



The Port OF Hueneme

Oxnard Harbor District
Port Hueneme, California



Comprehensive Annual Financial Report

For the Years Ended June 30, 2016 and 2015



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 \$9 billion in cargo, generates a \$1.5 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 2016, the Port handled over 1.4 million metric tons of cargo transported on calls from over 350 deep draft ocean-going vessels. This strong performance generated the Port's highest revenue year in its 79 year history.

Port of Hueneme - Oxnard Harbor District

Board of Harbor Commissioners as of June 30, 2016

Name	Title	Elected/ Appointed	Current Term
Dr. Manuel M. Lopez	President	Elected	1/13 - 1/17
Arlene Fraser	Vice President	Elected	1/13 - 1/17
Jason T. Hodge	Secretary	Elected	1/15 - 1/19
Mary Anne Rooney	Commissioner	Elected	1/15 - 1/19
Jess Herrera	Commissioner	Elected	1/15 - 1/19

Prepared by:

Kristin Decas – CEO & Port Director
Andrew Palomares – Chief Finance & Administrative Officer
Austin Yang - Controller

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Commissioners & Senior Staff

Board of Harbor Commissioners as of June 30, 2016



**President -
Dr. Manuel Lopez**



**Vice President-
Arlene Fraser**



**Secretary-
Jason Hodge**



**Commissioner -
Mary Anne Rooney**



**Commissioner-
Jess Herrera**



Kristin Decas
CEO & Port Director



Andrew Palomares
*Chief Finance & Administrative Officer
CFO/CAO*

John Demers
Chief Operations Officer, COO

Austin Yang
Controller

Will Berg
Director of Marketing/Public Information Officer

Dona Toteva Lacayo
Director of Business Development

Christina Birdsey
Director of Operations & Engineering

Table of Contents

	Page No.
Table of Contents	i
Introductory Section (Unaudited)	
Letter of Transmittal	1-12
Port Mission & Master Plan	13
Organizational Chart	14
Awards and Acknowledgements	15-16
GFOA's Certificate of Achievement for Excellence in Financial Reporting	17
Quick Facts	18-20
Financial Section	
Independent Auditor's Report	21-23
Management's Discussion and Analysis – Required Supplementary Information (Unaudited)	24-29
Basic Financial Statements:	
Balance Sheet	30-31
Statement of Revenues, Expenses and Changes in Net Position	32
Statements of Cash Flows	33-34
Notes to the Basic Financial Statements	35-69
Required Supplementary Information (Unaudited)	
Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios	70
Schedule of Contribution – Pension Plan	71
Schedule of Funding Progress- Other Post – Employment Benefit Plan	72
Supplemental Information	
Schedule of Operating Expenses	73-74
Schedule of Non-Operating Revenues and Expenses	75
Schedule of Debt Service Net Revenues Coverage Ratio	76
Statistical Information (Unaudited)	
Statistical Section – Table of Contents	77
Statement of Net Position – Last Ten Fiscal Years	78-79
Summary of Revenues, Expenses and Changes in Net Position – Last Ten Fiscal Years	80-81
Revenue Bond Coverage – Last Ten Fiscal Years	82-83
Largest Revenue Customers – Last Ten Fiscal Years	84-85
Ten Year Trend – Cargo Revenue Tons – Last Ten Fiscal Years	86-87
Ten Year Trend in Tonnages for California Ports – Last Ten Fiscal Years	88-89
Employees Statistics – Last Ten Fiscal Years	90
Demographic and Economic Statistics – Last Ten Fiscal Years	91
Report on Internal Controls and Compliance	
Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	92-93

Introductory Section

Issued November 30, 2016

FY 2016 PORT PERFORMANCE ANALYSIS

The following report provides a comprehensive review of the Port's performance for Fiscal Year 2016.
The information provided supports the conclusions outlined in the Fiscal Year 2016 Audit



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BOARD OF HARBOR COMMISSIONERS

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

November 30, 2016

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

Dear:

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

State law requires that every general-purpose government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016 and 2015.

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.

The Pun Group, LLP, has issued an unmodified ("clean") opinion on the Port's financial statements for the year ended June 30, 2016 and 2015. The independent auditor's report is located at the front of the financial section of this report.

A comprehensive FY 2016 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.

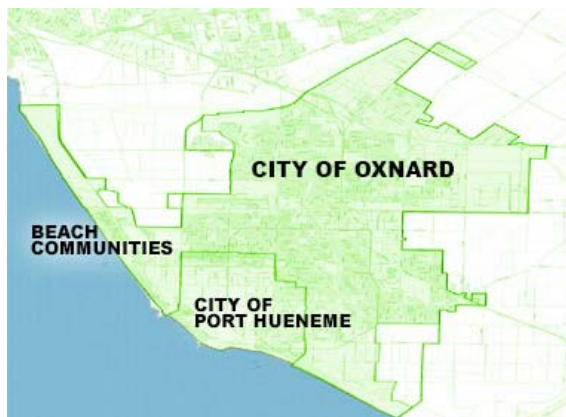
Sincerely,

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 \$9 billion in cargo moves through the Port generating a \$1.5 billion economic impact and impacting over 13,000 trade related direct, induced, indirect and influenced jobs. Trade activity of the Port generates \$93 million in state, county and local tax revenues to support vital community services.



The Oxnard Harbor District (District) is a political subdivision of the State of California and operates as an independent special district. The District owns and manages the commercial Port of Hueneme. The District was created in 1937 pursuant to 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 2016 Cargo Performance

The Port of Hueneme realized another strong cargo year with 1.41 million revenue tons. For the purpose of context, an in depth comparison to FY2015 is merited. In FY2015, the Port reached a record year at 1.55 million tons as a result of cargo diversion from congested west coast ports challenged by a labor management dispute, larger size vessel calls and new mega-shipping alliances that resulted in unprecedented bottlenecks. Cargo types diverted to Hueneme included general cargo and fresh fruit where the Port served as a relief valve for the congestion nearly halting goods movement at the larger west coast ports. With FY2015 reaching all-time highs due to these market triggers, a 10.3% decrease for FY2016 is not an upset. In fact, since FY2013 the Port achieved 7% growth. The Port's high cargo productivity is

accounted for by a number of performance based factors, but primarily as a result of increased roll-on roll-off automotive throughput. Looking over time, the state of the Port can be described as healthy and on a positive trajectory.

The Port of Hueneme continues to work on opportunities to increase its capacity and handle more cargo. Capacity for increased cargo staging at the Port has been a challenge with the recent increase of the automobiles and container volumes, however the Port's management is working to resolve it through plans for maximizing efficiency. A parking structure, reefer racking, port traffic reconfiguration, gate controls, restructuring of terminal lots and layout are examples some of the initiatives in progress. Strategically, the Port is always looking to improve revenue streams and diversify its portfolio through land lease, non-maritime commercial properties and other business opportunities. The charts provided on page 4 highlight the overall performance in the Port in FY2016 compared to FY2015 and reflect the conditions described herein. The following sections analyze the trends by specific commodity type. The Port's high cargo 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 exports, and strong period for imports of liquid bulk.

Cargo Trends

The historical trend of increased operating revenues over the Port's 79 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 78% of the Port's operating revenues from cargo throughput.

Import Activity	Year End Comparison Fiscal Year 2016 to 2015	Approximate Fiscal Year 2016 Tonnage
Auto Imports	▲ 0.01%	300,168
Heavy Equipment Imports	▲ 6.8%	34,963
Fruit & Vegetables Imports	▼ 7.1%	108,389
Banana Imports	▼ 12.8%	571,842
Fertilizer Imports	▲ 15.0%	160,145
Export Activity		
Auto exports:	▲ 81.0%	37,873
Heavy Equipment Exports	▼ 12.3%	9,488
Fruit & Vegetables Exports (Apples, Pears, Oranges, Grapes, Stone Fruits, Vegetables)	▼ 77.0%	8,718
Import/Export Combined		
General Cargo Imports (Not specific cargo as identified in the Port's Tariff No. 7)	▼ 24.4%	133,129
Shallow Draft Cargo		
Fish, lube oil, and vessel fuel	▼ 48.8%	14,404
Domestic		
Offshore Oil Domestic	▼ 39.2%	33,862
Grand Total	▼ 10.3%	1,412,981

	FY2015	FY2016	% Change
Revenue Tons:	1,574,903	1,412,981	▼ 10.3%

Ro-Ro Import / Export Trade

Roll on - Roll off (Ro-Ro) imports and exports represent the highest commodity by value handled at the Port with automobiles representing the single highest volume item. In FY2016 over 60% of our revenue came from this sector.

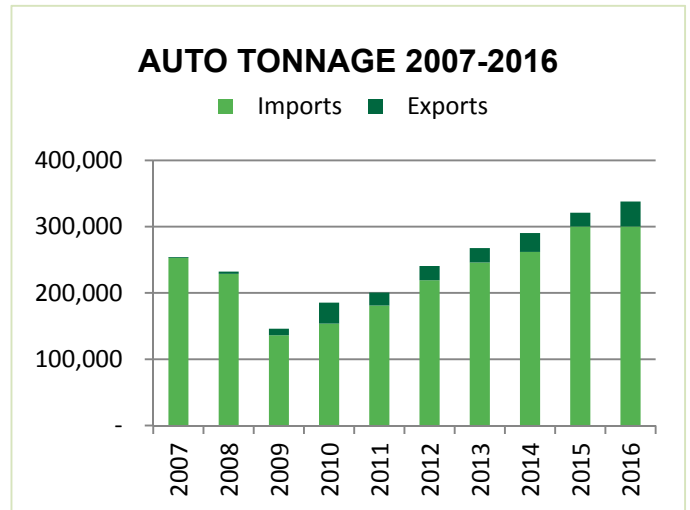
The Port of Hueneme's prime geographic location (close to the Southern and Northern California automobile markets and the Los Angeles metro area), the Port's significant handling capacity and the processing companies' efficient productivity set the competitive advantages of the Port to serve as an important automotive gateway center.

The Port holds contracts with three world-class vehicle distribution and manufacturing companies for the handling of vehicles. These companies and their partners process vehicles prior to delivery to dealerships as well as coordinate inland transportation. The three vehicle distributors include Wallenius-Wilhelmsen Logistics (WWL), BMW of North America with assistance from Amports, and GLOVIS America, Inc. These companies make the Port of Hueneme an important west coast gateway for the import and export of automobiles and other rolling stock. The Port has dedicated approximately 34-acres of terminal land for use by its Ro-Ro customers and stages automobiles in over 8,000 bays.



There was a significantly stronger trend for auto exports in FY2016 vs FY2015. The Port moved over 16,951 more auto exports, or over 81% increased volumes year over year. Total exports were at 37,873 in FY2016 versus 20,922 in FY2015.

Another truly strong number is the sustained growth of the overall autos imports and exports sector. Even after an anomaly FY2015, FY2016 proved to be even stronger and the Port handled over 338,041 vehicles or 5.3% more (16,958) than last year, making it the top record year for overall autos through the Port of Hueneme. A significant growth in the exports was seen as American made brands have become more popular in China and South Korea and this market trend resulted in strong support levels from exporters of US manufactured vehicles.



The Port of Hueneme has increased its productivity and throughput of high inventories in the auto segment of its business, thus allowing its core auto customers to deliver more vehicles to distribution centers and dealerships. Management has also led a project with its customers to determine the Port's need for near dock parking structure as an investment strategy in the future. The Port's projection for the automobile sector in FY 2017 is to remain relatively flat, with continued strength in the export market even if the US Dollar remains strong.

Other Ro-Ro business mostly consisting of construction, agricultural and mining equipment was mostly flat with 2.1% increase over last year.

As noted, despite a strong US dollar export activity is forecasted to grow over the next several years. Projected increases in demand from Asian markets will result in US auto manufacturers becoming net exporters. Customers are providing cargo forecasts that demonstrate an expected continued increase in automobile throughput at the Port. The auto tonnage chart demonstrates the performance of the automobile industry over a time period from 2006 through 2016, and shows the year over year growth since 2009.

Projected increases in Mexican domestic demand and continued growth in export volumes is expected to grow Mexico's light vehicle industry by nearly 70% by 2020. The Port of Hueneme is home to large distribution and processing centers for major auto manufacturers that will be able to handle the influx of short sea shipping auto volumes from Mexico into the US West Coast via Ro-Ro vessels.

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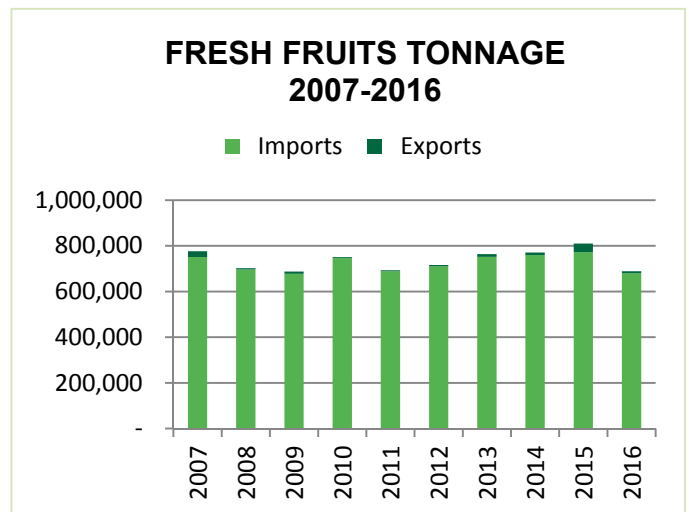
As part of the Port's capital improvement plan, the Port will be deepening its depth from 35 feet to 40 feet. The deeper water will allow the Port to handle deeper draft Ro-Ro vessels and creates the very real potential for increased business in non-automotive cargoes as well.

The Port's industrial properties along Arcturus Avenue and Edison Drive have helped the Port's property management revenues grow. The Port's industrial property on Edison Drive was leased to Wallenius Wilhelmsen Logistics in October 2016 to support the growth of their automotive manufacturer portfolio and help with attracting new customers.

Agriculture Sector Import / Export Trade

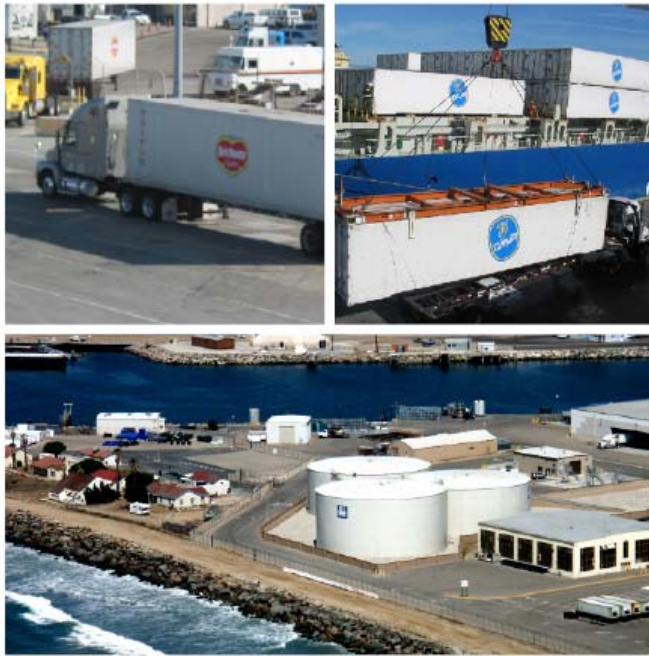
Agriculture sector imports and exports represent the second highest commodity handled at the Port. In FY2016 over 19% of our revenue came from this sector.

In FY2016, the Port had 688,949 revenue tons of fresh fruit, versus 810,224 in FY2015. The drop of 121,274 tons (or 15% YOY) was due to loss of market share of our fresh fruit customers due to retail store chains merging. Another reason for not realizing the same numbers for fresh fruit is the loss of break bulk ships citrus exports business which was gained during previous FY of the labor dispute management in FY2015 and that particular business did not return to the Port in FY2016 as the dispute was resolved. Compared to FY14, when the Port had 770,846 revenue tons of fresh fruit, the drop in tonnage was less-approx. 10.5%. Great news is that the forecast for fresh fruit sector in FY17 is very optimistic since the Port secured a brand new service for fresh fruit containers imports and exports, the global carrier Maersk with its Sealand service brand and therefore exports and imports of fresh fruit are projected to increase significantly due to more capacity and options for movement of that agriculture sector on a weekly basis.



The west coast banana trade is divided between two primary ports: the Port of Hueneme and the 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 the Port of Hueneme's niche market. The sale of products by banana importers free on board (FOB) at the



port-of-entry, makes the highly congested general cargo container terminals in Los Angeles and Long Beach less competitive than the specialized terminals in Hueneme and San Diego. The Port has handled fresh fruit products for over thirty years and it is anticipated that while product mix, origin, and cargo handling modes may change, this cargo will remain a sustainable and growing product line.

In 1978 Del Monte began a weekly service to the Port of Hueneme for the import of bananas and tropical fruit from Latin America.

