

**OXNARD HARBOR DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Years Ended
June 30, 2021 and 2020**

NIGRO & NIGRO^{PC}

OXNARD HARBOR DISTRICT

For the Fiscal Years Ended June 30, 2021 and 2020

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Balance Sheets.....	10
Statements of Revenues, Expenses and Changes in Net Position.....	11
Statements of Cash Flows.....	12
Notes to Financial Statements	14

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability.....	45
Schedule of the District's Contributions to the Pension Plan	46
Schedule of Changes in the District's Net OPEB Liability and Related Ratios.....	47
Schedule of the District's Contributions to the OPEB Plan	48

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards.....	49
Schedule of Operating Expenses	50
Schedule of Non-Operating Revenues and Expenses.....	52
Schedule of Debt Service Net Revenues Coverage.....	53

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' 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>	54
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	56

FINDINGS AND QUESTIONED COSTS

Schedule of Audit Findings and Questioned Costs:	
Summary of Auditors' Results.....	58
Current Year Audit Findings and Questioned Costs	59
Summary Schedule of Prior Audit Findings	60

Financial Section

INDEPENDENT AUDITORS' REPORT

Board of Harbor Commissioners
Oxnard Harbor District
Port Hueneme, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Oxnard Harbor District (District), which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, and Schedule of Changes in the District's Net OPEB Liability and Related Ratios 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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.

Supplementary Information

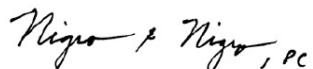
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedule of Operating Expenses, Schedule of Non-Operating Revenues and Expenses, and Schedule of Debt Service Net Revenues Coverage are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards is 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated November 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Nigro & Nigro, PC". The signature is cursive and fluid, with "Nigro &" on the first line and ", PC" on the second line.

Murrieta, California
November 15, 2021

OXNARD HARBOR DISTRICT

Management's Discussion and Analysis (Unaudited) For the Years Ended June 30, 2021 and 2020

Management's Discussion and Analysis (MD&A) offers readers of Oxnard Harbor District's financial statements a narrative overview of the District's financial activities for the years ended June 30, 2021 and 2020. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2021, the District's net position increased 10.3%, or \$8,936,623 from the prior year's net position of \$85,986,855 to \$94,923,478, as a result of the year's operations.
- In fiscal year 2020, the District's net position increased 6.7%, or \$5,395,918 from the prior year's net position of \$80,590,937 to \$85,986,855, as a result of the year's operations.
- In fiscal year 2021, operating revenues increased by 13.2%, or \$2,360,393 from \$17,933,582 to \$20,293,975, from the prior year, primarily due to a \$1,344,032 increase in auto cargo revenue and a \$644,754 increase in fresh produce cargo.
- In fiscal year 2020, operating revenues decreased by 2.6%, or \$478,911 from \$18,412,493 to \$17,933,582, from the prior year, primarily due to a \$1,636,957 decrease in auto cargo revenue with a \$875,560 increase in fresh produce cargo.
- In fiscal year 2021, operating expenses before depreciation expense decreased by 8.3% or \$1,048,888 from \$12,713,121 to \$11,664,233, from the prior year, primarily due to a \$316,451 decrease in salaries and benefits expenses and a \$264,749 decrease in facilities and maintenance expense.
- In fiscal year 2020, operating expenses before depreciation expense increased by 7.8% or \$918,209 from \$11,794,912 to \$12,713,121, from the prior year, primarily due to a \$783,987 increase in salaries and benefits expenses.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position 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 Balance Sheet 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 revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. 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 profitability 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, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

OXNARD HARBOR DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position 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 method 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.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position 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, population growth, zoning and new or changed government legislation.

Condensed Balance Sheets

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>June 30, 2019</u>	<u>Change</u>
Assets:					
Current assets	\$ 29,614,672	\$ 19,501,979	\$ 10,112,693	\$ 22,695,525	\$ (3,193,546)
Noncurrent	9,500,682	17,952,897	(8,452,215)	19,133,185	(1,180,288)
Capital assets, net	<u>81,792,788</u>	<u>86,225,116</u>	<u>(4,432,328)</u>	<u>81,084,468</u>	<u>5,140,648</u>
Total assets	120,908,142	123,679,992	(2,771,850)	122,913,178	766,814
Deferred outflows of resources					
	2,419,858	1,995,687	424,171	2,481,840	(486,153)
Total assets and deferred outflows of resources	\$ 123,328,000	\$ 125,675,679	\$ (2,347,679)	\$ 125,395,018	\$ 280,661
Liabilities:					
Current liabilities	\$ 9,749,261	\$ 9,306,946	\$ 442,315	\$ 12,216,501	\$ (2,909,555)
Noncurrent liabilities	<u>17,956,816</u>	<u>29,167,321</u>	<u>(11,210,505)</u>	<u>30,557,988</u>	<u>(1,390,667)</u>
Total liabilities	27,706,077	38,474,267	(10,768,190)	42,774,489	(4,300,222)
Deferred inflows of resources					
	698,445	1,214,557	(516,112)	2,029,592	(815,035)
Net position:					
Net investment in capital assets	75,232,393	78,242,850	(3,010,457)	70,607,900	7,634,950
Restricted	2,119,205	5,443,892	(3,324,687)	6,731,840	(1,287,948)
Unrestricted	<u>17,571,880</u>	<u>2,300,113</u>	<u>15,271,767</u>	<u>3,251,197</u>	<u>(951,084)</u>
Total net position	94,923,478	85,986,855	8,936,623	80,590,937	5,395,918
Total liabilities, deferred inflows and net position	\$ 123,328,000	\$ 125,675,679	\$ (2,347,679)	\$ 125,395,018	\$ 280,661

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$94,923,478 and \$85,986,855 as of June 30, 2021 and 2020, respectively.

OXNARD HARBOR DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (79% as of June 30, 2021 and 90% as of June 30, 2020) reflects the District's 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 services to its customers; consequently, these assets are not available for future spending.

At the end of years 2021 and 2020, the District showed a positive balance in its unrestricted net position of \$17,571,880 and \$2,300,113, respectively, which may be utilized in future years.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>June 30, 2019</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 20,293,975	\$ 17,933,582	\$ 2,360,393	\$ 18,412,493	\$ (478,911)
Non-operating revenues	<u>2,239,742</u>	<u>1,040,524</u>	<u>1,199,218</u>	<u>1,263,526</u>	<u>(223,002)</u>
Total revenues	22,533,717	18,974,106	3,559,611	19,676,019	(701,913)
Expenses:					
Operating expenses	11,664,233	12,713,121	(1,048,888)	11,794,912	918,209
Depreciation	4,168,301	4,552,974	(384,673)	4,007,757	545,217
Non-operating expenses	<u>648,764</u>	<u>385,436</u>	<u>263,328</u>	<u>609,762</u>	<u>(224,326)</u>
Total expenses	16,481,298	17,651,531	(1,170,233)	16,412,431	1,239,100
Capital contributions	2,884,204	4,073,343	(1,189,139)	6,052,602	(1,979,259)
Change in net position	8,936,623	5,395,918	3,540,705	9,316,190	(3,920,272)
Net position:					
Beginning of year	85,986,855	80,590,937	5,395,918	71,274,747	9,316,190
End of year	<u>\$ 94,923,478</u>	<u>\$ 85,986,855</u>	<u>\$ 8,936,623</u>	<u>\$ 80,590,937</u>	<u>\$ 5,395,918</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased by \$8,936,623 and \$5,395,918 for the years ended June 30, 2021 and 2020 respectively.

