

**CITY OF PORT HUENEME, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014**



**Prepared by
Finance Department**

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

**City of Port Hueneme
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014**

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City of Port Hueneme

FINANCE DEPARTMENT

February 27, 2015

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, 2014. The format and content of this CAFR complies with the principles and standards of accounting and financial reporting adopted by the Governmental Accounting Standards Board (GASB) and contains all information needed for readers to gain a reasonable understanding of City of Port Hueneme's financial affairs.

INTRODUCTION

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

White Nelson Diehl Evans LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2014. The independent auditors' report is located at the front of the financial section of this report.

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

CITY OF PORT HUENEME PROFILE

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

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

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

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

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

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

LOCAL ECONOMY

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

For December 2014, countywide unemployment rate was 5.9 percent. The countywide rate is below the California rate of 6.7 percent, but above the nationwide rate of 5.4 percent.

Consistent with the nationwide trend, median home prices increased in both the City and County from 2013 to 2014. The 2014 median single family home price in the City was \$353,000. The City of Port Hueneme median home prices increased by 9.3 percent in 2014. The latest trend through December, 2014, shows single family homes continuing to rise.

In addition to community-related economics, i.e., business, employment, and real estate indices, the City's finances and operations are directly impacted by national and regional trends. The return on interest earnings was 0.65 percent for the fiscal year ended June 30, 2014, which is a decrease from the prior year's return of 0.67 percent.

LONG TERM FINANCIAL PLANNING

In recognition of the financial challenges of the future, the City continues to review the current fiscal year's projects and progress, and discuss the Council's priorities for Fiscal Year 2013-14. In past years, the City has followed three objectives which further maintain and enhance a sustainable fiscal position and continues to be the objectives this year:

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

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

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

RELEVANT FINANCIAL POLICIES

The general fund maintains \$14.6 million assigned and committed for contingencies per the City's financial policies.

When monies are deemed investable, they are placed in the State of California's Local Agency Investment Fund (LAIF), or U.S. Treasury or Agency securities maturing in five years or less. The City's investment portfolio at June 30, 2014 included \$21.6 million invested in LAIF and \$10.7 million invested in U.S. Government securities. Funds placed at LAIF can be withdrawn with a same-day notice providing the City with daily liquidity. The investment in U.S. Government securities provides portfolio diversification. Both investment vehicles offer the City outstanding security and are consistent with the City's Investment Policy.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE

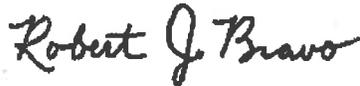
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Port Hueneme for its comprehensive annual financial report for the fiscal year ended June 20, 2013. This was the third consecutive year that the City of Port Hueneme has achieved such a prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and

efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Robert J. Bravo". The signature is written in a cursive style with a large initial "R".

Robert J. Bravo
Finance Director/City Treasurer



Government Finance Officers Association

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

Presented to

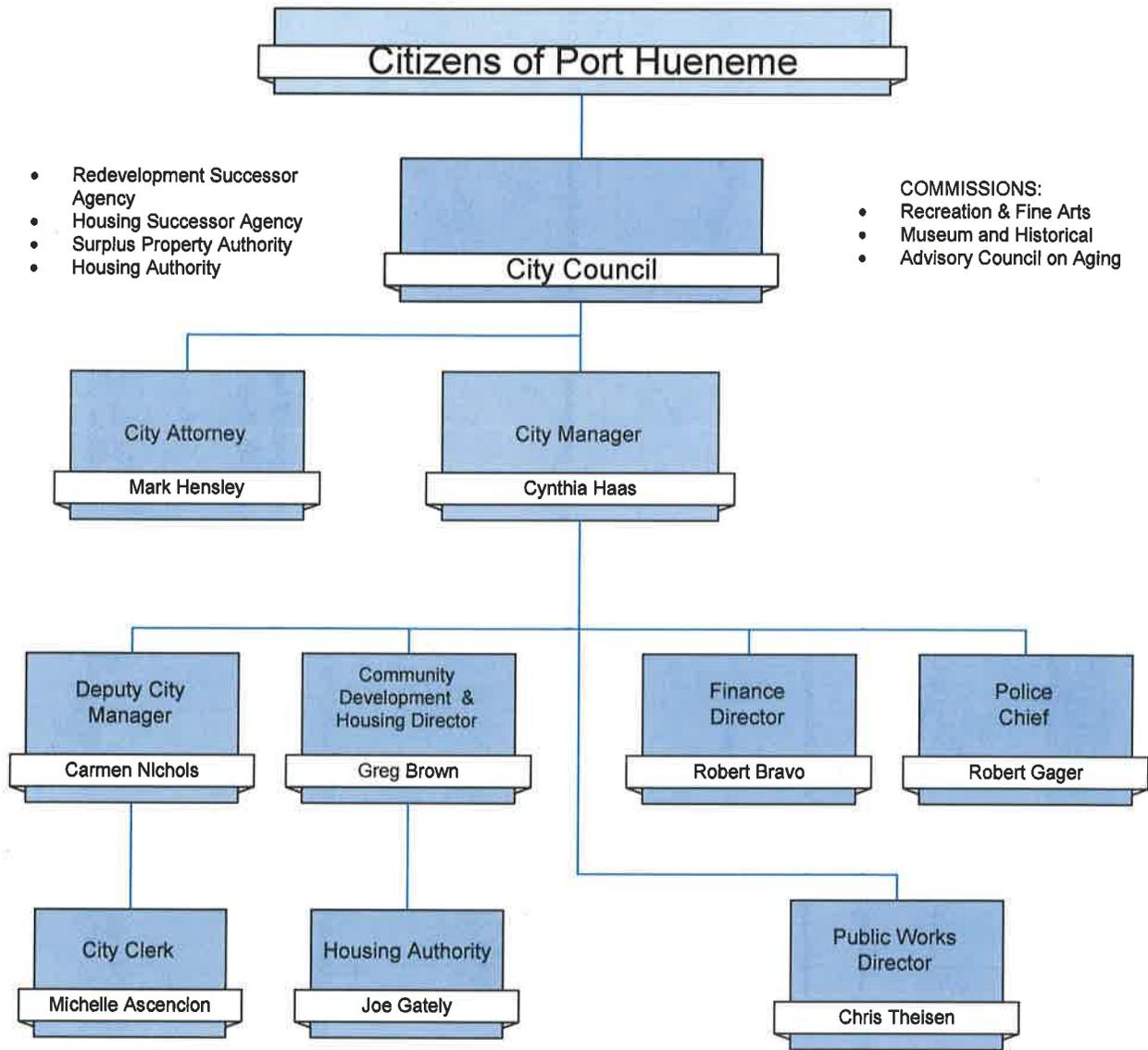
**City of Port Hueneme
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

City of Port Hueneme



Organization Chart

City of Port Hueneme

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2014

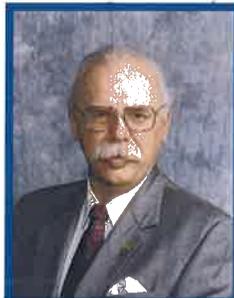
CITY COUNCIL



Norman E.
Griffaw
Mayor Pro Tem



Douglas A.
Breeze
Council Member



Jonathan
Sharkey
Mayor



Ellis L. Green
Council Member



Sylvia Munoz
Schnopp
Council Member

City Manager

Cynthia Haas

Department Directors

Carmen Nichols – Deputy City Manager

Robert J. Bravo – Finance Director

Greg Brown - Community Development & Housing Director

Robert Gager - Police Chief

Chris Theisen - Public Works Director

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

City Council Members
City of Port Hueneme
Port Hueneme, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Hueneme (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Hueneme, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 7 to the financial statements, the net position of the governmental activities and the fund balances of the Housing Successor Agency, Surplus Property Authority and TDA Special Revenue Funds were restated at July 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Information

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

Other Matters (Continued)

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
February 25, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 15. Comparative data for the current fiscal year and previous fiscal year is presented on the government-wide financial statements, as required by GASB 34.

FINANCIAL HIGHLIGHTS

- Governmental activities posted an increase in total net position of \$531,367, while the business-type activities increased by \$2.88 million.
- Total revenues of \$41 million exceeded total expenditures of \$37.6 million by \$3.4 million.
- At June 30, 2014, the City's governmental funds reported combined ending fund balances of \$37.6 million, a decrease of \$1.2 million in comparison with prior fiscal year's fund balances.
- At June 30, 2014, the unassigned fund balance of the General Fund balance was \$15.8 million, which is 99% of the general fund's operating expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements

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

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

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

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

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2014

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

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

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

Fund Financial Statements

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

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

The focus of the funds financial statements is narrower than that of the government-wide financial statements. The various balance sheets and the statement of revenues, expenditures, and changes in fund balances, require a reconciliation to facilitate the comparison between fund statements and the government-wide statements. This reconciliation is required because the government-wide statements are prepared on the full accrual basis of accounting while the fund statements are prepared on the modified accrual basis of accounting. These reconciliations can be found on pages 18 and 20, immediately following the balance sheet and statement of revenues, expenditures, and changes in fund balances for governmental funds.

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

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

Required Supplementary Information is presented concerning the City's General Fund and Surplus Property Authority Fund budgetary compliance and the City's progress in funding its obligation to provide pension and other post-employment benefits.

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

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2014

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

Table 1 – Net Position (in thousands)

	Activities				Total		Change	Percentage
	Governmental		Business-type					
	2014	2013	2014	2013	2014	2013		
Assets								
Other assets	\$ 52,948	\$ 53,390	\$ 13,732	\$ 9,828	\$ 66,680	\$ 63,218	\$ 3,462	5.48%
Capital assets	25,164	24,804	19,054	19,874	44,218	\$ 44,678	\$ (460)	-1.03%
Total assets	78,112	78,194	32,786	29,702	110,898	107,896	3,002	2.78%
Liabilities								
Other liabilities	\$ 3,957	\$ 3,705	\$ 1,705	\$ 1,283	\$ 5,661	\$ 4,988	\$ 673	13.49%
Long-term liabilities	10,706	11,571	4,512	4,733	\$ 15,219	\$ 16,304	(1,085)	-6.65%
Total liabilities	14,663	15,276	6,217	6,016	20,880	21,292	(412)	-1.93%
Net Position								
Investment in Capital Assets	25,164	\$ 24,804	\$ 14,385	\$ 15,015	\$ 39,549	\$ 39,819	\$ (270)	-0.68%
Restricted	\$ -	1,701	191	29	191	1,730	(1,539)	-88.96%
Unrestricted	38,285	36,413	11,993	8,642	50,278	45,055	5,223	11.59%
Total net position	\$ 63,449	\$ 62,918	\$ 26,569	\$ 23,686	\$ 90,019	\$ 86,604	\$ 3,414	3.94%

The City's assets exceeded liabilities by approximately \$90 million at the close of the fiscal year ending June 30, 2014. At June 30, 2014, the City's net position increased by \$3.4 million or 3.9% in comparison to the fiscal year ending June 30, 2013 mainly due to the operations of the business-type activities. The increase in utility rates and conscious efforts to reduce expenses resulted in the increase in the net position of the City.

Of the City's approximately \$110.9 million of assets, 60% are other assets and 40% reflect its investment in capital assets (i.e., land buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$191,356) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$50.3 million (56%) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

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

Capital assets decreased by \$0.5 million or 1%. The reason for the decrease is primarily due to current year's depreciation expenses.

Total liabilities decreased by approximately \$471,000 or 2% due primarily to the payment of Pension Obligation Bonds.

CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2014

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Analysis of Activities:

The condensed summary of activities (in thousands), which follows, shows that net position increased by \$2.7 million for the fiscal year ended June 30, 2014.

Table 2 – Changes in Net Position (in thousands)

Revenues	Activities				Total		Change	Percentage
	Governmental		Business-type		2014	2013		
	2014	2013	2014	2013				
Program Revenues:								
Charges for services	\$ 6,851	\$ 6,682	\$ 16,232	\$ 15,870	\$ 23,083	\$ 22,552	\$ 531	2.35%
Operating grants/contributions	458	447	3,365	3,229	3,823	3,676	147	4.00%
Capital grants/contributions	2,881	2,133			2,881	2,133	748	35.07%
General Revenues:								
Property taxes	1,796	1,765			1,796	1,765	31	1.76%
State sales tax	2,370	2,734			2,370	2,734	(364)	-13.31%
Other taxes and fees	4,605	4,853	381	521	4,986	5,374	(388)	-7.22%
Total Revenues	18,961	18,614	19,978	19,620	38,939	38,234	705	1.84%
Expenses:								
General government	7,727	7,369			7,727	7,369	358	4.85%
Public safety	6,341	6,350			6,341	6,350	(9)	-0.14%
Community development	1,142	1,229			1,142	1,229	(87)	-7.08%
Streets & highways	2,875	3,446			2,875	3,446	(571)	-16.57%
Beaches and parks	1,988	1,663			1,988	1,663	325	19.54%
Interest on long-term debt	676	717		1,455	676	2,172	(1,496)	-68.88%
Housing Authority			4,102	4,187	4,102	4,187	(85)	-2.03%
Water			5,552	5,059	5,552	5,059	493	9.75%
Wastewater			3,401	3,258	3,401	3,258	143	4.39%
Solid waste			2,923	2,818	2,923	2,818	105	3.73%
Water plant			878	839	878	839	39	4.65%
Total Expenses	20,749	20,774	16,856	17,616	37,605	38,390	(785)	-2.05%
Increase (decrease) in net position	(1,788)	(2,160)	3,122	2,004	1,334	(156)	1,490	-955.38%
Transfers	250	242	(250)	(242)	-	-		
Gain/Loss on disposal of capital assets	136	-	10		146	-	146	
Investment earnings	1,933	1,607	1	38	1,934	1,645	289	
Extraordinary item		(5,394)				(5,394)	5,394	
Special Item								
Change in net position	531	(5,705)	2,883	1,800	3,414	(3,905)	7,319	-187.44%
Net position, beginning, restatement	62,918	69,182	23,686	22,048	86,604	91,230	(4,626)	-5.07%
Restatement		(559)		(162)		(721)		
Net position, ending	63,449	62,918	26,569	23,686	90,018	86,604	3,414	3.94%

**CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2014**

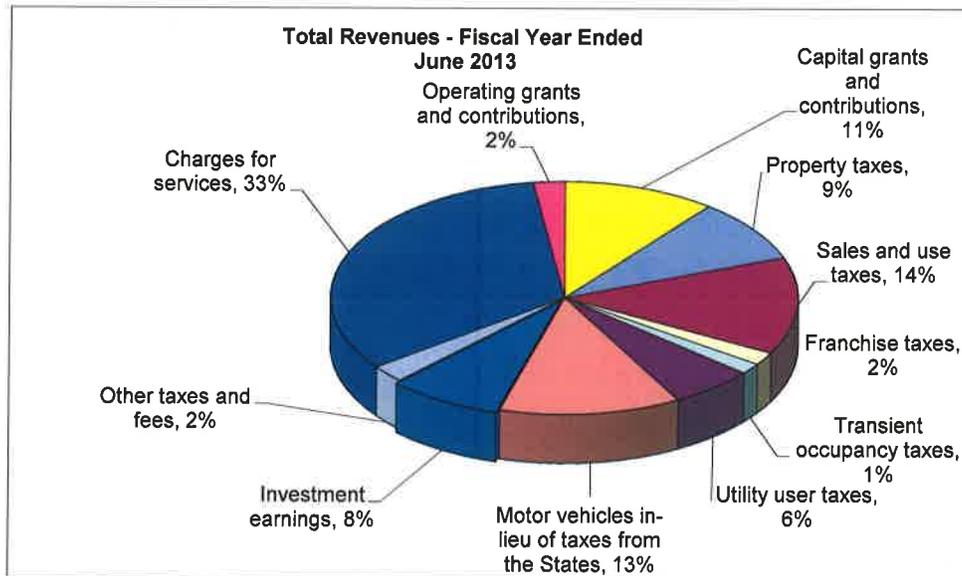
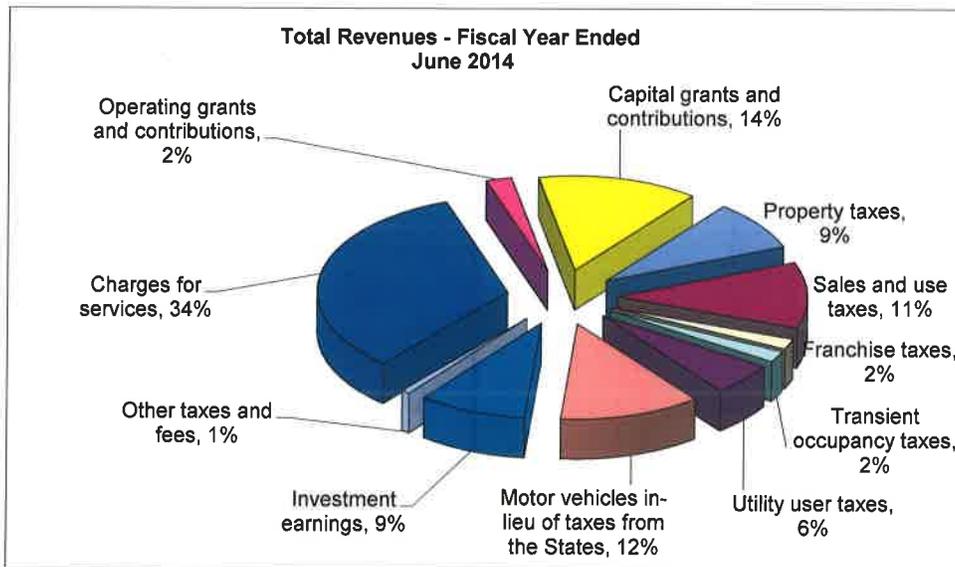
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Governmental Activities

Governmental activities increased the City's net position by approximately \$531,000. Revenues for the City's governmental activities increased by approximately \$347,000, while total expenses remained relatively constant.

Governmental program revenues funded 49% of total Governmental expenses of \$20.7 million; taxes, other general revenues and transfers financed the balance of 51%. Program revenues are resources obtained from parties outside of the City. They include: (a) amounts received from those who purchase, use or directly benefit from a program; (b) grants and contributions that are restricted to specific programs; and (c) investment earnings that are legally restricted for a specific program.

