



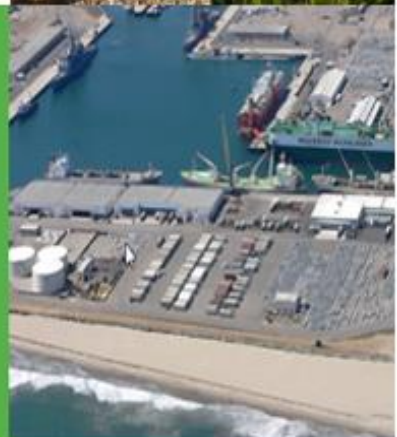
Port Hueneme, California

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2014 and 2013



We Make Cargo Move





The Port of Hueneme (Port) is the only deep water harbor between Los Angeles and the San Francisco Bay area and is a US 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 transport of over \$7 billion in cargo, generates a \$1 billion economic impact, and provides more than 10,000 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 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 2014, 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 77 year history.

Port of Hueneme - Oxnard Harbor District

Board of Harbor Commissioners as of June 30, 2014

Name	Title	Elected/ Appointed	Current Term
Mary Anne Rooney	President	Elected	1/11 - 1/15
Jess Herrera	Vice President	Elected	1/11 - 1/15
Dr. Manuel M. Lopez	Secretary	Elected	1/13 - 1/17
Arlene Fraser	Commissioner	Elected	1/13 - 1/17
Jason T. Hodge	Commissioner	Elected	1/11 - 1/15

Prepared by:

Kristin Decas – CEO & Port Director

Andrew Palomares – Chief Finance & Administrative Officer

Austin Yang - Controller

Oxnard Harbor District

333 Ponomo Street

Port Hueneme, California 93041

(805) 488-3677

www.portofhueneme.org

Commissioners & Senior Staff

Board of Harbor Commissioners as of June 30, 2014



**Mary Anne
Rooney**
President



Jess Herrera
Vice President



**Dr. Manuel
Lopez**
Secretary



Arlene Fraser
Commissioner



Jason Hodge
Commissioner



Kristin Decas
CEO & Port Director

John Demers
Chief Operations Officer
COO

Chris Birkelo
Director of Engineering

Christina Birdsey
Director of Maintenance & Security

Andrew Palomares
Chief Finance & Administrative Officer
CFO/CAO

Austin Yang
Controller

Will Berg
Director of Marketing

Dona Toteva Lacayo
Director of Business Development

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Introductory Section

Issued November 30, 2014

FY 2014 PORT PERFORMANCE ANALYSIS

The following report provides a comprehensive review of the Port's performance for Fiscal Year 2014. The information provided supports the conclusions outlined in the Fiscal Year 2014 Audit

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P.O. Box 608
333 Ponomo Street
Port Hueneme, CA
93044-0608

Tel: 805-488-3677
Fax: 805-488-2620

BOARD OF HARBOR COMMISSIONERS

Mary Anne Rooney, President
Jess Herrera, Vice President
Dr. Manuel M. Lopez, Secretary
Arlene Fraser, Commissioner
Jason T. Hodge, Commissioner

PORT MANAGEMENT

Kristin Decas
CEO & Port Director

November 30, 2014

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

Dear:

Commissioner Mary Anne Rooney President
Commissioner Jess Herrera, Vice-President
Commissioner Dr. Manuel M. Lopez, Secretary
Commissioner Arlene Fraser
Commissioner Jason Hodge

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, 2014.

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

Charles Z. Fedak & Co., Certified Public Accountants, has issued an unmodified ("clean") opinion on the Port's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

A comprehensive FY 2014 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.

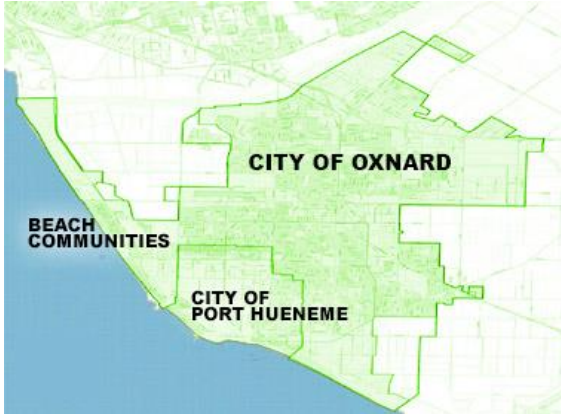
Sincerely,

Kristin Decas
CEO & Port Director

Andrew Palomares
Chief Finance & Administrative Officer

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. Serving as a priority hub in the state's intermodal transportation network, the Port provides the County with competitive advantages to attract business investment and create jobs. Over \$7 billion in cargo moves through the Port generating a \$1 billion economic impact and impacting over 10,000 trade related direct, induced, indirect and influenced jobs. Trade activity of the Port generates \$68 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 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 (population 201,500), the

City of Port Hueneme (population 22,399) 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 Tariff No. 7, 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.

FY 2014 Cargo Performance

The Port realized the highest ocean cargo performance year in its 77 year history achieving all time increases in import/export trade. This represents a steady trend in growth following the 2009 recession. The Port's June 30, 2014 operating revenues reached an all-time record high of \$14,309,929 for a 7.5% increase over fiscal year 2013.

The charts below highlight the overall performance of the Port in fiscal year 2014 compared to fiscal year 2013. The Port's high productivity level is accounted for by a number of performance based factors, but primarily as a result of increased roll-on roll-off automotive throughput for both imports and exports.

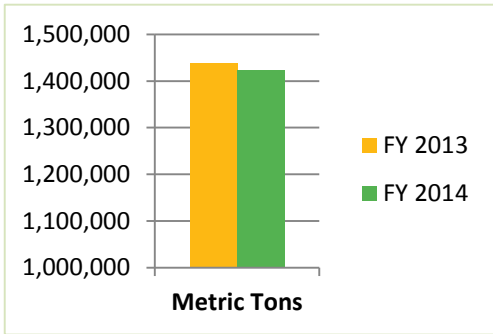
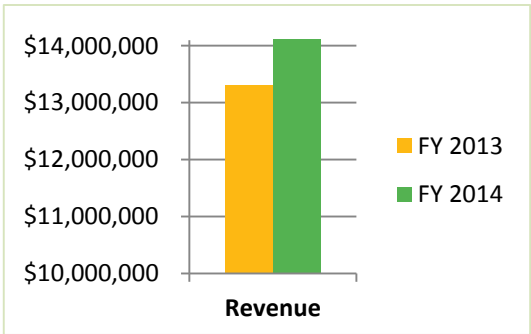
The growth is attributed to continued recovery from the 2009 recession coupled with pent up demand by US customers who are not making auto purchases. Automotive business accounts for the Port's highest percent of revenue at 66%. Roll-on Roll-off (RORO) business mostly consisting of construction, agricultural and mining equipment took a hit for both imports and exports.

The Port saw significant growth in general cargo (also referred to as project cargo) realizing a 22.8% increases from imports and exports combined. Some of the largest income generator includes the throughput of specialized building materials; industrial components such as transformers, autoclaves and reactors; boats; and very large machinery such as cranes and excavators which are shipped disassembled.

Consistent with the Port's projections the banana business remained relatively flat. Banana imports were up by a modest 0.8% for Port customers Del Monte and Chiquita combined. The Port realized growth in other fresh fruit and vegetable commodities with activity up 2.4%, and a small decline of 4.7% in exports. The shortfall comes on the heels of a doubling of the export market during the previous fiscal year, so overall export volume remains very strong.

Yara North America (YARA) fertilizer and environmental solutions products saw a decline that is not an indicator of lost business, but rather is the result of the timing of ship scheduling across fiscal years. The company's on-port storage capabilities allowed for customer deliveries to continue at a high and steady rate. The significant majority of the Port's revenue from YARA comes from its lease agreement, hence the Port saw virtually no loss in revenue as result of the volume decrease. YARA makes up for 2% of the Port's revenue.

	FY 2013	FY 2013	% Increase
Metric Tons:	1,438,596	1,423,893	▼ 1%
Revenue:	\$13,308,768	\$14,309,929	▲ 7.5%



Import Activity	Year End Comparison Fiscal Year 2014 to 2013	Approximate Fiscal Year 2014 Tonnage
Auto Imports	▲ 6.5%	261,870
Heavy Equipment Imports	▼ 8.9%	32,874
Fruit & Vegetables Imports	▲ 2.4%	103,806
Banana Imports	▲ 0.8%	655,589
Fertilizer Imports	▼ 27.2%	121,751
Export Activity		
Auto exports:	▲ 30.9%	28,494
Heavy Equipment Exports	▼ 9.8%	11,484
Fruit & Vegetables Exports (Apples, Pears, Oranges, Grapes, Stone Fruits, Vegetables)	▼ 4.7%	11,451
Import/Export Combined		
General Cargo Imports (Not specific cargo as identified in the Port's Tariff No. 7)	▲ 22.8%	111,616
Shallow Draft Cargo		
Fish, lube oil, and vessel fuel	▼ 36.8%	27,255
Domestic		
Offshore Oil Domestic	▲ 1.7%	57,704
Grand Total		1,423,894

Automobile Import / Export Trade

Automobile imports and exports represent the highest value commodity handled at the Port. The Port holds contracts with three world-class vehicle distribution companies for the handling of vehicles. These companies process the vehicles prior to delivery to dealers and coordinate their inland transportation. The three vehicle distribution companies include Wallenius-Wilhelmsen Logistics (WWL), BMW of North America, and Global Automobile Processing Services, Inc. (GAPS). These companies make the Port of Hueneme an important West Coast gateway for the import and export of automobiles and other rolling stock. The Port has dedicated approximately 34-acres of terminal land for the use by its automobile customers and stages the automobiles in over 8,000 bays.

The Port of Hueneme's prime geographic location (close to the Southern and Northern California automobile markets and the Los Angeles metro area), the Port's significant handling capacity and the processing companies' efficient productivity set the competitive advantages of the Port to serve as an important automotive gateway center. Automobiles contribute the greatest percentage of operating revenue to the Port at 55% in fiscal year 2014.



Agriculture Sector Import / Export Trade

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 break bulk terminal operations, the Port has built two on-dock refrigerated transit facilities to support import / export of fresh fruit products. One of the facilities is used by Del Monte for handling bananas, pineapples, melons and other tropical fruits. The Port's other refrigerated transit facility was built in association with Cool Carriers of North America in 1992. The facility is currently operated under the Cool Carriers name, although several ownership changes have occurred over the years. Cool Carriers is now owned by Baltic Reefers, a company that specializes in refrigerated vessel operations. Currently this space is underutilized as Chiquita has transitioned from break-bulk freight to containerized freight and no longer uses the cold storage sheds. The Port is currently assessing the appropriate capital improvements to the terminal to allow for growth potential. Combined the Port has 256,000 square feet of refrigerated terminal space available for fresh fruit importers and exporters.



Bananas and fresh fruit comprise the single largest commodity type handled at the Port of Hueneme. The Port handled 655,589 tons of bananas and 115,257 tons of fresh fruit accounting for 23% of the Port's operating revenue in fiscal year 2014.

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

Domestic Trade

The Port of Hueneme through its customers, Exxon, Freeport McMoRan, DCOR and Venoco provide essential support services for the offshore oil trade in the Santa Barbara channel. Work boats supply offshore rigs and platforms with drill pipe, cement, water, fuel and other necessary equipment for operations. Crew boats transport workers to and from the platforms and the supplies necessary for extended living out on the rigs. This business supports 5% of Port revenue.



The Port of Hueneme has a vibrant squid fishery, a seasonal business generally starting slow in the spring and peaking in the fall through the end of the year. Fishing boats work at night and deliver their catch in the early morning hours to the Oxnard Unloading Services LLC. a co-op that unloads and delivers to processing plants throughout southern and central California. The squid industry supports approximately 1,400 jobs.



Trade Analysis

Niche as a Southern California Port

The Port of Hueneme strategically located in Ventura County, California lies approximately sixty miles north of downtown Los Angeles. The Port serves as one of California’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.



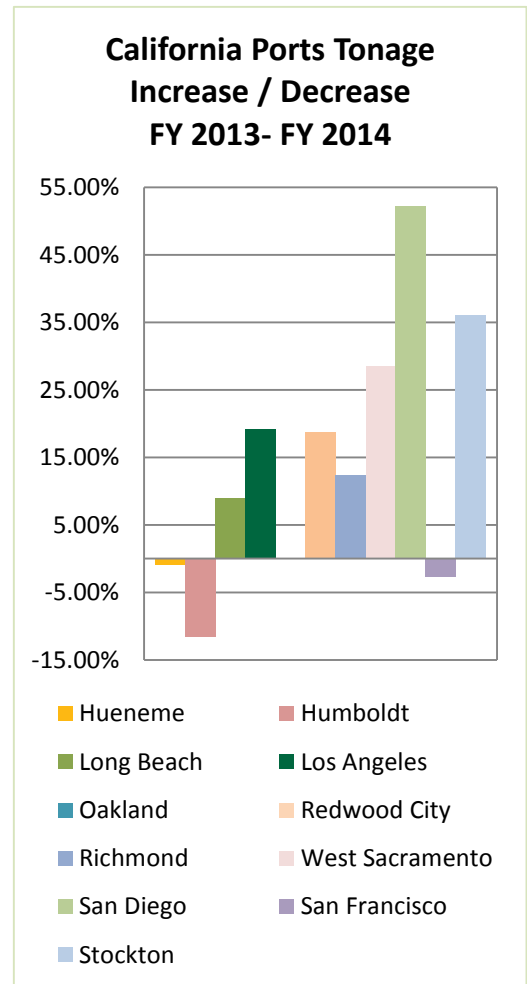
As the Ports of Los Angeles and Long Beach focus their operations to accommodate the larger container vessels calling on the West Coast, the Port of Hueneme continues to specialize in fresh fruit , general cargo (project cargo), roll-on roll-off cargo (automotive and high and heavy), and liquid bulk. With the trending of refrigerated cargo to containerized freight, the Port has adapted and handles smaller containerized freight with mobile shore side 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 the all-time highs the Port has achieved over the last two fiscal years. Since the Southern California gateway was adversely effected by the recent global recession’s impact on trade, the economic forecast for this gateway shows that recovery of trade began in fiscal year 2010 with year over year increases in cargo throughput. This trend has continued into fiscal year 2014 and has continued into fiscal year 2013. Additionally, the recent spike in US exports has resulted in new cargo opportunities for the gateway.

Cargo Trends and Strategic Planning

The historical trend of increased operating revenues over the Port’s 77 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 72% of the Port’s operating revenues from cargo throughput.

The California Ports

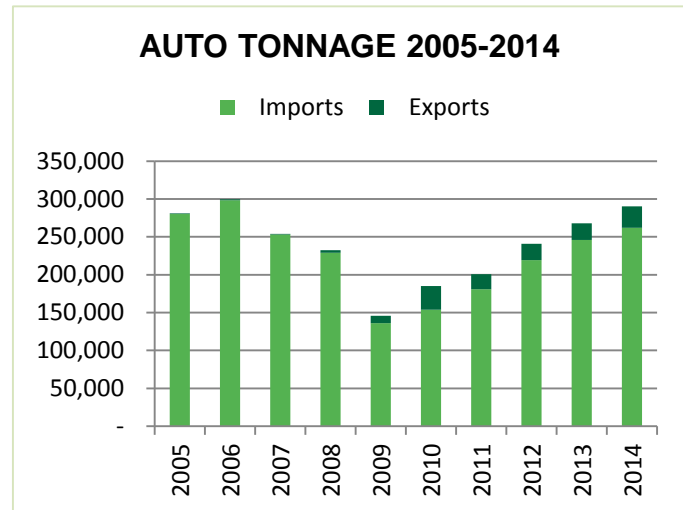
The California Association of Port Authorities (CAPA) represents eleven commercial deep water ports within the State. These commercial deep water ports make up one of the nation’s busiest continuous coastlines that combined account for the majority of goods and freight movements into the United States. California has seen dramatic increases in trade. In fiscal year 2001, the California ports handled 215 million revenue tons of cargo of general cargo, and by fiscal year 2007 this cargo increased to over 332 million tons. While the global recession led to a decline in total tonnage for fiscal years 2008 and 2009, the California Ports forecast continues to rebound. However, California combined Port performance is not at pre-recession levels. General Cargo in fiscal year 2014 accounted for 344 million revenue tons resulting in a 43 million revenue ton increase over 2013.



Roll-on Roll-off Business

The Port's roll-on roll-off business showed strong growth in automobiles and decreases in the non-automotive sector.

The Port experienced strong automobile business in fiscal year 2014, realizing recovery from the global financial slowdown which depressed volume during the fiscal years 2007 through 2009 timeframe. Overall, imports and exports have returned, and in some areas surpassed, the volume reached in 2006, which was at the end of a period of five years strong automobile growth.



Export activity is forecasted to grow over the next several years with increased demand from Asian markets and the trend of US manufacturers becoming net exporters. The automotive industry saw significant pent up demand during the economic downturn thereby realizing a large volume of sales growth during the recovery. Customers are providing cargo forecasts that demonstrate an expected continued increase in automobile throughput at the Port. The chart above demonstrates the performance of the automobile industry over a time period from 2005 through 2014.

With increases in production of automobiles in Mexico (near shoring), the Port is exploring the possibility of short sea operations to capture new import opportunities. The Port is in the process of market forecasting as part of its strategic planning process. In addition, the Port is conducting a feasibility study in partnership with the state of Baja California to explore further potentials with short sea shipping.

As part of the Port's capital improvement plan, the Port will be deepening its depth from 35 feet to 40 feet. The deeper water will allow the Port to handle deeper draft roll-on roll-off vessels and creates the very real potential for increased business in non-automotive cargoes.