OXNARD HARBOR DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

Operating revenues:	June 30, 2021	June 30, 2020	Change	June 30, 2019	Change
Auto cargo	\$ 9,583,212	\$ 8,239,180	\$ 1,344,032	\$ 9,876,137	\$ (1,636,957)
Fresh produce cargo	5,473,562	4,828,808	644,754	3,953,248	875,560
Offshore oil	374,116	525,974	(151,858)	410,715	115,259
Property management	2,240,679	2,121,954	118,725	1,969,558	152,396
Other operating income	2,622,406	2,217,666	404,740	2,202,835	14,831
Total operating revenues	20,293,975	17,933,582	2,360,393	18,412,493	(478,911)
Non-operating revenues:					
Investment earnings	35,127	275,719	(240,592)	347,288	(71,569)
Interest earnings – leveraged loan	47,326	100,220	(52,894)	100,220	-
Ventura County Railway Co., LLC	109,314	200,217	(90,903)	72,158	128,059
Purchase credit revenue	305,147	158,520	146,627	535,095	(376,575)
Harbor maintenance tax revenue	140,071	280,000	(139,929)	190,000	90,000
Gain from sale of capital assets	2,475,450	-	2,475,450	-	-
Loss on the disposal of capital assets	(906,760)	-	(906,760)	-	-
Other non-operating revenues	34,067	25,848	8,219	18,765	7,083
Total non-operating revenues	2,239,742	1,040,524	1,199,218	1,263,526	(223,002)
Total revenue	\$ 22,533,717	\$ 18,974,106	\$ 3,559,611	\$ 19,676,019	\$ (701,913)

In fiscal year 2021, operating revenues increased by 13.2%, or \$2,360,393 from \$17,933,582 to \$20,293,975, from the prior year, primarily due to a \$1,344,032 increase in auto cargo revenue and a \$644,754 increase in fresh produce cargo.

In fiscal year 2020, operating revenues decreased by 2.6%, or \$478,911 from \$18,412,493 to \$17,933,582, from the prior year, primarily due to a \$1,636,957 decrease in auto cargo revenue with a \$875,560 increase in fresh produce cargo.

OXNARD HARBOR DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

Operating expenses:	June 30, 2021	June 30, 2020	Change	June 30, 2019	Change
Salaries and benefits	\$ 5,930,179	\$ 6,246,630	\$ (316,451)	\$ 5,462,643	\$ 783,987
Governmental contractual agreements	1,964,946	1,915,325	49,621	1,893,023	22,302
Security	289,793	419,783	(129,990)	519,623	(99,840)
Facilities and maintenance	1,310,507	1,575,256	(264,749)	1,448,525	126,731
Professional and legal	1,030,530	1,165,125	(134,595)	1,299,932	(134,807)
Materials and services	328,271	451,367	(123,096)	241,689	209,678
Port promotion	443,307	630,323	(187,016)	649,839	(19,516)
Insurance	366,700	309,312	57,388	279,638	29,674
Total operating expenses	11,664,233	12,713,121	(1,048,888)	11,794,912	918,209
Depreciation	4,168,301	4,552,974	(384,673)	4,007,757	545,217
Non-operating expenses:					
Interest expense – long-term debt	560,437	316,007	244,430	469,964	(153,957)
Other non-operating expenses	88,327	69,429	18,898	139,798	(70,369)
Total non-operating expenses	648,764	385,436	263,328	609,762	(224,326)
Total expenses	\$ 16,481,298	\$ 17,651,531	\$ (1,170,233)	\$ 16,412,431	\$ 1,239,100

In fiscal year 2021, operating expenses before depreciation expense decreased by 8.3% or \$1,048,888 from \$12,713,121 to \$11,664,233, from the prior year, primarily due to a \$316,451 decrease in salaries and benefits expenses and a \$264,749 decrease in facilities and maintenance expenses.

In fiscal year 2020, operating expenses before depreciation expense increased by 7.8% or \$918,209 from \$11,794,912 to \$12,713,121, from the prior year, primarily due to a \$783,987 increase in salaries and benefits expenses.

Capital Assets

Description	June 30, 2021	June 30, 2020	June 30, 2019
Non-depreciable assets	\$ 34,523,137	\$ 35,529,146	\$ 29,461,680
Depreciable assets	108,458,481	108,287,749	104,661,593
Accumulated depreciation	(61,188,830)	(57,591,779)	(53,038,805)
Total capital assets, net	\$ 81,792,788	\$ 86,225,116	\$ 81,084,468

At the end of year 2021, 2020 and 2019, the District's investment in capital assets amounted to \$81,792,788, \$86,225,116 and \$81,084,468 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$2,180,943 and \$9,693,622 for various projects and equipment for the years ended June 30, 2021 and 2020, respectively. See Note 7 for further information.

OXNARD HARBOR DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

The long-term debt of the District is summarized below:

Description	June 30, 2021	June 30, 2020	June 30, 2019
Revenue bonds payable, net	<u>\$ 6,612,070</u>	<u>\$ 8,050,702</u>	<u>\$ 10,561,764</u>

Long-term debt decreased by \$1,438,632 and \$2,511,062 for the years ended June 30, 2021 and 2020, due to regular principal payments on the District's revenue bonds. 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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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 CEO & Port Director at 333 Ponoma Street, Port Hueneme, CA 93041.

OXNARD HARBOR DISTRICT

Balance Sheets

June 30, 2021 and 2020

ASSETS	2021	2020
Current assets:		
Cash and investments (Note 2)	\$ 25,407,075	\$ 15,164,889
Accrued interest receivable	13,942	32,476
Accounts receivable – customers, net (Note 3)	3,607,085	2,748,002
Grants and other receivables	293,487	1,220,501
Prepaid items	293,083	336,111
Total current assets	29,614,672	19,501,979
Non-current assets:		
Restricted – cash and cash equivalents (Note 2 and 13)	5,266,359	5,600,239
Restricted – investments (Note 2 and 13)	-	1,031,008
Shoreside Power/Arcturus Avenue leveraged loan (Note 4)	-	7,196,641
World Trade Center license (Note 5)	51,000	51,000
Investment in Ventura County Railway Co., LLC (Note 6)	4,183,323	4,074,009
Capital assets – not being depreciated (Note 7)	34,523,136	35,529,146
Capital assets – being depreciated, net (Note 7)	47,269,652	50,695,970
Total non-current assets	91,293,470	104,178,013
Total assets	120,908,142	123,679,992
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding of revenue bonds, net (Note 9)	51,676	68,436
Deferred outflows of resources related to pensions (Note 10)	1,379,384	1,437,246
Deferred outflows of resources related to OPEB (Note 11)	988,798	490,005
Total deferred outflows of resources	2,419,858	1,995,687
Total assets and deferred outflows of resources	\$ 123,328,000	\$ 125,675,679
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,181,362	\$ 3,454,895
Accrued revenue sharing payables (Note 17)	4,171,324	3,789,375
Customer deposits and unearned revenue	273,459	266,991
Accrued interest payable	356,635	154,685
Long-term liabilities – due within one year:		
Compensated absences (Note 8)	211,481	196,000
Revenue bonds payable (Note 9)	1,555,000	1,445,000
Total current liabilities	9,749,261	9,306,946
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 8)	634,344	612,600
Unearned revenue – ground and equipment lease (Note 4.A.)	-	7,196,641
Unearned revenue – Arcturus sale contract (Note 4.B.)	-	2,664,017
Net OPEB liability (Note 11)	5,958,029	6,252,062
Net pension liability (Note 10)	6,307,372	5,836,299
Revenue bonds payable, net (Note 9)	5,057,071	6,605,702
Total non-current liabilities	17,956,816	29,167,321
Total liabilities	27,706,077	38,474,267
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions (Note 10)	171,664	435,898
Deferred inflows of resources related to OPEB (Note 11)	526,781	778,659
Total deferred inflows of resources	698,445	1,214,557
NET POSITION		
Net investment in capital assets (Note 12)	75,232,393	78,242,850
Restricted (Note 13)	2,119,205	5,443,892
Unrestricted	17,571,880	2,300,113
Total net position	94,923,478	85,986,855
Total liabilities, deferred inflows of resources and net position	\$ 123,328,000	\$ 125,675,679

The notes to financial statements are an integral part of this statement.