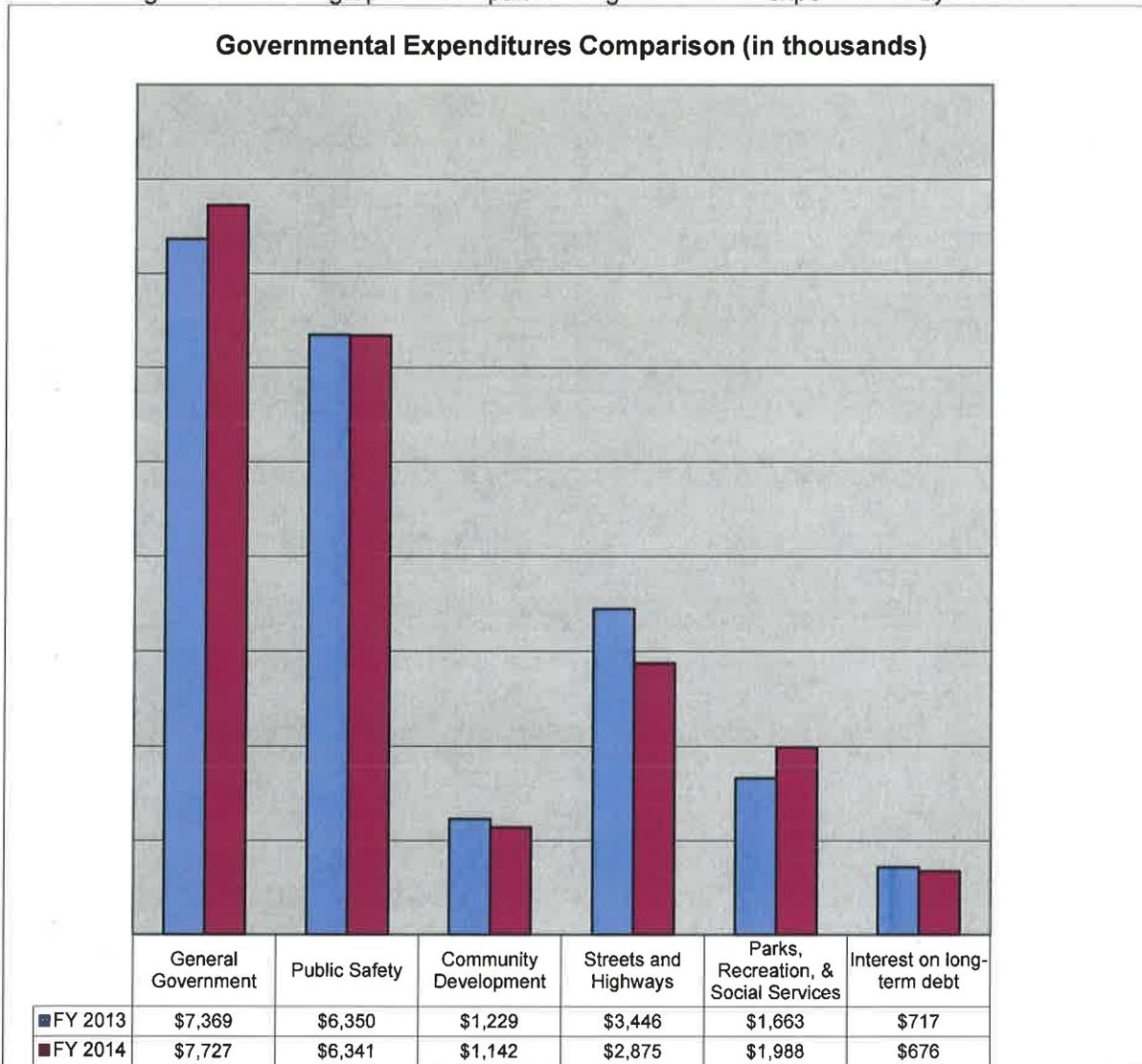
The following charts show a graphical comparison of governmental revenues by source:



**CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2014**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

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



Overall, expenses for General Government activities increased by approximately \$358,000 as a total over the prior fiscal year. Community Development expenses of \$1.1 million decreased by approximately \$87 thousand due to elimination of a part-time position. Streets and Highways expenses of \$2.9 million decreased by approximately \$.57 million primarily due to less street improvement projects.

**CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2014**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Business-Type Activities

The City operates five (5) business-type activities: water utility, wastewater utility, solid waste utility, water treatment plant and a housing authority. Total operating revenues and expenses for fiscal year ended June 30, 2014 were \$20 million and \$16.9 million, respectively. Business-type activities increased the City's net position by \$2.9 million. Total operating revenues increased by approximately \$358,000 or 1.8% primarily due to increase in utility rates. Total operating expenses decreased by approximately \$760,000 or 4.3% primarily due to completion of the water meter project and reallocation of personnel.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At June 30, 2014, the City's governmental funds reported combined ending fund balances of \$37.6 million, a decrease of \$1.2 million or 3% in comparison with the prior year fund balances. This year-end total is made up of the following:

- \$15.1 million is non-spendable consisting advances, receivables, and prepaid expenses.
- \$6 million is restricted primarily for Housing and Community Development projects.
- \$9 million is committed to special programs and street and public transportation.
- \$15.6 million is unassigned, which is available to meet City's current and future needs.

Revenues and expenditures for governmental funds overall totaled approximately \$20.5 million and \$21.9 million, respectively, for the fiscal year ended June 30, 2014, which represents an increase in revenues of 1% from the fiscal year ended June 30, 2013. Expenditures for governmental funds of \$21.9 million represent an increase of 2% from fiscal year ended June 30, 2013. In the fiscal year ended June 30, 2014, expenditures from governmental funds exceeded revenues by \$1.5 million.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$15.8 million of the total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 99% of total General Fund expenditures of \$15.9 million, while total fund balance represents 200% of that same amount.

The Surplus Property Authority was established on October 6, 1993. Although the Surplus Property Authority is a separate legal entity from the City of Port Hueneme, its financial operations are closely related and the Port Hueneme City Council serves as the Surplus Property Authority Board of Directors. The fund balances of Surplus Property Authority has been reclassified in FY 2013/14 from nonspendable of \$8.6 million and assigned fund balance of \$438,332 in FY 2012/13 to restricted fund balance in FY 2013/14. The beginning fund balance at July 1, 2013 was restated by \$5.6 million to record unavailable revenues for accrued interests.

**CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2014**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

The fund balance in the City's General Fund decreased by \$.9 million during the fiscal year. This decrease was primarily due to restatement of beginning fund balance and payment of pension obligation bond. Overall, the General Fund's performance resulted in revenues in excess of expenditures of \$295,719 in the fiscal year June 30, 2014.

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

BUDGETARY HIGHLIGHTS

General Fund's actual revenues from intergovernmental revenue \$989,621 less than the final budget for the fiscal year 2015-16 had anticipated. Actual revenues from property taxes were \$284,705 less than the budget for the fiscal year 2013-14 had anticipated. This variance was due to the anticipated increase in the value of the properties were not fully materialized.

For the fiscal year 2013-14, the budgeted General Fund expenditures were approximately \$17 million in which \$15.9 were actually expended. This resulted in a variance over budget of \$998,633. The net change in the fund balance was a decrease of \$873,742.

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, 2014, amounted to \$44.2 million (net of accumulated depreciation) for the fiscal year ended June 30, 2014. This investment in capital assets includes land, infrastructure, buildings and improvements, and equipment. The total decrease in the City's net investment in capital assets for the current fiscal year is \$0.4 million, and is comprised of an increase of \$.4 million for governmental activities and a decrease of \$.8 million for business-type activities.

CITY OF PORT HUENEME
Management's Discussion and Analysis
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CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Table 3 - Capital Assets (in thousands)

	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets:						
Land as restated	\$ 4,168	\$ 3,555	\$ 2,246	\$ 2,246	\$ 6,414	\$ 5,801
Construction in progress	-	499	-	-	-	499
Total non-depreciable assets	4,168	4,054	2,246	2,246	6,414	6,300
Depreciable assets (net):						
Buildings and structures	11,883	11,588	1,162	1,353	13,045	12,941
Office equipment	19	25	-	2	19	27
Mobile equipment	333	305	1,071	1,221	1,404	1,526
Other equipment	705	398	167	157	872	555
Pipeline/plant			14,408	14,895	14,408	14,895
Infrastructure	8,056	8,434			8,056	8,434
Total depreciable assets	20,996	20,750	16,808	17,628	37,804	38,378
Total assets	\$ 25,164	\$ 24,804	\$ 19,054	\$ 19,874	\$ 44,218	\$ 44,678

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

- Eight single family homes were granted to the City by the developer pursuant to the development permit conditions of approval requiring the developer to donate a total of nine (9) single family homes to the City for workforce housing.
- Land and Building and structures' FY 2013 balances were restated to capture prior year's acquisition.

Additional information on the City of Port Hueneme's capital assets can be found in note 3 on pages 40-41 of this report.

Long-term Debt

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

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

At the end of the current fiscal year, the City had outstanding debt of \$2.05 million for Certificates of Participation. A scheduled principal payment of \$345,000 reduced the June 2014 outstanding balance of \$2.4 million to \$2.05 million.

**CITY OF PORT HUENEME
Management's Discussion and Analysis
June 30, 2014**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Table 4 – Long-Term Liabilities (in thousands)

	Activities				Total	
	Governmental		Business-Type			
	2014	2013	2014	2013	2014	2013
Certificates of Participation	2,050	2,395			2,050	2,395
Pension Obligation Bonds	8,964	9,530			8,964	9,530
Revenue Bonds			4,585	4,695	4,585	4,695
Capital Lease Agreement			84	164	84	164
Total	\$ 11,014	\$ 11,925	\$ 4,669	\$ 4,859	\$ 15,683	\$ 16,784

As of June 30, 2014, the City had outstanding bond issues totaling \$15.6 million and Capital Lease Obligations totaling \$84,000.

The City of Port Hueneme's debt decreased by \$.9 million during the current fiscal year. No new debt was incurred in the current fiscal year.

Additional information on the City of Port Hueneme's long-term debt can be found in note 3 on pages 43-47 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 2014-15 financial and/or operational activities.

- The Fiscal Year 2014-15 Adopted Budget: Assumes a General Fund operating deficit of \$155,809, which is anticipated to be addressed through salary and benefit adjustments. An Unreserved Fund Balance of \$1.9 million is projected at the end of FY 2014-15.
- Enterprise Funds: Rates have been adjusted over a multi-year period to account for rising wholesale water costs, needed capital maintenance, and debt service. This increase has allowed the Enterprise Funds to be fiscally self-sufficient.

REQUEST FOR INFORMATION

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

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**GOVERNMENT – WIDE
FINANCIAL STATEMENTS**

CITY OF PORT HUENEME
Statement of Net Position
June 30, 2014

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 19,759,549	\$ 18,326,393	\$ 38,085,942
Receivables, net	2,589,227	2,961,290	5,550,517
Internal balances	15,152,476	(15,152,476)	-
Prepays	4,113	-	4,113
Total current assets	37,505,365	6,135,207	43,640,572
Noncurrent assets:			
Advances to Successor Agency	8,319,577	-	8,319,577
Investment in joint venture	-	7,597,479	7,597,479
Net pension asset	7,123,359	-	7,123,359
Capital assets, net			
Non-depreciable	4,168,408	2,245,910	6,414,318
Depreciable, net	20,995,930	16,807,795	37,803,725
Total capital assets	25,164,338	19,053,705	44,218,043
Total noncurrent assets	15,442,936	7,597,479	23,040,415
TOTAL ASSETS	78,112,639	32,786,391	110,899,030
LIABILITIES			
Current liabilities:			
Accounts payable	1,275,178	733,942	2,009,120
Accrued wages and benefits	268,604	62,876	331,480
Accrued interest payable	30,750	-	30,750
Unearned revenue	297,188	-	297,188
Other liabilities	-	348,333	348,333
Compensated absence-short term	616,892	138,834	755,726
Long-term debt-due within one year	1,294,843	198,822	1,493,665
Deposits	173,666	222,007	395,673
Total current liabilities	3,957,121	1,704,814	5,661,935
Noncurrent liabilities			
Long-term debt			
Due in more than one year	9,718,965	4,470,000	14,188,965
Net OPEB obligation	680,581	-	680,581
Compensated absences			
Long term	306,787	42,054	348,841
Total noncurrent liabilities	10,706,333	4,512,054	15,218,387
TOTAL LIABILITIES	14,663,454	6,216,868	20,880,322
NET POSITION			
Net investment in capital assets	25,164,338	14,384,883	39,549,221
Restricted for:			
Capital improvement	-	191,356	191,356
Unrestricted	38,284,847	11,993,284	50,278,131
TOTAL NET POSITION	\$ 63,449,185	\$ 26,569,523	\$ 90,018,708

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Activities and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Program Revenues					Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government			
			Total	Governmental Activities		Business-type Activities	Total		
Governmental activities									
General government	\$ 7,726,546	\$ 3,937,746	\$ -	\$ 893,107	\$ 4,830,853	\$ (2,895,693)	\$ -	\$ (2,895,693)	
Public safety	6,341,581	158,476	0	34,335	6,534,392	(6,148,770)	-	(6,148,770)	
Streets and highways	2,874,888	1,372,362	0	1,953,821	3,326,183	451,295	-	451,295	
Parks, recreation and social services	1,987,702	502,796	0	-	502,796	(1,484,906)	-	(1,484,906)	
Community development	1,142,228	879,648	457,566	-	1,337,213	194,985	-	194,985	
Interest on long-term debt	676,153	0	0	-	0	(676,153)	-	(676,153)	
Total governmental activities	20,749,098	6,851,027	457,566	2,881,263	10,189,856	(10,559,242)	-	(10,559,242)	
Business-type activities									
Housing Authority	4,101,576	362,169	3,323,034	-	3,685,203	-	(416,373)	(416,373)	
Water utility	5,551,749	7,415,296	0	-	7,415,296	-	1,863,547	1,863,547	
Wastewater utility	3,401,089	3,750,154	0	-	3,750,154	-	349,065	349,065	
Solid waste utility	2,923,082	3,820,619	41,728	-	3,862,347	-	939,265	939,265	
Water plant	878,187	884,093	0	-	884,093	-	5,906	5,906	
Total business-type activities	16,855,683	16,232,331	3,364,762	-	19,597,093	-	2,741,410	2,741,410	
Total primary government	\$ 37,604,781	\$ 23,083,358	\$ 3,822,328	\$ 2,881,263	\$ 29,786,949	\$ (10,559,242)	\$ 2,741,410	\$ (7,817,832)	
General revenues:									
Property taxes						1,795,572	-	1,795,572	
Sales and use taxes						2,370,342	-	2,370,342	
Franchise taxes						368,368	-	368,368	
Transient occupancy taxes						393,337	-	393,337	
Utility user taxes						1,158,019	-	1,158,019	
Motor vehicle in-lieu of taxes from the State						2,530,264	-	2,530,264	
Investment earnings						1,933,459	973	1,934,432	
Other						155,292	381,349	536,641	
Gain on disposal of capital asset						135,754	9,601	145,355	
Transfers						250,202	(250,202)	0	
Total general revenues						11,090,609	141,721	11,232,330	
Change in net position						531,367	2,883,131	3,414,498	
Net position - beginning, restated						62,917,818	23,686,392	86,604,210	
Net position - ending						\$ 63,449,185	\$ 26,569,523	\$ 90,018,708	

See accompanying notes to financial statements.

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FUND FINANCIAL STATEMENTS

CITY OF PORT HUENEME
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General Fund</u>	<u>Surplus Property Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 16,132,185	\$ 955,831	\$ 2,671,533	\$ 19,759,549
Receivables	1,836,800	496,342	169,313	2,502,455
Due from other funds	350,403	-	-	350,403
Due from other Governments	25,983	-	379,267	405,250
Prepays	4,113	-	-	4,113
Advances to Successor Agency	-	8,319,577	-	8,319,577
Advances to other funds	15,125,472	-	-	15,125,472
TOTAL ASSETS	\$ 33,474,956	\$ 9,771,750	\$ 3,220,113	\$ 46,466,819
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 283,165	\$ 905,905	\$ 86,110	\$ 1,275,180
Accrued wages and benefits	258,371	4,564	5,669	268,604
Due to other funds	-	-	323,399	323,399
Unearned Revenue	252,410	-	44,778	297,188
Deposits	125,334	18,347	29,985	173,666
Other liabilities	-	-	-	-
Due to other governments	218,580	99,895	-	318,475
TOTAL LIABILITIES	1,137,860	1,028,711	489,941	2,656,512
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	461,454	5,751,230	-	6,212,684
TOTAL DEFERRED INFLOWS OF RESOURCES	461,454	5,751,230	-	6,212,684
FUND BALANCES				
Nonspendable	15,129,585	-	-	15,129,585
Restricted	-	2,991,809	2,975,356	5,967,165
Committed	925,957	-	-	925,957
Assigned	-	-	-	-
Unassigned	15,820,100	-	(245,184)	15,574,916
TOTAL FUND BALANCES	31,875,642	2,991,809	2,730,172	37,597,623
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 33,474,956	\$ 9,771,750	\$ 3,220,113	\$ 46,466,819

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2014

Fund balances of the governmental funds	\$	37,597,623
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		25,164,338
Net pension asset is not a current financial resource and therefore is not reported in the governmental funds		7,123,359
Receivables that are not available to finance current operations and are offset by a corresponding unavailable revenue balance with the governmental funds		6,212,684
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable		(11,013,809)
Net OPEB obligation		(680,581)
Accrued interest		(30,750)
Compensated absences		(923,679)
		(12,648,819)
Net position of governmental activities	\$	63,449,185

