

City of *Port Hueneme,* *California*

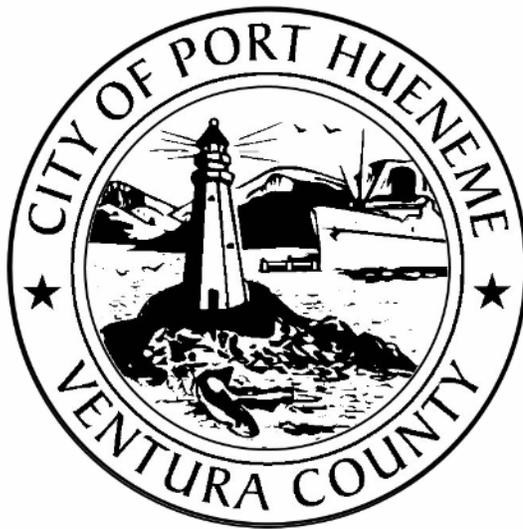


COMPREHENSIVE ANNUAL FINANCIAL REPORT Fiscal Year Ended June 30, 2009



"The Friendly City by the Sea"

**CITY OF PORT HUENEME, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009**



**Prepared by
Finance Department**

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

**City of Port Hueneme
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2009**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	iv
City Officials	viii.
Organization Chart	ix.
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management Discussion and Analysis (Unaudited)	5
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Statement of Net Assets	19
Statement of Activities and Changes in Net Assets	20
Fund Financial Statements:	
Balance Sheet - Governmental Funds	23
Reconciliation of the Fund Balance on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities and Changes in Net Assets	26
Statement of Net Assets – Proprietary Funds	27
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29
Notes to Financial Statements	31
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)	
PERS Schedule of Funding Progress	56
Budgetary Comparison Schedule	
General Fund	57
Low and Moderate Income Housing Special Revenue Fund	58
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Funds:	
Combining Balance Sheets - Nonmajor Governmental Funds	61

**City of Port Hueneme
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2009**

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION (continued)	
Combining Statement of Revenues, Expenditures and Changes in Fund Balance -	
Nonmajor Governmental Funds	63
Nonmajor Funds – Budgetary Comparison Schedule:	
Surplus Property Authority	64
Traffic Safety Special Revenue Fund	65
COPS AB3229	66
Homeland Grant	67
Bulletproof Vest Grant	68
Stormwater Program	69
TDA	70
Gas Tax Fund	71
Senior Nutrition Grant	72
Bike Path Fund	73
Homebuyer Program	74
Neighborhood Preservation	75
Median Assessment District	76
Light Assessment District	77
Drainage Assessment District	78
Block Grant	79
Park Bond Grant	80
Pension Obligation Bond	81
1992 A COP	82
 STATISTICAL SECTION (Unaudited)	
Financial Trends:	
Net Assets by Component – Last Seven Fiscal Years	87
Changes in Net Assets – Last Seven Fiscal Years	88
Fund Balances of Governmental Funds – Last Seven Fiscal Years	90
Changes in Fund Balances of Governmental Funds – Last Seven Fiscal Years	91
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	92
Direct and Overlapping Property Tax rates – Last Ten Fiscal Years	93
Principal Property Taxpayers – Current Year and Nine Years Ago	95
Property Tax Levies and Collections – Last Seven Fiscal Years	96

**City of Port Hueneme
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2009**

	<u>Page</u>
STATISTICAL SECTION (Unaudited) (continued)	
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	97
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	99
Direct and Overlapping Debt – June 30, 2009	100
Legal Debt Margin Information – Last Ten Fiscal Years	101
Pledged Wastewater Revenue Coverage – Last Ten Fiscal Years	102
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Calendar Years	103
Full-Time City Employees by Function – Last Ten Fiscal Years	104
Principal Employers – Current Year	105
Investment Portfolio Statistics – Last Ten Fiscal Years	106
Operating Information:	
Operating Indicators by Function – Last Ten Fiscal Years	107
Capital Assets Statistics by Function – Last Ten Fiscal Years	108
Wastewater Services Rates – Last Four Fiscal Years	109
Principal Wastewater Customers – Current Year and Three Years Ago	110
 OTHER REPORTS	
Report on Internal Control over Financial Reporting and on Compliance and other Matters Based On an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	111

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City of Port Hueneme

FINANCE DEPARTMENT

January 15, 2010

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Port Hueneme, California for the fiscal year ended June 30, 2009. The format and content of this CAFR complies with the principles and standards of accounting and financial reporting adopted by the Governmental Accounting Standards Board (GASB) and contains all information needed for readers to gain a reasonable understanding of City of Port Hueneme's financial affairs.

INTRODUCTION

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

Simpson and Simpson, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2009. The independent auditors' report is located at the front of the financial section of this report.

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

CITY OF PORT HUENEME PROFILE

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

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

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

CITY OF PORT HUENEME
Letter of Transmittal
For the Fiscal Year Ended June 30, 2009

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

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

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

LOCAL ECONOMY

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

General Fund sales tax revenue remains a significant source of revenue to operate general government functions. The City was successful in November 2008 with the passage of a one-half cent sales tax increase, which became effective April 1, 2009. Sales tax revenue for fiscal year ended June 30, 2009, totaled \$919,500 compared to \$871,200 for the previous year. The projected increase in sales tax revenues for the fiscal year ended June 30, 2010 is projected to be 45.1 percent. This dramatic increase is due to the added one-half transaction use tax, which accounts for approximately \$526,000 in added revenue.

For 2009, unemployment in the City was at 9.1 percent. The annual average 2009 countywide unemployment rate was 9.9 percent. The countywide rate is below the California average of 11.4 percent.

Consistent with the nationwide trend, median home prices decreased in both the City and County. The 2009 median home price in the City was \$221,400. City real median home prices decreased 24.6 percent in 2008. These prices are projected to continue to decline in 2009 with a slight increase anticipated in 2010. The projected decrease in median home prices for 2009 is 25.0 percent. With the decline in residential property values, the effects of increased property assessment appeals are not evident in the current period, but will affect property tax revenue in FY 2009-10.

In addition to community-related economics, i.e., business, employment, and real estate indices, the City's finances and operations are directly impacted by national and regional trends. The return on interest earnings was 1.94 percent for the fiscal year ended June 30, 2009, which is a decrease from the prior year's return of 3.83 percent.

LONG TERM FINANCIAL PLANNING

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

CITY OF PORT HUENEME
Letter of Transmittal
For the Fiscal Year Ended June 30, 2009

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 also developed a Financial Plan covering a 5-year period in 2008. This dynamic plan is updated every six months reflecting any new fiscal changes that have occurred or are anticipated.

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

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

- | | |
|--|--------|
| ▪ Pavement Management Program | \$1.2M |
| ▪ Wastewater Gravity Line Rehabilitation | \$4.0M |

RELEVANT FINANCIAL POLICIES

The size of reserve funds is one of the most common gauges of municipal fiscal health. Reserves are important for meeting unexpected one-time needs and emergencies such as natural disasters. The City's General Fund Reserves are projected to be \$17.2 million at the end of FY 2009-10, of which approximately \$12 million is designated for Economic Uncertainty, Disasters, Encumbrances and Capital Asset designations. The remaining \$5.2 million is undesignated reserves is set aside for emergency requirements or to finance unanticipated programs/activities that occur outside the budget adoption process.

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, 2009 included \$24 million invested in LAIF and \$13 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.

AWARDS AND ACKNOWLEDGEMENTS

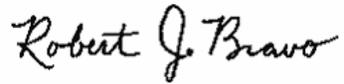
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Distinguished Budget Presentation Award for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government unit must publish budget documents of the highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting. The Certificate of Achievement is valid for a period of one year only.

The California Society of Municipal Finance Officers (CSMFO) awarded the Certificate of Excellence in Budgeting to the City for the Operating and Capital Budgets for fiscal year ended June 30, 2009. In order to be awarded a Certificate of Excellence, a government unit must receive a minimum of seventy points out of an eighty point maximum based on guidelines established by the CSMFO. The Certificate of Excellence is valid for a period of one year only.

CITY OF PORT HUENEME
Letter of Transmittal
For the Fiscal Year Ended June 30, 2009

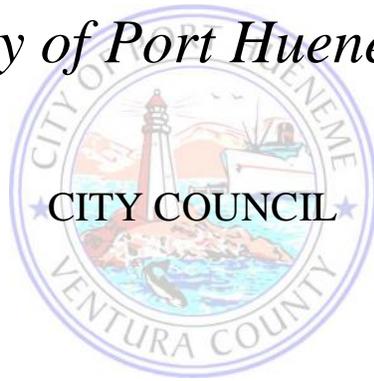
I wish to acknowledge the excellent participation and professional contribution of the financial staff in the preparation of this document, in particular Al Burrell, Juanita Guzman, Shelly Kluksdahl, and Tonie Alix who are to be commended for their extensive work and high level of performance. Additional 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 style with a large, stylized initial "R".

Robert J. Bravo
Finance Director/City Treasurer

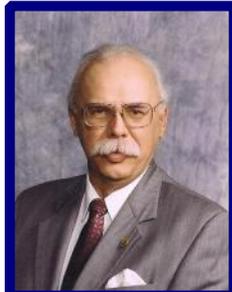
City of Port Hueneme



**Maricela P.
Morales
Council Member**



**Norman E.
Griffaw
Mayor Pro Tem**



**Jonathan
Sharkey
Mayor**



**Sylvia M.
Schnopp
Council Member**



**Douglas A.
Breeze
Council Member**

City Manager

David J. Norman

Department Directors

Robert J. Bravo – Finance Director

Greg Brown - Community Development Director

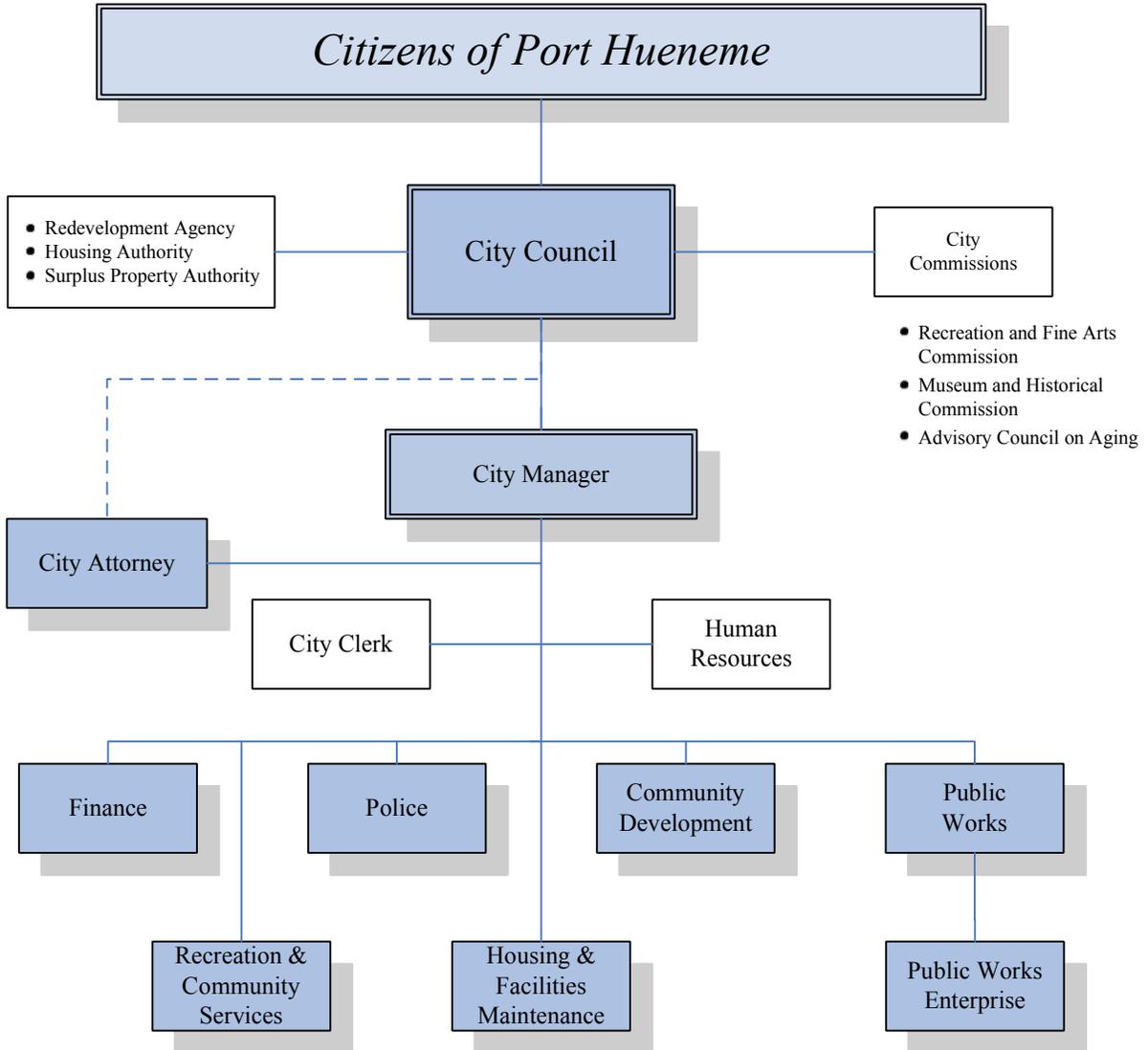
Lisa Donley - Recreation & Community Services Director

Fernando Estrella - Police Chief

Joseph Gately - Housing/Facilities Director

Andres Santamaria - Public Works Director

City of Port Hueneme



Organization Chart

FINANCIAL SECTION

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Port Hueneme, California** (City), as of and for the fiscal year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City of Port Hueneme adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over

financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on page 4 through ___ is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the supplementary information section and the statistical section, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information listed in the supplementary section (pages 50 to71) have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The information in the introductory section, the supplementary information section (pages 45-49), and the statistical section, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Los Angeles, California
January 15, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2009

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, 2009. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 13. Comparative data for the current fiscal year and previous fiscal year is presented on the government-wide financial statements, as required by GASB 34.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased by approximately \$2.8 million as a result of this year's operations. Governmental activities posted an increase of \$2.9 million, while the business-type activities decreased by \$111,000.
- Total revenues of \$36.5 million exceeded total expenditures of \$31.6 million by \$4.9 million.
- At June 30, 2009, the City's governmental funds reported combined ending fund balances of \$50.4 million, an increase of \$2.4 million in comparison with prior fiscal year's fund balances.
- At June 30, 2009, the unreserved fund balance of the General Fund balance was \$19 million or 133% of total expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements

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

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

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

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

Fund Financial Statements

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

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

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

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

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

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

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

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2009

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets - The following summaries of net assets and of changes in net assets are presented for the current year with fiscal year 2008-09 comparison data.

Table 1 - Net Assets (in thousands)

Other assets	\$ 56,627	\$ 54,392	\$ 6,110	\$ 8,634	\$ 62,737	\$ 63,026	\$ (289)	-0.46%
Capital assets	22,278	22,069	14,773	12,181	37,051	\$ 34,250	\$ 2,801	8.18%
Total assets	<u>78,905</u>	<u>76,461</u>	<u>20,883</u>	<u>20,815</u>	<u>99,788</u>	<u>97,276</u>	<u>2,512</u>	<u>2.58%</u>
Liabilities								
Other liabilities	\$ 4,248	\$ 3,290	\$ 1,551	\$ 1,217	\$ 5,799	\$ 4,507	\$ 1,292	28.67%
Long-term liabilities	31,972	33,411	5,552	5,707	\$ 37,524	\$ 39,118	(1,594)	-4.07%
Total liabilities	<u>36,220</u>	<u>36,701</u>	<u>7,103</u>	<u>6,924</u>	<u>43,323</u>	<u>43,625</u>	<u>(302)</u>	<u>-0.69%</u>
Net Assets								
Capital assets								
net of related debt	\$ 22,278	\$ 22,069	\$ 9,222	\$ 6,474	\$ 31,500	\$ 28,543	\$ 2,957	10.36%
Restricted	6,027	6,029	4,223	4,644	10,250	10,673	(423)	-3.96%
Unrestricted	14,380	11,661	335	2,773	14,715	14,434	281	1.95%
Total net assets	<u>\$ 42,685</u>	<u>\$ 39,759</u>	<u>\$ 13,780</u>	<u>\$ 13,891</u>	<u>\$ 56,465</u>	<u>\$ 53,650</u>	<u>\$ 2,815</u>	<u>5.25%</u>

The City's assets exceeded liabilities by approximately \$56 million at the close of the fiscal year ending June 30, 2009. At June 30, 2009, the City's net assets increased by \$2.8 million or 5.25% in comparison to the fiscal year ending June 30, 2008.

Of the City's approximately \$100 million of assets, 63% are other assets and 37% reflect its investment in capital assets (i.e., land buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$10 million or 18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15 million (26%) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

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

Capital assets increased by \$2.8 million or 8.2%. The reason for the increase is primarily due to the addition of structures, improvements and infrastructure.

