

**REPORT ON THE FY2011/2012 ANNUAL AUDIT AND
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

BACKGROUND

The District's annual Audit has been completed. The Comprehensive Annual Financial Report 1st draft will be presented at the meeting. The Final CAFR will return to the Board at the November 12, 2012 meeting with request to receive the CAFR and authorize submission for award consideration with the GFOA.

SUMMARY

The District's Audit firm, Charles Z., Fedak & Co., is scheduled to present their Audit findings at the Board's October 08, 2012 Meeting. The Chief Administrative & Finance Officer will also report on the key elements of the CAFR and the Port's FY 2011/2012 financial performance and will answer any questions of the Board of Harbor Commissioners.

CALIFORNIA ENVIRONMENTAL QUALITY ACT ACTIONS

None

FISCAL IMPACT

No fiscal Impact.

RECOMMENDATION: Information



THE

Port of Hueneme

OXNARD HARBOR DISTRICT

Port Hueneme, California

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2012 and 2011

Celebrating 75 Years

As A Diverse Working Port



The Port of Hueneme is the only deep water harbor between Los Angeles and the San Francisco Bay area and is a U.S. Port of Entry. It serves international businesses and ocean carriers. The niche markets that Hueneme serves include the import and export of automobiles and fresh produce. Its unique positioning near the Santa Barbara Channel has also made the Port of Hueneme the primary support facility for the offshore oil industry in California's Central Coast region.

Port of Hueneme - Oxnard Harbor District

Board of Harbor Commissioners as of June 30, 2012

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

Kristin Decas – CEO & Port Director

Andrew Palomares – Chief Administrative & Finance Officer

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

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

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2012 and 2011

DRAFT

Prepared by:

Kristin Decas, CEO & Port Director
Andrew J. Palomares, Chief Administrative & Finance Officer

**Oxnard Harbor District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2012 and 2011**

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Introductory Section

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*[Issued September
30, 2012]*

FY2012 PORT PERFORMANCE ANALYSIS

[The following report provides a comprehensive review of the Port's performance for Fiscal Year 2012. The information provided supports the conclusions outlined in the FY 2012 Audit]

P.O. Box 608
333 Ponom Street
Port Hueneme, CA
93044-0608
Tel: 805-488-3677
Fax: 805-488-2620



September 30, 2012

Port of Hueneme
Oxnard Harbor District
Board of Harbor Commissioners
Port Hueneme, California

Dear: Commissioner Manuel Lopez, President
Commissioner Jessie Ramirez, Vice President
Commissioner Jason Hodge, Secretary
Commissioner Mary Anne Rooney
Commissioner Jess Herrera

State law requires that every general-purpose government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2012.

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

Charles Z. Fedak & Co., Certified Public Accountants, has issued an unqualified ("clean") opinion on the Port's financial statements for the year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

A comprehensive FY 2012 Port Performance Analysis immediately follows this letter and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Sincerely,

**BOARD OF HARBOR
COMMISSIONERS**

*Dr. Manuel M. Lopez
President
Jesse J. Ramirez
Vice President
Jason T. Hodge
Secretary
Mary Anne Rooney
Commissioner
Jess Herrera
Commissioner*

**PORT
MANAGEMENT**

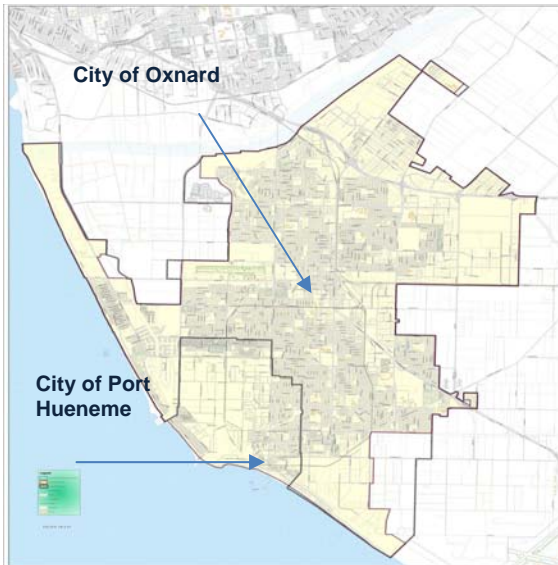
*Kristin Decas
CEO & Port Director*

Kristin Decas
CEO & Port Director

Andrew Palomares
Chief Administrative & Finance Officer

Port of Hueneme Profile

The Port of Hueneme, an official U.S. Port of Entry located within Ventura County, is one of the eleven California deep water seaports vital to the statewide economy. Serving as a priority hub in the state's intermodal transportation network, the Port provides the County with competitive advantages to attract business investment and create jobs. Over \$7 billion in cargo moves through the Port generating a \$200 million economic impact and putting over 1,500 County citizens to work.



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

A five-member Board of Harbor Commissioners elected at large from the District set the policies for the Port of Hueneme. The District's current political boundaries are comprised of the City of Oxnard (population 200,000), the City of Port Hueneme (population 21,900) and some unincorporated areas within Ventura County. Each Harbor Commissioner is popularly elected by the voters of the Oxnard Harbor District's service area for a four-year term. Their terms are staggered to maintain continuity. The day-to-day business operations of the District [Herein called the Port] are administered by the CEO and professional staff.

The Port is empowered to acquire, construct, own, operate, control or develop any and all harbor works or facilities necessary to the efficient undertaking of its mission. The Port prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations.

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

The Port's commercial facilities are primarily located within the City of Port Hueneme with the exception of a facility that is located within the adjacent City of Oxnard. The Port and the City of Port Hueneme have a number of agreements to assist the City to cover specific services provided by the City to the commercial seaport and in mitigation of certain environmental effects within the City. The Port also has an agreement with the City of Oxnard regarding the property lying within their jurisdiction.

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

In 1987 the Port increased the compensation to the City under an agreement dated March 18, 1987 to mitigate the environmental impacts of the Wharf 2 project and to cover potential increased City expenses. Compensation is based on an additional 1.67% of the Port's gross operating revenues and a cost per unit of \$2.75 for first 50,000 units and an additional \$.71 for auto unit over 50,000 that are convoyed through the City to vehicle distribution centers located 1½ miles from the seaport on industrial property in the City of Oxnard.

In December 1995, the Port and City of Port Hueneme entered into a Memorandum of Understanding (“MOU”) regarding the Former Naval Civil Engineering Laboratory (NCEL) property. The MOU was needed for the Port to obtain consent from the City for acquisition and use of the NCEL property in accordance with the California Harbors and Navigation Code. This MOU required the Port to remit additional funds to the City and waterfront improvements to the seawall as mitigation to acquire the property. The payments to the City of Port Hueneme represent the largest portion of the “Government Contractual Agreements” item shown in the Financial Statements under Operating Expenses.

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

FY 2012 Cargo Performance

The Port realized significant recovery in fiscal year 2012, realizing its 4th best year in volume and highest year in revenue since inception in 1937. The growth stems from economic rebound as the country climbs out of the recession coupled with diversification of cargo. Many Port customers via innovative and creative strategies increased their cargo activity. Auto carriers realized increases in project cargo and high and heavy equipment activity. Chiquita’s shift to containers brought increased export trade to the Port. Del Monte’s recent deployment of dual use ships with Ro-Ro capabilities allowed for cargo diversification. The charts below highlight the overall performance of the Port in FY2012 compared to FY2011.

	FY 2011	FY 2012	% Increase
Metric Tons:	1,217,643	1,317,716	8.2%
Revenue:	\$10,487,862	\$12,050,478	14.9%

Fiscal Year 2012 Cargo Performance

Export Activity

Auto exports

- Up 10.3% (year to date comparison for 2011 compared to 2012)
- Down 12.0% (Monthly comparison for June-2011 compared to June - 2012)
- 2012 tonnage to date: 21,497

Heavy Equipment Exports (project cargo)

- Up 44.6% (year to date comparison for 2011 compared to 2012)
- Down 1.0% (Monthly comparison for June -2011 compared to June -2012)
- 2012 tonnage to date: 11,958.55

Fruit &Vegetables Exports (Apples, Pears, Oranges, Grapes, Stone Fruits, Vegetables)

- Up 33.5% (year to date comparison for 2011 compared to 2012)
- Up 34.7% (Monthly comparison for June -2011 compared to June -2012)
- 2012 tonnage to date: 5,911.91

Import Activity

Auto Imports

- Up 21.1% (year to date comparison for 2011 compared to 2012)
- Up 27.8% (Monthly comparison for June -2011 compared to June -2012)
- 2012 tonnage to date: 219,164

Heavy Equipment Imports (project cargo)

- Up 29.6% (year to date comparison for 2011 compared to 2012)
- Up 16.2% (Monthly comparison for June -2011 compared to June -2012)
- 2012 tonnage: 33,775.88

Fruit &Vegetables Imports (Melons, Pineapple, Tomatoes)

- Up 11.7% (year to date comparison for 2011 compared to 2012)
- Up 10.4% (Monthly comparison for June -2011 compared to June -2012)
- 2012 tonnage to date: 100,785.48

Banana Imports

- Up 2.0% (year to date comparison for 2011 compared to 2012)
- Down 8.5% (Monthly comparison for June -2011 compared to June -2012)
- 2012 tonnage to date: 615,588.48

Fertilizer Imports

- Up 28.9% (year to date comparison for 2011 compared to 2012)
- Down 3.8% (Monthly comparison for June -2011 compared to June -2012)
- 2012 tonnage to date: 134,698.17

Import/Export Combined

General Cargo Imports (Not specific cargo as identified in the Port’s Tariff No. 7)

- Down 18.1% (year to date comparison for 2011 compared to 2012)
- Up 33.7% (Monthly comparison for June -2011 compared to June -2012)
- 2012 tonnage to date: 82,195.59

Shallow Draft Cargo (Fish, lube oil, vessel fuel)

- Up 20.5% (year to date comparison for 2011 compared to 2012)
- Up 61.9% (Monthly comparison for June -2011 compared to June -2012)
- 2012 tonnage to date: 40,470.81

Domestic

Offshore Oil Domestic

- Up 12.5% (year to date comparison for 2011 compared to 2012)
- Up 25.3% (Monthly comparison for June -2011 compared to June -2012)
- 2012 tonnage to date: 57,340.97

RAFT

Automobile Import / Export Trade



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

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

Agriculture Sector Import / Export Trade



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

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

Today, the Port has 230,000 square feet of refrigerated terminal space available for fresh fruit importers and exporters. Bananas and fresh fruit comprise the single largest commodity type handled at the Port of Hueneme.

In 1998, the Port entered into a lease for the distribution of liquid fertilizer. Today, Yara North America, one of the world's largest fertilizer suppliers, operates a state-of-the-art automated terminal at the Port of Hueneme for distribution of fertilizer and fuel additives to the agriculture industry in the area surrounding the Port. Yara realized 28.9% growth in FY 2012.

Domestic Trade



The Port of Hueneme through our customers, Exxon, Plain Exploration, DCOR and Venoco provide essential services for the offshore oil trade in the Santa Barbara channel. Work boats supply offshore rigs and platforms with drill pipe, cement, water, fuel and other necessary equipment for operations. Crew boats transport workers to and from the platforms and the supplies necessary for extended living out on the rigs. The Port of Hueneme saw a 12.5% increase in tonnage in FY 2012 over FY 2011.

The Port of Hueneme has a vibrant squid fishery, a seasonal business generally starting slow in the spring and peaking in the fall through the end of the year. Fishing boats work at night and deliver their catch in the early morning hours to the Oxnard Unloading Services LLC a co-op that unloads and delivers to processing plants throughout southern and central California. The Port of Hueneme saw a 16.2% increase in tonnage in FY 2012 over FY 2011.

Trade Analysis

Niche as a Southern California Port

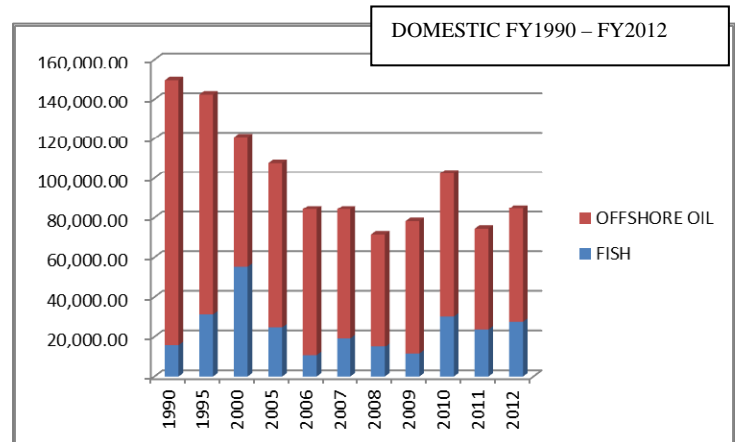
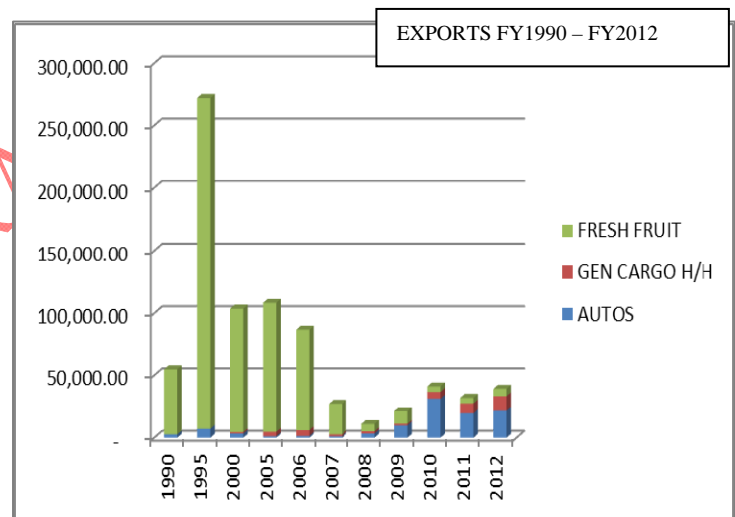
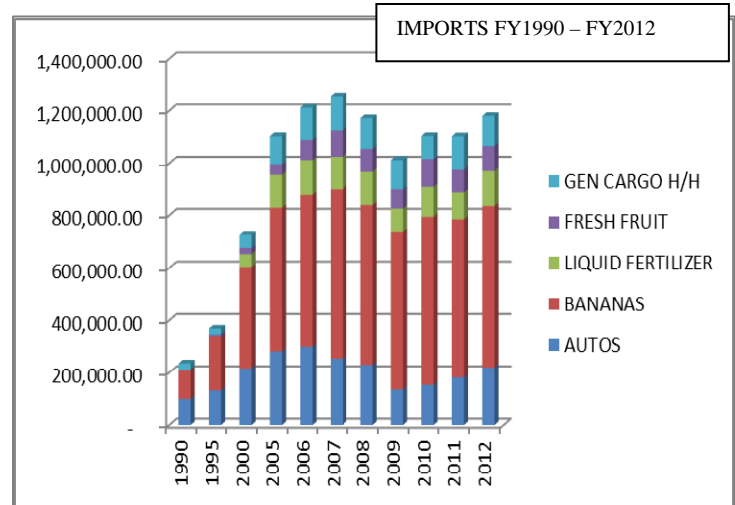
The Port of Hueneme strategically located in Ventura County, California lies approximately sixty miles north of downtown Los Angeles. The Port serves as one of California eleven deepwater ports identified as a key natural resource for the State of California. It is one of four Ports located in Southern California. Combined, the Southern California Ports handle in excess of 315 million metric revenue tons of general cargo. The Port of Hueneme is one of the three commercial seaports associated with the Los Angeles/Long Beach gateway. This gateway represents one of the nation's largest commercial seaport complexes.