Agriculture Business

The overall fresh produce cargo market increased steadily over the past 10 years despite the variation in commodity type handled by Port customers. Fresh fruit exports declined precipitously after Sunkist Growers decided to move their lemon-exporting business from the Port of Hueneme to Los Angeles in late 2006. However, increases in the banana trade and other fresh fruit activity stabilized the performance of the Port's niche in perishable commodities. Today, the Port's fresh produce is driven by the banana and tropical fruit trade with Central and South America.

The West Coast banana trade is divided among two primary ports: the Port of Hueneme and Port of San Diego. While there will continue to be pressures placed on the banana supply chain to convert palletized, non-containerized fresh produce to fully containerized fruit, the market demand for this product is very suitable for Port of Hueneme's niche market. The sale of products by the banana importers free on board (FOB) at the port-of-entry, makes the highly congested general cargo container terminals in Los Angeles and Long Beach less competitive than the specialized terminals in Port of Hueneme and Port of San Diego. The Port has handled fresh fruit products for over thirty years and it is anticipated that while product mix, origin, and cargo handling modes may change, this cargo will remain a sustainable and growing product line.

The Port has adapted operations to service containerized banana imports, a shipping mode that is making up an increasing share of the business. Today, Chiquita has gone to a fully containerized service, while Del Monte continues break-bulk (palletized) as well as containerized operations. 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 investments infrastructure to maximize its ability to handle both break-bulk and containerize freight.

The Port's acquisition in 2009 of an industrial property has also helped the Port's property management revenues grow. This site is now leased to Channel Islands Logistics to support Chiquita's and Del Monte's off-port logistics. The company also owns its own property to support the trade and offers fumigation services to Port of Hueneme fresh fruit customers.

With the execution of a long term (30-year) agreement with Yara North America (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 company's record increases, it is forecasted that YARA will continue to see increases in product volumes. The liquid fertilizer market represents a significant opportunity for growth at the Port of Hueneme. Select infrastructure modifications could result in greatly increased throughput for this product line.

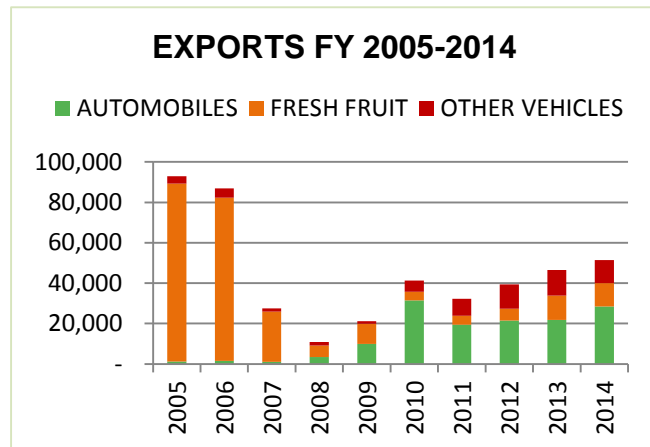
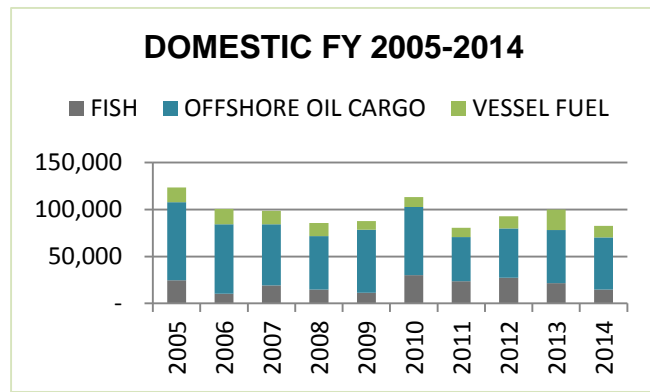
Domestic Business

The squid business saw a decline during the fiscal year during to weather related changes in the industry. Squid catches remain unpredictable due to the highly variable nature of the industry, which is dependent on slight changes in ocean temperature.

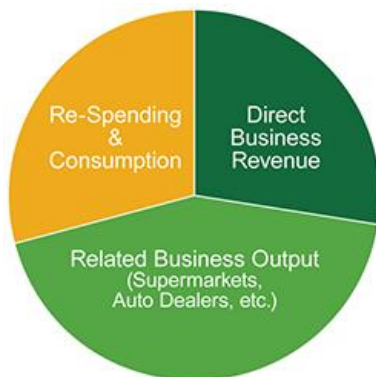
The offshore oil business realized modest growth in fiscal year 2014 and is forecasted to remain stable for fiscal year 2015. Project work during 2015 will provide additional non-recurring revenue.

Economic Assessment

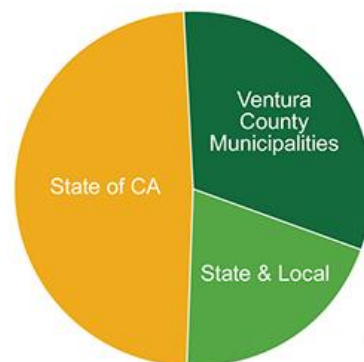
The Port of Hueneme recently retained Martin Associates to perform an Economic Assessment of trade activity at the Port. The assessment demonstrated the Port is one of the most productive and efficient commercial trade gateways for cargo on the West Coast. Furthermore, the assessment indicated that the Port moves \$7 billion in goods each year and consistently ranks among the top ten US ports for automobiles and fresh produce. Findings show that Port operations bring \$1 billion in economic activity and create 10,226 direct, indirect, induced and influenced trade-related jobs. More than \$68 million in annual state and local taxes have generated from Port related trade, funding vital community services. These numbers are based on fiscal year 2014 performance.



\$7 Billion in Goods Movement
\$1 Billion in Economic Activity



\$68 Million in State & Local Taxes from Maritime Activity



Strategic Planning

The Port of Hueneme retained AECOM-consulting and port planning group, to develop its 2020 strategic plan. The Plan will be available in early 2015 and will include the Port's identified new business opportunities as well as strategy for facilitating organic growth of its current key partnerships.

The 2020 strategic business planning has identified several preliminary potential business opportunities. Port Hueneme is located in a very productive agricultural region. A key market opportunity being explored by the current strategic business plan is the ability to build an export market for the local agricultural community that would provide a more competitive routing for these agricultural products than currently exists, thereby providing a lower transportation cost to the local producers, as well as improving the ability to increase export production in the region, thereby stimulating economic growth. The ability to export these products via Port of Hueneme will likely require the development of a small container operation, in turn requiring capital investment for cranes and terminal/wharf improvements.

Other 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.

The 2020 planning process involves 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 2015, a container friendly facility, improvements to on dock rail and possible property acquisitions. The actual capital investments required will be developed via a port master plan study, which will identify specific investment needs, as well methods to finance the required investments. These financing methods will include grants, bond issuances, and increased private sector investments

The development of the strategic plan was also aligned with a re-energized 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.



Capital Planning

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 a short and long-term capital investment strategy to be completed in fiscal year 2015.

Due to financial hardship resulting from the recession, the Port deferred major investments in capital improvements from fiscal year 2008 through 2012. To keep the assets in a state of good repair, significant improvements will be required in the near future. The Port has a \$13.7 million operating budget and \$5.7 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 fiscal year 2014, the Port holds \$21.2 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 that are eligible for funding from California Port and Maritime Security Grant Programs, Department of Homeland Security (DHS) Port Security Grant Programs (multiple years), and the American Recovery and Reinvestment Act (ARRA) Port Security Program. The Port received over \$10 million in Federal and State Grants between fiscal year 2007 and 2014. The Port was awarded \$1.1 million as part of the fiscal year 2013 Federal Security Grant program and \$400k in the fiscal year 2014 program. 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 and drastically reduces emissions. The Shoreside Power System Project keeps the Port in compliance with CARB regulations. Phase 1 of the project, which provides primary functionality, was completed in December 2013.

The Port is continuously seeking financing opportunities and leveraging multiple funding sources to help offset the cost of its 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 plans to advance two critical projects forward this year including harbor deepening and phase two Shoreside power. The deepening project is anticipated to create 563 direct, indirect and induced \$28,417,000 in business revenue for the region revenue, \$41,186,000 direct, re-spending and indirect in personal income. The total cost is \$7 million with \$4.5 million coming for the US Army Corps of Engineers. The Shoreside Power System Project Phase 2 is estimated cost of \$2.1 million with \$1.7 million coming from congestion mitigation air quality funds awarded from the Ventura County Transportation Commission and \$500,000 in Diesel Emission Reduction Act (DERA) funding from the Environmental Protection Agency.



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

Investment Policy

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

Financial Statements

The financial statements for the Port shall be prepared on an accrual basis in accordance with Generally Accepted Accounting Principles ("GAAP"). The Financial Statements shall 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 shall be classified as unrestricted, temporarily restricted and permanently restricted. The Port implemented GASB No. 34 in the fiscal year ended June 30, 2004.

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.

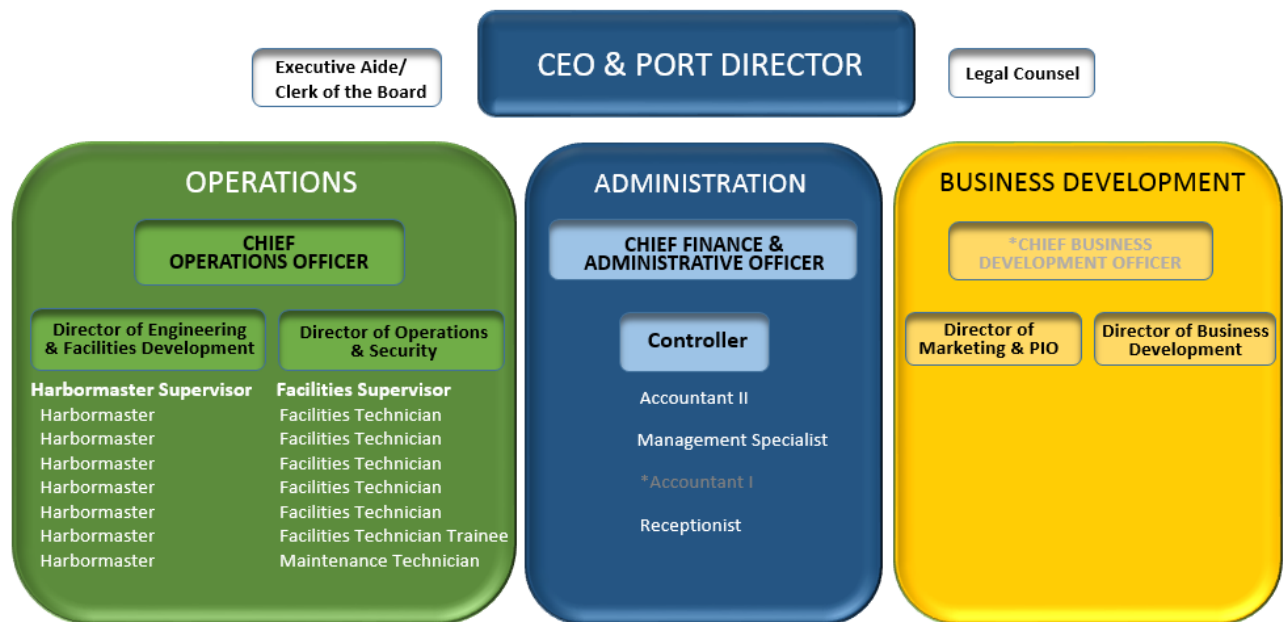
Port Master Plan

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

- Projects which do not require relatively large amounts of land area are preferable to those which do.
- Projects which require deep draft berths are preferable to those which don't.
- Projects which require vessels that have their own cargo handling equipment are preferable to those which don't and similarly, projects which do not require investments by the Port in major 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.



BOARD OF HARBOR COMMISSIONERS



ORGANIZATIONAL CHART

*Vacant Positions

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, accounting services, investment strategy, project financing, procurement, contract management 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.

Awards and Acknowledgements



American Association of Port Authorities - Award of Excellence Confined Aquatic Disposal (CAD)

In 2009, the Port was recognized with an Award of Excellence from the American Association of Port Authorities and with a Project of the Year award from the Oxnard-Ventura Post of the Society of 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

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



Railway Industrial Clearance Association - Most Improved Port

The Port of Hueneme was honored recently 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.



Government Finance Officers Association- 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 2013 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 fifth 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 2014. 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.

Awards and Acknowledgements (cont'd)



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.



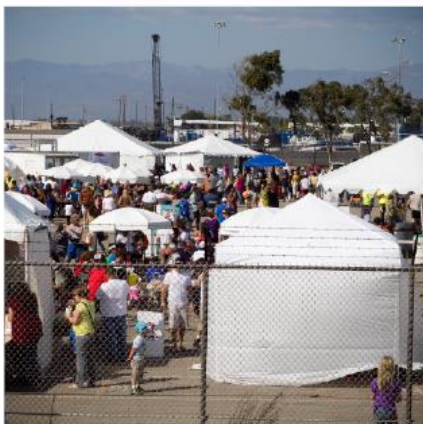
Workforce Investment Board

Youth Opportunity Award - 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





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, 2013

Executive Director/CEO

Quick Facts



2014 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 Box Cars & 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 Owned Port Industrial Property
Refrigeration	256,000 ft ² On-Deck (23783 m ²) Off-site Distribution Centers (Channel Island Cold Storage, 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 & Barges (Port Contracted)
Pilotage	Port Hueneme Pilots Association (Port Contracted)
Labor	ILWU Local#46, Teamsters and Operating Engineer
Stevedores	Ceres, Pacific Ro-Ro, Ports America and SSA Marine
Fuel	TracTide (Port Contracted)
Security	Securitas (Port Contracted)

Quick Facts (continued)

Trading



Importers

- **Automobiles** (Aston Martin, BMW, Ford, General Motors, Honda, Hyundai, Jaguar, Kia, Land Rover, Maserati, Mini Cooper, Mitsubishi, Nissan, Rolls Royce, Toyota, Tesla, Volvo)
- **Fresh Produce** (Chiquita, Del Monte)
- **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) 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
- Hamburg Sud
- K-Line
- Mitsui OSK Lines
- Norbulk
- NYKool (22 yrs)
- NYK Lines
- Slem Car Carriers
- Wallenius Wilhelmsen Logistics (WWL) (22 yrs)

DC & Warehousing

- Channel Islands Logistics (8 yrs)
- Channel Islands Warehousing (8 yrs)
- Del Norte Warehousing (8 yrs)
- Linear Logistics
- Seaboard Produce (8 yrs)
- Western Precooling (8 yrs)

Produce

- Chiquita (10 yrs)
- Del Monte (35 yrs)

Liquid Fertilizer

- Yara (14 yrs)

Offshore Oil

- DCOR
- EXXON Mobile (54 yrs)
- Freeport McMoran
- Irwin Industries (7 yrs)

Auto Processing

- BMW (22 yrs)
- GAPS (15 yrs)
- PVP (20 yrs)

Fish & Squid

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

Service Providers

- Brusco Tug & Barge (26 yrs)
- Lineage Logistics
- Marine Spill Response Corporation (25 yrs)
- National Response Corporation
- OST Truck & Crane (50+ yrs)
- 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

Quick Facts (continued)

Ship Sizes

▶ **Car ship (standard)**

650 ft x 100 ft

Max capacity
5,000 to 7,500 cars

Typical shipment
1,000 to 3,000 cars

▶ **Reefer ship**

**450-600+ft
x 100 ft**

▶ **Fertilizer ships**

600+ ft length

Draw full 35 ft draft requiring
entry w/high tide

▶ **Largest Vessel** - 800ft (244m) LOA; 35ft (10m) depth

▶ **Container ships**

650 + ft

450 Containers per vessel

20 pallets per container

9,000 pallets | 432,000 boxes

43.2 million Bananas

▶ **Reefer ships**

450-500 ft long

5,700 pallet capacity

273,600 boxes

27.3 million Bananas

2 ships per week

▶ **Weekly Averages**

20,400 pallets

980,000 boxes

98 million Bananas

Port Capabilities



FUN FACT #1

The Port of Hueneme annually imports enough bananas to span the globe 12 ½ times over!



FUN FACT #2

The Port of Hueneme ranks #28 of 270 ports nationwide. That's in the top 11% of our nation's ports!

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Financial Section



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

Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

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

Independent Auditor's Report

Board of Harbor Commissioners
Oxnard Harbor District
Port Hueneme, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Oxnard Harbor District (District), which comprises the statements of net position as of June 30, 2014 and 2013, 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.

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 controls 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 basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oxnard Harbor District as of June 30, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 22 through 27 and the required supplementary information on pages 58 and 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplementary information on pages 60 through 63 are not required parts of the basic financial statements. The supplementary information of combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 79 and 80.