Other liabilities increased by \$1.3 million or 28.7% due primarily to Redevelopment Agency's State mandated AB1389 Pass Through obligations during the fiscal year ended June 30, 2009.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2009

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Analysis of Activities:

The condensed summary of activities, which follows, shows that net assets increased by \$2 million for the fiscal year ended June 30, 2009.

Table 2 – Changes in Net Assets (in thousands)

Revenues	Activities				Total		Change	Percentage
	Governmental		Business-type		2009	2008		
	2009	2008	2009	2008				
Program Revenues:								
Charges for services	\$ 7,337	\$ 5,422	\$ 11,828	\$ 11,967	\$ 19,165	\$ 17,389	\$ 1,776	10.21%
Operating grants/contributions	490	624	50	261	540	885	(345)	-38.98%
Capital grants/contributions	1,124	2,073			1,124	2,073	(949)	
General Revenues:								
Property taxes	7,771	8,038			7,771	8,038	(267)	
State sales tax	1,111	1,096			1,111	1,096	15	1.37%
Other taxes and fees	6,844	7,284			6,844	7,284	(440)	-6.04%
Total Revenues	24,677	24,537	11,878	12,228	36,555	36,765	(210)	-0.57%
Expenses:								
General government	5,544	3,431			5,544	3,431	2,113	61.59%
Public safety	5,797	7,431			5,797	7,431	(1,634)	-21.99%
Community development	2,795	1,116			2,795	1,116	1,679	150.45%
Streets & highways	2,982	3,010			2,982	3,010	(28)	-0.93%
Beaches and parks	1,617	1,570			1,617	1,570	47	2.99%
Interest on long-term debt	1,773	1,446			1,773	1,446	327	22.61%
Capital Outlay		1,266			-	1,266	(1,266)	-100.00%
Bond issue cost	49	49			49	49	-	0.00%
Water			3,966	3,774	3,966	3,774	192	5.09%
Wastewater			3,329	3,526	3,329	3,526	(197)	-5.59%
Solid waste			2,632	2,602	2,632	2,602	30	1.15%
Water plant			1,084	1,011	1,084	1,011	73	7.22%
Total Expenses	20,557	19,319	11,011	10,913	31,568	30,232	1,336	4.42%
Increase (decrease) in net assets	4,120	5,218	867	1,315	4,987	6,533	(1,546)	-23.66%
Transfers	152	165	(152)	(165)	-	-		
Gain/Loss on disposal of capital assets	(168)	(37)			(168)	(37)	(131)	
Special Item			(826)	(573)	(826)	(573)	(253)	
Change in net assets	4,104	5,346	(111)	577	3,993	5,923	(1,930)	
Net assets, June 30, 2008, restated	38,581	34,413	13,891	13,315	52,472	47,728	4,744	9.94%
Net assets, June 30, 2009	42,685	39,759	13,780	13,892	56,465	53,651	2,814	5.25%

Governmental Activities

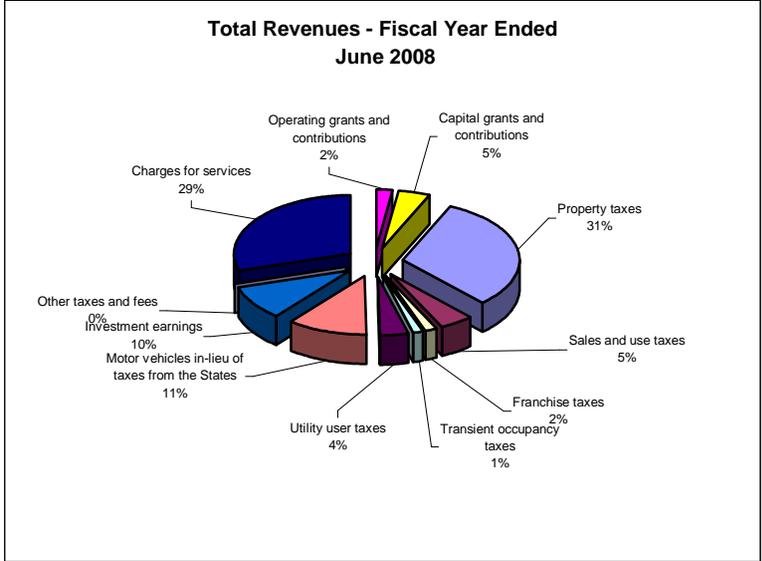
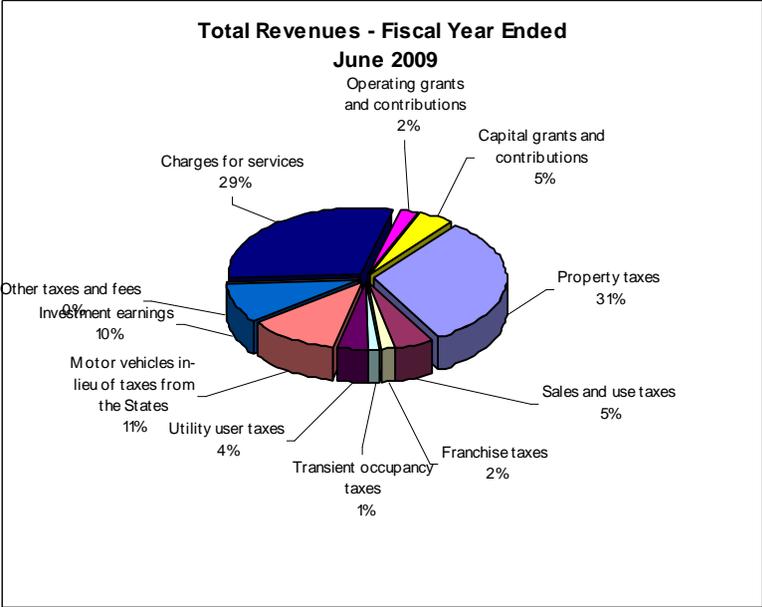
Governmental activities increased the City's net assets by \$2.9 million. Revenues for the City's governmental activities increased by \$143,000, while total expenses increased by \$1.2 million over the prior fiscal year.

**CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2009**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Governmental program revenues funded 44% of total Governmental expenses of \$20.5 million; taxes, other general revenues and transfers financed the balance of 56%. Program revenues are resources obtained from parties outside of the City. They include: (a) amounts received from those who purchase, use or directly benefit from a program; (b) grants and contributions that are restricted to specific programs; and (c) investment earnings that are legally restricted for a specific program.

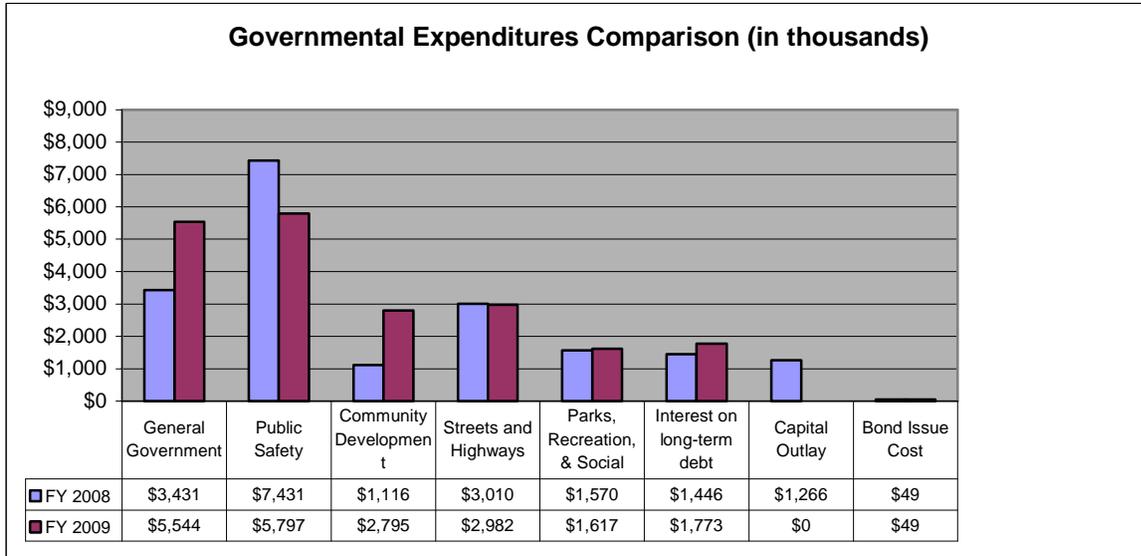
The following charts show a graphical comparison of governmental revenues by source:



CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2009

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

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



Overall, expenses for governmental activities increased by approximately \$1.2 million as a total over the prior fiscal year. General Government expenses of \$5.5 million increased by approximately \$2.1 million primarily due to Navy contract expenses incorrectly charged to Public Safety in the prior year.

Business-Type Activities

The City operates four (4) business-type activities: water utility, wastewater utility, solid waste utility and a water treatment plant. Total operating revenues and expenses for fiscal year ended June 30, 2009 were \$11.9 million and \$11 million, respectively. Business-type activities decreased the City's net assets by \$111,100. Total operating revenues for the City's business-type activities decreased by 2.6% or \$314,300; while total expenses increased by 1% or \$97,700. The factors driving these results include: charges for services revenues decreased by \$251,000, maintenance and operating expenses increased by \$613,700, and personnel services expenses increased by \$587,700. The wastewater contract with NBVC is not included as a business-type activity; it is accounted for as a governmental activity.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

At June 30, 2009, the City's governmental funds reported combined ending fund balances of \$50.4 million, a increase of \$1.4 million or 3% in comparison with the prior year fund balances. Of the \$50.4 million fund balances, approximately \$10.2 million constitutes unreserved fund balance, which is available to meet the City's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed: (1) \$7.9 million to pay debt service and (2) \$32.3 million fund balance reserved for non-current assets, such as notes receivable, prepaid, land held for resale and advances to other funds.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2009

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

Revenues and expenditures for governmental funds overall totaled approximately \$25.4 million and \$23.1, respectively, for the fiscal year ended June 30, 2009, which represents a decrease in revenues of 1% from the fiscal year ended June 30, 2008. Expenditures for governmental funds of \$23.1 million represent a decrease of 2% from fiscal year ended June 30, 2008. In the fiscal year ended June 30, 2009, revenues from governmental funds exceeded expenses by \$2.3 million.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$19.1 million of the total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 133% of total General Fund expenditures of \$14.3 million, while total fund balance represents 289% of that same amount.

The fund balance in the City's General Fund increased by \$614,300 during the fiscal year. There was an increase in General Fund revenue of approximately \$1.45 million in the current fiscal year. Overall, the General Fund's performance resulted in revenues in excess of expenditures of \$1.5 million in the fiscal year June 30, 2009.

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, and solid water utility operations.

BUDGETARY HIGHLIGHTS

Actual revenues from investment earnings were \$250,050 greater than the final budget for the fiscal year 2008-09 had anticipated. Actual revenues from taxes were \$397,302 less than the budget for the fiscal year 2008-09 had anticipated. This variance was due to decreases in Transient Occupancy tax, Utility Users tax, and Motor Vehicle In-Lieu taxes. Actual revenues from property taxes were \$260,541 less than the budget for the fiscal year 2008-09 had anticipated. This variance was largely due to a downturn in the economy's real estate market.

For the fiscal year 2008-09, the budgeted General Fund expenditures were approximately \$15.3 million in which \$14.5 were actually expended. This resulted in a variance under budget of \$825,234. The net change in the fund balance was an increase of \$614,295 to an ending Fund Balance of \$41.4 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, 2009, amounted to \$37.0 million (net of accumulated depreciation) for the fiscal year ended June 30, 2009. This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, and construction-in-progress. The total increase in the City's net investment in capital assets for the current fiscal year is \$2.8 million, and is comprised of an increase of \$.6 million for governmental activities and an increase of \$2.6 million for business-type activities.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Table 3 - Capital Assets (in thousands)

	Governmental		Business-type		Total	
	2009	2008	2009	2008	2009	2008
Non-depreciable assets:						
Land	\$ 1,806	\$ 1,406	\$ 2,187	\$ 2,066	\$ 3,993	\$ 3,472
Construction in progress		-	1,709	2,492	\$ 1,709	\$ 2,492
Total non-depreciable assets	1,806	1,406	3,896	4,558	5,702	5,964
Depreciable assets (net):						
Buildings, structures, and	12,265	12,523	4,743	4,756	17,008	17,279
Office equipment	78	105		-	78	105
Mobile equipment	259	345		-	259	345
Other equipment	311	351	1,114	1,239	1,425	1,590
Pipeline/plant		-	5,020	1,628	5,020	1,628
Infrastructure	7,559	7,339		-	7,559	7,339
Total depreciable assets	20,472	20,663	10,877	7,623	31,349	28,286
Total assets	\$ 22,278	\$ 22,069	\$ 14,773	\$ 12,181	\$ 37,051	\$ 34,250

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

- Continued construction in progress on the wastewater gravity lines, costs for current fiscal year was \$731,022.
- Continued construction in progress on the water meter project, costs for current fiscal year was \$1,994,041.
- The City made miscellaneous improvements to City facilities, costs for the current fiscal year was \$217,532.

Additional information on the City of Port Hueneme's capital assets can be found in note 3 on pages 34-36 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.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2009

Long-term Debt (Continued)

At the end of the current fiscal year, the City had outstanding debt of \$3.6 million for Certificates of Participation. A scheduled principal payment of \$260,000 reduced the June 2009 outstanding balance of \$3.9 million to \$3.6 million.

	Activities					
	Governmental		Business-Type		Total	
	2009	2008	2009	2008	2009	2008
Tax Allocation Bonds	\$ 18,125	\$ 19,010			\$ 18,125	\$ 19,010
Certificates of Participation	3,590	3,850			3,590	3,850
Capital Lease Obligation	217	161			217	161
Pension Obligation Bonds	10,040	10,390			10,040	10,390
Revenue Bonds			5,095	5,185	5,095	5,185
Capital Lease Agreement			456	522	456	522
Total	\$ 31,972	\$ 33,411	\$ 5,551	\$ 5,707	\$ 37,523	\$ 39,118

As of June 30, 2009, the City had outstanding bond issues totaling \$33.3 million and Capital Lease Obligations totaling \$673,000.

The City of Port Hueneme's debt decreased by \$1.6 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 38-41 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 2008-09 financial and/or operational activities.

- The Fiscal Year 2009-10 Adopted Budget: Includes minimal or no new personnel or programs and capital improvements of approximately \$67,600, projects a surplus of \$105,865 in the general fund. Efforts continue to increase revenues and decrease expenditures have resulted in a projected surplus of approximately \$223,623.
- Enterprise Funds: All utility rates under went rate studies to determine full cost recovery, and as a result, rate increases were scheduled for the next 4-5 years to recover costs and establish sufficient capital and operating reserves.