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, 2014

	General Fund	Surplus Property Authority	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 5,786,792	\$ -	\$ 537,678	\$ 6,324,470
Property taxes	1,257,895	-	-	1,257,895
Licenses and permits	534,654	-	-	534,654
Fines and penalties	488,163	-	10,722	498,885
Charges for services	489,978	-	-	489,978
Investment earnings	1,234,246	1,010,991	6,344	2,251,581
Rental income	424,898	198,684	225,117	848,699
Loan payments	-	-	33,765	33,765
Intergovernmental	4,619,966	-	1,953,821	6,573,787
Harbor district revenue	1,350,520	-	-	1,350,520
Gain on Sale of Capital Asset	-	-	135,754	135,754
Other	32,717	-	122,575	155,292
Total revenues	16,219,829	1,209,675	3,025,776	20,455,280
Expenditures:				
General government	5,854,358	1,640,173	571,720	8,066,251
Public safety	6,293,322	-	471	6,293,793
Streets and highways	953,395	-	1,895,524	2,848,919
Parks, recreation and social services	1,942,362	-	32,803	1,975,165
Community development	880,673	-	252,288	1,132,961
Principal retirement	-	-	1,210,533	1,210,533
Interest and fiscal charges	-	-	382,343	382,343
Total expenditures	15,924,110	1,640,173	4,345,682	21,909,965
Excess (deficiency) of revenues over expenditures	295,719	(430,498)	(1,319,906)	(1,454,685)
Other Financing Sources (Uses):				
Transfers in	264,977	-	1,619,363	1,884,340
Transfers out	(1,434,438)	(16,025)	(183,675)	(1,634,138)
Total other financing sources (uses)	(1,169,461)	(16,025)	1,435,688	250,202
Special Items				
Extraordinary loss on Interest payments on Advances from former Redevelopment Agcy	-	-	-	-
Extraordinary loss on uncollectible advances	-	-	-	-
Total Special Items	-	-	-	-
Net change in fund balances	(873,742)	(446,523)	115,782	(1,204,483)
Fund balances - beginning as restated	32,749,384	3,438,332	2,614,390	38,802,106
Fund balances - ending	\$ 31,875,642	\$ 2,991,809	\$ 2,730,172	\$ 37,597,623

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Government Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

Net change in fund balances for governmental funds	\$	(1,204,483)
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital expenditures and contributions exceeded depreciation and disposition of capital Assets in the assets in the current period:		
Capital Expenditures	1,937,761	
Depreciation expenses	(1,312,148)	
Loss on sale of asset	<u>(265,673)</u>	359,940
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Interest expense	5,175	
Bond principal retirement	1,210,533	
Change in accreted interest	<u>(298,988)</u>	916,720
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		574,985
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Amortization of net OPEB assets	57,456	
Net OPEB expense	(151,404)	
Compensated absences	<u>(21,847)</u>	<u>(115,795)</u>
Change in net position of governmental activities	\$	<u><u>531,367</u></u>

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Net Position
Proprietary Funds
June 30, 2014

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
ASSETS						
Current assets:						
Cash and investments	\$ 9,153,186	\$ 4,710,078	\$ 3,070,691	\$ -	1,392,438	\$ 18,326,393
Receivables, net	1,436,403	618,619	598,185	95,994	212,089	2,961,290
Total current assets	<u>10,589,589</u>	<u>5,328,697</u>	<u>3,668,876</u>	<u>95,994</u>	<u>1,604,527</u>	<u>21,287,683</u>
Noncurrent assets:						
Advances from other funds	-	377,517	-	-	-	377,517
Investment in joint venture	7,597,479	-	-	-	-	7,597,479
Capital assets:						
Non-depreciable	596,007	1,083,500	507,271	-	59,132	2,245,910
Depreciable, net	4,019,858	10,605,138	1,293,721	-	889,078	16,807,795
Total capital assets	<u>4,615,865</u>	<u>11,688,638</u>	<u>1,800,992</u>	<u>-</u>	<u>948,210</u>	<u>19,053,705</u>
Total noncurrent assets	<u>12,213,344</u>	<u>12,066,155</u>	<u>1,800,992</u>	<u>-</u>	<u>948,210</u>	<u>27,028,701</u>
TOTAL ASSETS	<u>22,802,933</u>	<u>17,394,852</u>	<u>5,469,868</u>	<u>95,994</u>	<u>2,552,737</u>	<u>48,316,384</u>
LIABILITIES						
Current liabilities:						
Accounts payable	312,099	169,361	141,555	57,659	53,268	733,942
Accrued wages and benefits	14,704	17,219	16,341	4,407	10,205	62,876
Due to other funds	-	-	-	27,004	-	27,004
Due to other Government	-	-	-	-	348,333	348,333
Deposits	169,254	9,000	20,976	-	22,777	222,007
Compensated absences-current portion	27,853	37,730	40,446	6,957	25,848	138,834
Long-term debts - current portion	-	115,000	83,822	-	-	198,822
Total current liabilities	<u>523,910</u>	<u>348,310</u>	<u>303,140</u>	<u>96,027</u>	<u>460,431</u>	<u>1,731,818</u>
Noncurrent portion of long-term liabilities:						
Advances from other funds	15,125,472	-	377,517	-	-	15,502,989
Compensated absences-long term portion	16	15,308	22,961	5	3,764	42,054
Long-term debt	-	4,470,000	-	-	-	4,470,000
Total noncurrent liabilities	<u>15,125,488</u>	<u>4,485,308</u>	<u>400,478</u>	<u>5</u>	<u>3,764</u>	<u>20,015,043</u>
TOTAL LIABILITIES	<u>15,649,398</u>	<u>4,833,618</u>	<u>703,618</u>	<u>96,032</u>	<u>464,195</u>	<u>21,746,861</u>
NET POSITION						
Net Investment in capital assets	4,615,865	7,103,638	1,717,170	-	948,210	14,384,883
Restricted for capital improvement	-	-	-	-	191,356	191,356
Unrestricted	2,537,670	5,457,596	3,049,080	(38)	948,976	11,993,284
TOTAL NET POSITION	<u>\$ 7,153,535</u>	<u>\$ 12,561,234</u>	<u>\$ 4,766,250</u>	<u>\$ (38)</u>	<u>\$ 2,088,542</u>	<u>\$ 26,569,523</u>

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
Operating revenues:						
Charges for services	\$ 7,415,296	\$ 3,750,154	\$ 3,820,619	\$ 884,093	\$ 362,169	16,232,331
Grant revenue	0	0	41,728		3,323,034	3,364,762
Other	6,577	0	53,319	0	321,453	381,349
Total operating revenues	7,421,873	3,750,154	3,915,666	884,093	4,006,656	19,978,442
Operating expenses:						
Personnel services	668,327	753,968	792,080	202,934	779,478	3,196,787
Maintenance and operations	3,583,868	2,090,734	1,915,078	674,732	3,132,808	11,397,220
Depreciation and amortization	255,264	308,402	135,135	0	189,290	888,091
Total operating expenses	4,507,459	3,153,104	2,842,293	877,666	4,101,576	15,482,098
Operating income	2,914,414	597,050	1,073,373	6,427	(94,920)	4,496,344
Non-operating revenues (expenses):						
Gain/(loss) on disposal of capital asset	1,840	4,674	3,087	0	0	9,601
Interest (expenses)	(1,044,290)	(247,985)	(80,789)	(521)	0	(1,373,585)
Investment income					973	973
Total non-operating revenues (expenses)	(1,042,450)	(243,311)	(77,702)	(521)	973	(1,363,011)
Transfer (out)	(42,101)	(47,503)	(146,484)	(14,114)	0	(250,202)
Total other financing sources	(42,101)	(47,503)	(146,484)	(14,114)	0	(250,202)
Increase (decrease) in net position	1,829,863	306,236	849,187	(8,208)	(93,947)	2,883,131
Net position as restated	5,323,672	12,254,998	3,917,063	8,170	2,182,489	23,686,392
Net position (deficit), ending	\$ 7,153,535	\$ 12,561,234	\$ 4,766,250	\$ (38)	\$ 2,088,542	\$ 26,569,523

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
Cash flows from operating activities:						
Cash received from customers	\$ 7,729,661	\$ 3,748,266	\$ 3,687,595	\$ 893,986	349,665	\$ 16,409,173
Cash received from grantors	0	0	41,728	0	3,323,034	3,364,762
Cash received from other operating	6,577	0	53,319	0	321,453	381,349
Cash paid to suppliers for goods and services	(3,904,234)	(1,912,593)	(2,082,336)	(673,158)	(3,108,144)	(11,680,465)
Cash paid to employees for services	(679,750)	(758,044)	(810,695)	(206,193)	(782,884)	(3,237,566)
Net cash provided by operating activities	<u>3,152,254</u>	<u>1,077,629</u>	<u>889,611</u>	<u>14,635</u>	<u>103,124</u>	<u>5,237,253</u>
Cash flows from noncapital financing activities:						
Transfers to other funds	(42,101)	(47,503)	(146,484)	(14,114)	0	(250,202)
Net cash provided (used) by noncapital financing activities	<u>(42,101)</u>	<u>(47,503)</u>	<u>(146,484)</u>	<u>(14,114)</u>	<u>0</u>	<u>(250,202)</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(38,335)	(14,971)	0	0	(14,011)	(67,317)
Repayment of loans	0	(110,000)	(80,552)	0	0	(190,552)
Proceeds from sale of assets	1,840	4,674	3,087	0	0	9,601
Interest paid	(1,044,290)	(247,984)	(80,789)	(521)	0	(1,373,584)
Net cash used for capital and related financing activities	<u>(1,080,785)</u>	<u>(368,281)</u>	<u>(158,254)</u>	<u>(521)</u>	<u>(14,011)</u>	<u>(1,621,852)</u>
Cash flows from investing activities:						
Joint venture	250,593	0	0	0	0	250,593
Interest on cash and cash equivalents	0	0	0	0	973	973
Net cash flows from investing activities	<u>250,593</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>973</u>	<u>251,566</u>
Net increase/(decrease) in cash and cash equivalents	2,279,961	661,845	584,873	0	90,086	3,616,765
Cash and cash equivalents, beginning	6,873,225	4,048,233	2,485,818	0	1,302,352	14,709,628
Cash and cash equivalents, ending	<u>\$ 9,153,186</u>	<u>\$ 4,710,078</u>	<u>\$ 3,070,691</u>	<u>\$ 0</u>	<u>1,392,438</u>	<u>\$ 18,326,393</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, 2014
(Continued)

	Primary Government					Total
	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	
Reconciliation of operating income to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 2,914,414	\$ 597,050	\$ 1,073,373	\$ 6,427	\$ (94,920)	\$ 4,496,344
Adjustments to reconcile operating						
Depreciation	255,264	308,402	135,135	-	189,290	888,091
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	314,365	(1,888)	(133,024)	9,893	(12,505)	176,841
Increase in deposits	(11,196)	-	4,094	-	1,040	(6,062)
Increase in deferred bond issuance costs	-	-	-	-	-	-
Increase (decrease) in accounts payable	20,078	1,725	5,064	39,424	23,624	89,915
Increase (decrease) in accrued wage and benefits	4,617	1,270	(1,778)	(431)	(1,385)	2,293
Increase (decrease) in due to other funds	(329,248)	176,416	(176,416)	(37,850)	-	(367,098)
Increase (decrease) in compensated absences	(16,040)	(5,346)	(16,837)	(2,828)	(2,020)	(43,071)
Net cash provided by (used for) operating activities	\$ 3,152,254	\$ 1,077,629	\$ 889,611	\$ 14,635	103,124	\$ 5,237,253

See accompanying notes to financial statements.

**CITY OF PORT HUENEME
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2014**

	Successor Agency to the Port Hueneme Redevelopment Agency Private- <u>Purpose Trust Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash and investments	\$ 1,989,282
Receivables:	
Interest	691
Due from Other Government	131,987
Restricted cash and investments	1,867,804
TOTAL CURRENT ASSETS	<u>3,989,764</u>
NONCURRENT ASSETS:	
Land held for resale	759,980
TOTAL NONCURRENT ASSETS	<u>759,980</u>
TOTAL ASSETS	<u>4,749,744</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	3
Accrued salary	2,542
Interest payable	97,184
Due to other governments	6,277
Refunding Bonds payable - current portion	1,210,000
TOTAL CURRENT LIABILITIES	<u>1,316,006</u>
NONCURRENT LIABILITIES:	
Refunding Bonds payable	11,750,000
Advances from the City of Port Hueneme	8,319,577
TOTAL NONCURRENT LIABILITIES	<u>20,069,577</u>
TOTAL LIABILITIES	<u>21,385,583</u>
NET POSITION:	
Net Position for private purpose	<u><u>\$ (16,635,839)</u></u>

See accompanying notes to financial statements.

CITY OF PORT HUENEME
Statement of Changes in Net Position
Fiduciary Funds
For the year ended June 30, 2014

	Successor Agency to the Port Hueneme Redevelopment Agency Private- Purpose Trust Fund
ADDITONS:	
Property tax increments	\$ 2,454,321
Investment earnings	75,835
Other	-
Total Additions	2,530,156
DEDUCTIONS:	
Community development	271,655
Payment to County Auditor	-
Transfer of properties to Port Hueneme	-
Debt service:	-
Interest and fiscal charges	1,336,245
Total Deductions	1,607,900
Change in net position	922,256
Net Position, June 30, 2013 as restated	(17,558,095)
Net Position, June 30, 2014	\$ (16,635,839)

See accompanying notes to financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Reporting Entity

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

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

A brief description of each component unit follows:

Surplus Property Authority of the City of Port Hueneme – On October 6, 1993, the City Council by adoption of Ordinance No. 591, established the Surplus Property Authority to function within the City of Port Hueneme. Although the Surplus Property Authority is a separate legal entity from the City of Port Hueneme, its financial operations are closely related and the Port Hueneme City Council serves as the Surplus Property Authority Board of Directors. See financial statements on Page 17 and 19.

The Housing Authority of the City of Port Hueneme (PHHA) – On May 16, 1973, pursuant to the provisions of the Health & Safety Code of the State of California, the City Council established the Housing Authority. The City Council along with two appointed members (Housing Authority Tenants) act as the PHHA Board of Directors and have oversight of the PHHA operations. The City has no responsibility for the outstanding debt of PHHA or the surplus or deficit from operations. See financial statements on Page 17 and 19.

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

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

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

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

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

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

The government-wide, proprietary fund, and private purpose trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets, deferred outflows of resources, liabilities (whether current or non-current), and deferred inflows of resources associated with their activity are included on their balance sheet. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets, current liabilities, and deferred inflows of resources are generally included on the balance sheets. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available as fund balance. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

The City reports the following fund types:

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

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

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

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

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

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. Deferred Outflows/Inflows of Resources:

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

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

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

Cash and Investments

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

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

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

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

Interfund Receivables and Payables

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Land Held for Resale

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

Investment in Joint Venture

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

Capital Assets

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

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)

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. New Accounting Pronouncements

Current Year Standards

GASB 66 - "*Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62*", required to be implemented in the current fiscal year did not impact the City.

GASB 70 - "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*", required to be implemented in the current year did not impact the City.

Pending Accounting Standards

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

- GASB 68 – "*Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*", effective for the fiscal years beginning after June 15, 2014.
- GASB 69 – "*Government Combinations and Disposals of Government Operations*", effective for periods beginning after December 15, 2013.
- GASB 71 – "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*", effective for periods beginning after June 15, 2014.

Compensated Absences

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

Long-Term Debt

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses

Fund Balances

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

Net Position

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Use of Estimates

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

Inventory

The City uses the purchase method of accounting for inventory items (for example, materials and supplies), as there is not significant inventory on hand at June 30, 2014. It is not reported on the balance sheet, but expensed on the statement of revenues, expenditures and changes in fund balances.

G. Subsequent Events:

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 25, 2015, the date the financial statements were available to be issued.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

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

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

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

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The following funds exceeded their appropriation:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>
<u>Governmental Funds</u>		
General Fund		
General Government	5,856,128	5,954,394
Streets and Highways	937,938	953,395
Surplus Property Authority	1,044,567	1,540,278

The following funds reported deficit fund balances/net position

Major Enterprise Funds

Water Plant	38
-------------	----

Nonmajor Governmental Funds

Stormwater Program	64,129
Median Assessment District	7,104
Light Assessment District	168,239
Block Grant	5,713

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

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments at June 30, 2014 consisted of the following:

	Government Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	\$ 38,085,942	\$ 1,989,282	\$ 40,075,224
Total unrestricted assets	38,085,942	1,989,282	40,075,224
Restricted assets:			
Cash and investments	-	1,867,804	\$ 1,867,804
Total unrestricted assets	-	1,867,804	1,867,804
TOTAL CASH AND INVESTMENTS	\$ 38,085,942	\$ 3,857,086	\$ 41,943,028

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

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

<u>Primary Government</u>	
Deposits	\$ 7,402,074
Investments	34,540,954
	41,943,028

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

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States Government Sponsored Agency Securities	5 Years	No Limit	No Limit
Local Agency Investment Fund (LAIF)	N/A	No Limit	\$50 million
Money Market Mutual Fund	N/A	No Limit	No Limit
N/A - Not Applicable			
* - Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.			

Investment Authorized by Debt Agreement:

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
United States Government Sponsored Agency Securities	No Limit	No Limit	No Limit
Time Certificate of Deposits	5 Years	No Limit	No Limit
Money Market Mutual Funds	N/A	No Limit	No Limit
Guaranteed Investment Contracts	No Limit	No Limit	No Limit
N/A - Not Applicable			

Disclosures Relating to Interest Rate Risk:

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

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

<u>Primary Government</u>				
Investment Type	Remaining Maturity (in months)			Total
	12 Months or less	13 - 36 Months	37 - 60 Months	
Local Agency Investment Fund	\$ 21,558,761	\$ -	\$ -	\$ 21,558,761
Federal Home Loan Mortgage Corporation	-	-	996,420	996,420
Federal National Mortgage Association	-	-	1,604,072	1,604,072
Federal Farm Credit Bank	-	-	1,490,880	1,490,880
Federal Home Loan Bank Cons Bond	-	-	6,544,068	6,544,068
Guaranteed Investment Contracts	-	-	1,208,050	1,208,050
Money Market Mutual Funds	1,138,703	-	-	1,138,703
	<u>\$ 22,697,464</u>	<u>\$ -</u>	<u>\$ 11,843,490</u>	<u>\$ 34,540,954</u>

Disclosure Relating to Credit Risk:

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

<u>Primary Government</u>					
Investment Type	Minimum Legal Rating	Total as of 30-Jun-14	AAA	AA+	Not Rated
Local Agency Investment Fund	N/A	\$ 21,558,761	\$ -	\$ -	\$ 21,558,761
Federal Home Loan Mortgage Corporation	N/A	996,420	-	996,420	-
Federal National Mortgage Association	N/A	1,604,072	-	1,604,072	-
Federal Farm Credit Bond	N/A	1,490,880		1,490,880	
Federal Home Loan Bank Cons Bond	N/A	6,544,068		6,544,068	
Money Market Mutual Funds	A	1,138,703	1,138,703	-	-
Guaranteed Investment Contracts	N/A	1,208,050	-		1,208,050
		<u>\$ 34,540,954</u>	<u>\$ 1,138,703</u>	<u>\$ 10,635,440</u>	<u>\$ 22,766,811</u>

N/A - Not Applicable

Concentration of Credit Risk:

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

<u>Primary Government</u>		
Issuer	Investment Type	Reported Amount
Federal Home Loan Bank Cons Bond	United States Government Sponsored Agency Securities	6,544,068

Custodial Credit Risk:

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

deposits. At June 30, 2014, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

B. Receivables

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

<i>Governmental Funds:</i>	General	Surplus Property	Nonmajor	Total
Accounts	\$ 1,169,244	\$ 59,768	\$ 1,015	\$ 1,230,027
Tenants	135	4,920	3,040	8,095
Interest	524			524
Taxes	555,846		9,509	565,355
Grants	461,454	431,654	155,749	1,048,857
Due from other Government	25,983		379,267	405,250
Total:	<u>\$ 2,213,186</u>	<u>\$ 496,342</u>	<u>\$ 548,580</u>	<u>\$ 3,258,108</u>

<i>Proprietary Funds:</i>	Water Utility	Wastewater Utility	Solid Waste Utility	Water Plant	Housing Authority	Total
Accounts	\$ 1,436,403	\$ 618,619	\$ 598,185	\$ 95,994	\$ 211,866	\$ 2,961,067
Interest					223	223
Total:	<u>\$ 1,436,403</u>	<u>\$ 618,619</u>	<u>\$ 598,185</u>	<u>\$ 95,994</u>	<u>\$ 212,089</u>	<u>\$ 2,961,290</u>

C. Investment in Joint Venture

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

PHWA was created to plan, develop, finance, construct and operate joint water desalination and softening plant. The City Water Fund contributed \$12,673,812 to PHWA for the acquisition and construction of property, plant

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

and equipment and the amount was reported as investment in joint venture. The balance is adjusted yearly based on the City's pro rata share of PHWA's income or loss. The balance of the investment is \$7,597,479 as of June 30, 2014.