Since the initiation of Del Monte's break bulk and container terminal operations, the Port has built two on-dock refrigerated transit facilities to support the import / export of fresh fruit products. One of the facilities is used by Del Monte for handling bananas, pineapples, melons and other tropical fruits. The Port's other refrigerated transit facility was built in association with Sunkist

Growers Inc. and Cool Carriers of North America in 1992. This 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 owning large fleet of refrigerated vessel operations and operating in Central South America, North Europe, Baltic and Russia. Cool Carrier's refrigerated warehouse space continues to be underutilized as Chiquita has transitioned from break-bulk freight to containerized freight and no longer uses the cold storage sheds. The Port plans on putting out a request for interest for 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 571,842 tons of bananas and 117,107 tons of fresh fruit accounting for 19% of the Port's operating revenue in FY2016.

Impacted by a market share loss due to a large retail chain merger, the banana imports decreased from last year for Port customers Del Monte and Chiquita combined. Through its marketing and business development efforts, the Port of Hueneme and its customers targeted diversification of the niche fruit cargo segment and were able to secure the West Coast Central America (WCCA) service of SeaLand as of September 2016. The fresh fruit tonnage was welcomed at the Port of Hueneme as a direct link for exporters from California to the target markets of the port-Central and South America. The Port realized a lower fruit category year with 15% decrease in tonnage since last year. The Port projects for fruit imports and exports to grow with the introduction of SeaLand's new service in Port of Hueneme, which will bring additional regular customers that were not here before, thus increasing the Port's market share in Southern California. The Port's fresh produce continues to be driven by the banana and tropical fruit import trade with Central and South America and it is expected for that trend to continue. However exports will grow significantly in FY2017 with SeaLand's WCCA service.

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 both break-bulk (palletized) and 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 infrastructure investments to maximize its ability to handle both break-bulk and containerize freight.

Fertilizer Import Trade

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.

Yara North America (YARA) providing fertilizer and environmental solutions products experienced growth in their business segments which represented a 15% volume increase over last year. This is two years in a row where growth was over 14%. The company's on-port storage capabilities allowed 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. YARA makes up for 4% of the Port's revenue.

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 growth opportunity at the Port of Hueneme. Select infrastructure modifications could result in greatly increased throughput and business expansion for this product line.

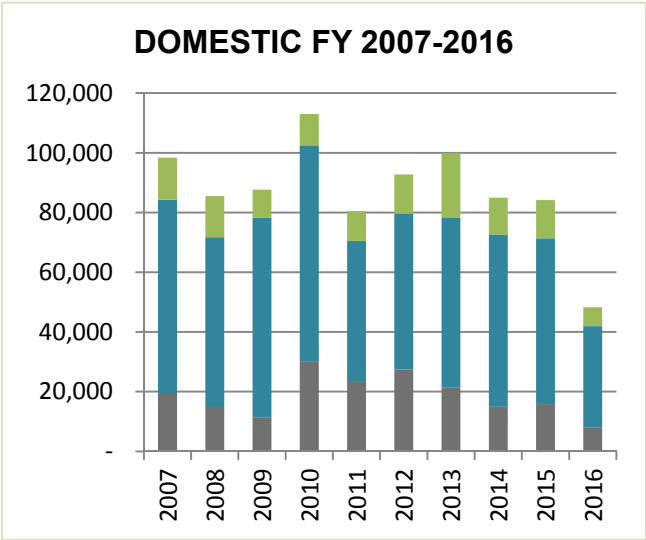
General Cargo Trade

General Cargo segment in FY2016 was at 121,800 revenue tons vs 157,384 revenue tons in anomaly FY2015, however compared to FY14 levels of 102,005 revenue tons, FY2016 was actually showing an upward growth trend and the Port is still seeing strong support from our customers in that sector as well-up by approx. 18% (comparing FY14 to FY2016, removing anomaly FY2015). The Port saw a slowdown in general cargo (also referred to as project cargo) realizing a 24.4 % decrease of imports and exports in FY2016 vs FY2015. Some of the largest income generators include the throughput of specialized building materials; industrial components such as transformers, autoclaves and reactors; boats; and large machinery such as cranes and excavators which are shipped disassembled.

Domestic Trade

Offshore Oil Support

The Port of Hueneme through its customers, Exxon, Freeport McMoran, DCOR and Venoco provide essential support services for the offshore oil industry in the Santa Barbara channel. Work boats supply offshore rigs and platforms with drill pipe, cement, water, fuel and other necessary equipment for operations. Crew boats transport workers to and from the platforms along with supplies necessary for extended living on the platform rigs. This business has historically supported approximately 5% of Port revenue however the Port has seen a significant decline in this revenue beginning June 2015 when Exxon Mobil decided to halt production from 3 oil platforms due to a pipeline spill impacting the Santa Barbara Channel operations.



Fishery

The Port of Hueneme also has a vibrant squid fishery, a seasonal business generally starting slow in the spring and peaking in the fall through the end of the year. Fishing boats work at night, delivering their catch in the early morning hours to the Oxnard Unloading Services LLC., a co-op that unloads and delivers to processing plants throughout southern and central California. The squid industry supports approximately 1,400 jobs. The squid business saw a decline during the fiscal year due to weather related conditions. Squid catches remain unpredictable due to the highly variable nature of the industry, which can be impacted by even minor changes in ocean temperature.

The offshore squid fishery business is forecasted to remain stable in FY2017.

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 other), and liquid bulk. With the trending of refrigerated cargo to containerized freight, the Port has adapted and handles smaller containerized freight with mobile harbor cranes.

This flexibility gives the Port a competitive advantage and provides the opportunity for growth in the Latin American trade lanes. Overall, the specialized market sector focus coupled with a core customer base has played a vital role in the Port's recovery from the recession and 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. Additionally, the recent spike in US exports has resulted in new cargo opportunities for the gateway.

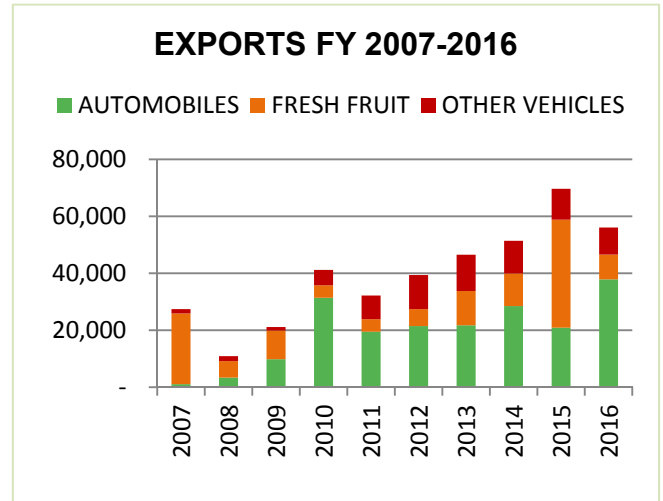


The California Ports

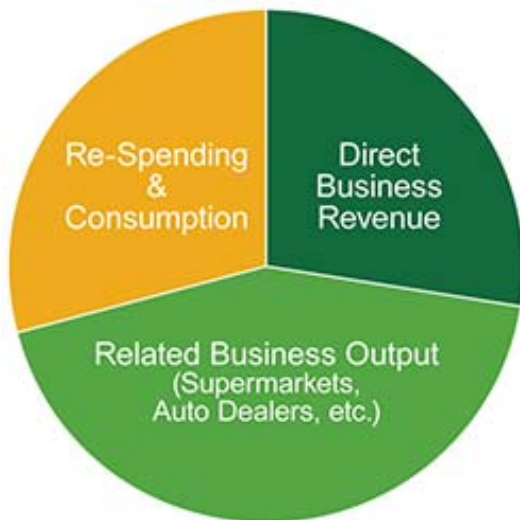
The California Association of Port Authorities (CAPA) represents eleven commercial deep water ports within the State. California has seen dramatic increases in trade. In fiscal year 2001, the California ports handled 215 million revenue tons of general cargo, and by fiscal year 2007 this number increased to over 332 million tons. More than 40% of the total containerized cargo entering the United States arrives at California ports and almost 30% of the nation's exports flow through the state's ports. Trade is a major economic engine in California, responsible for nearly 25 % of the state's economy. Port activities employ more than half-a-million Californians and generate an estimated \$9 billion in state and local tax revenue annually. Nationwide, nearly 3 million jobs are linked to California's public ports.

Economic Assessment

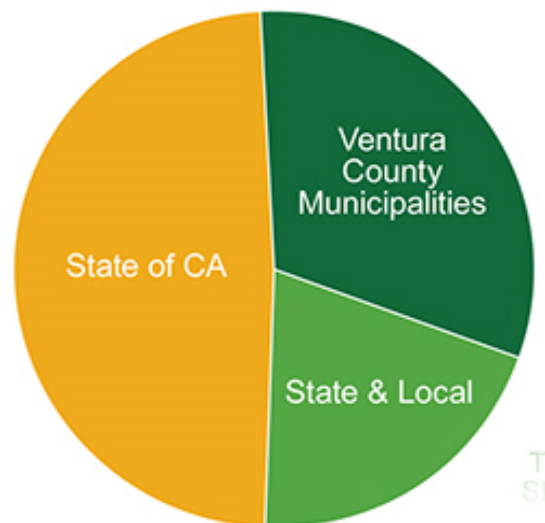
The Port of Hueneme recently retained Martin Associates to perform an Economic Assessment of trade activity at the Port. The assessment demonstrated the Port is one of the most productive and efficient commercial trade gateways on the West Coast. Furthermore, the assessment indicated that in FY 2015 the Port moved \$9 billion in goods and ranked among the top ten US ports for automobiles and fresh produce. Findings show that Port operations brought \$1.5 billion in economic activity and created 13,633 direct, indirect, induced and influenced trade-related jobs. More than \$93 million in annual state and local taxes were generated from Port related trade, funding vital community services. These numbers are based on FY2015 performance. The report is being updated with FY2016 numbers.



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



\$93 Million in State & Local Taxes from Maritime Activity



Strategic Planning

The Port of Hueneme embarked upon an important journey developing policy, engaging in workshops and strategy sessions to create the Port's five Leadership Priorities, clarifying its Mission and began the implementation of an Action Plan, including a strategic planning process. Named 2020 Port of Hueneme Strategic Plan, this document established a visioning tool for the Port administration, reinforced its mission statement, and established goals and strategies to guide Port operations, business retention and growth and potential future capital investments. A work product resulting from more than a year of workshops, community outreach and public meetings, the Strategic 2020 plan provides a 5-year planing horizon with a 20-year operations and economic development vision. Through the planning process, the Port identified strategic near-term and scenario-based long-range capital investments that will keep the Port competitive in a dynamic and changing global market. The Port's motto is "We Make Cargo Move". With its open door policy, the Port Commission has a flexible "can do" attitude, allowing easy access to Port management and decision makers. This type of attitude has provided the basis for the Port's commitment to successfully plan and operate the Port.

October 12, 2015 the Board of Harbor Commissioners adopted the Port of Hueneme 2020 strategic plan, a visioning document focused on the top priorities of economic vitality, marketing environment, innovation and technology and strategic partnership.

The Port has successfully regained citrus market exports through its business growth initiative and will continue to see charter and reefer ships utilizing the Port of Hueneme during peak seasons to Asia amongst other trade lanes. The ability to export agricultural products via Port of Hueneme will likely require the development of a 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 sister port relationship with Port of Ensenada and working closely with ProMexico and Baja California is part of that strategy.

The 2020 planning process involves the development of a capital outlay analysis and financial modeling to best indentify how to secure the opportunities. Planned improvements include harbor deepening which will take place in 2016, 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 short and long-term capital investment strategies to be completed in fiscal year 2016.

Due to financial hardship resulting from the recession, the Port deferred major investments in capital improvements from fiscal year 2008 through 2012. To keep Port assets in a state of good repair, significant improvements will be required in the near future. The Port has about \$15 million operating budget and about \$12 million in available unrestricted reserves to support critical capital repairs for the Port's \$75 million in net capital assets. Major capital investments of the Port have been historically financed through the use of revenue bonds issued by the Port pursuant to the California Harbors and Navigation Code. At the close of FY2016, the Port held about \$17.3 million in outstanding revenue bond debt.

In addition to revenue bond funds, the Port utilizes Federal and State Grants to undertake projects identified in the annual capital outlay plan. The Port's Capital Outlay Program includes Port Security Projects eligible for funding from the California Port and Maritime Security Grant Program, Department of Homeland Security (DHS) Port Security Grant Programs (multiple years), 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 fiscal year 2013 Federal Security Grant program, \$400k in fiscal year 2014, \$532K in FY2015 and \$307K in FY2016. . The California Air Resources Board (CARB) awarded a \$4.5 million grant and Ventura County Air Pollution Control District awarded a \$250k grant for the Shoreside Power System Project. This state of the art system provides power to ships while docked dramatically reducing emissions. The Shoreside Power System Project keeps the Port in compliance with CARB regulations. Phase 1 of the project providing primary functionality was completed in December 2013 and phase 2, providing the ability to power three vessels simultaneously, was completed in April 2016. The Shoreside Power System Project Phase 2 was a \$3.2 million project, with \$1.7 million coming from Congestion Mitigation & Air Quality (CMAQ) funds awarded by the U.S. Department of Transportation through the Ventura County Transportation Commission and \$500,000 in Diesel Emission Reduction Act (DERA) funding from the Environmental Protection Agency. The Port funded the remainder using reserve funds.

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

The Port was awarded several grants during FY 2015 and 2016- a U.S. Department of Transportation. Transportation Infrastructure Generating Economic Recovery (TIGER) grant for \$12.3 million and a U.S. Department of Commerce Economic Development Administration (EDA) grant for \$1.4 million to help with deepening and Wharf improvement projects.

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

Financial Policies

Internal Control Structure

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

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

Budgetary Control

The Port's Board of Harbor Commissioners annually adopts an operating budget, capital budget, and debt service budget prior to the new fiscal year. The budgets authorize and provide the basis for allocation of Port resources and accountability for the Port's enterprise operation and capital projects. The budget and reporting treatment applied to the Port is consistent with the accrual basis of accounting and the financial statement basis. The Port's operating budget is divided into departmental operating business entities managed and administered by department heads.

Investment Policy

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

Financial Statements

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

Port Mission and Port Master Plan

Mission and Institutional Framework

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

Mission Statement:

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

Vision Statement:

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

Port Master Plan

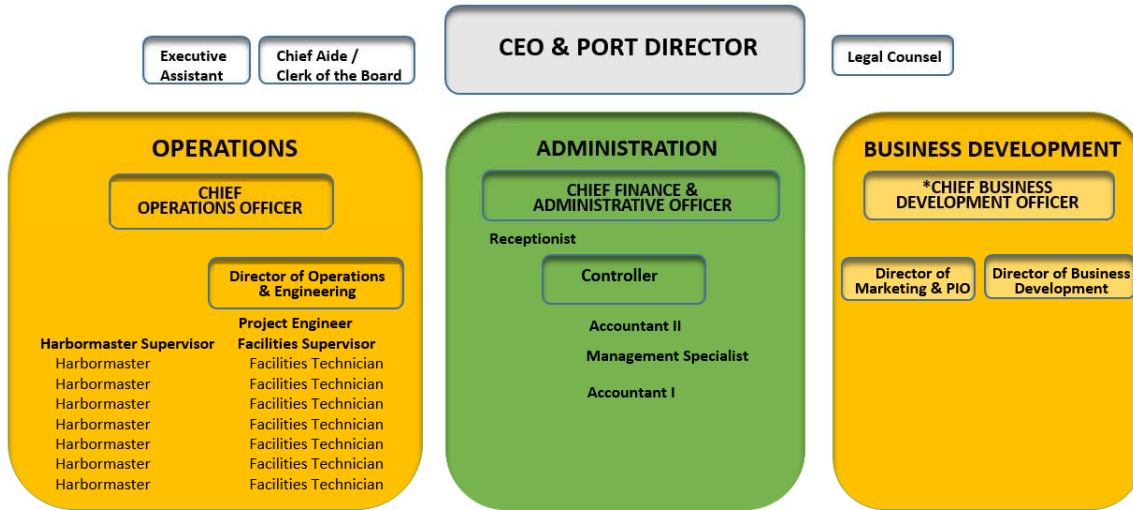
The General Planning Principles that guide the Port's development and expansion are set forth in the Port Master Plan. They include:

- 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.



ORGANIZATIONAL CHART

BOARD OF HARBOR COMMISSIONERS



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

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

Awards and Acknowledgements

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



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

State Legislature - Environmental Award



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- 6th Award of Excellence in Financial Reporting



The Port was awarded the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting* for its 2015 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 2016. 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



Oxnard Chamber of Commerce

The Oxnard Trophy is presented to a person, business or organization that has brought recognition to Oxnard and has bettered the community.





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Quick Facts



2016 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, Mission Produce, Seaboard, Del Norte Distribution and Lineage Logistics) 1,000,000+SF temperature controlled facilities; transload operations including fumigation and reefer support; processing for Fish Industry, 299 reefer plugs on port; 350 off port for a total of 650.
Cranes	Mobile shore cranes available
Tugs	Brusco Tug & 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	Guardsmark (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
- Siem Car Carriers
- SeaLand (newest)
- 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
- Mission
- 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)** ▶ **Fertilizer ships**

650 ft x 100 ft

Max capacity
5,000 to 7,500 cars

Typical shipment
1,000 to 3,000 cars

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**

18,000 pallets
864,000 boxes
86.4 million Bananas



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!

