



Port Hueneme, California

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2011 and 2010





The Port of Hueneme is the only deep water harbor between Los Angeles and the San Francisco Bay area and is a U.S. Port of Entry. It serves international businesses and ocean carriers. The niche markets that Hueneme serves include the import and export of automobiles and fresh produce. 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, 2011

Name	Title	Elected/ Appointed	Current Term
Jess Herrera	President	Elected	1/11 - 1/15
Dr. Manuel M. Lopez	Vice-President	Elected	1/09 - 1/13
Jesse J. Ramirez	Secretary	Elected	1/09 - 1/13
Jason T. Hodge	Commissioner	Elected	1/11 - 1/15
Mary Anne Rooney	Commissioner	Elected	1/11 - 1/15

Pete Wallace – Acting Executive Director

Andrew Palomares – Director of Finance and Administration/Treasurer

**Oxnard Harbor District
333 Ponomo Street
Port Hueneme, California 93041
(805) 488-3677 • www.portofhueneme.org**

**Port of Hueneme
Oxnard Harbor District
(Port Hueneme, California)**

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2011 and 2010

Prepared by:

Peter Wallace, Acting Executive Director

Andrew J. Palomares, Director of Finance & Administration, Treasurer

**Oxnard Harbor District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2011 and 2010**

Table of Contents

	<u>Page No.</u>
Table of Contents	i
Introductory Section	
Letter of Transmittal	1-6
Organizational Chart	7
GFOA’s Certificate of Achievement for Excellence in Financial Reporting	8
Financial Section	
Independent Auditor’s Report	9-10
Management’s Discussion and Analysis	11-15
Basic Financial Statements:	
Statements of Net Assets	16
Statements of Revenues, Expenses and Changes in Net Assets	17
Statements of Cash Flows	18-19
Notes to the Basic Financial Statements	20-40
Required Supplementary Information	
Schedule of Funding Status – Other Post-Employment Benefits Obligation	41
Supplemental Information	
Schedule of Operating Expenses	42-43
Schedule of Non-Operating Revenues and Expenses	44
Schedule of Debt Service Net Revenues Coverage Ratio	45
Statistical Information	
Statistical Section – Table of Contents	46
Statement of Net Assets – Last Ten Fiscal Years	47-48
Summary of Revenues, Expenses and Changes in Net Assets – Last Ten Fiscal Years	49-50
Revenue Bond Coverage – Last Ten Fiscal Years	51-52
Largest Revenue Customers – Last Ten Fiscal Years	53-54
Ten Year Trend – Cargo Revenue Tons – Last Ten Fiscal Years	55-56
Ten Year Trend in Tonnages for California Ports – Last Ten Fiscal Years	57-58
Employees Statistics – Last Ten Fiscal Years	59
Demographic and Economic Statistics – Last Ten Fiscal Years	60
Report on Internal Controls and Compliance	
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 <i>Government Auditing Standards</i>	61

Introductory Section

September 30, 2011

Oxnard Harbor District
Board of Harbor Commissioners
Port Hueneme, California

State law requires that every general-purpose government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2011.

The District's Acting Executive Director, Director of Finance and Administration/Treasurer, along with the rest of the entire management team assumes full responsibility for the completeness and reliability of the information contained in the Management's Discussion and Analysis (MD&A) and Financial Statements, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Charles Z. Fedak & Co., Certified Public Accountants, has issued an unqualified ("clean") opinion on the District's financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the District

The Oxnard Harbor District (District) is a political subdivision of the State of California and operates as an independent special district. The District owns and manages the commercial Port of Hueneme. The District was created in 1937 pursuant to authority of the State of California Harbors and Navigation Code which provides for the formation of Harbor Districts (Section § 6000 et. al).

The District's policies are established by a five-member Board of Harbor Commissioners elected at large from the District. The day-to-day business operations of the District are administered by an Executive Director and professional staff.

The District is empowered to acquire, construct, own, operate, control or develop any and all harbor works or facilities necessary to the efficient undertaking of its mission. 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's current political boundaries are comprised of the City of Oxnard (population 200,000), the City of Port Hueneme (population 21,900) and some unincorporated areas within Ventura County. Each Harbor Commissioner is popularly elected by the voters of the Oxnard Harbor District's service area for a four-year term. Their terms are staggered to maintain continuity.

The District does not assess taxes for operations or capital expansion. Its operating expenses are funded by the revenues generated by tariff charges, lease and other contract revenues assessed upon Port users. The District's Port Terminal Tariff No. 7, as amended from time to time sets forth the rules, regulations and fees applicable to use of Port facilities. The District has long-term contracts with customers that provide for minimum guarantees and incentives for cargo operations.



BOARD OF HARBOR COMMISSIONERS

Jess Herrera
President

Dr. Manuel M. Lopez
Vice President

Jess J. Ramirez
Secretary

Jason T. Hodge
Harbor Commissioner

Mary Anne Rooney
Harbor Commissioner

The District's commercial seaport facilities are exclusively located within the City of Port Hueneme. Therefore, the District and the City of Port Hueneme have a number of agreements to assist the City to cover specific services provided by the City to the commercial seaport and in mitigation of certain environmental effects within the City.

Pursuant to an agreement dated October 20, 1983, the District compensates the City of Port Hueneme for certain services provided to the District. The District's compensation is based on approximately 3.33% of the District's gross operating revenues and cover services such as road improvements and police services.

In 1987 the District increased the compensation to the City under an agreement dated March 18, 1987 to mitigate the environmental impacts of the District's Wharf 2 project and to cover potential increased City expenses. Compensation is based on an additional 1.67% of the District's gross operating revenues and a cost per unit to convoy automobiles through the City to vehicle distribution centers located 1½ miles from the seaport on industrial property in the City of Oxnard.

In December 1995, the District entered into a Memorandum of Understanding ("MOU") regarding the Former Naval Civil Engineering Laboratory (NCEL) property with the City and the Port Hueneme Surplus Property Authority, for the District to obtain the consent of the City for acquisition and use of the NCEL property in accordance with the California Harbors and Navigation Code. This MOU required the District to remit additional funds to the City. The payments to the City of Port Hueneme represent the largest portion of the "Government Contractual Agreements" item shown in the Financial Statements under Operating Expenses.

Pursuant to the California Harbors and Navigation Code, the District adopts an operating budget, including a capital plan and a debt schedule for each fiscal year (July 1 through June 30). Annually the District engages an independent auditor to audit the fiscal year end financial statements.

Auto Import and Export



A high value commodity handled at the Port of Hueneme is automobile imports and exports. The Oxnard Harbor District has contracts with three vehicle distribution companies for the handling of vehicles at the Port. These companies process the vehicles prior to delivery to dealers and coordinate their inland transportation. These three vehicle distribution companies are BMW of North America, Wallenius-Wilhelmsen Logistics (WWL) and Global Automobile Processing, Services, Inc. (GAPS). These companies make the Port of Hueneme an important west coast gateway for the import and export of automobiles and other rolling stock. The Port has dedicated approximately 34-acres of terminal land for the use by its automobile customers.

The Port of Hueneme's geographic location, close to the Southern and Northern California automobile markets, along with the processing companies' productivity and attention to the auto industry are the main reasons for the establishment of the Port as an important automotive gateway center. Automobiles contribute the greatest percentage of ocean freight operating revenue to the District.

California Fresh Port



In 1978 Del Monte Fresh Produce N.A., Inc. (Del Monte) began a weekly service to the Port of Hueneme for the import of bananas and tropical fruit from Latin America.

Since the initiation of Del Monte's breakbulk terminal operations, the District has built two on-dock refrigerated transit facilities to support import / export of fresh fruit products. One of the facilities is used by Del Monte for handling bananas, pineapples, melons and other tropical fruits. The other refrigerated transit facility was built in association with Cool Carriers of North America in 1992. Today, the Cool Carriers facility is operated by NYKCool, a company that specializes in refrigerated vessel operations, terminal services and fresh fruit logistics.

Today, the District has 223,000 square feet of refrigerated terminal space available for fresh fruit importers and exporters. Bananas and fresh fruit comprise the single largest commodity type handled at the Port of Hueneme.

In 1998, the District entered into a lease for the distribution of liquid fertilizer. Today, Yara North America, one of the world's largest fertilizer suppliers, operates a state-of-the-art automated terminal at the Port of Hueneme for distribution of fertilizer to the agriculture industry in the area surrounding the Port.

Profile of the Southern California Trade

The Oxnard Harbor District, Port of Hueneme, is located in Ventura County, California and is approximately sixty miles north of downtown Los Angeles. The Port of Hueneme is one of eleven California deepwater ports identified as natural resources for the State of California. It is also one of four Ports in Southern California. The four Ports combined handle in excess of 262 million metric revenue tons of general cargo. The Port of Hueneme is one of the three commercial seaports associated with the Los Angeles/Long Beach gateway. This gateway represents one of the nation's largest commercial seaport complexes.

As the Ports of Los Angeles and Long Beach focus their operations to accommodate the larger container vessels calling on the West Coast, the Port of Hueneme will continue to specialize in the traditionally non-containerized fresh fruit industry, the general cargo rollon and rolloff industry, and the non-containerized project cargo market. This specialized focus with important Customers will be especially important for the Port of Hueneme to recover from the recession that impacted the automotive industry in the Southern California marketplace..

Since the Southern California gateway was adversely impacted by the recent global recession's impact on trade, the economic forecast for this gateway suggests that recovery of trade began in 2010 with year over year increases in cargo throughput and has continued into 2011. Additionally, the recent spike in U.S. exports has resulted in new cargo opportunities for the gateway.

Historical Trends Oxnard Harbor District

The historical trend for operating revenues and expenses demonstrates the sound fiscal management employed by the Harbor District. Over the past ten years, the District's ocean freight operating revenues have been driven by the automobile cargo and fresh produce cargo. Since 2001, these two business sectors have generated well over 75% of the District's operating revenues from cargo throughput. From 2001 to 2006, the automotive sector had year over year increases. From 2007 to 2009, as a result of changes in the global marketplace, the District began to see reductions in the volume of imports resulting in reduced revenues.

By 2009, the District had the lowest revenue generation from automobiles in the past ten years. Today, the automotive revenues have begun a recovery, and the District's forecast suggests that the District will return to the 2006 level of revenue from this business sector by 2014–2015. To achieve this, the District will have to grow approximately 25,000 units per calendar year for the next five years. The current market trends for automobile imports and exports suggests that this forecast is a reasonable one and the District anticipates year over year increases in volume and revenues from automobile cargo. For the period ending June 30, 2011, the District's automobile imports/exports were an 8.2% increase over the prior year ended June 30, 2010.

The fresh produce cargo over the past ten years has steadily increased even though the products handled by the District's customers have changed. Today, the District's fresh produce is driven by the non-containerized palletized banana and tropical fruit trade with Central and South America. The West Coast banana trade is divided among two primary ports: Hueneme and San Diego. While there will continue to be pressures placed on the banana supply chain to convert palletized, non-containerized fresh produce to fully containerized fruit, the market demand for this product is very suitable for the "niche port". The sale of products by the banana importers free on board (FOB) at the port-of-entry, makes the highly congested general cargo container terminals in Los Angeles and Long Beach less competitive than the specialized terminals in Hueneme and San Diego. The District has handled fresh fruit products for over thirty years and it is anticipated that while product mix, origin, and cargo handling modes may change, this cargo will remain a sustainable product line for the Port of Hueneme. The District currently renegotiated the NYKCool Terminal Agreement in fiscal 2011/2012 to accommodate a planned conversion by Chiquita Brands from palletized to containers.

With the execution of a long term (30-year) agreement with Yara of North America, the District diversified its cargo mix and respective revenues by including liquid bulk fertilizer products. Likewise, the Port's acquisition in 2009 of new industrial property will help the District's property management revenues to grow.

In 2011, the District successfully reduced discretionary operating expenses by 3.7% over 2010. The District's operating expenses are below spending levels of 2007 (5 years ago) by 4.1%. The 2011 operating expenses for the District were 2.0% lower than the District's 2006 operating expenses. The District continues to utilize monthly financial reporting to monitor and maintain operating expenses versus current budget and prior year actual results by department to maintain expenses at the lowest possible levels.

The California Association of Port Authorities represents the eleven commercial deepwater ports within the State. These commercial deepwater ports represent one of the nation's busiest continuous coastlines and they are responsible for a majority of goods and freight movements into the United States. California has seen dramatic increases in trade. In 2001, the California ports handled 215 million revenue tons of cargo of general cargo, and by 2007 this cargo increased to over 332 million tons. While the global recession has seen a decline in total tonnage for 2009 and 2010, the California Ports forecast continuous to rebound. General Cargo in 2010-2011 accounted for 294 million revenue tons resulting in a 27 million revenue ton increase over 2009-2010. .

Long-term Financial Planning

Major capital investments of the District are financed through the use of revenue bonds issued by the Harbor District pursuant to the California Harbors and Navigation Code. The District currently has approximately \$26 million of outstanding revenue bond debt. During the current Fiscal Year 2011-2012, the District began a bond refunding process to take advantage of lower interest rates within the public bond market. The District is only refinancing debt with no new monies being sought. With interest rates being the lowest in over 40 years, the District may potentially realize upwards to \$3 million plus in interest savings over the remaining term of the District's entire outstanding debt.

In addition to restricted revenue bond funds, the District utilizes excess general funds, state grants and federal grants to undertake projects identified in the annual capital outlay plan. Currently, the District's Capital Outlay Program is generally limited to Port Security Projects that are eligible for funding from California Port and Maritime Security Grant Programs, Department of Homeland Security (DHS) Port Security Grant Program 7B, 8, 9 and 10, and the American Recovery and Reinvestment Act (ARRA) Port Security Program. The District has been awarded over \$10 million in State and Federal Grants. The District was allocated another \$1.1 million in the FY 2011 Federal Security Grant program.