OXNARD HARBOR DISTRICT

Statements of Revenues, Expenses and Changes in Net Position For the Fiscal Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Auto cargo	\$ 9,583,212	\$ 8,239,180
Fresh produce cargo	5,473,562	4,828,808
Offshore oil	374,116	525,974
Property management:		
Land	1,414,070	1,232,396
Buildings	826,609	889,558
Other operating revenue:		
Liquid fertilizer	245,132	245,798
Reefer receptacles	1,331,429	831,572
Water hose rentals	742	231
Wharfage - fish and water	15,333	13,348
Other - moorings, permits and fees	1,029,770	1,126,717
Total operating revenues	20,293,975	17,933,582
OPERATING EXPENSES		
Salaries and benefits	5,930,179	6,246,630
Governmental contractual agreements	1,964,946	1,925,624
Security	289,793	419,782
Facilities and maintenance	1,310,507	1,250,556
Professional and legal services	1,030,530	1,441,923
Materials and services	328,271	488,970
Port promotion	443,307	630,324
Insurance	366,700	309,312
Total operating expenses before depreciation	11,664,233	12,713,121
Operating income before depreciation	8,629,742	5,220,461
Depreciation expense	(4,168,301)	(4,552,974)
Operating income	4,461,441	667,487
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	35,127	275,719
Investment earnings - leveraged loan	47,326	100,220
Interest expense - long-term debt	(560,437)	(316,007)
Change in investment in Ventura County Railway Co., LLC, net (Note 6)	109,314	200,217
Purchase credit revenue	305,147	158,520
Harbor maintenance tax revenue	140,071	280,000
Gain from sale of capital assets	2,475,450	-
Loss on the disposal of capital assets	(906,760)	-
Other non-operating revenues	34,067	25,848
Other non-operating expenses	(88,327)	(69,429)
Total non-operating revenue(expense), net	1,590,978	655,088
Net income before capital contributions	6,052,419	1,322,575
CAPITAL CONTRIBUTIONS		
Federal capital grants	2,884,204	4,073,343
Total capital contributions	2,884,204	4,073,343
Change in net position	8,936,623	5,395,918
Net position:		
Beginning of year	85,986,855	80,590,937
End of year	\$ 94,923,478	\$ 85,986,855

OXNARD HARBOR DISTRICT

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 19,914,670	\$ 20,485,382
Cash paid to employees for salaries and benefits	(6,672,957)	(6,018,875)
Cash paid to vendors and suppliers for materials and services	<u>(5,713,965)</u>	<u>(8,299,513)</u>
Net cash provided by operating activities	<u>7,527,748</u>	<u>6,166,994</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,180,943)	(9,693,622)
Proceeds from capital grants	3,860,221	3,872,406
Principal paid on revenue bonds	(1,445,000)	(2,470,000)
Interest paid on revenue bonds	<u>(335,359)</u>	<u>(223,559)</u>
Net cash used in capital and related financing activities	<u>(101,081)</u>	<u>(8,514,775)</u>
Cash flows from investing activities:		
Proceeds from the maturity of investments	1,031,008	1,473,250
Proceeds from the sale of capital assets	1,349,644	-
Investment earnings	<u>100,987</u>	<u>404,743</u>
Net cash provided by investing activities	<u>2,481,639</u>	<u>1,877,993</u>
Net increase in cash and cash equivalents	<u>9,908,306</u>	<u>(469,788)</u>
Cash and cash equivalents:		
Beginning of year	<u>20,765,128</u>	<u>21,234,916</u>
End of year	<u>\$ 30,673,434</u>	<u>\$ 20,765,128</u>
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and investments	\$ 25,407,075	\$ 15,164,889
Restricted assets – cash and cash equivalents	<u>5,266,359</u>	<u>5,600,239</u>
Total cash and cash equivalents	<u>\$ 30,673,434</u>	<u>\$ 20,765,128</u>

OXNARD HARBOR DISTRICT

Statements of Cash Flows (continued)

For the Fiscal Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,461,441	\$ 667,487
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,168,301	4,552,974
Purchase credit revenue	305,147	158,520
Harbor maintenance tax revenue	140,071	280,000
Other non-operating revenues	34,067	25,848
Other non-operating expenses	(88,327)	(69,429)
Change in assets - (increase)decrease:		
Accounts receivable - customers, net	(859,083)	2,306,056
Other receivables	(49,003)	(65,301)
Prepaid items	43,028	(77,009)
Shoreside Power/Arcturus Avenue leveraged loan	7,196,641	430,202
Change in deferred outflows of resources - (increase)decrease		
Deferred outflows of resources related to pensions	57,862	(18,296)
Deferred outflows of resources related to OPEB	(498,793)	487,689
Change in liabilities - increase(decrease):		
Accounts payable and accrued expenses	(273,533)	(1,623,316)
Accrued revenue sharing payables	381,949	(140,277)
Customer deposits and unearned revenue	6,468	(76,314)
Compensated absences	37,225	216,000
Unearned revenue - ground and equipment lease	(7,196,641)	(430,202)
Net OPEB liability	(294,033)	(121,270)
Net pension liability	471,073	478,667
Change in deferred inflows of resources - increase(decrease)		
Deferred inflows of resources related to pensions	(264,234)	(36,374)
Deferred inflows of resources related to OPEB	(251,878)	(778,661)
Total adjustments	3,066,307	5,499,507
Net cash provided by operating activities	\$ 7,527,748	\$ 6,166,994
Non-cash investing, capital and financing transactions:		
Change in fair-value of investments	\$ (64,409)	\$ 5,809
Amortization of bond premium(discount), net	\$ (6,368)	\$ 41,062
Amortization of deferred loss on refunding of revenue bonds	\$ (16,760)	\$ (16,760)

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

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 the CEO & Port 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, grants 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.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

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 goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

4. Prepays

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Wharves and docks	3-40 years
Land improvements	3-40 years
Buildings and buildings improvements	3-30 years
Equipment	3-10 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

7. 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.

8. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2019
Measurement Date June 30, 2020
Measurement Period July 1, 2019 to June 30, 2020

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Post-employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oxnard Harbor District Retiree Benefits Plan (“the Plan”) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Valuation Date June 30, 2021

Measurement Date June 30, 2020

Measurement Period July 1, 2019 to June 30, 2020

10. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of debt for those capital assets.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

D. Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

E. Grant Funding

Grants for operating assistance and capital acquisitions are included in their respective non-operating and capital contribution sections of the statement of revenues, expenses and changes in net position. Grant funds are claimed on a reimbursement basis and receivables for grant funds are recorded as the related obligations are incurred. Grant funds advanced but not yet earned are treated as unearned revenue until the respective obligations these grants were funded for are incurred.

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Contributions

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

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

Description	June 30, 2021	June 30, 2020
Cash and investments	\$ 25,407,075	\$ 15,164,889
Restricted – cash and cash equivalents	5,266,359	5,600,239
Restricted – investments	-	1,031,008
Total	<u>\$ 30,673,434</u>	<u>\$ 21,796,136</u>

Cash and investments consisted of the following:

Description	June 30, 2021	June 30, 2020
Cash on hand	\$ 500	\$ 500
Deposits held with financial institutions	12,470,899	11,102,587
Deposits held with investment pools	18,202,035	10,693,049
Total	<u>\$ 30,673,434</u>	<u>\$ 21,796,136</u>

Demand Deposits

At June 30, 2021 and 2020, the carrying amount of the District's demand deposits was \$12,470,899 and \$11,102,587, respectively, and the financial institution balance was \$13,090,456 and \$12,054,453, respectively. The \$619,057 and \$951,866 respective net difference as of June 30, 2021 and 2020 represents outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 2 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. 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 and VCPIF).

As of June 30, 2021, \$12.4 million of District deposits was exposed to custodial credit risk.

Investments

The District's investments as of June 30, 2021 were as follows:

Type of Investments	Measurement Input	Credit Rating	Maturity	
			June 30, 2021 Fair Value	12 Months or Less
External investment pools:				
California Local Agency Investment Fund (LAIF)	Level 2	N/A	\$ 2,625,073	\$ 2,625,073
Ventura County Pooled Investment Fund (VCPIF)	Level 2	AAAf/S-1+	15,576,962	15,576,962
Total investments			\$ 18,202,035	\$ 18,202,035

The District's investments as of June 30, 2020 were as follows:

Type of Investments	Measurement Input	Credit Rating	Maturity	
			June 30, 2020 Fair Value	12 Months or Less
External investment pools:				
California Local Agency Investment Fund (LAIF)	Level 2	N/A	\$ 2,615,595	\$ 2,615,595
Ventura County Pooled Investment Fund (VCPIF)	Level 2	AAAf/S-1+	7,046,446	7,046,446
Held by bond trustee:				
Negotiable certificates of deposit	Level 2	N/A	1,031,008	1,031,008
Total investments			\$ 10,693,049	\$ 10,693,049

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 2 – CASH AND INVESTMENTS (continued)

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State on local agency bonds	5-years	None	None
U.S. treasury obligations	5-years	None	None
Government sponsored 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	None	None	None
County pooled investment funds	None	None	None
California Local Agency Investment Fund (LAIF)	None	None	None

Investment in California – Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 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. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/.

The District's investments with LAIF at June 30, 2021 and 2020, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District had \$2,625,075 and \$2,615,595 invested in LAIF, which had invested 2.31% and 3.37% of the pooled investment funds as of June 30, 2021 and June 30, 2020, respectively, in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 1.00008297 and 1.00491 was used to calculate the fair value of the investments in LAIF as of June 30, 2021 and 2020, respectively.