Port Capabilities

As much as 40% of California's Squid can come ashore at the Port

Liquid Fertilizer ships carry up to 50,000 MT - enough to fertilize 100,000 acres

Car ships can carry up to 7,500 vehicles at a time



14% of California's energy is provided by offshore oil platforms

The Port's Leibherr cranes are strong - Big Blue can lift 104 tons and the Yellow Hornet 120 tons

The Port's tugs generate 100,000 lbs of omnidirectional thrust.

Transit Times

Ecuador to Hueneme ▶ **7 days**
Costa Rica to Hueneme ▶ **5 ½ days**
Guatemala to Hueneme ▶ **5 days**

Korea to Hueneme ▶ **14 days**
Germany to Hueneme ▶ **25-28 days**

United Kingdom to Hueneme ▶ **24 days**
South Africa to UK (stop in Belgium) ▶ **30 days**
Belgium to Hueneme (Stop in UK) ▶ **30 days**
Panama Canal to Hueneme ▶ **5-6 days**

Transit of Panama canal cost range in the **\$200,000's**



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(805) 488-3677 | (805) 488-2620 | www.portofhueneme.org

Financial Section



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Oxnard Harbor District (District), which comprise the balance sheets as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinions, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter

Net Pension Liability

As discussed in Note 11 to the basic financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* on July 1, 2014. The net pension liability is reported in the balance sheets in the amount of \$3,776,823 and \$3,270,037 as of the measurement dates of June 30, 2015 and 2014, respectively. The net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2014 and 2013, were then rolled-forward by the actuaries to June 30, 2015 and 2014, the measurement dates. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 24 through 29 and the Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Contributions – Pension Plans, and the Schedule of Funding Progress – Other Post-Employment Benefits Plan on pages 70 through 72, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedule of Operating Expenses, Schedule of Non-Operating Revenues and Expenses, and Schedule of Debt Service Net Revenues Coverage Ratio on pages 73 through 76, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
November 30, 2016

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 year ended June 30, 2016 and 2015. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2016, the District's net position increased 5.0%, or \$3,384,629 from the prior year's net position of \$67,280,230 to \$70,664,859, as a result of this year's operations.
- In fiscal year 2015, the District's net position increased 4.9%, or \$3,151,894 from the prior year's restated net position of \$64,128,336 to \$67,280,230, as a result of this year's operations. Also, the District recorded a prior period adjustment of \$3,884,728 to account for the implementation of GASB Nos. 68 and 71 to record the District's net pension liability on the balance sheet.
- In fiscal year 2016, operating revenues decreased by 1.2%, or \$(187,038) from \$15,867,658 to \$15,680,620, from the prior year, primarily due to a combined effect of an increase in auto cargo of \$569,612, offset by decreases in fresh produce cargo of \$(452,362) and offshore oil of \$(325,698).
- In fiscal year 2015, operating revenues increased by 10.8%, or \$1,557,729 from \$14,309,929 to \$15,867,658, from the prior year, primarily due to an increase in auto cargo of \$828,211 and an increase in other operating revenue of \$302,073.
- In fiscal year 2016, operating expenses before depreciation expense increased by 3.4% or \$329,941 from \$9,716,738 to \$10,046,679, from the prior year, primarily due to increases in governmental contractual agreements of \$176,990 and facilities and maintenance of \$253,196.
- In fiscal year 2015, operating expenses before depreciation expense increased by 12.1% or \$1,047,885 from \$8,668,853 to \$9,716,738, from the prior year, primarily due to an increase in all-expense categories.

Required Financial Statements

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

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

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016 and 2015

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.

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

Notes to the Basic Financial Statements

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

Condensed Balance Sheet

	June 30, 2016	June 30, 2015	Change	June 30, 2014	Change
Assets:					
Current assets	\$ 16,458,885	\$ 15,283,036	\$ 1,175,849	\$ 14,181,953	\$ 1,101,083
Non-current	19,688,499	21,033,728	(1,345,229)	15,748,435	5,285,293
Capital assets, net	73,662,773	71,884,828	1,777,945	76,984,842	(5,100,014)
Total assets	<u>109,810,157</u>	<u>108,201,592</u>	<u>1,608,565</u>	<u>106,915,230</u>	<u>1,286,362</u>
Deferred outflows of resources	<u>886,227</u>	<u>526,734</u>	<u>359,493</u>	<u>168,997</u>	<u>357,737</u>
Total assets and deferred outflows of resources	<u>\$ 110,696,384</u>	<u>\$ 108,728,326</u>	<u>\$ 1,968,058</u>	<u>\$ 107,084,227</u>	<u>\$ 1,644,099</u>
Liabilities:					
Current liabilities	\$ 6,316,676	\$ 5,696,095	\$ 620,581	\$ 5,113,756	\$ 582,339
Noncurrent liabilities	33,390,419	34,829,573	(1,439,154)	33,957,407	872,166
Total liabilities	<u>39,707,095</u>	<u>40,525,668</u>	<u>(818,573)</u>	<u>39,071,163</u>	<u>1,454,505</u>
Deferred inflows of resources	<u>324,430</u>	<u>922,428</u>	<u>(597,998)</u>	<u>-</u>	<u>922,428</u>
Net position:					
Net investment in capital assets	56,408,302	52,581,056	3,827,246	55,726,769	(3,145,713)
Restricted	4,289,139	4,583,681	(294,542)	4,196,319	387,362
Unrestricted	9,967,418	10,115,493	(148,075)	8,089,976	2,025,517
Total net position	<u>70,664,859</u>	<u>67,280,230</u>	<u>3,384,629</u>	<u>68,013,064</u>	<u>(732,834)</u>
Total liabilities, deferred inflows and net position	<u>\$ 110,696,384</u>	<u>\$ 108,728,326</u>	<u>\$ 1,968,058</u>	<u>\$ 107,084,227</u>	<u>\$ 1,644,099</u>

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016 and 2015

Condensed Balance Sheet, (continued)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$70,664,859 and \$67,280,230 as of June 30, 2016 and 2015, respectively.

By far the largest portion of the District's net position (80% as of June 30, 2016 and 78% as of June 30, 2015) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

The District implemented GASB Statements No. 68 and 71, which the District recognized a net pension liability of \$3,270,037 as of June 30, 2015. See Notes 11 and 14 for further information.

At the end of years 2016 and 2015, the District showed a positive balance in its unrestricted net position of \$9,967,418 and \$10,115,493, respectively, which may be utilized in future years.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	June 30, 2016	June 30, 2015	Change	June 30, 2014	Change
Revenues:					
Operating revenues	\$ 15,680,620	\$ 15,867,658	\$ (187,038)	\$ 14,309,929	\$ 1,557,729
Non-operating revenues	453,513	495,918	(42,405)	369,156	126,762
Total revenues	16,134,133	16,363,576	(229,443)	14,679,085	1,684,491
Expenses:					
Operating expenses	10,046,679	9,716,738	329,941	8,668,853	1,047,885
Depreciation	3,803,302	3,874,064	(70,762)	3,542,601	331,463
Non-operating expenses	2,040,195	1,136,822	903,373	1,125,638	11,184
Total expenses	15,890,176	14,727,624	1,162,552	13,337,092	1,390,532
Capital contributions	3,140,672	1,515,942	1,624,730	2,606,619	(1,090,677)
Change in net position	3,384,629	3,151,894	232,735	3,948,612	(796,718)
Net position:					
Beginning of year	67,280,230	68,013,064	(732,834)	64,064,452	3,948,612
Prior period adjustments	-	(3,884,728)	3,884,728	-	(3,884,728)
End of year	\$ 70,664,859	\$ 67,280,230	\$ 3,384,629	\$ 68,013,064	\$ (732,834)

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the years. In the case of the District, the District's net position increased by \$3,384,629 and \$3,151,894 (after the restatement of net position) for the years ended June 30, 2016 and 2015, respectively.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016 and 2015

Total Revenues

Operating revenues:	June 30, 2016	June 30, 2015	Change	June 30, 2014	Change
Auto cargo	\$ 9,428,157	\$ 8,858,545	\$ 569,612	\$ 8,030,334	\$ 828,211
Fresh produce cargo	2,913,365	3,365,727	(452,362)	3,149,246	216,481
Offshore oil	390,292	715,990	(325,698)	735,383	(19,393)
Property management	2,179,308	2,152,661	26,647	1,922,304	230,357
Other operating income	769,498	774,735	(5,237)	472,662	302,073
Total operating revenues	15,680,620	15,867,658	(187,038)	14,309,929	1,557,729
Non-operating revenues:					
Investment earnings	62,546	31,640	30,906	14,584	17,056
Interest earnings – leveraged loan	100,223	97,440	2,783	56,668	40,772
Ventura County Railway Co., LLC	208,967	230,225	(21,258)	218,785	11,440
Other non-operating revenues	81,777	136,613	(54,836)	79,119	57,494
Total non-operating revenues	453,513	495,918	(42,405)	369,156	126,762
Total revenue	\$ 16,134,133	\$ 16,363,576	\$ (229,443)	\$ 14,679,085	\$ 1,684,491

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

In fiscal year 2015, operating revenues increased by 10.8%, or \$1,557,729 from \$14,309,929 to \$15,867,658, from the prior year, primarily due to an increase in auto cargo of \$828,211 and an increase in other operating revenue of \$302,073.

Total Expenses

Operating expenses:	June 30, 2016	June 30, 2015	Change	June 30, 2014	Change
Salaries and benefits	\$ 4,890,710	\$ 5,076,772	\$ (186,062)	\$ 4,790,826	\$ 285,946
Governmental contractual agreements	1,668,846	1,491,856	176,990	1,344,943	146,913
Security	382,686	280,056	102,630	247,855	32,201
Facilities and maintenance	1,119,343	866,147	253,196	625,315	240,832
Professional and legal	1,065,889	1,134,145	(68,256)	931,653	202,492
Materials and services	56,575	48,468	8,107	35,757	12,711
Port promotion	579,344	514,776	64,568	411,942	102,834
Insurance	283,286	304,518	(21,232)	280,562	23,956
Total operating expenses	10,046,679	9,716,738	329,941	8,668,853	1,047,885
Depreciation	3,803,302	3,874,064	(70,762)	3,542,601	331,463
Non-operating expenses:					
Interest expense – long-term debt	812,027	912,231	(100,204)	1,004,819	(92,588)
Property settlement – City of Port Hueneme	1,100,000	-	1,100,000	-	-
Other non-operating expenses	128,168	224,591	(96,423)	120,819	103,772
Total non-operating expenses	2,040,195	1,136,822	903,373	1,125,638	11,184
Total expenses	\$ 15,890,176	\$ 14,727,624	\$ 1,162,552	\$ 13,337,092	\$ 1,390,532

Oxnard Harbor District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016 and 2015

Total Expenses, continued

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

In fiscal year 2015, operating expenses before depreciation expense increased by 12.1% or \$1,047,885 from \$8,668,853 to \$9,716,738, from the prior year, primarily due to an increase in all-expense categories.

Capital Asset Administration

Description	June 30, 2016	June 30, 2015	June 30, 2014
Non-depreciable assets	\$ 16,342,529	\$ 15,725,806	\$ 28,343,819
Depreciable assets	112,245,203	107,280,679	93,918,630
Accumulated depreciation	(54,924,959)	(51,121,657)	(47,247,593)
Total capital assets, net	\$ 73,662,773	\$ 71,884,828	\$ 75,014,856

At the end of fiscal year 2015 and 2014, the District's investment in capital assets amounted to \$71,884,828 and \$75,014,856 (net of accumulated depreciation), respectively. Major capital asset additions during the year amounted to \$744,036 for various projects and equipment. See Note 7 for further information.

Debt Administration

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

Description	June 30, 2016	June 30, 2015	June 30, 2014
Revenue bonds payable, net	\$ 17,389,947	\$ 19,456,009	\$ 21,427,070

Long-term debt decreased by \$2,066,062 and \$1,971,061 for the years ended June 30, 2016 and 2015, due to regular principal payments on the District's revenue bonds. See Note 9 for further information.

Notes to the Basic Financial Statements

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

Oxnard Harbor District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016 and 2015

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 Glovis America, Inc. (Glovis). 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 of Hueneme has increased its productivity and throughput of high inventories in the auto segment of its business, thus allowing its core auto customers to deliver more vehicles to distribution centers and dealerships. Management has also led a project with its customers to determine the Port's need for near dock parking structure as an investment strategy in the future. The Port's projection for the automobile sector in FY 2017 is to remain relatively flat, with continued strength in the export market even if the US Dollar remains strong.

Impacted by a market share loss due to large retail chain merger, the banana imports decreased from last year for the Port customers Del Monte and Chiquita combined. Through its marketing and business development efforts the Port of Hueneme and its customers targeted diversification of the niche fruit cargo segment and were able to secure the West Coast Central America (WCCA) service of SeaLand as of September 2016. The fresh fruit tonnage was welcomed at the Port of Hueneme as a direct link for exporters from California to the target markets of the port-Central and South America. The Port realized a lower fruit category year with 15% decrease in tonnage since last year. The Port projects for fruit imports and exports to grow with the introduction of SeaLand's new service in Port of Hueneme, which will bring additional regular customers that were not here before, thus increasing the Port's market share in Southern California. The Port's fresh produce continues to be driven by the banana and tropical fruit import trade with Central and South America and it is expected for that trend to continue, however exports will grow significantly in FY2017 with SeaLand's WCCA service.

The Port of Hueneme, an official U.S. Port of Entry located within Ventura County, is one of the eleven California deep water seaports vital to the statewide economy. Serving as a priority hub in the state's intermodal transportation network, the Port provides the County with competitive advantages to attract business investment and create jobs. Over \$7 billion in cargo moves through the Port generating a \$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 Ponoma Street, Port Hueneme, CA 93041.

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**FY 2016 PORT
BASIC FINANCIAL
STATEMENTS**

Oxnard Harbor District

Balance Sheet

June 30, 2016 and 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2016	2015
Current assets:		
Cash and investments (Note 2)	\$ 13,446,256	\$ 12,654,708
Accrued interest receivable	15,349	6,258
Accounts receivable – customers, net (Note 3)	2,453,229	2,165,394
Grants and other receivables	194,886	147,084
Prepaid items	349,165	309,592
Total current assets	16,458,885	15,283,036
Non-current assets:		
Restricted – cash and cash equivalents (Note 2 and 13)	3,778,549	6,805,648
Restricted – investments (Note 2 and 13)	2,472,104	-
Shoreside Power/Arcturus Avenue leveraged loan (Note 4)	10,021,950	10,021,950
World Trade Center license (Note 5)	51,000	51,000
Investment in Ventura County Railway Co., LLC (Note 6)	3,364,896	4,155,130
Capital assets – not being depreciated (Note 7)	16,342,529	15,725,806
Capital assets – being depreciated, net (Note 7)	57,320,244	56,159,022
Total non-current assets	93,351,272	92,918,556
Total assets	109,810,157	108,201,592
Deferred outflows of resources:		
Deferred loss on refunding of revenue bonds, net (Note 9)	135,476	152,237
Pension contributions made after the measurement date (Note 11)	446,756	305,666
Difference between actual and proportionate share of employer contributions (Note 11)	158,103	-
Adjustment due to differences in proportions (Note 11)	123,206	68,831
Differences between expected and actual experience (Note 11)	22,686	-
Total deferred outflows of resources	886,227	526,734
Total assets and deferred outflows of resources	\$ 110,696,384	\$ 108,728,326

Continued on the next page

See accompanying notes to the basic financial statements

Oxnard Harbor District
Balance Sheet, Continued
June 30, 2016 and 2015

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	2016	2015
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,149,823	\$ 1,276,529
Accrued revenue sharing payables (Note 18)	2,500,529	1,835,074
Customer deposits and unearned revenue	85,947	74,174
Accrued interest payable	344,977	386,893
Long-term liabilities – due within one year:		
Compensated absences (Note 8)	110,400	98,425
Revenue bonds payable (Note 9)	2,125,000	2,025,000
Total current liabilities	6,316,676	5,696,095
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 8)	331,200	280,875
Unearned revenue – ground and equipment lease (Note 4)	8,917,449	9,347,652
Net other post-employment benefits payable (Note 10)	5,100,000	4,500,000
Net pension liability (Note 11)	3,776,823	3,270,037
Revenue bonds payable, net (Note 9)	15,264,947	17,431,009
Total non-current liabilities	33,390,419	34,829,573
Total liabilities	39,707,095	40,525,668
Deferred inflows of resources:		
Differences between projected and actual earnings on pension plan investments (Note 11)	107,594	918,994
Difference between actual and proportionate share of employer contributions (Note 11)	2,208	3,434
Changes in assumptions (Note 11)	214,628	-
Total deferred inflows of resources	324,430	922,428
Net position:		
Net investment in capital assets (Note 12)	56,408,302	52,581,056
Restricted (Note 13)	4,289,139	4,583,681
Unrestricted	9,967,418	10,115,493
Total net position	70,664,859	67,280,230
Total liabilities, deferred inflows of resources and net position	\$ 110,696,384	\$ 108,728,326