As the Ports of Los Angeles and Long Beach focus their operations to accommodate the larger container vessels calling on the West Coast, the Port of Hueneme continues to specialize in the fresh fruit industry, the general cargo ro-ro industry, the small scale container market, and the project cargo market. The specialized market sector focus coupled with a core customer base has played a vital role in the Port's recovery from the recession that impacted the automotive industry in Southern California and hit rock bottom in 2008.

Since the Southern California gateway was adversely impacted by the recent global recession's impact on trade, the economic forecast for this gateway shows that recovery of trade began in 2010 with year over year increases in cargo throughput and has continued into 2012. Additionally, the recent spike in U.S. exports has resulted in new cargo opportunities for the gateway.

Historical Trends and Future Forecasts

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



By 2009, the Port saw the lowest revenue generation from automobiles compared to the previous ten years. Today, the Port is realizing recovery on automobile revenues. Export activity is forecasted to grow over the next several years with increased demand from Asian markets. In the long term, imports are expected to be static based on industry trends, however, in the short term, the Port may realize increased volumes resulting from the continued improvement in the national economy. For the period ending June 30, 2012, the Port's automobile exports jumped 10.3% and exports grew 21.1% over the prior year ending June 30, 2011.

The fresh produce cargo market increased steadily over the past 10 years despite the variation in commodity type handled by Port customers. Today, the Port's fresh produce is driven by palletized banana and tropical fruit trade with Central and South America. The West Coast banana trade is divided among two primary ports: Port of Hueneme and San Diego. While there will continue to be pressures placed on the banana supply chain to convert palletized, non-containerized fresh produce to fully containerized fruit, the market demand for this product is very suitable for Port of Hueneme's niche market. The sale of products by the banana importers free on board (FOB) at the port-of-entry, makes the highly congested general cargo container terminals in Los Angeles and Long Beach less competitive than the specialized terminals in Hueneme and San Diego. The Port has handled fresh fruit products for over thirty years and it is anticipated that while product mix, origin, and cargo handling modes may change, this cargo will remain a sustainable product line for the Port of Hueneme. The Port renegotiated the NYKCool Terminal Agreement in fiscal 2011/2012 to accommodate a planned conversion by Chiquita Brands from palletized fruit to containerized fruit.

With the execution of a long term (30-year) agreement with Yara of North America, the Port diversified its cargo mix and respective revenues by including liquid bulk fertilizer products. The Port is working with Yara on potential expansion opportunities. Based on the company's record increases, it is forecasted that Yara will continue to see increases in product volumes.

The Port's acquisition in 2009 of new industrial property has also helped the Port's property management revenues grow. This site is now leased to Channel Islands Logistics on a month to month basis to support Chiquita's and Del Monte's off-port logistics.

The Ports domestic cargo realized losses when it discontinued handling bunker fuel. The squid and offshore oil businesses realized recovery in FY2012 and are forecasted to continue on a path of economic rebound from the recession.

The Port's June 30, 2012 operating expenses fell below spending levels of 2006 (6 years ago) by \$54,000 or 0.8%. The 2012 operating expenses for the Port are \$674,108 or 9.7% below the Port's 2008 operating expenses which was the highest peak of annual operating expenses. The Port continues to utilize monthly financial reporting to monitor and maintain operating expenses versus current budget and prior year actual results by department to maintain expenses at the lowest possible levels.

The California Association of Port Authorities represents the eleven commercial deepwater ports within the State. These commercial deep-water ports make up one of the nation's busiest continuous coastlines that combined account for the majority of goods and freight movements into the United States. California has seen dramatic increases in trade. In 2001, the California ports handled 215 million revenue tons of cargo of general cargo, and by 2007 this cargo increased to over 332 million tons. While the global recession led to a decline in total tonnage for 2009 and 2010, the California Ports forecast continuous to rebound. General Cargo in 2011-2012 accounted for 304 million revenue tons resulting in a 10 million revenue ton increase over 2010-2011.

The Port recently retained an economist to assess the economic value of the Port. This economist will also conduct an assessment of current market conditions and build a strategic plan for the Port that identifies tangible opportunities for trade expansion.

Capital Planning

Major capital investments of the Port are financed through the use of revenue bonds issued by the Port pursuant to the California Harbors and Navigation Code.

The Port has a \$12 million operating budget and only \$6 million in available unrestricted reserves to support critical capital repairs for the Port's \$65 million net capital assets. The Port currently holds \$24.8 million in revenue bond debt which fully matures in 2024. Due to financial hardship resulting from the recession, the Port has not made any significant general fund investments in capital improvements in approximately 5 years. To keep the assets in a state of good repair significant improvements will be required in the short term. The Port has kept its annual operating expenses at levels below that of 2006 as an effort to build reserves, however with a weakened economy has been unable to significantly increase reserves since 2006.

In Fiscal Year 2011-2012, the Port refunded its entire outstanding revenue bond debt to take advantage of lower interest rates within the public bond market. The Port only refinanced debt (no new monies sought). With interest rates being the lowest in over 40 years, the Port realized \$2.7 million in savings over the remaining term of the Port's entire outstanding debt which fully matures in 2024.

In addition to restricted revenue bond funds, the Port utilizes excess general funds, state grants and federal grants to undertake projects identified in the annual capital outlay plan. Part of the Port's Capital Outlay Program includes Port Security Projects that are eligible for funding from California Port and Maritime Security Grant Programs, Department of Homeland Security (DHS) Port Security Grant Program 7B, 8, 9 and 10, and the American Recovery and Reinvestment Act (ARRA) Port Security Program. The Port received over \$10 million in State and Federal Grants between FY2007 and FY2011. The Port acquired another \$1.1 million as part of the FY 2012 Federal Security Grant program. The Port also secured a \$4.5 million grant from the California Air Resources Board (ARB) to offset the estimated \$10 million cost of building a shoreside power system for refrigerated cargo ships to use while at berth. To be in compliance with ARB regulations, this system must be built by January 1, 2014. The Port intends to draw down from the \$4.5million ARB grant in FY 213. The Port is continuously seeking grant opportunities and leveraging multiple funding sources to help offset the cost of its infrastructure improvements.

The FY 2013 Capital Outlay Program calls for \$9.1 million to support various infrastructure projects. The sources of funds for this year's capital program include: (1) General Fund 23.3%, (2) Revenue Bonds 15.4% and (3) State/Federal Grants 61.2%. The primary projects moving forward in this current year's capital program are \$2.8 million in Port Security Projects that will improve port access control and surveillance capabilities, \$5.9 million in Port life cycle facility maintenance and upgrade projects, and \$2 million for the first phase of the shoreside power project. The Port is also considering improvements to capital equipment at its cold storage warehouses. Costs that will be absorbed via discounts out of the NYK Cool agreements.

The Port has scheduled a full review of its capital outlay program as part of this year's budget as to identify needed infrastructure repairs, opportunities for improvements and expansion and to develop a short and long-term capital investment strategy.

Financial Policies

Internal Control Structure

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

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

Budgetary Control

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

Investment Policy

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

Port Mission and Port Master Plan

Mission and Institutional Framework

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

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

As a public purpose entity and gateway to global markets, the Port strives to maximize its resources for the purpose of stimulating economic growth and creating jobs for the region. For this purpose, the Port threads three (3) fundamental business elements into its organizational operation functions. These include (1) Operations, (2) Administration and Finance and (3) Business Development.

Operations: The day to day on-dock and intermodal activities associated with running the commercial seaport fall under the Operations function of the Port. Key areas of focus include productivity, strategic communication and information flows, safety and security, quality control, information technology (IT), maintenance and repair, scheduling, and customer satisfaction. Responsibilities include the management of and compliance with specific leases and marine terminal agreements, and the contract services performed by outside contractors (e.g. Pilots, Vessel Assist Services, Stevedoring, Cargo Handling, Security, etc.). The Operations team ensures all operations are running efficiently, rules are being complied with and port facilities are well maintained.

Business Development: Strategies for business retention and growth, intermodal connectivity, marketing, and innovation fall under the core area of Business Development. The Business Development team strives to maximize the Port's potential, forge new partnerships, collaborate with Navy Base Ventura County, ensure community trust and implement a sound and sustainable environmental framework. Responsibilities include business and real estate development, port promotion and marketing, media relations, public information and community outreach services.

Administration & Finance: The priority responsibilities enveloped under Administration & Finance include human resources, accounting services, investment strategy, project financing, procurement, contract management and other related general accounting procedures and processes. The Administration & Finance unit develops internal systems for risk management, finance performance and workforce productivity to improve resource efficiency and maximize the financial stability of the Port.

Port Master Plan

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

- Projects which do not require relatively large amounts of land area are preferable to those which do.
- Projects which require deep-draft berths are preferable to those which don't.
- Projects which require vessels that have their own cargo-handling equipment are preferable to those which don't and similarly, projects which do not require investments by the Port in major shore-side equipment are preferable to those that do. Investments by the Port in shoreside cargo handling equipment may be required for some projects.
- Projects which require no special storage facilities or other buildings are preferable to those which do.
- Projects which require relatively large inputs of labor are preferable to those which don't.
- Projects which offer relatively high facility utilization are preferable to those which don't.
- Projects which represent the first venture into a major market are generally preferable to those which are likely to be the only one of the kind.
- Public access to the Port facilities should be provided that are practically and economically feasible and consistent with public safety and efficiency of port operations and land availability.
- Every effort shall be made to enhance the aesthetic appearance of the Port's facilities.
- Every effort shall be made to minimize any adverse environmental impact of any particular project, to the extent that it is practically and economically feasible.

Awards and Acknowledgements

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

The Port was awarded the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting* for the first time for its 2010 Comprehensive Annual Financial Report (CAFR) and again in 2011. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

This is the third year that the Port is submitting its Comprehensive Annual Financial Report (CAFR) for the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*. A Certificate of Achievement is valid for a period of one year. We believe that this CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for 2012.

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

Most recently the Port received an environmental award from the State Legislature signed by Senator Pavley for its efforts to balance trade with sound environmental policy.

Quick Facts

A CRITICAL PORT

- Only Deep Water Port between Los Angeles and San Francisco
- Significant economic engine for Southern California (\$7 billion in cargo, \$200m economic impact; over 1,500 jobs)
- Offers resiliency and redundancy to LA and Long Beach
- Critical to national defense (shares port with Naval Base Ventura County); increases Port exposure and readiness requirements
- Plays critical role in the economy and freight mobility; faced with same mandates as larger Ports, but with much smaller budget

PORT INFORMATION

- California Special District Created in 1937
- Five-Member Board of Harbor Commissioners, popularly elected.
- Political Boundaries are comprised of the Cities of Oxnard (pop. 200,000) and Port Hueneme (pop. 21,900)
- Non-Taxing Authority for Operations and Capital Expansion
- Average Annual Number of Employees (10yrs) = 28

PORT INFRASTRUCTURE

- Main Channel = 35 Feet
- Channel Length = 2,300 Feet
- Berths = 6 Deep Draft (4,250 LF) 1 Shallow Draft (320LF)
- Acreage = 165 Maritime; 210 Industrial
- Refrigerated Units 256,000 sq. ft
- Rail = Near Dock Rail
- 28 = Average Number of Employees

PORT PRIMARY COMMODITIES

Import Activity

Autos
Heavy Equipment
Fruit &Vegetables
Bananas
Liquid Fertilizer

Export Activity

Autos
Heavy Equipment
Fruit &Vegetables

Domestic Activity

Squid
Liquid Bulk (Oil)

PORT FINANCIAL PERFORMANCE (10 YEAR AVERAGES 2002-2011)

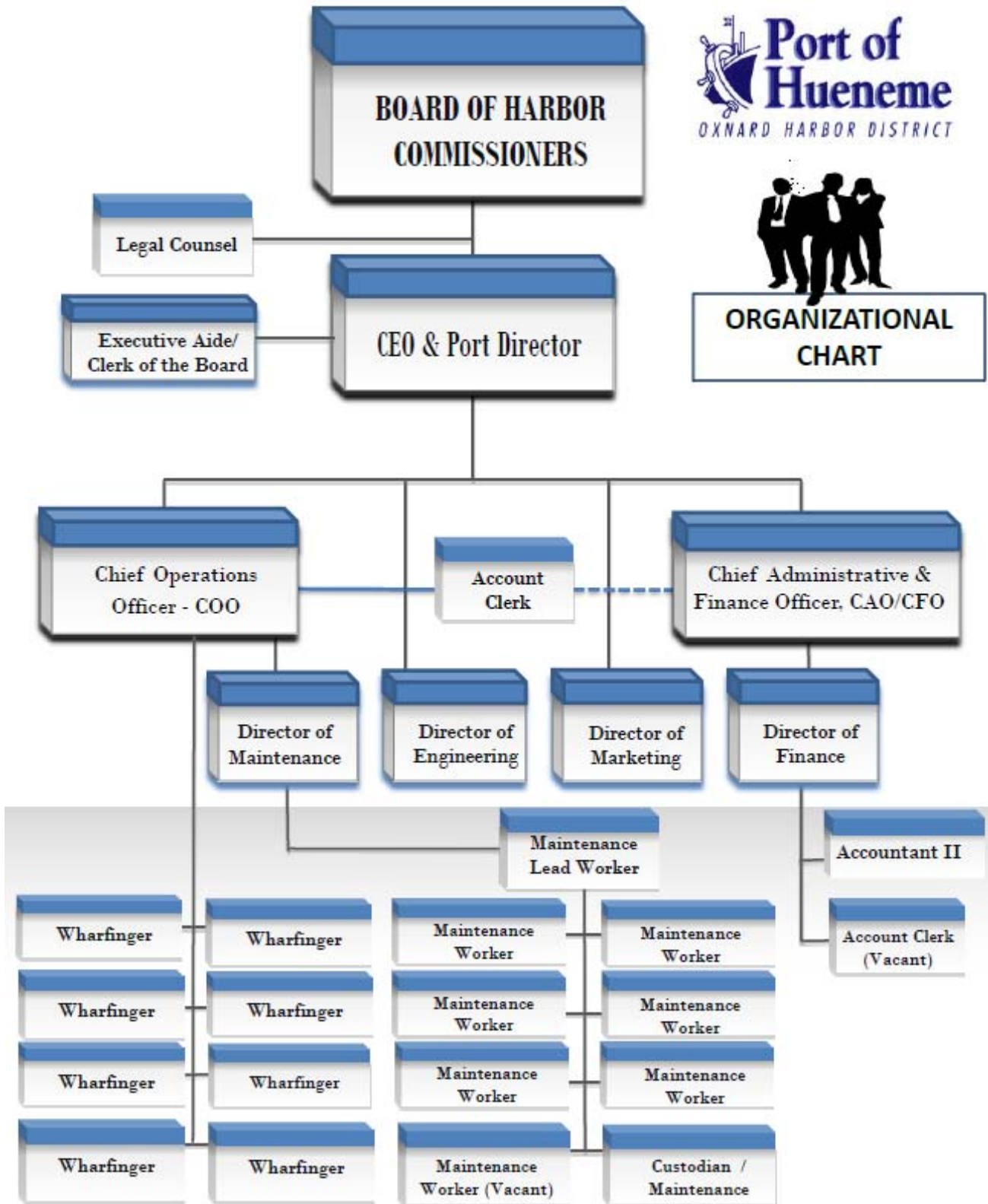
- \$10.5 Million = Average Annual Operating Revenue
- \$11.9 Million = FY2011-2012 forecast @ June 30, 2012
- \$ 6.6 Million = Average Annual Operating Expense
- \$ 1.1 Million = Average Annual Grant Revenue