Under the Agreement, the City:

- Received capacity rights in water facilities, namely the right to use a portion of each of the water facilities constructed and operated by PHWA, and the right to take its proportionate share of water produced and available from each of the facilities.
- Owns an undivided interest, equal to its pro rata contribution, in all property and facilities acquired by PHWA
- Bears financial responsibility for and all rights to the portion of the water facilities capacity attributable to its own capacity and the capacity attributable to PHWA's customers
- Is responsible for its proportionate share of PHWA's debts, liabilities and obligations

The following are the net position of PHWA as of June 30, 2014:

Net Position:	
Net Investment in capital assets:	\$ 16,740,615
Restricted for operations	93,418
Unrestricted	<u>1,671,967</u>
Total net position	<u>\$ 18,506,000</u>

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Effective July 1, 2002, the City raised its capitalization threshold policy from \$1,000 to \$5,000. The City has reported all capital assets including infrastructure in the Government-wide Statement of Net Position. A summary of changes in capital asset activities for the City's governmental and business-type activities for the year ended June 30, 2014 are as follows:

Primary Government

Governmental Activities:

	Beginning Balance as Restated	Addition	Retirements	Ending Balance
Non-depreciable assets:				
Land	\$ 3,555,021	\$ 875,500	\$ (262,113)	\$ 4,168,408
Construction in progress	499,245		(499,245)	-
Total non-depreciable assets	<u>4,054,266</u>	<u>875,500</u>	<u>(761,358)</u>	<u>4,168,408</u>
Depreciable assets:				
Buildings, structures, improvements	21,270,584	875,500		22,146,084
Office equipment	760,580			760,580
Mobile equipment	1,570,066	159,721	(128,473)	1,601,314
Other equipment	1,072,381	526,285		1,598,666
Infrastructure	17,304,734			17,304,734
Total depreciable assets	<u>41,978,345</u>	<u>1,561,506</u>	<u>(128,473)</u>	<u>43,411,378</u>
Less accumulated depreciation				
Buildings, structures, improvements	(9,681,447)	(581,885)		(10,263,332)
Office equipment	(735,966)	(5,791)		(741,757)
Mobile equipment	(1,265,279)	(128,120)	124,913	(1,268,486)
Other equipment	(674,630)	(218,770)		(893,400)
Infrastructure	(8,870,891)	(377,582)		(9,248,473)
Total accumulated depreciation	<u>(21,228,213)</u>	<u>(1,312,148)</u>	<u>124,913</u>	<u>(22,415,448)</u>
Governmental activities capital assets, net	<u>\$ 24,804,398</u>	<u>\$ 1,124,858</u>	<u>\$ (764,918)</u>	<u>\$ 25,164,338</u>

Business-type Activities

Non-depreciable assets:				
Land	\$ 2,245,910	\$ -	\$ -	\$ 2,245,910
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>2,245,910</u>	<u>-</u>	<u>-</u>	<u>2,245,910</u>
Depreciable assets:				
Buildings, structures, improvements	5,470,022	9,800		5,479,822
Pipeline/plant	16,045,248			16,045,248
Meters	4,894,119	30,786		4,924,905
Equipment	3,759,731	26,731	(73,672)	3,712,790
Total depreciable assets	<u>30,169,120</u>	<u>67,317</u>	<u>(73,672)</u>	<u>30,162,765</u>
Less accumulated depreciation				
Buildings, structures, improvements	(4,116,870)	(200,715)		(4,317,585)
Pipeline/plant	(5,310,468)	(270,877)		(5,581,345)
Meters	(734,118)	(246,199)		(980,317)
Equipment	(2,379,095)	(170,300)	73,672	(2,475,723)
Total accumulated depreciation	<u>(12,540,551)</u>	<u>(888,091)</u>	<u>73,672</u>	<u>(13,354,970)</u>
Business-type activities capital assets, net	<u>\$ 19,874,479</u>	<u>\$ (820,774)</u>	<u>\$ -</u>	<u>\$ 19,053,705</u>

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Depreciation expenses of \$1,312,148 and \$888,091 were charged to the following functions of the City's primary government:

	Activities	Activities
<i>Primary Government</i>		
General government	\$ 1,162,023	
Community development	146,852	
Street and highways	3,273	
Water utility		\$ 255,264
Wastewater utility		308,402
Solid waste utility		135,134
Housing Authority		189,291
	\$ 1,312,148	\$ 888,091

E. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

The following summarizes interfund receivables and payables at June 30, 2014:

Receivable	Payable	Amount
<i>Primary Government</i>	<i>Other Governmental Funds:</i>	
General Fund	Stormwater Program	\$ 67,360
	Senior Nutrition Grant	1,093
	Median Assessment District	10,709
	Light Assessment District	157,441
	CDBG Program	53,633
	Housing Successor Fund	33,163
	<i>Proprietary Fund:</i>	
General Fund	Water Plant	27,004
	Total	\$ 350,403

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

<i>Advances From/To Other Funds</i>			
Receivable	Payable		Amount
General Fund	Water Utility Fund – PN#7	\$	279,436
	Water Utility Fund – PN#8		244,506
	Water Utility Fund – PN#9		119,759
	Water Utility Fund – PN#06-01		5,388,616
	Water Utility Fund – PN#03-01		9,093,155
	Total		15,125,472
Wastewater Utility	Solid Waste Utility		377,517
Total Advances		\$	15,502,989

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

- 1) Notes between the General Fund and the Water Utility Fund (Enterprise fund type) for the construction of a desalinization plant and the purpose of funding capital improvement projects. Each of the notes bears interest at 5% annually. Repayment, which began in July 1998, is monthly and is computed to fully pay the outstanding balances within 25 years between 30 years.
- 2) A loan from the Wastewater Utility Fund (Enterprise fund) to the Solid Waste Utility fund (Enterprise fund) for the purchase of land, building, and trucks for the Public Works Annex. The loan bears interest at 4.5% annually through June 2016. Repayment began on July 1, 2003.

Advances to Successor Agency

Receivable	Payable		Amount
Surplus Property Authority	Successor Agency – NCEL PN1		8,319,577
Total Advances to Successor Agency		\$	8,319,577

1) Surplus Property Authority have paid for various redevelopment projects, which are treated as advances to the Port Hueneme Redevelopment Agency (Agency) under the California Redevelopment Law. However, with the dissolution of the former Redevelopment Agency, these advances were transferred from the Redevelopment Agency to the newly formed City of Port Hueneme as Successor Agency. The City is acting in a fiduciary capacity for these advances. Interest accrues on the advances at an annual rate of 8%. The Surplus Property Authority records \$8,319,577. The collectability of the advances is subject to the approval of the Department of Finance. See Note 6 for additional information.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Transfers In/Out

Interfund transfers during the fiscal year ended June 30, 2014 were as follows:

	Transfers		Transfers In		
	Out		General Fund	Non-Major Fund	Total
General Fund	\$ (1,434,438)			\$ 1,434,438	\$1,434,438
Surplus Property Authority	(16,025)			16,025	16,025
Non-Major Fund	(183,675)	164,977	18,698		183,675
Enterprise Funds:					
Water	(42,101)			42,101	42,101
Wastewater	(47,503)			47,503	47,503
Solid Waste	(146,484)	100,000		46,484	146,484
Water Plant	(14,114)			14,114	14,114
Total	\$ (1,884,340)	\$ 264,977	\$ 1,619,363		\$1,884,340

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

F. Long-Term Obligations

Governmental Activities

Changes in Long-Term Obligations Governmental Activities:

	Balance Restated July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within one year
<i>Governmental Activities</i>					
Certificates of Participation	2,395,000	-	(345,000)	2,050,000	365,000
Pension Obligation Bonds	9,530,355	433,453	(1,000,000)	8,963,808	929,843
Total Long-term Debt	11,925,355	433,453	(1,345,000)	11,013,808	1,294,843
Net OPEB obligation	529,177	235,484	(84,080)	680,581	
Compensated Absences	901,832	42,295	(20,448)	923,679	616,892
<i>Total governmental activities</i>	\$ 13,356,364	\$ 711,232	\$ (1,449,528)	\$ 12,618,068	\$ 1,911,735

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

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

Type of liability	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding June 30, 2014
<i>Government Activities:</i>					
<i>Certificates of Participation:</i>					
1992 Refunding COP	04/01/2019	3.25% - 6%	\$215,000 - \$465,000	\$ 5,605,000	\$ 2,050,000
			<i>Total Certificates of Participation:</i>	<u>5,605,000</u>	<u>2,050,000</u>
<i>Pension Obligation Bonds:</i>					
Series 2006A-1 Bonds	06/01/2016	5.30%	\$290,000-\$675,000	4,305,000	1,295,000
Series 2006A-2 Bonds	06/01/2035	5.30%	\$174,853-\$309,843	6,374,956	7,668,808
			<i>Total Pension Obligation Bonds:</i>	<u>10,679,956</u>	<u>8,963,808</u>
			<i>Total Governmental Activities:</i>	<u>\$16,284,956</u>	<u>\$11,013,808</u>

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

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

The Certificates represent the proportional interest of the registered owners in the Base Rental payments to be made by the City. The payments will cover both principal and interest portions of the payments due under the Certificates. Base Rental payments are due to be made on October 1 and April 1 of each year. Base Rental payments for the fiscal year ended June 30, 2014 were \$488,700. Interest rate(s) ranges from 3.25% to 6%.

The outstanding balance as of June 30, 2014 was \$2,050,000.

Pension Obligation Bonds:

On April 1, 2007, the City of Port Hueneme pursuant to an Agreement with the California Statewide Communities Development Authority issued \$4,305,000 or 6.6% of Series A-1 and \$6,374,956 or 28.54% of Series A-2 for a total of \$10,679,956 of Pension Obligation Bonds. The aggregate total amounts of the bonds for all agencies were \$87,475,699, which includes \$65,140,000 of Series A-1 current interest and \$22,335,699 of Series A-2 capital appreciation bonds. The issuance of the bonds provided monies to meet the City's obligation to pay the City's unfunded accrued actuarial liability ("UAAL") to the California Public Employees Retirement System ("PERS"). The City's obligation includes, among others, the

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

requirement to amortize the unfunded accrued liability over a multi-year period. On April 1, 2007 the City contributed \$10,404,400 of the bond proceeds to PERS to fund a portion of the unfunded liability for the Miscellaneous and Safety Plans that provides retirement benefits to the City employees and public safety officers.

Interest on Series A-1 Current Interest Bonds of \$4,305,000, is payable on June 1 and December 1, commencing December 1, 2007. The rate of interest varies from 5.060% to 5.3% per annum. Principal is payable in annual installments ranging from \$290,000 to \$675,000 commencing on June 1, 2008 and ending on June 1, 2016.

The balance outstanding as of June 30, 2014 was \$8,963,808, including accreted interest of \$2,523,975.

Bonds Payable

Governmental:

Fiscal year ended June 30	Principal	Interest	Total
2015.....	1,294,843	356,669	1,651,512
2016.....	1,368,610	328,265	1,696,875
2017.....	703,535	294,465	998,000
2018.....	718,924	294,776	1,013,700
2019.....	747,238	295,662	1,042,900
2020-2024.....	1,304,661	1,725,339	3,030,000
2025-2029.....	1,153,617	2,406,383	3,560,000
2030-2034.....	1,011,792	3,173,208	4,185,000
2035.....	186,612	733,388	920,000
	8,489,833	9,608,154	18,097,987
Accreted Interest	2,523,975		2,523,975
	\$ 11,013,808	\$ 9,608,154	\$ 20,621,962

Changes in Long-Term Obligations Business Type Activities:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within one year
<i>Business-type Activities</i>					
Capital Lease Obligation	\$ 164,374	\$ -	\$ (80,552)	\$ 83,822	\$ 83,822
Revenue Bonds	4,695,000	-	(110,000)	4,585,000	115,000
Total Long-term Debt	4,859,374	-	(190,552)	4,668,822	198,822
Compensated absences	223,959	3,647	(46,718)	180,888	138,834
Total business-type activities	\$ 5,083,333	\$ 3,647	\$ (237,270)	\$ 4,849,710	\$ 337,656

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Type of liability	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding June 30, 2014
<i>Business-types Activities:</i>					
<i>Revenue Bonds:</i>					
Series 2006D-1 Bonds	10/01/2037	4% -4.25%	\$85,000-\$165,000	\$ 5,270,000	\$ 4,585,000
<i>Total Revenue Bonds:</i>				<u>5,270,000</u>	<u>4,585,000</u>
<i>Capital Lease Agreement:</i>					
Lease agreement #05-018AF	06/07/2015	4%	\$85,928	712,411	83,822
<i>Total Lease Agreement:</i>				<u>712,411</u>	<u>83,822</u>
<i>Total Business-type Activities:</i>				<u>\$ 5,982,411</u>	<u>\$ 4,668,822</u>

Revenue Bonds:

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

Capital Lease Agreement:

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

The asset acquired through this capital lease is as follows:

	<u>Business-type Activities</u>
Asset:	
Trucks	\$ 712,411
Add: Trade-in value of Old Trucks	<u>115,960</u>
Depreciable Value	\$ 828,371
Less: Accumulated Depreciation	<u>(497,023)</u>
Total	<u>\$ 331,348</u>

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Business-type Activities:

Bonds Payable

Fiscal year ended June 30	Principal	Interest	Total
2015.....	115,000	198,964	313,964
2016.....	120,000	194,364	314,364
2017.....	125,000	189,564	314,564
2018.....	130,000	184,564	314,564
2019.....	135,000	179,364	314,364
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>\$ 4,585,000</u>	<u>\$ 2,935,953</u>	<u>\$ 7,520,953</u>

The following is a schedule, by year, of future minimum lease payments and present value of the net minimum lease payments for capital leases as of June 30, 2014:

Year Ending June 30,	Minimum Lease Payments
2015	85,928
	85,928
Less: amounts representing interest	(2,106)
Present value of net minimum lease payments	\$ 83,822

NOTE 4 - OTHER INFORMATION

A. FUND BALANCES FOR GOVERNMENTAL FUNDS

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2014, fund balance for governmental funds are made up of the following:

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

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

Committed Fund Balance – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 4 – OTHER INFORMATION (Continued)

ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

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

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

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

Fund Balances at June 30, 2014, for the governmental funds are nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

Fund Balances:	General Fund	Surplus Property Authority	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Loans and Advances	\$ 15,125,472	\$ -	\$ -	\$ 15,125,472
Advance to Successor Agcy	-	-	-	-
Prepays	4,113	-	-	4,113
Subtotal	<u>15,129,585</u>	<u>-</u>	<u>-</u>	<u>15,129,585</u>
Restricted for:				
Housing & Community Dev	-	-	1,241,102	1,241,102
Debt Service	-	-	478,950	478,950
Specific Programs	-	-	280,927	280,927
Capital Projects	-	2,991,809	974,377	3,966,186
Subtotal	<u>-</u>	<u>2,991,809</u>	<u>2,975,356</u>	<u>5,967,165</u>
Committed to:				
Special Programs	924,457	-	-	924,456
Capital Projects	1,500	-	-	1,500
Subtotal	<u>925,957</u>	<u>-</u>	<u>-</u>	<u>925,957</u>
Assigned:				
Special Revenue	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned:				
Unassigned	15,820,100	-	(245,184)	15,574,916
Subtotal	<u>15,820,100</u>	<u>-</u>	<u>(245,184)</u>	<u>15,574,916</u>
Total Fund Balances:	<u>\$ 31,875,642</u>	<u>\$ 2,991,809</u>	<u>\$ 2,730,172</u>	<u>\$ 37,597,623</u>

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 4 – OTHER INFORMATION (Continued)

B. Risk Management

California Joint Powers Insurance Authority (CJPIA)

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

1. Description of Risk Pool

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

2. Self-Insurance Programs of CJPIA

General liability coverage

Annual deposits are paid by members and are adjusted retrospectively to cover costs. Each member, including Port Hueneme, self-insures through CJPIA for the first \$30,000 of each loss, which is funded through annual deposits. Participating members then share on a pro rata basis losses between \$30,000 and \$750,000. Specific coverage includes comprehensive and general automobile liability, personal injury, contractual liability, errors and omissions, employment practices, earth movement, accidental pollution and other areas not covered by traditional liability insurance. Coverage limit is \$50 million. There were no changes in coverage during the year ended June 30, 2014.

Workers' Compensation

The workers' compensation program includes pooling of retained losses plus excess insurance. Annual deposits are paid by members and are adjusted retrospectively on an annual basis to cover costs and to reflect claims experience of both the individual member and the pool. The annual retrospective computation of the deposit is based on one (1) member's own losses up to its retention level. The City of Port Hueneme has a retention level of \$50,000, and all claims up to that level are paid by the City. The pool covers losses from \$50,000 to \$2,000,000. Excess insurance covers claims over \$2,000,000. In addition to this coverage, workers' compensation claims arising out of employer liability are covered up to \$10 million per occurrence.