REQUEST FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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CITY OF PORT HUENEME
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing Authority
ASSETS				
Cash and investments	\$ 33,356,258	\$ 7,258,661	\$ 40,614,919	\$ 1,143,490
Receivables, net	3,547,532	1,514,322	5,061,854	33,420
Internal balances	15,814,534	(15,814,534)	-	-
Due from primary government	-	-	-	-
Prepaid expenses	3,713	3,884	7,597	1,623
Investment in joint venture	-	8,680,799	8,680,799	-
Restricted cash and investments	1,799,830	4,223,455	6,023,285	-
Land held for resale	1,449,541	-	1,449,541	-
Deferred bond issuance costs	655,392	243,000	898,392	-
Capital assets, net	22,277,948	14,773,368	37,051,316	274,314
TOTAL ASSETS	78,904,748	20,882,955	99,787,703	1,452,847
LIABILITIES				
Accounts payable	1,113,730	1,064,188	2,177,918	33,405
Accrued wages and benefits	359,565	114,449	474,014	27,713
Accrued interest payable	179,353	-	179,353	-
Deferred revenue	179,523	-	179,523	-
Other liabilities	54,928	-	54,928	-
Deposits	383,585	269,810	653,395	15,080
Compensated absences	535,393	102,944	638,337	22,536
Due to other governments	1,372,158	-	1,372,158	395
Net OPEB obligation	70,009	-	70,009	-
Long-term debt				
Due within one year	1,915,464	163,696	2,079,160	-
Due in more than one year	30,056,259	5,387,656	35,443,915	-
TOTAL LIABILITIES	36,219,967	7,102,743	43,322,710	99,129
NET ASSETS				
Invested in capital assets, net of related debt	22,277,948	9,222,016	31,499,964	274,314
Restricted for:				
Low and moderate income housing	4,226,832	-	4,226,832	-
Debt service	1,799,830	-	1,799,830	-
Capital improvement	-	4,223,455	4,223,455	-
Unrestricted	14,380,171	334,739	14,714,910	1,079,404
TOTAL NET ASSETS	\$ 42,684,781	\$ 13,780,210	\$ 56,464,991	\$ 1,353,718

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statements of Activities and Changes in Net Assets
For the Fiscal Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues				Net (Expenses) Revenues and Change in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Primary Government			Component Unit
						Governmental Activities	Business-type Activities	Total	Housing Authority
Governmental activities									
General government	\$ 5,543,821	\$ 4,734,479	\$ -	\$ -	\$ 4,734,479	\$ (809,342)	\$ -	\$ (809,342)	\$ -
Public safety	5,796,561	222,113	252,936	-	475,049	(5,321,512)	-	(5,321,512)	-
Streets and highways	2,982,477	1,118,886	-	1,123,481	2,242,367	(740,110)	-	(740,110)	-
Parks, recreation and social services	1,617,275	438,490	17,721	-	456,211	(1,161,064)	-	(1,161,064)	-
Community development	2,795,189	822,741	219,368	-	1,042,109	(1,753,080)	-	(1,753,080)	-
Interest on long-term debt	1,773,146	-	-	-	-	(1,773,146)	-	(1,773,146)	-
Bond issue cost	49,002	-	-	-	-	(49,002)	-	(49,002)	-
Total governmental activities	20,557,471	7,336,709	490,025	1,123,481	8,950,215	(11,607,256)	-	(11,607,256)	-
Business-type activities									
Water utility	3,966,215	4,685,991	-	-	4,685,991	-	719,776	719,776	-
Wastewater utility	3,328,909	3,223,359	-	-	3,223,359	-	(105,550)	(105,550)	-
Solid waste utility	2,631,439	2,848,459	50,107	-	2,898,566	-	267,127	267,127	-
Water plant	1,084,118	1,069,936	-	-	1,069,936	-	(14,182)	(14,182)	-
Total business-type activities	11,010,681	11,827,745	50,107	-	11,877,852	-	867,171	867,171	-
Total primary government	\$ 31,568,152	\$ 19,164,454	\$ 540,132	\$ 1,123,481	\$ 20,828,067	(11,607,256)	867,171	(10,740,085)	-
Total component unit - Housing Authority	\$ 3,941,833	\$ 402,865	\$ 3,152,373	\$ 323,493	\$ 3,878,731	-	-	-	(63,102)
			General revenues:						
			Property taxes			7,770,698	-	7,770,698	-
			Sales and use taxes			1,111,111	-	1,111,111	-
			Franchise taxes			431,946	-	431,946	-
			Transient occupancy taxes			323,960	-	323,960	-
			Utility user taxes			976,685	-	976,685	-
			Motor vehicle in-lieu of taxes from the State			2,719,017	-	2,719,017	-
			Investment earnings			2,376,782	(917,382)	1,459,400	18,522
			Other			16,098	91,383	107,481	5,103
			Loss on disposal of capital asset			(167,977)	-	(167,977)	-
			Transfers			152,274	(152,274)	0	-
			Total general revenues			15,710,595	(978,273)	14,732,322	23,625
			Change in net assets			4,103,339	(111,102)	3,992,237	(39,477)
			Net assets - beginning, restated			38,581,442	13,891,312	52,472,754	1,393,194
			Net assets - ending			\$ 42,684,781	\$ 13,780,210	\$ 56,464,991	\$ 1,353,717

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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CITY OF PORT HUENEME
Balance Sheet
Governmental Funds
June 30, 2009

	<u>Redevelopment Agency</u>					Total Governmental Funds
	General Fund	Low and Moderate Income Housing	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
ASSETS						
Cash and investments	\$ 19,839,152	\$ 2,208,252	\$ 6,040,466	\$ 1,393,221	\$ 3,875,167	\$ 33,356,258
Receivables	1,775,150	1,807,842	46,374	4,523	119,203	3,753,092
Due from other funds	436,671	-	-	-	-	436,671
Prepaid expenses	3,713	-	-	-	-	3,713
Restricted cash and investments	-	-	1,799,830	-	-	1,799,830
Land held for resale	-	-	-	1,449,541	-	1,449,541
Advances to other funds	21,650,311	-	-	-	6,716,858	28,367,169
TOTAL ASSETS	\$ 43,704,998	\$ 4,016,094	\$ 7,886,669	\$ 2,847,285	\$ 10,711,228	\$ 69,166,274
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,037,610	\$ 10,753	\$ -	\$ 1,354	\$ 64,013	\$ 1,113,730
Accrued wages and benefits	108,379	12,295	-	845	7,519	129,038
Due to other funds	184,920	-	-	-	162,148	347,068
Due to component unit	-	18,999	-	-	-	18,999
Advances from other funds	-	-	12,642,239	-	-	12,642,239
Deferred revenue	132,000	1,801,215	-	-	253,084	2,186,299
Deposits	296,260	12,777	-	47,090	27,458	383,585
Other liabilities	-	-	-	-	54,928	54,928
Compensated absences	535,392	-	-	-	-	535,392
Due to other governments	(289)	-	1,353,448	-	-	1,353,159
TOTAL LIABILITIES	2,294,272	1,856,038	13,995,687	49,289	569,150	18,764,436
FUND BALANCES						
Reserved for:						
Debt service funds	-	-	7,886,669	-	-	7,886,669
Notes receivable	696,155	1,807,842	-	4,523	-	2,508,519
Prepaid expenses	-	-	-	-	-	-
Land held for resale	-	-	-	1,449,541	-	1,449,541
Advances to other funds	21,650,311	-	-	-	6,716,858	28,367,169
Encumbrances	-	-	-	-	-	-
Unreserved:						
Designated for:						
Encumbrances	400,000	-	-	-	-	400,000
General	2,816,200	-	-	-	-	2,816,200
Disaster	500,000	-	-	-	-	500,000
Risk management	-	-	-	-	-	-
Equipment and vehicles	-	-	-	-	-	-
Facility replacement	-	-	-	-	-	-
Capital assets	8,291,682	-	-	-	-	8,291,682
Undesignated, reported in:						
General fund	7,056,378	-	-	(382)	-	7,055,996
Special revenue funds	-	352,214	-	-	3,425,220	3,777,434
Capital projects funds	-	-	-	1,344,314	-	1,344,314
Debt service funds	-	-	(13,995,687)	-	-	(13,995,687)
TOTAL FUND BALANCES	41,410,726	2,160,056	(6,109,018)	2,797,996	10,142,078	50,401,838
TOTAL LIABILITIES AND FUND BALANCES	\$ 43,704,998	\$ 4,016,094	\$ 7,886,668	\$ 2,847,285	\$ 10,711,228	\$ 69,166,274

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Reconciliation of the Fund Balance on the Balance Sheet for Governmental Funds
to Net Assets of Governmental Activities on the Statement of Net Assets
June 30, 2009

Fund balances of the governmental funds	\$	50,401,838
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		22,277,948
Long-term loan receivables are not available to finance current operations and are offset by a corresponding deferred revenue balance in the governmental funds.		2,017,982
Bond issue costs are reported as expenditures on statement of revenues, expenditures and change in fund balances in the governmental funds in the year the bond is issued; however, such costs are reported as deferred expense in the statement of net assets to be amortized over the term of the bond.		655,392
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	\$ (31,971,723)	
Capital lease	(216,767)	
Net OPEB obligation	(70,009)	
Accrued interest	(179,353)	
Accrued vacation	(230,527)	
	(32,668,379)	
Net assets of governmental activities	\$	42,684,781

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, 2009

	<u>Redevelopment Agency</u>					Total Governmental Funds
	General Fund	Low and Moderate Income Housing	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Revenues:						
Taxes	\$ 4,599,748	\$ -	\$ -	\$ -	\$ 549,829	\$ 5,149,577
Property taxes	1,371,459	-	5,849,410	-	-	7,220,869
Licenses and permits	624,304	-	-	-	-	624,304
Fines and penalties	418,872	-	-	-	51,611	470,483
Charges for services	776,256	-	-	-	-	776,256
Investment earnings	1,982,023	77,504	225,361	25,994	632,260	2,943,142
Rental income	375,901	127,294	-	23,090	204,003	730,288
Loan payments	-	134,316	-	-	24,540	158,856
Intergovernmental	4,714,373	-	-	-	1,531,347	6,245,720
Harbor district revenue	961,595	-	-	-	-	961,595
Other	13,296	2,803	-	-	82,158	98,257
Total revenues	\$ 15,837,827	\$ 341,917	\$ 6,074,771	\$ 49,084	\$ 3,075,749	\$ 25,379,348
Expenditures:						
General government	\$ 5,365,739	-	-	-	119,284	5,485,023
Public safety	5,650,078	-	-	-	125,480	5,775,558
Streets and highways	934,046	-	-	-	2,009,321	2,943,367
Parks, recreation and social services	1,590,646	-	-	-	21,028	1,611,674
Community development	783,541	1,785,998	72,155	297,050	487,835	3,426,578
Principal retirement	-	-	1,305,714	-	610,000	1,915,714
Interest and fiscal charges	-	-	1,483,745	-	447,747	1,931,492
Total expenditures	14,324,050	1,785,998	2,861,614	297,050	3,820,694	23,089,406
Excess (deficiency) of revenues over expenditures	1,513,777	(1,444,081)	3,213,157	(247,966)	(744,946)	2,289,942
Other Financing Sources (Uses):						
Transfers in	72,593	1,253,054	-	274,931	1,058,524	2,659,102
Transfers out	(972,075)	-	(1,527,986)	-	(6,767)	(2,506,828)
Total other financing sources (uses)	(899,482)	1,253,054	(1,527,986)	274,931	1,051,757	152,274
Net change in fund balances	614,295	(191,027)	1,685,171	26,966	306,811	2,442,216
Fund balances - beginning	40,796,431	2,351,083	(7,794,189)	2,771,030	9,835,267	47,959,622
Fund balances - ending	\$ 41,410,726	\$ 2,160,056	\$ (6,109,018)	\$ 2,797,996	\$ 10,142,078	\$ 50,401,838

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Government-Wide Statement of Activity and Changes in Net Assets
For the Fiscal Year Ended June 30, 2009

Net change in fund balances for governmental funds	\$	2,442,216																
<p>Amount reported for governmental activities in the statement of activities are different because:</p>																		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		1,500,330																
<p>Loans made under the Home Buyer and Residential Rehabilitation Loan programs and the receipts of principal repayments are recognized as expenditures and program revenues respectively in the governmental funds. However, in the statement of net assets, these transactions changes the loan receivable balances.</p> <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 50%;">New loans made</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 20%; text-align: right;">252,361</td> <td style="width: 20%;"></td> </tr> <tr> <td>Repayment of loan principal received</td> <td></td> <td style="text-align: right;">(136,475)</td> <td style="text-align: right; vertical-align: bottom;">115,886</td> </tr> </table>	New loans made	\$	252,361		Repayment of loan principal received		(136,475)	115,886										
New loans made	\$	252,361																
Repayment of loan principal received		(136,475)	115,886															
<p>The net effect of various transactions involving capital assets (i.e. sales and trade ins) is to decrease net assets.</p>		(167,976)																
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 50%;">Bond issuance prior year</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">(338,898)</td> <td style="width: 20%;"></td> </tr> <tr> <td>Bond principal retirement</td> <td></td> <td style="text-align: right;">1,495,000</td> <td></td> </tr> <tr> <td>Capital lease payments</td> <td></td> <td style="text-align: right;">122,131</td> <td></td> </tr> <tr> <td>Amortization of bond issuance costs</td> <td></td> <td style="text-align: right;">(49,002)</td> <td style="text-align: right; vertical-align: bottom;">1,229,231</td> </tr> </table>	Bond issuance prior year		(338,898)		Bond principal retirement		1,495,000		Capital lease payments		122,131		Amortization of bond issuance costs		(49,002)	1,229,231		
Bond issuance prior year		(338,898)																
Bond principal retirement		1,495,000																
Capital lease payments		122,131																
Amortization of bond issuance costs		(49,002)	1,229,231															
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p> <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 50%;">Depreciation expenses</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 20%; text-align: right;">(1,123,811)</td> <td style="width: 20%;"></td> </tr> <tr> <td>Net OPEB expense</td> <td></td> <td style="text-align: right;">(70,009)</td> <td></td> </tr> <tr> <td>Compensated absences</td> <td></td> <td style="text-align: right;">-</td> <td style="text-align: right; vertical-align: bottom;">(1,193,820)</td> </tr> </table>	Depreciation expenses	\$	(1,123,811)		Net OPEB expense		(70,009)		Compensated absences		-	(1,193,820)						
Depreciation expenses	\$	(1,123,811)																
Net OPEB expense		(70,009)																
Compensated absences		-	(1,193,820)															
Change in net assets of governmental activities	\$	<u>3,925,868</u>																

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Primary Government				
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Total
ASSETS					
Current assets:					
Cash and investments	\$ 2,086,219	\$ 3,623,772	\$ 1,548,878	\$ (208)	\$ 7,258,661
Receivables, net	601,255	454,805	317,717	140,545	1,514,322
Prepaid	3,884				3,884
Deferred bond issuance costs	-	243,000	-	-	243,000
Noncurrent assets:					
Restricted cash and investments	-	4,223,455	-	-	4,223,455
Due from other funds		1,469,875	-	-	1,469,875
Investment in joint venture	8,680,799	-	-	-	8,680,799
Capital assets, net	5,177,964	8,061,203	1,530,611	3,590	14,773,368
TOTAL ASSETS	16,550,120	18,076,110	3,397,206	143,927	38,167,363
LIABILITIES					
Current liabilities:					
Accounts payable	557,845	349,610	123,126	33,607	1,064,188
Accrued wages and benefits	30,214	30,710	39,541	13,984	114,449
Due to other funds		284,435	-	89,605	374,040
Deposits	247,011	-	22,799	-	269,810
Long-term debts - current portion	-	-	-	-	-
Noncurrent portion of long-term liabilities:					
Advances from other funds	15,724,932	-	1,185,438		16,910,370
Compensated absences	-	53,188	36,220	13,536	102,944
Long-term debt	-	5,000,000	456,352	-	5,456,352
TOTAL LIABILITIES	16,560,002	5,812,943	1,863,476	150,732	24,387,153
NET ASSETS					
Invested in capital assets, net of related debt	5,177,964	3,061,203	1,074,259	3,590	9,317,016
Restricted for capital improvement	-	4,223,455	-	-	4,223,455
Unrestricted	(5,187,846)	4,978,509	459,471	(10,395)	239,739
TOTAL NET ASSETS	\$ (9,882)	\$ 12,263,167	\$ 1,533,730	\$ (6,805)	\$ 13,780,210

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Revenues, Expenditures and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Primary Government				Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	
Operating revenues:					
Charges for services	\$ 4,685,991	\$ 3,193,359	\$ 2,848,459	\$ 1,069,936	\$ 11,797,745
Connection fees	-	30,000			30,000
Grant revenue	-	-	50,107		50,107
Other	4,659	6,863	64,002	15,859	91,383
Total operating revenues	4,690,650	3,230,222	2,962,568	1,085,795	11,969,235
Operating expenses:					
Personnel services	345,776	778,405	772,119	334,108	2,230,408
Maintenance and operations	3,528,102	2,325,318	1,751,356	746,419	8,351,195
Depreciation and amortization	92,337	225,186	107,964	3,591	429,078
Total operating expenses	3,966,215	3,328,909	2,631,439	1,084,118	11,010,681
Operating income	724,435	(98,687)	331,129	1,677	958,554
Non-operating revenues (expenses):					
Gain/(loss) on disposal of capital asset	1,942	1,927	-	-	3,869
Interest revenues	49,276	197,689	56,821	-	303,786
Interest (expenses)	(1,005,235)	(221,164)	(76,716)	(1,942)	(1,305,057)
Investment income		80,020			80,020
Total non-operating revenues (expenses)	(954,017)	58,472	(19,895)	(1,942)	(917,382)
Transfer in	-	651,235			651,235
Transfer (out)	(8,375)	(670,598)	(118,281)	(6,255)	(803,509)
Total transfers	(8,375)	(19,363)	(118,281)	(6,255)	(152,274)
Increase (decrease) in net assets	(237,957)	(59,578)	192,953	(6,520)	(111,102)
Net assets (deficit), beginning	228,075	12,322,745	1,340,777	(285)	13,891,312
Net assets (deficit), ending	\$ (9,882)	\$ 12,263,167	\$ 1,533,730	\$ (6,805)	\$ 13,780,210

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Primary Government				Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	
Cash flows from operating activities:					
Cash received from customers	\$ 4,740,848	\$ 3,307,785	\$ 2,892,704	\$ 1,061,586	\$ 12,002,923
Cash received from grantors	-	-	50,107	-	50,107
Cash received from other operating	4,659	36,863	64,002	15,859	121,383
Cash paid to suppliers for goods and services	(3,155,433)	(2,456,028)	(1,908,547)	(739,406)	(8,259,414)
Cash paid to employees for services	<u>(344,098)</u>	<u>(792,335)</u>	<u>(764,336)</u>	<u>(330,050)</u>	<u>(2,230,819)</u>
Net cash provided by operating activities	<u>1,245,976</u>	<u>96,285</u>	<u>333,930</u>	<u>7,989</u>	<u>1,684,180</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(2,241,991)	(764,486)	(15,000)	-	(3,021,477)
Principal paid on capital lease	-	-	(66,015)	-	(66,015)
Repayment of loans from other funds	-	(90,000)	-	-	(90,000)
Interest paid	<u>(1,013,610)</u>	<u>(891,762)</u>	<u>(194,997)</u>	<u>(8,197)</u>	<u>(2,108,566)</u>
Net cash used for capital and related financing activities	<u>(3,255,601)</u>	<u>(1,746,248)</u>	<u>(276,012)</u>	<u>(8,197)</u>	<u>(5,286,058)</u>
Cash flows from investing activities:					
Interest on cash and cash equivalents	<u>270,804</u>	<u>930,871</u>	<u>56,821</u>	<u>-</u>	<u>1,258,496</u>
Net increase/(decrease) in cash and cash equivalents	(1,738,821)	(719,092)	114,739	(208)	(2,343,382)
Cash and cash equivalents, beginning	<u>3,825,040</u>	<u>8,566,319</u>	<u>1,434,139</u>	<u>-</u>	<u>13,825,498</u>
Cash and cash equivalents, ending	<u>\$ 2,086,219</u>	<u>\$ 7,847,227</u>	<u>\$ 1,548,878</u>	<u>\$ (208)</u>	<u>\$ 11,482,116</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, 2009
(Continued)

	Primary Government				Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 724,435	\$ (98,687)	\$ 331,129	\$ 1,677	\$ 958,554
Adjustments to reconcile operating					
Depreciation	92,337	225,186	107,964	3,591	429,078
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	48,416	114,426	44,245	(8,350)	198,737
(Increase) decrease in prepaid	6,441	-	-	-	6,441
Increase in deposits	142,983	-	5,127	-	148,110
Increase in deferred bond issuance costs	-	9,582	-	-	9,582
Increase (decrease) in accounts payable	216,963	1,158	(21,387)	(8,481)	188,253
Increase (decrease) in accrued wage and benefits	1,678	(13,930)	14,090	2,696	4,534
Increase (decrease) in due to other funds	12,723	(140,185)	(140,931)	15,494	(252,899)
Increase (decrease) in compensated absences	-	(1,265)	(6,307)	1,362	(6,210)
Net cash provided by operating activities	\$ 1,245,976	\$ 96,285	\$ 333,930	\$ 7,989	\$ 1,684,180

See accompanying notes to financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

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 the exercise of oversight responsibility by the Port Hueneme City Council in the selection of governing authority, designation of the management, and the ability to significantly influence operations.