For the current Capital Outlay Program, the District has allocated \$8.8 million for Fiscal Year 2011-2012 for various projects. The sources of funds for this year's capital program are General Fund 21.0%, Revenue Bonds 4.3% and State/Federal Grants 74.7%. The primary projects being undertaken in this current year's capital program are \$5.8 million in Port Security Projects that will improve port access control and surveillance activities and \$3.0 million in Port life cycle facility maintenance and upgrade projects.

Relevant Financial Policies

Internal Control Structure

The District's Board of Harbor Commissioners is responsible for policies associated with the District's financial internal controls. The District employees implement the District's policies and are responsible for the establishment and maintenance of the day-to-day internal control structure that ensures that the assets of the District are protected from loss, theft, or misuse.

The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that generally accepted accounting principles are followed.

Budgetary Control

The District's Board of Harbor Commissioners annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for allocation of District resources and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis. The District's operating budget is generally divided into operating business entities managed and administered by program managers.

Investment Policy

The Board of Harbor Commissioners annually adopts an investment policy that conforms to state law, District ordinances and resolutions, and applicable revenue bond debt covenants. Additionally, the Board designates a Treasurer who is responsible for the implementation of the District's investment policy. The objectives of the investment policy in order of importance are safety of principal, liquidity, and yield. District funds are invested in the State of California Local Agency Investment Fund, Federal Securities, Federal Home Loan Bank securities, money market mutual funds and other securities as provided in the investment policy

Mission and Planning Principles

The Mission Statement for the Oxnard Harbor District as adopted by the Board of Harbor Commissioners is as follows:

In keeping with the State of California Harbors, and Navigation Code, and the principles of sound public stewardship, the District's mission is to provide the services requisite for the continuation and enhancement of maritime-related commerce. To this end, the District will endeavor to make certain that Port activities are made economically self-supporting by generating revenue sufficient to achieve the widest and fullest realization of the Port's potential, thereby providing the maximum possible economic and social benefits to the people and community served by the Port.

General Planning Principles that guide the District's development and expansion are set forth in the District's Port Master Plan. They include:

- *Projects which do not require relatively large amounts of land area are preferable to those which do.*
- *Projects which require deep-draft berths are preferable to those which don't.*
- *Projects which require vessels that have their own cargo-handling equipment are preferable to those which don't and similarly, projects which do not require investments by the Port in major shore-side equipment are preferable to those that do. Investments by the Port in shoreside cargo handling equipment may be required for some projects.*
- *Projects which require no special storage facilities or other buildings are preferable to those which do.*

- *Projects which require relatively large inputs of labor are preferable to those which don't.*
- *Projects which offer relatively high facility utilization are preferable to those which don't.*
- *Projects which represent the first venture into a major market are generally preferable to those which are likely to be the only one of the kind.*
- *Public access to the Port facilities should be provided that are practically and economically feasible and consistent with public safety and efficiency of port operations and land availability.*
- *Every effort shall be made to enhance the aesthetic appearance of the Port's facilities.*
- *Every effort shall be made to minimize any adverse environmental impact of any particular project, to the extent that it is practically and economically feasible.*

Awards and Acknowledgements

In 2009, the District was recognized with an Award of Excellence from the American Association of Port Authorities and with a Project of the Year award from the Oxnard-Ventura Post of the Society of America Military Engineers for the planning, development and implementation of a Confined Aquatic Disposal (CAD) project. The CAD project was a joint project of the District, U.S. Navy and U.S. Army Corps of Engineers. The project established an in-harbor dredge disposal site for the removal of contaminated sediments from the Hueneme Harbor. The project was recognized for innovative project delivery and for the environmental benefits of removing contaminants from U.S. waterways. The project resulted in a 50% cost reduction for each of the agencies responsible for portions of the Harbor clean-up.

The District was awarded the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting* for the first time for its 2010 Comprehensive Annual Financial Report (CAFR). To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

This is the second year that the District is submitting its Comprehensive Annual Financial Report (CAFR) for the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*. A Certificate of Achievement is valid for a period of one year. We believe that this CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for 2011.

Preparation of this report was accomplished by the combined efforts of the District's Management Team. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Harbor Commissioners for their continued support in planning and implementation of the Oxnard Harbor District's fiscal policies.

Respectfully submitted,



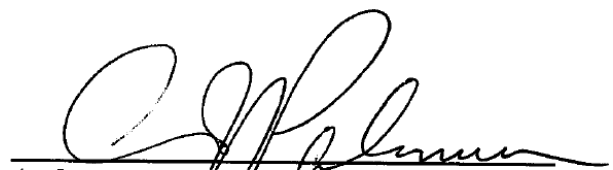
Pete Wallace
Acting Executive Director



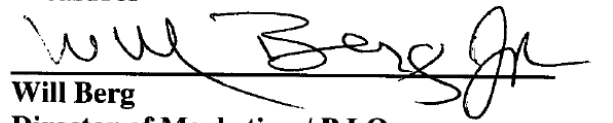
Chris Birkelo
Director of Facilities Development



Nick Nielsen
Manager of Maintenance



Andrew J. Palomares
**Director of Finance and Administration/
Treasurer**



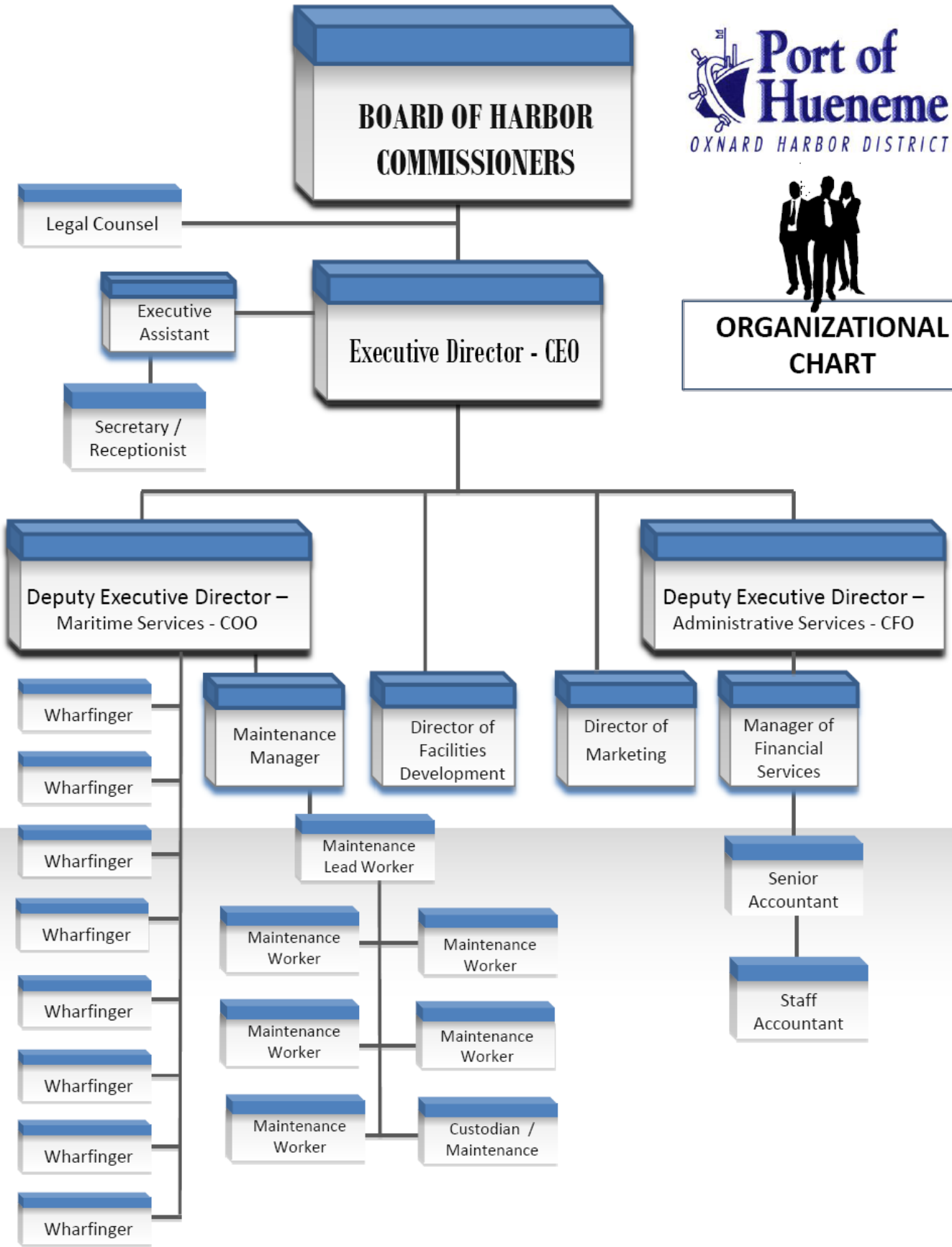
Will Berg
Director of Marketing / P.I.O.



Virginia LaJom
Accounting Supervisor



ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Oxnard Harbor District
Port of Hueneme
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Financial Section



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

Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

6081 Orange Avenue
Cypress, California 90630
(714) 527-1818
(562) 598-6565
FAX (714) 527-9154
EMAIL czfco@czfcpa.com
WEB www.czfcpa.com

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, 2011 and 2010, 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; and the State Controller's Minimum Audit Requirements for California Special Districts. 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 opinions.

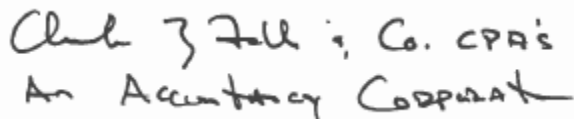
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Oxnard Harbor District as of June 30, 2011 and 2010, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2011, 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. That report can be found on page 61.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 15 and the required supplementary information on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Independent Auditor's Report, continued

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 8, the supplemental information section on pages 42 through 45, and the statistical section on pages 46 through 60 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplemental information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Charles Z. Fedak & Co. CPA's
An Accountancy Corporation

Charles Z. Fedak and Company, CPA's – An Accountancy Corporation
Cypress, California
August 31, 2011

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

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, 2011 and 2010. 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 2.23% or \$1,202,847 from \$53,823,414 to \$52,620,567 in fiscal year 2011 as a result of this year's operations. In fiscal year 2010, the District's net assets decreased 0.05% or \$22,645 from \$53,846,059 to \$53,823,414 as a result of that year's operations.
- In 2011, the District's operating revenues increased by 0.76% or \$79,620 due primarily to an increase in cargo activities and a decrease in other operating revenues. In 2010, the District's operating revenues increased by 3.92% or \$392,910 due primarily to an increase in cargo activities
- In 2011, the District's operating expenses decreased by 3.56% or \$252,551 due primarily to a decrease in insurance expense of \$351,131 as the District did not renew its earthquake insurance premium for fiscal year 2011. In 2010, the District's operating expenses decreased by 5.56% or \$417,712 due primarily to decreases in amounts due on governmental contractual agreements of \$124,726, non-essential maintenance expense of \$106,666 and port promotion of \$118,268.
- In 2011, the District expensed a construction-in-process project – deep draft navigation project – for a loss of \$1,092,177 as it was determined that the \$4,847,370 maintenance dredging project capitalized in fiscal year 2010 satisfied many aspects of the overall deep draft navigation project.

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 Fiscal Years Ended June 30, 2011 and 2010

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

	Condensed Statement of Net Assets				
	2011	2010	Change	2009	Change
Assets:					
Current assets	\$ 14,063,768	10,650,407	3,413,361	8,178,957	2,471,450
Non-current assets	5,500,684	10,300,603	(4,799,919)	10,126,633	173,970
Capital assets, net	<u>63,184,639</u>	<u>66,009,796</u>	<u>(2,825,157)</u>	<u>68,561,055</u>	<u>(2,551,259)</u>
Total assets	<u><u>82,749,091</u></u>	<u><u>86,960,806</u></u>	<u><u>(4,211,715)</u></u>	<u><u>86,866,645</u></u>	<u><u>94,161</u></u>
Liabilities:					
Current liabilities	1,990,799	3,854,562	(1,863,763)	2,746,713	1,107,849
Non-current liabilities	<u>28,137,725</u>	<u>29,282,830</u>	<u>(1,145,105)</u>	<u>30,273,873</u>	<u>(991,043)</u>
Total liabilities	<u><u>30,128,524</u></u>	<u><u>33,137,392</u></u>	<u><u>(3,008,868)</u></u>	<u><u>33,020,586</u></u>	<u><u>116,806</u></u>
Net assets:					
Net investment in capital assets	37,639,639	37,169,796	469,843	39,721,055	(2,551,259)
Restricted	7,285,362	7,278,792	6,570	7,894,856	(616,064)
Unrestricted	<u>7,695,566</u>	<u>9,374,826</u>	<u>(1,679,260)</u>	<u>6,230,148</u>	<u>3,144,678</u>
Total net assets	<u><u>\$ 52,620,567</u></u>	<u><u>53,823,414</u></u>	<u><u>(1,202,847)</u></u>	<u><u>53,846,059</u></u>	<u><u>(22,645)</u></u>

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 \$52,620,567 and \$53,823,414 as of June 30, 2011 and 2010, respectively.

