# COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Port of Hueneme
Oxnard Harbor District

Port Hueneme, California
For the Year Ended June 30, 2017

The Port of Hueneme (Port) is the only deep water harbor between Los Angeles and the San Francisco Bay area and is a U.S. Port of Entry. The Port plays a vital role in the intermodal logistics supply chain and is critical to the economic vitality of Ventura County and Southern California. The Port supports the movement of over $9 billion in cargo, generates a $1.5 billion economic impact, and provides more than 13,600 direct, indirect, induced and influenced jobs regionally. The niche markets that the Port serves include the import and export of automobiles, non-automotive roll-on roll off cargo, project cargo, fresh produce and liquid bulk. Its unique positioning near the Santa Barbara Channel and fertile fishing grounds has also made the Port the primary support facility for the offshore oil industry in California's Central Coast region and an active squid offloading hub. In fiscal year 2016, the Port handled over 1.4 million metric tons of cargo transported on calls from over 350 deep draft ocean-going vessels. This strong performance generated the Port's highest revenue year in its 80 year history.

# Port of Hueneme – Oxnard Harbor District

## *Board of Harbor Commissioners as of June 30, 2017*

| Name | Title | Elected/Appointed | Current Term |
|---|---|---|---|
| **Jason T. Hodge** | President | Elected | 1/15 – 1/19 |
| **Mary Anne Rooney** | Vice President | Elected | 1/15 – 1/19 |
| **Jess Herrera** | Secretary | Elected | 1/15 – 1/19 |
| **Dr. Manuel M. Lopez** | Commissioner | Elected | 1/17 – 1/21 |
| **Jess Ramirez** | Commissioner | Elected | 1/17 – 1/21 |

***Prepared by:***
**Kristin Decas** – CEO & Port Director
**Andrew Palomares** – Deputy Executive Director, CFO/CAO
**Austin Yang** – Director of Finance

**Oxnard Harbor District**
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# Commissioners as of June 30, 2017

PRESIDENT
JASON HODGE

VICE PRESIDENT
MARY ANNE
ROONEY

SECRETARY
JESS HERRERA

COMMISSIONER
MANUEL LOPEZ

COMMISSIONER
JESS RAMIREZ

# Senior Staff

CEO & PORT
DIRECTOR
KRISTIN DECAS

DEPUTY
EXECUTIVE
DIRECTOR,
CFO/CAO
ANDREW
PALOMARES

**Christina Birdsey**
Chief Operating Officer

**Dona Toteva Lacayo**
Chief Commercial & Public Affairs Officer

**Austin Yang**
Director of Finance

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# Introductory Section

The Port
of Hueneme
Oxnard Harbor District

*Issued November 30, 2017*

# FY2017 Port Performance Analysis

The following report provides a comprehensive review of the Port's performance for Fiscal Year 2017.

The information provided supports the conclusions outlined in the Fiscal Year 2017 Audit.

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The Port of Hueneme
Oxnard Harbor District

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**November 30, 2017**

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

Dear:
Commissioner Jason T. Hodge, President
Commissioner Mary Anne Rooney, Vice President
Commissioner Jess Herrera, Secretary
Commissioner Dr. Manuel M. Lopez
Commissioner Jess Ramirez

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, 2017 and 2016.

The Chief Executive Officer, and the Deputy Executive Director, CFO/CAO, 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.

The Pun Group, LLP, has issued an unmodified ("clean") opinion on the Port's financial statements for the year ended June 30, 2017 and 2016. The independent auditor's report is located at the front of the financial section of this report.

A comprehensive FY2017 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,

**Kristin Decas**
CEO & Port Director

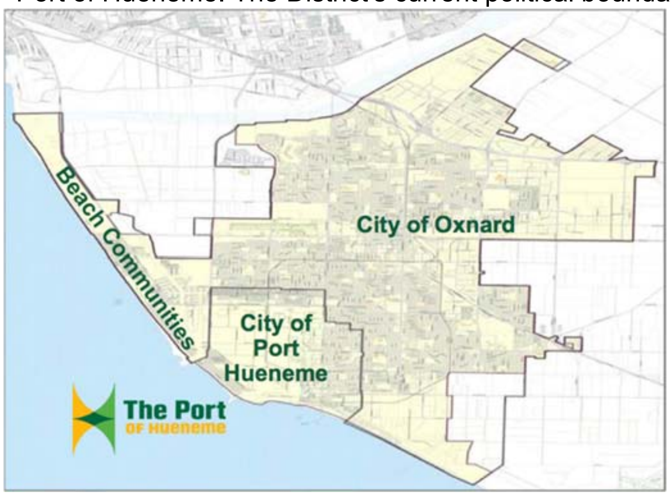
**Andrew Palomares**
Deputy Executive Director, CFO/CAO

# Port of Hueneme Profile

The Port of Hueneme, an official US Port of Entry located within Ventura County, is one of the eleven California deep water seaports vital to the statewide economy. The Port of Hueneme is Ventura County's only Port. Serving as the region's engine for the economy and one of the state's strategic intermodal transportation ports, the Hueneme provides the County with competitive advantages to attract business investment and create jobs. Over $9 billion in cargo moves through the Port generating a $1.5 billion economic impact and impacting over 13,633 trade related direct, induced, indirect, and influenced jobs. Trade activity of the Port generates $93 million in state, county and local tax revenues to support vital community services.

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 the authority of the State of California Harbors and Navigation Code, the state legislation that provides for the formation and governance of Harbor Districts (Section § 6000 et. al).

A five-member Board of Harbor Commissioners, elected at large from the District, sets the policies for the Port of Hueneme. The District's current political boundaries are comprised of the City of Oxnard 207,906), the City of Port Hueneme (population 22,277) and some unincorporated areas within Ventura County. Each Harbor Commissioner is popularly elected for a four year term by the voters of the Oxnard Harbor District as defined by the Local Agency Formation Commission (LAFCo.) and includes the City of Port Hueneme, the City of Oxnard and incorporated beach communities in Ventura County. Their terms are staggered to maintain a level continuity in Board leadership across elections. 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. Port operating expenses are funded by the revenues generated by tariff charges, lease and other contract revenues assessed upon Port users. Port Terminal Schedule No. 8, as amended from time to time, sets forth the rules, regulations and fees applicable to the use of Port facilities. The Port has long-term contracts with customers that provide for minimum guarantees and incentives for increased cargo throughput.

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.

2017 marked the Port of Hueneme's 80th year anniversary, and the 6th time it has hosted the annual Banana Festival. The Port celebrated these two events alongside the Bard family (the founding family of the Port) and the local community.

# 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's eleven deep water ports identified as a key natural resource for the State of California. It is one of four deep water ports located in Southern California. Combined, the Southern California ports handle in excess of 319 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, and is the Port of Ventura County and multiple agricultural growing regions of Southern and Central California.


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 fresh fruit, general cargo (project cargo), roll-on, roll-off cargo (automotive and other), and liquid bulk. With the trending of refrigerated cargo moving to containerized freight, the Port has adapted and handles smaller containerized freight with mobile harbor cranes.

This flexibility gives the Port a competitive advantage and provides the opportunity for growth in the Latin American trade lanes. Overall, the specialized market sector focus, coupled with a core customer base, has played a vital role in the Port's recovery from the recession and to the all-time highs the Port has achieved over the last two fiscal years. Since the Southern California gateway was adversely affected by the recession's impact on trade, the economic forecast for this gateway shows that recovery of trade began in FY2010 with year over year increases in cargo throughput. Additionally, the recent spike in U.S. exports has resulted in new cargo opportunities for the gateway.

### *The California Ports*

The California Association of Port Authorities (CAPA) represents the eleven public deep water ports within the state. California's ports play a strategic and critical role in the nation's economy. More than 40% of the total containerized cargo entering the United States arrives at California's ports. On the outbound side, almost 30% of the nation's goods are exported through the ports of the Golden State. At the state level, 25% of California's economy is created through trade related jobs. California's public ports are the bedrock for this industry, and serve as the critical link to the international supply chain.

The state's ports are not only vital to the national economy, they also bring opportunity for California's local growers, manufacturers, and suppliers to export their goods to the rest of the world. All this economic activity creates more than half-a-million local jobs for Californians, and generates an estimated $9 billion in state and local tax revenues annually. Nationwide, an additional 3 million jobs are linked to California's public ports.

# FY2017 Cargo Performance

The Port of Hueneme realized strong growth with 1.491 million revenue tons in cargo throughput, a 5.6% increase in tonnage over last year. In FY2017, the Port of Hueneme secured a new weekly container service business providing liner service for refrigerated cargoes between Hueneme, Mexico and Latin America beginning September 2016. In March 2017, the Port utilized the North Spur rail line to support the railed transport of new auto volumes for one of its largest automotive accounts. The Port's high cargo productivity is accounted for by a number of performance based factors, but primarily is a result of another good year of increased roll-on roll-off automotive throughput and heavy equipment imports and exports. The Port saw significant jumps in refrigerated cargoes, and the squid industry also bounced back from dips in recent years. Through its implementation of 2020 Strategic Plan goals, the Port is advancing intermodal improvements to include terminal layout changes to become more container friendly, securing additional space for its automotive business, procuring new cargo handling equipment, and expanding off Port in the Cities of Oxnard and Port Hueneme. The Port continues to pursue applications for Federal, State, and local grants to help fund its future growth and sustainability goals. The Port of Hueneme is well positioned to catapult Ventura County's economy forward with new jobs and trade activity.

The charts provided on the following page highlight the overall performance of the Port in FY2017 compared to FY2016 and reflect the conditions described herein. The following sections analyze the trends by specific commodity type.

## *Cargo Trends*

The historical trend of increased operating revenues over the Port's 80 year history, combined with controlled 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. These two business sectors generate over 75% of the Port's operating revenues from cargo throughput.

| | FY2016 | FY2017 | % Change |
|---|---|---|---|
| **Revenue Tons** | 1,412,981 | 1,491,472 | ▲ 5.6% |

## *Cargo Trends (continued)*

| Import Activity | Year End Comparison Fiscal Year 2017 to 2016 | Approximate Fiscal Year 2017 Tonnage |
|---|---|---|
| Auto Imports | ▼ 4.9% | 287,467 |
| Heavy Equipment Imports | ▲ 32.0% | 41,658 |
| Fruit & Vegetables Imports | ▲ 61.4% | 174,983 |
| Banana Imports | ▲ 4.9% | 599,601 |
| Fertilizer Imports | ▼ 5.8% | 150,845 |
| **Export Activity** | | |
| Auto exports: | ▼ 17.9% | 31,109 |
| Heavy Equipment Exports | ▲ 43.9% | 11,736 |
| Fruit &Vegetables Exports (Apples, Pears, Oranges, Grapes, Stone Fruits, Vegetables) | ▲ 136.1% | 20,585 |
| **Import/Export Combined** | | |
| General Cargo Imports (Not specific cargo as identified in the Port's Tariff No. 7) | ▼ 1.2% | 131,540 |
| **Shallow Draft Cargo** | | |
| Fish, lube oil, and vessel fuel | ▲17.0% | 9,442 |
| **Domestic** | | |
| Offshore Oil Domestic | ▼ 4.0% | 32,506 |
| **Grand Total** | ▲ 5.6% | 1,491,472 |



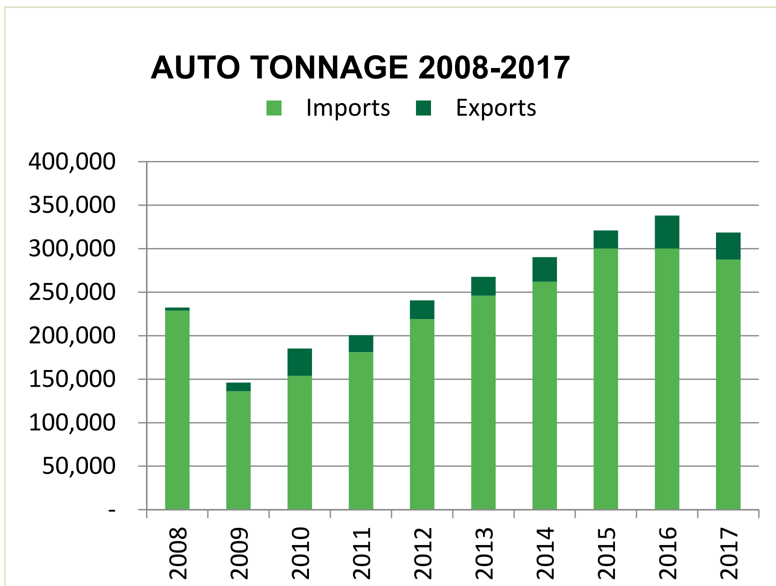
# Ro-Ro Import/Export Trade

The Port of Hueneme is one of the nation's top 10 automotive ports and a strategic ro-ro port of the U.S. West Coast automotive supply chain. Roll on-roll off (ro-ro) imports and exports are the highest commodity by value handled at the Port with automobiles representing the single highest volume item. During FY2017, over 50% of our revenue came from this sector, a slight reduction compared to last year's percentage. However, this also is reflective of the Port's efforts to diversify its business portfolio.

One of the main contributing factors to ro-ro segment growth, is the jump in volume of high and heavy/overweight oversize cargo with imports increasing 32% and exports increasing 43%. Revenue generated from this line of business is an attractive addition to the Port's bottom line.

The ro-ro segment in Port Hueneme is projected to reach record highs during FY2017-18 as a result of the start of a new business line for GLOVIS America Inc.(GLOVIS). GLOVIS is utilizing the rail line off Navy Base Ventura County which is located next to its processing facility at the Port of Hueneme. Through its utilization of on dock rail, this OEM is projected to grow its annual volume by at least 30%, generating an increase of 10% in total auto throughput at the Port.

The Port of Hueneme's prime geographic location of being close to the Southern and Northern California automobile markets and the Los Angeles metro area, along with the Port's significant handling capacity establish it as a competitive automotive gateway center. Yet, when coupled with the best management practices of processing companies and stevedores working together to gain optimal productivity, the Port's competitive advantages lead the industry.




The Port holds contracts with three world-class vehicle distribution and manufacturing companies for the handling of vehicles. These companies and their partners process vehicles prior to delivery to dealerships as well as coordinate inland transportation. The three vehicle distributors include Wallenius-Wilhelmsen Logistics (WWL), BMW of North America with assistance from Amports and WWL in 2018, and GLOVIS America, Inc. 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 use by its ro-ro customers and stages automobiles in over 8,000 bays. The Port is working with the City of Oxnard to dedicate an additional 34 acres of car staging area within less than a mile of the Port. This will result in less trucking and more rail on/off moves for the OEMs, and allow for increases in capacity and throughput for the ro-ro segment. Due to a strong US dollar currency overseas and lower international sales of domestic U.S. manufactured vehicles, auto exports dropped in FY2017 compared to FY2016. Total exports fell 17.9% in FY2017 over 2016.

Auto imports in FY2017 were 287,468 which is a slight drop from FY2016. In 2017, the US light vehicle sales market slowed which affected the overall imports numbers nationally. The Port of Hueneme outperformed the national trend, mostly due to the new GLOVIS automotive rail operations (transporting Korean imports from Hueneme to Louisiana).

The Port of Hueneme has increased its productivity and throughput of high inventories in the auto segment of its business, thus allowing its core auto customers to deliver more vehicles to distribution centers and dealerships. Management has also led a project with its customers to determine the Port's need for an on-dock parking structure as a potential investment strategy. The Port forecasts modest growth in the automobile sector for FY2018, returning to 300,000+ annual import numbers, and projects a flat trend in auto exports as the US dollar is expected to remain strong. The Port anticipates continued strength in high and heavy imports and exports.


Other ro-ro business, mostly consisting of construction, agricultural and mining equipment, was up 34% YOY for imports, and up 43.9% for exports. The specialized nature of out of gage (OOG)/high and heavy cargo requires special handling, customer service, and no congestion – all of which are offered at the Port of Hueneme. All of the stevedores are competing for specialized moves, such as: military cargo, ro-ro ships, and project cargo ships using cranes (such as importing yachts and moving large boats on/off vessels). This optimizes cost and efficiency that creates the competitive conditions for the segment to continue to realize robust growth each year.

As part of the Port's capital improvement plan, the Port will be deepening its depth from 35 feet to 40 feet in the summer of 2018. The deeper water will allow the Port to handle deeper draft ro-ro vessels and creates the very real potential for increased business in non-automotive cargoes as well. The deepening would complement plans for a parking structure on the North Terminal to be able to land more cars at first point of rest and last point of rest.

The Port's industrial properties along Arcturus Avenue and Edison Drive have helped the Port's property management revenues grow. The Port's industrial property on Edison Drive was leased to WWL in October 2016 to support the growth of their automotive manufacturer portfolio and help with attracting new customers, of which one new account is projected to materialize in FY2019. The Port is also working on two additional land developments within 1-2 miles of the entrance of its terminal. A 34 acre parcel on Port Hueneme Road to be used for temporary autos parking, and 250 acres on Port Hueneme Road to be used predominantly by automotive and fruit segments. Both properties represent the Port's strategic plan to invest in more options for growing its footprint off-port in order to increase its throughput and velocity.

# Agriculture Sector Import/Export Trade

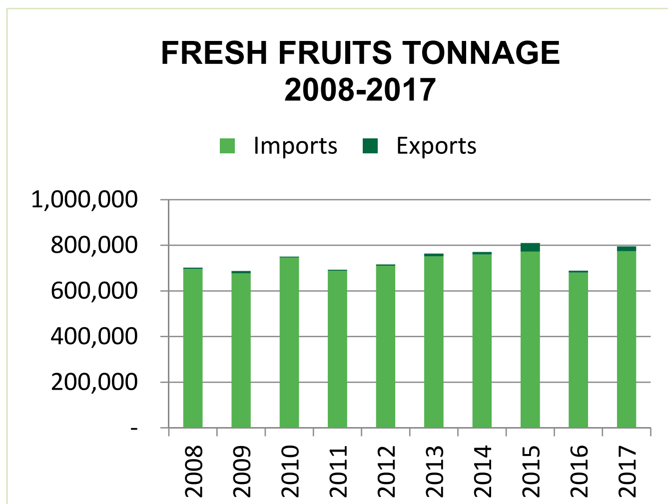
Agriculture sector imports and exports represent the second highest volume commodity handled at the Port. In FY2017 over 20% of the Port's revenue came from this sector.

In FY2017, the Port handled 775,000 revenue tons of fresh fruit versus 688,944 in FY2016. Since the Port secured a new service for fresh fruit containers (the global carrier Maersk with its SeaLand service brand), exports and imports of fresh fruit increased significantly due to more capacity and options for movement of that agriculture sector on a weekly basis. The new service is projected to continue to grow volumes of fruit imports and exports as both Del Monte and Chiquita are also using it to add to their capacities for Port call options from Mexico, Central and South America into Port Hueneme.

The Port has handled fresh fruit products close to 40 years and it is anticipated that while product mix, origin, and cargo handling modes may change, this cargo will remain a sustainable and growing product line.

In 1978, Del Monte began a weekly service to the Port of Hueneme for the import of bananas and tropical fruit from Latin America. Since the initiation of Del Monte's breakbulk and container terminal operations, the Port has built two on-dock refrigerated transit facilities to support the 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 two cold storage warehouses, once very active, are now underutilized as the global market indicates that most importers and exporters of refrigerated product now prefer to move their cargo in containers.

This is supported by the fact that shipping lines are ordering vessels that are containerized rather than break bulk. As a result, this calls for a more container-friendly layout of the Port's facilities, mainly at the South Terminal. The Port plans on working to modernize its terminal with additional reefer plugs, possible reefer stacking and more open space as the demand for cold store warehousing on dock has decreased substantially.




Bananas and fresh fruit comprise the single largest commodity type handled at the Port of Hueneme. The Port handled 599,601 tons of bananas and 174,983 tons of fresh fruit, accounting for 20%+ of the Port's operating revenue in FY2017.

Impacted by a market share loss due to a large retail chain merger, banana imports decreased from 2015 into 2016 for Port customers Del Monte and Chiquita combined; however, some of that market share was regained in 2017 and the Port is seeing strong imports of bananas again. Additionally, Freska Mangoes, Mission Produce, One Banana and Sol melons ship more of their products through the Port's three weekly fruit services, taking advantage of the non-congested terminal and faster clearance times which get their product to market faster and add to their shelf life.

On the export side, the Port of Hueneme's fruit exporters include Five Diamond Cold Storage and Sunfresh International in Kern County. Local agriculture growers from California are exporting strawberries, grapes, stone fruit and other domestically grown fruits to Central and South America on Network Shipping (Del Monte), Great White Fleet (Chiquita) and SeaLand (Maersk).

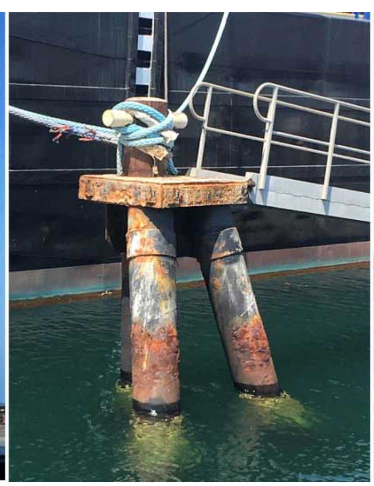
The Port has adapted operations to service containerized banana imports, a shipping mode that is comprising an increasing share of the business. Today, Chiquita has gone to a fully containerized service, while Del Monte continues both breakbulk (palletized) and containerized operations. However, Del Monte is also projected to start using dedicated container ships by 2020. The Port is preparing for the future to remain competitive in its fresh fruit niche. As part of its capital planning process, the Port is gearing up for infrastructure investments to maximize its ability to handle predominately containerized freight after 2020.

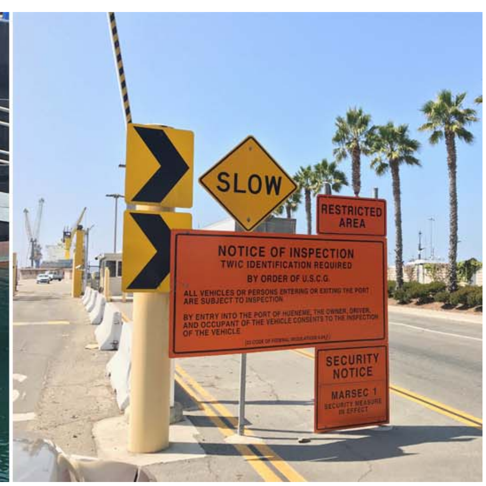
## Fertilizer Import Trade

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


Yara experienced growth in their business segments, but since it started importing more of its fertilizer as a concentrated product, they show a 5.8% volume decrease over last year. The fertilizer segment is projected to grow at the Port through Yara, due to their tanker ships being able to utilize the deeper berthing draft of 40 feet in late 2018 as they will be able to load more tonnage per ship. Their market share is growing in the agricultural market. This, combined with increased volumes associated with the deeper draft, will position Yara to realize growth. Yara is a significant benefactor of the infrastructure improvements in cue for FY2018 including terminal enhancements and deepening of the navigational channel to 40 feet. The company’s on-port storage capabilities allowed customer deliveries to continue at a high and steady rate. The majority of the Port’s revenue from Yara (which is 4% of the Port’s total revenue) comes from its lease agreement to house its tanks on Port property (3.05 acres).

