



*Oxnard Harbor District*  
**Annual Financial Report**  
**June 30, 2009 and 2008**





The Port of Hueneme is the only deep water harbor between Los Angeles and the San Francisco Bay area and is the U.S. Port of Entry for California's Central Coast region. It serves international businesses and ocean carriers from the Pacific Rim and Europe. The Port of Hueneme ranks among the top seaports in California for general cargo throughput. The niche markets that Hueneme serves include the import and export of automobiles and fresh produce. The Port of Hueneme ranks among the top ten ports in the country for automobile and banana imports. Its unique positioning near the Santa Barbara Channel has also made the Port of Hueneme the primary support facility for the offshore oil industry in California's Central Coast region.

### **Port of Hueneme - Oxnard Harbor District**

#### **Board of Harbor Commissioners as of June 30, 2009**

<b>Name</b>	<b>Title</b>	<b>Elected/ Appointed</b>	<b>Current Term</b>
Jesse Ramirez	President	Elected	1/09 - 1/13
Raymond E. Fosse	Vice-President	Elected	1/07 - 1/11
Michael A. Plisky	Secretary	Elected	1/07 - 1/11
Jess Herrera	Commissioner	Elected	1/07 - 1/11
Dr. Manuel Lopez	Commissioner	Elected	1/09 - 1/13

**Anthony J. Taormina, Executive Director  
Oxnard Harbor District  
333 Ponomo Street  
Port Hueneme, California 93041  
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**Port of Hueneme  
Oxnard Harbor District**

**Annual Financial Report**

**For the Year Ended June 30, 2009 and 2008**

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# **Financial Section**





# Charles Z. Fedak & Company

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## Independent Auditor's Report

Board of Harbor Commissioners  
Oxnard Harbor District  
Port Hueneme, California

We have audited the accompanying financial statements of the Oxnard Harbor District (District) as of and for the years ended June 30, 2009 and 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Oxnard Harbor District as of June 30, 2009 and 2008, and the respective changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 24, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. This report can be found on page 37.

Management's Discussion and Analysis on pages 2 through 6 and the Required Supplementary Information on page 28 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplemental information on pages 33 through 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

August 24, 2009  
Cypress, California

*Charles Z. Fedak, CPA*  
An Accountancy Corporation

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**Oxnard Harbor District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2009 and 2008**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Oxnard Harbor District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2009 and 2008. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- The District's net assets decreased 0.4% or \$238,127 from \$54,084,186 to \$53,846,059 in fiscal year 2009 as a result of this year's operations. In fiscal year 2008, the District's net assets increased 2.3% or \$1,224,317 from \$52,859,869 to \$54,084,186 as a result of that year's operations.
- In 2009, the District's operating revenues decreased by 13.9% or \$1,622,561 due primarily to a decrease in vessel services and other operating revenues. In 2008, the District's operating revenues decreased by 0.3% or \$39,636 due primarily to a decrease in vessel services and other operating revenues.
- In 2009, the District's operating expenses decreased by 1.7% or \$129,150 due to a combination of increases in salaries and benefits of \$184,530 and decreases in governmental contractual agreements of \$242,675 and facilities and maintenance expense of \$225,617. In 2008, the District's operating expenses increased by 7.3% or \$520,306 due primarily to increases in salaries, benefits, contract services, facilities and maintenance and insurance.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Assets includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate fiscal stability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, non-capital financing, capital and related financing and investing activities.

**Financial Analysis of the District**

One of the most important questions asked about the District's finances is, "Is the District better or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**Oxnard Harbor District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2009 and 2008**

**Financial Analysis of the District, continued**

These two statements report the District's *net assets* and changes in them. One can think of the District's net assets – the difference between assets and liabilities – as a way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, new or changed government legislation and opportunities to attract new customers to the port.

**Statement of Net Assets**

<b>Condensed Statement of Net Assets</b>			
	<b>2009</b>	<b>2008</b>	<b>Change</b>
<b>Assets:</b>			
Current assets	\$ 8,178,957	13,604,446	(5,425,489)
Non-current assets	10,126,633	10,839,663	(713,030)
Capital assets, net	68,561,055	66,040,533	2,520,522
<b>Total assets</b>	<b>86,866,645</b>	<b>90,484,642</b>	<b>(3,617,997)</b>
<b>Liabilities:</b>			
Current liabilities	2,746,713	5,185,464	(2,438,751)
Non-current liabilities	30,273,873	31,214,992	(941,119)
<b>Total liabilities</b>	<b>33,020,586</b>	<b>36,400,456</b>	<b>(3,379,870)</b>
<b>Net assets:</b>			
Net investment in capital assets	39,721,055	34,210,533	5,510,522
Restricted	7,894,856	8,024,813	(129,957)
Unrestricted	6,230,148	11,848,840	(5,618,692)
<b>Total net assets</b>	<b>\$ 53,846,059</b>	<b>54,084,186</b>	<b>(238,127)</b>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$53,846,059 and \$54,084,186 as of June 30, 2009 and 2008, respectively.

A large portion of the District's net assets (74% as of June 30, 2009 and 64% as of June 30, 2008) reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide dockage and wharfage facilities and other services to customers of the District; consequently, these assets are *not* available for future spending.

At the end of fiscal years 2009 and 2008, the District shows a balance in its unrestricted net assets of \$6,230,148 and \$11,848,840, respectively. See note 11 for the amount of spendable net assets that may be utilized in future years.

**Oxnard Harbor District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2009 and 2008**

**Statement of Revenues, Expenses and Changes in Net Assets**

**Condensed Statement of Revenues, Expenses and Changes in Net Assets**

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 10,015,332	11,637,893	(1,622,561)
Non-operating revenues	638,095	1,312,070	(673,975)
<b>Total revenues</b>	<u>10,653,427</u>	<u>12,949,963</u>	<u>(2,296,536)</u>
Expenses:			
Operating expenses	7,510,687	7,639,837	(129,150)
Depreciation and amortization	2,701,143	2,632,521	68,622
Non-operating expenses	1,792,626	1,740,163	52,463
<b>Total expenses</b>	<u>12,004,456</u>	<u>12,012,521</u>	<u>(8,065)</u>
<b>Net income before capital contributions</b>	(1,351,029)	937,442	(2,288,471)
Capital contributions	1,112,902	286,875	826,027
<b>Change in net assets</b>	(238,127)	1,224,317	(1,462,444)
<b>Net assets, beginning of year</b>	<u>54,084,186</u>	<u>52,859,869</u>	<u>1,224,317</u>
<b>Net assets, end of year</b>	<u>\$ 53,846,059</u>	<u>54,084,186</u>	<u>(238,127)</u>

The statement of revenues, expenses and changes in net assets shows how the District's net assets changed during the fiscal years. Net assets decreased by (\$238,127) and increased by \$1,224,317 for the fiscal years ended June 30, 2009 and 2008, respectively.

A closer examination of the sources of changes in net assets reveals that:

In 2009, the District's operating revenues decreased by 13.9% or \$1,622,561 due primarily to a decrease in vessel services and other operating revenues. In 2008, the District's operating revenues decreased by 0.3% or \$39,636 due primarily to a decrease in vessel services and other operating revenues.

In 2009, the District's operating expenses decreased by 1.7% or \$129,150 due primarily to an increase in salaries and benefits of \$184,530 and decreases in governmental contractual agreements of \$242,675 and facilities and maintenance expense of \$225,617. In 2008, the District's operating expenses increased by 7.3% or \$520,306 due primarily to increases in salaries, benefits, contract services, facilities and maintenance and insurance.

**Capital Asset Administration**

The changes in capital assets of the District are summarized below and more fully analyzed in Note 5 to the basic financial statements.