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 2 – CASH AND INVESTMENTS (continued)

Ventura County Pooled Investment Fund (VCPIF)

The District is a voluntary participant in the VCPIF and the District determines the amount and term of its investment. The County Treasurer makes investments in accordance with a Statement of Investment Policy reviewed and approved annually by the Board of Supervisors. The Treasury Investment Oversight Committee comprised of the County Treasurer, a representative of the Board of Supervisors, the County Investment Manager, a representative of the County Superintendent of Schools and other Treasury Department support staff meets semi-annually to review the activities of the Treasurer and provide a report to the Board of Supervisors. Further information about the VCPIF is available on the Ventura County Treasurer-Tax Collector's website: www.ventura.org/ttc/

The County's Treasurer has indicated to the District that as of June 30, 2021 and 2020 that the value of the County's portfolio was approximately \$3.3 billion and \$2.8 billion, respectively. As of June 30, 2021 and 2020, the District has investment in the VCPIF \$15,576,962 and \$7,046,446, respectively. The VCPIF fair value factor of 0.99834125 and 1.00405717 was used to calculate the fair value of the investments in VCPIF as of June 30, 2021 and 2020, respectively.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the previous table.

Credit Risk

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. As of June 30, 2021 and 2020, the District's investment in the LAIF was not rated as noted in the previous table, and the District's investment in the VCPIF was rated AAAf/S-1+.

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 fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the previous table.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF, VCPIF or negotiable certificates-of-deposit.

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 3 – ACCOUNTS RECEIVABLE

The balance at June 30, consists of the following;

Description	June 30, 2021	June 30, 2020
Accounts receivable - customers	\$ 3,632,085	\$ 2,773,002
Allowance for uncollectible accounts	(25,000)	(25,000)
Accounts receivable – customers, net	\$ 3,607,085	\$ 2,748,002

NOTE 4 – UNEARNED REVENUES

A. Shoreside Power/Arcturus Avenue Leveraged Loan

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments in operating businesses and real estate projects located in low-income communities. The District, in partnership with Wells Fargo Bank (Bank), has entered into various agreements that provide for the completion of the Shoreside Power Project, the major improvements to the District's Arcturus Avenue staging area and the partnership with Food Share, Inc., a local nonprofit, to build and operate a mobile food pantry to combat food desert conditions found in Ventura County.

As part of the NMTC Program transaction, a new independent entity, Port Renovation, Inc. (PRI) was formed to participate under the Federal NMTC guidelines, and to contract with the District to complete the Shoreside power and, Arcturus projects. PRI has also contracted with Food Share, Inc. to implement a mobile pantry project that will address food desert conditions in the Port's servicearea.

Also, pursuant to NMTC Program requirements, several financial intermediaries controlled by the Bank have been established to finance this project, which cost approximately \$20 million. As required under the agreements with these entities, the District has loaned the Port of Hueneme Investment Fund, LLC. \$10,021,950 and \$5,713,939 in construction costs as well as invested \$183,868 in cash to the project, and the Clearinghouse NMTC has loaned PRI funds to pay for the remaining project costs. In addition, the District and PRI have signed lease agreements under which the District will lease-back the Shoreside Power equipment and Arcturus Avenue properties from PRI for the District's operations related to those two assets.

The NMTC program completed in 2021 for the District and the remaining balance of the leveraged loan was settled.

B. Arcturus Sale Contract

The District owns property located on Arcturus Avenue in the City of Oxnard, which is leased to BMW of North America. The District has agreed to a purchase option to sell the property for a total purchase price of \$6,513,661. In 2021, the District completed the sale of the Arcturus Avenue to BMW of North America.

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 5 – 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 Port Hueneme. 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.

NOTE 6 – INVESTMENT IN VENTURA COUNTY RAILWAY COMPANY, LLC

The Ventura County Railway Company, LLC, (Railway) owns railway lines used to transport goods from the harbor area to the main line railway. In November 2003, the District acquired 100% of the outstanding shares (memberships) of the Railway for a \$2,000,000 investment and became the sole member of the Railway. Per GASB Statement No. 61, Paragraph 10, if a government owns a majority of the equity interest in a legally separate organization for the purpose of obtaining income or profit rather than to directly enhance its ability to provide governmental services, it should report its equity interest as an investment, regardless of the extent of its ownership.

The District's total investment in the Railway amounted to \$4,187,372 and \$4,074,009 as of June 30, 2021 and 2020, respectively. Audited financial information for the Ventura County Railway Company, LLC for the years ended June 30, 2021 and 2020 were as follows:

Balance Sheet	June 30, 2021	June 30, 2020
Assets:		
Current assets	\$ 1,716,577	\$ 1,560,091
Property and equipment, net	<u>2,511,764</u>	<u>2,538,948</u>
Total assets	<u>\$ 4,228,341</u>	<u>\$ 4,099,039</u>
Liabilities	\$ 40,969	\$ 25,030
Equity	<u>4,187,372</u>	<u>4,074,009</u>
Total liabilities and equity	<u>\$ 4,228,341</u>	<u>\$ 4,099,039</u>
Income Statement	June 30, 2021	June 30, 2020
Revenues	\$ 308,864	\$ 326,307
Expenses	<u>(195,501)</u>	<u>(126,090)</u>
Net income	113,363	200,217
Equity:		
Beginning of year	<u>4,074,009</u>	<u>3,873,792</u>
End of year	<u>\$ 4,187,372</u>	<u>\$ 4,074,009</u>

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 7 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2021, were as follows:

Description	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 15,332,137	\$ -	\$ (1,538,210)	\$ 13,793,927
Construction-in-process	20,197,009	1,015,084	(482,883)	20,729,210
Total non-depreciable assets	35,529,146	1,015,084	(2,021,093)	34,523,137
Depreciable assets:				
Wharves and docks	21,548,759	-	-	21,548,759
Warehouses	24,921,953	-	-	24,921,953
Land improvements	34,099,845	49,982	(1,478,010)	32,671,817
Buildings	4,644,648	-	-	4,644,648
Buildings and improvements	3,831,929	116,189	-	3,948,118
Vehicles and equipment	19,240,615	1,482,571	-	20,723,186
Total depreciable assets	108,287,749	1,648,742	(1,478,010)	108,458,481
Accumulated depreciation:				
Wharves and docks	(17,511,089)	(573,182)	-	(18,084,271)
Warehouses	(18,975,438)	(839,786)	-	(19,815,224)
Land improvements	(12,119,786)	(1,336,119)	571,250	(12,884,655)
Buildings	(2,246,160)	(158,868)	-	(2,405,028)
Buildings and improvements	(1,696,233)	(244,540)	-	(1,940,773)
Vehicles and equipment	(5,043,073)	(1,015,806)	-	(6,058,879)
Total accumulated depreciation	(57,591,779)	(4,168,301)	571,250	(61,188,830)
Total depreciable assets, net	50,695,970	(2,519,559)	(906,760)	47,269,651
Total capital assets, net	\$ 86,225,116	\$ (1,504,475)	\$ (2,927,853)	\$ 81,792,788

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 7 – CAPITAL ASSETS AND DEPRECIATION (continued)

Changes in capital assets for the fiscal year ended June 30, 2020, were as follows:

Description	Balance July 1, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020
Non-depreciable assets:				
Land	\$ 15,332,137	\$ -	\$ -	\$ 15,332,137
Construction-in-process	14,129,543	10,024,287	(3,956,821)	20,197,009
Total non-depreciable assets	29,461,680	10,024,287	(3,956,821)	35,529,146
Depreciable assets:				
Wharves and docks	21,473,636	75,123	-	21,548,759
Warehouses	24,921,953	-	-	24,921,953
Land improvements	31,434,576	2,665,269	-	34,099,845
Buildings	4,644,648	-	-	4,644,648
Buildings and improvements	3,775,661	56,268	-	3,831,929
Vehicles and equipment	18,411,119	829,496	-	19,240,615
Total depreciable assets	104,661,593	3,626,156	-	108,287,749
Accumulated depreciation:				
Wharves and docks	(16,891,017)	(620,072)	-	(17,511,089)
Warehouses	(18,135,654)	(839,784)	-	(18,975,438)
Land improvements	(10,878,337)	(1,241,449)	-	(12,119,786)
Buildings	(2,087,290)	(158,870)	-	(2,246,160)
Buildings and improvements	(1,462,297)	(233,936)	-	(1,696,233)
Vehicles and equipment	(3,584,210)	(1,458,863)	-	(5,043,073)
Total accumulated depreciation	(53,038,805)	(4,552,974)	-	(57,591,779)
Total depreciable assets, net	51,622,788	(926,818)	-	50,695,970
Total capital assets, net	\$ 81,084,468	\$ 9,097,469	\$ (3,956,821)	\$ 86,225,116

