$ (32,774)</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Jag Grant Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 9,968	\$ 9,498	\$ (470)
<b>Total revenues</b>	<u>9,968</u>	<u>9,498</u>	<u>(470)</u>
<b>Expenditures:</b>			
Public safety	9,968	9,498	(470)
<b>Total expenditures</b>	<u>9,968</u>	<u>9,498</u>	<u>(470)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>--</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	-
<b>Fund balance, beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Homebuyer Program**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Investment earnings	\$ 124	\$ 124	\$ -
<b>Total revenues</b>	<u>124</u>	<u>124</u>	<u>-</u>
<b>Expenditures:</b>			
Community development	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>124</u>	<u>124</u>	<u>-</u>
<b>Net change in fund balance</b>	124	124	-
<b>Fund balance, beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 124</u>	<u>\$ 124</u>	<u>\$ -</u>

**CITY OF PORT HUENEME**  
**Budgetary Comparison Schedule**  
**Pension Obligation Bonds**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Other	\$ -	\$ 33,322	\$ 33,322
<b>Total revenues</b>	<u>-</u>	<u>33,322</u>	<u>33,322</u>
<b>Expenditures:</b>			
Principal retirement	788,701	788,701	-
Interest and fiscal charges	229,708	226,949	2,759
<b>Total expenditures</b>	<u>1,018,409</u>	<u>1,015,650</u>	<u>2,759</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,018,409)</u>	<u>(982,328)</u>	<u>36,081</u>
<b>Other financing sources (uses):</b>			
Transfer in/(out)	1,018,409	982,328	(36,081)
<b>Total other financing sources (uses)</b>	<u>1,018,409</u>	<u>982,328</u>	<u>(36,081)</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, 2013**

	<b>Original Budget/Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>			
Principal retirement	325,000	325,000	-
Interest and fiscal charges	168,200	166,592	1,608
<b>Total expenditures</b>	<b>493,200</b>	<b>491,592</b>	<b>1,608</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(493,200)</b>	<b>(491,592)</b>	<b>1,608</b>
<b>Other financing sources (uses):</b>			
Transfer in/(out)	493,900	493,092	(808)
<b>Total other financing sources (uses)</b>	<b>493,900</b>	<b>493,092</b>	<b>(808)</b>
<b>Net change in fund balance</b>	<b>700</b>	<b>1,500</b>	<b>800</b>
<b>Fund balance, beginning</b>	<b>477,450</b>	<b>477,450</b>	<b>-</b>
<b>Fund balance, ending</b>	<b>\$ 478,150</b>	<b>\$ 478,950</b>	<b>\$ 800</b>

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## **STATISTICAL SECTION**

**City of Port Hueneme  
Index to the Statistical Section  
Fiscal Year Ended June 30, 2013**

Page

**STATISTICAL SECTION (Unaudited)**

**Financial Trends**

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

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**City of Port Hueneme  
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Principal Wastewater Customers – Current Year and Seven Fiscal Years Ago	110