Changes in capital assets for fiscal year 2009 were as follows:

	<u>Balance 2008</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2009</u>
Non-depreciable assets	\$ 20,470,570	5,221,665	(344,964)	25,347,271
Depreciable assets	79,008,903	344,964	-	79,353,867
Accumulated depreciation	(33,438,940)	(2,701,143)	-	(36,140,083)
Total capital assets, net	<u>\$ 66,040,533</u>	<u>2,865,486</u>	<u>(344,964)</u>	<u>68,561,055</u>

**Oxnard Harbor District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2009 and 2008**

**Capital Asset Administration, continued**

Changes in capital assets for fiscal year 2008 were as follows:

	<u>Balance 2007</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2008</u>
Non-depreciable assets	\$ 14,858,035	10,426,425	(4,813,890)	20,470,570
Depreciable assets	73,957,540	5,051,363	-	79,008,903
Accumulated depreciation	<u>(30,806,418)</u>	<u>(2,632,522)</u>	<u>-</u>	<u>(33,438,940)</u>
Total capital assets, net	<u>\$ 58,009,157</u>	<u>12,845,266</u>	<u>(4,813,890)</u>	<u>66,040,533</u>

At the end of fiscal year 2009, the District's investment in capital assets amounted to \$68,561,055 (net of accumulated depreciation). Major capital asset additions during the year included \$4,474,065 for the maintenance dredging project, \$324,354 for security system upgrades, \$294,154 for land improvements, \$78,281 for the deep draft navigation project and \$50,810 for computer equipment.

At the end of fiscal year 2008, the District's investment in capital assets amounted to \$66,040,533 (net of accumulated depreciation). Major capital asset additions during the year included \$5,755,443 for land, \$4,367,281 for the waterfront access/shoreline protection project, \$107,565 for plastic pilings and fenders, and \$433,609 for security system upgrades.

**Debt Administration**

The long-term debt position of the District is summarized below and more fully analyzed in Note 9 to the basic financial statements.

Changes in long-term debt amounts for the year were as follows:

	<u>Balance 2008</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2009</u>
Long-term debt:				
Revenue bonds – Series 1999	\$ 10,820,000	-	-	10,820,000
Revenue bonds – Refunding Series 2000	8,640,000	-	(2,035,000)	6,605,000
Revenue bonds – Series 2004 A	5,570,000	-	(955,000)	4,615,000
Revenue bonds – Series 2004 B	<u>6,800,000</u>	<u>-</u>	<u>-</u>	<u>6,800,000</u>
Total long-term debt	<u>\$ 31,830,000</u>	<u>-</u>	<u>(2,990,000)</u>	<u>28,840,000</u>
Less current portion	<u>(1,460,000)</u>			<u>-</u>
Non-current portion	<u>\$ 30,370,000</u>			<u>28,840,000</u>
	<u>Balance 2007</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2008</u>
Long-term debt:				
Revenue bonds – Series 1999	\$ 10,820,000	-	-	10,820,000
Revenue bonds – Refunding Series 2000	9,550,000	-	(910,000)	8,640,000
Revenue bonds – Series 2004 A	6,055,000	-	(485,000)	5,570,000
Revenue bonds – Series 2004 B	<u>6,800,000</u>	<u>-</u>	<u>-</u>	<u>6,800,000</u>
Total long-term debt	<u>\$ 33,225,000</u>	<u>-</u>	<u>(1,395,000)</u>	<u>31,830,000</u>
Less current portion	<u>(1,335,000)</u>			<u>(1,460,000)</u>
Non-current portion	<u>\$ 31,890,000</u>			<u>30,370,000</u>

**Oxnard Harbor District**  
*Management's Discussion and Analysis*  
**For the Years Ended June 30, 2009 and 2008**

**Debt Administration, continued**

Long-term debt decreased by \$2,990,000 for the fiscal year ended June 30, 2009 due to principal payments made toward paying-down the District's 2000 Series Revenue Bonds and 2004 A Series Revenue Bonds. Long-term debt decreased by \$1,395,000 for the fiscal year ended June 30, 2008 due to principal payments made toward paying-down the District's 2000 Series Revenue Bonds and 2004 A Series Revenue Bonds.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 11 through 32.

**Economic Conditions**

During the fiscal year ending June 30, 2009, the District experienced a significant decrease in the amount of cargo imported and exported through the Port. Overall revenue tonnage handled decreased by 11.7% primarily due to a 37% decrease in the number of automobiles imported and exported. This decrease is reflective of the overall down-turn in the global economy. The demand for new automobiles has been adversely impacted due to economic uncertainty.

The District expects that as the general economy rebounds the demand for new automobiles will increase as well. The District is actively seeking out new types of cargos and customers to diversify its current lines-of-business.

**Requests for Information**

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Executive Director at 333 Ponomo Street, Port Hueneme, CA 93041.

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# **Basic Financial Statements**

**Oxnard Harbor District**  
**Statements of Net Assets**  
**June 30, 2009 and 2008**

<i>Assets</i>	<b>2009</b>	<b>2008</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 3,903,178	8,503,174
Restricted – cash and cash equivalents (note 2)	1,817,090	2,471,959
Accrued interest receivable	19,533	96,214
Restricted – accrued interest receivable	54,836	54,467
Accounts receivable – harbor operations, net (note 3)	1,080,349	1,571,370
Grants receivable	471,387	-
Accounts receivable – other	86,087	146,600
Prepaid expenses and other assets	746,497	760,662
Total current assets	<u>8,178,957</u>	<u>13,604,446</u>
<b>Non-current assets:</b>		
Investments (note 2)	848,625	1,919,690
Restricted – investments (note 2)	6,701,367	6,237,126
Deposit – City of Port Hueneme (note 18)	16,751	38,891
World Trade Center license (note 7)	51,000	51,000
Membership in Ventura County Railway Co., LLC (note 6)	2,000,000	2,000,000
Deferred charges, net (note 8)	508,890	592,956
Capital assets, not being depreciated (note 5)	25,347,271	20,470,570
Depreciable capital assets, net (note 5)	43,213,784	45,569,963
Total non-current assets	<u>78,687,688</u>	<u>76,880,196</u>
<b>Total assets</b>	<u>\$ 86,866,645</u>	<u>90,484,642</u>
<b><i>Liabilities and Net Assets</i></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 379,513	544,746
Accrued revenue sharing payables (note 18)	1,379,682	2,152,038
Accrued salaries and benefits	97,675	88,848
Customer deposits and deferred revenue	79,506	80,760
Accrued interest payable	678,437	738,739
Long-term liabilities – due within one year:		
Compensated absences (note 10)	131,900	120,333
Revenue bonds payable (note 9)	-	1,460,000
Total current liabilities	<u>2,746,713</u>	<u>5,185,464</u>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (note 10)	395,900	360,995
Other post-employment benefits payable (note 14)	1,037,973	483,997
Revenue bonds payable (note 9)	28,840,000	30,370,000
Total non-current liabilities	<u>30,273,873</u>	<u>31,214,992</u>
<b>Total liabilities</b>	<u>33,020,586</u>	<u>36,400,456</u>
<b>Net assets: (note 11)</b>		
Net investment in capital assets	39,721,055	34,210,533
Restricted for construction projects and debt service	7,894,856	8,024,813
Unrestricted	6,230,148	11,848,840
<b>Total net assets</b>	<u>53,846,059</u>	<u>54,084,186</u>
<b>Total liabilities and net assets</b>	<u>\$ 86,866,645</u>	<u>90,484,642</u>

See accompanying notes to the basic financial statements

**Oxnard Harbor District**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**For the Year Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Vessel services – ocean freight:		
Dockage	\$ 867,608	1,094,674
Wharfage, net of revenue sharing (note 18)	6,469,641	7,919,160
Wharf storage	432,652	362,872
Vessel services – offshore oil:		
Dockage	233,529	223,120
Wharfage	454,502	387,923
Rental revenue:		
Land	752,367	782,508
Buildings and warehouses	590,932	327,318
Other operating revenue:		
Utilities provided	33,810	329,096
Water sales and hose rental	76,740	87,637
Wharfage – fish and water	68,454	80,078
Sportfishing	12,856	19,619
Other – moorings, permits and fees	22,241	23,888
Total operating revenues	<u>10,015,332</u>	<u>11,637,893</u>
Operating expenses:		
Salaries and benefits	4,292,580	4,108,050
Governmental contractual agreements	1,081,298	1,323,973
Security	209,259	128,309
Facilities and maintenance	553,292	778,909
Professional and legal	316,492	273,097
Materials and services	19,371	20,184
Port promotion	280,374	310,561
Insurance	758,021	696,754
Total operating expenses	<u>7,510,687</u>	<u>7,639,837</u>
Operating income before depreciation and amortization	2,504,645	3,998,056
Depreciation and amortization	<u>(2,701,143)</u>	<u>(2,632,521)</u>
<b>Operating income(loss)</b>	<u>(196,498)</u>	<u>1,365,535</u>
Non-operating revenues (expenses):		
Investment income	250,941	895,342
Interest expense	(1,708,560)	(1,648,562)
Amortization of deferred charges	(84,066)	(91,601)
Other revenue, net	387,154	416,728
Total non-operating revenues, net	<u>(1,154,531)</u>	<u>(428,093)</u>
<b>Net income(loss) before capital contributions</b>	<u>(1,351,029)</u>	<u>937,442</u>
Capital contributions:		
Federal capital grants	180,170	-
State capital grants	471,387	-
City of Port Hueneme capital reimbursement	461,345	286,875
Total capital contributions	<u>1,112,902</u>	<u>286,875</u>
<b>Change in net assets</b>	<u>(238,127)</u>	<u>1,224,317</u>
Net assets, beginning of year	<u>54,084,186</u>	<u>52,859,869</u>
Net assets, end of year	<u>\$ 53,846,059</u>	<u>54,084,186</u>