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPAs – An Accountancy Corporation
Cypress, California
November 30, 2014

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Oxnard Harbor District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2014 and 2013. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position increased 6.16% or \$3,948,612 from \$64,064,452 to \$68,013,064 in fiscal year 2014 as a result of this year's operations. The District's net position increased 12.69% or \$7,216,740 from \$56,847,712 to \$64,064,452 in fiscal year 2013 as a result of this year's operations.
- In 2014, the District's operating revenues increased by 7.52% or \$1,001,161, due primarily to an increase in cargo and property management activities. In 2013, the District's operating revenues increased by 10.44% or \$1,258,290, due primarily to an increase in cargo and property management activities.
- In 2014, the District's operating expenses increased by 5.60% or \$460,321, due primarily to an increase in governmental contractual agreements of \$131,364 and professional and legal expenses of \$271,490 in the fiscal year. In 2013, the District's operating expenses increased by 17.84% or \$1,242,803, due primarily to an increase in salaries and benefits of \$530,195, governmental contractual agreements of \$173,670 and professional and legal expenses of \$285,944 in the fiscal year.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, 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 Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net 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 fiscal stability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, non-capital financing, capital and related financing and investing activities.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better or worse off as a result of this year's activities?" The Statement of Net Position 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 used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when the cash is received or paid.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Financial Analysis of the District, continued

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

Statement of Net Position

Condensed Statement of Net Position					
	2014	2013	Change	2012	Change
Assets:					
Current assets	\$ 17,902,519	21,107,147	(3,204,628)	18,952,337	2,154,810
Non-current assets	13,997,855	3,759,903	10,237,952	4,223,941	(464,038)
Capital assets, net	75,014,856	70,439,776	4,575,080	65,046,245	5,393,531
Total assets	106,915,230	95,306,826	11,608,404	88,222,523	7,084,303
Deferred outflows of resources	168,997	185,757	(16,760)	202,517	(16,760)
Total assets and deferred outflows of resources	\$ 107,084,227	95,492,583	11,591,644	88,425,040	7,067,543
Liabilities:					
Current liabilities	\$ 5,113,756	5,692,462	(578,706)	4,564,864	1,127,598
Non-current liabilities	33,957,407	25,735,669	8,221,738	27,012,464	(1,276,795)
Total liabilities	39,071,163	31,428,131	7,643,032	31,577,328	(149,197)
Net position:					
Net investment in capital assets	53,756,783	47,287,402	6,469,381	40,269,569	7,017,833
Restricted	5,248,654	5,491,584	(242,930)	6,144,964	(653,380)
Unrestricted	9,007,627	11,285,466	(2,277,839)	10,433,179	852,287
Total net position	68,013,064	64,064,452	3,948,612	56,847,712	7,216,740
Total liabilities and net position	\$ 107,084,227	95,492,583	11,591,644	88,425,040	7,067,543

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 of the District exceeded liabilities by \$68,013,064 and \$64,064,452 as of June 30, 2014 and 2013, respectively.

A large portion of the District's net position (79% as of June 30, 2014 and 74% as of June 30, 2013) reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide dockage and wharfage facilities and other services to customers of the District; consequently, these assets are not available for future spending.

At the end of fiscal years 2014 and 2013, the District shows a positive balance in its unrestricted net position of \$9,007,627 and \$11,285,466, respectively. (See note 14 for the amount of spendable net position that may be utilized in future years)

Oxnard Harbor District

Management's Discussion and Analysis

For the Fiscal Years Ended June 30, 2014 and 2013

Statement of Revenues, Expenses and Changes in Net Position

Condensed Statement of Revenues, Expenses and Changes in Net Position					
	2014	2013	Change	2012	Change
Revenues:					
Operating revenues	\$ 14,309,929	13,308,768	1,001,161	12,050,478	1,258,290
Non-operating revenues	366,373	383,831	(17,458)	160,142	223,689
Total revenues	14,676,302	13,692,599	983,703	12,210,620	1,481,979
Expenses:					
Operating expenses	8,668,853	8,208,532	460,321	6,965,729	1,242,803
Depreciation and amortization	3,539,818	2,943,094	596,724	2,978,656	(35,562)
Non-operating expenses	1,125,638	1,858,473	(732,835)	2,044,935	(186,462)
Total expenses	13,334,309	13,010,099	324,210	11,989,320	1,020,779
Net income before cap contribution	1,341,993	682,500	659,493	221,300	461,200
Capital contributions	2,606,619	6,534,240	(3,927,621)	4,005,845	2,528,395
Change in net position	3,948,612	7,216,740	(3,268,128)	4,227,145	2,989,595
Net position, beginning of year	64,064,452	56,847,712	7,216,740	52,620,567	4,227,145
Net position, end of year	\$ 68,013,064	64,064,452	3,948,612	56,847,712	7,216,740

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. Net position increased by \$3,948,612 and \$7,216,740 for the fiscal years ended June 30, 2014 and 2013, respectively.

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

In 2014, the District's operating revenues increased by 7.52% or \$1,001,161, due primarily to an increase in cargo and property management activities. In 2013, the District's operating revenues increased by 10.44% or \$1,258,290, due primarily to an increase in cargo and property management activities.

In 2014, the District's operating expenses increased by 5.60% or \$460,321, due primarily to an increase in governmental contractual agreements of \$131,364 and professional and legal expenses of \$271,490 in the fiscal year. In 2013, the District's operating expenses increased by 17.84% or \$1,242,803, due primarily to an increase in salaries and benefits of \$530,195, governmental contractual agreements of \$173,670 and professional and legal expenses of \$285,944 in the fiscal year.

Operating and Non-Operating Revenues

	2014	2013	Change	2012	Change
Operating revenues:					
Auto cargo	\$ 8,030,334	7,323,391	706,943	6,589,395	733,996
Fresh produce cargo	3,149,246	3,148,189	1,057	2,909,571	238,618
Offshore oil	735,383	634,909	100,474	651,839	(16,930)
Property management	1,922,304	1,530,793	391,511	1,398,892	131,901
Other operating income	472,662	671,486	(198,824)	500,781	170,705
Total operating revenues	14,309,929	13,308,768	1,001,161	12,050,478	1,258,290
Non-operating revenues:					
Investment earnings	14,584	16,799	(2,215)	24,500	(7,701)
Interest earnings – leveraged loan	56,668	-	56,668	-	-
Change in membership in VCR Co.	216,002	204,873	11,129	133,256	71,617
Other non-operating revenues	79,119	162,159	(83,040)	2,386	159,773
Total non-operating revenues	366,373	383,831	(17,458)	160,142	223,689
Total revenues	\$ 14,676,302	13,692,599	983,703	12,210,620	1,481,979

Total revenues increased by \$983,703 and \$1,481,979 in fiscal years 2014 and 2013, respectively.

Oxnard Harbor District

Management's Discussion and Analysis

For the Fiscal Years Ended June 30, 2014 and 2013

Operating and Non-Operating Expenses

	2014	2013	Change	2012	Change
Operating expenses:					
Salaries and benefits	\$ 4,790,826	4,868,475	(77,649)	4,338,280	530,195
Governmental contractual agreements	1,344,943	1,213,579	131,364	1,039,909	173,670
Security	247,855	215,647	32,208	218,751	(3,104)
Facilities and maintenance	625,315	655,090	(29,775)	465,959	189,131
Professional and legal	931,653	660,163	271,490	374,219	285,944
Materials and services	35,757	17,513	18,244	14,217	3,296
Port promotion	411,942	324,347	87,595	234,410	89,937
Insurance	280,562	253,718	26,844	279,984	(26,266)
Depreciation and amortization	3,539,818	2,943,094	596,724	2,978,656	(35,562)
Total operating expenses	12,208,671	11,151,626	1,057,045	9,944,385	1,207,241
Non-operating expenses:					
Interest expense – long-term debt	1,029,120	1,109,151	(80,031)	1,445,915	(336,764)
Amortization of deferreds	(24,301)	644,609	(668,910)	50,853	593,756
Other non-operating items	-	-	-	540,935	(540,935)
Other non-operating expenses	120,819	104,713	16,106	7,232	97,481
Total non-operating expenses	1,125,638	1,858,473	(732,835)	2,044,935	(186,462)
Total expenses	\$ 13,334,309	13,010,099	324,210	11,989,320	1,020,779

Total expenses increased by \$324,210 and \$1,020,779 in fiscal years 2014 and 2013, respectively.

Capital Asset Administration

The changes in capital assets of the District are summarized below:

	Balance 2013	Additions/ Transfers	Deletions/ Transfers	Balance 2014
Non-depreciable assets	\$ 18,457,005	10,105,129	(218,315)	28,343,819
Depreciable assets	95,690,546	254,380	(2,026,296)	93,918,630
Accumulated depreciation	(43,707,775)	(3,539,818)	-	(47,247,593)
Total capital assets, net	\$ 70,439,776	6,819,691	(2,244,611)	75,014,856
Changes in capital assets for fiscal year 2013 were as follows:				
	Balance 2012	Additions/ Transfers	Deletions/ Transfers	Balance 2013
Non-depreciable assets	\$ 19,117,769	8,336,625	(8,997,389)	18,457,005
Depreciable assets	86,693,157	8,997,389	-	95,690,546
Accumulated depreciation	(40,764,681)	(2,943,094)	-	(43,707,775)
Total capital assets, net	\$ 65,046,245	14,390,920	(8,997,389)	70,439,776

At the end of fiscal year 2014, the District's investment in capital assets amounted to \$75,014,856 (net of accumulated depreciation). Major capital asset additions during the year amounted to \$8,114,898 for various projects and equipment.

At the end of fiscal year 2013, the District's investment in capital assets amounted to \$70,439,776 (net of accumulated depreciation). Major capital asset additions during the year amounted to \$8,336,625 for various projects and equipment. (See Note 8 for further information)

Oxnard Harbor District

Management's Discussion and Analysis

For the Fiscal Years Ended June 30, 2014 and 2013

Debt Administration

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

	<u>Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2014</u>
Revenue bonds	\$ 23,090,000	-	(1,870,000)	21,220,000
Changes in long-term debt for fiscal year 2013 was as follows:				
	<u>Balance 2012</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2013</u>
Revenue bonds	\$ 24,690,000	-	(1,600,000)	23,090,000

Long-term debt decreased by \$1,870,000 for the fiscal year ended June 30, 2014, due to regular principal payments on the District's revenue bonds. (See Note 12 for further information)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 33 through 57.

Economic Conditions

The Port of Hueneme, a critical hub in Southern California, realized historic increases in import/export trade. Automobile imports and exports represent the highest value commodity handled at the Port. The Port holds contracts with three world-class vehicle distribution companies for the handling of vehicles. These companies process the vehicles prior to delivery to dealers and coordinate their inland transportation. The three vehicle distribution companies include Wallenius-Wilhelmsen Logistics (WWL), BMW of North America, and Global Automobile Processing Services, Inc. (GAPS). These companies make the Port of Hueneme an important West Coast gateway for the import and export of automobiles and other rolling stock.

Automobile exports shot up 30.9% over last fiscal year while imports grew 6.5%. Pent up demand for automobiles from the economic downturn resulted in benchmark sales in US markets and explains the significant increases in imports. A large fraction of the export increase was driven by more US manufacturers and foreign manufacturers operating from new facilities within the US and exporting their autos to the Asian markets.

On the fruit side of the Port's business portfolio, banana imports grew 0.8% from 650,608 metric tons to 655,589 metric tons. Other fresh produce handled by the Port grew by 2.4% for imports, but decreased by 4.7% for exports. Chiquita and Del Monte Fresh Produce Company are the Port's pillar businesses for the shipment of perishable commodities.

Liquid fertilizer imports decreased by 27.2% accounting for 121,751 metric tons of product transport. The decline is not an indicator of lost business, but rather is the result of the timing of ship scheduling across fiscal years. The company's on-port storage capabilities allowed for customer deliveries to continue at a high and steady rate. The significant majority of the Port's revenue from Yara North America (YARA), comes from its lease agreement, hence the Port saw virtually no loss in revenue as result of the volume decrease. YARA manages this trade at the Port.

Oxnard Harbor District

Management's Discussion and Analysis

For the Fiscal Years Ended June 30, 2014 and 2013

Economic Conditions, continued

Exxon, Freeport McMoRan, DCOR and Venoco provide essential support services for the offshore oil trade in the Santa Barbara Channel. Throughput grew 1.7%.

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. Serving as a priority hub in the state's intermodal transportation network, the Port provides the County with competitive advantages to attract business investment and create jobs. Over \$7 billion in cargo moves through the Port generating a \$1 billion economic impact and impacting over 10,000 trade related direct, induced, indirect and influenced jobs. Trade activity of the Port generates \$68 million in state, county and local tax revenues to support vital community services.

Requests for Information

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

FY 2014 PORT BASIC FINANCIAL STATEMENTS

Oxnard Harbor District
Statements of Net Position
June 30, 2014 and 2013

<i>Assets and Deferred Outflows of Resources</i>	2014	2013
Current assets:		
Cash and cash equivalents (note 2)	\$ 9,336,527	10,509,572
Restricted – cash and cash equivalents (note 2 and 3)	3,214,782	3,477,552
Restricted – investments (note 2 and 3)	2,458,867	2,464,482
Accrued interest receivable	5,875	5,230
Restricted – accrued interest receivable (note 3)	1,836	6
Accounts receivable – harbor operations, net (note 4)	1,677,535	1,497,156
Grants receivable	651,858	2,700,651
Accounts receivable – other	340,538	403
Prepaid expenses and other assets	214,701	452,095
Total current assets	<u>17,902,519</u>	<u>21,107,147</u>
Non-current assets:		
Shoreside Power/Arcturus Avenue leveraged loan (note 5)	10,021,950	-
World Trade Center license (note 6)	51,000	51,000
Membership in Ventura County Railway Co., LLC (note 7)	3,924,905	3,708,903
Capital assets, not being depreciated (note 8)	28,343,819	18,457,005
Capital assets, being depreciated (note 8)	46,671,037	51,982,771
Total non-current assets	<u>89,012,711</u>	<u>74,199,679</u>
Total assets	<u>106,915,230</u>	<u>95,306,826</u>
Deferred outflows of resources: (note 9)		
Deferred loss on refunding of revenue bonds, net	168,997	185,757
Total deferred outflows of resources	<u>168,997</u>	<u>185,757</u>
Total assets and deferred outflows of resources	<u>\$ 107,084,227</u>	<u>95,492,583</u>

Continued on the next page

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Net Position, Continued
June 30, 2014 and 2013

<i>Liabilities and Net Position</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,113,472	1,934,768
Accrued revenue sharing payables (note 19)	1,200,843	1,068,787
Accrued salaries and benefits	194,060	123,788
Customer deposits and deferred revenue	97,970	86,455
Accrued interest payable	426,831	450,456
Long-term liabilities – due within one year:		
Compensated absences (note 10)	104,600	117,625
Pension-related debt (note 11)	45,980	40,583
Revenue bonds payable (note 12)	1,930,000	1,870,000
Total current liabilities	<u>5,113,756</u>	<u>5,692,462</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 10)	313,800	352,875
Unearned revenue – ground and equipment lease (note 5)	9,777,854	-
Other post-employment benefits payable (note 13)	3,950,000	3,450,000
Pension-related debt (note 11)	418,683	464,663
Premium(discount) on revenue bonds, net (note 12)	207,070	248,131
Revenue bonds payable (note 12)	19,290,000	21,220,000
Total non-current liabilities	<u>33,957,407</u>	<u>25,735,669</u>
Total liabilities	<u>39,071,163</u>	<u>31,428,131</u>
Net position: (note 14)		
Net investment in capital assets	53,756,783	47,287,402
Restricted for construction projects	1,056,907	990,309
Restricted for debt service	4,191,747	4,501,275
Unrestricted	9,007,627	11,285,466
Total net position	<u>68,013,064</u>	<u>64,064,452</u>
Total liabilities and net position	<u>\$ 107,084,227</u>	<u>95,492,583</u>

See accompanying notes to the basic financial statements

Oxnard Harbor District

Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Auto cargo	\$ 8,030,334	7,323,391
Fresh produce cargo	3,149,246	3,148,189
Offshore oil	735,383	634,909
Property management		
Land	1,199,144	822,693
Buildings	723,160	708,100
Other operating revenue:		
Liquid fertilizer	176,846	237,890
Reefer receptacles	78,572	150,749
Water hose rentals	4,141	3,854
Wharfage – fish and water	81,707	91,392
Other – moorings, permits and fees	131,396	187,601
Total operating revenues	<u>14,309,929</u>	<u>13,308,768</u>
Operating expenses:		
Salaries and benefits	4,790,826	4,868,475
Governmental contractual agreements	1,344,943	1,213,579
Security	247,855	215,647
Facilities and maintenance	625,315	655,090
Professional and legal	931,653	660,163
Materials and services	35,757	17,513
Port promotion	411,942	324,347
Insurance	280,562	253,718
Total operating expenses	<u>8,668,853</u>	<u>8,208,532</u>
Operating income before depreciation and amortization	5,641,076	5,100,236
Depreciation – capital recovery	<u>(3,539,818)</u>	<u>(2,943,094)</u>
Operating income	<u>2,101,258</u>	<u>2,157,142</u>
Non-operating revenues(expenses):		
Investment earnings	14,584	16,799
Interest earnings – leveraged loan	56,668	-
Interest expense – long-term debt	(1,029,120)	(1,109,151)
Amortization of deferred charges/debt premium(discount), net	41,061	(627,849)
Amortization of deferred outflows of resources (note 9)	(16,760)	(16,760)
Change in membership in Ventura County Railway Co., LLC (note 7)	216,002	204,873
Other revenue(expense), net	<u>(41,700)</u>	<u>57,446</u>
Total non-operating revenues, net	<u>(759,265)</u>	<u>(1,474,642)</u>
Net income before capital contributions	<u>1,341,993</u>	<u>682,500</u>
Capital contributions:		
Federal capital grants	18,521	1,966,300
State capital grants	2,588,098	3,147,558
Local capital grants	-	103,085
Local capital grants – shore side power	-	1,317,297
Total capital contributions	<u>2,606,619</u>	<u>6,534,240</u>
Change in net assets	<u>3,948,612</u>	<u>7,216,740</u>
Net position, beginning of year	<u>64,064,452</u>	<u>56,847,712</u>
Net position, end of year	<u>\$ 68,013,064</u>	<u>64,064,452</u>