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities:</b>										
Net Investment in capital assets	23,942,462	18,549,894	\$ 18,549,894	\$ 21,872,560	\$ 22,777,948	\$ 22,069,405	\$ 20,169,433	\$ 19,788,439	\$ 18,548,142	\$ 19,030,418
Restricted	1,700,763	4,393,732	4,393,732	4,369,487	6,026,662	6,028,993	6,501,726	6,519,029	6,759,636	5,889,372
Unrestricted	37,834,041	31,722,206	31,722,206	26,759,307	14,152,106	11,661,280	7,411,734	14,640,289	14,193,708	13,693,456
Total governmental activities net position	<u>63,477,266</u>	<u>54,665,832</u>	<u>54,665,832</u>	<u>53,001,354</u>	<u>42,456,716</u>	<u>39,759,678</u>	<u>34,412,933</u>	<u>40,947,757</u>	<u>39,501,486</u>	<u>38,613,246</u>
<b>Business-type activities:</b>										
Net Investment in capital assets	15,015,104	21,291,470	14,179,551	13,546,674	9,222,016	6,473,602	3,858,516	5,891,531	5,584,440	6,052,200
Restricted	29,484	1,119,964	1,119,964	1,026,263	4,223,455	4,644,057	5,125,278	-	-	-
Unrestricted	8,803,858	4,113,816	4,113,816	3,773,231	334,739	2,773,653	4,330,851	6,602,545	7,237,745	5,645,673
Total business-type activities net position	<u>23,848,446</u>	<u>26,525,250</u>	<u>19,413,331</u>	<u>18,346,168</u>	<u>13,780,210</u>	<u>13,891,312</u>	<u>13,314,645</u>	<u>12,494,076</u>	<u>12,822,185</u>	<u>11,697,873</u>
<b>Primary government:</b>										
Net Investment in capital assets	38,957,566	39,841,364	32,729,445	35,419,234	31,499,964	28,543,007	24,327,969	25,679,970	24,132,582	25,082,618
Restricted	1,730,247	5,513,696	5,513,696	5,395,750	10,250,117	10,673,050	11,627,004	6,519,029	6,759,636	5,889,372
Unrestricted	46,637,899	35,836,022	35,836,022	30,832,538	14,486,845	14,434,933	11,722,665	21,242,834	21,431,453	19,339,129
Total primary government net position	<u>\$ 87,325,712</u>	<u>\$ 81,191,082</u>	<u>\$ 74,079,163</u>	<u>\$ 71,347,522</u>	<u>\$ 56,236,926</u>	<u>\$ 53,650,990</u>	<u>\$ 47,727,378</u>	<u>\$ 53,441,833</u>	<u>\$ 52,323,671</u>	<u>\$ 50,511,119</u>