See accompanying notes to the basic financial statements

**Oxnard Harbor District**  
**Statements of Cash Flows**  
**For the Year Ended June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
Cash flows from operating activities:		
Cash receipts from customers for harbor operations	\$ 10,566,866	11,536,563
Cash paid to employees for salaries and wages	(2,439,315)	(2,337,942)
Cash paid to vendors and suppliers for materials and services	(5,364,635)	(4,363,298)
Net cash provided by operating activities	2,762,916	4,835,323
Cash flows from non-capital financing activities:		
Other revenue, net	387,154	414,208
Net cash provided by non-capital financing activities	387,154	414,208
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,221,665)	(10,663,898)
Proceeds from capital contributions	641,515	286,875
Principal paid on revenue bonds	(2,990,000)	(1,395,000)
Interest paid on revenue bonds	(1,768,862)	(1,676,047)
Net cash used by capital and related financing activities	(9,339,012)	(13,448,070)
Cash flows from investing activities:		
Purchase of investments	(11,066,224)	(8,156,815)
Proceeds from sale of investments	11,673,048	13,196,787
Proceeds from interest and investment earnings	327,253	986,851
Net cash provided by investing activities	934,077	6,026,823
Net decrease in cash and cash equivalents	(5,254,865)	(2,171,716)
Cash and cash equivalents, beginning of year	10,975,133	13,146,849
Cash and cash equivalents, end of year	\$ 5,720,268	10,975,133
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 3,903,178	8,503,174
Restricted assets – cash and cash equivalents	1,817,090	2,471,959
Total cash and cash equivalents	\$ 5,720,268	10,975,133

Continued on next page

See accompanying notes to the basic financial statements

**Oxnard Harbor District**  
**Statements of Cash Flows, continued**  
**For the Year Ended June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
Reconciliation of operating income(loss) to net cash provided by operating activities:		
Operating income(loss)	\$ (196,498)	1,365,535
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Deprecation and amortization	2,701,143	2,632,521
Changes in assets – (increase)decrease:		
Accounts receivable – harbor operations, net	491,021	45,270
Accounts receivable – other	60,513	(146,600)
Prepaid expenses and other assets	14,165	1,827
Deposit – City of Port Hueneme	22,140	22,140
Changes in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(165,233)	229,017
Accrued revenue sharing payables	(772,356)	167,741
Accrued salaries and benefits	8,827	3,110
Customer deposits and deferred revenue	(1,254)	10,344
Compensated absences	46,472	45,421
Post-employment benefits payable	553,976	458,997
Total adjustments	2,959,414	3,469,788
Net cash provided by operating activities	\$ 2,762,916	4,835,323

See accompanying notes to the basic financial statements

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements*  
**June 30, 2009 and 2008**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The Oxnard Harbor District (District), a special district of the State of California, was created in 1937 under authority of an act of the legislature of the State of California which provides for the formation of harbor districts. The District is under the control of an elected five-member Board of Harbor Commissioners and is administered by an Executive Director. The District is empowered to acquire, construct, own, operate, control or develop any and all harbor works or facilities within or outside the established boundaries of the District. The commercial Port of Hueneme (Port) is owned and administered by the District. The District prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations. The District has not levied a tax on the public since 1978.

The District operates as principal landlord for the purpose of assigning or leasing Port facilities and land areas. The District's principal sources of revenue are from vessel services under tariffs and contracts (dockage and wharfage) and rentals of land and facilities. Capital construction is financed through operations and revenue bond debt proceeds. Daily operation of Port facilities and regular maintenance are performed by the District's regular work force. Generally, major maintenance and new construction projects are awarded by bid to commercial contractors. As a non-operating port, cargo handling is the responsibility of commercial contractors as permitted by the Board of Harbor Commissioners.

**B. Basis of Accounting and Measurement Focus**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses are generated and incurred through the cargo activities performed by the District's customers; operating expenses include the maintenance of the facilities and infrastructure, security, port promotion and service contracts and environmental mitigation with the City of Port Hueneme. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

The District has elected under GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

**C. Financial Reporting**

The District's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB No. 34 and its related GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net assets replaces the balance sheet and reports assets, liabilities, and the difference between them as net assets, not equity. A statement of revenues, expenses and changes in net assets replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB No. 34 also requires that the statement of cash flows be prepared using the direct method.

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Financial Reporting, continued**

Under GASB No. 34, enterprise funds, such as the District, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The District has elected not to follow FASB standards.

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

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with an original maturity of three months or less to be a cash equivalent.

**3. Investments**

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

**4. Accounts Receivable**

The District extends credit to customers in the normal course of operations. As of June 30, 2009 and 2008, the District has recorded an allowance for doubtful accounts of \$25,883 and \$30,000 respectively.

**5. Prepaid Expenses**

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**6. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Wharves and docks – 3 to 40 years
- Land improvements – 3 to 40 years
- Buildings and buildings improvements – 3 to 30 years
- Equipment – 3 to 10 years

**7. Restricted Assets**

Restricted assets are cash and cash equivalents and investments whose use is limited by legal and debt covenant requirements such as debt payment, reserve balance maintenance and accrued interest on bonds.

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

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

**8. Deferred Charges**

The deferred charges are related to the bond issuance costs that will be amortized over the remaining life of the respective debt service.

**9. Compensated Absences**

The District's personnel policies provide for accumulation of vacation and sick leave (employee benefits). Liabilities for vacation leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination. Partial cash payment for accrued sick leave is available upon retirement or termination if certain criteria are met.

**10. Net Assets**

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

- **Net Investment in Capital Assets** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- **Restricted Net Assets** – This component of net assets consists of assets subject to external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets** – This component of net assets consists of net assets that do not meet the definition of *restricted* or *net investment in capital assets*.

**11. Capital Contributions**

Capital contributions represent cash and capital asset additions contributed to the District by outside parties.

**12. Budgetary Policies**

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(2) Cash and Investments**

Cash and investments as of June 30, are classified in the accompanying financial statements as follows:

	<b>2009</b>	<b>2008</b>
Cash and cash equivalents	\$ 3,903,178	8,503,174
Restricted – cash and cash equivalents	1,817,090	2,471,959
Investments	848,625	1,919,690
Restricted – investments	6,701,367	6,237,126
Total cash and investments	\$ 13,270,260	19,131,949

Cash and investments as of June 30, consist of the following:

	<b>2009</b>	<b>2008</b>
Cash on hand	\$ 300	300
Deposits with financial institutions	1,472,634	2,390,670
Investments	11,797,326	16,740,979
Total cash and investments	\$ 13,270,260	19,131,949

***Investments Authorized by the California Government Code and the District's Investment Policy***

The table below identifies the investment types that are authorized in accordance with the California Government Code or the District's investment policy, where more restrictive. Additionally, certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk are discussed. This section also addresses investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in One Issuer</b>
State and local agency bonds	5 years	None	None
U.S. treasury obligations	5 years	None	None
U.S. agency securities	5 years	None	None
Banker's acceptances	270 days	40%	30%
Prime commercial paper	180 days	30%	10%
Negotiable certificates of deposit	5 years	30%	None
Medium-term notes	5 years	30%	None
Mortgage pass-through securities	5 years	20%	None
Mutual funds	5 years	20%	10%
Money market mutual funds	5 years	20%	20%
Collateralized bank deposits	5 years	None	None
County pooled investment funds	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(2) Cash and Investments, continued**

***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 counterparty (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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District'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 institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District has deposits with various banks with various bank balances as of June 30, 2009 and 2008, respectively. Of the bank balances, up to \$250,000 per bank for specific accounts are federally insured and the remaining balance should be collateralized in accordance with the Code; however, the collateralizing securities are not held in the District's name.