PORT DEBT SERVICE REQUIREMENTS

- \$ 24.7 Million = Outstanding Revenue Bond Debt as of June 30, 2012
- 125.0% Debt Ratio Coverage - Covenant Requirement
- \$7.3 Million = Restricted for Debt Service
- \$2.0 Million = Restricted for Operating Reserve
- \$5.7 Million = Unrestricted Reserves for Capital Expansion



ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Oxnard Harbor District - Port
of Hueneme, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Christopher P. Mouill

President

Jeffrey R. Emer

Executive Director

Financial Section

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DRAFT



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

Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

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

Independent Auditor's Report

Board of Harbor Commissioners
Oxnard Harbor District
Port Hueneme, California

We have audited the accompanying financial statements of the Oxnard Harbor District (District) as of and for the years ended June 30, 2012 and 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Oxnard Harbor District as of June 30, 2012 and 2011, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. That report can be found on page 69.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 21 and the required supplementary information on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Independent Auditor's Report, continued

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 13, the supplemental information section on pages 50 through 53, and the statistical section on pages 54 through 68 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplemental information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation
Cypress, California
September 30, 2012

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Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Oxnard Harbor District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2012 and 2011. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net assets increased 8.03% or \$4,227,145 from \$52,620,567 to \$56,847,712 in fiscal year 2012 as a result of this year's operations. In fiscal year 2011, the District's net assets decreased 2.23% or \$1,202,847 from \$53,823,414 to \$52,620,567 as a result of that year's operations.
- In 2012, the District's operating revenues increased by 14.90% or \$1,562,616 due primarily to an increase in cargo and property management activities. In 2011, the District's operating revenues increased by 0.76% or \$79,620 due primarily to an increase in cargo activities and a decrease in other operating revenues.
- In 2012, the District's operating expenses increased by 1.83% or \$125,305 due primarily to an increase in professional and legal expenses of \$94,223 in the fiscal year. In 2011, the District's operating expenses decreased by 3.56% or \$252,551 due primarily to a decrease in insurance expense of \$351,131 as the District did not renew its earthquake insurance premium for fiscal year 2011.
- In 2011, the District expensed a construction-in-process project – deep draft navigation project – for a loss of \$1,092,177 as it was determined that the \$4,847,370 maintenance dredging project capitalized in fiscal year 2010 satisfied many aspects of the overall deep draft navigation project.

Required Financial Statements

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

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

Financial Analysis of the District

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

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Financial Analysis of the District, continued

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

Statement of Net Assets

	Condensed Statement of Net Assets				
	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2010</u>	<u>Change</u>
Assets:					
Current assets	\$ 18,952,337	14,063,768	4,888,569	10,650,407	3,413,361
Non-current assets	4,223,941	5,500,684	(1,276,743)	10,300,603	(4,799,919)
Capital assets, net	<u>65,046,245</u>	<u>63,184,639</u>	<u>1,861,606</u>	<u>66,009,796</u>	<u>(2,825,157)</u>
Total assets	<u><u>88,222,523</u></u>	<u><u>82,749,091</u></u>	<u><u>5,473,432</u></u>	<u><u>86,960,806</u></u>	<u><u>(4,211,715)</u></u>
Liabilities:					
Current liabilities	4,564,864	1,990,799	2,574,065	3,854,562	(1,863,763)
Non-current liabilities	<u>26,809,947</u>	<u>28,137,725</u>	<u>(1,327,778)</u>	<u>29,282,830</u>	<u>(1,145,105)</u>
Total liabilities	<u><u>31,374,811</u></u>	<u><u>30,128,524</u></u>	<u><u>1,246,287</u></u>	<u><u>33,137,392</u></u>	<u><u>(3,008,868)</u></u>
Net assets:					
Net investment in capital assets	40,269,569	37,639,639	2,629,930	37,169,796	469,843
Restricted	6,144,964	7,285,362	(1,140,398)	7,278,792	6,570
Unrestricted	<u>10,433,179</u>	<u>7,695,566</u>	<u>2,737,613</u>	<u>9,374,826</u>	<u>(1,679,260)</u>
Total net assets	<u><u>\$ 56,847,712</u></u>	<u><u>52,620,567</u></u>	<u><u>4,227,145</u></u>	<u><u>53,823,414</u></u>	<u><u>(1,202,847)</u></u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$56,847,712 and \$52,620,567 as of June 30, 2012 and 2011, respectively.

A large portion of the District's net assets (71% as of June 30, 2012 and 72% as of June 30, 2011) reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide dockage and wharfage facilities and other services to customers of the District; consequently, these assets are *not* available for future spending.

At the end of fiscal years 2012 and 2011, the District shows a positive balance in its unrestricted net assets of \$10,433,179 and \$7,695,566, respectively. See note 12 for the amount of spendable net assets that may be utilized in future years.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Statement of Revenues, Expenses and Changes in Net Assets

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2010</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 12,050,478	10,487,862	1,562,616	10,408,242	79,620
Non-operating revenues	160,142	200,705	(40,563)	825,562	(624,857)
Total revenues	<u>12,210,620</u>	<u>10,688,567</u>	<u>1,522,053</u>	<u>11,233,804</u>	<u>(545,237)</u>
Expenses:					
Operating expenses	6,965,729	6,840,424	125,305	7,092,975	(252,551)
Depreciation and amortization	2,978,656	3,010,045	(31,389)	3,087,810	(77,765)
Non-operating expenses	2,044,935	2,826,910	(781,975)	1,741,911	1,084,999
Total expenses	<u>11,989,320</u>	<u>12,677,379</u>	<u>(688,059)</u>	<u>11,922,696</u>	<u>754,683</u>
Net income before cap con	221,300	(1,988,812)	2,210,112	(688,892)	(1,299,920)
Capital contributions	4,005,845	785,965	3,219,880	666,247	119,718
Change in net assets	4,227,145	(1,202,847)	5,429,992	(22,645)	(1,180,202)
Net assets, beginning of year	52,620,567	53,823,414	(1,202,847)	53,846,059	(22,645)
Net assets, end of year	<u>\$ 56,847,712</u>	<u>52,620,567</u>	<u>4,227,145</u>	<u>53,823,414</u>	<u>(1,202,847)</u>

The statement of revenues, expenses and changes in net assets shows how the District's net assets changed during the fiscal years. Net assets increased by \$4,227,145 and decreased by \$1,202,847 for the fiscal years ended June 30, 2012 and 2011, respectively.

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

In 2012, the District's operating revenues increased by 14.90% or \$1,562,616 due primarily to an increase in cargo and property management activities. In 2011, the District's operating revenues increased by 0.76% or \$79,620 due primarily to an increase in cargo activities and a decrease in other operating revenues.

In 2012, the District's operating expenses increased by 1.83% or \$125,305 due primarily to an increase in professional and legal expenses of \$94,223 in the fiscal year. In 2011, the District's operating expenses decreased by 3.56% or \$252,551 due primarily to a decrease in insurance expense of \$351,131 as the District did not renew its earthquake insurance premium for fiscal year 2011.

Operating and Non-Operating Revenues

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2010</u>	<u>Change</u>
Operating revenues:					
Auto cargo	\$ 6,589,395	5,553,797	1,035,598	5,067,786	486,011
Fresh produce cargo	2,909,571	2,731,854	177,717	2,986,912	(255,058)
Offshore oil	651,839	616,907	34,932	716,410	(99,503)
Property management	1,398,892	1,177,109	221,783	1,142,746	34,363
Other operating income	500,781	408,195	92,586	494,388	(86,193)
Total operating revenues	<u>12,050,478</u>	<u>10,487,862</u>	<u>1,562,616</u>	<u>10,408,242</u>	<u>79,620</u>
Non-operating revenues:					
Investment earnings	24,500	42,016	(17,516)	31,669	10,347
Change in membership in VCR Co.	133,256	140,713	(7,457)	151,288	(10,575)
Other non-operating revenues	2,386	17,976	(15,590)	642,605	(624,629)
Total non-operating revenues	<u>160,142</u>	<u>200,705</u>	<u>(40,563)</u>	<u>825,562</u>	<u>(624,857)</u>
Total revenues	<u>\$ 12,210,620</u>	<u>10,688,567</u>	<u>1,522,053</u>	<u>11,233,804</u>	<u>(545,237)</u>

Total revenues increased by \$1,522,053 and decreased by \$545,237 in fiscal years 2012 and 2011, respectively.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Operating and Non-Operating Expenses

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2010</u>	<u>Change</u>
Operating expenses:					
Salaries and benefits	\$ 4,338,280	4,292,829	45,451	4,317,130	(24,301)
Governmental contractual agreements	1,039,909	1,043,463	(3,554)	956,572	86,891
Security	218,751	208,777	9,974	213,543	(4,766)
Facilities and maintenance	465,959	463,166	2,793	446,626	16,540
Professional and legal	374,219	279,996	94,223	286,206	(6,210)
Materials and services	14,217	12,837	1,380	12,427	410
Port promotion	234,410	192,122	42,288	162,106	30,016
Insurance	279,984	347,234	(67,250)	698,365	(351,131)
Depreciation and amortization	2,978,656	3,010,045	(31,389)	3,087,810	(77,765)
Total operating expenses	<u>9,944,385</u>	<u>9,850,469</u>	<u>93,916</u>	<u>10,180,785</u>	<u>(330,316)</u>
Non-operating expenses:					
Interest expense – long-term debt	1,428,806	1,550,615	(121,809)	1,628,250	(77,635)
Amortization of deferreds	67,962	71,405	(3,443)	82,876	(11,471)
Other non-operating items	540,935	1,092,177	(551,242)	-	1,092,177
Other non-operating expenses	7,232	112,713	(105,481)	30,785	81,928
Total non-operating expenses	<u>2,044,935</u>	<u>2,826,910</u>	<u>(781,975)</u>	<u>1,741,911</u>	<u>1,084,999</u>
Total expenses	<u>\$ 11,989,320</u>	<u>12,677,379</u>	<u>(688,059)</u>	<u>11,922,696</u>	<u>754,683</u>

Total expenses decreased by \$688,059 and increased by \$754,683 in fiscal years 2012 and 2011, respectively.

Capital Asset Administration

The changes in capital assets of the District are summarized below and more fully analyzed in Note 8 to the basic financial statements.

Changes in capital assets for fiscal year 2012 were as follows:

	<u>Balance 2011</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2012</u>
Non-depreciable assets	\$ 16,035,391	4,840,262	(1,757,884)	19,117,769
Depreciable assets	84,941,606	1,757,884	(6,333)	86,693,157
Accumulated depreciation	(37,792,358)	(2,978,656)	6,333	(40,764,681)
Total capital assets, net	<u>\$ 63,184,639</u>	<u>3,619,490</u>	<u>(1,757,884)</u>	<u>65,046,245</u>

Changes in capital assets for fiscal year 2011 were as follows:

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

At the end of fiscal year 2012, the District's investment in capital assets amounted to \$65,046,245 (net of accumulated depreciation). Major capital asset additions during the year amounted to \$4,840,262 for various projects and equipment.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

At the end of fiscal year 2011, the District's investment in capital assets amounted to \$63,184,639 (net of accumulated depreciation). Major capital asset additions during the year amounted to \$1,277,065 for various projects and equipment. (See Note 8 for further information)

Debt Administration

The long-term debt position of the District is summarized below and more fully analyzed in Note 11 to the basic financial statements.

Changes in long-term debt for fiscal year 2012 was as follows:

	<u>Balance</u> <u>2011</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>2012</u>
Revenue bonds	\$ 25,545,000	24,786,802	(25,555,126)	24,776,676

Changes in long-term debt for fiscal year 2011 was as follows:

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

Long-term debt decreased by \$768,324 for the fiscal year ended June 30, 2012 due to the District refunding its revenue bonds of \$25,545,000. (See Note 11 for further information)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 20 through 40.

Economic Conditions

The Port of Hueneme, a critical hub in Southern California, realized historic increases in import/export trade. The total tonnage for FY 2011-2012 jumped to 1,317,716 metric tons for an 8.2% increase over 2010-2011, marking the Port's fourth most active trade year since its inception in 1937. This represents a path to economic recovery bringing the Port back to trade levels realized prior to the economic downturn.

Freight activity escalated in the Port of Hueneme's niche markets of automobiles, high and heavy cargo, fresh produce, fertilizer, and domestic commodities (fish and petroleum products). Automobile imports shot up 21.1% over last fiscal year while exports grew a healthy 10.3%. A portion of this increase is attributed to additional imports from Hyundai and Kia. A large fraction of the export increase was driven by more foreign manufacturers (Honda and Toyota) operating from new facilities within the United States and exporting their autos to the Asian market.

Also accounting for the year's high numbers, was a 29.6% rise in imports and a 44.6% jump in exports of high and heavy cargo (agricultural and construction equipment). Companies in this business include John Deere, New Holland, Case International, Hyster, Caterpillar and Volvo. Wallenius Wilhelmsen Logistics (WWL) handles the bulk of this cargo as well as transports and processes automobiles. WWL volumes accelerated in the first six months of 2012 as compared to the same period in 2011 with total volume, as well as imports and exports, experiencing double digit growth.

On the fruit side of the Port's business portfolio, banana imports grew 2.1% from 603,703 metric tons to 615,588 metric tons. Other fresh produce handled by the Port grew by 11.7% for imports and 33.5% for exports.

Liquid fertilizer imports grew by 28.9% accounting for 135,000 metric tons of product transport (the Port's best year on record), indicating a growing demand by the region's agricultural industry. Yara North America Inc, manages this trade at the Port. Shallow draft cargo (fish, lube oil, and vessel fuel) increased 20.5% for the year and offshore domestic oil rose by 12.5%.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

The Port of Hueneme plays a vital role in the intermodal logistics supply chain and is critical to the economic health of Ventura County and the Southern California region. The Port supports the transport of over \$7 billion in cargo, generates a \$200 million economic impact, and provides more than 1,500 jobs regionally. The Port is a special district governed by 5 elected Commissioners.