See accompanying notes to the basic financial statements

Oxnard Harbor District

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash receipts from customers for harbor operations	\$ 13,515,134	13,109,783
Cash paid to employees for salaries and wages	(2,514,477)	(2,577,230)
Cash paid to vendors and suppliers for materials and services	(6,128,633)	(4,189,185)
Net cash provided by operating activities	<u>4,872,024</u>	<u>6,343,368</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(8,114,898)	(8,336,625)
Proceeds from capital contributions	4,655,412	4,526,417
Principal paid on revenue bonds	(1,870,000)	(1,600,000)
Interest paid on revenue bonds	(1,052,745)	(1,249,431)
Net cash used in capital and related financing activities	<u>(6,382,231)</u>	<u>(6,659,639)</u>
Cash flows from investing activities:		
Purchase of investments	-	(2,465,000)
Proceeds from interest and investment earnings	74,392	17,735
Net cash provided by (used in) investing activities	<u>74,392</u>	<u>(2,447,265)</u>
Net increase(decrease) in cash and cash equivalents	(1,435,815)	(2,763,536)
Cash and cash equivalents, beginning of year	<u>13,987,124</u>	<u>16,750,660</u>
Cash and cash equivalents, end of year	\$ <u>12,551,309</u>	<u>13,987,124</u>
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 9,336,527	10,509,572
Restricted assets – cash and cash equivalents	<u>3,214,782</u>	<u>3,477,552</u>
Total cash and cash equivalents	<u>\$ 12,551,309</u>	<u>13,987,124</u>

Continued on next page

See accompanying notes to the basic financial statements

Oxnard Harbor District

Statements of Cash Flows, Continued

For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,101,258	2,157,142
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,539,818	2,943,094
Other revenue(expense), net	(41,700)	57,446
Changes in assets – (increase)decrease:		
Accounts receivable – harbor operations, net	(180,379)	(331,665)
Accounts receivable – other	(340,135)	3,416
Prepaid expenses and other assets	237,394	(118,210)
Shoreside Power/Arcturus Avenue leveraged loan	(10,021,950)	-
Changes in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(821,296)	881,389
Accrued revenue sharing payables	132,056	141,726
Accrued salaries and benefits	70,272	7,639
Customer deposits and deferred revenue	11,515	(32,895)
Compensated absences	(52,100)	(19,600)
Unearned revenue – ground and equipment lease	9,777,854	-
Other post-employment benefits payable	500,000	689,575
Pension-related debt	(40,583)	(35,689)
Total adjustments	<u>2,770,766</u>	<u>4,186,226</u>
Net cash provided by operating activities	<u>\$ 4,872,024</u>	<u>6,343,368</u>

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Oxnard Harbor District (District), a special district of the State of California, was created in 1937 under the State of California Harbors and Navigation Code, which provides for the formation of harbor districts. The District is under the control of an elected five-member Board of Harbor Commissioners and is administered by 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.

B. Basis of Accounting and Measurement Focus

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

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

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

3. Investments

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

4. Accounts Receivable

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

5. Prepaid Expenses

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

6. Capital Assets

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

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

7. Restricted Assets

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

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

8. 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.

9. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

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

10. Capital Contributions

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

11. Budgetary Policies

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

12. Reclassifications

The District has reclassified certain prior year information to conform to current year presentations.

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(2) Cash and Investments

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

Cash and investments as of June 30, are classified in the accompanying financial statements as follows:			
		<u>2014</u>	<u>2012</u>
Cash and cash equivalents	\$	9,336,527	10,509,572
Restricted – cash and cash equivalents		3,214,782	3,477,552
Restricted – investments		<u>2,458,867</u>	<u>2,464,482</u>
Total cash and investments	\$	<u>15,010,176</u>	<u>16,451,606</u>
Cash and investments as of June 30, consist of the following:			
		<u>2014</u>	<u>2013</u>
Cash on hand	\$	300	300
Deposits with financial institutions		4,988,744	1,931,912
Investments		<u>10,021,132</u>	<u>14,519,394</u>
Total cash and investments	\$	<u>15,010,176</u>	<u>16,451,606</u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
State and local agency bonds	5 years	None	None
U.S. treasury obligations	5 years	None	None
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	5 years	None	None
County pooled investment funds	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

(2) Cash and Investments, continued

Custodial Credit Risk

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

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District has deposits with various banks with various bank balances as of June 30, 2014 and 2013, respectively. Of the bank balances, up to \$250,000 per bank for specific accounts are federally insured and the remaining balance should be collateralized in accordance with the Code; however, the collateralizing securities are not held in the District's name.

Investment in State Investment Pool

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

Interest Rate Risk

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

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(2) Cash and Investments, continued

Interest Rate Risk, continued

Investments at June 30, 2014 consisted of the following:		Remaining Maturity 12 Months Or Less
Investment Type	Total	
Local Agency Investment Fund (LAIF)	\$ 5,399,818	5,399,818
Held by bond trustee:		
Money market funds	2,162,447	2,162,447
Government sponsored agency securities	2,458,867	2,464,482
Total	\$ 10,021,132	10,026,747
Investments at June 30, 2013 consisted of the following:		Remaining Maturity 12 Months Or Less
Investment Type	Total	
Local Agency Investment Fund (LAIF)	\$ 9,386,102	9,386,102
Held by bond trustee:		
Money market funds	2,668,810	2,668,810
Government sponsored agency securities	2,464,482	2,464,482
Total	\$ 14,519,394	14,519,394

Credit Risk

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

Credit ratings of investments as of June 30, 2014, were as follows:		Minimum legal rating	Exempt or Not Rated	Rating as of year-end AAA
Investment type	Total			
Local Agency Investment Fund (LAIF)	\$ 5,399,818	N/A	5,399,818	-
Held by bond trustee:				
Money market funds	2,162,447	N/A	2,162,447	-
Government sponsored agency securities	2,458,867	AAA	-	2,458,867
Total	\$ 10,021,132		7,562,265	2,458,867
Credit ratings of investments as of June 30, 2013, were as follows:		Minimum legal rating	Exempt or Not Rated	Rating as of year-end AAA
Investment type	Total			
Local Agency Investment Fund (LAIF)	\$ 9,386,102	N/A	9,386,102	-
Held by bond trustee:				
Money market funds	2,668,810	N/A	2,668,810	-
Government sponsored agency securities	2,464,482	AAA	-	2,464,482
Total	\$ 14,519,394		12,054,912	2,464,482

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(3) Restricted Assets

Assets were restricted for the following purposes:		
	<u>2014</u>	<u>2013</u>
Revenue bonds reserve funds	\$ 2,471,560	2,468,735
Revenue bonds debt service funds	409,852	540,611
Revenue bonds construction funds	4,563	253,881
Revenue bonds principal funds	1,737,167	1,870,064
Navy joint-use construction funds	<u>1,052,343</u>	<u>808,749</u>
Total	<u>\$ 5,675,485</u>	<u>5,942,040</u>
Reconciliation of restricted assets to the statement of net position:		
Restricted assets – cash and cash equivalents	\$ 3,214,782	3,477,552
Restricted assets – investments	2,458,867	2,464,482
Restricted assets – accrued interest receivable	<u>1,836</u>	<u>6</u>
Total restricted assets	<u>\$ 5,675,485</u>	<u>5,942,040</u>

(4) Accounts Receivable – Harbor Operations, Net

The balance at June 30, consists of the following:		
	<u>2014</u>	<u>2013</u>
Accounts receivable - harbor operations	\$ 1,702,535	1,522,156
Allowance for uncollectable accounts	<u>(25,000)</u>	<u>(25,000)</u>
Accounts receivable - harbor operations, net	<u>\$ 1,677,535</u>	<u>1,497,156</u>

(5) 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 is estimated to cost \$20 million. As required under the agreements with these entities, the District has loaned 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.

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(5) Shoreside Power/Arcturus Avenue Leveraged Loan, continued

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, 2014, 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 \$244,096 has been recognized as operating revenue for a balance as of June 30, 2014 of \$9,777,854.

(6) World Trade Center License

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

(7) Membership in Ventura County Railway Company, LLC

The Ventura County Railway Company, LLC, (Railway) owns railway lines used for, among other things, transport of port customers' goods from the harbor facilities and their private facilities to the main line railway. In November 2003, the District acquired all outstanding shares (memberships) of the Railway for \$2,000,000, and became a sole member of the railway company. Under the equity method of accounting, the purchase of the total outstanding membership is carried at the cost of acquisition plus operational earnings.

The District's total investment in the membership of the Ventura County Railway Company, LLC as of June 30, 2014 and 2013, amounted to \$3,924,905 and \$3,708,903, respectively.

Financial information for the Ventura County Railway Company, LLC as of June 30, was as follows:

Balance Sheet	Fiscal Year 2014	Fiscal Year 2013	Income Statement	Fiscal Year 2014	Fiscal Year 2013
Current assets	\$ 1,954,919	1,736,134	Revenues	\$ 259,638	268,439
Capital assets, net	1,969,986	1,972,769	Expenses	(43,636)	(63,566)
Total assets	<u>3,924,905</u>	<u>3,708,903</u>	Net income	216,002	204,873
Liabilities	-	-	Equity – beginning of period	3,708,903	3,504,030
Equity	<u>3,924,905</u>	<u>3,708,903</u>	Equity – end of period	\$ <u>3,924,905</u>	<u>3,708,903</u>
Total liabilities and equity	\$ <u>3,924,905</u>	<u>3,708,903</u>			

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(8) Capital Assets

Changes in capital assets for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2014</u>
Non-depreciable assets:				
Land and easements	\$ 15,332,137	-	-	15,332,137
Construction-in-process	3,124,868	10,105,129	(218,315)	13,011,682
Total non-depreciable assets	<u>18,457,005</u>	<u>10,105,129</u>	<u>(218,315)</u>	<u>28,343,819</u>
Depreciable assets:				
Wharves and docks	27,207,292	8,432	-	27,215,724
Warehouses	25,754,369	-	-	25,754,369
Land improvements	29,060,888	11,708	(1,657,115)	27,415,481
Fuel tanks	1,055,322	-	-	1,055,322
Buildings	5,199,897	-	-	5,199,897
Building improvements	4,404,502	6,741	(356,419)	4,054,824
Vehicles and equipment	3,008,276	227,499	(12,762)	3,223,013
Total depreciable assets	<u>95,690,546</u>	<u>254,380</u>	<u>(2,026,296)</u>	<u>93,918,630</u>
Accumulated depreciation:				
Wharves and docks	(18,569,757)	(745,495)	-	(19,315,252)
Warehouses	(13,762,870)	(923,028)	-	(14,685,898)
Land improvements	(7,675,214)	(955,034)	-	(8,630,248)
Fuel tanks	(668,580)	(66,858)	-	(735,438)
Buildings	(1,623,717)	(192,549)	-	(1,816,266)
Building improvements	(691,110)	(223,844)	-	(914,954)
Vehicles and equipment	(716,527)	(433,010)	-	(1,149,537)
Total depreciation	<u>(43,707,775)</u>	<u>(3,539,818)</u>	<u>-</u>	<u>(47,247,593)</u>
Total depreciable assets, net	<u>51,982,771</u>	<u>(3,285,438)</u>	<u>(2,026,296)</u>	<u>46,671,037</u>
Total capital assets, net	<u>\$ 70,439,776</u>	<u>6,819,691</u>	<u>(2,244,611)</u>	<u>75,014,856</u>

Major capital asset additions during the year amounted to \$8,114,898 for various projects and equipment.

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(8) Capital Assets, continued

Changes in capital assets for 2013 were as follows:

	<u>Balance</u> <u>2012</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>2012</u>
Non-depreciable assets:				
Land and easements	\$ 15,332,137	-	-	15,332,137
Construction-in-process	<u>3,785,632</u>	<u>8,336,625</u>	<u>(8,997,389)</u>	<u>3,124,868</u>
Total non-depreciable assets	<u>19,117,769</u>	<u>8,336,625</u>	<u>(8,997,389)</u>	<u>18,457,005</u>
Depreciable assets:				
Wharves and docks	27,207,292	-	-	27,207,292
Warehouses	25,528,441	225,928	-	25,754,369
Land improvements	25,322,664	3,738,224	-	29,060,888
Fuel tanks	1,055,322	-	-	1,055,322
Buildings	5,199,897	-	-	5,199,897
Building improvements	1,412,252	2,992,250	-	4,404,502
Vehicles and equipment	<u>967,289</u>	<u>2,040,987</u>	<u>-</u>	<u>3,008,276</u>
Total depreciable assets	<u>86,693,157</u>	<u>8,997,389</u>	<u>-</u>	<u>95,690,546</u>
Accumulated depreciation:				
Wharves and docks	(17,892,489)	(677,268)	-	(18,569,757)
Warehouses	(12,847,373)	(915,497)	-	(13,762,870)
Land improvements	(6,746,301)	(928,913)	-	(7,675,214)
Fuel tanks	(601,722)	(66,858)	-	(668,580)
Buildings	(1,428,131)	(195,586)	-	(1,623,717)
Building improvements	(599,272)	(91,838)	-	(691,110)
Vehicles and equipment	<u>(649,393)</u>	<u>(67,134)</u>	<u>-</u>	<u>(716,527)</u>
Total depreciation	<u>(40,764,681)</u>	<u>(2,943,094)</u>	<u>-</u>	<u>(43,707,775)</u>
Total depreciable assets, net	<u>45,928,476</u>	<u>6,054,295</u>	<u>-</u>	<u>51,982,771</u>
Total capital assets, net	<u>\$ 65,046,245</u>	<u>14,390,920</u>	<u>(8,997,389)</u>	<u>70,439,776</u>

Major capital asset additions during the year amounted to \$8,336,625 for various projects and equipment.

Construction-In-Process

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

The balance at June 30, consist of the following projects:	<u>2012</u>	<u>2013</u>	<u>2014</u>
Port security grant program	\$ 3,702,515	-	-
Shoreside power project	83,039	3,122,686	11,764,267
Various other projects	<u>78</u>	<u>2,182</u>	<u>1,247,415</u>
Total	<u>\$ 3,785,632</u>	<u>3,124,868</u>	<u>13,011,682</u>

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(9) Deferred Outflows and Inflows of Resources

Changes in deferred outflows and inflows of resources for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance 2014</u>
Deferred outflows of resources:				
Deferred loss on refunding of revenue bonds, net	185,757	-	(16,760)	168,997
Total deferred outflows of resources	\$ 185,757	-	(16,760)	168,997
Changes in deferred outflows and inflows of resources for 2013, were as follows:				
	<u>Balance 2012</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance 2013</u>
Deferred outflows of resources:				
Deferred loss on refunding of revenue bonds, net	202,517	-	(16,760)	185,757
Total deferred outflows of resources	\$ 202,517	-	(16,760)	185,757

(10) Compensated Absences

Changes in compensated absences were as follows:	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 470,500	490,100
Additions	220,659	248,051
Payments to employees	(272,759)	(267,651)
Balance, end of year	418,400	470,500
Current portion	(104,600)	(117,625)
Long-term portion	\$ 313,800	352,875

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

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 45,980	34,319	80,299
2016	51,855	30,853	82,708
2017	58,241	26,948	85,189
2018	65,181	22,564	87,745
2019	72,720	17,657	90,377
2020-2021	170,686	12,184	182,870
Total	464,663	144,525	609,188
Current	(45,980)		
Long-term	\$ 418,683		

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(12) Long-Term Debt

Changes in long-term debt amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2014</u>
Long-term debt				
Revenue bonds – Series 2011A	\$ 15,880,000	-	(1,810,000)	14,070,000
Revenue bonds – Series 2011B	7,210,000	-	(60,000)	7,150,000
Total long-term debt	\$ 23,090,000	-	(1,870,000)	21,220,000
Less current portion	(1,870,000)			(1,870,000)
Non-current portion	\$ 21,220,000			19,350,000

Changes in long-term debt amounts for 2013 were as follows:

	<u>Balance 2012</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2013</u>
Long-term debt				
Revenue bonds – Series 2011A	\$ 17,470,000	-	(1,590,000)	15,880,000
Revenue bonds – Series 2011B	7,220,000	-	(10,000)	7,210,000
Total long-term debt	\$ 24,690,000	-	(1,600,000)	23,090,000
Less current portion	(1,600,000)			(1,870,000)
Non-current portion	\$ 23,090,000			21,220,000

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 6,391,196 and \$6,069,447 for the years ended June 30, 2014 and 2013. The actual debt service coverage ratios were 219% and 213% for the years ended June 30, 2014 and 2013. The District is in compliance with its bond covenants for fiscal years 2014 and 2013. (See page 63).

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2013 and 2012

(12) Long-Term Debt, continued

Revenue Bonds – Refunding Series 2011A and 2011B

In 2011, the District issued \$24,690,000 in 10-year and 14-year Revenue Bonds, respectively, \$17,470,000 Series 20011A (AMT) and \$7,220,000 Series 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.