***Investment in State Investment Pool***

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

***Interest Rate Risk***

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 District 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 matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(2) Cash and Investments, continued**

Investments at June 30, 2009 consisted of the following:

Investment Type	Total	Remaining Maturity 12 Months Or Less
Certificates-of-deposit	\$ 848,625	848,625
Local Agency Investment Fund (LAIF)	3,281,731	3,281,731
Held by bond trustee:		
Money market funds	965,604	965,604
Federal Home Loan Bank (FHLB)	3,144,427	3,144,427
U.S. Treasury notes	3,556,939	3,556,939
Total	\$ 11,797,326	11,797,326

Investments at June 30, 2008 consisted of the following:

Investment Type	Total	Remaining Maturity 12 Months Or Less
Federal Home Loan Banks (FHLB)	\$ 1,312,507	1,312,507
Certificates-of-deposit	607,183	607,183
Local Agency Investment Fund (LAIF)	7,989,489	7,989,489
Held by bond trustee:		
Money market funds	594,674	594,674
Federal Home Loan Bank (FHLB)	2,704,832	2,704,832
U.S. Treasury notes	3,532,294	3,532,294
Total	\$ 16,740,979	16,740,979

***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 Code, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(2) Cash and Investments, continued**

Credit ratings of investments as of June 30, 2009, were as follows:

<u>Investment type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Exempt or Not Rated</u>
Certificate-of-deposits	\$ 848,625	N/A	848,625
Local Agency Investment Fund (LAIF)	3,281,731	N/A	3,281,731
Held by bond trustee:			
Money market funds	965,604	N/A	965,604
Federal Home Loan Bank (FHLB)	3,144,427	AAA	-
U.S. Treasury notes	3,556,939	N/A	3,556,939
Total	<u>\$ 11,797,326</u>		<u>8,652,899</u>

Credit ratings of investments as of June 30, 2008, were as follows:

<u>Investment type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Exempt or Not Rated</u>
Federal Home Loan Bank (FHLB)	\$ 1,312,507	AAA	-
Certificates-of-deposit	607,183	N/A	607,183
Local Agency Investment Fund (LAIF)	7,989,489	N/A	7,989,489
Held by bond trustee:			
Money market funds	594,674	N/A	594,674
Federal Home Loan Banks (FHLB)	2,704,832	AAA	-
U.S. Treasury notes	3,532,294	N/A	3,532,294
Total	<u>\$ 16,740,979</u>		<u>12,723,640</u>

**(3) Accounts Receivable – Harbor Operations, Net**

The balance at June 30, consists of the following:

	<u>2009</u>	<u>2008</u>
Accounts receivable - harbor operations	\$ 1,106,232	1,601,370
Allowance for uncollectable accounts	(25,883)	(30,000)
Accounts receivable - harbor operations, net	<u>\$ 1,080,349</u>	<u>1,571,370</u>

**(4) Restricted Assets**

Assets were restricted for the following purposes:

	<u>2009</u>	<u>2008</u>
Revenue bonds reserve funds	\$ 3,672,265	3,588,914
Revenue bonds debt service funds	1,024,899	1,074,805
Revenue bonds construction funds	1,471,184	999,901
Revenue bonds principal funds	1,587,316	1,505,543
Navy joint-use construction funds	817,629	1,594,389
Total	<u>\$ 8,573,293</u>	<u>8,763,552</u>

Reconciliation of restricted assets to the statement of financial position:

Restricted assets – cash and cash equivalents	\$ 1,817,090	2,471,959
Restricted assets – accrued interest receivable	54,836	54,467
Restricted assets – investments	6,701,367	6,237,126
Total restricted assets	<u>\$ 8,573,293</u>	<u>8,763,552</u>

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(5) Capital Assets**

Changes in capital assets for 2009 were as follows:

	<u>Balance 2008</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2009</u>
Non-depreciable assets:				
Land and easements	\$ 18,944,602	-	-	18,944,602
Construction-in-process	1,525,968	5,221,665	(344,964)	6,402,669
Total non-depreciable assets	<u>20,470,570</u>	<u>5,221,665</u>	<u>(344,964)</u>	<u>25,347,271</u>
Depreciable assets:				
Wharves and docks	26,472,365	-	-	26,472,365
Warehouses	25,534,231	-	-	25,534,231
Land improvements	21,932,120	294,154	-	22,226,274
Fuel tanks	1,055,322	-	-	1,055,322
Buildings	2,130,188	-	-	2,130,188
Building improvements	868,173	-	-	868,173
Vehicles and equipment	1,016,504	50,810	-	1,067,314
Total depreciable assets	<u>79,008,903</u>	<u>344,964</u>	<u>-</u>	<u>79,353,867</u>
Accumulated depreciation:				
Wharves and docks	(14,817,424)	(785,241)	-	(15,602,665)
Warehouses	(9,212,495)	(904,668)	-	(10,117,163)
Land improvements	(6,982,308)	(664,628)	-	(7,646,936)
Fuel tanks	(334,290)	(66,858)	-	(401,148)
Buildings	(1,264,272)	(79,998)	-	(1,344,270)
Building improvements	(411,953)	(51,453)	-	(463,406)
Vehicles and equipment	(416,198)	(148,297)	-	(564,495)
Total depreciation	<u>(33,438,940)</u>	<u>(2,701,143)</u>	<u>-</u>	<u>(36,140,083)</u>
Total depreciable assets, net	<u>45,569,963</u>	<u>(2,356,179)</u>	<u>-</u>	<u>43,213,784</u>
Total capital assets, net	<u>\$ 66,040,533</u>	<u>2,865,486</u>	<u>(344,964)</u>	<u>68,561,055</u>

Major capital asset additions during the year included \$4,474,065 for the maintenance dredging project, \$324,354 for security system upgrades, \$294,154 for land improvements, \$78,282 for the deep draft navigation project and \$50,810 for computer equipment.

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(5) Capital Assets, continued**

Changes in capital assets for 2008 were as follows:

	<u>Balance 2007</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2008</u>
Non-depreciable assets:				
Land and easements	\$ 13,189,102	5,755,500	-	18,944,602
Construction-in-process	1,668,933	4,670,925	(4,813,890)	1,525,968
Total non-depreciable assets	<u>14,858,035</u>	<u>10,426,425</u>	<u>(4,813,890)</u>	<u>20,470,570</u>
Depreciable assets:				
Wharves and docks	26,364,800	107,565	-	26,472,365
Warehouses	25,534,231	-	-	25,534,231
Land improvements	17,360,386	4,571,734	-	21,932,120
Fuel tanks	1,055,322	-	-	1,055,322
Buildings	2,130,188	-	-	2,130,188
Building improvements	868,173	-	-	868,173
Vehicles and equipment	644,440	372,064	-	1,016,504
Total depreciable assets	<u>73,957,540</u>	<u>5,051,363</u>	<u>-</u>	<u>79,008,903</u>
Accumulated depreciation:				
Wharves and docks	(14,036,585)	(780,839)	-	(14,817,424)
Warehouses	(8,307,826)	(904,669)	-	(9,212,495)
Land improvements	(6,384,523)	(597,785)	-	(6,982,308)
Fuel tanks	(267,432)	(66,858)	-	(334,290)
Buildings	(1,182,035)	(82,237)	-	(1,264,272)
Building improvements	(360,484)	(51,469)	-	(411,953)
Vehicles and equipment	(267,533)	(148,665)	-	(416,198)
Total depreciation	<u>(30,806,418)</u>	<u>(2,632,522)</u>	<u>-</u>	<u>(33,438,940)</u>
Total depreciable assets, net	<u>43,151,122</u>	<u>2,418,841</u>	<u>-</u>	<u>45,569,963</u>
Total capital assets, net	\$ <u>58,009,157</u>	<u>12,845,266</u>	<u>(4,813,890)</u>	<u>66,040,533</u>

Major capital asset additions during the year included \$5,755,443 for land, \$4,367,281 for the waterfront access/shoreline protection, \$107,565 for plastic pilings and fenders, and \$433,609 for security system upgrades.