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

Blended Component Units

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

Surplus Property Authority of the City of Port Hueneme – On October 6, 1993, the City Council by adoption of Ordinance No. 591, established the Surplus Property Authority to function within the City of Port Hueneme. Although the Surplus Property Authority is a separate legally 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.

Discretely Presented Component Unit

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

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

B. Government-wide and Fund Financial Statements

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are measurable and available as net current assets. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

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

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

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

The City reports the following fund types:

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

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

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

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

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

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

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

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Assets, Liabilities and Net Assets

Cash and Investment

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

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

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

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

Interfund Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account as applicable, governmental funds to indicate that they are not available for appropriation and are not expendable available financial assets.

Land Held for Resale

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

Investment in Joint Venture

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

Property Taxes

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

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

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

Deferred Revenue

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

Long-Term Debt

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

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

Fund Equity

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

Net Assets

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

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

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

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

Use of Estimates

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

The City uses the purchase method of accounting for inventory items (for example, materials and supplies), as there is not significant inventory on hand at June 30, 2009. It is not reported on the balance sheet, but expensed on the statement of revenues, expenditures and changes in fund balances.

Implementation of New Accounting Pronouncement

Effective for the year ended June 30, 2008, the District adopted the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

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

The following funds exceeded their appropriation:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>
Nonmajor fund:		
Light Assessment	\$ 120,400	\$ 174,063
COPS AB3229	\$ 119,322	\$ 121,270

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Cash and Investment

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

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

Authorized Deposits/Investments:

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investment (Continued)

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

Deposits

The primary government’s deposits had a carrying amount of \$1,510,266 and a bank balance of \$1,720,315 as of June 30, 2009. The discreetly presented component unit’s deposits had a carrying amount of \$298,070 and a bank balance of \$319,131 as of June 30, 2009.

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

The City’s investments at June 30, 2009 are:

Primary Government

	Carrying Value		Fair Value
Local Agency Investment Fund	\$ 23,219,352	\$	23,219,352
Certificate of Deposits	691,244		691,244
Money Market Mutual Funds	8,738,663		8,738,663
U.S. Treasury Securities	13,275,125		13,275,125
Guaranteed Investment Contracts	1,799,565		1,799,565
	\$ 47,723,949	\$	47,723,949

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investment (Continued)

Component Unit

	<u>Carrying Value</u>	<u>Fair Value</u>
Local Agency Investment Fund	\$ <u>845,420</u>	\$ <u>845,420</u>

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

Interest Rate Risk: The City’s investment policy limits investment maturity as a means of managing its exposure to fair value losses arising from increasing interest rates. The City’s investment policy states that investments in United States Treasury Security and securities for which the full faith and credit of the United States is pledged should have a maturity no longer than two years. The average life of the LAIF portfolio was 235 days as of June 1, 2009. The average maturity information of the LAIF portfolio as of June 30, 2009 was not available. As of June 30, 2009, the average maturity of the City’s portfolio of United States Treasury Securities was not available.

Credit Risk: The City’s investment policy states that all investments must be rated Aaa by Moody’s Investor Services or A1 by Standard & Poors. At June 30, 2009, the City’s primary government and its discreetly presented component unit invested \$23,219,352, and \$845,420 respectively in the LAIF pool. The credit quality of the LAIF pool is not available. The pool invests in high quality securities and maintains a mix of securities to provide reasonable assurance that no single investment or class of investments will have a disproportionate impact on the portfolio. The LAIF portfolio is authorized to invest in U.S. government securities, securities of federally-sponsored agencies, domestic corporate bonds, interest-bearing time deposits in California banks and savings and loan associations, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, banker’s acceptances, negotiable certificates of deposit and loans to various bond funds as permitted under Government Code Section 16430. The Guaranteed Investment Contract with BNY Western Trustee Company is unrated.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of year end for the government’s individual major funds, nonmajor funds and discretely presented component unit are as follows:

<i>Governmental Activities:</i>	General	Low/Mod Income Housing	Debt Service	Capital Project	Nonmajor	Total
Accounts	\$ 983,709				\$ 66,516	\$ 1,050,225
Tenants	133				16,875	17,008
Interest	3,799	3,517	23,728	4,523	1,010	36,577
Property taxes	91,354	3,109	22,645		13,758	130,866
Grants	-				21,044	21,044
Notes	696,155	1,801,216			-	2,497,371
Total:	\$ 1,775,150	\$ 1,807,842	\$ 46,373	\$ 4,523	\$ 119,203	\$ 3,753,091

<i>Business-Type Activities:</i>	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Total
Accounts	\$ 601,255	\$ 454,805	\$ 317,717	\$ 140,545	\$ 1,514,322

<i>Component Unit:</i>	Housing Authority
Accounts	\$ 5,793
Interest	3,178
COPH	3,935
RDA	18,999
Grants	1,515
Total:	\$ 33,420

C. Investment in Joint Venture

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

PHWA was created to plan, develop, finance, construct and operate joint water desalination and softening plant. The City Water Fund contributed \$12,673,812 to PHWA for the acquisition and construction of property, plant and equipment and the amount was reported as investment in joint venture. The balance is adjusted yearly based on the City’s pro rata share of PHWA’s income or loss. The balance of the investment is \$8,680,799 as of June 30, 2009.

Under the Agreement, the City:

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

C. Investment in Joint Venture

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

The following are the net assets of PHWA as of June 30, 2009:

Net Assets:		
Invested in capital assets, net of related debt	\$	18,633,694
Restricted for operations		587,913
Unrestricted		795,521
Total net assets	\$	<u>20,017,128</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 and for the Housing Authority for the year ended June 30, 2009 are as follows:

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Primary Government

Governmental Activities:

	Beginning Balance	Addition	Retirements	Ending Balance
Non-depreciable assets:				
Land	\$ 1,405,911	\$ 400,000	\$ -	\$ 1,805,911
Total non-depreciable assets	<u>1,405,911</u>	<u>400,000</u>	<u>-</u>	<u>1,805,911</u>
Depreciable assets:				
Buildings, structures, improvements	19,202,164	424,380	(159,380)	19,467,164
Office equipment	760,580			760,580
Mobile equipment	1,451,258	91,029	(106,282)	1,436,005
Other equipment	772,310	17,724	(17,911)	772,123
Infrastructure	14,374,776	567,197		14,941,973
Total depreciable assets	<u>36,561,088</u>	<u>1,100,330</u>	<u>(283,573)</u>	<u>37,377,845</u>
Less accumulated depreciation				
Buildings, structures, improvements	(6,679,403)	(551,139)	28,136	(7,202,406)
Office equipment	(655,373)	(27,080)		(682,453)
Mobile equipment	(1,105,605)	(141,724)	70,244	(1,177,085)
Other equipment	(421,336)	(56,510)	17,218	(460,628)
Infrastructure	(7,035,877)	(347,359)		(7,383,236)
Total accumulated depreciation	<u>(15,897,594)</u>	<u>(1,123,812)</u>	<u>115,598</u>	<u>(16,905,808)</u>
Governmental activities capital assets, net	<u>\$ 22,069,405</u>	<u>\$ 376,518</u>	<u>\$ (167,975)</u>	<u>\$ 22,277,948</u>

Business-type Activities

	Beginning Balance	Addition	Retirements	Ending Balance
Non-depreciable assets:				
Land	\$ 2,065,777	\$ 121,000	\$ -	\$ 2,186,777
Construction in progress	2,492,472	2,833,673	(3,616,479)	1,709,666
Total non-depreciable assets	<u>4,558,249</u>	<u>2,954,673</u>	<u>(3,616,479)</u>	<u>3,896,443</u>
Depreciable assets:				
Buildings, structures, improvements	4,835,821	-		4,835,821
Pipeline/plant	5,917,066	3,718,030	(101,551)	9,533,545
Equipment	2,892,221	278,146	(265,972)	2,904,395
Total depreciable assets	<u>13,645,108</u>	<u>3,996,176</u>	<u>(367,523)</u>	<u>17,273,761</u>
Less accumulated depreciation				
Buildings, structures, improvements	(79,673)	(13,441)		(93,114)
Pipeline/plant	(4,289,042)	(244,333)	20,310	(4,513,065)
Equipment	(1,653,673)	(329,314)	192,329	(1,790,658)
Total accumulated depreciation	<u>(6,022,388)</u>	<u>(587,088)</u>	<u>212,639</u>	<u>(6,396,837)</u>
Business-type activities capital assets, net	<u>\$ 12,180,969</u>	<u>\$ 6,363,761</u>	<u>\$ (3,771,363)</u>	<u>\$ 14,773,367</u>

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Component Unit - Housing Authority Activities

	Beginning Balance	Addition	Retirement	Ending Balance
Non-depreciable assets:				
Land	\$ 59,133	\$ -	\$ -	\$ 59,133
Construction in progress	-	18,999	-	18,999
Total Non-Depreciable assets	<u>59,133</u>	<u>18,999</u>	<u>-</u>	<u>78,132</u>
Depreciable assets:				
Building structures, improvements	3,347,030	-	-	3,347,030
Furniture, equipment, and machinery	82,898	-	-	82,898
Work in progress	-	-	-	-
Total depreciable assets	<u>3,429,928</u>	<u>-</u>	<u>-</u>	<u>3,429,928</u>
Less accumulated depreciation				
Building structures, improvements	(3,077,104)	(84,093)		(3,161,197)
Furniture, equipment, and machinery	(66,268)	(6,280)		(72,548)
Total accumulated depreciation	<u>(3,143,372)</u>	<u>(90,373)</u>	<u>-</u>	<u>(3,233,745)</u>
Business-type activities capital assets, net	<u>\$ 345,689</u>	<u>\$ (71,374)</u>	<u>\$ -</u>	<u>\$ 274,315</u>

Depreciation expenses of \$1,123,811 and \$587,088 were charged to the following functions of the City's primary government and its discreetly presented component unit, respectively:

	Governmental Activities	Business-type Activities
<i>Primary Government</i>		
General government	855,512	
Community development	239,690	
Street and highways	28,609	
Water utility		95,928
Wastewater utility		383,196
Solid waste utility		107,964
	<u>\$ 1,123,811</u>	<u>\$ 587,088</u>
 <i>Component Unit</i>		
Housing Authority		<u>\$ 90,373</u>

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

The following summarizes interfund receivables and payables at June 30, 2009:

Receivable	Payable	Amount
<i>Primary Government</i>		
General Fund	Traffic Safety	\$ 14,282
	Homeland Security	42,717
	Stormwater Program	10,077
	Senior Nutrition Grant	5,721
	Median Assessment District	2,272
	Light Assessment District	76,078
	Homebuyer Program	11,000
	NBVC Wastewater	184,920
	Water Plant	89,605
	RDA- Debt Service Fund	0
		<u>436,672</u>
<i>Component Unit</i>		
Housing Authority	RDA - Low and Moderate Income Housing	<u>18,999</u>
		<u>\$ 455,671</u>

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

Advances From/To Other Funds

Receivable	Payable	Amount
General Fund	Water Utility Fund – PN#7	\$ 306,934
	Water Utility Fund – PN#8	268,567
	Water Utility Fund – PN#9	131,543
	Water Utility Fund – PN#06-01	5,029,908
	Water Utility Fund – PN#03-01	9,987,978
	RDA – Debt Services Fund	5,925,381
		<u>21,650,311</u>
Wastewater Utility	Solid Waste Utility	1,185,439
Surplus Property Authority	RDA – Debt Service Fund	6,716,858
Total		<u>\$ 29,552,608</u>

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

- Notes between the General Fund and the Water Utility Fund (Enterprise fund type) for the construction of a desalination 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.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

- 2) Loans between the City’s General Fund and the Agency’s Capital Projects Fund (Capital Projects fund type). These loans bear interest at 8% annually, and will be repaid pending the receipt of money owed.
- 3) A loan from the Wastewater Utility Fund (Enterprise fund) to the Solid Waste Utility fund (Enterprise fund) for the purchase of land, building, and trucks for the Public Works Annex. The loan bears interest at 4% annually for a term of 45 years. Repayment began on July 1, 2003.
- 4) The City’s General Fund and Surplus Property Authority have paid for various redevelopment projects, which are treated as advances to the Port Hueneme Redevelopment Agency (Agency) under the California Redevelopment Law. These advances to the Agency are to be repaid to the General Fund from tax increment revenue, if and when available. Interest accrues on the advances at an annual rate of 8%. The General Fund records \$5,925,381 of the advance and the Surplus Property Authority records \$6,716,858 for a total advance of \$12,642,239.

Transfers In/Out

Interfund transfers during the fiscal year ended June 30, 2009 were as follows:

Transfer In	Transfer Out	Amount
POB Debt Service Fund	COPS AB3229 Neighborhood Preservation Water Utility Wastewater Utility Solid Waste Utility Water Plant General Fund	2,943 3,824 8,375 19,364 18,281 6,255 477,905
		536,947
COP Debt Service Fund	General Fund	494,170
General Fund	Solid Waste Utility	100,000
RDA Low/Mod Income Housing	RDA Debt Service Fund	1,253,054
RDA Capital Projects Fund	RDA Debt Service Fund	274,931
		\$ 2,659,102

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

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, 2009 were \$491,000. Interest rate(s) ranges from 3.25% to 6%.

Pension Obligation Bonds:

On April 1, 2007, the City issued \$10,679,956 in Taxable Pension Obligation Bonds, maturing on various dates between 2007 and 2035 with interest rates ranging from 4% - 4.5%. The net proceeds of these bonds were used to fund a portion of the City's obligation to PERS for unfunded accrued actuarial liability arising from retirement benefits to members; and to pay bond issuance costs.