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 7,369,212	\$ 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
Community development	1,229,464	2,265,054	3,630,572	5,525,629	3,000,790	1,115,853	3,238,233	2,791,936	2,113,188	909,680
Streets and highways	3,445,483	3,394,782	4,226,070	2,651,158	2,982,475	3,010,185	2,272,933	2,909,892	3,396,020	1,269,845
Public safety - police	6,349,764	6,684,727	6,385,901	6,101,143	5,796,561	7,431,276	7,614,945	6,733,773	5,001,446	4,832,349
Parks, recreation and social services	1,663,385	1,547,726	1,685,482	1,599,642	1,617,275	1,570,193	1,734,198	1,925,857	1,494,763	871,966
Bond issue cost	-	35,728	49,002	49,002	49,002	-	49,036	31,856	30,086	33,626
Capital outlay	-	-	-	-	-	1,265,846	611,515	960,502	-	-
Interest and fiscal charges on long term debt	716,591	1,127,067	1,704,342	1,737,267	1,795,651	1,445,804	1,403,261	1,279,487	1,409,542	1,564,414
Total governmental activities expenses	\$ 20,773,899	\$ 20,916,825	\$ 24,701,066	\$ 23,838,683	\$ 20,785,535	\$ 19,319,301	\$ 20,114,595	\$ 20,883,131	\$ 16,818,509	\$ 14,248,854
<b>Business-type activities:</b>										
Wastewater	\$ 3,529,296	\$ 3,590,127	\$ 3,334,681	\$ 3,507,739	\$ 3,328,909	\$ 3,525,917	\$ 3,868,524	\$ 3,744,342	\$ 3,207,633	\$ 3,013,746
Water	6,141,435	5,665,080	4,729,828	4,216,321	3,966,215	3,773,847	3,629,376	3,631,350	3,430,883	3,419,332
Solid waste	2,919,931	2,827,258	2,711,682	2,731,260	2,631,439	2,601,708	2,679,039	2,722,712	2,572,590	1,891,231
Housing Authority	4,186,659	4,134,878	4,172,358	4,109,738	-	-	-	-	-	-
Other business-type funds	839,073	903,928	969,737	982,677	1,084,118	1,011,500	1,014,934	981,427	1,673,717	1,330,047
Total business-type activities expenses	\$ 17,616,394	\$ 17,121,271	\$ 15,918,286	\$ 15,547,738	\$ 11,010,681	\$ 10,912,972	\$ 11,191,873	\$ 11,079,831	\$ 10,884,823	\$ 9,654,356
Total primary government expenses	\$ 38,390,293	\$ 38,038,096	\$ 40,619,352	\$ 39,386,423	\$ 31,796,216	\$ 30,232,276	\$ 31,306,468	\$ 31,962,962	\$ 27,703,332	\$ 23,903,210
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 3,999,418	\$ 4,962,751	\$ 3,798,777	\$ 4,638,992	\$ 4,734,479	\$ 3,154,440	\$ 2,376,678	\$ 3,074,450	\$ 1,265,741	\$ 1,022,074
Community development	762,056	885,507	1,489,810	846,066	822,741	119,345	360,369	336,998	346,274	423,721
Streets and highways	1,267,242	1,055,661	1,046,002	984,828	1,118,886	1,395,218	68,484	322,447	19,940	927,849
Public safety - police	182,263	174,296	158,857	292,885	222,113	363,053	298,990	83,421	29,922	343,683
Parks, recreation and social services	470,565	410,077	405,956	585,090	438,490	390,127	1,233,810	1,192,739	1,043,918	389,657
Operating grants and contributions	416,996	465,376	389,936	893,951	490,025	624,809	2,831,098	2,429,689	1,564,409	3,177,401
Capital grants and contributions	2,133,558	2,454,337	2,336,305	1,238,598	1,123,481	2,072,205	-	1,002	-	432,386
Total governmental activities program revenues	\$ 9,261,898	\$ 10,438,006	\$ 9,627,643	\$ 9,480,410	\$ 8,950,215	\$ 8,119,697	\$ 7,169,429	\$ 7,440,746	\$ 4,270,204	\$ 6,716,771
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Wastewater	\$ 3,626,449	\$ 3,309,012	\$ 3,880,863	\$ 3,463,574	\$ 3,223,559	\$ 3,719,420	\$ 3,888,904	\$ 2,608,686	\$ 2,775,671	\$ 2,733,163
Water	7,533,284	7,037,175	6,307,060	5,617,688	4,685,991	4,222,053	3,867,934	3,453,051	3,582,297	3,636,892
Solid waste	3,468,483	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
Operating grants and contributions	3,230,017	3,491,567	3,787,314	4,076,785	50,107	261,566	241,152	112,445	-	-
Housing Authority	365,663	346,465	408,189	343,843	-	-	-	-	-	-
Water plant	875,909	919,953	979,114	998,626	1,069,936	1,027,228	1,015,545	993,197	2,631,579	2,344,101
Total business-type activities program revenues	\$ 19,099,805	\$ 18,582,069	\$ 18,872,275	\$ 17,620,215	\$ 11,877,852	\$ 12,728,126	\$ 11,965,551	\$ 10,153,720	\$ 12,083,488	\$ 11,582,122
Total primary government program revenues	\$ 28,361,703	\$ 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
<b>Net revenues (expenses):</b>										
Governmental activities:	\$ (11,512,001)	\$ (10,478,820)	\$ (15,073,423)	\$ (14,358,275)	\$ (11,835,320)	\$ (11,199,607)	\$ (12,945,166)	\$ (13,442,385)	\$ (12,548,305)	\$ (7,532,083)
Business-type activities:	1,483,411	1,460,798	2,953,989	2,072,477	867,171	1,315,154	773,678	(926,111)	1,198,665	1,927,766
Total net revenues (expenses):	\$ (10,028,590)	\$ (9,018,021)	\$ (12,119,434)	\$ (12,285,798)	\$ (10,968,149)	\$ (9,884,453)	\$ (12,171,488)	\$ (14,368,496)	\$ (11,349,640)	\$ (5,604,317)