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(5) Capital Assets, continued**

***Construction-In-Process***

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-process balances at June 30 are as follows:

The balance at June 30, consist of the following projects:	<u>2007</u>	<u>2008</u>	<u>2009</u>
Deep draft navigation	\$ 801,837	801,837	880,119
Shoreline/Waterfront access/Landslide	242,029	-	-
Security lighting project	433,609	-	-
Maintenance dredging	186,447	719,120	5,193,185
Security grant	-	-	324,354
Various minor projects	<u>5,011</u>	<u>5,011</u>	<u>5,011</u>
Total	<u>\$ 1,668,933</u>	<u>1,525,968</u>	<u>6,402,669</u>

**(6) Membership in Ventura County Railway Company, LLC**

The Ventura County Railway Company, LLC, (Railway) owns railway lines used for among other things transport of port customers' goods from the harbor facilities and their private facilities to the main line railway. In November 2003, the District acquired all outstanding memberships of the Railway for \$2,000,000. Under the equity method of accounting, the purchase of the total outstanding membership is carried at the cost of acquisition. Earnings or losses of the Railway are accounted for as non-operating activities of the District.

**(7) World Trade Center License**

The District purchased the local World Trade Center License (License) for \$51,000 and re-established the World Trade Center of Oxnard. The World Trade Center Association (WTCA) provides licensing and membership for World Trade Centers around the world. The WTCA is a not-for-profit, non-political association dedicated to the establishment and effective operation of World Trade Centers as instruments for trade expansion. The WTCA represents approximately 300 members in 74 countries. Each member is involved in the development or operation of World Trade Centers or in providing related services. These World Trade Centers service more than 750,000 international trading clients. WTCA members develop and maintain facilities to house the practitioners of trade and the services they need to conduct business, creating a central focal point for a region's trade services and activities, or a "one-stop shopping center" for international business. Therefore, the District has determined that its License has an indefinite life as long as international trade continues at the District.

**(8) Deferred Charges, net**

The balance consists of the following issuance costs, net:	<u>2009</u>	<u>2008</u>
Revenue bonds – Series 1999	\$ 204,288	229,166
Revenue bonds – Refunding Series 2000	84,784	115,906
Revenue bonds – Series 2004 A	142,470	164,568
Revenue bonds – Series 2004 B	<u>77,348</u>	<u>83,316</u>
Total	<u>\$ 508,890</u>	<u>592,956</u>

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(9) Long-Term Debt**

Changes in long-term debt amounts for the year were as follows:

	<u>Balance 2008</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2009</u>
Long-term debt:				
Revenue bonds – Series 1999	\$ 10,820,000	-	-	10,820,000
Revenue bonds – Refunding Series 2000	8,640,000	-	(2,035,000)	6,605,000
Revenue bonds – Series 2004A	5,570,000	-	(955,000)	4,615,000
Revenue bonds – Series 2004B	<u>6,800,000</u>	<u>-</u>	<u>-</u>	<u>6,800,000</u>
Total long-term debt	\$ 31,830,000	<u>-</u>	<u>(2,990,000)</u>	28,840,000
Less current portion	<u>(1,460,000)</u>			<u>-</u>
Non-current portion	<u>\$ 30,370,000</u>			<u>28,840,000</u>
	<u>Balance 2007</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2008</u>
Long-term debt:				
Revenue bonds – Series 1999	\$ 10,820,000	-	-	10,820,000
Revenue bonds – Refunding Series 2000	9,550,000	-	(910,000)	8,640,000
Revenue bonds – Series 2004A	6,055,000	-	(485,000)	5,570,000
Revenue bonds – Series 2004B	<u>6,800,000</u>	<u>-</u>	<u>-</u>	<u>6,800,000</u>
Total long-term debt	\$ 33,225,000	<u>-</u>	<u>(1,395,000)</u>	31,830,000
Less current portion	<u>(1,335,000)</u>			<u>(1,460,000)</u>
Non-current portion	<u>\$ 31,890,000</u>			<u>30,370,000</u>

**Revenue Bonds**

All of the revenue bond issues are secured by a lien on and pledge of net revenues of the District and contain certain covenants. One of the covenants requires the District to maintain a minimum debt service coverage ratio of 125%. The debt service coverage ratio is the ratio of net revenues (as defined in the bond trust agreement) to debt service payments. Net revenues as defined in the agreement were calculated as \$3,706,855 and \$5,829,142 for the years ended June 30, 2009 and 2008. The actual debt service coverage ratios were 116% and 182% for the years ended June 30, 2009 and 2008 (See page 36). The District is in compliance with its bond covenants for fiscal year 2008; however, the District was not in compliance with its bond covenants (debt service net revenues coverage ratio) in fiscal year 2009, so the District initiated a defeasance of its fiscal year 2010 debt service principal payments as follows:

**Defeasance of Fiscal Year 2010 Debt Service Principal Payments**

**Revenue Bonds – Refunding Series 2000**

On June 29, 2009, the District executed an irrevocable deposit of funds into an escrow fund to defease the District's August 1, 2009 debt service principal payment of \$1,055,000 on the Revenue Bonds – Refunding Series 2000. As a result of such deposit, the above captioned Revenue Bonds – Refunding Series 2000, August 1, 2009 debt service principal payment is deemed to have been paid and defeased in accordance with the bond indenture.

**Revenue Bonds – Series 2004A**

On June 29, 2009, the District executed an irrevocable deposit of funds into an escrow fund to defease the District's August 1, 2009 debt service principal payment of \$475,000 on the Revenue Bonds – Series 2004A. As a result of such deposit, the above captioned Revenue Bonds – Series 2004A, August 1, 2009 debt service principal payment is deemed to have been paid and defeased in accordance with the bond indenture.

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(9) Long-Term Debt, continued**

***Revenue Bonds – Series 1999***

In 1999, the District issued \$10,820,000 in 20-year Revenue Bonds to provide funds for capital improvements for the District. The bonds and interest are payable from, and are secured by a charge and lien on, the net revenues of the District.

The bonds are scheduled to mature in fiscal year 2020. Interest is payable semi-annually on August 1<sup>st</sup> and February 1<sup>st</sup> each year at a rate of 5.60% while principal installments ranging from \$1,935,000 to \$2,405,000 will be payable in August, 2015 through August, 2019. Annual debt service requirements on the bonds are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ -	605,920	605,920
2011	-	605,920	605,920
2012	-	605,920	605,920
2013	-	605,920	605,920
2014	-	605,920	605,920
2015-2019	8,415,000	2,119,180	10,534,180
2020	2,405,000	67,340	2,472,340
	<u>\$ 10,820,000</u>	<u>5,216,120</u>	<u>16,036,120</u>

***Revenue Bonds – Refunding Series 2000***

In 1999, the District issued \$11,180,000 Revenue Bonds, Refunding Series 1999 (Taxable) with interest rates of 6% to 7.6% to advance refund \$11,845,000 of outstanding Revenue Bonds, Series 1995 II, with an interest rate of 6.125%. The net proceeds of the refunding issue were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1995 Series II bonds. As a result, the 1995 Series II bonds are considered to be defeased and the liability for those bonds has been removed from the District's balance sheet.

In 2000, the District issued \$11,180,000 Revenue Bonds, Refunding Series 2000 (Tax-Exempt) with interest rates of 4.85% to 5.65%. This issuance created a mandatory redemption of the Revenue Bonds, Refunding Series 1999 (Taxable). The proceeds of the Refunding Series 2000 Bonds were used to refund the Refunding Series 1999 Bonds.