See accompanying notes to the basic financial statements

Oxnard Harbor District

Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Auto cargo	\$ 9,428,157	\$ 8,858,545
Fresh produce cargo	2,913,365	3,365,727
Offshore oil	390,292	715,990
Property management:		
Land	1,388,155	1,406,288
Buildings	791,153	746,373
Other operating revenue:		
Liquid fertilizer	239,400	203,138
Reefer receptacles	210,035	199,185
Water hose rentals	1,339	3,858
Wharfage – fish and water	49,299	82,338
Other – moorings, permits and fees	269,425	286,216
Total operating revenues	<u>15,680,620</u>	<u>15,867,658</u>
Operating expenses:		
Salaries and benefits	4,890,710	5,076,772
Governmental contractual agreements	1,668,846	1,491,856
Security	382,686	280,056
Facilities and maintenance	1,119,343	866,147
Professional and legal	1,065,889	1,134,145
Materials and services	56,575	48,468
Port promotion	579,344	514,776
Insurance	283,286	304,518
Total operating expenses before depreciation	<u>10,046,679</u>	<u>9,716,738</u>
Operating income before depreciation	5,633,941	6,150,920
Depreciation expense	<u>(3,803,302)</u>	<u>(3,874,064)</u>
Operating income	<u>1,830,639</u>	<u>2,276,856</u>
Non-operating revenues(expenses):		
Investment earnings	62,546	31,640
Investment earnings – leveraged loan	100,223	97,440
Interest expense – long-term debt	(812,027)	(912,231)
Change in investment in Ventura County Railway Co., LLC, net (Note 6)	208,967	230,225
Property settlement – City of Port Hueneme (Note 19)	(1,100,000)	-
Other non-operating revenues	81,777	136,613
Other non-operating expenses	<u>(128,168)</u>	<u>(224,591)</u>
Total non-operating revenue(expense), net	<u>(1,586,682)</u>	<u>(640,904)</u>
Net income before capital contributions	<u>243,957</u>	<u>1,635,952</u>
Capital contributions:		
Federal capital grants	1,462,067	198,030
Local capital grants – non-cash	-	21,395
Local capital grants – shore side power	<u>1,678,605</u>	<u>1,296,517</u>
Total capital contributions	<u>3,140,672</u>	<u>1,515,942</u>
Change in net position	3,384,629	3,151,894
Net position:		
Beginning of year, as previously reported	67,280,230	68,013,064
Prior period adjustment (Note 14)	-	(3,884,728)
End of year	<u>\$ 70,664,859</u>	<u>\$ 67,280,230</u>

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Cash Flows
For the Fiscal Year Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 15,435,000	\$ 16,037,183
Cash paid to employees for salaries and benefits	(4,695,876)	(4,627,972)
Cash paid to vendors and suppliers for materials and services	<u>(6,315,164)</u>	<u>(5,455,114)</u>
Net cash provided by operating activities	<u>4,423,960</u>	<u>5,954,097</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,581,247)	(744,036)
Proceeds from capital grants	3,144,204	2,020,716
Principal paid on revenue bonds	(2,025,000)	(1,930,000)
Interest paid on revenue bonds	<u>(878,834)</u>	<u>(976,470)</u>
Net cash (used in) capital and related financing activities	<u>(5,340,877)</u>	<u>(1,629,790)</u>
Cash flows from investing activities:		
Proceeds from the maturity of investments	(2,468,000)	2,454,207
Ventura County Railway Co., LLC member distribution	1,000,000	-
Investment earnings	<u>149,366</u>	<u>130,533</u>
Net cash provided by (used in) investing activities	<u>(1,318,634)</u>	<u>2,584,740</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,235,551)</u>	<u>6,909,047</u>
Cash and cash equivalents:		
Beginning of year	<u>19,460,356</u>	<u>12,551,309</u>
End of year	<u>\$ 17,224,805</u>	<u>\$ 19,460,356</u>
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and investments	\$ 13,446,256	\$ 12,654,708
Restricted assets – cash and cash equivalents	<u>3,778,549</u>	<u>6,805,648</u>
Total cash and cash equivalents	<u>\$ 17,224,805</u>	<u>\$ 19,460,356</u>

Continued on next page

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Cash Flows, Continued
For the Fiscal Year Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,830,639	\$ 2,276,856
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,803,302	3,874,064
Property settlement – City of Port Hueneme	(1,100,000)	-
Other non-operating revenues	81,777	136,613
Other non-operating expenses	(128,168)	(224,591)
Change in assets – (increase)decrease:		
Accounts receivable – customers, net	(287,835)	(147,321)
Other receivables	(51,335)	-
Prepaid items	(39,573)	(94,891)
Change in deferred outflows of resources – (increase)decrease		
Pension contributions made after the measurement date	(141,090)	56,128
Difference between actual and proportionate share of employer contributions	(158,103)	-
Adjustment due to differences in proportions	(54,375)	(68,831)
Differences between expected and actual experience	(22,686)	-
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(126,706)	(31,003)
Accrued revenue sharing payables	665,455	634,231
Customer deposits and unearned revenue	11,773	(23,796)
Compensated absences	62,300	(39,100)
Unearned revenue – ground and equipment lease	(430,203)	(430,202)
Net other post-employment benefits payable	600,000	550,000
Pension related debt – CalPERS side-fund	-	(464,663)
Net pension liability	506,786	(971,825)
Change in deferred inflows of resources – increase(decrease)		
Differences between projected and actual earnings on pension plan investments	(811,400)	918,994
Difference between actual and proportionate share of employer contributions	(1,226)	3,434
Changes in assumptions	214,628	-
Total adjustments	<u>2,593,321</u>	<u>3,677,241</u>
Net cash provided by operating activities	<u>\$ 4,423,960</u>	<u>\$ 5,954,097</u>
Non-cash investing, capital and financing transactions:		
Change in fair-value of investments	<u>\$ 13,403</u>	<u>\$ 4,940</u>
Amortization of bond premium(discount), net	<u>\$ 41,062</u>	<u>\$ 41,061</u>
Amortization of deferred loss on refunding of revenue bonds	<u>\$ (16,761)</u>	<u>\$ (16,760)</u>

See accompanying notes to the basic financial statements

Oxnard Harbor District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016 and 2015

(1) Reporting Entity and Summary of Significant Accounting Policies

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

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

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

Basis of Presentation

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

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

Cash and Cash Equivalents

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

Receivables and Allowance for Doubtful Accounts

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

Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

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

Capital Assets, continued

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

Compensated Absences

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 6). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

Pension, continued

<u>CalPERS</u>	<u>As of June 30, 2016</u>	<u>As of June 30, 2015</u>
Valuation Date	June 30, 2014	June 30, 2013
Measurement Date	June 30, 2015	June 30, 2014
Measurement Period	July 1, 2014 to June 30, 2015	July 1, 2013 to June 30, 2014

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

Net Position

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

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

Net Pension, continued

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

Capital Contributions

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

Use of Estimates

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

Grant Funding

Grants for operating assistance and capital acquisitions are included in their respective non-operating and capital contribution sections of the statement of revenues, expenses, and changes in net position. Grant funds are claimed on a reimbursement basis and receivables for grant funds are recorded as the related obligations are incurred. Grant funds advanced but net yet earned are treated as unearned revenue until the respective obligations these grants were funded for are incurred.

Accounting Changes

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*). This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement became effective for periods beginning after June 15, 2014. See Note 14 for prior period adjustment as a result of implementation.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the District's financial statements for year ended June 30, 2015.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement became effective for periods beginning after June 15, 2014. See Note 14 for prior period adjustment as a result of implementation.

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

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

GASB has issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement becomes effective for periods beginning after June 15, 2015.

GASB has issued Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements. Application of this statement is effective for fiscal year ending June 30, 2016.

GASB has issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by GASB Statements 67 and 68). Application of this statement is effective for the District's fiscal year ending June 30, 2016, except those provisions that address employers and governmental nonemployer contributing entities that are not within the scope of GASB Statement 68, which are effective for financial statements for fiscal year ending June 30, 2017.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the generally accepted accounting principles (GAAP) hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. Application of this statement is effective for fiscal year ending June 30, 2016.

(2) Cash and Investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Description	2016	2015
Cash and investments	\$ 13,446,256	\$ 12,654,708
Restricted – cash and cash equivalents	3,778,549	6,805,648
Restricted – investments	2,472,104	-
Total	\$ 19,696,909	\$ 19,460,356

Cash and Cash equivalents as of June 30, 2016 consists of following:

Description	2016	2015
Cash on hand	\$ 500	\$ 300
Deposits held with financial institutions	7,607,786	4,070,100
Investments	12,088,623	15,389,956
Total	\$ 19,696,909	\$ 19,460,356

(1) Reporting Entity and Summary of Significant Accounting Policies, 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 California Government Code and District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, 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 the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the District's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

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. The Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and VCPIF).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2016 and 2015, the District's investment in the VCPIF was rated by Standard & Poor's as AA+/S1+. LAIF is not rated.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code.

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(2) Cash and Investments, continued

Concentration of Credit Risk

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

Type of Investments	Credit Rating	Maturity	
		2016 Fair Value	12 Months or Less
External investment pools:			
California Local Agency Investment Fund (LAIF)	Not Rated	\$ 2,443,138	\$ 2,443,138
Ventura County Pooled Investment Fund (VCPIF)	AAAf/S1+	5,011,367	5,011,367
Held by bond trustee:			
Money market funds	Exempt	2,162,014	2,162,014
Negotiable certificates-of-deposit	AA+	2,472,104	2,472,104
Total investments		<u>\$ 12,088,623</u>	<u>\$ 12,088,623</u>

The District's investments as of June 30, 2015 are as follows:

Type of Investments	Credit Rating	Maturity	
		2015 Fair Value	12 Months or Less
External investment pools:			
California Local Agency Investment Fund (LAIF)	Not Rated	\$ 10,419,382	\$ 10,419,382
Held by bond trustee:			
Money market funds	Exempt	4,970,574	4,970,574
Total investments		<u>\$ 15,389,956</u>	<u>\$ 15,389,956</u>

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(2) Cash and Investments, continued

Authorized Investments and Investment Policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State 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

Investment in California- Local Agency Investment Pool

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

The District's investments with LAIF at June 30, 2016 and 2015 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(2) Cash and Investments, continued

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

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

As of June 30, 2016 and 2015, the District had \$2,443,138 and \$10,419,382 invested in LAIF respectively, which had invested 2.81% and 2.08% as of June 30, 2016 and 2015, respectively, of the pool investment funds in Structured notes and Medium-term Asset-backed Securities. The LAIF fair value factor of 1.000621222 and 1.000375979 as of June 30, 2016 and 2015, respectively, was used to calculate the fair value of the investments in LAIF.

Ventura County Pooled Investment Fund (VCPIF)

The District is a voluntary participant in the VCPIF and the District determines the amount and term of its investment. The County Treasurer makes investments in accordance with a Statement of Investment Policy reviewed and approved annually by the Board of Supervisors. The Treasury Investment Oversight Committee comprised of the County Treasurer, a representative of the Board of Supervisors, the County Investment Manager, a representative of the County Superintendent of Schools and other Treasury Department support staff meets semi-annually to review the activities of the Treasurer and provide a report to the Board of Supervisors. The County's Treasurer has indicated to the District that as of June 30, 2016 and 2015 that the value of the County's portfolio was approximately \$2.2 billion and \$2.0 billion, respectively. As of June 30, 2016 and 2015, the District has investment in the VCPIF \$5,011,367 and \$0, respectively. Further information about the VCPIF is available on the Ventura County Treasurer-Tax Collector's website: www.ventura.org/ttc/

(3) Accounts Receivable

The balance at June 30, 2016 consists of the following:

Description	June 30, 2016	June 30, 2015
Accounts receivable - customers	\$ 2,478,229	\$ 2,190,394
Allowance for uncollectable accounts	(25,000)	(25,000)
Accounts receivable – customers, net	<u>\$ 2,453,229</u>	<u>\$ 2,165,394</u>

(4) Shoreside Power/Arcturus Avenue Leveraged Loan

The District is a sponsor of New Markets Tax Credits (NMTC) to support redevelopment in distressed communities. 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 collaboration with Wells Fargo Bank (Bank), entered into various agreements that provided 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 the mobile pantry project that is addressing food desert conditions in the Port's service area.

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

The leveraged loan bears simple interest of 1.00% and is receivable in semi-annual interest-only payments from December 30, 2013 through December 30, 2023; thereafter principal and interest payments are due until December 30, 2033. As of June 30, 2016, the balance was \$10,021,950. The District has recorded an off-set to this leveraged loan as unearned revenue on the ground and equipment lease of \$10,021,950, of which \$1,104,501 has been recognized as operating revenue since inception in fiscal year 2014 for a remaining balance as of June 30, 2016 of \$8,917,449.

(5) World Trade Center License

The District purchased the local World Trade Center License (License) for \$51,000 and re-established the World Trade Center of 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 Center's service more than 750,000 international trading clients. WTCA members develop and maintain facilities to house the practitioners of trade and the services they need to conduct business, creating a central focal point for a region's trade services and activities, or a "one-stop shopping center" for international business. Therefore, the District has determined that its License has an indefinite life as long as international trade continues at the District.

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(6) Investment in Ventura County Railway Company, LLC

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

The District's total investment in the Railway amounted to \$3,364,097 and \$4,155,130 as of June 30, 2016 and 2015, respectively. Audited financial information for the Ventura County Railway Company, LLC for the years ended June 30, 2016 and 2015 were as follows:

Balance Sheet	June 30, 2016	June 30, 2015
Assets:		
Current assets	\$ 1,413,228	\$ 2,189,726
Property and equipment, net	1,954,634	1,965,404
Total assets	\$ 3,367,862	\$ 4,155,130
Liabilities	\$ 3,765	\$ -
Equity	3,364,097	4,155,130
Total liabilities and equity	\$ 3,367,862	\$ 4,155,130
Income Statement	June 30, 2016	June 30, 2015
Revenues	\$ 272,608	\$ 265,117
Expenses	(63,641)	(34,892)
Net income	208,967	230,225
Equity:		
Beginning of year	4,155,130	3,924,905
Member distribution	(1,000,000)	-
End of year	\$ 3,364,097	\$ 4,155,130

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

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(7) Capital Assets

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

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

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(7) Capital Assets, continued

Summary changes in capital asset balances for the year ended June 30, 2015 were as follows:

Description	Balance July 1, 2014	Additions	Deletions/ Transfers	Balance June 30, 2015
Non-depreciable assets:				
Land	\$ 15,332,137	\$ -	\$ -	\$ 15,332,137
Construction-in-process	13,011,682	476,179	(13,094,192)	393,669
Total non-depreciable assets	28,343,819	476,179	(13,094,192)	15,725,806
Depreciable assets:				
Wharves and docks	27,215,724	19,741	-	27,235,465
Warehouses	25,754,369	-	-	25,754,369
Land improvements	27,415,481	-	1,297,674	28,713,155
Fuel tanks	1,055,322	-	-	1,055,322
Buildings	5,199,897	-	-	5,199,897
Buildings and improvements	4,054,824	86,547	18,800	4,160,171
Vehicles and equipment	3,223,013	161,569	11,777,718	15,162,300
Total depreciable assets	93,918,630	267,857	13,094,192	107,280,679
Accumulated depreciation:				
Wharves and docks	(19,315,252)	(689,538)	-	(20,004,790)
Warehouses	(14,685,898)	(923,028)	-	(15,608,926)
Land improvements	(8,630,248)	(1,001,590)	-	(9,631,838)
Fuel tanks	(735,438)	(66,864)	-	(802,302)
Buildings	(1,816,266)	(165,361)	-	(1,981,627)
Buildings and improvements	(914,954)	(223,231)	-	(1,138,185)
Vehicles and equipment	(1,149,537)	(804,452)	-	(1,953,989)
Total accumulated depreciation	(47,247,593)	(3,874,064)	-	(51,121,657)
Total depreciable assets, net	46,671,037	(3,606,207)	13,094,192	56,159,022
Total capital assets, net	\$ 75,014,856	\$ (3,130,028)	\$ -	\$ 71,884,828

(8) Compensated Absences

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

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

Summary changes to compensated absences balances for the year ended June 30, 2015, were as follows:

Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year	Due in More Than One Year
\$ 418,400	\$ 215,725	\$ (254,825)	\$ 379,300	\$ 98,425	\$ 280,875

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(9) Revenue Bonds Payable

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

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

Changes in long-term debt amounts for the year ended June 30, 2015 were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2014</u>	<u>Additions/ Adjustments</u>	<u>Payments/ Amortization</u>	<u>Balance June 30, 2015</u>
Revenue bonds – Series 2011A	\$ 14,070,000	\$ -	\$ (1,865,000)	\$ 12,205,000
Revenue bonds – Series 2011A – premium	314,760	-	(51,741)	263,019
Revenue bonds – Series 2011B	7,150,000	-	(65,000)	7,085,000
Revenue bonds – Series 2011B – discount	(107,690)	-	10,680	(97,010)
Total long-term debt	21,427,070	\$ -	\$ (1,971,061)	19,456,009
Less current portion	(1,930,000)			(2,025,000)
Non-current portion	\$ 19,497,070			\$ 17,431,009

Revenue Bonds

All of the District's revenue bond issues are secured by a lien on and pledge of net revenues of the District and contain certain covenants. One of the covenants requires the District to maintain a minimum debt service coverage ratio of 125%. The debt service coverage ratio is the ratio of net revenues (as defined in the bond trust agreement) to debt service payments. Net revenues as defined in the agreement were calculated as \$4,859,286 and \$6,424,425 for the years ended June 30, 2016 and 2015, respectively. The actual debt service coverage ratio was 167% and 221% for the years ended June 30, 2016 and 2015, respectively.