Property Protection Insurance

The City also participates in CJPIA's All Risk Property Protection Program for insurance on its property, boiler and machinery, auto physical damage, fire and extended coverage. The annual deposits paid by the City are based upon deductibility levels and are not subject to retrospective adjustments.

3. Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage from coverage in 2013-14.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 4 – OTHER INFORMATION (Continued)

B. Employee Retirement and Other Post Employment Benefit Plans

1. Pension Plans

Plan Description

The City's defined benefit pension plans, the Miscellaneous and Safety Plans for the City of Port Hueneme (Plans), provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. As of July 1, 2005, the City was mandated by the State to participate in the risk pool for the Safety Plan. For the Safety Plan, a cost sharing multiple employer deferred benefit plan, the risk pool combines the assets and liabilities across employers of the risk pool to provide a method to spread the risk of uncertain gains and losses over a larger base of members. The Miscellaneous Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. Effective July 1, 2014, the City's Miscellaneous Plan joined the CalPERS Miscellaneous 2.7 at 55 Risk Pool, a cost sharing defined benefit plan. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 8%-9% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution requirement for fiscal year 2014 was \$1,116,605 for miscellaneous employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost for the Miscellaneous Plan

For fiscal year 2014, the City's annual pension cost was \$1,059,149. The required contribution for the fiscal year 2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20%, (c) inflation of 2.75%, (d) payroll growth of 3.00%, and (e) an individual salary growth based on merit scale varying by duration of employment, coupled with an assumed annual inflation component of 2.75%, and an annual production growth of 0.25%.

The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a 15 year period. The Plan's initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period. If the Plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period. The remaining Plan's amortization period at June 30, 2014 was 31 years for the Miscellaneous Plan.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 4 – OTHER INFORMATION (Continued)

Annual Pension Cost for the Miscellaneous Plan (Continued)

Three-Year Trend Information for the Miscellaneous Plan:

	<i>Three-Year Trend Information For PERS</i>			
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
Miscellaneous	6/30/12	\$ 968,108	110%	\$ 6,979,873
	6/30/13	\$ 1,009,764	109%	\$ 7,065,903
	6/30/14	\$ 1,059,149	105%	\$ 7,123,358

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the miscellaneous plan was 74.1% funded. The actuarial accrued liability for benefits was \$49.6 million, and the actuarial value of assets was \$36.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$12.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.9 million, and the ratio of the UAAL to the covered payroll was 216.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding salary increase, inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Annual Required Contribution for the Safety Plan

The contribution requirements of the Safety Plan members and the City are established and may be amended by the State. Plan members are required to contribute 9% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 21.7% of covered payroll. The City's contributions to CalPERS for the years ended June 30, 2014, 2013, and 2012 were \$710,578, \$679,809, and \$646,896, respectively, and were equal to the required contributions for each year.

The City's change in net pension asset for the year ended June 30, 2014 were as follows:

	MISC.	TOTAL
Annual required contribution	\$(1,116,605)	\$ (1,116,605)
Interest on net pension asset	529,943	529,943
Adjustment to the annual required contribution	(472,487)	(472,487)
Annual pension costs	(1,059,149)	(1,059,149)
Contribution made	1,116,605	1,116,605
Change in net pension asset	57,456	57,456
Net pension asset, beginning of year	7,065,903	7,065,903
Net pension asset, end of year	\$ 7,123,358	\$ 7,123,358

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 4 – OTHER INFORMATION (Continued)

The City's contribution to the plan in the fiscal year ended June 30, 2007 included \$10,404,400 from the proceeds of the Pension Obligation Refunding Bonds Series 2007. The City's contributions for 2014 was equal to annual required contribution, which was more than the annual pension cost as a result of the pension obligation bond transaction.

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 (\$115.00/month for calendar 2013 and \$119.00/month for calendar 2014.) 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 (\$115/month for 2013 and \$119/month for 2014), except as noted below.

Police Officers who have completed at least 15 years of service receive a lifetime City contribution up to the two-party Blue Shield HMO rate. Police Officers retiring on or after July 1, 2011 are subject to a fixed dollar cap of \$668/month per month, and Police Officers hired on or after July 1, 2011 are not eligible for supplemental benefits. Management employees and Directors who complete 5 years of service with the City and attain age 55 may receive an additional City contribution equal to \$100 per month after 5 years of service, \$150 per month after 11 years of service, increased by \$25 per month in 5-year bands thereafter to a maximum of \$225 per month after 26+ years of service. The additional contribution ends after three years or age 65, if earlier, with the City contribution reverting to the statutory minimum at that time and for the retiree's further lifetime.

The City pays a 0.37% of premium administrative fee on behalf of employees and retirees.

Funding Policy

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

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

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 4 – OTHER INFORMATION (Continued)

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the City’s Annual OPEB Cost for the fiscal year ended June 30, 2014 and 2013, the amount actually contributed to the plan (including administrative costs), and changes in the City’s Net OPEB Obligation:

<u>Item</u>	<u>FYE 6/30/14</u>	<u>FYE 6/30/13</u>
Annual Required Contributions	\$209,025	\$209,025
Interest on Net OPEB Obligation/(Asset)	26,459	18,438
Adjustment to Annual Required Contributions	<u>(34,424)</u>	<u>(23,989)</u>
Annual OPEB cost (expense)	201,060	203,474
Contributions made	<u>(49,656)</u>	<u>(43,064)</u>
Increase in Net OPEB Obligation/(Asset)	151,404	160,410
Net OPEB Obligation/(Asset)– beginning of year	<u>529,177</u>	<u>368,767</u>
Net OPEB Obligation/(Asset) – end of year	<u>\$680,581</u>	<u>\$529,177</u>

The City’s Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation for the fiscal year ended June 30, 2014, 2013 and 2012 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/14	\$201,060	\$49,656	24.70%	\$680,581
6/30/13	203,474	43,064	21.16%	529,177
6/30/12	205,934	42,474	20.63%	368,767

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 4 – OTHER INFORMATION (Continued)

each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the following actuarial assumptions were used:

Actuarial cost method	Projected unit credit method
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years of the Valuation Date, on a open period basis
Actuarial assumptions:	
Investment rate of return	5%
Health cost rate trend	8% in 2011, decreasing to 5% in 2019
Inflation rate	3%
Projected salary increases	None

C. Commitments and Contingencies

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

D. Leases of City Owned Facilities

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

1. Port Hueneme Athletic Center is leased to the Oxnard Boy's and Girl's Club (Club). The original lease was for five years beginning February 1, 1995. The rent is one dollar (\$1.00) per year with the Club agreeing to maintain the facility and operate a minimum of twenty (20) hours per week. The lease was renewed on March 8, 2007 and ending on March 7, 2010. The Lessee may renew the agreement for two (2) extension terms of three (3) years each. The Lessee recently exercised the second extension term commencing on March 8, 2014 and ending on March 7, 2016 at \$1 per year.
2. The front section of the Port Hueneme City Yard Complex is leased to Port Hueneme Marine Supply, Inc. The lease is for five (5) years. The base rent was \$6,646 per month. The rent will be increased at the beginning of the third (3rd), fourth (4th) and fifth (5th) year of the lease by a percentage equal to the percentage increase in the Consumer's Price Index (CPI). Current monthly rent being paid to the City at June 30, 2014, is \$11,936.

NOTE 5 – SUCCESSOR AGENCY DISCLOSURES:

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 5 – SUCCESSOR AGENCY DISCLOSURES (Continued)

Long-Term Liabilities:

Long-term liability activity for the period from July 1, 2013 through June 30, 2014 was as follows:

Bonds Payable:	Balance			Balance		Due w/in One-Year
	July 1, 2013	Additions	Deletions	June 30, 2014		
Tax Allocation Bond 1993 Series - CC	\$ 900,000		\$ (900,000)	\$ -	\$ -	
Tax Allocation Bond 1993 Series - R76	1,830,000		(135,000)	1,695,000		145,000
Tax Allocation Bond 2004 Series	11,375,000		(110,000)	11,265,000		1,065,000
Total Bonds Payable:	\$ 14,105,000	\$ -	\$ (1,145,000)	\$ 12,960,000		\$ 1,210,000

Tax Allocation Bond, 1993 Series – Central Community

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

Tax Allocation Bond, 1993 Series – R76

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

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

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

The outstanding balance of the Bonds was \$1,695,000 at June 30, 2014.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 5 – SUCCESSOR AGENCY DISCLOSURES (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2015	145,000	110,175	255,175
2016	155,000	100,750	255,750
2017	165,000	90,675	255,675
2018	175,000	79,950	254,950
2019	185,000	68,575	253,575
2020 - 2023	870,000	214,825	1,084,825
Totals	\$1,695,000	\$664,950	\$2,359,950

Tax Allocation Bond, 2004 Series – Central Community

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

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

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

The outstanding balance of the Bonds was \$11,265,000 at June 30, 2014.

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

Year Ending June 30,	Principal	Interest	Total
2015	1,065,000	472,929	1,537,929
2016	1,100,000	434,322	1,534,322
2017	1,145,000	390,322	1,535,322
2018	1,190,000	343,950	1,533,950
2019	1,240,000	294,565	1,534,565
2020 - 2023	5,525,000	620,915	6,145,915
Totals	\$11,265,000	\$2,557,003	\$13,822,003

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

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

On June 29, 2011, Assembly Bills 1x 26 (the "Dissolution Act") and 1x 27 were enacted as part of the FY 2011-12 state budget package.

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

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

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved

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

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

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

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

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

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

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

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

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

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

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

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

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency. The State Controller completed its review on December 31, 2014 and identified \$1,829,966 in unallowed transfers. The breakdown of this unallowable transfer is as follows: 1) Cash totaling \$348,333 were transferred from May 2011 thru January 31, 2012 to the Port Hueneme Housing Authority. Former RDA may not transfer assets to any other public agency after January 1, 2011 that was not contractually committed to a third party prior to June 28, 2011. Port Hueneme recorded a payable to the Successor Agency to turn over the cash. 2) Cash totaling \$32,092 was transferred on January 31, 2012 for principal and interest payment of a promissory note. The City of Port Hueneme will transfer the asset back to the Successor Agency. 3) \$1,449,541 worth of properties that were transferred to the City of Port Hueneme on May 10, 2011 with joint resolution #821/3980. City of Port Hueneme is in the process of transferring these properties back to the Housing Successor Agency. However, since the Oversight Board approved these transfers and a joint resolution was executed, these properties can be made by conveying them to the City of Port Hueneme.

CITY OF PORT HUENEME
Notes to Basic Financial Statements
June 30, 2014

NOTE 7 – PRIOR PERIOD ADJUSTMENT

The following schedules summarize the effect of the prior period adjustments on the beginning net position for the government-wide statement at July 1, 2013. The net positions at July 1, 2013 were restated as follows:

	Governmental Activities	Business-Type Activities
Beginning Net Position, as previously reported:	\$63,477,266	\$23,848,446
To record disallowed costs	(186,279)	186,279
To record disallowed transfers from former Redevelopment Agency	316,241	(348,333)
To record capital assets acquired in prior year	861,936	
Reduce loans receivable balance as a due to adjustment To increase allowance for doubtful account	(1,551,346)	
Beginning Net Position, as restated:	\$62,917,818	\$23,686,392

The accompanying financial statements reflect an adjustment resulting from restatement of the beginning fund equity balance as of June 30, 2013. The fund balances at July 1, 2013 were restated as follows:

	General Fund	Surplus Property Authority	Other Governmental
Fund balances at July 1, 2013, As originally reported	33,067,790	9,076,032	2,166,022
To record disallowed cost	(286,314)		100,035
To record disallows transfer from former redevelopment Agency	(32,092)		348,333
To record unavailable revenues for accrued interest on notes receivable		(5,637,700)	
Fund balances at July 1, 2013, as restated	32,749,384	3,438,332	2,614,390

The net position of the Port Hueneme Housing Authority at July 1, 2013 was restated as follows:

	Business-Type Activities
Net position at July 1, 2013, as originally reported	2,344,543
To record disallowed costs	186,279
To record disallowed transfers from former Redevelopment Agency	(348,333)
Net position at July 1, 2013, as restated	2,182,489

REQUIRED SUPPLEMENTARY INFORMATION

**City of Port Hueneme
Schedule of Funding Progress
June 30, 2014**

Miscellaneous Pension Plan

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Funded Ratio</u>
6/30/2010	\$ 41,648,222	\$ 35,430,979	\$ 6,217,243	85.1%	\$ 6,535,479	95.1%
6/30/2011	\$ 44,785,333	\$ 37,826,484	\$ 6,958,849	84.5%	\$ 6,496,810	107.1%
6/30/2012	\$ 47,087,155	\$ 32,750,709	\$ 14,336,446	69.6%	\$ 6,229,199	230.1%
6/30/2013	\$ 49,634,450	\$ 36,789,580	\$ 12,844,870	74.1%	\$ 5,947,086	216.0%

Other Post-Employment Benefit Plan

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

CITY OF PORT HUENEME
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 5,784,033	\$ 5,784,033	\$ 5,786,792	\$ 2,759
Property taxes	1,542,600	1,542,600	1,257,895	(284,705)
Licenses and permits	605,000	605,000	534,654	(70,346)
Fines and penalties	554,500	554,500	488,163	(66,337)
Charges for services	528,500	528,500	489,978	(38,522)
Investment earnings	1,242,771	1,242,771	1,234,246	(8,525)
Rental income	284,335	284,335	424,898	140,563
Intergovernmental	5,609,587	5,609,587	4,619,966	(989,621)
Harbor district revenue	1,158,200	1,158,200	1,350,520	192,320
Other	14,000	14,000	32,717	18,717
Total revenues	<u>17,323,526</u>	<u>17,323,526</u>	<u>16,219,829</u>	<u>(1,103,697)</u>
Expenditures:				
General government	5,856,128	5,856,128	5,854,358	1,770
Public safety	6,535,002	6,535,002	6,293,322	241,680
Streets and highways	937,938	937,938	953,395	(15,457)
Parks, recreation and social services	2,599,383	2,599,383	1,942,362	657,021
Community development	994,293	994,293	880,673	113,620
Principal retirement	-	-	-	-
Total expenditures	<u>16,922,744</u>	<u>16,922,744</u>	<u>15,924,110</u>	<u>998,634</u>
Excess (deficiency) of revenues over expenditures	<u>400,782</u>	<u>400,782</u>	<u>295,719</u>	<u>(105,063)</u>
Other financing sources (uses):				
Transfers in	(159,387)	(159,387)	264,977	424,364
Transfers out	(1,428,394)	(1,428,394)	(1,434,438)	(6,044)
Total other financing sources (uses)	<u>(1,587,781)</u>	<u>(1,587,781)</u>	<u>(1,169,461)</u>	<u>418,320</u>
Net change in fund balance	<u>(1,186,999)</u>	<u>(1,186,999)</u>	<u>(873,742)</u>	<u>313,257</u>
Fund balances, beginning as restated	<u>32,749,384</u>	<u>32,749,384</u>	<u>32,749,384</u>	<u>-</u>
Fund balances, ending	<u>\$ 31,562,385</u>	<u>\$ 31,562,385</u>	<u>\$ 31,875,642</u>	<u>\$ 313,257</u>

Note to Required Supplementary Information:

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

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Surplus Property Authority
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ 1,124,569	\$ 1,010,991	\$ (113,578)
Rental income	116,192	198,684	82,492
Total revenues	<u>1,240,761</u>	<u>1,209,675</u>	<u>(31,086)</u>
Expenditures:			
General government	<u>1,044,567</u>	<u>1,640,173</u>	<u>(595,606)</u>
Total expenditures	<u>1,044,567</u>	<u>1,640,173</u>	<u>(595,606)</u>
Excess (deficiency) of revenues over expenditures	<u>196,194</u>	<u>(430,498)</u>	<u>(626,692)</u>
Other Financing Sources (Uses):			
Transfer in	-	-	-
Transfer (out)	-	(16,025)	(16,025)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(16,025)</u>	<u>(16,025)</u>
Net change in fund balances	196,194	(446,523)	(642,717)
Fund balance, beginning as restated	<u>3,438,332</u>	<u>3,438,332</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,634,526</u>	<u>\$ 2,991,809</u>	<u>\$ (642,717)</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF PORT HUENEME
 Combining Balance Sheets
 Nonmajor Governmental Funds
 June 30, 2014

SPECIAL REVENUE FUNDS

	Traffic Safety	"COPS" AB3229	Stormwater Program	TDA	Gas Tax Fund	Senior Nutrition Grant	Bike Path	Neighborhood Preservation	Median Assessment District	Light Assessment District
ASSETS										
Cash and investments	\$ 1,448	\$ 8,333	\$ -	\$ 580,008	\$ 241,023	\$ -	\$ 107,692	\$ 966,257	\$ -	\$ -
Receivables	884	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	3,605	2,470
Grants	-	-	-	-	69,531	-	-	-	-	-
Due fr Other Government	-	25,000	3,420	-	-	2,514	-	-	-	-
TOTAL ASSETS	\$ 2,332	\$ 33,333	\$ 3,420	\$ 580,008	\$ 310,554	\$ 2,514	\$ 107,692	\$ 966,257	\$ 3,605	\$ 2,470
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ 800	\$ -	\$ 189	\$ -	\$ 23,877	\$ 27	\$ -	\$ 5,104	\$ -	\$ 13,268
Accrued wages and benefits	-	-	-	-	-	-	-	511	-	-
Due to other funds	-	-	67,360	-	-	1,093	-	-	10,709	157,441
Unearned	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	800	-	67,549	-	23,877	1,120	-	5,615	10,709	170,709
Fund Balances:										
Assigned	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,532	33,333	-	580,008	286,677	1,394	107,692	960,642	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(64,129)	-	-	-	-	-	(7,104)	(168,239)
TOTAL FUND BALANCES	1,532	33,333	(64,129)	580,008	286,677	1,394	107,692	960,642	(7,104)	(168,239)
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,332	\$ 33,333	\$ 3,420	\$ 580,008	\$ 310,554	\$ 2,514	\$ 107,692	\$ 966,257	\$ 3,605	\$ 2,470