Requests for Information

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

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Basic Financial Statements

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Oxnard Harbor District
Statements of Net Assets
June 30, 2012 and 2011

<i>Assets</i>	2012	2011
Current assets:		
Cash and cash equivalents (note 2)	\$ 10,014,964	6,388,401
Restricted – cash and cash equivalents (note 2 and 4)	6,735,696	6,158,441
Accrued interest receivable	5,650	7,871
Restricted – accrued interest receivable (note 4)	4	539
Accounts receivable – harbor operations, net (note 3)	1,165,491	929,485
Grants receivable	692,828	177,156
Accounts receivable – other	3,819	553
Prepaid expenses and other assets	333,885	401,322
Total current assets	<u>18,952,337</u>	<u>14,063,768</u>
Non-current assets:		
Restricted – investments (note 2 and 4)	-	1,724,301
World Trade Center license (note 5)	51,000	51,000
Membership in Ventura County Railway Co., LLC (note 6)	3,504,030	3,370,774
Deferred charges, net (note 7)	668,911	354,609
Capital assets, not being depreciated (note 8)	19,117,769	16,035,391
Depreciable capital assets, net (note 8)	45,928,476	47,149,248
Total non-current assets	<u>69,270,186</u>	<u>68,685,323</u>
Total assets	<u>\$ 88,222,523</u>	<u>82,749,091</u>
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,053,379	358,544
Accrued revenue sharing payables (note 19)	927,061	698,404
Accrued salaries and benefits	116,149	110,431
Customer deposits and deferred revenue	119,350	81,401
Accrued interest payable	590,736	597,919
Long-term liabilities – due within one year:		
Compensated absences (note 9)	122,500	144,100
Pension-related debt (note 10)	35,689	-
Revenue bonds payable (note 11)	1,600,000	-
Total current liabilities	<u>4,564,864</u>	<u>1,990,799</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 9)	367,600	432,300
Other post-employment benefits payable (note 15)	2,760,425	2,160,425
Pension-related debt (note 10)	505,246	-
Revenue bonds payable (note 11)	23,176,676	25,545,000
Total non-current liabilities	<u>26,809,947</u>	<u>28,137,725</u>
Total liabilities	<u>31,374,811</u>	<u>30,128,524</u>
Net assets: (note 12)		
Net investment in capital assets	40,269,569	37,639,639
Restricted for construction projects	1,957,770	1,762,412
Restricted for debt service	4,187,194	5,522,950
Unrestricted	10,433,179	7,695,566
Total net assets	<u>56,847,712</u>	<u>52,620,567</u>
Total liabilities and net assets	<u>\$ 88,222,523</u>	<u>82,749,091</u>

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Auto cargo	\$ 6,589,395	5,553,797
Fresh produce cargo	2,909,571	2,731,854
Offshore oil	651,839	616,907
Property management:		
Land	799,952	898,389
Buildings	598,940	278,720
Other operating revenue:		
Liquid fertilizer	191,454	145,307
Reefer receptacles	101,063	42,005
Water hose rentals	2,760	2,045
Wharfage – fish and water	127,316	116,064
Other – moorings, permits and fees	78,188	102,774
Total operating revenues	<u>12,050,478</u>	<u>10,487,862</u>
Operating expenses:		
Salaries and benefits	4,338,280	4,292,829
Governmental contractual agreements	1,039,909	1,043,463
Security	218,751	208,777
Facilities and maintenance	465,959	463,166
Professional and legal	374,219	279,996
Materials and services	14,217	12,837
Port promotion	234,410	192,122
Insurance	279,984	347,234
Total operating expenses	<u>6,965,729</u>	<u>6,840,424</u>
Operating income before depreciation and amortization	5,084,749	3,647,438
Depreciation and amortization	<u>(2,978,656)</u>	<u>(3,010,045)</u>
Operating income	<u>2,106,093</u>	<u>637,393</u>
Non-operating revenues(expenses):		
Investment earnings	24,500	42,016
Interest expense – long-term debt	(1,428,806)	(1,550,615)
Amortization of deferred charges and deferred loss	(67,962)	(71,405)
CalPERS side-fund (note 10)	(540,935)	-
Loss on discontinuance of deep draft navigation project	-	(1,092,177)
Change in membership in Ventura County Railway Co., LLC	133,256	140,713
Other revenue, net	(4,846)	(94,737)
Total non-operating revenues, net	<u>(1,884,793)</u>	<u>(2,626,205)</u>
Net income(loss) before capital contributions	<u>221,300</u>	<u>(1,988,812)</u>
Capital contributions:		
Federal capital grants	2,712,395	327,792
State capital grants	1,293,450	458,173
Total capital contributions	<u>4,005,845</u>	<u>785,965</u>
Change in net assets	<u>4,227,145</u>	<u>(1,202,847)</u>
Net assets, beginning of year	<u>52,620,567</u>	<u>53,823,414</u>
Net assets, end of year	<u>\$ 56,847,712</u>	<u>52,620,567</u>

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash receipts from customers for harbor operations	\$ 11,811,206	10,703,187
Cash paid to employees for salaries and wages	(2,404,068)	(2,463,568)
Cash paid to vendors and suppliers for materials and services	<u>(3,018,211)</u>	<u>(4,106,227)</u>
Net cash provided by operating activities	<u>6,388,927</u>	<u>4,133,392</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(4,840,262)	(1,277,065)
Proceeds from capital contributions	3,490,173	818,674
Proceeds received from refunding revenue bonds	24,996,301	-
Cost of issuance of revenue refunding bonds	(374,280)	-
Reacquisition price of escrowed refunding security	(25,754,500)	-
Principal paid on revenue bonds	-	(3,295,000)
Interest paid on revenue bonds	<u>(1,453,098)</u>	<u>(1,631,133)</u>
Net cash used in capital and related financing activities	<u>(3,935,666)</u>	<u>(5,384,524)</u>
Cash flows from investing activities:		
Purchase of investments	-	(6,810,018)
Proceeds from sale of investments	1,724,301	11,679,291
Proceeds from interest and investment earnings	<u>26,256</u>	<u>42,274</u>
Net cash provided by investing activities	<u>1,750,557</u>	<u>4,911,547</u>
Net increase in cash and cash equivalents	4,203,818	3,660,415
Cash and cash equivalents, beginning of year	<u>12,546,842</u>	<u>8,886,427</u>
Cash and cash equivalents, end of year	<u>\$ 16,750,660</u>	<u>12,546,842</u>
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 10,014,964	6,388,401
Restricted assets – cash and cash equivalents	<u>6,735,696</u>	<u>6,158,441</u>
Total cash and cash equivalents	<u>\$ 16,750,660</u>	<u>12,546,842</u>

Continued on next page

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2012 and 2011

	2012	2011
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,106,093	637,393
Adjustments to reconcile operating income to net cash provided by operating activities:		
Deprecation and amortization	2,978,656	3,010,045
Other revenue, net	(4,846)	(94,737)
Changes in assets – (increase)decrease:		
Accounts receivable – harbor operations, net	(236,006)	140,351
Accounts receivable – other	(3,266)	74,974
Prepaid expenses and other assets	67,437	(1,284)
Changes in liabilities – increase(decrease):		
Accounts payable and accrued expenses	694,835	(51,890)
Accrued revenue sharing payables	228,657	(148,193)
Accrued salaries and benefits	5,718	25,903
Customer deposits and deferred revenue	37,949	(3,901)
Compensated absences	(86,300)	(657)
Post-employment benefits payable	600,000	545,388
Total adjustments	4,282,834	3,495,999
Net cash provided by operating activities	\$ 6,388,927	4,133,392

See accompanying notes to the basic financial statements

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Oxnard Harbor District
Notes to the Basic Financial Statements
June 30, 2012 and 2011

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Oxnard Harbor District (District), a special district of the State of California, was created in 1937 under the State of California Harbors and Navigation Code which provides for the formation of harbor districts. The District is under the control of an elected five-member Board of Harbor Commissioners and is administered by an Executive Director. The District is empowered to acquire, construct, own, operate, control or develop any and all harbor works or facilities within or outside the established boundaries of the District. The commercial Port of Hueneme (Port) is owned and administered by the District. The District prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations.

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

B. Basis of Accounting and Measurement Focus

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

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

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

C. Financial Reporting

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

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

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

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

C. Financial Reporting, continued

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

D. Assets, Liabilities and Net Assets

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

3. Investments

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

4. Accounts Receivable

The District extends credit to customers in the normal course of operations and has recorded an allowance for doubtful accounts for those estimated uncollectable account balances.

5. Prepaid Expenses

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

6. Capital Assets

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

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

7. Restricted Assets

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

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

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

D. Assets, Liabilities and Net Assets, continued

8. Deferred Charges

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

9. Compensated Absences

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

10. Net Assets

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

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

11. Capital Contributions

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

12. Budgetary Policies

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

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(2) Cash and Investments

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

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 10,014,964	6,388,401
Restricted – cash and cash equivalents	6,735,696	6,158,441
Restricted – investments	-	1,724,301
Total cash and investments	<u>\$ 16,750,660</u>	<u>14,271,143</u>

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

	<u>2012</u>	<u>2011</u>
Cash on hand	\$ 300	300
Deposits with financial institutions	4,190,122	1,405,293
Investments	<u>12,560,238</u>	<u>12,865,550</u>
Total cash and investments	<u>\$ 16,750,660</u>	<u>14,271,143</u>

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

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

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

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(2) Cash and Investments, continued

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District has deposits with various banks with various bank balances as of June 30, 2012 and 2011, respectively. Of the bank balances, up to \$250,000 per bank for specific accounts are federally insured and the remaining balance should be collateralized in accordance with the Code; however, the collateralizing securities are not held in the District's name.

Investment in State Investment Pool

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(2) Cash and Investments, continued

Interest Rate Risk, continued

Investments at June 30, 2012 consisted of the following:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity 12 Months Or Less</u>
Local Agency Investment Fund (LAIF)	\$ 6,368,786	6,368,786
Held by bond trustee:		
Government Sponsored Entities	6,191,452	6,191,452
Total	\$ 12,560,238	12,560,238

Investments at June 30, 2011 consisted of the following:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity 12 Months Or Less</u>
Local Agency Investment Fund (LAIF)	\$ 5,344,275	5,344,275
Held by bond trustee:		
Money market funds	5,796,974	5,796,974
Government Sponsored Entities	1,724,301	1,724,301
Total	\$ 12,865,550	12,865,550

Credit Risk

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

Credit ratings of investments as of June 30, 2012, were as follows:

<u>Investment type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Exempt or Not Rated</u>	<u>Rating as of year-end AAA</u>
Local Agency Investment Fund (LAIF)	\$ 6,368,786	N/A	6,368,786	-
Held by bond trustee:				
Money market funds	6,191,452	N/A	6,191,452	-
Total	\$ 12,560,238		12,560,238	-

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

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

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(3) Accounts Receivable – Harbor Operations, Net

The balance at June 30, consists of the following:

	2012	2011
Accounts receivable - harbor operations	\$ 1,190,491	954,485
Allowance for uncollectable accounts	(25,000)	(25,000)
Accounts receivable - harbor operations, net	\$ 1,165,491	929,485

(4) Restricted Assets

Assets were restricted for the following purposes:

	2012	2011
Revenue bonds reserve funds	\$ 2,469,042	3,616,211
Revenue bonds debt service funds	708,883	782,268
Revenue bonds construction funds	1,413,522	1,421,151
Revenue bonds principal funds	1,600,005	1,722,390
Navy joint-use construction funds	544,248	341,261
Total	\$ 6,735,700	7,883,281

Reconciliation of restricted assets to the statement of financial position:

Restricted assets – cash and cash equivalents	\$ 6,735,696	6,158,441
Restricted assets – accrued interest receivable	4	539
Restricted assets – investments	-	1,724,301
Total restricted assets	\$ 6,735,700	7,883,281

(5) Membership in Ventura County Railway Company, LLC

The Ventura County Railway Company, LLC, (Railway) owns railway lines used for among other things transport of port customers' goods from the harbor facilities and their private facilities to the main line railway. In November 2003, the District acquired all outstanding memberships of the Railway for \$2,000,000. Under the equity method of accounting, the purchase of the total outstanding membership is carried at the cost of acquisition plus operational earnings. The District's total investment in the membership of the Ventura County Railway Company, LLC as of June 30, 2012 and 2011 amounted to \$3,504,030 and \$3,370,774, respectfully.

(6) World Trade Center License

The District purchased the local World Trade Center License (License) for \$51,000 and re-established the World Trade Center of Oxnard. The World Trade Center Association (WTCA) provides licensing and membership for World Trade Centers around the world. The WTCA is a not-for-profit, non-political association dedicated to the establishment and effective operation of World Trade Centers as instruments for trade expansion. The WTCA represents approximately 325 members in 100 countries. Each member is involved in the development or operation of World Trade Centers or in providing related services. These World Trade Centers service more than 750,000 international trading clients. WTCA members develop and maintain facilities to house the practitioners of trade and the services they need to conduct business, creating a central focal point for a region's trade services and activities, or a "one-stop shopping center" for international business. Therefore, the District has determined that its License has an indefinite life as long as international trade continues at the District.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(7) Deferred Charges, net

The balance consists of the following issuance costs, net:

	2012	2011
Revenue bonds – Series 1999	\$ -	154,533
Revenue bonds – Refunding Series 2000	-	30,945
Revenue bonds – Series 2004 A	-	103,721
Revenue bonds – Series 2004 B	-	65,410
Refunding revenue bonds – Series 2011 A & B	668,911	-
Total	\$ 668,911	354,609

(8) Capital Assets

Changes in capital assets for 2012 were as follows:

	Balance 2011	Additions/ Transfers	Deletions/ Transfers	Balance 2012
Non-depreciable assets:				
Land and easements	\$ 15,332,137	-	-	15,332,137
Construction-in-process	703,254	4,840,262	(1,757,884)	3,785,632
Total non-depreciable assets	16,035,391	4,840,262	(1,757,884)	19,117,769
Depreciable assets:				
Wharves and docks	27,036,525	173,025	(2,258)	27,207,292
Warehouses	25,528,441	-	-	25,528,441
Land improvements	24,481,142	841,522	-	25,322,664
Fuel tanks	1,055,322	-	-	1,055,322
Buildings	5,199,897	-	-	5,199,897
Building improvements	860,751	551,501	-	1,412,252
Vehicles and equipment	779,528	191,836	(4,075)	967,289
Total depreciable assets	84,941,606	1,757,884	(6,333)	86,693,157
Accumulated depreciation:				
Wharves and docks	(17,105,562)	(789,185)	2,258	(17,892,489)
Warehouses	(11,931,876)	(915,497)	-	(12,847,373)
Land improvements	(5,900,232)	(846,069)	-	(6,746,301)
Fuel tanks	(534,864)	(66,858)	-	(601,722)
Buildings	(1,232,544)	(195,587)	-	(1,428,131)
Building improvements	(558,882)	(40,390)	-	(599,272)
Vehicles and equipment	(528,398)	(125,070)	4,075	(649,393)
Total depreciation	(37,792,358)	(2,978,656)	6,333	(40,764,681)
Total depreciable assets, net	47,149,248	(1,220,772)	-	45,928,476
Total capital assets, net	\$ 63,184,639	3,619,490	(1,757,884)	65,046,245

Major capital asset additions during the year amounted to \$4,840,262 for various projects and equipment.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(8) Capital Assets, continued

Changes in capital assets for 2011 were as follows:

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

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

Construction-In-Process

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

The balance at June 30, consist of the following projects:	<u>2010</u>	<u>2011</u>	<u>2012</u>
Deep draft navigation	\$ 1,092,177	-	-
Port security grant program	-	686,352	3,702,515
Shoreside power project	-	-	83,039
Various minor projects	<u>80,711</u>	<u>16,902</u>	<u>78</u>
Total	<u>\$ 1,172,888</u>	<u>703,254</u>	<u>3,785,632</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(9) Compensated Absences

Changes in compensated absences were as follows:	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 576,400	577,057
Additions	241,073	259,074
Payments to employees	<u>(327,373)</u>	<u>(259,731)</u>
Balance, end of year	490,100	576,400
Current portion	<u>(122,500)</u>	<u>(144,100)</u>
Long-term portion	<u>\$ 367,600</u>	<u>432,300</u>

(10) Pension-Related Debt – CalPERS Side-Fund

As of June 30, 2003, CalPERS implemented risk-pooling for the District’s agent multiple-employer public employee defined benefit pension plan. As a result, the District’s defined benefit pension plan with CalPERS converted from an agent multiple-employer plan to a cost sharing multiple-employer plan. This change in the type of the plan created the CalPERS Side-Fund, which CalPERS financed at a 7.75% interest rate. CalPERS actuarially calculated the amount needed to bring the District into the cost sharing multiple-employer plan on an equal basis with other governmental agencies whom all had less than 100 active and retired employees combined. The reason that CalPERS switched these governmental agencies into the cost sharing multiple-employer plan was to smooth out the annual costs related to the pension benefit over a longer period of time resulting in a lower cost of service to the governmental agencies.