Revenue Bonds – Refunding Series 2011A and 2011B

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

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(9) Revenue Bonds Payable, continued

Deferred Loss on Refunding of Revenue Bonds

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

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

Changes in deferred loss on refunding of revenue bonds, net for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	Amortization	Balance June 30, 2015
Deferred loss on refunding of revenue bonds, net	\$ 168,997	\$ -	\$ (16,760)	\$ 152,237

Series 2011A (AMT)

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

Fiscal Year	Principal	Interest	Total
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	2,390,000	128,000	2,518,000
2021	1,365,000	34,125	1,399,125
Total	\$ 10,245,000	\$ 1,223,125	\$ 11,468,125

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2015

(9) Revenue Bond Payable, continued

Series 2011B (Non-AMT)

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

Fiscal Year	Principal	Interest	Total
2017	\$ 70,000	\$ 314,295	\$ 384,295
2018	70,000	311,355	381,355
2019	75,000	308,165	383,165
2020	80,000	304,755	384,755
2021	80,000	301,235	381,235
2022-2025	6,645,000	997,663	7,642,663
Total	\$ 7,020,000	\$ 2,537,468	\$ 9,557,468

(10) Net Other Post-Employment Benefits Payable

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

The District contributes a fixed amount for health care benefits, (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. Expenses for post-employment retirement benefits are recognized on a monthly basis as premiums are paid. Expenses of \$323,446 and \$302,477 were recognized for post-retirement health care, vision care, dental care, and life insurance benefits during the years ended June 30, 2016 and 2015.

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(10) Net Other Post-Employment Benefits Payable, continued

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, 2013 (Valuation Date):

Description	Members
Active plan members	23
Retirees and beneficiaries receiving benefits	26
Separated plan members entitled to but not yet receiving benefits	-
Total plan membership	49

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 2016 and 2015 is \$1,300 and \$1,300, respectively.

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

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(10) Net Other Post-Employment Benefits Payable, continued

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:

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

Funding Policy

The District 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.

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(10) Net Other Post-Employment Benefits Payable, continued

The District will pay 100% of the cost of the post-employment benefit plan for employees hired before December 31, 2012. For employees hired after December 31, 2012, the employee will pay 100% of employee portion of contribution to the CalPERS retirement plan. The District funds the plan on a pay-as-you-go basis and maintains reserves (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 years ended June 30, 2016 and 2015, the District's ARC cost was \$923,446 and \$852,477, respectively. The District's net OPEB payable obligation amounted to \$5,100,000 and \$4,500,000 for the years ended June 30, 2016 and 2015. The District paid retiree benefits of \$323,446 and \$302,477 for current retiree OPEB premiums for the years ended June 30, 2016 and 2015.

Description	June 30, 2016	June 30, 2015
Annual OPEB cost:		
Annual required contribution (ARC)	\$ 728,321	\$ 677,508
Interest on net OPEB obligation	195,125	174,969
Adjustment to annual required contribution	-	-
Total annual OPEB cost	<u>923,446</u>	<u>852,477</u>
Contributions made:		
Retiree benefits paid by District	(323,446)	(302,477)
Total contributions made	<u>(323,446)</u>	<u>(302,477)</u>
Total change in net OPEB obligation	600,000	550,000
Net OPEB payable:		
Beginning of year	4,500,000	3,950,000
End of year	<u>\$ 5,100,000</u>	<u>\$ 4,500,000</u>

The District's annual OPEB cost, retiree benefit payments, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2016 and the two preceding years were as follows:

<i>Three-Year History of Net OPEB Obligation</i>				
Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable (Asset)
June 30, 2015	\$ 852,477	\$ 302,477	35.48%	\$ 4,500,000
June 30, 2014	\$ 787,868	287,868	36.54%	\$ 3,950,000
June 30, 2013	\$ 934,586	245,011	26.22%	\$ 3,450,000

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(10) Net Other Post-Employment Benefits Payable, continued

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 the Schedule of Funding Progress – Other Post-Employment Benefit Plan for further information.

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
Amortization method	Level percent, closed 30 years
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%

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2015

(11) Net Pension Liability and Defined Benefit Pension Plans

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

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

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 20115

(11) Net Pension Liability and Defined Benefit Pension Plans, continued

Summary of changes in the net pension liability and related deferred outflows/inflows for the year ended June 30, 2015 are as follows:

Type of Account	Balance as of July 1, 2014 (As Restated)	Additions	Deletions	Balance as of June 30, 2015
Deferred Outflows of Resources:				
Pension contributions made after the measurement date:				
CalPERS – Miscellaneous Plan	\$ 361,794	\$ 305,666	\$ (361,794)	\$ 305,666
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	-	93,414	(24,583)	68,831
Total deferred outflows of resources	<u>\$ 361,794</u>	<u>\$ 399,080</u>	<u>\$ (386,377)</u>	<u>\$ 374,497</u>
Net Pension Liability:				
CalPERS – Miscellaneous Plan	<u>\$ 4,241,862</u>	<u>\$ -</u>	<u>\$ (971,825)</u>	<u>\$ 3,270,037</u>
Deferred Inflows of Resources:				
Differences between projected and actual earnings on pension plan investments:				
CalPERS – Miscellaneous Plan	\$ -	\$ 1,148,742	\$ (229,748)	\$ 918,994
Difference between actual and proportionate share of employer contributions:				
CalPERS – Miscellaneous Plan	4,660	-	(1,226)	3,434
Total deferred inflows of resources	<u>\$ 4,660</u>	<u>\$ 1,148,742</u>	<u>\$ (230,974)</u>	<u>\$ 922,428</u>

General Information about the Pension Plans

The Plans

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

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0 @ 62
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required member contribution rates	7.000%	6.237%
Required employer contribution rates	14.083%	6.237%

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 20115

(11) Net Pension Liability and Defined Benefit Pension Plans, continued

General Information about the Pension Plans, continued

Plan Description

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

Employees Covered by Benefit Terms

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

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

At June 30, 2014 (Valuation Date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	21	3	24
Transferred and terminated members	8	-	8
Retired members and beneficiaries	24	-	24
Total plan members	53	3	56

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous members are calculated as 2.0% to 2.5% of the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as 1% to 2.5% of the average final 36 months compensation.

(11) Net Pension Liability and Defined Benefit Pension Plans, continued

General Information about the Pension Plans, continued

Benefit Provided, continued

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

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ending June 30, 2015 and 2014 (Measurement Dates), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRM Miscellaneous Plan are based above in the Plans Description Schedule.

(11) Net Pension Liability and Defined Benefit Pension Plan, Continued

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension Plans.

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement periods ending June 30, 2015 and 2014 (Measurement Dates), the total pension liability was determined by rolling forward the June 30, 2014 and 2013 total pension liabilities. The June 30, 2015, 2014 and 2013 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2015 and 2014 Valuations were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

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

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

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

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(11) Net Pension Liability and Defined Benefit Pension Plan, Continued

Discount Rate (continued)

Investment Type	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	100.00%		

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

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

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

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

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

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate for the June 30, 2014 Valuation Date as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.50%	Current Discount Rate 7.50%	Discount Rate + 1% 8.50%
CalPERS – Miscellaneous Plan	\$ 5,478,761	\$ 3,270,177	\$ 1,437,005

Pension Plan Fiduciary Net Position

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

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(11) Net Pension Liability and Defined Benefit Pension Plan, Continued

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension Plans, continued.

Proportionate Share of Net Pension Liability and Pension Expense

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

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

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2015:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2013 (Valuation Date)	\$ 15,714,034	\$ 11,472,172	\$ 4,241,862
Balance as of June 30, 2014 (Measurement Date)	\$ 16,649,171	\$ 13,379,134	\$ 3,270,037
Change in Plan Net Pension Liability	\$ 935,137	\$ 1,906,962	\$ (971,825)

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

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2013). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2015 and 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2014-15 fiscal year and the 2013-14 fiscal year).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(11) Net Pension Liability and Defined Benefit Pension Plan, Continued

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension Plans, continued.

Proportionate Share of Net Pension Liability and Pension Expense, continued

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

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

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

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

The District's proportionate share of the net pension liability for the June 30, 2014 measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2015</u>	<u>Fiscal Year Ending June 30, 2014</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	
Measurement Date			
Percentage of Risk Pool Net Pension Liability	0.132310%	0.129456%	0.002854%
Percentage of Plan (PERF C) Net Pension Liability	0.052552%	0.052622%	-0.000070%

For the years ended June 30, 2016 and 2015, the District recognized pension expense/ (credit) in the amounts of \$368,820 and \$239,046, respectively, for the CalPERS Miscellaneous Plan.

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

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2014-15 and 2013-14 measurement periods is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired).

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(11) Net Pension Liability and Defined Benefit Pension Plan, Continued

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

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

Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

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

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 117,349	\$ 159,589
2018	112,431	159,346
2019	74,215	143,031
2020	-	(137,536)
Total	\$ 303,995	\$ 324,430

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(11) Net Pension Liability and Defined Benefit Pension Plan, Continued

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 305,666	\$ -
Differences between projected and actual earnings on pension plan investments	-	3,434
Difference between actual and proportionate share of employer contributions	-	918,994
Adjustment due to differences in proportions	68,831	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 374,497</u>	<u>\$ 922,428</u>

The District will recognize \$305,666 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2016, as noted above.

Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

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

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 24,583	\$ (230,974)
2017	24,583	(230,974)
2018	19,665	(230,730)
2019	-	(229,750)
Total	<u>\$ 68,831</u>	<u>\$ (922,428)</u>

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(12) Net Investment in Capital Assets

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

Description	June 30, 2016	June 30, 2015
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 16,342,529	\$ 15,725,806
Capital assets, net – being depreciated	57,320,244	56,159,022
Deferred loss on refunding of revenue bonds, net	135,476	152,237
Revenue bonds payable – current	(2,125,000)	(2,025,000)
Revenue bonds payable, net – non-current	(15,264,947)	(17,431,009)
Total net investment in capital assets	\$ 56,408,302	\$ 52,581,056

(13) Restricted Net Position

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

Description	June 30, 2016	June 30, 2015
Restricted – cash and cash equivalents	\$ 3,778,549	\$ 6,805,648
Restricted – investments	2,472,104	-
Total restricted – cash and investments	6,250,653	6,805,648
Accrued revenue sharing payables	(1,616,537)	(1,835,074)
Accrued interest payable	(344,977)	(386,893)
Total restricted net position for debt service	\$ 4,289,139	\$ 4,583,681

(14) Prior Period Adjustment

Description	Balance
Beginning net position as of July 1, 2014 – as previously reported	\$ 68,013,064
Net pension liability – GASB No. 68/71 implementation	(4,241,862)
Deferred outflows of resources – GASB No. 68/71 implementation	361,794
Deferred inflows of resources – GASB No. 68/71 implementation	(4,660)
Total prior period adjustments	(3,884,728)
Beginning net position as of July 1, 2014 – as restated	\$ 64,128,336

With the implementation of GASB Statements No. 68 and 71 in fiscal year 2015, the District was required to record a prior period adjustment of \$(3,884,728) to establish the net pension liability as of June 30, 2014 of \$(3,270,177) net of the deferred outflows of resources of \$361,794 and the deferred inflows of resources of \$(4,660) as prescribed by GASB Statements No. 68 and 71 accounting standards. (See Note 11 for further information on the net pension liability.)

(15) Deferred Compensation Savings Plan

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

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

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

(16) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and terrorism. The District has purchased various commercial and marine insurance policies to manage the potential liabilities that may occur from the previously named sources. At June 30, 2016, the District held the following commercial and marine insurance policies:

- Property loss is paid at the replacement cost for scheduled property to a combined total of \$200 million per occurrence (with certain sub-limits), subject to \$100,000 deductible per occurrence, except for \$10,000 per occurrence for contractor's equipment. Flood coverage is provided at a limit of \$5,000,000 subject to a \$100,000 deductible per occurrence, with a \$500,000 deductible applying in special flood hazard areas.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$50,000 deductible.
- Marine general liability coverage up to \$1,000,000, per occurrence, and \$3,000,000, general aggregate, for any one policy period subject to a \$10,000 deductible.
- Liability coverage on District vehicles up to \$1,000,000, with physical damage deductibles of \$500/\$500 as elected; the same deductibles apply to hired automobiles.
- Protection and indemnity including collision and tower's liability for \$1,000,000 subject to a \$5,000 deductible. Hull and machinery for scheduled vessels subject to a \$2,500 deductible.
- Public officials' liability coverage up to \$10 million, each occurrence and in the aggregate, with a \$100,000 retention each claim.
- Excess port liability coverage up to \$150,000,000 per occurrence including terrorism.
- Terrorism property coverage up to \$600,000,000 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.
- All coverage and limits are subject to the terms, conditions and exclusions provided in each insurance policy.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2016, 2015 and 2014. 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, 2016, 2015 and 2014.

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(17) Related Party Transaction

The District, which is governed by a five-member Board of Harbor Commissioners elected at large from within the geographical boundaries of the District, derives its principal source of revenues from cargo activity under tariffs and contracts with Port customers. One of the five current members of the Board of Harbor Commissioners is frequently employed by various stevedoring companies, which in turn contract with various customers of the District for labor services at the Port. For the fiscal years ended June 30, 2016 and 2015, the amount of District revenues derived from these various customers and stevedoring companies was approximately \$12,356,156 and \$12,529,433.

(18) Commitments

The District leases a portion of its land and facilities to others. The majority of these leases provide for cancellation on thirty day notice by either party and for retention of ownership by the District. These lease agreements generally are subject to periodic inflationary escalation of base amounts due to the District and adjustments for increases in terminal space. As of June 30, 2016, minimum lease rental payments receivable under operating leases that have initial or remaining non-cancelable lease terms in excess of one-year are as follows:

Fiscal Year	Amount
2017	\$ 1,097,150
2018	886,211
2019	821,920
2020	856,283
Total	\$ 3,661,564

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, 2016 and 2015 totaled \$515,979 and \$468,693, respectively.

Pursuant to an agreement dated March 18, 1987, the District compensates the City to mitigate the environmental impacts of the District's Wharf 2 project. Compensation is based on 1.67% of the District's gross operating revenues. Amounts allocated to the City for the fiscal years ended June 30, 2016 and 2015 totaled \$264,996 and \$238,978 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, 2016 and 2015 totaled \$472,708 and \$442,727.

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, 2016 and 2015 totaled \$396,696 and \$321,972.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2016 and 2015

(18) Commitments, continued

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, 2016 and 2015, the amount payable to the Navy for long-term maintenance of Wharf 3 and associated real property is \$2,500,529 and \$1,835,074, respectively.

(19) Contingencies

Grant Awards

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

Litigation

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

City of Port Hueneme vs. Oxnard Harbor District

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.

In August 2013, the City initiated an action to compel the District to arbitrate two disputes arising under revenue sharing agreements between the District and the City from 1983, 1987 and 1995. The disputes concerned (1) the District's payments of a percentage of its "Gross Operating Revenues," which term was defined in the 1983 Agreement, and (2) the District's payment of a vehicle convoy fee and the credit that the District was taking as part of the fee payment. For both disputes, the City alleged that the District was underpaying, and the City asserted a breach of contract claim. The District agreed to arbitrate the convoy fee issue as it was subject to the 1995 Agreement, which contains an arbitration clause, but did not agree to arbitrate the Gross Operating Revenue payment issue, as the 1983 Agreement does not contain an arbitration clause. The Court found in favor of the District and did not compel the matter to arbitration.

February 2014, the City filed an arbitration complaint, and it sought to resolve both issues in arbitration, even though the District had not been compelled to arbitrate the Gross Operating Revenues issue. The arbitrator determined that he could hear both issues, leaving the District no choice but to seek an injunction from the Court. In September 2014, the District filed a complaint for declaratory relief and sought a preliminary injunction to preclude the arbitration from proceeding on the Gross Operating Revenues issue. The Court granted the District's motion and issued an injunction prohibiting the arbitration of the Gross Operating Revenues issue. The City also filed a cross-complaint for breaches of the 1983 and 1987 agreements.

Oxnard Harbor District

Notes to the Basic Financial Statements, continued

For the Fiscal Year Ended June 30, 2016 and 2015

(19) Contingencies, continued

In December 2014, the District and City conducted an arbitration over the vehicle convoy fee issue. The parties thereafter began discussing a settlement, and the arbitrator agreed to stay a ruling pending the settlement discussions. On October 5, 2015, the District and City executed a settlement agreement, which resolved all of the outstanding litigation. Under the settlement agreement, the District will continue to determine Gross Operating Revenues and the vehicle convoy fee consistent with its historical practice. The District also agreed to purchase the leasehold interests that the city held on a portion of the District's former NCEL property for a cumulative sum of \$1.1 million. The lawsuit and arbitration have since been dismissed, and the matter is now closed.