CITY OF PORT HUENEME
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2014

	SPECIAL REVENUE FUNDS						Debt Service Fund			Total
	Drainage Assessment District	Block Grant	Jag Grant	Homebuyer Program	Housing Successor Agency	Pension Obligation Bonds	1992 A COP	Nonmajor Governmental Funds		
ASSETS										
Cash and investments	\$ 242,715	-	-	\$ 45,107	-	-	\$ 478,950	-	\$ 2,671,533	
Receivables	-	-	-	-	-	-	-	-	4,055	
Accounts	-	-	-	-	3,171	-	-	-	9,509	
Property taxes	3,434	-	-	-	-	-	-	-	155,749	
Grants	-	86,218	-	-	-	-	-	-	379,267	
Due fr Other Government	-	-	-	-	348,333	-	-	-	-	
TOTAL ASSETS	\$ 246,149	\$ 86,218	\$ -	\$ 45,107	\$ 351,504	\$ -	\$ 478,950	\$ -	\$ 3,220,113	
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ 87	\$ 38,298	\$ -	\$ -	\$ 4,460	\$ -	\$ -	\$ -	\$ 86,110	
Accrued wages and benefits	-	-	-	-	5,158	-	-	-	5,669	
Due to other funds	-	53,633	-	-	33,163	-	-	-	323,399	
Unearned	-	-	-	44,778	-	-	-	-	44,778	
Deposits	-	-	-	-	29,985	-	-	-	29,985	
TOTAL LIABILITIES	\$ 87	\$ 91,931	\$ -	\$ 44,778	\$ 72,766	\$ -	\$ -	\$ -	\$ 489,941	
Fund Balances:										
Assigned	-	-	-	-	-	-	-	-	-	
Nonspendable	-	-	-	-	-	-	-	-	-	
Restricted	246,062	-	-	329	278,738	-	478,950	-	2,975,356	
Committed	-	-	-	-	-	-	-	-	-	
Unassigned	-	(5,713)	-	-	-	-	-	-	(245,184)	
TOTAL FUND BALANCES	\$ 246,062	\$ (5,713)	\$ -	\$ 329	\$ 278,738	\$ -	\$ 478,950	\$ -	\$ 2,730,172	
TOTAL LIABILITIES AND FUND BALANCES	\$ 246,149	\$ 86,218	\$ -	\$ 45,107	\$ 351,504	\$ -	\$ 478,950	\$ -	\$ 3,220,113	

CITY OF PORT HUENEME
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2014

	SPECIAL REVENUE FUNDS										Special Reve
	Traffic Safety	COPS AB3729	Stormwater Program	TDA	Gas Tax	Senior Nutrition Grant	Bike Path	Neighborhood Preservation	Median Assessment District	Light Assessment District	
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,395	\$ -	\$ 177,630	\$ 121,308	
Fines and penalties	10,722	-	-	808	573	-	-	-	-	-	
Interest income	-	-	-	-	-	-	379	4,462	-	-	
Investment earnings	-	-	-	-	-	-	-	-	-	-	
Rental income	-	-	-	-	-	-	-	28,319	-	-	
Loan payments	-	-	-	-	-	15,000	-	-	-	-	
Intergovernmental	-	100,000	14,424	880,899	709,497	-	-	-	-	-	
Gain on Sale of Capital Asset	-	-	-	-	-	1,218	-	80,100	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Total revenues	10,722	100,000	14,424	881,707	710,070	16,218	54,774	112,881	177,630	121,308	
Expenditures:											
General government	-	-	-	-	-	-	-	-	-	-	
Public safety	2,771	-	-	-	-	-	-	-	-	-	
Streets and highways	-	-	65,173	575,994	769,521	-	-	-	179,000	152,833	
Parks, recreation and social services	-	-	-	-	-	32,803	-	-	-	-	
Community development	-	-	-	-	-	-	-	103,382	-	-	
Principal retirement	-	-	-	-	-	-	-	-	-	-	
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	
Total expenditures	2,771	-	65,173	575,994	769,521	32,803	-	103,382	179,000	152,833	
Excess (deficiency) of revenues over expenditures	7,951	100,000	(50,749)	305,713	(59,451)	(16,585)	54,774	9,499	(1,370)	(31,525)	
Other Financing Sources (Uses):											
Transfer in	-	-	10,534	-	-	21,711	-	-	-	34,500	
Transfer (out)	(6,419)	(66,667)	-	-	-	(4,203)	-	(1,523)	-	-	
Total other financing sources (uses)	(6,419)	(66,667)	10,534	-	-	17,508	-	(1,523)	-	34,500	
Net change in fund balances	1,532	33,333	(40,215)	305,713	(59,451)	923	54,774	7,976	(1,370)	2,975	
Fund balances (deficits), beginning	-	-	(23,914)	274,295	346,128	471	52,918	952,666	(5,734)	(171,214)	
Fund balances (deficits), ending	1,532	33,333	(64,129)	580,008	286,677	1,394	107,692	960,642	(7,104)	(168,239)	

CITY OF PORT HUENEME
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014

	Due Funds		Debt Service Fund				Total Nonmajor Governmental Funds
	Drainage Assessment District	Block Grant	Jag Grant	Homebuyer Program	Housing Successor Agency	Pension Obligation Bonds	
Revenues:							
Taxes	\$ 184,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 537,678
Fines and penalties	-	-	-	-	-	-	10,722
Interest income	-	-	-	205	-	-	1,586
Investment earnings	-	-	-	-	(83)	-	4,758
Rental income	-	-	-	225,117	-	-	225,117
Loan payments	-	-	-	5,446	-	-	33,765
Intergovernmental	-	233,530	471	-	-	-	1,953,821
Gain on Sale of Capital Asset	-	-	-	-	135,754	-	135,754
Other	-	-	-	-	999	40,258	122,575
Total revenues	184,345	233,530	471	205	367,233	40,258	3,025,776
Expenditures:							
General government	-	-	-	-	571,720	-	571,720
Public safety	-	-	471	-	-	-	471
Streets and highways	150,232	-	-	-	-	-	1,895,524
Parks, recreation and social services	-	-	-	-	-	-	32,803
Community development	-	148,906	-	-	-	-	252,288
Principal retirement	-	-	-	-	-	865,533	1,210,533
Interest and fiscal charges	-	-	-	-	-	233,433	148,910
Total expenditures	150,232	148,906	471	-	571,720	1,098,966	382,343
Excess (deficiency) of revenues over expenditures	34,113	84,624	-	205	(204,487)	(1,058,708)	(1,319,906)
Other Financing Sources (Uses):							
Transfer in	-	-	-	-	-	1,058,708	1,619,363
Transfer (out)	-	(90,337)	-	-	(14,526)	-	(183,675)
Total other financing sources (uses)	-	(90,337)	-	-	(14,526)	1,058,708	1,435,688
Net change in fund balances	34,113	(5,713)	-	205	(219,013)	-	115,782
Fund balances (deficits), beginning	211,949	-	-	124	497,751	-	2,614,390
Fund balances (deficits), ending	\$ 246,062	\$ (5,713)	\$ -	\$ 329	\$ 278,738	\$ -	\$ 2,730,172

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Traffic Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget/Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Fines and penalties	\$ 46,200	\$ 10,722	\$ (35,478)
Total revenues	<u>46,200</u>	<u>10,722</u>	<u>(35,478)</u>
Expenditures:			
Streets and highways	-	2,771	2,771
Total Expenditures	<u>-</u>	<u>2,771</u>	<u>2,771</u>
Excess (deficiency) of revenues over expenditures	<u>46,200</u>	<u>7,951</u>	<u>(38,249)</u>
Other financing sources (uses):			
Transfer in	-	-	-
Transfer (out)	(46,200)	(6,419)	39,781
Total other financing sources (uses)	<u>(46,200)</u>	<u>(6,419)</u>	<u>39,781</u>
Net change in fund balance	-	1,532	1,532
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 1,532</u>	<u>\$ 1,532</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
COPS AB3229 Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest income	\$ -	\$ -	\$ -
Intergovernmental	100,000	100,000	-
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Expenditures:			
Public safety	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfer in			-
Transfer (out)	(100,000)	(66,667)	33,333
Total other financing sources (uses)	<u>(100,000)</u>	<u>(66,667)</u>	<u>33,333</u>
Net change in fund balance	-	33,333	33,333
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 33,333</u>	<u>\$ 33,333</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Stormwater Program
For the Fiscal Year Ended June 30, 2014

	Original Budget/Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 13,735	\$ 14,424	\$ 689
Total revenues	<u>13,735</u>	<u>14,424</u>	<u>689</u>
Expenditures:			
Streets and highways	147,900	65,173	82,727
Total expenditures	<u>147,900</u>	<u>65,173</u>	<u>82,727</u>
Excess (deficiency) of revenues over expenditures	<u>(134,165)</u>	<u>(50,749)</u>	<u>83,416</u>
Other Financing Sources (Uses):			
Transfer in	176,813	10,534	(166,279)
Transfer (out)	42,648		(42,648)
Total Other Financing Sources (Uses)	<u>219,461</u>	<u>10,534</u>	<u>(208,927)</u>
Net change in fund balance	85,296	(40,215)	(125,511)
Fund balance, beginning	<u>(23,914)</u>	<u>(23,914)</u>	-
Fund balance, ending	<u>\$ 61,382</u>	<u>\$ (64,129)</u>	<u>\$ (125,511)</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
TDA Grant
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest income	\$ 100	\$ 808	\$ 708
Intergovernmental	(880,899)	880,899	1,761,798
Other	-	-	-
Total revenues	<u>(880,799)</u>	<u>881,707</u>	<u>1,762,506</u>
Expenditures:			
Streets and highways	<u>697,029</u>	<u>575,994</u>	<u>121,035</u>
Total expenditures	<u>697,029</u>	<u>575,994</u>	<u>121,035</u>
Excess (deficiency) of revenues over expenditures	<u>(1,577,828)</u>	<u>305,713</u>	<u>1,883,541</u>
Net change in fund balance	(1,577,828)	305,713	1,883,541
Fund balance, beginning as restated	<u>274,295</u>	<u>274,295</u>	<u>-</u>
Fund balance, ending	<u>\$ (1,303,533)</u>	<u>\$ 580,008</u>	<u>\$ 1,883,541</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Gas Tax Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest income	\$ 2,000	\$ 573	\$ (1,427)
Intergovernmental	585,079	709,497	124,418
Total revenues	<u>587,079</u>	<u>710,070</u>	<u>122,991</u>
Expenditures:			
Streets and highways	909,000	769,521	139,479
Total expenditures	<u>909,000</u>	<u>769,521</u>	<u>139,479</u>
Excess (deficiency) of revenues over expenditures	<u>(321,921)</u>	<u>(59,451)</u>	<u>262,470</u>
Other Financing Sources (Uses):			
Transfer in/(out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(321,921)	(59,451)	262,470
Fund balance, beginning	<u>346,128</u>	<u>346,128</u>	<u>-</u>
Fund balance, ending	<u>\$ 24,207</u>	<u>\$ 286,677</u>	<u>\$ 262,470</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Senior Nutrition Grant
For the Fiscal Year Ended June 30, 2014

	Original Budget/Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 15,000	\$ 15,000	\$ -
Other program revenue	5,400	1,218	(4,182)
Total revenues	<u>20,400</u>	<u>16,218</u>	<u>(4,182)</u>
Expenditures:			
Parks, recreation and social services	43,941	32,803	11,138
Total expenditures	<u>43,941</u>	<u>32,803</u>	<u>11,138</u>
Excess (deficiency) of revenues over expenditures	<u>(23,541)</u>	<u>(16,585)</u>	<u>6,956</u>
Other Financing Sources (Uses):			
Transfer in	23,541	21,711	(1,830)
Transfer (out)	-	(4,203)	(4,203)
Total other financing sources (uses)	<u>23,541</u>	<u>17,508</u>	<u>(6,033)</u>
Net change in fund balance	-	923	923
Fund balance, beginning	<u>471</u>	<u>471</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 471</u>	<u>\$ 1,394</u>	<u>\$ 923</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Bike Path Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 55,000	\$ 54,395	\$ (605)
Interest income	600	379	(221)
Total revenues	<u>55,600</u>	<u>54,774</u>	<u>(826)</u>
Expenditures:			
Streets and highways	<u>81,526</u>	<u>-</u>	<u>81,526</u>
Total expenditures	<u>81,526</u>	<u>-</u>	<u>81,526</u>
Excess (deficiency) of revenues over expenditures	<u>(25,926)</u>	<u>54,774</u>	<u>80,700</u>
Net change in fund balance	(25,926)	54,774	80,700
Fund balance, beginning	<u>52,918</u>	<u>52,918</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 26,992</u>	<u>\$ 107,692</u>	<u>\$ 80,700</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Neighborhood Preservation
For the Fiscal Year Ended June 30, 2014

	Original Budget/Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ 50,000	\$ 4,462	\$ (45,538)
Loan payments	60,000	28,319	(31,681)
Other	500	80,100	79,600
Total revenues	<u>110,500</u>	<u>112,881</u>	<u>2,381</u>
Expenditures:			
Community development	260,623	103,382	157,241
Total expenditures	<u>260,623</u>	<u>103,382</u>	<u>157,241</u>
Excess (deficiency) of revenues over expenditures	<u>(150,123)</u>	<u>9,499</u>	<u>159,622</u>
Other Financing Sources (Uses):			
Transfer (out)	(1,523)	(1,523)	-
Total other financing sources (uses)	<u>(1,523)</u>	<u>(1,523)</u>	<u>-</u>
Net change in fund balance	(151,646)	7,976	159,622
Fund balance, beginning	<u>952,666</u>	<u>952,666</u>	<u>-</u>
Fund balance, ending	<u>\$ 801,020</u>	<u>\$ 960,642</u>	<u>\$ 159,622</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Median Assessment District
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 179,000	\$ 177,630	\$ (1,370)
Total revenues	<u>179,000</u>	<u>177,630</u>	<u>(1,370)</u>
Expenditures:			
Streets and highways	179,000	179,000	-
Total expenditures	<u>179,000</u>	<u>179,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,370)</u>	<u>(1,370)</u>
Net change in fund balance	-	(1,370)	(1,370)
Fund balance (deficit), beginning	<u>(5,734)</u>	<u>(5,734)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (5,734)</u>	<u>\$ (7,104)</u>	<u>\$ (1,370)</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Light Assessment District
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 123,000	\$ 121,308	\$ (1,692)
Total revenues	<u>123,000</u>	<u>121,308</u>	<u>(1,692)</u>
Expenditures:			
Streets and highways	157,500	152,833	4,667
Total expenditures	<u>157,500</u>	<u>152,833</u>	<u>4,667</u>
Excess (deficiency) of revenues over expenditures	<u>(34,500)</u>	<u>(31,525)</u>	<u>2,975</u>
Other Financing Sources (Uses):			
Transfer in	34,500	34,500	-
Transfer (out)	-	-	-
Total Other Financing Sources (Uses)	<u>34,500</u>	<u>34,500</u>	<u>-</u>
Net change in fund balance	-	2,975	2,975
Fund balance (deficit), beginning	<u>(171,214)</u>	<u>(171,214)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (171,214)</u>	<u>\$ (168,239)</u>	<u>\$ 2,975</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Drainage Assessment District
For the Fiscal Year Ended June 30, 2014

	Original Budget/Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 184,300	\$ 184,345	\$ 45
Total revenues	<u>184,300</u>	<u>184,345</u>	<u>45</u>
Expenditures:			
Streets and highways	152,300	150,232	2,068
Total expenditures	<u>152,300</u>	<u>150,232</u>	<u>2,068</u>
Excess (deficiency) of revenues over expenditures	<u>32,000</u>	<u>34,113</u>	<u>2,113</u>
Net change in fund balance	32,000	34,113	2,113
Fund balance, beginning	<u>211,949</u>	<u>211,949</u>	-
Fund balance, ending	<u><u>\$ 243,949</u></u>	<u><u>\$ 246,062</u></u>	<u><u>\$ 2,113</u></u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Block Grant
For the Fiscal Year Ended June 30, 2014

	Original Budget/Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ -	\$ -
Rental income	-	-	-
Intergovernmental	668,406	233,530	(434,876)
Other	-	-	-
Total revenues	<u>668,406</u>	<u>233,530</u>	<u>(434,876)</u>
Expenditures:			
Community development	668,406	148,906	519,500
Total expenditures	<u>668,406</u>	<u>148,906</u>	<u>519,500</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>84,624</u>	<u>84,624</u>
Other Financing Sources (Uses):			
Transfer in	-	-	-
Transfer in/(out)	-	(90,337)	(90,337)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(90,337)</u>	<u>(90,337)</u>
Net change in fund balance	-	(5,713)	(5,713)
Fund balance (deficit), beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ -</u>	<u>\$ (5,713)</u>	<u>\$ (5,713)</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Jag Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 471	\$ 471	\$ 0
Total revenues	<u>471</u>	<u>471</u>	<u>0</u>
Expenditures:			
Public safety	471	471	0
Total expenditures	<u>471</u>	<u>471</u>	<u>0</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
Homebuyer Program
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ -	\$ 205	\$ 205
Total revenues	<u>-</u>	<u>205</u>	<u>205</u>
Expenditures:			
Community development	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>205</u>	<u>205</u>
Net change in fund balance	-	205	205
Fund balance, beginning	<u>-</u>	<u>124</u>	<u>(205)</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ -</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Pension Obligation Bonds
For the Fiscal Year Ended June 30, 2014

	Original Budget/Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other	\$ -	\$ 40,258	\$ 40,258
Total revenues	<u>-</u>	<u>40,258</u>	<u>40,258</u>
Expenditures:			
Principal retirement	865,533	865,533	-
Interest and fiscal charges	236,302	233,433	2,869
Total expenditures	<u>1,101,835</u>	<u>1,098,966</u>	<u>2,869</u>
Excess (deficiency) of revenues over expenditures	<u>(1,101,835)</u>	<u>(1,058,708)</u>	<u>43,127</u>
Other financing sources (uses):			
Transfer in/(out)	1,101,835	1,058,708	(43,127)
Total other financing sources (uses)	<u>1,101,835</u>	<u>1,058,708</u>	<u>(43,127)</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
1992 A COP
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Principal retirement	345,000	345,000	-
Interest and fiscal charges	148,700	148,910	(210)
Total expenditures	<u>493,700</u>	<u>493,910</u>	<u>(210)</u>
Excess (deficiency) of revenues over expenditures	<u>(493,700)</u>	<u>(493,910)</u>	<u>(210)</u>
Other financing sources (uses):			
Transfer in/(out)	493,700	493,910	210
Total other financing sources (uses)	<u>493,700</u>	<u>493,910</u>	<u>210</u>
Net change in fund balance	-	-	-
Fund balance, beginning	<u>478,950</u>	<u>478,950</u>	<u>-</u>
Fund balance, ending	<u>\$ 478,950</u>	<u>\$ 478,950</u>	<u>\$ -</u>