Series 2011A (AMT)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,865,000	656,875	2,521,875
2016	1,960,000	561,250	2,521,250
2017	2,055,000	460,875	2,515,875
2018	2,160,000	355,500	2,515,500
2019	2,275,000	244,625	2,519,625
2020-2021	3,755,000	162,125	3,917,125
Total	14,070,000	2,441,250	16,511,250
Current	(1,865,000)		
Long-term	\$ <u>12,205,000</u>		

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 1st and February 1st at rates ranging from 4.00% to 5.00% while principal installments ranging from \$10,000 to \$1,765,000 would be payable August 2013 through August 2025 as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 65,000	319,595	384,595
2016	65,000	316,995	381,995
2017	70,000	314,295	384,295
2018	70,000	311,355	381,355
2019	75,000	308,165	383,165
2020-2024	5,040,000	1,563,940	6,603,940
2025	1,765,000	39,713	1,804,713
Total	7,150,000	3,174,058	10,324,058
Current	(65,000)		
Long-term	\$ <u>7,085,000</u>		

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(13) 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, (ranging from 50% to 100% of the premium), 100% of the premium for the retiree and a spouse or one dependent for the alternative A plan and 100% of the premium for the retiree plus dependents for alternative B plan 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. Currently, 25 retirees meet the eligibility requirements for the health care benefit, 19 retirees meet the eligibility requirements for vision and dental care and 18 retirees meet the eligibility requirements for life insurance. Expenditures for post-employment retirement benefits are recognized on a monthly basis as premiums are paid. Expenditures of \$287,868 and \$245,011 were recognized for post-retirement health care, vision care, dental care, and life insurance benefits during the years ended June 30, 2014 and 2013, respectively.

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.

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

	2014	2013	2012
Active plan members	23	26	28
Retirees and beneficiaries receiving benefits	26	23	20
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	49	49	48

(13) Other Post Employment Retirement Benefits, continued

Plan Description – Benefits

The District offers lifetime post-employment medical to employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Eligible retirees may enroll in any plan available through the CalPERS medical program. Each year the District establishes a maximum monthly premium that the District will pay for medical benefits; the maximum monthly premium that the District will pay for calendar year 2014 and 2013 is \$1,190 and \$1,190, 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%

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, 2016. 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:

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(13) Other Post Employment Retirement Benefits, continued

Plan Description – Benefits, continued

District Years of Service	Hired Prior to July 1, 2013 % of Maximum Benefit	Hired After July 1, 2013 % 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%

Funding Policy

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

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

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2014 and 2013, the District's ARC cost is \$787,868 and \$934,586, respectively. The District's net OPEB payable obligation amounted to \$3,950,000 and \$3,450,000 for the years ended June 30, 2014 and 2013, respectively. The District paid retiree benefits of \$287,868 and \$245,011 for current retiree OPEB premiums for the years ended June 30, 2014 and 2013, respectively.

The balance at June 30, consists of the following:	2014	2013	2012
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 630,240	894,855	832,284
Interest on net OPEB obligation	157,628	110,417	85,956
Interest earnings on irrevocable trust balance	-	-	-
Adjustment to annual required contribution	-	(70,686)	(110,097)
Total annual OPEB expense	787,868	934,586	808,143
Contributions made:			
Contributions made to irrevocable trust	-	-	-
Retiree benefit payments paid outside of a trust	(287,868)	(245,011)	(208,143)
Total contributions made	(287,868)	(245,011)	(208,143)
Total change in net OPEB payable obligation	500,000	689,575	600,000
OPEB payable – beginning of year	3,450,000	2,760,425	2,160,425
OPEB payable – end of year	\$ 3,950,000	3,450,000	2,760,425

(13) Other Post Employment Retirement Benefits, continued

Annual OPEB Cost and Net OPEB Obligation

The District’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions Made to Trust	Retiree Benefit Payments	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2014	\$ 787,868	-	287,868	36.54%	\$ 3,950,000
2013	934,586	-	245,011	26.22%	3,450,000
2012	808,143	-	208,143	25.76%	2,760,425

The most recent valuation (dated July 1, 2013) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$7,527,996. 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, 2013 was \$2,577,230. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 292.10%. See Page 59 for the Schedule of Funding Progress.

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, 2013
Actuarial cost method	Entry age normal cost method, closed
Amortization method	Level percent of payroll amortization
Remaining amortization period	24 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%

(14) Net Position Calculation

Calculation of net position as of June 30, were as follows:	<u>2014</u>	<u>2013</u>
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 28,343,819	18,457,005
Depreciable capital assets, net	46,671,037	51,982,771
Deferred outflows of resources	168,997	185,757
Revenue bonds payable – current	(1,930,000)	(1,870,000)
Revenue bonds payable – non-current	(19,290,000)	(21,220,000)
Premium(discount) on revenue bonds, net	(207,070)	(248,131)
Total net investment in capital assets	<u>53,756,783</u>	<u>47,287,402</u>
Restricted net position:		
Restricted – cash and cash equivalents	3,214,782	3,477,552
Restricted – accrued interest receivable	1,836	6
Restricted – investments	2,458,867	2,464,482
Accrued interest payable	(426,831)	(450,456)
Total restricted net position	<u>5,248,654</u>	<u>5,491,584</u>
Restricted net position are categorized as follows:		
Restricted for construction projects	1,056,907	990,309
Restricted for debt service	4,191,747	4,501,275
Total restricted net position	<u>5,248,654</u>	<u>5,491,584</u>
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses and other assets	214,701	452,095
World Trade Center license	51,000	51,000
Membership-Ventura County Railway Co., LLC	3,924,905	3,708,903
Total non-spendable net position	<u>4,190,606</u>	<u>4,211,998</u>
Spendable net position are designated as follows:		
Undesignated net position reserve	4,817,021	7,073,468
Total spendable net position	<u>4,817,021</u>	<u>7,073,468</u>
Total unrestricted net position	<u>9,007,627</u>	<u>11,285,466</u>
Total net position	<u>\$ 68,013,064</u>	<u>64,064,452</u>

(15) Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by Nationwide Retirement Solutions at June 30, 2014 and 2013 was \$442,618 and \$352,310, respectively, and by CalPERS Salary Savings Program at June 30, 2014 and 2013 was \$2,360,386 and \$2,181,400, respectively.

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

(16) Defined Benefit Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

The contribution rate for plan members in the CalPERS 2.5% at 55 Risk Pool Retirement Plan is 8% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal years 2014, 2013 and 2012 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

California Public Employees Pension Reform Act of 2013

On September 12, 2013, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013.

Key components of the legislation are as follows:

- Establishes PEPRA which will apply to all public employers and public pension plans on and after January 1, 2013 (Except specific exemptions);
- Establishes new retirement tiers/benefits for new public employees;
- Prohibits certain cash payments from being counted as compensation; and
- Increases retirement age for all new public employees.

(16) Defined Benefit Pension Plan

Second-Tier – Beginning January 1, 2013

The contribution rate for plan members in the CalPERS 2.0% at 62 Retirement Plan under PEPRA is 6.25% of their annual covered wages. District employees contribute 6.25% of their annual covered wages to their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The employer and member contribution rate is 6.25% for a combined rate of 12.50% which will be in effect until June 30, 2015.

For fiscal years 2014, 2013 and 2012, the District's annual contributions for the CalPERS plan were equal to the District's required and actual contributions for each fiscal year as follows:

Three Years CalPERS Funding Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	APC Percentage of Payroll
2011-2012	\$ 338,187	100%	-	15.565%
2012-2013	331,752	100%	-	16.236%
2013-2014	315,510	100%	-	17.054%

See Page 58 for the Schedule of Funding Progress.

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	June 30, 2013
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll, closed
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	7.50% (net of administrative expenses)
Projected salary increase	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

(17) 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, 2014, the District held the following commercial and marine insurance policies:

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

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2014, 2013 and 2012. 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, 2014, 2013 and 2012.

(18) Governmental Accounting Standards Board Statements

Newly Issued Accounting Pronouncements, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2014, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 68

In June 2013, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this Statement to District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 69

In January 2013, the GASB issued Statement No. 69 – *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to provide new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The impact of the implementation of this Statement to District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 71

In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement No. 68. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

(19) Related Party Transactions

The District, which is governed by a five-member Board of Harbor Commissioners elected at large from within the geographical boundaries of the District, derives its principal source of revenues from cargo activity under tariffs and contracts with Port customers. 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, 2014 and 2013, the amount of District revenues derived from these various customers and stevedoring companies was approximately \$11,733,365 and \$11,034,385, respectively.

(20) Commitments

Operating Leases Receivable

The District leases a portion of its land and facilities to others. The majority of these leases provide for cancellation on thirty days notice by either party and for retention of ownership by the District. These lease agreements generally are subject to periodic inflationary escalation of base amounts due to the District and adjustments for increases in terminal space. As of June 30, 2014, minimum lease rental payments receivable under operating leases that have initial or remaining non-cancelable lease terms in excess of one-year are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2015	\$ 917,083
2016	725,158
2017	748,681
2018	574,372
2019	21,830
Total	\$ <u>2,987,124</u>

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(20) Commitments, continued

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, 2014 and 2013, totaled \$433,176 and \$388,689, 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, 2014 and 2013, totaled \$222,252 and \$201,241, 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, 2014 and 2013, totaled \$382,244 and \$342,222, 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, 2014 and 2013, totaled \$299,448 and \$271,140, 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, 2014, the amount payable to the Navy for long-term maintenance of Wharf 3 and associated real property is \$1,052,334.

(21) Contingencies

Grant Awards

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

Litigation

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

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

June 30, 2014 and 2013

(21) Contingencies, continued

City of Port Hueneme vs. Oxnard Harbor District

The District and the City of Port Hueneme (City) have entered into three active agreements with the City – executed in 1983, 1987, and 1995 – which require the District to pay a defined percentage of its annual gross operating revenue, as determined by its annual audit, to the City in exchange for valuable consideration. The City has asserted that for each year under all three agreements, the District has not accurately calculated its gross operating revenue and thus has underpaid the City. Additionally, the City has asserted that, under the 1995 Agreement, the District incorrectly calculated the amount of a fee owed to the City for each vehicle convoyed through the City.

The City has filed an arbitration complaint on the issue of the convoy fee, and that action is pending. The City has also filed a complaint in Superior Court regarding the payment of the percentages of gross operating revenues under the 1983 and 1987 agreements, which the City filed as a cross-complaint to the District's complaint for declaratory relief. The District believes that it has reasonable arguments and defenses in both actions, and that it does not owe the City any money under any of the agreements. The District further contends that it may be overpaying under the 1983 Agreement, and some or all of its payments may constitute a gift of public funds. The District has requested a judicial declaration on this issue.

The City's complaint in arbitration does not state an amount by which the City alleges to have been damaged, and the District has not yet had the opportunity to obtain discovery as to the amount of damages sought in the pending arbitration. In prior communications, the City has stated that its alleged damages on all disputes exceed \$8,000,000.

(22) Subsequent Events

Events occurring after June 30, 2014, have been evaluated for possible adjustment to the financial statements or disclosure as of November 30, 2014, which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

Oxnard Harbor District

Schedule of Funding Status

For the Fiscal Years Ended June 30, 2014 and 2013

(1) Defined Benefit Pension Plan – Tier I – Classic Plan

Development of the Actuarial Value of Assets Calculation in a Risk Pool			
<u>The District is part of the CalPERS Miscellaneous 2.5% at 55 yrs. Risk Pool</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>
1. Plan's accrued liability	\$ 13,118,753	13,118,166	14,910,533
2. Plan's side fund	(570,654)	(540,935)	(505,246)
3. Pool's accrued liability	2,135,350,204	2,254,622,362	2,389,797,201
4. Pool's side fund	(117,829,589)	(107,443,058)	(83,573,887)
5. Pool's actuarial value of assets (AVA) including receivables	1,724,200,585	1,837,489,422	N/A
6. Plan's actuarial value of assets (AVA) including receivables [(1+2) / (3+4) x 5]	10,723,776	10,763,204	N/A
7. Pool's market value of assets (MVA) including receivables	1,543,100,350	1,545,132,565	N/A
8. Plan's market value of assets (MVA) including receivables [(1+2) / (3+4) x 7]	9,597,412	9,050,706	10,976,225

Funding History

The Funding History below shows the actuarial accrued liability, the actuarial value of assets, the market value of assets, funded ratios and the annual covered payroll. The actuarial value of assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan in the risk pool.

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (a)</u>	<u>Share of Pool's Market Value of Assets (MVA) (b)</u>	<u>Plan's Share of Pool's Unfunded Liability (a-b)</u>	<u>Funded Ratio MVA (b/a)</u>	<u>Annual Covered Payroll</u>
June 30, 2011	\$ 13,118,753	9,597,412	3,521,341	73.16%	\$ 2,331,588
June 30, 2012	13,118,166	9,050,706	4,067,460	68.99%	2,119,449
June 30, 2013	14,910,533	10,976,225	3,934,308	73.61%	2,175,704

(2) Defined Benefit Pension Plan – Tier II – PEPRA Plan

Development of the Actuarial Value of Assets Calculation in a Risk Pool			
<u>The District is part of the CalPERS Miscellaneous 2.0% at 62 yrs. Risk Pool</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>
1. Plan's accrued liability	\$ N/A	N/A	216
2. Plan's side fund	N/A	N/A	-
3. Pool's accrued liability	N/A	N/A	1,063,294
4. Pool's side fund	N/A	N/A	-
5. Pool's actuarial value of assets (AVA) including receivables	N/A	N/A	N/A
6. Plan's actuarial value of assets (AVA) including receivables [(1+2) / (3+4) x 5]	N/A	N/A	N/A
7. Pool's market value of assets (MVA) including receivables	N/A	N/A	N/A
8. Plan's market value of assets (MVA) including receivables [(1+2) / (3+4) x 7]	N/A	N/A	290

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (a)</u>	<u>Share of Pool's Market Value of Assets (MVA) (b)</u>	<u>Plan's Share of Pool's Unfunded Liability (a-b)</u>	<u>Funded Ratio MVA (b/a)</u>	<u>Annual Covered Payroll</u>
June 30, 2011	* -	-	-	0.00%	\$ -
June 30, 2012	* -	-	-	0.00%	-
June 30, 2013	\$ 216	290	(74)	134.26%	87,818

* The CalPERS PEPRA Plan Began on January 1, 2013

Oxnard Harbor District

Schedule of Funding Status

For the Fiscal Years Ended June 30, 2014 and 2013

(3) Other Post-Employment Benefit Payable

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2013	\$ -	7,527,996	7,527,996	0.00%	\$ 2,577,230	292.10%
July 1, 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%

*Funding progress is presented for the years 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 three 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 2017 based on the year ending June 30, 2016.

Supplemental Information

Oxnard Harbor District
Schedule of Operating Expenses
For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Salaries and benefits:		
Commissioner salaries	\$ 36,000	36,000
Administrative salaries	816,998	759,583
Maintenance salaries	572,856	612,960
Operations salaries	829,454	822,988
Temporary employee salaries	97,209	26,727
Sick leave	70,912	97,270
Vacation	129,772	184,249
Payroll taxes	175,512	193,832
Workers' compensation	263,376	197,460
Insurance:		
Dental	44,945	36,447
HRA	33,420	19,778
Life	26,346	35,174
Medical	389,013	355,357
Vision	12,038	11,066
PERS Pension contributions – employeer	315,510	331,752
PERS Pension contributions – employee	159,464	180,026
Post-employment benefits	787,868	934,586
Employee recruitment	3,404	5,523
Employee relations	15,598	15,026
Employee training and uniforms	11,131	12,671
Total salaries and benefits	<u>4,790,826</u>	<u>4,868,475</u>
Governmental contractual agreements:		
1983 Contract	433,176	388,689
1987 Contract	222,252	201,241
1995 Memorandum of understanding	299,448	271,140
Contracts – automobiles	382,244	342,222
Ventura County Fire District	-	2,000
Ventura County LAFCO	7,823	8,287
Total governmental contractual agreements	<u>1,344,943</u>	<u>1,213,579</u>
Security:		
Guards and traffic control	214,193	215,405
Security plan and equipment	33,662	242
Total security	<u>\$ 247,855</u>	<u>215,647</u>

Continued on next page

Oxnard Harbor District
Schedule of Operating Expenses, continued
For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Facilities and maintenance:		
Gas and oil	\$ 19,669	16,770
Repair and maintenance	68,454	83,417
Supplies	92,659	106,856
Supplies – computer	18,379	2,812
Computer access fees	19,051	17,455
Safety supplies	4,475	10,777
Miscellaneous	1,422	3,733
Utilities:		
Water and sewer	95,542	155,991
Electricity	246,286	206,542
Telephone	40,855	28,802
Natural gas	261	517
Trash disposal	17,490	15,972
Hazardous waste disposal	772	-
Equipment rental	-	5,446
Total facilities and maintenance	<u>625,315</u>	<u>655,090</u>
Professional and legal:		
Professional fees	768,062	504,013
Legal services	163,591	156,150
Total professional and legal	<u>931,653</u>	<u>660,163</u>
Materials and services:		
Business meeting expense	9,100	7,159
Discounts	4,438	506
Publications and subscriptions	3,021	920
Publications - legal notices	149	120
Permits and licenses	4,282	3,958
Rent - facility and grounds	10,000	-
Postage	4,767	4,850
Total materials and services	<u>35,757</u>	<u>17,513</u>
Port promotions:		
Advertising	129,295	73,560
Trade relations	140,972	72,460
Memberships and dues	109,006	144,263
Travel	32,669	34,064
Total port promotions	<u>411,942</u>	<u>324,347</u>
Insurance:		
General liability	94,962	76,778
Property	182,957	171,760
Other	2,643	5,180
Total insurance	<u>280,562</u>	<u>253,718</u>
Total operating expenses	<u>\$ 8,668,853</u>	<u>8,208,532</u>