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 8 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2021, were as follows:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
\$ 808,600	\$ 301,323	\$ (264,098)	\$ 845,825	\$ 211,481	\$ 634,344

Summary changes to compensated absences balances for the year ended June 30, 2020, were as follows:

Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year	Due in More Than One Year
\$ 592,600	\$ 317,063	\$ (101,063)	\$ 808,600	\$ 196,000	\$ 612,600

NOTE 9 – LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2021, were as follows:

Long-Term Debt	Balance July 1, 2020	Additions/ Adjustments	Payments/ Amortization	Balance June 30, 2021
Revenue bonds – Series 2011A	\$ 1,365,000	\$ -	\$ (1,365,000)	\$ -
Revenue bonds – Series 2011A – premium	4,312	-	(4,312)	-
Revenue bonds – Series 2011B	6,725,000	-	(80,000)	6,645,000
Revenue bonds – Series 2011B – discount	(43,610)	-	10,680	(32,930)
Total long-term debt	8,050,702	\$ -	\$ (1,438,632)	6,612,070
Less current portion	(2,470,000)			(1,555,000)
Non-current portion	\$ 5,580,702			\$ 5,057,070

Changes in long-term debt for the year ended June 30, 2020, were as follows:

Long-Term Debt	Balance July 1, 2019	Additions/ Adjustments	Payments/ Amortization	Balance June 30, 2020
Revenue bonds – Series 2011A	\$ 3,755,000	\$ -	\$ (2,390,000)	\$ 1,365,000
Revenue bonds – Series 2011A – premium	56,054	-	(51,742)	4,312
Revenue bonds – Series 2011B	6,805,000	-	(80,000)	6,725,000
Revenue bonds – Series 2011B – discount	(54,290)	-	10,680	(43,610)
Total long-term debt	10,561,764	\$ -	\$ (2,511,062)	8,050,702
Less current portion	(2,350,000)			(2,470,000)
Non-current portion	\$ 8,211,764			\$ 5,580,702

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 9 – LONG-TERM DEBT (continued)

Revenue Bonds

All of the District's 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 \$10,781,156 and \$6,191,556 for the years ended June 30, 2021 and 2020, respectively. The actual debt service coverage ratio was 356% and 222% for the years ended June 30, 2021 and 2020, respectively.

Revenue Bonds - Refunding Series 2011A and 2011B

In 2011, the District issued \$24,690,000 in 10-year and 14-year Revenue Bonds, respectively, \$17,470,000 Series 20011A (AMT) and \$7,220,000 Series 2013B (Non-AMT). The proceeds were used to refund the District's total outstanding debt of \$25,545,000. As a result, the District's total Revenue Bond debt of \$25,545,000 from prior issuances is considered defeased and the liability for those obligations has been removed from the District's financial statements. The District completed the advance refunding to reduce the District's total debt service payments over the next ten to twelve years by a present-value amount of approximately \$1.8 million and to obtain an economic gain of approximately \$2.3 million. Also, the refunding issuance resulted in a deferred loss of \$209,500 that will be amortized over the remaining life of the debt service.

Deferred Amount on Refunding of Revenue Bonds

Changes in deferred amount on refunding of revenue bonds, net for the year ended June 30, 2021, was as follows:

	Balance		Balance	
	July 1, 2020	Additions	Amortization	June 30, 2021
Deferred amount on refunding, net	\$ 68,436	\$ -	\$ (16,760)	\$ 51,676

Changes in deferred amount on refunding of revenue bonds, net for the year ended June 30, 2020, was as follows:

	Balance		Balance	
	July 1, 2019	Additions	Amortization	June 30, 2020
Deferred amount on refunding, net	\$ 85,196	\$ -	\$ (16,760)	\$ 68,436

Series 2011A (AMT)

The Series 2011A (AMT) bonds matured in fiscal year 2021.

Series 2011B (Non-AMT)

The bonds are scheduled to mature in fiscal year 2025. An interest rate discount in the amount of \$133,500 was calculated on the issuance of the refunding revenue bonds and will be amortized over the life of the debt. Interest was payable semi-annually on August 1 and February 1 at rates ranging from 4.00% to 5.00% while principal installments ranging from \$10,000 to \$1,765,000 would be payable August 2013 through August 2024 as follows:

Fiscal Year	Principal	Interest	Total
2022	1,555,000	558,575	2,113,575
2023	1,625,000	245,137	1,870,137
2024	1,700,000	154,238	1,854,238
2025	1,765,000	39,713	1,804,713
Total	\$ 6,645,000	\$ 997,663	\$ 7,642,663

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 10 – PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2021	2020
Pension related deferred outflows	\$ 1,379,384	\$ 1,437,246
Net pension liability	6,307,372	5,836,299
Pension related deferred inflows	171,664	435,898

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

The Plans

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0 @ 62
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.0%
Required member contribution rates	8.00%	6.750%
Required employer contribution rates – FY 2020	10.823%	6.985%
Required employer contribution rates – FY 2019	10.022%	6.842%

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2020 and 2019 Annual Actuarial Valuation Reports, respectively. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2020, (Measurement Date) the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	13	21	34
Transferred and terminated members	4	7	11
Retired members and beneficiaries	32	-	32
Total plan members	49	28	77

At June 30, 2019, (Measurement Date) the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	13	21	34
Transferred and terminated members	4	6	10
Retired members and beneficiaries	33	-	33
Total plan members	50	27	77

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

OXNARD HARBOR DISTRICT

*Notes to Financial Statements
June 30, 2021 and 2020*

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the fiscal year ended June 30, 2021, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 568,317	\$ 138,575	\$ 706,892
Contributions – members	115,008	117,445	232,453
Total contributions	\$ 683,325	\$ 256,020	\$ 939,345

Contributions for the fiscal year ended June 30, 2020, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 535,036	\$ 121,758	\$ 656,794
Contributions – members	127,434	115,059	242,493
Total contributions	\$ 662,470	\$ 236,817	\$ 899,287

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020 and 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2019, rolled forward to June 30, 2020, and as of June 30, 2018, rolled forward to June 30, 2019, respectively, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2020 (MD):

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2019 (Measurement Date)	\$ 21,922,725	\$ 16,086,426	\$ 5,836,299
Balance as of June 30, 2020 (Measurement Date)	\$ 21,987,440	\$ 15,680,068	\$ 6,307,372
Change in Plan Net Pension Liability	\$ 64,715	\$ (406,358)	\$ 471,073

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2019 (MD):

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2018 (Measurement Date)	\$ 21,107,185	\$ 15,749,553	\$ 5,357,632
Balance as of June 30, 2019 (Measurement Date)	\$ 21,922,725	\$ 16,086,426	\$ 5,836,299
Change in Plan Net Pension Liability	\$ 815,540	\$ 336,873	\$ 478,667

The District's proportionate share percentage of the net pension liability for the June 30, 2020, measurement date was as follows:

Measurement Date Percentage of Risk Pool Net Pension Liability Percentage of Plan (PERF C) Net Pension Liability	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending <u>June 30, 2021</u>	Fiscal Year Ending <u>June 30, 2020</u>	
	June 30, 2020	June 30, 2019	
0.149532%	0.145743%	0.003789%	
0.057970%	0.056956%	0.001014%	

The District's proportionate share percentage of the net pension liability for the June 30, 2019, measurement date was as follows:

Measurement Date Percentage of Risk Pool Net Pension Liability Percentage of Plan (PERF C) Net Pension Liability	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending <u>June 30, 2020</u>	Fiscal Year Ending <u>June 30, 2019</u>	
	June 30, 2019	June 30, 2018	
0.145743%	0.142160%	0.003583%	
0.056956%	0.055600%	0.001356%	

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2021 and 2020, the District recognized pension expense of \$971,593 and \$1,125,791, respectively. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	\$ 706,892	\$ -
Difference between actual and proportionate share of employer contributions	-	(123,830)
Adjustment due to differences in proportions	160,084	(2,847)
Differences between expected and actual experience	325,038	-
Differences between projected and actual earnings on pension plan investments	187,370	-
Changes in assumptions	-	(44,987)
Total Deferred Outflows/(Inflows) of Resources	\$ 1,379,384	\$ (171,664)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$706,892 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ 61,410
2023	193,481
2024	156,069
2025	89,868
Total	\$ 500,828

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2020 and 2019 (the measurement dates), the total pension liability was determined by rolling forward the June 30, 2019 and 2018, total pension liability. The June 30, 2020 and 2019, total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The table below reflects long-term expected real rate of return by asset class.