A large portion of the District's net assets (72% as of June 30, 2011 and 69% as of June 30, 2010) 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 2011 and 2010, the District shows a positive balance in its unrestricted net assets of \$7,695,566 and \$9,374,826, 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 Fiscal Years Ended June 30, 2011 and 2010

Statement of Revenues, Expenses and Changes in Net Assets

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2009</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 10,487,862	10,408,242	79,620	10,015,332	392,910
Non-operating revenues	87,992	794,777	(706,785)	638,095	156,682
Total revenues	<u>10,575,854</u>	<u>11,203,019</u>	<u>(627,165)</u>	<u>10,653,427</u>	<u>549,592</u>
Expenses:					
Operating expenses	6,840,424	7,092,975	(252,551)	7,510,687	(417,712)
Depreciation and amortization	3,010,045	3,087,810	(77,765)	2,701,143	386,667
Non-operating expenses	2,714,197	1,711,126	1,003,071	1,792,626	(81,500)
Total expenses	<u>12,564,666</u>	<u>11,891,911</u>	<u>672,755</u>	<u>12,004,456</u>	<u>(112,545)</u>
Net income before cap con	(1,988,812)	(688,892)	(1,299,920)	(1,351,029)	662,137
Capital contributions	785,965	666,247	119,718	1,112,902	(446,655)
Change in net assets	(1,202,847)	(22,645)	(1,180,202)	(238,127)	215,482
Net assets, beginning of year	<u>53,823,414</u>	<u>53,846,059</u>	<u>(22,645)</u>	<u>54,084,186</u>	<u>(238,127)</u>
Net assets, end of year	<u>\$ 52,620,567</u>	<u>53,823,414</u>	<u>(1,202,847)</u>	<u>53,846,059</u>	<u>(22,645)</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 (\$1,202,847) and (\$22,645) for the fiscal years ended June 30, 2011 and 2010, respectively.

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

In 2011, the District's operating revenues increased by 0.76% or \$79,620 due primarily to an increase in cargo activities and a decrease in other operating revenues. In 2010, the District's operating revenues increased by 3.92% or \$392,910 due primarily to an increase in cargo activities

In 2011, the District's operating expenses decreased by 3.56% or \$252,551 due primarily to a decrease in insurance expense of \$351,131 as the District did not renew its earthquake insurance premium for fiscal year 2011. In 2010, the District's operating expenses decreased by 5.56% or \$417,712 due primarily to decreases in amounts due on governmental contractual agreements of \$124,726, non-essential maintenance expense of \$106,666 and port promotion of \$118,268.

Operating and Non-Operating Revenues

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2009</u>	<u>Change</u>
Operating revenues:					
Auto cargo	\$ 5,553,797	5,067,786	486,011	4,141,894	925,892
Fresh produce cargo	2,731,854	2,986,912	(255,058)	3,454,636	(467,724)
Offshore oil	616,907	716,410	(99,503)	688,031	28,379
Property management	1,177,109	1,142,746	34,363	1,343,299	(200,553)
Other operating income	408,195	494,388	(86,193)	387,472	106,916
Total operating revenues	<u>10,487,862</u>	<u>10,408,242</u>	<u>79,620</u>	<u>10,015,332</u>	<u>392,910</u>
Non-operating revenues:					
Investment earnings	42,016	31,669	10,347	250,941	(219,272)
Other non-operating revenues	111,375	793,703	(682,328)	475,456	318,247
Total non-operating revenues	<u>153,391</u>	<u>825,372</u>	<u>(671,981)</u>	<u>726,397</u>	<u>98,975</u>
Total revenues	<u>\$ 10,641,253</u>	<u>11,233,614</u>	<u>(592,361)</u>	<u>10,741,729</u>	<u>491,885</u>

Total revenues decreased by \$592,361 and increased by \$491,885 in fiscal years 2011 and 2010, respectively.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

Operating and Non-Operating Expenses

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2009</u>	<u>Change</u>
Operating expenses:					
Salaries and benefits	\$ 4,292,829	4,317,130	(24,301)	4,292,580	24,550
Governmental contractual agreements	1,043,463	956,572	86,891	1,081,298	(124,726)
Security	208,777	213,543	(4,766)	209,259	4,284
Facilities and maintenance	463,166	446,626	16,540	553,292	(106,666)
Professional and legal	279,996	286,206	(6,210)	316,492	(30,286)
Materials and services	12,837	12,427	410	19,371	(6,944)
Port promotion	192,122	162,106	30,016	280,374	(118,268)
Insurance	347,234	698,365	(351,131)	758,021	(59,656)
Depreciation and amortization	3,010,045	3,087,810	(77,765)	2,701,143	386,667
Total operating expenses	\$ 9,850,469	10,180,785	(330,316)	10,211,830	(31,045)
Non-operating expenses:					
Interest expense – long-term debt	1,550,615	1,628,250	(77,635)	1,708,560	(80,310)
Amortization of deferred charges	71,405	82,876	(11,471)	84,066	(1,190)
Other non-operating expenses	1,157,576	30,595	1,126,981	88,302	(57,707)
Total non-operating expenses	2,779,596	1,741,721	1,037,875	1,880,928	(139,207)
Total expenses	\$ 12,630,065	11,922,506	707,559	12,092,758	(170,252)

Total expenses increased by \$707,559 and decreased by \$170,252 in fiscal years 2011 and 2010, respectively.

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 2011 were as follows:

	<u>Balance</u> <u>2010</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>2011</u>
Non-depreciable assets	\$ 16,505,025	1,277,151	(1,746,785)	16,035,391
Depreciable assets	84,630,343	654,522	(343,259)	84,941,606
Accumulated depreciation	(35,125,572)	(3,010,045)	343,259	(37,792,358)
Total capital assets, net	66,009,796	(1,078,372)	(1,746,785)	63,184,639

Changes in capital assets for fiscal year 2010 were as follows:

	<u>Balance</u> <u>2009</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>2010</u>
Non-depreciable assets	\$ 25,347,271	944,176	(9,786,422)	16,505,025
Depreciable assets	79,353,867	9,384,521	(4,108,045)	84,630,343
Accumulated depreciation	(36,140,083)	(3,087,810)	4,102,321	(35,125,572)
Total capital assets, net	68,561,055	7,240,887	(9,792,146)	66,009,796

At the end of fiscal year 2011, the District's investment in capital assets amounted to \$63,184,639 (net of accumulated depreciation). Major capital asset additions during the year amounted to \$1,277,065 for various projects and equipment.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

At the end of fiscal year 2010, the District's investment in capital assets amounted to \$66,009,796 (net of accumulated depreciation). Major capital asset additions during the year amounted to \$542,275 for various projects and equipment. (See Note 5 for further information)

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 for fiscal year 2011 was as follows:

	Balance 2010	Additions/ Transfers	Deletions/ Transfers	Balance 2011
Revenue bonds	\$ 28,840,000	-	(3,295,000)	25,545,000

Changes in long-term debt for fiscal year 2010 was as follows:

	Balance 2009	Additions/ Transfers	Deletions/ Transfers	Balance 2010
Revenue bonds	\$ 28,840,000	-	-	28,840,000

Long-term debt decreased by \$3,295,000 for the fiscal year ended June 30, 2011 due to principal payments made toward paying-down the District's 2000 Series Revenue Bonds and 2004 A Series Revenue Bonds. In 2010, no principal payments were made since those payments were prepaid in fiscal year 2009. (See Note 9 for further information)

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 20 through 40.

Economic Conditions

During the fiscal year ending June 30, 2011, the District experienced a slight decrease in the amount of total cargo imported and exported through the Port. Overall revenue tonnage decreased by -2.8% however, the Ports highest rate cargo, auto imports, increased by 17.7% which contributed to an overall 0.8% increase in total revenue to the District. As the general economy rebounds and grows, the demand for new automobiles and other types of cargos should also increase. Increases in cargo volume through the Port of Hueneme will result in increases in revenues. The District continues to actively seek new customers and types of cargos to diversify its current lines of business. The Port of Hueneme does compete with other west coast ports for cargo.

Subsequent Event

The District is in the process of refunding into one debt issue its total outstanding long-term debt as of June 30, 2011 of \$25,545,000. The refunding is expected to occur in December 2011.

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 Ponoma Street, Port Hueneme, CA 93041.

< Page Intentionally Left Blank >

Basic Financial Statements

Oxnard Harbor District
Statements of Net Assets
June 30, 2011 and 2010

<i>Assets</i>	2011	2010
Current assets:		
Cash and cash equivalents (note 2)	\$ 6,388,401	7,524,685
Restricted – cash and cash equivalents (note 2 and 4)	6,158,441	1,361,742
Accrued interest receivable	7,871	6,755
Restricted – accrued interest receivable (note 4)	539	1,959
Accounts receivable – harbor operations, net (note 3)	929,485	1,069,836
Grants receivable	177,156	209,865
Accounts receivable – other	553	75,527
Prepaid expenses and other assets	401,322	400,038
Total current assets	<u>14,063,768</u>	<u>10,650,407</u>
Non-current assets:		
Restricted – investments (note 2 and 4)	1,724,301	6,593,528
World Trade Center license (note 7)	51,000	51,000
Membership in Ventura County Railway Co., LLC (note 6)	3,370,774	3,230,061
Deferred charges, net (note 8)	354,609	426,014
Capital assets, not being depreciated (note 5)	16,035,391	16,505,025
Depreciable capital assets, net (note 5)	47,149,248	49,504,771
Total non-current assets	<u>68,685,323</u>	<u>76,310,399</u>
Total assets	<u>\$ 82,749,091</u>	<u>86,960,806</u>
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 358,544	410,434
Accrued revenue sharing payables (note 18)	698,404	846,597
Accrued salaries and benefits	110,431	84,528
Customer deposits and deferred revenue	81,401	85,302
Accrued interest payable	597,919	678,437
Long-term liabilities – due within one year:		
Compensated absences (note 10)	144,100	144,264
Revenue bonds payable (note 9)	-	1,605,000
Total current liabilities	<u>1,990,799</u>	<u>3,854,562</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 10)	432,300	432,793
Other post-employment benefits payable (note 14)	2,160,425	1,615,037
Revenue bonds payable (note 9)	25,545,000	27,235,000
Total non-current liabilities	<u>28,137,725</u>	<u>29,282,830</u>
Total liabilities	<u>30,128,524</u>	<u>33,137,392</u>
Net assets: (note 11)		
Net investment in capital assets	37,639,639	37,169,796
Restricted for construction projects	1,762,412	1,885,648
Restricted for debt service	5,522,950	5,393,144
Unrestricted	7,695,566	9,374,826
Total net assets	<u>52,620,567</u>	<u>53,823,414</u>
Total liabilities and net assets	<u>\$ 82,749,091</u>	<u>86,960,806</u>

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Auto cargo	\$ 5,553,797	5,067,786
Fresh produce cargo	2,731,854	2,986,912
Offshore oil	616,907	716,410
Property management:		
Land	898,389	960,550
Buildings	278,720	182,196
Other operating revenue:		
Liquid fertilizer	145,307	168,673
Reefer receptacles	42,005	40,829
Water hose rentals	2,045	1,872
Wharfage – fish and water	116,064	139,022
Other – moorings, permits and fees	102,774	143,992
Total operating revenues	<u>10,487,862</u>	<u>10,408,242</u>
Operating expenses:		
Salaries and benefits	4,292,829	4,317,130
Governmental contractual agreements	1,043,463	956,572
Security	208,777	213,543
Facilities and maintenance	463,166	446,626
Professional and legal	279,996	286,206
Materials and services	12,837	12,427
Port promotion	192,122	162,106
Insurance	347,234	698,365
Total operating expenses	<u>6,840,424</u>	<u>7,092,975</u>
Operating income before depreciation and amortization	3,647,438	3,315,267
Depreciation and amortization	<u>(3,010,045)</u>	<u>(3,087,810)</u>
Operating income	<u>637,393</u>	<u>227,457</u>
Non-operating revenues(expenses):		
Investment earnings	42,016	31,669
Interest expense – long-term debt	(1,550,615)	(1,628,250)
Amortization of deferred charges	(71,405)	(82,876)
Loss on discontinuance of deep draft navigation project	(1,092,177)	-
Change in membership in Ventura County Railway Co., LLC	140,713	151,288
Other revenue, net	(94,737)	611,820
Total non-operating revenues, net	<u>(2,626,205)</u>	<u>(916,349)</u>
Net loss before capital contributions	<u>(1,988,812)</u>	<u>(688,892)</u>
Capital contributions:		
Federal capital grants	327,792	317,244
State capital grants	458,173	349,003
Total capital contributions	<u>785,965</u>	<u>666,247</u>
Change in net assets	<u>(1,202,847)</u>	<u>(22,645)</u>
Net assets, beginning of year	<u>53,823,414</u>	<u>53,846,059</u>
Net assets, end of year	<u>\$ 52,620,567</u>	<u>53,823,414</u>

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash receipts from customers for harbor operations	\$ 10,703,187	10,429,315
Cash paid to employees for salaries and wages	(2,463,568)	(2,479,476)
Cash paid to vendors and suppliers for materials and services	(4,011,490)	(4,132,506)
Net cash provided by operating activities	<u>4,228,129</u>	<u>3,817,333</u>
Cash flows from non-capital financing activities:		
Other revenue, net	(94,737)	611,820
Net cash provided(used) by non-capital financing activities	<u>(94,737)</u>	<u>611,820</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,277,065)	(542,275)
Proceeds from capital contributions	818,674	927,769
Principal paid on revenue bonds	(3,295,000)	-
Interest paid on revenue bonds	(1,631,133)	(1,628,250)
Net cash used in capital and related financing activities	<u>(5,384,524)</u>	<u>(1,242,756)</u>
Cash flows from investing activities:		
Purchase of investments	(6,810,018)	(13,193,893)
Proceeds from sale of investments	11,679,291	13,076,331
Proceeds from interest and investment earnings	42,274	97,324
Net cash provided(used) by investing activities	<u>4,911,547</u>	<u>(20,238)</u>
Net increase in cash and cash equivalents	3,660,415	3,166,159
Cash and cash equivalents, beginning of year	<u>8,886,427</u>	<u>5,720,268</u>
Cash and cash equivalents, end of year	<u>\$ 12,546,842</u>	<u>8,886,427</u>
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 6,388,401	7,524,685
Restricted assets – cash and cash equivalents	<u>6,158,441</u>	<u>1,361,742</u>
Total cash and cash equivalents	<u>\$ 12,546,842</u>	<u>8,886,427</u>

Continued on next page

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ <u>637,393</u>	<u>227,457</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Deprecation and amortization	3,010,045	3,087,810
Changes in assets – (increase)decrease:		
Accounts receivable – harbor operations, net	140,351	10,513
Accounts receivable – other	74,974	10,560
Prepaid expenses and other assets	(1,284)	346,459
Deposit – City of Port Hueneme	-	16,751
Changes in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(51,890)	31,898
Accrued revenue sharing payables	(148,193)	(533,085)
Accrued salaries and benefits	25,903	(13,147)
Customer deposits and deferred revenue	(3,901)	5,796
Compensated absences	(657)	49,257
Post-employment benefits payable	<u>545,388</u>	<u>577,064</u>
Total adjustments	<u>3,590,736</u>	<u>3,589,876</u>
Net cash provided by operating activities	<u>\$ <u>4,228,129</u></u>	<u><u>3,817,333</u></u>

See accompanying notes to the basic financial statements

Oxnard Harbor District
Notes to the Basic Financial Statements
June 30, 2011 and 2010

(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 the State of California Harbors and Navigation Code 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 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 cargo activity 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. 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, 2011 and 2010

(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 and has recorded an allowance for doubtful accounts for those estimated uncollectable account balances.