With the execution of a long term, 30-year agreement with Yara, 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, including on-dock rail services. Based on the increasing market share, it is forecasted that Yara will see increases in product volumes in FY2018. The liquid fertilizer market represents a significant growth opportunity at the Port of Hueneme. Select infrastructure modifications could result in greatly increased throughput and business expansion for this product line.

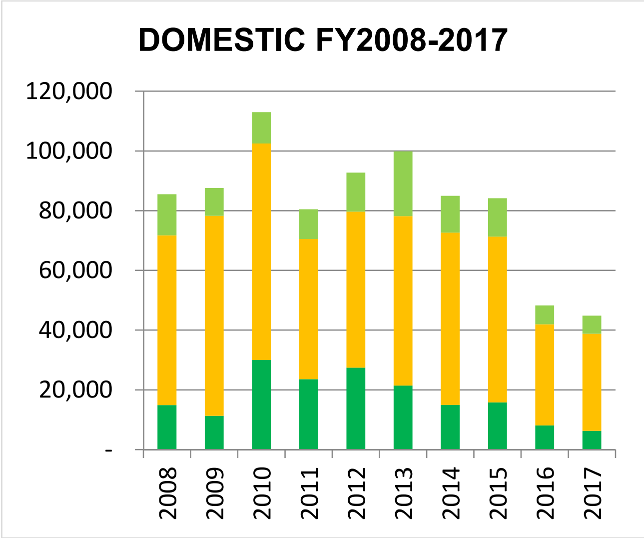




# Domestic Trade

## *Offshore Oil Support*

The Port of Hueneme through its customers, Exxon, Freeport McMoran, DCOR and Venoco provide essential support services for the offshore oil industry 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 along with supplies necessary for extended living on the platform rigs. This business has historically supported approximately 3% of Port revenue***;*** however***,*** the Port has continued to see a significant decline in this revenue beginning June 2015 when Exxon Mobil decided to halt production from ***three*** oil platforms due to a pipeline spill impacting the Santa Barbara Channel operations. The YOY numbers show only 32,000+ tons handled, approximately 5% lower than FY2016.

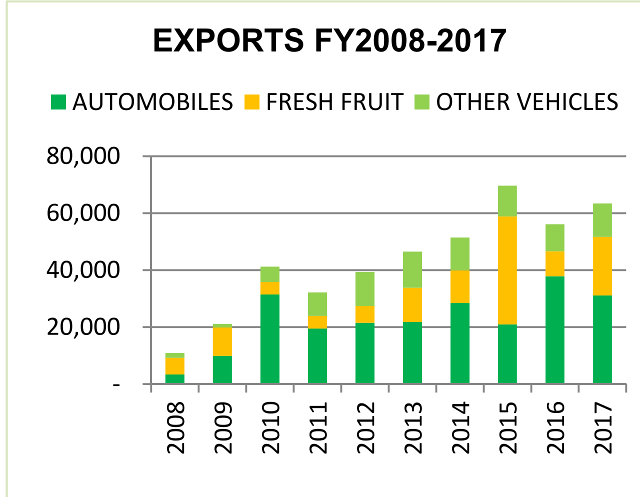



## *Fishery*

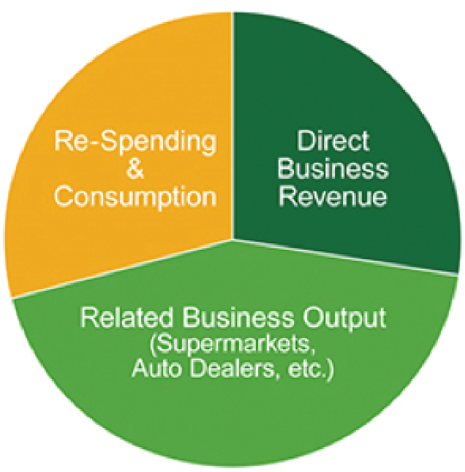
The Port also has a vibrant squid fishery, a seasonal business generally starting slow in the spring and peaking in the fall through the end of the year. Fishing boats work at night, delivering their catch in the early morning hours to the Oxnard Unloading Services LLC., a co-op that unloads and delivers to processing plants throughout southern and central California. The squid industry supports approximately 1,400 jobs. The squid business saw a decline during the fiscal year due to weather related conditions. Squid catches remain unpredictable due to the highly variable nature of the industry, which can be impacted by even minor changes in ocean temperature. As result of such weather conditions, the seasons can be long (approximately 9-10 months of the year) or short, and fish may not grow as well. In FY2017, the El Niño effect was not active and fish were abundant in season, which in turn helped the tonnage of fish to grow through the Port by 17% for a total of 9,442 tons. Catch is forecasted to be strong in FY2018 with an improved ocean temperature for the fishery.

## Economic Assessment

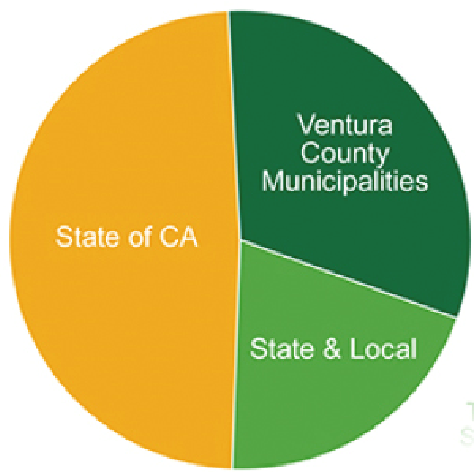
The Port of Hueneme recently retained Martin Associates to perform an economic assessment of trade activity at the Port. The assessment demonstrated the Port is one of the most productive and efficient commercial trade gateways on the West Coast. Furthermore, the assessment indicated that in FY2015 the Port moved $9 billion in goods and ranked among the top ten US ports for automobiles and fresh produce. Findings show that Port operations brought $1.5 billion in economic activity and created 13,633 direct, indirect, induced and influenced trade-related jobs. More than $93 million in annual state and local taxes were generated from Port related trade, funding vital community services. The economic assessment numbers are based on FY2015 performance, yet the report is being updated with FY2016 numbers.




$9 Billion in Goods Movement
$1.5 Billion in Economic Activity




$93 Million in State and
Local Taxes from Maritime Activity



# Strategic Planning


In 2014, the Port of Hueneme embarked upon an important journey developing policy, engaging in workshops and strategy sessions to create the Port of Hueneme 2020 Strategic Plan (Strategic Plan). Five Leadership Priorities were articulated to develop the Strategic Plan including: business retention and growth, marketing, environment, innovation and technology, and strategic partnerships. This process established a visioning tool for the Port administration, reinforced its mission statement, and established goals and strategies to guide Port operations, business retention and growth, and development of potential future capital investments. On October 12, 2015, after more than a year of workshops, community outreach, and public meetings, the Board of Harbor Commissioners adopted the Strategic Plan.

The Strategic Plan provides the Port a 5-year planing horizon with a 20-year operations and economic development vision. Through the planning process, the Port identified strategic near-term and scenario-based long-range capital investments that will keep the Port competitive in a dynamic and changing global market. The Port's motto is "We Make Cargo Move". With its open door policy, the Port Commission has a flexible "can do" attitude, allowing easy access to Port management and decision makers. This type of attitude has provided the basis for the Port's commitment to successfully plan and operate the Port.

The Port of Hueneme
We Make Cargo Move

The Port has successfully regained citrus market exports through its business growth initiative and will continue to see charter and reefer ships utilizing the Port of Hueneme during peak seasons to Asia among other trade lanes. The ability to export agricultural products through the Port will likely require the development of a container operation, in turn requiring capital investment for cranes and terminal/wharf improvements for which the Port is agressively seeking federal, state, and private investment to build.

Other business opportunities include increased imported fruit operations and other cargo from Central and South America, short-sea shipping, the development of project cargo exports and the growth of auto export and import accounts. Fostering the sister port relationship with the Port of Ensenada and working closely with ProMexico and Baja, California is part of that strategy.

The 2020 planning process involved the development of a capital outlay analysis and financial modeling to best identify how to secure the opportunities. Planned improvements include harbor deepening which will take place in 2018, a container-friendly facility, improvements to on-dock rail and possible property acquisitions. The actual capital investments required will be developed through a Port master plan study, which will identify specific investment needs, as well as methods to finance the required investments. These financing methods will include grants, bond issuances, and increased private sector investments.

# Strategic Planning (Continued)

The development of the Strategic Plan was also aligned with a reenergized approach to the Port's marketing efforts. During its rebranding campaign in 2013, the Port rolled out a new identity platform that included a new logo and a very robust approach to marketing. The Port has also developed a business development tool kit and upgraded its website and electronic communication capabilities to best heighten its global profile to both retain and attract new business.

The 2020 Strategic Plan also spurred the development of the Port's Environmental Management Framework (Framework). This Framework focuses on six specific areas of the environment including sustainability, community engagement, marine resources, soil/sediment, water quality, and air quality. The Framework is the guiding document for the Port's efforts to be good stewards of the environment. It was also developed to track the progress the port is making towards it goals in each of the six areas. The Port has made great strides in becoming green in each of these categories including:


- Implementing shore-side power to reduce emissions
- Partnering with the Smithsonian Institue to study invasive species
- Installing LED lighting
- Moving to zero-waste as a public angency
- Replenishing Hueneme Beach with clean sand to fight beach erosion
- Reducing GHG through zero and near zero emission on-port vehicles
- Improving water quality through water runoff management

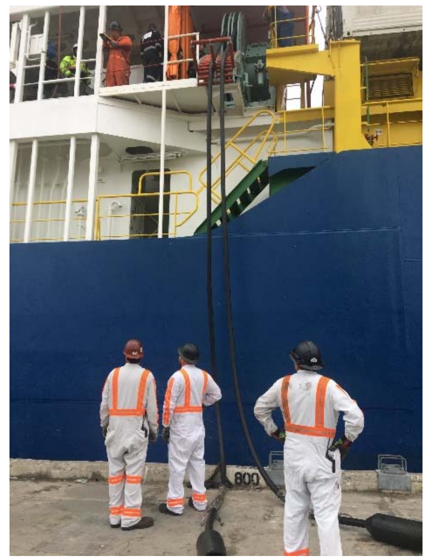
In 2017, the Port launched its Port of Hueneme Reducing Emissions Supporting Health (PHRESH) Clean Air Plan. This innovative plan is being developed in conjunction with the Ventura County Air Quality Control District (VCAQCD). This partnership has been paramount to developing a comprehensive plan that will identify and target the pollutants which the Port can agressively reduce. Most ports develop clean air action plans independently of their AQCD; however, the Port partnered with the local AQCD to achieve the most impactful improvements to Ventura County's local air quality. More information on the Port's environmental initiatives can be seen here: https://www.youtube.com/watch?v=eVQAGI_D920.

As focusing on strategic partnerships is the fifth priority of the Port's 2020 Strategic Plan, this year's efforts have included strengthening existing and building new relationships. In addition to the local and state governmental agency partnerships, the Port has been intentional on building relationships with various community partners. For example, partnering with the Oxnard Union High School District to teach a global trade and logistics course for high school junior and seniors, providing educational tours for elementry students showing them how importing and exporting goods takes place, hosting the annual Banana Festival free for the public, and sponsoring events within the local community to support safety, economic development, education, and health.

# Capital Planning

For FY2017, the Port is in the process of a full review of its capital outlay program to identify and prioritize needed infrastructure repairs, opportunities for improvements and expansion, and to develop short and long-term capital investment strategies based on the Strategic 2020 Plan.

Due to financial hardship resulting from the recession, the Port deferred major investments in capital improvements from FY2008 through FY2012. To keep Port assets in a state of good repair, significant improvements will be required in the near future. The Port has about $16 million operating budget and about $13 million in available unrestricted reserves to support critical capital repairs for the Port's $75 million in net capital assets. Major capital investments of the Port have been historically financed through the use of revenue bonds issued by the Port pursuant to the California Harbors and Navigation Code. At the close of FY2016, the Port held about $17.3 million in outstanding revenue bond debt.



In addition to revenue bond funds, the Port utilizes federal and state grants to undertake projects identified in the annual capital outlay plan. The Port's Capital Outlay Program includes Port Security Projects eligible for funding from the California Port and Maritime Security Grant Program, Department of Homeland Security (DHS) Port Security Grant Programs (multiple years). The Port received over $30 million in federal and state grants between FY2007 and FY2016. The Port was awarded $900k as part of fiscal year 2013 Federal Security Grant program, $409k in fiscal year 2014, $532K in FY2015 and $307K in FY2016. The California Air Resources Board (CARB) awarded a $4.5 million grant and Ventura County Air Pollution Control District awarded a $250k grant for the Shoreside Power System Project. This state of the art system provides power to ships while docked dramatically reducing emissions. The Shoreside Power System Project keeps the Port in compliance with CARB regulations. Phase 1 of the project providing primary functionality was completed in December 2013 and phase 2, providing the ability to power three vessels simultaneously, was completed in April 2016. The Shoreside Power System Project Phase 2 was a $3.2 million project, with $1.7 million coming from Congestion Mitigation & Air Quality (CMAQ) funds awarded by the US Department of Transportation through the Ventura County Transportation Commission and $500,000 in Diesel Emission Reduction Act (DERA) funding from the Environmental Protection Agency. The Port funded the remainder using reserve funds.

The Port is continuously seeking financing opportunities leveraging multiple funding sources to help offset the costs of infrastructure improvements. Most recently, the Port completed a sponsorship of the New Markets Tax Credits federal program working with the private sector to capitalize projects that have an effect on the local areas designated as Food Deserts.

The Port was awarded several grants during FY2015 and FY2016 – a US Department of Transportation Transportation Infrastructure Generating Economic Recovery (TIGER) grant for $12.3 million and a US Department of Commerce Economic Development Administration (EDA) grant for $1.4 million to help with deepening and wharf improvement projects.

The Port advanced three critical projects this year: harbor deepening, related wharf improvements, and terminal paving. The deepening project will increase harbor depth from the current 35 feet to 40 feet. It is anticipated to create 563 direct, indirect and induced jobs and $28,417,000 in business revenue for the region, as well as $41,186,000 in direct, re-spending and indirect personal income. The estimated total cost of the federal channel deepening project is $8.14 million with $5.29 million coming from the US Army Corps of Engineers and the remainder coming from Port funds. The related wharf improvements will cost approximately $21 million, with $12.3 coming from TIGER funds. The paving project will improve and resurface approximately 13.5 acres of terminal land with a total cost of $3.1 million, with $1.4 million coming from the EDA grant and the rest coming from Port funds.

# Financial Policies

## *Internal Control Structure*

The Port's Board of Harbor Commissioners are 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 is 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 budget, capital budget, and debt service budget prior to the new fiscal year. The budgets authorize and provide the basis for allocation of Port resources and accountability for the Port's enterprise operation 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 divided into departmental operating business entities managed and administered by department heads.

## *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.

## *Financial Statements*

The financial statements for the Port are prepared on an accrual basis in accordance with Generally Accepted Accounting Principles ("GAAP"). The Financial Statements follow the recommendation of the Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations" (SFAS No. 117). Under GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of any restrictions. Accordingly, the net assets of the Port and changes are classified as unrestricted, temporarily restricted and permanently restricted. The Port implemented GASB No. 34 in the fiscal year ended June 30, 2004. The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans-an amendment of GASB Statement No, 27*, and GASB Statement No, 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* in the fiscal year ended June 30, 2015.

# Port Mission and Port Master Plan

## Mission and Institutional Framework

The Mission and Vision Statements for the Port as adopted by the Board of Harbor Commissioners are as follows:

***Mission Statement:***
*To operate as a self-supporting Port that enforces the principles of sound public stewardship maximizing the potential of maritime-related commerce and regional economic benefit.*

***Vision Statement:***
*To be the preferred Port for specialized cargo and provide the maximum possible economic and social benefits to our community and industries served.*

## Port Master Plan

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

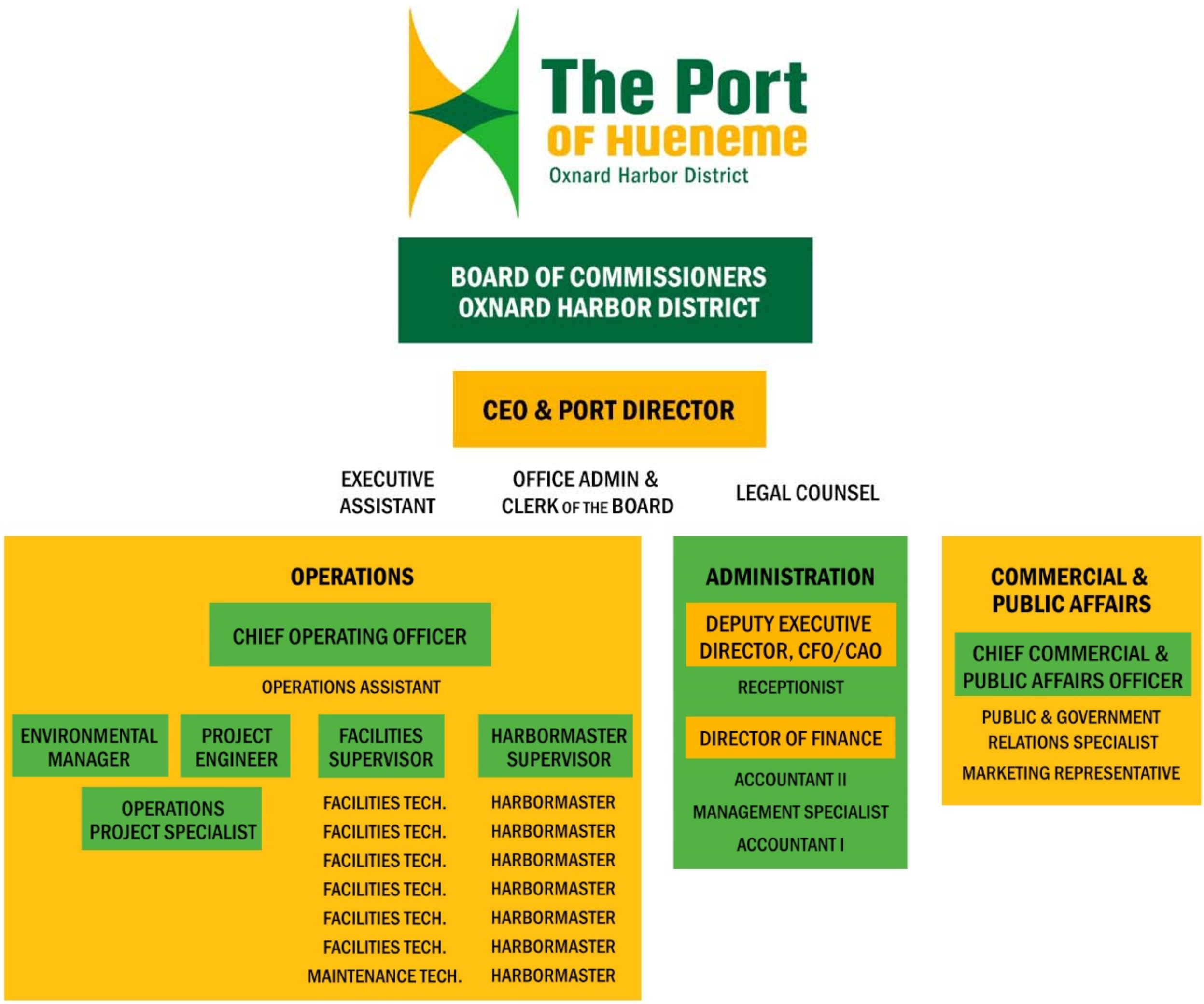
As a public purpose entity and gateway to global markets, the Port strives to maximize its resources for the purpose of stimulating economic growth and creating jobs for the region. For this purpose, the Port threads three (3) fundamental business elements into its organizational operation functions.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

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

***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.

## Organizational Chart



# Awards and Acknowledgments

**Government Finance Officers Association- 6th Award of Excellence in Financial Reporting**
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 its 2016 Comprehensive Annual Financial Report (CAFR). To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

This is the seventh 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 2017. 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 District Port's fiscal policies.

**Green Marine Certified**
In May 2017, the Port was the first Port in California to receive a Green Marine Certification. Established in 2007, Green Marine is a North American environmental certification program for the maritime transportation industry. The program stems from the maritime industry's voluntary initiative to surpass regulatory requirements. The Green Marine program's unique character derives from the support being earned from more than 50 environmental groups and government agencies. Green Marine's environmental program assists ports, terminal operators and shipping lines in reducing their environmental footprint through a comprehensive program that addresses key environmental issues and criteria using 11 performance indicators including air emissions, prevention of spills and leakages, community impacts, and environmental leadership. Membership in Green Marine requires that members demonstrate year-over-year meaningful improvements in measurable ways to maintain their Green Marine certification. Green Marine's metrics and their results are independently verified and released to the public.

**Greenest Port of the Year**
The Port was voted as the Greenest Port of the Year at the Green Shipping Summit in September 2017. The Green Shipping Summit has historically been held in Europe; however, this year, for the first time ever, a second summit was held in Los Angeles to focus on Green Shipping in the United States. The Summit included port authorities, alternative fuel providers, ship builders, and various leaders in the goods movement supply chain for two days of dialogue, sharing of best green practices, and setting the course for integrating green technologies of the future. The Port of Hueneme was given this top honor for their innovative green practices, Green Marine certification, and being more than "just" a port.

**County of Ventura 2017 Earth Day Award for Excellence in Environmental Stewardship**
Each year in recognition of Earth Day, the Ventura County Board of Supervisors recognizes sustainability leaders in the community. Supervisors can recognize one such leader, and this year Supervisor Long put forward the Oxnard Harbor District as the top organization to honor.

**American Association of Port Authorities - Award of Excellence Confined Aquatic Disposal (CAD)**
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 American 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, US Navy and US 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 US waterways. The project resulted in a 50% cost reduction for each of the agencies responsible for portions of the Harbor clean-up.

**State Legislature - Environmental Award**
The Port received an environmental award from the State Legislature signed by Senator Pavley for its efforts to balance trade with sound environmental policy.

**Railway Industrial Clearance Association - Most Improved Port**
The Port of Hueneme was honored by the Railway Industrial Clearance Association (RICA) as 2013's Most Improved Port. Founded in 1969, the Railway Industrial Clearance Association is dedicated to serving the heavy and dimensional transportation industry, cargos with large dimensions, excess weight or center of gravity or other unusual issues. With over 400 members the association seeks opportunities to solve transportation challenges

that lead to improved cooperation between shippers, receivers and railroads to implement common solutions to intermodal problems. The RICA honor was the result of a membership vote at their annual conference in Charleston, South Carolina.

**AAPA Award of Distinction for Community/Education Outreach (2017)**
In recognition of outstanding contributions in strategic communication resulting in an increased awareness of port activity within the maritime industry and the port's local community.