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General revenues and other changes in net assets:</b>										
<b>Governmental activities:</b>										
<b>Taxes:</b>										
Property taxes	1,764,939	4,257,197	7,122,966	7,293,627	7,770,698	8,037,996	7,968,560	6,613,841	5,726,141	5,055,518
Sales taxes	2,733,978	2,075,781	1,823,785	1,661,471	1,111,111	1,095,727	1,111,399	1,044,283	1,040,777	948,891
Utility users taxes	1,185,088	1,153,247	1,119,550	1,032,097	976,685	962,674	955,927	1,002,804	884,290	792,313
Transient lodging taxes	390,505	326,055	295,439	328,754	323,960	408,972	313,552	262,000	295,977	297,742
Franchise taxes	355,871	385,558	361,276	353,748	431,946	419,943	376,700	309,586	335,709	326,489
Other taxes	480,039	497,172	-	-	-	225,061	-	-	-	13,753
Rental income	-	-	-	-	-	-	-	-	-	-
Motor vehicle license in lieu	2,531,347	2,405,872	2,442,447	2,454,890	2,719,017	1,824,175	1,787,133	2,009,673	1,429,983	991,644
Use of money and property	-	-	-	-	-	-	-	-	-	-
Investment earnings	1,607,025	2,050,376	3,332,132	2,092,280	2,376,782	3,443,958	4,039,880	3,028,922	1,861,054	1,468,735
Loss on disposal of capital asset	-	-	-	-	(167,978)	(37,210)	-	(4,591)	-	(73,814)
Other	-	-	37,953	11,756	16,099	-	261,591	1,294,562	1,346,948	283,693
Special item	(5,394,363)	17,625,859	-	-	-	-	(10,404,400)	-	-	-
Transfers	242,353	191,148	202,353	(1,087,188)	152,274	165,086	-	(819,825)	517,667	674,856
<b>Total governmental activities</b>	<b>\$ 5,806,982</b>	<b>\$ 30,968,266</b>	<b>16,737,901</b>	<b>13,141,435</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>Business-type activities:</b>										
Use of money and property	\$ -	\$ -	-	-	-	-	-	-	-	-
Investment earnings	37,650	44,872	(1,100,792)	(1,152,097)	(917,382)	(628,885)	(58,995)	57,339	411,314	137,369
Gain/(Loss) on disposal of capital asset	-	1,370	-	26,556	-	-	35,316	(131,757)	-	-
Other	521,927	750,570	442,583	151,853	91,383	55,484	70,570	-	-	29,532
Transfers	(242,353)	(191,148)	(202,353)	1,087,188	(152,274)	(165,086)	-	819,825	(515,667)	(674,856)
<b>Total business-type activities</b>	<b>\$ 317,224</b>	<b>\$ 605,664</b>	<b>(860,562)</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>Total primary government</b>	<b>\$ 6,124,206</b>	<b>\$ 31,573,930</b>	<b>15,877,339</b>	<b>13,254,935</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>Changes in net position</b>										
Governmental activities:	(5,705,020)	20,489,446	1,664,478	(216,841)	3,875,274	5,346,745	(6,534,824)	1,298,867	888,241	3,247,767
Business-type activities:	1,800,635	2,066,462	2,093,427	2,185,977	(111,102)	576,667	820,569	(180,704)	1,124,312	1,419,811
<b>Total primary government</b>	<b>(3,904,385)</b>	<b>22,555,908</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>