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, 2011 and 2010

(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, 2011 and 2010

(2) Cash and Investments

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

	2011	2010
Cash and cash equivalents	\$ 6,388,401	7,524,685
Restricted – cash and cash equivalents	6,158,441	1,361,742
Restricted – investments	1,724,301	6,593,528
Total cash and investments	\$ 14,271,143	15,479,955

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

	2011	2010
Cash on hand	\$ 300	300
Deposits with financial institutions	1,405,293	2,933,079
Investments	12,865,550	12,546,576
Total cash and investments	\$ 14,271,143	15,479,955

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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, 2011 and 2010

(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, 2011 and 2010, 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, 2011 and 2010

(2) Cash and Investments, continued

Investments at June 30, 2011 consisted of the following:

Investment Type	Total	Remaining Maturity 12 Months Or Less
Local Agency Investment Fund (LAIF)	5,344,275	5,344,275
Held by bond trustee:		
Money market funds	5,796,974	5,796,974
Federal Home Loan Banks (FHLB)	1,724,301	1,724,301
Total	\$ 12,865,550	12,865,550

Investments at June 30, 2010 consisted of the following:

Investment Type	Total	Remaining Maturity 12 Months Or Less
Local Agency Investment Fund (LAIF)	5,037,764	5,037,764
Held by bond trustee:		
Money market funds	915,284	915,284
Federal Home Loan Banks (FHLB)	1,264,946	1,264,946
U.S. Treasury notes	5,328,582	5,328,582
Total	\$ 12,546,576	12,546,576

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, 2011 and 2010

(2) Cash and Investments, continued

Credit ratings of investments as of June 30, 2011, were as follows:

<u>Investment type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Exempt or Not Rated</u>	<u>Rating as of year-end AAA</u>
Local Agency Investment Fund (LAIF)	5,344,275	N/A	5,344,275	-
Held by bond trustee:				
Money market funds	5,796,974	N/A	5,796,974	-
Federal Home Loan Banks (FHLB)	<u>1,724,301</u>	N/A	<u>-</u>	<u>1,724,301</u>
Total	<u>\$ 12,865,550</u>		<u>11,141,249</u>	<u>1,724,301</u>

Credit ratings of investments as of June 30, 2010, were as follows:

<u>Investment type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Exempt or Not Rated</u>	<u>Rating as of year-end AAA</u>
Local Agency Investment Fund (LAIF)	5,037,764	N/A	5,037,764	-
Held by bond trustee:				
Money market funds	915,284	N/A	915,284	-
Federal Home Loan Banks (FHLB)	1,264,946	AAA	-	1,264,946
U.S. Treasury notes	<u>5,328,582</u>	N/A	<u>5,328,582</u>	-
Total	<u>\$ 12,546,576</u>		<u>11,281,630</u>	<u>1,264,946</u>

(3) Accounts Receivable – Harbor Operations, Net

The balance at June 30, consists of the following:

	<u>2011</u>	<u>2010</u>
Accounts receivable - harbor operations	\$ 954,485	1,094,836
Allowance for uncollectable accounts	<u>(25,000)</u>	<u>(25,000)</u>
Accounts receivable - harbor operations, net	<u>\$ 929,485</u>	<u>1,069,836</u>

(4) Restricted Assets

Assets were restricted for the following purposes:

	<u>2011</u>	<u>2010</u>
Revenue bonds reserve funds	\$ 3,616,211	3,620,558
Revenue bonds debt service funds	782,268	814,199
Revenue bonds construction funds	1,421,151	1,472,725
Revenue bonds principal funds	1,722,390	1,636,824
Navy joint-use construction funds	<u>341,261</u>	<u>412,923</u>
Total	<u>\$ 7,883,281</u>	<u>7,957,229</u>

Reconciliation of restricted assets to the statement of financial position:

Restricted assets – cash and cash equivalents	\$ 6,158,441	1,361,742
Restricted assets – accrued interest receivable	539	1,959
Restricted assets – investments	<u>1,724,301</u>	<u>6,593,528</u>
Total restricted assets	<u>\$ 7,883,281</u>	<u>7,957,229</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(5) Capital Assets

Changes in capital assets for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2011</u>
Non-depreciable assets:				
Land and easements	\$ 15,332,137	-	-	15,332,137
Construction-in-process	<u>1,172,888</u>	<u>1,277,151</u>	<u>(1,746,785)</u>	<u>703,254</u>
Total non-depreciable assets	<u>16,505,025</u>	<u>1,277,151</u>	<u>(1,746,785)</u>	<u>16,035,391</u>
Depreciable assets:				
Wharves and docks	26,596,196	511,406	(71,077)	27,036,525
Warehouses	25,534,231	-	(5,790)	25,528,441
Land improvements	24,539,644	143,202	(201,704)	24,481,142
Fuel tanks	1,055,322	-	-	1,055,322
Buildings	5,199,897	-	-	5,199,897
Building improvements	867,448	-	(6,697)	860,751
Vehicles and equipment	<u>837,605</u>	<u>(86)</u>	<u>(57,991)</u>	<u>779,528</u>
Total depreciable assets	<u>84,630,343</u>	<u>654,522</u>	<u>(343,259)</u>	<u>84,941,606</u>
Accumulated depreciation:				
Wharves and docks	(16,383,465)	(793,174)	71,077	(17,105,562)
Warehouses	(11,021,832)	(915,834)	5,790	(11,931,876)
Land improvements	(5,251,524)	(850,412)	201,704	(5,900,232)
Fuel tanks	(468,006)	(66,858)	-	(534,864)
Buildings	(1,036,958)	(195,586)	-	(1,232,544)
Building improvements	(514,133)	(51,446)	6,697	(558,882)
Vehicles and equipment	<u>(449,654)</u>	<u>(136,735)</u>	<u>57,991</u>	<u>(528,398)</u>
Total depreciation	<u>(35,125,572)</u>	<u>(3,010,045)</u>	<u>343,259</u>	<u>(37,792,358)</u>
Total depreciable assets, net	<u>49,504,771</u>	<u>(2,355,523)</u>	<u>-</u>	<u>47,149,248</u>
Total capital assets, net	<u>\$ 66,009,796</u>	<u>(1,078,372)</u>	<u>(1,746,785)</u>	<u>63,184,639</u>

Major capital asset additions during the year amounted to \$1,277,065 for various projects and equipment.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(5) Capital Assets, continued

Changes in capital assets for 2010 were as follows:

	<u>Balance 2009</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2010</u>
Non-depreciable assets:				
Land and easements	\$ 18,944,602	-	(3,612,465)	15,332,137
Construction-in-process	6,402,669	944,176	(6,173,957)	1,172,888
Total non-depreciable assets	<u>25,347,271</u>	<u>944,176</u>	<u>(9,786,422)</u>	<u>16,505,025</u>
Depreciable assets:				
Wharves and docks	26,472,365	128,137	(4,306)	26,596,196
Warehouses	25,534,231	-	-	25,534,231
Land improvements	22,226,274	5,604,699	(3,291,329)	24,539,644
Fuel tanks	1,055,322	-	-	1,055,322
Buildings	2,130,188	3,612,465	(542,756)	5,199,897
Building improvements	868,173	-	(725)	867,448
Vehicles and equipment	1,067,314	39,220	(268,929)	837,605
Total depreciable assets	<u>79,353,867</u>	<u>9,384,521</u>	<u>(4,108,045)</u>	<u>84,630,343</u>
Accumulated depreciation:				
Wharves and docks	(15,602,665)	(785,106)	4,306	(16,383,465)
Warehouses	(10,117,163)	(904,669)	-	(11,021,832)
Land improvements	(7,646,936)	(895,917)	3,291,329	(5,251,524)
Fuel tanks	(401,148)	(66,858)	-	(468,006)
Buildings	(1,344,270)	(235,444)	542,756	(1,036,958)
Building improvements	(463,406)	(51,452)	725	(514,133)
Vehicles and equipment	(564,495)	(148,364)	263,205	(449,654)
Total depreciation	<u>(36,140,083)</u>	<u>(3,087,810)</u>	<u>4,102,321</u>	<u>(35,125,572)</u>
Total depreciable assets, net	<u>43,213,784</u>	<u>6,296,711</u>	<u>(5,724)</u>	<u>49,504,771</u>
Total capital assets, net	\$ <u>68,561,055</u>	<u>7,240,887</u>	<u>(9,792,146)</u>	<u>66,009,796</u>

Major capital asset additions during the year amounted to \$542,275 for various projects and equipment.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(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:	2009	2010	2011
Maintenance dredging	\$ 5,193,185	-	-
Deep draft navigation	880,119	1,092,177	-
Security grant	324,354	-	686,352
Various minor projects	5,011	80,711	16,902
Total	\$ 6,402,669	1,172,888	703,254

(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 plus operational earnings. The District's total investment in the membership of the Ventura County Railway Company, LLC as of June 30, 2011 and 2010 amounted to \$3,370,774 and \$3,230,061, respectfully.

(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 325 members in 100 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:	2011	2010
Revenue bonds – Series 1999	\$ 154,533	179,410
Revenue bonds – Refunding Series 2000	30,945	53,064
Revenue bonds – Series 2004 A	103,721	122,161
Revenue bonds – Series 2004 B	65,410	71,379
Total	\$ 354,609	426,014

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(9) Long-Term Debt

Changes in long-term debt amounts for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2011</u>
Long-term debt:				
Revenue bonds – Series 1999	\$ 10,820,000	-	-	10,820,000
Revenue bonds – Refunding Series 2000	6,605,000	-	(2,355,000)	4,250,000
Revenue bonds – Series 2004A	4,615,000	-	(940,000)	3,675,000
Revenue bonds – Series 2004B	6,800,000	-	-	6,800,000
Total long-term debt	\$ 28,840,000	-	(3,295,000)	25,545,000
Less current portion	1,605,000			-
Non-current portion	\$ 30,445,000			25,545,000

Changes in long-term debt amounts for 2010 were as follows:

	<u>Balance 2009</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2010</u>
Long-term debt:				
Revenue bonds – Series 1999	\$ 10,820,000	-	-	10,820,000
Revenue bonds – Refunding Series 2000	6,605,000	-	-	6,605,000
Revenue bonds – Series 2004A	4,615,000	-	-	4,615,000
Revenue bonds – Series 2004B	6,800,000	-	-	6,800,000
Total long-term debt	\$ 28,840,000	-	-	28,840,000
Less current portion	-			1,605,000
Non-current portion	\$ 28,840,000			30,445,000

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 \$4,280,673 and \$4,653,135 for the years ended June 30, 2011 and 2010. The actual debt service coverage ratios were 134% and 286% for the years ended June 30, 2011 and 2010 (See page 45). The District is in compliance with its bond covenants for fiscal years 2011 and 2010; however, prior to June 30, 2011 the District estimated that it might not be in compliance with its bond covenants for fiscal year 2011, so the District initiated a defeasance of its fiscal year 2012 debt service principal payments below:

Defeasance of Fiscal Year 2012 Debt Service Principal Payments

Revenue Bonds – Refunding Series 2000

On June 10, 2011, the District executed an irrevocable deposit of funds into an escrow fund to defease the District's August 1, 2011 debt service principal payment of \$1,220,000 on the Revenue Bonds – Refunding Series 2000. As a result of such deposit, the above captioned Revenue Bonds – Refunding Series 2000, August 1, 2011 debt service principal payment is deemed to have been paid and defeased in accordance with the bond indenture.