**AAPA Award of Excellence for Special Events**
In recognition of outstanding contributions in creative communication resulting in an increased awareness of port activity within the maritime industry and the Port's local community.

**Workforce Investment Board – Youth Opportunity Award**
For the Port's Global Trade & Logistics Class for providing internships or employment opportunities that will grow and strengthen Ventura County's future workforce.

**Ventura County Leadership Academy Business of the Year Award**
Recognizing that business which represents the values and leadership qualities of VCLA.

**Oxnard Chamber of Commerce – Oxnard Trophy**
Presented to a person, business or organization that has brought recognition to Oxnard and has bettered the community.

Government Finance Officers Association

# 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, 2016**

Jeffrey R. Emer

Executive Director/CEO

## Quick Facts

The Port
OF HUENEME
Oxnard Harbor District

# 2017 Port of Hueneme INFORMATION

### Key Port Information

| | |
|---|---|
| Harbor Depth | Entrance channel 35ft MLLW (10 m) |
| Channel Length | 2,300 Lft (700 m) |
| Turning Basin | 1,200 ft (365 m) |
| Largest Vessel | 800 ft (244 m) LOA; 35 ft (10 m) depth |
| Tides | Average rise and fall approx. 5.4 ft - 6 ft (1.65 m) |
| Anchorage | 2 miles south of the Port Hueneme Lighthouse |
| On-Port Terminal | 120 acres (Port owned) \| Up to 34 acres (joint use - Port leased) |
| Wharfs/Berths | Wharf 1: Berths 1,2,3 (600 Lft each) – commercial cargo (183 m) |
| | Wharf 2: Berths 4,5 (700 Lft each) – commercial cargo (213 m) |
| | Wharf 3: Berths 6 (1,000 Lft joint use) – commercial cargo (305 m) |
| | Wharf 4, 5 & 6 (license agreement with Navy) |
| | 1 shallow draft (320 Lft) – squid fishery (97 m) |
| | 4 floats approx. 600 ft of floating dock – small craft support vessels (183 m) |
| Short Haul Rail | 12-mile short track (Class III - 19 km) |
| | Owned by Ventura County Railway \| Operated by Genessee & Wyoming |
| Long Haul Rail | Connects to Union Pacific at Oxnard Interchange |
| Rail Yard | 8 acre switchyard holds 99 boxcars & 80 auto racks |
| Off-Dock Navy Out Lease | 130 acres (leased by Navy) |
| Parcel-1 | 10 acre off-Port property on Arcturus Ave. (Port leased) |
| Parcel-2 | 5 acre off-Port property on Edison Ave. (Port leased) |
| Off-Deck Private Parcels | 279 acres privately wwned Port industrial property |
| Refrigeration | 256,000 $ft^2$ on-deck (23783 $m^2$) |
| | Off-site distribution centers (Channel Island Cold Storage, Mission Produce, Seaboard, |
| | Del Norte Distribution and Lineage Logistics) 1,000,000+SF temperature controlled |
| | facilities; transload operations including fumigation and reefer support; processing |
| | for fish industry, 299 reefer plugs on port; 350 off port for a total of 650 |
| Cranes | Mobile shore cranes available |
| Tugs | Brusco Tug & Barge (Port contracted) |
| Pilotage | Port Hueneme Pilots Association (Port contracted) |
| Labor | ILWU Local#46, Teamsters and Operating Engineers |
| Stevedores | Ceres, Pacific Ro-Ro, Ports America and SSA Marine |
| Fuel | TracTide (Port contracted) |
| Security | Allied Universal (Port contracted) |

## Economic Impact

**13,633**
**Jobs**
Over 9,400 port-related jobs in Oxnard & Port Hueneme

**$1.5 Billion**
**Economy**
Over $1 billion into the economy annually

**$9 billion**
**Annual Cargo**
Over $9 billion in Cargo value annually

FY 2015/2016
401 + Vessel Calls
1,575,000 metric tons ocean freight
145,000 metric tons liquid bulk

### Tax & Job Benefits to the community

**$93 million**
**Tax Revenues**
Generated in state & local taxes

**$8.2 million**
**Oxnard**
Local taxes benefiting city
973 direct jobs for Oxnard residents

**$3.5 million**
**Port Hueneme**
Local taxes benefiting city
413 direct jobs for Port Hueneme residents

## Port Footprint

| | |
|---|---|
| *Acreage* | 558 acres (entire seaport + all storage & processing areas)<br>(FTZ authorized to operate under Alternative Site Framework, allowing up 2,000 acres countywide for site activation.)<br>Private Parcels - 135 Acres of Privately Owned Port Industrial Property<br>Navy Parcel - Up to 34 Acres for commercial use (outlease by Navy)<br>Arcturus Site - 10 Acre Off Port Property (leased by Port to Channel Islands Cold Storage)<br>Edison Site - 5 Acre Off Port Property (leased by Port to Irwin Industries) |
| *Railway* | 12 Mile Short Line Track Owned by Oxnard Harbor District, Ventura County Railway (see cover page)<br>Contract with Genessee Wyoming (largest short line operator in US)<br>Connects to Union Pacific in Downtown Oxnard<br>8 acre switchyard holds 99 box cars or 80 auto racks |
| *Refrigeration* | 256,000 SF On-dock \| 900,000+ SF Off-dock (Private) \| 450 Reefer plugs |

## 2017 Statistics

| Import/Export All Cargo | Autos Exports | Bananas | Fresh Fruit |
|---|---|---|---|
| 1.5 million revenue tons | Down 4.9% | Up 4.9% | Up 67% |

# Trading

## Importers

- Automobiles (Aston Martin, BMW, Ford, General Motors, Honda, Hyundai, Jaguar, Kia, Land Rover, Maserati, Mini Cooper, Mitsubishi, Rolls Royce, Volvo)
- Fresh Produce (Chiquita, Del Monte, SeaLand, One Banana)
- Heavy Equipment (Case, Caterpillar, Hyster, John Deere, New Holland, Specialized Construction and Mining Equipment)
- Liquid Bulk Fertilizer (Yara North America)
- Project and other Heavy-lift cargos

## Exporters

- Automobiles (Acura, Ford, General Motors, Honda, Nissan, Toyota, Tesla) to Asia
- Fresh Produce to Latin America
- Heavy Equipment (Case, Caterpillar, Hyster, John Deere, New Holland, Specialized Construction and Mining Equipment) Worldwide

## International Trading

Austria, Brazil, Canada, China, Costa Rica, Denmark, Ecuador, Germany, Guatemala, Japan, Korea, Mexico, Norway, Poland, Portugal, Russia, South Africa, Spain, Sweden, Turkey, United Kingdom

# Tenants, Customers & Users

## Shipping Lines

- Champion Tankers
- COSCO
- CSAV
- EUKOR Car Carriers
- GLOVIS
- K-Line
- Mitsui OSK Lines
- Norbulk
- NYKCool
- NYK Lines
- Siem Car Carriers
- SeaLand
- Wallenius Wilhelmsen Logistics (WWL)

## DC & Warehousing

- Channel Islands Logistics
- Channel Islands Warehousing
- Del Norte Warehousing
- Linear Logistics
- Mission
- Seaboard Produce
- Western Precooling

## Produce

- Chiquita
- Del Monte

## Liquid Fertilizer

- Yara

## Offshore Oil

- DCOR
- EXXON Mobile
- Freeport McMoran
- Irwin Industries

## Auto Processing

- BMW
- GAPS
- PVP

## Fish & Squid

- Oxnard Unloading Services
  - Lunds
  - Monterey Fish Co.
  - Moore's Seafood
  - Southern Cal Seafood

## Service Providers

- Brusco Tug & Barge
- Lineage Logistics
- Marine Spill Response Corporation
- National Response Corporation
- OST Truck & Crane
- Port Hueneme Ice
- Port Hueneme Pilots Association
- Stevedores: Ceres, Pacific Ro-Ro, Ports America, SSA Marine
- Securitas Security
- T&T Truck & Crane
- TracTide Marine Fuels

# Services

- Bunkering fuel
- Chandlery
- Cold Storage
- Crane Service
- Stevedoring
- Railroad
- Marine equip/supplies
- Oil Spill Response & Recovery Services
- Warehousing


# Financial Section

THE PUN GROUP
ACCOUNTANTS & ADVISORS

**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Oxnard Harbor District (District), which comprise the balance sheets as of June 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



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www.pungroup.com

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

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability, the Schedule of the District's Contributions to the Pension Plan, and the Schedule of Funding Progress – Other Post-Employment Benefits Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedule of Operating Expenses, Schedule of Non-Operating Revenues and Expenses, and Schedule of Debt Service Net Revenues Coverage Ratio are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory and the statistical sections are presented for purposes of additional analysis and are not required parts of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The Pun Group, LLP

Santa Ana, California
November 30, 2017

# Oxnard Harbor District
## Management's Discussion and Analysis (Unaudited)
## For the Years Ended June 30, 2017 and 2016

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 years ended June 30, 2017 and 2016. 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**

- In fiscal year 2017, the District's net position increased 0.6%, or $431,443 from the prior year's net position of $70,664,859 to $71,096,302, as a result of this year's operations.
- In fiscal year 2016, the District's net position increased 5.0%, or $3,384,629 from the prior year's net position of $67,280,230 to $70,664,859, as a result of this year's operations.
- In fiscal year 2017, operating revenues decreased by 1.3%, or ($204,598) from $15,680,620 to $15,476,022, from the prior year, primarily due to a combined effect of a decrease in auto cargo of ($1,140,456), offset by increases in fresh produce cargo of $395,551 and other operating income of $536,178 from general cargo and high and heavy cargo.
- In fiscal year 2016, operating revenues decreased by 1.2%, or $(187,038) from $15,867,658 to $15,680,620, from the prior year, primarily due to a combined effect of an increase in auto cargo of $569,612, offset by decreases in fresh produce cargo of $(452,362) and offshore oil of $(325,698).
- In fiscal year 2017, operating expenses before depreciation expense increased by 9.9% or $997,919 from $10,046,679 to $11,044,598, from the prior year, primarily due to increases in salaries and benefits of $853,404 and security of $156,484.
- In fiscal year 2016, operating expenses before depreciation expense increased by 3.4% or $329,941 from $9,716,738 to $10,046,679, from the prior year, primarily due to increases in governmental contractual agreements of $176,990 and facilities and maintenance of $253,196.

**Required Financial Statements**

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

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

### Financial Analysis of the District

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

These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

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

### 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.

### Condensed Balance Sheets

| | June 30, 2017 | June 30, 2016 | Change | June 30, 2015 | Change |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Current assets | $ 17,176,620 | $ 16,458,885 | $ 717,735 | $ 15,283,036 | $ 1,175,849 |
| Non-current | 20,738,391 | 19,688,499 | 1,049,892 | 21,033,728 | (1,345,229) |
| Capital assets, net | 71,183,371 | 73,662,773 | (2,479,402) | 71,884,828 | 1,777,945 |
| **Total assets** | 109,098,382 | 109,810,157 | (711,775) | 108,201,592 | 1,608,565 |
| **Deferred outflows of resources** | 1,499,280 | 886,227 | 613,053 | 526,734 | 359,493 |
| **Total assets and deferred outflows of resources** | $ 110,597,662 | $ 110,696,384 | $ (98,722) | $ 108,728,326 | $ 1,968,058 |
| **Liabilities:** | | | | | |
| Current liabilities | $ 7,441,097 | $ 6,316,676 | $ 1,124,421 | $ 5,696,095 | $ 620,581 |
| Noncurrent liabilities | 31,908,840 | 33,390,419 | (1,481,579) | 34,829,573 | (1,439,154) |
| **Total liabilities** | 39,349,937 | 39,707,095 | (357,158) | 40,525,668 | (818,573) |
| **Deferred inflows of resources** | 151,423 | 324,430 | (173,007) | 922,428 | (597,998) |
| **Net position:** | | | | | |
| Net investment in capital assets | 56,078,201 | 56,408,302 | (330,101) | 52,581,056 | 3,827,246 |
| Restricted | 4,784,765 | 4,289,139 | 495,626 | 4,583,681 | (294,542) |
| Unrestricted | 10,233,336 | 9,967,418 | 265,918 | 10,115,493 | (148,075) |
| **Total net position** | 71,096,302 | 70,664,859 | 431,443 | 67,280,230 | 3,384,629 |
| **Total liabilities, deferred inflows and net position** | $ 110,597,662 | $ 110,696,384 | $ (98,722) | $ 108,728,326 | $ 1,968,058 |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $71,096,302 and $70,664,859 as of June 30, 2017 and 2016, respectively.

By far the largest portion of the District's net position (79% as of June 30, 2017 and 80% as of June 30, 2016) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of years 2017 and 2016, the District showed a positive balance in its unrestricted net position of $10,233,336 and $9,967,418, respectively, which may be utilized in future years.

### Condensed Statement of Revenues, Expenses and Changes in Net Position

| | June 30, 2017 | June 30, 2016 | Change | June 30, 2015 | Change |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Operating revenues | $ 15,476,022 | $ 15,680,620 | $ (204,598) | $ 15,867,658 | $ (187,038) |
| Non-operating revenues | 538,113 | 453,513 | 84,600 | 495,918 | (42,405) |
| **Total revenues** | 16,014,135 | 16,134,133 | (119,998) | 16,363,576 | (229,443) |
| **Expenses:** | | | | | |
| Operating expenses | 11,044,598 | 10,046,679 | 997,919 | 9,716,738 | 329,941 |
| Depreciation | 4,201,098 | 3,803,302 | 397,796 | 3,874,064 | (70,762) |
| Non-operating expenses | 864,904 | 2,040,195 | (1,175,291) | 1,136,822 | 903,373 |
| **Total expenses** | 16,110,600 | 15,890,176 | 220,424 | 14,727,624 | 1,162,552 |
| **Capital contributions** | 527,908 | 3,140,672 | (2,612,764) | 1,515,942 | 1,624,730 |
| **Change in net position** | 431,443 | 3,384,629 | (2,953,186) | 3,151,894 | 232,735 |
| **Net position:** | | | | | |
| Beginning of year | 70,664,859 | 67,280,230 | 3,384,629 | 68,013,064 | (732,834) |
| Prior period adjustments | - | - | - | (3,884,728) | 3,884,728 |
| End of year | $ 71,096,302 | $ 70,664,859 | $ 431,443 | $ 67,280,230 | $ 3,384,629 |

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the years. In the case of the District, the District's net position increased by $431,443 and $3,384,629 for the years ended June 30, 2017 and 2016, respectively.

# Oxnard Harbor District
## Management's Discussion and Analysis (Continued)(Unaudited)
## For the Years Ended June 30, 2017 and 2016

### Total Revenues

| Operating revenues: | June 30, 2017 | June 30, 2016 | Change | June 30, 2015 | Change |
|---|---|---|---|---|---|
| Auto cargo | $ 8,287,701 | $ 9,428,157 | $ (1,140,456) | $ 8,858,545 | $ 569,612 |
| Fresh produce cargo | 3,308,916 | 2,913,365 | 395,551 | 3,365,727 | (452,362) |
| Offshore oil | 313,126 | 390,292 | (77,166) | 715,990 | (325,698) |
| Property management | 2,260,603 | 2,179,308 | 81,295 | 2,152,661 | 26,647 |
| Other operating income | 1,305,676 | 769,498 | 536,178 | 774,735 | (5,237) |
| **Total operating revenues** | 15,476,022 | 15,680,620 | (204,598) | 15,867,658 | (187,038) |
| **Non-operating revenues:** | | | | | |
| Investment earnings | 105,025 | 62,546 | 42,479 | 31,640 | 30,906 |
| Interest earnings – leveraged loan | 100,220 | 100,223 | (3) | 97,440 | 2,783 |
| Ventura County Railway Co., LLC | 257,480 | 208,967 | 48,513 | 230,225 | (21,258) |
| Other non-operating revenues | 75,388 | 81,777 | (6,389) | 136,613 | (54,836) |
| **Total non-operating revenues** | 538,113 | 453,513 | 84,600 | 495,918 | (42,405) |
| **Total revenue** | $ 16,014,135 | $ 16,134,133 | $ (119,998) | $ 16,363,576 | $ (229,443) |

In fiscal year 2017, operating revenues decreased by 1.3%, or ($204,598) from $15,680,620 to $15,476,022, from the prior year, primarily due to a combined effect of a decrease in auto cargo of ($1,140,456), offset by increases in fresh produce cargo of $395,551 and other operating income of $536,178 from general cargo and high and heavy cargo.

In fiscal year 2016, operating revenues decreased by 1.2%, or $(187,038) from $15,867,658 to $15,680,620, from the prior year, primarily due to a combined effect of an increase in auto cargo of $569,612, offset by decreases in fresh produce cargo of $(452,362) and offshore oil of $(325,698).

### Total Expenses

| Operating expenses: | June 30, 2017 | June 30, 2016 | Change | June 30, 2015 | Change |
|---|---|---|---|---|---|
| Salaries and benefits | $ 5,744,114 | $ 4,890,710 | $ 853,404 | $ 5,076,772 | $ (186,062) |
| Governmental contractual agreements | 1,663,439 | 1,668,846 | (5,407) | 1,491,856 | 176,990 |
| Security | 539,170 | 382,686 | 156,484 | 280,056 | 102,630 |
| Facilities and maintenance | 1,109,273 | 1,019,343 | 89,930 | 866,147 | 153,196 |
| Professional and legal | 1,035,257 | 1,065,889 | (30,632) | 1,134,145 | (68,256) |
| Materials and services | 56,405 | 56,575 | (170) | 48,468 | 8,107 |
| Port promotion | 631,323 | 679,344 | (48,021) | 514,776 | 164,568 |
| Insurance | 265,617 | 283,286 | (17,669) | 304,518 | (21,232) |
| **Total operating expenses** | 11,044,598 | 10,046,679 | 997,919 | 9,716,738 | 329,941 |
| Depreciation | 4,201,098 | 3,803,302 | 397,796 | 3,874,064 | (70,762) |
| **Non-operating expenses:** | | | | | |
| Interest expense – long-term debt | 706,890 | 812,027 | (105,137) | 912,231 | (100,204) |
| Property settlement – City of Port Huen | - | 1,100,000 | (1,100,000) | - | 1,100,000 |
| Other non-operating expenses | 158,014 | 128,168 | 29,846 | 224,591 | (96,423) |
| **Total non-operating expenses** | 864,904 | 2,040,195 | (1,175,291) | 1,136,822 | 903,373 |
| **Total expenses** | $ 16,110,600 | $ 15,890,176 | $ 220,424 | $ 14,727,624 | $ 1,162,552 |

In fiscal year 2017, operating expenses before depreciation expense increased by 9.9% or $997,919 from $10,046,679 to $11,044,598, from the prior year, primarily due to increases in salaries and benefits of $853,404 and security of $156,484.

In fiscal year 2016, operating expenses before depreciation expense increased by 3.4% or $329,941 from $9,716,738 to $10,046,679, from the prior year, primarily due to increases in governmental contractual agreements of $176,990 and facilities and maintenance of $253,196.

### Capital Asset Administration

| Description | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|---|---|---|---|
| Non-depreciable assets | $ 17,499,442 | $ 16,342,529 | $ 15,725,806 |
| Depreciable assets | 112,809,986 | 112,245,203 | 107,280,679 |
| Accumulated depreciation | (59,126,057) | (54,924,959) | (51,121,657) |
| Total capital assets, net | $ 71,183,371 | $ 73,662,773 | $ 71,884,828 |

At the end of year 2017, 2016 and 2015, the District's investment in capital assets amounted to $71,183,371, $73,662,773 and $71,884,828 (net of accumulated depreciation), respectively. Capital asset additions amounted to $1,721,696 and $5,581,247 for various projects and equipment for the years ended June 30, 2017 and 2016, respectively. See Note 7 for further information.

### Debt Administration

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

| Description | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|---|---|---|---|
| Revenue bonds payable, net | $ 15,223,886 | $ 17,389,947 | $ 19,456,009 |

Long-term debt decreased by $2,166,061 and $2,066,062 for the years ended June 30, 2017 and 2016, due to regular principal payments on the District's revenue bonds. See Note 9 for further information.

### Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### Contacting the District's Financial Management Team

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

# FY 2017 PORT BASIC FINANCIAL STATEMENTS

# Oxnard Harbor District
## Balance Sheets
## June 30, 2017 and 2016

| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 2017 | 2016 |
|---|---|---|
| **Current assets:** | | |
| Cash and investments (Note 2) | $ 14,042,148 | $ 13,446,256 |
| Accrued interest receivable | 37,064 | 15,349 |
| Accounts receivable – customers, net (Note 3) | 2,677,946 | 2,453,229 |
| Grants and other receivables | 138,889 | 194,886 |
| Prepaid items | 280,573 | 349,165 |
| **Total current assets** | 17,176,620 | 16,458,885 |
| **Non-current assets:** | | |
| Restricted – cash and cash equivalents (Note 2 and 13) | 4,568,311 | 3,778,549 |
| Restricted – investments (Note 2 and 13) | 2,475,553 | 2,472,104 |
| Shoreside Power/Arcturus Avenue leveraged loan (Note 4) | 10,021,950 | 10,021,950 |
| World Trade Center license (Note 5) | 51,000 | 51,000 |
| Investment in Ventura County Railway Co., LLC (Note 6) | 3,621,577 | 3,364,896 |
| Capital assets – not being depreciated (Note 7) | 17,499,442 | 16,342,529 |
| Capital assets – being depreciated, net (Note 7) | 53,683,929 | 57,320,244 |
| **Total non-current assets** | 91,921,762 | 93,351,272 |
| **Total assets** | 109,098,382 | 109,810,157 |
| **Deferred outflows of resources:** | | |
| Deferred loss on refunding of revenue bonds, net (Note 9) | 118,716 | 135,476 |
| Deferred amounts related to net pension liability (Note 11) | 1,380,564 | 750,751 |
| **Total deferred outflows of resources** | 1,499,280 | 886,227 |
| **Total assets and deferred outflows of resources** | $ 110,597,662 | $ 110,696,384 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** | | |
| **Current liabilities:** | | |
| Accounts payable and accrued expenses | $ 813,992 | $ 1,149,823 |
| Accrued revenue sharing payables (Note 17) | 3,807,378 | 2,500,529 |
| Customer deposits and unearned revenue | 167,929 | 85,947 |
| Accrued interest payable | 300,998 | 344,977 |
| Long-term liabilities – due within one year: | | |
| Compensated absences (Note 8) | 120,800 | 110,400 |
| Revenue bonds payable (Note 9) | 2,230,000 | 2,125,000 |
| **Total current liabilities** | 7,441,097 | 6,316,676 |
| **Non-current liabilities:** | | |
| Long-term liabilities – due in more than one year: | | |
| Compensated absences (Note 8) | 362,400 | 331,200 |
| Unearned revenue – ground and equipment lease (Note 4) | 8,487,247 | 8,917,449 |
| Net other post-employment benefits payable (Note 10) | 5,295,000 | 5,100,000 |
| Net pension liability (Note 11) | 4,770,307 | 3,776,823 |
| Revenue bonds payable, net (Note 9) | 12,993,886 | 15,264,947 |
| **Total non-current liabilities** | 31,908,840 | 33,390,419 |
| **Total liabilities** | 39,349,937 | 39,707,095 |
| **Deferred inflows of resources:** | | |
| Deferred amounts related to net pension liability (Note 11) | 151,423 | 324,430 |
| **Total deferred inflows of resources** | 151,423 | 324,430 |
| **Net position:** | | |
| Net investment in capital assets (Note 12) | 56,078,201 | 56,408,302 |
| Restricted (Note 13) | 4,784,765 | 4,289,139 |
| Unrestricted | 10,233,336 | 9,967,418 |
| **Total net position** | 71,096,302 | 70,664,859 |
| **Total liabilities, deferred inflows of resources and net position** | $ 110,597,662 | $ 110,696,384 |

See accompanying Notes to the Basic Financial Statements

# Oxnard Harbor District
## Statement of Revenues, Expenses and Changes in Net Position
## For the Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| **Operating revenues:** | | |
| Auto cargo | $ 8,287,701 | $ 9,428,157 |
| Fresh produce cargo | 3,308,916 | 2,913,365 |
| Offshore oil | 313,126 | 390,292 |
| Property management: | | |
| Land | 1,359,574 | 1,388,155 |
| Buildings | 901,029 | 791,153 |
| Other operating revenue: | | |
| Liquid fertilizer | 226,194 | 239,400 |
| Reefer receptacles | 273,510 | 210,035 |
| Water hose rentals | 168 | 1,339 |
| Wharfage – fish and water | 47,169 | 49,299 |
| Other – moorings, permits and fees | 758,635 | 269,425 |
| **Total operating revenues** | 15,476,022 | 15,680,620 |
| **Operating expenses:** | | |
| Salaries and benefits | 5,744,114 | 4,890,710 |
| Governmental contractual agreements | 1,663,439 | 1,668,846 |
| Security | 539,170 | 382,686 |
| Facilities and maintenance | 1,109,273 | 1,019,343 |
| Professional and legal | 1,035,257 | 1,065,889 |
| Materials and services | 56,405 | 56,575 |
| Port promotion | 631,323 | 679,344 |
| Insurance | 265,617 | 283,286 |
| **Total operating expenses before depreciation** | 11,044,598 | 10,046,679 |
| **Operating income before depreciation** | 4,431,424 | 5,633,941 |
| Depreciation expense | (4,201,098) | (3,803,302) |
| **Operating income** | 230,326 | 1,830,639 |
| **Non-operating revenues(expenses):** | | |
| Investment earnings | 105,025 | 62,546 |
| Investment earnings – leveraged loan | 100,220 | 100,223 |
| Interest expense – long-term debt | (706,890) | (812,027) |
| Change in investment in Ventura County Railway Co., LLC, net (Note 6) | 257,480 | 208,967 |
| Property settlement – City of Port Hueneme (Note 18) | - | (1,100,000) |
| Other non-operating revenues | 75,388 | 81,777 |
| Other non-operating expenses | (158,014) | (128,168) |
| **Total non-operating revenue(expense), net** | (326,791) | (1,586,682) |
| **Net income before capital contributions** | (96,465) | 243,957 |
| **Capital contributions:** | | |
| Federal capital grants | 519,608 | 1,462,067 |
| State capital grants | 8,300 | - |
| Local capital grants – shore side power | - | 1,678,605 |
| **Total capital contributions** | 527,908 | 3,140,672 |
| **Change in net position** | 431,443 | 3,384,629 |
| **Net position:** | | |
| Beginning of year | 70,664,859 | 67,280,230 |
| End of year | $ 71,096,302 | $ 70,664,859 |

See accompanying Notes to the Basic Financial Statements

# Oxnard Harbor District

## Statement of Cash Flows

## For the Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Cash receipts from customers and others | $ 15,034,470 | $ 15,435,000 |
| Cash paid to employees for salaries and benefits | (5,702,514) | (4,695,876) |
| Cash paid to vendors and suppliers for materials and services | (4,033,224) | (6,315,164) |
| **Net cash provided by operating activities** | 5,298,732 | 4,423,960 |
| **Cash flows from capital and related financing activities:** | | |
| Acquisition and construction of capital assets | (1,721,696) | (5,581,247) |
| Proceeds from capital grants | 527,908 | 3,144,204 |
| Principal paid on revenue bonds | (2,125,000) | (2,025,000) |
| Interest paid on revenue bonds | (773,697) | (878,834) |
| **Net cash (used in) capital and related financing activities** | (4,092,485) | (5,340,877) |
| **Cash flows from investing activities:** | | |
| Proceeds from the maturity of investments | - | (2,468,000) |
| Ventura County Railway Co., LLC member distribution | - | 1,000,000 |
| Investment earnings | 179,407 | 149,366 |
| **Net cash provided by (used in) investing activities** | 179,407 | (1,318,634) |
| **Net increase (decrease) in cash and cash equivalents** | 1,385,654 | (2,235,551) |
| **Cash and cash equivalents:** | | |
| Beginning of year | 17,224,805 | 19,460,356 |
| End of year | $ 18,610,459 | $ 17,224,805 |
| | | |
| **Reconciliation of cash and cash equivalents to the balance sheet:** | | |
| Cash and investments | $ 14,042,148 | $ 13,446,256 |
| Restricted assets – cash and cash equivalents | 4,568,311 | 3,778,549 |
| **Total cash and cash equivalents** | $ 18,610,459 | $ 17,224,805 |

# Oxnard Harbor District
## Statement of Cash Flows (Continued)
## For the Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| **Reconciliation of operating income to net cash provided by operating activities:** | | |
| Operating income | $ 230,326 | $ 1,830,639 |
| **Adjustments to reconcile operating income to net cash provided by operating activities:** | | |
| Depreciation | 4,201,098 | 3,803,302 |
| Property settlement – City of Port Hueneme | - | (1,100,000) |
| Other non-operating revenues | 75,388 | 81,777 |
| Other non-operating expenses | (158,014) | (128,168) |
| **Change in assets – (increase)decrease:** | | |
| Accounts receivable – customers, net | (224,717) | (287,835) |
| Other receivables | 55,997 | (51,335) |
| Prepaid items | 68,592 | (39,573) |
| **Change in deferred outflows of resources – (increase)decrease** | | |
| Deferred amounts related to net pension liability | (629,813) | (376,254) |
| **Change in liabilities – increase(decrease):** | | |
| Accounts payable and accrued expenses | (335,831) | (126,706) |
| Accrued revenue sharing payables | 1,306,849 | 665,455 |
| Customer deposits and unearned revenue | 81,982 | 11,773 |
| Compensated absences | 41,600 | 62,300 |
| Unearned revenue – ground and equipment lease | (430,202) | (430,203) |
| Net other post-employment benefits payable | 195,000 | 600,000 |
| Net pension liability | 993,484 | 506,786 |
| **Change in deferred inflows of resources – increase(decrease)** | | |
| Deferred amounts related to net pension liability | (173,007) | (597,998) |
| **Total adjustments** | 5,068,406 | 2,593,321 |
| **Net cash provided by operating activities** | $ 5,298,732 | $ 4,423,960 |
| **Non-cash investing, capital and financing transactions:** | | |
| Change in fair-value of investments | $ (9,275) | $ 13,403 |
| Amortization of bond premium(discount), net | $ 41,062 | $ 41,062 |
| Amortization of deferred loss on refunding of revenue bonds | $ (16,761) | $ (16,761) |

# Oxnard Harbor District
## Notes to the Financial Statements
## For the Years Ended June, 30, 2017 and 2016

**Note 1 – Reporting Entity and Summary of Significant Accounting Policies**

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

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

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

***Basis of Presentation***

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (GASB) commonly referred to as accounting principles generally accepted in the United States of America (U.S. GAAP). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The Financial Statements (i.e., the balance sheet, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the primary government. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Financial Statements are reported using the *"economic resources"* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current year is considered to be susceptible to accrual and so has been recognized as revenue of the current year.

## Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

> ***Deferred Outflows of Resources*** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.
>
> ***Deferred Inflows of Resources*** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

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

### *Cash and Cash Equivalents*

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value. Investments are reported at fair value.

### *Investments*

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

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the balance sheets, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

> Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
>
> Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.
>
> Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

### *Receivables and Allowance for Doubtful Accounts*

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

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

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond the year ended are recorded as prepaid items.

***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.

***Capital Assets***

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at their estimated acquisition value on the date donated. The District policy has set the capitalization threshold for reporting capital assets at $5,000, all of which must have an estimated useful life in excess of one year. Depreciation is recorded on a straight-line basis over 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 |

Major outlays for capital assets are capitalized as construction in progress, once constructed, and repairs and maintenance costs are expensed.

***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.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 11). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

| CalPERS | As of June 30, 2017 | As of June 30, 2016 |
|---|---|---|
| Valuation Date | June 30, 2015 | June 30, 2014 |
| Measurement Date | June 30, 2016 | June 30, 2015 |
| Measurement Period | July 1, 2015 to June 30, 2016 | July 1, 2014 to June 30, 2015 |

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

***Pensions (Continued)***

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

***Net Position***

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

> ***Net Investment in Capital Assets*** – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.
>
> ***Restricted*** – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
>
> ***Unrestricted*** – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

***Capital Contributions***

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

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Grant Funding***

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

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

***Accounting Changes***

During the year ended June 30, 2017, the District implemented the following new GASB pronouncements:

Statement No. 73, ***Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68***. This Statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by GASB Statements 67 and 68). The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 74, ***Financial Reporting for Postemployment Benefit Plans Other than Pension Plans***. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 77, ***Tax Abatement Disclosures.*** This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. Governments should organize those disclosures by major tax abatement programs and may disclose information for individual tax abatement agreements within those programs. This Statement is effective for financial statements for fiscal years beginning after December 15, 2015.

Statement No. 78, ***Pension Provided Through Certain Multiple-Employer Defined Benefit Pension Plans***. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, ***Accounting and Financial Reporting for Pensions***. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for financial statements for fiscal years beginning after December 15, 2015.

Statement No. 79, ***Certain External Investment Pools and Pool Participants.*** This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The specific requirements of this Statement that are effective for certain provisions on portfolio quality, custodial credit risk, and shadow pricing are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, ***Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.*** The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 82, ***Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73***. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

## Note 2 – Cash and Investments

Cash and investments as June 30 were classified in the accompanying financial statements as follows:

| Description | June 30, 2017 | June 30,2016 |
|---|---|---|
| Cash and investments | $ 14,042,148 | $ 13,446,256 |
| Restricted – cash and cash equivalents | 4,568,311 | 3,778,549 |
| Restricted – investments | 2,475,553 | 2,472,104 |
| Total | $ 21,086,012 | $ 19,696,909 |

Cash and cash equivalents as of June 30 consist of the following:

| Description | June 30, 2017 | June 30,2016 |
|---|---|---|
| Cash on hand | $ 500 | $ 500 |
| Deposits held with financial institutions | 3,484,620 | 7,607,786 |
| Investments | 17,600,892 | 12,088,623 |
| Total | $ 21,086,012 | $ 19,696,909 |

### *Demand Deposits*

At June 30, 2017 and 2016, the carrying amount of the District's demand deposits was $3,484,620 and $7,607,786, respectively, and the financial institution balance was $4,700,740 and $8,629,991, respectively. The $1,216,120 and $1,022,205 respective net difference as of June 30, 2017 and 2016 represents outstanding checks, deposits-in-transit and/or other reconciling items.

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

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

### *Custodial Credit Risk*

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

## Note 2 – Cash and Investments (Continued)

### *Custodial Credit Risk (Continued)*

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and VCPIF).

As of June 30, 2017 and 2016, none of the District's deposits and investments was exposed to disclosable custodial credit risk.

### *Investments*

The District's investments as of June 30, 2017 were as follows:

| Type of Investments | Measurement Input | Credit Rating | June 30,2017 Fair Value | Maturity 12 Months or Less | Maturity 13 to 24 Months |
|---|---|---|---|---|---|
| **External investment pools:** | | | | | |
| California Local Agency Investment Fund (LAIF) | Level 2 | N/A | 2,454,918 | 2,454,918 | - |
| Ventura County Pooled Investment Fund (VCPIF) | Level 2 | AAAf/S-1+ | 10,060,211 | 10,060,211 | - |
| **Held by bond trustee:** | | | | | |
| Money market funds | Level 2 | AAA | 2,610,210 | 2,610,210 | - |
| Negotiable certificates-of-deposit | Level 2 | N/A | 2,475,553 | 723,031 | 1,752,522 |
| **Total investments** | | | $ 17,600,892 | $ 15,848,370 | $ 1,752,522 |

The District's investments as of June 30, 2016 were as follows:

| Type of Investments | Measurement Input | Credit Rating | June 30,2016 Fair Value | Maturity 12 Months or Less |
|---|---|---|---|---|
| **External investment pools:** | | | | |
| California Local Agency Investment Fund (LAIF) | Level 2 | N/A | $ 2,443,138 | $ 2,443,138 |
| Ventura County Pooled Investment Fund (VCPIF) | Level 2 | AAAf/S-1+ | 5,011,367 | 5,011,367 |
| **Held by bond trustee:** | | | | |
| Money market funds | Level 2 | AAA | 2,162,014 | 2,162,014 |
| Negotiable certificates-of-deposit | Level 2 | N/A | 2,472,104 | 2,472,104 |
| **Total investments** | | | $ 12,088,623 | $ 12,088,623 |

## Note 2 – Cash and Investments (Continued)

### *Authorized Investments and Investment Policy*

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

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

### *Investment in California – Local Agency Investment Fund (LAIF)*

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/

The District's investments with LAIF at June 30, 2017 and 2016 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

> Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
>
> Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District had $2,454,918 and $2,443,138 invested in LAIF, which had invested 0.00% and 2.81% of the pooled investment funds as of June 30, 2017 and June 30, 2016, respectively, in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 0.998940671 and 1.000621222 was used to calculate the fair value of the investments in LAIF as of June 30, 2017 and 2016, respectively.

**Note 2 – Cash and Investments (Continued)**

***Ventura County Pooled Investment Fund (VCPIF)***

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

The County's Treasurer has indicated to the District that as of June 30, 2017 and 2016 that the value of the County's portfolio was approximately $2.1 billion and $2.2 billion, respectively. As of June 30, 2017 and 2016, the District has investment in the VCPIF $10,060,211 and $5,011,367, respectively. The VCPIF fair value factor of 1.00026119 and 1.00155537 was used to calculate the fair value of the investments in VCPIF as of June 30, 2017 and 2016, respectively.

***Fair Value Measurement Input***

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

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2017 and 2016, the District's investment in the LAIF was not rated as noted in the table above and the District's investment in the VCPIF was rated AAAf/S-1+.

***Interest Rate Risk***

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

***Concentration of Credit Risk***

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

## Note 3 – Accounts Receivable

The balance at June 30 consists of the following:

| Description | June 30, 2017 | June 30, 2016 |
|---|---|---|
| Accounts receivable - customers | $ 2,702,946 | $ 2,478,229 |
| Allowance for uncollectable accounts | (25,000) | (25,000) |
| Accounts receivable – customers, net | $ 2,677,946 | $ 2,453,229 |

## Note 4 – Shoreside Power/Arcturus Avenue Leveraged Loan

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

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

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

The leveraged loan bears simple interest of 1.00% and is receivable in semi-annual interest-only payments from December 30, 2013 through December 30, 2023; thereafter principal and interest payments are due until December 30, 2033. As of June 30, 2017, the balance was $10,021,950. The District has recorded an off-set to this leveraged loan as unearned revenue on the ground and equipment lease of $10,021,950, of which $1,534,703 has been recognized as operating revenue since inception in fiscal year 2014 for a remaining balance as of June 30, 2017 of $8,487,247.

## Note 5 – World Trade Center License

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

## Note 6 – Investment in Ventura County Railway Company, LLC

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

The District's total investment in the Railway amounted to $3,621,577 and $3,364,097 as of June 30, 2017 and 2016, respectively. Audited financial information for the Ventura County Railway Company, LLC for the years ended June 30, 2017 and 2016 were as follows:

| Balance Sheet | June 30, 2017 | June 30, 2016 |
|---|---|---|
| Assets: | | |
| Current assets | $ 1,679,165 | $ 1,413,228 |
| Property and equipment, net | 1,944,150 | 1,954,634 |
| **Total assets** | $ 3,623,315 | $ 3,367,862 |
| Liabilities | $ 1,738 | $ 3,765 |
| Equity | 3,621,577 | 3,364,097 |
| **Total liabilities and equity** | $ 3,623,315 | $ 3,367,862 |

| Income Statement | June 30, 2017 | June 30, 2016 |
|---|---|---|
| Revenues | $ 303,935 | $ 272,608 |
| Expenses | (46,455) | (63,641) |
| **Net income** | 257,480 | 208,967 |
| Equity: | | |
| **Beginning of year** | 3,364,097 | 4,155,130 |
| **Member distribution** | - | (1,000,000) |
| **End of year** | $ 3,621,577 | $ 3,364,097 |

In 2016, the Railway provided the District with a member distribution of $1,000,000.

# Oxnard Harbor District
## Notes to the Financial Statements (Continued)
## For the Years Ended June, 30, 2017 and 2016

### Note 7 – Capital Assets

Summary changes in capital asset balances for the year ended June 30, 2017 were as follows:

| Description | Balance July 1, 2016 | Additions | Deletions/ Transfers | Balance June 30, 2017 |
|---|---|---|---|---|
| **Non-depreciable assets:** | | | | |
| Land | $ 15,332,137 | $ - | $ - | $ 15,332,137 |
| Construction-in-process | 1,010,392 | 1,691,084 | (534,171) | 2,167,305 |
| **Total non-depreciable assets** | 16,342,529 | 1,691,084 | (534,171) | 17,499,442 |
| **Depreciable assets:** | | | | |
| Wharves and docks | 27,245,454 | - | - | 27,245,454 |
| Warehouses | 25,754,369 | - | - | 25,754,369 |
| Land improvements | 29,108,956 | - | 54,344 | 29,163,300 |
| Fuel tanks | 1,055,322 | - | - | 1,055,322 |
| Buildings | 5,199,897 | - | - | 5,199,897 |
| Buildings and improvements | 4,266,256 | 5,075 | 52,684 | 4,324,015 |
| Vehicles and equipment | 19,614,949 | 25,537 | 427,143 | 20,067,629 |
| **Total depreciable assets** | 112,245,203 | 30,612 | 534,171 | 112,809,986 |
| **Accumulated depreciation:** | | | | |
| Wharves and docks | (20,695,155) | (684,978) | - | (21,380,133) |
| Warehouses | (16,448,710) | (839,784) | - | (17,288,494) |
| Land improvements | (10,593,110) | (984,803) | - | (11,577,913) |
| Fuel tanks | (869,166) | (66,864) | - | (936,030) |
| Buildings | (2,147,302) | (165,180) | - | (2,312,482) |
| Buildings and improvements | (1,372,003) | (241,587) | - | (1,613,590) |
| Vehicles and equipment | (2,799,513) | (1,217,902) | - | (4,017,415) |
| **Total accumulated depreciation** | (54,924,959) | (4,201,098) | - | (59,126,057) |
| **Total depreciable assets, net** | 57,320,244 | (4,170,486) | 534,171 | 53,683,929 |
| **Total capital assets, net** | $ 73,662,773 | $ (2,479,402) | $ - | $ 71,183,371 |

## Note 7 – Capital Assets

Summary changes in capital asset balances for the year ended June 30, 2016 were as follows:

| Description | Balance July 1, 2015 | Additions | Deletions/ Transfers | Balance June 30, 2016 |
|---|---|---|---|---|
| **Non-depreciable assets:** | | | | |
| Land | $ 15,332,137 | $ - | $ - | $ 15,332,137 |
| Construction-in-process | 393,669 | 4,976,581 | (4,359,858) | 1,010,392 |
| **Total non-depreciable assets** | 15,725,806 | 4,976,581 | (4,359,858) | 16,342,529 |
| **Depreciable assets:** | | | | |
| Wharves and docks | 27,235,465 | 9,989 | - | 27,245,454 |
| Warehouses | 25,754,369 | - | - | 25,754,369 |
| Land improvements | 28,713,155 | 256,588 | 139,213 | 29,108,956 |
| Fuel tanks | 1,055,322 | - | - | 1,055,322 |
| Buildings | 5,199,897 | - | - | 5,199,897 |
| Buildings and improvements | 4,160,171 | 47,965 | 58,120 | 4,266,256 |
| Vehicles and equipment | 15,162,300 | 290,124 | 4,162,525 | 19,614,949 |
| **Total depreciable assets** | 107,280,679 | 604,666 | 4,359,858 | 112,245,203 |
| **Accumulated depreciation:** | | | | |
| Wharves and docks | (20,004,790) | (690,365) | - | (20,695,155) |
| Warehouses | (15,608,926) | (839,784) | - | (16,448,710) |
| Land improvements | (9,631,838) | (961,272) | - | (10,593,110) |
| Fuel tanks | (802,302) | (66,864) | - | (869,166) |
| Buildings | (1,981,627) | (165,675) | - | (2,147,302) |
| Buildings and improvements | (1,138,185) | (233,818) | - | (1,372,003) |
| Vehicles and equipment | (1,953,989) | (845,524) | - | (2,799,513) |
| **Total accumulated depreciation** | (51,121,657) | (3,803,302) | - | (54,924,959) |
| **Total depreciable assets, net** | 56,159,022 | (3,198,636) | 4,359,858 | 57,320,244 |
| **Total capital assets, net** | $ 71,884,828 | $ 1,777,945 | $ - | $ 73,662,773 |

## Note 8 – Compensated Absences

Summary changes to compensated absences balances for the year ended June 30, 2017, were as follows:

| Balance July 1, 2016 | Additions | Deletions | Balance June 30, 2017 | Due Within One Year | Due in More Than One Year |
|---|---|---|---|---|---|
| $ 441,600 | $ 220,560 | $ (178,960) | $ 483,200 | $ 120,800 | $ 362,400 |

Summary changes to compensated absences balances for the year ended June 30, 2016, were as follows:

| Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 | Due Within One Year | Due in More Than One Year |
|---|---|---|---|---|---|
| $ 379,300 | $ 250,125 | $ (187,825) | $ 441,600 | $ 110,400 | $ 331,200 |

## Note 9 – Revenue Bonds Payable

Changes in long-term debt amounts for the year ended June 30, 2017 were as follows:

| Long-Term Debt | Balance July 1, 2016 | Additions/ Adjustments | Payments/ Amortization | Balance June 30, 2017 |
|---|---|---|---|---|
| Revenue bonds – Series 2011A | $ 10,245,000 | $ - | $ (2,055,000) | $ 8,190,000 |
| Revenue bonds – Series 2011A – premium | 211,277 | - | (51,741) | 159,536 |
| Revenue bonds – Series 2011B | 7,020,000 | - | (70,000) | 6,950,000 |
| Revenue bonds – Series 2011B – discount | (86,330) | - | 10,680 | (75,650) |
| **Total long-term debt** | 17,389,947 | $ - | $ (2,166,061) | 15,223,886 |
| **Less current portion** | (2,125,000) | | | (2,230,000) |
| **Non-current portion** | $ 15,264,947 | | | $ 12,993,886 |

Changes in long-term debt amounts for the year ended June 30, 2016 were as follows:

| Long-Term Debt | Balance July 1, 2015 | Additions/ Adjustments | Payments/ Amortization | Balance June 30, 2016 |
|---|---|---|---|---|
| Revenue bonds – Series 2011A | $ 12,205,000 | $ - | $ (1,960,000) | $ 10,245,000 |
| Revenue bonds – Series 2011A – premium | 263,019 | - | (51,742) | 211,277 |
| Revenue bonds – Series 2011B | 7,085,000 | - | (65,000) | 7,020,000 |
| Revenue bonds – Series 2011B – discount | (97,010) | - | 10,680 | (86,330) |
| **Total long-term debt** | 19,456,009 | $ - | $ (2,066,062) | 17,389,947 |
| **Less current portion** | (2,025,000) | | | (2,125,000) |
| **Non-current portion** | $ 17,431,009 | | | $ 15,264,947 |

### *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 $4,811,523 and $4,859,286 for the years ended June 30, 2017 and 2016, respectively. The actual debt service coverage ratio was 166% and 167% for the years ended June 30, 2017 and 2016, respectively.