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General fund:</b>										
Nonspendable	\$ 16,068,878	\$ 17,928,824	\$ 19,125,294							
Restricted	-	-	-							
Committed	1,311,123	1,301,001	1,300,964							
Assigned	-	6,241	-							
Unassigned	15,687,789	20,087,161	20,854,883							
Reserved				\$ 21,832,424	\$ 22,346,466	\$ 23,120,517	\$ 23,325,799	\$ 20,747,634	\$ 19,485,313	\$ 20,040,195
Unreserved, designated				12,007,882	12,007,882	12,007,882	12,007,882	16,833,727	12,488,227	12,276,930
Unreserved, undesignated				8,187,326	7,056,378	5,668,032	4,657,034	3,330,462	9,443,468	10,670,669
<b>Total general fund</b>	<b>\$ 33,067,790</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>All other governmental funds:</b>										
Nonspendable	8,637,700	8,660,303	10,459,894							
Restricted	2,366,885	2,203,694	2,442,326							
Committed	-	-	-							
Assigned	438,332	677,238	1,937,937							
Unassigned	(200,861)	(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
Unreserved, designated:										
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
Debt service funds	-	-	-	(13,726,172)	(14,018,191)	(12,828,799)	(12,596,826)	(12,574,372)	(13,409,404)	(12,676,813)
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>\$ 11,242,056</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>

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>										
Taxes	\$ 7,812,609	\$ 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
Licenses and permits	376,351	504,564	487,310	468,963	624,304	379,198	601,851	478,231	456,663	374,663
Intergovernmental	6,788,483	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
Charges for services	485,413	463,423	381,911	1,064,823	776,256	2,704,159	2,113,250	2,335,736	349,056	268,554
Fines and forfeitures	482,967	399,132	386,786	372,652	470,483	411,100	346,472	322,254	354,493	357,545
Investment earnings	1,607,025	2,050,374	2,320,968	2,156,746	2,943,142	3,443,958	3,270,247	3,028,922	2,941,126	3,101,323
Other revenues	2,468,041	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
<b>Total revenues</b>	<b>\$ 20,220,889</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>Expenditures:</b>										
<b>Current:</b>										
General government	\$ 6,199,768	\$ 4,511,005	7,301,284	5,525,021	5,485,023	2,916,632	2,805,560	3,539,125	2,522,027	4,804,099
Community development	1,219,646	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
Streets and highways	3,417,969	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
Parks, recreation and social services	1,650,102	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
Public safety - police	6,299,133	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
Capital outlays	1,149,923	3,413,157	-	-	-	1,265,846	611,515	1,527,936	315,047	679,012
Debt service:										
Principal retirement	1,113,701	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
Interest and other charges	393,541	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
<b>Total expenditures</b>	<b>\$ 21,443,783</b>	<b>\$ 23,626,341</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>Revenues over (under) expenditures</b>	<b>\$ (1,222,894)</b>	<b>(204,787)</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>Other financing sources (uses):</b>										
Proceeds from long-term debt	\$ -	\$ -	-	-	-	-	10,679,956	-	-	921,427
Transfers in	1,856,832	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
Transfers out	(1,614,479)	(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)
Total other financing sources (uses)	242,353	191,147	202,353	(1,087,188)	152,274	165,085	10,679,956	(819,825)	515,667	1,596,282
Special item	(5,394,363)	1,364,897	-	-	-	-	(10,404,400)	-	-	-
<b>Net change in fund balances</b>	<b>\$ (6,374,904)</b>	<b>\$ 1,351,256</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>
Debt service as a percentage of noncapital expenditures	8.0%	10.5%	18.6%	18.8%	20.1%	21.0%	18.3%	18.2%	22.7%	26.4%

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 2004.

Source: The Comprehensive Annual Financial Report.

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

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency (2)			Taxable Assessed Value	Total Direct Tax Rate
	Local Secured	Utility	Unsecured		Secured	Unsecured	Less: Exemptions		
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%
2013	1,288,257	-	112,999	1,401,256	-	-	-	-	0.090%