Investment Type ¹	New Strategic Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

¹ In the CalPERS's ACFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

² An expected inflation rate-of-return of 2.5% is used for years 1-10.

³ An expected inflation rate-of-return of 2.9% is used for years 11+.

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

For the year ended June 30, 2021, (Measurement Date June 30, 2020) were as follows:

Plan Type	Net Pension Liability at June 30, 2021		
	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	\$ 9,233,364	\$ 6,307,372	\$ 3,889,717

For the year ended June 30, 2020, (Measurement Date June 30, 2019) were as follows:

Plan Type	Net Pension Liability at June 30, 2020		
	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	\$ 8,784,973	\$ 5,836,299	\$ 3,402,378

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2021, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2021.

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2021	2020
OPEB related deferred outflows	\$ 988,798	\$ 490,005
Net other post-employment benefits obligation	5,958,029	6,252,062
OPEB related deferred inflows	526,781	778,659

A. General Information about the OPEB Plan

Plan description

The District provides other 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.

Plan description (continued)

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 (1) after age 55 with at least 10 years of service, or (2) upon retirement with 30 years of service after age 50 or (3) upon retirement with 10 years of service after age 62. Retiree life insurance benefits are provided upon retirement after either (1) age 50 with 30 years of service, (2) age 55 with 15 years of service, (3) age of 62 with 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.

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

Benefits provided

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 fiscal year 2021 and 2020 was \$1,350 and 1,350, respectively.

The Board of Harbor Commissioners of the District approved Resolution No. 1116 modified July 1, 2013 establishing the employment benefits for all employees except as otherwise provided for by the SEIU Local 721 MOU. The Retirement Program – Section 2.A.1 states that the District shall provide medical or alternative medical insurance benefits for retired employees up to the maximum monthly contribution set for the year the employee retires. CalPERS medical or alternative medical insurance benefits for retired employees shall be subject to each retired employee's specific length of service with the District. Each retired employee's length of service with the District (excluding any other CalPERS creditable service prior to joining the District) shall determine the type of benefit for which a retired employee is eligible. There is a different percentage of District contributions for retirement medical benefits for employees hired prior to July 1, 2008, and employees hired after July 1, 2008 as follows:

District Years of Service	Hired Prior to July 1, 2008 % of Maximum Benefit	Hired After July 1, 2008 % of Maximum Benefit
5 years	50%	0%
6 years	60%	0%
7 years	70%	0%
8 years	80%	0%
9 years	90%	0%
10 or more	100%	50%
15 or more	100%	100%

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

Benefits provided (continued)

A Memorandum of Understanding (MOU) was entered into between the District and the Service Employees International Union Local 721 (SEIU Local 721) for the period of July 1, 2013 – June 30, 2019. SEIU Local 721 representing the job classifications of the District's Clerical Unit, Harbormaster Unit, and the Maintenance Unit. The Retirement Program – Article 1.29 states that during the term of the MOU the District shall provide the following retirement medical benefits up to the maximum monthly contribution: Medical insurance shall be subject to each retired bargaining unit employee's specific length of service with the District. Each bargaining unit employee's length of service with the District (excluding any other PERS creditable service prior to joining the District) shall determine the type of benefit for which each retired bargaining unit employee is eligible. There is a different percentage of District contributions for retirement medical benefits for employees hired prior to July 1, 2013, and employees hired after July 1, 2013 as follows:

District Years of Service	% of Maximum Benefit
5 years	50%
6 years	60%
7 years	70%
8 years	80%
9 years	90%
10 or more	100%

Employees covered by benefit terms

At June 30, the following employees were covered by the benefit terms:

	2021	2020
Inactive plan members or beneficiaries currently receiving benefit payments	31	32
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Active plan members	37	36
Total	68	68

Contributions

The District will pay 100% of the cost of the post-employment benefit plan for employees hired before December 31, 2012. For employees hired after December 31, 2012, the employee will pay 100% of employee portion of contribution to the CalPERS retirement plan. The District funds the plan on a pay-as-you-go basis and maintains reserves with the Classified Employees Retiree Benefits Trust (CERBT) administered by CalPERS. The CERBT was established by Chapter 331 of the 1988 California Statutes, and employers elect to participate in the CERBT to pre-fund health, dental, and other non-pension post-employment benefits for their retirees and survivors. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other post-employment benefits in accordance with the terms of the participating employers' plans.

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the June 30, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	
Long-Term Expected	
Rate of Return on Investments	7.00%
Inflation	2.75%
Payroll increases	2.75%
Healthcare Trend Rates	Pre-65 - 8.00% trending down 0.25% annually to 6.0% by 2029 and later Post-65 - 6.50% trending down 0.25% annually to 5.0% by 2029 and later
Morbidity	CalPERS 2013 Study
Mortality	CalPERS 2014 Study
Disability	Not valued
Retirement	2014 CalPERS Public Agency Miscellaneous experience study; 2.0% @55 and 2.0% @62
Percent Married	80% of future retirees would enroll a spouse

Discount Rate

The discount rate used to measure the total OPEB liability was 4.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. The discount rate used historic 27-year real rates of return for each asset class along with an assumed long-term inflation assumption to set the discount rate. The expected investment return was offset by investment expenses of 25 basis points. The Bond Buyer 20 Bond Index was used.

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Discount Rate (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Assumed Gross Return
Global Equities	59.0%	5.500%
Global Debt Securities	25.0%	2.350%
Inflation Protected Securities	5.0%	1.500%
REITs	8.0%	3.650%
Commodities	3.0%	1.750%

Rolling periods of time for all asset classes were used in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Geometric means were used.

C. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	\$ 7,859,099	\$ 1,607,037	\$ 6,252,062
Balance at July 1, 2020			
Changes for the year:			
Service cost	244,579	-	244,579
Interest	553,362	-	553,362
Changes in assumptions	(199,666)	-	(199,666)
Changes in experience	(432,472)	-	(432,472)
Changes in benefit terms	-	-	-
Employer contributions	-	403,843	(403,843)
Actual investment income	-	56,778	(56,778)
Administrative expense	-	(785)	785
Benefit payments	(403,843)	(403,843)	-
Net changes	(238,040)	55,993	(294,033)
Balance at June 30, 2021	\$ 7,621,059	\$ 1,663,030	\$ 5,958,029

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
District Plan	\$ 5,208,449	\$ 5,958,029	\$ 6,857,933

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease 4.0%	Trend Rates 5.0%	1% Increase 6.0%
District Plan	\$ 5,179,319	\$ 5,958,029	\$ 6,903,944

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Classified Employees Retirement Benefits Trust (CERBT) financial report.

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$116,502. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	\$ 928,202	\$ -
Changes in assumptions	-	(166,388)
Differences between expected and actual experience	-	(360,393)
Differences between projected and actual earnings on OPEB plan investments	60,596	-
Total Deferred Outflows/(Inflows) of Resources	\$ 988,798	\$ (526,781)

OXNARD HARBOR DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$928,202 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ (87,955)
2023	(87,956)
2024	(90,700)
2025	(94,221)
2026	<u>(105,353)</u>
Total	\$ (466,185)

NOTE 12 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30:

Description	June 30, 2021	June 30, 2020
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 34,523,136	\$ 35,529,146
Capital assets, net – being depreciated	47,269,652	50,695,970
Deferred loss on refunding of revenue bonds, net	51,676	68,436
Revenue bonds payable – current	(1,555,000)	(1,445,000)
Revenue bonds payable, net – non-current	<u>(5,057,071)</u>	<u>(6,605,702)</u>
Total net investment in capital assets	\$ 75,232,393	\$ 78,242,850

NOTE 13 – RESTRICTED NET POSITION

Restricted net position consisted of the following as of June 30:

Description	June 30, 2021	June 30, 2020
Restricted – cash and cash equivalents	\$ 5,266,359	\$ 5,600,239
Restricted – investments	-	1,031,008
Total restricted – cash and investments	5,266,359	6,631,247
Accrued revenue sharing payables	(2,790,519)	(1,032,670)
Accrued interest payable	<u>(356,635)</u>	<u>(154,685)</u>
Total restricted net position for debt service	\$ 2,119,205	\$ 5,443,892

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 14 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. 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.