### *Revenue Bonds – Refunding Series 2011A and 2011B*

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

## Note 9 – Revenue Bonds Payable (Continued)

### *Deferred Loss on Refunding of Revenue Bonds*

Changes in deferred loss on refunding of revenue bonds, net for the year ended June 30, 2017 was as follows:

| | Balance July 1, 2016 | Additions | Amortization | Balance June 30, 2016 |
|---|---|---|---|---|
| Deferred loss on refunding of revenue bonds, net | $ 135,476 | $ - | $ (16,760) | $ 118,716 |

Changes in deferred loss on refunding of revenue bonds, net for the year ended June 30, 2016 was as follows:

| | Balance July 1, 2015 | Additions | Amortization | Balance June 30, 2016 |
|---|---|---|---|---|
| Deferred loss on refunding of revenue bonds, net | $ 152,237 | $ - | $ (16,761) | $ 135,476 |

### *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 1 and February 1 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:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2018 | $ 2,160,000 | $ 355,500 | $ 2,515,500 |
| 2019 | 2,275,000 | 244,625 | 2,519,625 |
| 2020 | 2,390,000 | 128,000 | 2,518,000 |
| 2021 | 1,365,000 | 34,125 | 1,399,125 |
| Total | $ 8,190,000 | $ 762,250 | $ 8,952,250 |

## Note 9 – Revenue Bonds Payable (Continued)

### *Series 2011B (Non-AMT)*

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

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2018 | $ 70,000 | $ 311,355 | $ 381,355 |
| 2019 | 75,000 | 308,165 | 383,165 |
| 2020 | 80,000 | 304,755 | 384,755 |
| 2021 | 80,000 | 301,235 | 381,235 |
| 2022 | 1,555,000 | 558,575 | 2,113,575 |
| 2023 | 1,625,000 | 245,137 | 1,870,137 |
| 2024 | 1,700,000 | 154,238 | 1,854,238 |
| 2025 | 1,765,000 | 39,713 | 1,804,713 |
| Total | $ 6,950,000 | $ 2,223,173 | $ 9,173,173 |

## Note 10 – Net Other Post-Employment Benefits Payable

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

The District contributes a fixed amount for health care benefits, and 100% of the premium for the retiree plus dependents for Dental care. The District contributes 100% of vision care for the retiree, retiree's spouse and retiree's dependents, 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. Expenses for post-employment retirement benefits are recognized on a monthly basis as premiums are paid. Expenses of $297,790 and $323,446 were recognized for post-retirement health care, vision care, dental care, and life insurance benefits during the years ended June 30, 2017 and 2016.

### *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 (1) after age 55 with at least 10 years of service, or (2) upon retirement with 30 years of service after age 50 or (3) upon retirement with 10 years of service after age 62. Retiree life insurance benefits are provided upon retirement after either (1) age 50 with 30 years of service, (2) age 55 with 15 years of service, (3) age of 62 with 10 years of service. Former Harbor Commissioners must have served at least three 4-year terms (12 years) to qualify for lifetime dental, vision and life insurance benefits.

## Note 10 – Net Other Post-Employment Benefits Payable (Continued)

Membership in the OPEB plan consisted of the following members as of July 1, 2016 (Valuation Date):

| Description | Members |
|---|---|
| Active plan members | 30 |
| Retirees and beneficiaries receiving benefits | 32 |
| Separated plan members entitled to but not yet receiving benefits | - |
| Total plan membership | 62 |

### *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 2017 and 2016 is $1,300 and $1,300, respectively.

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

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

**Note 10 – Net Other Post-Employment Benefits Payable (Continued)**

A Memorandum of Understanding (MOU) was entered into between the District and the Service Employees International Union Local 721 (SEIU Local 721) for the period of July 1, 2013 – June 30, 2017. SEIU Local 721 representing the job classifications of the District's Clerical Unit, Harbormaster Unit, and the Maintenance Unit. The Retirement Program – Article 1.29 states that during the term of the MOU the District shall provide the following retirement medical benefits up to the maximum monthly contribution: Medical insurance shall be subject to each retired bargaining unit employee's specific length of service with the District. Each bargaining unit employee's length of service with the District (excluding any other PERS creditable service prior to joining the District) shall determine the type of benefit for which each retired bargaining unit employee is eligible. There is a different percentage of District contributions for retirement medical benefits for employees hired prior to July 1, 2013, and employees hired after July 1, 2013 as follows:

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

***Funding Policy***

The District contributes its *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 District will pay 100% of the cost of the post-employment benefit plan for employees hired before December 31, 2012. For employees hired after December 31, 2012, the employee will pay 100% ofemployee portion of contribution to the CalPERS retirement 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.

**Note 10 – Net Other Post-Employment Benefits Payable (Continued)**

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

For the years ended June 30, 2017 and 2016, the District's ARC cost was $992,790 and $923,446, respectively. The District's net OPEB payable obligation amounted to $5,295,000 and $5,100,000 for the years ended June 30, 2017 and 2016. The District paid retiree benefits of $297,790 and $323,446 for current retiree OPEB premiums for the years ended June 30, 2017 and 2016. Also in 2017, the District contributed $500,000 to its irrevocable trust.

| Description | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **Annual OPEB cost:** | | |
| Annual required contribution (ARC) | $ 763,290 | $ 728,321 |
| Interest on net OPEB obligation | 229,500 | 195,125 |
| Adjustment to annual required contribution | - | - |
| **Total annual OPEB cost** | 992,790 | 923,446 |
| **Contributions made** | (797,790) | (323,446) |
| **Total contributions made** | (797,790) | (323,446) |
| **Total change in net OPEB obligation** | 195,000 | 600,000 |
| **Net OPEB payable:** | | |
| Beginning of year | 5,100,000 | 4,500,000 |
| End of year | $ 5,295,000 | $ 5,100,000 |

The District's annual OPEB cost, retiree benefit payments, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2017 and the two preceding years were as follows:

***Three-Year History of Net OPEB Obligation***

| Fiscal Year Ended | Annual OPEB Cost | Contributions Made | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation Payable(Asset) |
|---|---|---|---|---|
| June 30, 2017 | $ 992,790 | $ 797,790 | 80.36% | $ 5,295,000 |
| June 30, 2016 | 923,446 | 323,446 | 35.03% | 5,100,000 |
| June 30, 2015 | 852,477 | 302,477 | 35.48% | 4,500,000 |

The most recent valuation (dated July 1, 2016) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of $8,914,824. There are no plan assets because the District funds on a pay-as-you-go basis and maintains net position 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, 2016 was $2,421,225. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 368.19%. See the Schedule of Funding Progress – Other Post-Employment Benefit Plan for further information.

## Note 10 – Net Other Post-Employment Benefits Payable (Continued)

### *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, 2016 |
| Actuarial cost method | Entry age normal cost method |
| Amortization method | Level percent, closed 30 years |
| Remaining amortization period | 21 Years as of the valuation date |
| Asset valuation method | 30 Year smoothed market |
| Actuarial assumptions: | |
| Investment rate of return | 4.50% |
| Projected salary increase | 2.75% |
| Inflation - discount rate | 2.75% |
| Health care trend rate | 4.00% |

## Note 11 – Net Pension Liability and Defined Benefit Pension Plan

Summary of changes in the net pension liability and related deferred outflows/inflows for the year ended June 30, 2017 are as follows:

| Type of Account | Balance as of July 1, 2016 | Additions | Deletions | Balance as of June 30, 2017 |
|---|---|---|---|---|
| **Deferred Outflows of Resources:** | | | | |
| date: | | | | |
| CalPERS – Miscellaneous Plan | $ 446,756 | $ 410,473 | $ (446,756) | $ 410,473 |
| Difference between actual and proportionate share of employer contributions: | | | | |
| CalPERS – Miscellaneous Plan | 158,103 | - | (111,007) | 47,096 |
| Adjustment due to differences in proportions: | | | | |
| CalPERS – Miscellaneous Plan | 123,206 | 71,427 | (72,087) | 122,546 |
| Differences between projected and actual earnings on pension plan investments: | | | | |
| CalPERS – Miscellaneous Plan | - | 788,111 | - | 788,111 |
| experience: | | | | |
| CalPERS – Miscellaneous Plan | 22,686 | - | (10,348) | 12,338 |
| **Total deferred outflows of resources** | $ 750,751 | $ 1,270,011 | $ (640,198) | $ 1,380,564 |
| **Net Pension Liability:** | | | | |
| CalPERS – Miscellaneous Plan | $ 3,776,823 | $ 1,440,240 | $ (446,756) | $ 4,770,307 |
| **Deferred Inflows of Resources:** | | | | |
| Differences between projected and actual earnings on pension plan investments: | | | | |
| CalPERS – Miscellaneous Plan | $ 107,594 | $ - | $ (107,594) | $ - |
| Difference between actual and proportionate share of employer contributions: | | | | |
| CalPERS – Miscellaneous Plan | 2,208 | - | (2,208) | - |
| Changes in assumptions: | | | | |
| CalPERS – Miscellaneous Plan | 214,628 | - | (63,205) | 151,423 |
| **Total deferred inflows of resources** | $ 324,430 | $ - | $ (173,007) | $ 151,423 |

## Note 11 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Summary of changes in the net pension liability and related deferred outflows/inflows for the year ended June 30, 2016 are as follows:

| Type of Account | Balance as of July 1, 2015 | Additions | Deletions | Balance as of June 30, 2016 |
|---|---|---|---|---|
| **Deferred Outflows of Resources:** | | | | |
| date: | | | | |
| CalPERS – Miscellaneous Plan | $ 305,666 | $ 836,282 | $ (695,192) | $ 446,756 |
| Difference between actual and proportionate share of employer contributions: | | | | |
| CalPERS – Miscellaneous Plan | - | 214,569 | (56,466) | 158,103 |
| Adjustment due to differences in proportions: | | | | |
| CalPERS – Miscellaneous Plan | 68,831 | 107,156 | (52,781) | 123,206 |
| experience: | | | | |
| CalPERS – Miscellaneous Plan | - | 30,788 | (8,102) | 22,686 |
| **Total deferred outflows of resources** | $ 374,497 | $ 1,188,795 | $ (812,541) | $ 750,751 |
| **Net Pension Liability:** | | | | |
| CalPERS – Miscellaneous Plan | $ 3,270,037 | $ 1,200,270 | $ (693,484) | $ 3,776,823 |
| **Deferred Inflows of Resources:** | | | | |
| Differences between projected and actual earnings on pension plan investments: | | | | |
| CalPERS – Miscellaneous Plan | $ 918,994 | $ 66,144 | $ (877,544) | $ 107,594 |
| Difference between actual and proportionate share of employer contributions: | | | | |
| CalPERS – Miscellaneous Plan | 3,434 | - | (1,226) | 2,208 |
| Changes in assumptions: | | | | |
| CalPERS – Miscellaneous Plan | - | 291,282 | (76,654) | 214,628 |
| **Total deferred inflows of resources** | $ 922,428 | $ 357,426 | $ (955,424) | $ 324,430 |

**Note 11 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***General Information about the Pension Plans***

The Plans

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

| | Miscellaneous Plans | |
|---|---|---|
| | **Classic Tier 1** | **PEPRA Tier 2** |
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2.5% @ 55 | 2.0 @ 62 |
| Benefit vesting schedule | 5-years or service | 5-years or service |
| Benefits payments | monthly for life | monthly for life |
| Retirement age | 50 - 67 & up | 52 - 67 & up |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.5% | 1.0% to 2.0% |
| Required member contribution rates | 8.000% | 6.250% |
| Required employer contribution rates – FY 2016 | 9.498% | 6.555% |
| Required employer contribution rates – FY 2015 | 18.501% | 6.250% |

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2014 and 2013 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

## Note 11 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

### *General Information about the Pension Plans (Continued)*

Members Covered by Benefit Terms

At June 30, 2016 (Valuation Date), the following members were covered by the benefit terms:

| | Miscellaneous Plans | | |
|---|---|---|---|
| Plan Members | Classic Tier 1 | PEPRA Tier 2 | Total |
| Active members | 17 | 12 | 29 |
| Transferred and terminated members | 7 | 2 | 9 |
| Retired members and beneficiaries | 29 | - | 29 |
| **Total plan members** | 53 | 14 | 67 |

At June 30, 2015 (Valuation Date), the following members were covered by the benefit terms:

| | Miscellaneous Plans | | |
|---|---|---|---|
| Plan Members | Classic Tier 1 | PEPRA Tier 2 | Total |
| Active members | 17 | 12 | 29 |
| Transferred and terminated members | 7 | - | 7 |
| Retired members and beneficiaries | 29 | - | 29 |
| **Total plan members** | 53 | 12 | 65 |

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based on the average final 36 months of compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based on the average final 36 months of compensation.

## Note 11 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

### *General Information about the Pension Plans (Continued)*

Benefits Provided (Continued)

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.65 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ending June 30, 2016 and 2015 (Measurement Dates), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

Contributions for the year ended June 30, 2017 were as follows:

| | Miscellaneous Plans | | |
|---|---|---|---|
| **Contribution Type** | **Classic Tier 1** | **PEPRA Tier 2** | **Total** |
| Contributions – employer | $ 352,149 | $ 66,288 | $ 418,437 |
| Contributions – members | 133,619 | 55,840 | 189,459 |
| **Total contributions** | $ 485,768 | $ 122,128 | $ 607,896 |

## Note 11 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

### *General Information about the Pension Plans (Continued)*

Contributions (Continued)

Contributions for the year ended June 30, 2016 were as follows:

| | Miscellaneous Plans | | |
|---|---|---|---|
| **Contribution Type** | **Classic Tier 1** | **PEPRA Tier 2** | **Total** |
| Contributions – employer | $ 396,043 | $ 50,713 | $ 446,756 |
| Contributions – members | 133,196 | 50,819 | 184,015 |
| **Total contributions** | $ 529,239 | $ 101,532 | $ 630,771 |

### *Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans*

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement periods ending June 30, 2016 and 2015 (Measurement Dates), the total pension liability was determined by rolling forward the June 30, 2015 and 2014 total pension liabilities. The June 30, 2016 and 2015 total pension liabilities were based on the following actuarial methods and assumptions:

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirement of GASB Statement No. 68 |
| Actuarial Assumptions: | |
| Discount Rate | 7.65% |
| Inflation | 2.75% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table | Derived using CalPERS' Membership Data for all Funds. |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

All other actuarial assumptions used in the June 30, 2016 and 2015 Valuations were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

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

**Note 11 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Discount Rate (Continued)*

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

| Investment Type | New Strategic Allocation | Real Return Years 1 - 10[1] | Real Return Years 11+[2] |
|---|---|---|---|
| Global Equity | 51.00% | 5.25% | 5.71% |
| Global Fixed Income | 20.00% | 0.99% | 2.43% |
| Inflation Sensitive | 6.00% | 0.45% | 3.36% |
| Private Equity | 10.00% | 6.83% | 6.95% |
| Real Estate | 10.00% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.00% | 4.50% | 5.09% |
| Liquidity | 1.00% | -0.55% | -1.05% |
| | 100.00% | | |

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

[2] An expected inflation rate-of-return of 3.0% is used for years 11+.

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate for the June 30, 2016 Valuation Date as follows:

| | Plan's Net Pension Liability/(Asset) | | |
|---|---|---|---|
| Plan Type | Discount Rate - 1% 6.65% | Current Discount Rate 7.650% | Discount Rate + 1% 8.65% |
| CalPERS – Miscellaneous Plan | 7,293,046 | $ 4,770,307 | $ 2,685,388 |

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate for the June 30, 2015 Valuation Date as follows:

| | Plan's Net Pension Liability/(Asset) | | |
|---|---|---|---|
| Plan Type | Discount Rate - 1% 6.65% | Current Discount Rate 7.650% | Discount Rate + 1% 8.65% |
| CalPERS – Miscellaneous Plan | 6,183,425 | $ 3,776,824 | $ 1,789,895 |

## Note 11 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Pension Plan Fiduciary Net Position*

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

*Proportionate Share of Net Pension Liability and Pension Expense*

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2017:

| Plan Type and Balance Descriptions | Plan Total Pension Liability | Plan Fiduciary Net Position | Change in Plan Net Pension Liability |
|---|---|---|---|
| **CalPERS – Miscellaneous Plan:** | | | |
| Balance as of June 30, 2015 (Measurement Date) | $ 17,671,340 | $ 13,894,517 | $ 3,776,823 |
| Balance as of June 30, 2016 (Measurement Date) | $ 18,738,156 | $ 13,967,849 | $ 4,770,307 |
| **Change in Plan Net Pension Liability** | $ 1,066,816 | $ 73,332 | $ 993,484 |

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2016:

| Plan Type and Balance Descriptions | Plan Total Pension Liability | Plan Fiduciary Net Position | Change in Plan Net Pension Liability |
|---|---|---|---|
| **CalPERS – Miscellaneous Plan:** | | | |
| Balance as of June 30, 2014 (Measurement Date) | $ 16,649,171 | $ 13,379,134 | $ 3,270,037 |
| Balance as of June 30, 2015 (Measurement Date) | $ 17,671,340 | $ 13,894,517 | $ 3,776,823 |
| **Change in Plan Net Pension Liability** | $ 1,022,169 | $ 515,383 | $ 506,786 |

**Note 11 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2015 and 2014). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2016 and 2015). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2016 and 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2016 fiscal year and the 2015 fiscal year).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

**Note 11 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

The District's proportionate share of the net pension liability for the June 30, 2016 measurement date was as follows:

| | Percentage Share of Risk Pool | | |
|---|---|---|---|
| | Fiscal Year Ending June 30, 2016 | Fiscal Year Ending June 30, 2015 | Change Increase/ (Decrease) |
| Measurement Date | June 30, 2016 | June 30, 2015 | |
| Percentage of Risk Pool Net Pension Liability | 0.137319% | 0.137666% | -0.000347% |
| Percentage of Plan (PERF C) Net Pension Liability | 0.055128% | 0.055024% | 0.000104% |

The District's proportionate share of the net pension liability for the June 30, 2015 measurement date was as follows:

| | Percentage Share of Risk Pool | | |
|---|---|---|---|
| | Fiscal Year Ending June 30, 2016 | Fiscal Year Ending June 30, 2015 | Change Increase/ (Decrease) |
| Measurement Date | June 30, 2015 | June 30, 2014 | |
| Percentage of Risk Pool Net Pension Liability | 0.137666% | 0.132310% | 0.005356% |
| Percentage of Plan (PERF C) Net Pension Liability | 0.055024% | 0.052552% | 0.002472% |

For the years ended June 30, 2017 and 2016, the District recognized pension expense/(credit) in the amounts of $601,137 and $368,816, respectively, for the CalPERS Miscellaneous Plan.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2016 is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2015 is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**Note 11 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Deferred Outflows of Resources and Deferred Inflows of Resources*

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Account Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| date | $ 410,473 | $ - |
| Difference between actual and proportionate share of employer contributions | 47,096 | - |
| Adjustment due to differences in proportions | 122,546 | - |
| Differences between expected and actual experience | 12,338 | - |
| Differences between projected and actual earnings on pension plan investments | 788,111 | - |
| Changes in assumptions | - | 151,423 |
| **Total Deferred Outflows/(Inflows) of Resources** | $ 1,380,564 | $ 151,423 |

The District will recognize $410,473 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2018, as noted above.

*Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources*

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

| Amortization Period Fiscal Year Ended June 30 | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2017 | $ 140,680 |
| 2018 | 120,110 |
| 2019 | 353,744 |
| 2020 | 204,134 |
| **Total** | $ 818,668 |

### Note 11 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Deferred Outflows of Resources and Deferred Inflows of Resources*

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Account Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions made after the measurement date | $ 446,756 | $ - |
| Difference between actual and proportionate share of employer contributions | 158,103 | 2,208 |
| Adjustment due to differences in proportions | 123,206 | - |
| Differences between expected and actual experience | 22,686 | - |
| Differences between projected and actual earnings on pension plan investments | - | 107,594 |
| Changes in assumptions | - | 214,628 |
| **Total Deferred Outflows/(Inflows) of Resources** | $ 750,751 | $ 324,430 |

The District will recognize $446,756 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2017, as noted above.

*Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources*

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

| Amortization Period Fiscal Year Ended June 30 | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2017 | $ (42,240) |
| 2018 | (46,915) |
| 2019 | (68,816) |
| 2020 | 137,536 |
| **Total** | $ (20,435) |

## Note 12 – Net Investment in Capital Assets

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

| Description | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **Net investment in capital assets:** | | |
| Capital assets – not being depreciated | $ 17,499,442 | $ 16,342,529 |
| Capital assets, net – being depreciated | 53,683,929 | 57,320,244 |
| Deferred loss on refunding of revenue bonds, net | 118,716 | 135,476 |
| Revenue bonds payable – current | (2,230,000) | (2,125,000) |
| Revenue bonds payable, net – non-current | (12,993,886) | (15,264,947) |
| **Total net investment in capital assets** | $ 56,078,201 | $ 56,408,302 |

## Note 13 – Restricted Net Position

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

| Description | June 30, 2016 | June 30, 2015 |
|---|---|---|
| Restricted – cash and cash equivalents | $ 4,568,311 | $ 3,778,549 |
| Restricted – investments | 2,475,553 | 2,472,104 |
| **Total restricted – cash and investments** | 7,043,864 | 6,250,653 |
| Accrued revenue sharing payables | (1,958,101) | (1,616,537) |
| Accrued interest payable | (300,998) | (344,977) |
| **Total restricted net position for debt service** | $ 4,784,765 | $ 4,289,139 |

## Note 14 – Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

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

## Note 15 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and terrorism. The District has purchased various commercial and marine insurance policies to manage the potential liabilities that may occur from the previously named sources. At June 30, 2017, the District held the following commercial and marine insurance policies:

Property loss is paid at the replacement cost for scheduled property to a combined total of $200 million per occurrence (with certain sub-limits), subject to a $100,000 deductible per occurrence, except for $10,000 per occurrence for contractor's equipment. Flood coverage is provided at a limit of $5,000,000 subject to a $100,000 deductible per occurrence, with a $500,000 deductible applying in special flood hazard areas.