Oxnard Harbor District
Schedule of Non-Operating Revenues and Expenses
For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Non-operating income:		
Finance charges	\$ 5,249	2,353
Refunds from prior years	-	94,344
Rebate	-	10,000
Department of Fish and Game reimbursement	9,000	10,000
Special Event – Banana Festival – sponsorship and receipts	61,783	40,580
Scrap recycling	3,081	3,280
Miscellaneous receipts	6	1,602
Total other income	<u>79,119</u>	<u>162,159</u>
Non-operating expense:		
Bank and trust fees	3,495	3,624
Election expense	-	37,482
Special Event – Banana Festival – expenses	98,839	53,534
Office rehabilitation expense	-	10,073
Workers' compensation adjustment	16,722	-
Miscellaneous expenses	1,763	-
Total other expense	<u>120,819</u>	<u>104,713</u>
Total other revenue(expense), net	<u>\$ (41,700)</u>	<u>57,446</u>

Oxnard Harbor District

Schedule of Debt Service Net Revenues Coverage Ratio

For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Total revenues:		
Total operating revenues	\$ <u>14,309,929</u>	<u>13,308,768</u>
Total non-operating revenues:		
Investment earnings	14,584	16,799
Interest earnings – leveraged loan	56,668	-
Amortization of deferred outflows of resources	(16,760)	(16,760)
Change in membership in Ventura County Railway Co., LLC	216,002	204,873
Other revenue (expense), net	(41,700)	57,446
Add back noncash items:		
Unrealized (gains) losses on investments, net	4,566	5,712
Amortization of deferred resources inflows/(outflows)	<u>16,760</u>	<u>16,760</u>
Total non-operating revenues adjusted for noncash items	<u>250,120</u>	<u>284,830</u>
Total revenues	<u>14,560,049</u>	<u>13,593,598</u>
Total expenses:		
Total operating expenses	8,668,853	8,208,532
Less noncash items:		
Other post-employment benefits noncash accrued liability increase	<u>(500,000)</u>	<u>(689,575)</u>
Total operating expenses adjusted for noncash items	<u>8,168,853</u>	<u>7,518,957</u>
Total non-operating expenses	988,059	1,737,000
Less debt service and noncash items:		
Interest expense – long-term debt	(1,029,120)	(1,109,151)
Amortization of deferred charges/debt premium(discount), net	<u>41,061</u>	<u>(627,849)</u>
Total non-operating expenses adjusted for debt service & noncash items	<u>-</u>	<u>-</u>
Total expenses	<u>8,168,853</u>	<u>7,518,957</u>
Net revenues available for debt service	\$ <u>6,391,196</u>	<u>6,074,641</u>
Debt service for the fiscal year	\$ <u>2,922,745</u>	<u>2,849,431</u>
Debt service net revenues coverage ratio	<u><u>218.67%</u></u>	<u><u>213.19%</u></u>

Statistical Information Section

Oxnard Harbor District
Statistical Section

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



The Port
OF HUENEME
Oxnard Harbor District

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<i>Financial Trends</i>	65-68
These schedules contain the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position trend information to help the reader understand how the District's financial performance has changed over time.	
<i>Debt Capacity</i>	69-70
This schedule presents information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt.	
<i>Operating Information</i>	71-76
These schedules present information to help the reader understand the District's customers, operations and activities.	
<i>Staffing Information</i>	77-78
These schedules offer demographic information to help the reader understand the staffing structure and other data within which the District's operates.	

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

Port of Hueneme
OXNARD HARBOR DISTRICT

Statement of Net Position - Fiscal Years Ended June 30, 2005 through 2014

	FISCAL YEAR ENDED:				
	2005	2006	2007 (2)	2008	2009
Assets					
Current Assets:					
Cash and cash equivalents	\$ 8,917,956	\$ 9,127,619	\$ 9,558,027	\$ 8,503,174	\$ 3,903,178
Restricted - cash and cash equivalents	1,145,491	1,080,847	3,588,822	2,471,959	1,817,090
Accrued interest receivable	56,523	113,291	157,877	96,214	19,533
Restricted - accrued interest receivable	50,675	69,100	81,793	54,467	54,836
Accounts receivable- harbor operations, net	2,060,858	1,737,085	1,616,640	1,571,370	1,080,349
Grants receivable	-	-	-	-	471,387
Accounts receivable- other	-	-	-	146,600	86,087
Prepaid expenses and other assets	522,849	640,375	762,489	760,662	746,497
Total current assets	\$ 12,754,352	\$ 12,768,317	\$ 15,765,648	\$ 13,604,446	\$ 8,178,957
Non-current Assets:					
Investments	\$ 903,281	\$ 3,381,128	\$ 4,168,142	\$ 1,919,690	\$ 848,625
Restricted - investments	8,995,226	9,454,422	9,028,645	6,237,126	6,701,367
Deposit - City of Port Hueneme	105,311	83,171	61,031	38,891	16,751
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	2,000,000	2,000,000
Deferred charges, net	878,103	778,924	684,557	592,956	508,890
Capital assets, not being depreciated	14,240,756	14,450,484	14,858,035	20,470,570	25,347,271
Depreciable capital assets, net	47,492,987	45,345,032	43,151,122	45,569,963	43,213,784
Total non-current assets	\$ 74,666,664	\$ 75,544,161	\$ 74,002,532	\$ 76,880,196	\$ 78,687,688
Total assets	\$ 87,421,016	\$ 88,312,478	\$ 89,768,180	\$ 90,484,642	\$ 86,866,645
Deferred outflows of resources:					
Deferred loss on refunding of revenue bonds, net	\$ -	\$ -	\$ -	\$ -	\$ -
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets and deferred outflows of resources	\$ 87,421,016	\$ 88,312,478	\$ 89,768,180	\$ 90,484,642	\$ 86,866,645
Liabilities and Net Position					
Current liabilities					
Accounts payable and accrued expenses	\$ 603,182	\$ 503,817	\$ 315,729	\$ 544,746	\$ 379,513
Accrued revenue sharing payables	1,445,596	1,656,259	1,984,297	2,152,038	1,379,682
Accrued salaries and benefits (1)	119,484	58,918	85,738	88,848	97,675
Customer deposits and deferred revenue	64,599	73,454	70,416	80,760	79,506
Accrued interest payable	811,452	792,073	766,224	738,739	678,437
Long-term liabilities- due within one year:					
Compensated absences (1)	229,865	276,625	108,977	120,333	131,900
Pension-related debt	-	-	-	-	-
Revenue bonds payable	1,160,000	1,335,000	1,395,000	1,460,000	-
Total current liabilities	\$ 4,434,178	\$ 4,696,146	\$ 4,726,381	\$ 5,185,464	\$ 2,746,713
Non-current liabilities:					
Compensated absences (1)	\$ -	\$ -	\$ 326,930	\$ 360,995	\$ 395,900
Other post-employment benefits payable	25,000	25,000	25,000	483,997	1,037,973
Pension-related debt	-	-	-	-	-
Revenue bonds payable	34,560,000	33,225,000	31,830,000	30,370,000	28,840,000
Total non-current liabilities	\$ 34,585,000	\$ 33,250,000	\$ 32,181,930	\$ 31,214,992	\$ 30,273,873
Total liabilities	\$ 39,019,178	\$ 37,946,146	\$ 36,908,311	\$ 36,400,456	\$ 33,020,586
Net position:					
Net investment in capital assets	\$ 31,169,955	\$ 30,567,905	\$ 25,468,714	\$ 34,803,489	\$ 39,721,055
Restricted for construction projects	4,987,310	5,246,005	11,933,036	8,024,813	7,894,856
Restricted for debt service	-	-	-	-	-
Unrestricted	12,244,573	14,552,422	15,458,119	11,255,884	6,230,148
Total net position	\$ 48,401,838	\$ 50,366,332	\$ 52,859,869	\$ 54,084,186	\$ 53,846,059
Total liabilities, and net position	\$ 87,421,016	\$ 88,312,478	\$ 89,768,180	\$ 90,484,642	\$ 86,866,645

Source: OXNARD HARBOR DISTRICT - Accounting/Finance Department

Port of Hueneme

OXNARD HARBOR DISTRICT

Statement of Net Position - Fiscal Years Ended June 30, 2005 through 2014 (Continued)

	FISCAL YEAR ENDED:				
	2010	2011	2012	2013	2014
Assets					
Current Assets:					
Cash and cash equivalents	\$ 7,673,824	\$ 6,388,401	\$ 10,014,964	\$ 10,509,572	\$ 9,336,527
Restricted - cash and cash equivalents	1,361,742	6,158,441	6,735,696	5,942,034	5,673,649
Accrued interest receivable	7,117	7,871	5,650	5,230	5,875
Restricted - accrued interest receivable	1,959	539	4	6	1,836
Accounts receivable- harbor operations, net	1,069,836	929,485	1,165,491	1,497,156	1,677,535
Grants receivable	209,865	177,156	692,828	2,700,651	651,858
Accounts receivable- other	98,727	553	3,819	403	340,538
Prepaid expenses and other assets	400,038	401,322	333,885	452,095	214,701
Total current assets	\$ 10,823,108	\$ 14,063,768	\$ 18,952,337	\$ 21,107,147	\$ 17,902,519
Non-current Assets:					
Investments	\$ 1,058,337	\$ -	\$ -	\$ -	\$ -
Restricted - investments	6,593,528	1,724,301	-	-	-
Shoreside Power/Arcturus Avenue leveraged loan (note 5)	-	-	-	-	10,021,950
World Trade Center license	51,000	51,000	51,000	51,000	51,000
Membership in Ventura County Railway Co., LLC	2,000,000	3,370,774	3,504,030	3,708,903	3,924,905
Deferred charges, net	426,014	354,609	668,911	-	-
Capital assets, not being depreciated	16,505,025	16,035,391	19,117,769	18,457,005	28,343,819
Depreciable capital assets, net	49,504,771	47,149,248	45,928,476	51,982,771	46,671,037
Total non-current assets	\$ 76,138,675	\$ 68,685,323	\$ 69,270,186	\$ 74,199,679	\$ 89,012,711
Total assets	\$ 86,961,783	\$ 82,749,091	\$ 88,222,523	\$ 95,306,826	\$ 106,915,230
Deferred outflows of resources:					
Deferred loss on refunding of revenue bonds, net			\$ 202,517	\$ 185,757	\$ 168,997
Total deferred outflows of resources	\$ -	\$ -	\$ 202,517	\$ 185,757	\$ 168,997
Total assets and deferred outflows of resources	\$ 86,961,783	\$ 82,749,091	\$ 88,425,040	\$ 95,492,583	\$ 107,084,227
Liabilities and Net Position					
Current liabilities					
Accounts payable and accrued expenses	\$ 411,411	\$ 358,544	\$ 1,053,379	\$ 1,934,768	\$ 1,113,472
Accrued revenue sharing payables	846,597	698,404	927,061	1,068,787	1,200,843
Accrued salaries and benefits ⁽¹⁾	84,528	110,431	116,149	123,788	194,060
Customer deposits and deferred revenue	85,302	81,401	119,350	86,455	97,970
Accrued interest payable	678,437	597,919	590,736	450,456	426,831
Long-term liabilities- due within one year:					
Compensated absences ⁽¹⁾	144,264	144,100	122,500	117,625	104,600
Pension-related debt	-	-	35,689	40,583	45,980
Revenue bonds payable	1,605,000	-	1,600,000	1,870,000	1,930,000
Total current liabilities	\$ 3,855,539	\$ 1,990,799	\$ 4,564,864	\$ 5,692,462	\$ 5,113,756
Non-current liabilities:					
Compensated absences ⁽¹⁾	\$ 432,793	\$ 432,300	\$ 367,600	\$ 352,875	\$ 313,800
Unearned Revenue					\$ 9,777,854
Other post-employment benefits payable	1,615,037	2,160,425	2,760,425	3,450,000	3,950,000
Pension-related debt	-	-	505,246	464,663	418,683
Premium (discount) on Revenue Bonds, net	-	-	289,193	248,131	207,070
Revenue bonds payable	27,235,000	25,545,000	23,090,000	21,220,000	19,290,000
Total non-current liabilities	\$ 29,282,830	\$ 28,137,725	\$ 27,012,464	\$ 25,735,669	\$ 33,957,407
Total liabilities	\$ 33,138,369	\$ 30,128,524	\$ 31,577,328	\$ 31,428,131	\$ 39,071,163
Net position:					
Net investment in capital assets	\$ 37,169,796	\$ 37,639,639	\$ 40,269,569	\$ 47,287,402	\$ 53,756,783
Restricted for construction projects	7,278,792	1,762,412	1,957,770	990,309	1,056,907
Restricted for debt service	-	5,522,950	4,187,194	4,501,275	4,191,747
Unrestricted	9,374,826	7,695,566	10,433,179	11,285,466	9,007,627
Total net position	\$ 53,823,414	\$ 52,620,567	\$ 56,847,712	\$ 64,064,452	\$ 68,013,064
Total liabilities, and net position	\$ 86,961,783	\$ 82,749,091	\$ 88,425,040	\$ 95,492,583	\$ 107,084,227

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

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

Port of Hueneme

OXNARD HARBOR DISTRICT

Summary of Revenues, Expenses, and Change in Net Position

Fiscal Years Ended June 30, 2005 through 2014

	FISCAL YEAR ENDED:				
	2005	2006	2007	2008	2009
Operating Revenues:					
Auto Cargo	\$ 6,637,365	\$ 7,197,719	\$ 6,667,719	\$ 6,524,468	\$ 4,141,894
Fresh Produce Cargo	2,265,508	2,506,809	2,847,993	2,852,238	3,454,636
Offshore Oil	689,749	671,861	660,867	611,043	688,031
Property Management	1,020,787	957,764	935,028	1,109,826	1,343,297
Other	774,724	575,049	565,922	540,318	387,474
Total	\$ 11,388,133	\$ 11,909,202	\$ 11,677,529	\$ 11,637,893	\$ 10,015,332
Operating Expenses:					
Salaries & Benefits	\$ 3,258,690	\$ 3,535,436	\$ 3,805,813	\$ 4,108,050	\$ 4,292,580
Governmental Contractual Agreements	975,086	1,152,778	1,233,960	1,307,298	1,081,298
Security	113,450	110,854	123,953	128,153	209,259
Facilities and Maintenance	898,461	792,797	676,649	730,952	553,292
Professional and Legal	423,938	499,690	268,206	273,097	316,492
Materials and Services	99,231	95,812	86,835	84,972	19,371
Port Promotion	305,874	369,693	355,907	310,561	280,374
Insurance	434,220	462,178	568,208	696,754	758,021
Total	\$ 6,508,950	\$ 7,019,238	\$ 7,119,531	\$ 7,639,837	\$ 7,510,687
Operating Profit (Loss) before depreciation:	\$ 4,879,183	\$ 4,889,964	\$ 4,557,998	\$ 3,998,056	\$ 2,504,645
Depreciation Expense	\$ 2,217,297	\$ 2,463,964	\$ 2,475,816	\$ 2,632,521	\$ 2,701,143
Net Operating Profit (Loss)	\$ 2,661,886	\$ 2,426,000	\$ 2,082,182	\$ 1,365,535	\$ (196,498)
Nonoperating Income (Expense) and Capital Contributions:					
Investment earnings	\$ 418,648	\$ 769,969	\$ 1,115,429	\$ 897,862	\$ 250,941
Interest expense – long-term debt	(1,734,013)	(1,904,851)	(1,837,583)	(1,648,562)	(1,708,560)
Amortization of deferred charges	(103,279)	(98,577)	(94,367)	(91,601)	(84,066)
CalPERS side-fund	-	-	-	-	-
Loss on discontinuance of deep draft navigation project	-	-	-	-	-
Change in membership in Ventura County Railway Co, LLC	-	-	-	-	-
Other revenue, net	(12,432)	549,573	624,361	414,208	387,154
Net Contributed Capital/Grants	262,893	222,380	603,515	286,875	1,112,902
Net Nonoperating Income (Expense) and Capital Contributions	\$ (1,168,183)	\$ (461,506)	\$ 411,355	\$ (141,218)	\$ (41,629)
Change in Net Position	\$ 1,493,703	\$ 1,964,494	\$ 2,493,537	\$ 1,224,317	\$ (238,127)
Investment in capital assets, net of related debt	\$ 31,169,955	\$ 30,567,905	\$ 25,468,714	\$ 34,803,489	\$ 39,721,055
Restricted for construction projects and debt service	4,987,310	5,246,005	11,933,036	8,024,813	7,894,856
Unrestricted	12,244,573	14,552,422	15,458,119	11,255,884	6,230,148
Net Position, end of year	\$ 48,401,838	\$ 50,366,332	\$ 52,859,869	\$ 54,084,186	\$ 53,846,059

Source: OXNARD HARBOR DISTRICT - Accounting/Finance Department

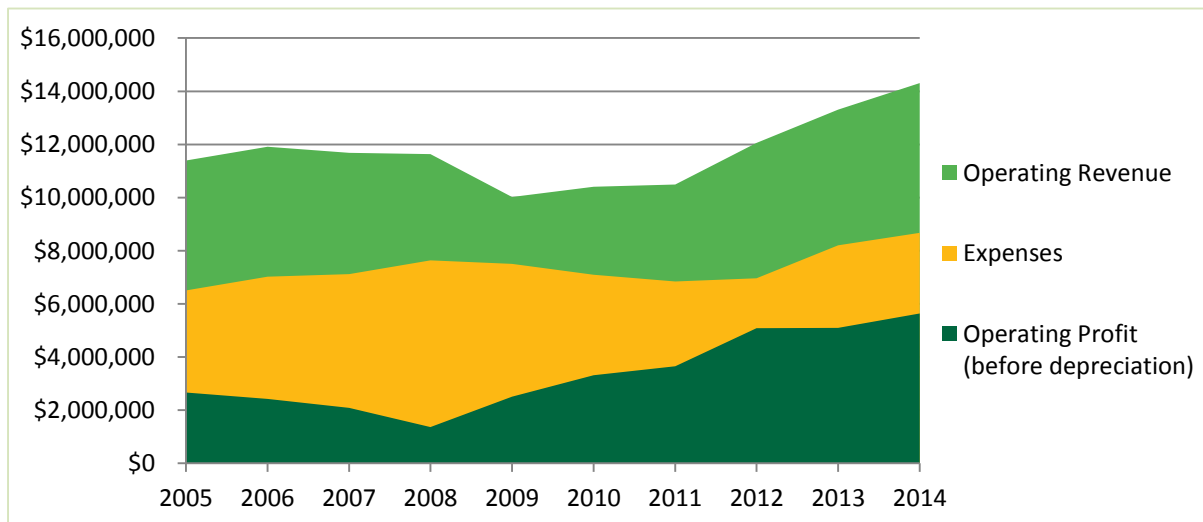


Port of Hueneme

OXNARD HARBOR DISTRICT

Summary of Revenues, Expenses, and Change in Net Position (Continued) Fiscal Years Ended June 30, 2005 through 2014