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.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Type of liability</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding June 30, 2009</u>
<i>Government Activities:</i>					
<i>Tax Allocation Bonds:</i>					
R-76 Project	05/01/2023	6.5%	\$75,000-\$240,000	\$ 3,320,000	\$ 2,290,000
Central Community	05/01/2009	2.75%-5.5%	\$530,000-\$900,000	23,410,000	4,055,000
2004 Subordinate	05/01/2023	2%-4.45%	\$55,000-\$1,470,000	12,210,000	11,780,000
<i>Total Tax Allocation Bonds Payable:</i>				<u>38,940,000</u>	<u>18,125,000</u>
<i>Certificates of Participation:</i>					
1992 Refunding COP	04/01/2019	3.25% - 6%	\$215 - \$465	5,605,000	3,590,000
<i>Total Certificates of Participation:</i>				<u>5,605,000</u>	<u>3,590,000</u>
<i>Capital Lease Obligation:</i>					
Lease agreement 05-053-AF	08/18/2010	3.7%	\$70,097	341,400	91,331
Lease agreement 06-042-AF	09/29/2011	4.25%	\$52,033	263,400	125,436
<i>Total Capital Lease Obligation:</i>				<u>604,800</u>	<u>216,767</u>
<i>Pension Obligation Bonds:</i>					
Series 2006A-1 Bonds	06/01/2016	5.30%	\$290,000-\$675,000	4,305,000	3,665,000
Series 2006A-2 Bonds	06/01/2035	5.30%	\$174,853-\$309,843	6,374,956	6,374,956
<i>Total Pension Obligation Bonds:</i>				<u>10,679,956</u>	<u>10,039,956</u>
<i>Total Governmental Activities:</i>				<u>\$ 55,829,756</u>	<u>\$ 31,971,723</u>

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Type of liability	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding June 30, 2009
<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	\$ 5,095,000
<i>Total Revenue Bonds:</i>				<u>5,270,000</u>	<u>5,095,000</u>
<i>Capital Lease Agreement:</i>					
Lease agreement #05-018-AF	06/07/2015	4%	\$85,928	712,411	456,352
<i>Total Lease Agreement:</i>				<u>712,411</u>	<u>456,352</u>
<i>Total Business-type Activities:</i>				<u>\$ 5,982,411</u>	<u>\$ 5,551,352</u>

Bonds Payable

Governmental:

Fiscal year ended June 30	Principal	Interest	Total
2010.....	1,769,853	1,296,446	3,066,298
2011.....	1,921,960	1,233,766	3,155,725
2012.....	2,059,077	1,165,261	3,224,338
2013.....	2,198,701	1,092,751	3,291,452
2014.....	2,355,533	1,021,230	3,376,763
2015-2019.....	11,398,150	3,956,050	15,354,200
2020-2024.....	7,699,661	2,492,504	10,192,165
2025-2029.....	1,153,617	2,406,383	3,560,000
2030-2034.....	1,011,792	3,173,208	4,185,000
2035-2038.....	186,613	733,387	920,000
	<u>\$ 31,754,956</u>	<u>\$ 18,570,986</u>	<u>\$ 50,325,942</u>

Business-type Activities:

Fiscal year ended June 30	Principal	Interest	Total
2010.....	95,000	219,364	314,364
2011.....	100,000	215,564	315,564
2012.....	100,000	211,564	311,564
2013.....	105,000	207,564	312,564
2014.....	110,000	203,364	313,364
2015-2019.....	625,000	946,819	1,571,819
2020-2024.....	755,000	811,465	1,566,465
2025-2029.....	930,000	635,906	1,565,906
2030-2034.....	1,150,000	412,613	1,562,613
2035-2038.....	1,125,000	129,150	1,254,150
	<u>\$ 5,095,000</u>	<u>\$ 3,993,371</u>	<u>\$ 9,088,371</u>

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-Term Debt

The following is a summary of long-term debt for the fiscal year ended June 30, 2009:

	Balance July 1,	Additions	Reductions	Balance June 30,	Due within one year
<i>Governmental Activities</i>					
Tax Allocation Bonds Payable	\$ 19,010,000	\$ -	\$ (885,000)	\$ 18,125,000	\$ 930,000
Certificates of Participation	3,850,000	-	(260,000)	3,590,000	275,000
Capital Lease Obligation	338,898	-	(122,131)	216,767	145,611
Pension Obligation Bonds	10,389,956	-	(350,000)	10,039,956	564,853
<i>Total governmental activities</i>	<u>33,588,854</u>	<u>-</u>	<u>(1,617,131)</u>	<u>31,971,723</u>	<u>1,915,464</u>
<i>Business-type Activities</i>					
Capital Lease Obligation	522,367	-	(66,015)	456,352	68,696
Revenue Bonds	5,185,000	-	(90,000)	5,095,000	95,000
<i>Total business-type activities</i>	<u>5,707,367</u>	<u>-</u>	<u>(156,015)</u>	<u>5,551,352</u>	<u>163,696</u>
Total government	<u><u>\$ 39,296,221</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,773,146)</u></u>	<u><u>\$ 37,523,075</u></u>	<u><u>\$ 2,079,160</u></u>

NOTE 4 – OTHER INFORMATION

A. Risk Management

California Joint Powers Insurance Authority (CJPIA)

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

1. Description of Risk Pool

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

2. Self-Insurance Programs of CJPIA

General liability coverage

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 4 – OTHER INFORMATION (Continued)

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.

B. Employee Retirement Plans

1. Pension Plans

Plan Description

The City contributes to the California Public Employee Retirement System (CAL PERS), and agent multiple-employee defined benefit pension plan administered by CalPers. The plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employee's Retirement Law. Cal Pers issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPers annual financial report may be obtained from the CalPers Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPers (225-7377).

Funding Policy

Active plan members in the Miscellaneous and Safety Plans are required to contribute 8% and 9%, respectively of their annual covered salary. The City makes the contributions required of city employees on their behalf and for their account. For the fiscal year 2008-09, the City (employer) was required to contribute at an actuarially determined rate of 16.692% for miscellaneous employees and 15.666% for police employees, of annual covered payroll. The contribution requirements of plan members and the City are established and adjusted annually by CAL PERS based on actuarial requirements.

Annual Pension Cost

For fiscal year-ended June 30, 2009, the City's pension cost was \$1,051,222 and the City actually paid this amount. The required contribution for fiscal year-ended June 30, 2009 was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases ranging from 3.25% to 14.45% for miscellaneous members and from 3.25% to 14.45% for safety members depending on age, service, and type of employment; and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of Miscellaneous and Safety Plans assets were determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. Miscellaneous and Safety Plans unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 4 – OTHER INFORMATION (Continued)

	<i>Three-Year Trend Information For PERS</i>			
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Miscellaneous	6/30/07	\$ 1,044,773	100%	\$ 0
	6/30/08	\$ 587,981	100%	\$ 0
	6/30/09	\$ 619,696	100%	\$ 0
Safety	6/30/07	\$ 1,004,736	100%	\$ 0
	6/30/08	\$ 648,173	100%	\$ 0
	6/30/09	\$ 431,526	100%	\$ 0

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 (\$97.00/month for calendar 2008 and \$101.00/month for calendar 2009.) 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 (\$97/month for 2008 and \$101/month for 2009), except as noted below.

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

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

Funding Policy

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

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

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 4 – OTHER INFORMATION (Continued)

Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the City’s Annual OPEB Cost for the fiscal year ended June 30, 2009, the amount actually contributed to the plan (including administrative costs), and changes in the City’s Net OPEB Obligation/(Asset):

Item	<u>FYE 6/30/09</u>
Annual Required Contributions	\$104,569
Interest on Net OPEB Obligation/(Asset)	0
Adjustment to Annual Required Contributions	<u>(0)</u>
Annual OPEB cost (expense)	\$104,569
Contributions made	<u>(34,560)</u>
Increase in Net OPEB Obligation/(Asset)	\$ 70,009
Net OPEB Obligation/(Asset)– beginning of year	<u>\$ 0</u>
Net OPEB Obligation/(Asset) – end of year	<u>\$ 70,009</u>

The City’s Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal year ended June 30, 2009 are as follows:

Fiscal Year <u>Ended</u> 6/30/09	Annual <u>OPEB Cost</u> \$104,569	Actual <u>Contribution</u> \$34,560	Percentage of Annual OPEB <u>Cost Contributed</u> 33.05%	Net OPEB Obligation/ <u>(Asset)</u> \$70,009
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Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, the end of the first year of GASB 45 applicability, was as follows:

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

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 4 – OTHER INFORMATION (Continued)

The plan's most recent actuarial valuation was performed as of July 1, 2008. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after 3 years. These assumptions reflect an implicit 3.0 percent general inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of June 30, 2009 was 30 years.

C. Commitments and Contingencies

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

D. Leases of City Owned Facilities

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

1. Port Hueneme Athletic Center is leased to the Oxnard Boy's and Girl's Club (Club). The lease was for five years beginning February 1, 1995. The rent is one dollar (\$1.00) per year with the Club agreeing to maintain the facility and operate a minimum of forty (40) hours per week. The lease was renewed March 8, 2007 for three (3) years at \$1 per year.
2. The front section of the Port Hueneme City Yard Complex is leased to Port Hueneme Marine Supply, Inc. The lease is for five (5) years. The base rent was \$6,646 per month. The rent will be increased at the beginning of the third (3rd), fourth (4th) and fifth (5th) year of the lease by a percentage equal to the percentage increase in the Consumer's Price Index (CPI). Current monthly rent being paid to the City at June 30, 2009, is \$11,256.

NOTE 5 – PRIOR PERIOD ADJUSTMENT

The accompanying financial statements reflect adjustments resulting from restatements of beginning fund balance and net assets as of June 30, 2008. Beginning fund balances and beginning net assets have been restated to reflect correction in pass-through payments which were required to have been made by the Agency from fiscal years 2003-04 through 2007-08. Assembly Bill (AB) 1289, Chapter 751 of 2008, in part, added Section 33684 to the Health and Safety Code which requires that every redevelopment agency submit a report of its pass-through obligations. During the preparation of such report, the Agency determined that pass-through payments had not been calculated correctly and that additional payments were due to other agencies.

In addition, the beginning net assets have also been restated to reflect a correction of a prior capital lease for the governmental activities.

The following schedules summarize the effect of the prior period adjustments on the beginning fund balance and net assets at July 1, 2008:

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2009

NOTE 5 – PRIOR PERIOD ADJUSTMENT (Continued)

Fund Statements – Governmental Funds:

		Debt Service Fund
Beginning fund balance, as previously reported:	\$	(6,793,424)
Property tax pass-through due to other taxing agencies:		(1,000,765)
Beginning fund balance, as restated:	\$	(7,794,189)

Statement of Net Assets

		Governmental Activities
Beginning fund balance, as previously reported:	\$	39,759,678
Capital Lease		(177,471)
Property tax pass-through due to other taxing agencies		(1,000,765)
Beginning fund balance, as restated:	\$	38,581,442

CITY OF PORT HUENEME
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 4,947,050	\$ 4,997,050	\$ 4,599,748	\$ (397,302)
Property taxes	1,682,000	1,632,000	1,371,459	(260,541)
Licenses and permits	451,000	451,000	624,304	173,304
Fines and penalties	354,900	354,900	418,872	63,972
Charges for services	705,745	705,745	776,256	70,511
Use of money and property	-	-	-	-
Investment earnings	1,731,973	1,731,973	1,982,023	250,050
Rental income	370,000	370,000	375,901	5,901
Intergovernmental	4,663,600	4,663,600	4,714,373	50,773
Harbor district revenue	1,338,100	1,338,100	961,595	(376,505)
Other	14,000	14,000	13,296	(704)
Total revenues	<u>16,258,368</u>	<u>16,258,368</u>	<u>15,837,827</u>	<u>(420,541)</u>
Expenditures:				
General government	6,261,400	5,857,279	5,365,739	491,540
Public safety	6,660,500	5,867,355	5,650,078	217,277
Streets and highways	1,270,600	1,032,122	934,046	98,076
Parks, recreation and social services	1,703,000	1,610,857	1,590,646	20,211
Community development	927,500	906,761	783,541	123,220
Total expenditures	<u>16,823,000</u>	<u>15,274,374</u>	<u>14,324,050</u>	<u>950,324</u>
Excess (deficiency) of revenues over expenditures	<u>(564,632)</u>	<u>983,994</u>	<u>1,513,777</u>	<u>529,783</u>
Other financing sources (uses):				
Transfers in	642,200	177,400	72,593	(104,807)
Transfers out	-	(949,051)	(972,075)	(23,024)
Total other financing sources (uses)	642,200	(771,651)	(899,482)	(127,831)
Net change in fund balance	77,568	212,343	614,295	401,952
Fund balances, beginning	<u>40,687,581</u>	<u>39,243,502</u>	<u>40,796,431</u>	<u>1,552,929</u>
Fund balances, ending	<u>\$ 40,765,149</u>	<u>\$ 39,455,845</u>	<u>\$ 41,410,726</u>	<u>\$ 1,954,881</u>

See accompanying independent auditor's report.

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Low and Moderate Income Housing Special Revenue Fund
For the Fiscal Year Ended June 30, 2009

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:				
Interest earnings	\$ 298,600	\$ 298,600	\$ 77,504	\$ (221,096)
Rental income	92,600	92,600	127,294	34,694
Program revenue	250,100	250,100	137,119	(112,981)
Total revenues	<u>641,300</u>	<u>641,300</u>	<u>341,917</u>	<u>(299,383)</u>
Expenditures:				
Community development	1,589,472	1,698,596	1,113,445	(585,151)
Other	-	1,304,525	672,555	(631,970)
Total expenditures	<u>1,589,472</u>	<u>3,003,121</u>	<u>1,786,000</u>	<u>(1,217,121)</u>
Excess (deficiency) of revenues over expenditures	<u>(948,172)</u>	<u>(2,361,821)</u>	<u>(1,444,083)</u>	<u>917,738</u>
Other financing sources:				
Transfer in	1,250,000	1,250,000	1,253,055	3,055
Total other financing sources	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,253,055</u>	<u>3,055</u>
Net change in fund balances	301,828	(1,111,821)	(191,028)	920,793
Fund balance, beginning	<u>3,210,952</u>	<u>3,210,952</u>	<u>3,210,952</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,512,780</u>	<u>\$ 2,099,131</u>	<u>\$ 3,019,924</u>	<u>\$ 920,793</u>

Note to Required Supplementary Information:

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

OTHER SUPPLEMENTARY INFORMATION

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CITY OF PORT HUENEME
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2009

Special Revenue Funds

	Surplus Property Authority	Traffic Safety	"COPS" AB3229	Homeland Grant	Stormwater Program	TDA	Gas Tax Fund	Senior Nutrition Grant	Bike Path	Neighborhood Preservation
ASSETS										
Cash and investments	\$ 359,070	\$ -	\$ 20,787	\$ 42,290	\$ -	\$ 923,050	832,833	\$ -	\$ 138,572	703,791
Receivables										
Accounts	-	14,282	-	-	7,555	-	44,679	-	-	-
Tenants	16,875	-	-	-	-	-	-	-	-	-
Interest	1,010	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	-	-
Grants	-	-	3,895	427	-	-	-	5,721	-	-
Notes	-	-	-	-	-	-	-	-	-	-
Advances to other funds	6,716,858	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	7,093,813	14,282	24,682	42,717	7,555	923,050	877,512	5,721	138,572	703,791
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	13,863	-	1,407	-	-	2,340	10,507	-	-	102
Accrued wages and benefits	-	-	4,699	-	-	-	-	-	-	2,819
Due to other funds	-	14,282	-	42,717	10,077	-	-	5,721	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Deposits	26,588	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	54,928	-	-	-
TOTAL LIABILITIES	40,451	14,282	6,106	42,717	10,077	2,340	65,435	5,721	-	2,921
Fund Balances:										
Reserved										
Unreserved	7,053,362	-	18,577	-	(2,522)	920,710	812,077	-	138,572	700,870
TOTAL FUND BALANCES	7,053,362	-	18,577	-	(2,522)	920,710	812,077	-	138,572	700,870
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,093,813	\$ 14,282	\$ 24,683	\$ 42,717	\$ 7,555	\$ 923,050	\$ 877,512	\$ 5,721	\$ 138,572	\$ 703,791

CITY OF PORT HUENEME
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2009

						Debt Service Fund		Total
	Median Assessment District	Light Assessment District	Drainage Assessment District	Block Grant	Homebuyer Program	Pension Obligation Bonds	1992 A COP	Nonmajor Governmental Funds
ASSETS								
Cash and investments	-	-	78,788	286,267	10,800	-	478,919	3,875,167
Receivables								
Accounts	-	-	-	-	-	-	-	66,516
Tenants	-	-	-	-	-	-	-	16,875
Interest	-	-	-	-	-	-	-	1,010
Property taxes	5,055	3,462	5,241	-	-	-	-	13,758
Grants	-	-	-	1	11,000	-	-	21,044
Notes	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	6,716,858
TOTAL ASSETS	5,055	3,462	84,029	286,268	21,800	-	478,919	10,711,228
LIABILITIES AND FUND BALAN								
LIABILITIES								
Accounts payable	-	12,958	215	21,121	-	-	1,500	64,013
Accrued wages and benefits	-	-	-	-	-	-	-	7,518
Due to other funds	2,272	76,078	-	-	11,000	-	-	162,147
Deferred revenue	-	-	-	253,084	-	-	-	253,084
Deposits	-	-	-	870	-	-	-	27,458
Other liabilities	-	-	-	-	-	-	-	54,928
TOTAL LIABILITIES	2,272	89,036	215	275,075	11,000	-	1,500	569,148
Fund Balances:								
Reserved								
Unreserved	2,783	(85,574)	83,814	11,193	10,800	-	477,419	10,142,081
TOTAL FUND BALANCES	2,783	(85,574)	83,814	11,193	10,800	-	477,419	10,142,081
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,055	\$ 3,462	\$ 84,029	\$ 286,268	\$ 21,800	\$ -	\$ 478,919	10,711,229