CITY OF PORT HUENEME
Budgetary Comparison Schedule
Housing Successor Agency Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget/Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 663,623	\$ -	\$ (663,623)
Loan payments	25,000	5,446	(19,554)
Interest income	200	(83)	(283)
Gain on Sale of Capital Asset	-	135,754	135,754
Rental income	231,540	225,117	(6,424)
Other	600	999	399
Total revenues	<u>920,963</u>	<u>367,233</u>	<u>(553,730)</u>
Expenditures:			
General government	<u>889,629</u>	<u>571,720</u>	<u>317,909</u>
Total expenditures	<u>889,629</u>	<u>571,720</u>	<u>317,909</u>
Excess (deficiency) of revenues over expenditures	<u>31,334</u>	<u>(204,487)</u>	<u>(235,821)</u>
Other Financing Sources (Uses):			
Transfer in	-	-	-
Transfer (out)	-	(14,526)	(14,526)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(14,526)</u>	<u>(14,526)</u>
Net change in fund balances	31,334	(219,013)	(250,347)
Fund balance, beginning as restated	<u>149,418</u>	<u>497,751</u>	<u>(348,333)</u>
Fund balance, ending	<u>\$ 180,752</u>	<u>\$ 278,738</u>	<u>\$ 97,986</u>

STATISTICAL SECTION

**City of Port Hueneme
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Fiscal Year Ended June 30, 2014**

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STATISTICAL SECTION (Unaudited)

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

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

	Fiscal Year										
	2014	2013	2012	2011	2010	2009	2008	2007	0	2006	2005
Governmental activities:											
Net Investment in capital assets	25,164,338	23,942,462	18,549,894	\$ 18,549,894	\$ 21,872,560	\$ 22,277,948	\$ 22,069,405	\$ 20,469,453	\$ 19,788,439	\$ 18,548,142	
Restricted	-	1,700,763	4,393,732	4,393,732	4,369,487	6,026,662	6,028,993	6,501,726	6,519,029	6,759,636	
Unrestricted	38,284,847	37,834,041	31,722,206	31,722,206	26,759,307	14,152,106	11,661,280	7,441,754	14,640,289	14,193,708	
Total governmental activities net position	63,449,185	63,477,266	54,665,832	54,665,832	53,001,354	42,456,716	39,759,678	34,412,933	40,947,757	39,501,486	
Business-type activities:											
Net Investment in capital assets	14,384,883	15,015,104	21,291,470	14,179,551	13,546,674	9,222,016	6,473,602	3,858,516	5,891,531	5,584,440	
Restricted	191,356	29,484	1,119,964	1,119,964	1,026,263	4,223,455	4,644,057	5,125,278	-	-	
Unrestricted	11,993,284	8,803,858	4,113,816	4,113,816	3,773,231	334,739	2,773,653	4,330,851	6,602,545	7,237,745	
Total business-type activities net position	26,569,523	23,848,446	26,525,250	19,413,331	18,346,168	13,780,210	13,891,312	13,314,645	12,494,076	12,822,185	
Primary government:											
Net Investment in capital assets	39,549,221	38,957,566	39,841,364	32,729,445	35,419,234	31,499,964	28,543,007	24,327,969	25,679,970	24,132,582	
Restricted	191,356	1,730,247	5,513,696	5,513,696	5,395,750	10,250,117	10,673,050	11,627,004	6,519,029	6,759,636	
Unrestricted	50,278,131	46,637,899	35,836,022	35,836,022	30,532,538	14,486,845	14,434,933	11,772,605	21,242,834	21,431,453	
Total primary government net position	\$ 90,018,708	\$ 87,325,712	\$ 81,191,082	\$ 74,079,163	\$ 71,347,522	\$ 56,236,926	\$ 53,650,990	\$ 47,727,578	\$ 53,441,833	\$ 52,323,671	

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Governmental activities:										
General government	\$ 7,726,546	\$ 7,369,212	\$ 5,861,741	\$ 7,019,698	\$ 6,174,844	\$ 5,543,821	\$ 3,431,111	\$ 3,207,654	\$ 4,249,828	\$ 3,374,464
Community development	1,142,228	1,229,464	2,265,054	3,630,572	5,525,629	3,000,750	1,115,853	2,238,233	2,791,936	2,113,188
Streets and highways	2,874,888	3,445,483	3,394,782	4,226,070	2,651,158	2,982,475	3,010,185	2,272,933	2,909,892	3,396,020
Public safety - police	6,341,581	6,349,764	6,684,727	6,385,901	6,101,143	5,796,561	7,431,276	7,614,945	6,733,773	5,001,446
Parks, recreation and social services	1,987,702	1,663,385	1,547,726	1,685,482	1,599,642	1,617,275	1,570,193	1,734,198	1,925,857	1,493,763
Bond issue cost	-	-	35,728	49,002	49,002	49,002	49,036	31,856	31,856	30,086
Capital outlay	676,153	716,591	1,127,067	1,704,342	1,737,267	1,795,651	1,265,846	611,515	960,502	1,409,542
Interest and fiscal charges on long term debt	20,749,098	20,773,899	20,916,825	24,701,066	23,838,685	20,785,535	19,319,304	14,003,261	1,279,487	16,818,509
Total governmental activities expenses	\$ 34,011,089	\$ 35,239,296	\$ 35,901,127	\$ 33,344,681	\$ 35,077,739	\$ 33,328,909	\$ 35,259,917	\$ 38,668,524	\$ 37,444,342	\$ 32,007,633
Business-type activities:										
Wastewater	5,551,749	6,141,435	5,665,080	4,729,828	4,216,324	3,966,215	3,773,847	3,629,376	3,631,350	3,430,883
Water	2,923,082	2,919,931	2,827,258	2,711,682	2,731,260	2,631,439	2,601,708	2,679,039	2,722,712	2,572,590
Solid waste	4,101,576	4,186,659	4,134,878	4,109,738	4,172,358	4,109,738	-	-	-	-
Housing Authority	878,187	839,073	903,928	969,737	982,677	1,084,118	1,011,500	1,014,934	981,427	1,673,717
Other business-type funds	16,855,683	17,616,394	17,121,271	15,918,286	15,547,738	11,010,681	10,912,972	11,191,873	11,079,831	10,884,823
Total business-type activities expenses	\$ 37,604,781	\$ 38,390,293	\$ 38,038,096	\$ 40,619,352	\$ 39,386,423	\$ 31,796,216	\$ 30,232,276	\$ 31,306,468	\$ 31,962,962	\$ 27,703,332
Total primary government expenses	\$ 71,615,870	\$ 73,629,589	\$ 73,939,223	\$ 73,964,033	\$ 74,464,152	\$ 65,125,125	\$ 65,492,193	\$ 69,975,032	\$ 69,407,304	\$ 59,710,965
Program revenues:										
Governmental activities:										
Charges for services:	\$ 3,937,746	\$ 3,999,418	\$ 4,962,751	\$ 3,798,777	\$ 4,638,992	\$ 4,734,479	\$ 3,154,440	\$ 2,376,678	\$ 3,074,450	\$ 1,265,741
General government	879,648	762,056	885,507	1,489,810	846,066	822,741	119,345	360,369	336,998	346,274
Community development	1,372,362	1,267,242	1,055,661	1,046,002	984,828	1,118,886	1,395,218	68,484	322,447	19,940
Streets and highways	158,476	182,263	174,296	158,857	292,885	222,113	363,053	298,990	83,421	29,922
Public safety - police	502,796	470,565	440,077	405,956	585,090	438,490	390,127	1,233,810	1,192,759	1,043,918
Parks, recreation and social services	457,566	446,996	465,376	389,936	893,951	490,025	624,809	2,831,098	2,429,689	1,564,409
Operating grants and contributions	2,881,263	2,133,358	2,454,337	2,338,305	1,238,598	1,123,481	2,072,705	-	1,002	-
Capital grants and contributions	10,189,856	9,261,898	10,438,006	9,627,643	9,480,410	8,950,215	8,119,697	7,169,429	7,440,746	4,270,204
Total governmental activities program revenues	\$ 3,937,746	\$ 3,999,418	\$ 4,962,751	\$ 3,798,777	\$ 4,638,992	\$ 4,734,479	\$ 3,154,440	\$ 2,376,678	\$ 3,074,450	\$ 1,265,741
Business-type activities:										
Charges for services:	\$ 3,750,154	\$ 3,626,449	\$ 3,309,012	\$ 3,880,863	\$ 3,463,574	\$ 3,223,359	\$ 3,719,420	\$ 3,888,904	\$ 2,608,686	\$ 2,775,671
Wastewater	7415,296	7,533,284	7,057,175	6,307,060	5,617,688	4,685,991	4,222,053	3,867,934	3,453,051	3,582,297
Water	3,820,619	3,468,483	3,457,898	3,509,735	3,119,699	2,848,459	2,997,859	2,952,216	2,986,341	3,093,941
Solid waste	3,624,762	3,230,017	3,491,567	3,787,314	4,076,785	50,107	261,566	241,152	112,445	-
Operating grants and contributions	362,169	365,663	346,465	408,189	343,843	1,069,936	1,027,228	1,015,345	993,197	2,631,579
Housing Authority	884,093	875,909	919,953	979,114	998,626	11,877,852	12,228,126	11,965,551	10,153,720	12,083,488
Water plant	19,597,093	19,099,805	18,582,069	18,872,275	17,620,215	11,877,852	12,228,126	11,965,551	10,153,720	12,083,488
Total business-type activities program revenues	\$ 29,786,949	\$ 28,361,703	\$ 29,020,075	\$ 28,499,918	\$ 27,100,625	\$ 20,828,067	\$ 20,347,823	\$ 19,134,980	\$ 17,594,466	\$ 16,353,692
Total primary government program revenues	\$ 61,402,825	\$ 61,651,002	\$ 67,058,171	\$ 62,163,951	\$ 61,564,747	\$ 52,623,182	\$ 50,584,696	\$ 48,270,658	\$ 49,458,916	\$ 43,964,157
Net revenues (expenses):										
Governmental activities:	\$ (10,559,242)	\$ (11,512,001)	\$ (10,478,820)	\$ (15,073,423)	\$ (14,358,275)	\$ (11,835,320)	\$ (11,199,607)	\$ (12,945,166)	\$ (13,442,385)	\$ (12,548,305)
Business-type activities:	2,741,410	1,483,411	1,460,798	2,953,989	2,072,477	867,171	1,315,154	773,678	(926,111)	1,198,665
Total net revenues (expenses):	\$ (7,817,832)	\$ (10,028,590)	\$ (9,018,021)	\$ (12,119,434)	\$ (12,285,798)	\$ (10,968,149)	\$ (9,884,453)	\$ (12,171,488)	\$ (14,368,496)	\$ (11,349,640)

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
Property taxes	1,795,572	1,764,939	4,257,197	7,122,966	7,293,627	7,770,698	8,037,996	7,968,560	6,613,841	5,726,141
Sales taxes	2,370,342	2,733,978	2,075,781	1,823,785	1,661,471	1,111,111	1,095,727	1,111,399	1,044,283	1,040,777
Utility users taxes	1,158,019	1,185,088	1,153,247	1,119,550	1,032,097	976,685	962,674	955,927	1,002,804	884,290
Transient lodging taxes	393,337	300,505	326,055	295,439	328,754	323,960	408,972	313,552	262,000	295,977
Franchise taxes	368,368	355,871	385,558	361,276	353,748	431,946	419,943	376,700	309,586	335,709
Other taxes	155,292	480,039	497,172	-	-	-	225,061	-	-	-
Motor vehicle license in lieu	2,530,264	2,531,547	2,405,872	2,442,447	2,454,890	2,719,017	1,824,175	1,787,133	2,009,673	1,429,983
Investment earnings	1,933,459	1,607,025	2,050,376	3,332,132	2,092,280	2,376,782	3,443,958	4,039,880	3,028,922	1,861,054
Gain on disposal of capital asset	135,754	-	-	-	-	(167,978)	(37,240)	-	(4,594)	-
Other	-	-	-	37,953	11,756	16,099	-	261,591	1,294,562	1,346,948
Special item	-	(5,394,363)	17,625,859	-	-	-	-	(10,404,400)	-	-
Transfers	250,202	242,353	191,148	202,353	(1,087,188)	152,274	165,086	-	(819,825)	515,667
Total governmental activities	\$ 11,090,609	\$ 5,806,982	\$ 30,968,266	\$ 16,737,901	\$ 14,141,435	\$ 15,710,594	\$ 16,546,352	\$ 6,410,342	\$ 14,741,252	\$ 13,436,546
Business-type activities:										
Use of money and property	973	37,650	44,872	(1,100,792)	(1,152,097)	(917,382)	(628,885)	(58,995)	57,339	441,314
Investment earnings	9,601	-	1,370	-	26,556	-	-	35,316	(131,757)	-
Gain/(Loss) on disposal of capital asset	381,349	521,927	750,570	442,583	151,853	91,383	55,484	70,570	-	-
Other	(250,202)	(242,353)	(191,148)	(202,353)	1,087,188	(152,274)	(165,086)	-	-	(515,667)
Transfers	141,721	317,224	605,664	(860,562)	113,500	(978,273)	(738,487)	46,891	819,825	(74,353)
Total business-type activities	\$ 11,232,330	\$ 6,124,206	\$ 31,573,930	\$ 15,877,339	\$ 14,254,935	\$ 14,732,321	\$ 15,807,865	\$ 6,457,233	\$ 15,486,659	\$ 13,362,193
Changes in net position										
Governmental activities:	531,367	(5,705,020)	20,489,446	1,664,478	(216,841)	3,875,274	5,346,745	(6,534,824)	1,298,867	888,241
Business-type activities:	2,883,131	1,800,635	2,066,462	2,093,427	2,185,977	(111,102)	576,667	820,569	(180,704)	1,124,312
Total primary government	\$ 3,414,498	\$ (3,904,385)	\$ 22,555,908	\$ 3,757,905	\$ 1,969,136	\$ 3,764,172	\$ 5,923,412	\$ (5,714,255)	\$ 1,118,163	\$ 2,012,553

Source: The Comprehensive Annual Financial Report.

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General fund:										
Nonspendable	\$ 15,129,585	\$ 16,068,878	\$ 17,928,824	\$ 19,125,294	\$ 21,832,424	\$ 22,346,466	\$ 23,120,517	\$ 23,325,799	\$ 20,747,634	\$ 19,485,313
Restricted	-	-	-	-	12,007,882	12,007,882	12,007,882	12,007,882	16,833,727	12,488,227
Committed	925,957	1,311,123	1,301,001	1,300,964	8,187,326	7,056,378	5,668,032	4,657,034	3,330,462	9,443,468
Assigned	-	-	6,241	-	-	-	-	-	-	-
Unassigned	15,820,100	15,687,789	20,087,161	20,854,883	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, designated	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-	-	-	-	-	-
Total general fund	\$ 31,875,642	\$ 33,067,790	\$ 39,323,227	\$ 41,281,140	\$ 42,027,632	\$ 41,410,726	\$ 40,796,431	\$ 39,990,715	\$ 40,911,823	\$ 41,417,008
All other governmental funds:										
Nonspendable	-	8,637,700	8,660,505	10,459,894	-	-	-	-	-	-
Restricted	5,967,165	2,366,885	2,203,694	2,442,326	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	438,332	677,238	1,937,957	-	-	-	-	-	-
Unassigned	(245,184)	(200,861)	(179,914)	(6,787,824)	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, designated	-	-	-	-	9,635,483	17,865,433	15,576,247	11,080,795	3,327,892	3,249,441
Unreserved, undesignated:										
Reported in special revenue funds	-	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	9,746,671	3,777,436	4,095,019	6,972,204	12,127,283	12,820,201
Reported in capital project funds	-	-	-	-	(13,726,172)	(14,018,191)	(12,828,799)	(12,596,826)	(12,574,372)	(13,409,404)
Total all other governmental funds	\$ 5,721,981	\$ 11,242,056	\$ 11,361,523	\$ 8,052,354	\$ 7,014,780	\$ 8,968,610	\$ 8,163,956	\$ 6,715,774	\$ 4,082,594	\$ 3,809,040

Source: The Comprehensive Annual Financial Report.