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)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
City Direct Rates:				
City Basic Rate	0.6873	0.0691	0.3039	0.0462
Redevelopment Agency	0.0000	0.0179	0.0251	0.0118
<b>Total City Direct Rate</b>	<b>0.6873</b>	<b>0.0870</b>	<b>0.3290</b>	<b>0.0580</b>
Overlapping Rates:				
Port Hueneme Elementary	0.0488	0.0493	0.0457	0.0448
Oxnard Elementary	0.0851	0.0937	0.0969	0.0245
Oxnard Elementary #2	0.0000	0.0000	0.0000	0.0412
Elementary School Bond Oxnard #3	0.0000	0.0000	0.0000	0.0324
Oxnard High School	0.0199	0.0174	0.0282	0.0109
Ventura Community College Board	0.0191	0.0140	0.0151	0.0139
United Water Cons Import	0.0072	0.0142	0.0214	0.0075
Metropolitan Water	0.0035	0.0037	0.0037	0.0043
City of Port Hueneme	1.0000	1.0000	1.0000	1.0000
<b>Total Direct Rate</b>	<b>1.8709</b>	<b>1.2792</b>	<b>1.5400</b>	<b>1.2374</b>

Source: Ventura County Assessor

2009	2008	2007	2006	2005	2004
0.4667	0.4551	0.4577	0.4458	0.4426	0.4538
0.0290	0.0079	0.0069	0.0109	0.0295	0.0231
0.4957	0.4630	0.4647	0.4567	0.4721	0.4769
0.0379	0.0368	0.0353	0.0459	0.0252	0.0277
0.0221	0.0269	0.0286	0.0352	0.0391	0.0462
0.0364	0.0302	0.0323	0.0339	0.0472	0.0450
0.0287	0.0256	0.0000	0.0000	0.0000	0.0000
0.0100	0.0098	0.0107	0.0122	0.0145	0.0133
0.0152	0.0050	0.0127	0.0130	0.0130	0.0166
0.0247	0.0034	0.0022	0.0057	0.0237	0.0170
0.0043	0.0045	0.0047	0.0052	0.0058	0.0061
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.6749	1.6052	1.5912	1.6078	1.6406	1.6488

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

Taxpayer	2013		2004	
	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>
F Oliveira Ranch Company	\$ 53,046,225	4.12%	\$ 14,340,911	1.45%
Jesco LLC	23,319,434	1.81%	20,197,128	2.04%
Wallenius Wilhelemsen Logistics	9,938,000	0.77%	-	0.00%
Del Monte Fresh Produce	9,898,300	0.77%	8,545,369	0.00%
BMW Of North America, LLC	8,687,000	0.67%	-	0.00%
Oxnard Beach Hotel, LP	8,641,400	0.67%	-	0.00%
Seaview Appartments, LLC	8,129,446	0.63%	-	0.00%
Yara North America, Inc	7,263,000	0.56%	-	0.00%
939 x Serano Av, LLC	6,655,657	0.52%	-	0.00%
NYKCOOL USA, Inc	6,570,890	0.51%	-	0.00%
	<u>\$ 142,149,352</u>	<u>11.03%</u>	<u>\$ 43,083,408</u>	<u>3.49%</u>

(1) Source: Ventura County Assessor's Office

(2) 2011-12 Local Secured Assessed Valuation: \$1,288,257,000

(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 Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years (2)	Total Collections To-Date	
		Amount	Percent of Levy		Amount (2)	Percent of Levy
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%
2013	1,401,256	1,261,950	90.06%	\$ 2,495	1,264,445	90.24%

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

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

Fiscal Year Ended June 30	Governmental Activities			Total Governmental Activities	Business-Type Activities	
	Certificates of Participation	Tax Allocation Bonds	Capital Lease Pension Oblig Bonds		Wastewater Revenue Bonds	Other Funds
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
2013	2,395,000	-	9,530,355	11,925,355	4,695,000	164,374

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

Source: The Comprehensive Annual Financial Report.