The bonds are scheduled to mature in fiscal year 2015. Interest is payable semi-annually on August 1<sup>st</sup> and February 1<sup>st</sup> each year at rates of 4.85% to 5.65% while principal installments ranging from \$785,000 to \$1,520,000 are payable August, 2005 through August, 2014. Annual debt service requirements on the remaining bonds are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ -	391,380	391,380
2011	1,135,000	333,589	1,468,589
2012	1,220,000	269,983	1,489,983
2013	1,315,000	200,575	1,515,575
2014	1,415,000	125,146	1,540,146
2015	1,520,000	42,940	1,562,940
	<u>\$ 6,605,000</u>	<u>1,363,613</u>	<u>7,968,613</u>

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(9) Long-Term Debt, continued**

***Revenue Bonds – Series 2004A and 2004B***

In 2004, the District issued \$13,720,000 in 20-year Revenue Bonds – \$6,920,000 Series 2004 A (AMT) and \$6,800,000 Series 2004 B (Non-AMT) – to provide funds for capital improvements for the District. The bonds and interest are payable from, and are secured by a charge and lien on, the net revenues of the District.

***Series 2004A (AMT)***

The bonds are scheduled to mature in fiscal year 2021. Interest is payable semi-annually on August 1<sup>st</sup> and February 1<sup>st</sup> each year at rates of 2.250% to 5.750% while principal installments ranging from \$375,000 to \$1,485,000 are payable August, 2005 through August, 2020.

***Series 2004B (Non-AMT)***

The bonds are scheduled to mature in fiscal year 2025. Interest is payable semi-annually on August 1<sup>st</sup> and February 1<sup>st</sup> beginning in fiscal year 2005 at a rate of 6.00%, while principal installments ranging from \$1,555,000 to \$1,845,000 will be payable in August, 2021 through August, 2024.

Annual debt service requirements on the bonds are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ -	668,177	668,177
2011	470,000	646,395	1,116,395
2012	470,000	622,425	1,092,425
2013	460,000	598,710	1,058,710
2014	455,000	575,378	1,030,378
2015-2019	1,085,000	2,641,593	3,726,593
2020-2024	6,630,000	1,739,294	8,369,294
2025	1,845,000	55,350	1,900,350
	<u>\$ 11,415,000</u>	<u>7,547,322</u>	<u>18,962,322</u>

**(10) Compensated Absences**

Changes in compensated absences were as follows:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 481,328	435,907
Additions	319,759	281,173
Payments to employees	<u>(273,287)</u>	<u>(235,752)</u>
Balance, end of year	527,800	481,328
Current portion	<u>(131,900)</u>	<u>(120,333)</u>
Long-term portion	<u>\$ 395,900</u>	<u>360,995</u>

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(11) Net Assets Calculation**

Calculation of net assets as of June 30, were as follows:	<u>2009</u>	<u>2008</u>
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 25,347,271	20,470,570
Depreciable capital assets, net	43,213,784	45,569,963
Revenue bonds payable – current	-	(1,460,000)
Revenue bonds payable – non-current	<u>(28,840,000)</u>	<u>(30,370,000)</u>
Total net investment in capital assets	<u>39,721,055</u>	<u>34,210,533</u>
Restricted net assets:		
Restricted – cash and cash equivalents	1,817,090	2,471,959
Restricted – accrued interest receivable	54,836	54,467
Restricted – investments	6,701,367	6,237,126
Accrued interest payable	<u>(678,437)</u>	<u>(738,739)</u>
Total restricted net assets	<u>7,894,856</u>	<u>8,024,813</u>
Unrestricted net assets:		
Non-spendable net assets:		
Prepaid expenses and other assets	746,497	760,662
Deposit – City of Port Hueneme	16,751	38,891
World Trade Center license	51,000	51,000
Membership-Ventura County Railway Co., LLC	2,000,000	2,000,000
Deferred charges, net	<u>508,890</u>	<u>592,956</u>
Total non-spendable net assets	<u>3,323,138</u>	<u>3,443,509</u>
Spendable net assets are designated as follows:		
Undesignated net assets reserve	<u>2,907,010</u>	<u>8,405,331</u>
Total spendable net assets	<u>2,907,010</u>	<u>8,405,331</u>
Total unrestricted net assets	<u>6,230,148</u>	<u>11,848,840</u>
Total net assets	<u>\$ 53,846,059</u>	<u>54,084,186</u>

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(12) Deferred Compensation Savings Plan**

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by Nationwide Retirement Solutions at June 30, 2009 and 2008 was \$231,766 and \$317,165, respectively, and by CalPERS Salary Savings Program at June 30, 2009 and 2008 was \$1,387,942 and \$1,500,741, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net assets.

**(13) Defined Benefit Pension Plan**

***Plan Description***

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. Copies of CalPERS annual financial report may be obtained from their Executive Office: 400 P Street, Sacramento, CA, 95814.

***Funding Policy***

The contribution rate for plan members in the CalPERS 2.5% at 55 Risk Pool Retirement Plan is 8% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal years 2009, 2008 and 2007 as noted below. 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. For fiscal years 2009, 2008 and 2007, the District's annual contributions for the CalPERS plan were equal to the District's required and actual contributions for each fiscal year as follows

***Three Years CalPERS Funding Information***

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>APC Percentage of Payroll</u>
2006-2007	\$ 265,424	100%	-	12.430%
2007-2008	265,688	100%	-	12.323%
2008-2009	270,720	100%	-	12.262%

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(14) Post Employment Retirement Benefits**

***Other Post-Employment Benefits Obligations***

In addition to the pension benefits described in Note 13, the District provides post-retirement health care, vision care, dental care and life insurance benefits, in accordance with the Board of Harbor Commissioners employee benefit resolutions, to all employees who retire from the District and meet the age and years of service requirements as specified in such resolutions. Retired Harbor Commissioners are subject to additional eligibility requirements as specified in Government Code Section 53201.

The District contributes a fixed amount for health care benefits, (ranging from 60% to 100% of the premium), 100% of the premium for the retiree and one dependent for vision and dental care, and 100% of the premium for the retiree for life insurance. The post-retirement vision care, dental care, and life insurance benefits became effective July 1, 1991. Currently, 20 retirees meet the eligibility requirements for the health care benefit, 13 retirees meet the eligibility requirements for vision and dental care and 11 retirees meet the eligibility requirements for life insurance. Expenditures for post employment retirement benefits are recognized on a monthly basis as premiums are paid. Expenditures of \$206,427 and \$202,307 were recognized for post-retirement health care, vision care, dental care, and life insurance benefits during the years ended June 30, 2009 and 2008, respectively.

***Post-Employment Benefits Payable:***

***Plan Description – Eligibility***

The District administers its post-employment benefits plan, a single-employer defined benefit plan. The following requirements must be satisfied in order to be eligible for lifetime post-employment medical benefits: (1) Attainment of age 50, and 5 years for full-time service, and (2) Retirement from CalPERS and from the District (the District must be the last employer prior to retirement). Former Harbor Commissioners must have served at least three 4-year terms (12 years) to qualify for medical benefits.

Lifetime dental and vision benefits are provided upon retirement after age 55 with at least 10 years of service. Retiree life insurance benefits are provided upon retirement after either (1) age 55 with at least 15-years of service, or (2) age 62 to 65 with at least 10-years of service. Former Harbor Commissioners must have served at least three 4-year terms (12 years) to qualify for lifetime dental, vision and life insurance benefits.

Membership in the OPEB plan consisted of the following members as of June 30:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Active plan members	32	33	35
Retirees and beneficiaries receiving benefits	20	20	21
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	<u>52</u>	<u>53</u>	<u>56</u>

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(14) Post Employment Retirement Benefits, continued**

***Post-Employment Benefits Payable, continued***

***Plan Description – Benefits***

The District offers lifetime post-employment medical to employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the CalPERS medical program. Each year the District establishes a maximum monthly premium that the District will pay for medical benefits; the maximum monthly premium that the District will pay for calendar year 2009 and 2008 is \$1,190 and \$1,190, respectively. Employees who retire with fewer than 10-years of service receive a pro rata share of the benefit allotment as follows:

<u>Years of Service</u>	<u>% of Maximum Benefit</u>
5 years	50%
6 years	60%
7 years	70%
8 years	80%
9 years	90%

***Funding Policy***

The District is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 30.1% of the annual covered payroll.