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Taxes	\$ 7,582,365	\$ 7,812,609	\$ 9,700,015	\$ 12,296,187	\$ 12,282,972	\$ 12,370,446	\$ 12,901,063	\$ 12,571,544	\$ 11,770,922	\$ 11,025,684
Licenses and permits	534,654	576,351	504,564	487,310	468,963	624,304	579,198	601,851	478,231	456,663
Intergovernmental	6,573,787	6,788,483	8,206,407	8,957,236	6,793,891	6,245,720	3,365,954	3,541,209	4,142,863	1,937,774
Charges for services	489,978	485,413	463,423	381,911	1,064,823	776,256	2,704,159	2,113,250	2,335,736	349,056
Fines and forfeitures	498,885	482,967	399,132	386,786	372,652	470,483	411,100	346,472	322,254	354,493
Investment earnings	2,251,581	2,050,374	2,050,374	2,320,968	2,156,746	2,943,142	3,443,958	3,270,247	3,028,922	2,941,126
Other revenues	2,524,030	2,468,041	2,097,639	1,945,590	1,949,103	1,948,997	2,195,618	2,779,266	2,303,561	2,368,993
Total revenues	\$ 20,455,280	\$ 20,220,889	\$ 23,421,553	\$ 26,775,989	\$ 25,089,150	\$ 25,379,348	\$ 25,601,050	\$ 25,223,839	\$ 24,382,489	\$ 19,433,789
Expenditures:										
Current:										
General government	\$ 6,128,490	\$ 6,199,768	\$ 4,511,005	7,301,284	5,525,021	5,485,023	2,916,632	2,805,560	3,539,125	2,522,027
Community development	1,132,961	1,219,646	2,243,804	2,935,977	5,948,162	3,426,578	2,683,320	5,112,682	4,140,504	2,475,061
Streets and highways	2,848,919	3,417,969	3,363,725	4,214,408	2,640,278	2,943,365	3,782,463	2,330,776	2,606,908	3,383,757
Parks, recreation and social services	1,975,165	1,650,102	1,534,649	1,680,831	1,593,840	1,611,674	1,570,193	1,794,198	2,027,814	1,493,763
Public safety - police	6,293,793	6,299,133	6,638,958	6,368,279	6,079,383	5,775,558	7,431,276	7,614,945	6,733,773	5,001,446
Capital outlays	1,937,761	1,149,923	3,413,157	-	-	-	1,265,846	611,515	1,527,936	315,047
Debt service:										
Principal retirement	1,210,533	1,113,701	1,043,611	1,921,960	1,769,853	1,495,000	1,380,000	1,030,000	1,084,255	895,000
Interest and other charges	382,343	393,541	877,431	2,264,524	2,317,742	2,374,710	2,482,523	2,547,633	2,390,639	2,478,161
Total expenditures	\$ 21,909,965	\$ 21,443,783	\$ 23,626,341	\$ 26,687,262	\$ 25,874,279	\$ 23,111,908	\$ 23,512,253	\$ 23,787,309	\$ 24,050,954	\$ 18,564,262
Revenues over (under) expenditures	\$ (1,454,685)	\$ (1,222,894)	\$ (204,787)	\$ 88,727	\$ (785,129)	\$ 2,267,440	\$ 2,088,797	\$ 1,436,530	\$ 331,535	\$ 869,527
Other financing sources (uses):										
Proceeds from long-term debt	-	-	-	-	-	-	-	10,679,956	-	-
Transfers in	1,884,340	1,856,832	2,095,109	3,832,277	5,372,675	2,659,102	2,569,798	2,516,659	3,629,616	2,860,253
Transfers out	(1,634,138)	(1,614,479)	(1,903,961)	(3,629,924)	(6,459,864)	(2,506,828)	(2,404,713)	(2,516,659)	(4,449,441)	(2,344,586)
Total other financing sources (uses)	250,202	242,353	191,147	202,353	(1,087,188)	152,274	165,085	10,679,956	(819,825)	515,667
Special item	-	(5,394,363)	1,364,897	-	-	-	-	(10,404,400)	-	-
Net change in fund balances	\$ (1,204,483)	\$ (6,374,904)	\$ 1,351,256	\$ 291,081	\$ (1,872,317)	\$ 2,419,714	\$ 2,253,882	\$ 1,712,086	\$ (488,290)	\$ 1,385,194
Debt service as a percentage of noncapital expenditures	7.8%	7.4%	10.5%	18.6%	18.8%	20.1%	21.0%	18.3%	18.2%	22.7%

The City of Port Hueneme implemented GASB 34 for the fiscal year ended June 30, 2003. For comparison purposes, the City has elected to show the year beginning 2005.

Source: The Comprehensive Annual Financial Report.

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

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency (2)			Taxable Assessed Value	Total Direct Tax Rate
	Local Secured	Utility	Unsecured		Secured	Unsecured	Less: Exemptions		
2005	1,119,269	264	25,716	1,145,249	420,419	17,205	4,568	433,056	0.367%
2006	1,268,841	272	95,526	1,364,639	491,510	18,696	4,623	505,583	0.346%
2007	1,468,838	246	29,955	1,499,039	546,405	20,322	4,759	561,968	0.360%
2008	1,563,818	-	33,105	1,596,923	600,590	22,037	5,095	617,532	0.342%
2009	1,340,697	-	112,102	1,452,799	560,249	33,273	4,823	588,699	0.390%
2010	1,370,697	-	112,365	1,483,061	533,372	31,549	4,739	560,181	0.331%
2011	1,348,438	-	97,849	1,446,287	519,390	32,306	4,439	547,258	0.331%
2012	1,334,119	-	95,190	1,429,309	-	-	-	-	0.087%
2013	1,288,257	-	112,999	1,401,256	-	-	-	-	0.090%
2014	1,312,093	-	114,592	1,426,685	-	-	-	-	0.088%

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

(1) No collection data for this year

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

Source: Ventura County Auditor-Controller's Office

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
City Direct Rates:				
City Basic Rate	0.6873	0.6873	0.0691	0.3039
Redevelopment Agency	0.0000	0.0000	0.0179	0.0251
Total City Direct Rate	0.6873	0.6873	0.0870	0.3290
Overlapping Rates:				
Port Hueneme Elementary	0.0483	0.0488	0.0493	0.0457
Oxnard Elementary	0.0811	0.0851	0.0937	0.0969
Oxnard Elementary #2	0.0241	0.0000	0.0000	0.0000
Elementary School Bond Oxnard #3	0.0211	0.0000	0.0000	0.0000
Oxnard High School	0.0325	0.0199	0.0174	0.0282
Ventura Community College Board	0.0167	0.0191	0.0140	0.0151
United Water Cons Import	0.0171	0.0072	0.0142	0.0214
Metropolitan Water	0.0035	0.0035	0.0037	0.0037
City of Port Hueneme	1.0000	1.0000	1.0000	1.0000
	0.7084			
Total Direct Rate	1.7119	1.8709	1.2792	1.5400

Source: Ventura County Assessor

2010	2009	2008	2007	2006	2005
0.0462	0.4667	0.4551	0.4577	0.4458	0.4426
0.0118	0.0290	0.0079	0.0069	0.0109	0.0295
0.0580	0.4957	0.4630	0.4647	0.4567	0.4721
0.0448	0.0379	0.0368	0.0353	0.0459	0.0252
0.0245	0.0221	0.0269	0.0286	0.0352	0.0391
0.0412	0.0364	0.0302	0.0323	0.0339	0.0472
0.0324	0.0287	0.0256	0.0000	0.0000	0.0000
0.0109	0.0100	0.0098	0.0107	0.0122	0.0145
0.0139	0.0152	0.0050	0.0127	0.0130	0.0130
0.0075	0.0247	0.0034	0.0022	0.0057	0.0237
0.0043	0.0043	0.0045	0.0047	0.0052	0.0058
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.2374	1.6749	1.6052	1.5912	1.6078	1.6406

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

Taxpayer	2014		2005	
	Taxable Assessed Value ⁽¹⁾	Percent of Total City Taxable Assessed Value ⁽²⁾	Taxable Assessed Value ⁽³⁾	Percent of Total City Taxable Assessed Value ⁽⁴⁾
F Oliveira Ranch Company	\$ 48,461,728	3.69%	\$ 33,369,290	3.00%
Jesco LLC	23,785,822	1.81%	20,601,072	1.85%
BMW Of North America, LLC	11,800,000	0.90%	-	0.00%
Wallenius Wilhelemsen Logistics	10,257,488	0.78%	-	0.00%
Del Monte Fresh Produce	9,585,400	0.73%	8,704,908	0.00%
Cheng Hsin Investment Inc	9,015,600	0.69%	-	0.00%
Seaview Apartments LLC	8,284,704	0.63%	7,007,632	0.00%
Yara North America Inc	7,116,100	0.54%	-	0.00%
NYKCOOL USA, Inc	6,964,600	0.53%	-	0.00%
939 X Serano Av LLC	6,788,769	0.52%	-	0.00%
	<u>\$ 142,060,211</u>	<u>10.83%</u>	<u>\$ 69,682,902</u>	<u>4.85%</u>

(1) Source: Ventura County Assessor's Office

(2) 2013-14 Local Secured Assessed Valuation: \$1,312,093,000

(3) Source: Ventura County Assessor's Office

(4) 2004-2005 Local Secured Assessed Valuation: \$1,113,913,201

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years (2)	Total Collections To-Date	
		Amount	Percent of Levy		Amount (2)	Percent of Levy
2005	5,878,805	5,784,333	98.39%	2,325	5,786,658	98.43%
2006	6,770,115	6,466,161	95.51%	-	6,466,161	95.51%
2007	7,868,162	7,417,488	94.27%	-	7,417,488	94.27%
2008	8,268,273	7,565,534	91.50%	2,061	7,567,595	91.53%
2009	8,380,003	7,971,239	95.12%	-	7,971,239	95.12%
2010	7,231,840	6,755,314	93.41%	2,481	6,757,795	93.45%
2011	6,834,607	6,590,246	96.42%	-	6,590,246	96.42%
2012	0	1,288,257	96.77%	2,165	1,248,826	96.94%
2013	1,401,256	1,261,950	90.06%	\$ 2,495	1,264,445	90.24%
2014	1,425,075	1,257,895	88.27%	\$ 2,240	1,260,135	88.43%

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 Wastewater Revenue Bonds
	Certificates of Participation	Tax Allocation Bonds	Capital Lease Pension Oblig Bonds		
2005	4,540,000	21,415,000	-	25,955,000	-
2006	4,325,000	20,655,000	294,110	25,274,110	-
2007	4,095,000	19,855,000	228,990	24,178,990	5,270,000
2008	3,850,000	19,010,000	10,551,383	33,411,383	5,185,000
2009	3,590,000	18,125,000	10,256,725	31,971,725	5,095,000
2010	3,315,000	17,195,000	9,475,103	29,985,103	5,000,000
2011	3,025,000	16,220,000	8,832,678	28,077,678	4,900,000
2012	0	2,720,000	15,190,000	8,094,067	4,800,000
2013	2,395,000	14,105,000	9,530,355	26,030,355	4,695,000
2014	2,050,000	12,960,000	8,963,808	23,973,808	4,585,000

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

Source: The Comprehensive Annual Financial Report.

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

<u>Other Activities</u>	<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>
<u>Other Funds</u>	<u>Seaview Apartments</u>	<u>Total Business-Type Activities</u>			
705,357	-	705,357	26,660,357	3.08%	1191
646,771	-	646,771	25,920,881	2.79%	1158
585,807	-	5,855,807	30,034,797	3.08%	1401
522,367	-	5,707,367	39,118,750	4.02%	1762
456,352	-	5,551,352	37,523,077	3.85%	1684
387,656	-	5,387,656	35,372,759	6.93%	1597
316,171	-	5,216,171	33,293,849	7.07%	1521
241,782	-	5,041,782	31,045,849	6.38%	1432
164,374	-	4,859,374	30,889,729	6.08%	1403
83,822	-	4,668,822	28,642,630	5.66%	1279

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total	Total Taxable Assessed Value	Percent of Assessed Value (1)	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Pension Bonds				
2005	4,540	21,415	-	25,955	1,578,305	0.00%	203
2006	4,325	20,655	-	24,980	1,870,222	0.00%	193
2007	4,095	19,855	-	23,950	2,061,007	0.00%	191
2008	3,850	19,010	-	22,860	2,214,455	0.00%	173
2009	3,590	18,125	-	21,715	2,041,498	0.00%	161
2010	3,315	17,195	10,040	30,550	2,043,243	0.49%	150
2011	3,025	16,220	9,475	28,720	1,993,545	0.48%	138
2012	2,720	15,190	8,818	26,728	1,429,309	0.62%	125
2013	2,395	14,105	9,530	26,030	1,401,256	0.68%	109
2014	2,050	12,960	8,964	23,974	1,426,685	0.63%	92

(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
Legal Debt Margin Information
Last Ten Fiscal Years**

Fiscal Year Ended June 30	(2) Assessed Valuation	Conversion Percentage	Adjusted Assessed Valuation	Debt Limit Percentage	(1) Total Net Debt Applicable to Limit:		Total Debt Applicable to the Limit as a Percentage of Debt Limit	
					Debt Limit	General Obli- gation Bonds		
2005	1,578,305,000	25%	394,576,250	15%	59,186,438	-	59,186,438	0%
2006	1,870,222,000	25%	467,555,500	15%	70,133,325	-	70,133,325	0%
2007	2,061,007,000	25%	515,251,750	15%	77,287,763	-	77,287,763	0%
2008	2,214,455,000	25%	553,613,750	15%	83,042,063	-	83,042,063	0%
2009	2,041,498,000	25%	510,374,500	15%	76,556,175	-	76,556,175	0%
2010	2,043,242,555	25%	510,810,639	15%	76,621,596	-	76,621,596	0%
2011	1,993,544,974	25%	498,386,244	15%	74,757,937	-	74,757,937	0%
2012	0	0	357,327,237	15%	53,599,086	-	53,599,086	0%
2013	1,401,256,000	25%	350,314,000	15%	52,547,100	-	52,547,100	0%
2014	1,426,685,000	25%	356,671,250	15%	53,500,688	-	53,500,688	0%

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	Debt Service Interest		
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	1.89
2008	3,728,152	3,375,604	352,548	85,000	233,373	1.11	1.11
2009	3,230,222	3,103,723	126,499	90,000	224,364	0.40	0.40
2010	3,511,342	3,065,671	445,671	95,000	217,464	1.43	1.43
2011	3,902,867	3,120,407	782,460	100,000	213,564	2.50	2.50
2012	0	3,316,609	299,848	100,000	264,549	0.82	0.82
2013	3,649,468	2,921,935	727,533	105,000	270,805	1.94	1.94
2014	3,750,154	2,844,702	905,452	110,000	247,984	2.53	2.53

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

Source: Finance Department, City of Port Hueneme

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

Calendar Year	Population (1) (2)	Personal Income (in thousands) (4)	Per Capita Personal Income (1)	Unemployment Rate (3)
2005	22,388	864,209	38,601	5.4%
2006	22,388	928,196	41,460	4.6%
2007	21,437	974,062	45,438	4.8%
2008	22,202	973,486	43,847	5.8%
2009	22,283	973,669	43,696	9.1%
2010	22,152	510,722	23,055	11.7%
2011	21,887	470,986	21,519	12.6%
2012	21,682	486,436	22,435	11.8%
2013	22,024	507,962	23,064	8.2%
2014	22,399	505,657	22,575	7.3%

(1) Source: Decennial census data

(2) Source: State Department of Finance

(3) Source: California Employment Development Department

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

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

Function	Full-Time (FTE) Employees as of June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government	1	1	1	1	1	1	1	-	-	-
City Administration	10	8	8	4	4	4	4	5	5	5
Finance	10	9	10	9	9	9	10	9	9	10
Community Development	9	9	10	10	10	10	9	9	12	12
Recreation and Community Services	20	20	20	20	20	20	20	20	36	36
Public safety - police	32	37	36	35	36	36	37	40	54	54
Housing Authority	5	7	11	9	11	11	12	12	12	12
Public Works	30	50	51	45	51	54	55	58	59	59
	35									
Total	152	141	147	133	142	145	148	153	187	188

Source: City Budget Documents

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

Employer (1)	2014	
	Number of Employees	Percent of Total Employment (2)
Naval Base Ventura County	19,000	87.63%
Hueneme School District	700	3.23%
PAC Foundries	229	1.06%
International Longshoremen's	151	0.70%
Pride Industries	140	0.65%

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

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

Source: State of California Employment Development Department

City of Port Hueneme
Investment Portfolio Statistics
Last Ten Fiscal Years

Year ended June 30,	City	
	Average Portfolio	Average Effective Rate of Return
2005	40,563,346	3.18%
2006	41,131,226	4.38%
2007	45,866,487	5.28%
2008	46,509,671	3.83%
2009	47,510,157	1.94%
2010	41,447,447	1.94%
2011	41,525,703	1.34%
2012	44,121,112	0.72%
2013	39,356,713	0.59%
2014	41,793,583	0.63%

Source: Finance Department, City of Port Hueneme

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

	Fiscal Years									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police:										
Arrests	751	789	697	745	869	599	969	846	772	868
Parking citations issued	10321	10618	8094	8209	8848	10,560	8,609	12,297	9,077	8,853
Public works:										
Street resurfacing (lane miles)	1.7	1.7	1.7	1.7	1.7	1.7	3.7	1.2	1.4	0.4
Parks and recreation:										
Number of recreation classes	24	24	28	30	32	33	34	26	33	29
Number of facility rentals per event	120	120	119	128	122	140	117	201	211	239
Number of park rental reservations per attendees (in thousands)	5	5	4	5	7	4	5	4	4	12
Water:										
Total system connections	5897	5747	5747	5312	5665	5,462	5,246	5,157	5,189	5,168
Average daily consumption (million gallons per day)	120	2.41	2.41	2.45	2.42	2.48	2.63	2.87	2.60	2.48
Wastewater:										
Total system connections	4972	4822	4822	4781	5157	5,126	5,081	4,992	5,027	5,008
Average daily sewage treatment (million gallons per day)	2.50	2.50	2.50	2.60	2.96	2.64	2.98	3.09	2.85	2.74
Refuse:										
Number of customers	5023	4873	4873	4160	3828	4161	4132	3906	3920	3911
Average daily collection (tonnage)	49.76	49.76	45.45	47.93	45.21	48.98	55.68	59.53	63.40	69.98

Source: City of Port Hueneme

** Data not available

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

	Fiscal Years									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Street (miles)	75	75	75	75	75	75	75	75	75	75
Streetlights	118	118	118	118	118	118	118	118	118	118
Traffic signals	10	10	10	10	10	10	10	10	10	10
Parks and recreation:										
Parks	5	5	5	5	5	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	100	100	100	100	100	100	100	100	100	100
Maximum daily capacity (million gallons per day)	5	10	10	10	10	10	10	10	10	10
Wastewater:										
Sanitary sewers (miles)	45	45	45	45	45	45	45	45	45	41
Storm sewers (miles)	22	22	22	22	22	22	22	22	22	20
Maximum daily treatment capacity (million gallons per day)	5	5	5	5	5	5	5	5	5	5

Source: City of Port Hueneme

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

Fiscal Year Ended June 30	Wastewater Volume Rates Per Hundred Cubic Feet (HCF)						
	Residential Single Family	Residential Multi- Family	Standard Strength	Med-High Strength	Commercial High Strength	Schools	Schools
2014	36.00	36.00	2.71	4.20	5.40	2.40	2.40
2013	34.00	34.00	2.56	3.97	5.10	2.27	2.27
2012	31.00	31.00	2.33	3.62	4.65	2.07	2.07
2011	28.00	28.00	2.10	3.27	4.20	1.87	1.87
2010	24.00	24.00	1.80	2.80	3.60	1.60	1.60
2009	20.75	20.75	1.46	2.72	0.50	1.57	1.57
2008	20.75	20.75	1.40	2.60	0.48	1.50	1.50

NOTE:

1 HCF = 748 gallons

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

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

Source: Port Hueneme Wastewater Division

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

Wastewater Customer	2014		2008 ⁽¹⁾	
	Wastewater Charges	Percent of Total Wastewater Revenues	Wastewater Charges	Percent of Total Wastewater Revenues
Naval Base Ventura County	\$ 167,121	5.04%	\$ 815,909	24.90%
Tricast, Inc	14,221	0.43%	8,845	0.27%
Oxnard Harbor District	205,576	6.20%	1,742	0.05%
	<u>\$ 386,918</u>	<u>11.67%</u>	<u>\$ 826,496</u>	<u>25.22%</u>

(1) 2006 was the first year of Wa: 0

Source: Port Hueneme Wastewater Division Division