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

<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>
<u>Seaview Apartments</u>	<u>Total Business-Type Activities</u>			
-	-	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	7.07%	1521
-	5,041,782	31,045,849	6.38%	1432
-	4,859,374	16,784,729	3.30%	762

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt				Total Taxable Assessed Value	Percent of Assessed Value (1)	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Pension Bonds	Total			
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	-	21,715	2,041,498	0.00%	161
2010	3,315	17,195	10,040	30,550	2,043,243	0.49%	150
2011	3,025	16,220	9,475	28,720	1,993,545	0.48%	138
2012	2,720	15,190	8,818	26,728	1,429,309	0.62%	125
2013	2,395	-	9,530	11,925	1,401,256	0.68%	109

(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, 2013**

2012-13 Assessed Valuation	\$ 1,399,700,416
Redevelopment Agency Incremental Valuation	-
Adjusted Assessed Valuation	<u>\$ 1,399,700,416</u>

	Total Debt 6/30/2013	Percentage Applicable	City's Share of Debt 6/30/2013
<b>OVERLAPPING TAX AND ASSESSMENT DEBT</b>			
Metropolitan Water District	\$ 165,085,000	0.067%	\$ 110,607
Ventura County Community College District	308,659,326	1.339%	4,132,948
Oxnard Union High School District	91,662,016	4.191%	3,841,555
Hueneme School District	26,287,428	26.764%	7,035,567
Oxnard School District	152,703,139	4.912%	<u>7,500,778</u>
Total Overlapping Tax and Assessment Debt			<u>22,621,455</u>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Ventura County Certificates of Participation	\$ 388,450,000	1.338%	\$ 5,197,461
Ventura County Superintendent of Schools	11,510,000	1.338%	154,004
Oxnard Union High School District General Fund Obligations	7,680,000	4.191%	321,869
Oxnard School District Certificates of Participation	4,845,100	4.912%	237,991
City of Port Hueneme Certificates of Participation	2,395,000	100.000%	2,395,000 (1)
City of Port Hueneme Pension Obligations	9,530,355	100.000%	<u>9,530,355</u>
Total Direct and Overlapping General Fund Debt			<u>17,836,680</u>
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 14,105,000	100.000%	\$ 14,105,000
<b>TOTAL DIRECT DEBT</b>			<b>\$ 9,700,365</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 42,637,780</b>
Combined Total Debt			<u>\$ 54,563,135 (2)</u>

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

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

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.62%
Total Direct Debt (\$9,700,365).....	0.07%
Combined Total Debt.....	3.74%

Ratios to Redevelopment Incremental Valuation (\$499,187,258):

Total Overlapping Tax Increment Debt.....	2.83%
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AB:(\$475)

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

Fiscal Year Ended June 30	(2) Assessed Valuation	Conversion Percentage	Adjusted Assessed Valuation	Debt Limit Percentage	(1) Total Net Debt Applicable to Limit:		Legal Debt Margin	Total Debt Applicable to the Limit as a Percentage of Debt Limit
					Debt Limit	General Obligation Bonds		
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%
2013	1,401,256,000	25%	350,314,000	15%	52,547,100	-	52,547,100	0%

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

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

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

Fiscal Year Ended June 30	Wastewater Fund Revenue Bonds					Coverage
	Operating Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2013	3,649,468	2,921,935	727,533	105,000	270,805	1.94

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

Source: Finance Department, City of Port Hueneme

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

Calendar Year	Population (1) (2)	Personal Income (in thousands) (4)	Per Capita Personal Income (1)	Unemployment Rate (3)
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%
2013	22,024	507,962	23,064	8.2%

(1) Source: Decennial census data

(2) Source: State Department of Finance

(3) Source: California Employment Development Department

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

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

Full-Time (FTE) Employees as of June 30										
<u>Function</u>	<u>2013</u>	<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>
General Government	1	1	1	1	1	1	-	-	-	-
City Administration	8	8	4	4	4	4	5	5	5	5
Finance	9	10	9	9	9	10	9	9	10	10
Community Development	9	10	10	10	10	9	9	12	12	12
Recreation and Community Services	20	20	20	20	20	20	20	36	36	35
Public safety - police	37	36	35	36	36	37	40	54	54	55
Housing Authority	7	11	9	11	11	12	12	12	12	12
Public Works	50	51	45	51	54	55	58	59	59	59
<b>Total</b>	<u>141</u>	<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>