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

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

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, 2017, 2016 and 2015. 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, 2017, 2016 and 2015.

## Note 16 – Related Party Transaction

The District, which is governed by a five-member Board of Harbor Commissioners elected at large from within the geographical boundaries of the District, derives its principal source of revenues from cargo activity under tariffs and contracts with Port customers. One of the five current members of the Board of Harbor Commissioners is frequently employed by various stevedoring companies, which in turn contract with various customers of the District for labor services at the Port. For the fiscal years ended June 30, 2017 and 2016, the amount of District revenues derived from these various customers and stevedoring companies was approximately $11,909,743 and $12,356,156, respectively.

## Note 17 – Commitments

The District leases a portion of its land and facilities to others. The majority of these leases provide for cancellation on thirty day notice by either party and for retention of ownership by the District. These lease agreements generally are subject to periodic inflationary escalation of base amounts due to the District and adjustments for increases in terminal space. As of June 30, 2017, minimum lease rental payments receivable under operating leases that have initial or remaining non-cancelable lease terms in excess of one-year are as follows:

| Fiscal Year | Amount |
|---|---|
| 2018 | $ 1,072,206 |
| 2019 | 1,036,627 |
| 2020 | 981,843 |
| 2021 | 965,806 |
| **Total** | $ 4,056,482 |

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

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

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

Pursuant to an agreement dated October 20, 1983, the District compensates the City of Port Hueneme (City) for certain services provided by the City to the District. Compensation is based on 3.33% of the District's gross operating revenues. Amounts allocated to the City for the fiscal years ended June 30, 2017 and 2016 totaled $515,979 and $468,693, respectively.

Pursuant to an agreement dated March 18, 1987, the District compensates the City to mitigate the environmental impacts of the District's Wharf 2 project. Compensation is based on 1.67% of the District's gross operating revenues. Amounts allocated to the City for the fiscal years ended June 30, 2017 and 2016 totaled $261,864 and $264,996 respectively.

Additionally, the District compensates the City a cost per unit of $3.00 for the first 50,000 automobiles and an additional $0.78 for each automobile over 50,000 less a credit-back to the District of $0.25 for every dollar paid to the City for each automobile conveyed on the City's streets during the fiscal year. Amounts allocated to the City for the fiscal years ended June 30, 2017 and 2016 totaled $474,438 and $472,708, respectively.

Pursuant to the Memorandum of Understanding (MOU) between the City, Port Hueneme Surplus Property Authority, and the District dated December 21, 1995, for the acquisition and use of the Naval Civil Engineering Laboratory (NCEL) property. Compensation is based on the District's gross operating revenues. Amounts allocated to the City for the fiscal years ended June 30, 2017 and 2016 totaled $392,016 and $396,696, 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, 2017 and 2016, the amount payable to the Navy for long-term maintenance of Wharf 3 and associated real property is $3,807,378 and $2,500,529, respectively.

## Note 18 – Contingencies

### *Grant Awards*

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

### *Litigation*

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

### *City of Port Hueneme vs. Oxnard Harbor District*

In December 2014, the District and City conducted arbitration over the vehicle convoy fee issue. The parties thereafter began discussing a settlement, and the arbitrator agreed to stay a ruling pending the settlement discussions. On October 5, 2016, the District and City executed a settlement agreement, which resolved all of the outstanding litigation. Under the settlement agreement, the District will continue to determine Gross Operating Revenues and the vehicle convoy fee consistent with its historical practice. The District also agreed to purchase certain leases that the City held on the District's NCEL property for a cumulative amount of $1.1 million in fiscal year 2016. The lawsuit and arbitration have since been dismissed, and the matter is now closed.

The Port of Hueneme
Oxnard Harbor District

# Required Supplementary Section

# Oxnard Harbor District

## Required Supplementary Information (Unaudited)

## Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability

## For the Years Ended June 30, 2017 and 2016

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

| **Measurement Date:** | **June 30, 2016[1]** | **June 30, 2015[1]** | **June 30, 2014[1]** |
|---|---|---|---|
| District's Proportion of the Net Pension Liability | 0.055128% | 0.055024% | 0.052552% |
| District's Proportionate Share of the Net Pension Liability | $ 4,770,307 | $ 3,776,823 | $ 3,270,037 |
| District's Covered-Employee Payroll | $ 2,421,225 | $ 2,203,593 | $ 2,225,867 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll | 197.02% | 171.39% | 146.91% |
| Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 74.06% | 78.40% | 79.82% |

[1] Historical information is required only for measurement periods for which GASB No. 68 is applicable.

# Required Supplementary Information (Unaudited)
# Schedule of the District's Contributions to the Pension Plan
# For the Years Ended June 30, 2017 and 2016

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

| **Fiscal Year:** | **2016-17[1]** | **2015-16[1]** | **2014-15[1]** | **2013-14[1]** |
|---|---|---|---|---|
| Actuarially Determined Contribution[2] | $ 410,473 | $ 446,756 | $ 305,666 | $ 357,134 |
| Contribution in Relation to the Actuarially Determined Contribution[2] | (410,473) | (446,756) | (695,192) | (357,134) |
| Contribution Deficiency (Excess) | $ - | $ - | $ (389,526) | $ - |
| District's Covered-Employee Payroll[3] | $ 2,576,254 | $ 2,421,225 | $ 2,203,593 | $ 2,240,975 |
| Contributions as a Percentage of Covered-Employee Payroll | 15.93% | 18.45% | 31.55% | 15.94% |

[1] Historical information is required only for measurement periods for which GASB No. 68 is applicable.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

[3] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

**Notes to the Schedule:**
Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

# Oxnard Harbor District

## Required Supplementary Information (Unaudited)
## Schedule of Funding Progress – Other Post-Employment Benefit Plan
## For the Years Ended June 30, 2017 and 2016

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (b) | Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| July 1, 2016 | $ - | $ 8,914,824 | $ 8,914,824 | 0.00% | $ 2,421,225 | 368.19% |
| June 30, 2013 | $ - | $ 7,527,996 | $ 7,527,996 | 0.00% | $ 2,203,593 | 341.62% |
| June 30, 2010 | $ - | $ 8,622,114 | $ 8,622,114 | 0.00% | $ 2,463,568 | 349.98% |
| July 1, 2007 | $ - | $ 7,141,813 | $ 7,141,813 | 0.00% | $ 2,506,464 | 284.94% |

**Notes to the Schedule:**

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every two years or annually, if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2020, based on the year ending June 30, 2019.


The Port
OF HUENEME
Oxnard Harbor District

# Supplementary Section

# Oxnard Harbor District
## Schedule of Operating Expenses
## For the Years Ended June 30, 2017 and 2016

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **Salaries and benefits:** | | |
| Commissioner salaries | $ 36,000 | $ 36,000 |
| Administrative salaries | 1,165,392 | 1,042,485 |
| Maintenance salaries | 593,919 | 626,386 |
| Operations salaries | 781,727 | 883,742 |
| Temporary employee salaries | 90,650 | 90,444 |
| Sick leave | 127,154 | 86,274 |
| Vacation | 176,566 | 163,852 |
| Payroll taxes | 221,548 | 214,099 |
| Workers' compensation | 106,399 | 100,157 |
| Insurance: | | |
| Dental | 42,968 | 43,181 |
| HRA | 42,897 | 22,275 |
| Life | 51,311 | 48,373 |
| Medical | 425,360 | 417,811 |
| Other | 79,833 | 51,669 |
| Vision | 15,147 | 14,614 |
| CalPERS pension expense – per GASB No. 68 | 601,137 | 368,816 |
| CalPERS pension contributions – employee (made by employer) and employer | 543,928 | 498,195 |
| CalPERS pension contributions – per GASB No. 68 credited to deferred outflows | (410,473) | (446,756) |
| CalPERS pension contributions – side-fund payoff | - | (389,526) |
| Other post-employment benefits expense | 992,790 | 923,446 |
| Employee recruitment | 3,422 | 1,468 |
| Employee relations | 14,363 | 20,653 |
| Employee training and uniforms | 42,076 | 73,052 |
| **Total salaries and benefits** | 5,744,114 | 4,890,710 |
| **Governmental contractual agreements:** | | |
| 1983 Contract | 524,289 | 515,979 |
| 1987 Contract | 261,864 | 264,996 |
| 1995 Memorandum of understanding | 392,016 | 396,696 |
| Contracts – automobiles | 474,438 | 472,708 |
| Ventura County Fire District | 2,000 | 10,000 |
| Ventura County LAFCO | 8,832 | 8,467 |
| **Total governmental contractual agreements** | 1,663,439 | 1,668,846 |
| **Security:** | | |
| Guards and traffic control | 291,423 | 319,160 |
| Security training and exercises | 234,600 | - |
| Security plan and equipment | 13,147 | 63,526 |
| **Total security** | $ 539,170 | $ 382,686 |

# Oxnard Harbor District
## Schedule of Operating Expenses (Continued)
## For the Years Ended June 30, 2017 and 2016

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **Facilities and maintenance:** | | |
| Gas and oil | $ 16,648 | $ 16,443 |
| Repair and maintenance | 150,982 | 118,612 |
| Landscape services | 39,074 | 7,209 |
| Rent – facility and grounds | 120,000 | 120,000 |
| Supplies | 143,658 | 170,289 |
| Supplies – computer | 20,395 | 27,740 |
| Internet connectivity | 26,465 | 30,003 |
| Safety supplies | 14,399 | 7,284 |
| Miscellaneous | 11,709 | 5,689 |
| Utilities: | | |
| Water and sewer | 138,958 | 144,734 |
| Electricity | 355,435 | 272,848 |
| Telephone | 53,101 | 56,945 |
| Natural gas | 742 | 189 |
| Trash disposal | 17,277 | 17,277 |
| Hazardous waste disposal | 430 | 24,081 |
| **Total facilities and maintenance** | 1,109,273 | 1,019,343 |
| **Professional and legal:** | | |
| Professional fees | 805,200 | 830,619 |
| Legal services | 230,057 | 235,270 |
| **Total professional and legal** | 1,035,257 | 1,065,889 |
| **Materials and services:** | | |
| Business meeting expense | 28,011 | 16,964 |
| Community education programs | 330 | 255 |
| Discounts | (7) | 192 |
| Publications and subscriptions | 21,169 | 24,892 |
| Publications – legal notices | 135 | 128 |
| Permits and licenses | 3,710 | 6,848 |
| Postage | 3,057 | 7,296 |
| **Total materials and services** | 56,405 | 56,575 |
| **Port promotions:** | | |
| Advertising | 194,858 | 149,465 |
| Community benefit fund | 101,406 | 100,000 |
| Trade relations | 144,632 | 202,250 |
| Memberships and dues | 152,549 | 170,467 |
| Travel | 37,878 | 57,162 |
| **Total port promotions** | 631,323 | 679,344 |
| **Insurance:** | | |
| General liability | 78,877 | 79,746 |
| Property | 181,560 | 199,040 |
| Other | 5,180 | 4,500 |
| **Total insurance** | 265,617 | 283,286 |
| **Total operating expenses** | $ 11,044,598 | $ 10,046,679 |

# Oxnard Harbor District
## Schedule of Non-Operating Revenues and Expenses
## For the Years Ended June 30, 2017 and 2016

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **Non-operating revenue:** | | |
| Reimbursements | $ 64,038 | $ 21,748 |
| Ventura County Railway Co., LLC | 8,900 | 8,750 |
| Miscellaneous receipts | 2,450 | 2,312 |
| Special Event – Banana Festival – sponsorship and receipts | - | 41,760 |
| Refunds from prior years – workers' compensation | - | 1,533 |
| Department of Fish and Game reimbursement | - | 5,674 |
| **Total non-operating revenue** | 75,388 | 81,777 |
| **Non-operating expense:** | | |
| Special Event – Banana Festival – expenses | 75,000 | 93,992 |
| Prior year expenses | 30,290 | 29,837 |
| Election expense | 47,930 | - |
| Bank and trust fees | 4,794 | 4,339 |
| **Total non-operating expense** | 158,014 | 128,168 |
| **Total non-operating revenue(expense), net** | $ (82,626) | $ (46,391) |

# Oxnard Harbor District
## Schedule of Debt Service Net Revenues Coverage
## For the Years Ended June 30, 2017 and 2016

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **Total revenues:** | | |
| Operating revenues | $ 15,476,022 | $ 15,680,620 |
| Non-operating revenues | 538,113 | 453,513 |
| **Total revenues** | 16,014,135 | 16,134,133 |
| **Total expenses:** | | |
| Operating expenses before depreciation expense | 11,044,598 | 10,046,679 |
| Non-operating expenses | 864,904 | 2,040,195 |
| Less debt service items: | | |
| Interest expense – long-term debt | (706,890) | (812,027) |
| Total non-operating expenses adjusted for debt service items | 158,014 | 1,228,168 |
| **Total expenses** | 11,202,612 | 11,274,847 |
| **Net revenues available for debt service** | $ 4,811,523 | $ 4,859,286 |
| **Debt service for the fiscal year** | $ 2,900,170 | $ 2,903,245 |
| **Debt service net revenues coverage ratio** | 166% | 167% |

The Port of Hueneme
Oxnard Harbor District

# Statistical Information

## *OXNARD HARBOR DISTRICT*

### Statement of Net Position - Fiscal Years Ended June 30, 2008 through 2017

| FISCAL YEAR ENDED: | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current Assets:** | | | | | |
| Cash and cash equivalents | $ 8,503,174 | $ 3,903,178 | $ 7,673,824 | $ 6,388,401 | $ 10,014,964 |
| Restricted - cash and cash equivalents | 2,471,959 | 1,817,090 | 1,361,742 | 6,158,441 | 6,735,696 |
| Accrued interest receivable | 96,214 | 19,533 | 7,117 | 7,871 | 5,650 |
| Restricted - accrued interest receivable | 54,467 | 54,836 | 1,959 | 539 | 4 |
| Accounts receivable- harbor operations, net | 1,571,370 | 1,080,349 | 1,069,836 | 929,485 | 1,165,491 |
| Grants receivable | 0 | 471,387 | 209,865 | 177,156 | 692,828 |
| Accounts receivable- other | 146,600 | 86,087 | 98,727 | 553 | 3,819 |
| Prepaid expenses and other assets | 760,662 | 746,497 | 400,038 | 401,322 | 333,885 |
| **Total current assets** | 13,604,446 | 8,178,957 | 10,823,108 | 14,063,768 | $ 18,952,337 |
| | | | | | |
| **Non-current Assets:** | | | | | |
| Investments | 1,919,690 | 848,625 | 1,058,337 | - | $ - |
| Restricted - investments | 6,237,126 | 6,701,367 | 6,593,528 | 1,724,301 | - |
| Deposit - City of Port Hueneme | 38,891 | 16,751 | 0 | - | - |
| World Trade Center license | 51,000 | 51,000 | 51,000 | 51,000 | 51,000 |
| Membership in Ventura County Railway Co., LLC | 2,000,000 | 2,000,000 | 2,000,000 | 3,370,774 | 3,504,030 |
| Deferred charges, net | 592,956 | 508,890 | 426,014 | 354,609 | 668,911 |
| Capital assets, not being depreciated | 20,470,570 | 25,347,271 | 16,505,025 | 16,035,391 | 19,117,769 |
| Depreciable capital assets, net | 45,569,963 | 43,213,784 | 49,504,771 | 47,149,248 | 45,928,476 |
| **Total non-current assets** | 76,880,196 | 78,687,688 | 76,138,675 | 68,685,323 | $ 69,270,186 |
| | | | | | |
| **Total assets** | $ 90,484,642 | $ 86,866,645 | $ 86,961,783 | $ 82,749,091 | $ 88,222,523 |
| | | | | | |
| **Deferred outflows of resources:** | | | | | |
| Deferred loss on refunding of revenue bonds,net | $ - | $ - | $ - | $ - | $ 202,517 |
| **Total deferred outflows of resources** | $ - | $ - | $ - | $ - | $ 202,517 |
| | | | | | |
| **Total assets and deferred outflows of resources** | $ 90,484,642 | $ 86,866,645 | $ 86,961,783 | $ 82,749,091 | $ 88,425,040 |
| | | | | | |
| **Liabilities and Net Position** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable and accrued expenses | $ 544,746 | $ 379,513 | $ 411,411 | $ 358,544 | $ 1,053,379 |
| Accrued revenue sharing payables | 2,152,038 | 1,379,682 | 846,597 | 698,404 | 927,061 |
| Accrued salaries and benefits | 88,848 | 97,675 | 84,528 | 110,431 | 116,149 |
| Customer deposits and deferred revenue | 80,760 | 79,506 | 85,302 | 81,401 | 119,350 |
| Accrued interest payable | 738,739 | 678,437 | 678,437 | 597,919 | 590,736 |
| Compensated absences | 120,333 | 131,900 | 144,264 | 144,100 | 122,500 |
| Pension-related debt | 0 | 0 | 0 | - | 35,689 |
| Revenue bonds payable | 1,460,000 | 0 | 1,605,000 | - | 1,600,000 |
| **Total current liabilities** | 5,185,464 | 2,746,713 | 3,855,539 | 1,990,799 | $ 4,564,864 |
| | | | | | |
| **Non-current liabilities:** | | | | | |
| Compensated absences | 360,995 | 395,900 | 432,793 | 432,300 | $ 367,600 |
| Other post-employment benefits payable | 483,997 | 1,037,973 | 1,615,037 | 2,160,425 | 2,760,425 |
| Pension-related debt | 0 | 0 | | | 505,246 |
| Premium (Discount) on Revenue Bond, net | | | | | 289,193 |
| Revenue bonds payable | 30,370,000 | 28,840,000 | 27,235,000 | 25,545,000 | 23,090,000 |
| **Total non-current liabilities** | 31,214,992 | 30,273,873 | 29,282,830 | 28,137,725 | $ 27,012,464 |
| **Total liabilities** | $ 36,400,456 | $ 33,020,586 | $ 33,138,369 | $ 30,128,524 | $ 31,577,328 |
| | | | | | |
| **Net position:** | | | | | |
| Net investment in capital assets | $ 25,468,714 | $ 34,803,489 | $ 37,169,796 | $ 37,639,639 | $ 40,269,569 |
| Restricted for construction projects | 11,933,036 | 8,024,813 | 7,278,792 | 1,762,412 | 1,957,770 |
| Restricted for debt service | - | - | - | 5,522,950 | 4,187,194 |
| Unrestricted | 15,458,119 | 11,255,884 | 9,374,826 | 7,695,566 | 10,433,179 |
| **Total net position** | $ 52,859,869 | $ 54,084,186 | $ 53,823,414 | $ 52,620,567 | $ 56,847,712 |
| | | | | | |
| **Total liabilities, and net position** | $ 89,768,180 | $ 90,484,642 | $ 86,961,783 | $ 82,749,091 | $ 88,425,040 |

## OXNARD HARBOR DISTRICT

### Statement of Net Position - Fiscal Years Ended June 30, 2008 through 2017 (Continued)

| FISCAL YEAR ENDED: | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current Assets:** | | | | | |
| Cash and cash equivalents | $ 10,509,572 | $ 9,336,527 | $ 12,654,708 | $ 13,446,256 | $ 14,042,148 |
| Restricted - cash and cash equivalents | 5,942,034 | 5,673,649 | 6,805,648 | 3,778,549 | 4,568,311 |
| Accrued interest receivable | 5,230 | 5,875 | 6,258 | 15,349 | 37,064 |
| Restricted - accrued interest receivable | 6 | 1,836 | | | |
| Accounts receivable- harbor operations, net | 1,497,156 | 1,677,535 | 2,165,394 | 2,453,229 | 2,677,946 |
| Grants receivable | 2,700,651 | 651,858 | 147,084 | 194,886 | 138,889 |
| Accounts receivable- other | 403 | 340,538 | | | |
| Prepaid expenses and other assets | 452,095 | 214,701 | 309,592 | 349,165 | 280,573 |
| **Total current assets** | 21,107,147 | 17,902,519 | 22,088,684 | 20,237,434 | 21,744,931 |
| **Non-current Assets:** | | | | | |
| Restricted - investments | - | | | 2,472,104 | 2,475,553 |
| Shoreside Power/Arcturus Avenue leveraged loan | - | 10,021,950 | 10,021,950 | 10,021,950 | 10,021,950 |
| World Trade Center license | 51,000 | 51,000 | 51,000 | 51,000 | 51,000 |
| Membership in Ventura County Railway Co., LLC | 3,708,903 | 3,924,905 | 4,155,130 | 3,364,896 | 3,621,577 |
| Capital assets, not being depreciated | 18,457,005 | 28,343,819 | 15,725,806 | 16,342,529 | 17,499,442 |
| Depreciable capital assets, net | 51,982,771 | 46,671,037 | 56,159,022 | 57,320,244 | 53,683,929 |
| **Total non-current assets** | 74,199,679 | 89,012,711 | 86,112,908 | 89,572,723 | 87,353,451 |
| **Total assets** | $ 95,306,826 | $ 106,915,230 | $ 108,201,592 | $ 109,810,157 | $ 109,098,382 |
| **Deferred outflows of resources:** | | | | | |
| Deferred amount related to net pension liability | | | $ 374,497 | $ 750,751 | $ 1,380,564 |
| Deferred loss on refunding of revenue bonds,net | $ 185,757 | $ 168,997 | $ 152,237 | $ 135,476 | $ 118,716 |
| **Total deferred outflows of resources** | $ 185,757 | $ 168,997 | $ 526,734 | $ 886,227 | $ 1,499,280 |
| **Total assets and deferred outflows of resources** | $ 95,492,583 | $ 107,084,227 | $ 108,728,326 | $ 110,696,384 | $ 110,597,662 |
| **Liabilities and Net Position** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable and accrued expenses | $ 1,934,768 | $ 1,113,472 | $ 1,276,529 | $ 1,149,823 | $ 813,992 |
| Accrued revenue sharing payables | 1,068,787 | 1,200,843 | 1,835,074 | 2,500,529 | 3,807,378 |
| Accrued salaries and benefits | 123,788 | 194,060 | - | | |
| Customer deposits and deferred revenue | 86,455 | 97,970 | 74,174 | 85,947 | 167,929 |
| Accrued interest payable | 450,456 | 426,831 | 386,893 | 344,977 | 300,998 |
| Long-term liabilities- due within one year: | | | | | |
| Compensated absences | 117,625 | 104,600 | 98,425 | 110,400 | 120,800 |
| Pension-related debt | 40,583 | 45,980 | - | | |
| Revenue bonds payable | 1,870,000 | 1,930,000 | 2,025,000 | 2,125,000 | 2,230,000 |
| **Total current liabilities** | 5,692,462 | 5,113,756 | 5,696,095 | 6,316,676 | 7,441,097 |
| **Non-current liabilities:** | | | | | |
| Compensated absences | 352,875 | 313,800 | 280,875 | 331,200 | 362,400 |
| Unearned Revenue | | 9,777,854 | 9,347,652 | 8,917,449 | 8,487,247 |
| Other post-employment benefits payable | 3,450,000 | 3,950,000 | 4,500,000 | 5,100,000 | 5,295,000 |
| Pension-related debt | 464,663 | 418,683 | - | | |
| Premium (discount) on Revenue Bonds, net | 248,131 | 207,070 | - | | |
| Net pension liability | - | - | 3,270,037 | 3,776,823 | 4,770,307 |
| Revenue bonds payable | 21,220,000 | 19,290,000 | 17,431,009 | 15,264,947 | 12,993,886 |
| **Total non-current liabilities** | 25,735,669 | 33,957,407 | 34,829,573 | 33,390,419 | 31,908,840 |
| **Total liabilities** | $ 31,428,131 | $ 39,071,163 | $ 40,525,668 | $ 39,707,095 | $ 39,349,937 |
| **Deferred inflows of resources:** | | | | | |
| Deferred amounts related net pension liability | $ - | $ - | $ 922,428 | $ 324,430 | $ 151,423 |
| **Total deferred outflows of resources** | **$ -** | **$ -** | $ 922,428 | $ 324,430 | $ 151,423 |
| **Net position:** | | | | | |
| Net investment in capital assets | $ 47,287,402 | $ 53,756,783 | $ 52,428,819 | $ 56,408,302 | $ 56,078,201 |
| Restricted | 5,491,584 | 5,248,654 | 4,583,681 | 4,289,139 | 4,784,765 |
| Unrestricted | 11,285,466 | 9,007,627 | 10,267,730 | 9,967,418 | 10,233,336 |
| **Total net position** | $ 64,064,452 | $ 68,013,064 | $ 67,280,230 | $ 70,664,859 | $ 71,096,302 |
| **Total liabilities, and net position** | $ 95,492,583 | $ 107,084,227 | $ 108,728,326 | $ 110,696,384 | $ 110,597,662 |