Required Supplementary Information

Oxnard Harbor District

**Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios
For the Fiscal Year Ended June 30, 2016 and 2015**

Last Ten Fiscal Years		
California Public Employees' Retirement System (CalPERS) Miscellaneous Plan		
Measurement Date:	<u>June 30, 2015¹</u>	<u>June 30, 2014¹</u>
District's Proportion of the Net Pension Liability	<u>0.055024%</u>	<u>0.052552%</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 3,776,823</u>	<u>\$ 3,270,037</u>
District's Covered-Employee Payroll	<u>\$ 2,203,593</u>	<u>\$ 2,225,867</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	<u>171.39%</u>	<u>146.91%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>78.40%</u>	<u>79.82%</u>

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

Oxnard Harbor District
Schedule of Contribution- Pension Plan
For the Fiscal Year Ended June 30 2016 and 2015

Last Ten Fiscal Years			
California Public Employees' Retirement System (CalPERS) Miscellaneous Plan			
Fiscal Year:	2015-16 ¹	2014-15 ¹	2013-14 ¹
Actuarially Determined Contribution ²	\$ 446,756	\$ 305,666	\$ 357,134
Contribution in Relation to the Actuarially Determined Contribution ²	<u>(446,756)</u>	<u>(695,192)</u>	<u>(357,134)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (389,526)</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 2,421,225</u>	<u>\$ 2,203,593</u>	<u>\$ 2,240,975</u>
Contributions as a Percentage of Covered-Employee Payroll	<u>18.45%</u>	<u>31.55%</u>	<u>15.94%</u>

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

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

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

Notes to the Schedule:

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

Oxnard Harbor District

Schedule of Funding Progress- Other Post- Employment Benefit Plan

For the Fiscal Year Ended June 30, 2016 and 2015

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2013	\$ -	\$ 7,527,996	\$ 7,527,996	0.00%	\$ 2,577,230	292.10%
June 30, 2010	\$ -	\$ 8,622,114	\$ 8,622,114	0.00%	\$ 2,463,568	349.98%
July 1, 2007	\$ -	\$ 7,141,813	\$ 7,141,813	0.00%	\$ 2,506,464	284.94%

Notes to the Schedule:

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every two years or annually, if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2017, based on the year ending June 30, 2016.

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Supplemental Information

Oxnard Harbor District
Schedule of Operating Expenses
For the Fiscal Year Ended June 30, 2016 and 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Salaries and benefits:		
Commissioner salaries	\$ 36,000	\$ 36,000
Administrative salaries	1,042,485	897,115
Maintenance salaries	626,386	604,135
Operations salaries	883,742	948,754
Temporary employee salaries	90,444	147,137
Sick leave	86,274	70,504
Vacation	163,852	145,221
Payroll taxes	214,099	212,891
Workers' compensation	100,157	107,297
Insurance:		
Dental	43,181	56,890
HRA	22,275	6,034
Life	48,373	44,975
Medical	417,811	387,767
Vision	14,614	12,344
CalPERS pension contributions – employer – per GASB No. 68	(467,466)	238,906
CalPERS pension contributions – employee made by employer	498,195	137,436
Other post-employment benefits	975,115	933,423
Employee recruitment	1,468	42,482
Employee relations	20,653	17,745
Employee training and uniforms	73,052	29,716
Total salaries and benefits	<u>4,890,710</u>	<u>5,076,772</u>
Governmental contractual agreements:		
1983 Contract	515,979	468,693
1987 Contract	264,996	238,978
1995 Memorandum of understanding	396,696	321,972
Contracts – automobiles	472,708	442,727
Ventura County Fire District	10,000	12,000
Ventura County LAFCO	8,467	7,486
Total governmental contractual agreements	<u>1,668,846</u>	<u>1,491,856</u>
Security:		
Guards and traffic control	319,160	223,616
Security plan and equipment	63,526	56,440
Total security	<u>\$ 382,686</u>	<u>\$ 280,056</u>

Continued on next page

Oxnard Harbor District
Schedule of Operating Expenses, continued
For the Fiscal Year Ended June 30, 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Facilities and maintenance:		
Gas and oil	\$ 16,443	\$ 14,764
Repair and maintenance	118,612	81,503
Landscape services	7,209	4,446
Rent – facility and grounds	120,000	120,000
Supplies	170,289	141,148
Supplies – computer	27,740	28,644
Community benefit fund	100,000	-
Internet connectivity	30,003	20,273
Safety supplies	7,284	14,383
Miscellaneous	5,689	3,749
Utilities:		
Water and sewer	144,734	88,415
Electricity	272,848	285,465
Telephone	56,945	44,782
Natural gas	189	257
Trash disposal	17,277	18,194
Hazardous waste disposal	24,081	124
Total facilities and maintenance	<u>1,119,343</u>	<u>866,147</u>
Professional and legal:		
Professional fees	830,619	818,664
Legal services	235,270	315,481
Total professional and legal	<u>1,065,889</u>	<u>1,134,145</u>
Materials and services:		
Business meeting expense	16,964	16,977
Community education programs	255	-
Discounts	192	11
Publications and subscriptions	24,892	19,242
Publications – legal notices	128	284
Permits and licenses	6,848	6,459
Postage	7,296	5,495
Total materials and services	<u>56,575</u>	<u>48,468</u>
Port promotions:		
Advertising	149,465	158,027
Trade relations	202,250	133,713
Memberships and dues	170,467	171,732
Travel	57,162	51,304
Total port promotions	<u>579,344</u>	<u>514,776</u>
Insurance:		
General liability	79,746	91,738
Property	199,040	208,048
Other	4,500	4,732
Total insurance	<u>283,286</u>	<u>304,518</u>
Total operating expenses	<u>\$ 10,046,679</u>	<u>\$ 9,716,738</u>

Oxnard Harbor District

Schedule of Non-Operating Revenues and Expenses

For the Fiscal Year Ended June 30, 2016 and 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Non-operating revenue:		
Special Event – Banana Festival – sponsorship and receipts	\$ 41,760	\$ 58,668
Refunds from prior years – workers' compensation	1,533	25,506
Reimbursements	21,748	11,457
Department of Fish and Game reimbursement	5,674	11,421
Refunds from prior years – Brown Act	-	10,178
Ventura County Railway Co., LLC	8,750	7,000
Finance charges	-	1,848
Miscellaneous receipts	2,312	10,535
Total non-operating revenue	<u>81,777</u>	<u>136,613</u>
Non-operating expense:		
Special Event – Banana Festival – expenses	93,992	90,556
Unclaimed grant funding	-	49,921
Prior year expenses	29,837	27,096
New Market Tax Credit administration fees	-	23,830
Election expense	-	21,060
Bank and trust fees	4,339	5,508
Miscellaneous expenses	-	6,620
Total non-operating expense	<u>128,168</u>	<u>224,591</u>
Total non-operating revenue(expense), net	<u>\$ (46,391)</u>	<u>\$ (87,978)</u>

Oxnard Harbor District

Schedule of Debt Service Net Revenues Coverage Ratio

For the Fiscal Year Ended June 30, 2016 and 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Total revenues:		
Operating revenues	\$ 15,680,620	\$ 15,867,658
Non-operating revenues	453,513	495,918
Total revenues	<u>16,134,133</u>	<u>16,363,576</u>
Total expenses:		
Operating expenses before depreciation expense	10,046,679	9,716,738
Non-operating expenses	2,040,195	1,136,822
Less debt service items:		
Interest expense – long-term debt	(812,027)	(912,231)
Total non-operating expenses adjusted for debt service items	1,228,168	224,591
Total expenses	<u>11,274,847</u>	<u>9,941,329</u>
Net revenues available for debt service	<u>\$ 4,859,286</u>	<u>\$ 6,422,247</u>
Debt service for the fiscal year	<u>\$ 2,903,245</u>	<u>\$ 2,906,470</u>
Debt service net revenues coverage ratio	<u>167%</u>	<u>221%</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

Table of Contents

	Page No.
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<i>Financial Trends</i>	78-81
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>	82-83
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>	84-89
These schedules present information to help the reader understand the District's customers, operations and activities.	
<i>Staffing and Demographic Information</i>	90-91
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.	

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Port of Hueneme

OXNARD HARBOR DISTRICT

Statement of Net Position - Fiscal Years Ended June 30, 2007 through 2016

	FISCAL YEAR ENDED:				
	2007 (1)	2008	2009	2010	2011
Assets					
Current Assets:					
Cash and cash equivalents	\$ 9,558,027	\$ 8,503,174	\$ 3,903,178	\$ 7,673,824	\$ 6,388,401
Restricted - cash and cash equivalents	3,588,822	2,471,959	1,817,090	1,361,742	6,158,441
Accrued interest receivable	157,877	96,214	19,533	7,117	7,871
Restricted - accrued interest receivable	81,793	54,467	54,836	1,959	539
Accounts receivable- harbor operations, net	1616,640	1,571,370	1,080,349	1,069,836	929,485
Grants receivable	0	0	47,1387	209,865	177,156
Accounts receivable- other	0	146,600	86,087	98,727	553
Prepaid expenses and other assets	762,489	760,662	746,497	400,038	401,322
Total current assets	15,765,648	13,604,446	8,178,957	10,823,108	14,063,768
Non-current Assets:					
Investments	4,168,142	1,919,690	848,625	1,058,337	-
Restricted - investments	9,028,645	6,237,126	6,701,367	6,593,528	1,724,301
Deposit - City of Port Hueneme	61,031	38,891	16,751	0	-
World Trade Center license	51,000	51,000	51,000	51,000	51,000
Membership in Ventura County Railway Co., LLC	2,000,000	2,000,000	2,000,000	2,000,000	3,370,774
Deferred charges, net	684,557	592,956	508,890	426,014	354,609
Capital assets, not being depreciated	14,858,035	20,470,570	25,347,271	16,505,025	16,035,391
Depreciable capital assets, net	43,151,122	45,569,963	43,213,784	49,504,771	47,149,248
Total non-current assets	74,002,532	76,880,196	78,687,688	76,138,675	68,685,323
Total assets	\$ 89,768,180	\$ 90,484,642	\$ 86,866,645	\$ 86,961,783	\$ 82,749,091
Deferred outflows of resources:					
Deferred loss on refunding of revenue bonds, net	\$ -	\$ -	\$ -	\$ -	\$ -
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets and deferred outflows of resources	\$ 89,768,180	\$ 90,484,642	\$ 86,866,645	\$ 86,961,783	\$ 82,749,091
Liabilities and Net Position					
Current liabilities					
Accounts payable and accrued expenses	\$ 315,729	\$ 544,746	\$ 379,513	\$ 411,411	\$ 358,544
Accrued revenue sharing payables	1,984,297	2,152,038	1,379,682	846,597	698,404
Accrued salaries and benefits	85,738	88,848	97,675	84,528	110,431
Customer deposits and deferred revenue	70,416	80,760	79,506	85,302	81,401
Accrued interest payable	766,224	738,739	678,437	678,437	597,919
Long-term liabilities- due within one year:					
Compensated absences	108,977	120,333	131,900	144,264	144,100
Pension-related debt	0	0	0	0	-
Revenue bonds payable	1,395,000	1,460,000	0	1,605,000	-
Total current liabilities	4,726,381	5,185,464	2,746,713	3,855,539	1,990,799
Non-current liabilities:					
Compensated absences	326,930	360,995	395,900	432,793	432,300
Other post-employment benefits payable	25,000	483,997	1,037,973	-	-
Pension-related debt	0	0	0	1615,037	2,160,425
Revenue bonds payable	31,830,000	30,370,000	28,840,000	27,235,000	25,545,000
Total non-current liabilities	32,181,930	31,214,992	30,273,873	29,282,830	28,137,725
Total liabilities	\$ 36,908,311	\$ 36,400,456	\$ 33,020,586	\$ 33,138,369	\$ 30,128,524
Net position:					
Net investment in capital assets	\$ 30,567,905	\$ 25,468,714	\$ 34,803,489	\$ 37,169,796	\$ 37,639,639
Restricted for construction projects	5,246,005	11,933,036	8,024,813	7,278,792	1,762,412
Restricted for debt service	-	-	-	-	5,522,950
Unrestricted	14,552,422	15,458,119	11,255,884	9,374,826	7,695,566
Total net position	\$ 50,366,332	\$ 52,859,869	\$ 54,084,186	\$ 53,823,414	\$ 52,620,567
Total liabilities, and net position	\$ 88,312,478	\$ 89,768,180	\$ 90,484,642	\$ 86,961,783	\$ 82,749,091

Source: OXNARD HARBOR DISTRICT - Accounting/Finance Department

Port of Hueneme
OXNARD HARBOR DISTRICT

Statement of Net Position - Fiscal Years Ended June 30, 2007 through 2016 (Continued)

	FISCAL YEAR ENDED:				
	2012	2013	2014	2015	2016
Assets					
Current Assets:					
Cash and cash equivalents	\$ 10,014,964	\$ 10,509,572	\$ 9,336,527	\$ 12,654,708	\$ 13,446,256
Restricted - cash and cash equivalents	6,735,696	5,942,034	5,673,649	6,805,648	3,778,549
Accrued interest receivable	5,650	5,230	5,875	6,258	15,349
Restricted - accrued interest receivable	4	6	1,836		
Accounts receivable- harbor operations, net	1,165,491	1,497,156	1,677,535	2,165,394	2,453,229
Grants receivable	692,828	2,700,651	651,858	147,084	194,886
Accounts receivable- other	3,819	403	340,538		
Prepaid expenses and other assets	333,885	452,095	214,701	309,592	349,165
Total current assets	18,952,337	21,107,147	17,902,519	22,088,684	20,237,434
Non-current Assets:					
Investments	-	-	-	-	-
Restricted - investments	-	-	-	-	2,472,104
Shoreside Power/Arcturus Avenue leveraged loan (note 5)	-	-	10,021,950	10,021,950	10,021,950
World Trade Center license	51,000	51,000	51,000	51,000	51,000
Membership in Ventura County Railway Co., LLC	3,504,030	3,708,903	3,924,905	4,155,130	3,364,896
Deferred charges, net	668,911	-	-	-	-
Capital assets, not being depreciated	19,117,769	18,457,005	28,343,819	15,725,806	16,342,529
Depreciable capital assets, net	45,928,476	51,982,771	46,671,037	56,159,022	57,320,244
Total non-current assets	69,270,186	74,199,679	89,012,711	86,112,908	89,572,723
Total assets	\$ 88,222,523	\$ 95,306,826	\$ 106,915,230	\$ 108,201,592	\$ 109,810,157
Deferred outflows of resources:					
Deferred loss on refunding of revenue bonds, net	\$ 202,517	\$ 185,757	\$ 168,997	\$ 526,734	\$ 886,227
Total deferred outflows of resources	\$ 202,517	\$ 185,757	\$ 168,997	\$ 526,734	\$ 886,227
Total assets and deferred outflows of resources	\$ 88,425,040	\$ 95,492,583	\$ 107,084,227	\$ 108,728,326	\$ 110,696,384
Liabilities and Net Position					
Current liabilities					
Accounts payable and accrued expenses	\$ 1,053,379	\$ 1,934,768	\$ 1,113,472	\$ 1,276,529	\$ 1,149,823
Accrued revenue sharing payables	927,061	1,068,787	1,200,843	1,835,074	2,500,529
Accrued salaries and benefits	116,149	123,788	194,060	-	-
Customer deposits and deferred revenue	119,350	86,455	97,970	74,174	85,947
Accrued interest payable	590,736	450,456	426,831	386,893	344,977
Long-term liabilities- due within one year:					
Compensated absences	122,500	117,625	104,600	98,425	110,400
Pension-related debt	35,689	40,583	45,980	-	-
Revenue bonds payable	1,600,000	1,870,000	1,930,000	2,025,000	2,125,000
Total current liabilities	4,564,864	5,692,462	5,113,756	5,696,095	6,316,676
Non-current liabilities:					
Compensated absences	367,600	352,875	313,800	280,875	331,200
Unearned Revenue			9,777,854	9,347,652	8,917,449
Other post-employment benefits payable	2,760,425	3,450,000	3,950,000	4,500,000	5,100,000
Pension-related debt	505,246	464,663	418,683	-	-
Premium (discount) on Revenue Bonds, net	289,193	248,131	207,070	-	-
Net pension liability	-	-	-	3,270,037	3,776,823
Revenue bonds payable	23,090,000	21,220,000	19,290,000	17,431,009	15,264,947
Total non-current liabilities	27,012,464	25,735,669	33,957,407	34,829,573	33,390,419
Total liabilities	\$ 31,577,328	\$ 31,428,131	\$ 39,071,163	\$ 40,525,668	\$ 39,707,095
Deferred inflows of resources:					
Recognized net differences between projected and actual		\$ -	\$ -	\$ 918,994	\$ 107,594
Changes in employer contributions and difference between	\$ -	\$ -	\$ -	\$ 3,434	\$ 2,208
Changes in assumptions	-	-	-	-	214,628
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ 922,428	\$ 324,430
Net position:					
Net investment in capital assets	\$ 40,269,569	\$ 47,287,402	\$ 53,756,783	\$ 52,428,819	\$ 56,408,302
Restricted for construction projects	1,957,770	990,309	1,056,907	-	4,289,139
Restricted for debt service	4,187,194	4,501,275	4,191,747	4,583,681	9,967,418
Unrestricted	10,433,179	11,285,466	9,007,627	10,267,730	
Total net position	\$ 56,847,712	\$ 64,064,452	\$ 68,013,064	\$ 67,280,230	\$ 70,664,859
Total liabilities, and net position	\$ 88,425,040	\$ 95,492,583	\$ 107,084,227	\$ 108,728,326	\$ 110,696,384