Revenue Bonds – Series 2004A

On June 10, 2011, the District executed an irrevocable deposit of funds into an escrow fund to defease the District's August 1, 2011 debt service principal payment of \$470,000 on the Revenue Bonds – Series 2004A. As a result of such deposit, the above captioned Revenue Bonds – Series 2004A, August 1, 2011 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, 2011 and 2010

(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 1st and February 1st 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>
2012	\$ -	605,920	605,920
2013	-	605,920	605,920
2014	-	605,920	605,920
2015	-	605,920	605,920
2016	1,935,000	551,740	2,486,740
2017-2020	8,885,000	1,028,860	9,913,860
	<u>\$ 10,820,000</u>	<u>4,004,280</u>	<u>14,824,280</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 1st and February 1st 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>
2012	\$ -	236,738	236,738
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>\$ 4,250,000</u>	<u>605,399</u>	<u>4,855,399</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(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 1st and February 1st 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 1st and February 1st 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>
2012	\$ -	610,440	610,440
2013	460,000	598,710	1,058,710
2014	455,000	575,378	1,030,378
2015	450,000	552,300	1,002,300
2016	145,000	536,656	681,656
2017-2021	2,165,000	2,506,181	4,671,181
2022-2025	6,800,000	845,100	7,645,100
	<u>\$ 10,475,000</u>	<u>6,224,765</u>	<u>16,699,765</u>

(10) Compensated Absences

Changes in compensated absences were as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 577,057	527,800
Additions	259,074	271,034
Payments to employees	<u>(259,731)</u>	<u>(221,777)</u>
Balance, end of year	576,400	577,057
Current portion	<u>(144,100)</u>	<u>(144,264)</u>
Long-term portion	<u>\$ 432,300</u>	<u>432,793</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(11) Net Assets Calculation

Calculation of net assets as of June 30, were as follows:	<u>2011</u>	<u>2010</u>
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 16,035,391	16,505,025
Depreciable capital assets, net	47,149,248	49,504,771
Revenue bonds payable – current	-	(1,605,000)
Revenue bonds payable – non-current	<u>(25,545,000)</u>	<u>(27,235,000)</u>
Total net investment in capital assets	<u>37,639,639</u>	<u>37,169,796</u>
Restricted net assets:		
Restricted – cash and cash equivalents	6,158,441	1,361,742
Restricted – accrued interest receivable	539	1,959
Restricted – investments	1,724,301	6,593,528
Accrued interest payable	<u>(597,919)</u>	<u>(678,437)</u>
Total restricted net assets	<u>7,285,362</u>	<u>7,278,792</u>
Restricted net assets are categorized as follows:		
Restricted for construction projects	1,762,412	1,885,648
Restricted for debt service	<u>5,522,950</u>	<u>5,393,144</u>
Total restricted net assets	<u>7,285,362</u>	<u>7,278,792</u>
Unrestricted net assets:		
Non-spendable net assets:		
Prepaid expenses and other assets	401,322	400,038
World Trade Center license	51,000	51,000
Membership-Ventura County Railway Co., LLC	3,370,774	3,230,061
Deferred charges, net	<u>354,609</u>	<u>426,014</u>
Total non-spendable net assets	<u>4,177,705</u>	<u>4,107,113</u>
Spendable net assets are designated as follows:		
Undesignated net assets reserve	<u>3,517,861</u>	<u>5,267,713</u>
Total spendable net assets	<u>3,517,861</u>	<u>5,267,713</u>
Total unrestricted net assets	<u>7,695,566</u>	<u>9,374,826</u>
Total net assets	<u>\$ 52,620,567</u>	<u>53,823,414</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(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, 2011 and 2010 was \$182,319 and \$249,423, respectively, and by CalPERS Salary Savings Program at June 30, 2011 and 2010 was \$1,880,102 and \$1,584,097, 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 2011, 2010 and 2009 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 2011, 2010 and 2009, 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>Pension Cost (APC)</u>	<u>of APC Contributed</u>	<u>Pension Obligation</u>	<u>Percentage of Payroll</u>
2008-2009	\$ 270,720	100%	-	12.262%
2009-2010	288,530	100%	-	12.275%
2010-2011	292,927	100%	-	12.514%

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(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, 21 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 \$189,073 and \$164,674 were recognized for post-retirement health care, vision care, dental care, and life insurance benefits during the years ended June 30, 2011 and 2010, 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 of 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>2011</u>	<u>2010</u>	<u>2009</u>
Active plan members	28	28	32
Retirees and beneficiaries receiving benefits	21	21	20
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	<u>49</u>	<u>49</u>	<u>52</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(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. Eligible 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 2011 and 2010 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, 2011 and 2010, the District's ARC cost is \$734,461 and \$741,738, respectively. The District's net OPEB payable obligation amounted to \$2,160,425 and \$1,615,037 for the years ended June 30, 2011 and 2010, respectively. The District contributed \$189,073 and \$164,674 in age adjusted contributions for current retiree OPEB premiums for the years ended June 30, 2011 and 2010, respectively.

The balance at June 30, consists of the following:	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 774,582	790,138	736,204
Interest on net OPEB obligation	64,601	-	24,200
Adjustment to annual required contribution	(104,722)	(48,400)	-
Total annual OPEB expense	<u>734,461</u>	<u>741,738</u>	<u>760,404</u>
Change in net OPEB payable obligation:			
Age adjusted contributions made	(189,073)	(164,674)	(206,428)
Total change in net OPEB payable obligation	<u>545,388</u>	<u>577,064</u>	<u>553,976</u>
OPEB payable – beginning of year	<u>1,615,037</u>	<u>1,037,973</u>	<u>483,997</u>
OPEB payable – end of year	<u>\$ 2,160,425</u>	<u>1,615,037</u>	<u>1,037,973</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(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 2011 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	
2011	\$ 734,461	189,073	25.74%	\$ 2,160,425	
2010	741,738	164,674	22.20%	1,615,037	
2009	760,404	206,428	27.15%	1,037,973	

(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, 2011, 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, general aggregate, for any one policy period subject to a \$5,000 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 property 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, 2011, 2010 and 2009, except for not renewing earthquake property coverage effective May 2010. 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, 2011, 2010 and 2009.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(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 cargo activity 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, 2011 and 2010, the amount of District revenues derived from these various customers and stevedoring companies was approximately \$8,725,112 and \$8,959,852, respectively.

(17) 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 and adjustments for increases in terminal space. As of June 30, 2011, 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>
2012	\$ 617,133
2013	386,042
2014	<u>19,912</u>
Total	<u>\$ 1,023,087</u>

Long-Term Revenue Sharing Contracts with Customers

The District has contractual agreements with major customers which offer annual revenue sharing incentives based upon cargo activity. Some of these customers guarantee the District minimum revenue as defined.

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 3.33% of the District's gross operating revenues. Amounts allocated to the City for the fiscal years ended June 30, 2011 and 2010 totaled \$343,695 and \$347,397, 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 conveyed on the City's streets. For the fiscal years ended June 30, 2011 and 2010, amounts allocated to the City under this agreement, excluding automobiles, totaled \$173,820 and \$167,256, respectively.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(17) Commitments, continued

Contracts with the City of Port Hueneme, continued

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 \$0.50 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, 2011 and 2010, amounts allocated to the City under this agreement, excluding automobiles, totaled \$232,410 and \$200,304, respectively.

For the years ended June 30, 2011 and 2010, the amounts allocated to the City under the above 1987 and 1995 agreements for automobiles totaled \$249,961 and \$202,831, respectively.

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, 2011, the amount payable to the Navy for long-term maintenance of Wharf 3 and associated real property is \$427,096.

(18) 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.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2011, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 60

In November 2010, the GASB issued Statement No.60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 61

In November 2010, the GASB issued Statement No.61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*. This statement is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 63

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 64

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. This standard is designed to improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or swap counterparty's credit support provider, is replaced. This statement is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

(20) Subsequent Events

Events occurring after June 30, 2011 have been evaluated for possible adjustment to the financial statements or disclosure as of August 31, 2011, which is the date the financial statements were available to be issued.

Debt Refunding

The District is in the process of refunding into one debt issue its total outstanding long-term debt as of June 30, 2011 of \$25,545,000. The refunding is expected to occur in December 2011.

Required Supplementary Information

Oxnard Harbor District
Schedule of Funding Status – Other Post Employment Benefits Obligation
For the Fiscal Years Ended June 30, 2011 and 2010

Funded Status and Funding Progress of the Plan

Required Supplemental Information – Schedule of Funding Progress

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)
7/1/2010	\$ -	8,622,114	8,622,114	0.00%	\$ 2,463,568	349.98%
7/1/2007	\$ -	7,141,813	7,141,813	0.00%	\$ 2,506,464	284.94%

The most recent valuation (dated July 1, 2010) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$8,622,114. 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. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2010 was \$2,463,568. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 349.98%.

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, 2010
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	4.00%
Projected salary increase	3.25%
Inflation - discount rate	4.00%

< Page Intentionally Left Blank >

Supplemental Information

Oxnard Harbor District
Schedule of Operating Expenses
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Salaries and benefits:		
Commissioner salaries	\$ 36,000	36,000
Administrative salaries	857,884	878,431
Maintenance salaries	568,904	610,837
Operations salaries	716,347	699,816
Temporary employee salaries	10,885	1,107
Sick leave	78,242	100,549
Vacation	180,832	170,485
Payroll taxes	180,708	182,866
Workers' compensation	63,304	74,745
Insurance:		
Dental	34,751	36,131
HRA	18,216	12,312
Life	33,754	34,670
Medical	277,727	239,315
Vision	10,959	11,995
PERS Pension contributions – employee	292,927	288,530
PERS Pension contributions – employee	183,125	184,171
Post-employment benefits	734,461	741,738
Employee relations	8,832	6,950
Employee training and uniforms	4,971	6,482
Total salaries and benefits	<u>4,292,829</u>	<u>4,317,130</u>
Governmental contractual agreements:		
1983 Contract	343,695	347,397
1987 Contract	173,820	167,256
1995 Memorandum of understanding	232,409	200,304
Contracts – automobiles	249,961	202,831
City of Oxnard – property tax in-lieu fees	33,500	25,242
Ventura County Fire District	-	2,500
Ventura County LAFCO	10,078	11,042
Total governmental contractual agreements	<u>1,043,463</u>	<u>956,572</u>
Security:		
Guards and traffic control	208,021	208,940
Security plan and equipment	756	4,603
Total security	<u>\$ 208,777</u>	<u>213,543</u>

Continued on next page.

Oxnard Harbor District
Schedule of Operating Expenses
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Facilities and maintenance:		
Gas and oil	\$ 13,143	11,019
Repair and maintenance	52,525	43,285
Supplies	44,240	40,403
Supplies – computer	3,391	4,494
Computer access fees	2,758	2,657
Safety supplies	2,341	3,318
Miscellaneous	7,656	3,130
Utilities:		
Water and sewer	113,586	107,757
Electricity	187,450	170,366
Telephone	18,478	19,350
Natural gas	154	299
Trash disposal	14,064	36,637
Hazardous waste disposal	178	2,001
Equipment rental	3,202	1,910
Total facilities and maintenance	<u>463,166</u>	<u>446,626</u>
Professional and legal:		
Professional fees	225,136	224,390
Legal services	54,860	61,816
Total professional and legal	<u>279,996</u>	<u>286,206</u>
Materials and services:		
Business meeting expense	5,940	4,975
Publications and subscriptions	441	1,043
Publications - legal notices	117	115
Permits and licenses	2,759	2,110
Postage	3,580	4,184
Total materials and services	<u>12,837</u>	<u>12,427</u>
Port promotions:		
Advertising	27,040	12,211
Trade relations	67,057	62,347
Memberships and dues	69,514	71,368
Travel	28,511	16,180
Total port promotions	<u>192,122</u>	<u>162,106</u>
Insurance:		
General liability	75,953	116,540
Property	240,525	576,675
Other	30,756	5,150
Total insurance	<u>347,234</u>	<u>698,365</u>
Total operating expenses	<u>\$ 6,840,424</u>	<u>7,092,975</u>

Oxnard Harbor District
Schedule of Non-Operating Revenues and Expenses
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Non-operating income:		
Finance charges	\$ 17,672	14,479
Insurance proceeds	4	571,172
Refunds	300	56,954
Total other income	<u>17,976</u>	<u>642,605</u>
Non-operating expense:		
Bank and trust fees	12,552	20,842
Election expense	21,097	4,219
Loss on sale/disposal of capital asset	-	5,724
Miscellaneous items	79,064	-
Total other expense	<u>112,713</u>	<u>30,785</u>
Total other income and expense, net	<u>\$ (94,737)</u>	<u>611,820</u>

Oxnard Harbor District
Schedule of Debt Service Net Revenues Coverage Ratio
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Total revenues:		
Total operating revenues	\$ 10,487,862	10,408,242
Total non-operating revenues:		
Investment earnings	42,016	31,669
Change in membership in Ventura County Railway Co., LLC	140,713	151,288
Other revenue, net	(94,737)	611,820
Add back noncash items:		
Unrealized (gains) losses on investments, net	(145)	(33,973)
Total non-operating revenues adjusted for noncash items	<u>87,847</u>	<u>760,804</u>
Total revenues	<u>10,575,709</u>	<u>11,169,046</u>
Total expenses:		
Total operating expenses	6,840,424	7,092,975
Less noncash items:		
Other post-employment benefits noncash accrued liability increase	(545,388)	(577,064)
Total operating expenses adjusted for noncash items	<u>6,295,036</u>	<u>6,515,911</u>
Total non-operating expenses	2,714,197	1,711,126
Less debt service and noncash items:		
Interest expense – long-term debt	(1,550,615)	(1,628,250)
Amortization of deferred charges	(71,405)	(82,876)
Loss on discontinuance of deep draft navigation project	(1,092,177)	-
Total non-operating expenses adjusted for debt service and noncash items	<u>-</u>	<u>-</u>
Total expenses	<u>6,295,036</u>	<u>6,515,911</u>
Net revenues available for debt service	\$ <u>4,280,673</u>	<u>4,653,135</u>
Debt service for the fiscal year	\$ 3,190,904	1,628,250
Debt service net revenues coverage ratio	<u>134.15%</u>	<u>285.78%</u>

Statistical Information Section

**Oxnard Harbor District
Statistical Section**

The Statistical Section provides ten-year trends of detailed information as a context for understanding the financial statements, note disclosures, and the required supplementary information. The information is presented in these categories:

Table of Contents

	<u>Page No.</u>
<i>Financial Trends</i>	47-50
These schedules contain the Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets trend information to help the reader understand how the District's financial performance has changed over time.	
<i>Debt Capacity</i>	51-52
This schedule presents information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt.	
<i>Operating Information</i>	53-58
These schedules present information to help the reader understand the District's customers, operations and activities.	
<i>Staffing Information</i>	59-60
These schedules offer demographic information to help the reader understand the staffing structure and other data within which the District's operates.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years. The District implemented GASB No. 34 in the fiscal year ended June 30, 2004.