Source: City Budget Documents

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

Employer (1)	2013	
	Number of Employees	Percent of Total Employment (2)
Naval Base Ventura County	19,000	87.63%
Hueneme School District	700	3.23%
PAC Foundries	229	1.06%
International Longshoremen's	151	0.70%
Pride Industries	140	0.65%

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

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

Source: State of California Employment Development Department

**City of Port Hueneme**  
**Investment Portfolio Statistics**  
**Last Ten Fiscal Years**

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Year ended June 30,	City	
	Average Portfolio	Average Effective Rate of Return
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%
2013	39,356,713	0.59%

Source: Finance Department, City of Port Hueneme

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

	Fiscal Years									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Police:</b>										
Arrests	789	697	745	869	# 599	969	846	772	868	863
Parking citations issued	6	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	1.7	3.7	1.2	1.4	0.4	3.4
<b>Parks and recreation:</b>										
Number of recreation classes	24	28	30	32	# 33	34	26	33	29	31
Number of facility rentals per event	120	119	128	122	# 140	117	201	211	239	254
Number of park rental reservations per attendees (in thousands)	5	4	5	7	4	5	4	4	12	12
<b>Water:</b>										
Total system connections	5747	5747	5312	5665	# 5,462	5,246	5,157	5,189	5,168	5,158
Average daily consumption (million gallons per day)	2.41	2.41	2.45	2.42	2.48	2.63	2.87	2.60	2.48	2.58
<b>Wastewater:</b>										
Total system connections	4822	4822	4781	5157	# 5,126	5,081	4,992	5,027	5,008	4,999
Average daily sewage treatment (million gallons per day)	2.50	2.50	2.60	2.96	2.64	2.98	3.09	2.85	2.74	3.01
<b>Refuse:</b>										
Number of customers	4873	4873	4160	3828	# 4161	4132	3906	3920	3911	3890
Average daily collection (tonnage)	49.76	45.45	47.93	45.21	# 48.98	55.68	59.53	63.40	69.98	63.03

Source: City of Port Hueneme

\*\* Data not available

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

	Fiscal Years									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Street (miles)	75	75	75	75	75	75	75	75	75	75
Streetlights	118	118	118	118	118	118	118	118	118	118
Traffic signals	10	10	10	10	10	10	10	10	10	10
Parks and recreation:										
Parks	5	5	5	5	5	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	100	100	100	100	100	100	100	100	100	95
Maximum daily capacity (million gallons per day)	10	10	10	10	10	10	10	10	10	9
Wastewater:										
Sanitary sewers (miles)	45	45	45	45	45	45	45	45	45	41
Storm sewers (miles)	22	22	22	22	22	22	22	22	22	20
Maximum daily treatment capacity (million gallons per day)	5	5	5	5	5	5	5	5	5	4

Source: City of Port Hueneme

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

Fiscal Year Ended June 30	Wastewater Volume Rates Per Hundred Cubic Feet (HCF)					
	Residential		Commercial			
	Single Family	Muti- Family	Standard Strength	Med-High Strength	High Strength	Schools
2013	34.00	34.00	2.56	3.97	5.10	2.27
2012	31.00	31.00	2.33	3.62	4.65	2.07
2011	28.00	28.00	2.10	3.27	4.20	1.87
2010	24.00	24.00	1.80	2.80	3.60	1.60
2009	20.75	20.75	1.46	2.72	0.50	1.57
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

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	2013		2007 <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%
Tricast, Inc	14,221	0.43%	8,845	0.27%
Oxnard Harbor District	205,576	6.20%	1,742	0.05%
	<u>\$ 386,918</u>	<u>11.67%</u>	<u>\$ 826,496</u>	<u>25.22%</u>

(1) 2006 was the first year of Wastewater Bond

Source: Port Hueneme Wastewater Division Division