## *OXNARD HARBOR DISTRICT*

### Summary of Revenues, Expenses, and Change in Net Position
### Fiscal Years Ended June 30, 2008 through 2017

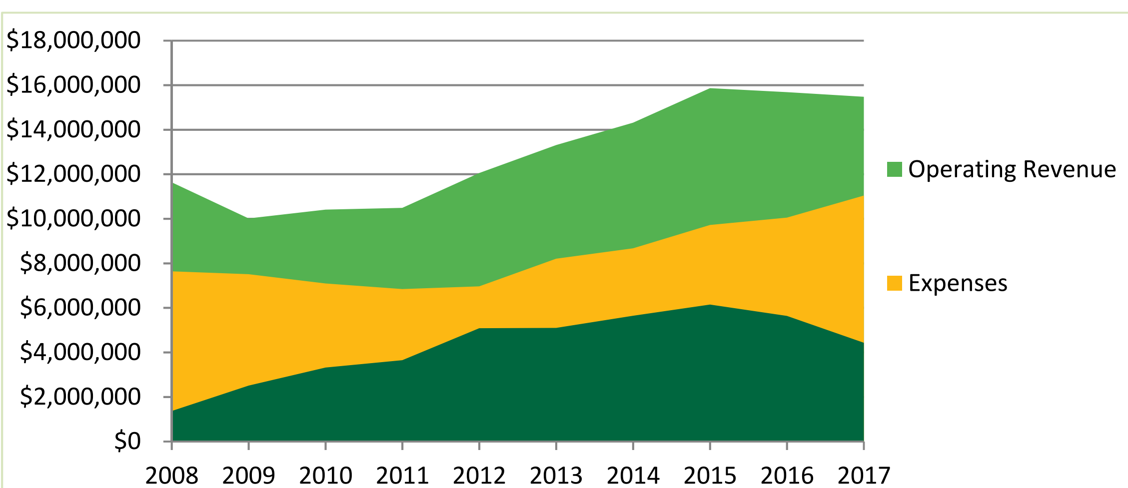
| FISCAL YEAR ENDED: | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **Operating Revenues:** | | | | | |
| Auto Cargo | $ 6,524,468 | $ 4,141,894 | $ 5,067,786 | $ 5,553,797 | $ 6,589,395 |
| Fresh Produce Cargo | 2,852,238 | 3,454,636 | 2,986,912 | 2,731,854 | 2,909,571 |
| Offshore Oil | 611,043 | 688,031 | 716,410 | 616,907 | 651,839 |
| Property Management | 1,109,826 | 1,343,297 | 1,142,746 | 1,177,109 | 1,398,892 |
| Other | 540,318 | 387,474 | 494,388 | 408,195 | 500,781 |
| **Total** | 11,637,893 | 10,015,332 | 10,408,242 | 10,487,862 | $ 12,050,478 |
| **Operating Expenses:** | | | | | |
| Salaries & Benefits | 4,108,050 | 4,292,580 | 4,317,130 | 4,292,829 | $ 4,338,280 |
| Governmental Contractual Agreements | 1,307,298 | 1,081,298 | 956,572 | 1,043,463 | 1,039,909 |
| Security | 128,153 | 209,259 | 213,543 | 208,777 | 218,751 |
| Facilities and Maintenance | 730,952 | 553,292 | 446,626 | 463,166 | 465,959 |
| Professional and Legal | 273,097 | 316,492 | 286,206 | 279,996 | 374,219 |
| Materials and Services | 84,972 | 19,371 | 12,427 | 12,837 | 14,217 |
| Port Promotion | 310,561 | 280,374 | 162,106 | 192,122 | 234,410 |
| Insurance | 696,754 | 758,021 | 698,365 | 347,234 | 279,984 |
| **Total** | 7,639,837 | 7,510,687 | 7,092,975 | 6,840,424 | $ 6,965,729 |
| **Operating Profit ( Loss) before depreciation:** | 3,998,056 | 2,504,645 | 3,315,267 | 3,647,438 | $ 5,084,749 |
| Depreciation Expense | 2,632,521 | 2,701,143 | 3,087,810 | 3,010,045 | $ 2,978,656 |
| **Net Operating Profit (Loss)** | $ 1,365,535 | $ (196,498) | $ 227,457 | $ 637,393 | $ 2,106,093 |
| **Nonoperating Income (Expense) and Capital Contributions:** | | | | | |
| Investment earnings | $ 897,862 | $ 250,941 | $ 31,669 | $ 42,016 | $ 24,500 |
| Interest expense – long-term debt | (1,648,562) | (1,708,560) | (1,628,250) | (1,550,615) | (1,445,915) |
| Amortization of deferred charges | (91,601) | (84,066) | (82,876) | (71,405) | (50,853) |
| CalPERS side-fund | - | - | - | - | (540,935) |
| Loss on discontiuance of deep draft navigation project | - | - | - | (1,092,177) | - |
| Change in membership in Ventura County Railway Co, LLC | - | - | - | 140,713 | 133,256 |
| Other revenue, net | 414,208 | 387,154 | 763,108 | (94,737) | (4,846) |
| Net Contributed Capital/Grants | 286,875 | 1,112,902 | 666,247 | 785,965 | 4,005,845 |
| **Net Nonoperating Income (Expense) and Capital Contributions** | (141,218) | (41,629) | (250,102) | (1,840,240) | $ 2,121,052 |
| **Change in Net Position** | $ 1,224,317 | $ (238,127) | $ (22,645) | $ (1,202,847) | $ 4,227,145 |
| Net investment in capital assets | $ 34,803,489 | $ 39,721,055 | $ 37,169,796 | $ 37,639,639 | $ 40,269,569 |
| Restricted for construction projects and debt service | 8,024,813 | 7,894,856 | 7,278,792 | 7,285,362 | 6,144,964 |
| Unrestricted | 11,255,884 | 6,230,148 | 9,374,826 | 9,457,978 | 10,433,179 |
| **Net Position, end of year** | $ 54,084,186 | $ 53,846,059 | $ 53,823,414 | $ 54,382,979 | $ 56,847,712 |

## OXNARD HARBOR DISTRICT

**Summary of Revenues, Expenses, and Change in Net Position *(Continued)***

**Fiscal Years Ended June 30, 2007 through 2016**

| FISCAL YEAR ENDED: | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| **Operating Revenues:** | | | | | |
| Auto Cargo | $ 7,323,391 | $ 8,030,334 | $ 8,858,545 | $ 9,428,157 | $ 8,287,701 |
| Fresh Produce Cargo | 3,148,189 | 3,149,246 | 3,365,727 | 2,913,365 | 3,308,916 |
| Offshore Oil | 634,909 | 735,383 | 715,990 | 390,292 | 313,126 |
| Property Management | 1,530,793 | 1,922,304 | 2,152,661 | 2,179,308 | 2,260,603 |
| Other | 671,486 | 472,662 | 774,735 | 769,498 | 1,305,676 |
| **Total** | 13,308,768 | 14,309,929 | 15,867,658 | 15,680,620 | 15,476,022 |
| **Operating Expenses:** | | | | | |
| Salaries & Benefits | 4,868,475 | 4,790,826 | 5,076,772 | 4,890,710 | 5,744,114 |
| Governmental Contractual Agreements | 1,213,579 | 1,344,943 | 1,491,856 | 1,668,846 | 1,663,439 |
| Security | 215,647 | 247,855 | 280,056 | 382,686 | 539,170 |
| Facilities and Maintenance | 655,090 | 625,315 | 866,147 | 1,119,343 | 1,109,273 |
| Professional and Legal | 660,163 | 931,653 | 1,134,145 | 1,065,889 | 1,035,257 |
| Materials and Services | 17,513 | 35,757 | 48,468 | 56,575 | 56,405 |
| Port Promotion | 324,347 | 411,942 | 514,776 | 579,344 | 631,323 |
| Insurance | 253,718 | 280,562 | 304,518 | 283,286 | 265,617 |
| **Total** | 8,208,532 | 8,668,853 | 9,716,738 | 10,046,679 | 11,044,598 |
| **Operating Profit ( Loss) before depreciation:** | 5,100,236 | 5,641,076 | 6,150,920 | 5,633,941 | 4,431,424 |
| Depreciation Expense | 2,943,094 | 3,539,818 | 3,874,064 | 3,803,302 | 4,201,098 |
| **Net Operating Profit (Loss)** | $ 2,157,142 | $ 2,101,258 | $ 2,276,856 | $ 1,830,639 | $ 230,326 |
| **Nonoperating Income (Expense) and Capital Contributions:** | | | | | |
| Investment, Interest earnings | $ 16,799 | $ 71,252 | $ 129,080 | $ 162,769 | $ 205,245 |
| Interest expense – long-term debt | (1,109,151) | (1,029,120) | (912,231) | (812,027) | (706,890) |
| Amortization of deferred charges | (644,609) | 41,061 | - | | |
| CalPERS side-fund | - | - | - | | |
| Loss on discontiuance of deep draft navigation project | - | | | | |
| Change in membership in Ventura County Railway Co, LLC | 204,873 | 216,002 | 230,225 | 208,967 | 257,480 |
| Prproperty Settlement-City of Port Hueneme | | | | (1,100,000) | |
| Other revenue, net | 57,446 | (58,460) | (87,978) | (46,391) | (82,626) |
| Net Contributed Capital/Grants | - | - | 1,515,942 | | 527,908 |
| **Net Nonoperating Income (Expense) and Capital Contributions** | (1,474,642) | (759,265) | 875,038 | (1,586,682) | 201,117 |
| **Change in Net Position** | $ 682,500 | $ 1,341,993 | $ 3,151,894 | $ 243,957 | $ 431,443 |
| Net investment in capital assets | $ 47,287,402 | $ 53,756,783 | $ 52,428,819 | $ 56,408,302 | $ 56,078,201 |
| Restricted for construction projects and debt service | 5,491,584 | 5,248,654 | 4,583,681 | 4,289,139 | 4,784,765 |
| Unrestricted | 11,285,466 | 9,007,627 | 10,267,730 | 9,967,418 | 10,233,336 |
| **Net Position end of year** | $ 64,064,452 | $ 68,013,064 | $ 67,280,230 | $ 70,664,859 | $ 71,096,302 |



## *OXNARD HARBOR DISTRICT*

**Revenue Bond Coverage**
**Fiscal Years Ended June 30, 2008 through 2017**

| FISCAL YEAR ENDED: | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **Gross Revenues** (1) | $ 12,949,963 | $ 10,663,566 | $ 11,169,046 | $ 10,575,709 | $ 12,074,978 |
| **Operating Expenses** (2) | 6,978,533 | 6,956,711 | 6,515,911 | 6,295,036 | 6,365,729 |
| **Net Revenue Available for Debt Service** | $ 5,971,430 | $ 3,706,855 | $ 4,653,135 | $ 4,280,673 | $ 5,709,249 |
| **Debt Service Requirements:** (3) | | | | | |
| Principal | $ 1,395,000 | $ 1,460,000 | $ - | $ 1,640,289 | $ 1,600,000 |
| Interest | 1,805,954 | 1,737,839 | 1,628,250 | 1,550,615 | 1,249,431 |
| **Totals:** | $ 3,200,954 | $ 3,197,839 | $ 1,628,250 | $ 3,190,904 | $ 2,849,431 |
| **Debt Ratio Coverage** | 186.55% | 115.92% | 285.78% | 134.15% | 200.36% |
| **Debt Covenant Requirement** | 125.00% | 125.00% | 125.00% | 125.00% | 125.00% |
| **OVER (UNDER)** | 61.55% | -9.08% | 160.78% | 9.15% | 75.36% |

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 $4,859,286 and $6,422,247 for the years ended June 30, 2016 and 2015, respectively. The actual debt service coverage ratios were 167% and 21% for the years ended June 30, 2016 and 2015, respectively.

The District is in compliance with its bond covenants for fiscal year 2016.

The Long-Term Debt balance on Revenue Bonds as of June 30, 2016:

– Series 2011(A) - $10,245,000
– Series 2011(B) - $7,020,000

*NOTES:*

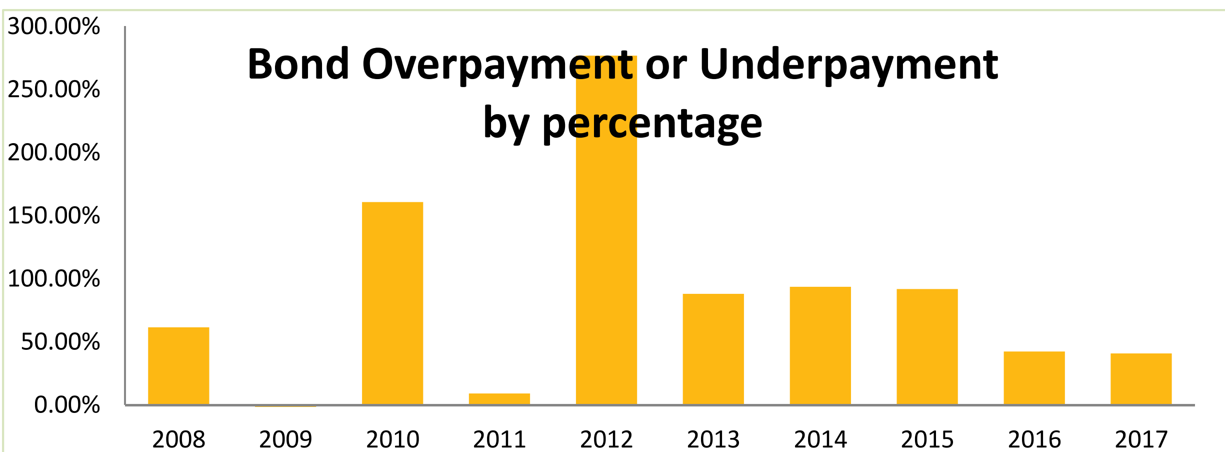
*(1) Total revenues include interest but exclude the contributed capital and grant funds that were generated by donated property (GASB 33).*
*(2) Total operating expenses exclusive of depreciation, OPEB accrual and debt service interest expense.*
*(3) Includes principal and interest of revenue bonds only.*

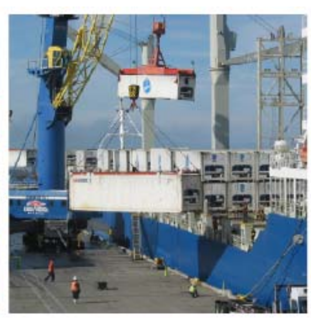
**Source:** OXNARD HARBOR DISTRICT – Accounting/Finance Department

The Port of Hueneme
Oxnard Harbor District

## *OXNARD HARBOR DISTRICT*
**Revenue Bond Coverage *(Continued)***
**Fiscal Years Ended June 30, 2007 through 2016**

| FISCAL YEAR ENDED: | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Gross Revenues [1] | $ 13,588,404 | $ 14,560,049 | $ 16,363,576 | $ 16,134,133 | $ 16,014,135 |
| Operating Expenses [2] | 7,518,957 | 8,168,853 | 9,941,329 | 11,274,847 | 11,202,612 |
| Net Revenue Available for Debt Service | $ 6,069,447 | $ 6,391,196 | $ 6,422,247 | $ 4,859,286 | $ 4,811,523 |
| Debt Service Requirements: [3] | | | | | |
| Principal | $ 1,740,280 | $ 1,893,625 | $ 1,994,239 | $ 2,025,000 | $ 2,230,000 |
| Interest | $ 1,109,151 | 1,029,120 | 912,231 | 878,245 | 670,170 |
| Totals: | $ 2,849,431 | $ 2,922,745 | $ 2,906,470 | $ 2,903,245 | $ 2,900,170 |
| Debt Ratio Coverage | 213.01% | 218.67% | 220.96% | 167.37% | 165.90% |
| Debt Covenant Requirement | 125.00% | 125.00% | 125.00% | 125.00% | 125.00% |
| OVER (UNDER) | 88.01% | 93.67% | 95.96% | 42.37% | 40.90% |



# OXNARD HARBOR DISTRICT
## LARGEST REVENUE CUSTOMERS (Net of Revenue Sharing)
### Last Ten Fiscal Years

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

| FISCAL YEAR ENDED: | | 2009 | |
|---|---|---|---|
| *CUSTOMER* | | | |
| 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 | |
|---|---|---|---|
| *CUSTOMER* | | | |
| 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 | |
|---|---|---|---|
| *CUSTOMER* | | | |
| 1 Wallenius Wilhelmsen Logistics, Inc. | $ | 2,038,840 | 19.4% |
| 2 BMW of North America, LLC | | 1,794,757 | 17.1% |
| 3 Del Monte Fresh Produce W.A. Inc. | | 1,719,214 | 16.4% |
| 4 Global Auto Processing Services, Inc. | | 1,692,634 | 16.1% |
| 5 NYK Cool USA, Inc. | | 1,039,508 | 10.0% |
| 6 YARA North America, Inc. | | 439,461 | 4.2% |
| 7 EXXON Co. USA | | 315,930 | 3.0% |
| 8 Marine Terminals Corp. (Ports America) | | 264,122 | 2.5% |
| 9 Irwin Holdings Company | | 202,497 | 2.0% |
| 10 Plains Exploration & Prod Co. | | 199,980 | 1.9% |
| Sub-total Top Ten | $ | 9,706,943 | 92.6% |
| All Other | | 780,919 | 7.4% |
| Total Revenue | $ | 10,487,862 | 100.0% |

| FISCAL YEAR ENDED: | | 2012 | |
|---|---|---|---|
| *CUSTOMER* | | | |
| 1 Wallenius Wilhelmsen Logistics, Inc. | $ | 2,512,325 | 18.9% |
| 2 Global Auto Processing Services, Inc. | | 2,293,224 | 17.2% |
| 3 Del Monte Fresh Produce W.A. Inc. | | 1,722,532 | 12.9% |
| 4 BMW of North America, LLC | | 1,718,335 | 12.9% |
| 5 NYK Cool USA, Inc. | | 1,252,551 | 9.4% |
| 6 YARA North America, Inc. | | 497,521 | 3.7% |
| 7 EXXON Co. USA | | 357,966 | 2.7% |
| 8 Marine Terminals Corp. (Ports America) | | 266,362 | 2.0% |
| 9 Irwin Holdings Company | | 264,792 | 2.0% |
| 10 Plains Exploration & Prod Co. | | 224,518 | 1.7% |
| Sub-total Top Ten | $ | 11,110,126 | 83.5% |
| All Other | | 940,352 | 7.1% |
| Total Revenue | $ | 12,050,478 | 90.5% |

| FISCAL YEAR ENDED: | | 2013 | |
|---|---|---|---|
| *CUSTOMER* | | | |
| 1 Wallenius Wilhelmsen Logistics, Inc. | $ | 2,554,529 | 19.2% |
| 2 BMW of North America, LLC | | 2,363,418 | 17.8% |
| 3 Global Auto Processing Services, Inc. | | 2,291,347 | 17.2% |
| 4 Del Monte Fresh Produce W.A. Inc. | | 1,857,743 | 14.0% |
| 5 NYK Cool USA, Inc. | | 1,404,544 | 10.6% |
| 6 YARA North America, Inc. | | 559,804 | 4.2% |
| 7 Marine Terminals Corp. (Ports America) | | 395,843 | 3.0% |
| 8 Channel Islands Logistics | | 378,290 | 2.8% |
| 9 Irwin Holdings Company | | 295,524 | 2.2% |
| 10 EXXON Co. USA | | 327,302 | 2.5% |
| Sub-total Top Ten | $ | 12,428,344 | 93.5% |
| All Other | | 880,425 | 6.5% |
| Total Revenue | $ | 13,308,769 | 100.0% |

Some Customers were acquired or changed their names over the 10 Year period.