CITY OF PORT HUENEME
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds									
	Surplus Property Authority	Traffic Safety	COPS AB3229	Homeland Grant	Stormwater Program	TDA	Gas Tax	Senior Nutrition Grant	Bike Path	Homebuyer Program
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	66,542	\$ -
Fines and penalties	-	51,611	-	-	-	-	-	-	-	-
Interest income	-	-	1,613	-	-	28,446	31,236	-	4,178	-
Investment earnings	508,508	-	-	-	-	-	-	-	-	(75)
Program Revenue	-	-	-	-	-	-	-	-	-	-
Rental income	174,462	-	-	-	-	-	-	-	-	-
Loan payments	-	-	-	-	-	-	-	-	-	10,800
Intergovernmental	-	-	57,989	7,154	30,774	682,343	525,714	17,721	-	147,480
Other	-	-	-	-	-	1,415	-	3,307	-	-
Total revenues	<u>682,970</u>	<u>51,611</u>	<u>59,601</u>	<u>7,154</u>	<u>30,774</u>	<u>712,204</u>	<u>556,950</u>	<u>21,028</u>	<u>70,720</u>	<u>158,205</u>
Expenditures:										
General government	119,284	-	-	-	-	-	-	-	-	-
Public safety	-	-	118,326	7,154	-	-	-	-	-	-
Streets and highways	-	51,611	-	-	25,674	541,355	863,680	-	24,183	-
Parks, recreation and social services	-	-	-	-	-	-	-	21,028	-	-
Community development	-	-	-	-	-	-	-	-	-	161,880
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>119,284</u>	<u>51,611</u>	<u>118,326</u>	<u>7,154</u>	<u>25,674</u>	<u>541,355</u>	<u>863,680</u>	<u>21,028</u>	<u>24,183</u>	<u>161,880</u>
Excess (deficiency) of revenues over expenditures	<u>563,686</u>	<u>-</u>	<u>(58,725)</u>	<u>-</u>	<u>5,100</u>	<u>170,850</u>	<u>(306,729)</u>	<u>-</u>	<u>46,537</u>	<u>(3,675)</u>
Other Financing Sources (Uses):										
Transfer in	-	-	-	-	-	-	-	-	-	-
Transfer (out)	-	-	(2,943)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,943)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>563,686</u>	<u>-</u>	<u>(61,668)</u>	<u>-</u>	<u>5,100</u>	<u>170,850</u>	<u>(306,729)</u>	<u>-</u>	<u>46,537</u>	<u>(3,675)</u>
Fund balances, beginning	<u>6,489,676</u>	<u>-</u>	<u>80,244</u>	<u>-</u>	<u>(7,622)</u>	<u>749,861</u>	<u>1,118,807</u>	<u>-</u>	<u>92,035</u>	<u>14,475</u>
Fund balances, ending	<u>\$ 7,053,362</u>	<u>\$ -</u>	<u>\$ 18,576</u>	<u>\$ -</u>	<u>\$ (2,522)</u>	<u>\$ 920,711</u>	<u>\$ 812,078</u>	<u>\$ -</u>	<u>\$ 138,572</u>	<u>\$ 10,800</u>

CITY OF PORT HUENEME
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds				Capital Projects	Debt Service Fund		Total Nonmajor Governmental Funds	
	Neighborhood Preservation	Median Assessment District	Light Assessment District	Drainage Assessment District	Block Grant	Park Bond Grant	Pension Obligation Bonds		1992 A COP
Revenues:									
Taxes	\$ -	\$ 178,583	\$ 122,337	\$ 182,367	\$ -	\$ -	-	\$ -	\$ 549,829
Fines and penalties	-	-	-	-	-	-	-	-	51,611
Interest income	-	-	-	-	-	-	-	-	65,473
Investment earnings	45,195	-	-	-	10,779	-	-	2,380	566,787
Program Revenue	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	29,541	-	-	-	204,003
Loan payments	13,740	-	-	-	-	-	-	-	24,540
Intergovernmental	-	-	-	-	62,172	-	-	-	1,531,347
Other	67,720	-	-	-	9,716	-	-	-	82,158
Total revenues	<u>126,655</u>	<u>178,583</u>	<u>122,337</u>	<u>182,367</u>	<u>112,209</u>	<u>-</u>	<u>-</u>	<u>2,380</u>	<u>3,075,749</u>
Expenditures:									
General government	-	-	-	-	-	-	-	-	119,284
Public safety	-	-	-	-	-	-	-	-	125,480
Streets and highways	-	175,800	174,063	152,953	-	-	-	-	2,009,319
Parks, recreation and social services	-	-	-	-	-	-	-	-	21,028
Community development	204,529	-	-	-	121,426	-	-	-	487,835
Principal retirement	-	-	-	-	-	-	350,000	260,000	610,000
Interest and fiscal charges	-	-	-	-	-	-	211,854	235,892	447,746
Total expenditures	<u>204,529</u>	<u>175,800</u>	<u>174,063</u>	<u>152,953</u>	<u>121,426</u>	<u>-</u>	<u>561,854</u>	<u>495,892</u>	<u>3,820,691</u>
Excess (deficiency) of revenues over expenditures	<u>(77,874)</u>	<u>2,783</u>	<u>(51,727)</u>	<u>29,414</u>	<u>(9,217)</u>	<u>-</u>	<u>(561,854)</u>	<u>(493,512)</u>	<u>(744,943)</u>
Other Financing Sources (Uses):									
Transfer in	-	-	-	-	-	-	564,354	494,170	1,058,524
Transfer (out)	(3,824)	-	-	-	-	-	-	-	(6,767)
Total other financing sources (uses)	<u>(3,824)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,354</u>	<u>494,170</u>	<u>1,051,757</u>
Net change in fund balances	<u>(81,698)</u>	<u>2,783</u>	<u>(51,727)</u>	<u>29,414</u>	<u>(9,217)</u>	<u>-</u>	<u>2,500</u>	<u>658</u>	<u>306,814</u>
Fund balances, beginning	<u>782,567</u>	<u>-</u>	<u>(33,847)</u>	<u>54,400</u>	<u>20,410</u>	<u>-</u>	<u>(2,500)</u>	<u>476,761</u>	<u>9,835,267</u>
Fund balances, ending	<u>\$ 700,869</u>	<u>\$ 2,783</u>	<u>\$ (85,574)</u>	<u>\$ 83,814</u>	<u>\$ 11,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477,419</u>	<u>\$ 10,142,081</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Surplus Property Authority Special Revenues Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment earnings	\$ 65,400	\$ 508,508	\$ 443,108
Rental income	179,869	174,462	(5,407)
Total revenues	<u>245,269</u>	<u>682,970</u>	<u>437,701</u>
Expenditures:			
General government	175,601	119,284	56,317
Total expenditures	<u>175,601</u>	<u>119,284</u>	<u>56,317</u>
Excess (deficiency) of revenues over expenditures	<u>69,668</u>	<u>563,686</u>	<u>494,018</u>
Net change in fund balances	69,668	563,686	494,018
Fund balance, beginning	<u>6,489,676</u>	<u>6,489,676</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,559,344</u>	<u>\$ 7,053,362</u>	<u>\$ 494,018</u>

**CITY OF PORT HUENEME
 Budgetary Comparison Schedule
 Traffic Safety Special Revenue Fund
 For the Fiscal Year Ended June 30, 2009**

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and penalties	\$ 42,000	\$ 51,611	\$ 9,611
Total revenues	<u>42,000</u>	<u>51,611</u>	<u>9,611</u>
Expenditures:			
Streets and highways	42,000	51,611	9,611
Total Expenditures	<u>42,000</u>	<u>51,611</u>	<u>9,611</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
COPS AB3229 Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest income	\$ 1,500	\$ 1,613	\$ 113
Intergovernmental	<u>100,000</u>	<u>57,989</u>	<u>(42,011)</u>
Total revenues	<u>101,500</u>	<u>59,601</u>	<u>(41,899)</u>
Expenditures:			
Public safety	<u>116,379</u>	<u>118,326</u>	<u>(1,947)</u>
Total expenditures	<u>116,379</u>	<u>118,326</u>	<u>(1,947)</u>
Excess (deficiency) of revenues over expenditures	<u>(14,879)</u>	<u>(58,725)</u>	<u>(43,846)</u>
Other Financing Sources (Uses):			
Transfer (out)	<u>-</u>	<u>(2,943)</u>	<u>(2,943)</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,943)</u>	<u>(2,943)</u>
Net change in fund balance	(14,879)	(61,668)	(46,789)
Fund balance, beginning	<u>80,244</u>	<u>80,244</u>	<u>-</u>
Fund balance, ending	<u>\$ 65,365</u>	<u>\$ 18,576</u>	<u>\$ (46,789)</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Homeland Grant
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 7,646	\$ 7,154	\$ (492)
Total revenues	<u>7,646</u>	<u>7,154</u>	<u>(492)</u>
Expenditures:			
Public safety	7,646	7,154	492
Total expenditures	<u>7,646</u>	<u>7,154</u>	<u>492</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Bulletproof
For the Fiscal Year Ended June 30, 2009

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

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Stormwater Program
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 15,000	\$ 30,774	\$ 15,774
Total revenues	<u>15,000</u>	<u>30,774</u>	<u>15,774</u>
Expenditures:			
Streets and highways	150,300	25,674	124,626
Total expenditures	<u>150,300</u>	<u>25,674</u>	<u>124,626</u>
Excess (deficiency) of revenues over expenditures	<u>(135,300)</u>	<u>5,100</u>	<u>140,400</u>
Net change in fund balance	(135,300)	5,100	140,400
Fund balance, beginning	<u>(7,622)</u>	<u>(7,622)</u>	<u>-</u>
Fund balance, ending	<u>\$ (142,922)</u>	<u>\$ (2,522)</u>	<u>\$ 140,400</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
TDA Grant
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest income	\$ 25,000	\$ 28,446	\$ 3,446
Intergovernmental	682,343	682,343	-
Other	400	1,415	1,015
Total revenues	<u>707,743</u>	<u>712,204</u>	<u>4,461</u>
Expenditures:			
Streets and highways	1,095,702	541,355	554,347
Total expenditures	<u>1,095,702</u>	<u>541,355</u>	<u>554,347</u>
Excess (deficiency) of revenues over expenditures	<u>(387,959)</u>	<u>170,850</u>	<u>558,809</u>
Net change in fund balance	(387,959)	170,850	558,809
Fund balance, beginning	<u>749,861</u>	<u>749,861</u>	<u>-</u>
Fund balance, ending	<u>\$ 361,902</u>	<u>\$ 920,711</u>	<u>\$ 558,809</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Gas Tax Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest income	\$ 24,000	\$ 31,236	\$ 7,236
Intergovernmental	800,000	525,714	(274,286)
Total revenues	824,000	556,950	(267,050)
Expenditures:			
Streets and highways	1,943,900	863,680	1,080,220
Total expenditures	1,943,900	863,680	1,080,220
Excess (deficiency) of revenues over expenditures	(1,119,900)	(306,730)	813,170
Other Financing Sources (Uses):			
Transfer in/(out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	(1,119,900)	(306,730)	813,170
Fund balance, beginning	1,118,807	1,118,807	-
Fund balance, ending	\$ (1,093)	\$ 812,077	\$ 813,170

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Senior Nutrition Grant
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 17,721	\$ 17,721	\$ -
Other program revenue	5,400	3,307	(2,093)
Total revenues	<u>23,121</u>	<u>21,028</u>	<u>(2,093)</u>
Expenditures:			
Parks, recreation and social services	23,121	21,028	2,093
Total expenditures	<u>23,121</u>	<u>21,028</u>	<u>2,093</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Bike Path Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	110,000	66,542	(43,458)
Interest income	400	4,178	3,778
Total revenues	<u>110,400</u>	<u>70,720</u>	<u>(39,680)</u>
Expenditures:			
Streets and highways	100,000	24,183	(75,817)
Total expenditures	<u>100,000</u>	<u>24,183</u>	<u>(75,817)</u>
Excess (deficiency) of revenues over expenditures	<u>10,400</u>	<u>46,537</u>	<u>36,137</u>
Net change in fund balance	10,400	46,537	36,137
Fund balance, beginning	<u>92,035</u>	<u>92,035</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 102,435</u>	<u>\$ 138,572</u>	<u>\$ 36,137</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Homebuyer Program
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Investment earnings	\$ -	\$ (75)	\$ (75)
Loan payments	-	10,800	10,800
Intergovernmental	<u>598,509</u>	<u>147,480</u>	<u>(451,029)</u>
Total revenues	<u>598,509</u>	<u>158,205</u>	<u>(440,304)</u>
Expenditures:			
Community development	<u>465,593</u>	<u>161,880</u>	<u>303,713</u>
Total expenditures	<u>465,593</u>	<u>161,880</u>	<u>303,713</u>
Excess (deficiency) of revenues over expenditures	<u>132,916</u>	<u>(3,675)</u>	<u>(136,591)</u>
Net change in fund balance	132,916	(3,675)	(136,591)
Fund balance, beginning	<u>14,475</u>	<u>14,475</u>	<u>-</u>
Fund balance, ending	<u>\$ 147,391</u>	<u>\$ 10,800</u>	<u>\$ (136,591)</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Neighborhood Preservation
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment earnings	\$ 115,500	\$ 45,195	\$ (70,305)
Loan payments	60,000	13,740	(46,260)
Other	68,350	67,720	(630)
Total revenues	<u>243,850</u>	<u>126,655</u>	<u>(117,195)</u>
Expenditures:			
Community development	398,241	204,529	193,712
Total expenditures	<u>398,241</u>	<u>204,529</u>	<u>193,712</u>
Excess (deficiency) of revenues over expenditures	<u>(154,391)</u>	<u>(77,874)</u>	<u>76,517</u>
Other Financing Sources (Uses):			
Transfer (out)	-	(3,824)	(3,824)
Total other financing sources (uses)	<u>-</u>	<u>(3,824)</u>	<u>(3,824)</u>
Net change in fund balance	(154,391)	(81,697)	72,693
Fund balance, beginning	<u>782,567</u>	<u>782,567</u>	<u>-</u>
Fund balance, ending	<u>\$ 628,176</u>	<u>\$ 700,870</u>	<u>\$ 72,694</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Median Assessment District
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 175,800	\$ 178,583	\$ 2,783
Total revenues	<u>175,800</u>	<u>178,583</u>	<u>2,783</u>
Expenditures:			
Streets and highways	175,800	175,800	-
Total expenditures	<u>175,800</u>	<u>175,800</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,783</u>	<u>2,783</u>
Net change in fund balance	-	2,783	2,783
Fund balance (deficit), beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ -</u>	<u>\$ 2,783</u>	<u>\$ 2,783</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Light Assessment District
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 120,400	\$ 122,337	\$ 1,937
Total revenues	<u>120,400</u>	<u>122,337</u>	<u>1,937</u>
Expenditures:			
Streets and highways	120,400	174,063	(53,663)
Total expenditures	<u>120,400</u>	<u>174,063</u>	<u>(53,663)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(51,727)</u>	<u>(51,727)</u>
Net change in fund balance	-	(51,727)	(51,727)
Fund balance (deficit), beginning	<u>(33,847)</u>	<u>(33,847)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (33,847)</u>	<u>\$ (85,574)</u>	<u>\$ (51,727)</u>

**CITY OF PORT HUENEME
 Budgetary Comparison Schedule
 Drainage Assessment District
 For the Fiscal Year Ended June 30, 2009**

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 178,700	\$ 182,367	\$ 3,667
Total revenues	<u>178,700</u>	<u>182,367</u>	<u>3,667</u>
Expenditures:			
Streets and highways	178,700	152,953	25,747
Total expenditures	<u>178,700</u>	<u>152,953</u>	<u>25,747</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>29,414</u>	<u>29,414</u>
Net change in fund balance	-	29,414	29,414
Fund balance, beginning	<u>54,400</u>	<u>54,400</u>	<u>-</u>
Fund balance, ending	<u>\$ 54,400</u>	<u>\$ 83,814</u>	<u>\$ 29,414</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Block Grant
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Investment earnings	\$ 2,000	\$ 10,779	\$ 8,779
Rental income	10,000	29,541	19,541
Intergovernmental	412,327	62,172	(350,155)
Other	239,807	9,716	(230,091)
Total revenues	<u>664,134</u>	<u>112,209</u>	<u>(551,925)</u>
Expenditures:			
Community development	662,134	121,426	540,708
Total expenditures	<u>662,134</u>	<u>121,426</u>	<u>540,708</u>
Excess (deficiency) of revenues over expenditures	<u>2,000</u>	<u>(9,217)</u>	<u>(11,217)</u>
Net change in fund balance	2,000	(9,217)	(11,217)
Fund balance (deficit), beginning	<u>20,410</u>	<u>20,410</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 22,410</u>	<u>\$ 11,193</u>	<u>\$ (11,217)</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Park Bond Grant
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ -	\$ 716	\$ 716
Total revenues	<u>-</u>	<u>716</u>	<u>716</u>
Expenditures:			
Parks, recreation and social services	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>716</u>	<u>716</u>
Net change in fund balance	-	716	716
Fund balance, beginning	<u>(716)</u>	<u>(716)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (716)</u>	<u>\$ -</u>	<u>\$ 716</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Pension Obligation Bonds
For the Fiscal Year Ended June 30, 2009