OXNARD HARBOR DISTRICT

Port of Hueneme

Statement of Net Assets

Fiscal Years Ended June 30, 2002 through 2011

FISCAL YEAR ENDED:	2002	2003	2004	2005
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,397,257	\$ 1,085,723	\$ 765,795	\$ 8,917,956
Restricted - cash and cash equivalents	4,049,510	2,734,609	6,168,787	1,145,491
Accrued interest receivable	58,927	47,569	33,371	56,523
Restricted - accrued interest receivable	76,733	43,708	24,155	50,675
Accounts receivable- harbor operations, net	1,406,225	1,301,617	1,548,466	2,060,858
Grants receivable	-	-	-	-
Accounts receivable- other	-	-	-	-
Prepaid expenses and other assets	620,583	610,877	520,070	522,849
Total current assets	\$ 7,609,235	\$ 5,824,103	\$ 9,060,644	\$ 12,754,352
Non-current Assets:				
Investments	\$ 9,139,060	\$ 9,928,293	\$ 7,750,676	\$ 903,281
Restricted - investments	3,808,388	3,695,841	11,316,370	8,995,226
Deposit - City of Port Hueneme	216,018	171,738	127,458	105,311
World Trade Center license	-	51,000	51,000	51,000
Membership in Ventura County Railway Co., LLC	-	-	-	2,000,000
Deferred charges, net	761,453	679,821	978,663	878,103
Capital assets, not being depreciated	14,386,431	18,066,331	15,347,263	14,240,756
Depreciable capital assets, net	39,264,471	38,701,339	43,617,347	47,492,987
Total non-current assets	\$ 67,575,821	\$ 71,294,363	\$ 79,188,777	\$ 74,666,664
Total assets	\$ 75,185,056	\$ 77,118,466	\$ 88,249,421	\$ 87,421,016
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,604,557	\$ 3,319,766	\$ 2,690,681	\$ 368,661
Accounts payable construction contracts	-	-	-	114,521
Accrued revenue sharing payables	2,106,942	1,955,759	938,946	1,445,596
Accrued salaries and benefits (1)	-	-	-	119,484
Customer deposits and deferred revenue	74,914	83,641	67,142	64,599
Accrued interest payable	609,086	575,398	594,522	811,452
Contingent liability	-	-	-	120,000
Long-term liabilities- due within one year:				
Compensated absences (1)	-	-	-	229,865
Revenue bonds payable	1,155,000	1,240,000	1,330,000	1,160,000
Total current liabilities	\$ 5,550,499	\$ 7,174,564	\$ 5,621,291	\$ 4,434,178
Long-term liabilities- due in more than one year:				
Compensated absences (1)	\$ -	\$ -	\$ -	\$ -
Other post-employment benefits payable	-	-	-	25,000
Revenue bonds payable	24,518,080	23,309,772	35,719,995	34,560,000
Total non-current liabilities	\$ 24,518,080	\$ 23,309,772	\$ 35,719,995	\$ 34,585,000
Total liabilities	\$ 30,068,579	\$ 30,484,336	\$ 41,341,286	\$ 39,019,178
Net assets:				
Investment in capital assets, net of related debt	\$ 27,977,822	\$ 33,908,585	\$ 33,355,809	\$ 31,169,955
Restricted for construction projects and debt service	7,934,631	4,739,763	6,040,747	4,987,310
Unrestricted	9,204,024	7,985,782	7,511,579	12,244,573
Total net assets	\$ 45,116,477	\$ 46,634,130	\$ 46,908,135	\$ 48,401,838
Total liabilities and net assets	\$ 75,185,056	\$ 77,118,466	\$ 88,249,421	\$ 87,421,016

Source: OXNARD HARBOR DISTRICT - Accounting Department

(1) Fiscal Years 2002-2006 grouped certain liabilities differently.

(2) Fiscal Year 2007 forward, line item format changed regarding restricted assets.

OXNARD HARBOR DISTRICT

Port of Hueneme

Statement of Net Assets

Fiscal Years Ended June 30, 2002 through 2011



Continued.....

2006	2007	2008	2009	2010	2011
(2)					
\$ 9,127,619	\$ 9,558,027	\$ 8,503,174	\$ 3,903,178	\$ 7,673,824	\$ 6,388,401
1,080,847	3,588,822	2,471,959	1,817,090	1,361,742	6,158,441
113,291	157,877	96,214	19,533	7,117	7,871
69,100	81,793	54,467	54,836	1,959	539
1,737,085	1,616,640	1,571,370	1,080,349	1,069,836	929,485
-	-	-	471,387	209,865	177,156
-	-	146,600	86,087	98,727	553
640,375	762,489	760,662	746,497	400,038	401,322
\$ 12,768,317	\$ 15,765,648	\$ 13,604,446	\$ 8,178,957	\$ 10,823,108	\$ 14,063,768
\$ 3,381,128	\$ 4,168,142	\$ 1,919,690	\$ 848,625	\$ 1,058,337	\$ -
9,454,422	9,028,645	6,237,126	6,701,367	6,593,528	1,724,301
83,171	61,031	38,891	16,751	-	-
51,000	51,000	51,000	51,000	51,000	51,000
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	3,370,774
778,924	684,557	592,956	508,890	426,014	354,609
14,450,484	14,858,035	20,470,570	25,347,271	16,505,025	16,035,391
45,345,032	43,151,122	45,569,963	43,213,784	49,504,771	47,149,248
\$ 75,544,161	\$ 74,002,532	\$ 76,880,196	\$ 78,687,688	\$ 76,138,675	\$ 68,685,323
\$ 88,312,478	\$ 89,768,180	\$ 90,484,642	\$ 86,866,645	\$ 86,961,783	\$ 82,749,091
\$ 490,991	\$ 315,729	\$ 544,746	\$ 379,513	\$ 411,411	\$ 358,544
12,826	-	-	-	-	-
1,656,259	1,984,297	2,152,038	1,379,682	846,597	698,404
58,918	85,738	88,848	97,675	84,528	110,431
73,454	70,416	80,760	79,506	85,302	81,401
792,073	766,224	738,739	678,437	678,437	597,919
-	-	-	-	-	-
276,625	108,977	120,333	131,900	144,264	144,100
1,335,000	1,395,000	1,460,000	-	1,605,000	-
\$ 4,696,146	\$ 4,726,381	\$ 5,185,464	\$ 2,746,713	\$ 3,855,539	\$ 1,990,799
\$ -	\$ 326,930	\$ 360,995	\$ 395,900	\$ 432,793	\$ 432,300
25,000	25,000	483,997	1,037,973	1,615,037	2,160,425
33,225,000	31,830,000	30,370,000	28,840,000	27,235,000	25,545,000
\$ 33,250,000	\$ 32,181,930	\$ 31,214,992	\$ 30,273,873	\$ 29,282,830	\$ 28,137,725
\$ 37,946,146	\$ 36,908,311	\$ 36,400,456	\$ 33,020,586	\$ 33,138,369	\$ 30,128,524
\$ 30,567,905	\$ 25,468,714	\$ 34,803,489	\$ 39,721,055	\$ 37,169,796	\$ 37,639,639
5,246,005	11,933,036	8,024,813	7,894,856	7,278,792	7,285,362
14,552,422	15,458,119	11,255,884	6,230,148	9,374,826	7,695,566
\$ 50,366,332	\$ 52,859,869	\$ 54,084,186	\$ 53,846,059	\$ 53,823,414	\$ 52,620,567
\$ 88,312,478	\$ 89,768,180	\$ 90,484,642	\$ 86,866,645	\$ 86,961,783	\$ 82,749,091



OXNARD HARBOR DISTRICT
Port of Hueneme
Summary of Revenues, Expenses, and Change in Net Assets
Fiscal Years Ended June 30, 2002 through 2011

FISCAL YEAR ENDED:	2002	2003	2004	2005
Operating Revenues:				
Auto Cargo	\$ 5,031,775	\$ 4,783,644	\$ 5,422,761	\$ 6,637,365
Fresh Produce Cargo	1,115,861	1,566,757	1,437,856	2,265,508
Offshore Oil	695,174	768,584	650,848	689,749
Property Management	1,152,906	1,289,809	1,001,109	1,020,787
Other	637,698	815,476	734,152	774,724
Total	\$ 8,633,414	\$ 9,224,270	\$ 9,246,726	\$ 11,388,133
Operating Expenses:				
Wages & Benefits (1)	\$ 2,420,766	\$ 2,683,413	\$ 3,038,224	\$ 3,258,690
Governmental Contractual Agreements	893,788	922,714	956,556	975,086
Security	105,255	126,086	110,930	113,450
Facilities and Maintenance	606,661	706,287	626,956	898,461
Professional and Legal	104,276	134,598	173,385	423,938
Materials and Services	77,135	114,960	113,491	99,231
Port Promotion	278,455	307,804	291,046	305,874
Insurance	379,422	504,379	466,604	434,220
Total	\$ 4,865,758	\$ 5,500,241	\$ 5,777,192	\$ 6,508,950
Operating Profit (Loss)				
before depreciation:	\$ 3,767,656	\$ 3,724,029	\$ 3,469,534	\$ 4,879,183
Depreciation Expense	\$ 2,007,672	\$ 1,995,849	\$ 2,174,964	\$ 2,217,297
Net Operating Profit (Loss)	\$ 1,759,984	\$ 1,728,180	\$ 1,294,570	\$ 2,661,886
Nonoperating Income (Expense) and Capital Contributions:				
Investment earnings	\$ 473,233	\$ 315,079	\$ 118,769	\$ 418,648
Interest expense – long-term debt	(1,515,114)	(1,375,983)	(1,193,129)	(1,734,013)
Amortization of deferred charges	(86,836)	(81,632)	(75,899)	(103,279)
Loss on discontinuance of deep draft navigation project	-	-	-	-
Other revenue, net	(34,877)	(13,491)	129,694	(12,432)
Net Contributed Capital/Grants (2)	-	945,500	-	262,893
Net Nonoperating Income (Expense) and Capital Contributions	\$ (1,163,594)	\$ (210,527)	\$ (1,020,565)	\$ (1,168,183)
Change in Net Assets	\$ 596,390	\$ 1,517,653	\$ 274,005	\$ 1,493,703
Investment in capital assets, net of related debt	\$ 27,977,822	\$ 33,908,585	\$ 33,355,809	\$ 31,169,955
Restricted for construction projects and debt service	7,934,631	4,739,763	6,040,747	4,987,310
Unrestricted	9,204,024	7,985,782	7,511,579	12,244,573
Net assets, end of year	\$ 45,116,477	\$ 46,634,130	\$ 46,908,135	\$ 48,401,838

(1) Wages & Benefits for Fiscal Years Beginning 2007 include accruals for Post Employment (OPEB) liabilities for active and retired employees per the GASB 45 implementation.

The dollar affect per year is as follows 2007 \$25,000 / 2008 \$458,997 / 2009 \$553,976 / 2010 \$577,064 / \$545,388

Total OPEB accrual to date: \$2,160,425

(2) Property received from Federal and State Grants and Other

(3) The FY 2009 Cargo Totals for 3 categories (Auto, Fruit, and Other) were corrected and restated during FY 2011

Source: OXNARD HARBOR DISTRICT - Accounting Department

OXNARD HARBOR DISTRICT

Port of Hueneme

Summary of Revenues, Expenses, and Change in Net Assets Fiscal Years Ended June 30, 2002 through 2011



Continued.....