(1) 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, 2007 through 2016

	FISCAL YEAR ENDED:				
	2007	2008	2009	2010	2011
Operating Revenues:					
Auto Cargo	\$ 6,667,719	\$ 6,524,468	\$ 4,141,894	\$ 5,067,786	\$ 5,553,797
Fresh Produce Cargo	2,847,993	2,852,238	3,454,636	2,986,912	2,731,854
Offshore Oil	660,867	611,043	688,031	716,410	616,907
Property Management	935,028	1,109,826	1,343,297	1,142,746	1,177,109
Other	565,922	540,318	387,474	494,388	408,195
Total	11,677,529	11,637,893	10,015,332	10,408,242	10,487,862
Operating Expenses:					
Salaries & Benefits	3,805,813	4,108,050	4,292,580	4,317,130	4,292,829
Governmental Contractual Agreements	1,233,960	1,307,298	1,081,298	956,572	1,043,463
Security	123,953	128,153	209,259	213,543	208,777
Facilities and Maintenance	676,649	730,952	553,292	446,626	463,166
Professional and Legal	268,206	273,097	316,492	286,206	279,996
Materials and Services	86,835	84,972	19,371	12,427	12,837
Port Promotion	355,907	310,561	280,374	162,106	192,122
Insurance	568,208	696,754	758,021	698,365	347,234
Total	7,119,531	7,639,837	7,510,687	7,092,975	6,840,424
Operating Profit (Loss) before depreciation:	4,557,998	3,998,056	2,504,645	3,315,267	3,647,438
Depreciation Expense	2,475,816	2,632,521	2,701,143	3,087,810	3,010,045
Net Operating Profit (Loss)	\$ 2,082,182	\$ 1,365,535	\$ (196,498)	\$ 227,457	\$ 637,393
Nonoperating Income (Expense) and Capital Contributions:					
Investment earnings	\$ 1,115,429	\$ 897,862	\$ 250,941	\$ 31,669	\$ 42,016
Interest expense – long-term debt	(1,837,583)	(1,648,562)	(1,708,560)	(1,628,250)	(1,550,615)
Amortization of deferred charges	(94,367)	(91,601)	(84,066)	(82,876)	(71,405)
CalPERS side-fund	-	-	-	-	-
Loss on discontinuance of deep draft navigation project	-	-	-	-	(1,092,177)
Change in membership in Ventura County Railway Co, LLC	-	-	-	-	140,713
Other revenue, net	624,361	414,208	387,154	763,108	(94,737)
Net Contributed Capital/Grants	603,515	286,875	1,112,902	666,247	785,965
Net Nonoperating Income (Expense) and Capital Contributions	411,355	(141,218)	(41,629)	(250,102)	(1,840,240)
Change in Net Position	\$ 2,493,537	\$ 1,224,317	\$ (238,127)	\$ (22,645)	\$ (1,202,847)
Net investment in capital assets	\$ 25,468,714	\$ 34,803,489	\$ 39,721,055	\$ 37,169,796	\$ 37,639,639
Restricted for construction projects and debt service	11,933,036	8,024,813	7,894,856	7,278,792	7,285,362
Unrestricted	15,458,119	11,255,884	6,230,148	9,374,826	9,457,978
Net Position, end of year	\$ 52,859,869	\$ 54,084,186	\$ 53,846,059	\$ 53,823,414	\$ 54,382,979

Source: OXNARD HARBOR DISTRICT - Accounting/Finance Department

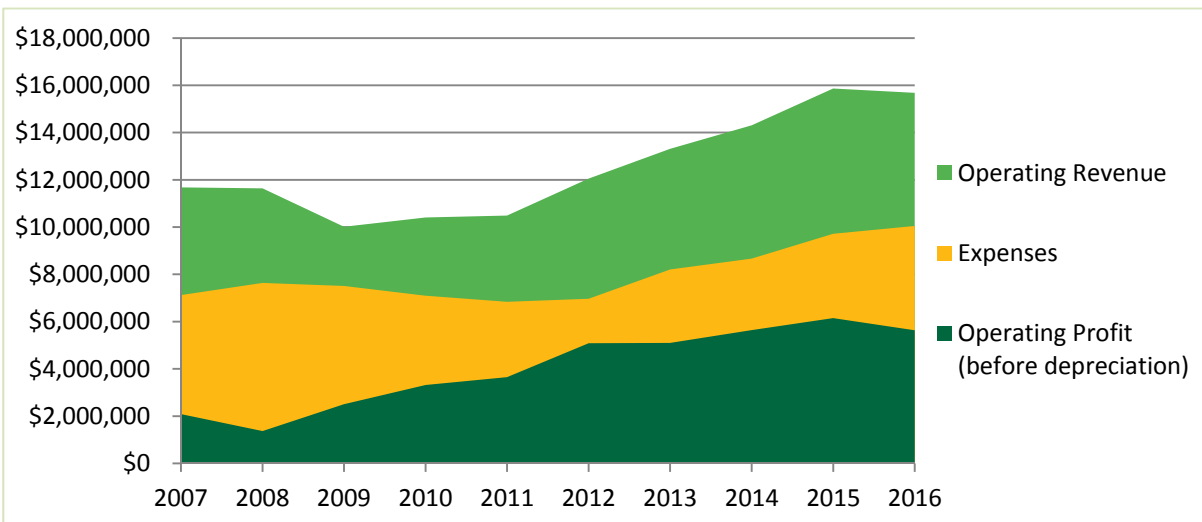


Port of Hueneme

OXNARD HARBOR DISTRICT

Summary of Revenues, Expenses, and Change in Net Position (Continued) Fiscal Years Ended June 30, 2007 through 2016

	FISCAL YEAR ENDED:				
	2012	2013	2014	2015	2016
Operating Revenues:					
Auto Cargo	\$ 6,589,395	\$ 7,323,391	\$ 8,030,334	\$ 8,858,545	\$ 9,428,157
Fresh Produce Cargo	2,909,571	3,148,189	3,149,246	3,365,727	2,913,365
Offshore Oil	651,839	634,909	735,383	715,990	390,292
Property Management	1,398,892	1,530,793	1,922,304	2,152,661	2,179,308
Other	500,781	671,486	472,662	774,735	769,498
Total	12,050,478	13,308,768	14,309,929	15,867,658	15,680,620
Operating Expenses:					
Salaries & Benefits	4,338,280	4,868,475	4,790,826	5,076,772	4,890,710
Governmental Contractual Agreements	1,039,909	1,213,579	1,344,943	1,491,856	1,668,846
Security	218,751	215,647	247,855	280,056	382,686
Facilities and Maintenance	465,959	655,090	625,315	866,147	1,119,343
Professional and Legal	374,219	660,163	931,653	1,134,145	1,065,889
Materials and Services	14,217	17,513	35,757	48,468	56,575
Port Promotion	234,410	324,347	411,942	514,776	579,344
Insurance	279,984	253,718	280,562	304,518	283,286
Total	6,965,729	8,208,532	8,668,853	9,716,738	10,046,679
Operating Profit (Loss) before depreciation:	5,084,749	5,100,236	5,641,076	6,150,920	5,633,941
Depreciation Expense	2,978,656	2,943,094	3,539,818	3,874,064	3,803,302
Net Operating Profit (Loss)	\$ 2,106,093	\$ 2,157,142	\$ 2,101,258	\$ 2,276,856	\$ 1,830,639
Nonoperating Income (Expense) and Capital Contributions:					
Investment, Interest earnings	\$ 24,500	\$ 16,799	\$ 71,252	\$ 129,080	\$ 162,769
Interest expense – long-term debt	(1,445,915)	(1,109,151)	(1,029,120)	(912,231)	(812,027)
Amortization of deferred charges	(50,853)	(644,609)	41,061	-	-
CalPERS side-fund	(540,935)	-	-	-	-
Loss on discontinuance of deep draft navigation project	-	-	-	-	-
Change in membership in Ventura County Railway Co., LLC	133,256	204,873	216,002	230,225	208,967
Property Settlement-City of Port Hueneme	-	-	-	-	(1,100,000)
Other revenue, net	(4,846)	57,446	(58,460)	(87,978)	(46,391)
Net Contributed Capital/Grants	4,005,845	-	-	1,515,942	-
Net Nonoperating Income (Expense) and Capital Contributions	2,121,052	(1,474,642)	(759,265)	875,038	(1,586,682)
Change in Net Position	\$ 4,227,145	\$ 682,500	\$ 1,341,993	\$ 3,151,894	\$ 243,957
Net investment in capital assets	\$ 40,269,569	\$ 47,287,402	\$ 53,756,783	\$ 52,428,819	\$ 56,408,302
Restricted for construction projects and debt service	6,144,964	5,491,584	5,248,654	4,583,681	4,289,139
Unrestricted	10,433,179	11,285,466	9,007,627	10,267,730	9,967,418
Net Position end of year	\$ 56,847,712	\$ 64,064,452	\$ 68,013,064	\$ 67,280,230	\$ 70,664,859



Port of Hueneme

OXNARD HARBOR DISTRICT

Revenue Bond Coverage

Fiscal Years Ended June 30, 2007 through 2016

FISCAL YEAR ENDED:	2007	2008	2009	2010	2011
Gross Revenues ⁽¹⁾	\$ 13,417,319	\$ 12,949,963	\$ 10,663,566	\$ 11,169,046	\$ 10,575,709
Operating Expenses ⁽²⁾	7,119,531	6,978,533	6,956,711	6,515,911	6,295,036
Net Revenue Available for Debt Service	\$ 6,297,788	\$ 5,971,430	\$ 3,706,855	\$ 4,653,135	\$ 4,280,673
Debt Service Requirements: ⁽³⁾					
Principal	\$ 1,335,000	\$ 1,395,000	\$ 1,460,000	\$ -	\$ 1,640,289
Interest	1,869,955	1,805,954	1,737,839	1,628,250	1,550,615
Totals:	\$ 3,204,955	\$ 3,200,954	\$ 3,197,839	\$ 1,628,250	\$ 3,190,904
Debt Ratio Coverage	196.50%	186.55%	115.92%	285.78%	134.15%
Debt Covenant Requirement	125.00%	125.00%	125.00%	125.00%	125.00%
OVER (UNDER)	71.50%	61.55%	-9.08%	160.78%	9.15%

All of the revenue bond issues are secured by a lien on and pledge of net revenues of the District and contain certain covenants. One of the covenants requires the District to maintain a minimum debt service coverage ratio of 125%. The debt service coverage ratio is the ratio of net revenues (as defined in the bond trust agreement) to debt service payments. Net revenues as defined in the agreement were calculated as \$4,859,286 and \$6,422,247 for the years ended June 30, 2016 and 2015, respectively. The actual debt service coverage ratios were 167% and 21% for the years ended June 30, 2016 and 2015, respectively.

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

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

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

NOTES:

(1) Total revenues include interest but exclude the contributed capital and grant funds that were generated by donated property (GASB 33).

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

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

Source: OXNARD HARBOR DISTRICT – Accounting/Finance Department



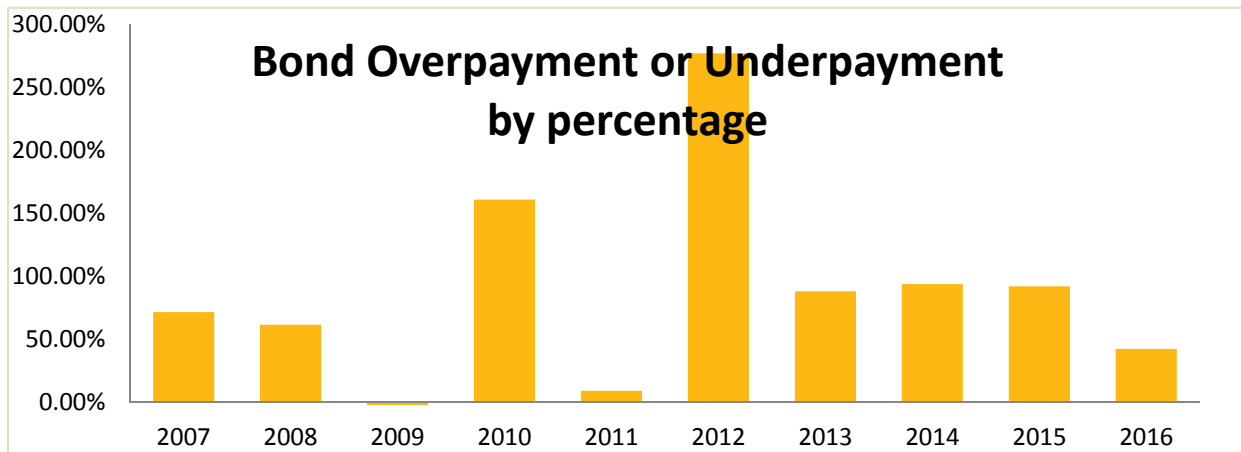
Port of Hueneme

OXNARD HARBOR DISTRICT

Revenue Bond Coverage (Continued)

Fiscal Years Ended June 30, 2007 through 2016

FISCAL YEAR ENDED:	2012	2013	2014	2015	2016
Gross Revenues ⁽¹⁾	\$ 12,204,042	\$ 13,588,404	\$ 14,560,049	\$ 16,363,576	\$ 16,134,133
Operating Expenses ⁽²⁾	6,365,729	7,518,957	8,168,853	9,941,329	11,274,847
Net Revenue Available for Debt Service	\$ 5,838,313	\$ 6,069,447	\$ 6,391,196	\$ 6,422,247	\$ 4,859,286
Debt Service Requirements: ⁽³⁾					
Principal	\$ -	\$ 1,740,280	\$ 1,893,625	\$ 1,994,239	\$ 2,025,000
Interest	1,453,098	\$ 1,109,151	1,029,120	912,231	878,245
Totals:	\$ 1,453,098	\$ 2,849,431	\$ 2,922,745	\$ 2,906,470	\$ 2,903,245
Debt Ratio Coverage	401.78%	213.01%	218.67%	220.96%	167.37%
Debt Covenant Requirement	125.00%	125.00%	125.00%	125.00%	125.00%
OVER (UNDER)	276.78%	88.01%	93.67%	95.96%	42.37%



Port of Hueneme

OXNARD HARBOR DISTRICT

LARGEST REVENUE CUSTOMERS (Net of Revenue Sharing)

Last Ten Fiscal Years

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%
FISCAL YEAR ENDED:		2008	FISCAL YEAR ENDED:		2011
<u>CUSTOMER</u>			<u>CUSTOMER</u>		
1	BMW of North America, LLC	\$ 1,985,501 19.8%	1	Wallenius Wilhelmsen Logistics, Inc.	\$ 2,038,840 19.4%
2	NYK Cool USA, Inc.	1,699,977 17.0%	2	BMW of North America, LLC	1,794,757 17.1%
3	Del Monte Fresh Produce W.A. Inc.	1,689,527 16.9%	3	Del Monte Fresh Produce W.A. Inc.	1,719,214 16.4%
4	Wallenius Wilhelmsen Logistics, Inc.	1,458,474 14.6%	4	Global Auto Processing Services, Inc.	1,692,634 16.1%
5	Global Auto Processing Services, Inc.	1,434,711 14.3%	5	NYK Cool USA, Inc.	1,039,508 10.0%
6	Carmichael International Services	362,205 3.6%	6	YARA North America, Inc.	439,461 4.2%
7	YARA North America, Inc.	359,988 3.6%	7	EXXON Co. USA	315,930 3.0%
8	Pacific Vehicle Processors, Inc.	309,901 3.1%	8	Marine Terminals Corp. (Ports America)	264,122 2.5%
9	Mitsubishi Motor Sales of America	303,653 3.0%	9	Irwin Holdings Company	202,497 2.0%
10	General Steamship Corp., LTD.	301,583 3.0%	10	Plains Exploration & Prod Co.	199,980 1.9%
Sub-total Top Ten		\$ 9,905,520 98.9%	Sub-total Top Ten		\$ 9,706,943 92.6%
All Other		1,732,373 1.1%	All Other		780,919 7.4%
Total Revenue		\$ 11,637,893 100.0%	Total Revenue		\$ 10,487,862 100.0%
FISCAL YEAR ENDED:		2009	FISCAL YEAR ENDED:		2012
<u>CUSTOMER</u>			<u>CUSTOMER</u>		
1	Del Monte Fresh Produce W.A. Inc.	\$ 2,114,257 20.3%	1	Wallenius Wilhelmsen Logistics, Inc.	\$ 2,512,325 20.8%
2	BMW of North America, LLC	1,557,140 15.0%	2	Global Auto Processing Services, Inc.	2,293,224 19.0%
3	NYK Cool USA, Inc.	1,129,521 10.9%	3	Del Monte Fresh Produce W.A. Inc.	1,722,532 14.3%
4	Global Auto Processing Services, Inc.	1,088,942 10.5%	4	BMW of North America, LLC	1,718,335 14.3%
5	Wallenius Wilhelmsen Logistics, Inc.	1,073,381 10.3%	5	NYK Cool USA, Inc.	1,252,551 10.4%
6	YARA North America, Inc.	352,026 3.4%	6	YARA North America, Inc.	497,521 4.1%
7	Pacific Vehicle Processors, Inc.	351,924 3.4%	7	EXXON Co. USA	357,966 3.0%
8	EXXON Co. USA	312,261 3.0%	8	Marine Terminals Corp. (Ports America)	266,362 2.2%
9	General Steamship Corp., LTD.	295,870 2.8%	9	Irwin Holdings Company	264,792 2.2%
10	DCOR, LLC	201,232 1.9%	10	Plains Exploration & Prod Co.	224,518 1.9%
Sub-total Top Ten		\$ 8,476,554 81.4%	Sub-total Top Ten		\$ 11,110,126 92.2%
All Other		1,538,778 18.6%	All Other		940,352 7.8%
Total Revenue		\$ 10,015,332 100.0%	Total Revenue		\$ 12,050,478 100.0%