A portion of the District’s annual required contributions to CalPERS are actuarially determined and shared by all governmental agencies within the cost sharing risk pool. Also, the District is required to make annual payments to pay-down the CalPERS Side-Fund, as well. The responsibility for paying-down the District’s CalPERS Side-Fund is specific to the District and is not shared by all governmental agencies within the cost sharing risk pool. Therefore, the Side Fund falls under the definition of pension-related debt, as described in GASB Statement No. 27 and recorded as liability on the District’s financial statements.

Annual payments on the CalPERS Side-Fund represent principal and interest payments on the pension-related debt. Debt principal and interest expense is blended into the CalPERS pension benefit rate by individual class of District employee and repaid to CalPERS each payroll period throughout the fiscal year. The following is a pay-down schedule of the remaining payments of the District’s CalPERS Side-Fund at a 7.50% interest rate, which was reduced by CalPERS in fiscal year 2012 for fiscal years 2013 and beyond as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 35,689	40,000	75,689
2014	40,583	37,377	77,960
2015	45,980	34,319	80,299
2016	51,855	30,853	82,708
2017	58,241	26,948	85,189
2018-2021	<u>308,587</u>	<u>52,405</u>	<u>360,992</u>
Total	540,935	<u>221,902</u>	<u>762,837</u>
Current	<u>(35,689)</u>		
Long-term	<u>\$ 505,246</u>		

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(11) Long-Term Debt

Changes in long-term debt amounts for 2012 were as follows:

	<u>Balance 2011</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2012</u>
Long-term debt:				
Revenue bonds – Series 1999	\$ 10,820,000	-	(10,820,000)	-
Revenue bonds – Refunding Series 2000	4,250,000	-	(4,250,000)	-
Revenue bonds – Series 2004A	3,675,000	-	(3,675,000)	-
Revenue bonds – Series 2004B	6,800,000	-	(6,800,000)	-
Revenue bonds – Series 2011A	-	17,470,000	-	17,470,000
Revenue bonds – Series 2011A premium	-	439,802	(21,559)	418,243
Revenue bonds – Series 2011B	-	7,220,000	-	7,220,000
Revenue bonds – Series 2011B discount	-	(133,500)	4,450	(129,050)
Deferred loss on refunding	-	(209,500)	6,983	(202,517)
Total long-term debt	<u>\$ 25,545,000</u>	<u>24,786,802</u>	<u>(25,555,126)</u>	<u>24,776,676</u>
Less current portion	-			<u>(1,600,000)</u>
Non-current portion	<u>\$ 25,545,000</u>			<u>23,176,676</u>

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

	<u>Balance 2010</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2011</u>
Long-term debt:				
Revenue bonds – Series 1999	\$ 10,820,000	-	-	10,820,000
Revenue bonds – Refunding Series 2000	6,605,000	-	(2,355,000)	4,250,000
Revenue bonds – Series 2004A	4,615,000	-	(940,000)	3,675,000
Revenue bonds – Series 2004B	6,800,000	-	-	6,800,000
Total long-term debt	<u>\$ 28,840,000</u>	<u>-</u>	<u>(3,295,000)</u>	<u>25,545,000</u>
Less current portion	<u>(1,605,000)</u>			<u>-</u>
Non-current portion	<u>\$ 27,235,000</u>			<u>25,545,000</u>

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 \$5,838,313 and \$4,280,673 for the years ended June 30, 2012 and 2011. The actual debt service coverage ratios were 402% and 134% for the years ended June 30, 2012 and 2011 (See page 47). The District is in compliance with its bond covenants for fiscal years 2012 and 2011.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(11) Long-Term Debt, continued

Revenue Bonds – Series 1999

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

The bonds were scheduled to mature in fiscal year 2020. Interest was payable semi-annually on August 1st and February 1st each year at a rate of 5.60% while principal installments ranging from \$1,935,000 to \$2,405,000 were payable August, 2015 through August, 2019. In fiscal year 2012, these bonds were refunded as part of the Revenue Bonds – Refunding Series 2011A & 2011B issuance.

Revenue Bonds – Refunding Series 2000

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

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

The bonds were scheduled to mature in fiscal year 2015. Interest was payable semi-annually on August 1st and February 1st each year at rates of 4.85% to 5.65% while principal installments ranging from \$785,000 to \$1,520,000 were payable August, 2005 through August, 2014. In fiscal year 2012, these bonds were refunded as part of the Revenue Bonds – Refunding Series 2011A & 2011B issuance.

Revenue Bonds – Series 2004A and 2004B

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

Series 2004A (AMT)

The bonds were scheduled to mature in fiscal year 2021. Interest was payable semi-annually on August 1st and February 1st each year at rates of 2.250% to 5.750% while principal installments ranging from \$375,000 to \$1,485,000 were payable August, 2005 through August, 2020. In fiscal year 2012, these bonds were refunded as part of the Revenue Bonds – Refunding Series 2011A & 2011B issuance.

Series 2004B (Non-AMT)

The bonds were scheduled to mature in fiscal year 2025. Interest was payable semi-annually on August 1st and February 1st beginning in fiscal year 2005 at a rate of 6.00%, while principal installments ranging from \$1,555,000 to \$1,845,000 would be payable in August, 2021 through August, 2024. In fiscal year 2012, these bonds were refunded as part of the Revenue Bonds – Refunding Series 2011A & 2011B issuance.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(11) Long-Term Debt, continued

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 2011B (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.

Series 2011A (AMT)

The bonds are scheduled to mature in fiscal year 2021. An interest rate premium in the amount of \$439,802 was calculated on the issuance of the refunding revenue bonds and will be amortized over the life of the debt. Interest is payable semi-annually on August 1st and February 1st each year at rates ranging from 3.00% to 5.00% while principal installments ranging from \$1,590,000 to \$2,390,000 are payable August, 2013 through August, 2021 as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,590,000	884,575	2,474,575
2014	1,810,000	730,650	2,540,650
2015	1,865,000	656,875	2,521,875
2016	1,960,000	561,250	2,521,250
2017	2,055,000	460,875	2,515,875
2018-2021	8,190,000	762,250	8,952,250
Total	17,470,000	4,056,475	21,526,475
Current	(1,590,000)		
Long-term	\$ 15,880,000		

Series 2011B (Non-AMT)

The bonds are scheduled to mature in fiscal year 2025. An interest rate discount in the amount of \$439,802 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 1st and February 1st 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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 10,000	364,856	374,856
2014	60,000	322,095	382,095
2015	65,000	319,595	384,595
2016	65,000	316,995	381,995
2017	70,000	314,295	384,295
2018-2022	1,860,000	1,784,085	3,644,085
2023-2025	5,090,000	439,088	5,529,088
Total	7,220,000	3,861,009	11,081,009
Current	(10,000)		
Long-term	\$ 7,210,000		

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(12) Net Assets Calculation

Calculation of net assets as of June 30, were as follows:

	2012	2011
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 19,117,769	16,035,391
Depreciable capital assets, net	45,928,476	47,149,248
Revenue bonds payable – current	(1,600,000)	-
Revenue bonds payable – non-current	(23,176,676)	(25,545,000)
Total net investment in capital assets	40,269,569	37,639,639
Restricted net assets:		
Restricted – cash and cash equivalents	6,735,696	6,158,441
Restricted – accrued interest receivable	4	539
Restricted – investments	-	1,724,301
Accrued interest payable	(590,736)	(597,919)
Total restricted net assets	6,144,964	7,285,362
Restricted net assets are categorized as follows:		
Restricted for construction projects	1,957,770	1,762,412
Restricted for debt service	4,187,194	5,522,950
Total restricted net assets	6,144,964	7,285,362
Unrestricted net assets:		
Non-spendable net assets:		
Prepaid expenses and other assets	333,885	401,322
World Trade Center license	51,000	51,000
Membership-Ventura County Railway Co., LLC	3,504,030	3,370,774
Deferred charges, net	668,911	354,609
Total non-spendable net assets	4,557,826	4,177,705
Spendable net assets are designated as follows:		
Undesignated net assets reserve	5,875,353	3,517,861
Total spendable net assets	5,875,353	3,517,861
Total unrestricted net assets	10,433,179	7,695,566
Total net assets	\$ 56,847,712	52,620,567

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(13) Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by Nationwide Retirement Solutions at June 30, 2012 and 2011 was \$293,546 and \$182,319, respectively, and by CalPERS Salary Savings Program at June 30, 2012 and 2011 was \$1,911,189 and \$1,880,102, respectively.

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

(14) Defined Benefit Pension Plan

Plan Description

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

Funding Policy

The contribution rate for plan members in the CalPERS 2.5% at 55 Risk Pool Retirement Plan is 8% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal years 2012, 2011 and 2010 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2012, 2011 and 2010, the District's annual contributions for the CalPERS plan were equal to the District's required and actual contributions for each fiscal year as follows

Three Years CalPERS Funding Information

<u>Fiscal Year</u>	<u>Pension Cost (APC)</u>	<u>of APC Contributed</u>	<u>Pension Obligation</u>	<u>Percentage of Payroll</u>
2009-2010	\$ 288,530	100%	-	12.275%
2010-2011	292,927	100%	-	12.514%
2011-2012	338,187	100%	-	15.565%

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(15) Post Employment Retirement Benefits

Other Post-Employment Benefits Obligations

In addition to the pension benefits described in Note 14, the District provides post-retirement health care, vision care, dental care and life insurance benefits, in accordance with the Board of Harbor Commissioners employee benefit resolutions, to all employees who retire from the District and meet the age and years of service requirements as specified in such resolutions. Retired Harbor Commissioners are subject to additional eligibility requirements as specified in Government Code Section 53201.

The District contributes a fixed amount for health care benefits, (ranging from 60% to 100% of the premium), 100% of the premium for the retiree and one dependent for vision and dental care, and 100% of the premium for the retiree for life insurance. The post-retirement vision care, dental care, and life insurance benefits became effective July 1, 1991. Currently, 20 retirees meet the eligibility requirements for the health care benefit, 14 retirees meet the eligibility requirements for vision and dental care and 11 retirees meet the eligibility requirements for life insurance. Expenditures for post employment retirement benefits are recognized on a monthly basis as premiums are paid. Expenditures of \$208,143 and \$189,073 were recognized for post-retirement health care, vision care, dental care, and life insurance benefits during the years ended June 30, 2012 and 2011, respectively.

Post-Employment Benefits Payable:

Plan Description – Eligibility

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

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Active plan members	28	28	28
Retirees and beneficiaries receiving benefits	20	21	21
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	<u>48</u>	<u>49</u>	<u>49</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(15) Post Employment Retirement Benefits, continued

Post-Employment Benefits Payable, continued

Plan Description – Benefits

The District offers lifetime post-employment medical to employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Eligible retirees may enroll in any plan available through the CalPERS medical program. Each year the District establishes a maximum monthly premium that the District will pay for medical benefits; the maximum monthly premium that the District will pay for calendar year 2012 and 2011 is \$1,190 and \$1,190, respectively. Employees who retire with fewer than 10-years of service receive a pro rata share of the benefit allotment as follows:

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

Funding Policy

The District is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 33.6% of the annual covered payroll.

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

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2012 and 2011, the District's ARC cost is \$808,143 and \$734,461 respectively. The District's net OPEB payable obligation amounted to \$2,760,425 and \$2,160,425 for the years ended June 30, 2012 and 2011, respectively. The District contributed \$208,143 and \$189,073 in age adjusted contributions for current retiree OPEB premiums for the years ended June 30, 2012 and 2011, respectively.

The balance at June 30, consists of the following:	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 832,284	774,582	790,138
Interest on net OPEB obligation	85,956	64,601	-
Adjustment to annual required contribution	<u>(110,097)</u>	<u>(104,722)</u>	<u>(48,400)</u>
Total annual OPEB expense	808,143	734,461	741,738
Change in net OPEB payable obligation:			
Age adjusted contributions made	<u>(208,143)</u>	<u>(189,073)</u>	<u>(164,674)</u>
Total change in net OPEB payable obligation	600,000	545,388	577,064
OPEB payable – beginning of year	<u>2,160,425</u>	<u>1,615,037</u>	<u>1,037,973</u>
OPEB payable – end of year	<u>\$ 2,760,425</u>	<u>2,160,425</u>	<u>1,615,037</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(15) P7st Employment Retirement Benefits, continued

Post-Employment Benefits Payable, continued

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2012 and the two preceding years were as follows:

Three-Year History of Net OPEB Obligation

Fiscal Year Ended	Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2012	\$ 808,143	208,143	25.76%	\$ 2,760,425
2011	734,461	189,073	25.74%	2,160,425
2010	741,738	164,674	22.20%	1,615,037

The most recent valuation (dated July 1, 2010) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$8,622,114. There are no plan assets because the District funds on a pay-as-you-go basis and maintains net assets equal to the remaining net post-employment benefits payable obligation. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2010 was \$2,463,568. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 349.98%. (See page 43)

Actuarial Methods and Assumptions

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

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

Valuation date	July 1, 2010
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 Years as of the valuation date
Asset valuation method	15 Year smoothed market
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increase	3.25%
Inflation - discount rate	4.00%

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(16) 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, 2012, the District held the following commercial and marine insurance policies:

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

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2012, 2011 and 2010, except for not renewing earthquake property coverage effective May 2010. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2012, 2011 and 2010.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2012, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 60

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

Governmental Accounting Standards Board Statement No. 61

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*. This statement is effective for financial statements for periods beginning after June 15, 2012. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 62

In December 2010, The GASB issued Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

Governmental Accounting Standards Board Statement No. 63

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for financial statements for periods beginning after December 15, 2012. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

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

Governmental Accounting Standards Board Statement No. 65

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The impact of the implementation of this Statement to the District’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 66

In March 2012, the GASB issued Statement No. 66 – *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The impact of the implementation of this Statement to the District’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 68

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this Statement to the District’s financial statements has not been assessed at this time.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(18) Related Party Transactions

The District, which is governed by a five-member Board of Harbor Commissioners elected at large from within the geographical boundaries of the District, derives its principal source of revenues from cargo activity under tariffs and contracts with Port customers. Two of the five current members of the Board of Harbor Commissioners are frequently employed by various stevedoring companies, which in turn contract with various customers of the District for labor services at the Port. For fiscal years ended June 30, 2012 and 2011, the amount of District revenues derived from these various customers and stevedoring companies was approximately \$9,996,486 and \$8,725,112, respectively.