	FISCAL YEAR ENDED:				
	2010	2011	2012	2013	2014
Operating Revenues:					
Auto Cargo	\$ 5,067,786	\$ 5,553,797	\$ 6,589,395	\$ 7,323,391	\$ 8,030,334
Fresh Produce Cargo	2,986,92	2,731,854	2,909,571	3,148,189	3,149,246
Offshore Oil	716,410	616,907	651,839	634,909	735,383
Property Management	1,142,746	1,177,109	1,398,892	1,530,793	1,922,304
Other	494,388	408,195	500,781	671,486	472,662
Total	\$ 10,408,242	\$ 10,487,862	\$ 12,050,478	\$ 13,308,768	\$ 14,309,929
Operating Expenses:					
Salaries & Benefits	\$ 4,317,130	\$ 4,292,829	\$ 4,338,280	\$ 4,868,475	\$ 4,790,826
Governmental Contractual Agreements	956,572	1,043,463	1,039,909	1,213,579	1,344,943
Security	213,543	208,777	218,751	215,647	247,855
Facilities and Maintenance	446,626	463,166	465,959	655,090	625,315
Professional and Legal	286,206	279,996	374,219	660,163	931,653
Materials and Services	12,427	12,837	14,217	17,513	35,757
Port Promotion	162,106	192,122	234,410	324,347	411,942
Insurance	698,365	347,234	279,984	253,718	280,562
Total	\$ 7,092,975	\$ 6,840,424	\$ 6,965,729	\$ 8,208,532	\$ 8,668,853
Operating Profit (Loss) before depreciation:	\$ 3,315,267	\$ 3,647,438	\$ 5,084,749	\$ 5,100,236	\$ 5,641,076
Depreciation Expense	\$ 3,087,810	\$ 3,010,045	\$ 2,978,656	\$ 2,943,094	\$ 3,539,818
Net Operating Profit (Loss)	\$ 227,457	\$ 637,393	\$ 2,106,093	\$ 2,157,142	\$ 2,101,258
Nonoperating Income (Expense) and Capital Contributions:					
Investment, Interest earnings	\$ 31,669	\$ 42,016	\$ 24,500	\$ 16,799	\$ 71,252
Interest expense – long-term debt	(1,628,250)	(1,550,615)	(1,445,915)	(1,109,151)	(1,029,120)
Amortization of deferred charges	(82,876)	(71,405)	(50,853)	(644,609)	41,061
CalPERS side-fund	-	-	(540,935)	-	-
Loss on discontinuance of deep draft navigation project	-	(1,092,177)	-	-	-
Change in membership in Ventura County Railway Co, LLC	-	140,713	133,256	204,873	216,002
Other revenue, net	763,108	(94,737)	(4,846)	57,446	(58,460)
Net Contributed Capital/Grants	666,247	785,965	4,005,845	-	-
Net Nonoperating Income (Expense) and Capital Contributions	\$ (250,102)	\$ (1,840,240)	\$ 2,121,052	\$ (1,474,642)	\$ (759,265)
Change in Net Position	\$ (22,645)	\$ (1,202,847)	\$ 4,227,145	\$ 682,500	\$ 1,341,993
Investment in capital assets, net of related debt	\$ 37,169,796	\$ 37,639,639	\$ 40,269,569	\$ 47,287,402	\$ 53,756,783
Restricted for construction projects and debt service	7,278,792	7,285,362	6,144,964	5,491,584	5,248,654
Unrestricted	9,374,826	9,457,978	10,433,179	11,285,466	9,007,627
Net Position end of year	\$ 53,823,414	\$ 54,382,979	\$ 56,847,712	\$ 64,064,452	\$ 68,013,064



Port of Hueneme

OXNARD HARBOR DISTRICT

Revenue Bond Coverage

Fiscal Years Ended June 30, 2005 through 2014

FISCAL YEAR ENDED:	2005	2006	2007	2008	2009
Gross Revenues ⁽¹⁾	\$ 11,908,435	\$ 13,228,744	\$ 13,417,319	\$ 12,949,963	\$ 10,663,566
Operating Expenses ⁽²⁾	6,508,950	7,019,238	7,119,531	6,978,533	6,956,711
Net Revenue Available for Debt Service	\$ 5,399,485	\$ 6,209,506	\$ 6,297,788	\$ 5,971,430	\$ 3,706,855
Debt Service Requirements: ⁽³⁾					
Principal	\$ 1,330,000	\$ 1,160,000	\$ 1,335,000	\$ 1,395,000	\$ 1,460,000
Interest	1,745,225	1,924,230	1,869,955	1,805,954	1,737,839
Totals:	\$ 3,075,225	\$ 3,084,230	\$ 3,204,955	\$ 3,200,954	\$ 3,197,839
Debt Ratio Coverage	175.58%	201.33%	196.50%	186.55%	115.92%
Debt Covenant Requirement	125.00%	125.00%	125.00%	125.00%	125.00%
OVER (UNDER)	50.58%	76.33%	71.50%	61.55%	-9.08%

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 \$6,391,196 and \$6,069,447 for the years ended June 30, 2014 and 2013, respectively. The actual debt service coverage ratios were 219% and 213% for the years ended June 30, 2014 and 2013, respectively.

The District is in compliance with its bond covenants for fiscal year 2013; however, the District was not in compliance with its bond covenants (debt service net revenues coverage ratio) in fiscal year 2009, so the District initiated a defeasance of its fiscal year 2010 debt service principal payments.

The Long-Term Debt balance on Revenue Bonds as of June 30, 2014:

- Series 2011(A) - \$14,070,000
- Series 2011(B) - \$7,150,000

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



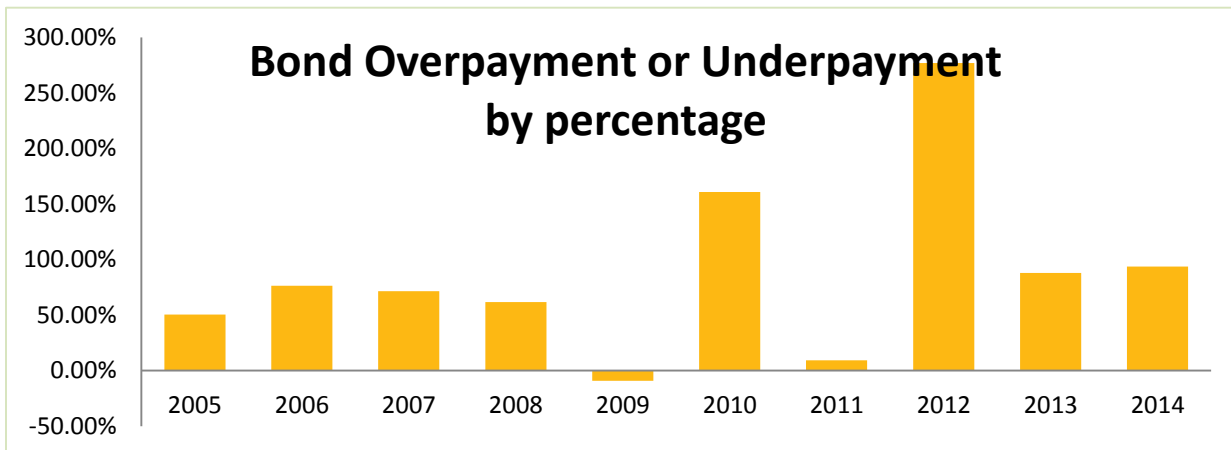
Port of Hueneme

OXNARD HARBOR DISTRICT

Revenue Bond Coverage (Continued)

Fiscal Years Ended June 30, 2005 through 2014

FISCAL YEAR ENDED:	2010	2011	2012	2013	2014
Gross Revenues ⁽¹⁾	\$ 11,169,046	\$ 10,575,709	\$ 12,204,042	\$ 13,588,404	\$ 14,560,049
Operating Expenses ⁽²⁾	6,515,911	6,295,036	6,365,729	7,518,957	8,168,853
Net Revenue Available for Debt Service	\$ 4,653,135	\$ 4,280,673	\$ 5,838,313	\$ 6,069,447	\$ 6,391,196
Debt Service Requirements: ⁽³⁾					
Principal	\$ -	\$ 1,640,289	\$ -	\$ 1,740,280	\$ 1,893,625
Interest	1,628,250	1,550,615	1,453,098	\$ 1,109,151	1,029,120
Totals:	\$ 1,628,250	\$ 3,190,904	\$ 1,453,098	\$ 2,849,431	\$ 2,922,745
Debt Ratio Coverage	285.78%	134.15%	401.78%	213.01%	218.67%
Debt Covenant Requirement	125.00%	125.00%	125.00%	125.00%	125.00%
OVER (UNDER)	160.78%	9.15%	276.78%	88.01%	93.67%



Port of Hueneme

OXNARD HARBOR DISTRICT

LARGEST REVENUE CUSTOMERS (Net of Revenue Sharing)

Last Ten Fiscal Years

FISCAL YEAR ENDED:		2005		FISCAL YEAR ENDED:		2008	
<u>CUSTOMER</u>				<u>CUSTOMER</u>			
1	NYK Cool USA, Inc.	\$ 1,925,987	16.2%	1	BMW of North America, LLC	\$ 1,985,501	19.8%
2	Wallenius Wilhelmsen Logistics, Inc.	1,733,159	14.6%	2	NYK Cool USA, Inc.	1,699,977	17.0%
3	BMW of North America, LLC	1,523,602	12.8%	3	Del Monte Fresh Produce W.A. Inc.	1,689,527	16.9%
4	Glovis America, Inc.	1,436,055	12.1%	4	Wallenius Wilhelmsen Logistics, Inc.	1,458,474	14.6%
5	Del Monte Fresh Produce W.A. Inc.	1,286,222	10.8%	5	Global Auto Processing Services, Inc.	1,434,711	14.3%
6	Carmichael International Services	377,307	3.2%	6	Carmichael International Services	362,205	3.6%
7	YARA North America, Inc.	329,019	2.8%	7	YARA North America, Inc.	359,988	3.6%
8	General Steamship Corp., LTD.	298,720	2.5%	8	Pacific Vehicle Processors, Inc.	309,901	3.1%
9	Mitsubishi Motor Sales of America	264,089	2.2%	9	Mitsubishi Motor Sales of America	303,653	3.0%
10	Mazda Motor of America, Inc.	260,483	2.2%	10	General Steamship Corp., LTD.	301,583	3.0%
Sub-total Top Ten		\$ 9,434,642	79.2%	Sub-total Top Ten		\$ 9,905,520	98.9%
All Other		1,953,491	20.8%	All Other		1,732,373	1.1%
Total Revenue		\$ 11,388,133	100.0%	Total Revenue		\$ 11,637,893	100.0%
FISCAL YEAR ENDED:		2006		FISCAL YEAR ENDED:		2009	
<u>CUSTOMER</u>				<u>CUSTOMER</u>			
1	NYK Cool USA, Inc.	\$ 2,045,291	17.5%	1	Del Monte Fresh Produce W.A. Inc.	\$ 2,114,257	20.3%
2	BMW of North America, LLC	1,750,041	15.0%	2	BMW of North America, LLC	1,557,140	15.0%
3	Wallenius Wilhelmsen Logistics, Inc.	1,737,861	14.9%	3	NYK Cool USA, Inc.	1,129,521	10.9%
4	Del Monte Fresh Produce W.A. Inc.	1,418,947	12.2%	4	Global Auto Processing Services, Inc.	1,088,942	10.5%
5	Glovis America, Inc.	679,535	5.8%	5	Wallenius Wilhelmsen Logistics, Inc.	1,073,381	10.3%
6	Carmichael International Services	558,805	4.8%	6	YARA North America, Inc.	352,026	3.4%
7	Global Auto Processing Services, Inc.	348,955	3.0%	7	Pacific Vehicle Processors, Inc.	351,924	3.4%
8	YARA North America, Inc.	346,886	3.0%	8	EXXON Co. USA	312,261	3.0%
9	Mazda Motor of America, Inc.	298,720	2.6%	9	General Steamship Corp., LTD.	295,870	2.8%
10	General Steamship Corp., LTD.	285,347	2.4%	10	DCOR, LLC	201,232	1.9%
Sub-total Top Ten		\$ 9,470,388	81.1%	Sub-total Top Ten		\$ 8,476,554	81.4%
All Other		2,438,814	18.9%	All Other		1,538,778	18.6%
Total Revenue		\$ 11,909,202	100.0%	Total Revenue		\$ 10,015,332	100.0%
FISCAL YEAR ENDED:		2007		FISCAL YEAR ENDED:		2010	
<u>CUSTOMER</u>				<u>CUSTOMER</u>			
1	NYK Cool USA, Inc.	\$ 2,024,021	17.4%	1	Del Monte Fresh Produce W.A. Inc.	\$ 1,908,195	18.2%
2	BMW of North America, LLC	1,813,305	15.6%	2	Wallenius Wilhelmsen Logistics, Inc.	1,871,353	17.8%
3	Wallenius Wilhelmsen Logistics, Inc.	1,722,618	14.8%	3	Global Auto Processing Services, Inc.	1,711,578	16.3%
4	Del Monte Fresh Produce W.A. Inc.	1,681,429	14.4%	4	BMW of North America, LLC	1,484,855	14.2%
5	Glovis America, Inc.	556,514	4.8%	5	NYK Cool USA, Inc.	1,103,583	10.5%
6	Mitsubishi Motor Sales of America	425,509	3.7%	6	YARA North America, Inc.	447,008	4.3%
7	Carmichael International Services	397,850	3.4%	7	EXXON Co. USA	302,297	2.9%
8	YARA North America, Inc.	336,073	2.9%	8	Marine Terminals Corp. (Ports America)	228,522	2.2%
9	Pacific Vehicle Processors, Inc.	316,407	2.7%	9	Plains Exploration & Prod Co.	185,299	1.8%
10	General Steamship Corp., LTD.	300,413	2.6%	10	American Civil Constructors	175,607	1.7%
Sub-total Top Ten		\$ 9,574,139	82.3%	Sub-total Top Ten		\$ 9,418,297	89.8%
All Other		2,103,390	17.7%	All Other		989,945	10.2%
Total Revenue		\$ 11,677,529	100.0%	Total Revenue		\$ 10,408,242	100.0%

Source: OXNARD HARBOR DISTRICT - Finance Department

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

Port of Hueneme

OXNARD HARBOR DISTRICT

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

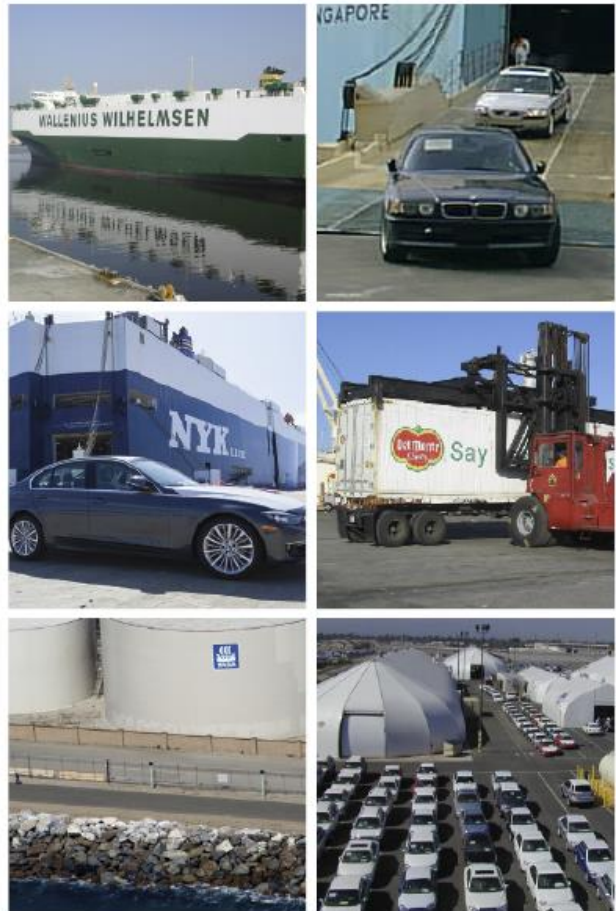
Last Ten Fiscal Years

FISCAL YEAR ENDED:		2011	
<u>CUSTOMER</u>			
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	
<u>CUSTOMER</u>			
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	
<u>CUSTOMER</u>			
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%

FISCAL YEAR ENDED:		2014	
<u>CUSTOMER</u>			
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%