	Original Budget/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Principal retirement	350,000	350,000	-
Interest and fiscal charges	209,500	211,854	(2,354)
Total expenditures	<u>559,500</u>	<u>561,854</u>	<u>(2,354)</u>
Excess (deficiency) of revenues over expenditures	<u>(559,500)</u>	<u>(561,854)</u>	<u>(2,354)</u>
Other financing sources (uses):			
Transfer in/(out)	559,500	564,354	4,854
Total other financing sources (uses)	<u>559,500</u>	<u>564,354</u>	<u>4,854</u>
Net change in fund balance	-	2,500	2,500
Fund balance, beginning	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>
Fund balance, ending	<u>\$ (2,500)</u>	<u>(0)</u>	<u>\$ 2,500</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
1992 A COP
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Investment earnings	\$ 20,000	\$ 2,380	\$ (17,620)
Total revenues	<u>20,000</u>	<u>2,380</u>	<u>(17,620)</u>
Expenditures:			
Principal retirement	231,000	260,000	(29,000)
Interest and fiscal charges	<u>265,000</u>	<u>235,892</u>	<u>29,108</u>
Total expenditures	<u>496,000</u>	<u>495,892</u>	<u>108</u>
Excess (deficiency) of revenues over expenditures	<u>(476,000)</u>	<u>(493,512)</u>	<u>(17,512)</u>
Other financing sources (uses):			
Transfer in/(out)	<u>496,000</u>	<u>494,170</u>	<u>(1,830)</u>
Total other financing sources (uses)	<u>496,000</u>	<u>494,170</u>	<u>(1,830)</u>
Net change in fund balance	20,000	658	(19,342)
Fund balance, beginning	<u>476,761</u>	<u>476,761</u>	<u>-</u>
Fund balance, ending	<u>\$ 496,761</u>	<u>\$ 477,419</u>	<u>\$ (19,342)</u>

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STATISTICAL SECTION

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

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Governmental activities:							
Invested in capital assets, net of related debt	\$ 22,277,948	\$ 22,069,405	\$ 20,469,453	\$ 19,788,439	\$ 18,548,142	\$ 19,030,418	\$ 18,009,485
Restricted	5,970,047	6,028,993	6,501,726	6,519,029	6,759,636	5,889,372	3,368,831
Unrestricted	15,600,420	11,661,280	7,441,754	14,640,289	14,193,708	13,693,456	12,071,182
Total governmental activities net assets	<u>43,848,415</u>	<u>39,759,678</u>	<u>34,412,933</u>	<u>40,947,757</u>	<u>39,501,486</u>	<u>38,613,246</u>	<u>33,449,498</u>
Business-type activities:							
Invested in capital assets, net of related debt	9,222,016	6,473,602	3,858,516	5,891,531	5,584,440	6,052,200	4,256,103
Restricted	4,223,455	4,644,057	5,125,278	-	-	-	-
Unrestricted	334,739	2,773,653	4,330,851	6,602,545	7,237,745	5,645,673	6,021,956
Total business-type activities net assets	<u>13,780,210</u>	<u>13,891,312</u>	<u>13,314,645</u>	<u>12,494,076</u>	<u>12,822,185</u>	<u>11,697,873</u>	<u>10,278,059</u>
Primary government:							
Invested in capital assets, net of related debt	31,499,964	28,543,007	24,327,969	25,679,970	24,132,582	25,082,618	22,265,588
Restricted	10,193,502	10,673,050	11,627,004	6,519,029	6,759,636	5,889,372	3,368,831
Unrestricted	15,935,159	14,434,933	11,772,605	21,242,834	21,431,453	19,339,129	18,093,138
Total primary government net assets	<u>\$ 57,628,625</u>	<u>\$ 53,650,990</u>	<u>\$ 47,727,578</u>	<u>\$ 53,441,833</u>	<u>\$ 52,323,671</u>	<u>\$ 50,311,119</u>	<u>\$ 43,727,557</u>

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

Source: The Comprehensive Annual Financial Report.

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

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Expenses:							
Governmental activities:							
General government	\$ 5,366,868	\$ 3,431,111	\$ 3,207,654	\$ 4,249,828	\$ 3,374,464	\$ 4,761,974	\$ 7,228,795
Community development	2,885,788	1,115,853	3,238,233	2,791,936	2,113,188	909,680	1,647,735
Streets and highways	2,954,551	3,010,185	2,272,933	2,909,892	3,396,020	1,269,845	1,125,104
Public safety - police	5,796,561	7,431,276	7,614,945	6,733,773	5,001,446	4,837,349	4,092,167
Parks, recreation and social services	1,617,275	1,570,193	1,734,198	1,925,857	1,493,763	871,966	1,304,492
Bond issue cost	49,002	49,036	31,856	31,856	30,086	33,626	-
Capital outlay	-	1,265,846	611,515	960,502	-	-	-
Interest and fiscal charges on long term debt	1,595,886	1,445,804	1,403,261	1,279,487	1,409,542	1,564,414	2,640,742
Total governmental activities expenses	<u>20,265,931</u>	<u>19,319,304</u>	<u>20,114,595</u>	<u>20,883,131</u>	<u>16,818,509</u>	<u>14,248,854</u>	<u>18,039,035</u>
Business-type activities:							
Wastewater	3,328,909	3,525,917	3,868,524	3,744,342	3,207,633	3,013,746	2,484,795
Water	3,966,215	3,773,847	3,629,376	3,631,350	3,430,883	3,419,332	3,408,084
Solid waste	2,631,439	2,601,708	2,679,039	2,722,712	2,572,590	1,891,231	1,881,385
Other business-type funds	1,084,118	1,011,500	1,014,934	981,427	1,673,717	1,330,047	1,443,512
Total business-type activities expenses	<u>11,010,681</u>	<u>10,912,972</u>	<u>11,191,873</u>	<u>11,079,831</u>	<u>10,884,823</u>	<u>9,654,356</u>	<u>9,217,776</u>
Total primary government expenses	<u>31,276,612</u>	<u>30,232,276</u>	<u>31,306,468</u>	<u>31,962,962</u>	<u>27,703,332</u>	<u>23,903,210</u>	<u>27,256,811</u>
Program revenues:							
Governmental activities:							
Charges for services:							
General government	4,674,479	3,154,440	2,376,678	3,074,450	1,265,741	1,022,074	1,309,774
Community development	824,900	119,345	360,369	336,998	346,274	423,721	618,574
Streets and highways	1,118,886	1,395,218	68,484	322,447	19,940	927,849	885,211
Public safety - police	222,113	363,053	298,990	83,421	29,922	343,683	491,945
Parks, recreation and social services	438,490	390,127	1,233,810	1,192,739	1,043,918	389,657	663,396
Operating grants and contributions	490,025	624,809	2,831,098	2,429,689	1,564,409	3,177,401	1,463,011
Capital grants and contributions	1,123,481	2,072,705	-	1,002	-	432,386	1,116,606
Total governmental activities program revenues	<u>8,892,374</u>	<u>8,119,697</u>	<u>7,169,429</u>	<u>7,440,746</u>	<u>4,270,204</u>	<u>6,716,771</u>	<u>6,548,517</u>
Business-type activities:							
Charges for services:							
Sewer and sanitation	3,223,359	3,719,420	3,888,904	2,608,686	2,775,671	2,733,163	2,584,107
Water	4,685,991	4,222,053	3,867,934	3,453,051	3,582,297	3,636,892	2,776,072
Solid waste	2,848,459	2,997,859	2,952,216	2,986,341	3,093,941	2,867,966	2,349,544
Operating grants and contributions	50,107	261,566	241,152	112,445	-	-	-
Water plant	1,069,936	1,027,228	1,015,345	993,197	2,631,579	2,344,101	1,967,759
Total business-type activities program revenues	<u>11,877,852</u>	<u>12,228,126</u>	<u>11,965,551</u>	<u>10,153,720</u>	<u>12,083,488</u>	<u>11,582,122</u>	<u>9,677,482</u>
Total primary government program revenues	<u>20,770,226</u>	<u>20,347,823</u>	<u>19,134,980</u>	<u>17,594,466</u>	<u>16,353,692</u>	<u>18,298,893</u>	<u>16,225,999</u>
Net revenues (expenses):							
Governmental activities:	(11,373,557)	(11,199,607)	(12,945,166)	(13,442,385)	(12,548,305)	(7,532,083)	(11,490,518)
Business-type activities:	867,171	1,315,154	773,678	(926,111)	1,198,665	1,927,766	459,706
Total net revenues (expenses):	<u>(10,506,386)</u>	<u>(9,884,453)</u>	<u>(12,171,488)</u>	<u>(14,368,496)</u>	<u>(11,349,640)</u>	<u>(5,604,317)</u>	<u>(11,030,812)</u>

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

	Fiscal Year				Fiscal Year		
	2009	2008	2007	2006	2005	2004	2003
General revenues and other changes in net assets:							
Governmental activities:							
Taxes:							
Property taxes	8,521,068	8,037,996	7,968,560	6,613,841	5,726,141	5,055,548	4,453,739
Sales taxes	1,111,111	1,095,727	1,111,399	1,044,283	1,040,777	948,891	684,222
Utility users taxes	976,685	962,674	955,927	1,002,804	884,290	792,313	887,549
Transient lodging taxes	323,960	408,972	313,552	262,000	295,977	297,742	247,214
Franchise taxes	431,946	419,943	376,700	309,586	335,709	326,489	311,397
Other taxes	-	225,061	-	-	-	13,753	249,801
Rental income	-	-	-	-	-	-	111,731
Motor vehicle license in lieu	2,719,017	1,824,175	1,787,133	2,009,673	1,429,983	991,644	1,316,923
Use of money and property	-	-	-	-	-	-	3,709,436
Investment earnings	2,378,876	3,443,958	4,039,880	3,028,922	1,861,054	1,468,735	-
Loss on disposal of capital asset	(167,977)	(37,240)	-	(4,594)	-	(73,814)	-
Other	16,099	-	261,591	1,294,562	1,346,948	283,693	179,098
Special item	-	-	(10,404,400)	-	-	-	-
Transfers	152,274	165,086	-	(819,825)	515,667	674,856	1,493,392
Total governmental activities	<u>16,463,059</u>	<u>16,546,352</u>	<u>6,410,342</u>	<u>14,741,252</u>	<u>13,436,546</u>	<u>10,779,850</u>	<u>13,644,502</u>
Business-type activities:							
Use of money and property	-	-	-	-	-	-	284,921
Investment earnings	(917,382)	(628,885)	(58,995)	57,339	441,314	137,369	-
Loss on disposal of capital asset	-	-	35,316	(131,757)	-	-	(243,077)
Other	91,383	55,484	70,570	-	-	29,532	50,284
Transfers	(152,274)	(165,086)	-	819,825	(515,667)	(674,856)	(1,493,392)
Total business-type activities	<u>(978,273)</u>	<u>(738,487)</u>	<u>46,891</u>	<u>745,407</u>	<u>(74,353)</u>	<u>(507,955)</u>	<u>(1,401,264)</u>
Total primary government	<u>15,484,786</u>	<u>15,807,865</u>	<u>6,457,233</u>	<u>15,486,659</u>	<u>13,362,193</u>	<u>10,271,895</u>	<u>12,243,238</u>
Changes in net assets							
Governmental activities:	5,089,502	5,346,745	(6,534,824)	1,298,867	888,241	3,247,767	2,153,984
Business-type activities:	(111,102)	576,667	820,569	(180,704)	1,124,312	1,419,811	(941,558)
Total primary government	<u>\$ 4,978,400</u>	<u>\$ 5,923,412</u>	<u>\$ (5,714,255)</u>	<u>\$ 1,118,163</u>	<u>\$ 2,012,553</u>	<u>\$ 4,667,578</u>	<u>\$ 1,212,426</u>

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

Source: The Comprehensive Annual Financial Report.

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

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
General fund:							
Reserved	\$ 22,346,466	\$ 23,120,517	\$ 23,325,799	\$ 20,747,634	\$ 19,485,313	\$ 20,040,195	\$ 25,971,598
Unreserved, designated	12,007,882	12,007,882	12,007,882	16,833,727	12,488,227	12,276,930	10,881,340
Unreserved, undesignated	7,056,378	5,668,032	4,657,034	3,330,462	9,443,468	10,670,669	6,400,618
Total general fund	41,410,726	40,796,431	39,990,715	40,911,823	41,417,008	42,987,794	43,253,556
All other governmental funds:							
Reserved	17,865,432	15,576,247	11,080,795	3,327,892	3,249,441	8,480,723	9,976,962
Unreserved, designated	-	-	-	-	-	-	-
Unreserved, undesignated:							
Reported in special revenue funds	3,777,434	4,095,019	6,972,204	12,127,283	12,820,201	4,994,761	1,993,093
Debt service funds	(13,245,316)	(12,828,799)	(12,596,826)	(12,574,372)	(13,409,404)	(12,676,813)	(13,699,677)
Reported in capital project funds	1,343,933	1,321,489	1,259,601	1,201,791	1,148,802	54,391	-
Total all other governmental funds	\$ 9,741,483	\$ 8,163,956	\$ 6,715,774	\$ 4,082,594	\$ 3,809,040	\$ 853,062	\$ (1,729,622)

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

Source: The Comprehensive Annual Financial Report.

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

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Revenues:							
Taxes	\$ 13,120,816	\$ 12,901,063	\$ 12,571,544	\$ 11,770,922	\$ 11,025,684	\$ 10,371,572	\$ 9,328,299
Licenses and permits	624,304	579,198	601,851	478,231	456,663	374,665	440,958
Intergovernmental	6,245,720	3,365,954	3,541,209	4,142,863	1,937,774	1,261,883	1,923,787
Charges for services	776,256	2,704,159	2,113,250	2,335,736	349,056	268,554	317,421
Fines and forfeitures	470,483	411,100	346,472	322,254	354,493	357,545	369,020
Investment earnings	2,943,142	3,443,958	3,270,247	3,028,922	2,941,126	3,101,323	3,918,543
Other revenues	1,948,997	2,195,618	2,779,266	2,303,561	2,368,993	2,533,282	2,648,595
Total revenues	<u>26,129,718</u>	<u>25,601,050</u>	<u>25,223,839</u>	<u>24,382,489</u>	<u>19,433,789</u>	<u>18,268,824</u>	<u>18,946,623</u>
Expenditures:							
Current:							
General government	5,485,023	2,916,632	2,805,560	3,539,125	2,522,027	4,804,099	7,006,435
Community development	3,426,578	2,683,320	5,112,682	4,140,504	2,475,061	1,215,922	1,331,641
Streets and highways	2,943,367	3,782,463	2,330,776	2,606,908	3,383,757	1,724,546	842,138
Parks, recreation and social services	1,611,674	1,570,193	1,734,198	2,027,814	1,493,763	873,476	1,119,350
Public safety - police	5,775,558	7,431,276	7,614,945	6,733,773	5,001,446	4,732,026	4,018,297
Capital outlays	-	1,265,846	611,515	1,527,936	315,047	679,012	615,307
Debt service:							
Principal retirement	1,495,000	1,380,000	1,030,000	1,084,255	895,000	2,724,106	755,000
Interest and other charges	2,352,205	2,482,523	2,547,633	2,390,639	2,478,161	795,000	2,648,066
Total expenditures	<u>23,089,405</u>	<u>23,512,253</u>	<u>23,787,309</u>	<u>24,050,954</u>	<u>18,564,262</u>	<u>17,548,187</u>	<u>18,336,234</u>
Revenues over (under) expenditures	<u>3,040,313</u>	<u>2,088,797</u>	<u>1,436,530</u>	<u>331,535</u>	<u>869,527</u>	<u>720,637</u>	<u>610,389</u>
Other financing sources (uses):							
Proceeds from long-term debt		-	10,679,956	-	-	921,427	-
Transfers in	2,659,102	2,569,798	2,516,659	3,629,616	2,860,253	6,009,662	7,207,479
Transfers out	<u>(2,506,828)</u>	<u>(2,404,713)</u>	<u>(2,516,659)</u>	<u>(4,449,441)</u>	<u>(2,344,586)</u>	<u>(5,334,807)</u>	<u>(5,714,087)</u>
Total other financing sources (uses)	152,274	165,085	10,679,956	(819,825)	515,667	1,596,282	1,493,392
Special item			<u>(10,404,400)</u>				
Net change in fund balances	<u>\$ 3,192,587</u>	<u>\$ 2,253,882</u>	<u>\$ 1,712,086</u>	<u>\$ (488,290)</u>	<u>\$ 1,385,194</u>	<u>\$ 2,316,919</u>	<u>\$ 2,103,781</u>
Debt service as a percentage of noncapital expenditures	20.0%	21.0%	18.3%	18.2%	22.7%	26.4%	23.8%

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

Source: The Comprehensive Annual Financial Report.