(19) Commitments

Operating Leases Receivable

The District leases a portion of its land and facilities to others. The majority of these leases provide for cancellation on thirty days notice by either party and for retention of ownership by the District. These lease agreements generally are subject to periodic inflationary escalation of base amounts due to the District and adjustments for increases in terminal space. As of June 30, 2012, minimum lease rental payments receivable under operating leases that have initial or remaining non-cancelable lease terms in excess of one-year are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2013	\$ 619,890
2014	363,418
2015	336,591
2016	125,090
2017	54,591
Remaining	<u>21,829</u>
Total	<u>\$ 1,521,409</u>

Long-Term Revenue Sharing Contracts with Customers

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

Contracts with the City of Port Hueneme

Pursuant to an agreement dated October 20, 1983, the District compensates the City of Port Hueneme (City) for certain services provided by the City to the District. Compensation is based on approximately 3.33% of the District's gross operating revenues. Amounts allocated to the City for the fiscal years ended June 30, 2012 and 2011 totaled \$348,957 and \$343,695, respectively.

Additionally the District compensates the City under a separate agreement dated March 18, 1987 to mitigate the environmental impacts of the District's Wharf 2 project. Compensation is based on approximately 1.67% of the District's gross operating revenues and \$2.50 for each automobile convoyed on the City's streets. For the fiscal years ended June 30, 2012 and 2011, amounts allocated to the City under this agreement, excluding automobiles, totaled \$175,152 and \$173,820, respectively.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(19) Commitments, continued

Contracts with the City of Port Hueneme, continued

In December 1995, the District entered into a Memorandum of Understanding regarding the Naval Civil Engineering Laboratory (NCEL) property, with the City and the Port Hueneme Surplus Property Authority, concerning the acquisition and use of the NCEL property. This agreement required the District to remit to the City a payment of \$150,000 for use by the City in constructing traffic improvements necessary to serve the NCEL property, a premium of \$0.50 per vehicle above the rate specified in the 1987 Agreement between the District and the City for all automobiles in excess of 50,000 convoyed on City streets, and an annual amount, adjusted for changes in the consumer price index, ranging from \$30,000 to 3% of gross operating revenues. For the years ended June 30, 2012 and 2011, amounts allocated to the City under this agreement, excluding automobiles, totaled \$209,760 and \$232,409 respectively.

For the years ended June 30, 2012 and 2011, the amounts allocated to the City under the above 1987 and 1995 agreements for automobiles totaled \$249,013 and \$249,961, respectively.

Navy Joint Use Agreement

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

The Navy joint use agreement includes three five-year options to extend the term. As of June 30, 2012, the amount payable to the Navy for long-term maintenance of Wharf 3 and associated real property is \$628,361.

(20) Contingencies

Grant Awards

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

Litigation

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

(21) Subsequent Events

Events occurring after June 30, 2012 have been evaluated for possible adjustment to the financial statements or disclosure as of September 30, 2012, which is the date the financial statements were available to be issued.

Required Supplementary Information

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Oxnard Harbor District
Schedule of Funding Status – Other Post Employment Benefits Obligation
For the Fiscal Years Ended June 30, 2012 and 2011

Funded Status and Funding Progress of the Plan

Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	8,622,114	8,622,114	0.00%	\$ 2,463,568	349.98%
7/1/2007	\$ -	7,141,813	7,141,813	0.00%	\$ 2,506,464	284.94%

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Supplemental Information

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Oxnard Harbor District
Schedule of Operating Expenses
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Salaries and benefits:		
Commissioner salaries	\$ 36,000	36,000
Administrative salaries	661,643	857,884
Maintenance salaries	576,051	568,904
Operations salaries	796,031	716,347
Temporary employee salaries	908	10,885
Sick leave	71,276	78,242
Vacation	148,961	180,832
Payroll taxes	175,960	180,708
Workers' compensation	98,125	63,304
Insurance:	-	
Dental	37,363	34,751
HRA	18,492	18,216
Life	30,480	33,754
Medical	311,446	277,727
Vision	11,127	10,959
PERS Pension contributions – employee	338,187	292,927
PERS Pension contributions – employee	170,307	183,125
Post-employment benefits	808,143	734,461
Employee recruitment	34,005	-
Employee relations	6,077	8,832
Employee training and uniforms	7,698	4,971
Total salaries and benefits	<u>4,338,280</u>	<u>4,292,829</u>
Governmental contractual agreements:		
1983 Contract	348,957	343,695
1987 Contract	175,152	173,820
1995 Memorandum of understanding	209,760	232,409
Contracts – automobiles	294,013	249,961
City of Oxnard – proprty tax in-lieu fees	(5,854)	33,500
Ventura County Fire District	10,000	-
Ventura County LAFCO	7,881	10,078
Total governmental contractual agreements	<u>1,039,909</u>	<u>1,043,463</u>
Security:		
Guards and traffic control	208,390	208,021
Security plan and equipment	10,361	756
Total security	<u>\$ 218,751</u>	<u>208,777</u>

Continued on next page.

Oxnard Harbor District
Schedule of Operating Expenses
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Facilities and maintenance:		
Gas and oil	\$ 15,968	13,143
Repair and maintenance	47,913	52,525
Supplies	46,158	44,240
Supplies – computer	1,480	3,391
Computer access fees	3,498	2,758
Safety supplies	2,605	2,341
Miscellaneous	4,336	7,656
Utilities:		
Water and sewer	118,259	113,586
Electricity	182,746	187,450
Telephone	19,464	18,478
Natural gas	359	154
Trash disposal	14,826	14,064
Hazardous waste disposal	-	178
Equipment rental	8,347	3,202
Total facilities and maintenance	<u>465,959</u>	<u>463,166</u>
Professional and legal:		
Professional fees	299,141	225,136
Legal services	75,078	54,860
Total professional and legal	<u>374,219</u>	<u>279,996</u>
Materials and services:		
Business meeting expense	6,467	5,940
Publications and subscriptions	967	441
Publications - legal notices	120	117
Permits and licenses	3,689	2,759
Postage	2,974	3,580
Total materials and services	<u>14,217</u>	<u>12,837</u>
Port promotions:		
Advertising	35,407	27,040
Trade relations	86,505	67,057
Memberships and dues	75,835	69,514
Travel	36,663	28,511
Total port promotions	<u>234,410</u>	<u>192,122</u>
Insurance:		
General liability	77,456	75,953
Property	200,874	240,525
Other	1,654	30,756
Total insurance	<u>279,984</u>	<u>347,234</u>
Total operating expenses	<u>\$ 6,965,729</u>	<u>6,840,424</u>

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Oxnard Harbor District
Schedule of Non-Operating Revenues and Expenses
For the Fiscal Years Ended June 30, 2012 and 2011

	2012	2011
Non-operating income:		
Finance charges	\$ 1,698	17,672
Insurance proceeds	-	4
Refunds	688	300
Total other income	2,386	17,976
Non-operating expense:		
Bank and trust fees	6,488	12,552
Election expense	744	21,097
Miscellaneous items	-	79,064
Total other expense	7,232	112,713
Total other revenue, net	\$ (4,846)	(94,737)

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Oxnard Harbor District
Schedule of Debt Service Net Revenues Coverage Ratio
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Total revenues:		
Total operating revenues	\$ <u>12,050,478</u>	<u>10,487,862</u>
Total non-operating revenues:		
Investment earnings	24,500	42,016
Change in membership in Ventura County Railway Co., LLC	133,256	140,713
Other revenue, net	(4,846)	(94,737)
Add back noncash items:		
Unrealized (gains)losses on investments, net	<u>654</u>	<u>(145)</u>
Total non-operating revenues adjusted for noncash items	<u>153,564</u>	<u>87,847</u>
Total revenues	<u>12,204,042</u>	<u>10,575,709</u>
Total expenses:		
Total operating expenses	6,965,729	6,840,424
Less noncash items:		
Other post-employment benefits noncash accrued liability increase	<u>(600,000)</u>	<u>(545,388)</u>
Total operating expenses adjusted for noncash items	<u>6,365,729</u>	<u>6,295,036</u>
Total non-operating expenses	2,037,703	2,714,197
Less debt service and noncash items:		
Interest expense – long-term debt	(1,428,806)	(1,550,615)
Amortization of deferred charges and deferred loss	(67,962)	(71,405)
CalPERS side-fund	(540,935)	-
Loss on discontinuance of deep draft navigation project	<u>-</u>	<u>(1,092,177)</u>
Total non-operating expenses adjusted for debt service & noncash items	<u>-</u>	<u>-</u>
Total expenses	<u>6,365,729</u>	<u>6,295,036</u>
Net revenues available for debt service	\$ <u><u>5,838,313</u></u>	<u><u>4,280,673</u></u>
Debt service for the fiscal year	\$ <u>2,849,431</u>	<u>3,190,904</u>
Debt service net revenues coverage ratio	<u>204.89%</u>	<u>134.15%</u>

Statistical Information Section

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**Oxnard Harbor District
Statistical Section**

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

Table of Contents

	<u>Page No.</u>
<i>Financial Trends</i>	55-58
These schedules contain the Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets trend information to help the reader understand how the District's financial performance has changed over time.	
<i>Debt Capacity</i>	59-60
This schedule presents information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt.	
<i>Operating Information</i>	61-66
These schedules present information to help the reader understand the District's customers, operations and activities.	
<i>Staffing Information</i>	67-68
These schedules offer demographic information to help the reader understand the staffing structure and other data within which the District's operates.	

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



Port of Hueneme

OXNARD HARBOR DISTRICT

Statement of Net Assets

Fiscal Years Ended June 30, 2003 through 2012

FISCAL YEAR ENDED:	2003	2004	2005	2006
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,085,723	\$ 765,795	\$ 8,917,956	\$ 9,127,619
Restricted - cash and cash equivalents	2,734,609	6,168,787	1,145,491	1,080,847
Accrued interest receivable	47,569	33,371	56,523	113,291
Restricted - accrued interest receivable	43,708	24,155	50,675	69,100
Accounts receivable- harbor operations, net	1,301,617	1,548,466	2,060,858	1,737,085
Grants receivable	-	-	-	-
Accounts receivable- other	-	-	-	-
Prepaid expenses and other assets	610,877	520,070	522,849	640,375
Total current assets	\$ 5,824,103	\$ 9,060,644	\$ 12,754,352	\$ 12,768,317
Non-current Assets:				
Investments	\$ 9,928,293	\$ 7,750,676	\$ 903,281	\$ 3,381,128
Restricted - investments	3,695,841	11,316,370	8,995,226	9,454,422
Deposit - City of Port Hueneme	171,738	127,458	105,311	83,171
World Trade Center license	51,000	51,000	51,000	51,000
Membership in Ventura County Railway Co., LLC	-	-	2,000,000	2,000,000
Deferred charges, net	679,821	978,663	878,103	778,924
Capital assets, not being depreciated	18,066,331	15,347,263	14,240,756	14,450,484
Depreciable capital assets, net	38,701,339	43,617,347	47,492,987	45,345,032
Total non-current assets	\$ 71,294,363	\$ 79,188,777	\$ 74,666,664	\$ 75,544,161
Total assets	\$ 77,118,466	\$ 88,249,421	\$ 87,421,016	\$ 88,312,478
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 3,319,766	\$ 2,690,681	\$ 368,661	\$ 490,991
Accounts payable construction contracts	-	-	114,521	12,826
Accrued revenue sharing payables	1,955,759	938,946	1,445,596	1,656,259
Accrued salaries and benefits (1)	-	-	119,484	58,918
Customer deposits and deferred revenue	83,641	67,142	64,599	73,454
Accrued interest payable	575,398	594,522	811,452	792,073
Contingent liability	-	-	120,000	-
Long-term liabilities- due within one year:				
Compensated absences (1)	-	-	229,865	276,625
Pension-related debt	-	-	-	-
Revenue bonds payable	1,240,000	1,330,000	1,160,000	1,335,000
Total current liabilities	\$ 7,174,564	\$ 5,621,291	\$ 4,434,178	\$ 4,696,146
Long-term liabilities- due in more than one year:				
Compensated absences (1)	\$ -	\$ -	\$ -	\$ -
Other post-employment benefits payable	-	-	25,000	25,000
Pension-related debt	-	-	-	-
Revenue bonds payable	23,309,772	35,719,995	34,560,000	33,225,000
Total non-current liabilities	\$ 23,309,772	\$ 35,719,995	\$ 34,585,000	\$ 33,250,000
Total liabilities	\$ 30,484,336	\$ 41,341,286	\$ 39,019,178	\$ 37,946,146
Net assets:				
Investment in capital assets, net of related debt	\$ 33,908,585	\$ 33,355,809	\$ 31,169,955	\$ 30,567,905
Restricted	4,739,763	6,040,747	4,987,310	5,246,005
Unrestricted	7,985,782	7,511,579	12,244,573	14,552,422
Total net assets	\$ 46,634,130	\$ 46,908,135	\$ 48,401,838	\$ 50,366,332
Total liabilities and net assets	\$ 77,118,466	\$ 88,249,421	\$ 87,421,016	\$ 88,312,478

Source: OXNARD HARBOR DISTRICT - Accounting Department

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

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

Port of Hueneme

OXNARD HARBOR DISTRICT

Statement of Net Assets

Fiscal Years Ended June 30, 2003 through 2012

Continued.....