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 accompanying financial statements.

NOTE 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, 2021, 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 \$200 million per occurrence (with certain sub-limits), subject to a \$100,000 deductible per occurrence, except for \$10,000 per occurrence for contractor's equipment. Flood coverage is provided at a limit of \$5,000,000 subject to a \$100,000 deductible per occurrence, with a \$500,000 deductible applying in special flood hazard areas.

- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$50,000 deductible.
- Marine general liability coverage up to \$1,000,000, per occurrence, and \$3,000,000, general aggregate, for any one policy period subject to a \$10,000 deductible.
- Liability coverage on District vehicles up to \$1,000,000, with physical damage deductibles of \$500/\$500 as elected; the same deductibles apply to hired automobiles.
- Protection and indemnity including collision and tower's liability for \$1,000,000 subject to a \$5,000 deductible. Hull and machinery for scheduled vessels subject to a \$2,500 deductible.
- Public officials' liability coverage up to \$10 million, each occurrence and in the aggregate, with a \$100,000 retention each claim.
- Excess liability coverage up to \$150 million per occurrence including terrorism.
- Terrorism property coverage up to \$600 million 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.

All coverage and limits are subject to the terms, conditions and exclusions provided in each insurance policy.

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 15 – RISK MANAGEMENT(continued)

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, 2021, 2020 and 2019. 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, 2021, 2020 and 2019.

NOTE 16 – RELATED PARTY TRANSACTION

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 the fiscal years ended June 30, 2021 and 2020, the amount of District revenues derived from these various customers and stevedoring companies was approximately \$16,811,356 and \$14,925,093 respectively.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

The District leases a portion of its land and facilities to others. The majority of these leases provide for cancellation on thirty-day 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, 2021, 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:

Fiscal Year	Amount
2022	\$ 1,271,574
2023	992,835
2024	979,573
2025	<u>1,008,960</u>
Total	<u>\$ 4,252,942</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 3.33% of the District's gross operating revenues. Amounts allocated to the City for the fiscal years ended June 30, 2021 and 2020 totaled \$607,145 and \$603,933, respectively.

OXNARD HARBOR DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 17 – COMMITMENTS AND CONTINGENCIES (continued)

Contracts with the City of Port Hueneme (continued)

Pursuant to an agreement dated March 18, 1987, the District compensates the City to mitigate the environmental impacts of the District's Wharf 2 project. Compensation is based on 1.67% of the District's gross operating revenues. Amounts allocated to the City for the fiscal years ended June 30, 2021 and 2020 totaled \$304,158 and \$307,488, respectively.

Additionally, the District compensates the City a cost per unit of \$3.25 for the first 50,000 automobiles and an additional \$0.86 for each automobile over 50,000 less a credit-back to the District of \$0.25 for every dollar paid to the City for each automobile conveyed on the City's streets during the fiscal year. Amounts allocated to the City for the fiscal years ended June 30, 2021 and 2020 totaled \$472,780 and \$422,419.

Pursuant to the Memorandum of Understanding (MOU) between the City, Port Hueneme Surplus Property Authority, and the District dated December 21, 1995, for the acquisition and use of the Naval Civil Engineering Laboratory (NCEL) property. Compensation is based on the District's gross operating revenues. Amounts allocated to the City for the fiscal years ended June 30, 2021 and 2020 totaled \$455,323 and \$460,308, respectively.

Pursuant to an agreement dated October 5, 2015, the District will pay Community Benefit Fund if the District's Gross Operating Revenue exceeds certain threshold amount. The Community Benefit Fund is a separate and distinct fund which may only be spent on approved projects that benefit both the District and City, and the communities they serve. The total amount allocated to the Community Benefit Fund for the fiscal years ended June 30, 2021 and 2020 totaled \$112,025 and \$111,177, respectively.

Navy Joint Use Agreement

In 2002, the District entered into a 15-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, 2021 and 2020, the amount payable to the Navy for long-term maintenance of Wharf 3 and associated real property is \$2,952,780 and \$2,853,622, respectively.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit 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.

NOTE 18 – SUBSEQUENT EVENTS

In accordance with the provisions surrounding subsequent events, the District's management has evaluated events and transactions for potential recognition or disclosure through November 15, 2021, the date the financial statements were available to be issued.

Required Supplementary Information

OXNARD HARBOR DISTRICT

*Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability
For the Year Ended June 30, 2021*

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.052552%	\$ 3,270,037	\$ 2,225,867	146.91%	80.36%
June 30, 2015	0.055024%	3,776,823	2,203,593	171.39%	78.63%
June 30, 2016	0.055128%	4,770,307	2,421,225	197.02%	74.54%
June 30, 2017	0.544820%	5,436,346	2,576,254	211.02%	73.45%
June 30, 2018	0.055600%	5,357,632	2,661,054	201.33%	74.62%
June 30, 2019	0.056956%	5,836,299	3,038,068	192.11%	73.38%
June 30, 2020	0.057970%	6,307,372	3,288,612	191.79%	71.31%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown.

OXNARD HARBOR DISTRICT

*Schedule of the District's Contributions to the OPEB Plan
For the Year Ended June 30, 2021 and 2020*

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 305,666	\$ (695,192)	\$ (389,526)	2,203,593	13.87%
June 30, 2016	446,756	(446,756)	-	2,421,225	18.45%
June 30, 2017	410,473	(410,473)	-	2,576,254	15.93%
June 30, 2018	452,473	(452,473)	-	2,661,054	17.00%
June 30, 2019	538,764	(538,764)	-	3,038,068	17.73%
June 30, 2020	656,794	(656,794)	-	3,288,612	19.97%
June 30, 2021	706,892	(706,892)	-	3,360,761	21.03%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment expense, including inflation

Retirement Age

50 years (2.0%@55), 52 years (2.0%@62)

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first implementation year; therefore, only seven years are shown.

OXNARD HARBOR DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2021 and 2020

	Last Ten Fiscal Years*				
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	
Total OPEB liability:					
Service cost	\$ 244,579	\$ 237,323	\$ 244,464	\$ 237,921	
Interest	553,362	524,313	397,916	377,672	
Changes in assumptions	(199,666)	-	(1,728,734)	-	
Differences between expected and actual experience	(432,472)	-	(607,247)	-	
Changes of benefit terms	-	-	649,545	-	
Benefit payments	<u>(403,843)</u>	<u>(310,791)</u>	<u>(291,593)</u>	<u>(297,416)</u>	
Net change in total OPEB liability	(238,040)	450,845	(1,335,649)	318,177	
Total OPEB liability - beginning	7,859,099	7,408,254	8,743,903	8,425,726	
Total OPEB liability - ending	7,621,059	7,859,099	7,408,254	8,743,903	
Plan fiduciary net position:					
Contributions - employer	403,843	810,791	791,593	797,416	
Net investment income	56,778	72,342	38,554	(2,700)	
Administrative expense	(785)	(227)	(931)	(1)	
Benefit payments	<u>(403,843)</u>	<u>(310,791)</u>	<u>(291,593)</u>	<u>(297,416)</u>	
Net change in plan fiduciary net position	55,993	572,115	537,623	497,299	
Plan fiduciary net position - beginning	1,607,037	1,034,922	497,299	-	
Plan fiduciary net position - ending	1,663,030	1,607,037	1,034,922	497,299	
District's net OPEB liability	\$ 5,958,029	\$ 6,252,062	\$ 6,373,332	\$ 8,246,604	
Plan fiduciary net position as a percentage of the total OPEB liability	21.82%	20.45%	13.97%	5.69%	
Covered-employee payroll	\$ 3,228,038	\$ 2,875,755	\$ 2,791,995	\$ 1,578,831	
District's net OPEB liability as a percentage of covered-employee payroll	184.57%	217.41%	228.27%	522.32%	

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes of benefits terms.
 Measurement Date June 30, 2018 – There were no changes of benefits terms.
 Measurement Date June 30, 2019 – There were no changes of benefits terms.
 Measurement Date June 30, 2020 – There were no changes of benefits terms.

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions.
 Measurement Date June 30, 2018 – There were no changes in assumptions except change in discount rate.
 Measurement Date June 30, 2019 – There were no changes in assumptions.
 Measurement Date June 30, 2020 – Mortality tables and health care trend rates were updated and/or reset.