The District will pay 100% of the cost of the post-employment benefit plan. The District funds the plan on a pay-as-you-go basis and maintains reserves (and records a liability) for the difference between pay-as-you-go and the actuarially determined ARC cost.

***Annual OPEB Cost and Net OPEB Obligation***

For the year ended June 30, 2009 and 2008, the District's ARC cost is \$760,404, and \$661,304, respectively. The District's net OPEB payable obligation amounted to \$1,037,973 and \$483,997 for the years ended June 30, 2009 and 2008, respectively. The District contributed \$206,428 and \$202,307 in age adjusted contributions for current retiree OPEB premiums for the years ended June 30, 2009 and 2008, respectively.

The balance at June 30, consists of the following:

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 736,204	661,304	-
Interest on net OPEB obligation	24,200	-	-
Adjustment to annual required contribution	-	-	-
Total annual OPEB expense	760,404	661,304	-
Change in net OPEB payable obligation:			
Age adjusted contributions made	(206,428)	(202,307)	-
Total change in net OPEB payable obligation	553,976	458,997	-
OPEB payable – beginning of year	483,997	25,000	25,000
OPEB payable – end of year	\$ 1,037,973	483,997	25,000

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(14) Post Employment Retirement Benefits, continued**

***Post-Employment Benefits Payable, continued***

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2009 and the two preceding years were as follows:

<i>Three-Year History of Net OPEB Obligation</i>					
Fiscal Year Ended	Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable	
2009	\$ 760,404	206,428	27.15%	\$ 553,976	
2008	661,304	202,307	30.59%	458,997	
2007*	-	-	0.00%	-	

\* The information for this year is unavailable.  
 GASB No. 45 was implemented in fiscal year 2008.

***Funded Status and Funding Progress of the Plan***

<i>Required Supplemental Information – Schedule of Funding Progress</i>						
Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
7/1/2007	\$ -	7,141,813	7,141,813	0.00%	\$ 2,439,315	292.78%

The most recent valuation (dated July 1, 2007) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$7,141,813. There are no plan assets because the District funds on a pay-as-you-go basis and maintains net assets equal to the remaining net post-employment benefits payable obligation. No trend information is reported because the year ended June 30, 2008, is the first year the District implemented GASB 45. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2009 was \$2,439,315. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 292.78%.

***Actuarial Methods and Assumptions***

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2008 rolled back to July 1, 2007
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 Years as of the valuation date
Asset valuation method	15 Year smoothed market
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increase	3.25%
Inflation - discount rate	4.00%
Individual salary growth	District maximum monthly contribution

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(15) Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and terrorism. The District has purchased various commercial and marine insurance policies to manage the potential liabilities that may occur from the previously named sources. At June 30, 2009, the District held the following commercial and marine insurance policies:

- Property loss is paid at the replacement cost for scheduled property to a combined total of \$50 million per occurrence (with certain limits), subject to a \$100,000 deductible per occurrence except for \$5,000 per occurrence for transit, mobile equipment, valuable papers, personal property, and accounts receivable.
- Boiler and machinery coverage for the replacement cost up to \$50 million per occurrence, subject to a \$50,000 deductible.
- General and marine liability coverage up to \$1,000,000, per occurrence, and \$3,000,000, aggregate, for any one policy period subject to a \$10,000 deductible.
- Liability coverage on District vehicles up to \$1,000,000, with deductibles of \$250/\$250 as elected; deductibles of \$250/\$250 apply to hired automobiles.
- Public officials' liability coverage up to \$10,000,000, each occurrence and in the aggregate, with a \$100,000 deductible, subject to the terms, conditions and exclusions as provided in the insurance policy.
- Excess port liability coverage up to \$150,000,000 per occurrence.
- Terrorism coverage up to \$20,000,000 per occurrence and in aggregate subject to a \$100,000 deductible.
- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2009, 2008 and 2007. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2009, 2008 and 2007.

**(16) Related Party Transactions**

The District, which is governed by a five-member Board of Harbor Commissioners elected at large from within the geographical boundaries of the District, derives its principal source of revenues from vessel services under tariffs and contracts with Port customers. Two of the five current members of the Board of Harbor Commissioners are frequently employed by various stevedoring companies, which in turn contract with various customers of the District for labor services at the Port. For fiscal years ended June 30, 2009 and 2008, the amount of District revenues derived from these various customers was approximately \$8,870,401 and \$10,673,143, respectively.

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(17) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2009, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 51***

In June 2008, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This statement is not effective for this District until the fiscal year ended June 30, 2010. This statement is not expected to have a significant impact on the presentation of the District's financial statements.

**(18) Commitments**

***Operating Leases Receivable***

The District leases a portion of its land and facilities to others. The majority of these leases provide for cancellation on thirty days notice by either party and for retention of ownership by the District. These lease agreements generally are subject to periodic inflationary escalation of base amounts due to the District. As of June 30, 2009, minimum lease rental payments receivable under operating leases that have initial or remaining non-cancelable lease terms in excess of one-year are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2010	\$ 409,162
2011	432,684
2012	415,761
2013	293,751
Remaining years	<u>19,855</u>
Total	<u>\$ 1,571,213</u>

***Long-Term Revenue Sharing Contracts with Customers***

In 1991, the District entered into a 30-month agreement with a customer to give it priority use of approximately 17 acres of District land for the purpose of loading and unloading automobiles and other cargo. The agreement as amended, which commenced July 1, 1991, includes six five-year options to extend the term. The customer guarantees the District minimum revenue, as defined, of \$1,000,000 annually subject to periodic inflationary escalation of base amounts due to the District. Certain revenues, as defined by the agreement, in excess of \$1,500,000 each calendar year are to be shared between the District and the customer at 70% and 30%, respectively.

Also in 1991, the District entered into a five-year agreement with a customer for priority use of berths and approximately 137,500 square feet of terminal space for the purpose of loading and unloading fresh fruit and other cargo. The agreement as amended includes five five-year options to extend the term. The customer guarantees the District minimum revenue, as defined, of \$850,000 annually, subject to periodic inflationary escalation of the base amounts due to the District. Certain revenues, as defined by the agreement, are to be shared between the District and customer each calendar year, according to the following criteria:

<u>Revenue tons of cargo</u>	<u>% to District</u>	<u>% to customer</u>
0-175,000	70%	30%
175,000-250,000	60%	40%
Over 250,000	50%	50%

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(18) Commitments, continued**

***Long-Term Revenue Sharing Contracts with Customers, continued***

In 1994, the District entered into an eight-year agreement with a customer that provides for priority use of berths and approximately 35,000 sq. ft. of refrigerated covered storage and 5,000 square feet of office space for the purpose of unloading bananas and tropical fruit. In March 2003, the agreement was modified to include an additional 46,000 sq. ft. of refrigerated covered storage. The term of the agreement was extended to March 2013 with two five-year options to extend the term. The customer guarantees the District minimum revenue, as defined, of \$700,000 annually, subject to periodic inflationary escalation of the base amount due to the District. Certain revenues, as defined by the agreement, are to be shared between the District and customers after certain amounts, as defined by the agreement, have been collected by the District.

The following criteria apply to revenue sharing:

<b>Revenue tons of cargo</b>	<b>% to District</b>	<b>% to customer</b>
0-240,000	70%	30%
Over 240,000	60%	40%

Under the long-term revenue sharing contracts with customers noted on the previous page, The District has shared in total \$1,038,672 and \$1,696,442 with its customers in fiscal years 2009 and 2008, respectively.

***Contracts with the City of Port Hueneme***

Pursuant to an agreement dated October 20, 1983, the District compensates the City of Port Hueneme (City) for certain services provided by the City to the District. Compensation is based on approximately 3.3% of the District's gross operating revenues. Amounts allocated to the City for the fiscal years ended June 30, 2009 and 2008 totaled \$388,314 and \$391,284, respectively.

Additionally the District compensates the City under a separate agreement dated March 18, 1987 to mitigate the environmental impacts of the District's Wharf 2 project. Compensation is based on approximately 1.67% of the District's gross operating revenues and \$2.50 for each automobile convoyed on the City's streets. For the fiscal years ended June 30, 2009 and 2008, amounts allocated to the City under this agreement, excluding automobiles, totaled \$192,727 and \$195,060, respectively.