	2007	2008	2009	2010	2011	2012
(2)						
\$	9,558,027	\$ 8,503,174	\$ 3,903,178	\$ 7,673,824	\$ 6,388,401	\$ 10,014,964
	3,588,822	2,471,959	1,817,090	1,361,742	6,158,441	6,735,696
	157,877	96,214	19,533	7,117	7,871	5,650
	81,793	54,467	54,836	1,959	539	4
	1,616,640	1,571,370	1,080,349	1,069,836	929,485	1,165,491
	-	-	471,387	209,865	177,156	692,828
	-	146,600	86,087	98,727	553	3,819
	762,489	760,662	746,497	400,038	401,322	333,885
\$	15,765,648	\$ 13,604,446	\$ 8,178,957	\$ 10,823,108	\$ 14,063,768	\$ 18,952,337
\$	4,168,142	\$ 1,919,690	\$ 848,625	\$ 1,058,337	\$ -	\$ -
	9,028,645	6,237,126	6,701,367	6,593,528	1,724,301	-
	61,031	38,891	16,751	-	-	-
	51,000	51,000	51,000	51,000	51,000	51,000
	2,000,000	2,000,000	2,000,000	2,000,000	3,370,774	3,504,030
	684,557	592,956	508,890	426,014	354,609	668,911
	14,858,035	20,470,570	25,347,271	16,505,025	16,035,391	19,117,769
	43,151,122	45,569,963	43,213,784	49,504,771	47,149,248	45,928,476
\$	74,002,532	\$ 76,880,196	\$ 78,687,688	\$ 76,138,675	\$ 68,685,323	\$ 69,270,186
\$	89,768,180	\$ 90,484,642	\$ 86,866,645	\$ 86,961,783	\$ 82,749,091	\$ 88,222,523
\$	315,729	\$ 544,746	\$ 379,513	\$ 411,411	\$ 358,544	\$ 1,053,379
	-	-	-	-	-	-
	1,984,297	2,152,038	1,379,682	846,597	698,404	927,061
	85,738	88,848	97,675	84,528	110,431	116,149
	70,416	80,760	79,506	85,302	81,401	119,350
	766,224	738,739	678,437	678,437	597,919	590,736
	-	-	-	-	-	-
	108,977	120,333	131,900	144,264	144,100	122,500
	-	-	-	-	-	35,689
	1,395,000	1,460,000	-	1,605,000	-	1,600,000
\$	4,726,381	\$ 5,185,464	\$ 2,746,713	\$ 3,855,539	\$ 1,990,799	\$ 4,564,864
\$	326,930	\$ 360,995	\$ 395,900	\$ 432,793	\$ 432,300	\$ 367,600
	25,000	483,997	1,037,973	1,615,037	2,160,425	2,760,425
	-	-	-	-	-	505,246
	31,830,000	30,370,000	28,840,000	27,235,000	25,545,000	23,176,676
\$	32,181,930	\$ 31,214,992	\$ 30,273,873	\$ 29,282,830	\$ 28,137,725	\$ 26,809,947
\$	36,908,311	\$ 36,400,456	\$ 33,020,586	\$ 33,138,369	\$ 30,128,524	\$ 31,374,811
\$	25,468,714	\$ 34,803,489	\$ 39,721,055	\$ 37,169,796	\$ 37,639,639	\$ 40,269,569
	11,933,036	8,024,813	7,894,856	7,278,792	7,285,362	6,144,964
	15,458,119	11,255,884	6,230,148	9,374,826	7,695,566	10,433,179
\$	52,859,869	\$ 54,084,186	\$ 53,846,059	\$ 53,823,414	\$ 52,620,567	\$ 56,847,712
\$	89,768,180	\$ 90,484,642	\$ 86,866,645	\$ 86,961,783	\$ 82,749,091	\$ 88,222,523



Port of Hueneme

OXNARD HARBOR DISTRICT

Summary of Revenues, Expenses, and Change in Net Assets Fiscal Years Ended June 30, 2003 through 2012

FISCAL YEAR ENDED:	2003	2004	2005	2006
Operating Revenues:				
Auto Cargo	\$ 4,783,644	\$ 5,422,761	\$ 6,637,365	\$ 7,197,719
Fresh Produce Cargo	1,566,757	1,437,856	2,265,508	2,506,809
Offshore Oil	768,584	650,848	689,749	671,861
Property Management	1,289,809	1,001,109	1,020,787	957,764
Other	815,476	734,152	774,724	575,049
Total	\$ 9,224,270	\$ 9,246,726	\$ 11,388,133	\$ 11,909,202
Operating Expenses:				
Wages & Benefits (1)	\$ 2,683,413	\$ 3,038,224	\$ 3,258,690	\$ 3,535,436
Governmental Contractual Agreements	922,714	956,556	975,086	1,152,778
Security	126,086	110,930	113,450	110,854
Facilities and Maintenance	706,287	626,956	898,461	792,797
Professional and Legal	134,598	173,385	423,938	499,690
Materials and Services	114,960	113,491	99,231	95,812
Port Promotion	307,804	291,046	305,874	369,693
Insurance	504,379	466,604	434,220	462,178
Total	\$ 5,500,241	\$ 5,777,192	\$ 6,508,950	\$ 7,019,238
Operating Profit (Loss) before depreciation:	\$ 3,724,029	\$ 3,469,534	\$ 4,879,183	\$ 4,889,964
Depreciation Expense	\$ 1,995,849	\$ 2,174,964	\$ 2,217,297	\$ 2,463,964
Net Operating Profit (Loss)	\$ 1,728,180	\$ 1,294,570	\$ 2,661,886	\$ 2,426,000
Nonoperating Income (Expense) and Capital Contributions:				
Investment earnings	\$ 315,079	\$ 118,769	\$ 418,648	\$ 769,969
Interest expense – long-term debt	(1,375,983)	(1,193,129)	(1,734,013)	(1,904,851)
Amortization of deferred charges	(81,632)	(75,899)	(103,279)	(98,577)
CalPERS side-fund	-	-	-	-
Loss on discontinuance of deep draft navigation project	-	-	-	-
Change in membership in Ventura County Railway Co, LLC	-	-	-	-
Other revenue, net	(13,491)	129,694	(12,432)	549,573
Net Contributed Capital/Grants (2)	945,500	-	262,893	222,380
Net Nonoperating Income (Expense) and Capital Contributions	\$ (210,527)	\$ (1,020,565)	\$ (1,168,183)	\$ (461,506)
Change in Net Assets	\$ 1,517,653	\$ 274,005	\$ 1,493,703	\$ 1,964,494
Investment in capital assets, net of related debt	\$ 33,908,585	\$ 33,355,809	\$ 31,169,955	\$ 30,567,905
Restricted	4,739,763	6,040,747	4,987,310	5,246,005
Unrestricted	7,985,782	7,511,579	12,244,573	14,552,422
Net assets, end of year	\$ 46,634,130	\$ 46,908,135	\$ 48,401,838	\$ 50,366,332

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

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

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

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

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

Source: OXNARD HARBOR DISTRICT - Accounting Department

Port of Hueneme

OXNARD HARBOR DISTRICT

Summary of Revenues, Expenses, and Change in Net Assets Fiscal Years Ended June 30, 2003 through 2012



Continued.....

	2007	2008	2009 (3)	2010	2011	2012
\$	6,667,719	\$ 6,524,468	\$ 4,141,894	\$ 5,067,786	\$ 5,553,797	\$ 6,589,395
	2,847,993	2,852,238	3,454,636	2,986,912	2,731,854	2,909,571
	660,867	611,043	688,031	716,410	616,907	651,839
	935,028	1,109,826	1,343,297	1,142,746	1,177,109	1,398,892
	565,922	540,318	387,474	494,388	408,195	500,781
\$	11,677,529	\$ 11,637,893	\$ 10,015,332	\$ 10,408,242	\$ 10,487,862	\$ 12,050,478
\$	3,805,813	\$ 4,108,050	\$ 4,292,580	\$ 4,317,130	\$ 4,292,829	\$ 4,338,280
	1,233,960	1,307,298	1,081,298	956,572	1,043,463	1,039,909
	123,953	128,153	209,259	213,543	208,777	218,751
	676,649	730,952	553,292	446,626	463,166	465,959
	268,206	273,097	316,492	286,206	279,996	374,219
	86,835	84,972	19,371	12,427	12,837	14,217
	355,907	310,561	280,374	162,106	192,122	234,410
	568,208	696,754	758,021	698,365	347,234	279,984
\$	7,119,531	\$ 7,639,837	\$ 7,510,687	\$ 7,092,975	\$ 6,840,424	\$ 6,965,729
\$	4,557,998	\$ 3,998,056	\$ 2,504,645	\$ 3,315,267	\$ 3,647,438	\$ 5,084,749
\$	2,475,816	\$ 2,632,521	\$ 2,701,143	\$ 3,087,810	\$ 3,010,045	\$ 2,978,656
\$	2,082,182	\$ 1,365,535	\$ (196,498)	\$ 227,457	\$ 637,393	\$ 2,106,093
\$	1,115,429	\$ 897,862	\$ 250,941	\$ 31,669	\$ 42,016	\$ 24,500
	(1,837,583)	(1,648,562)	(1,708,560)	(1,628,250)	(1,550,615)	(1,428,806)
	(94,367)	(91,601)	(84,066)	(82,876)	(71,405)	(67,962)
	-	-	-	-	-	(540,935)
	-	-	-	-	(1,092,177)	-
	-	-	-	-	140,713	133,256
	624,361	414,208	387,154	763,108	(94,737)	(4,846)
	603,515	286,875	1,112,902	666,247	785,965	4,005,845
\$	411,355	\$ (141,218)	\$ (41,629)	\$ (250,102)	\$ (1,840,240)	\$ 2,121,052
\$	2,493,537	\$ 1,224,317	\$ (238,127)	\$ (22,645)	\$ (1,202,847)	\$ 4,227,145
\$	25,468,714	\$ 34,803,489	\$ 39,721,055	\$ 37,169,796	\$ 37,639,639	\$ 40,269,569
	11,933,036	8,024,813	7,894,856	7,278,792	7,285,362	6,144,964
	15,458,119	11,255,884	6,230,148	9,374,826	7,695,566	10,433,179
\$	52,859,869	\$ 54,084,186	\$ 53,846,059	\$ 53,823,414	\$ 52,620,567	\$ 56,847,712



Port of Hueneme

OXNARD HARBOR DISTRICT

Revenue Bond Coverage

Fiscal Years Ended June 30, 2003 through 2012

FISCAL YEAR ENDED:	2003	2004	2005	2006
Gross Revenues (1)	\$ 9,539,349	\$ 9,495,189	\$ 11,908,435	\$ 13,228,744
Operating Expenses (2)	5,412,119	5,777,192	6,508,950	7,019,238
Net Revenue Available for Debt Service	\$ 4,127,230	\$ 3,717,997	\$ 5,399,485	\$ 6,209,506
Debt Service Requirements: (3)				
Principal	\$ 1,155,000	\$ 1,240,000	\$ 1,330,000	\$ 1,160,000
Interest	1,421,380	1,337,555	1,745,225	1,924,230
Totals:	\$ 2,576,380	\$ 2,577,555	\$ 3,075,225	\$ 3,084,230
Debt Ratio Coverage	160.19%	144.25%	175.58%	201.33%
Debt Covenant Requirement	125.00%	125.00%	125.00%	125.00%
OVER (UNDER)	35.19%	19.25%	50.58%	76.33%

NOTES:

(1) Total revenues include interest but excludes the contributed capital and grant funds that were generated by donated property.

(2) Total operating expenses exclusive of depreciation, opeb accrual and debt service interest expense.

(3) Includes principal and interest of revenue bonds only.

Source: OXNARD HARBOR DISTRICT - Accounting and Maritime Operations Departments

All of the revenue bond issues are secured by a lien on and pledge of net revenues of the District and contain certain covenants. One of the covenants requires the District to maintain a minimum debt service coverage ratio of 125%. The debt service coverage ratio is the ratio of net revenues (as defined in the bond trust agreement) to debt service payments. Net revenues as defined in the agreement were calculated as \$4,280,673 and \$4,653,135 for the years ended June 30, 2011 and 2010. The actual debt service coverage ratios were 134% and 286% for the years ended June 30, 2011 and 2010 (See page 43). The District is in compliance with its bond covenants for fiscal year 2011; however, the District was not in compliance with its bond covenants (debt service net revenues coverage ratio) in fiscal year 2009, so the District initiated a defeasance of its fiscal year 2010 debt service principal payments.

Port of Hueneme

OXNARD HARBOR DISTRICT

Revenue Bond Coverage

Fiscal Years Ended June 30, 2003 through 2012

Continued.....



2007	2008	2009	2010	2011	2012
\$ 13,417,319	\$ 12,949,963	\$ 10,663,566	\$ 11,169,046	\$ 10,575,709	\$ 12,204,042
7,119,531	6,978,533	6,956,711	6,515,911	6,295,036	6,365,729
\$ 6,297,788	\$ 5,971,430	\$ 3,706,855	\$ 4,653,135	\$ 4,280,673	\$ 5,838,313
\$ 1,335,000	\$ 1,395,000	\$ 1,460,000	\$ -	\$ 1,640,289	\$ 1,600,000
1,869,955	1,805,954	1,737,839	1,628,250	1,550,615	1,249,431
\$ 3,204,955	\$ 3,200,954	\$ 3,197,839	\$ 1,628,250	\$ 3,190,904	\$ 2,849,431
196.50%	186.55%	115.92%	285.78%	134.15%	204.89%
125.00%	125.00%	125.00%	125.00%	125.00%	125.00%
71.50%	61.55%	-9.08%	160.78%	9.15%	79.89%



Port of Hueneme

OXNARD HARBOR DISTRICT

LARGEST REVENUE CUSTOMERS (Net of Revenue Sharing)

Last Ten Fiscal Years

FISCAL YEAR ENDED:		2003		FISCAL YEAR ENDED:		2006		
<u>CUSTOMER</u>				<u>CUSTOMER</u>				
1	Wallenius Wilhelmsen Logistics, Inc.	\$	1,347,788	14.1%	1	NYK Cool USA, Inc.	\$ 2,045,291	17.5%
2	NYK Cool USA, Inc.		1,307,009	14.6%	2	BMW of North America, LLC	1,750,041	15.0%
3	BMW of North America, LLC		935,914	10.1%	3	Wallenius Wilhelmsen Logistics, Inc.	1,737,861	14.9%
4	Del Monte Fresh Produce W.A. Inc.		892,011	9.6%	4	Del Monte Fresh Produce W.A. Inc.	1,418,947	12.2%
5	Mitsubishi Motor Sales of America		851,092	9.2%	5	Glovis America, Inc.	679,535	5.8%
6	General Steamship Corp., LTD.		295,449	3.2%	6	Carmichael International Services	558,805	4.8%
7	Carmichael International Services		293,289	3.2%	7	Global Auto Processing Services, Inc.	348,955	3.0%
8	YARA North America, Inc.		291,541	3.2%	8	YARA North America, Inc.	346,886	3.0%
9	Marine Terminal Corp (Ports America)		284,006	3.1%	9	Mazda Motor of America, Inc.	298,720	2.6%
10	SCE		273,776	3.0%	10	General Steamship Corp., LTD.	285,347	2.4%
	Sub-total Top Ten	\$	6,771,875	73.2%		Sub-total Top Ten	\$ 9,470,388	81.1%
	All Other		2,452,395	26.8%		All Other	2,438,814	18.9%
	Total Revenue	\$	9,224,270	100.0%		Total Revenue	\$ 11,909,202	100.0%
FISCAL YEAR ENDED:		2004		FISCAL YEAR ENDED:		2007		
<u>CUSTOMER</u>				<u>CUSTOMER</u>				
1	Wallenius Wilhelmsen Logistics, Inc.	\$	1,766,188	15.5%	1	NYK Cool USA, Inc.	\$ 2,024,021	17.4%
2	NYK Cool USA, Inc.		1,266,250	11.1%	2	BMW of North America, LLC	1,813,305	15.6%
3	Del Monte Fresh Produce W.A. Inc.		923,179	8.1%	3	Wallenius Wilhelmsen Logistics, Inc.	1,722,618	14.8%
4	BMW of North America, LLC		903,373	7.9%	4	Del Monte Fresh Produce W.A. Inc.	1,681,429	14.4%
5	Glovis America, Inc.		579,044	5.1%	5	Glovis America, Inc.	556,514	4.8%
6	Carmichael International Services		400,828	3.5%	6	Mitsubishi Motor Sales of America	425,509	3.7%
7	YARA North America, Inc.		322,863	2.8%	7	Carmichael International Services	397,850	3.4%
8	General Steamship Corp., LTD.		287,982	2.5%	8	YARA North America, Inc.	336,073	2.9%
9	Mitsubishi Motor Sales of America		262,636	2.3%	9	Pacific Vehicle Processors, Inc.	316,407	2.7%
10	EXXON Co. USA		256,623	2.3%	10	General Steamship Corp., LTD.	300,413	2.6%
	Sub-total Top Ten	\$	6,968,965	61.2%		Sub-total Top Ten	\$ 9,574,139	82.3%
	All Other		2,277,761	38.8%		All Other	2,103,390	17.7%
	Total Revenue	\$	9,246,726	100.0%		Total Revenue	\$ 11,677,529	100.0%
FISCAL YEAR ENDED:		2005		FISCAL YEAR ENDED:		2008		
<u>CUSTOMER</u>				<u>CUSTOMER</u>				
1	NYK Cool USA, Inc.	\$	1,925,987	16.2%	1	BMW of North America, LLC	\$ 1,985,501	19.8%
2	Wallenius Wilhelmsen Logistics, Inc.		1,733,159	14.6%	2	NYK Cool USA, Inc.	1,699,977	17.0%
3	BMW of North America, LLC		1,523,602	12.8%	3	Del Monte Fresh Produce W.A. Inc.	1,689,527	16.9%
4	Glovis America, Inc.		1,436,055	12.1%	4	Wallenius Wilhelmsen Logistics, Inc.	1,458,474	14.6%
5	Del Monte Fresh Produce W.A. Inc.		1,286,222	10.8%	5	Global Auto Processing Services, Inc.	1,434,711	14.3%
6	Carmichael International Services		377,307	3.2%	6	Carmichael International Services	362,205	3.6%
7	YARA North America, Inc.		329,019	2.8%	7	YARA North America, Inc.	359,988	3.6%
8	General Steamship Corp., LTD.		298,720	2.5%	8	Pacific Vehicle Processors, Inc.	309,901	3.1%
9	Mitsubishi Motor Sales of America		264,089	2.2%	9	Mitsubishi Motor Sales of America	303,653	3.0%
10	Mazda Motor of America, Inc.		260,483	2.2%	10	General Steamship Corp., LTD.	301,583	3.0%
	Sub-total Top Ten	\$	9,434,642	79.2%		Sub-total Top Ten	\$ 9,905,520	98.9%
	All Other		1,953,491	20.8%		All Other	1,732,373	1.1%
	Total Revenue	\$	11,388,133	100.0%		Total Revenue	\$ 11,637,893	100.0%