	2006	2007	2008	2009 (3)	2010	2011
\$	7,197,719	\$ 6,667,719	\$ 6,524,468	\$ 4,141,894	\$ 5,067,786	\$ 5,553,797
	2,506,809	2,847,993	2,852,238	3,454,636	2,986,912	2,731,854
	671,861	660,867	611,043	688,031	716,410	616,907
	957,764	935,028	1,109,826	1,343,297	1,142,746	1,177,109
	575,049	565,922	540,318	387,474	494,388	408,195
\$	11,909,202	\$ 11,677,529	\$ 11,637,893	\$ 10,015,332	\$ 10,408,242	\$ 10,487,862
\$	3,535,436	\$ 3,805,813	\$ 4,108,050	\$ 4,292,580	\$ 4,317,130	\$ 4,292,829
	1,152,778	1,233,960	1,307,298	1,081,298	956,572	1,043,463
	110,854	123,953	128,153	209,259	213,543	208,777
	792,797	676,649	730,952	553,292	446,626	463,166
	499,690	268,206	273,097	316,492	286,206	279,996
	95,812	86,835	84,972	19,371	12,427	12,837
	369,693	355,907	310,561	280,374	162,106	192,122
	462,178	568,208	696,754	758,021	698,365	347,234
\$	7,019,238	\$ 7,119,531	\$ 7,639,837	\$ 7,510,687	\$ 7,092,975	\$ 6,840,424
\$	4,889,964	\$ 4,557,998	\$ 3,998,056	\$ 2,504,645	\$ 3,315,267	\$ 3,647,438
\$	2,463,964	\$ 2,475,816	\$ 2,632,521	\$ 2,701,143	\$ 3,087,810	\$ 3,010,045
\$	2,426,000	\$ 2,082,182	\$ 1,365,535	\$ (196,498)	\$ 227,457	\$ 637,393
\$	769,969	\$ 1,115,429	\$ 897,862	\$ 250,941	\$ 31,669	\$ 42,016
	(1,904,851)	(1,837,583)	(1,648,562)	(1,708,560)	(1,628,250)	(1,550,615)
	(98,577)	(94,367)	(91,601)	(84,066)	(82,876)	(71,405)
	-	-	-	-	-	(1,092,177)
	549,573	624,361	414,208	387,154	763,108	45,976
	222,380	603,515	286,875	1,112,902	666,247	785,965
\$	(461,506)	\$ 411,355	\$ (141,218)	\$ (41,629)	\$ (250,102)	\$ (1,840,240)
\$	1,964,494	\$ 2,493,537	\$ 1,224,317	\$ (238,127)	\$ (22,645)	\$ (1,202,847)
\$	30,567,905	\$ 25,468,714	\$ 34,803,489	\$ 39,721,055	\$ 37,169,796	\$ 37,639,639
	5,246,005	11,933,036	8,024,813	7,894,856	7,278,792	7,285,362
	14,552,422	15,458,119	11,255,884	6,230,148	9,374,826	7,695,566
\$	50,366,332	\$ 52,859,869	\$ 54,084,186	\$ 53,846,059	\$ 53,823,414	\$ 52,620,567



OXNARD HARBOR DISTRICT
Port of Hueneme
Revenue Bond Coverage
Fiscal Years Ended June 30, 2002 through 2011

FISCAL YEAR ENDED:	2002	2003	2004	2005
Gross Revenues (1)	\$ 9,175,592	\$ 9,539,349	\$ 9,495,189	\$ 11,908,435
Operating Expenses (2)	4,834,614	5,412,119	5,777,192	6,508,950
Net Revenue Available for Debt Service	\$ 4,340,978	\$ 4,127,230	\$ 3,717,997	\$ 5,399,485
<u>Debt Service Requirements:</u> (3)				
Principal	\$ 1,075,000	\$ 1,155,000	\$ 1,240,000	\$ 1,330,000
Interest	1,499,430	1,421,380	1,337,555	1,745,225
Totals:	\$ 2,574,430	\$ 2,576,380	\$ 2,577,555	\$ 3,075,225
Debt Ratio Coverage	168.62%	160.19%	144.25%	175.58%
Debt Covenant Requirement	125.00%	125.00%	125.00%	125.00%
OVER (UNDER)	43.62%	35.19%	19.25%	50.58%

NOTES:

- (1) Total revenues include interest but excludes the contributed capital and grant funds that were generated by donated property.
- (2) Total operating expenses exclusive of depreciation, opeb accrual and debt service interest expense.
- (3) Includes principal and interest of revenue bonds only.

Source: OXNARD HARBOR DISTRICT - Accounting and Maritime Operations Departments

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 \$4,280,673 and \$4,653,135 for the years ended June 30, 2011 and 2010. The actual debt service coverage ratios were 134% and 286% for the years ended June 30, 2011 and 2010 (See page 43). The District is in compliance with its bond covenants for fiscal year 2011; 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.

OXNARD HARBOR DISTRICT

Port of Hueneme

Revenue Bond Coverage

Fiscal Years Ended June 30, 2002 through 2011



Continued.....

2006	2007	2008	2009	2010	2011
\$ 13,228,744	\$ 13,417,319	\$ 12,949,963	\$ 10,663,566	\$ 11,169,046	\$ 10,575,709
7,019,238	7,119,531	6,978,533	6,956,711	6,515,911	6,295,036
\$ 6,209,506	\$ 6,297,788	\$ 5,971,430	\$ 3,706,855	\$ 4,653,135	\$ 4,280,673
\$ 1,160,000	\$ 1,335,000	\$ 1,395,000	\$ 1,460,000	-	\$ 1,640,289
1,924,230	1,869,955	1,805,954	1,737,839	1,628,250	1,550,615
\$ 3,084,230	\$ 3,204,955	\$ 3,200,954	\$ 3,197,839	\$ 1,628,250	\$ 3,190,904
201.33%	196.50%	186.55%	115.92%	285.78%	134.15%
125.00%	125.00%	125.00%	125.00%	125.00%	125.00%
76.33%	71.50%	61.55%	-9.08%	160.78%	9.15%



OXNARD HARBOR DISTRICT

Port of Hueneme

LARGEST REVENUE CUSTOMERS (Net of Revenue Sharing)

Last Ten Fiscal Years

FISCAL YEAR ENDED:	2002	
<u>CUSTOMER</u>		
1 Wallenius Wilhelmsen Logistics, Inc.	\$ 1,526,481	16.5%
2 NYK Cool USA, Inc.	1,184,942	12.8%
3 Del Monte Fresh Produce W.A. Inc.	817,739	8.9%
4 BMW of North America, LLC	727,949	7.9%
5 Mitsubishi Motor Sales of America	708,818	7.7%
6 Marine Spill Response Corp.	366,246	4.0%
7 Carmichael International Services	319,527	3.5%
8 General Steamship Corp., LTD.	262,389	2.8%
9 YARA North America, Inc.	249,572	2.7%
10 Mazda Motor of America, Inc.	244,414	2.6%
Sub-total Top Ten	\$ 6,408,077	69.5%
All Other	2,225,337	30.5%
Total Revenue	\$ 8,633,414	100.0%

FISCAL YEAR ENDED:	2005	
<u>CUSTOMER</u>		
1 NYK Cool USA, Inc.	\$ 1,925,987	16.2%
2 Wallenius Wilhelmsen Logistics, Inc.	1,733,159	14.6%
3 BMW of North America, LLC	1,523,602	12.8%
4 Glovis America, Inc.	1,436,055	12.1%
5 Del Monte Fresh Produce W.A. Inc.	1,286,222	10.8%
6 Carmichael International Services	377,307	3.2%
7 YARA North America, Inc.	329,019	2.8%
8 General Steamship Corp., LTD.	298,720	2.5%
9 Mitsubishi Motor Sales of America	264,089	2.2%
10 Mazda Motor of America, Inc.	260,483	2.2%
Sub-total Top Ten	\$ 9,434,642	79.2%
All Other	1,953,491	20.8%
Total Revenue	\$ 11,388,133	100.0%

FISCAL YEAR ENDED:	2003	
<u>CUSTOMER</u>		
1 Wallenius Wilhelmsen Logistics, Inc.	\$ 1,347,788	14.1%
2 NYK Cool USA, Inc.	1,307,009	14.6%
3 BMW of North America, LLC	935,914	10.1%
4 Del Monte Fresh Produce W.A. Inc.	892,011	9.6%
5 Mitsubishi Motor Sales of America	851,092	9.2%
6 General Steamship Corp., LTD.	295,449	3.2%
7 Carmichael International Services	293,289	3.2%
8 YARA North America, Inc.	291,541	3.2%
9 Marine Terminal Corp (Ports America)	284,006	3.1%
10 SCE	273,776	3.0%
Sub-total Top Ten	\$ 6,771,875	73.2%
All Other	2,452,395	26.8%
Total Revenue	\$ 9,224,270	100.0%

FISCAL YEAR ENDED:	2006	
<u>CUSTOMER</u>		
1 NYK Cool USA, Inc.	\$ 2,045,291	17.5%
2 BMW of North America, LLC	1,750,041	15.0%
3 Wallenius Wilhelmsen Logistics, Inc.	1,737,861	14.9%
4 Del Monte Fresh Produce W.A. Inc.	1,418,947	12.2%
5 Glovis America, Inc.	679,535	5.8%
6 Carmichael International Services	558,805	4.8%
7 Global Auto Processing Services, Inc.	348,955	3.0%
8 YARA North America, Inc.	346,886	3.0%
9 Mazda Motor of America, Inc.	298,720	2.6%
10 General Steamship Corp., LTD.	285,347	2.4%
Sub-total Top Ten	\$ 9,470,388	81.1%
All Other	2,438,814	18.9%
Total Revenue	\$ 11,909,202	100.0%

FISCAL YEAR ENDED:	2004	
<u>CUSTOMER</u>		
1 Wallenius Wilhelmsen Logistics, Inc.	\$ 1,766,188	15.5%
2 NYK Cool USA, Inc.	1,266,250	11.1%
3 Del Monte Fresh Produce W.A. Inc.	923,179	8.1%
4 BMW of North America, LLC	903,373	7.9%
5 Glovis America, Inc.	579,044	5.1%
6 Carmichael International Services	400,828	3.5%
7 YARA North America, Inc.	322,863	2.8%
8 General Steamship Corp., LTD.	287,982	2.5%
9 Mitsubishi Motor Sales of America	262,636	2.3%
10 EXXON Co. USA	256,623	2.3%
Sub-total Top Ten	\$ 6,968,965	61.2%
All Other	2,277,761	38.8%
Total Revenue	\$ 9,246,726	100.0%

FISCAL YEAR ENDED:	2007	
<u>CUSTOMER</u>		
1 NYK Cool USA, Inc.	\$ 2,024,021	17.4%
2 BMW of North America, LLC	1,813,305	15.6%
3 Wallenius Wilhelmsen Logistics, Inc.	1,722,618	14.8%
4 Del Monte Fresh Produce W.A. Inc.	1,681,429	14.4%
5 Glovis America, Inc.	556,514	4.8%
6 Mitsubishi Motor Sales of America	425,509	3.7%
7 Carmichael International Services	397,850	3.4%
8 YARA North America, Inc.	336,073	2.9%
9 Pacific Vehicle Processors, Inc.	316,407	2.7%
10 General Steamship Corp., LTD.	300,413	2.6%
Sub-total Top Ten	\$ 9,574,139	82.3%
All Other	2,103,390	17.7%
Total Revenue	\$ 11,677,529	100.0%

Source: OXNARD HARBOR DISTRICT - Accounting Department

Some Customers were acquired or changed their names over the 10 Year period. The most current (2010) name was used in all ten years.

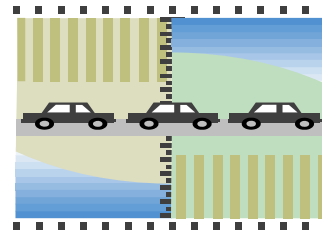
OXNARD HARBOR DISTRICT

Port of Hueneme

LARGEST REVENUE CUSTOMERS (Net of Revenue Sharing)

Last Ten Fiscal Years

Continued.....



FISCAL YEAR ENDED:		2008	
<u>CUSTOMER</u>			
1	BMW of North America, LLC	\$ 1,985,501	19.8%
2	NYK Cool USA, Inc.	1,699,977	17.0%
3	Del Monte Fresh Produce W.A. Inc.	1,689,527	16.9%
4	Wallenius Wilhelmsen Logistics, Inc.	1,458,474	14.6%
5	Global Auto Processing Services, Inc.	1,434,711	14.3%
6	Carmichael International Services	362,205	3.6%
7	YARA North America, Inc.	359,988	3.6%
8	Pacific Vehicle Processors, Inc.	309,901	3.1%
9	Mitsubishi Motor Sales of America	303,653	3.0%
10	General Steamship Corp., LTD.	301,583	3.0%
	Sub-total Top Ten	\$ 9,905,520	98.9%
	All Other	1,732,373	1.1%
	Total Revenue	\$ 11,637,893	100.0%

FISCAL YEAR ENDED:		2009	
<u>CUSTOMER</u>			
1	Del Monte Fresh Produce W.A. Inc.	\$ 2,114,257	20.3%
2	BMW of North America, LLC	1,557,140	15.0%
3	NYK Cool USA, Inc.	1,129,521	10.9%
4	Global Auto Processing Services, Inc.	1,088,942	10.5%
5	Wallenius Wilhelmsen Logistics, Inc.	1,073,381	10.3%
6	YARA North America, Inc.	352,026	3.4%
7	Pacific Vehicle Processors, Inc.	351,924	3.4%
8	EXXON Co. USA	312,261	3.0%
9	General Steamship Corp., LTD.	295,870	2.8%
10	DCOR, LLC	201,232	1.9%
	Sub-total Top Ten	\$ 8,476,554	81.4%
	All Other	1,538,778	18.6%
	Total Revenue	\$ 10,015,332	100.0%

FISCAL YEAR ENDED:		2010	
<u>CUSTOMER</u>			
1	Del Monte Fresh Produce W.A. Inc.	\$ 1,908,195	18.2%
2	Wallenius Wilhelmsen Logistics, Inc.	1,871,353	17.8%
3	Global Auto Processing Services, Inc.	1,711,578	16.3%
4	BMW of North America, LLC	1,484,855	14.2%
5	NYK Cool USA, Inc.	1,103,583	10.5%
6	YARA North America, Inc.	447,008	4.3%
7	EXXON Co. USA	302,297	2.9%
8	Marine Terminals Corp. (Ports America)	228,522	2.2%
9	Plains Exploration & Prod Co.	185,299	1.8%
10	American Civil Constructors	175,607	1.7%
	Sub-total Top Ten	\$ 9,418,297	89.8%
	All Other	989,945	10.2%
	Total Revenue	\$ 10,408,242	100.0%