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

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency			Taxable Assessed Value	Total Direct Tax Rate
	Local Secured	Utility	Unsecured		Secured	Unsecured	Less: Exemptions		
2000	\$ 710,983	\$ 276	\$ 98,624	\$ 809,883	\$ 239,384	\$ 17,372	\$ 3,359	\$ 260,115	(1)
2001	747,080	258	109,076	856,414	261,516	23,289	3,832	288,637	(1)
2002	834,085	265	25,414	859,764	309,695	21,842	4,203	335,740	(1)
2003	898,306	256	91,830	990,392	343,835	20,328	4,366	368,529	0.322%
2004	1,007,463	275	25,531	1,033,269	382,240	17,696	4,660	404,596	0.356%
2005	1,119,269	264	25,716	1,145,249	420,419	17,205	4,568	442,192	0.365%
2006	1,268,841	272	95,526	1,364,639	491,510	18,696	4,623	514,829	0.344%
2007	1,468,838	246	29,955	1,499,039	546,405	20,322	4,759	571,486	0.358%
2008	1,563,818	-	33,105	1,596,923	600,590	22,037	5,095	627,722	0.340%
2009	1,340,697	-	112,102	1,452,799	560,249	33,273	4,823	598,345	0.389%

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

(1) No collection data for this year

Source: Ventura County Auditor-Controller's Office

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
City Direct Rates:					
City Basic Rate	0.4667	0.4551	0.4577	0.4458	0.4426
Redevelopment Agency	0.0290	0.0079	0.0069	0.0109	0.0295
Total City Direct Rate	0.4957	0.4630	0.4647	0.4567	0.4721
Overlapping Rates:					
Port Hueneme Elementary	0.0379	0.0368	0.0353	0.0459	0.0252
Oxnard Elementary	0.0221	0.0269	0.0286	0.0352	0.0391
Oxnard Elementary #2	0.0364	0.0302	0.0323	0.0339	0.0472
Elementary School Bond Oxnard #3	0.0287	0.0256	0.0000	0.0000	0.0000
Oxnard High School	0.0100	0.0098	0.0107	0.0122	0.0145
Ventura Community College Board	0.0152	0.0050	0.0127	0.0130	0.0130
United Water Cons Import	0.0247	0.0034	0.0022	0.0057	0.0237
Metropolitan Water	0.0043	0.0045	0.0047	0.0052	0.0058
City of Port Hueneme	1.0000	1.0000	1.0000	1.0000	1.0000
Total Direct Rate	1.6749	1.6052	1.5912	1.6078	1.6406

Source: Ventura County Assessor

2004	2003	2002	2001	2000
0.4538	0.4595	0.4479	0.3118	0.3178
0.0231	0.0193	0.0177	0.0101	0.0103
0.4769	0.4788	0.4656	0.3219	0.3281
0.0277	0.0285	0.0195	0.0267	0.0144
0.0462	0.0506	0.0518	0.0604	0.0700
0.0450	0.0534	0.0663	0.0290	0.0340
0.0000	0.0000	0.0000	0.0000	0.0000
0.0133	0.0185	0.0209	0.0271	0.0203
0.0166	0.0178	0.0000	0.0000	0.0000
0.0170	0.0126	0.0100	0.0013	0.0014
0.0061	0.0067	0.0077	0.0088	0.0089
1.0000	1.0000	1.0000	1.0000	1.0000
1.6488	1.6670	1.6418	1.4752	1.4771

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

Taxpayer	2009		2000	
	Taxable Assessed Value ⁽¹⁾	Percent of Total City Taxable Assessed Value ⁽²⁾	Taxable Assessed Value ⁽³⁾	Percent of Total City Taxable Assessed Value ⁽⁴⁾
Oliveira Ranch Company	\$ 53,568,911	3.32%	\$ 22,802,539	2.82%
Jesco LLC	22,299,258	1.38%	-	0.00%
RECP Windsor PT Hueneme Ven	14,555,324	0.90%	-	0.00%
WL Homes LLC	10,473,061	0.65%	-	0.00%
Del Monte Fresh Produce	9,645,168	0.60%	7,894,604	0.97%
Seaview Apartments LLC	7,794,180	0.48%	-	0.00%
939 X Serano Av LLC	6,216,947	0.39%	-	0.00%
Consolidated Foundries Inc	6,132,600	0.38%	-	0.00%
Hydro Agri North America Inc	5,880,696	0.37%	4,662,000	0.58%
Casa Pacifica	5,398,541	0.34%	4,511,981	0.56%
	<u>\$ 141,964,686</u>	<u>8.81%</u>	<u>\$ 39,871,124</u>	<u>4.92%</u>

- (1) Source: Ventura County Assessor's Office
- (2) 2008-09 Local Secured Assessed Valuation: \$1,611,126,000
- (3) Source: Ventura County Assessor's Office
- (4) 1999-2000 Local Secured Assessed Valuation: \$809,883,000

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

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

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
2000	\$ 5,335,000	\$ -	\$ -	\$ 5,335,000	\$ -	\$ -
2001	5,290,000	26,730,000	-	32,020,000	-	8,458,907
2002	5,120,000	21,765,000	-	26,885,000	-	53,368
2003	4,940,000	21,190,000	-	26,130,000	-	-
2004	4,745,000	22,105,000	-	26,850,000	-	-
2005	4,540,000	21,415,000	-	25,955,000	-	705,357
2006	4,325,000	20,655,000	294,110	25,274,110	-	646,771
2007	4,095,000	19,855,000	228,990	24,178,990	5,270,000	585,807
2008	3,850,000	19,010,000	10,551,383	33,411,383	5,185,000	522,367
2009	3,590,000	18,125,000	10,256,725	31,971,725	5,095,000	456,352

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>			
\$ 700,866	\$ 700,866	\$ 6,035,866	0.88%	**
-	8,458,907	40,478,907	5.80%	401
-	53,368	26,938,368	3.76%	**
-	-	26,130,000	3.46%	254
-	-	26,850,000	3.28%	**
-	705,357	26,660,357	3.08%	254
-	646,771	25,920,881	2.79%	246
-	5,855,807	30,034,797	3.08%	286
-	5,707,367	39,118,750	4.02%	369
-	5,551,352	37,523,077	3.85%	353

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total Taxable Assessed Value	Percent of Assessed Value (1)	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Total			
2000	\$ 5,335	\$ -	\$ 5,335	\$ 1,069,998	0.50%	244
2001	5,290	26,730	32,020	1,145,051	2.80%	251
2002	5,120	21,765	26,885	1,195,504	2.25%	233
2003	4,940	21,190	26,130	1,358,921	1.92%	226
2004	4,745	22,105	26,850	1,437,865	1.87%	214
2005	4,540	21,415	25,955	1,587,441	1.64%	203
2006	4,325	20,655	24,980	1,879,468	1.33%	193
2007	4,095	19,855	23,950	2,070,525	1.16%	191
2008	3,850	19,010	22,860	2,224,645	1.03%	173
2009	3,590	18,125	21,715	2,051,144	1.06%	161

(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, 2009

2008-09 Assessed Valuation	\$ 12,071,967,113
Redevelopment Agency Incremental Valuation	321,364,480
Adjusted Assessed Valuation	<u>\$ 11,750,602,633</u>

	Total Debt 6/30/2009	Percentage Applicable	City's Share of Debt 6/30/2009
OVERLAPPING TAX AND ASSESSMENT DEBT			
Metropolitan Water District	\$ 293,425,000	0.055%	\$ 161,384
Ventura County Community College District	\$ 317,212,814	1.044%	3,311,702
Oxnard Union High School District	\$ 57,550,142	3.242%	1,865,776
Hueneme School District	\$ 25,359,708	14.575%	3,696,177
Oxnard School District	\$ 128,413,139	5.901%	7,577,659
 Total Overlapping Tax and Assessment Debt			 16,612,698
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Ventura County Certificates of Participation	\$ 62,125,000	1.044%	\$ 648,585
Ventura County Superintendent of Schools	\$ 12,740,000	1.044%	133,006
Oxnard Union High School District General Fund Obligations	\$ 9,395,000	3.242%	304,586
Oxnard School District Certificates of Participation	\$ 5,890,000	5.901%	347,569
City of Port Hueneme Certificates of Participation	\$ 3,590,000	100.000%	3,590,000 (1)
City of Port Hueneme Pension Obligations	\$ 10,039,956	100.000%	10,039,956
 Total Direct and Overlapping General Fund Debt			 15,063,702
 Combined Total Debt			 <u>\$ 31,676,400 (2)</u>

- (1) Excludes certificates of participation to be sold.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008-09 Assessed Valuation:
Total Overlapping Tax and Assessment Debt..... 1.03%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$13,629,956)..... 1.34%
Combined Total Debt..... 3.12%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0

Source: California Municipal Statistics, Inc.

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

Fiscal Year Ended June 30	(2) Assessed Valuation	Conversion Percentage	Adjusted Assessed Valuation	Debt Limit Percentage	Debt Limit	(1) Total Net Debt Applicable to Limit:		Total Debt Applicable to the Limit as a Percentage of Debt Limit
						General Obl- igation Bonds	Legal Debt Margin	
2000	\$ 1,069,998,000	25%	\$ 267,499,500	15%	\$ 40,124,925	\$ -	\$ 40,124,925	0%
2001	1,145,051,000	25%	286,262,750	15%	42,939,413	-	42,939,413	0%
2002	1,195,504,000	25%	298,876,000	15%	44,831,400	-	44,831,400	0%
2003	1,358,921,000	25%	339,730,250	15%	50,959,538	-	50,959,538	0%
2004	1,437,865,000	25%	359,466,250	15%	53,919,938	-	53,919,938	0%
2005	1,587,441,000	25%	396,860,250	15%	59,529,038	-	59,529,038	0%
2006	1,879,468,000	25%	469,867,000	15%	70,480,050	-	70,480,050	0%
2007	2,070,525,000	25%	517,631,250	15%	77,644,688	-	77,644,688	0%
2008	2,224,645,000	25%	556,161,250	15%	83,424,188	-	83,424,188	0%
2009	2,051,144,000	25%	512,786,000	15%	76,917,900	-	76,917,900	0%

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	
2000	\$ 3,054,738	\$ 3,273,723	\$ (218,985)	\$ -	\$ 21,501	(10.18)
2001	2,619,466	2,973,939	(354,473)	-	-	-
2002	2,736,919	1,802,215	934,704	-	-	-
2003	2,613,900	2,365,026	248,874	-	-	-
2004	2,871,258	2,852,269	18,989	-	-	-
2005	2,775,671	3,076,562	(300,891)	-	-	-
2006	2,620,828	3,602,321	(981,493)	-	-	-
2007	3,899,712	3,724,773	174,939	-	92,728	1.89
2008	3,728,152	3,375,604	352,548	85,000	233,373	1.11
2009	3,230,222	3,103,723	126,499	90,000	224,364	0.40

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) (5)	Personal Income (in thousands) (4)	Per Capita Personal Income (1)	Unemployment Rate (3)
2000	21,876	682,303	31,190	4.7%
2001	21,050	698,439	33,180	4.8%
2002	22,007	716,841	32,573	6.0%
2003	21,862	754,745	34,523	6.2%
2004	22,178	818,786	36,919	6.0%
2005	22,388	864,209	38,601	5.4%
2006	22,388	928,196	41,460	4.6%
2007	21,437	974,062	45,438	4.8%
2008	22,202	973,486	43,847	5.8%
2009	22,283	973,669	43,696	9.1%

(1) Source: US Census Population Estimate 2000 and 2001

(2) Source: State Department of Finance 2007 and 2008

(3) Source: Employment Development Department Ventura County Rates

(4) Source: Bureau of Labor Statistics- 2008 and 2009 Adjusted by CPI

(5) Source: Wastewater Revenue Bond Documents for years 2002 thru 2006

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

<u>Function</u>	<u>Full-Time (FTE) Employees as of June 30</u>									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General Government	1	1	-	-	-	-	-	-	-	-
City Administration	4	4	5	5	5	5	5	4	4	4
Finance	9	10	9	9	10	10	11	10	10	10
Community Development	10	9	9	12	12	12	11	10	10	10
Recreation and Community Services	20	20	20	36	36	35	35	7	7	34
Public safety - police	36	37	40	54	54	55	55	54	54	48
Housing Authority	11	12	12	12	12	12	13	12	12	12
Public Works	54	55	58	59	59	59	59	56	55	52
Total	145	148	153	187	188	188	189	152	152	170

Source: City Budget Documents

City of Port Hueneme
Principal Employers
Current Year

Employer ⁽¹⁾	2009	
	Number of Employees	Percent of Total Employment ⁽²⁾
Naval Base Ventura County	19,000	65.29%
Hueneme School District	711	2.44%
Pacific Maritime Association	147	0.51%
City of Port Hueneme	145	0.50%
Consolidated Foundries Inc	270	0.93%

(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.

(3) Data not available for the year 2000.

Source: State of California Employment Development Department

City of Port Hueneme
Investment Portfolio Statistics
Last Ten Fiscal Years

Year ended June 30,	City	
	Average Portfolio	Average Effective Rate of Return
2000	***	***
2001	18,328,051	5.28%
2002	23,252,752	3.32%
2003	29,089,354	2.37%
2004	37,743,290	2.04%
2005	40,563,346	3.18%
2006	41,131,226	4.38%
2007	45,866,487	5.28%
2008	46,509,671	3.83%
2009	47,510,157	1.94%

Source: Finance Department, City of Port Hueneme

*** Data not available

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

	Fiscal Years									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Police:										
Arrests	599	969	846	772	868	863	854	932	1,971	702
Parking citations issued	10,560	8,609	12,297	9,077	8,853	8,538	**	**	**	**
Public works:										
Street resurfacing (lane miles)	1.7	3.7	1.2	1.4	0.4	3.4	3.4	**	**	**
Parks and recreation:										
Number of recreation classes	33	34	26	33	29	31	36	40	38	42
Number of facility rentals per event	140	117	201	211	239	254	280	310	320	406
Number of park rental reservations per attendees (in thousands)	4	5	4	4	12	12	13	12	15	15
Water:										
Total system connections	5,462	5,246	5,157	5,189	5,168	5,158	5,121	5,111	5,075	5,183
Average daily consumption (million gallons per day)	2.48	2.63	2.87	2.60	2.48	2.58	2.67	2.83	2.81	2.87
Wastewater:										
Total system connections	5,126	5,081	4,992	5,027	5,008	4,999	5,074	5,089	5,223	5,242
Average daily sewage treatment (million gallons per day)	2.64	2.98	3.09	2.85	2.74	3.01	2.97	2.95	3.08	3.22
Refuse:										
Number of customers	4161	4132	3906	3920	3911	3890	3858	3844	3120	3894
Average daily collection (tonnage)	48.98	55.68	59.53	63.40	69.98	63.03	60.98	71.85	61.89	63.09

Source: City of Port Hueneme

** Data not available

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

	Fiscal Years									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
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	9	9	9	9
Parks and recreation:										
Parks	5	5	5	5	5	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	100	100	100	100	100	95	95	95	90	90
Maximum daily capacity (million gallons per day)	10	10	10	10	10	9	9	9	8	8
Wastewater:										
Sanitary sewers (miles)	45	45	45	45	45	41	41	41	41	41
Storm sewers (miles)	22	22	22	22	22	20	20	20	20	20
Maximum daily treatment capacity (million gallons per day)	5	5	5	5	5	4	4	4	4	4

Source: City of Port Hueneme

City of Port Hueneme
Wastewater Service Rates
Last Four Fiscal Years

Fiscal Year Ended June 30	Wastewater Volume Rates Per Hundred Cubic Feet (HCF)					
	Residential		Commercial			
	Single Family	Muti- Family	Commercial Laundry	Restaurant	Schools	Other
2009	\$ 20.75	\$ 20.75	\$ 1.46	\$ 2.72	\$ 0.50	\$ 1.57
2008	20.75	20.75	1.40	2.60	0.48	1.50
2007	20.75	20.75	1.30	2.50	0.45	1.40
2006	16.50	16.50	1.13	2.00	0.40	1.21

NOTE:
1 HCF = 748 gallons
The City bills bi-monthly and by hundred cubic feet (HCF).
Rates are based on 3/4" meter, which is the standard household meter size.

Source: Port Hueneme Wastewater Division

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

Wastewater Customer	2009		2006 ⁽¹⁾	
	Wastewater Charges	Percent of Total Wastewater Revenues	Wastewater Charges	Percent of Total Wastewater Revenues
Naval Base Ventura County	\$ 2,338,762	45.35%	\$ 815,909	24.90%
CIBCSD	587,163	3.65%	552,694	16.86%
City of Oxnard	342,783	2.13%	295,176	9.01%
Hueneme School District	5,198	0.03%	8,845	0.27%
Oxnard Harbor District	2,276	0.01%	1,742	0.05%
	<u>\$ 3,276,182</u>	<u>51.18%</u>	<u>\$ 1,674,366</u>	<u>51.09%</u>

(1) 2006 was the first year of Wastewater Bond

Source: Port Hueneme Wastewater Division Division

**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

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

We have audited the financial statements of governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Port Hueneme, California (City)** as of and for the fiscal year ended June 30, 2009, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 15, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated January 15, 2010.

This report is intended solely for the information and use of the City Council, and the City's management, and is not intended to be and should not be used by anyone other than these specified parties.

Los Angeles, California
January 15, 2010