Source: OXNARD HARBOR DISTRICT - Accounting Department

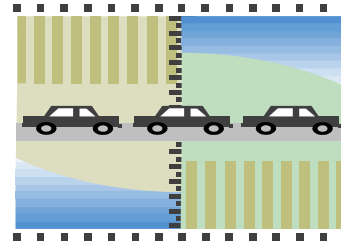
Some Customers were acquired or changed their names over the 10 Year period. The most current (2010) name was used in all ten years.

Port of Hueneme

OXNARD HARBOR DISTRICT

LARGEST REVENUE CUSTOMERS (Net of Revenue Sharing)

Last Ten Fiscal Years



Continued.....

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

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

FISCAL YEAR ENDED:		2011	
<u>CUSTOMER</u>			
1	Wallenius Wilhelmsen Logistics, Inc.	\$ 2,038,840	20.4%
2	BMW of North America, LLC	1,794,757	17.9%
3	Del Monte Fresh Produce W.A. Inc.	1,719,214	17.2%
4	Global Auto Processing Services, Inc.	1,692,634	16.9%
5	NYK Cool USA, Inc.	1,039,508	10.4%
6	YARA North America, Inc.	439,461	4.4%
7	EXXON Co. USA	315,930	3.2%
8	Marine Terminals Corp. (Ports America)	264,122	2.6%
9	Irwin Holdings Company	202,497	2.0%
10	Plains Exploration & Prod Co.	199,980	2.0%
Sub-total Top Ten		\$ 9,706,943	96.9%
All Other		780,919	7.8%
Total Revenue		\$ 10,487,862	104.7%

FISCAL YEAR ENDED:		2012	
<u>CUSTOMER</u>			
1	Wallenius Wilhelmsen Logistics, Inc.	\$ 2,512,325	20.8%
2	Global Auto Processing Services, Inc.	2,293,224	19.0%
3	Del Monte Fresh Produce W.A. Inc.	1,722,532	14.3%
4	BMW of North America, LLC	1,718,335	14.3%
5	NYK Cool USA, Inc.	1,252,551	10.4%
6	YARA North America, Inc.	497,521	4.1%
7	EXXON Co. USA	357,966	3.0%
8	Marine Terminals Corp. (Ports America)	266,362	2.2%
9	Irwin Holdings Company	264,792	2.2%
10	Plains Exploration & Prod Co.	224,518	1.9%
Sub-total Top Ten		\$ 11,110,126	92.2%
All Other		940,352	7.8%
Total Revenue		\$ 12,050,478	100.0%





Port of Hueneme

OXNARD HARBOR DISTRICT

TEN YEAR TREND - CARGO REVENUE TONS

Fiscal Years Ended: June 30, 2003 through 2012

FISCAL YEAR ENDED:		2003	2004	2005	2006
COMMODITY TYPE:					
AUTOMOBILES	Imports	221,132	241,995	280,007	298,090
	Exports	1,413	1,071	1,114	1,437
OTHER VEHICLES	Imports/Exports	22,840	28,478	39,700	47,018
BANANAS	Imports	433,956	403,184	548,628	581,727
FRESH FRUIT	Imports	23,775	24,079	56,598	75,378
	Exports	120,732	97,173	88,236	80,889
WOOD PULP	Imports	35,700	-	-	-
GENERAL CARGO	Imports/Exports	56,315	58,026	69,009	82,225
FISH	Coastwise	14,178	21,368	24,614	10,529
OFFSHORE OIL CARGO	Coastwise	88,701	76,251	83,161	73,778
	TOTAL	1,018,742	951,625	1,191,067	1,251,071
BULK LIQUID	Import	103,046	119,411	126,378	132,174
VESSEL FUEL	Coastwise	27,613	11,641	15,500	16,425
	TOTAL	130,659	131,052	141,878	148,599
	GRAND TOTAL	1,149,401	1,082,677	1,332,945	1,399,670
PASSENGERS		12,162	9,870	13,076	15,798

NOTE : REVENUE TON EQUALS

METRIC TON = 1000 KGS. OR CUBIC METER

AUTO = ONE UNIT

Port of Hueneme

OXNARD HARBOR DISTRICT TEN YEAR TREND - CARGO REVENUE TONS Fiscal Years Ended: June 30, 2003 through 2012



Continued.....

2007	2008	2009	2010	2011	2012
253,011	228,936	136,145	153,862	181,042	219,164
1,064	3,381	9,851	31,431	19,488	21,497
37,622	38,626	28,841	20,362	34,334	45,734
648,114	609,429	602,567	640,477	603,703	615,588
103,216	87,233	75,094	105,518	85,034	94,874
24,844	5,797	10,035	4,379	4,429	5,912
-	-	-	-	-	-
93,159	81,563	84,166	71,444	100,343	82,196
19,223	14,908	11,311	30,010	23,587	27,408
65,112	56,845	66,994	72,466	46,898	52,282
1,245,364	1,126,719	1,025,004	1,129,950	1,098,858	1,164,655
123,042	128,312	86,630	115,938	108,777	139,997
14,027	13,768	9,321	10,520	10,008	13,063
137,070	142,081	95,951	126,458	118,785	153,060
1,382,433	1,268,799	1,120,955	1,256,408	1,217,643	1,317,715
18,151	17,883	13,532	7,037	6,659	7,820



Port of Hueneme

OXNARD HARBOR DISTRICT

Ten Year Trend in Tonnages for California Ports

Metric Revenue Tons

Fiscal Years Ended June 30, 2003 through 2012

FISCAL YEAR ENDED:	2003	2004	2005	2006
Commodities				
General Cargo	246,277,283	254,512,281	272,242,146	305,328,306
Dry Bulk	14,682,572	15,570,408	18,546,855	18,991,558
Liquid Bulk	44,393,218	44,992,942	47,399,571	57,267,406
Total Tonnage	305,353,073	315,075,631	338,188,572	381,587,270

TOTAL TONNAGE BY PORT

Hueneme	1,145,944	1,149,401	1,332,559	1,399,670
Humboldt	731,247	839,180	752,920	633,818
Long Beach	125,620,319	118,235,705	137,132,460	156,798,238
Los Angeles	147,541,000	162,068,000	162,109,000	181,635,000
Oakland	22,245,812	24,114,589	26,180,165	29,632,861
Redwood City	1,111,403	1,490,624	1,908,172	1,833,022
Richmond	83,263	101,588	156,372	361,490
West Sacramento	769,161	706,406	736,117	616,145
San Diego	2,185,215	2,540,912	2,761,206	3,535,073
San Francisco	2,058,970	1,978,914	2,213,502	1,708,934
Stockton	1,810,739	1,850,312	2,906,099	3,433,019
Total Tonnage	305,303,073	315,075,631	338,188,572	381,587,270

Source: California Association of Port Authorities

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

Port of Hueneme

OXNARD HARBOR DISTRICT

Ten Year Trend in Tonnages for California Ports

Metric Revenue Tons

Fiscal Years Ended June 30, 2003 through 2012

Continued.....



2007	2008	2009	2010	2011	2012
332,329,568	326,674,840	300,478,869	267,988,161	294,138,923	303,606,826
20,022,841	15,714,821	14,054,796	12,257,955	12,707,528	15,771,301
50,806,469	43,382,047	44,770,128	44,778,813	45,049,117	43,543,921
403,158,878	385,771,708	359,303,793	325,024,929	351,895,568	362,922,048
1,383,144	1,269,462	1,120,955	1,135,381	1,217,643	1,317,717
640,099	522,604	154,551	153,403	308,435	491,863
169,814,499	173,036,521	162,909,940	131,113,155	153,138,651	148,609,793
189,934,000	169,970,898	157,494,143	156,166,239	158,237,225	170,904,406
30,405,162	31,696,637	30,286,020	29,787,552	31,698,436	32,287,606
1,436,626	1,487,064	986,727	842,727	871,940	1,609,237
318,125	331,604	346,582	187,120	206,294	235,127
880,873	852,849	729,734	668,886	538,135	805,536
3,349,491	3,142,691	2,819,472	2,798,180	2,902,128	2,920,338
1,620,231	1,362,694	1,096,536	912,595	763,435	1,088,272
3,376,628	2,098,684	1,359,133	1,259,691	2,013,246	2,652,153
403,158,878	385,771,708	359,303,793	325,024,929	351,895,568	362,922,048

Port of Hueneme

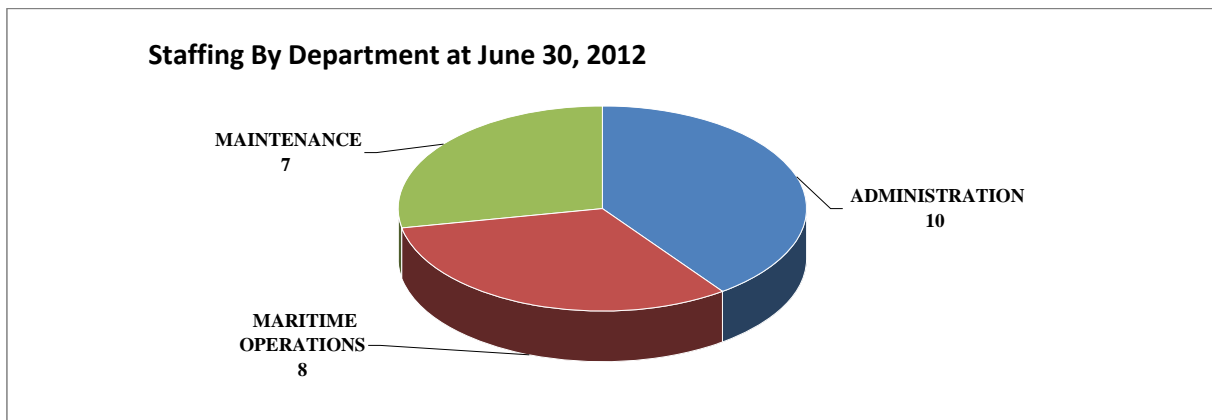
OXNARD HARBOR DISTRICT

Employee Statistics Last Ten Years



FISCAL YEAR ENDED:	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administration	12	13	13	13	12	11	11	11	11	10
Operations	8	8	8	8	8	8	8	8	8	8
Maintenance	8	8	8	8	8	8	8	7	7	7
Total Labor Force	28	29	29	29	28	27	27	26	26	25

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



by City of Residence in Ventura County at June 30, 2012



Camarillo	3	Port Hueneme	4
Fillmore	0	Santa Paula	0
Moorpark	1	Simi Valley	0
Ojai	1	Thousand Oaks	0
Oxnard	13	Ventura	3
		Total Employees	25

Source: OXNARD HARBOR DISTRICT - Accounting Department



Port of Hueneme

OXNARD HARBOR DISTRICT

Demographic and Economic Statistics
Ventura County, California
Last Ten Fiscal Years



FISCAL YEAR ENDED:		2003	2004	2005	2006	2007	2008	2009	2010	2011	*2012
Population	(a)	792,731	802,421	809,159	814,853	820,470	827,191	835,298	823,318	828,383	832,970
Personal Income	(b) & (c)	\$ 27,860	\$ 30,047	\$ 32,167	\$ 35,029	\$ 37,400	\$ 36,400	\$ 33,800	\$ 32,267	\$ 36,858	\$ -
Per Capita Personal Income	(b) & (d)	\$ 35,241	\$ 37,740	\$ 39,504	\$ 42,630	\$ 45,436	\$ 43,772	\$ 40,427	\$ 42,325	\$ 44,653	\$ -
Unemployment Rate	(e)	5.8%	5.3%	4.7%	4.3%	4.9%	6.3%	9.5%	10.6%	10.1%	9.4%
Consumer Price Index, Cost of Living	(f)	2.4%	4.0%	3.6%	5.2%	2.9%	5.4%	-2.2%	0.9%	-0.3%	1.3%
Total State Population	(a)	35,652,700	36,199,342	36,676,931	37,087,005	37,463,609	37,871,509	38,255,508	38,648,090	37,510,766	37,678,563

* Some 2012 data not available at time of report.



VENTURA COUNTY'S TOP EMPLOYERS

Employers with 5,000 to 9,999 Employees

Employer	Location	Industry
Amgen Inc.	Thousand Oaks	Biotechnology
Naval Air Warfare Center	Point Mugu	National Security
Naval Construction Battalion	Port Hueneme	National Security

Employers with 1,000 to 4,999 Employees

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

Employers with 500 to 999 Employees

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

If you notice a discrepancy or wish to provide updated information, please contact us at sepcopublishing@earthlink.net.

Source: America's Labor Market Information System Employer Database, 2010-1st Edition

Sources:

- (a) State of California, Department of Finance, Demographic Research Unit (Data is as of JAN 1st of each year)
- (b) State of California, Department of Finance, Economic Research Unit by calendar year for 2001-2004
- (c) University of California, Santa Barbara Economic Forecasts 2005-2009
- (d) County of Ventura Estimated amounts for 2005-2009.
- (e) State of California, Employment Development Department, Labor Market Information Division
- (f) Bureau of Labor Statistics (Pacific Cities/Los Angeles-Riverside-Orange Co)

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Report on Internal Controls and Compliance

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

Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

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

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

Board of Harbor Commissioners
Oxnard Harbor District
Port Hueneme, California

We have audited the basic financial statements of the Oxnard Harbor District (District) as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated September 30, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation
Cypress, California
September 30, 2012