## OXNARD HARBOR DISTRICT

### LARGEST REVENUE CUSTOMERS (Net of Revenue Sharing) *(Continued)*

### Last Ten Fiscal Years

| | FISCAL YEAR ENDED: | | 2014 | |
|---|---|---|---|---|
| | CUSTOMER | | | |
| 1 | Global Auto Processing Services, Inc. | $ | 2,780,005 | 19.4% |
| 2 | Wallenius Wilhelmsen Logistics, Inc. | | 2,699,334 | 18.9% |
| 3 | BMW of North America, LLC | | 2,439,876 | 17.1% |
| 4 | Del Monte Fresh Produce W.A. Inc. | | 1,799,492 | 12.6% |
| 5 | Cool Carriers Shipping USA, Inc. | | 1,460,875 | 10.2% |
| 6 | YARA North America, Inc. | | 553,783 | 3.9% |
| 7 | Channel Islands Logistics | | 369,448 | 2.6% |
| 8 | EXXON Co. USA | | 355,217 | 2.5% |
| 9 | General Steamship, Corp., Ltd. | | 323,525 | 2.3% |
| 10 | PORTS AMERICA | | 305,192 | 2.1% |
| | Sub-total Top Ten | $ | 13,086,748 | 91.5% |
| | All Other | | 1,223,181 | 8.5% |
| | Total Revenue | $ | 14,309,929 | 100.0% |

| | FISCAL YEAR ENDED: | | 2015 | |
|---|---|---|---|---|
| | CUSTOMER | | | |
| 1 | BMW of North America, LLC | $ | 2,981,824 | 18.8% |
| 2 | Glovis America, Inc | | 2,928,498 | 18.5% |
| 3 | Wallenius Wilhelmsen Logistics, Inc. | | 2,890,735 | 18.2% |
| 4 | Del Monte Fresh Produce W.A. Inc. | | 1,765,642 | 11.1% |
| 5 | Cool Carriers Shipping USA, Inc. | | 1,690,508 | 10.7% |
| 6 | YARA North America, Inc. | | 611,487 | 3.9% |
| 7 | EXXON Co. USA | | 391,388 | 2.5% |
| 8 | Channel Islands Logistics | | 388,130 | 2.4% |
| 9 | PORTS AMERICA | | 372,649 | 2.3% |
| 10 | Irwin Holdings Company | | 282,866 | 1.8% |
| | Sub-total Top Ten | $ | 14,303,726 | 90.1% |
| | All Other | | 1,563,932 | 9.9% |
| | Total Revenue | $ | 15,867,658 | 100.0% |

| | FISCAL YEAR ENDED: | | 2016 | |
|---|---|---|---|---|
| | CUSTOMER | | | |
| 1 | Wallenius Wilhelmsen Logistics, Inc. | | 3,444,299 | 24.1% |
| 2 | BMW of North America, LLC | | 3,049,905 | 21.3% |
| 3 | Glovis America, Inc | | 2,843,567 | 19.9% |
| 4 | Del Monte Fresh Produce W.A. Inc. | | 1,601,553 | 11.2% |
| 5 | Cool Carriers Shipping USA, Inc. | | 1,378,930 | 9.6% |
| 6 | YARA North America, Inc. | | 679,178 | 4.7% |
| 7 | PORTS AMERICA | | 408,015 | 2.9% |
| 8 | Channel Islands Logistics | | 379,776 | 2.7% |
| 9 | Freeport McMorran | | 154,061 | 1.1% |
| 10 | Irwin Holdings Company | | 141,454 | 1.0% |
| | Sub-total Top Ten | $ | 14,080,738 | 98.4% |
| | All Other | | 1,599,882 | 11.2% |
| | Total Revenue | $ | 15,680,620 | 109.6% |

| | FISCAL YEAR ENDED: | | 2017 | |
|---|---|---|---|---|
| | CUSTOMER | | | |
| 1 | Wallenius Wilhelmsen Logistics, Inc. | $ | 3,480,767 | 22.5% |
| 2 | Glovis America, Inc | | 2,546,598 | 16.5% |
| 3 | BMW of North America, LLC | | 2,117,657 | 13.7% |
| 4 | Del Monte Fresh Produce W.A. Inc. | | 1,671,805 | 10.8% |
| 5 | Cool Carriers Shipping USA, Inc. | | 1,515,977 | 9.8% |
| 6 | YARA North America, Inc. | | 689,738 | 4.5% |
| 7 | Sealand, Inc | | 495,453 | 3.2% |
| 8 | Channel Islands Logistics | | 369,330 | 2.4% |
| 9 | PORTS AMERICA | | 272,808 | 1.8% |
| 10 | Hambrug Sud North America | | 255,537 | 1.7% |
| | Sub-total Top Ten | $ | 13,415,670 | 86.7% |
| | All Other | | 2,060,352 | 13.3% |
| | Total Revenue | $ | 15,476,022 | 100.0% |




## *OXNARD HARBOR DISTRICT*

**Ten Year Trend – Cargo Revenue Tons**

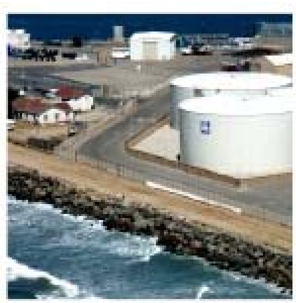
***Fiscal Years Ended:* June 30, 2008 through 2017**

| FISCAL YEAR ENDED: | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **COMMODITY TYPE:** | | | | | |
| **AUTOMOBILES** | | | | | |
| Imports | 228,936 | 136,145 | 153,862 | 181,042 | 219,164 |
| Exports | 3,381 | 9,851 | 31,431 | 19,488 | 21,497 |
| **OTHER VEHICLES** | | | | | |
| Imports/Exports | 38,626 | 28,841 | 20,362 | 34,334 | 45,734 |
| **BANANAS** | | | | | |
| Imports | 609,429 | 602,567 | 640,477 | 603,703 | 615,588 |
| **FRESH FRUIT** | | | | | |
| Imports | 87,233 | 75,094 | 105,518 | 85,034 | 94,874 |
| Exports | 5,797 | 10,035 | 4,379 | 4,429 | 5,912 |
| **GENERAL CARGO** | | | | | |
| Imports/Exports | 81,563 | 84,166 | 71,444 | 100,343 | 82,196 |
| FISH | | | | | |
| Coastwise | 14,908 | 11,311 | 30,010 | 23,587 | 27,408 |
| **OFFSHORE OIL CARGO** | | | | | |
| Coastwise | 56,845 | 66,994 | 72,466 | 46,898 | 52,282 |
| **TOTAL** | 1,126,719 | 1,025,004 | 1,129,950 | 1,098,858 | 1,164,655 |
| | | | | | |
| **BULK LIQUID** | | | | | |
| Import | 128,312 | 86,630 | 115,938 | 108,777 | 134,939 |
| **VESSEL FUEL** | | | | | |
| Coastwise | 13,768 | 9,321 | 10,520 | 10,008 | 13,063 |
| **TOTAL** | 142,081 | 95,951 | 126,458 | 118,785 | 148,002 |
| **GRAND TOTAL** | **1,268,799** | **1,120,955** | **1,256,408** | **1,217,643** | **1,312,657** |
| | | | | | |
| **PASSENGERS** | 17,883 | 13,532 | 7,037 | 6,659 | 7,820 |

**Source:** OXNARD HARBOR DISTRICT – Maritime Operations Department

Measurements:
*Metric Ton = 1000 kgs or Cubic Meter*
*Auto = One Unit*

The Port of Hueneme
Oxnard Harbor District



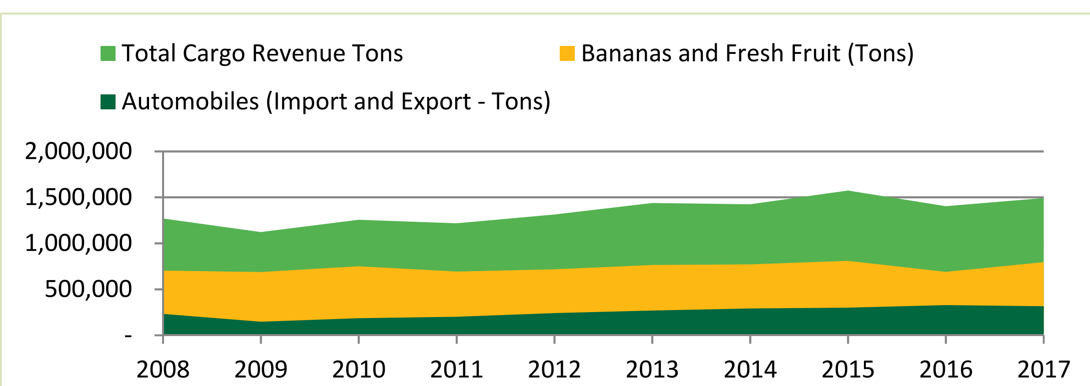
## *OXNARD HARBOR DISTRICT*

**Ten Year Trend – Cargo Revenue Tons *(Continued)***

***Fiscal Years Ended:* June 30, 2008 through 2017**

290,410

| FISCAL YEAR ENDED: | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| **COMMODITY TYPE:** | | | | | |
| **AUTOMOBILES** | | | | | |
| Imports | 245,974 | 261,870 | 300,161 | 290,410 | 287,467 |
| Exports | 21,763 | 28,494 | 20,922 | 37,873 | 31,109 |
| **OTHER VEHICLES** | | | | | |
| Imports/Exports | 48,813 | 44,358 | 43,553 | 44,451 | 53,394 |
| **BANANAS** | | | | | |
| Imports | 650,608 | 655,589 | 655,643 | 571,842 | 599,601 |
| **FRESH FRUIT** | | | | | |
| Imports | 101,382 | 103,806 | 116,673 | 108,389 | 170,433 |
| Exports | 12,019 | 11,451 | 37,909 | 8,718 | 20,585 |
| **GENERAL CARGO** | | | | | |
| Imports/Exports | 90,924 | 111,616 | 176,133 | 133,129 | 131,540 |
| **FISH** | | | | | |
| Coastwise | 21,437 | 14,942 | 15,825 | 8,071 | 4,550 |
| **OFFSHORE OIL CARGO** | | | | | |
| Coastwise | 56,729 | 55,507 | 55,512 | 33,862 | 32,506 |
| **TOTAL** | 1,249,650 | 1,287,633 | 1,422,329 | 1,236,745 | 1,331,185 |
| | | | | | |
| **BULK LIQUID** | | | | | |
| Import | 167,253 | 123,947 | 140,000 | 160,145 | 150,845 |
| **VESSEL FUEL** | | | | | |
| Coastwise | 21,693 | 12,313 | 12,576 | 6,333 | 9,442 |
| **TOTAL** | 188,946 | 136,260 | 152,576 | 166,478 | 160,287 |
| **GRAND TOTAL** | **1,438,596** | **1,423,893** | **1,574,905** | **1,403,223** | **1,491,472** |
| | | | | | |
| **PASSENGERS** | 15,563 | 8,512 | - | - | - |



## *OXNARD HARBOR DISTRICT*

**Ten Year Trend in Tonnages for California Ports**
**Metric Revenue Tons**
**Fiscal Years Ended June 30, 2008 through 2017**

| FISCAL YEAR ENDED: | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **Commodities** | | | | | |
| General Cargo | 326,674,840 | 300,478,869 | 267,988,161 | 294,138,923 | 303,606,826 |
| Dry Bulk | 15,714,821 | 14,054,796 | 12,257,955 | 12,707,528 | 15,771,301 |
| Liquid Bulk | 43,382,047 | 44,770,128 | 44,778,813 | 45,049,117 | 43,543,921 |
| **Total Tonnage** | 385,771,708 | 359,303,793 | 325,024,929 | 351,895,568 | 362,922,048 |
| | | | | | |
| **TOTAL TONNAGE BY PORT** | | | | | |
| Hueneme | 1,269,462 | 1,120,955 | 1,135,381 | 1,217,643 | 1,317,717 |
| Humboldt | 522,604 | 154,551 | 153,403 | 308,435 | 491,863 |
| Long Beach | 173,036,521 | 162,909,940 | 131,113,155 | 153,138,651 | 148,609,793 |
| Los Angeles | 169,970,898 | 157,494,143 | 156,166,239 | 158,237,225 | 170,904,406 |
| Oakland | 31,696,637 | 30,286,020 | 29,787,552 | 31,698,436 | 32,287,606 |
| Redwood City | 1,487,064 | 986,727 | 842,727 | 871,940 | 1,609,237 |
| Richmond | 331,604 | 346,582 | 187,120 | 206,294 | 235,127 |
| West Sacramento | 852,849 | 729,734 | 668,886 | 538,135 | 805,536 |
| San Diego | 3,142,691 | 2,819,472 | 2,798,180 | 2,902,128 | 2,920,338 |
| San Francisco | 1,362,694 | 1,096,536 | 912,595 | 763,435 | 1,088,272 |
| Stockton | 2,098,684 | 1,359,133 | 1,259,691 | 2,013,246 | 2,652,153 |
| **Total Tonnage** | 385,771,708 | 359,303,793 | 325,024,929 | 351,895,568 | 362,922,048 |

**Source:** California Association of Port Authorities

The Port of Hueneme
Oxnard Harbor District

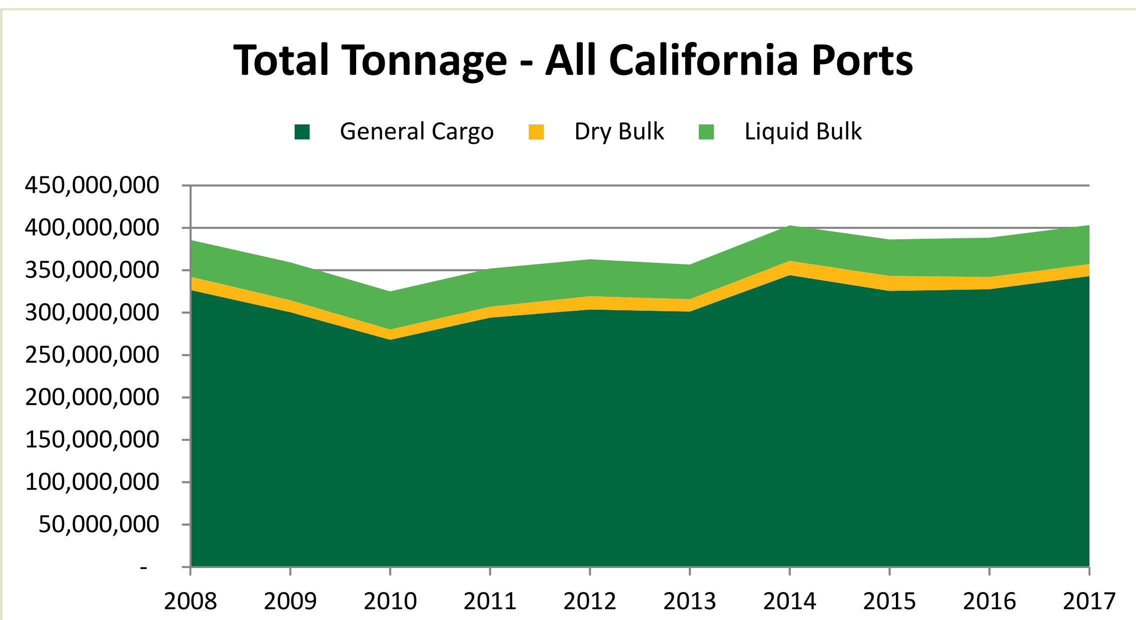
## *OXNARD HARBOR DISTRICT*

**Ten Year Trend in Tonnages for California Ports *(Continued)***
**Metric Revenue Tons**
**Fiscal Years Ended June 30, 2008 through 2017**

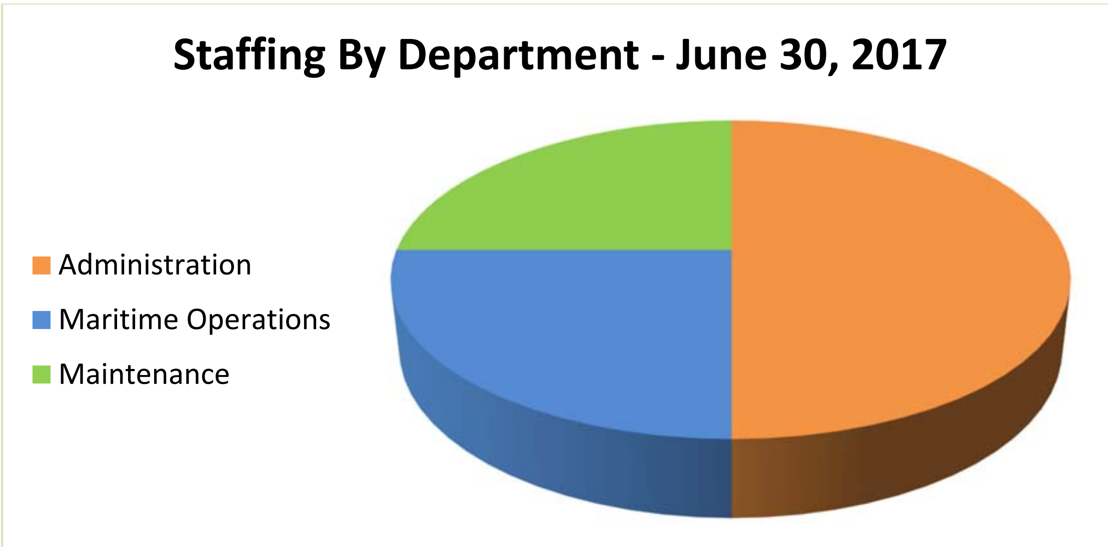
| FISCAL YEAR ENDED: | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| **Commodities** | | | | | |
| General Cargo | 301,293,420 | 344,340,844 | 325,463,528 | 327,602,092 | 343,150,794 |
| Dry Bulk | 14,465,939 | 16,748,735 | 17,872,881 | 14,266,755 | 14,004,394 |
| Liquid Bulk | 40,965,656 | 41,716,159 | 42,841,226 | 46,501,284 | 46,107,734 |
| **Total Tonnage** | 356,725,015 | 402,805,738 | 386,177,635 | 388,370,131 | 403,262,922 |

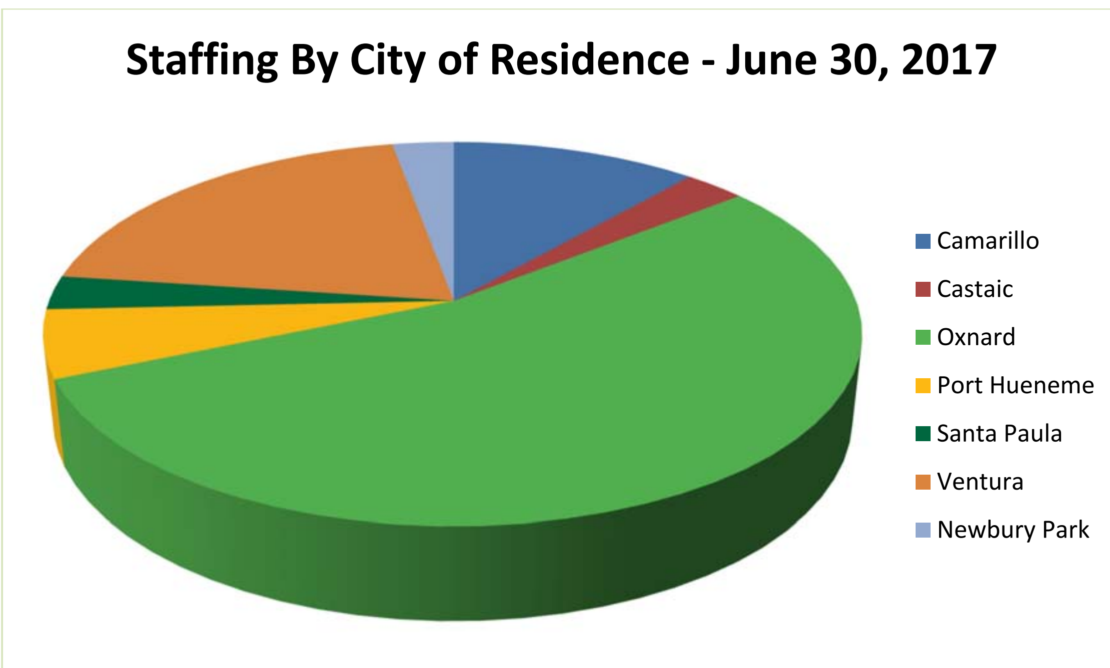
| TOTAL TONNAGE BY PORT | | | | | |
|---|---|---|---|---|---|
| Hueneme | 1,438,594 | 1,421,798 | 1,407,705 | 1,455,507 | 1,489,097 |
| Humboldt | 451,078 | 398,660 | 381,956 | 310,623 | 274,851 |
| Long Beach | 150,151,030 | 163,632,381 | 164,792,331 | 163,554,995 | 159,475,697 |
| Los Angeles | 164,543,000 | 196,177,000 | 176,832,000 | 182,807,000 | 198,077,000 |
| Oakland | 32,129,094 | 32,166,539 | 32,091,937 | 30,302,235 | 33,528,888 |
| Redwood City | 1,376,991 | 1,636,330 | 1,830,412 | 1,699,143 | 1,639,088 |
| Richmond | 254,909 | 286,518 | 268,480 | 273,067 | 244,911 |
| West Sacramento | 296,999 | 381,764 | 276,591 | 436,872 | 558,699 |
| San Diego | 2,746,503 | 2,645,484 | 2,731,453 | 2,738,802 | 2,894,677 |
| San Francisco | 1,242,048 | 1,207,531 | 1,616,671 | 1,501,854 | 1,351,400 |
| Stockton | 2,094,769 | 2,851,733 | 3,948,099 | 3,290,033 | 3,728,614 |
| **Total Tonnage** | 356,725,015 | 402,805,738 | 386,177,635 | 388,370,131 | 403,262,922 |

**Source:** California Association of Port Authorities



## OXNARD HARBOR DISTRICT
**Employee Statistics- June 30, 2017**




**Source:** OXNARD HARBOR DISTRICT - Finance Department

## *OXNARD HARBOR DISTRICT*

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

| Year | Population (a) | Per Capita Personal Income (b) | Unemployment Rate (c) |
|---|---|---|---|
| **2007** | 803,572 | 46,634 | 4.90% |
| **2008** | 808,970 | 46,634 | 6.30% |
| **2009** | 815,284 | 43,881 | 9.80% |
| **2010** | 822,108 | 44,653 | 10.80% |
| **2011** | 827,874 | 45,055 | 10.10% |
| **2012** | 832,970 | 48,345 | 9.30% |
| **2013** | 839,620 | 48,683 | 7.00% |
| **2014** | 846,178 | 50,545 | 6.70% |
| **2015** | 850536 (d) | 54,155 | 5.50% |
| **2016** | 849,738 (d) | 55,779 | 5.60% |

**Sources**:

(a) State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, January 1, 2001-2010, with 2000 and 2010 census counts, as of August 2011.

(b) US Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, CA1-3-Personal Income, as of March, 2017. All dollar estimates are in current dollars (not adjusted for inflation).

(c) State of California, Employment Development Department, Labor Market Information Division, October 2015. Historical Civilian Labor force, data not seasonally adjusted.

(d) United State Census Bureau, Quick facts Ventura County California

**VENTURA COUNTY'S TOP EMPLOYERS**

**Employers with 5,000 to 9,999 Employees**

| Employer | Location | Industry |
|---|---|---|
| U.S. Navy Base | Point Mugu/Port Hueneme | National Security |
| County of Ventura | Countywide | Government |
| Amgen, Inc. | Thousand Oaks | Biotechnology |

**Employers with 1,000 to 4,999 Employees**

| Employer | Location | Industry |
|---|---|---|
| Anthem Blue Cross of CA | 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 |
| Los Robles Hospital & Medical Center | Thousand Oaks | Hospital |
| Sheriff's Department & Jails | Thousand Oaks | Public Safety |
| St. John's Regional Medical Center | Oxnard | Hospital |
| City of Oxnard | Oxnard | 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 |

The Port
OF HUENEME
Oxnard Harbor District


# Report on Internal Controls & Compliance

THE PUN GROUP
ACCOUNTANTS & ADVISORS

**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***

***Independent Auditors' Report***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheets of the Oxnard Harbor District (District) as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 20, 2017.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

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www.pungroup.com

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

**Purpose of this Report**

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

The Pun Group, LLP

Santa Ana, California
November 30, 2017