Port of Hueneme

OXNARD HARBOR DISTRICT

Ten Year Trend – Cargo Revenue Tons

Fiscal Years Ended: June 30, 2005 through 2014

FISCAL YEAR ENDED:	2005	2006	2007	2008	2009
COMMODITY TYPE:					
AUTOMOBILES					
Imports	280,007	298,090	253,011	228,936	136,145
Exports	1,114	1,437	1,064	3,381	9,851
OTHER VEHICLES					
Imports/Exports	39,700	47,018	37,622	38,626	28,841
BANANAS					
Imports	548,628	581,727	648,114	609,429	602,567
FRESH FRUIT					
Imports	56,598	75,378	103,216	87,233	75,094
Exports	88,236	80,889	24,844	5,797	10,035
GENERAL CARGO					
Imports/Exports	69,009	82,225	93,159	81,563	84,166
FISH					
Coastwise	24,614	10,529	19,223	14,908	11,311
OFFSHORE OIL CARGO					
Coastwise	83,161	73,778	65,112	56,845	66,994
TOTAL	1,191,067	1,251,071	1,245,364	1,126,719	1,025,004
BULK LIQUID					
Import	126,378	132,174	123,042	128,312	86,630
VESSEL FUEL					
Coastwise	15,500	16,425	14,027	13,768	9,321
TOTAL	141,878	148,599	137,070	142,081	95,951
GRAND TOTAL	1,332,945	1,399,670	1,382,433	1,268,799	1,120,955
PASSENGERS	13,076	15,798	18,151	17,883	13,532

Source: OXNARD HARBOR DISTRICT – Maritime Operations Department

Measurements:

Metric Ton = 1000 kgs or Cubic Meter

Auto = One Unit



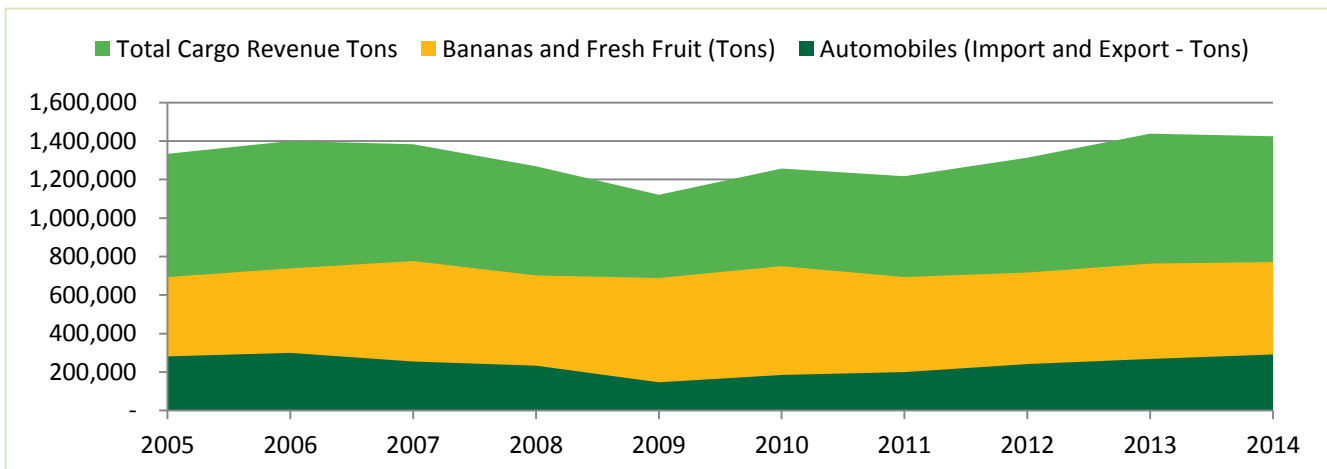
Port of Hueneme

OXNARD HARBOR DISTRICT

Ten Year Trend – Cargo Revenue Tons (Continued)

Fiscal Years Ended: June 30, 2005 through 2014

FISCAL YEAR ENDED:	2010	2011	2012	2013	2014
COMMODITY TYPE:					
AUTOMOBILES					
Imports	153,862	181,042	219,164	245,974	261,870
Exports	31,431	19,488	21,497	21,763	28,494
OTHER VEHICLES					
Imports/Exports	20,362	34,334	45,734	48,813	44,358
BANANAS					
Imports	640,477	603,703	615,588	650,608	655,589
FRESH FRUIT					
Imports	105,518	85,034	94,874	101,382	103,806
Exports	4,379	4,429	5,912	12,019	11,451
GENERAL CARGO					
Imports/Exports	71,444	100,343	82,196	90,924	111,616
FISH					
Coastwise	30,010	23,587	27,408	21,437	14,942
OFFSHORE OIL CARGO					
Coastwise	72,466	46,898	52,282	56,729	55,507
TOTAL	1,129,950	1,098,858	1,164,655	1,249,650	1,287,633
BULK LIQUID					
Import	115,938	108,777	134,939	167,253	123,947
VESSEL FUEL					
Coastwise	10,520	10,008	13,063	21,693	12,313
TOTAL	126,458	118,785	148,002	188,946	136,260
GRAND TOTAL	1,256,408	1,217,643	1,312,657	1,438,596	1,423,893
PASSENGERS	7,037	6,659	7,820	15,563	8,512



Port of Hueneme

OXNARD HARBOR DISTRICT

Ten Year Trend in Tonages for California Ports

Metric Revenue Tons

Fiscal Years Ended June 30, 2005 through 2014

FISCAL YEAR ENDED:	2005	2006	2007	2008	2009
Commodities					
General Cargo	272,242,146	305,328,306	332,329,568	326,674,840	300,478,869
Dry Bulk	18,546,855	18,991,558	20,022,841	15,714,821	14,054,796
Liquid Bulk	47,399,571	57,267,406	50,806,469	43,382,047	44,770,128
Total Tonnage	338,188,572	381,587,270	403,158,878	385,771,708	359,303,793

TOTAL TONNAGE BY PORT

Hueneme	1,332,559	1,399,670	1,383,144	1,269,462	1,120,955
Humboldt	752,920	633,818	640,099	522,604	154,551
Long Beach	137,132,460	156,798,238	169,814,499	173,036,521	162,909,940
Los Angeles	162,109,000	181,635,000	189,934,000	169,970,898	157,494,143
Oakland	26,180,165	29,632,861	30,405,162	31,696,637	30,286,020
Redwood City	1,908,172	1,833,022	1,436,626	1,487,064	986,727
Richmond	156,372	361,490	318,125	331,604	346,582
West Sacramento	736,117	616,145	880,873	852,849	729,734
San Diego	2,761,206	3,535,073	3,349,491	3,142,691	2,819,472
San Francisco	2,213,502	1,708,934	1,620,231	1,362,694	1,096,536
Stockton	2,906,099	3,433,019	3,376,628	2,098,684	1,359,133
Total Tonnage	338,188,572	381,587,270	403,158,878	385,771,708	359,303,793

Source: California Association of Port Authorities



Port of Hueneme

OXNARD HARBOR DISTRICT

Ten Year Trend in Tonnages for California Ports (Continued)

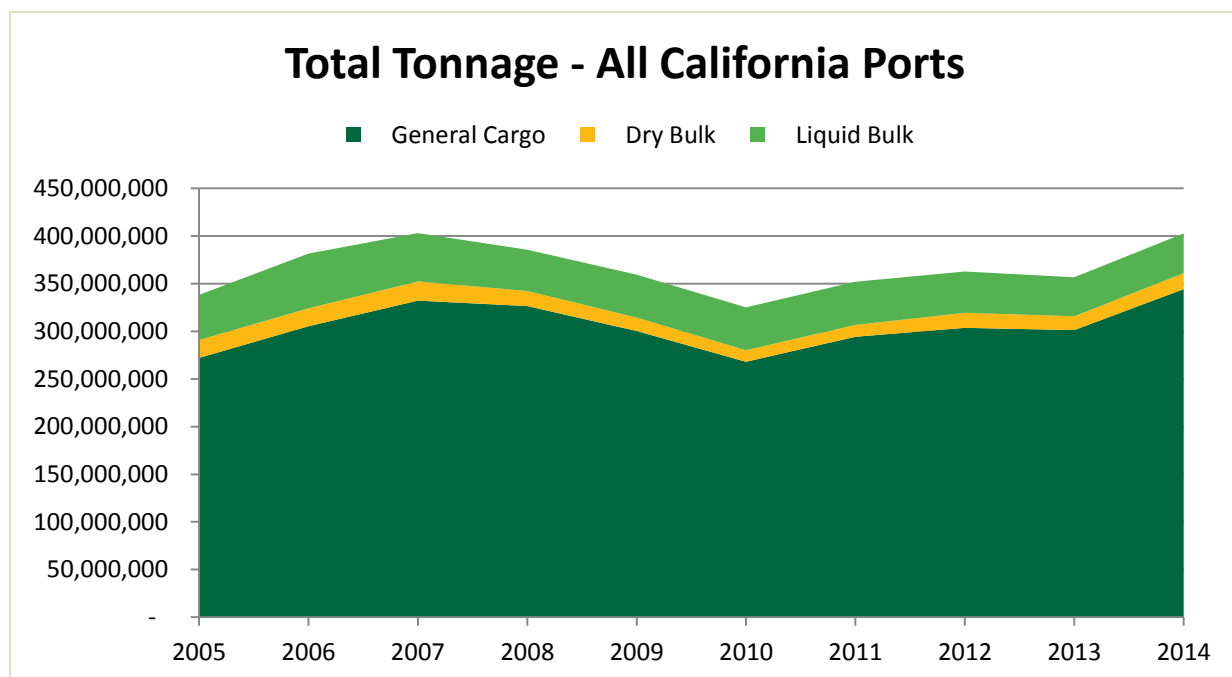
Metric Revenue Tons

Fiscal Years Ended June 30, 2005 through 2014

FISCAL YEAR ENDED:	2010	2011	2012	2013	2014
Commodities					
General Cargo	267,988,161	294,138,923	303,606,826	301,293,420	344,340,844
Dry Bulk	12,257,955	12,707,528	15,771,301	14,465,939	16,748,735
Liquid Bulk	44,778,813	45,049,117	43,543,921	40,965,656	41,716,159
Total Tonnage	325,024,929	351,895,568	362,922,048	356,725,015	402,805,738

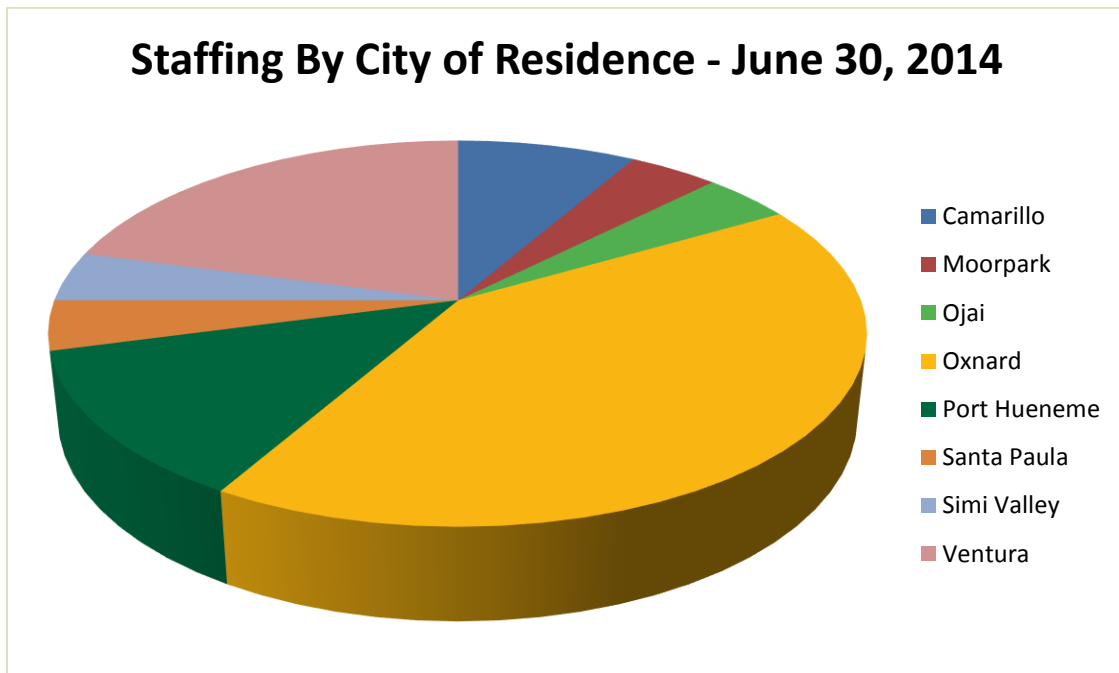
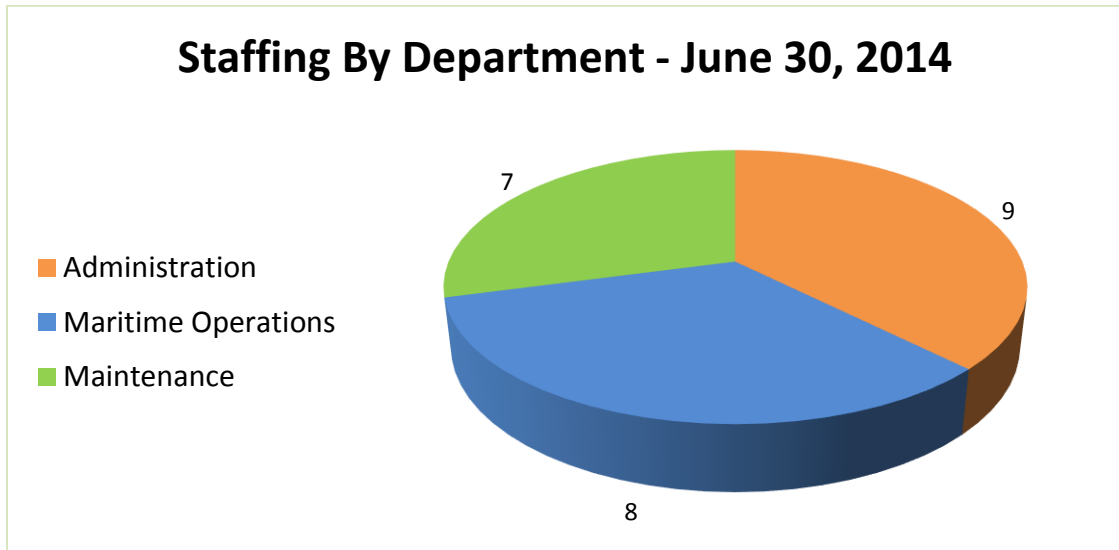
TOTAL TONNAGE BY PORT

Hueneme	1,135,381	1,217,643	1,317,717	1,438,594	1,421,798
Humboldt	153,403	308,435	491,863	451,078	398,660
Long Beach	131,113,155	153,138,651	148,609,793	150,151,030	163,632,381
Los Angeles	156,166,239	158,237,225	170,904,406	164,543,000	196,177,000
Oakland	29,787,552	31,698,436	32,287,606	32,129,094	32,166,539
Redwood City	842,727	871,940	1,609,237	1,376,991	1,636,330
Richmond	187,120	206,294	235,127	254,909	286,518
West Sacramento	668,886	538,135	805,536	296,999	381,764
San Diego	2,798,180	2,902,128	2,920,338	2,746,503	2,645,484
San Francisco	912,595	763,435	1,088,272	1,242,048	1,207,531
Stockton	1,259,691	2,013,246	2,652,153	2,094,769	2,851,733
Total Tonnage	325,024,929	351,895,568	362,922,048	356,725,015	402,805,738



OXNARD HARBOR DISTRICT
Employee Statistics - Last Ten Years

The Chief Operations Officer and the Director of Operations and Security are counted in Administration for purposes of this report.



Source: OXNARD HARBOR DISTRICT - Finance Department

Port of Hueneme

OXNARD HARBOR DISTRICT

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

Year	Population (a)	Personal Income (in millions) (c)	Per Capita Personal Income (e)	Unemployment Rate (g)
2004	792,213	31,334	39,464	5.40%
2005	795,962	33,151	41,742	4.80%
2006	799,049	35,706	44,735	4.30%
2007	803,572	37,309	46,634	4.90%
2008	808,970	37,603	46,634	6.30%
2009	815,284	35,769	43,881	9.80%
2010	822,108	36,858	44,653	10.80%
2011	827,874	37,300	45,055	10.10%
2012	832,970 (b)	37,925	45,530	9.30%
2013	839,620 (h)	40,573 (f)	48,324 (d)	7.00%

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) State of California, Department of Finance, E-1 Population for Cities, Counties and the State with annual percent change - January 1, 2011, and 2012, as of May 2012.
- (c) US Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, CA1-3-Personal Income, as of April 2012. All dollar estimates are in current dollars (not adjusted for inflation).
- (d) California Department of Transportation Ventura County Economic Forecast
- (e) US Department of Commerce, bureau of Economic Analysis, Regional Economic Accounts, CA 1-3-Per Capita Personal Income 2, as of April 2012. Per capita personal income was computed using Census Bureau midyear population estimates available as of April 2012. All dollar estimates are in current dollars (not adjusted for inflation).
- (f) The 2013 estimates are a calculated total of personal income multiply by population reported for that year.
- (g) State of California, Employment Development Department, Labor Market Information Division, August 2012. Historical Civilian Labor Force, data not seasonally adjusted. 2003 to 2012 rates are annual averages. The 2013 rate is as of December 2013.
- (h) United States Census Bureau, State & County Quick Facts.

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



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Report on Internal Controls and Compliance



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

Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

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

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

Board of Harbor Commissioners
Oxnard Harbor District
Port Hueneme, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oxnard Harbor District (District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 30, 2014.

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*.

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

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.

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

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Cypress, California
November 30, 2014