In December 1995, the District entered into a Memorandum of Understanding regarding the Naval Civil Engineering Laboratory (NCEL) property, with the City and the Port Hueneme Surplus Property Authority, concerning the acquisition and use of the NCEL property. This agreement required the District to remit to the City a payment of \$150,000 for use by the City in constructing traffic improvements necessary to serve the NCEL property, a premium of \$.50 per vehicle above the rate specified in the 1987 Agreement between the District and the City for all automobiles in excess of 50,000 convoyed on City streets, and an annual amount, adjusted for changes in the consumer price index, ranging from \$30,000 to 3% of gross operating revenues. For the years ended June 30, 2009 and 2008, amounts allocated to the City under this agreement, excluding automobiles, totaled \$261,856 and \$292,008, respectively.

For the years ended June 30, 2009 and 2008, the amounts allocated to the City under the above 1987 and 1995 agreements for automobiles totaled \$185,555 and \$428,946, respectively.

The District has made payments to the City representing advances on the 1987 agreement. These advances are applied to amounts payable to the City by the District at a rate of \$1,845 per month. As of June 30, 2009 and 2008, the District's deposits with the City amounted to \$16,751 and \$38,891, respectively.

**Oxnard Harbor District**  
*Notes to the Basic Financial Statements, continued*  
**June 30, 2009 and 2008**

**(18) Commitments, continued**

*Navy Joint Use Agreement*

In 2002, the District entered into a fifteen-year agreement with the Navy that provides for joint use of the Navy's Wharf 3 and associated real property comprising up to 25 acres of the Naval Base Ventura County. The District has the ability to use this property for loading, unloading and the storage of vehicles and cargo in a manner consistent with Navy operations. As consideration for the District's use of Wharf 3 and associated real property, the District pays 39.5% of the tariff revenue attributable to District use to the Navy.

The Navy joint use agreement includes three five-year options to extend the term. As of June 30, 2009, the amount payable to the Navy for long-term maintenance of Wharf 3 and associated real property is \$877,896.

**(19) Contingencies**

*Grant Awards*

Grant funds received by the District are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

*Litigation*

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

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# **Supplemental Information**



**Oxnard Harbor District  
Schedule of Operating Expenses  
For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Salaries and benefits:		
Commissioner salaries	\$ 36,000	36,000
Administrative salaries & wages	1,115,460	1,073,384
Maintenance wages	463,021	443,623
Operations salaries	526,161	512,526
Temporary employee salaries	5,881	38,083
Sick leave	122,972	106,220
Vacation	189,226	174,953
Payroll taxes	166,780	170,206
Workers' compensation	76,043	75,855
Insurance:		
Dental	36,185	37,560
HRA	4,320	-
Life	36,119	32,075
Medical	263,126	277,465
Vision	10,496	11,384
PERS Pension contributions	459,721	433,295
Post-employment benefits	760,404	661,304
Employee relations	8,622	10,117
Employee training and uniforms	12,043	14,000
Total salaries and benefits	<u>4,292,580</u>	<u>4,108,050</u>
Governmental contractual agreements:		
1983 Contract	388,314	391,284
1987 Contract	192,757	195,060
1995 Memorandum of understanding	261,856	292,008
Contracts – automobiles	185,555	428,946
City of Oxnard – property tax in-lieu fees	33,568	-
Ventura County Fire District	8,500	5,755
Ventura County LAFCO	10,748	10,920
Total governmental contractual agreements	<u>1,081,298</u>	<u>1,323,973</u>
Security:		
Guards and traffic control	151,151	128,153
Security plan	58,108	156
Total security	<u>\$ 209,259</u>	<u>128,309</u>

Continued on next page.

**Oxnard Harbor District  
Schedule of Operating Expenses  
For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Facilities and maintenance:		
Gas and oil	\$ 11,002	12,424
Repair and maintenance	73,087	222,472
Supplies	69,311	49,850
Supplies – computer	7,283	13,123
Computer access fees	2,619	2,571
Safety supplies	4,438	3,414
Miscellaneous	5,704	1,551
Utilities:		
Water and sewer	146,948	121,548
Electricity	174,345	301,478
Telephone	22,138	17,230
Natural gas	586	699
Trash disposal	32,451	31,703
Hazardous waste disposal	1,641	115
Equipment rental	<u>1,739</u>	<u>731</u>
Total facilities and maintenance	<u>553,292</u>	<u>778,909</u>
Professional and legal:		
Professional fees	202,966	201,182
Legal services	<u>113,526</u>	<u>71,915</u>
Total professional and legal	<u>316,492</u>	<u>273,097</u>
Materials and services:		
Business meeting expense	6,114	3,622
Publications and subscriptions	3,707	5,535
Publications - legal notices	113	2,684
Permits and licenses	4,026	2,724
Postage	<u>5,411</u>	<u>5,619</u>
Total materials and services	<u>19,371</u>	<u>20,184</u>
Port promotions:		
Advertising	21,733	39,957
Trade relations	110,132	169,138
Memberships and dues	96,332	52,555
Travel	<u>52,177</u>	<u>48,911</u>
Total port promotions	<u>280,374</u>	<u>310,561</u>
Insurance:		
General liability	139,464	138,432
Property	608,880	552,779
Other	<u>9,677</u>	<u>5,543</u>
Total insurance	<u>758,021</u>	<u>696,754</u>
Total operating expenses	<u>\$ 7,510,687</u>	<u>7,639,837</u>

**Oxnard Harbor District**  
**Schedule of Non-Operating Revenues and Expenses**  
**For the Years Ended June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
Non-operating income:		
Ventura County Railway income	\$ 127,383	284,888
Finance charges	22,504	15,311
Gain on sale/disposal of capital asset	4,500	2,520
Refunds	321,069	123,113
Total Other income	475,456	425,832
Non-operating expense:		
Bank and trust fees	20,834	9,104
Election expense	26,422	-
Administrative expense	41,046	-
Total other expense	88,302	9,104
Total other income and expense, net	\$ 387,154	416,728

**Oxnard Harbor District**  
**Schedule of Debt Service Net Revenues Coverage Ratio**  
**For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Total revenues:		
Total operating revenues	\$ <u>10,015,332</u>	<u>11,637,893</u>
Total non-operating revenues:		
Investment income	250,941	895,342
Other revenue, net	387,154	416,728
Add back noncash items:		
Unrealized losses on investments, net	<u>10,139</u>	<u>60,019</u>
Total non-operating revenues adjusted for noncash items	<u>648,234</u>	<u>1,372,089</u>
Total revenues	<u>10,663,566</u>	<u>13,009,982</u>
Total expenses:		
Total operating expenses	7,510,687	7,639,837
Less noncash items:		
Other post-employment benefits noncash accrued liability increase	<u>(553,976)</u>	<u>(458,997)</u>
Total operating expenses adjusted for noncash items	<u>6,956,711</u>	<u>7,180,840</u>
Total non-operating expenses	1,792,626	1,740,163
Less debt service and noncash items:		
Interest expense	(1,708,560)	(1,648,562)
Amortization of deferred charges	<u>(84,066)</u>	<u>(91,601)</u>
Total non-operating expenses adjusted for debt service and noncash items	<u>-</u>	<u>-</u>
Total expenses	<u>6,956,711</u>	<u>7,180,840</u>
Net revenues available for debt service	\$ <u>3,706,855</u>	<u>5,829,142</u>
Debt service for the fiscal year	\$ 3,197,839	3,200,955
Debt service net revenues coverage ratio	<u>115.92%</u>	<u>182.11%</u>

# **Report on Internal Controls and Compliance**





Charles Z. Fedak, CPA, MBA  
Paul J. Kaymark, CPA

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An Accountancy Corporation

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## **Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Harbor Commissioners  
Oxnard Harbor District  
Port Hueneme, California

We have audited the basic financial statements of the Oxnard Harbor District (District) as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated August 24, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### ***Internal Control Over Financial Reporting***

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### ***Compliance and Other Matters***

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

This report is intended solely for the information and use of the Board of Harbor Commissioners and the District's management and is not intended to be and should not be used by anyone other than these specified parties.

August 24, 2009  
Cypress, California

*Charles Z. Fedak, CPA*  
An Accountancy Corporation