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

OXNARD HARBOR DISTRICT

Schedule of the District's Contributions to the Pension Plan For the Year Ended June 30, 2021 and 2020

Last Ten Fiscal Years*

Fiscal Year Ended	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution* (Pay-as-you-go funding with No Plan Assets)	\$ 765,530	\$ 1,562,759	\$ 1,548,164	\$ 1,121,220
Contributions in relation to the actuarially determined contributions	<u>(403,843)</u>	<u>(810,791)</u>	<u>(791,593)</u>	<u>(797,416)</u>
Contribution deficiency (excess)	<u>\$ 361,687</u>	<u>\$ 751,968</u>	<u>\$ 756,571</u>	<u>\$ 323,804</u>
Covered payroll	<u>\$ 3,228,038</u>	<u>\$ 2,875,755</u>	<u>\$ 2,791,995</u>	<u>\$ 1,578,831</u>
Contributions as a percentage of covered payroll	<u>12.51%</u>	<u>28.19%</u>	<u>28.35%</u>	<u>50.51%</u>

Notes to Schedule:

Valuation Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Discount rate	7.00%	7.00%	7.00%	4.50%
Inflation	2.75%	2.75%	2.75%	2.75%
Payroll increases	2.75%+Merit	2.75%+Merit	2.75%+Merit	2.75%
Mortality	(2)	(2)	(2)	(2)
Morbidity	Not Valued	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(3)	(3)	(3)	(3)
Percent Married - Spouse Support	80%	80%	80%	80%
Healthcare trend rates	(4)	(4)	(4)	(4)

(1) Closed period, level percent of pay

(2) SOA Pub-2010 using Scale MP-2020 or MP-2018

(3) CalPERS Public Agency Miscellaneous 2.0% @55 and 2.0% @62

(4) Pre-65 - 8.00% trending down 0.25% annually to 6.00% in 2029 and later

Post-65 - 6.50% trending down 0.25% annually to 4.50% in 2029 and later

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

Supplementary Information

OXNARD HARBOR DISTRICT*Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021*

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Programs:			
U.S. Department of Transportation:			
National Infrastructure Investments - TIGER Discretionary Grant	20.933	N/A	2,578,192
U.S. Department of Homeland Security:			
Port Security Grant Program	97.056	N/A	<u>306,012</u>
Total Expenditures of Federal Awards			<u>\$ 2,884,204</u>

Of the Federal expenditures in the schedule, the District provided no Federal awards to subrecipients.

Notes to Schedule:

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

OXNARD HARBOR DISTRICT

Schedule of Operating Expenses

For the Years Ended June 30, 2021 and 2020

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Salaries and benefits:		
Commissioner salaries	\$ 36,000	\$ 33,000
Administrative salaries	2,164,479	2,023,470
Maintenance salaries	652,668	599,280
Operations salaries	536,376	560,887
Temporary employee salaries	1,056	28,800
Sick and safety leave	222,864	390,947
Vacation	221,038	236,995
Payroll taxes	283,348	272,548
Workers' compensation	74,393	141,320
Insurance:		
Dental	43,948	51,458
HRA	149,763	136,183
Life	60,339	58,754
Medical	443,715	461,329
Vision	18,265	22,064
457 matching	56,199	26,455
CalPERS pension expense	1,104,958	1,208,690
Other post-employment benefits expense	(139,230)	(5,550)
Total salaries and benefits	<u>5,930,179</u>	<u>6,246,630</u>
Governmental contractual agreements:		
1983 Contract	607,145	603,933
1987 Contract	304,158	307,488
1995 Memorandum of understanding	455,323	460,308
Contracts - automobiles	472,780	422,419
Ventura County Fire District	2,000	10,000
Ventura County LAFCO	11,515	10,299
Community benefit fund contribution	112,025	111,177
Total governmental contractual agreements	<u>1,964,946</u>	<u>1,925,624</u>
Security:		
Guards and traffic control	257,604	380,446
Security training and exercises	7,689	16,000
Security plan and equipment	24,500	23,336
Total security	<u>289,793</u>	<u>419,782</u>

OXNARD HARBOR DISTRICT

Schedule of Operating Expenses (continued) *For the Years Ended June 30, 2021 and 2020*

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Facilities and maintenance:		
Gas and oil	\$ 16,728	\$ 23,756
Repair and maintenance	219,900	143,096
Landscape services	1,505	33,015
Rent – facility and grounds	50,000	120,000
Supplies	142,750	186,885
Supplies – computer	138,420	117,410
Internet connectivity	27,699	26,013
Safety supplies	14,898	23,692
Outside services	112,280	21,938
Utilities:		
Water and sewer	89,067	110,217
Electricity	418,822	362,199
Telephone	47,947	55,723
Natural gas	1,883	2,031
Trash disposal	27,992	21,795
Hazardous waste disposal	616	2,786
Total facilities and maintenance	<u>1,310,507</u>	<u>1,250,556</u>
Professional and legal:		
Professional fees	787,501	1,077,279
Legal services	243,029	364,644
Total professional and legal	<u>1,030,530</u>	<u>1,441,923</u>
Materials and services:		
Business meeting expense	20,690	55,247
Discounts	185	22
Publications and subscriptions	30,469	37,047
Publications – legal notices	192	1,557
Permits and licenses	60,979	44,345
Postage	3,043	4,305
Recruitment	19,642	12,521
Port of Hueneme Job Fair	-	26,307
Strategic plan	106,401	111,149
Temporary positions	31,014	53,274
Training	55,656	143,196
Total materials and services	<u>328,271</u>	<u>488,970</u>
Port promotions:		
Advertising	144,141	164,172
Trade relations	184,280	221,770
Memberships and dues	112,115	190,869
Travel	2,771	53,513
Total port promotions	<u>443,307</u>	<u>630,324</u>
Insurance:		
General liability	95,001	84,760
Property	266,079	219,952
Other	5,620	4,600
Total insurance	<u>366,700</u>	<u>309,312</u>
Total operating expenses	<u>\$ 11,664,233</u>	<u>\$ 12,713,121</u>

OXNARD HARBOR DISTRICT*Schedule of Non-Operating Revenues and Expenses
For the Years Ended June 30, 2021 and 2020*

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Non-operating revenue:		
Reimbursements	\$ 10,755	\$ 12,240
Ventura County Railway Co., LLC	7,000	7,000
FTZ Fee	15,000	-
Miscellaneous receipts	<u>1,312</u>	<u>6,608</u>
Total non-operating revenue	<u>34,067</u>	<u>25,848</u>
Non-operating expense:		
Special Event - Banana Festival - expenses	-	65,000
Prior year expenses	7,900	-
Election expense	45,017	-
Bank and trust fees	6,420	4,429
Miscellaneous expense	<u>28,991</u>	<u>-</u>
Total non-operating expense	<u>88,328</u>	<u>69,429</u>
Total non-operating revenue(expense), net	<u>\$ (54,261)</u>	<u>\$ (43,581)</u>

OXNARD HARBOR DISTRICT*Schedule of Debt Service Net Revenues Coverage
For the Years Ended June 30, 2021 and 2020*

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Total revenues:		
Operating revenues	\$ 20,293,975	\$ 17,933,582
Non-operating revenues	<u>2,239,742</u>	<u>1,040,524</u>
Total revenues	<u>22,533,717</u>	<u>18,974,106</u>
Total expenses:		
Operating expenses before depreciation expense	<u>11,664,233</u>	<u>12,713,121</u>
Non-operating expenses	648,764	385,436
Less debt service items:		
Interest expense - long-term debt	<u>(560,437)</u>	<u>(316,007)</u>
Total non-operating expenses adjusted for debt service items	<u>88,327</u>	<u>69,429</u>
Total expenses	<u>11,752,560</u>	<u>12,782,550</u>
Net revenues available for debt service	<u>\$ 10,781,157</u>	<u>\$ 6,191,556</u>
Debt service for the fiscal year	<u>\$ 3,030,437</u>	<u>\$ 2,786,007</u>
Debt service net revenues coverage ratio	<u>356%</u>	<u>222%</u>

Other Independent Auditors' Reports

**INDEPENDENT AUDITORS' 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, in accordance with the 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, the financial statements of Oxnard Harbor District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Oxnard Harbor District's basic financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oxnard Harbor District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances 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 Oxnard Harbor District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oxnard Harbor District's internal control.

A *deficiency in internal control* 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

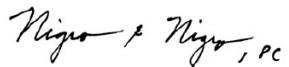
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
November 15, 2021

OXNARD HARBOR DISTRICT

*Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2021*

There were no audit findings in fiscal year 2019-20.