FISCAL YEAR ENDED:		2011	
<u>CUSTOMER</u>			
1	Wallenius Wilhelmsen Logistics, Inc.	\$ 2,038,840	
2	BMW of North America, LLC	1,794,757	
3	Del Monte Fresh Produce W.A. Inc.	1,719,214	
4	Global Auto Processing Services, Inc.	1,692,634	
5	NYK Cool USA, Inc.	1,039,508	
6	YARA North America, Inc.	439,461	
7	EXXON Co. USA	315,930	
8	Marine Terminals Corp. (Ports America)	264,122	
9	Irwin Holdings Company	202,497	
10	Plains Exploration & Prod Co.	199,980	
	Sub-total Top Ten	\$ 9,706,943	
	All Other	780,919	
	Total Revenue	\$ 10,487,862	





OXNARD HARBOR DISTRICT
Port of Hueneme
TEN YEAR TREND - CARGO REVENUE TONS
 Fiscal Years Ended: June 30, 2002 through 2011

FISCAL YEAR ENDED:		2002	2003	2004	2005
COMMODITY TYPE:					
AUTOMOBILES	Imports	233,115	221,132	241,995	280,007
	Exports	1,987	1,413	1,071	1,114
OTHER VEHICLES	Imports/Exports	28,349	22,840	28,478	39,700
BANANAS	Imports	395,157	433,956	403,184	548,628
FRESH FRUIT	Imports	21,556	23,775	24,079	56,598
	Exports	95,372	120,732	97,173	88,236
WOOD PULP	Imports	39,200	35,700	-	-
GENERAL CARGO	Imports/Exports	57,058	56,315	58,026	69,009
FISH	Coastwise	23,660	14,178	21,368	24,614
OFFSHORE OIL CARGO	Coastwise	79,763	88,701	76,251	83,161
TOTAL		975,217	1,018,742	951,625	1,191,067
BULK LIQUID	Import	40,992	103,046	119,411	126,378
VESSEL FUEL	Coastwise	52,705	27,613	11,641	15,500
	TOTAL	93,697	130,659	131,052	141,878
GRAND TOTAL		1,068,914	1,149,401	1,082,677	1,332,945
PASSENGERS		7,010	12,162	9,870	13,076

NOTE : REVENUE TON EQUALS

METRIC TON = 1000 KGS. OR CUBIC METER

AUTO = ONE UNIT

OXNARD HARBOR DISTRICT

Port of Hueneme

TEN YEAR TREND - CARGO REVENUE TONS

Fiscal Years Ended: June 30, 2002 through 2011



Continued.....

2006	2007	2008	2009	2010	2011
298,090	253,011	228,936	136,145	153,862	181,042
1,437	1,064	3,381	9,851	31,431	19,488
47,018	37,622	38,626	28,841	20,362	34,334
581,727	648,114	609,429	602,567	640,477	603,703
75,378	103,216	87,233	75,094	105,518	85,034
80,889	24,844	5,797	10,035	4,379	4,429
-	-	-	-	-	-
82,225	93,159	81,563	84,166	71,444	100,343
10,529	19,223	14,908	11,311	30,010	23,587
73,778	65,112	56,845	66,994	72,466	49,939
1,251,071	1,245,364	1,126,719	1,025,004	1,129,950	1,101,899
132,174	123,042	128,312	86,630	115,938	108,777
16,425	14,027	13,768	9,321	10,520	10,008
148,599	137,070	142,081	95,951	126,458	118,785
1,399,670	1,382,433	1,268,799	1,120,955	1,256,408	1,220,684
15,798	18,151	17,883	13,532	7,037	6,659



OXNARD HARBOR DISTRICT
Port of Hueneme

Ten Year Trend in Tonnages for California Ports
Metric Revenue Tons
Fiscal Years Ended June 30, 2002 through 2011

FISCAL YEAR ENDED:	2002	2003	2004	2005
Commodities				
General Cargo	215,397,395	246,277,283	254,512,281	272,242,146
Dry Bulk	25,227,996	14,682,572	15,570,408	18,546,855
Liquid Bulk	45,655,552	44,393,218	44,992,942	47,399,571
Total Tonnage	286,280,943	305,353,073	315,075,631	338,188,572

TOTAL TONNAGE BY PORT

Hueneme	1,068,229	1,145,944	1,149,401	1,332,559
Humboldt	733,412	731,247	839,180	752,920
Long Beach	123,432,791	125,620,319	118,235,705	137,132,460
Los Angeles	131,600,000	147,541,000	162,068,000	162,109,000
Oakland	22,007,949	22,245,812	24,114,589	26,180,165
Redwood City	899,653	1,111,403	1,490,624	1,908,172
Richmond	242,780	83,263	101,588	156,372
West Sacramento	745,052	769,161	706,406	736,117
San Diego	2,088,392	2,185,215	2,540,912	2,761,206
San Francisco	1,622,457	2,058,970	1,978,914	2,213,502
Stockton	1,840,228	1,810,739	1,850,312	2,906,099
Total Tonnage	286,280,943	305,303,073	315,075,631	338,188,572

Source: California Association of Port Authorities

Note: These figures are for Member Ports of the California Association of Port Authorities. Data for each Port is 12 months data but at different times of the year, not necessarily June 30 of each year.

OXNARD HARBOR DISTRICT
Port of Hueneme

Ten Year Trend in Tonnages for California Ports
Metric Revenue Tons
Fiscal Years Ended June 30, 2002 through 2011
Continued.....



2006	2007	2008	2009	2010	2011
305,328,306	332,329,568	326,674,840	300,478,869	267,988,161	294,138,923
18,991,558	20,022,841	15,714,821	14,054,796	12,257,955	12,707,528
57,267,406	50,806,469	43,382,047	44,770,128	44,778,813	45,049,117
381,587,270	403,158,878	385,771,708	359,303,793	325,024,929	351,895,568
1,399,670	1,383,144	1,269,462	1,120,955	1,135,381	1,217,643
633,818	640,099	522,604	154,551	153,403	308,435
156,798,238	169,814,499	173,036,521	162,909,940	131,113,155	153,138,651
181,635,000	189,934,000	169,970,898	157,494,143	156,166,239	158,237,225
29,632,861	30,405,162	31,696,637	30,286,020	29,787,552	31,698,436
1,833,022	1,436,626	1,487,064	986,727	842,727	871,940
361,490	318,125	331,604	346,582	187,120	206,294
616,145	880,873	852,849	729,734	668,886	538,135
3,535,073	3,349,491	3,142,691	2,819,472	2,798,180	2,902,128
1,708,934	1,620,231	1,362,694	1,096,536	912,595	763,435
3,433,019	3,376,628	2,098,684	1,359,133	1,259,691	2,013,246
381,587,270	403,158,878	385,771,708	359,303,793	325,024,929	351,895,568

OXNARD HARBOR DISTRICT

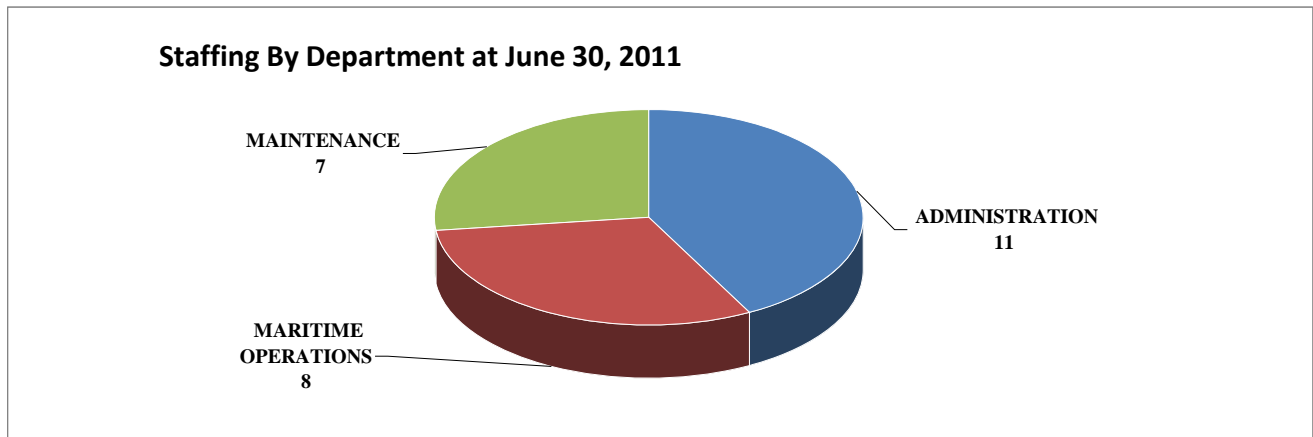
Port of Hueneme

Employee Statistics Last Ten Years



FISCAL YEAR ENDED:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administration	12	12	13	13	13	12	11	11	11	11
Operations	8	8	8	8	8	8	8	8	8	8
Maintenance	8	8	8	8	8	8	8	8	7	7
Total Labor Force	28	28	29	29	29	28	27	27	26	26

The Director of Operations and the Manager of Maintenance are counted in Administration for purposes of this report.



Number of Employees by City of Residence in Ventura County at June 30, 2011



Camarillo	4	Port Hueneme	4
Fillmore	0	Santa Paula	0
Moorpark	1	Simi Valley	0
Ojai	1	Thousand Oaks	0
Oxnard	13	Ventura	3
		Total Employees	26

Source: OXNARD HARBOR DISTRICT - Accounting Department



OXNARD HARBOR DISTRICT
Port of Hueneme
Demographic and Economic Statistics
Ventura County, California
Last Ten Fiscal Years



FISCAL YEAR ENDED:		2002	2003	2004	2005	2006	2007	2008	2009	2010	*2011
Population	(a)	779,702	792,731	802,421	809,159	814,853	820,470	827,191	835,298	823,318	828,383
Personal Income	(b) & (c)	\$ 26,677	\$ 27,860	\$ 30,047	\$ 32,167	\$ 35,029	\$ 37,400	\$ 36,400	\$ 33,800	\$ 32,267	-
Per Capita Personal Income	(b) & (d)	\$ 34,163	\$ 35,241	\$ 37,740	\$ 39,504	\$ 42,630	\$ 45,436	\$ 43,772	\$ 40,427	\$ 42,325	-
Unemployment Rate	(e)	5.8%	5.8%	5.3%	4.7%	4.3%	4.9%	6.3%	9.5%	10.6%	10.1%
Consumer Price Index, Cost of Living	(f)	1.7%	2.4%	4.0%	3.6%	5.2%	2.9%	5.4%	-2.2%	0.9%	-0.3%
Total State Population	(a)	35,063,959	35,652,700	36,199,342	36,676,931	37,087,005	37,463,609	37,871,509	38,255,508	38,648,090	37,510,766

* Some 2011 data not available at time of report.



VENTURA COUNTY'S TOP EMPLOYERS

Employers with 5,000 to 9,999 Employees		
Employer	Location	Industry
Amgen Inc.	Thousand Oaks	Biotechnology
Naval Air Warfare Center	Point Mugu	National Security
Naval Construction Battalion	Port Hueneme	National Security

Employers with 1,000 to 4,999 Employees		
Employer	Location	Industry
Anthem Blue Cross of California	Westlake Village	Healthcare
Baxter Healthcare	Westlake Village	Pharmaceutical
Boskovich Farms	Oxnard	Agriculture
Community Memorial Hospital	Ventura	Hospital
Farmers Insurance Group of Companies	Simi Valley	Insurance
Harbor Freight Tools	Camarillo	Hardware Stores
John R. Read III Law Offices	Ventura	Legal Services
JNB Industries LLC	Oxnard	Waste Management Services
Los Robles Hospital & Medical Center	Thousand Oaks	Hospital
Sheriff's Department & Jails	Ventura	Public Safety
St. John's Regional Medical Center	Oxnard	Hospital
Ventura County	Ventura	Government

Employers with 500 to 999 Employees		
Employer	Location	Industry
CSU Channel Islands	Camarillo	Education
Haas Automation	Oxnard	Machinery
Moorpark College	Moorpark	Education
Nancy Reagan Breast Center	Simi Valley	Diagnostic Imaging Center
Oxnard College	Oxnard	Education
Simi Valley Hospital	Simi Valley	Hospital
Ventura College	Ventura	Education
Zebra Technologies	Camarillo	Manufacturing

If you notice a discrepancy or wish to provide updated information, please contact us at sepcpublishing@earthlink.net.
 Source: America's Labor Market Information System Employer Database, 2010 1st Edition

Sources:
 (a) State of California, Department of Finance, Demographic Research Unit (Data is as of JAN 1st of each year)
 (b) State of California, Department of Finance, Economic Research Unit by calendar year for 2001-2004
 (c) University of California, Santa Barbara Economic Forecasts 2005-2009
 (d) County of Ventura Estimated amounts for 2005-2009.
 (e) State of California, Employment Development Department, Labor Market Information Division

< Page Intentionally Left Blank >

Report on Internal Controls and Compliance



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

Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

6081 Orange Avenue
Cypress, California 90630
(714) 527-1818
(562) 598-6565
FAX (714) 527-9154
EMAIL czfco@czfcpa.com
WEB www.czfcpa.com

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, 2011 and 2010, and have issued our report thereon dated August 31, 2011. 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 deficiency in internal control over financial reporting 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

*Charles Z. Fedak & Co. CPAs
An Accountancy Corporation*

Charles Z. Fedak and Company, CPA's – An Accountancy Corporation
Cypress, California
August 31, 2011