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:		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%

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

FISCAL YEAR ENDED:		2016	
<u>CUSTOMER</u>			
1	Wallenius Wilhelmsen Logistics, Inc.	3,444,299	22.0%
2	BMW of North America, LLC	3,049,905	19.5%
3	Glovis America, Inc.	2,843,567	18.1%
4	Del Monte Fresh Produce W.A. Inc.	1,601,553	10.2%
5	Cool Carriers Shipping USA, Inc.	1,378,930	8.8%
6	YARA North America, Inc.	679,178	4.3%
7	PORTS AMERICA	408,015	2.6%
8	Channel Islands Logistics	379,776	2.4%
9	Freeport McMoran	154,061	1.0%
10	Irwin Holdings Company	141,454	0.9%
Sub-total Top Ten		\$ 14,080,738	89.8%
All Other		1,599,882	10.2%
Total Revenue		\$ 15,680,620	100.0%



Port of Hueneme

OXNARD HARBOR DISTRICT

Ten Year Trend – Cargo Revenue Tons

Fiscal Years Ended: June 30, 2007 through 2016

FISCAL YEAR ENDED:	2007	2008	2009	2010	2011
COMMODITY TYPE:					
AUTOMOBILES					
Imports	253,011	228,936	136,145	153,862	181,042
Exports	1,064	3,381	9,851	31,431	19,488
OTHER VEHICLES					
Imports/Exports	37,622	38,626	28,841	20,362	34,334
BANANAS					
Imports	648,114	609,429	602,567	640,477	603,703
FRESH FRUIT					
Imports	103,216	87,233	75,094	105,518	85,034
Exports	24,844	5,797	10,035	4,379	4,429
GENERAL CARGO					
Imports/Exports	93,159	81,563	84,166	71,444	100,343
FISH					
Coastwise	19,223	14,908	11,311	30,010	23,587
OFFSHORE OIL CARGO					
Coastwise	65,112	56,845	66,994	72,466	46,898
TOTAL	1,245,364	1,126,719	1,025,004	1,129,950	1,098,858
BULK LIQUID					
Import	123,042	128,312	86,630	115,938	108,777
VESSEL FUEL					
Coastwise	14,027	13,768	9,321	10,520	10,008
TOTAL	137,070	142,081	95,951	126,458	118,785
GRAND TOTAL	1,382,433	1,268,799	1,120,955	1,256,408	1,217,643
PASSENGERS	18,151	17,883	13,532	7,037	6,659

Source: OXNARD HARBOR DISTRICT – Maritime Operations Department

Measurements:

Metric Ton = 1000 kgs or Cubic Meter

Auto = One Unit



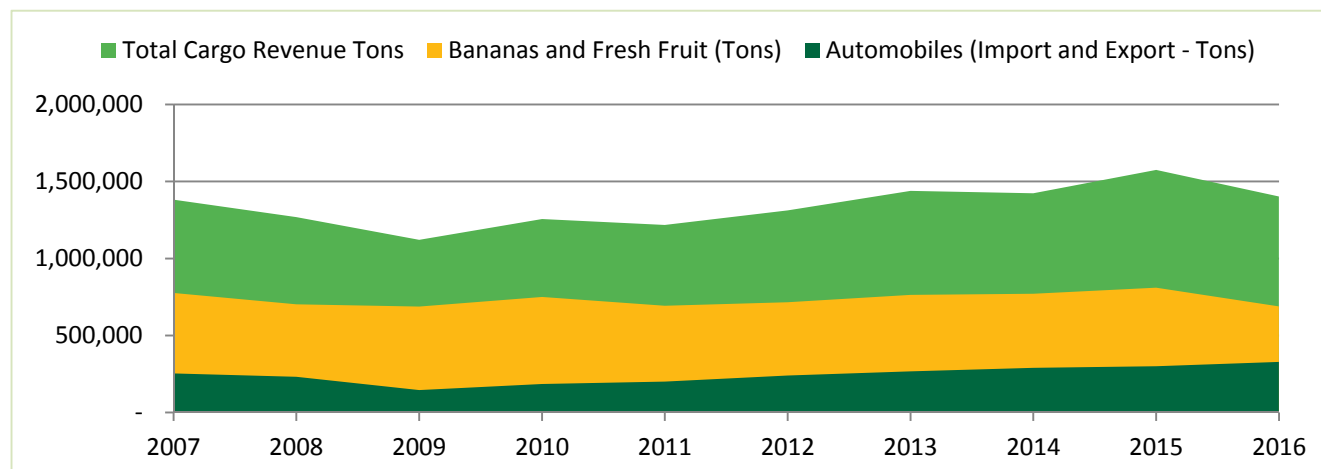
Port of Hueneme

OXNARD HARBOR DISTRICT

Ten Year Trend – Cargo Revenue Tons (Continued)

Fiscal Years Ended: June 30, 2007 through 2016

FISCAL YEAR ENDED:	2012	2013	2014	2015	2016
COMMODITY TYPE:					
AUTOMOBILES					
Imports	219,164	245,974	261,870	300,161	290,410
Exports	21,497	21,763	28,494	20,922	37,873
OTHER VEHICLES					
Imports/Exports	45,734	48,813	44,358	43,553	44,451
BANANAS					
Imports	615,588	650,608	655,589	655,643	571,842
FRESH FRUIT					
Imports	94,874	101,382	103,806	116,673	108,389
Exports	5,912	12,019	11,451	37,909	8,718
GENERAL CARGO					
Imports/Exports	82,196	90,924	111,616	176,133	133,129
FISH					
Coastwise	27,408	21,437	14,942	15,825	8,071
OFFSHORE OIL CARGO					
Coastwise	52,282	56,729	55,507	55,512	33,862
TOTAL	1,164,655	1,249,650	1,287,633	1,422,329	1,236,745
BULK LIQUID					
Import	134,939	167,253	123,947	140,000	160,145
VESSEL FUEL					
Coastwise	13,063	21,693	12,313	12,576	6,333
TOTAL	148,002	188,946	136,260	152,576	166,478
GRAND TOTAL	1,312,657	1,438,596	1,423,893	1,574,905	1,403,223
PASSENGERS	7,820	15,563	8,512	-	-



Port of Hueneme

OXNARD HARBOR DISTRICT

Ten Year Trend in Tonnages for California Ports

Metric Revenue Tons

Fiscal Years Ended June 30, 2007 through 2016

FISCAL YEAR ENDED:	2007	2008	2009	2010	2011
Commodities					
General Cargo	332,329,568	326,674,840	300,478,869	267,988,161	294,138,923
Dry Bulk	20,022,841	15,714,821	14,054,796	12,257,955	12,707,528
Liquid Bulk	50,806,469	43,382,047	44,770,128	44,778,813	45,049,117
Total Tonnage	403,158,878	385,771,708	359,303,793	325,024,929	351,895,568

TOTAL TONNAGE BY PORT

Hueneme	1,383,144	1,269,462	1,120,955	1,135,381	1,217,643
Humboldt	640,099	522,604	154,551	153,403	308,435
Long Beach	169,814,499	173,036,521	162,909,940	131,113,155	153,138,651
Los Angeles	189,934,000	169,970,898	157,494,143	156,166,239	158,237,225
Oakland	30,405,162	31,696,637	30,286,020	29,787,552	31,698,436
Redwood City	1,436,626	1,487,064	986,727	842,727	871,940
Richmond	318,125	331,604	346,582	187,120	206,294
West Sacramento	880,873	852,849	729,734	668,886	538,135
San Diego	3,349,491	3,142,691	2,819,472	2,798,180	2,902,128
San Francisco	1,620,231	1,362,694	1,096,536	912,595	763,435
Stockton	3,376,628	2,098,684	1,359,133	1,259,691	2,013,246
Total Tonnage	403,158,878	385,771,708	359,303,793	325,024,929	351,895,568

Source: California Association of Port Authorities



Port of Hueneme

OXNARD HARBOR DISTRICT

Ten Year Trend in Tonnages for California Ports (Continued)

Metric Revenue Tons

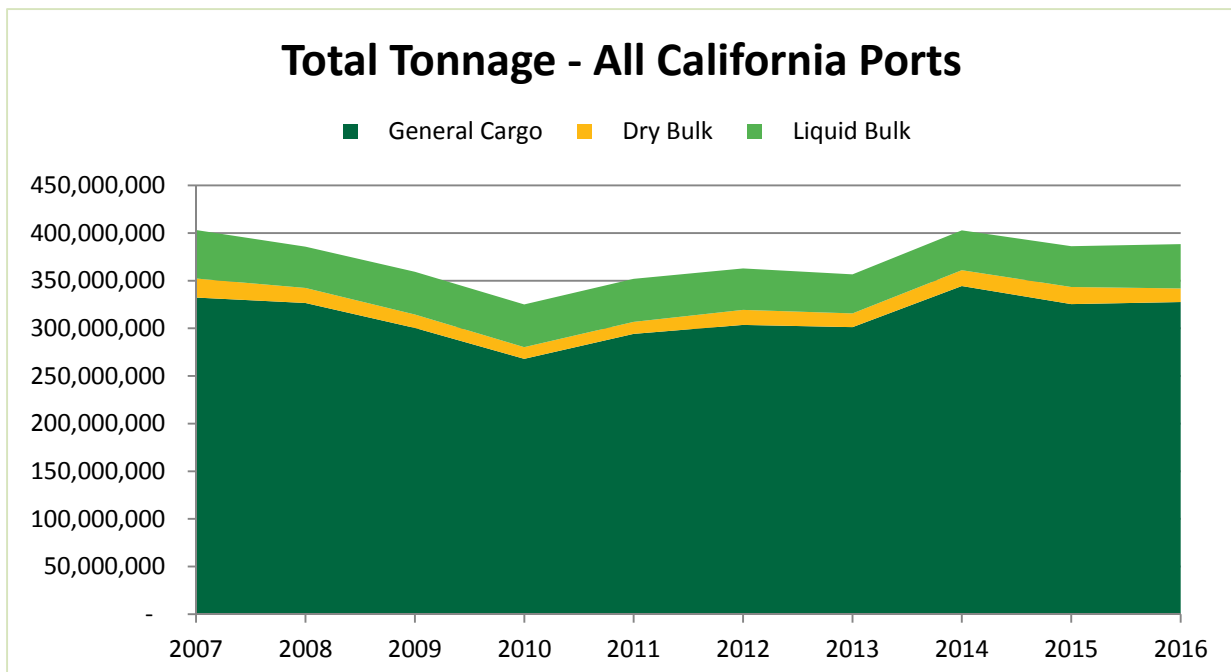
Fiscal Years Ended June 30, 2007 through 2016

FISCAL YEAR ENDED:	2012	2013	2014	2015	2016
Commodities					
General Cargo	303,606,826	301,293,420	344,340,844	325,463,528	327,602,092
Dry Bulk	15,771,301	14,465,939	16,748,735	17,872,881	14,266,755
Liquid Bulk	43,543,921	40,965,656	41,716,159	42,841,226	46,501,284
Total Tonnage	362,922,048	356,725,015	402,805,738	386,177,635	388,370,131

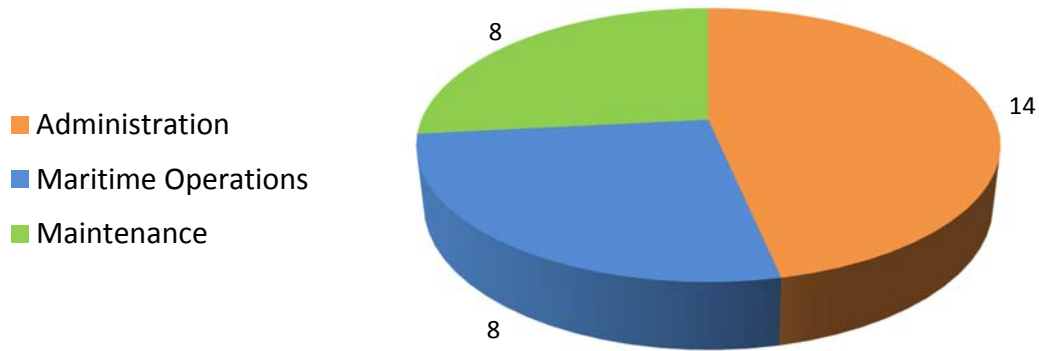
TOTAL TONNAGE BY PORT

Hueneme	1,317,717	1,438,594	1,421,798	1,407,705	1,455,507
Humboldt	491,863	451,078	398,660	381,956	310,623
Long Beach	148,609,793	150,151,030	163,632,381	164,792,331	163,554,995
Los Angeles	170,904,406	164,543,000	196,177,000	176,832,000	182,807,000
Oakland	32,287,606	32,129,094	32,166,539	32,091,937	30,302,235
Redwood City	1,609,237	1,376,991	1,636,330	1,830,412	1,699,143
Richmond	235,127	254,909	286,518	268,480	273,067
West Sacramento	805,536	296,999	381,764	276,591	436,872
San Diego	2,920,338	2,746,503	2,645,484	2,731,453	2,738,802
San Francisco	1,088,272	1,242,048	1,207,531	1,616,671	1,501,854
Stockton	2,652,153	2,094,769	2,851,733	3,948,099	3,290,033
Total Tonnage	362,922,048	356,725,015	402,805,738	386,177,635	388,370,131

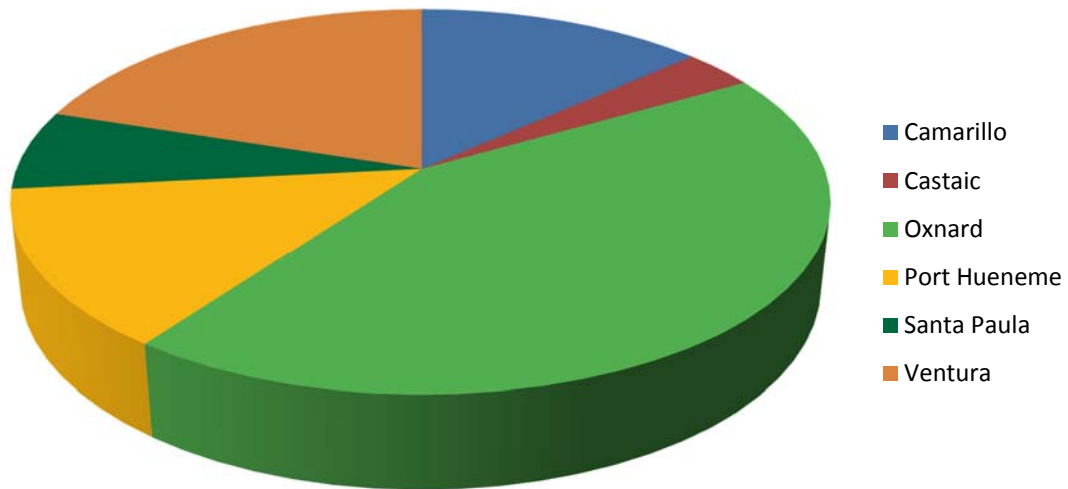
Source: California Association of Port Authorities



Staffing By Department - June 30, 2016



Staffing By City of Residence - June 30, 2016



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)	Per Capita Personal Income (b)	Unemployment Rate (c)
2006	799,049	44,735	4.30%
2007	803,572	46,634	4.90%
2008	808,970	46,634	6.30%
2009	815,284	43,881	9.80%
2010	822,108	44,653	10.80%
2011	827,874	45,055	10.10%
2012	832,970	48,345	9.30%
2013	839,620	48,683	7.00%
2014	846,178	50,545	6.70%
2015	850,536 (d)	54,155	5.50%

Sources:

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

(b) US Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, CA1-3-Personal Income, as of March, 2016. All dollar estimates are in current dollars (not adjusted for inflation).

(c) State of California, Employment Development Department, Labor Market Information Division, October 2015. Historical Civilian Labor force, data not seasonally adjusted. 2003 to 2013 rates are annual averages. The 2014 rate is as of December 2014.

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

VENTURA COUNTY'S TOP EMPLOYERS

Employers with 5,000 to 9,999 Employees

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

Employers with 1,000 to 4,999 Employees

Employer	Location	Industry
Anthem Blue Cross of CA	Westlake Village	Healthcare
Baxter Healthcare	Westlake Village	Pharmaceutical
Boskovich Farms	Oxnard	Agriculture
Community Memorial Hospital	Ventura	Hospital
Farmers Insurance Group of Companies	Simi Valley	Insurance
Harbor Freight Tools	Camarillo	Hardware Stores
Los Robles Hospital & Medical Center	Thousand Oaks	Hospital
Sheriff's Department & Jails	Thousand Oaks	Public Safety
St. John's Regional Medical Center	Oxnard	Hospital
City of Oxnard	Oxnard	Government

Employers with 500 to 999 Employees

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



Report on Internal Controls and Compliance



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

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

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

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*.

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

Purpose of this Report

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

The PwC Group, LLP

Santa Ana, California
November 30, 2016